

Inside this
issue

- Interview of Dominique Turpin, President of IMD 1 + 2
- Japan's current economic situation 2
- JETRO analysis of Japan / China trade 3
- Subsidy program for Asian site location in Japan 3
- Preferential treatments for highly skilled foreign professionals 3
- Hitachi to lead European project on electric vehicles 4

“Japan remains in an economic area of great opportunities”

Interview of Dominique Turpin, President of IMD

Dr. Dominique Turpin was appointed in July 2010 President of the IMD - Institute for Management Development, Lausanne. He is also the Nestlé Professor at IMD.

Professor Turpin obtained in 1981 a Japanese governmental scholarship to pursue his studies in Japan. And he graduated later with a PhD in economics from the Sophia University of Tokyo. Dr. Turpin has an in-depth knowledge of the Japanese business world. He recently published with Naoshi Takatsu a book entitled “Japan’s competitiveness in the age of globalization” (available in Japanese only). “The book is now No.2 in Japanese business literature”, Dr. Turpin said. Naoshi Takatsu is the IMD Vice-President, and the “ambassador” of the business school in Japan.

In the book you recently published, you argue Japanese firms face challenges to become global players. What obstacles do they face?

They face cultural, historical, demographic and linguistic problems. One of their main is-



Dominique Turpin, President of IMD

...sues is about language: According to TOEFL (Test Of English as a Foreign Language), Japan is ranked 136th only – behind North Korea in mastering the English language! Geography does not help. Furthermore, the number of students who study overseas is declining. And as I mentioned in my book, international experience is not valued enough for promotion.

Another challenge is the aging society. Many companies have focused on the domestic market. Too many companies follow the “Galapagos model”: they produce

products designed for the Japanese market and they miss major global opportunities, for example in the mobile phone industry.

2012 IMD “World Competitiveness Yearbook” ranks Japan at 27th position. How do you explain this low position?

The main reason of this low position is that Japanese companies are not global enough. For instance, 11 members (among a total number of 13) of Nestlé’s top management are non-Swiss nationals. Nestlé recently recruited a US-Philippine woman to be their new CFO, succeeding an India national. A Brazilian national manages their Indian market. Nestlé is a global company, whereas few Japanese ones are.

As you see in our report, the most competitive economies are small countries: Hong Kong, Switzerland, Singapore, Sweden, Taiwan, Norway, Qatar... Why? Because small countries have to be flexible and international to survive.

(Continued on page 2)

会見

INTERVIEW

動向

SITUATION

Japan's current economic situation

According to the Bank of Japan, "the pick-up in Japan's economic activity has come to a pause". It is nevertheless "expected to level off more or less for the time being, and thereafter, it will return to a moderate recovery path as domestic demand remains resilient and overseas economies gradually emerge from the deceleration phase" (Monthly Report of Recent Economic and Financial Developments).

Reflecting the current situation, the index of industrial production declined 0.8 point from the previous year to 91.7 in July 2012.

The pausing is mainly due to deceleration in Europe and to a lesser extent in Asia. Exports declined 5.8% to ¥5,046 billion in August



The Development of the Consumer Confidence Index (excluding one-person households, seasonally adjusted series)
Source: Cabinet Office

2012 from a year earlier. Exports to Western Europe were down 28.3% (-70.4% to Switzerland). Furthermore, exports to Asia decreased 6.7%: -9.9% to China, -11.9% to Republic of Korea and -7.7% to

Hong Kong. Exports to the United States rose 10.3%.

However, the domestic demand continues to increase. The consumer confidence index (consumer perceptions of the following four categories: overall livelihood, income growth, employment and willingness to buy durable goods) soared from its recent lowest level of 33.4 in April 2012 to 40.5 in August 2012 (+21.3%, see graph), showing a recovery since Great East Japan Earthquake.

In addition, the average of monthly consumption expenditures per household for July 2012 was ¥283,295, up 1.2% in nominal terms and up 1.7% in real terms from the previous year.

"Japan remains in an economic area of great opportunities"

Interview of Dominique Turpin, President of IMD

(Continued from page 1)

But Japan has some strong points: low inflation, high level of foreign direct investments, low unemployment rate, almost no underground economy, strong social corporate responsibility, excellent labor relations, long life experience, and significant investments in R&D.

To what extent does Japan benefit from the rapid development of its neighbors?

Japan's neighbors, especially China, represent a challenge and an opportunity. China is a challenge, because it downgraded Japan to the third world's economy.

It is also an opportunity, because it is like a "garden" for its exports: Japan can achieve economies of scale in China and benefit from low-cost labor.

What will be the impact of the increase of Japan's trade deficit (¥2,925 billion in first-half of 2012, against ¥1,602 billion in the preceding half-year)?

It will affect the production costs. Japan has so far benefitted from the low cost of nuclear energy. However, Japanese have now an opportunity in the field of renewable energies and they are preparing to this end. For example, the new CEO of Toshiba is coming

from the energy department.

Do you think consumption will play a more significant role than exports in the future?

Consumption will increase in some fields such as health and pharmaceutical industry. However, I do not think it will play a more significant role than exports.

Japan will find a lot of business opportunities in the "MIT": Mexico/Malaysia, Indonesia and Turkey. Japan remains in an economic area of great opportunities. This economic area is more dynamic than Europe.

会見

INTERVIEW

JETRO analysis of Japan / China trade

JETRO released an analysis of Japan-China trade in the first half of 2012.

It shows that trade between the two countries increased 1.1% to USD 165.1 billion during the first half of 2012: - 5.7% for exports to

China and +7.5% for imports from China.

As a result of the sluggish domestic demand in China and of the strong yen, Japan's exports of general machines and raw materials decreased, with the exception of

some products.

Further information is available on JETRO Website at: <http://www.jetro.go.jp/en/news/releases/20120827326-news>

分析

ANALYSIS

Subsidy program for Asian site location in Japan

The subsidy program for promoting Asian site location in Japan is intended to sustain and strengthen high-value-added business sites in Japan. It also aims to achieve sustainable growth of the Japanese economy by supporting the establishment of new high-value-added sites in Japan by global companies operating internationally, such as regional headquarters or R&D sites.

The program will provide subsidy to facility costs, equipment costs and facility lease fee.

This program applies to private

enterprises that belong to a corporate body consisting of group companies that are operating an actual business in two or more countries, and that have corporate status in Japan.

Projects eligible for the subsidy shall be those for establishing a new regional headquarters or R&D site in Japan.

Moreover, the relevant headquarters' operations or R&D activities must continue for a minimum of three years after the end of project period.

The investment plan must not have

been publicly announced, nor the placing of orders, making of contracts, etc. been undertaken prior to the cabinet approval of the budget bill of 2012 general account (December 24th, 2011).

Applications forms shall be submitted between November 5 to 19, 2012 to the Secretariat for Subsidy Program for Projects Promoting Asian Site Location in Japan.

Further information and application forms are available on our Website at: <http://www.jetro.go.jp/switzerland/topics/20120830121-topics>

政策

POLICY

Preferential treatments for highly skilled foreign professionals

The Immigration Bureau of Japan implements since May 7, 2012 a points-based preferential immigration treatments for highly skilled foreign professionals.

The objective of this policy is to accept more highly skilled foreign nationals who have advanced abilities. Highly qualified foreign professionals are expected to contribute to economic growth and creation of new demand and employment in Japan.

Under the points-based system, foreign professionals who earn 70 points or more will be recognized as "highly skilled foreign professionals". They will benefit from preferential immigration treatment.

The activities of the highly skilled foreign nationals are classified into three categories:

1. Academic research activities
2. Advanced specialized/technical activities

3. Business management activities
Furthermore, it should be noted that this system operates under the current regulation related to foreign nationals. Therefore, applicants have to meet all requirements regarding working status of residence, prior to be scored in this system.

Further information is available on the Website of the Immigration Bureau of Japan: <http://www.immi-moj.go.jp/>

政策

POLICY

革新

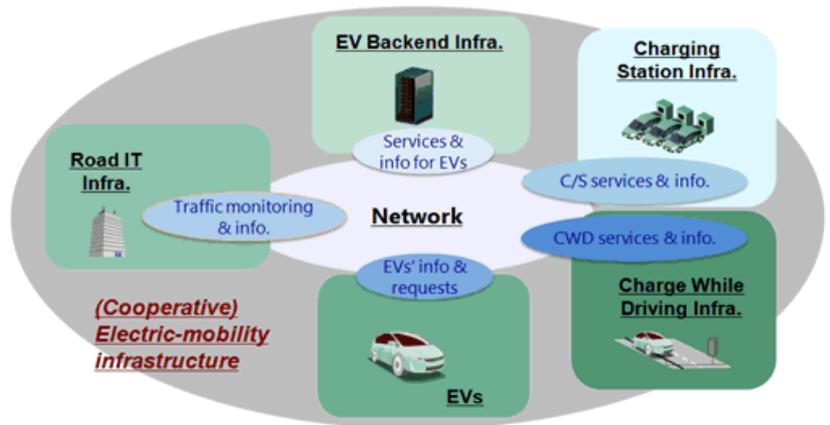
INNOVATION

Hitachi to lead European project on electric vehicles

Hitachi Europe Ltd will coordinate the European project named “eCo-FEV”. It stands for “efficient cooperative infrastructure for fully electric vehicles”. Its objective is to develop “an integrated IT electric mobility platform that enables the connection and information exchanges between multiple infrastructure systems that are to the Fully Electric Vehicle (FEV)”.

It will therefore cover the following systems: IT infrastructure, EV backend infrastructure and EV charging infrastructure (see diagram).

“eCo-FEV” project has started on September 1, 2012 and is expected



© Hitachi, Ltd. 1994, 2012. All rights reserved.

to last for 33 months.

The cost of this project is estimated at approx. EUR 4.3 million and the European Commission’s funding is approx. EUR 3.0 mil-

lion.

In addition to Hitachi, this project includes French, Italian and German partners.

Agenda

日程

AGENDA

- ✓ 7th October: Japan Club of Geneva’s booth at Japanese festival
JETRO activities to be introduced.
Salle des Fêtes, Rue Ancienne 37, Carouge (Geneva Canton)
12 am—8 pm, free entrance
- ✓ 22nd November: JETRO/EPFL joint event on innovation and R&D
EPFL innovation center, 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 Switzerland Newsletter can also be viewed and/or downloaded online:
<http://www.jetro.go.jp/switzerland/newsletter>



Japan External Trade Organization

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