

Special points of interest:

- The Japanese economy growing again
- Abe steps down as prime minister after disastrous reign, Fukuda chosen as a safe replacement
- Special reports on the Japanese society: the Japanese language and the world of sumo wrestling

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Japan's current economic situation

Following a difficult period that saw a GDP decrease (-1.2% in Q2 2007), the Japanese economy has returned to more positive days, now experiencing moderate growth, according to the Bank of Japan. While public investment has remained sluggish, the Japanese economy can count on strong exports. Indeed, in August, exports gained 14% compared to August 2006 and now reach 6,652.8 billion yen, up for the 45th month in a row, spurred by strong demand for automobiles and steel. Exports to the EU have been particularly strong, with a 1.8% increase between July and June. As a result, the current account surplus has

widened for the eighth straight month, up 42.1% from a year earlier to 2,081 billion yen. Imports increased too, but to a much lesser extent: up 4.3% to 5,760.6 billion yen. Nevertheless, import figures for August are the second largest since such data became available in 1985.

In addition, corporate profits have been high and despite the global financial turmoil of recent months, corporate sentiment remains surprisingly optimistic.

Industrial production has continued to be on an increasing trend, spurred by growth in domestic and external demand, although it has been flat most recently, due notably

to the July 16 earthquake in Niigata Prefecture, which triggered component supply disruptions in the auto industry.

Private consumption has been firm in a situation where household income has continued rising moderately.

Meanwhile, the Bank of Japan announced on October 11 that it decided to keep its main interest rate

Fukuda as a safe successor to disastrous Abe

"I have been in politics nearly 40 years, and this is the first time I've seen a case like this. I actually have no idea what's on Abe's mind". Those words, pronounced by opposition leader Ichiro Ozawa sum up the bewilderment that

followed Shinzo Abe's resignation as prime minister on September 12. The timing of this announcement was particularly surprising, considering that he reshuffled the cabinet

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Fukuda as a safe successor to disastrous Abe

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on Aug. 27 and made a policy speech in the Diet (parliament) just two days before. On the very day of his resignation, he was scheduled to respond to questions from opposition parties at a lower house plenary session. This sudden resignation, some say, marks the 'apotheosis' of Abe's reign. "The most precocious and humiliating political meltdown in Japan's modern history"; "a disaster"; "a colossal failure"; "political immaturity and irresponsibility": such are the words used to describe Abe's yearlong passage as prime minister.

It has to be said that this grandson of another premier has been especially out of touch with regards to Japanese people's expectations. In fact, his popularity sank from an 80 percent approval in the public opinion polls to barely 20 percent in 10 months: certainly a record. Furthermore, his tenure was characterized by the resignation of four Cabinet members and the suicide of his Agriculture Minister, which severely damaged his image. But most of all, his Liberal Democratic Party (LDP) suffered the biggest defeat in its post-war history by losing control of the upper house of the Diet to Ozawa's Democratic Party of Japan (DPJ) for the first time since 1955.

The reality is, Abe was obsessed with Japan's inter-

national stature and his neocon program focused mainly on patriotic education and constitutional reform, but ignored the issues the public cares about: pensions, medical care and tax reform.

During the election that followed Abe's resignation, Yasuo Fukuda was rapidly chosen as the safest choice to replace his poor predecessor at the expense of Taro Aso, another hawkish character of the Abe tribe. Often labeled a dove by the foreign media, Fukuda has a reputation for competence and common sense. In calling Fukuda to serve, the LDP hopes to restore a portion of the credibility it has lost under Abe. If Abe was chosen because of his relative youth, his desire to break from the LDP's old back-room way of fixing things, and his fresh-faced wish for Japan to stand up proudly at home and abroad, Fukuda now appeals for the qualities Abe lacked. At 71, he is a party veteran. Fukuda's manner for the most part is grey and conciliatory. Best of all, as far as his party is concerned, he is presumed to be competent. In addition, he, like his late father, a prime minister before him, thinks Japan has to be more frank about its rapine imperial past if trust is to be wholly restored with Japan's Asian neighbors. However, he will have to work hard to maintain the confidence of a public that is disillusioned not only

with Abe but with the LDP and Japanese politicians in general.

The Japanese economy still faces structural problems, including the heaviest debt burden among industrialized nations, a declining birth rate and an aging population. The need for an overarching plan encompassing pension, tax, and budget reforms, as well as a strategy for growth, has never been more pressing.

However, the first issue that needs to be addressed by the new government will be the extension of the anti-terrorism law, under which the Maritime Self-Defense Force is refueling coalition warships in the Indian Ocean providing support to counter-terrorism operations in Afghanistan.

In his first policy speech on Oct. 1, Fukuda clearly stated that his government would flexibly discuss those issues, ending the assertive stances of his predecessors, Junichiro Koizumi and Shinzo Abe. With the opposition in control of the upper house, Fukuda will face numerous difficulties. Indeed, the DPJ has admitted their opposition to the refueling mission and has already asked him to dissolve the lower house and call a general election as soon as possible, although they are not scheduled until Sept. 2009.

Finally, Fukuda will have to resume EPA negotiations (notably with Switzerland).

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The changing nature of the Japanese language

Anyone who has studied the Japanese language knows that English words are widely used in Japan. This ranges from easy words such as table (teeburu) to more complicated ones such as accessibility (akuseshibiritii). The latter example shows how excessive the use of English has become nowadays, and stresses the lack of imagination for inventing new words for newly imported concepts or objects. In contrast, the Chinese usually invent new words for such new things. So how come Japanese is subjected to such a change?

The answer is, the Japanese language has always been extremely flexible

and has relied on foreign words and letters as early as in the 6th century, when kanji (Chinese characters) began to be used in Japan. Additionally, the strikingly large number of Portuguese words used (such as botan, which stems from botão, meaning button) certainly finds its origins in the early arrival of the Portuguese in Japan in the 16th century, the first Westerners to set foot in Japan.

The influence of English and other foreign languages is so big that some think the Japanese language is slowly adopting the alphabet as its fourth set of characters.

The problem, however, with this influx of foreign

words, known as gairaigo in Japanese, is that some people (especially the elderly) just don't understand them. Following a survey that revealed that more than half of the respondents hoped for a replacement of gairaigo by Japanese words (in kanji), the National Institute for Japanese Language published a book listing replacement words, urging public authorities and newspapers to use them.

This might however not be enough, as younger people still crave for foreign words, as it can be seen in J-pop lyrics, for example. At least this phenomenon makes the integration of foreigners a bit easier!

Some think the Japanese language is slowly adopting the alphabet as its fourth set of characters

The world of sumo in turmoil

"A 1400-year-old tradition has been broken." Japanese newspaper Nikkan's title following the sacrilege of a woman stepping on the dojo — women are considered impure in this sport — is a good reflection of the period that the world of sumo wrestling has been going through in the past few months.

It had to deal with a series of scandals that severely damaged its image and threatens to undermine its ever-declining popularity. It all started in June, with the cruel death of Tokitai-zan, a 17-year-old junior level sumo wrestler who was killed by his senior

teammates after an attempt to run away from his stable, his training ground.

This summer was also characterized by the ban inflicted to Asashoryu, the current Yokozuna (champion) and arguably the best postwar wrestler, after he faked an injury to avoid taking part in a provincial tournament, only to be found playing soccer in his homeland Mongolia. However, the most revealing feat of sumo's declining popularity is the fact that for the first time in 80 years, not a single wrestler showed up to the annual induction exam. The world

of sumo certainly didn't need this series of scandals (which also includes match-rigging accusations), as its popularity was already in sharp decline.

The Japan Sumo Association now needs to address those important issues and make this sport more transparent if it is to regain in popularity. Meanwhile, it is surviving with a big influx of foreign wrestlers, who have been dominating this sport for about a decade. The fans, however, are still waiting for a big Japanese champion



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JETRO Geneva has recently welcomed a new member of staff. His name is Dominik Kenji Haerri and he has replaced Ms. Katia Margraf. He is our new Webmaster and he is responsible for publications. As such, he is also the editor of the Geneva Bulletin.



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

Recently-added JETRO services

Some new features have been added on the JETRO website!

If you wish to invest in Japan, your life has now become easier. Indeed, the “Investing in Japan” section of the JETRO website now features a regional guide that will help you connect with the local government representatives concerned with investment promotion in 47 Prefectures and 15 Cities! In addition, if you wish to find a business partner in Japan, visit the website and find a database of promising local companies. This section also features different FAQs for all the Prefectures and Cities.

If you are interested, please visit:

<http://www.jetro.go.jp/en/invest/region/>

Furthermore, the JETRO Switzerland website has also been revamped!

It now features numerous useful links to Japanese publications, a list of Swiss affiliates in Japan and many other links to Swiss and Japanese institutions, as well as updates on the Swiss economy and daily news.

Please have a look at:

<http://www.jetro.go.jp/switzerland/>

