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## Citizen expands through Swiss watch manufacturer



Frédéric Wenger, CEO of  
Manufacture La Joux-Perret S.A.

Citizen Watch Co., Ltd has acquired a year ago, on March 5, 2012, Swiss watch company Prothor Holding SA.

This holding company includes the Manufacture La Joux-Perret SA, Prototec SA and Arnold & Son SA.

Frédéric Wenger is the CEO of this holding based in La-Chaux-de-Fonds, Canton of Neuchâtel.

*Original English company*

Arnold & Son will celebrate its 250<sup>th</sup> anniversary in 2014. The company was founded by John Arnold (1736-1799), an English watchmaker and one of the inventors of the modern mechanical watch.

It sells watches in the luxury range, "from CHF 10,000 to CHF

150,000 in stores", said Frédéric Wenger. "Everything is done in-house, including movements and designs, but except some parts such as straps, boxes and hands", he further said.

Arnold & Son sells its watches in all countries, in Asia, Middle-East, United States, Mexico and Europe.

*Acquisition by Citizen Group*

According to Citizen's press release, "the demand for high-class Swiss mechanical watches has been increasing, primarily in emerging markets including China, and we think that it is vital that we enter into the high-class watch market in order to achieve further growth of our watch business".

It also outlines that this acquisition of a Swiss-made collection "will help differentiate our high-end production" and "contribute to the strengthening of our R&D ability in the area of Japan-made mechanical movements".

"The acquisition by Citizen Group has not led to significant management changes, because we are quite an independent company. We now have to report our budget, like anyone in the group", Frédéric Wenger said.



Manufacture La Joux-Perret S.A.,  
La-Chaux-de-Fonds

However, thanks to this acquisition, the Swiss holding company will be able to identify synergies in the field of sales and distribution. The acquisition by a large group also gives it access to bigger financial means for future development.

Arnold & Son's TB88



会見

INTERVIEW

## 動向

SITUATION

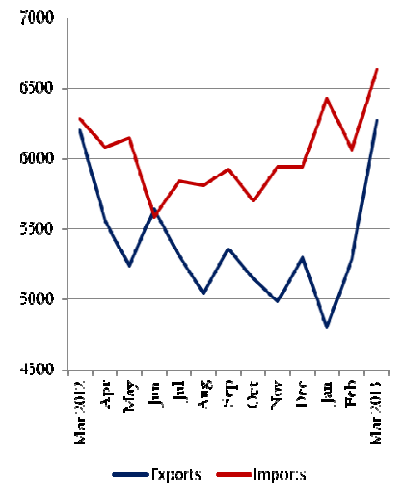
## Japan's current economic situation

Japan's economy is showing signs of picking up, as overseas demand and domestic consumption are increasing.

As shown on the graph, exports rose from a year earlier 1.1% in March 2013 to ¥ 6,271 billion. Exports to the United States grew rapidly (+7.0%), whereas exports to Asia (+0.3%) remained quite stable, and exports to Western Europe declined 4.7% (-27.6% for exports to Switzerland). Moreover, imports increased 5.5% to ¥ 6,634 billion. As a result, Japan

logged a trade deficit of ¥ 362 billion, 4.5 times smaller than the one logged in January 2013.

In addition, the domestic market remained resilient. The unemployment rate was 4.3% in February 2013, showing a decrease by 4.2% over the year. The average of consumption expenditures per household was ¥ 298,682, up 2.0% in nominal terms and up 2.7% in real terms from the previous year. Orders received for construction rose 13.9% to ¥ 3637 billion in February 2013 (provisional data).



Exports and imports in billions of yen  
Source: Ministry of Finance

## 分析

ANALYSIS

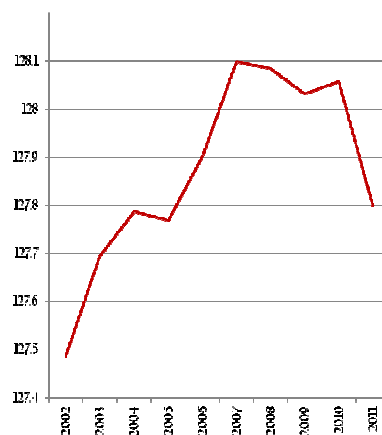
## Japanese demographic evolution

Japan's population decreased a record 284,000 in October 2012 over the year, according to Japan's Ministry of Internal Affairs and Communications. It shows the largest decline since the establishment of this statistic in 1950. 30,793,000 people are aged over 65, accounting for 24.1% of the total population. Moreover, the number of births was the smallest ever at 1,047,000 in 2012 (decrease by 27,000 year-on-year).

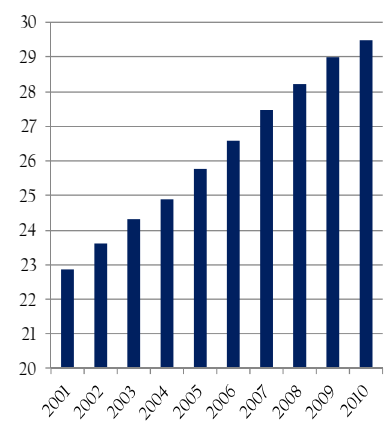
As shown by the graph, Japan's population has remained quite stable from 2007 to 2010 and declined since that year.

*Decisions to limit its effects*

As the aging population is expected to increase social security expenditures (mostly pension and



Total population of Japan in millions  
Source: Ministry of Internal Affairs and



Population aged over 65 in millions  
Source: Ministry of Internal Affairs and Communications

old-age care spending), the government took the following decisions. It decided that pension eligibility age will be raised to 65. The pace of increase of eligibility depends on the type of pension and gender. As an example of a broader reform, eligibility age is being raised to 65

for Employees' Pension Insurance Program by this year for men and by 2018 for women.

Moreover, population aged between 70 to 74 pay only 10% of their health spending. Prime Minister Abe announced that he intends to raise this rate to 20%.

## JETRO's survey on foreign firms operating in Japan

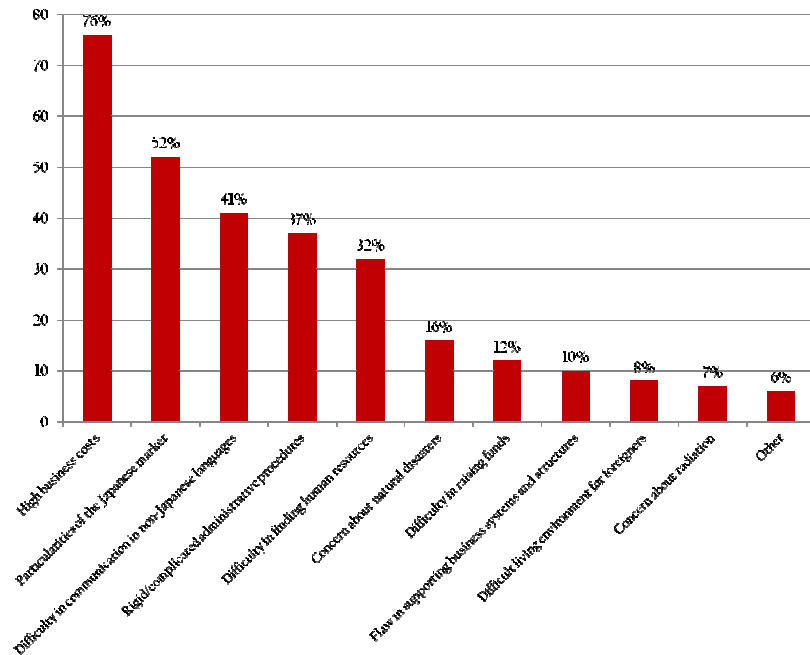
The JETRO has conducted a survey on foreign firms operating in Japan. It outlines that the main obstacles when doing business in Japan is the high business costs, such as taxes, salaries, purchase of rent of office and social security (76% of respondents, see graph).

Moreover, 37% of respondents say that rigid administrative procedures is an obstacle for doing business. More specifically, the study shows that the main difficulties with regard to rigid administrative procedures are related to permits and licenses, legal restrictions, application forms that are only available in Japanese and unclear points of contact for administrative applications.

Among other obstacles, companies outline the particularities of the Japanese market (52% of respondents) and the difficulty in communication in non-Japanese languages (41% of respondents).

### *Measures to improve business environment*

Some recent decisions have im-



Obstacles when doing business in Japan (up to four answers allowed)

Source: JETRO

proved the business environment in Japan.

The Act for Promotion of Japan as an Asian Business Center, which entered into force in 2012, allows authorized companies to have income deduction of 20% for R&D bases or Asian headquarters.

Moreover, the subsidy program for projects promoting Asian site location in Japan offers up to ¥500 mil-

lion for costs required to build facilities and set up equipment for R&D or Asian regional headquarters.

Since May 2012, a point system has been implemented to provide preferential treatment in immigration control to highly skilled professionals.

分析

ANALYSIS

## Paul Klee and Japanese art

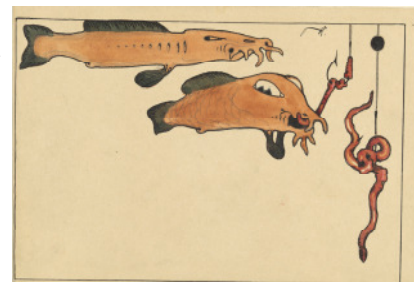
Bern's Paul Klee Centre holds until May 12 an exhibition entitled "From Japonism to Zen. Paul Klee and the Far East".

The exhibition focuses on Paul Klee's interest in Japanese ink painting, Kabuki theatre, calligraphy and Buddhism. But, it also outlines his popularity in Japan: sev-

eral Japanese artists have been inspired by his work in the field of music, comic, painting, poetry, literature and architecture.

Zentrum Paul Klee

"Vom Japonismus zu Zen. Paul Klee und der Ferne Osten"



Paul Klee (untitled)

With the permission of Paul Klee Centre

文化

CULTURE

革新

INNOVATION

## Public-private pharma partnership for the developing world

A public-private partnership has been established on April 8, 2013 “to advance the research and development of new medicines, vaccines, and diagnostics to fight infectious diseases in the development world” (press release). It is the first partnership of its kind established in Japan.

Called “Global Health Innovative Technology Fund” (GHIT), it is set up through a partnership between the government of Japan, a consortium of Japanese pharmaceutical companies and Bill & Melinda Gates Foundation. The consortium of companies is composed of (in alphabetic order): Astellas Pharma Inc., Daiichi Sankyo Company Ltd., Eisai Co., Ltd., Shionogi & Co., Ltd. and Takeda Pharmaceutical Company Ltd.



Building of Takeda in Pfäffikon, Canton of Zurich. Takeda Pharmaceutical Company Ltd is one of the five companies part of the pharmaceutical consortium (see article).

Operating as a non-profit organization, GHIT will facilitate and fund global R&D projects related to the development of new medicines, vac-

cines and diagnostics that aim at eliminating infectious diseases in the developing world, such as HIV/AIDS, malaria, tuberculosis and neglected tropical diseases (NTDs).

“Through the Fund, we will try to catalyze new innovations from Japan reaping the benefits of Japan’s drug and vaccine development capacities and expertise. We will do this for the world’s poorest of the poor and for the future growth of developing nations”, claimed Dr Kiyoshi Kurokawa, Chair of the Board & Representative Director of GHIT.

For further information, please see GHIT’s Website: <http://ghitfund.org/>

*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>*

# JETRO

**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