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JETRO Dubai made regional headquarter

With the expansion of Japanese business in the UAE and the increasing number of Japanese companies operating from Dubai, JETRO has moved its regional headquarters from Cairo in Egypt to Dubai in the UAE, with effect from April 2008. JETRO Dubai has been operating from Dubai as the Japanese Trade Centre for GCC countries, since 1981. Now, in addition to the GCC countries, JETRO Dubai will also look after the Japanese business interests in the Middle East and North Africa region, together with offices in Teheran, Riyadh, Istanbul, Cairo and Tel Aviv. Additional manpower from Japan has already been added to JETRO Dubai, and the strength of local staff has also been increased. Business library has been expanded and more conference facilities have been added to the existing facilities.



New Executive Directors at JETRO Dubai,
Mr. Kotaro Kodama (left) and Mr. Shin-Ichiro Fukushima

Japan-UAE trade during the year 2007

Japanese exports surge to new heights:

Japanese exports to the United Arab Emirates surpassed the 8 billion dollar mark in 2007. Exports rose by 33.1% to US \$ 8,052.66, compared to US \$ 6,050.10 million in 2006. A remarkable increase in the demand for machinery and equipment in the UAE could be seen as a major reason for this surge in exports. Around 96% of Japan's exports to the UAE are classified as manufactured products. The remaining 4% is constituted of foodstuff, raw materials and mineral fuels.

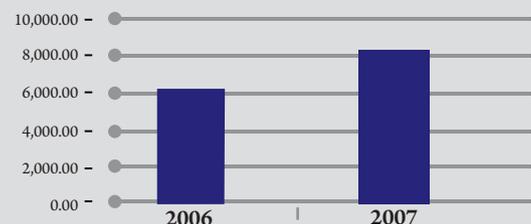
Machinery and equipment covered nearly 75% of Japan's exports to the UAE. Export of transport equipment, the main driving force behind the increase in Japan's exports to the UAE, surged by 44.58% in 2007 to US \$ 3,712.6 million, compared to 2,567.9 million in 2006. Within this category, export of passenger motorcars with gasoline engines, having capacity between 1,500 cc and 3,000 cc surged by 71.5% to 1,364.0 million. Export of higher capacity cars (above 3000 cc) increased by 67.5% to 911.1 million.

Export of general machinery surged by 26.03% to US \$ 1,225.3 million in 2007, compared to 972.3 million in 2006. Major items in this category include shovels, bulldozers, cranes, diesel engines, self-propelled trucks, pumps, compressors etc.

Export of electrical machinery surged by 25.18% to US \$ 1,000.8 million. Major items included TV/Digital/ Video Camera/Recorders, television sets, transformers, automatic circuit breakers, monitors for computers, telephone sets etc.

Export of textiles grew by 18% in 2007 to US \$ 184.5 million. Textile exports from Japan to the UAE has been on a growing trend for the past several years with an average 15% growth annually. Traditionally the United Arab

Japan's exports to the UAE (value in US \$ million)



Japan's major exports to the UAE (value in million US \$)

Products	2006	2007	G. Rate %
Grand total	6,050.1	8,052.7	33.10
Foodstuff	22.6	26.3	16.54
Manufactured products	5,829.4	7,725.3	32.52
Chemicals	92.5	134.5	45.43
Machinery and Equip.	4,424.2	6,037.0	36.45
General machinery	972.3	1,225.3	26.03
Electrical machinery	799.5	1,000.8	25.18
Transport equipment	2,567.9	3,712.6	44.58
Textiles	156.2	184.5	18.07
Metal products	575.3	677.7	17.80
Special Commodities	172.3	261.6	51.80

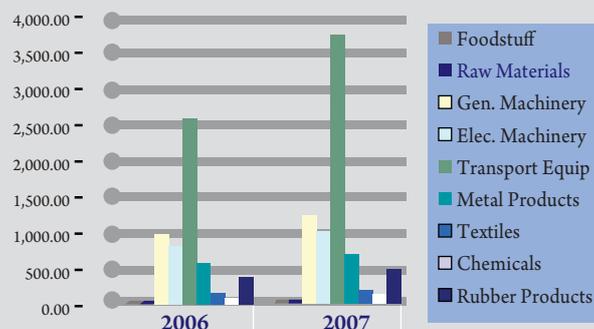
Source: JETRO (compiled from Ministry of Finance statistics)

Published by JETRO Dubai

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Major exports (value in US \$ million)



Emirates has been Japan's number one export market for certain textile materials such as woven fabrics of polyester staple fibre, of syntactic filament yarn and of acrylic staple fibre.

Foodstuff exports, consisted mainly of prepared foodstuff and beverages, rose by 16.5% to US \$ 26.3 million in 2007. As Japan is now planning to take new steps to increase the export of food items, such as, fresh fruits and Wagyu (Japanese beef) through various promotions, export of these products may have a major boost in the coming years.

Decrease in the volume of crude oil imports:

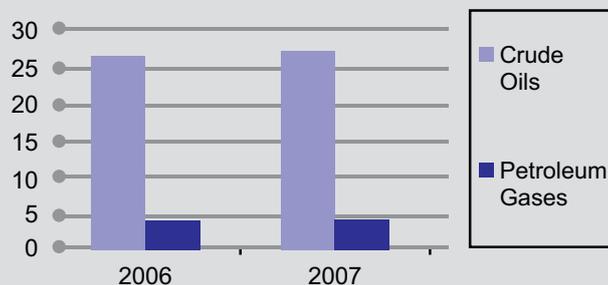
Mineral fuels that include crude oils and gaseous hydrocarbons dominate Japan's imports from the UAE. In 2007, Japan imported 3.9% less volume of crude oil from the UAE, which helped to reduce the impact of the rise in the price of crude oils during the year. Japan's total imports from the UAE however grew by 2.24% to US \$ 32.3 billion, against 31.6 billion in 2006. This relatively low rate of growth was against the growth rates of 24.7%, and 38.0% in 2006 and 2005 respectively.

Japan imported a total of 378.5 million barrels of crude oils from the UAE during the year 2007, against 393.7 million in 2006. The average price of crude oils imported from the UAE increased by 6.18% to US \$ 69.63 per barrel in 2007, from 65.58 per barrel in 2006.

Japan depends on imports for almost all of her crude oil requirements. In 2007, 25.3% of this requirement was met by the UAE, the second largest supplier, after Saudi Arabia.

The only other major item of import from the UAE is metal products, consisted of semi-finished aluminium. Japan imported a total of 107,227 tons of semi-finished aluminium from the UAE in 2007, against 97,306 tons in 2006. The value of aluminium imports from the UAE stood at US \$ 303.2 million in 2007, in the place of 259.8 million in 2006.

Import of mineral fuels (value in US \$ billion)



UAE, the 8th largest trading partner of Japan:

UAE has been one of the major trading partners of Japan, and currently the 8th largest trading partner. Japan-UAE trade occupies 3.04% of Japan's world trade. UAE enjoys a surplus in her trade with Japan due to the huge quantity of mineral fuels that Japan buys from this country. In 2007, the surplus in favour of the UAE, in her trade with Japan, was US \$ 24.3 billion.

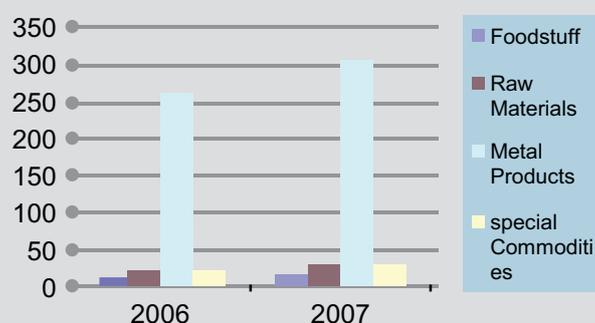
Japan's world trade surged by 8.4% to US \$ 1,334 billion in 2007. China was Japan's largest trading partner, with a bilateral trade value of US \$ 236.6 billion, followed by the United States of America with a trade value of 214.2 billion. Among the GCC states, Saudi Arabia was Japan's largest trading partner with a share of 3.16% of Japan's world trade.

Japan's major imports from the UAE (value in US \$ million)

Products	2006	2007	G. Rate
Grand total	31,589.7	32,298.4	2.24
Foodstuff	2.4	15.4	532.06
Raw materials	20.5	29.1	42.39
Metallic ore	20.5	29.1	42.38
Mineral fuels	31,254.1	31,892.9	2.04
Petroleum/Petro. Products	27,379.6	27,868.1	1.78
Crude oils	25,817.2	26,351.9	2.07
Petroleum gases	3,874.5	4,024.8	3.88
Liquefied natural gas	1,857.9	2,058.7	10.81
Liquefied propane	1,284.1	1,258.0	-2.03
Liquefied butane	732.3	708.1	-3.34
Manufactured products	292.3	332.5	13.75
Metal products	260.1	304.4	17.04
Semi-finished aluminium	259.8	303.2	16.71

Source: JETRO (compiled from Ministry of finance statistics)

Major non-fuel imports (value in million US \$)



Trend in Japan's trade with the UAE (value in billion US \$)

Year	2000	2001	2002	2003	2004	2005	2006	2007
Exports	2.5	2.6	2.9	3.6	4.6	4.9	6.0	8.1
Imports	14.9	12.9	11.6	14.3	18.3	25.3	31.6	32.3
Total	17.4	15.5	14.5	17.9	22.9	30.2	37.6	40.4

Source: JETRO (Compiled from Ministry of Finance statistics)

Discrepancies area due to rounding

Japan's world trade in 2007 – top ten countries (Value in billion US \$)				
Country	Total trade	Exports	Imports	Trade Balance
World Total	1,333.7	712.8	620.9	91.9
China	236.6	109.1	127.6	-18.5
U.S.A.	214.2	143.5	70.8	72.7
S. Korea	81.4	54.2	27.3	26.9
Taiwan	64.6	44.8	19.8	25.0
Thailand	43.8	25.6	18.3	7.3
Saudi Arabia	42.2	6.7	35.5	-28.8
Germany	42.0	22.6	19.4	3.2
U.A.E.	40.5	8.1	32.4	-24.3
Hong Kong	40.3	38.8	1.4	37.4
Indonesia	35.3	9.0	26.2	-17.2

Source: JETRO (Compiled from Ministry of Finance statistics)
Discrepancies are due to rounding



In terms of numbers, visitors from South Korea made up the largest group, with 1.32 million visiting Japan from January to June 2008. The largest percentage rise was seen from Hong Kong, which sent an increase of 36.7% more travellers, to hit 267,000 in 2007. According to JNTO, more travellers from Europe, and especially France and Germany, are visiting Japan in 2008. Part of this is considered to be due to the strength of the euro versus the yen. On the other hand, the number of travellers from the US fell by 0.5%, from 403,220 to 401,300, during the first half of 2008, a smaller fall than what was generally expected. On the other hand, in June 2008, the number of Japanese travelling overseas fell by 7.2%, which was the fourteenth consecutive month in which the number of Japanese heading abroad has declined. This decline in Japanese travelling abroad is attributed mainly to the increase in air fares due to the fuel surcharges.

Topics on Economy, Business and New Technology

Japan's Wholesale prices up 5.6% in June, highest rise since 1981

According to data released in July by the Bank of Japan, the rising trend of producer prices was intensifying. Wholesale prices rose 5.6% from the previous year in June, which follows a 4.8% climb from May. June's rise was the highest seen in 27 years. According to the data, producer prices for petroleum and coal products increased 36.5% year-on-year, while prices for iron and steel products jumped 18.3%. The only other categories to see a rise above the 5% level were pulp and paper (6.8%), metal products (6.0%), electric, power, gas and water (5.6%) and processed foods (5.3%). The question now is whether these increased costs are going to be passed on to consumers any time soon. Some analysts are of the opinion that firms now have no choice, but to pass on the increase to consumers. However, some others are of the view that price pressure is expected chiefly in the energy and food markets only.

Meanwhile, the government is said to be considering economic measures to address consumer concerns about rising prices. New Finance Minister Bunmei Ibuki said that in addition to the earlier steps taken by the government, additional economic stimulus measures were required. An additional budget for the current fiscal year is among the options, according to the minister. Japanese local media reported recently that the additional measures could provide financial support for small businesses, farmers and fisheries as early as September. Japan recently introduced measures to ease the impact of global price rises, including a 74.5 billion yen (US\$690 million) aid program for fishermen hurt by higher fuel prices.

Record number of foreign tourists visit Japan in January- June 2008 period:

According to data released by the Japan National Tourist Organization (JNTO), 8.35 million foreign tourists visited Japan in 2007. The first half of 2008 saw about 4.33 million foreign tourist enter the country, which was a 10% gain on 2007 figures. The Japanese government has very clearly stated its goal to continue seeing an increase in the number of tourists coming to Japan from foreign shores. The government has set targets of 10 million visitors by 2010 and 20 million by 2020.

Mitsui Engineering taps biomass:

Mitsui Engineering & Shipbuilding Co., has unveiled a power facility to the media, which could reduce carbon dioxide emission by 350,000 tons a year by running on biomass. The facility, housed in the shipbuilder's dockyard in Ichihara, Chiba Prefecture, can generate 50 megawatts of electricity per hour, giving it one of the highest power outputs in Japan for a plant using recycled materials. The company said that the reduction of 350,000 tons of carbon dioxide is comparable to saving 100,00 kiloliters of crude oil. The facility is powered by solid fuel made from old paper and plastics as well as biomass like wood chips.



Japan maintains lead in net foreign assets:

The Japan's Ministry of Finance reported that Japan maintained her lead in net foreign assets. Japan held the largest amount of net foreign assets in the world in 2007 for the 17th consecutive year. Net foreign assets, or the difference between assets and liabilities overseas, rose 16% from a year earlier to a record ¥ 250.2 trillion (\$2.34 trillion) at the end of 2007. The trend of Japanese buying more overseas securities than they sell will probably continue as yields from overseas securities are higher than those at home. Bank of Japan's key interest rate is 0.5%, the lowest among the major countries.

Foreign assets climbed 9.4% to a record ¥ 610.5 trillion (\$5.71 trillion) in 2007, according to the Ministry. The assets include investment in companies, securities, loans and savings Japanese made abroad as well as the nation's foreign reserves. The liabilities, or the investment foreigners made in Japan grew 5% to a record ¥ 360.3 trillion (\$3.37 trillion). Japanese investors held ¥ 287.7 trillion in overseas bonds and stocks at the end of 2007, up ¥ 8.93 trillion from a year ago.

JETRO Updates

JETRO hold African Fair 2008:

In conjunction with the Tokyo International Conference on African Development (TICAD IV), JETRO, together with the Ministry of Economy, Trade and Industry (METI) organized the "African Fair", an exhibition aimed at boosting African exports to Japan and increasing interest in African business. The event, held at Pacifico Yokohama from May 28th to June 1st, 2008, was a great success, registering more than 46,000 visitors and some 1,400 business meetings. A total of 40 African countries took part in the event, with each operating their own national booths. Exhibition items include lumber, soybeans, canned products (olives, sardines) shea butter, mineral ores and accessories. The fair also featured a "Japanese Companies" zone, in which 11 leading Japanese firms introduced their activities in Africa and also products, attracting strong interest among representatives from African nations. Products included demining machines, insecticides-treated bed nets (Olyset nets) and photovoltaic energy units, among others.

Scaled-up JETRO Network in India:

On July 1st, JETRO opened a new overseas business incubation facility in Mumbai, India to enhance support for Japanese companies seeking to set up business in the country. The new facility, called the Business Support Center Mumbai (BSCM), was established in response to the strong request from the Indian government and the still high interest among Japanese firms in the country. It is the second BSC to be set up in India, following the opening of Business Support Center New Delhi in 2006.

The new Mumbai facility has three temporary office spaces (which firms can use for up to two months) and offers a full range support and service to Japanese firms planning to enter local markets as well as those seeking business and technology tie-ups with Indian firms. The facility also offers expert advice and consultation to Japanese firms operating in India, particularly, those planning to invest in the states of Maharashtra and Gujarat.

