

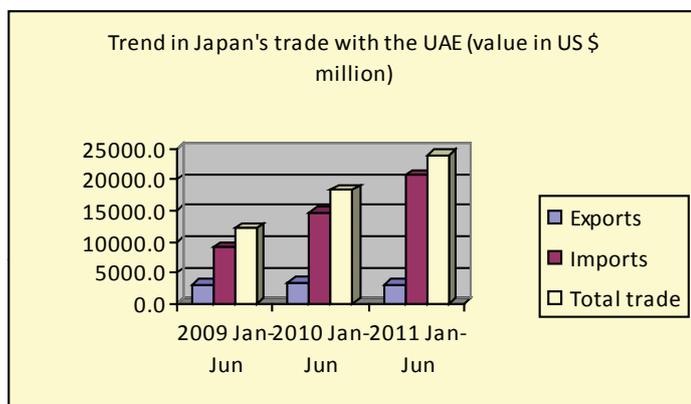
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Japan – UAE trade during the 1st 6 months of 2011

30.5% growth in trade value

The value of Japan's bilateral trade with the United Arab Emirates increased by 30.5% to US \$ 23.82 billion during the first six months of 2011. This surge in the value of trade can be attributed mainly to the increases in the price and volume of mineral fuels that Japan



imported from the UAE, and partly to the appreciation of the Japanese Yen against the US dollars. The value of Japan's total imports from the UAE increased by 40.8% to US \$ 20.65 billion, compared to US \$ 14.67 billion during the same period in 2010. However, in terms of Japanese Yen, the increase in imports was only 26.1%, as the value of Japanese Yen appreciated an average 10.4% against the US dollars during the first six months of 2011. The average price of crude oils surged by 33.7% to US \$ 106.9 per barrel during the first half of 2011, against US \$ 80.0 per barrel during the same period in 2010. Similarly, the volume of crude oil imports rose by 7.3% to 151.2 million barrels, compared to 140.9 million.

On the other hand, the value of Japan's exports to the UAE declined by 11.4% to US \$ 3.17 billion during the first six months of 2011, compared to US \$ 3.57 billion during the same period in 2010. In terms of Yen, the decline in exports reached 20.6% as a result of the Yen appreciation. Besides the effects of Yen appreciation, the decline in exports to the UAE was also attributed to the great East Japan Earthquake that rattled Japan on 11th March 2011, resulting in huge human and material loss. The earthquake that devastated a

large area of the North-East Japan had created huge logistical problems to the Japanese industries, causing exports to decline. The automobile industry was the most affected sector as the area was prominent for automobile and automobile parts manufacturing. Statistics shows that during the months of March, April and May, exports took a beating, but, regained strength during the following months of June and July.

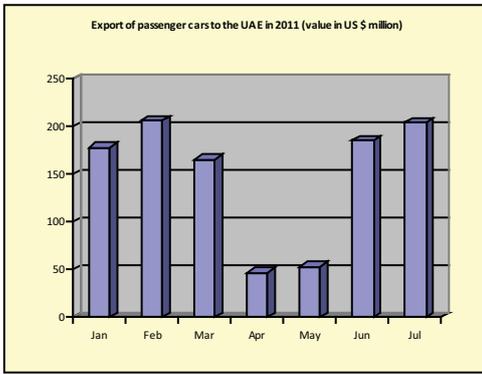
The earthquake and tsunami brought the Japanese auto industry to a standstill for a while. Many of the factories had to be abandoned or shut down, causing cessation of production. According to the statistics released by the Japan Automobile Manufacturers Association (JAMA), automobile production in Japan for the first half of 2011 was recorded as 3,429,934 units, compared with the 4,843,770 units during the same period in 2010, a decrease of 1,413,836 units or 29.2%. Production of standard cars (above 2000 cc) was down by 28.2% and small cars (below 2000 cc) by 34.5%. Production of trucks was also down by 22.4%. Although some of the factories restarted production within days of the earthquake and tsunami, logistical problems and shortfall in the supply of electricity, caused by damages sustained by nuclear plants following the earthquake, resumption of full-fledged production was delayed in many of the factories. On the exports side, Japan's automobile exports for the first half of 2011 was recorded as 1,840,164 units, compared with the 2,324,098 units recorded for the same period in the previous year, a decrease of 483,934 units or 20.8%. Export of passenger cars were down by 421,357 units to 1,631,540 or 20.5%. Export of trucks was down by 47,191 units to 166,577 units, or 22.1%. The number of busses exported during this period also declined by 26.8% to 42,047 units.

Japan's vehicle exports to the UAE took the brunt of the fall in her exports during the first half of 2011, with a decline of 19.5%. Export of passenger motor cars went down 26.2% to US \$ 833.9 million from US \$ 1,130.6 million. However, even in the face of the general decline,

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export of small cars segment (1000 -1500 cc) showed an increase of 12% to US \$ 68.0 million in the place of US \$ 60.7 million in the previous year. Similarly export of diesel engined passenger cars has also increased

during this time by 48.4% to US \$ 59.2 million, compared to US \$ 39.9 million in the same period of the previous year. However, in the backdrop of the fall in the export of passenger motor cars, export of parts and accessories for vehicles began to rise and reached an all time high of US \$ 181.7 million during the first half of the current year, compared to US \$ 160.3 million during the same period in 2010.

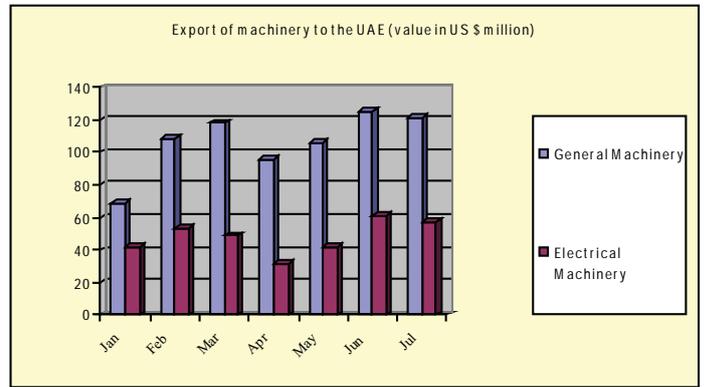
There had been a steady increase in the export of passenger motor cars from Japan to all the GCC countries during past few years, except in 2009 when the global financial crisis affected world trade as a whole. As we can see in the following table, Japan's passenger motor car exports to all the GCC countries declined during the first half of 2011 due to the effects of the earthquake and the tsunami as well as the appreciation of Japanese Yen. But as shown in the graph above in the case of UAE, figures for the months of June and July, however, are showing promising surges in the export of passenger cars to the GCC countries as a whole.

Japan's passenger cars export to the GCC countries (value in US \$ million)

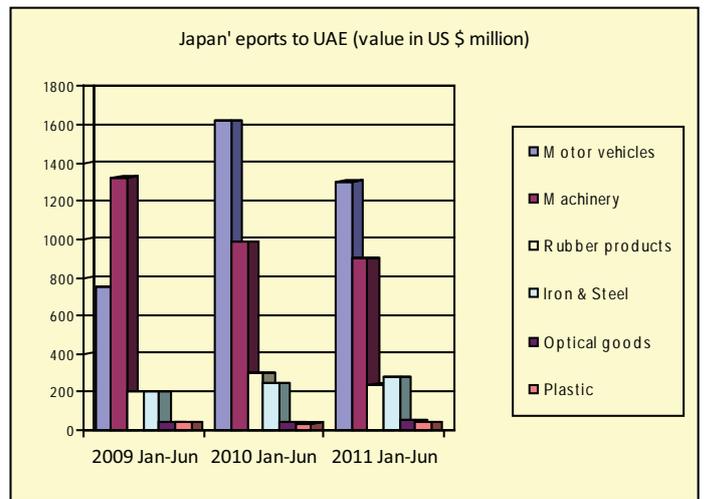
GCC Countries	2006 (Jan-Jun)	2007 (Jan-Jun)	2008 (Jan-Jun)	2009 (Jan-Jun)	2010 (Jan-Jun)	2011 (Jan-Jun)
UAE	810.1	977.9	1,620.4	397.1	1,130.6	833.9
Saudi Arabia	787.4	728.6	1,109.5	731.6	1,148.8	721.3
Oman	359.6	572.6	947.4	376.1	1,095.2	623.3
Kuwait	255.2	398.9	555.4	160.3	449.1	285.0
Qatar	293.4	261.2	406.3	193.2	311.3	193.7
Bahrain	145.0	187.8	248.6	70.5	160.7	88.0

Source: Japan Customs (Compiled by World Trade Atlas)

Japan's machinery exports, both general machinery and electrical machinery, took a slide with an overall decline of 8.7%. While export of general machinery kept almost the same level of the previous year, export of electrical machinery were down by 21.5%. Among general machinery, exports of ships' derricks, cranes, mobile lifting frames etc. rose by 134.5% to US \$ 56.0 million from US \$ 23.9 million. However, export of liquid pumps and liquid elevators suffered a decline by 43.7% to US \$ 31.4 million from US \$ 55.8 million. Machinery such as self-propelled dozers, piston engines and similar, maintained their export value of the previous year. Among the electrical machinery, export of insulating cables, wires etc. rose by a whopping 376.2% to US \$ 38.5 million from just 8.1 million in the previous first half. However, export of transmission appliances for radio, telephone or television went down by 40.2% to US \$ 66.3 million from US \$ 110.9 million.



Export of iron and steel and their products rose by 13.5% to US \$ 278.6 million from US \$ 245.5 million, supported by the increase in the export of seamless tubes and pipes, angles, shapes and sections of iron or non-alloy steel, flat rolled products of iron etc. Export of seamless tubes and pipes showed an impressive growth of 60% to



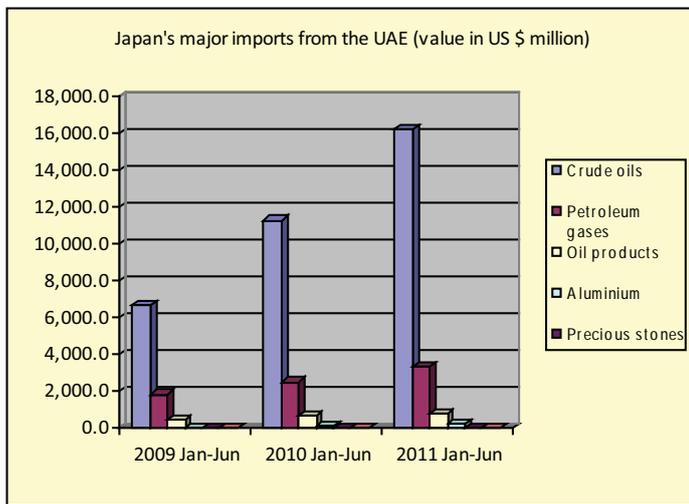
US \$ 147.6 million. However, export of tubes and pipes having circular cross section have fallen by 80.1% to US \$ 8.5 million from US \$ 44.1 million.

Export of optical, photographic, cinematographically and measuring equipment recorded 39.7% growth in exports, to US \$ 54.6 million, compared to US \$ 43.5 million during the first half of 2010. Similarly, export of clock and watches have also increased by 22.9% to US \$ 8.1 million from US \$ 6.6 million.

Japan's imports from the UAE

The value of Japan's imports from the UAE surged by 40.8% to US \$ 20.65 billion during the first half of 2011, compared to US \$ 14.67 billion during in the same period in 2010. 98.4% of imports from the UAE were consisted of mineral fuels that include crude oils and other gaseous hydrocarbons. The value of crude oil alone covered 78.26% of the total imports from the UAE. The increase in the value of imports is attributed to the increase in the volume of imports of crude oil and gases from the UAE as well as increase in the price of both the commodities. Japan imported a total of 151.2 million barrels of crude oils worth US \$ 16.16 billion during the first six months of 2011, which is 7.3% higher in volume and 43.49% higher in value, compared to the volume and value during the same period in 2010. The average price of crude oils surged 33.7% to US \$ 106.91 per barrel, compared to US \$ 79.96 per barrel during the first half of 2010. UAE remained to be the 2nd largest supplier of crude oils to Japan after Saudi Arabia.





The value of import of petroleum gases rose by 31.4% to US \$ 3.31 billion during this period. The quantity of gas imported also increased by 4.6% to 4.21 million tons from 4.02 million tons. There was a 25.56% surge in the average price of gas, which rose from US \$ 626.6 per ton to US \$ 786.8 per ton. UAE was the 4th largest supplier of petroleum gases to Japan after Malaysia, Qatar, and Australia.

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

Mineral fuels	2009 (Jan-Jun)	2010 (Jan-Jun)	2011 (Jan-Jun)	G. Rate %
Crude oils	6,673.04	11,264.89	16,163.79	43.39
Petroleum Gases	1,862.62	2,522.37	3,314.00	31.38
Other fuels	442.56	693.07	851.35	23.84
Total	8,978.22	14,480.33	20,329.14	

Source: Japan Customs (Compiled by World Trade Atlas)

The different kinds of petroleum gases that Japan imported from the UAE include Liquefied Natural Gas, Liquefied Propane gas and Liquefied Butane gas. There had also been an increase in the price of petroleum gases during the first six months of 2011. The average price of petroleum gases went up by 25.5% to US \$ 786.80 per ton in 2011 from US \$ 626.63 per ton in 2010, which has also contributed to the increase in the total trade value.

Other imports from the UAE

Other than Oil & gas, Japan's major import from the UAE is aluminium in different forms. UAE has been a traditional source of semi-finished aluminium for Japan, and during the first 6 months of 2011, Japan imported aluminium worth US \$ 253.56 million from the UAE, which was 78.6% higher in value compared to the value during the same period in 2010.

Japan's Aluminium imports from major suppliers (value in US \$ million)

Country	2006 (Jan-Jun)	2007 (Jan-Jun)	2008 (Jan-Jun)	2009 (Jan-Jun)	2010 (Jan-Jun)	2011 (Jan-Jun)
Australia	661.0	914.9	872.0	299.9	749.8	701.7
Russia	816.7	977.7	1,001.9	252.2	522.2	562.9
China	429.6	314.6	396.3	74.6	359.1	478.7
Brazil	262.4	294.9	269.1	162.3	238.6	311.3
New Zealand	250.7	322.2	297.8	83.6	248.9	276.1
UAE	133.8	166.4	179.9	33.2	141.9	253.6
South Africa	161.9	237.9	301.1	9.5	246.9	219.7
Indonesia	207.6	211.8	215.1	110.9	167.7	188.1
Canada	187.8	233.9	205.9	60.8	110.2	103.6
Bahrain	60.2	56.2	58.1	9.4	40.7	11.3
World Total	3,560.6	4,171.8	4,305.7	1,294.9	3,120.0	3,285.5

Source: Japan Customs (Compiled by World Trade Atlas)

In terms of quantity, Japan imported 94.8 million kg of aluminium during the first six months of 2011, compared to 58.81 million kg during the same period in 2010. UAE was the 6th largest supplier of aluminium to Japan during this period, with Australia topping the list, followed by Russia, China, Brazil and New Zealand.

In addition to aluminium, Japan's imports from the UAE included precious stones, such as diamonds, wastes and scraps of precious metals etc. worth US \$ 15.21 million, copper wastes and scraps worth US \$ 8.82 million, man-made filament fabrics worth US \$ 2.1 million, electrical machinery such as unrecorded media materials, tapes etc. worth US \$ 1.3 million, perfumes and cosmetics worth US \$ 0.5 million, and ceramic products worth US \$ 0.3 million.

Among the small quantities of foodstuff that Japan imported from the UAE, main items were natural mineral water and non-alcoholic drinks worth around US \$ 1.0 million and baking related products like preparations of cereals, flour, starch and milk for US \$ 1.7 million. Other related items include some small quantities of seafood and edible fruits and nuts.

The "Commercial Agencies Committee" under UAE Commercial Agency law:

Law No. 3 of 2011 (April) for the constitution of the Committee issued:

Background:

The UAE Commercial Agency Law (Federal Law No. 18 of 1981) had the provision of a Dispute Resolution Committee (appointed by the minister) to look into disputes between commercial agents and the principals. However, this clause was scrapped in 2006 through an amendment (Law No. 13 of 2006), placing the dispute resolution under the direct jurisdiction of the courts.

But, in March 2010, again through an amendment of the law (Law No. 2 of 2010), the provision of the Dispute Resolution Committee, was brought back into the Law (clause 27), only with a difference that the committee will now be appointed by the Council of Ministers, instead of the Minister of Economy alone.

Pursuant to the above provision, a Decree (Decree No. 3 of 2011) was issued by H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, on 10th April 2011, for the constitution of the 'Commercial Agencies Committee'.

Some of the features of the Committee :

1. The Committee shall be competent to look into any dispute that arise by reason of the commercial agency, such as its duration, territory, products and termination etc.
2. According to the provisions of the law, dispute concerning the agency may be filed first with the Committee, and no dispute may be directly taken to the court of law (This provides early settlement of disputes before the parties incur unnecessary time and cost litigating in the courts)
3. The Committee has jurisdiction only on registered commercial agencies, and is supposed to issue its decision within 60 days of hearing the dispute.
4. Issues relating to the implementation of registered agencies, such as, matters relating to compensation for breach of contract between agent and principal may be resolved through a court of law (even though they appear prima facie

to relate to issues of agency). Disputes in which claimants are seeking to prove the existence and validity of an agency agreement in order to procure the registration of the agency are also under the jurisdiction of the courts. Disputes relating to unregistered agencies are also under the jurisdiction of the courts.

5. The decision of the Committee can be appealed to the competent courts within 30 days from the date of notification of the committee's decision. (failure to appeal within the above period will render the committee's decision final)
6. When appealing to the courts against the decision of the Committee, parties shall be able to file all documents (new or additional documents) and pleadings they wish, irrespective of those submitted at the Committee.
7. The appeal proceedings should only be filed in the federal courts in Abu Dhabi as the Ministry (Ministry of Economy) should be joined as co-defendant to the proceedings. The judgment of the Court of First instance shall be appealed at the Court of Appeal and then at the Federal Supreme Court.

(Previous updates on UAE Commercial Agency Law in the UAE have been published in Japan Biz News – July/August 2006 & 3rd quarter 2010 issues)

Subsidies for Foreign Affiliates Establishing Site Locations in Osaka

In order to promote foreign investment in Japan, while advancing and stimulating Osaka-based industries, subsidies are available for a portion of the investment made by qualified foreign affiliates and others establishing new headquarter functions or Asian bases inside Osaka Prefecture.

Applicable Entities

Foreign affiliates and others expanding into Osaka Prefecture with the establishment of a new headquarters or Asian base

Conditions

Entity will secure office floor space of at least 250m² and a workforce of at least 25 employees (to be achieved within 3 years starting the day after the application is submitted).

Entities are expected to provide preferential treatment to the local municipalities.

Subsidy Rate & Upper Limit

Subsidy upper limit is based on number of employees. When acquiring premises 5% of the premise/facilities cost will be given as subsidy.

Number of regular employees	Subsidy upper limit
25-99	30,000,000 Yen
100 – 199	60,000,000 Yen
200 or more	100,000,000 Yen

When renting premises, one-third of the rent will be given as a subsidy.

No. of regular employees	Subsidy upper limit
22-99	20,000,000 Yen
100-199	40,000,000 Yen
200 or more	60,000,000 Yen

KOOLBIZ TECH:

Japan's textile technologies to support electricity saving in summer:

Japan's Ministry of Economy, Trade & Industry (METI) took up the promotion of 'COOLBIZ TECH' project in Japan, in support of electricity saving, during the summer months, in view of a tight electricity supply-demand situation predicted in the aftermath of the North Japan Earthquake and Tsunami and subsequent nuclear disaster. The project is the promotion of high-function textile products which was introduced in Japan since 2005 in support of electricity conservation, and to re-vitalize the textile industry of Japan. As a part of this program, METI will start the "COOLBIZ TECH" project to publicize and raise awareness of products such as clothes, underwear, interior goods, bedclothes etc., using functional textiles such as "Cool Contact Sensation" "Sweat-absorbing, Quick-drying" or "Heat Shielding and Heat Insulation" that the textile industry of Japan is excelling at, so that people will spend the hot summer comfortably.

METI held exhibitions of high-function textile products at Tokyo Midtown in July, and at Shinjuku Takashimaya, in August this year. In addition, METI would also publicize and raise awareness of high-functional textile products by posting information on products participating in the "Coolbiz Tech" project on a portal site.

Characteristics of high-function textiles:

These materials are good at absorbing sweat and provide a pleasant feeling by preventing a sticky feeling due to sweating. They will also dry quickly after washing. As these materials will absorb heat quickly, they will feel cool, enabling you to spend the humid summer comfortably. Air permeability is another important point for preventing a stuffy feeling. By controlling air ventilation in clothing, these materials can adjust temperature and humidity. They reflect sunlight and prevent heat transfer, improving air-conditioning efficiency. These kinds of materials are also frequently used as curtain materials.

JETRO Updates

Results of the Second Emergency Survey on the Actual Status of Industries after the Great East Japan Earthquake:

JETRO has published on its website, as a special feature, the results of the Second Emergency Survey on Actual Status of Industries after the Great East Japan Earthquake, conducted by Japan's Ministry of Economy, Trade and Industry (METI).

The survey was conducted during the period between June 14 and July 1 2011 in order to understand the actual status of industries three months after the earthquake, the production level at the base of the affected areas, the status of parts and components procurement as well as the impact of voluntary self-restraint in economic activities. A similar survey was conducted immediately after the earthquake and the results announced on 26th April 2011. For further details, please log on to. <http://www.jetro.go.jp>



JETRO sets up Japan Pavilion at Arab Health 2012:

JETRO will set up a Japanese Pavilion at the forthcoming Arab Health & Congress 2012 which will be held at the Dubai International Convention & Exhibition Centre between 23rd and 26th January 2012. An area of 108 square meters has been allocated for the Japan Pavilion in Hall No.1 of the Exhibition Centre for setting up the Japanese Pavilion. This time, approximately 10 companies from Japan are expected to showcase their high-quality medical equipment and materials in the exhibition that brings together, healthcare authorities, medical device manufacturers, medical supply distributors and healthcare professionals from all over the world.

Arab Health & Congress is one of the leading exhibitions of its kind in the region, organized by IIR Middle East one of the pioneers in exhibition organizing. The exhibition will also feature several conferences during the exhibition period. In 2011, 11 small and medium sized Japanese companies from the medical industry had successfully participated in the Japanese Pavilion in the Arab Health, promoted by JETRO. The response to last year's participation of Japanese companies was enormous and the exhibitors received high reputation among the exhibitors of medical equipments and materials.

For more information on the exhibition, please contact JETRO Dubai by e-mail info_dubai@jetro.go.jp or by phone to +971-4-3328264

Japanese Pavilion at ECOQ Doha

The Qatar International Environment Protection Exhibition & Conference

The Qatar International Environment Protection Exhibition & Conference (ECOQ) was held at the Doha International Exhibition Centre between 16th and 18th October 2011. Five Japanese companies jointly set up a Japanese pavilion to display their innovative and cutting edge technology products and services related to environment protection, energy saving and renewable energy. Mitsubishi Corporation, Sharp Corporation, Taisei Corporation, Natu Rock Japan Company and Lixil Corporation were



the five Japanese companies that participated in the exhibition. Other than the Japanese pavilion, there were other national pavilions such as Germany, France, UK, Jordan etc. The event provided an excellent platform for these corporations to present their latest technologies and services to the Qatari and the regional market. The Japanese Pavilion in the exhibition was supplemented by the presence of the Japanese Embassy in Qatar and JETRO Dubai with an additional booth, distributing promotional materials on trade, investment, culture and tourism. This annual exhibition was sponsored by the Qatari Ministry of Environment, and supported by the Qatar Chamber of Commerce & Industry and a host of other related organizations and institutions.

Mr. Tadashi Maeda, Special Advisor to the Cabinet of Japan, and Head of Corporate Planning Department of Japan Bank of International Cooperation (JBIC) gave a detailed presentation on Japan's strategy on deployment of 'packaged infrastructure' to overseas markets and its advanced technologies on energy efficiency and energy conservation, at a seminar held on 18th October at the conference hall. Japanese ambassador H.E. Kenjiro Monji and other officials of the Japanese Embassy were present at the seminar in addition to a number of delegates, both from Qatar and overseas countries.



ECOQ is a multi-sector environment trade fair addressing advancements on environment protection technologies, sustainable energy and green business practices applied towards a more sustainable future. The exhibition had a fair number of visitors including global business leaders and investors in environmental, renewable energy and sustainability sectors as well as local and regional government officials, business representatives, trade associations, institutional investors, academics NGOs, students and others. Several seminars and conferences were also held along with the exhibition.

A major attraction of the exhibition was the electric vehicle (MiEV) displayed by the Mitsubishi Group (Mitsubishi Heavy Industries, Mitsubishi Motors and Mitsubishi Corporation). This innovative vehicle has already been launched in Japan and some of the western countries. It is yet to be launched in the Middle East, though it is already on trial at the Masdar Green City in Abu Dhabi. Qatar's minister of environment, while visiting the Mitsubishi booth, inspected the electric car and even went inside the car and started it. Besides the electric vehicle, Mitsubishi had also displayed its innovative products and services such as the CO2 Capture Technology, solar power energy equipments, rapid transit systems etc.



Sharp Corporation, with proven engineering excellence, displayed Solar Packaged Solutions that include solar energy system for water, solar & diesel power generation systems and financial packages for multi-megawatt Utility-Scale solar power production. Sharp had also exhibits related to air purification and allied services.

Another company participating in the exhibition was Natu Rock Japan, with the display of environment friendly Natural Rock Panel for roads, parks and housings. NatuRock panel - an ecological porous environment-friendly block that will give a natural look to the environment and support the growth of plants and creepers alongside roadside walls, revetment in rivers, buildings and other

structural objects, where greenery is to be increased. Natu Rock panels are made of rocks formed from volcanic lava. Lixil Corporation, another participant from Japan is played environment-friendly housing fixtures and building materials. Technologically advanced sanitary wares, functional interior

ceramics and water absorbent bath room tiles we real soon display in Lixil's booth.

The exhibits of Taisei Corporation were materials related to Green Building Concept, advanced indoor environment



control systems, advanced sunlight lighting systems, advanced low carbonization solutions and a Led Plant Factory Unit, including hydroponics gardening. The Led Plant Factory Unit provides reduced electricity consumption, realization of superior moisture-proof performance and heat discharge performance. The company promises packaged support in various aspects for establishing Plant Factories according to different needs.

JETRO publishes Export to Japan Guidebooks

In 2011 JETRO published 17 guidebooks to support foreign companies penetrate the Japanese market. Ten out of the seventeen books are food related and the remaining seven are on different materials. The guide books introduce updated market trends, statistics, relevant regulations, taxation details, detailed import procedures as well as contact details of competent authorities. The guide books are available for reference at JETRO Dubai Business Library, or can be viewed at our website with URL as www.jetro.go.jp/en/reports/market

Following are the new publications

1. Coffee
2. Spices and herbs
3. Nuts
4. Dried fruits
5. Cereals
6. Vegetables, fruits and processed products
7. Alcoholic beverages
8. Soft drinks
9. Seafood and processed products
10. Health food and dietary supplements
11. Cosmetics
12. Essential oils
13. Interior goods (tableware etc.)
14. Cut flower
15. Precious metals and jewelry
16. Apparel products and materials
17. Building stone and tiles

Yasuaki Uchino joins JETRO Dubai as Director:

Mr. Yasuaki Uchino from the Ministry of Economy, Trade and Industry of Japan has recently been deputed to JETRO Dubai as one of its directors. Uchino, a Public Law graduate from the University of Tokyo has joined the Japanese Ministry in 2004 and has worked in its various departments before being designated to JETRO Dubai. At JETRO Dubai, Uchino will be in charge of economic and political researches and will act as a consultant to Japanese companies.



JETRO