

Special points of interest:

- Japan's GDP grew 0.9% from April to June. Exports decreased 35.7% in June from previous year, whereas they fell 40.9% in May on a year.
- 48 nationalities are represented in Geneva's headquarters of Japan Tobacco International.
- Ministry of Agriculture, Forestry and Fisheries and Ministry of Economy, Trade and Industry support the development of plant factories for vegetables in Japan.
- Isao Takahata and Yoshiyuki Tomino awarded the Locarno's Leopard of Honor.
- The Democratic Party of Japan, the opposition party, won 20 more seats at the Tokyo Metropolitan Assembly election.

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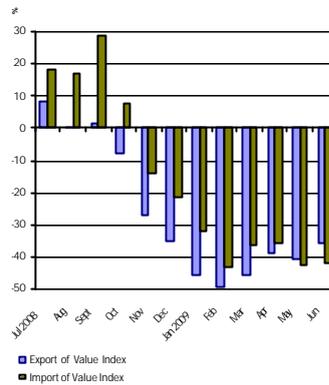
Japan's current economic situation

Various indicators show that Japan's economy is recovering. But, as it still is affected by the crisis, decisions were taken to further support Japanese firms.

According to the Bank of Japan's July monthly report, "Japan's economic conditions have stopped worsening". Japan's GDP grew 0.9% from April to June (3.7% at annual rate), following four consecutive quarters of reduction. Japan therefore entered the club of developed countries that returned to growth. Pace of deterioration of trade exchanges also moderated. Exports and imports respectively decreased 35.7% and 41.9% in June from previous year, whereas they fell 40.9% and 42.9% on a year in May (see the figure). More specifically, exports to the European Union decreased 41.4% in June year-on-year, the lowest decrease since November

Exports and imports: changes from previous year
July 2008 - June 2009

Source: Japan's Minister of Finance



2008. Moreover, the Ministry of Finance raised for the first time in five years its assessment for the country's economy. Views on all Japanese prefectures, except Okinawa's one, were upgraded. Japanese industrial production also raised 2.4% in June from May, showing an increase for the fourth consecutive month, whereas it fell 23.4% in a year. Electronic, steel, iron and chemical industries mainly contributed to the in-

crease. However, other indicators show that the country still is affected by the economic crisis. The situation regarding employment further deteriorated. Japan's jobless rate increased 0.2% in a month, reaching 5.4% in June, the highest level since 2003. Another major area of concern relates to inflation. The consumer price index was in June 0.2% down on last month's figure. To help Japanese companies to overcome the economic crisis, the Japanese government spent from December to June, around ¥ 3.83 trillion in a total of 12,800 emergency cases loans. The government also invested ¥ 82 Bio. in the Innovation Network Corporation of Japan, a new fund set up on July 27. This public-private partnership, capitalized at ¥ 90.5 Bio., aims at promoting innovation and enhancing the value of business in Japan.

JTI: the largest "Japanese" company in Switzerland

Founded in 1999, when the Japanese state-owned company Japan Tobacco Inc. purchased, for USD 8 Bio., the international tobacco operations of the US multinational R.J. Reynolds, Japan Tobacco In-

ternational (JTI) is now the largest "Japanese-owned" company in Switzerland. 23,000 people are employed around the world, over 1,000 in Switzerland including 620 employees in its headquarters in Ca-

rouge (near Geneva). Although JTI is held by a Japanese firm, it is first and foremost a multicultural company.

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Japan Tobacco International's headquarter in Carouge (Canton of Geneva)

JTI: the largest "Japanese" company in Switzerland

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Staff members are from 90 different countries; 48 nationalities are represented in Geneva's headquarters and 11 on JTI's 16 Executive Committee members. "Such a multicultural context, is an incentive to understand and accept each other", said Guy Côté, Media Relations Vice President. He further explained that the multinational make-up is actually a business asset. As JTI is represented throughout the world by autonomous regions and multinational staff, it works and blends easily with various cultures.

"Decisions made in 1999 still are relevant today"

JTI's global market share is now of 11% and its market capitalization is of approximately USD 32

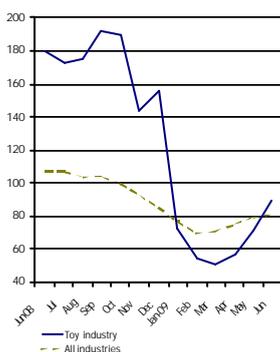
Bio. According to Mr. Côté, "many strategic business decisions made in 1999 still are relevant today". JTI very early chose to focus on what it calls 'Global Flagship Brands' such as Winston, Mild Seven and Camel, three of the world's top five brands and this proved to be the right course to pursue. JTI is



Mr. Pierre de Labouchere, President and CEO, JTI

also producing other tobacco products such as "Snus", a traditional Swedish tobacco product consumed by placing it under the lip, a well talked about product these days. In its Geneva headquarters alone, JTI plans to hire 450 more people over the next 5 years. JTI plans to move its head office from Carouge to the Sécheron district of Geneva by 2013, "if we are lucky", said Mr. Côté, because more space is needed.

On the philanthropic front, JTI sponsors various activities in Switzerland. Some target disabled and elderly people, but JTI also sponsors a Japanese tea-room within the premises of the Asian museum "Rietberg" in Zurich as well as the concert tour in Switzerland of the traditional Japanese artist Kiraku Tsugaru-Shamisen.



Seasonal adjustment indices of toy industry and of all industries in Japan (2005=100)
Source: METI

Toy show: high technologies and traditions

Although the index of Japan's industrial production increased from 69.5 in February to 81 in June 2009, the index of toy industry raised sharply from 54.8 to 89.1 on the same period (2005=100). Toy industry is therefore recovering rapidly. Held from July 16 to 19, in Tokyo Big Sight West Exhibition Hall, the International Tokyo Toy Show 2009 was organized in a favorable context.

More than 130 companies were represented. About 20 of them were foreign firms. They came from

Asia (Hong Kong, Korea and China), North America (USA and Canada) and Europe (Germany). Companies exhibited high-technology toys. For example, TOMY Company Ltd. showed the tiny infrared light controlled robot "Robot-Q". Its size is only 3.4 centimeter high and its weight is 12 grams. The toy company also exhibited the "Bowlingual voice". This device is able to translate dog emotions into six emotional categories.

Progresses have also been made in already ex-

isting electronic toys. The "Voice Command Heli R/C Helicopter" is controlled by the sound of the human voice. It also includes sensors for automatically detecting above obstacles to stop ascension of the helicopter.

While incorporating high technology devices, some exhibited toys relate to traditions, such as the Japanese cuisine. A machine toy is for example designed to help children to cook "gyoza", a ravioli-like dish, which became popular in Japan.

Factories to produce environmental-friendly vegetables

As only 12.6% of its surface is composed of arable lands¹, Japan has limited capacity to meet the food needs of its 127.6 Mio. inhabitants². As a consequence, Japan imported in June 2009 ¥ 27,417 Mio of vegetables³.

However, Japan may in the future become self-sufficient in food thanks to the development of vegetable plant factories. Plant factories are facilities where productions of vegetables are continuously and automatically produced in all seasons by controlling all environmental conditions such as light, temperature, humidity and even, the level of

carbon (see the picture).

74 companies now joined the Plant Factory Research Group, launched in June 2009. Japan's government decided to spend additional budget ¥ 15 Bio. in FY 2009 to back this project. Infrastructures are supported by the Ministry of Agriculture, Forestry and Fisheries, whereas R&D is supported by the Ministry of Economy, Trade and Industry. Plant factories today have various advantages.

Production is well-planned with extremely high yields. Vegetables can be produced in a small space with an optimized environmental control.

Vegetables also are envi-

ronmental-friendly products. Production of vegetables is free of pesticide. As a consequence, vegetables can be eaten without washing.

Quality and safety of vegetables are ensured. Interest in such issues of Japanese customers is likely to have increased in the early 2000s, following the spread of the BSE (Bovine Spongiform Encephalopathy, "mad-cow disease") throughout the world.

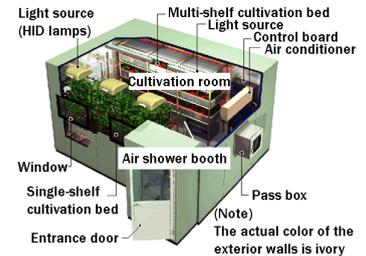


Image of the model plant factory

Source: METI

¹ "Statistical Handbook of Japan 2008", Statistics Bureau, Ministry of Internal Affairs and Communications.

² As of February 1, Statistics Bureau.

³ Trade statistics, Ministry of Finance, July 23, 2009.

Japanese anime directors awarded in Locarno

The 62nd Film Festival Locarno, held from August 5 to 15, organized, in collaboration with the National Cinema Museum in Turin, Italy, a retrospective on Japanese anime entitled "Manga Impact".

Whereas the retrospective of the festival generally focuses on movie directors, it was decided this year to dedicate the festival to the Japanese movies and TV series that expanded in Western Europe and in the USA since the 1970s.

Around 60 movies and TV series were screened during the Locarno festival, including masterpieces of the Ghibli movie studio, games console inspired movies (Pokemon) and

worldwide successful movies (Dragon Ball).

Piazza Grande also hosted the Manga night on August 10. Four anime movies were screened, including *Mobile Suit Gundam* (1981), a movie adaptation never seen in Europe before of a legendary TV series that revolutionized the «robot» genre.

The Leopard of Honor was awarded to two of the most famous anime directors, namely Isao Takahata (*Heidi*, 1974, *Grave of the Fireflies*, 1988; *Pom Poko*, 1994) and Yoshiyuki Tomino (*Mobile Suit Gundam*, 1979), respectively on August 6 and 10.

The first anime movie was screened in 1917. Japa-

nese movie industry started to mass-produce animes in Japan in the 1950s. Osuma Tezuka popularized the genre with the comic story "Astro Boy". Sold at a very low price, anime characters often had limited movements. Japanese animes exported successfully in Europe (Germany, France, Italy and the UK) and in the USA throughout the 1970s, 1980s and 1990s. The Japanese anime industry (movies, TV series, books and video games) is today affected by the economic crisis. However, value of the industry is estimated at USD 4.2 Bio.

Switzerland tops IT investment ranking

According to a survey carried out by the Ministry of Internal Affairs and Communications of Japan (MIC), Switzerland's investment in IT sector is on the top of a ranking among 24 main countries. Japan's investment in IT sector is ranked 13th.

The ranking is based on the GDP ratio invested by both the government and the private companies in the IT sector. The survey used 2006 fiscal year data.

Switzerland invested 1.35% of its GDP in the IT sector, while Japan invested 0.41%.

Many other Asian countries, such as South Korea (2nd), China (3rd) and India (8th) are ahead of Japan. Moreover, it is noticed that investment in IT sector is increasing in these countries. The MIC stressed the need to raise IT investment.

IT investment ranking		
1	(11)	Switzerland
2	(2)	South Korea
3	(1)	China
4	(4)	Australia
5	(8)	Spain
6	(6)	U.K.
7	(5)	Portugal
8	(-)	India
9	(9)	Italy
10	(16)/(3)	Denmark/Taiwan
13	(12)	Japan
(): Previous year		

Agenda

1st Sept.: Seminar on Japan/Switzerland Free Trade and Economic Partnership Agreement (JSFTEPA)
World Trade Centre, Zurich

For further information and registration, please visit the OSEC Webpage:

http://www.osec.ch/internet/osec/de/home/export/trade_fairs_events/courses_events/details.html?id=229

21st Sept.: Hiroshima Business Seminar
2:30 pm - 4:30 pm, Zug Canton Building, Zug

26th Oct. (tentative schedule): Toyama pharmaceutical Business Seminar in Basel

29th Oct.: Celebration of the JSFTEPA conclusion
ETH, Zurich

30th Oct.: JSFTEPA seminar in Basel

9th Nov.: JSFTEPA seminar in Geneva

24th Nov.: Japanese foodstuff discovery seminar in Geneva

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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