

Special points of interest:

- The Tankan diffusion index of business conditions for large manufacturers increased from 1 in June to 8 in September.
- Pentel's original products, such as "P-200" (mechanical pencils), "Ball Pentel" (Rollerball) are produced for more than 25 years. They have top market shares in Switzerland.
- Masaru and Yoshiko Nishihama opened together the first Japanese shop in Zurich in 1980, "Nishi's Japan Shop". In November 2004, they opened Bimi Japanese restaurant in an upscale Zurich's district.
- With one vending machine selling products per around 32.2 people, Japan has one of the world's highest density of vending machines.

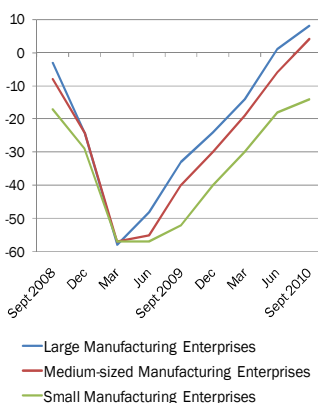
Inside this issue:

Japan's current economic situation	1
Pentel, Japan's leader in writing instruments	1 & 2
Japan's New Growth Strategy	2
Family's Japanese restaurant and shop in Zurich	3
Convenience stores sales increased 1%	3
Multipurpose Japanese vending machines	4

Japan's current economic situation

In September, Bank of Japan (BoJ) stated that "Japan's economy shows further signs of a moderate recovery". But it also emphasized that "the pace of improvement is likely to slow temporarily". Issued on a quarterly basis by the BoJ, the tankan diffusion index of business conditions shows an upgrading of the business sentiment among Japan's enterprises. The tankan index for all industries increased from -15 in June to -10 in September. In the same period, the tankan index for large manufacturers went up 7 points from 1 to 8, marking the sixth consecutive quarter of increase (see graph). The coincident index of business conditions also expressed an improvement of the economic context. This index rose 0.6% month-on-month and 16.6% over the year to 103.0 in July

Tankan survey - Diffusion index of business conditions
Source: Bank of Japan



(2005=100). In addition, Japan's GDP is expected to grow 0.4% from April to June 2010, 1.5% at annual rate, whereas it grew 0.1% during the first quarter of the year (0.4% at annual rate). The index of industrial production was of 94.8 in June (2005=100), up 14.2% over the year but down 0.2% from a month earlier. Japan's growth is driven by an increase of exports.

According to the BoJ, "exports are expected to continue increasing, albeit moderately for the time being, reflecting continued improvement in overseas economic conditions". In August, exports grew 15.5% from a year earlier to ¥ 5,208 billion, whereas they were up 23.5% in July from the same month a year earlier. In August, exports to Asia (+18.0%) continued to increase sharply, while exports to Western Europe (+13.9%) and the United States (+8.8%) went up at a lower rate. On the domestic front, labor market conditions slightly improved. The unemployment rate was 5.2% in July, down 0.1 points over the month and 0.4 points year-on-year. Consumer price was 99.1 in July (2005=100), marking a decline of 0.9% over the year.

Pentel, Japan's leader in writing instruments

Established in 1977, *Pentel Papeteriewaren AG* is the subsidiary of Pentel in Switzerland. Headquartered in Tokyo, Pentel has 25 offices around the world. The firm is specialized in writing

instruments (pens, markers and mechanical pencils...), as well as stationary instruments (erasers, correction fluids, pencil leads...). Tomohide Ayuse, Managing Director of the Swiss

subsidiary, has been working for Pentel for more than 17 years, including five years in the United Kingdom and already five years in Switzerland.

(Continued on page 2)

Pentel, Japan's leader in writing instruments

(Continued from page 1)



Tomohide Ayuse,
Managing Director,
Pentel Papeteriewaren AG
(Pentel Switzerland)

Located in Egg, fifteen kilometers in the South-East of Zurich, Pentel employs 10 people in Switzerland. All of them are local staff, except Mr. Ayuse.

Its turnover is of around CHF 4-5 million per year in Switzerland. Its market share in writing instruments is of 7-8%. "Sales of general writing instruments are remaining stable", said Tomohide Ayuse.

Most of Pentel's products are manufactured in Japan and France and imported in Switzerland through Germany. They are stored in Egg's warehouse and then sent to Swiss stationer's stores.

Two sale persons are in charge of introducing its products into Swiss stationer's stores; one is responsible for the German-speaking part and the other one for the French-speaking part.

Original and new Pentel's products

"Our collection is a mixture of traditional and new generation products", said Mr. Ayuse.

Pentel's original products, such as "P-200" (mechanical pencils), "Ball Pentel" (Rollerball) are produced for more than 25 years. They have top market shares in Switzerland.

But, "every year, new Pentel's products are sold". "Energel Rollerball" (a pen with a smooth liquid gel ink) which has been launched a few years ago is now one of the best selling products. A few years ago, Pentel introduced pen luxury brands. And this year, art instruments were launched. Whereas art instruments are part of the original business in Japan, they are new products on the Swiss market.



Pentel's popular products

Specificities of Swiss market

What are the specificities of the Swiss market?

"In general, we are selling more traditional products in Europe, while Japanese people always want to buy new products. Tradition is more important in Europe", explained Mr. Ayuse.

More specifically, "technical products, such as mechanical pencils, used in industry sector, are successful in Switzerland", he said.

The sale of upper value products is also higher in Switzerland than in other countries.

Japan's New Growth Strategy

In August 2010, Japan's Ministry of Economy, Trade and Industry (METI) submitted a request for a FY 2011 budget of ¥ 1,041.0 billion, marking an increase of 4.6% from FY 2010 budget. This budget request emphasizes projects related to the implementation of the New Growth Strategy.

Around ¥ 656.4 billion would be spent to improve Japan's attractive-

ness and to support "strategic fields to drive new growth". It will include a spending of about ¥ 624.4 billion for energy and environment-friendly innovations.

The budget also allocates ¥ 51.9 billion to invigorate regional economies and SMEs. For example, it will facilitate the domestic siting of low-carbon and job-creating industries, support the international busi-

ness expansion of SMEs...

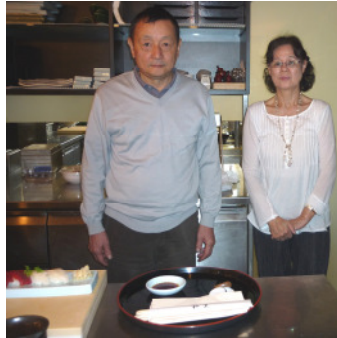
Furthermore, ¥ 2.5 billion will be spent to support R&D for value-creating technology and promotion of an international standardization strategy.

The budget will also fund IT projects related to industrial and social advances.

See report on METI's Website:
<http://www.meti.go.jp/english/aboutmeti/policy/2011budget.pdf>

Family's Japanese restaurant and shop in Zurich

Masaru and Yoshiko Nishihama opened together the first Japanese shop in Zurich in 1980, "Nishi's Japan Shop". Mr. Nishihama, a cooker, arrived in Switzerland in 1966. "I came to Switzerland thanks to a training program of the Kobe's hotel I was working for. I liked Zurich, so I stayed", he said.



Masaru and Yoshiko Nishihama, owners of Bimi Japanese restaurant and Nishi's Japan shop

Nishi's Japan shop

5 people are now employed at Nishi's Japan shop. An average of 100-120 clients visit the shop per day. In addition, the number of clients using the online shop is increasing. "30 years ago, Japanese food was unknown in Switzerland, people even did not know what tofu is", Ms. Nishihama said. At that time, most of Nishi's clients were Japanese people. But, as Japanese cuisine became popular in the 90s, the number of Swiss clients went up.

Today, most successful products are soy beans, soy sauce, tofu, rice snacks and sake, etc. "But, it is really regrettable that the import of Japanese fishes in Switzerland is prohibited", she said. Fishes are therefore imported from Germany and France. The shop also sells non-food products.

Bimi Japanese restaurant

Ms. and Mr. Nishihama opened the restaurant in an upscale district of Zurich in November 2004. Employing about 20 peo-

ple, it serves foods for around 100 clients per day. But, this number is increasing: "European people are more and more interested in Japanese food because it tastes good and it is a healthy food", she argued.

The restaurant's most popular dishes are "Tempura" and "Sushi". One of the Bimi's specialties is the "Kani-Nabe" (Japanese crab fondue); the restaurant's recipe is unique in Switzerland.

"I feel safe and comfortable in Switzerland. As a foreign person, it is also important to feel that you can trust people. Without trust and support of Swiss people we couldn't run our business until now. We appreciate it very much", concluded Ms. Nishihama.



Bimi Japanese restaurant in Zurich

Japan-restaurant BIMI
Seefeldstrasse 25, Zurich
Nishi's Japan Shop
Schaffhausertrasse 120, Zurich

Convenience stores sales increased 1%

Sales of convenience stores grew 1% in August 2010 year-on-year from ¥ 670.5 billion to ¥ 676.9 billion (Japan Franchise Association). Very popular in Japan. Convenience stores are small stores that can be found everywhere. Some of them open 24 hours per day. They not only sell products, but also services (postal, photocopying, fax, financial services...).

Due to historically hot summer's weather, sales of ices creams and cold drinks rose sharply. In Tokyo, temperatures reached 37 degrees and the summer's average temperature was of 27.1 degrees. The number of visitors also increased 2.9% in the same period to 1.20 billion. Japanese people do not only visit convenience stores to buy products and services, but

also to spend time and to benefit from air conditional in hot season. According to the Japan Franchise Association, home-made products (picnic, bread...) account for 34.5% of total sales in conveniences stores, industrial foodstuffs (snack...) for 31.4%, non-food products (detergent, batteries, newspapers...) for 30.1%, and services for 4.0%.

	August 2009	August 2010	Change (%)
Sales (in million yens)	670,502	676,897	+1.0
Number of visitors	1,164,032	1,198,009	+2.9
Average consumption per visitor (in yen)	576.0	565.0	-1.9

Statistics about convenience stores in Japan
Source: Japan Franchise Association

Multipurpose Japanese vending machines

With one vending machine selling products per around 32.2 people, Japan has one of the world's highest density of vending machines.

As Japan has a very low crime rate, machines are not subject to vandalism and can be found everywhere: in cities, countryside and even on Mt Fuji summit.

Japan's vending machines sell a wide variety of products. They provide classical food and drink products, such as snack, candy, meal, juice, tea, coffee, beer... but also more surprising products like instant noodles, bread, rice, egg, banana and even ice cream!

But they also supply non-food products, like ciga-



Vending machines in Japan
Source: Japan National
Tourism Organization

rettes, stamps, batteries, umbrella, flowers and socks.

Recently, the company JR East Water Business Co. created a new type of vending machine that is capable to make suggestions to the customer, using a camera to identify the person's age and sex.

In addition to their regular use, some vending machines are also designed to provide for free basic

products in case of disaster, for example an earthquake.

Type of products	Number of machines	Turnover (in million yens)
Drinks	2,565,100	2,290.9
Foodstuffs	77,300	59.3
Tobacco	405,000	570.6
Tickets	41,200	1,856.3
Others (batteries, toys, sockets, stamps...)	873,000	377.6
Services (currency exchanges, rentals, parking fare...)	1,257,000	104.6
Total	5,218,600	5,259.0

January-December 2009
Source: Japan Vending Machine
Manufacturers Association

Agenda

23rd Oct.: SJCC (Swiss Japanese Chamber of Commerce) 25th Anniversary Gala
At the Dolder Grand, Zurich (evening event)

26th Oct.: Japan Day 2010 Uster City Hall (Zurich)
Organized by the City of Uster and the Canton of Zurich

7-10th Nov.: JETRO booth (Sake, Japanese tea and other specialties) at Gastronomie Expo 2010
Lausanne, Beaulieu

10th Nov.: JSFTEPA (Japan - Switzerland Free Trade and Economic Partnership Agreement) business seminar
with SJCC
Credit Suisse Forum St. Peter, Zurich

11th Nov: JSFTEPA business seminar with the "Centre Patronal", in Lausanne

JETRO is a government-related organization that works to promote mutual trade and investment between Japan and the rest of the world. Originally established in 1958 to promote Japanese exports abroad, JETRO's core focus in the 21st century has shifted toward promoting foreign direct investment into Japan and helping small to medium size Japanese firms maximize their global export potential.

The JETRO Geneva Newsletter can also be viewed and/or downloaded online:
<http://www.jetro.go.jp/switzerland/newsletter>

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