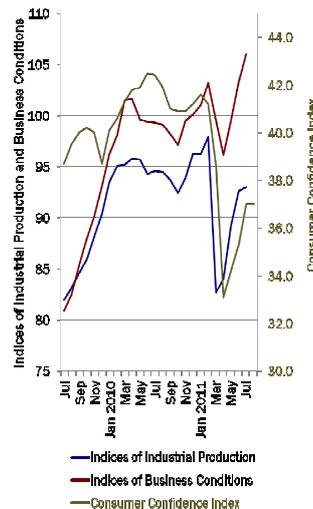


Special points of interest:

- While supply-side constraints have been mostly resolved, Japan's industrial production was up for the fourth straight month in July 2011 to 93; it almost recovered to February pre-earthquake levels of 97.9.
- "Otsuka will soon bring on the market a compound that will target multi-drug resistant tuberculosis (MDR-TB) – one of the most deadly and complicated forms of TB to treat", Dr. Carlevaro stated.
- "BoJ is unlikely to take a decision similar to SNB's one. The yen is the third most traded currency, after the US dollar and the euro, accounting for 9.5% of the foreign exchange market, whereas the Swiss franc represents 3.2% (Bank for International Settlements). Moreover, the government of Japan would probably be reluctant to take a decision that could lead to negative reactions of its trading partners", Manabu Eto, JETRO Geneva Director General, said.

Japan's current economic situation

As difficulties related to the supply of goods have been mostly resolved, Japan's economy continues to recover, returning to a production almost similar to pre-earthquake levels. Whereas exports remain at a slightly lower level than last year (-3.4% in July), they rose sharply in both May and June and marginally in June (+0.1%) to ¥5,781 billion. Exports to the United States (+3.8%), China (+2.8%) and the European Union (+1.6%) increased in July from previous month. Imports rose 9.9% in July year-on-year. Imports of foodstuffs, which soared after the earthquake disaster due to demand for substitutes, declined 6.0% in July from previous month. However, imports of raw materials increased



Some indices reflecting Japan's economic situation
Source: Cabinet Office, Ministry of Economy, Trade and Industry

4.3% in July month-on-month. The domestic demand also slightly recovered. The average of monthly consumption expenditures rose 5.4% to

280,046 yen per household in July from a month earlier. The consumer confidence index also increased in July for the third consecutive month, but remained stable in August at 37.0 (see graph). In addition, the unemployment rate was 4.7% in July, up from 4.6% in June but down from 4.0% in July 2010.

As a result of the recovery of foreign and domestic demands, Japan's industrial production was up for the fourth straight month in July 2011 to 93. It almost recovered to February production levels of 97.9. The leading index of business conditions also rose in July for the third straight months to 106.0 (2005=100), marking an increase by 2.6% from previous month.

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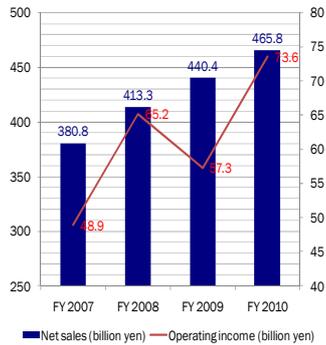
Otsuka's office in Geneva promotes global health policies

Founded in 1964 Otsuka Pharmaceutical Co., Ltd. ("Otsuka") is the second largest Japanese research-based pharmaceutical group. Otsuka Group has diversified businesses operations in 23 countries and regions around the world. Its net sales in-

creased 5.8% in FY 2010, ending March 2011, from ¥ 440.4 billion to ¥ 465.8 (see graph on next page). In May 2011, it established a subsidiary in Geneva to promote the company's global tuberculosis program among other public health and corpo-

rate social responsibility initiatives. It also appointed Dr. Patrizia Carlevaro as the managing director of this Swiss subsidiary.

(Continued on page 2)



Financial situation of Otsuka Pharmaceutical Co., Ltd.

Otsuka's office in Geneva promotes global health policies

(Continued from page 1)

Dr. Carlevaro has extensive experience working with international organizations, having served the UN Children's Fund (UNICEF) and the UN Industrial Development Organization. She was also the Head of the International Aid Unit at Lilly, a US-based pharmaceutical group.

International platform in Geneva

"Otsuka wants to build an international platform to promote the company's global tuberculosis program and others. As an international and cosmopolitan city, hosting a large number of international organizations, including the World Health Organization, World Trade Organization and a number of Non-Governmental Organizations (NGOs), it makes sense to open the office in Geneva", Dr. Carlevaro said.

"Our objective is to help develop a strategy for the promotion of Otsuka's global tuberculosis program. This includes launching public health programs that will be supported by the company,



Dr. Patrizia Carlevaro,
Managing Director, Otsuka SA

generating increased public awareness of TB diagnosis and treatment around the world and creating partnership alliances with NGOs, academics, scientists and many others", she further explained. Otsuka just joined in June 2011 the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA).

Otsuka's new drug against tuberculosis

Otsuka researches, develops, manufactures and sells pharmaceutical and nutritional products. It focuses on the fields of the central nervous system (CNS), oncology, cardiovascular, digestive and respiratory systems, infectious

disease, ophthalmology and dermatology.

Tuberculosis affects about 9 million people around the world and is responsible for the death of 1.7 million people per year. So far, its medical treatment requires a cocktail of drugs that patients have to take for a six-month to two-year period. Failure to take the drugs correctly or adhere to this strict regimen has led to the spread of multi-drug resistant forms of tuberculosis (MDR-TB).

In addition, the disease is spreading in some developing countries, especially among people who have HIV/AIDS. It has appeared again in some developed countries, like Italy and the United Kingdom.

Tuberculosis is a neglected disease. Whereas few companies carry out significant research on this disease, Otsuka has made research on tuberculosis a priority for over 30 years. It is today recognized as the main private funder of tuberculosis drug development.

As a result, "Otsuka will soon bring on the market a compound that will target multi-drug resistant tuberculosis (MDR-TB) – one of the most deadly and complicated forms of TB to treat", Dr. Carlevaro stated.

Coordinated banking action to protect EU banks

Exactly three years after Lehman Brothers collapse, five central banks decided a coordinated action to restore confidence in the ability of EU banks to provide loans,

and to avoid fears of credit crunch in the euro zone. Bank of Japan, Swiss National Bank, European Central Bank, Bank of England and US Federal Reserve will inject jointly bil-

ions of US dollars into the European monetary system. They will provide US-dollar loans at fixed interests in three auctions, first one taking place on October 12.

Japanese yen against weaker currencies

Whereas Swiss National Bank has set on September 6 a minimum Swiss franc exchange rate to limit its appreciation against the euro, the Japanese yen continues to fluctuate and to appreciate. Founded in 1871 to replace the Ryo, the value of the yen against the dollar was fixed after the Second World War until 1973. Despite several interventions of the Bank of Japan's (BoJ) and low interest rates, yen's value rose in the 1970s and 1990s, reaching a peak under 80 yen per dollar in April 1995.

Against weaker currencies

In a context of sovereign debts crisis in the United States and European Union, and of financial market turmoil, the value of the dollar and the euro are declining. The yen reached a 15-year high at about ¥76 per dollar on August 19, 2011. The yen is also high against the euro. Whereas it was traded over ¥169 per euro in July 2008, it is nowadays exchanged at less than ¥105 against the euro. This evolution remains nevertheless modest compared to the change that occurred after 1973 and 1979 oil shocks.

In addition, the value of the Korean won and Chinese yuan (fixed rate against the dollar) remains very low against the yen. Unlike Switzerland, Japan's debt is very high - over 220% of its gross GDP (International Mone-

tary Fund). However, as Japanese public bonds are mainly held by domestic institutions and individuals, investors remain confident. For instance, decision of rating agency Moody's to downgrade Japan's government rating from Aa2 to Aa3 on August 24, 2011, had little impact on financial markets.

Challenges for Japan's economy

As Japan is an exporting economy too, the low value of foreign currencies, especially ones of its main competing economies (Korea and China), is a serious issue for Japanese exporters. According to a survey carried out by research firm Teikoku, 12.6% of exporting companies are expanding and setting up production sites overseas in response to the strong yen. This study also shows that 67.6% of companies see yen's appreciation as unfavorable. Large industrial groups are also affected. For example, Toyota Motor Corp. recently announced its decision to gradually increase its "Camry" production abroad to reduce its exposure to currency market fluctuations.

However, this issue can be challenged by a large number of Japanese firms, of which factories are located outside Japan, for example in China and India. Nevertheless Japanese firms cannot relocate all their activities in foreign countries: they

have to keep in Japan their core businesses, for example their R&D department.

How to tackle this issue?

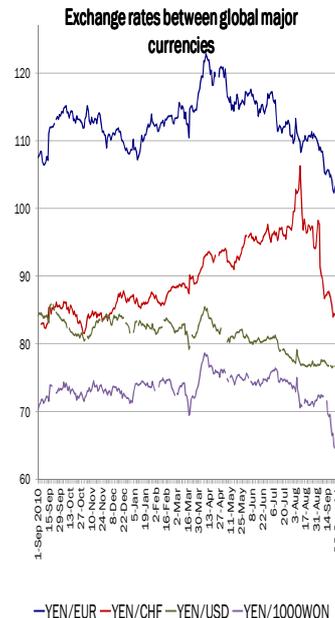
BoJ is unlikely to take a decision similar to SNB's one. The yen is the third most traded currency, after the US dollar and the euro, accounting for 9.5% of the foreign exchange market, whereas the Swiss franc represents 3.2% (Bank for International Settlements). Moreover, the government of Japan would probably be reluctant to take a decision that could lead to negative reactions of its trading partners.

BoJ decided on August 29, 2011, to inject additional ¥10 trillion liquidity into the economy and to keep key interest rate at 0.1%.

The government of Japan also took actions to encourage Japanese firms to accumulate dollar-based investment funds and will provide incentives to prevent relocation of activities. However, it will probably not implement a large-scale support program, since significant funds will serve for the reconstruction of the Tohoku region; it would also be reluctant to provide subsidies that would only aimed at overcoming the strong yen challenges.

Japan's authorities have therefore no other choices than taking conventional measures to face this outstanding challenge.

Manabu Eto, JETRO Geneva Director General



Sources: Bank of Japan, European Central Bank, Swiss National Bank and Bank of Korea



Source: Bank for International Settlements

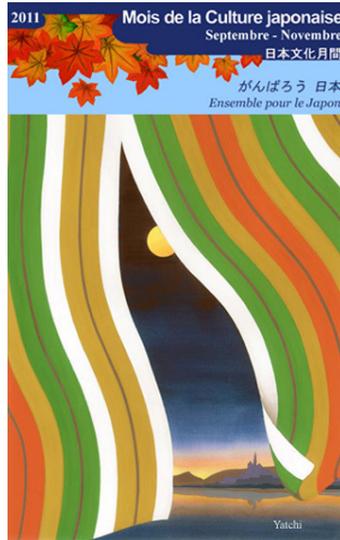
2011 Month of Japanese Culture will benefit to victims

2011 Month of Japanese Culture is being held from September 17 to November 28. Entitled "Together for Japan" ("Ganbarô Nippon"), it encompasses many events that will collect funds for the benefit of victims of March 11 Japan's earthquake.

The purpose of this event is to provide an opportunity to learn more about Japan and its culture, and to facilitate exchanges between Japan and French-speaking part of Switzerland.

The official ceremony will take place on October 23 at "Cité Bleue" (Geneva). Kabuki dance and Wadaïko drum will be performed.

JETRO Geneva will also take part in the Japanese



fair, on October 2, in Carouge. In addition to a flea market, kimonos will be exhibited, traditional dances and music will be performed.

Moreover, Geneva International Orchestra played a

concert on September 23 at Victoria Hall (Geneva). Directed by Emmanuel Krivine, it gathered 48 talented musicians, including famous cellist Gautier Capuçon.

Many other events will show Japanese calligraphy, bonsai, pictures, martial arts and ikebana. Some conferences will also provide information on exciting Japanese topics, such as history of Samurais.

Most of events are free; some of them require a reservation.

Full program and details are available on the Website of the Japan's Consulate in Geneva at: http://www.geneve.ch.emb-japan.go.jp/mois2011/programme_general_mcj2011.pdf

Agenda

2nd October: JETRO booth at Japanese fair
Salle des fêtes (Community Hall), Carouge, from 1 pm to 8 pm.

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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