

**Special points of interest:**

- The index of industrial production rose 1.2% from previous month and 31.8% from a year earlier to 94.0 in March.
- Hiroaki Kato, Geneva Branch Manager, Daiwa Capital Markets Europe Limited, identified some advantages for investing in Japan.
- Mikado has three shops in Geneva and 45 employees preparing 1,500 take-away or eat-in lunches per day.
- Japan's Ministry of Land, Infrastructure, Transport and Tourism released in January 2010 guidelines on hybrid and electric car sounds.

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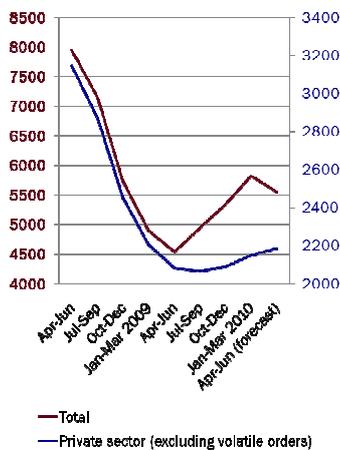
## Japan's current economic situation

“Japan's economy has been picking up mainly due to improvement in overseas economic conditions and to various policy measures” claimed the Bank of Japan (BoJ) in its Monthly Report of Recent Economic and Financial Development issued in April 2010.

Stimulated by exports and internal demand, the GDP grew 1.2% in first quarter 2010, 4.9% at annual rate. According to the World Economic Outlook released in April by the International Monetary Fund (IMF), Japan's GDP will grow 1.9% in 2010 and 2.0% in 2011, following a 5.2% decrease in 2009.

The index of industrial production rose 1.2% from previous month and 31.8% from a year earlier to 94.0 in March. Moreover, the total value of

Machinery orders  
Seasonally adjusted series, in bio yen  
Source: Cabinet Office



machinery orders increased 9.0% in January-March 2010 quarter from previous quarter, whereas a 4.7% drop is forecasted in the April-June quarter. Private sector machinery orders (excluding volatile orders) rose 2.9% in first quarter 2010 and is expected to increase 1.6% in the second quarter.

The confidence of Japa-

nese consumers also recovered. Monthly consumption expenditures per household for March 2010 was up 3.0% in nominal terms and up 4.4% in real terms from previous year. Furthermore, the consumer confidence index increased 1.1 point from 40.9 in March to 42.0 in April, showing the fourth straight month of improvement. While Japan remains “in a mild deflationary phase” (Cabinet Office's April Monthly Economic Report), the consumer price index increased 0.3% in March month-on-month, but was down 1.1% over the year.

The unemployment situation is relatively stable. The unemployment rate was in March at 5.0%, up 0.1% from a month earlier.

## Daiwa's services for financial investments in Asia

Daiwa Capital Markets Europe Limited is a wholly owned subsidiary of Daiwa Securities Group Inc., a Japan's investment bank founded in 1902. Supervised by the London's office, the Geneva branch office is special-

ized in financial brokering and in convertible bonds sale. Opened in 1973, it covers Switzerland, Lichtenstein and Spain (Geneva's branch took over Madrid's one in May 2009). Appointed Manager of

Geneva's office in October 2007, Hiroaki Kato has been working for 22 years at Daiwa in Tokyo, Singapore and London.

(Continued on page 2)

## Daiwa's services for financial investments in Asia

(Continued from page 1)

Daiwa Securities Group Inc. is the second largest brokerage group in Japan. It has a market capital of £5.9 bio and a total asset under management of ¥ 43.4 tio. Daiwa has 16,000 employees across the world, including 700 in Europe.

Daiwa was less affected by the 1990s financial crisis than other Japanese financial institutions present in Switzerland because of "its commitment in local society", said Mr. Kato. During the recent financial and economic crisis, it continued to invest and grow. Its Euro-

pean subsidiary, Daiwa Capital Markets acquired in July 2009 Close Brothers Corporate Finance, recently renamed DC Advisory Partners Zurich.

### Advisory on investments in Japan

Geneva branch office advises financial institutions on investments in Japan and more generally in Asia. Hiroaki Kato identified some advantages for investing in Japan.

"Investors should diversify their portfolio. As Japan has one of the largest GDP in the world, it provides many opportunities" he argued. He also

pointed out that Japan has a well established large size market and a good corporate governance.

Mr. Kato outlined some attractive sectors for investments in Japan. Japan's manufacturing sector suffered during this crisis, but "companies in this sector are now benefiting from Chinese growth and returning to black figures", he said.

According to Mr. Kato, "Japan can have advantages in automotive and electronic industry". Eco-related products, especially components and parts, are also growing sectors in Japan.



Hiroaki Kato, Geneva Branch Manager, Daiwa Capital Markets Europe Limited

## Three Mikado shops in Geneva

When Takao Sugamuta opened a small Japanese grocery store in Geneva Pâquis district in 1979, he was probably not expecting the successful development of Mikado shops in Geneva. Today, three Mikado shops exist in Geneva. In addition to Mikado "Pâquis", two other shops were opened: "Terrassière" in 2007 and "Plainpalais" by the end of 2009.

Takao Sugamuta is President of Mikado and his two sons - Kenzo and Toshiro - are now Directors. They manage a team of 45 employees preparing 1,500 take-away or eat-in lunches per day. Mikado serves meals to students and employees, and pre-



Kenzo and Toshiro Sugamuta, Mikado Directors, with two cooks

pares lunches and dinners for special events. It is also possible to order meals on Internet and to pick them up at the store. "Japanese foodstuffs became popular because they meet people's expectations: they are healthy, fresh and light products" argued Kenzo Sugamuta. Sushis, salads, hot meals, sauces, biscuits, dishes

and accessories are Mikado's most successful products.

All products, except meats and fishes, are imported from Japan. Some fishes (congers), scallops, shrimps and crabs were imported in the past. "But such foodstuffs are now prohibited from imports because of EU regulations", said Kenzo Sugamuta.

Will new shops be opened? "This is an idea. We may open a new shop outside Geneva, in French-speaking Switzerland, in Lausanne, Montreux or Vevey" he said.

Mikado's Website: <http://www.mikado-food.ch/index.php>



Mikado Pâquis shop in Geneva

## Six new JETRO success stories

The JETRO published six new success stories of foreign-affiliated firms operating in the Japan market.

Petróleo Brasileiro S.A., a Brazil's oil producer, commonly known as Petrobras, strategically located its oil refinery Nansei Sekiyu K.K. in Okinawa, in Japan, to expand its activities into Asian markets.

Ipstar Co. Ltd, a Thailand's firm, uses its Internet technology to provide broadband connections to Japanese isolated islands. Ipstar uses an Internet Protocol (IP) platform aboard the Thaicom 4 satellite to deliver fully digital, two-way broadband com-

munications. The company received in March 2009 the final licenses needed to begin its activities in Japan.

Located in Chiba Prefecture, in the neighborhood of Tokyo, Reboot Technology Services Limited is a joint venture company between NEC Capital Solutions and Macquarie Asset. It is specialized in the decommissioning, logistics, processing and sale of end of life IT products.

Headquartered in Taiwan, Magnate Technology Co., Ltd, a manufacturer of precision machinery and aircraft parts, established a branch in Aichi Prefecture to improve its support to

existing Japanese customers and to expand the customer base in Japan market and other key markets around Japan.

Located in Tottori Prefecture, DBS Cruise Ferry Japan Co., Ltd., is a Korean company, operating since summer 2009 ferry travels between Korea, Russia and Japan.

Ornafish Japan Co., Ltd. is an exporter of "koi" (Japanese carp) supplying 2,000 shops in Europe. Established in 1986, the company is active in Japan since 1997.

All success stories are available on JETRO's Website: [http://www.jetro.go.jp/en/invest/success\\_stories/](http://www.jetro.go.jp/en/invest/success_stories/)



A 14,000 ton DBS Cruise Ferry Japan Co., Ltd. ferry capable to carry 450 passengers

## White paper on small and medium enterprises

SMEs play a significant role in Japan's economy. They employ 70% of labor force and form a major source of innovation.

Published by Japan's Ministry of Economy, Trade and Industry, the 2009 *White Paper on Small and Medium Enterprises in Japan* shows that Japanese SMEs faced unprecedented difficulties in fiscal year 2008.

It argues that the decline in exports led to a fall of sales and to a worsening of business and financing conditions. The number of SME bankruptcies went up in the second half of FY 2008 (from October 2008 to March 2009). A peak was reached in October 2008 with about 1,800 bankruptcies. The largest

proportion of bankruptcies (30%) occurred in the construction industry.

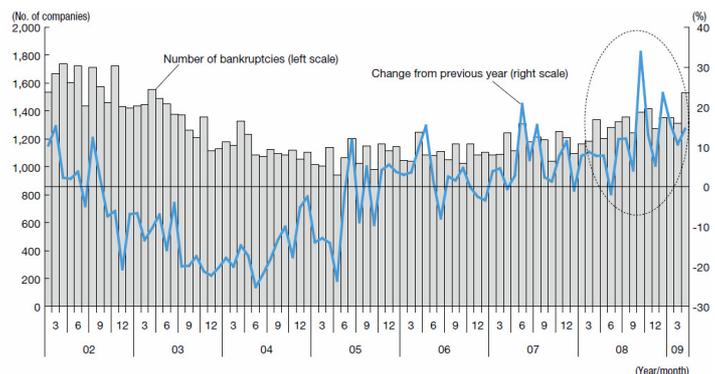
It also shows that the employment situation in SMEs worsened in FY 2008. However, it emphasizes that 69.5% of SMEs countered the situation by cutting expenses other than labor costs. Only 18.8% of SMEs proceeded to wage and employment adjustment.

To respond to the situation, the Paper notes that Japanese government initiated a ¥ 30 trillion SME financing-related measures for subcontractors. Based on Schumpeter's economic theories, the report concludes that "a recession can be perceived as an opportunity for the surplus resources

in existing businesses to move into new growing areas through a dynamic process in which entrepreneurs find a new way to merge business resources to propel economic growth".

The White Paper is available on METI's Website: [http://www.chusho.meti.go.jp/sme\\_english/whitepaper/whitepaper.html](http://www.chusho.meti.go.jp/sme_english/whitepaper/whitepaper.html)

SME bankruptcy trends  
Source: Tokyo Shoko Research, Ltd. / METI



## Sound equipment for electric and hybrid cars

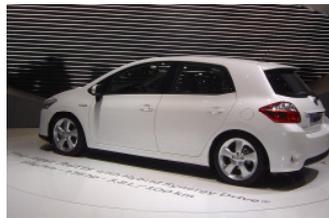
As electric and hybrid cars are noiseless, they may be ignored by pedestrians and become more dangerous. That is why Japan's Ministry of Land, Infrastructure, Transport and Tourism released in January 2010 guidelines on hybrid and electric car sounds.

According to the Ministry's guidelines, the sound shall be operating from 0 to 20 km/h. The driver shall also be able to switch it off.

To avoid odd noises, the Ministry prohibited following sounds: bell or melody, klaxon, animal or insect noises, nature noises

(wind or river flow) and any other non-rational sounds.

From June 2010, Mitsubasankowa Corporation, a Japanese manufacturer of car components, will produce a new sound device for Toyota's hybrid cars (see picture). The sound device will meet Ministry's requirements.



Toyota new Auris with Hybrid Synergy Drive®  
2010 Geneva Motor Show

It will feature three ranges of sound depending on the car speed. The faster will go the car, the louder will be the sound.

The driver will also have the choice between two sound patterns: the first one will be an artificial engineering sound; the second one will be an electrical inverter sound.

The driver will be able to switch off the device at any time. In the night, the device will also automatically reduce its sound by 10 decibels.

Mitsubasankowa's device will be sold in Japan for ¥9,800 (around CHF 110).

## Switzerland and Japan revised the Double Taxation Agreement

Hans-Rudolf Merz, Swiss Federal Councillor, and Ichiro Komatsu, Ambassador of Japan to the Swiss Confederation, signed on May 21, 2010 the protocol to amend the Double Taxation Agreement (DTA).

The revised DTA provides improvements related to withholding taxes for dividends, royalty and interest payments in compliance with OECD standards. It will also enhance Swiss - Japanese eco-

nomie relations.

For further information, see the Swiss Federal Department for Finance's Website: <http://www.efd.admin.ch/00468/index.html?lang=en&msgid=33194>

## Agenda

8<sup>th</sup>-11<sup>th</sup> 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>

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