

Special points of interest:

- Exports raised 43.5% to ¥6,004,871 million in March 2010 from the same month a year earlier.
- In January 2010, Shiseido International Europe S.A. acquired 100% of the shares of the Swiss distributor.
- JETRO supports the participation of a maximum of 20 companies in the JETRO Zone at "N-EXPO/KANSAI'10", a leading environmental business exhibition.
- Japanese "Koshu" wine was registered early April by the International Organization for Vine and Wine.

Inside this issue:

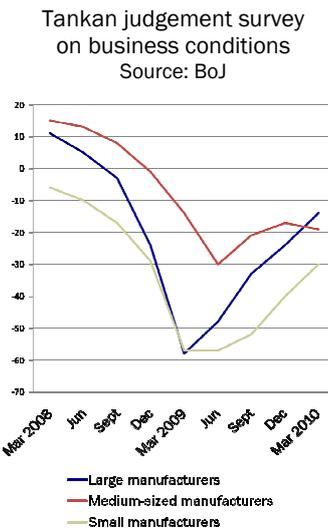
Japan's current economic situation	1
Shiseido further strengthens its business in the Swiss market	1 & 2
Japan Pavilion at Shanghai Expo 2010	2
Participate in JETRO Zone at N-Expo / Kansai'10	3
Improvement and extension of the Eco-Point Program	3
Survey on international operations of Japanese firms	3
Koshu wine registered by International Organization	4

Japan's current economic situation

Indicators show an improvement of the Japanese economic situation led by a recovery of exports and by the upgrading of the domestic situation.

Exports raised 43.5% to ¥6,004,871 million in March 2010 from the same month a year earlier. Exports were stimulated by demand in Asia (+52.9%), Oceania (+46.7%) and the Middle East (+53.4%), and to a lesser extend by demand in the United States (+29.5%) and in the European Union (+26.7%). Exports of foodstuff, machinery and transport equipment significantly increased.

On the domestic front, the Tankan judgement index on business conditions for large manufacturers raised for the fourth straight quarter, showing an increase of 11 points



from -23 in December 2009 to -14 in March 2010 (see graph). Published on a quarterly basis by the Bank of Japan (BoJ), the Tankan diffusion index aims to provide an accurate picture of business trends of enterprises in Japan. The BoJ also upgraded in April regional economic report its assessment in seven of the country's nine region; in

two other regions, namely Shikoku and Kyushu-Okinawa, the economic assessment remained unchanged. Furthermore, the index of industrial production raised 31.3% in February to 93.7 from previous year (2005 = 100). Japan's economy also shows its ability to overcome some internal challenges. The consumer price index in February decreased 0.1% month-on-month and 1.1% over the year. However, considering various economic and financial factors, Mr. Nishimura, Deputy Governor of the BoJ, argued that "some beams of light are starting to break through a thick cloud of deflation". The unemployment rate declined from the record high of 5.6% in July 2009 to 4.9% in February 2010; it remained unchanged in February from a month earlier.

Shiseido further strengthens its business in the Swiss market

In January 2010, Shiseido International Europe S.A. acquired 100% of the shares of the Swiss distributor. The acquisition was conducted by the wholly owned subsidiary in Europe of Shiseido Group,

one of the Japan's largest cosmetics, fragrance, health and beauty product manufacturers. Following the acquisition, Yukihiro Yamada was appointed as the first President of Shiseido S.A., the

new name of the Swiss distributor. Based on his 33 years experience in the cosmetics, he answered questions about Shiseido's products and business strategy. (Continued on page 2)

Shiseido further strengthens its business in the Swiss market

(Continued from page 1)

Shiseido's business strategy

Founded in Tokyo's Ginza district in 1872, Shiseido Group's net sales decreased 4.6% to ¥690,256 million in 2009 from a year earlier.

With a total number of 28,810 employees (2009), Shiseido is present in 38 countries, including 19 European ones. It is expanding its activities into new and emerging markets.

The Swiss distributor is handling import and sales of Shiseido's global brand products, but also other brand products: Jean Paul Gaultier, Issey Miyake, Narciso Rodriguez, Decleor, Carita, Nars and Serge Lutens.

Based on the 1997 Asian's crisis experience, Mr. Yamada argued that the cosmetic market is less and later affected by the economic crisis than some others. The turnover of Shiseido S.A., the Swiss distributor, decreased only 3% to CHF 23 million in 2009 from a year earlier. Brand of Shiseido market share in the Swiss cosmetic sector is ranked 15th.

Considering the high average income in Switzerland and skincare oriented market, Mr. Yamada believed that Shiseido has "big potentialities" in the Swiss market. He therefore aimed to make all brands profitable, to increase its sales and to raise awareness about all Shiseido S.A. brands.

Cultural and business differences

Whereas it sells daily's life products in Japan, it focused in Europe on premium products. The most popular one is the *Bio Performance Cream*.

Cultural and business differences also lead Shiseido to adapt its sales to European markets.

Creams for skin whitening sold on Japanese market, where "snow white beauty" is an ideal, are not put on European markets. Fragrances also account for only 1.6% of Shiseido's sales in Japan against 57% in Europe. "Japanese people are not concerned with natural smells because of their eating habits", argued Mr. Yamada.



Yukihiro Yamada,
Shiseido S.A. President



Shiseido's Bio
Performance Cream



Japan Pavilion at
Shanghai Expo 2010

Japan Pavilion at Shanghai Expo 2010

"Better City, Better Life" is the theme of the Shanghai Expo 2010, held from May 1 to October 31. Inspired by this theme, the Japan Pavilion will aim "to give visitors a feel for the connections that are taking shape for the future, linking people in Japan, China, and throughout the world".

"A living organism"

The Japan Pavilion is "a structure that breathes like a living organism". Its exterior is covered by large purple roofs, appearing to be alive. The purple color is drawn from the

harmony of red, symbol of sun, and blue, symbol of water.

The building is made of environment friendly materials and processes, combining Japanese knowledge in living in harmony with environment and most recent technologies. Accumulated rainwater is sprayed on the roof and then circulated through tubes to cool the building. Sunlight enters the Pavilion with the use of eco tubes. Likewise water, wind air is circulated through tubes to cool the Pavilion.

Three exhibition zones

The Pavilion is divided into three zones. Zone 1 shows the development of Japanese culture stimulated by relations with the Chinese Tang dynasty during the 7th and 8th centuries. Zone 2 is focused on Japanese harmony with nature and dynamism of today's Japanese cities. Zone 3 exhibits a unique musical experience based on crested ibis, a large white-plumaged bird that is protected through Japanese and Chinese cooperation; it also includes futuristic robotic and video technologies.

Participate in JETRO Zone at N-Expo / Kansai'10

The JETRO supports the participation of a maximum of 20 companies in the JETRO Zone at "N-EXPO/KANSAI'10", a leading environmental business exhibition existing for over 15 years. The exhibition will take place in Osaka Intex exhibition center, from September 1 to 3, 2010.

The participation of companies interested in investing in Japan, or currently seeking Japanese partners to establish a business in Japan, will be sponsored.

The exhibition will focus on new energy, energy conservation, eco products, technology to prevent global warming, eco solutions, air, water and

soil purification, technologies for waste disposal and recycling of used products.

Attractive features for participation

"N-EXPO/KANSAI'10" is a great opportunity to start or develop environment related business activities in Japan. In 2009, 191 companies and organizations exhibited their products. Around 38,000 people visited the exhibition, coming from Osaka region but also from Western Japan.

Moreover, JETRO will provide selected applicants a booth space, a booth stand, basic equipments and an interpreter. It will also cover their expenses

for one-person round-trip airfare (economy class) as well as a JETRO designated room in hotel.

JETRO will pre-arrange business meetings. Participation of the companies will be publicized on the JETRO Website, and by local governments to local companies. A "JETRO ZONE brochure" will also list company's information. Applications are due to May 10, 2010. Results will be available early June 2010.

For further information, please contact us or see N-Expo / Kansai'10 Website: http://www.nippo.co.jp/n-expo010/o_ne10a.htm (in Japanese only)



N-Expo / Kansai

Improvement and extension of the Eco-Point Program

The Program to Promote the Spread of Green Home Appliances by Utilizing Eco-Points was extended until December 31, 2010.

Implemented since May 15, 2009, the Eco-Points Program is an environment-friendly policy part of

Japan's economic stimulus plan. It enables Japanese consumers to obtain points in purchasing government selected TVs, refrigerators and air conditioners. Eco-points then can be used to buy other goods and services.

The Cabinet also decided

to improve from April 1, 2010 the application procedure and to set more demanding criteria for eligibility of products. It further decided that eco-points' value would be doubled when the consumer will exchange them with LED bulbs.

Survey on international operations of Japanese firms

The JETRO issued the results of its annual survey on international operations of Japanese firms. The survey was carried out between November and December 2009 and is based on replies from 935 firms (30.1% of 3,110 companies to which a questionnaire was sent). It shows that 62.1% of

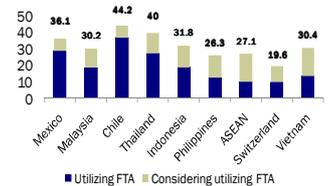
companies have overseas bases. Among them, 74.9% have bases in China and 44.8% in the USA.

56% of firms plan to expand their business overseas in the coming three years.

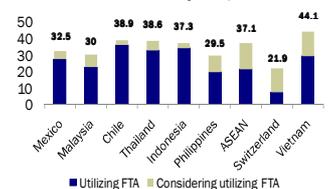
It also outlines that 9.8% of firms use the Japan-Switzerland Free Trade

and Economic Partnership Agreement (JSFTEPA) and 9.8% consider it for exports. 7.3% of firms utilize the JSFTEPA and 14.6% consider it for imports.

The JETRO report is available on Internet: <http://www.jetro.go.jp/en/news/releases/20100318389-news/survey100325.pdf>



FTAs utilized by exporters



FTAs utilized by importers

Koshu wine registered by International Organization

Japanese “Koshu” wine was registered early April by the International Organization for Vine and Wine.

Koshu is a Japanese grape variety cultivated in Katsunuma region (Yamanashi Pref., 100 km West of Tokyo). Discovered in the 8th century, Koshu became popular during the Edo period (1603–1868). In 1889, the Japanese delegation to Paris Expo brought back the winemaking process. The production of wine started in late 19th century and was improved throughout the 20th century.

Koshu wine has less acid than other German and French wines. A study carried out by the Brewing Society of Japan shows that Koshu wine contains only 5.64% of acid against 7.61% for German wines and 7.69% for French wines.

Japan’s exports of alcoholic beverages remain lower than some other

countries. According to the Food and Agriculture Organization (FAO), Japan exported 8,997 million tons of distilled beverages (mainly beers and wines) for around USD 45 million in 2007. Exports of distilled beverages of other countries, such as the UK, France, the USA and Germany are much higher. However, Japan is the main exporter of rice fer-



White Wine “Koshu Barrel Fermentation 2008”

Source: Ministry of Agriculture, Forestry and Fisheries of Japan

mented beverages, usually named sakes. In 2007, Japan exported 11,334 tons of sake for about USD 60 million, Singapore exported only 144 tons, China, including Macao SAR, exported 250 tons and the Philippines 1 ton.

Rice fermented beverages

Country	Quantity (tons)	Value (USD)
Japan	11,334	60 mio.
Singapore	144	621,000
China, including Macao SAR	250	248,000
Philippines	1	3,000

Distilled alcoholic beverages

Some countries

Country	Quantity (tons)	Value (USD)
United Kingdom	899,173	6,474 mio.
France	324,128	3737 mio.
USA	152,547	1,147 mio.
Germany	175,806	1,100 mio.
Japan	8,997	45 mio.

Source: Food and Agriculture Organization (2007)

Agenda

8th-11th June: DTF (Desk Top Factory) (Suwa region) exhibits at Professional Microtechnology Environment Show (EPMT) in Beaulieu 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>

JETRO

Japan External Trade Organization

80, Rue de Lausanne
1202 Geneva
Phone: 022/732 13 04
Fax: 022/732 07 72
E-mail: SWG@jetro.go.jp