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“Simply Japan” – A huge success:

‘Simply Japan’, the test marketing, exhibition-cum-sales, organized by JETRO at the Dubai Mall in November 2009 was a huge success, with most of the products on display sold out during the first few days of the program. A unique collection of Japanese lifestyle products that create a balance between traditional and modern styles was on display for a period of two weeks at the Star Atrium of Dubai Mall. The ‘shop’ was inaugurated by H.E. Seiichi Otsuka, the Consul General of Japan in Dubai in the presence of Mr. Tokuyuki Sudo, Executive Vice President of JETRO, Tokyo, and Mr. Kuniyasu Funaki, the CEO of JETRO Dubai & MENA.



The Japanese products, exhibited for the first time in the UAE, were of the highest level of Japanese precision, craftsmanship, quality and culture. A total of 23 companies from Japan, dealing in decoration materials, kitchenware, clothing, furniture and others took part in the project with a variety of innovative contemporary designs that fit the modern lifestyle.



For more information on displayed products please contact JETRO Dubai

Jetro leads successful Japanese delegation to Saudi Arabia:

A 30-member delegation comprising senior executives from 20 Japanese companies based in Dubai and Japan has just concluded a successful fact-finding mission to Saudi Arabia. The visit between 13th and 18th November 2009 was led by Mr. Shin-Ichiro Fukushima, Executive Director of JETRO Dubai & MENA. The delegation visited Riyadh, Dammam and Al Khobar, meeting leading business entities in Saudi Arabia as well as Saudi government officials. The visit of the delegation was so successful that some of its members have already initiated business ventures with Saudi Arabian counterparts. While some other delegates have entered into negotiations for setting up businesses in Saudi Arabia, some have expressed interests in re-visiting the country for further explorations.

The delegation to Saudi Arabia, the 2nd of its kind organized by JETRO Dubai in the region after a similar delegation visited the sultanate of Oman (in 2008), aroused interest in many Japanese companies to see the Middle East as a prospective investment venue in the future. Considering the success of the delegation, JETRO has plans to organize similar delegations to other countries in the region, in the near future.

JETRO organizes Africa Business Seminar in Dubai:

JETRO Dubai has successfully conducted an Africa Business Seminar in Dubai at the Novotel World Trade Centre on 13th December 2009. The seminar was aimed at providing an insight into the economic and business situations in South Africa and Sub-Saharan Region to the Japanese business community in Dubai, with the intention of attracting Japanese business into such areas. According to the South African representatives to the seminar, Africa sees the Middle East as a centre of logistics.

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The seminar, presided over by Mr. Shin-Ichiro Fukushima, Executive Director of JETRO Dubai, was inaugurated by Mr. Kuniyasu Funaki, CEO of JETRO Dubai & MENA. A presentation on 'Economic and Business Situation in South Africa' was made by Mr. Shigeru Ishii, Executive Director, JETRO Johannesburg. A similar presentation on Sub Saharan Africa was made by Mr. Koji Baba, Chief Representative of the Bank of Tokyo Mitsubishi UFJ, Johannesburg Representative Office. Representatives from around 35 Japanese companies attended the seminar.

In his speech, Mr. Ishii highlighted the growth of relatively high-income middle class consumer segment in South Africa, who could be the base for a sustained economic growth in the long run. The principal international trading partners of South Africa in exports, beside other African countries, include Japan, the United States, Germany, the United Kingdom and China. The Japanese investment in South Africa is on the increase, including investments made by Toyota, Sumitomo and others.

Topics on Economy, Business and New Technology:

Environment - related technology of Japanese businesses to expand overseas

(Courtesy to report published by Mr. Hiroyuki Nitta, North America division, JETRO Tokyo)

Japan's technology in the field of environment wields a competitive edge in the international market, offering great opportunities for Japanese companies to expand their businesses overseas. It is a fact that Japanese environmental devices are in high demand around the world.

During the second half of 2008, when the global demand was generally low, exports of environmental devices from Japan grew by 35.6% year on year to 18.6 billion yen (\$208.00 million), signaling the immense potential for overseas development of the environment-related industry. For the full year, water pollution prevention equipment, including sewage treatment equipment, drove exports of environmental devices by surging 72.6% year on year to 9.5 billion yen (\$106.00 million).

According to the export statistics for 2007 compiled by the Japan Society of Industrial Machinery Manufacturers, increasing efforts are being made to develop the markets of East Asia (particularly China), where environmental problems are most pressing. This is followed by a considerable portion being exported to Europe, where the level of environmental awareness is high. Meanwhile, exports to the U.S. account for less than 10% of total exports, the main reason for this being that the U.S. ranks among the lowest of the world's industrialized nations in environmental awareness, as evidenced by the country's preference for large gas-guzzling automobiles. As the awareness increases in U.S., there will be considerable room for growth of the environmental business in that country.

The government has also been assisting the overseas expansion of Japan's environment-related technology through funding as well as by providing opportunities for market entry. In order to build an "All Japan" framework that would mobilize Japan's superior technology and know-how to solve the "water problem" on a global scale, Japanese companies with strengths in water-related businesses set up the Limited Liability Partnership (LLP) Global Water Recycle System Association (GWRA) in January 2009. This association aims for the early entry of Japanese firms into the water recycle system business overseas

Collaborative efforts between the public and private sectors are also being made toward businesses intended for the U.S. In April 2009, the New Energy and Industrial Technology Development Organization (NEDO) held a workshop in New Mexico to explore the possibilities of demonstrating the next-generation power grid known as "Smart Grid," which is attracting attention in connection with measures to prevent global warming. This workshop was attended by companies from the U.S. and Japan as well as public research institutes and government officials. Since "Smart Grid" may one day cover the entire expanse of the United States, it represents an immense business opportunity for Japanese companies with strength in environment-related technology. The U.S. government intends to set aside a budget of 4.5 billion USD for this project.

Japanese makers present 3-D television at electronic fair:

Some of the major electronics manufacturers in Japan have recently showcased three-dimensional televisions and records at the International Consumer Electronics Show at Las Vegas in the United States of America, providing a glimpse of possible future in home entertainment.

Major players displaying products in this range were Sony Corporation, Panasonic Corporation, Toshiba Corporation and Sharp Corporation, according to a report published by Asahi Shimbun, a popular Japanese Daily Newspaper.

The Daily, quoting forecast by U.S. market research company 'DisplaySearch', said that shipments of 3-D TV sets, particularly those with liquid crystal displays, will grow to around 64 million units in 2018.

On the sidelines of the fair, it was reported that, Sony Corporation announced that it would set up a joint venture with a U.S. broadcaster and movie theater operator to specialize



in broadcasting 3-D programs beginning next year. The electronics giant also said it would start broadcasting sports programs in 3-D format in cooperation with U.S. sports channel ESPN.

Panasonic Corporation was quoted as saying that it would hook up with DirecTV Group, the U.S. satellite TV provider, to begin 3-D program broadcasting in June. The company also said it would cooperate with communication software giant Skype Ltd. to market a new line of its popular Viera flat-panel TV sets equipped with videophone functions in the U.S. market in spring.

Fuel-cell cars demonstration drive held in Japan:

According to reports carried by Japan Times, Toyota Motor Corporation, Nissan Motor Company and Honda Motor Company have conducted a demonstration drive of their fuel-cell cars on a stretch of 1,100 km road from Tokyo to Fukuoka. The FCHV-adv of Toyota, the X-Trail FCV of Nissan and the FCX Clarity of Honda were flagged off by company executives in the presence of officials from the Ministry of Economy, Trade and Industry in Tokyo. The demonstration, organized by the Japan Automobile Research Institute and three other organizations, was aimed at promoting a low-carbon emission society, for which the Japanese Government is marshalling its resources wherever possible. The fuel-cell cars do not emit carbon dioxide, and thereby contribute to reducing pollution.

JETRO Updates:

JETRO White Paper on International Trade and Foreign Direct Investment -2009

JETRO has released its 2009 "White Paper on International Trade and Foreign Direct Investment (FDI)." Following are some of the highlights.

Since September 2008, economies across the globe have been in simultaneous recession. Real global GDP growth for 2008 was just 3.2%, the lowest level since 2005, and the first contraction in the post-war era is expected for 2009. And while there are signs of a bottoming out, downside risks remain, as the financial system has not yet fully recovered and economic and currency crisis are hitting some developing countries.

According to JETRO estimates, the real growth of global merchandise export in 2008 was only 3.8% year-on-year, against a nominal growth of 14.9%. In the first quarter of 2009, the total value of merchandise exports for 17 major countries/regions dropped 28.4% from a year earlier, the sharpest decline in six years, suggesting uncertainty for recovery in global trade. In 2008, global inward FDI declined 25.0% from a year earlier to US\$1.83 trillion. While the global cross-border M&As was down by 25.0% in 2008, during the first half of 2009, it was down by 64.5%.

Japan's trade surplus contracted by 78.4% year-on-year to US\$19.8 billion in 2008, due to a slow-down in exports (rise of only



8.9%) and a surge in imports (up 21.7%). Meanwhile, Japan's income account surplus rose to US\$152 billion, outpacing trade surplus for the fourth consecutive year.

The country's outward FDI grew 78.0% to US\$130.8 billion in 2008, setting a new record for the third straight year. This improvement was led by Japanese firms' increased outward M&A transactions, which are becoming an established part of their growth strategy. Japan's Inward FDI also set a record in 2008 with the FDI stock level rising to 3.6% of GDP, to reach 18.5 trillion Yen.

JETRO published its survey on Japanese affiliated companies in Asia – Oceania:

JETRO has recently released the results of its latest survey on the business operations of Japanese-affiliated firms in 17 countries/regions in Asia and Oceania. The survey conducted between September and October 2009, received valid responses from 2,990 companies, or 42.6% of the 7,021 firms sent questionnaires.

Business Outlook:

As per the survey, the number of companies expecting an operating profit in 2009 was 56.4% which is 8.9 point down from the previous year's survey. At the same time, the percentage of respondents expecting an operating loss was 23.7%. Figures were lower in some developing countries, such as India and Vietnam, due to the fact that many of the Japanese firms in these economies are relatively new and these tend to be subject to unstable performances and more vulnerable to external factors such as inflation and the global financial crisis.

Regarding outlook for operating profit in 2010, firms in all surveyed countries/regions have a more positive view, especially in Thailand, Singapore and Malaysia. Firms are hopeful for increased sales in the local market, the survey has revealed.

Impact of the Global Economic Recession:

86.9% of all respondents felt a negative impact from the global recession, with firms in Hong Kong, Singapore and Thailand topping the list. The survey also revealed that some industries were relatively immune to the recession, with a high percentage of firms in the pharmaceuticals, medical devices, foods and processed agricultural or marine products, reporting no impact from the recession.

While, nearly 40% of respondents reduced their employees since September 2008, the percentage of firms planning to add staff in 2010 was higher than that for firms planning a reduction. Similarly, the percentage of firms planning to reduce Japanese expatriate employees at these operations was higher than that for those planning to add staff, revealing firms' efforts to lower labour costs and localize management. India was the one exception here, with firms in this country planning to add staff, reflecting respondent firms' interest to expand business in India.

Future business operations:

Against the backdrop of the global financial crisis, the percentage of respondents planning to expand business

operations in the next year or two fell only 5.9 points to 51.3%. And more than 60% of firms in emerging economies such as Bangladesh, China, India and also ROK – which has achieved rapid recovery in domestic demand and exports – are planning to expand their business. In China, ROK and Taiwan, the percentage of firms planning business expansion remained relatively the same compared to the previous survey.

Firms in China and India – especially in sales and trading sectors – showed a significant trend of expanding business, reflecting high expectations for growing domestic demand in these countries. Similarly, firms in motor vehicles and motorcycle parts & accessories in these countries are planning to expand their business to cope with growing motorization and an increase in local procurement among auto makers.

Regarding business plans in the next year or two, a relatively high percentage of firms in China are planning to develop new markets and strengthen planning, R&D and design functions, while in India, a high percentage are planning to expand existing business scale through additional investment.



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