

JETRO *Switzerland Newsletter*

Japan External Trade Organization

Special points of interest:

- Interview of H.E. Mr. Kenichi Suganuma, Ambassador, Deputy Permanent Representative of Japan to the United Nations and Other International Organizations and Head of the Japanese Consulate in Geneva.
- According to the Bank of Japan, Japan's economy "is expected to return to a moderate recovery path as production regains traction with further easing of supply-side constraints".
- The Swiss - Japanese Chamber of Commerce organizes every year several luncheons, seminars and excursions to facilitate the exchange of information.
- The Institute of Developing Economies - Japan External Trade Organization and the World Trade Organization collaborated to publish a book entitled "Trade patterns and global value chains in East Asia: From trade in goods to trade in tasks".

Inside this issue:

"All Japanese products reaching consumers are totally safe"	1 & 2
Japan's current economic situation	2
Heinrich Wegmann is confident of Japan's ability to recover	2
General Meeting of the Swiss - Japanese Chamber	3
Launch of IDE-JETRO / WTO joint publication	4
Anniversary of Time in Japan	4

"All Japanese products reaching consumers are totally safe"

H.E. Mr. Kenichi Suganuma, Ambassador, is the Deputy Permanent Representative of Japan to the United Nations and Other International Organizations and Head of the Japanese Consulate in Geneva.

More than three months has passed since the earthquake. What is the current situation of reconstruction?

Although there are still many people in temporary housings, I would say that the reconstruction of the affected area is going on faster than we expected. We see a rapid recovery of economic activities. All infrastructures are being reestablished: roads, trains, airports, marine ports. Production in more than 60% of affected factories has been normalized. By this summer, almost all factories will resume their production. We are very glad to see it. Of course, a large area of Japan was never hit by the disaster nor by the nuclear accident.

Will there be any power shortage taking place during this summer?

As you know, in very hot days in summer, we used to have a peaking demand of electricity consumption because everyone uses the air conditioning. We are now asking individuals



H.E. Mr. Kenichi Suganuma, Ambassador, Deputy Permanent Representative of Japan to the United Nations and Other International Organizations and Head of the Japanese Consulate in Geneva

and companies to refrain from using it during peak periods and to maximize savings of electricity.

As a result, some companies have decided to work on Saturday and Sunday and to be off on Thursday and Friday, the days when power consumption becomes highest, and some others have decided to start earlier the morning. With these measures, we think it will be possible not to have power shortage in the summer.

What is the radiation level in Japan?

Radiation level in Japan is now within the normal range, except in the area

around 30 km of Fukushima Daiichi nuclear power plant. We should realize that there is always some natural radioactivity, and many of the places around the world, like New York, London and Switzerland have higher radiation levels than Tokyo. One can also receive higher radiation by taking flights or X-rays, but there is no concern for health. The levels in Tokyo and major cities in Japan have gone up only momentarily after the explosion of the plant building and have come down quickly.

Are Japanese foodstuffs and drinking water safe?

We have a rigorous system of verification of all products produced around the nuclear plant. Whenever there is a higher result than allowed, authorities prohibit them from going to the market. Therefore, foodstuffs going to the market are safe. The same verification is done for water supply. You do not need to worry about eating and drinking in Japan.

What is the situation about foodstuffs exported to Europe and Switzerland?

First, there are not so many foodstuffs exported to Europe. Almost all products used in Japanese restaurants are produced

“All Japanese products reaching consumers are totally safe”

in Europe. Second, every product which goes not only to Japanese market, but is exported outside Japan is also being verified. The same verification is being done at the time of importation in Europe, including Switzerland. So, all Japanese products reaching consumers are totally safe.

Do business people and tourists come back to Japan?

Unfortunately, we had a dramatic decrease in visitors since the earthquake and tsunami. In April - latest month with statistics - it is still less than half compared to the same month last year. As reconstruction is progressing and the situation is safe now, we really hope that tourists and visitors will come back to Japan soon. This will in turn help boost the reconstruction process.

What is the schedule of

the Japanese Culture Month?

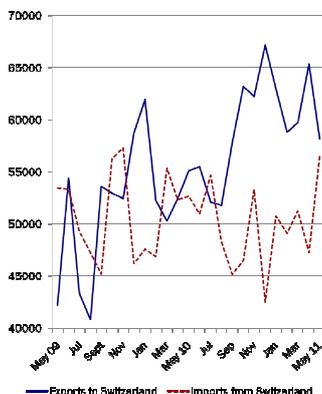
We have been organizing it every autumn in Geneva and surrounding areas. It comprises of more than twenty events and spectacles related to Japanese culture. This year too, we are planning one within the Committee of the Japanese Culture Month. We have not yet fixed the exact opening date but it will probably stretch from the end of September to November. It will be composed of various events, stretching from traditional culture such as Japanese dance, drums, ikebana, martial arts, to the game of Go, Japanese cooking, calligraphy, and also for the young, Japanese cartoons, animations and films.

What do you think about business and cultural exchanges between Switzerland and Japan?

First of all, I wanted to

express my sincere appreciation for the sympathy and solidarity that was brought by the people and government of Switzerland after the earthquake and tsunami. We are really deeply touched by the overwhelming encouragements we received.

I think Switzerland and Japan have very good relations not only diplomatically, but economically and culturally. In the economic sector, in addition to the solid trade and investment relationship that we enjoy, an agreement on economic partnership entered into force last year, expected to further promote exchanges on both sides. We have also a long cooperative relationship in terms of research and technology development. People are very much interested in each other cultures. Many Japanese are visiting Switzerland because they love mountains and lakes. I hope that many Swiss will resume visiting Japan too.



Trade between Switzerland and Japan in millions of Yen
Source: Ministry of Finance

Japan's current economic situation

According to the Bank of Japan (BoJ), “Japan's economy continues to face downward pressure, mainly on the production side, due to the effects of the earthquake disaster, but is showing some signs of picking up”. BoJ further claimed that Japan's economy “is expected to return to a moderate recovery path as production regains traction with further easing of supply-side constraints”.

Some indices reflecting the current situation of Japan's industry show signs of recovery. Indices of industrial production was down 13.6% from the previous year, but up 1.6% from a month earlier to 84.0 in April (2005=100). The total value of machinery orders also rose 3.1% in April from the previous month on a seasonally adjusted basis. Japan's total exports declined 10.3% to ¥ 4,760

billion in May year-on-year. However, BoJ stated that exports are “expected to turn upward reflecting the improvement in overseas economic conditions”. The domestic economic situation slightly improved. The consumer price index was 99.9 (2005=100) in April, marking an increase by 0.3% over the year. The unemployment rate was 4.7% in April, down 8.8% from the previous year.

Heinrich Wegmann is confident of Japan's ability to recover

Heinrich Wegmann is President of the Swiss-Japanese Chamber of Commerce (SJCC) since 2004. He spent more than thirteen years of his career with Credit Suisse in Japan, namely from 1979 to 1986 as Representative for the capital market business and from 1992 to 1996 as Regional Head Japan.

SJCC, a platform for the exchange of information

"The main purpose of the SJCC is to be a platform for all who have an interest in Switzerland-Japan relations", he explained. Created in 1985, the Chamber has about 310 members, including 140 corporations and 170 individuals. The organization gathers groups from various industries (banking, pharmaceutical, trading, services, machinery etc) as well as subsidiaries of

Japanese companies active in Switzerland. It organizes every year several luncheons, seminars and excursions to facilitate the exchange of information.

Recovery of Japan

Based on his personal experience, Mr. Wegmann believes that Japan will be able to realize a fast and strong recovery: "Japan's government and corporations will work very hard to overcome the crisis", he said.

He outlined two obstacles that the country will face: the complete restoration of electricity production, that "might take up to 12 months", and the reconstruction of destroyed or damaged infrastructures. He pointed out that there are only very special situations where Swiss companies can take part in these efforts, arguing

that, "Japan is a very developed country having all necessary skills and capabilities to manage the recovery from the disaster of March 11".

He also underlined that the impact on the Swiss-Japanese relations is very limited. It will affect the reinsurance business and maybe some manufacturing firms dependant on special high quality parts produced in Japan.

Acquisition of Swiss firms

As mentioned in the previous issue of the Newsletter, Takeda Pharmaceutical Company Limited will buy Nycomed A/S, and Toshiba Corporation will acquire Landis+Gyr. According to Mr. Wegmann, "it shows that Switzerland is an open market; it is also the sign of strengths of Japanese firms and their will to improve their global positions".



Heinrich Wegmann, President of the Swiss Japanese Chamber of Commerce (SJCC)

General Meeting of the Swiss - Japanese Chamber

About 40 people took part in 2011 Annual General Meeting of the Swiss Japanese Chamber of Commerce (SJCC). The meeting was held on May 25, 2011, in Zurich.

It was opened by a speech of Heinrich Wegmann, SJCC President. He outlined the main activities undertaken last year: the Annual General Meeting with Peter Brabeck-Letmathe, Chairman of Nestle S.A., and the 25th anniversary Gala. The Assembly appointed

two new board members: Masaru Tokiwa, CEO of Nomura Bank Switzerland LTD, and Rudolf Escher, Senior Adviser at Credit Suisse SA.

During the lunch that followed the meeting, Georg Fischer's CEO Yves Serra presented the Schaffhausen-based industrial group.

SJCC scholarship fund needs sponsors

The SJCC has a scholarship fund to provide

grants to Swiss residents. This grant has been sponsored in 2010 by Credit Suisse, UBS, Julius Baer, Hilti and the Chamber itself. This year, it will also be sponsored by private donations from SJCC's executive members. Due to a decrease in funds, the number of beneficiaries will be reduced to 7 this year (9 in 2010). Mr. Wegmann called its members, interesting persons and companies to sponsor the fund.



Swiss - Japanese Chamber of Commerce's 26th Annual General Meeting

Launch of IDE-JETRO / WTO joint publication

The Institute of Developing Economies - Japan External Trade Organization (IDE-JETRO) and the World Trade Organization (WTO) collaborated to publish a book entitled "Trade patterns and global value chains in East Asia: From trade in goods to trade in tasks". This book was presented on June 6 at the WTO building in Geneva.

The book explores the fundamental change that has been taking place in the structure of international trade. It shows that components, intermediate goods and services are no longer produced in one country only. They pass from one economy to another, creating interna-

tional production chains and "made in the world" products.

Based on these findings, the report stresses the need to shift from a traditional "country of origin" approach to a "value-added" new statistical concept.

It emphasizes that this change in the production

chains led to the successful economic development of East Asia.

Pascal Lamy, WTO Director-General, called participants to develop in a bottom-up way a new statistical approach. He also claimed that "Japan, METI and JETRO are pioneers" in research related to global value chains.



Michitaka Nakatomi, JETRO President



Pascal Lamy, WTO Director-General, and Professor Takashi Shiraishi, IDE-JETRO President

Anniversary of Time in Japan

The "Anniversary of Time" is celebrated each June 10 in Japan. This anniversary day was set in 1920 by the Tokyo Astronomical Observatory to enhance the value of time among Japanese people.

It decided to celebrate this anniversary on June 10 because the first Japanese watch was created on June 10, 671, according to the oldest book of Japanese history, *Nihon Shoki* (*The Chronicles of Japan*).

Several events are held in Japan around this day.

This year, 50 pocket watch collections were exhibited in the Mie Prefecture (Kansai region). An exhibition of photos of scenery with clocks or watches was also held in Wakayama Prefecture (Kansai region). A cooking contest in Kumamoto Prefecture (Kyushu island) nominated participants who cook dishes within limited times.



Maki-e watch exhibited at Turler's store, Zurich, November 2010 - January 2011

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 Switzerland Newsletter can also be viewed and/or downloaded online:

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

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