

JETRO

Japan External Trade Organization

2013

# JETRO Global Trade and Investment Report

~Revitalizing Japan through global business~



Overview

# JETRO Global Trade and Investment Report 2013



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◆ Detailed materials can be downloaded from the following website. <a href="http://www.jetro.go.jp/en/news/releases/20130808148-news">http://www.jetro.go.jp/en/news/releases/20130808148-news</a>	

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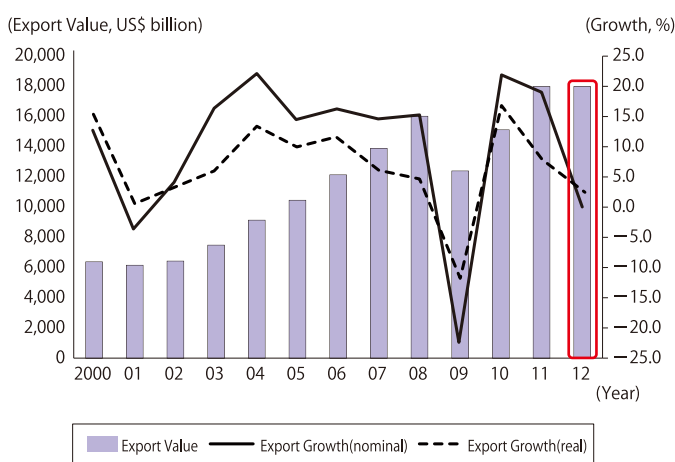


# 1

## World trade and investment was low in 2012, while the world economy is predicted to remain at the same level in 2013

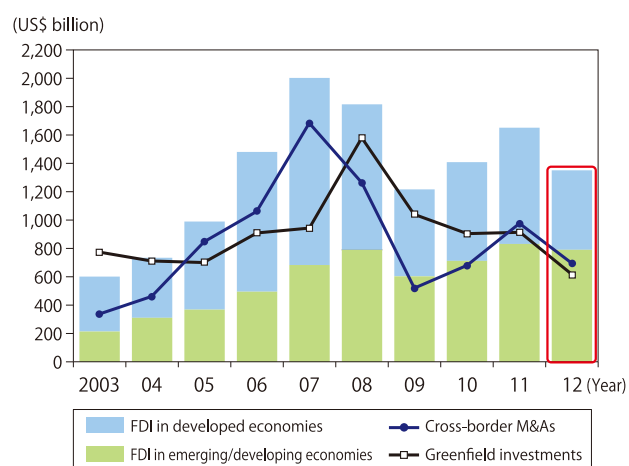
- ◆ World trade remained at the same level as the previous year (\$17.977 trillion, an increase of 0.02% over the previous year.) In terms of regions, Europe showed unfavorable results. In terms of products, chemicals and steel slowed. Direct investment around the world decreased for the first time in three years due to a drop in investment in advanced countries, especially in Europe (\$1.3509 trillion, a decrease of 18.2% over the previous year).
- ◆ The global economy remained at the same level due to influence from the prolonged European debt crisis and the stagnation of economic growth in emerging countries, and there is concern about further slowdown of economic growth in the future. It is predicted that emerging and developing countries will continue to lead the global economy.

### Changes in world trade(exports)



Note: 2011 and 2012 trade values and 2012 nominal growth rates are JETRO estimates.  
Source: "IFS, May 2013" (IMF).

### Changes in global inward FDI



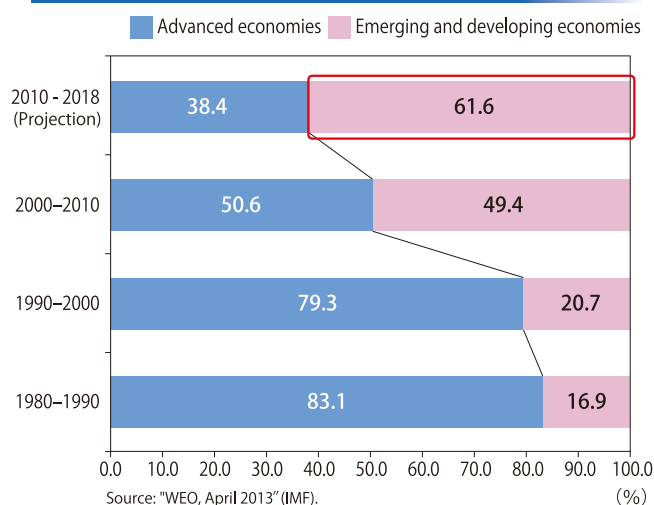
Note: FDI is inward based.  
Sources: UNCTAD and Thomson Reuters.

### GDP growth by country and region

	2011	2012	2013 (Projections)	2014 (Projections)
<b>World</b>	3.9	3.1	3.1	3.8
Advanced economies	1.7	1.2	1.2	2.1
United States	1.8	2.2	1.7	2.7
Euro Area	1.5	-0.6	-0.6	0.9
Japan	-0.6	1.9	2.0	1.2
<b>Emerging and developing economies</b>	6.2	4.9	5.0	5.4
Commonwealth of Independent States	4.8	3.4	2.8	3.6
Asia	7.8	6.5	6.9	7.0
China	9.3	7.8	7.8	7.7
India	6.3	3.2	5.6	6.3
ASEAN 5	4.5	6.1	5.6	5.7
Latin America and the Caribbean	4.6	3.0	3.0	3.4
Middle East and North Africa	4.0	4.5	3.0	3.7
Sub-Saharan Africa	5.4	4.9	5.1	5.9
(Reference) EU	1.7	-0.2	-0.1	1.2

Notes: (1) The definitions of advanced economies and emerging and developing economies follow the World Economic Outlook (IMF). The ASEAN 5 refers to Indonesia, Malaysia, Philippines, Thailand, and Vietnam.  
(2) Contributions by country and region are calculated using the weighted PPP (Purchasing Power Parity) for 2012, based on "WEO, April 2013."  
Source: "WEO, July 2013" (IMF).

### Contribution to the growth of the world economy by emerging and developing countries



Source: "WEO, April 2013" (IMF).

## 2 Japan's trade balance ended in the red for the second consecutive year

- ◆ Exports from Japan in 2012 decreased compared with the previous year, ending in deficit for the second consecutive year. In addition to mineral fuel imports remaining high, the surplus in capital goods and parts also dropped (\$22.3 billion and \$7.8 billion, respectively).
- ◆ In current-account terms, the income balance surplus increased (\$3.6 billion). However, the trade deficit resulted in a significantly reduced trade surplus (−\$58.5 billion [−\$119.2⇒\$60.7 billion]).

### Japan's Trade (2011-June 2013)

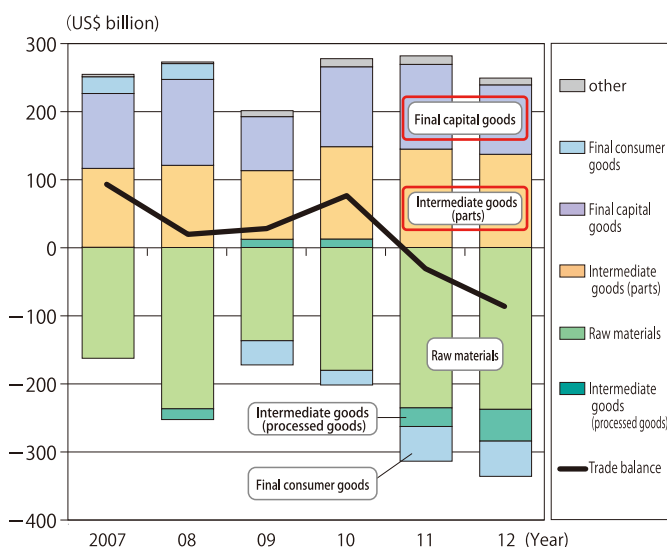
(US\$ million, billion yen, %)

		2011	2012	2013						
				Jan-June	Jan	Feb	Mar	Apr	May	June
Dollar-based	Total exports	820,793	801,335	358,085	54,866	57,651	66,592	60,179	57,986	60,811
	(Percent change)	7.0	− 2.4	− 12.6	− 6.2	− 18.3	− 12.9	− 11.0	− 11.1	− 14.5
	Total imports	853,070	888,584	410,782	73,864	66,293	70,556	69,462	68,098	62,509
	(Percent change)	23.4	4.2	− 7.9	− 4.9	− 5.6	− 9.0	− 5.9	− 10.9	− 11.3
Trade balance		− 32,277	− 87,250	− 52,697	− 18,999	− 8,642	− 3,964	− 9,283	− 10,112	− 1,698
	(Year-on-year difference)	− 107,854	− 54,973	− 16,085	187	− 8,969	− 2,917	− 3,089	1,089	− 2,387
Yen-based	Total exports	65,546	63,748	33,957	4,799	5,283	6,271	5,777	5,767	6,061
	(Percent change)	− 2.7	− 2.7	4.2	6.3	− 2.9	1.1	3.8	10.1	7.4
	Total imports	68,111	70,689	38,804	6,432	6,064	6,638	6,661	6,765	6,243
	(Percent change)	12.1	3.8	9.2	7.1	12.0	5.6	9.5	10.1	11.8
Trade balance		− 2,565	− 6,941	− 4,847	− 1,634	− 781	− 367	− 885	− 998	− 182
	(Year-on-year difference)	− 9,199	− 4,376	− 1,930	− 143	− 807	− 285	− 366	− 90	− 238
Export volume index		98.4	93.9	88.1	75.7	82.1	97.4	92.3	88.2	93.0
(Percent change)		− 2.9	− 4.6	− 8.3	− 5.9	− 15.8	− 9.8	− 5.3	− 4.8	− 7.3
Import volume index		103.7	105.9	102.2	108.7	96.0	102.8	105.1	105.2	96.0
(Percent change)		3.2	2.2	− 2.2	− 1.1	− 0.1	− 5.5	2.0	− 2.4	− 5.3
Crude oil import price		108.7	114.8	110.5	111.9	113.2	115.6	111.3	106.5	104.6
(\$/barrel, percent change)		37.3	5.6	− 7.6	− 1.2	− 2.7	− 4.7	− 12.3	− 14.4	− 9.3
Exchange rate		79.8	79.8	95.6	89.2	93.2	94.8	97.7	101.1	97.4
(yen/dollar)(yen appreciation, %)		10.0	0.0	− 16.6	− 13.7	− 15.8	− 13.0	− 16.6	− 21.2	− 18.6

Notes: (1)The dollar conversion rate was calculated based on rates posted by Japanese Customs, using the method announced by the Ministry of Finance until March 1996. (2)For volume indices, year 2005=100. (3) The exchange rates are interbank rate averages for each period. (4) Percent change for quarterly and monthly data are year-on-year comparisons. (5)Figures of imports in June are nine-digit provisional.

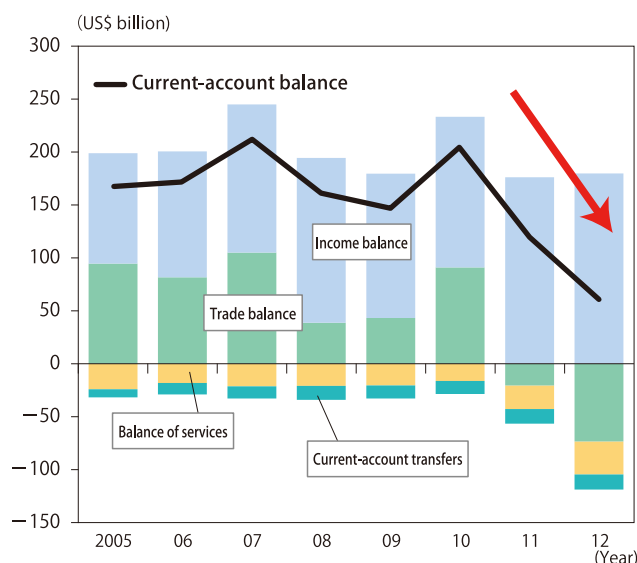
Sources: "Trade Statistics" (Ministry of Finance) and "Foreign Exchange Rates" (Bank of Japan).

### Changes in Japan's trade balance by type of goods



Notes: (1) The classification of goods is based on Broad Economic Categories (BEC) from RIETI-TID. (2) "Other" includes items not included in the above classifications (such as special goods).  
Source: "Trade Statistics" (Ministry of Finance).

### Japan's balance of payments (dollar basis)



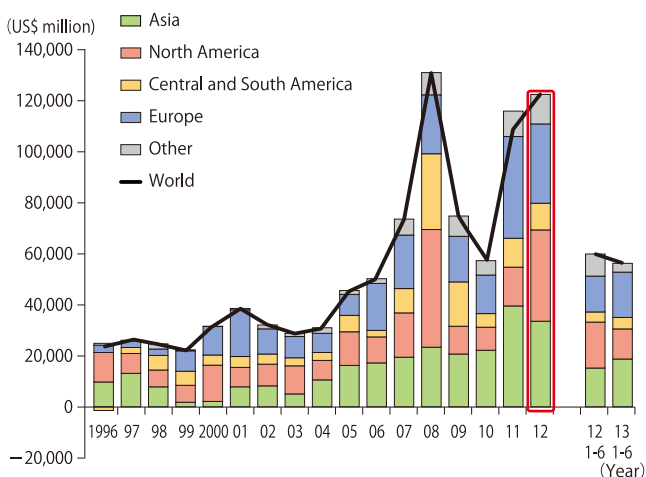
Sources: "Balance of Payments" (Ministry of Finance and Bank of Japan) and "Foreign Exchange Rates" (Bank of Japan).

### 3

## Japanese outward FDI increased for the second consecutive year, and investment toward ASEAN countries accelerated

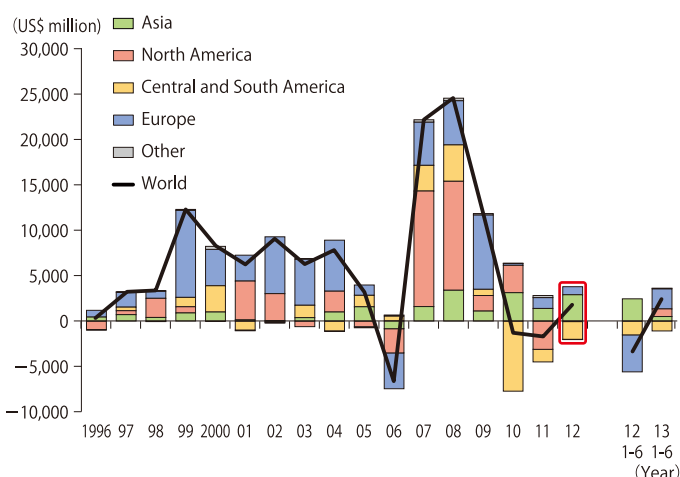
- ◆ Japanese outward FDI increased for two years in succession, with the second highest increase in history being recorded (\$122.4 billion, an increase of 12.5% over the previous year). Japan's total outward FDI stock exceeded \$1 trillion. The rate of return on Japan's outward FDI followed the level of the US, UK and China, showing that Japanese companies earned through investment.
- ◆ Japanese inward FDI registered net inflow (\$1.761 billion) for the first time in three years because of the increased investment from Asian countries
- ◆ On the back of increasing Chinese country risk, Japanese corporate investment in ASEAN has accelerated in 2013, a clear of difference from investment in China.

### Changes in Japan's outward FDI by region



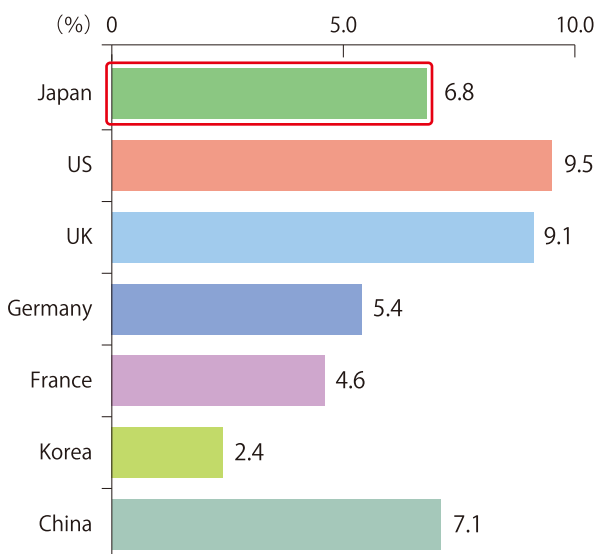
Note: (1) The yen-based value is converted to dollars by quarter, using the average quarterly Bank of Japan interbank rate, and then the annual total is calculated. (2) Figures for Jan.-June 2013 are preliminary.  
Source: "Balance of Payment Statistics" (Ministry of Finance, Bank of Japan).

### Changes in Japan's inward FDI by region



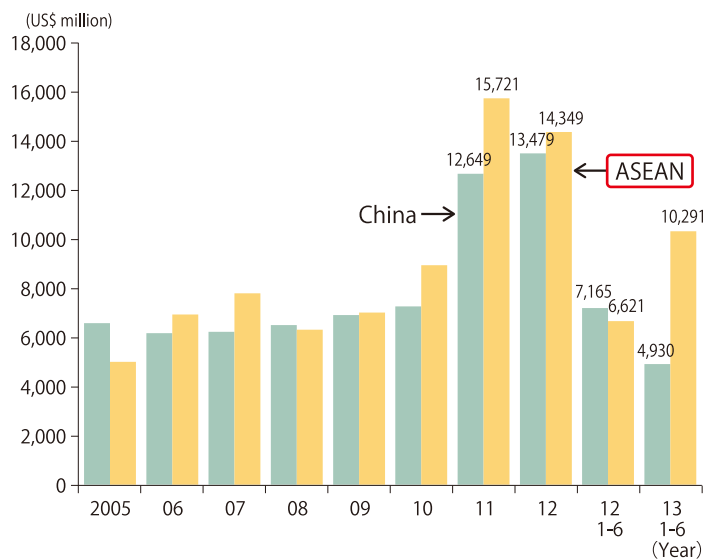
Note: The yen-based value is converted to dollars by quarter, using the average quarterly Bank of Japan interbank rate, and then the annual total is calculated.  
Source: "Balance of Payment Statistics" (Ministry of Finance, Bank of Japan).

### Comparison of Japan's rate of return on outward FDI with other countries (averages for 2006-2011)



Source: "BOP, May 2013" (IMF).

### Japan's outward FDI – Comparison between China and ASEAN (net flows)

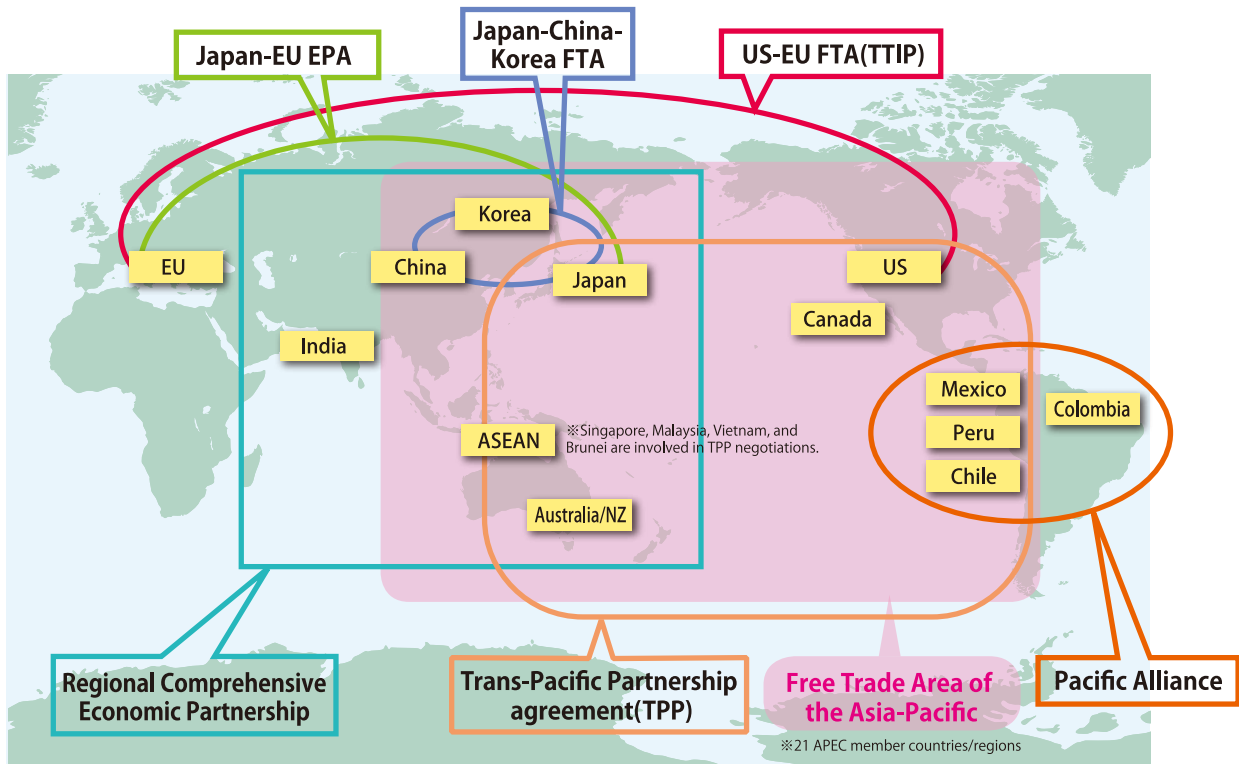


Note: Data excludes investments in the finance and insurance sectors of Thailand in relation to the foods in the country (Q4, 2011: US\$3,924 million. Q1, 2012: -US\$3,674 million).  
Source: "Balance of Payments Statistics" (Ministry of Finance, Bank of Japan).

## 4 Entering the era of mega FTAs, Japan shows a strong presence

- ◆ Competition in FTA network planning and establishment has become intensified. In addition to TPP negotiations, negotiations for other mega FTAs have begun in rapid succession, including the EPA/FTA between Japan and the EU, the Regional Comprehensive Economic Partnership (RCEP) and the Transatlantic Trade and Investment Partnership (TTIP) between the US and the EU.
- ◆ Japan participated in negotiations for the EU-Japan accord, RCEP and TPP. These three mega FTAs account for 80% of the world economy and greater than 60% of the world's population. If Japan becomes a party to the agreements, it would increase its FTA coverage from 19% to 74%.

### Mega FTAs in the world (negotiations underway)



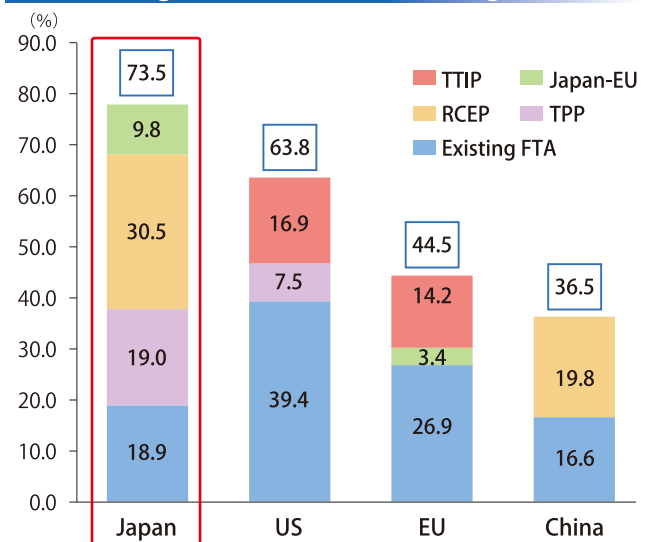
Source: Drawn up by JETRO based on various materials

### Economic and population scale in mega FTAs

	Economic scale		Population scale	
	Trillion dollars	%	100 million people	%
TPP	27.6	38.5	7.9	11.4
RCEP	21.2	29.6	34.0	49.0
Japan-EU	22.5	31.4	6.3	9.1
TTIP (US-EU)	32.3	45.0	8.2	11.8
Mega FTAs that Japan is a member of (TPP+RCEP+Japan-EU)	56.9	79.4	44.1	63.5
Mega FTAs that the United States is a member of (TPP+TTIP)	44.1	61.5	12.9	18.6
Mega FTAs that the EU is a member of (Japan-EU+TTIP)	38.2	53.3	9.4	13.5
Mega FTAs that China is a member of (RCEP)	21.2	29.6	34.0	49.0
World	71.7	100.0	69.4	100.0

Source: "WEO, April 2013"(IMF).

### FTA coverage after conclusion of mega FTAs

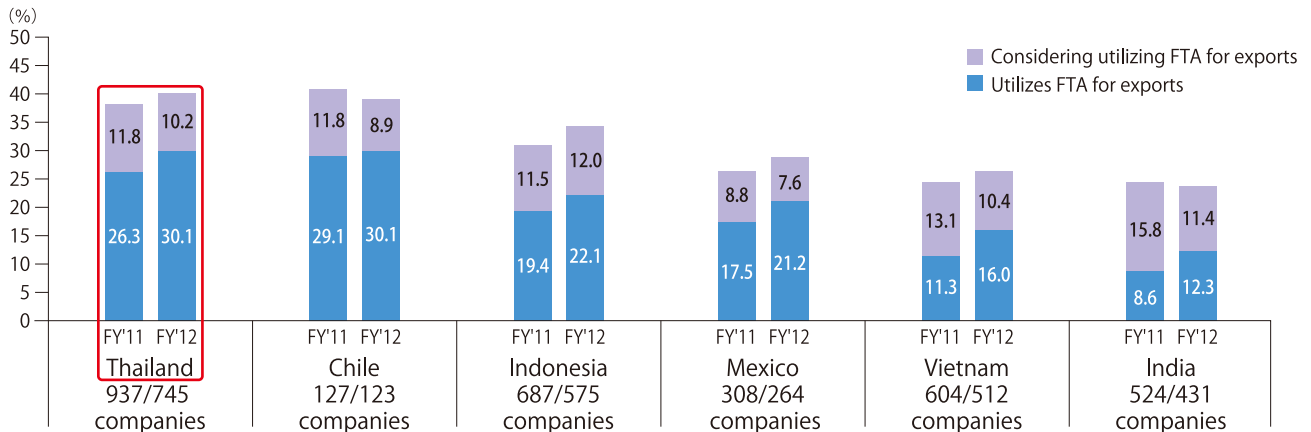


Note: FTA coverage is computed based on two-way trade as of the end of 2012. Intra-regional trade is excluded for EU. Hong Kong and Macau are excluded from figures for China. Source: Trade statistics for each country

## 5 FTA utilization by Japanese companies expanded

- ◆ Utilization of FTAs (EPAs) to which Japan is a party increased. However, FTA utilization by SMEs remained at half the rate of large-scale companies.
- ◆ In addition to FTAs in East Asia, FTAs were entered into by the US and Korea, by the EU and Korea, and utilization of FTAs between third countries by Japanese-affiliated overseas companies has expanded.

### FTA utilization rate for exports, for Japan's key FTAs



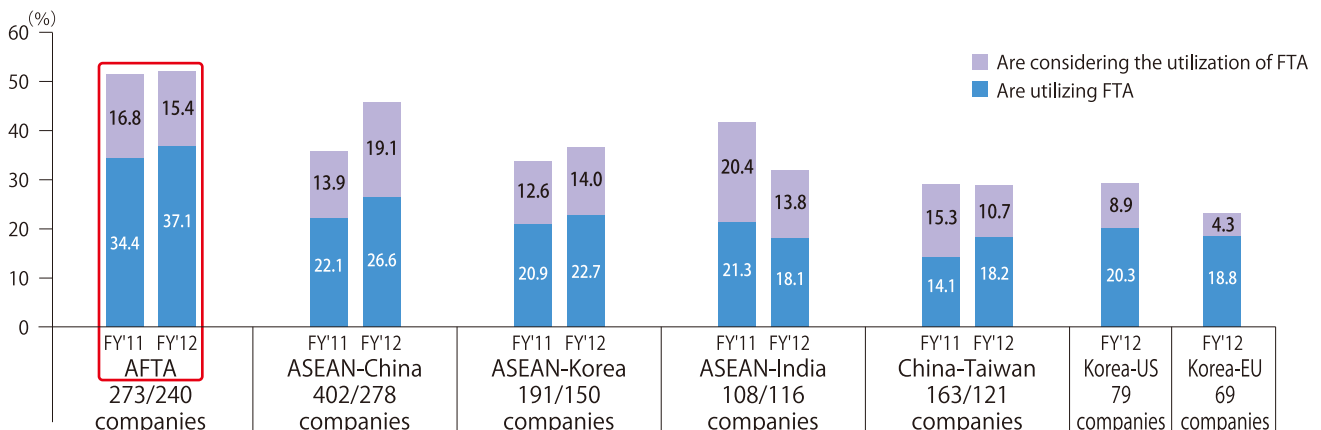
Note: The number of companies is the number of companies that are exporting from Japan to each of the abovenamed countries (Total for 2012: 1,268 companies, 2013: 1,003 companies).  
Source: "FY 2011/2012 Survey on the International Operations of Japanese Firms" (JETRO).

### Japan's FTA utilization rate for exports (by capital scale)

Capital scale	No. of companies	No. of exporting companies	FTA utilization rate for export (%)	Considering utilization of FTA (%)	Utilizing or considering utilization (excludes duplicate figures) (%)
10 million yen or less	368	134	19.4	16.4	32.8
Above 10 million yen - 50 million yen	598	252	22.6	15.9	33.7
Above 50 million yen - 100 million yen	280	167	26.3	12.6	36.5
Above 100 million yen - 300 million yen	143	91	37.4	14.3	44.0
Above 300 million yen - 1,000 million yen	155	96	43.8	14.6	52.1
Above 1,000 million yen	413	263	41.4	16.3	49.0
Overall	1,957	1,003	31.1	15.3	40.8

Note: The number of companies is the number of companies that is engaged in import or export activities in more than one country/region from the 13 countries/regions that Japan has concluded FTAs with January 2013.  
Source: "FY 2012 Survey on the International Operations of Japanese Firms" (March 2013, JETRO).

### Utilization of key third country FTAs (Asian countries/regions related) by Japanese companies



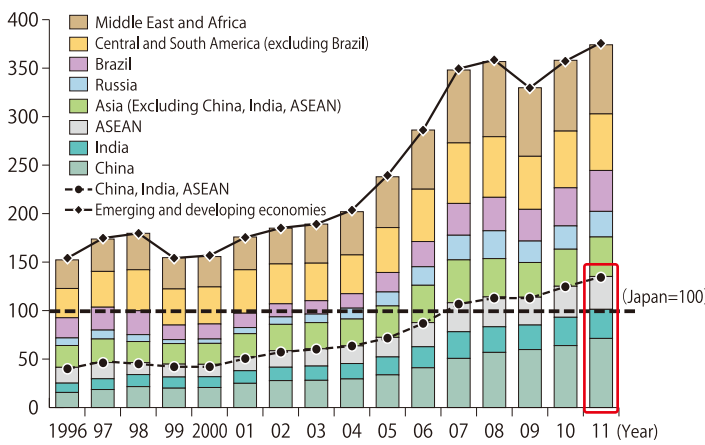
Note: The number of companies is the number of companies with parent companies or subsidiaries that are engaged in trade in the respective countries and regions. Korea-US and Korea-EU were only included in the survey of fiscal 2012.  
Source: "FY 2011/2012 Survey on the International Operations of Japanese Firms" (JETRO).

# 6

## Consumer markets of emerging and developing countries with great potential

- ◆ The consumer market size in emerging/developing countries was 3.7 times that of Japan. The combined consumer markets of China and India were approximately the same size as Japan. The combined consumer markets in China, India and ASEAN countries totaled 1.4 times that of Japan. As the penetration rate for consumer durables remains low for emerging and developing economies, there is an opportunity for Japanese companies to expand.
- ◆ There are 45 cities in China with a per-capita GRP exceeding \$10,000 (Total population:237million). There are 9 cities with populations greater than 10 million and per-capita GRP below \$10,000. Among ASEAN countries, there are cities with big consumer market like Bangkok (Population:6.9 million, per-capita GRP:\$14,419), Jakarta (9.6 million, \$9,871), and Ho Chi Minh(7.8 million, \$3,179).

Scale of household consumer expenditure (nominal) of emerging and developing economies



Note: The definition of emerging and developing countries follows the UN definition of "developing regions." Some island countries are excluded.  
Source: United Nations System of National Accounts (United Nations).

Penetration rate of consumer durables in emerging and developing economies (2012)

Region	Country	Air-conditioner	Refrigerator	Washing machine	Mobile phone	Passenger car
Asia	China	53.0	77.0	73.2	92.2	6.1
	India	9.6	20.7	7.7	44.3	4.4
	Thailand	14.6	90.1	55.8	93.9	14.8
	Indonesia	7.6	30.6	30.5	80.7	7.4
	Vietnam	9.5	50.0	22.5	86.9	1.5
Central and South America	Brazil	13.3	95.9	48.7	82.5	36.8
	Mexico	16.7	82.5	67.5	75.1	45.8
	Chile	16.4	94.6	94.9	95.7	28.8
	Peru	9.1	39.6	22.2	60.5	21.3
CIS	Russia	8.5	96.9	97.3	97.5	49.8
	Uzbekistan	17.2	74.0	45.2	62.5	26.9
Middle East and Africa	Saudi Arabia	84.5	98.6	96.6	97.2	94.2
	Morocco	13.6	80.5	44.1	87.7	13.7
	Kenya	3.0	7.9	18.9	67.3	6.5
	Nigeria	1.6	18.3	14.8	66.5	8.5
	South Africa	17.4	68.2	31.1	90.0	28.3
Reference	Japan	89.6	98.9	99.6	96.3	83.9

Source: "Consumers Markets" for each region (Euromonitor International).

Major Chinese cities joining the US\$10,000 club (Total population:237million)

Region	2007		2008		2009		2010		2011		2012	
	City	Population	City	Population	City	Population	City	Population	City	Population	City	Population
Northeast			Daqing (Heilongjiang)	282	Dalian (Liaoning)	589			Shenyang (Liaoning)	723	Benxi (Liaoning)	154
									Panjin (Liaoning)	131		
									Anshan (Liaoning)	352		
East	Dongying (Shandong)	186	Wuxi (Jiangsu)	468	Beijing	2,019	Tianjin	1,355	Tangshan (Hebei)	763	Jinan (Shandong)	607
	Shenzhen (Guangdong)	1,047	Suzhou (Jiangsu)	642	Shanghai	2,348	Weihai (Shandong)	254	Qingdao (Shandong)	766	Yangzhou (Jiangsu)	460
			Ningbo (Zhejiang)	576	Xiamen (Fujian)	185	Hangzhou (Zhejiang)	696	Yantai (Shandong)	652	Huzhou (Zhejiang)	261
			Guangzhou (Guangdong)	1,275	Foshan (Guangdong)	723	Zhuhai (Guangdong)	157	Zibo (Shandong)	424		
									Nanjing (Jiangsu)	636		
									Zhenjiang (Jiangsu)	272		
									Changzhou (Jiangsu)	363		
									Shaoxing (Zhejiang)	440		
									Jiaxing (Zhejiang)	343		
									Zhoushan (Zhejiang)	97		
								Zhongshan (Guangdong)	314			
Central									Wuhan (Hubei)	1,002		
									Changsha (Hunan)	709		
									Xinyu (Jiangxi)	115		
									Tongling (Anhui)	73		
West	Karamay (Xinjiang)	28	Ordos (Inner Mongolia)	200	Jiayuguan (Gansu)	23	Wuhai (Inner Mongolia)	54	Hohhot (Inner Mongolia)	291		
			Baotou (Inner Mongolia)	269					Yulin (Shaanxi)	335		

Source: CEIC database.

Reference: Per capita GRP for major Chinese cities with population above 10 million (2011)

City	Population	Per capita GRP	City	Population	Per capita GRP	City	Population	Per capita GRP
Chongqing (Sichuan)	2,919	5,342	Nanxi (Henan)	1,201	3,343	Fuyang (Anhui)	1,040	1,999
Chengdu (Sichuan)	1,407	7,654	Baoding (Hebei)	1,127	3,375	Shijiazhuang (Hebei)	1,028	6,181
Zhoukou (Henan)	1,239	2,436	Linyi (Shandong)	1,081	4,258	Zhengzhou (Henan)	1,010	8,803

Source: CEIC database.  
Note: GRP=Gross Regional Product



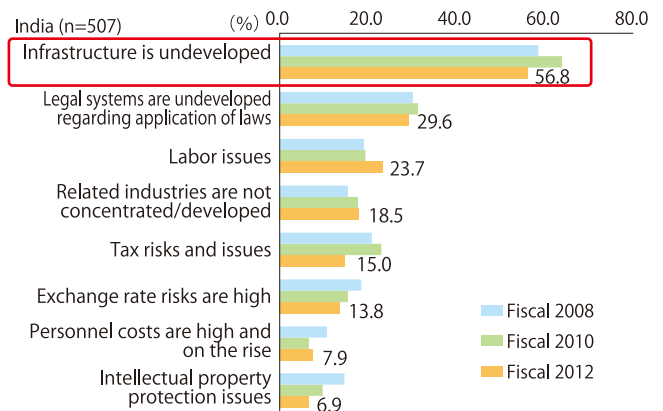
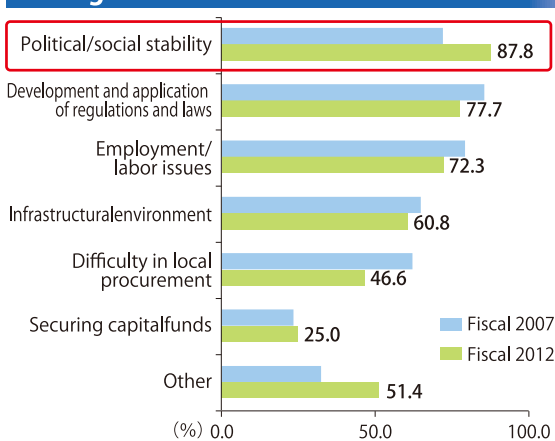
## 7 Risk management is important in tapping into emerging markets

- ◆ As the number of Japanese companies entering emerging countries increases, business risks have been identified.
- ◆ It is essential to secure as many sources of information on risk as possible since it is important to have information on risk management.
- ◆ There are some cases in which human rights issues have arisen despite the intention of companies that have entered emerging countries without established legal systems. It is also necessary for SMEs to consider CSR activities.

### Management issues in Asia



### Management issues in Africa



Note: Period of implementation: August -October 2012. Targets: 333 Japanese companies venturing into the African market. Effective responses: 168 companies (50.5% response rate).

Source: "2012 Survey on Business Conditions of Japanese-Affiliated Firms in Africa" (Middle East and Africa Division, JETRO).

### Risk information sources that should be used by Japanese companies expanding overseas

Information source	Specific examples
Local community	Daily contact with people in neighboring homes, factories, or offices. Rotary Club, etc.
Local employe	Maintaining open communication through all levels of employees. Individual consultations and gatherings are important.
Among companies	Chambers of commerce for Japanese companies, industry organizations (including local companies), social club, partner companies.
Supporting companies	Consulting lawyers, accountants, tax accountants, equipment delivery/installation businesses, cleaning/delivery businesses, etc.
Local government	Municipal offices (including police, postal services, etc.), state/federal government, central government.
Publicly available information such as reports	Newspapers, magazines, television/radio programs. It is also important to maintain an outfield perspective (international broadcasts, Internet, SNS).
Japanese Government, public institutions	Japanese embassies/consulates, JETRO, Ministry of Foreign Affairs website, websites of various organizations such as Japanese business associations overseas.
External experts	Japanese risk consultants, foreign risk specialist consultants.

Source: Interviews and various materials.

### Examples of major human rights violation cases in emerging countries

Year	Company	Country of incident	Details
1984	Union Carbide (US)	India	Large number of deaths among residents caused by leakage of poisonous gas from insecticide plant
1997	Nike (US)	Indonesia, Vietnam	Child labor, low wages, forced labor at subcontractor plants
1990	Shell (UK, Netherlands)	Nigeria	Sharing of profits with military regime that is acting in violation of human rights, environmental destruction such as crude oil leakage accidents
2003	Coca-Cola (US)	India	Excessive pumping of groundwater violated residents' right to access water supplies; contamination of well-water
2004	Yahoo (US)	China	Provision of personal information to Chinese authorities (user ID), violation of freedom of speech
2010	Apple (US)	China	Successive suicides among employees of Foxconn, a production subcontractor (illegal treatment of employees)
2010	BP (UK)	Gulf of Mexico	Oil rig explosion resulted in crude oil leakage, harming livelihoods (fisheries), environmental contamination

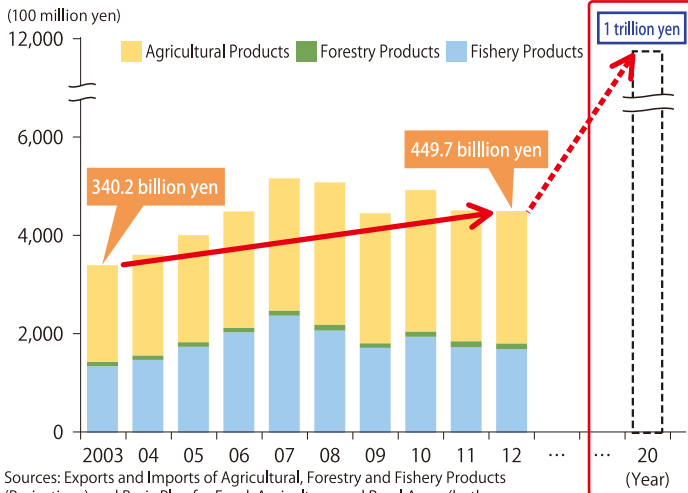
Sources: Study and research report on respecting human rights in expanding business in emerging countries (Business Policy Forum, Japan) (March 2013) and other press releases.

# 8

## Strengthening approaches to agricultural, forestry, fishery and food exports

- ◆ The Japan Revitalization Strategy sets a target for expanding the export of agricultural, forestry, fishery and food products to 1 trillion yen by 2020. JETRO supports the improvement of skills of export beginners and promotes Japanese food to overseas buyers and individuals involved in the restaurant business.
- ◆ Because of policy recommendations to the government by JETRO in June 2012, there is a movement toward the improvement of food safety regulations in preparation for the early approval of HACCP regulations for fish and fishery products.

### Japan's agricultural, forestry, and fishery exports



Products	2003	2012	% change from 2003
Agricultural, forestry and fishery products	3,402	4,497	32.2
Agricultural products	1,959	2,680	36.9
Tobacco	261	249	-4.7
Alcoholic beverage	110	207	88.5
Sauce mixed seasoning	171	195	14.0
Forestry products	90	118	31.6
Lumber processing material	15	25	72.7
Fishery products	1,354	1,698	25.4
Scallop	121	189	55.8
Bonito & tuna	135	137	1.0

(100 million yen, %)

Sources: Exports and Imports of Agricultural, Forestry and Fishery Products (Ministry of Agriculture, Forestry and Fisheries).

### Major actions taken after the policy recommendation

JETRO's recommendation	Major actions/results after policy recommendation
Continuous efforts to urge other countries/regions towards the early removal of import restrictions related to the nuclear power plant accident	Countries/regions with import regulations dropping from 51 immediately after the nuclear power plant incident to 42 (as of July 1, 2013). Easing of restrictions related to the nuclear power plant accident in Malaysia, unnecessary restrictions were completely eliminated.
Measures to deal with food safety restrictions by individual countries	HACCP for fish and fishery products: In January 2013, a liaison council was established by concerned industries and government agencies in preparation for early approval of HACCP for fish and fishery products by the Fishery Section of the Liberal Democratic Party. The Food Safety Modernization Act (FSMA) in the US: JETRO held seminars, gathered and released information on the FDA in the US and its inspections in Japan.
Promotion of talks on the quarantine of animals and plants	After restrictions following the outbreak of foot-and-mouth disease, beef exports to the US started again in August 2012. Facilities handling meat for export increased. (1 in Canada, 4 in Macau, and 3 in Thailand after July 2012.)
Development of a system for intellectual property protection	MAFF is considering the establishment of a study group for protective systems of geographical indication.
Strategic response to logistics	JETRO and MAFF established a study group for the export of agricultural, forestry, fishery and food products exports in September 2012, and had four meetings.

### Success cases of primary product exports

#### Hokkaido

#### Solid growth of exports of frozen saury to Vietnam



- This is the third year in support program of export to Vietnam by dispatching a mission and inviting buyers.
- FY2012 export to Vietnam was approx. 300 tons, tripling that of the last fiscal year (7 tons in FY2010, 100 tons in FY2011).
- The brand image of Nemuro saury has been enhanced by holding consumer events after establishing business with buyers.

#### Fukushima

#### Peaches & apples to Thailand



- Invited Thai buyers during harvest time and hosted production site visits and business meetings to restart agricultural exports of Fukushima.
- 800 peaches made in Fukushima (¥600/piece) were sold out at Thai department stores. This was the first agricultural product of Fukushima exported after the earthquake.
- "Fuji" apples, produced in Fukushima City and Date City, sold successfully at local stores. (¥360/piece)

- ◆ In FY2011, 0.9% of Japanese SMEs possessed an overseas subsidiary. According to JETRO's research, more than 60% of SMEs that are interested in expanding business globally have the intention of expanding overseas business.
- ◆ The Japan Revitalization Strategy also focuses on overseas expansion of medical industry. It sets a target to capture 5 trillion yen worth of medical market in emerging countries by 2030.
- ◆ Many European SMEs have high shares in niche markets.
- ◆ The Japan Revitalization Strategy sets a target to double SMEs 2010 exports by 2020. As part of the effort, JETRO started a project to support 1,000 SMEs in expanding business overseas.

### Examples of overseas expansion by Japanese small enterprises

Company	Headquarters	No. of employees	Details
Tohoku Electronic Industrial Co., Ltd.	Sendai, Miyagi Prefecture	60	Provided a demonstration of electronic measuring systems and scientific instruments on actual machinery and equipment used by an overseas customer, thereby achieving new sales.
Sayama Mold Manufacturing Co., Ltd.	Iruma, Saitama Prefecture	31	Design and manufacture of ultra-high precision molds. Established a joint venture company overseas with a company that it had met at an overseas trade fair, thereby securing a sales base in Asia.
Yuki Precision Co., Ltd.	Chigasaki, Kanagawa Prefecture	20	Exhibited in an overseas trade fair, harnessing its strength in ultra-high precision fine metal processing technology, and received orders for satellite parts and automobile parts.
Taisin Production Co., Ltd.	Matsudo, Chiba Prefecture	3	Ice-making mold drew the attention of an established overseas whiskey manufacturer at a liquor trade fair, resulting in increased recognition through word-of-mouth and orders from around the world.

Note: The number of employees is the number as at the time each company was interviewed.  
Source: company interviews.

### Import share of CT equipment in the Asia Pacific region, by country (2012)

	Top import destination	2nd import destination	3rd import destination
China	US (35.5%)	Japan (35.5%)	Germany (26.0%)
Taiwan	US (41.2%)	Germany (29.1%)	Japan (18.9%)
Korea	Germany (40.9%)	US (23.1%)	Japan (23.0%)
Malaysia	US (53.2%)	Germany (19.9%)	Japan (15.1%)
Thailand	Japan (42.3%)	US (31.4%)	China (9.1%)
Indonesia	China (32.5%)	Japan (28.6%)	Germany (23.1%)
Singapore	Japan (66.7%)	US (16.7%)	Germany (14.8%)
Philippines	China (71.7%)	Germany (16.6%)	US (9.5%)
Vietnam	Japan (35.6%)	Austria (19.2%)	China (15.4%)
India	US (29.5%)	China (25.2%)	Japan (15.3%)
Australia	US (44.0%)	Germany (19.6%)	Japan (18.0%)

Notes: (1) HS902212. (2) Only figures for Vietnam are 2011.  
Source: Trade statistics of each country.

### Import share of ultrasound diagnostic equipment in the Asia Pacific region, by country (2012)

	Top import destination	2nd import destination	3rd import destination
China	US (42.9%)	Korea (14.6%)	Japan (13.4%)
Taiwan	US (36.5%)	Japan (30.6%)	Korea (9.2%)
Korea	US (60.3%)	Japan (15.3%)	China (4.6%)
Malaysia	US (23.2%)	Singapore (16.8%)	Japan (15.0%)
Thailand	US (68.9%)	Korea (11.8%)	Denmark (6.7%)
Indonesia	Korea (31.7%)	China (20.6%)	US (18.8%)
Singapore	Japan (37.9%)	US (31.4%)	France (7.5%)
Philippines	Korea (35.3%)	Japan (21.5%)	US (19.6%)
Vietnam	Japan (44.4%)	Korea (21.4%)	China (11.4%)
India	US (22.2%)	China (21.8%)	Korea (17.9%)
Australia	US (63.4%)	Japan (11.8%)	Korea (6.4%)

Notes: (1) HS901812. (2) Only figures for Vietnam are 2011.  
Source: Trade statistics of each country.

### Five characteristics of established small and medium-sized enterprises in Europe that venture overseas

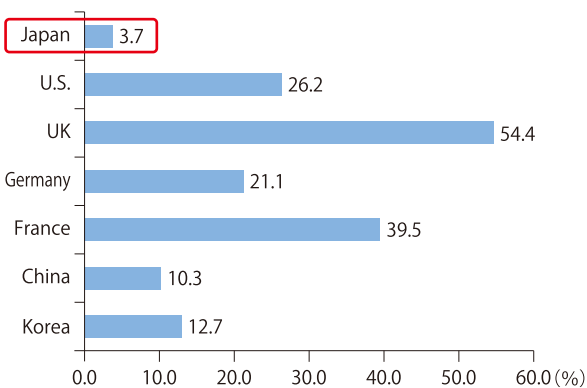
Five	Explanation
Foundation for overseas expansion	<ul style="list-style-type: none"> <li>• Need to move away from subcontracting due to the slump among major European manufacturers.</li> <li>• Need to capture demand outside the region due to low economic growth.</li> <li>• No resistance toward expanding business in multilingual countries.</li> </ul>
Speed management	<ul style="list-style-type: none"> <li>• Prompt decision-making through family management.</li> <li>• Absorbing customer needs through direct sales, reducing use of middlemen.</li> <li>• Proactive stance toward sales by top executives.</li> </ul>
Creation of niche market	<ul style="list-style-type: none"> <li>• Need to create unique and proprietary products and services by moving away from subcontracting.</li> <li>• Motivation to take up something that other companies in the industry have failed in.</li> </ul>
High value-added and service orientation	<ul style="list-style-type: none"> <li>• Branding domestic production (Example, "Made in Switzerland").</li> <li>• Stabilization of profitability through the long term contracts of maintenance services to main customers.</li> </ul>
Strategy that takes the global market into consideration; flexibility	<ul style="list-style-type: none"> <li>• Complementing weaknesses through cluster collaboration.</li> <li>• Not adhering to a strictly in-house procurement policy.</li> <li>• Active utilization of the right personnel for the right job.</li> <li>• Active utilization of sales tools such as international fairs.</li> </ul>

Source: JETRO's report on the globalization strategies of European small and medium-sized enterprise (Feb 2013).

# 10 Strengthening support system to promote FDI in Japan

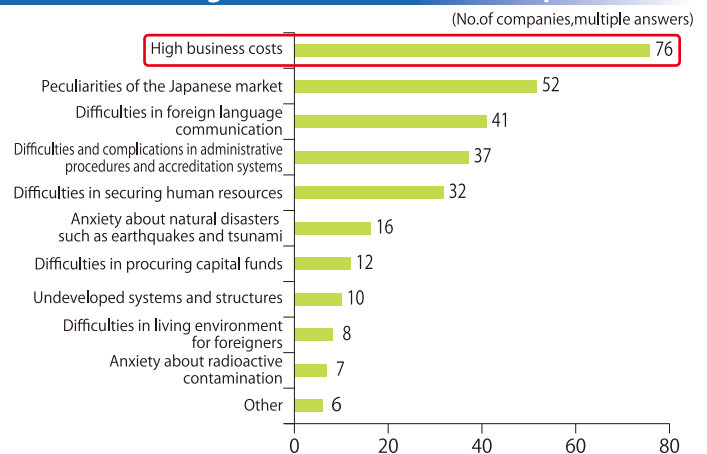
- ◆ Japan's inward FDI stock remains low compared to other countries. Issues such as high business costs are pointed out as obstacles to investing in Japan.
- ◆ Many countries have an organization providing one-stop support services to promote FDI. JETRO is strengthening comprehensive support for foreign companies to invest in Japan.
- ◆ JETRO to contribute to increasing the number of foreign visitors by promoting investment of tourism-related services in Japan.

## GDP ratio of inward FDI for major economies



Sources: "World Investment Report 2013"(UNCTAD), "International Investment Position of Japan"(Ministry of Finance), "National Accounts" (Cabinet Office)

## Barriers to foreign direct investment in Japan



Note: From April 2003 to December 2012, of the 1,048 foreign companies entering Japan with the assistance of JETRO, a questionnaire survey was conducted on 555 companies, and responses were received from 102 companies.

Source: Opinions and requests for improvement from foreign companies about barriers to investing in Japan (April 2013, JETRO).

## Major economies' systems for attracting investment

Organization	Details	No. of employees responsible for attracting investments (includes estimates)
【Korea】 Korea Trade-Investment Promotion Agency (KOTRA)	<ul style="list-style-type: none"> <li>○In accordance with the Foreign Investment Promotion Act, Invest Korea (a support organization providing one-stop service for investment in Korea) and Office of Foreign Investment Ombudsman are installed within KOTRA.</li> <li>○Government employees are always present.</li> </ul>	Approx. 120 (All domestic)
【Singapore】 Economic Development Board (EDB)	<ul style="list-style-type: none"> <li>○Provides one-stop support for attracting Singaporean and foreign investors.</li> <li>○Provides preferential measures such as reduction/exemption of corporate tax to companies, through individual consultation.</li> </ul>	Approx. 500 (Singapore and overseas) (A large number of employees are engaged in work related to attracting investments)
【United Kingdom】 UK Trade and Investment (UKTI)	<ul style="list-style-type: none"> <li>○Provides one-stop support for foreign investments in the United Kingdom.</li> <li>○Attentive support is provided by experienced sector and location consultants.</li> </ul>	Approx. 500 (U.K. and overseas)
【France】 Investment in France Agency (AFII)	<ul style="list-style-type: none"> <li>○Provides one-stop support for foreign investments in France.</li> <li>○Attentive support is provided by representatives for the respective industries.</li> </ul>	Approx. 160 (France and overseas) (All employees are engaged in work related to attracting investments)
【Japan】 Japan External Trade Organization (JETRO)	<ul style="list-style-type: none"> <li>○Established Invest Japan Business Support Center (IBSC) that provides one-stop support for foreign investments in Japan.</li> <li>○Attentive support is provided to companies that are interested in investing in Japan, by experts in attracting investments. Services include the provision of information to individual companies, advice for entering the Japanese market, and consultations on establishing companies in Japan.</li> </ul>	Approx. 60 (Japan and overseas)

Sources: Each organization's website etc.

## Examples of overseas expansion by tourism companies to Japan

Industry	Company	Country/Region	Overview
Aviation	AirAsia X	Malaysia	One of AirAsia's divisions that covers long-distance routes. In 2010, began operating flights in Japan, it established a branch office in Tokyo.
	T'Way Air	South Korea	LCC. Launched flights to Fukuoka Airport, it established a branch office in Fukuoka in 2012.
	Air Busan	South Korea	LCC. Launched flights to Fukuoka Airport and to Kansai International Airport, it established office in Fukuoka and Osaka in 2010.
Shipping	DBS CRUISE FERRY JAPAN	South Korea	Ferry operator. Operates ferries that connect Japan, Korea, and Russia. Established a public company in Tottori in 2009.
Accommodations	OSBERT Hotels	Hong Kong	Acquired Chikusenso in Zao, which had become bankrupt, and reopened it in 2010.
	Japan Powder Hakuba	Australia	Operates ski resort accommodations in Australia. Established branch office in Hokkaido in 2008.
	HANAZONO308 (Nihon Harmony Resorts)	Hong Kong (Australia)	Australia Alpine Enterprises, which operates ski resorts, established Nihon Harmony Land in August 2004. In 2007, it was sold to Hong Kong developer Pacific Century Premium Developments.
Travel agency	Lion Travel Japan	Taiwan	Largest travel agency in Taiwan. Established public company in Tokyo in 2010.
	Japan Spring Travel Services	China	In November 2012, it established a public company in Tokyo to serve as a land operator specializing in "land arrangements" for Chinese travellers to Japan.
	Inside Japan Tours	U.K.	Tour operator that welcomes foreign visitors and makes various arrangements. Established branch office in Japan in 2007.

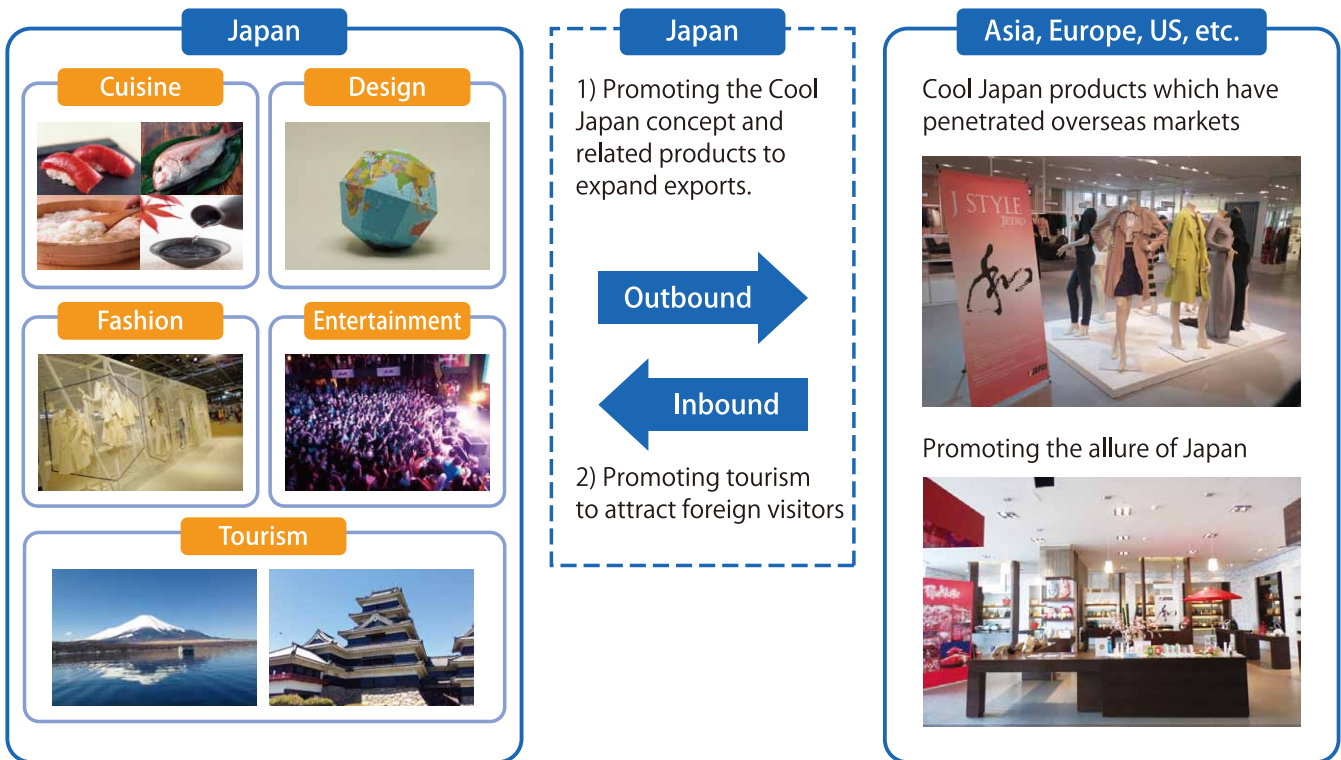
Note: These cases were extracted from tourism-related companies that were supported by JETRO to enter Japanese market.

Sources: Reports and various websites.



## JETRO activities promoting “Cool Japan”

Japan is a country rich in culture and history, and also a leading center of design and innovation. From traditional crafts with a modern appeal to gourmet foods and cutting-edge textiles, the Japanese Government has created a campaign called “Cool Japan” to redefine its reputation as a pioneer in design, fashion, entertainment and cuisine. JETRO has an important role in promoting the Cool Japan concept by supporting unique, attractive products and services to be showcased all over the world.



### 1) JETRO provides various support to SMEs to expand Cool Japan related activities overseas.



Business consultation



Inviting potential buyers from around the world



Business seminar



Participating in overseas trade fairs  
Test marketing in emerging markets



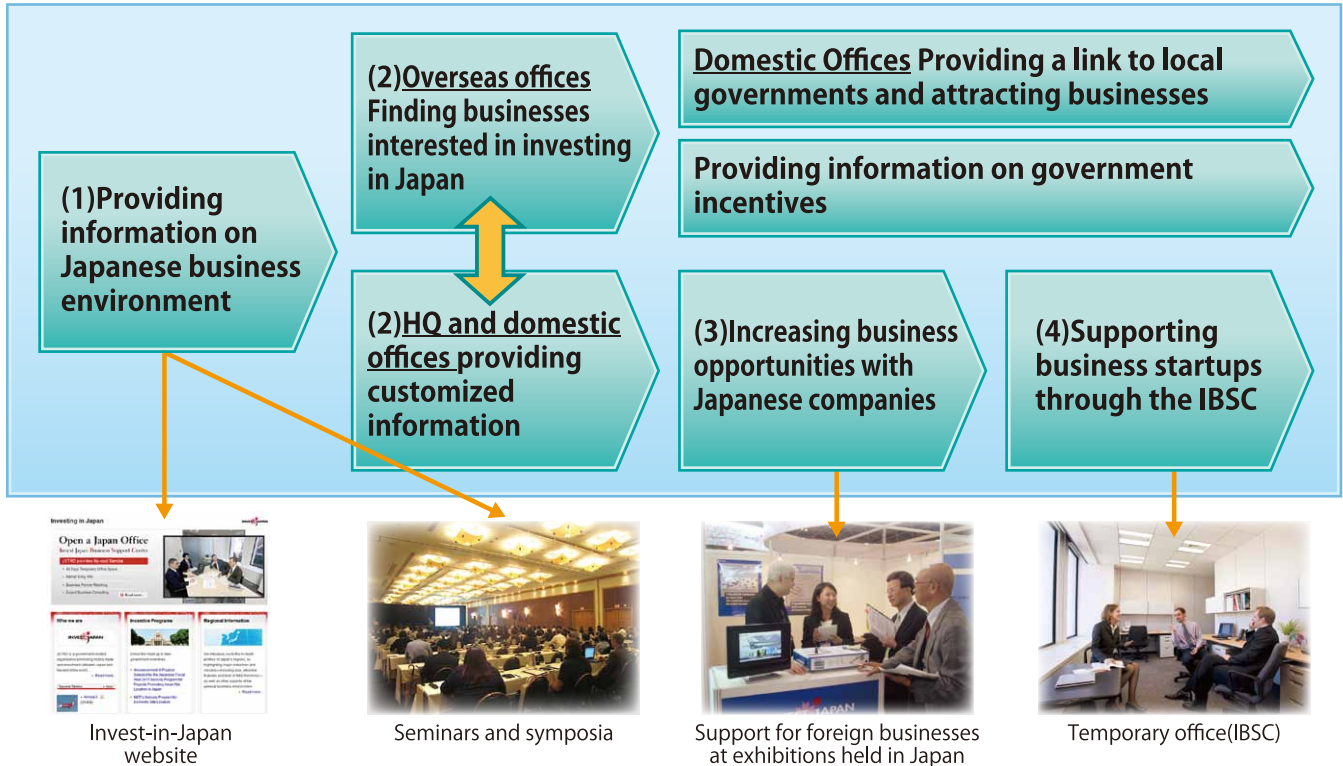
Dispatching business delegations to promising countries and areas

### 2) JETRO cooperates with The Japan Tourism Agency (JTA), the Ministry of Economy, Trade and Industry (METI) and the Japan National Tourism Organization (JNTO) to increase the number of foreign visitors.



# JETRO activities for Promoting Direct Investment in Japan

JETRO offers foreign investors with abundant information on all aspects of doing business in Japan, by providing expert consultation and offering free temporary office space in major business areas across the country



## IBSC (Invest Japan Business Support Center)

IBSCs are located in six major cities of Japan. At each IBSC, experienced staff and advisors provide information making use of broad networks, and offer consultation according to your company's needs. IBSCs offer these and other services, including temporary office space for both foreign firms that are new to Japan and those already operating in the country.

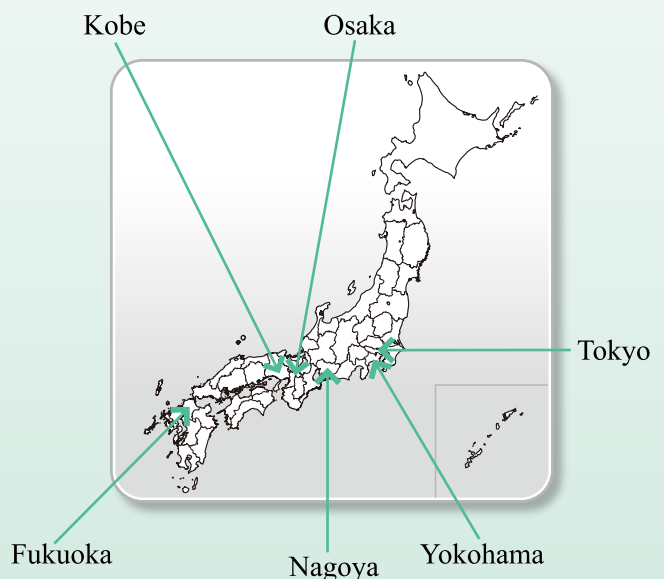
### Scope of consultation

Incorporation of a company or local branch	Types of incorporation, taxation, regulations, etc.
	Business registration
	Tax notices
	Opening a bank account
Human resource-related issues	Human resources and labor
	Employment procedures
	Social insurance
Visa-related issues	Consultations for acquisition of Japanese visas with suitable residence status

### Assistance in opening a Japanese office

Providing temporary office space
Support in establishing a permanent office

### IBSCs in six locations



# Global Network

For contact information please visit <http://www.jetro.go.jp/en/jetro/worldwide>



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