



JETRO TORONTO

Newsletter

March 31, 2017 - vol.4 no.4

Executive Director's Message



Takuji Sakai
Executive Director
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In Japan, the new fiscal year and school year begins in April, so we usually feel a sense of something new at this time of year and we often look back over the past year.

When I look back on FY2016, in terms of our investment promotion to Japan activities, which is one of our priority projects, we worked hard to find potential Canadian companies interested in setting up an entity in Japan and provided support to nearly 60 clients. However, in the end only 3 companies actually set up their operations in Japan successfully. We will continue to actively seek out companies interested in Japan and will continue to support Canada companies until they actually launch their business in Japan.

As you may know, Japan has the third largest economic power in the world in terms of GDP, so the Japanese market is attracting foreign companies for potential sales. The real economic growth rate in recent years has been low at 1%, but it is steadily growing. Deregulation is progressing. Also, since there is extensive pool of Intellectual Property for potential innovation in Japan so it is an ideal location for setting up bases for research and development.

Recently the number of tourists to Japan has also increased. In 2016, 24 million foreigners visited Japan, an increase of 2.3 times since 2013. There is expected to be increased investments in hotels and other tourism related industries. Because infrastructure such as transportation, logistics, information communication, energy etc. are substantial, business activities will proceed smoothly. (Continued on page 4)

STARTS Makes a Start in Canada

JETRO supports entry into Canadian market

Tokyo-based STARTS Group has revenues of 160 billion yen (approx. C\$1.9 billion), employs 7,015 and has a **global network** of 34 offices, the most recent of which is in Toronto, Canada. It was established by Ms. Rika Masuda, General Manager, in **March 2017**.

The main focus of STARTS in Toronto is to support Japanese corporations expanding overseas. In particular, STARTS **supports Japanese companies** investing in Canada by helping their expats to find housing. Other business areas include helping Japanese restaurants and stores to set up operations here and Japanese individuals to find second properties in Canada.

In Japan, STARTS Group is involved in many activities. It is **not a typical real estate firm** that buys and sells property and makes profit from the difference. Instead, STARTS provides a **one-stop solution** from consulting to construction and finance to tenant recruitment and property management. It is also involved in a number of **diverse businesses segments** including elderly care and nursery facilities, hotels, lifestyle and community-related publications and real estate brokerage services.

JETRO has been **providing various information** to support Ms. Masuda in setting up STARTS's new office in Toronto and in helping her to understand the business opportunities in the Canadian market. JETRO's mandate includes supporting Japanese companies looking to expand into the Canadian market so STARTS's establishment here should be of great benefit.

For more information: www.starts.co.jp/english/

For full PDF profile: www.jetro.go.jp/canada/news/success.html



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First Webinar a Success!

On February 16, 2017, JETRO Toronto presented its **first** public webinar, 'A Look into Japan's Renewable Energy Market', featuring a presentation by Johnny Tan, Business Development Officer, which focused on Japan's current **renewables** energy market, along with upcoming industry forecasts for key verticals such as solar PV, on-shore and off-shore wind. **See Page 2-3** for full report

New feature: In The News !

In this edition, we are pleased to introduce a **new occasional series** entitled 'In The News', in which we will feature news from selected companies JETRO is supporting to enter the Japanese market. **See Page 4** to find out how Montreal-based mnubo has developed a key **partnership** to bring their IoT / AI smarts to Japan's intelligent home market. Also a further update on Loopshare.

JETRO Toronto Webinar Series:

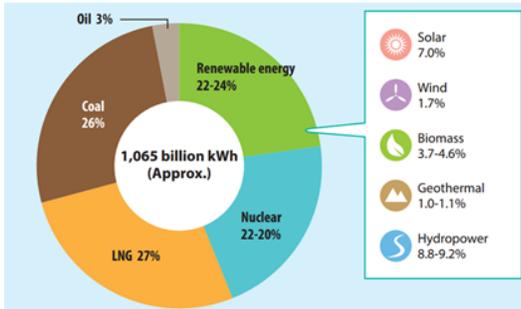
“A Look into Japan’s Renewable Energy Market”

Johnny Tan, JETRO Toronto

On Feb. 22, 2017, JETRO Toronto held the first of a series of planned webinars aimed to share market information and topics relating to the Japanese market. This particular event focused on the theme of renewable energy—highlighting market developments, trends and business opportunities that should be considered by foreign companies looking for a possible expansion into the energy business in Japan. Verticals covered include Solar PV, Wind, Biomass and other upcoming energy-related initiatives in Japan.

In order to facilitate a concerted push towards sustainable sources of energy, while curbing greenhouse gas emissions, the Japanese government introduced the feed-in-tariff (FIT) incentivized purchase price program in 2012, which has led to the recent increase in penetration of renewables in the Japanese energy mix. Further, the Japanese Ministry of Economy Trade and Industry (METI) released in 2015, a detailed “Long-term Energy Supply and Demand Outlook”, a report outlining the projected targets and goals as it pertains to introducing a larger mix of sustainable sources of energy to the Japanese grid. The projected goals include achieving a 22-24% penetration of renewables to the energy mix by 2030, with aims for focus sources of Solar PV at 7%, Wind at 1.7% and Biomass at 3.7-4.6% .

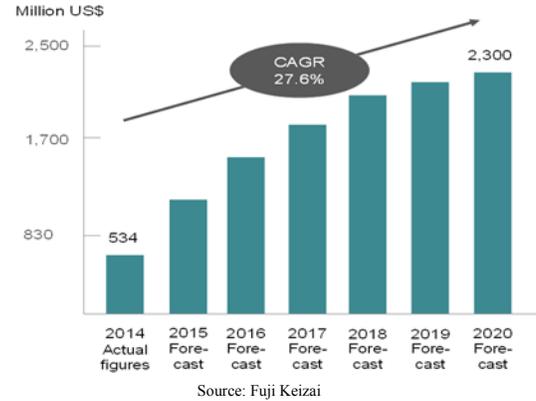
Japan’s Projected Energy Mix by 2030



Source: Ministry of Economy, Trade and Industry, Long-term Energy Supply and Demand

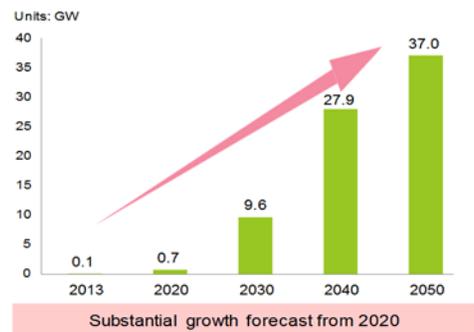
Starting with Solar PV, this sector saw the largest growth of the FIT program after introduction in 2012, with a substantial number of contract applications and developers looking to benefit from the relatively lucrative price offered at the time. Solar equipment shipped and installed reached new heights in 2013-14 following the influx of projects after FIT pricing introduction. As of August 2016, there is approx. 80GW of approved Solar FIT contracts. METI projects that about 50GW will be commissioned in the near future, while 30GW of the contracts awarded may never get off the ground. Reasons for delay include logjam of FIT contracts, gradual reduction of attractive initial pricing and other hurdles such as securing land and inability finalize purchase agreements with utilities. However, as more of the contracted but yet to be commissioned projects are expected to come online in the near term, there are opportunities for Canadian and foreign companies to enter the Japanese market, especially those with expertise in operation and maintenance (O&M) service. Furthermore, residential / rooftop Solar is expected to continue its traction and contribute to this sector’s development in the near and mid-term.

Forecast for the Solar PV-related Services Market



The webinar also looked at Wind’s market potential in Japan. Referring to the METI energy outlook report, Wind is targeted to grow 4 times current levels and reach around 1.7% of the energy mix by year 2030 in Japan. According to the Japan Wind Power Association, it is projected that Wind is expected to reach 75GW by year 2050, which is a 20 times current levels. In particular, offshore Wind is expected to grow significantly in Japan, with many government policies in place to facilitate the expansion, as well as many current ongoing research and feasibility projects commercializing and coming online in the recent months. By 2050, the offshore Wind market is expected to grow to 37GW. However, Japan currently lacks the technology and know-how to sustain such a growth target for offshore wind market and as such, presents business opportunities for entry by foreign firms with expertise in, for example offshore Wind turbine technology, O&M services, and more. Further, there appears to be a need for developing offshore floating wind turbine technology off certain coasts of Japan.

Target Cumulative Installation for Japan’s Offshore WindPower (unit: in GW)

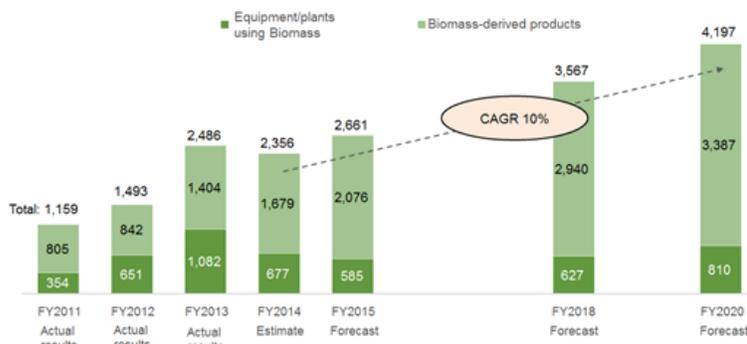


Source: Japan Wind Power Association, Potential for Introduction of Wind Power Generation and Mid / Long Term Installation Goals (v4.3)

Next, the webinar touched on the Biomass market in Japan. Similar to the other two sustainable sources mentioned above, the Japanese Biomass market experienced growth after 2012, as it was also included in the FIT program of incentivized purchase pricing. METI targets a growth of 3-4 times of current levels to achieve a penetration of 4.6% of the 2030 energy mix. It is noteworthy that as of 2016, Biomass surpassed Wind as the second largest source of renewable energy, behind Solar PV (not including hydro power). Smaller scale projects are gaining steam in Japan, due to an attractive FIT price of 40 yen / kWh.

With regards to potential market entry for foreign firms in this sector, the webinar explained two main channels: firstly, foreign firms can consider entering Japanese market as a supplier of various components and technology needed for a Biomass project. There have been several high profile success cases that entered via this route. The second entry method is to enter as a supplier of Biomass fuel. Securing raw material for the Biomass project is currently one of the largest industry hurdles for Japanese companies to overcome. Foreign firms with access to raw material such as wood pellets can consider entry directly into the Japanese supply chain.

Size of Biomass Market in Japan (in 100m's of yen)



Source: Fuji Keizai, 2015 Biomass Utilization Technology and Market : Reality and Future

Finally, the webinar touched on other currently ongoing energy initiatives encouraged by the Japanese government, such as the continued development of the commercialization of hydrogen fuel cell applications to industrial and residential sectors. Furthermore, the webinar also outlined a new program facilitated by METI called the Zero Energy Home (ZEH) program, where real estate developers are subsidized for homes built with technology fostering clean energy sources to achieve complete or near-complete self-sustainability.

This webinar was organized to provide a general look into the Japanese renewable energy market and where it is projected to go. Part of the timing of this session was to provide this overview prior to the World Smart Energy Week in Tokyo (March 1-3), for the Canadian companies attending the trade show either independently, or participating through trade missions organized by our colleagues at Global Affairs Canada, Canadian Embassy in Tokyo, Provincial Governments, etc. JETRO Toronto is excited about the positive response and feedback following this webinar, and looks forward to organizing additional sessions covering various topics and industries related to business in Japan in the near future.

For full PowerPoint :

www.jetro.go.jp/canada/events/renewableswebinarfeb1617.html

www.jetro.go.jp/ext_images/canada/pdf/renewableswebinarfeb1617presentation.pdf

Renewable Energy Success Stories



Ciel Terre Japan developed a **floating PV** power plant on Isawa Pond, in Awa City, Tokushima Prefecture, in Oct., 2016. The French company provides its technology Hydrelio® all over Japan, with a total installed capacity of **48MW** equal to more than 30 PV farms (as of Jan. 2017). While land suitable for mega solar systems is limited, Japan is dotted with many **irrigation ponds and reservoirs**.

www.jetro.go.jp/en/invest/newsroom/2017/1074a523ef6539a1.html



Infrastrutture S.p.A. is an Italian company engaged in planning and construction of renewable power generation plants (for **PV and wind** power). It established Hergo Sun Japan KK in Tokyo in 2012 and in March 2016, it **completed construction** of a 1MW class PV power plant in Chichibu, Saitama and started operation.

www.jetro.go.jp/en/invest/newsroom/2016/2720f420619b24d1.html



Jiangsu Aiduo Photovoltaic Technology Co., Ltd. (Aiduo PV) is a Chinese company focused on design, development, manufacturing and sales of **PV cells, PV modules and photovoltaic systems**. In Jan. 2015, it established Aidu Solar Japan Co., Ltd. in Osaka to expand its **sales network** and bolster its support system for **after-sales** service.

www.jetro.go.jp/en/invest/newsroom/2016/001491976f7aacfb.html

Power Market Success Stories



US company that provides energy **demand management** solutions started full-scale operation in Japan after it was selected by METI to participate in its **Negawatt Feasibility Study**. Acting as an intermediary between electric companies and customers, Comverge provides solutions to control electricity usage and ensure a **stable supply**.

www.jetro.go.jp/en/invest/newsroom/2015/06fad333ae85f672.html



French company, which is the largest **demand response** operator in Europe, established a subsidiary in Tokyo in June 2015, in order to expand its service mainly by enhancing industrial plants' ability to control their **power consumption** and achieve cost savings.

www.jetro.go.jp/ext_images/en/invest/success_stories/pdf/energy-pool.pdf

Japan Open's Up The Energy Retail Market - BNEF The Future of Energy Summit 2016



As of April 1, 2016, the **US\$65 billion Japanese electricity retail market** is now open to any businesses that wish to register as a power company in Japan. This reform can create new investments, as well as **new opportunities**, for foreign companies within the ecosystem of Japan's energy industry. Hear Daiki Nakajima, Director at JETRO New York, discuss the changes at **BNEF The Future of Energy Summit 2016**.

For full interview:

www.jetro.go.jp/en/videos/energy_summit_2016.html

In The News

mnubo and Connected Design collaborate on IoT and AI in Japan

Montreal-based mnubo is a company focused on **Internet of Things** (IoT) analytics and **Artificial Intelligence** (AI) for smart product manufacturers. JETRO is currently supporting mnubo with their **expansion** into the Japanese market.

Recently, *Nikkei Big Data* featured an article on the collaboration between mnubo and **Connected Design Inc**, a Japanese company focused on delivering smart home services. Connected Design Inc, a joint venture between iTSCOM of the Tokyu Group, **NIFTY** of the Fujitsu Group, and the **Tokyu** Corporation – three of Japan's most prominent service providers.

Connected Design Inc works with iTSCOM to deliver a **smart home** automation solution, called Intelligent HOME. mnubo's SaaS-based offering serves several IoT markets including **consumer, enterprise and industrial** verticals around the world. In this partnership, mnubo's analytics helps Connected Design Inc. understand smart home usage profiling, product issues and improve the overall user experience.

The Nikkei article mainly discusses how IoT and Artificial Intelligence applies to residential use cases. It explains how companies can **analyze sensor and application data** obtained from connected products, using mnubo, to: classify user behavior, characterize product performance, track feature usage and **improve service quality**. The 360° perspective of the customer base is crucial to help the product, business and service teams drive meaningful business actions.

For full article (in Japanese only) please register for mnubo's newsletter here:
www2.mnubo.com/submit/download/627

Loop Japan has successfully completed experimental studies in Okinawa

In a follow-up to news shared in the last edition, on March 28, 2017, LOOPShare, a provider of **electric scooter** shared fleet services and technology location-based fleet Telematics services, announced the successful **completion of experimental studies** of a 30 electric scooter sharing fleet services in Naha, Okinawa. This project was **supported by JETRO's** Subsidy Program for Global Innovation Centers. In addition, Loop Japan has been selected for the Ministry of Internal Affairs and Communications' second supplementary budget for 2017 which will **provide support** for its next project in Kamakura this year.

For press release :
www.loopshareltd.com/loop-japan-receiving-subsidy-from-jetro/

Calgary Seminar Report

On February 22, 2017, JETRO Toronto held its **4th annual seminar** for Japanese companies in Calgary. This year's event, organized in cooperation with **DLA Piper**, focused on: 1) Best practices of employment management; 2) The impact of the new Trump regime to North America; and 3) The result of JETRO's statistical survey of Japanese affiliated companies in Canada. In addition, the **Alberta Govt.** gave an explanation about their activities and the latest situation in Alberta.

About **20 Japanese companies** participated in the event and they appreciated DLA Piper's presentation because they could get good advice on how to **manage staffing issues** in a changing energy market. They were also very interested to understand the potential implications of a **US border tax** under the new Trump regime.

For more information: www.jetro.go.jp/canada/events/jcoseminars.html

Executive Director's Message

(Continued from page 1)

According to the British magazine "MONOCLE", three cities were given high rankings including Tokyo (1st place), Fukuoka (7th place) and Kyoto (9th place) out of 25 cities. You can live happily and safely in Japan.

Japan's direct investment to Canada was US\$16,341 million as of the end of 2015, but from Canada to Japan it was only US\$1,428 million, less than 1/11. In order to improve this imbalance, I would like to further increase investment from Canada to Japan while telling you more about the attractiveness of the Japanese market and appeal of living and working in Japan as mentioned.

Another point to note is that, compared to Japan-Canada figures mentioned above, Japan's direct investment to the US at the end of 2015 was US\$418,794 million, which is 25.6 times the amount invested into Canada. Given that the US is 12.5 larger than Canada, with Canada at US\$1,437 billion GDP and the US at US\$17,947 billion GDP in 2015, I think that Japan should be investing more into Canada. We will work with the Canadian government and Provincial governments in this area to expand Japanese investment to Canada.

For those interested in the Japanese market and Japanese companies, please contact JETRO first!



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