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## New Chief for JETRO Dubai & MENA:



Mr. Hiroki Matsumoto has been appointed as the new Managing Director of JETRO Dubai & Middle East and North Africa Region, as the successor Mr. Kuniyasu Funaki.

Mr. Matsumoto, a veteran of JETRO, has been with

the organization since 1981 and had worked at various levels in Japan and abroad. Basically a law graduate, Mr. Matsumoto had been Director at JETRO Madrid (Spain) between 1989 and 1993, and Executive Director of JETRO New York (USA) from 2001 until 2006. His immediate past assignment was as Director, Industry and Technology Division, Industry and Technology Department, JETRO, Tokyo. Some of Mr. Matsumoto's other assignments included the positions of Chief Director of JETRO Nagoya, Director of International Training Division, Director of Visual Media Division, Deputy Director of Planning Division, JETRO, Tokyo etc.

## Japanese Pavilion a big success at the World Future Energy Summit (WFES) in Abu Dhabi:

JETRO has organized a successful Japanese Pavilion at the World Future Energy Summit, held in Abu Dhabi between 18th and 21st January 2010. More than twenty Japanese companies and organizations, specialized in the field of alternative and renewable energy technologies, took part in the exhibition, under the Pavilion.

It is estimated that by 2030, the energy demand would

be 35 per cent higher than it what it was in 2005, driven largely by people in developing countries seeking higher standards of living. Conventional energy sources would not be adequate enough to meet the demand, and therefore, expansion of alternative energy sources has become the need of the hour. Equally important is that the global energy demand challenge is matched by a global environmental challenge. Therefore, emphasis is given to development of environment friendly energy sources such as solar, wind, bio-fuel, biomass etc. The call of the time is the creation of an integrated set of solutions, powered by technology and innovations – ranging from developing new ideas, improving existing alternative energy sources and increased efficiency in production, distribution and consumption of available resources.

Following were the companies/ organizations participated in the exhibition under the Japanese Pavilion. Sanyo Eneos Solar Co., Ltd., Sharp Corporation, Taiyo Middle East LLC, Cosmo Oil Co., Ltd., Naturock Japan Co., Ltd., JFE Engineering Corporation, Hitachi Plant Technologies, Ltd., JGC Corporation, Sumitomo Corporation, Al-Futtaim Motors (Toyota), Japan Cooperation Centre for the Middle East (JCCME), Japan Oil, Gas and Metals National Corporation (JOGMEC), Mayekawa Europe Middle East, Inpex Group JODCO, Okaya & Co., Ltd., Chiyoda Corporation, Japan Business Alliance for Smart Energy Worldwide (JASE-World), Mitsui & Co., Ltd., The New Energy and Industrial Technology Development Organization (NEDO) and JETRO. In addition to the above, there were few other firms from Japan, exhibiting their technologies and innovations, outside the Japan pavilion.

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The World Future Energy Summit was organized by MASDAR, the Abu Dhabi initiative for the development of alternative and renewable energy, at the Abu Dhabi National Exhibition Centre. According to an announcement from the organizers, more than 23,000 delegates from 130 countries in Europe, the Americas, Asia, Africa, Oceania and the Middle East attended the event – a 25 per cent increase over last year's figures – and twice as many countries as last year hosted national pavilions.

## Business climate improving in Iraq:

### Experts on Iraq, at the Iraq Seminar, organized by JETRO in Dubai:

Experts on Iraq are giving a cautious green signal for expanding business with Iraq, as the internal political climate in Iraq is stabilizing gradually. The experts were speaking at a seminar on 'Doing Business in Iraq' organized by JETRO Dubai, at the Novotel World Trade Centre, on 14th March 2010.

In his opening address, Mr. Kuniyasu Funaki, Chief Executive Officer (CEO) of JETRO Dubai & MENA, urged delegates from around a hundred Japanese companies from Dubai and other GCC countries who have attended the seminar, to cautiously start their ground-works for the expansion of their business with Iraq. H.E. Shoji Ogawa, Japan's ambassador in Iraq spoke on the gradually improving internal political situation within Iraq. Mr. Masanori Tsuruda, First Secretary at the Economic & Commercial Section of the Japanese Embassy in Iraq briefed the delegates on the economic and commercial situation in Iraq.

Presentations on 'Doing Business in Iraq - Legal, Tax and Accounting Issues' were led by Mr. David Laurence and Mr. Craig Shepherd, partners of leading international law firm Herbert Smith, and by Mr. Christopher Gunson, Associate of Herbert Smith.

Presentations on 'Investing in Iraq – Overview of Key Iraqi Accounting and Tax Standards' were made by Mr. Tareq Haddad and Mr. Ismail Maraqa, partners of leading accounting firm Price water house Coopers.

A third presentation, on 'Iraq: Security Dynamics – Trends, Outlook and Risk Mitigation' was made by Mr. Bill Udell, Intelligence Program Manager of Control Risks in Dubai.

The presentations were followed by a Question & Answer Session. The Seminar was coordinated by Mr. Shin-Ichiro Fukushima, Executive Director, JETRO Dubai & MENA.

## Topics on Economy, Business and New Technology:

### Global financial crisis takes its toll on Japan's world trade in 2009

In the backdrop of the global financial crisis, Japan's world trade slipped by 26% to US \$ 1,131.89 billion in 2009, from US \$ 1,532.00 billion in 2008. The balance of trade at the end of 2009 was US \$ 29.93 billion in favour of Japan, which was more than 50% higher, compared to the trade balance in 2008, indicating a proportionally higher decline in Japan's imports, compared to the decline in her exports in 2009.

Japan's world trade (value in US \$ billions)

Trade with	2008		2009		Balance 2009
	Export	Import	Export	Import	
World	775.92	756.09	580.91	550.98	29.93
China P.R.	124.04	142.33	109.67	122.52	(12.85)
U.S.A.	136.20	77.02	93.77	58.96	34.81
G.C.C.	27.56	144.17	17.57	80.70	(63.13)
U.A.E.	10.79	46.41	6.51	22.71	(16.20)

Trade with China, Japan's largest trading partner, declined by 12.8% to US \$ 232.18 billion from US \$ 266.33 billion in 2009. Japan's trade with the United States of America, the second largest trading partner, had a severe setback with the trade declining 28.37% to US \$ 151.73 billion in 2009, compared to US \$ 213.22 billion in 2008.

Japan's trade with the United Arab Emirates almost halved due to a steep decline in the value of her imports - mainly due to the fall in the oil price - from that country. The value of Japan's imports from the UAE declined by 51.08% to US \$ 22.71 billion, while her exports to the UAE declined by 39.69% to US \$ 6.51 billion.



## Japan-China Trade in 2009 declines for the first time in 11 years

According to a report released by JETRO recently, Japan's total trade with China fell 12.8% year-on-year to US\$ 232.2 billion in 2009, marking the first decline in eleven years. Japan's exports to China dropped by 11.6% year-on-year to US\$109.7 billion, while Japan's imports from China shrank 13.9% to US\$ 122.5 billion. The fall in trade was attributed to a slowing of the Chinese economy and economic downturns in Japan, the US and Europe, as a result of the financial crisis originating in the US. This contraction, however, was smaller than the drop in Japan's overall trade, giving Japan-China trade a record 20.5% share of Japan's total trade in 2009.

Japan's exports to China posted double-digit negative growth in 2009, which, according to the report, reflected the decline in Japan's exports of mainly electronic parts and raw materials to China, as Chinese exports of finished goods to markets in Japan, the US and Europe slowed. However, exports of a number of items, including motor vehicle parts showed high growth in the second half of the year, making the overall decline in exports for the year mild.

While imports of computers, semi conductors and other parts, as well as materials such as iron & steel products and chemicals were down, due to Japan's weakened economy and a reduction in the country's industrial production, imports of telecommunication equipment, textile yarn & fabrics and medical products were robust for the year as a whole. Imports of foodstuffs remained at the same level, with demand for Chinese low-cost food items recovering. Imports of audio and visual apparatus levelled off during 2009 as well, due to increased imports of LCD TVs in the second half of the year.

Japan's trade with China is likely to grow in 2010, with increased exports to China due to new demand for infrastructure projects as a result of the government's stimulus plan. In addition, domestic demand in China for consumer goods such as automobiles and home appliances is expected to grow, which would lead to growth in exports of items used in these products. While there are some concerns over stagnant Chinese exports to foreign markets, Japan's exports to China will likely be close to the level set in 2008, on the back of continued growth of the Chinese economy.

Japan's economic growth is expected to be positive, albeit at a low level. Though the sluggish growth in personal income is expected to lead to increased

demand for inexpensive clothing and foodstuffs from China, this would not have much impact on growth in consumer goods imports overall, as the push-up effects in terms of value of such low-cost goods are considered to be limited. Imports of coal and rare metals, among other resource-related items, are unlikely to recover, as China's tight supply and demand conditions resulting from increased domestic demand for these products will likely continue.

## Emirates and Etihad direct flights to Tokyo a boost to Japan-UAE trade

The newly introduced direct flights between Dubai and Tokyo, and Abu Dhabi and Tokyo by Emirates and Etihad Airways respectively are expected to boost the trade between Japan and the United Arab Emirates. Since the start of a direct flight between Dubai and Osaka in 2002 by Emirates Airlines, there had been tremendous increase in commodity trade and tourism.



H.E. Saeed Ali Al Nowais UAE Ambassador to Japan (3rd from left) with Narita Int'l Airport and Emirates officials at a greeting ceremony for the Emirates delegation at Narita Airport (Courtesy-Emirates)

Emirates launched its direct flight between Dubai and Tokyo on 28th March 2010 by carrying passengers from its various Middle East network connections. According to a press release from Emirates, Tokyo was the 102nd destination on Emirates' network and the non-stop service would bring a huge range of benefits, including the expansion of trade relations between Japan and the UAE. "We already have a great deal of experience in serving Japan and we are confident in robust demand for our Tokyo Service" said the press release. The press release also said that Emirates would be serving the Tokyo route five times a week using its Boeing 777-300ER with eight private suites in first class, 42 flat-bed seats in the business class and 304 economy class seats.

Simultaneously with the launch of Emirates direct flight to Tokyo, the Abu Dhabi-based Etihad Airways had also commenced its direct flights to Tokyo

on 28th March 2010. Etihad had already started flying to Nagoya in Japan via China, since the beginning of February 2010. As per an announcement from Etihad Airways, the company will operate five non-stop flights per week to Tokyo in addition to its five flights to Nagoya.

### Emirates Sky Cargo:

According to a press release from Emirates Sky Cargo, a direct cargo service by Emirates Sky Cargo has also been commenced with the launch of Emirates direct flights to Tokyo. The press release said that the 23 ton belly-hold cargo capacity on Emirates aircraft would support Japanese exports of mechanical components, electric goods, automobile parts, machinery, IT



Emirates flight EK 318 was greeted at Narita Airport with a water canon ceremony (Picture courtesy – Emirates)

peripheral devices and shipbuilding parts to the UAE, and its import of gas and oil products, cut flowers, pulses, and fresh seafood. The press release said that Narita would be the gateway to Dubai and beyond to the Middle East, Africa and Europe from Tokyo, Japan's capital city and one of the world's foremost economic centers, and Emirates Airline anticipates that trade between the two countries would further flourish as a result of the launch of this new direct route. According to the press release, imports from Dubai to Narita would include fresh cut flowers, fresh food products and fresh seafood from Africa and Europe, and it was anticipated that these products would be able to be delivered faster and fresher than ever before as a result of reduced travel time made possible by the new route.

## JETRO Updates:

### JETRO Releases the Results of its Survey on International Operations of Japanese Firms

JETRO has recently released the results of its latest annual survey on the international operations of Japanese firms. The survey, conducted between November and December 2009, received replies from 935 firms, or 30.1% of 3,110 companies sent questionnaires. Firms were polled on their international and domestic operations, plans to expand business in China, utilization of FTAs and views on business environments in Asia.

According to the survey, majority of respondents (62.1%) have overseas bases, of which 74.9% have bases in China, 44.8% in the US and 38.0% in Thailand. By location and function, China ranked highest in the sales base and production base categories, at 49.2% and 46.8%, respectively. Notably, the percentage of respondents with a sales base in China rose 2.7 points from the 2008 survey.

The percentage of respondents planning to expand their business overseas in the coming three years or so was 56.0%, a 5.7-point jump over last year's survey. For overseas expansion plans by country/region and function, China ranked at the top in all categories. After China, locations registering increased interest as a sales base included the Asian NIE's, Indonesia and Vietnam. When comparing current and future sales targets in developing countries, firms showed increasing interest in expanding sales to local firms, while the new rich & middle class and low-income segment remained important consumer targets. Asked about their business plans (including trade, outsourcing and direct investment) in/with China in the coming three years or so, the percentage of respondents planning to expand/start new business rose 13.4 points from last year to 60.6%.

Looking at the use of preferential tariff schemes under each FTA by imports and exports, the Japan-Chile FTA ranked at the top for both categories: 36.1% for imports (13 out of 36 firms); and 36.8% for exports (25 out of 68 firms). If the firms considering an FTA's utilization are included, the portion for exports would rise to nearly half (44.2%) for the Japan-Chile FTA and to around 40% for the Japan-Thailand and Japan-Mexico FTAs. Similarly, if firms considering FTA utilization are included in the figure for imports, the percentage would be about 40% for both the Japan-Vietnam and Japan-ASEAN FTAs, suggesting firms' likelihood to

increase utilization of FTAs in the future for both imports and exports.

Among third-party FTAs in effect within the Asia Pacific region, the ASEAN Free Trade Area (AFTA) was the most utilized, with about a third of firms engaged in trade (33.3%, or 45 out of 135 firms) citing its use; if firms considering AFTA's utilization were included, the percentage rises to 51.9% (70 out of 135 firms). Polled on plans to utilize the ASEAN-India, ASEAN-Australia and ASEAN-New Zealand FTAs, all of which were entering into force about the time of the survey (November 2009), almost half of respondents (46.8% or 37 out of 79 firms) were planning to utilize the ASEAN-India.

#### **Jetro adopts nine new RIT Program Projects for FY2101**

JETRO has added nine new projects in its Regional Industry Tie-Up (RIT) program for FY2010, making the total program 14, including the five carried over from last fiscal year. RIT programs facilitate business tie-ups and collaboration between regions and industrial clusters in Japan and other countries, with the aim of combining the cutting-edge technology and know-how of both sides to develop new products, service and technologies. By sector, the new projects include three in information technology and content, two in medical care and one each in environmental-related, housing materials, mechatronics and foods. By region/area, the new projects are 4 in Asia, 1 in North America, and 4 in Europe and Russia.

One of the projects in Asia is collaboration between a group of companies in the medical welfare equipment field in Japan's Koriyama region (Fukushima Prefecture), and a Korean industrial cluster, under development with the support of Korean government, in Korea's Wonju region.

Another project is in the field of game-related industries between Japan's Fukuoka city and USA / Canada's Seattle / Vancouver area, where many of the world's leading game producers are based.

For further information on the RIT Programs of JETRO, please log on to <http://www.jetro.go.jp/en/jetro/activities/high-tech.rit/>

#### **JETRO Online Bookshop**

Books published by JETRO could be purchased online, using JETRO web site. Following are some of the books published by JETRO recently.

1. Trade Fairs in Japan 2009-1010
2. Setting up Enterprises in Japan (7th Edition)
3. Specifications, Standards and Testing, methods
4. ASEAN logistic Network Map 2nd Edition

For more details on prices of books and online purchase, please log on to <http://books.www.jetro.go.jp/eng/>



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