

Inside this
issue

- “A Japanese
biotech firm
will settle in
Geneva” +
Interview of
Pierre Maudet,
Geneva Can-
tonal Minister
for security
and economic
affairs 1
+
+
3
- Japan’s cur-
rent economic
situation 3
- 2014 JETRO
Global Trade
and Invest-
ment Report 3
- Space Expo
2014 in Japan 4

会見

INTERVIEW

“A Japanese biotech firm will settle in Geneva”

Interview of Pierre Maudet, Geneva Cantonal Minister for security and economic affairs

JETRO Switzerland Newsletter has interviewed Pierre Maudet, Minister (“Conseiller d’Etat”) in charge of security and economic affairs at the Canton of Geneva.

Mr. Maudet has been elected as Minister on June 17, 2012 and re-elected on November 10, 2013. From 2007 to 2012, he acted as a member of the government of the City of Geneva (“Conseiller administratif”), being Mayor from 2011 to 2012.



Pierre Maudet, Minister in charge of security and economic affairs, Canton of Geneva

Switzerland and Japan celebrate this year the 150th anniversary of diplomatic relations. What do you think about the relations between Geneva Republic and Japan?

As the Mayor of Geneva, I had the pleasure to be in relation with the Geneva - Shinagawa association. Therefore, I believe that Japan is not an unknown country for me.

Japanese companies play a significant part in our economic strategy, especially in the fields of biotech, health and innovation.

As a further example of the strength of our ties, JTI [Japan Tobacco International], which has elected Geneva as its home base for decades, is currently erecting its landmark new HQ, whose architecture will undoubt-

edly leave a major footprint on Geneva’s landscape. In addition, a large Japanese biotech firm will soon settle in Geneva.

That said, our relationships are not solely of economic nature; indeed, they are also culture-driven, not to mention our long-lasting friendship.

You will lead an economic delegation to Tokyo and Osaka from November 24 to 28, this year. What are the objectives of this mission?

The latter are twofold:

Firstly, we intend to enhance the access of Geneva companies to the Japanese market. Dynamic companies do not have

necessarily the economic capacity to visit Japan, by joining such delegation they will gain the necessary expertise to possibly capture a market-share therein.

Secondly, the purpose is to raise the awareness of Japanese companies with respect to Geneva’s economic assets, with a view to attract them in Geneva. We will send a political message: Geneva Canton hosts several Japanese headquarters, such as JTI and Otsuka; we would be delighted to welcome more of them.

I am quite confident in the success of this mission!

What Japanese economic sectors are likely to interest Geneva companies?

Geneva companies are likely to be interested in the life science / biotech sector as well as telecommunications. Several companies from those two sectors have confirmed their interest to take part into our mission.

So far, we have registered companies active in the services sector (intellectual property, law firms, etc.), but trust that the list of participants will increase, since Japan plays a decisive role within the local business community.

(Continued on page 2 and 3)

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会見

INTERVIEW

(Continued from page 1)

What are the strengths and weaknesses of the Canton of Geneva in hosting foreign companies, especially Japanese?

We have numerous strengths, from which I can outline:

— our state-of-the-art infrastructure, in particular its airport, which provides 120 destinations and is used by 15 million passengers per year;

— our unrivalled international environment: not only the United Nations, but also the CERN and organizations that play a role in standard setting, like the ISO [International Organization for Standardization], SGS [multinational company headquartered which provides inspection, verification, testing and certification services], WIPO [World Intellectual Property Organization], WTO [World Trade Organization] are based in Geneva;— our attractive and stable business ecosystem, as evidenced by a stable and flexible labor legislation or stringent data security regulations.

Our weakness is perhaps about the real estate market: it is difficult to find an accommodation, although the situation seems to be improving.

Predictability is a major element of the economic context. That is why, we are interested by the discussion about a possible corporate tax reform and the imple-

mentation of the initiative “against mass immigration”.

How do you handle these two topics?

The corporate tax reform has to be achieved, we have no other option. The European Union and OECD [Organisation for Economic Co-operation and Development] have requested Switzerland to end the special tax regimes at 9, 10 or 11%. The position of the Canton of Geneva is clear: we will unify the corporate tax rate at 13%. It will lead to a decrease of the corporate tax rates for many companies, which pay currently a tax of 24%. We need traceability, easiness and stability. Our difficulty is to convince the Confederation and other Cantons, so as to obtain the appropriate compensation for this sharp decrease of public resources. The topic of immigration will affect only slightly the Japanese companies, which are already subject to quotas. We need to find a solution that will be the less bureaucratic as possible. I was against this initiative because I believe the wealth of our country is based on exchanges. Immigration should not be considered as a stock, but as a flow. For instance, we have a deficit of 16,000 engineers. The challenge is to implement the initiative while defending economic interests. We have a period of three years to implement this initiative: we continue to deliver the permits like as we did before.



Pierre Maudet, Minister in charge of security and economic affairs, Canton of Geneva, and Koichiro Nakamura, Director General, JETRO Geneva

About forty companies and over a thousand of Japanese people live safely in the Canton of Geneva, thanks mainly to your action. What do you plan to do to maintain or improve this situation?

I am not satisfied by the current situation. I do not want to maintain the situation, I want to improve it.

The number of offenses has declined by 20% and the number of burglaries by 29%, in the course of the past two years.

But, the number of offences was so high two years ago that we have not yet completed our work. Switzerland is a very attractive country, unfortunately also for criminals.

The following actions will be taken to improve the safety: (i) the number of police officers will increase;

(Continued on page 3)

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(Continued from page 1 and 2)

and (ii) investments will be made in technologies (e.g. the first CCTV system will be introduced in the Pâquis district; indeed, our Japanese friends would not believe me if I say that we do not have a CCTV system yet in our Canton! Our action aims at two targets: violence in the street and burglary.

It does not mean that we do not address other issues, like drug traffic and domestic violence. We also raise awareness, and fight against economic and cyber crimes.

Do you have personal ties with Japan? Have you already visited it?

My trip in November will be my first visit in Japan. My last memory about Japan was about the Japa-

nese pavilion at the Shanghai World Expo. I was impressed by the contrast between the traditions and the latest technologies; between the patriotic values and the openness to the world.

I am looking forward to visiting Japan.

The interview was conducted in French and translated into English.

会見
INTERVIEW

Japan's current economic situation

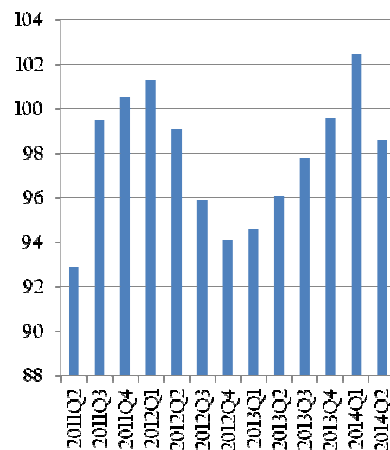
According to the Bank of Japan, “Japan's economy has continued to recover moderately as a trend, although the subsequent decline in demand following the front-loaded increase prior to the consumption tax hike has been observed” (August 2014, “Monthly Report of Recent Economic and Financial Developments”).

The index for industrial production increased 0.2% to 96.8 (2010=100) from the previous month, showing an increase for the

first time in two months, but marking a decline of 0.9% from the previous year (see graph).

Exports rose 3.9% in July 2014. They were up 3.4% for Asia, 2.4% for North America, 13.3% for Western Europe.

As a result of the raise the consumption tax from 5% to 8% in April, the average of monthly consumption expenditures per household was down 5.9% in real terms from the previous year to ¥ 280.293 in July 2014.



Seasonally adjusted index of industrial production (2010=100.0)
Ministry of Economy, Trade and Industry

動向
SITUATION

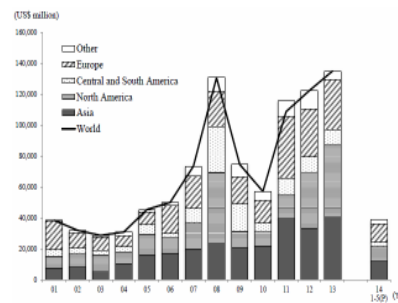
2014 JETRO Global Trade and Investment Report

JETRO released the 2014 Global Trade and Investment Report “On Making Japan a base for international business circulation”.

World trade has slightly rose 1.6% in 2013 from the previous year to the historical record of \$18.3 trillion.

Japan's exports and imports both declined, resulting in a trade defi-

cit for three consecutive years. However, export of agricultural, forestry and fishery products marked a record high of ¥550.5 billion, showing an increase by 22.4% from the previous year. Japan's outward FDI increased 10.4% to \$135 billion, showing a historical high of \$23.6 billion for investment toward ASEAN.



Japan's outward FDI by country and region (net flow)
Ministry of Finance; Bank of Japan

活動
ACTIVITY

革新

INNOVATION

Space Expo 2014 in Japan

Space Expo 2014 takes place from July 19 to September 23 at Makuhari Messe in Chiba (near Tokyo). It is co-organized by the US National Aeronautics and Space Administration (NASA) — and by the Japan Aerospace Exploration Agency (JAXA).

The exhibition is held on a 9,000 m² venue and divided into four areas: “NASA: A Human Adventure”; “JAXA-Japan Space Exploration”, “Mars Exploration” and “Future Space Exploration”.



Exterior of the Kibo
© Japan Aerospace Exploration Agency

Kibo and Hayabusa

Two of the main highlights of Space Expo are a full-size copy of the Kibo and the Hayabusa.

Space Expo exhibits a full-size of the Japanese Experiment Module Kibo. Developed by the JAXA, Kibo (see picture) is a module for

the International Space Station (ISS). Visitors have the opportunity to visit the inside of the different elements of this module.

Space Expo also shows the spacecraft developed by the JAXA, Hayabusa. Hayabusa has been manu-

factured to return a sample of material from a small asteroid named 25143 Itokawa to earth for further analysis. It returned to earth in June 2010.

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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