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Five Promises for Attracting Foreign Businesses to Japan

Kiyoshi Imai has joined the Japan External Trade Organization (JETRO) in 1988. He is now Trade and Investment Advisor at the Geneva's office of JETRO.

In his past 27 years of experience at JETRO, he has promoting trade between Japan and Switzerland. And since 2004, he is also in charge of promoting investments: he provides support to Swiss companies to set up an office and to expand their business in Japan.

What are the attractive aspects of the Japanese economy?

First, Japan's economy is on a recovery track. The corporate tax is becoming more attractive. It has reduced by 2.4% in April 2014. The Government aims to reduce the effective corporate rate below 30% over the next few years. In addition, the Nikkei's stock market has been up 56% from December 2012 to August 2014. The number of foreign visitors is targeted to double from 10 million in 2013 to 20 million in 2020. 13.4 million foreign tourists visited Japan last year. The economy will also benefit from the Tokyo's Olympic and Paralympic Games in 2020.

Moreover, Japan is an enormous

market, ranked third in the world in terms of GDP, after the United States and China. Kyushu island is equivalent to Switzerland. The Kanto is equivalent to England. Some Swiss companies hold high shares in Japanese market segments: Nestlé is number one in the coffee (32.6% of market share); Richemont is number one in personal accessories (6.5%).

Japan is also an innovation hub. According to the research funding as percentage of GDP or to the number of researchers per 10,000 people, Japan is ranked first in the world. 22 Japanese people have won a Nobel Prize, including in 2014 three Japanese people in physics for the world-changing blue LED.

Japan is also number one for the business sophistication, according to the World Economic Forum (WEF).

And Japan is a country where you can live safely and pleasantly. According to OECD Better Life Index, Japan is ranked first in the world in the "Safe" category. Finally as we say in Japanese "client is a god": I believe the service is well developed in Japan, which has created a sophisticated market.



Kiyoshi Imai, Trade and Investment Advisor, JETRO Geneva

What are the recent developments in promoting foreign direct investment?

The Government of Prime Minister Shinze Abe has been very active in promoting investments. Japan is now ready to receive foreign companies and investments.

The Council for Promotion of Foreign Direct Investment in Japan has been set up with the aim of realizing necessary regulatory reforms to strongly encourage foreign companies to invest in Japan.

(Continued on page 2)

会見

INTERVIEW

Five Promises for Attracting Foreign Businesses to Japan

(Continued from page 1)

I heard that it has adopted on March 17, 2015, the following “Five Promises for Attracting Foreign Businesses to Japan”:

1— Foreign visitors will be able to select and purchase products in foreign languages in retail stores and restaurants, and will be treated without language anxiety at hospital;

2— Foreign visitors will also be able to use free public wireless LAN at various locations around cities without a contract with a Japanese telecommunications carrier;

3— All regional airports will receive business jets with a short advance notice;

4— The Government will ensure that the Japanese population receive an education that enable it to communicate smoothly in English;

5— The central Government and local governments will work together as one to create a network for attracting investment to Japan.

What are the mission and objectives of JETRO Geneva for the promotion of investments in the fiscal year 2015? What actions will be made to reach these objectives?

Accordingly, I should consider our target of investment activities has doubled. Japanese Government committed to expand inward foreign direct investment from 17 trillion yen to 35 trillion yen by 2020. We need to visit more companies, find more companies to invest in

Japan. What we have done in 2014.

For example, M-Industry expanded in Japan in 2014. We contributed to their success to some extent.

We organized a seminar on the Japanese medical devices industry, in Bern on February 12, which has been very successful and has been attended by 50 participants.

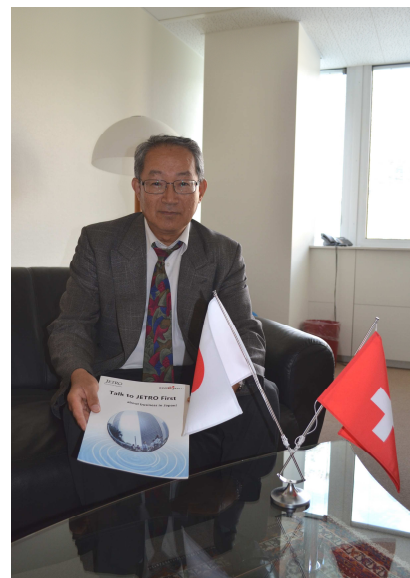
We plan to hold another seminar in Bern in Autumn 2015, focusing on tourism industry. We will invite hotel, tourism and resort industries, as well as travel agencies. We further schedule to publish by the end of this year a brochure “Swiss World In Japan”, which will provide a directory of Swiss companies in Japan as well as useful information for investors.

What incentives are provided to Swiss companies wishing to invest in Japan?

First, I should mention that since March 2015 Japanese companies no longer require company representatives in Japan; such representatives can live outside.

Furthermore, on April 1, 2015, the Japanese Government and the Tokyo Metropolitan Government together launched the Tokyo One-Stop Business Establishment Center on the 7th floor of JETRO Headquarters in Tokyo.

A lot of incentives are also provided by local authorities. For instance, Tokyo's prefecture provides support measures for small and medium-sized businesses, including low-interest financing, subsidies, and tax preferences



Kiyoshi Imai, Trade and Investment Advisor, JETRO Geneva

among other services. In addition, foreign companies establishing their Asian headquarters or R&D centers within the Tokyo's Special Zone for Asian Headquarters are eligible to receive subsidies and tax reduction.

What are the attractive Japanese market segments for Swiss companies?

I would like to pick up three sectors as examples among the attractive ones: Renewable Energy/Secondary Battery, Life Sciences, and ICT.

The strategic cooperation of Swiss and Japanese firms expanded recently in the fields of energy and biotech. In December 2014, ABB and Hitachi agreed to form a joint venture for high voltage direct current (HVDC) system solutions in Japan. On May 7, Lonza and Nikon Corporation announced a collaboration in the field of cell and gene therapy manufacturing in Japan.

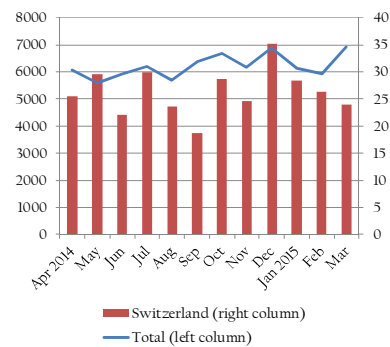
Japan's current economic situation

According to the Bank of Japan, "Japan's economy has continued its moderate recovery trend" (report issued in April 2015).

Exports increased 8.5% in March 2015 from the previous year to ¥ 6,926.8 billion, up 7.0% in Western Europe, 6.7% in Asia and 22.1% in North America. Japan's trade balance also logged a trade surplus of ¥ 222.4 billion, marking the first

surplus in nearly three years, as falling oil prices reduced the value of imports and exports recovered.

The consumer price index for Japan in March 2015 was 103.3 (2010=100), up 0.4% from the previous month, and up 2.3% over the year. The unemployment rate fell to 3.4% in March 2015, marking a decrease from 3.6% in the same month of the preceding year.

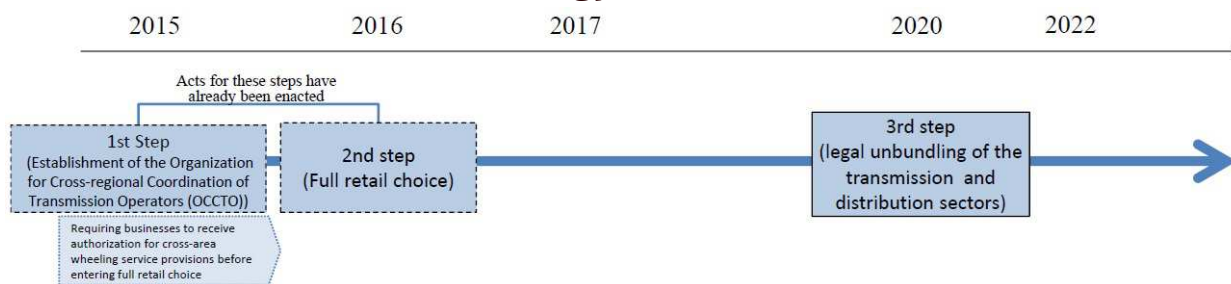


Japan's exports in JPY billions
Japan's Ministry of Finance

動向

SITUATION

Government introduces energy market reform



Energy Market Reform in Japan [electricity part]: Roadmap
Bill for the Act for Partial Revision of the Electricity Business Act and Other Related Acts (Outline)
— Ministry of Economy, Trade and Industry

政策

POLICY

On March 3, 2015, the Cabinet approved the Bill for the Act for Partial Revision of the Electricity Business Act and Other Related Acts. It will now be submitted to the Diet (Parliament).

Objectives of this reform

It includes reforms in the electricity, gas and heat supply markets, and also provides the establishment of a new regulatory authority. Its objectives are to (1) further ensure the neutrality in the power transmission and distribution, (2) abolish regulations imposed on retail electricity tariffs and (3) transfer regulatory functions to a

new authority with independence and high-level expertise.

Major measures

With regard to measures related to the electricity market, the reform will ensure the neutrality of the power transmission and distribution through the legal unbundling in April 2020. A code of conducts on transmission and distribution will also be imposed to secure proper competition among electricity companies. Regulated retail tariffs will be maintained as a transitional measurement until or after April 2020.

With regard to the gas market, the entry to the retail market will be fully liberalized; gas pipeline networks will be developed; consumer protection will be ensured; the network neutrality of the gas pipeline service sector will be ensured through the legal unbundling in April, 2022.

In the field of heat supply market, regulations related to heat supply businesses will be streamlined and measures will be taken to ensure consumer protection.

A surveillance commission with independence and high-level expertise will be set up in 2015 to monitor new liberalized electricity, gas and heat markets.

New concept of smart healthy houses

革新

INNOVATION



Entrance and kitchen of the "Mitsubishi Electric Smart Home"
©2014 Mitsubishi Electric Corporation (with permission)

Whereas the function of most of smart houses is to increase energy efficiency, Mitsubishi Electric has introduced on February 13, 2015, a smart house focusing on resident's "mental and physical conditions as well as comfortable, enjoyable stress-free lifestyles".

"Mitsubishi Electric Smart Home" has been developed under the theme "Comfortable, Pleasant Life That Does Not Cause Psychological Stress". It combines smart sensors and appliances to help house

residents to better manage their mental and physical conditions.

Entrance check-up

When approaching the front door, the resident of the house is authenticated with a camera. A door-handle sensor collects biological information, including body temperature and heart-rate. The health conditions and daily schedule of each resident is then displayed in the entry hall.

Recommended menus

Based data collected by this sensor and on available items, the refrigerator door displays three recommended recipes. It also provides cooking tips and remaining cooking times. As inductive stoves being placed in several places on the cooking surfaces, two or more people can cook at the same time.

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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