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INTERVIEW

## “Japanese people have regained confidence”

Interview with Dr. Yaichi Aoshima, Professor, Hitotsubashi University

Yaichi Aoshima is a Professor at the Institute of Innovation Research of the Hitotsubashi University (located in Tokyo).

He graduated with a Ph.D. from the Massachusetts Institute of Technology (MIT) in 1996 with a specialization in strategy and international management. His research focuses on management of innovation, especially in the fields of the automobile, digital and electronic industries. Since 2011, he has provided extensive researches on the environment and energy industries: photovoltaic power facilities, geothermal power generation, water treatment, waste plastic recycling process, etc.

“I realized the importance of micro-level analysis to make appropriate environmental and energy policies, which I can provide as a management scholar I have been exploring how players respond to policies from a management point of view. This approach is probably rare in Japan”, said Yaichi Aoshima.

*What do you think about the Japan’s current economic situation?*

If you look at the statistics, your first impression will be that is a good situation. The total amount



Professor Yaichi Aoshima,  
Hitotsubashi University  
(Tokyo, September 29, 2015)

of profits is going up, especially after Abenomics. But the total amount of sales is stable. And if you divide the labor cost by the sales, you see that the figure is stable or a little bit declining. It means that the earning profit of Japanese companies is partially coming from the savings in fixed costs.

The question is how this money is actually used. Here I have some worries.

It does not seem that the excess of money is used for investments and innovations in the long-term perspective. Japanese companies seem to use this excess of money for equity investment or buying their own stocks.

That is why I have some worries about their long-term growth potentials.

*What is the progress of implementation of the third arrow of Abenomics?*

Abenomics consists of “three arrows”. The first (monetary easing) and second (fiscal stimulus) arrows are based on decisions of the government, but the third arrow (structural reforms) must be on the side of private companies.

I do not think that the decrease of the corporate tax will be very effective for the revitalization of the Japanese economy. As we have seen, the profit of company comes from the decrease of fixed or labor costs. I can hardly believe that Japanese top management will allocate excess money derived from policy supports to long-term investments.

*What will be the effects of Abenomics on Japan’s economy?*

Japanese people have regained confidence. The feeling is important. Companies are now making profit. Stock prices have jumped up.

(Continued on page two)

## “Japanese people have regained confidence”

Interview with Dr. Yaichi Aoshima, Professor, Hitotsubashi University

### 会見

INTERVIEW

(Continued from page one)

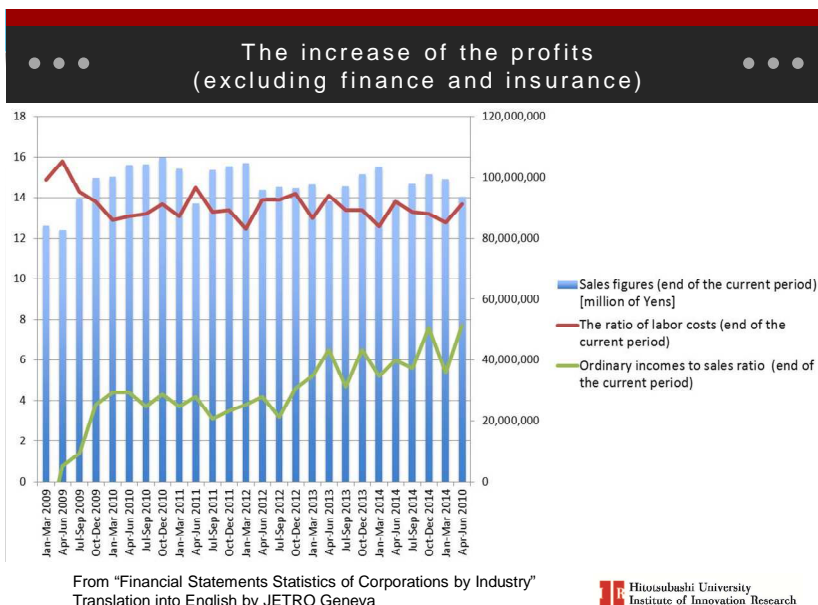
Prime Minister Abe's fiscal and monetary policies seemed to be successful. But these do not necessarily indicate that Japanese companies enforced their underlying competitive capabilities.

*What policy may have a positive effect on the Japanese economy?*

We may do tax exemption on R&D. If a company continues to make profit, it will spend its money for innovative activities.

*In your opinion, what are the most attractive sectors for foreign investors, especially Swiss ones?*

I do not know what foreign investor's interests are. But in general, manufacturing companies doing business on the base of non-standardized technologies that is quite difficult to imitate tend to have their competitiveness in the



market.

One of such industries is the specialty chemical one. For example Japanese companies, such as Toray Industries, Teijin and Mitsubishi Chemicals are very strong in the carbon fiber business.

Some other Japanese companies have strength in the RO membrane business, such as Toray Industries, Nitto, and Toyobo.

*What are the potentials for investors with respect to 2020 Olympic Games and the reconstruction of the Tohoku region?*

Olympic Games will create a boom for the demand, but I am worried about what will happen after.

With regard to the reconstruction, the question is about how to make use of that land where people cannot live.

## Japan's current economic situation

### 動向

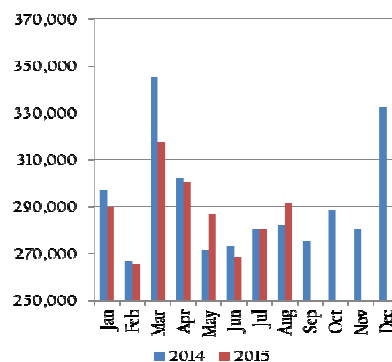
SITUATION

According to the Bank of Japan, "Japan's economy has continued to recover moderately, although exports and production have been affected by the slowdown in emerging economies" (October issue).

Japan's exports slightly rose in September 2015 from the same month in the preceding year (+0.6%) to ¥ 6,417 billion, marking an increase by 10.4% in the USA and by 5.2%

in Western Europe, but a decline by 3.5% in China. Japan's imports decreased 11.1% on the same period to ¥ 6,532 billion. As a result, the trade deficit declined 88.1% to ¥ 114 billion.

As shown on the graph, the average of monthly consumption expenditures per household for August 2015 was 291,156 yen, up 3.2% in nominal terms from the previous year.



Consumption expenditures in Yen  
Japan's Ministry of Internal Affairs and Communications

## Booming of tourism in Japan

The Japanese tourism industry is booming with more than 13 million visitors to Japan in 2014 against about 8 million in 2012. This significant increase has continued in 2015. From January to September 2015, the number of visitors is of about 14.5 million, marking a growth by 48.8% compared to the same period in the preceding year. The government has set a target of 20 million visitors a year by 2020, when Tokyo will host the Olympics and Paralympics, but this target is likely to be reached sooner than expected.

Tourists from Asia make up the bulk of Japan's foreign visitors with Chinese and South Koreans on top of the list. From January to September 2015, the number of Chinese visitors rose 114.6%. This incredible progress is due mainly to the weakness of the yen



Miyajima — Shinto shrine on the island of Itsukushima  
Source: Japan National Tourism Organization (JNTO)

and to the fact that the government has eased many of the visa restrictions for Asian countries. Nonetheless to face that craze for Japan; improvements to infrastructure, expansion of the hospitality

sector are vital to continued growth. This is an excellent chance for Swiss companies to find new investment opportunities in hospitality, transportation, retail, and building of infrastructure.

分析

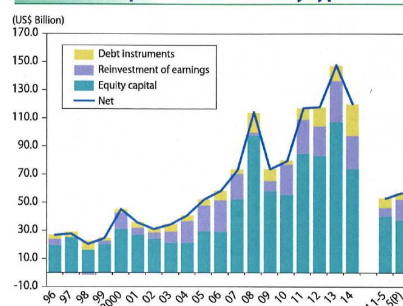
ANALYSIS

## 2015 JETRO Global Trade and Investment Report

2015 JETRO Global Trade and Investment Report has been released. Its subtitle is: "New efforts aimed at developing global business". As shown by this report, Japan's export volume growth rate reversed to a slight increase of 0.6% for the first time in four years, driven by a strong demand for general machinery, up 2.9% from the previous year. The trade balance marked a deficit of \$122.8 billion for the fourth consecutive year, while the latest deficit has been shrinking since the middle of 2014.

Furthermore, Japan's outward FDI in 2014 declined by 18.6% to \$119.7 billion from the previous year. However, Japan's outward FDI has surpassed \$100 billion for four consecutive years. This indicates a positive disposition by Japanese firms toward exploring growing overseas market. In Asia, the difference in Japan's outward FDI value has widened threefold between ASEAN (\$20.4 billion) and China (\$6.7 billion). Since 2013, many industries have tended to invest a larger amount in ASEAN than in China.

Trends in Japan's outward FDI by type



Notes: 1) Yen-based values are converted to dollar-based values by JETRO. 2) Figures are based on BPM5. Source: "Balance of Payments" (MOF, BOJ)

2015 JETRO Global Trade and Investment Report

活動

ACTIVITY



## 革新

INNOVATION

## Sailor Pen introduces a new pen collection

Sailor Pen introduces *Autumn under the Stars* — a limited edition maki-e product of 28 pieces worldwide.

It is the third in the Limited Edition maki-e series called ‘Seasons under the Stars’ by artist Ikki Morioki.

It shows: “Stars from the Constellations of Cassiopeia and Ursa Major (Great Plough) unite with Polaris (North Star) overseeing the typical Autumn night landscape” (see picture on the right).

Founded in 1911, Sailor Pen has a long tradition in the manufacture of writing instruments. The company has been established in Hiroshima after an engineer named Kyugoro Sakata has introduced for the very first time a fountain pen in Japan. Later on, Sailor Pen was also the first company to produce ball point pens in Japan. Sailor Pen’s

turnover was ¥ 3,085 million in the first half of 2015, ending May 30 (approx. CHF 25 million).

*Unique nib and ink*

The quality of the nib of Sailor’s fountain pens is based on the skills of nib master Yukio Nagahara, the son of the late Nobuyoshi Nagahara — who was a nib specialist with Sailor Pen for over 60 years. Yukio Nagahara now personally directs the design and production process of Sailor’s nibs.

*Sales points in Switzerland*

Sailor Pen has three sales points in Switzerland: in Zurich (Landolt-Arbenz AG) in Zug (Style Writing and Luxury Goods) and in Geneva (Papeterie Brachard).



*Autumn under the Stars*  
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## Agenda

## 日程

AGENDA

- ✓ 3<sup>rd</sup> Dec.: Growth opportunities in the Japanese Tourism Industry  
Japanese Embassy, Bern, Engestrass 53, from 1.15 pm to 6 pm

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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