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INTERVIEW

“Japan offers a lot of untapped business potential”

Interview with Roger Zbinden, Head of Swiss Business Hub

Roger Zbinden has been living in Tokyo for almost twelve years. Since February 2011 he serves as counsellor for trade and commerce and head of Swiss Business Hub at the Embassy of Switzerland in Japan. He kindly accepted to answer the questions of *JETRO Switzerland Newsletter* at the Swiss Embassy in Tokyo.

“I came to Japan by coincidence. I resigned as CEO from a very exciting company in Zurich and wanted to take a break. Then by sheer coincidence I saw a job ad in the local business daily, a Swiss organization looking for a director in Japan. I spoke a little Japanese at that time, but was far from proficient. I discussed it with my Japanese wife who was not that fond of returning to Japan as she was in an education program to become a nutrition consultant. Initially, we agreed to move to Tokyo for three years, but as we both find the Tokyo lifestyle very appealing, we ended up staying. Almost four years ago I got the chance of running the Swiss Business Hub and this has proved to be a very interesting job”, Roger Zbinden said.

What is your opinion about the current and future economic situation in Japan?

The major problem of Japan is the rapidly aging population. A lack



Roger Zbinden,
Head of Swiss Business Hub Japan

of immigration and a low participation rate of female labour leaves a lot of jobs unfilled. Companies sit tight on their cash, rather than investing in equipment or paying higher salaries. The economic policy of the Abe government, dubbed “Abenomics” is based on three elements, or arrows. Monetary policy (first arrow) and fiscal policy (second arrow) have shown mostly positive effects so far, but the third arrow, structural policy has not yet taken off for good. Combined with the increase of the VAT in April, the lack of deregulation efforts has pushed the economy back in a slight recession. Furthermore, the aggressive monetary policy has weakened the Japanese Yen substantially. Exports do not seem to react, but import prices

have soared. All of this has resulted in the regular Japanese person effectively having less disposable income. Therefore private consumption, the main factor of the GDP, is stalling. Vested interests of various economic sectors block effective deregulation activity and delay the negotiations on several free trade agreements (TPP, EU).

Nevertheless, I am very positive about the economic development in the next five, six years, at least for Greater Tokyo Area. A recent business confidence survey among foreign companies supports this view.

What are the most attractive economic sectors for Swiss companies in Japan? What is your message to Swiss companies?

There are many interesting sectors in healthcare/beauty, automobiles, machine tooling and other industries. Every third vehicle produced anywhere on the planet is made by a Japanese OEM. Most of the technical decisions are taken in Japan. This obviously represents a tremendous market. At the core of almost any production process you have a machine tool. There too lie important business opportunities.

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“Japan offers a lot of untapped business potential”

Interview with Roger Zbinden, Head of Swiss Business Hub

会見

INTERVIEW



(Continued from page 1)

At a recent machine tool fair here in Tokyo (JIMTOF) we had 94 Swiss exhibitors and most of them report a much higher order pipeline than two years ago. Healthcare and beauty is another hot sector where we had many successful projects in the last two years. Unlike in China and Hongkong, the luxury market in Japan is very stable and growing. It is important however to understand that the client base is changing from domestic clients to visitors. In that respect, Japan is in the process of becoming a destination market.

What are the strengths of Swiss companies in Japan?

Swiss Made stands for high quality in both products and services. The reputation of our country is a very good one and a lot of Swiss corporations benefit from this “Swissness”.

What is the reputation of Swiss companies in Japan?

Again, Swiss Made is a promise for the highest quality and reliability.

This goes along with a high price. This is not a problem with durable industrial products with a long life cycle. Japanese industrial clients understand the trade off between initial investment and running cost.

What is the impact of the strong value of the Swiss franc?

It is actually not the strong Swiss Franc, but the weak Yen! Since the SNB defends the Euro-CHF rate, there is no disadvantage compared with the European competition.

What are the main challenges faced by Swiss companies to enter the Japanese market?

Most of the hurdles are related to import regulations. In addition, any company, both Japanese and foreign, is confronted with extremely demanding customers, not only regarding product quality, but also after-sales services. The process of setting up a business is fairly easy and not costly, but finding good, internationally minded staff is sometimes a problem. Every Swiss company setting up a subsidiary in Japan must accept that the business culture is very different, and this quite often leads to misunderstandings. I usually say that if you make it in Japan, you can make it everywhere. Besides, Japan is a very good launching platform to tackle the huge ASEAN market with more than 600 million consumers. They regard Japan as the leader in Asia-Pacific.

How successful was the celebration of 150th anniversary of diplo-

matic relations in Japan? What have been the milestone events organized to celebrate it?

By the end of the anniversary year (March 2015) our embassy will have been involved in about 300 projects. Milestone projects included the Swissdays public events and the Anniversary Gala in February attended by the President of the Swiss Confederation, Didier Burkhalter. Another milestone was the economic delegation headed by Federal Councillor Schneider-Amman and a large Innovation Forum in July. In the cultural field, I would mention large exhibitions of the works of Vallotton, Balthus, Hodler or the very prestigious collection of the Kunsthaus Zürich which attracts 4000 visitors every day.

What are your wishes for Swiss companies and for Swiss-Japanese relations in 2015?

I hope that the relations between the two countries will stay as prosperous as they are now. Our cultures are very different, but at the core of it, both the Swiss and the Japanese share a lot of common values. This is the foundation of a sustainable business relation.

What are your personal hobbies, leisure activities in Japan?

Japan is a year-round diving paradise, so I dive a lot. In addition I train in martial arts. On the more intellectual side, I hold a teaching position as a lecturer at a Graduate School at Hosei University here in Tokyo.

Japan's current economic situation

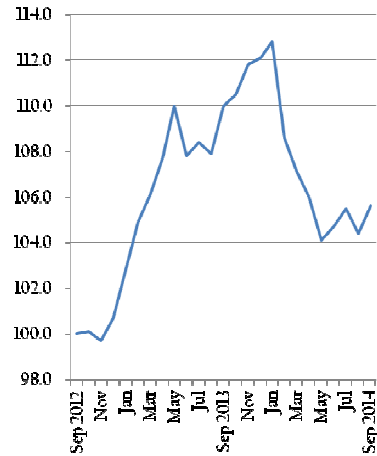
According to the Cabinet Office, "The Japanese economy is on a moderate recovery, while weakness can be seen in private consumption" (November economic report).

The leading index of business conditions slightly increased from 104.4 in August to 105.6 in September (2010=100, see graph).

Japan's exports rose 9.6% in value in October 2014 from the previous year, showing an increase to Asia by 10.5%, to North America by

8.5% and to Western Europe by 6.0%.

However, the domestic demand has continued to decline. The average of monthly consumption expenditures per household for October 2014 was ¥ 288,579 yen, down 0.7% in nominal terms and down 4.0% in real terms from the previous year. Nevertheless, the consumer price index for Japan was 103.6 in October 2014 (2010=100), and up 2.9% over the year.



Leading index of business conditions
Cabinet Office

Update of regional information on JETRO's Website

English version of JETRO Webpages on regional investment has been updated.

It provides accurate information related to industrial clusters (such as biotechnology, food, energy industries), business situation in each prefecture or each major city,

logistics and residence. You can also subscribe to the Newsletter: "Success in Regions".

The Webpage is available at: <https://www.jetro.go.jp/en/invest/region/>

Screenshot of JETRO's Website



Gifu promotion event took place in Zurich

About 100 people took part at the "Gifu Heartland of Japan" event on November 11, 2014. Participants were welcomed by

Governor of Gifu Prefecture Hajime Furuta and by Japanese Ambassador to Switzerland, H.E. Ryuhei Maeda.

They tasted Nigori-sake and had the opportunity to buy sake, rice bowls, paper crafts, lanterns and knives.

行事
EVENT



Hajime Furuta, Governor of Gifu Prefecture in Japan



H.E. Ryuhei Maeda, Japanese Ambassador to Switzerland



Gifu prefecture is renowned for its knives

革新

INNOVATION

Toyota introduced a new hydrogen-powered car

Toyota's new hydrogen fuel-cell car *Mirai* has been showcased in Odaiba (artificial island in Tokyo bay) on November 18, 2014 (see picture). Its name comes from a Japanese word that means "future". It will be launched in Japan from December 15, 2014. And it is scheduled to be put on the US and European markets in summer 2015.

The four-seat car *Mirai* has an output power of more than 100 kW and an autonomy of 650 km.

It can be refueled in only three minutes.

It will be sold in Japan at ¥ 7.24 million (approx. CHF 51,000).

Toyota / Toray technology

Mirai hydrogen-powered car will use a Toyota/Toray co-developed



Mirai launch event in Odaiba, Tokyo (November 18, 2014)

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technology: the thermoplastic carbon-fiber reinforced plastic (CFRP). CFRP is a stack frame that protects fuel cell. It is made up of carbon fibers in polyamide.

In a crash test at 150km/h on November 7, hydrogen tank has remained intact.

Agenda

- ✓ 11th Dec.: Japan's world of innovation, technology and culture
Organized by the Canton of Vaud and the DEV (Economic Development of Vaud), in collaboration with the Embassy of Japan in Switzerland and the Consulate of Japan in Geneva.
12:30—17:00, IMD, Lausanne
Registration and further information are available on our Website.
- ✓ 12th Feb.: Japan — healthcare and medical devices market
1.15 pm—7.15 pm, Bern, Hotel Schweizerhof, Bahnhofplatz 11

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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