



Where is Japan Now?

Status Report on the Japanese Economy Following March 11

Hiroaki Ishii

Executive Vice President

Japan External Trade Organization
(JETRO)

JUNE 2011

Websites providing Information about Japan after the Earthquake

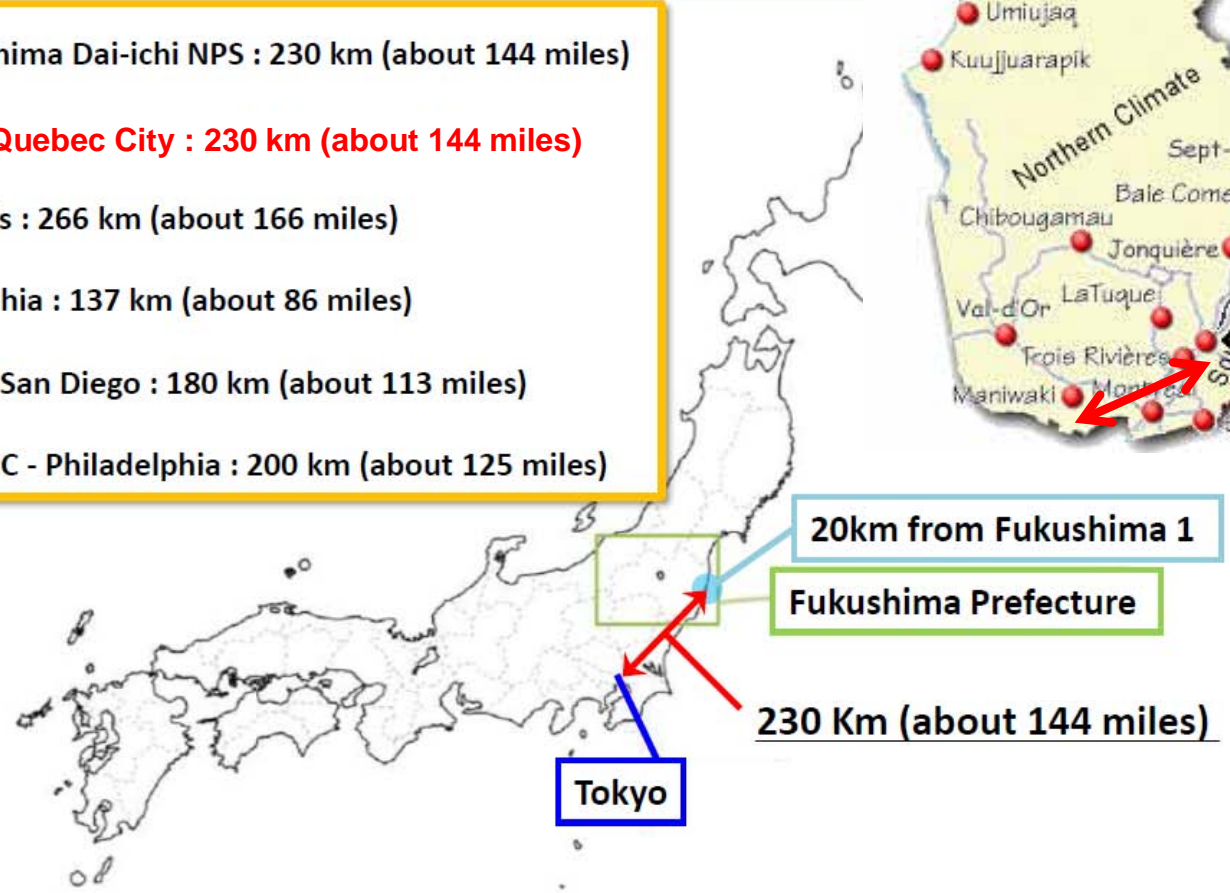
JETRO website - Invest in Japan: <http://www.jetro.go.jp/en/invest>

Useful Links

- u [Prime Minister's Office of Japan](#)
- u [Public Relations Office, Cabinet Office](#)
- u [Ministry of Economy, Trade and Industry\(METI\)](#)
- u [Ministry of Foreign Affairs of Japan](#)
- u [Ministry of Agriculture, Forestry and Fisheries](#)
- u [Ministry of Health, Labour and Welfare](#)
- u [Ministry of Land, Infrastructure, Transport and Tourism](#)
- u [Ministry of Education, Culture, Sports, Science and Technology \(MEXT\)](#)
- u [Tokyo Electric Power Co.](#)
- u [Japan National Tourism Organization: Japan Travel Updates after the 3.11 Earthquake](#)
- u [Canadian Food Inspection Agency: Japan Earthquake: Information for Canadians Regarding Imported Food](#)

Proximity of Fukushima from Tokyo

- Tokyo - Fukushima Dai-ichi NPS : 230 km (about 144 miles)
- Montreal – Quebec City : 230 km (about 144 miles)**
- Paris - Brussels : 266 km (about 166 miles)
- NY - Philadelphia : 137 km (about 86 miles)
- Los Angeles – San Diego : 180 km (about 113 miles)
- Washington DC - Philadelphia : 200 km (about 125 miles)



Source: Ministry of Economy, Trade, and Industry (METI)

Dose of radiation in the world's major cities

The recent environmental radioactivity level of Tokyo is lower than the level in other major cities

City	Dose of Radiation (uSv/h)	Date of measurement	Referring Website
Tokyo	0.063	6/10	http://ftp.jaist.ac.jp/pub/emergency/monitoring.tokyo-eiken.go.jp/monitoring/hourly_data.html
NewYork	0.094	5/31	http://digistar.com/boston/
Paris	0.04-0.09	6/10	http://www.irsn.fr/FR/Documents/france.htm
Berlin	0.069-0.084	6/10	http://odlinfo.bfs.de/
Singapore	0.08	6/10	http://app2.nea.gov.sg/index.aspx
HongKong	0.07-0.14	6/10	http://www.hko.gov.hk/radiation/ermp/rmn/applet/map/rmn_hourly_e.htm
Beijing	0.065	6/10	http://haq.mep.gov.cn/gzdt/
Taipei	0.061	6/10	http://www.trmc.aec.gov.tw/utf8/eng/
Seoul	0.110	6/10	http://www.mest.go.kr/web/42083/iernet/list.do

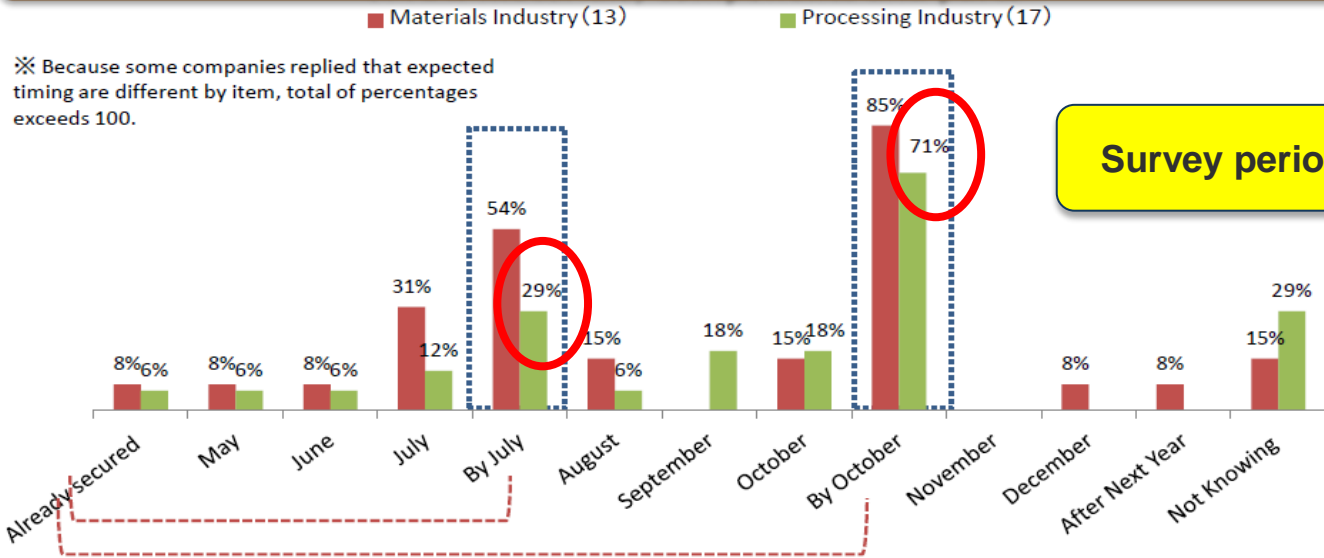
Source: Japan National Tourism Organization(JNTO)

Economic Impact

Extent of the affected areas

- Adverse impact to the Japanese economy is limited since the economic size of the north pacific ocean coast, which suffered the greatest damage, accounts for only **2.5%** of the total Japanese economy.
- The affected areas are slightly smaller in economic size than that of the Great Hanshin-Awaji Earthquake in 1995.

The expected time needed to settle procurement shortages of raw materials, components and parts



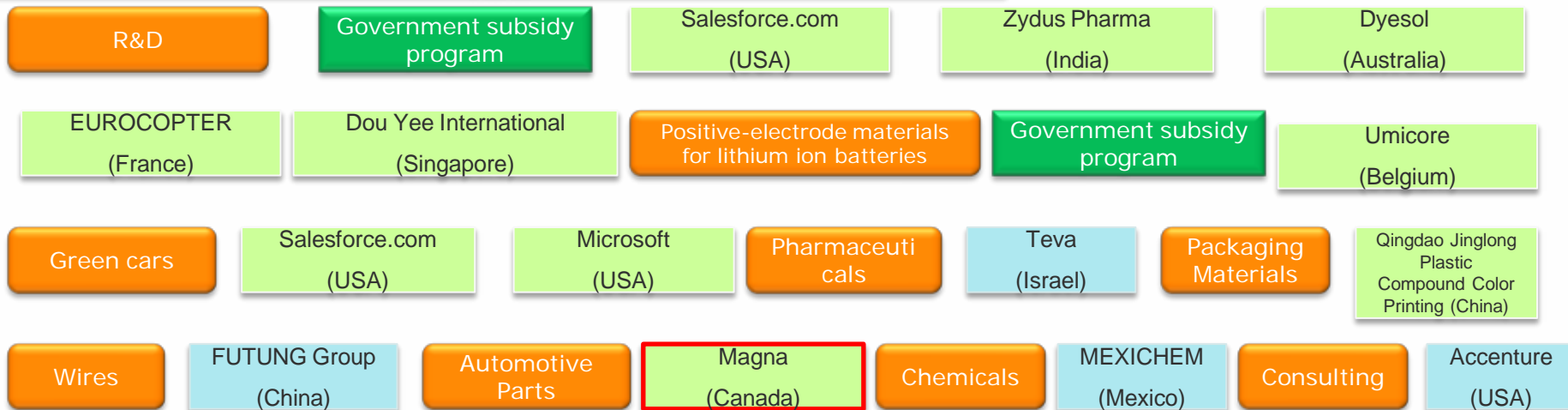
Survey period: April 8 - 15

Expansion of investment by foreign companies in Japan after the Great East Japan Earthquake (March 11, 2011)

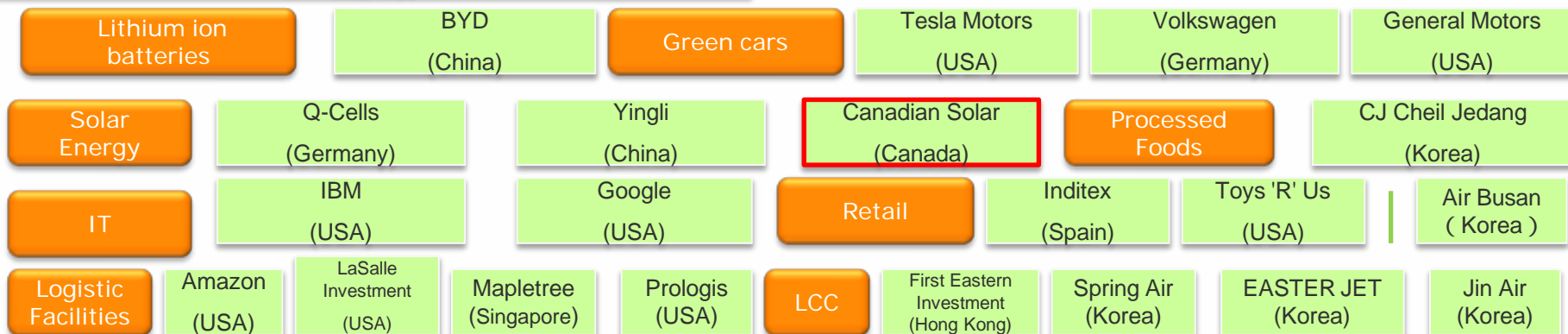
Greenfield

M&A

Investment brought about by the presence of Japanese companies or industrial bases



Investment brought about by demand in the Japanese market



- Umicore (headquarter: Belgium) is the second largest company for cathode materials of lithium ion batteries in the world.
- Production factories are currently located in Korea and exported to Japan but Umicore decided to move them to Japan to take advantage of the government's subsidies. The R&D base will be located in Kobe.

Please visit JETRO website

The Great East Japan Earthquake Recovery Briefing

Timely Information and analysis on the reconstruction efforts in Japan

Interview with CEO of Umicore group, Mr. Marc Grynberg

The earthquake has not shaken Japan's value as a world business hub, although it affected their customers, thereby impacting business.

▶ Read more...



- ProLogis (headquarter: U.S.A) : Immediately after the earthquake and tsunami, ProLogis's engineering staff started repair work for the disaster-hit ProLogis Parc Iwanuma I cooperating with a construction company.

MAGNA

- u The most diversified automotive supplier in the world.
- u Designs, develops and manufactures automotive systems, assemblies, modules and components, and engineers and assembles complete vehicles.

Magna Steyr Acquires Karmann Japan

February 25, 2010

- u Magna Steyr, an operating unit of Magna International Inc., announced that it has acquired Karmann Japan Co. Ltd., a subsidiary of Wilhelm Karmann GmbH and a convertible system supplier, and is combining it with its current car top system capabilities in Japan.

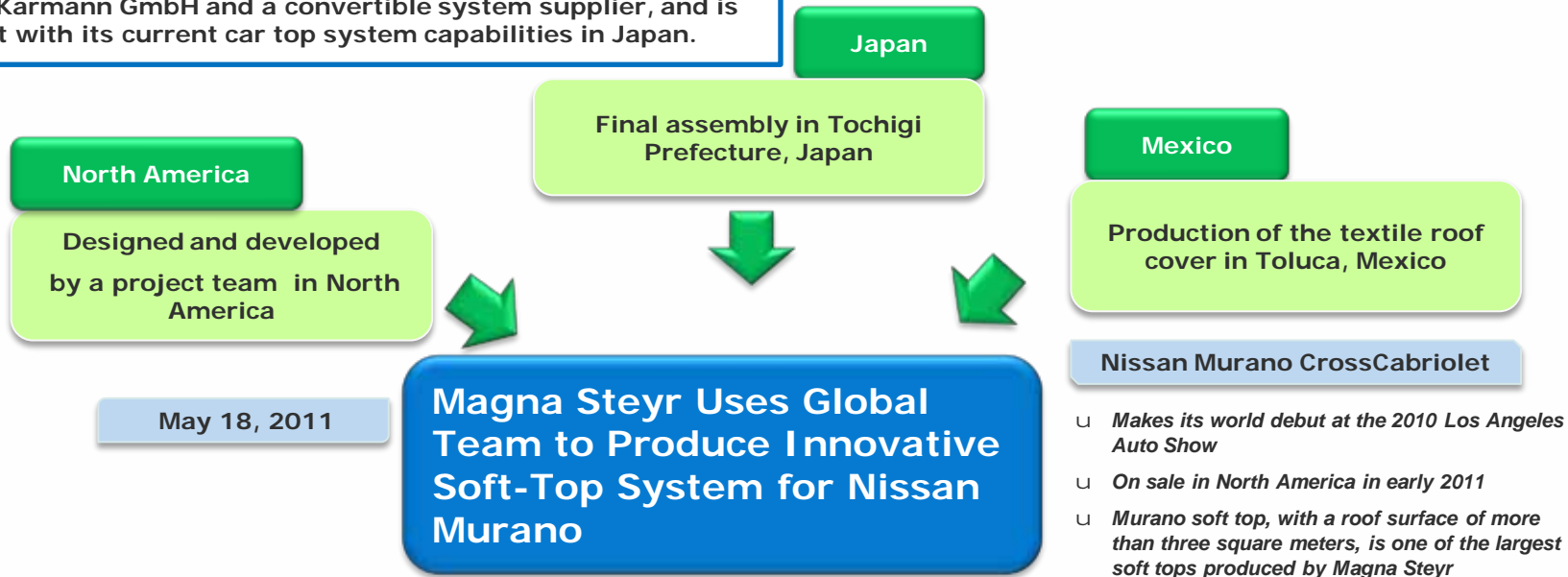
Activities in Japan

- u Magna has approximately 180 employees in Japan at two manufacturing plants and four sales, engineering and product development offices.

Donation

March 18, 2011

- u 250,000 USD to the Japan Red Cross to assist disaster relief efforts in Japan following the devastating earthquake and tsunami



CanadianSolar

- One of the world's largest solar module producers
- A leading vertically integrated provider of ingots, wafers, solar cells, solar modules, solar power systems and specialized solar products
- Founded in Ontario, Canada in 2001

June 2009

Established "Canadian Solar Japan K.K."

Expanding business in Japan

April 2011

Partnership with Japanese professional baseball team "Lions"

FY2009

Reintroduction of government subsidy program



Huge expansion of Japanese domestic market

Various foreign companies investing in Japan



Q.CELLS

Germany

SUNPOWER

United States

MOTECH

Taiwan

SUNTECH

China

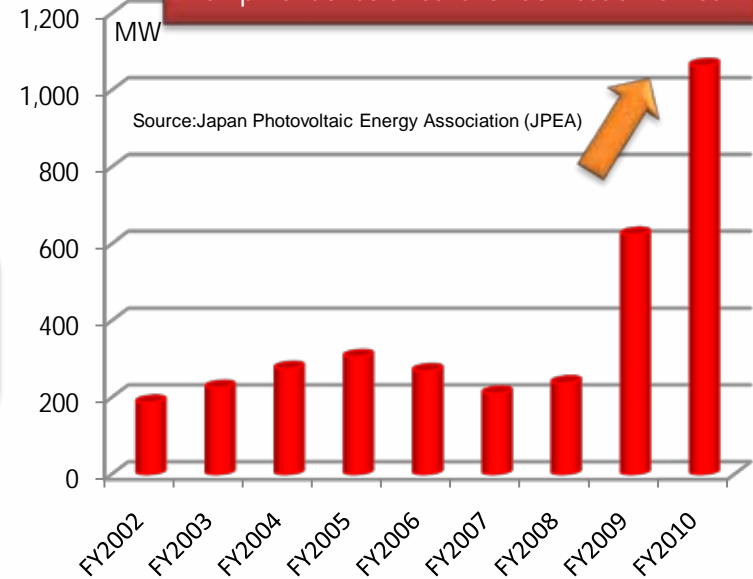
Trina Solar

China

Upsolar

China

Shipment of solar cells for domestic market



Macroeconomic Impact

- u The Cabinet Office forecasts that Japan's growth will be positive following the "Great East Japan Earthquake."
- u It estimates damage to stock due to the disaster to be about **1%** of the national stock.

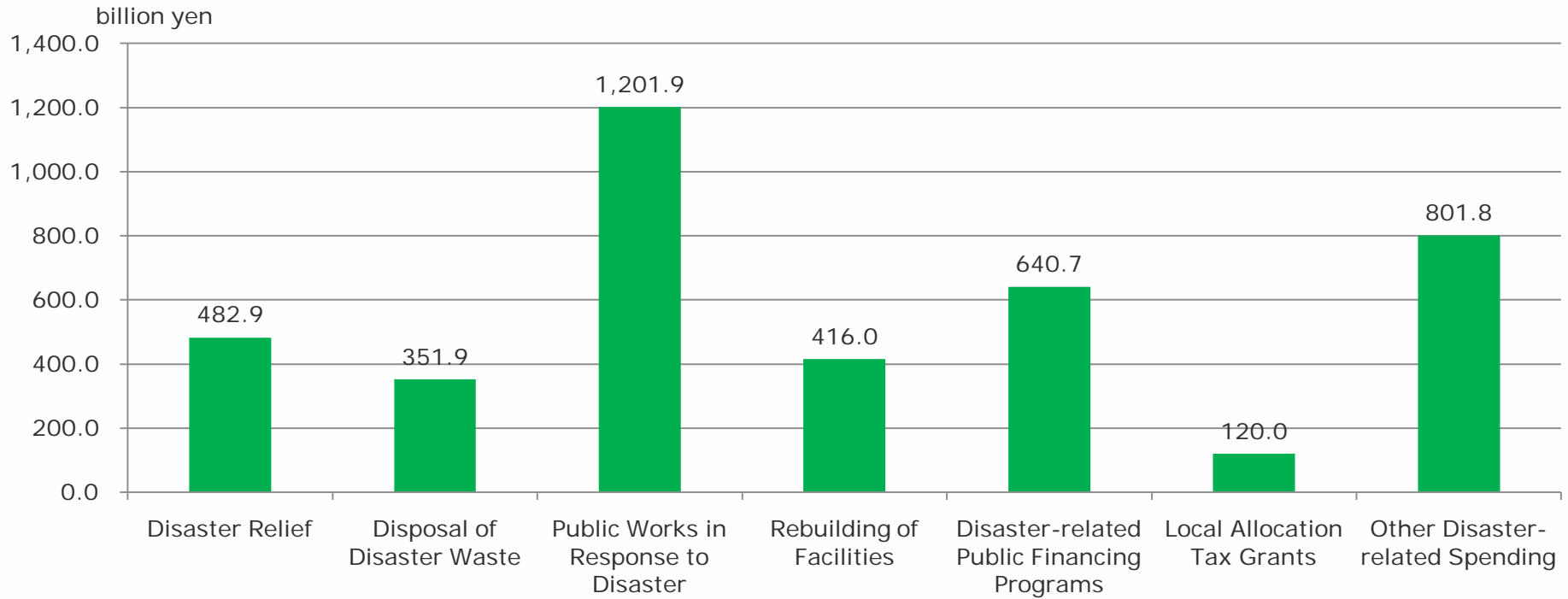
(Real GDP, trillion yen)

	FY2011		FY2012 (Apr 2012 - Mar 2013)	FY2013 (Apr 2013 - Mar 2014)
	First half	Second half		
Impact on GDP in the affected areas Decline in production due to damage to private plants & equipment	▲1.25 - ▲0.5	▲1.25 - ▲0.5	▲2.25 - ▲1.25	▲2.25 - ▲1.25
Impact on GDP in the non-affected areas via supply-chain connections	▲0.25	-	-	-
Impact on recovery of damaged stocks (assuming a scenario where recovery takes 3 years) Increase in production corresponding to the gross fixed capital formation	2.0 - 3.0	3.0 - 5.0	6.0 - 9.5	5.0 - 7.75
Total impact on GDP	0.5 - 2.25	2 - 4.25	3.75 - 8.25	2.75 - 6.5
In percent of real GDP (annualized)	0.25 - 0.75%	0.75 - 1.5%	0.75 - 1.5%	0.5 - 1.25%
Damage to stocks (Social Capital, Housing, private plants & equipment)	16 - 25 trillion yen (about 1% of all stock)			

(Source: Cabinet office)

Outline of the first supplementary budget for FY 2011

- For early restoration from the Great East Japan Earthquake, the expenses which would be required within the current fiscal year are budgeted.
- To maintain confidence of the bond market, financial resources of the Supplementary Budget are secured by reallocation or reduction of predetermined expenditures, not by additional bond issuance.



TOTAL AMOUNT: 4,015.3 Billion Yen

Source: Ministry of Finance

Outline of the second supplementary budget

u Five pillars of the second supplementary budget:

1. Reserve fund for the Great East Japan Earthquake
2. Compensation from the Nuclear Power Plant Accident
3. Countermeasures for the Double-loan problem
4. Assisting disaster victims to rebuild their lives
5. Increase of federal grants to local governments

u As in the first supplementary budget, to maintain confidence in the bond market, financial resources for the Supplementary Budget are secured by reallocation or reduction of predetermined expenditures, not by additional bond issuance.

Japan is Canada's 4th largest export market:

üCanada's trade with Japan in 2010 totaled C\$21.9 billion, up 21.8% from the previous year.

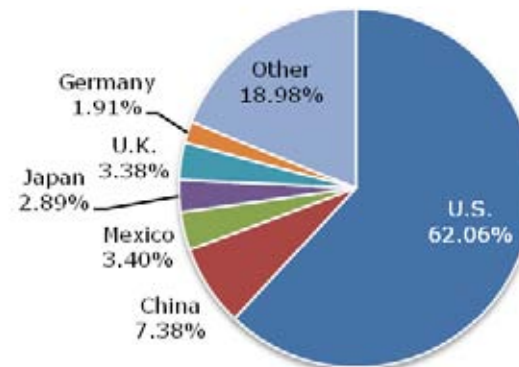
üJapan is Canada's 5th largest trading partner after the U.S., China, Mexico, and the U.K.

Canada's trade by country and region in 2010							
(Units: 100 million C\$, %)							
Exports				Imports			
	Country	Value	Share		Country	Value	Share
1	U.S.	271,441	74.7	1	U.S.	197,297	50.4
2	U.K.	15,112	4.2	2	China	43,180	11.0
3	China	12,540	3.4	3	Mexico	21,479	5.5
4	Japan	8,799	2.4	4	Japan	13,049	3.3
5	Mexico	4,181	1.2	5	Germany	10,958	2.8
6	South Korea	3,531	1.0	6	U.K.	10,401	2.7
7	Germany	3,495	1.0	7	South Korea	5,975	1.5
8	Netherlands	3,016	0.8	8	France	5,278	1.3
9	Norway	2,440	0.7	9	Italy	4,515	1.2
10	Brazil	2,386	0.7	10	Taiwan	3,859	1.0
	Total	363,529	100		Total	391,762	100

Source : Statistics Canada

Note: re-exports are excluded from the exports

Canada's trade ratio by country and region (2010)



Japan-Canada trade trends in 2010:

üIn 2010, Canada's exports to Japan totaled C\$8.8 billion, up 24.3% from the previous year. Due to the high resource prices, exports of mineral products such as coal and base metals such as aluminum increased. Exports of wood and pulp are also on the rise.

üImports also increased 20.3% from the previous year, totaling C\$13.1 billion. Due to the recovery of demands in the North American automobile markets, the imports of automobiles and automotive parts, which account for nearly 40% of total imports from Japan, showed a 19.9% increase from the previous year.

Canada's Trade with Japan by product in 2010

(Units:100 million C\$, %)

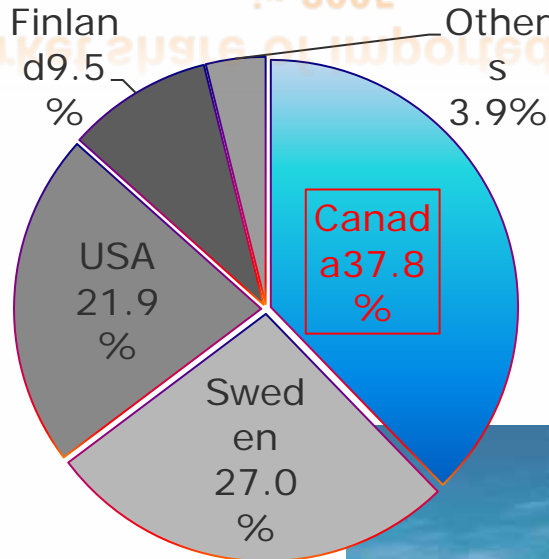
	Exports(FOB)				Imports(FOB)			
	2009	2010			2009	2010		
	Value	Value	Share	Growth rate	Value	Value	Share	Growth rate
Foodstuffs(vegetables, seafood, grains, meat, etc)	2,643	2,975	33.8	12.6	28	28	0.2	0.9
Mineral products	2,061	2,720	30.9	32.0	33	126	1.0	283.9
Base metals and base metal products	346	494	5.6	42.9	572	719	5.5	25.7
Wood	689	920	10.5	33.5	2	1	0.0	-40.8
Pulp, paper	276	395	4.5	43.0	32	39	0.3	21.1
Industrial Chemicals	249	284	3.2	14.3	313	403	3.1	29.1
Machinery	145	148	1.7	2.2	2,097	2,734	20.9	30.4
Aircraft, spacecraft	148	216	2.5	46.6	312	229	1.8	-26.6
Electrical equipments	95	90	1.0	-5.4	1,491	1,633	12.5	9.5
Processed food products	106	118	1.3	10.6	34	38	0.3	13.7
Precision instruments	65	73	0.8	13.6	547	704	5.4	28.8
Furniture, bedding, toys and sports equipments	46	63	0.7	37.9	169	163	1.3	-3.4
Plastics and rubber	49	74	0.8	49.2	474	552	4.2	16.6
Automobiles and automotive parts	28	37	0.4	31.3	4,636	5,557	42.5	19.9
Textiles and textile products	12	11	0.1	-1.8	44	46	0.3	3.8
Other	125	181	2.1	44.7	75	92	0.7	22.8
Total	7,082	8,799	100.0	24.3	10,858	13,066	100.0	20.3

Note: re-exports are excluded from the exports

Source : Statistics Canada

Import of timber & housing from Canada

Market share of imported house in 2005



(Source : MLIT)

Import of timber

(unit: Million \$)

	2009	2010	Share in 2010
World	8,674	10,438	100.0%
China	1,343	1,495	14.3%
Malaysia	1,023	1,173	11.2%
Canada	855	1,168	11.2%
Australia	793	989	9.5%
Indonesia	662	783	7.5%
USA	623	762	7.3%

(Source : BOJ)

GLOBE 2010

- u JETRO organized the Japan Pavilion with various Japanese companies and municipal governments.
- u JETRO also hosted a symposium which presented cutting-edge technologies by Japanese exhibitors
- u Date & Place: March 24-26, 2010, in Vancouver, BC, Canada
- u Number of exhibitors: 420
- u Number of participants: 9,000

Japan Pavilion

Negotiation under way



Technology, product presented



Japan Opens “3 Windows” to the World

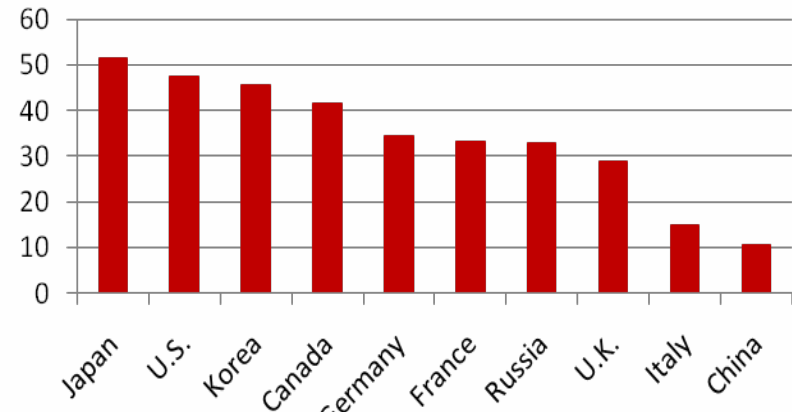
1st Window: Innovation Hub

- Japan boasts large numbers of leading global companies and SMEs with proprietary technologies which support global firms.
- Japanese firms rank high for the number of international patent applications (PCT applications). Japan comes in top for the number of environment-related patent application publications.
- With their high level technologies and R&D capabilities, Japanese firms create diverse added-values and intellectual properties.

2nd Window: Business Platform

- Japan plays an important role as a “bridge nation” connecting Asia and the world which contributes to Asia’s growth.
- Japan has some of the best infrastructure in terms of both advanced infrastructure (ICT infrastructure) as well as basic infrastructure (electricity, gas and water).
- Japan promises a safe, secure and comfortable living environment.

Number of Researchers per 10,000 People



Source: Ministry of Internal Affairs and Communications, “The Results of 2009 Survey on Science and Technology Research (Summary)”

3rd Window: Trendsetter

- Japan is one of the world’s largest economies. The economic size of each region within Japan can be compared to one country’s economy.
- Japan offers a market for test marketing before entering Asian markets. It is also a country with “soft power,” which sets trends.
- Sectors with large growth potential exist including health and tourism markets.

Measures to Encourage Company Location in Japan

Cabinet decision on June 18, 2010

Carrying out reforms in Japan to double the flow of people, goods and money between Japan and the rest of the world

Promotion of Japan as a hub for Asian operations

and establishment of high value-added business locations

Assisting companies from overseas to create high value-added business sites.

Location subsidies implemented from FY2010 supplementary budget (¥2 billion).

Promotion of location for low-carbon, job-creating industries

Assisting “green industries” in establishing factories within Japan and providing subsidies for locating (subsidy rate of 1/3 [1/2 for small companies]).

Establishment of contact points for administrative procedures

Objectives: facilitating business for companies, as well as promoting direct investment in Japan .

Comprehensive global strategic special zones

Promoting the concentration of industries, foreign companies etc., to serve as an engine for economic growth.

Subsidy Program for Projects Promoting Asian Site Location in Japan (METI)

Source: METI press release

- ⊍ “The Subsidy Program for Promoting Asian Site Location in Japan” is intended to sustain and strengthen high value-added business sites in Japan. Projects eligible for the subsidy shall be those for establishing a new Regional Headquarters or R&D Site.
- ⊍ This program is expected to have a positive ripple effect in a broad range of fields. Benefits include an inflow of innovative technologies and highly skilled human resources into Japan, making Japan a focal point of Asian economic activities and consequently boosting the Japanese economy.
- ⊍ On April 28, 2011, the Ministry of Economy, Trade and Industry (METI) announced five projects to be subsidized by this program as listed below.
- ⊍ The next subsidy program is planned to be announced in autumn 2011.

NO.	Company name	Country of Global HQ	Type of project site	Sector
1	Salesforce.com Co., Ltd.	United States	R&D Site	IT services
2	Zydus Pharma Japan Co., Ltd.	India	R&D Site	Pharmaceuticals
3	Dyesol Japan Co., Ltd.	Australia	R&D Site	Next-generation photovoltaic cells
4	Eurocopter Japan Co., Ltd.	France	R&D Site	Special-purpose helicopters
5	Dou Yee International Private Limited	Singapore	R&D Site	Liquid crystal displays

JETRO Offices in Canada

Please Contact :

JETRO Toronto

181 University Ave, Ste.
1600 Toronto, ON M5H-3M7
Phone: (416) 861-0000
Fax: (416) 861-9666

Inquiry@jetro.go.jp

JETRO Vancouver

Suite 1202, Pender Place
700 West Pender St.
Vancouver, BC, V6C 1G8
Phone: (604) 684-4174
Fax: (604) 684-6877

reference@JetroVancouver.org

Thank you very much!

Merci Beaucoup!