

## In this issue

- ◆ Rising fuel costs push up Japan's trade deficit with the GCC states
- ◆ Market strategies for foreign business in Japan
- ◆ Japan to create 7 special economic Zones
- ◆ JETRO Updates
  - ◆ JETRO MENA regional conference held in Dubai
  - ◆ JETRO seminar in Dubai on investment opportunities in India and Pakistan
  - ◆ Japan aims to break into the Medical Device Market in the Middle East – JETRO Sets up Japan Pavilion at Arab Health 2012

## Rising fuel costs push up Japan's trade deficit with the GCC states.

Japan's trade with the GCC countries rose by 31.5% to US \$ 118.22 billion during the first nine months of 2011, compared to US \$ 89.91 billion during the same period in 2010. While the value of Japan's imports from the GCC states stood at US \$ 104.17 billion, the value of exports stood at US \$ 14.06 billion.

Japan's trade deficit with the GCC states increased by 50.8% to US \$ 90.11 billion during the first nine months of 2011, compared to US \$ 59.76 billion during the same period in 2010. Rising import cost of fuel oils has been attributed as the major cause of this increase in the deficit. The average price of crude oils rose by 37.8% to US \$ 108.14 per barrel, against US \$ 78.46 per barrel, during the 9 months period of 2010. An average 6.7% decrease in Japan's exports to the GCC during this period had also helped the deficit to rise.

Japan imported a total of 729.8 million barrels of crude oil, valued at US \$ 78.9 billion, up by 36.89% in value, from the GCC countries during the first nine months of 2011. At the same time, the import value of petroleum gases also increased to US \$ 17.8 billion, which was 48.83% higher, compared to the value during the corresponding period in the previous year.

While mineral fuels dominated Japan's imports from the GCC countries, machinery and equipment dominated Japan's exports to the GCC. Japan's export to all GCC states declined in varying degrees, except to Saudi Arabia, to which, there was still a marginal increase. The decline was mainly caused by the downturn in the export of motor vehicles from Japan to the GCC states, and partly due to the cost factor rendered by the appreciation of Japanese Yen. The decline in motor vehicle exports was attributed mainly to the logistical problems caused by the Great East Japan Earthquake, the tsunami and the nuclear catastrophe in March 2011.

*Japan's trade with the GCC countries (value in US \$ billion)*

Country	2010 (Jan-Sept)	2011 (Jan - Sept)	Growth rate %
<b>Saudi Arabia</b>	31.05	41.88	34.87
<b>UAE</b>	26.89	37.47	39.33
<b>Qatar</b>	16.94	22.03	30.09
<b>Kuwait</b>	8.37	10.24	22.40
<b>Oman</b>	5.76	5.83	1.14
<b>Bahrain</b>	0.90	0.77	-13.73

*Source: Japan Customs (compiled by World Trade Atlas)*

Though there was a small decline in exports, UAE remained to be Japan's largest export market among the GCC countries with an export value of US \$ 5,302.08 million. Saudi Arabia maintained its position as the 2nd largest export market for Japan among the GCC countries.

*Japanese exports to the GCC countries (value in US \$ million)*

Country	2010 (Jan-Sept)	2011 (Jan-Sept)	Growth Rate %
<b>UAE</b>	5,496.45	5,302.08	-3.54
<b>Saudi Arabia</b>	4,722.44	4,757.11	0.73
<b>Oman</b>	2,395.95	2,054.19	-14.26
<b>Kuwait</b>	1,103.06	909.93	-17.51
<b>Qatar</b>	905.48	728.95	-19.50
<b>Bahrain</b>	450.79	311.12	-30.98

*Source: Japan Customs (compiled by World Trade Atlas)*

*Japanese imports from the GCC countries (value in US \$ million)*

Country	2010 (Jan-Sept)	2011 (Jan-Sept)	Growth Rate %
<b>Saudi Arabia</b>	26,334.58	37,135.77	41.02
<b>UAE</b>	21,396.03	32,166.11	50.34
<b>Qatar</b>	16,033.97	21,307.08	32.89
<b>Kuwait</b>	7,264.86	9,332.07	28.45
<b>Oman</b>	3,366.28	3,773.85	12.11
<b>Bahrain</b>	446.63	463.05	3.68

*Source: Japan Customs (compiled by World Trade Atlas)*

Japan's world trade grew by 16.42% to US \$ 1.24 trillion during Jan-Sept 2011, with exports growing by 9.22% to US \$ 612.50 billion, and import growing by 24.41% to US \$ 628.91 billion. China remained to be Japan's top trading partner with a trade value of US \$ 254.89 billion during the first nine months of 2011, compared to US \$ 217.06 billion, during the same period in 2010. Export and import of machinery and equipment dominated Japan's trade with China, with exports valuing at US \$ 121.27 billion and imports valuing at US \$ 133.62 billion. Saudi Arabia and the UAE were placed as the 6th and 8th largest trading partners respectively of Japan.

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Country	Export	Import	Total Trade
China	121.27	133.62	254.89
USA	90.03	55.23	145.26
South Korea	50.19	28.99	79.18
Taiwan	38.89	17.37	56.26
Australia	12.70	41.70	54.40
Saudi Arabia	4.76	37.14	41.90
Indonesia	12.54	25.86	38.40
UAE	5.30	32.17	37.47
Malaysia	14.18	22.11	36.29
Hong Kong	32.08	1.17	33.25

Source: Japan customs (compiled by World Trade Atlas)

## Market Strategies for Foreign Business in Japan:

Foreign companies' direct investments into Japan are a great stimulus to Japanese companies. It is becoming increasingly important for Japan to develop businesses hand-in-hand with foreign companies.

Japan still has a substantial amount of space for foreign companies to enter, even after having established its solid position as a trading country. In this post earthquake period, what factors motivate foreign business to invest in to the Japanese market? There are several case studies that can tell us about this.

In April 2011, only one month after the Great East Japan Earthquake, a Belgium company established its factory in Kobe. Umicore, the Belgium Company is a manufacturer of chemical materials used in lithium batteries. According to Mr. Marc Grynberg, CEO of Umicore, Japan is a very important market for them, as a lot of high technology is being developed in Japan. "It is important for us to be present in this market and show our customers that we are committed to be present in Japan and to have research and development activities close to where the customers are" says Grynberg.

JETRO helped Umicore to build this factory. Similarly, JETRO has supported a number of foreign companies to set up their business in Japan. The 'Invest Japan Business Support Centre (IBSC) of JETRO plays as the centre point of Japan's support for foreign companies establish their business in Japan. What make foreign companies come to Japan? Their purposes can be classified into three areas.

According to Mr. Taku Sato, director of IBSC, first there are companies like Umicore that finds Japanese technology attractive and establish R&D bases there. "One of the purpose of coming to Japan is to take advantage of Japan's advanced technologies" says Taku Sato. R&D bases set by foreign business also increase opportunities for excellent foreign technologies being brought into Japan. This is an ideal situation that benefit for foreign business and the Japanese economy. The Ministry of International Trade and Industry of Japan (METI) and JETRO set up a system that aims at promoting such Industrial cooperation. A new initiative is now available for those foreign companies to establish their Asia Region headquarters or their R&D base in Japan. It subsidizes their investment from 1/3 to one half, or, up to 12.5 million US dollars. Following are some examples of companies established in such manner.

Dru Yee International Co., Ltd, of Singapore has established a Liquid Crystal Display (LCD) R&D base in Hiroshima, pursuing sophisticated R&D and committed to expanding their business activities in Japan, even after the Great East Japan Earthquake. Some of the other companies that set up bases in Japan are Dyesol Co., Ltd. Of Australia pursuing development of next generation solar cells, Eurocopter Japan T&E Co. of France for specialized helicopters, Salesforce.com Co., Ltd. of USA in IT services, and Zydus Pharma Japan Co. Ltd. of India, developing pharmaceuticals.

Sani Group of China, a leading manufacturer of construction machinery in China has established their procurement base in Japan some three years ago. According to Chen Tian, CEO of Sani Japan, they are buying a lot of parts from the Japanese manufacturers, and due to their tie-ups with a number of Japanese companies, they expect that their procurement will continue to expand in the future. "We are here with the needs of Chinese market, and the Japanese companies have the technological strength to offer. Both parties can also join force to develop products, where the Japanese companies will also have increased opportunities to market their products in China" says Chen.

Taku Sato, director of IBSC says that foreign companies procure high quality industrial materials from Japan and they rely on Japanese products to enhance the quality of their products. "This is because the "made in Japan" brand represent highest quality products. Chinese companies are becoming more and more quality conscious these days than ever before" Mr. Sato said.

Prologis, a US Company built a distribution facility for Miyagi Co-operative after the Co-Op decided to introduce a new distribution facility to streamline its operations. Despite the Great East Japan Earthquake, the Co-op was able to complete the facility as per the schedule. Their old facility was affected by the Tsunami and that they wanted to move into the new facility as soon as possible to reassure their customers.

The builder of the new facility, Prologis, brought into Japan, the concept of 'distribution facility for leasing', a model formerly unknown to Japanese market. In Japan it is long been customary for manufacturers and distribution service providers to have their own warehouses and distribution facilities. So, when they expand their business, they needed to build new warehouses and other facilities.

In Ichikawa City, Prologis themselves constructed a distribution facility for lease, which is now leased by several companies. The facility is highly technological and also contained mechanism to protect the building from earthquakes.



## Japan to create 7 special Economic Zones

The Government of Japan has decided to create seven Special Economic Zones as part of its efforts to enhance Japan's international competitiveness. Special status will be accorded to, Ibaraki, Tokyo, Kanagawa and Fukuoka prefectures, and to the Tokai and Kansai regions. Companies that set up bases in these zones will be eligible for tax breaks and subject to fewer regulations, among other incentives.

Each region will play a different role under the plan. Tokyo, for example, will seek to attract foreign firms looking to establish Asian headquarters. Kanagawa will be positioned as an R&D and production site for pharmaceutical firms, and Tokai - home to Aichi and Gifu prefectures - will nurture the aerospace industry.

In Sapporo, Hokkaido Prefecture, a Food Complex Zone will be created to serve as a hub for food exports, R&D on value-added food items and food safety. In Tsukuba, Ibaraki Prefecture, a Hub for Life and Green Innovation will be created to promote commercialization of cutting-edge technology in cancer treatment, life-support robots and other similar fields. In Tokyo, an Asia Headquarters Zone will be created to attract regional headquarters, R&D operations from multinational firms. In Kawasaki, Kanagawa Prefecture, a Waterfront Zone will be established to develop innovative pharmaceutical products, medical equipment and natural healthcare industry. In Nagoya an Asia Hub for aerospace industry will be developed to be designated as a free trade zone for imports of components. For the Kansai region, the Kansai Innovation Zone will be set up to create new industries in six fields, including pharmaceuticals, medical equipment and cutting-edge medical technology. In Fukuoka city, a Green Asia Zone will be created to strengthen fuel-cell development and recycling industry, targeting Asia.

Companies operating in the special zones, which is expected to go into effect next spring, will be eligible for tax breaks of up to 15% on investments and deductions of up to 20% on taxable income. The government hopes the plan will create about 360,000 jobs and will have an economic impact worth about 9 trillion yen.

## JETRO Updates

### JETRO's MENA regional conference held in Dubai:



Directors and senior officials of JETRO's MENA region gathered in Dubai on 14th November 2011 for their annual regional conference on business strategies and allied subjects. Mr. Tomiyasu Nakamura, Executive Vice President and member of JETRO's Board of Directors headed the delegation from Japan that included departmental heads from Tokyo. Others present were Director Generals and Managing Directors of JETRO's offices in the Middle East, North Africa and Europe. The delegation has also visited areas in Dubai of strategic importance such as the expansion projects of Jebel Ali Free Zone and Jebel Ali Port and the Dubai International Airport Free Zone. The conference was held at the JETRO office in Dubai.

### JETRO Seminar in Dubai on Investment opportunities in India and Pakistan:

JETRO Dubai organized a seminar on the potentials of Japanese investment in India and Pakistan for the Japanese companies operating in the United Arab Emirates. The seminar was held on 13th November 2011 at the Summit Rooms of Rotana Towers Hotel in Dubai.



Mr. Naoyuki Maekawa, Director General of JETRO Mumbai, India, presented papers on India focused business opportunities, while, Mr. Kaoru Shiraishi, Director General of JETRO Karachi, Pakistan, presented the papers on investment opportunities in Pakistan. The seminar was attended by representatives from over 50 Japanese companies operating in the UAE.

### Japan aims to break into the Medical Device Market in the Middle East:

#### JETRO sets up Japan Pavilion at Arab Health 2012:

The Japan External Trade Organization (JETRO) will organize a team of Japanese companies at the forthcoming Arab Health 2012 in Dubai. The largest trade show in the healthcare industry in the Middle East will be held at the Dubai International Convention & Exhibition Centre, from January 23rd to 26th, 2012. This will be Japan's second time to set up a national pavilion for this event.

Over 2,800 exhibitors from 60 countries specialized in medical technology, laboratory equipment, diagnostics, physiotherapy / orthopaedic technology, commodities and consumer goods for hospitals, surgical products and services, information and communication technology in healthcare, medical disposables, healthcare building technology, radiology etc. are slated to be present at the exhibition to showcase their products and services.

Eleven companies specialized in medical device manufacturing will participate in the Japan Pavilion. Realizing the high potential growth of medical and healthcare market in the Middle East, they will showcase a unique variety of high-tech and innovative products, aiming to expand their business in the Middle East region. Following are the companies from Japan that participate in the exhibition.

1. **DAIYA INDUSTRY CO., LTD**  
[www.daiyak.co.jp](http://www.daiyak.co.jp)



Daiya Industry Company is the manufacturer of high quality medical products such as supporters and back belts for more than 30 years in Japan. Long-term experiences and knowledge in Japanese clinic market and advanced fitting technology are their characteristics. The company has a 70% market share in bone setters and chiropractic clinics in Japan. One of the best seller products "Back Impact" is developed with a professional sports trainer. The innovative design based on taping method achieves central compression only in the back.

2. **FUJIMORI SANGYO CO., LTD.**  
[www.fujimori.co.jp](http://www.fujimori.co.jp)



Fujimori Sangyo Company has been supplying high-valued packaging for more than 60 years since 1951. The company always try to improve their technology to meet the customer's needs. Their high-clean sterilization bag is made to respond to the requirement from healthcare market that they want to have cleaner bag to pack medical devices to prevent from contamination.

3. **HEIWA MEDICAL INSTRUMENTS CO. LTD.**  
[www.heiwairyo.co.jp](http://www.heiwairyo.co.jp)



Manufacturer of endoscopic surgery forceps and device, KENT retractor etc. Heiwa Medical was established in 1963, winning many Japanese customers' faith by their 47 years efforts of providing sophisticated and advanced products. High quality laparoscopic, thoracic and other surgical instruments can be supplied at low cost anywhere in the world.

4. **ITO CO. LTD.**  
[www.itolator.co.jp](http://www.itolator.co.jp)



Japan's first electrotherapy manufacturer, Ito Company was established in 1916, exporting rehabilitation and physiotherapy equipment to over eighty countries worldwide. All products are produced at their factory in Japan by highly skilled engineers and state-of-the-art machinery. The company applies complete quality control to provide high-quality products. The company adhere to international standards for quality control and have acquired ISO 13485 and CE certificates.

5. **KAI INDUSTRIES CO., LTD.**  
[www.kai-ind.co.jp](http://www.kai-ind.co.jp)



This company is specialized in the manufacture of disposable knives for ophthalmology, dermatology and general surgery. These products are manufactured using the companies own technologies accumulated through razor blade production for over 100 years. Following are the KAI brand line-up. Microsurgery knives, safety knives, biopsy punches, dermal curettes, biopsy blades, surgical blades, scalpels and safety scalpels. KAI pursues medical safety and QOL to be a reliable medical manufacturer in the world.

6. **KAJI CORPORATION**  
[www.exgel.jp](http://www.exgel.jp)



Kaji Corporation is a Japanese company that manufacturers various products utilizing EXGEL, the unique material Kaji Corporation originally developed. The outstanding features of EXGEL have been highly evaluated for use with wheelchair cushions, nursing mattresses and surgical pads, giving comfort and a sense of safety. The company will exhibit EXGEL wheelchair cushions at the Arab Health for the first time.

7. **KANEKO MANUFACTURING CO., LTD.**  
[www.t-kaneko.co.jp](http://www.t-kaneko.co.jp)



Specialized in endoscope precision parts, Kaneko Manufacturing Company is proud of sophisticated technology for precision machining of metal, ceramic or plastic. The company's competencies lie in accurate cutting with narrow tolerance and excellent quality. The company has been machining the core parts of endoscope, such as distal end and zoom parts for around sixty years. The company's customers are major medical equipment manufacturers in Japan.

8. **KEISEI MEDICAL INDUSTRIAL CO., LTD.**  
[www.keiseimed.com](http://www.keiseimed.com)



Keisei Medical Industrial Company is a dedicated plastic surgery products manufacturer such as air fluidized beds, electric dermatome/mesher, skin stapler, needle and suture, surgical instruments, implants and so on since 1964. The company is ISO 13485 certified, CE marking approved and FDA registered.

9. **KYOTO KAGAKU CO., LTD.**  
[www.kyotokagaku.com](http://www.kyotokagaku.com)



Kyoto Kagaku was founded in Japan in 1948, manufacturing and developing specimens and other instruments for demonstration, simulation in science education. With the rebuilding of post-war Japan, the company found importance of hands-on experience and training in medical education and medical imaging. Today the business activities of the company are from basic anatomical models to sophisticated task trainers, unique phantoms for X-ray, CT and ultrasound.

10. **USHIO INC.**  
[www.ushio.co.jp](http://www.ushio.co.jp)



Ushio Inc. is specialized in Compact Blood Analyzer "Point Reader" and Eye Tracking System "Spring Track". Ushio's lighting for medical care began with the use of optical wavelength, in endoscopes, operation lighting and dental therapy. This technology is now used for diagnosis and treatment based on infrared ray or ultraviolet ray.

Arab Health & Congress is one of the leading exhibitions of its kind in the region, organized by IIR Middle East. The exhibition will also feature several conferences during the exhibition period. In 2011, a similar number of companies from Japan's 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.

11. **MPI Inc.**  
[www.mpi-inc.co.jp](http://www.mpi-inc.co.jp)



MPI Inc., is specialized in Mobile Fiberscope System, Wireless Imaging Transmission System etc. The MPI Multi View Scope is a hand piece with integrated light source, monitor and camera with interchangeable blades, Style scopes and Fiberscope. The Air View is a Wireless Imaging Transmission System.

For more information on the exhibition, please contact JETRO Dubai by e-mail: [info\\_dubai@jetro.go.jp](mailto:info_dubai@jetro.go.jp) or by phone to +971-4-3328264

