

German-Japanese Economic Symposium 2009

Prospects for Further German-Japanese Cooperation
in the Environmental Sector:

An Outlook For the *Next 150 Years*

On December 8th, 2009, JETRO and Japan's Ministry of Economy, Trade and Industry (METI) hosted the "German-Japanese Economic Symposium 2009" in Munich, Germany. This was the 4th symposium held in Germany, after events in 2003 (Munich), 2005 (Berlin) and 2007 (Düsseldorf).

The event offered an opportunity to reflect on the economic relations between Japan and Germany, which will **celebrate 150 years** of official trade ties in 2011, and examine how they can be expanded further, particularly in the environmental sector.

Examples of environmental technologies from both countries and areas for future Japan-Germany collaboration in this area were discussed, and representatives from Japanese and German companies operating successfully in each other's markets shared their experience and methods for success.

Key points arising from the speeches and panel discussions included:

1. While Japan and Germany have similar economic circumstances and common challenges, there is still considerable room for deepening bilateral exchange in a variety of fields, such as trade, investment and academia.
2. Japan and Germany are both recognized as global leaders in environmental technology fields. And while the two remain healthy rivals in the global market, they can reach the absolute forefront of the industry by combining their strengths through bilateral collaboration.
3. High quality is a minimum requirement in the Japan market, which means companies that succeed here have a strong chance at cracking other global markets. In addition, Japan offers an excellent investment environment in terms of human resources, level of technology and infrastructure.

Hajime KITAOKA

Chief Senior Economist, Invest Japan Department,
JETRO



Japan and Germany face common challenges, and as partners of innovation in high-tech fields, both can contribute to stimulating the world economy. A base in Japan and alliances with Japanese companies can lead to the development of state-of-the-art products and technologies, which could later be introduced to other Asian countries. JETRO can play its part by helping German firms establish bases in Japan.

H. E. Dr. Takahiro SHINYO

Ambassador of Japan to the Federal Republic of
Germany



Germany and Japan are keen to play a leading role in reducing CO² emissions globally. In order to achieve this, a brave new way of thinking is essential; the countries need to draw on the virtue that both are known for: diligence. As long as we are both striving ahead with this attitude for diligence in manufacturing (which the Japanese call "monozukuri"), Germany and Japan can enjoy a long and prosperous future, according to the motto "competition is good, cooperation is better."

Dr. Thies CLAUSSEN

Head of Department of Foreign Trade, Foreign
Direct Investment and Location Marketing,
Bavarian State Ministry for Economic Affairs,
Infrastructure, Transport and Technology



Today's symposium deals with cooperation in the environmental sector, a very timely topic indeed, given the upcoming Copenhagen World Climate Conference.

Japan and Germany have a long history of beneficial trade ties. 2011 will mark the 150th anniversary of their formal establishment. In this time, Japan and Germany have become global leaders in the development of sophisticated technologies. In both countries, the research landscape is outstanding; there is close cooperation in business and research, mainly in the environmental technology field.

From the Bavarian point of view, we value the fact that today's seminar takes place here. We take it as a commitment to Munich. Bavaria is proud of its 6,000 Japanese citizens and 270 Japanese companies, 35 of which set up their businesses here in the past three years.

Hirofumi KATASE

Deputy Director-General, Trade and Economic
Cooperation Bureau, Ministry of Economy, Trade
and Industry (METI)



As countries recover from the economic crisis, the biggest challenge facing the world is developing a new growth model -- one that does not rely on US consumption, but is based instead on the principles of:

(1) a commitment to promoting free trade, anti-protectionism and the early implementation of the Doha Round, with developed countries acting together to harmonize standards and regulations and protect intellectual property rights, and then spread such work to developing countries; (2) the need for the EU, Japan and the US to create domestic demand-oriented economies in developing countries; and (3) the boosting of industrial cooperation between economically mature nations to provide solutions to global problems such as those relating to the environment and societal aging.

Both Japan and Germany have SMEs with excellent technologies in these fields, and their collaboration has the potential to lead to significant new growth. The proposed Japan-EU Economic Integration Agreement (EIA) is the foundation on which to promote these activities. The Japan Business Federation (Nippon Keidanren) has proposed a model for the EIA, and Japanese Prime

Minister Yukio Hatoyama, who deems the agreement to be of critical importance, has already brought up the matter with European Council President Herman Van Rompuy. Such commitments at the policy level should be encouraged.

Prof. Franz WALDENBERGER

Ludwig-Maximilians-University



Japan and Germany are important economies and have much in common, including several challenges: changing demographics, growing social disparities, climate change issues, environmental protection and energy supply, to name a few. These shared positions provide ample room for cooperation in several areas. However, this is neither reflected in the trade flows between Japan and Germany nor in academic exchange. Both nations need to raise more awareness about the other. Again, there are significant possibilities for further industrial cooperation between the two.

Yasuo FUJITANI

Chief Project Risk Officer (CRO), Hitachi Power Europe GmbH



The consumption of electricity in the EU is expected to increase by 30% by 2030. Globally, an increase of 85% by 2030 is expected. With the

latest state-of-the-art power stations and technologies, it is already possible to reduce CO² emissions by up to 35%. The technological developments in Germany and Japan are remarkable. There are many advantages both sides should make use of. Hitachi Power has benefitted from collaborating with German universities in our R&D activities.

Stefan STOCKER

Senior Vice President, Advisor to the Board of Management, Robert Bosch GmbH



Despite the euphoria over electric cars, the combustion engine will continue as a mainstay for the next 15 years or so. However, an emissions

reduction [for combustion engines] of 20-30 % is possible.

The key to growth for technologically advanced countries such as Germany and Japan is innovation. And keeping in view that innovation is also happening in China, India and other emerging economies, German and Japanese companies should

break down barriers to work more as partners.

Since the establishment of its Japan arm in 1972, Bosch has expanded its business in Japan in the two core fields: automotive parts and industrial equipment (hydraulic and electric technologies, and packaging technology). At present, there are 9 companies with approx. 8,000 employees in Bosch Group Japan.

Yasuyuki FUJITA

Manager, Sales and Proposal Department, KAB Takuma GmbH



In the future, we would rather see local energy supply. Coal-fired power stations still prevail, but new energy sources are getting more and more popular. Waste-fired power stations might also become more important for many municipalities.

Dirk NACHTIGAL

CFO, BASF Venture Capital GmbH



New battery technologies will be very interesting in the future. In order to develop new batteries, new materials will be needed. We at BASF see opportunities to develop new technologies and enter collaborations in this field.

BASF Venture Capital invests in start-up companies mainly in the chemical field. In 2008, we invested in a venture capital fund in Japan, FINTECH GIMV Fund, through which we plan to invest in Japanese start-ups.

Dr. Ulrich KOHAUPT

New Business/Marketing, Steinert Elektromagnetbau GmbH



After having very good business experiences in Japan in the past 10 to 15 years, and seeing a great demand for our technology, we decided to

open a Japan arm in April 2008.

Although scrap processing facilities in Japan are small in size, the need and importance for recycling has been highly significant for countries with few resources, such as Japan and Germany. In this regard, our sorting technology can be highly effective.

Wilhelm F. MEEMKEN

JETRO Investment Advisor; Managing Director, ECOS Japan Consult GmbH



The future of electric cars depends on how batteries can be further developed. If German and Japanese engineers team up, the result will be more than just 1+1=2.

Nobuhiko MATSUDA

Department Manager, Sales and Marketing Planning, Daikin Europe N.V.



We acquired ROTEX Heating Systems GmbH, a German heating manufacturer. The synergy effect of combining a German heating business

professional and a well-established Japanese air-conditioning manufacturer has led to tangible results. With advanced business know-how of the both parties, we are sure of our success in Germany, Europe's largest heating equipment market, and other part of Europe.

Tsutomu ARASAKI

Sales Manager, Machinery Division, Marubeni Europe Plc Duesseldorf Branch



As a trading house, our network is our strength. We used to be a bridge builder between Japan and other countries when our main

business model was TRADE of commodity goods. Nowadays, we also make investment in interesting technologies, companies, etc.

Dr. Thorsten SCHMIDT

Member of the Executive Board for Sales and Services, GILDEMEISTER Aktiengesellschaft



Japan is one of the five most important markets for us. As we needed a distribution partner in the country to meet demands of our Japanese

clients, we partnered with Mori Seiki. The fields of cooperation were clearly defined in advance: production, purchasing, research and development, sales and services and the provision of customer financing.

We also conduct joint procurement with Mori Seiki in order to achieve economy of scale and reduce product prices. In addition, we offer our customers financing solutions with Mori Seiki and Mitsui & Co., Ltd., a Japanese trading firm, to offer customer financing. One (Germany) plus one (Japan) equals more than two. Such Japan-Germany business collaboration has a great significance.

Bruno GEIGER

Managing Director Asia/Pacific, KUKA Roboter GmbH



Japan is the largest robotics market and must not be neglected. It offers many chances, but also many challenges. About two years

ago, we founded KUKA Japan, utilizing JETRO support, and now sell robot components to

system integrators in the country, where we are considered as a technology leader.

We see many opportunities in the systems integration market, and KUKA intends to take certain roles in satisfying various needs in a range of industries.

Dr. Erk Thorsten HEYEN

Vice President, Sales, Marketing and Finance, Wacker Polysilicon, Wacker Chemie AG



In order to be successful in Japan, long-standing personal relations are necessary; they are as important as good product quality. Furthermore,

one needs to know that the customers are technically extraordinary demanding -- if a product qualifies in Japan, you can presume that it will also be able to qualify for the rest of the world.

Wacker's divisions have a very different approach to serve the Japanese markets: (1) direct sales & service by the Polysilicon division, (2) an acquisition-based strategy in the semiconductor wafer division, (3) and a joint venture for the silicones business -- the decisions were driven by criteria such as customer market fragmentation, market maturity, and entry barriers. The Polysilicon division supplies to photovoltaics and semiconductor industries and has been growing remarkably.

Dr. Ruprecht Vondran

Chairman, German-Japanese Industrial Cooperation Committee (DJW)



There are many areas for German-Japanese collaborations that have yet to be fully exploited. If we intensify cooperation in the future, both countries can keep

their top positions. The German-Japanese Industrial Cooperation Committee (DJW) hopes to contribute to these activities.

To obtain better outcomes in the world market, it is increasingly important for both countries to cooperate utilizing each other's strong points.