

JAPANESE INDUSTRY AND POLICY NEWS

August 2019

LEGISLATION AND POLICY NEWS

Two Bodies Related to Sustainable Energy Inaugurated

With the mid- to long-term future of Japan in mind, the Ministry of Economy, Trade and Industry (METI) considers it necessary to hold integral discussions on ideal approaches to establishing a new system for making a balance between two efforts: further development of environments for making renewable energy become a main power source in order to address the demand for decarbonization; and securing sustainability of electricity systems for the purpose of ensuring stable supply of electricity.

To this end, METI announced on August 27 the inauguration of the two bodies under the Strategic Policy Committee of the Advisory Committee for Natural Resources and Energy: the Subcommittee on System Reform for Renewable Energy as Main Power Source and the Subcommittee for Sustainable Power Systems.

https://www.meti.go.jp/english/press/2019/0827_004.html

SURVEY AND BUSINESS DATA

Construction Investment is Estimated to Grow by 3.4% in FY2019

According to a prevision of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) published on August 13, construction investment in Fiscal 2019 is estimated at 62,940 billion yen, an increase of 3.4% as compared to the previous year.

Public sector investment is estimated at 21,630 billion yen (+4.5%) and private sector investment is estimated at 41,310 billion yen (+2.8%). Of the private sector investment, housing sector is expected to grow by 2.8% to 17,390 billion yen.

Estimate of Construction Investment			(Unit : 100million-yen)							
			Fiscal Year	2013	2014	2015	2016	2017	2018	2019
Categories										
Total				482,997	474,941	566,468	587,399	606,800	608,800	629,400
1. Building				287,243	281,899	370,916	383,061	402,200	404,900	412,700
(1) Housing				172,185	156,221	164,808	172,209	174,500	174,700	179,600
Public sector				6,496	7,460	7,898	7,583	6,100	5,500	5,700
Private sector				165,689	148,761	156,910	164,626	168,400	169,200	173,900
(2) Non-housing				115,058	125,678	130,824	137,223	151,600	155,000	157,300
Public sector				26,728	34,076	34,905	34,795	37,300	37,300	39,100
Private sector				88,330	91,602	95,919	102,428	114,300	117,700	118,200
Mining and manufacturing				13,773	15,718	19,587	19,756	-	-	-
Others				74,557	75,884	76,332	82,672	-	-	-
(3) Extension and Renovation				-	-	75,284	73,629	76,100	75,200	75,800
Public sector				-	-	13,284	13,433	13,200	13,400	13,600
Private sector				-	-	62,000	60,196	62,900	61,800	62,200
2. Civil Engineering				195,754	193,042	195,552	204,338	204,600	203,900	216,700
(1) Public sector				150,460	144,568	145,961	154,051	156,000	150,800	157,900
(i) Public Infrastructure				130,016	124,667	119,549	128,986	133,300	128,400	134,400
(ii) Others				20,444	19,901	26,412	25,065	22,700	22,400	23,500
(2) Private sector				45,294	48,474	49,591	50,287	48,600	53,100	58,800
Total	Public sector			183,684	186,104	202,048	209,862	212,600	207,000	216,300
Private sector				299,313	288,837	364,420	377,537	394,200	401,800	413,100
Repeating listing	Building	Public sector		33,224	41,536	56,087	55,811	56,600	56,200	58,400
		Private sector		254,019	240,363	314,829	327,250	345,600	348,700	354,300
	Civil Engineering	Public sector		150,460	144,568	145,961	154,051	156,000	150,800	157,900
		Private sector		45,294	48,474	49,591	50,287	48,600	53,100	58,800
Private sector Non-housing (Non-housing in Building + Civil Engineering)				133,624	140,076	145,510	152,715	162,900	170,800	177,000
Note										
1. Fiscal year in Japan : from April 1 to March 31										
2. Distinction of public sector and private sector:										
*In 2005, Japan Highway Public Corporation, Hanshin Expressway Public Corporation and Honshu-Shikoku Bridge Authority were privatized. However, they have been counted as public sector.										
*Since FY2010, Japan Railways Hokkaido, Shikoku, Kyushu and Freight are counted as public sector.										
*Since FY2010, Tokyo Metro Corp. is counted as public sector.										
*Since FY2010, Nippon Telegraph and Telephone Corp. are counted as public sector.										
*Since FY2016, Japan Railways Kyushu are counted as private sector.										

http://www.mlit.go.jp/report/press/joho04_hh_000850.html (in Japanese)

https://www.e-stat.go.jp/en/stat-search/files?page=1&layout=datalist&toukei=00600870&tstat=000001017180&cycle=8&year=20191&month=0&result_back=1&tclass1val=0

Foreign Visitors Recorded Highest in July

According to a monthly statistic which the Japan National Tourism Organization (JNTO) published on August 21, the number of foreign visitors in July was estimated at 2.99 million people, breaking the past record of 2.83 million people registered in July 2018.

By country of origin, China recorded more than one million visitors for the first time, while many European countries including the United Kingdom, France, Germany, Italy and Spain renewed past record for the month of July.

On contrary, Korean visitors decreased by 7.6% as compared to the same month of previous year, reflecting a trend of holding back visit to Japan.

Cumulative number of foreign visitors for January-July 2019 reached 19.62 million people. It is an increase of 4.8% as compared to the same period of the previous year which recorded the highest number of visitors.

https://www.jnto.go.jp/jpn/statistics/data_info_listing/pdf/190821_monthly.pdf

Report Titled “How to Design ‘Public’ in a digital age” Compiled

The Ministry of Economy, Trade and Industry (METI) held discussions on future approaches to providing public services in light of the diversity in social needs and values and the changes in digital technologies as well as discussions on approaches that the government of Japan should take in changing its roles along with such provision of public services. It announced on August 6 that discussion results were compiled into a report.

The report says that redesigning the current field of public services is necessary so that anyone is smoothly able to participate in such services anytime as providers or receivers of the services. In this process, the government’s roles will shift to those providing digital public goods or “platforms” to realize such services, e.g., digital IDs, electronic certification and data-sharing systems.

METI considers that realization of a “small but responsive government” may become a dynamo to achieve a new definition of public sector in the 21st century that will meet a variety of needs at small costs in parallel with taking advantage of social vitality. Based on this awareness, METI compiled the report.

https://www.meti.go.jp/english/press/2019/0806_001.html

COMPANY NEWS

Four Companies Agree on Strategic Partnership to Develop Zero-emission Fully Electric Vessels

Asahi Tanker Co., Ltd., Exeno Yamamizu Corporation, Mitsui O.S.K. Lines Ltd., and Mitsubishi Corporation announced on August 6 their agreement to create a strategic partnership to provide new infrastructure services in the marine shipping industry that focus on electrically powered vessels. Their newly established company, e5 Lab. Inc. will work to develop and promote the greater use of these relatively clean modes of marine transport.

The new company will develop a platform to provide a lineup of services that takes advantage of electrically powered vessels and other cutting-edge technologies. The aim is to leverage this platform to encourage sustainable growth and development within the marine shipping industry.

The first objective for e5 Lab will be to build the world's first zero-emission tanker by mid-2021. The tanker will be a coastal vessel powered by large-capacity batteries and will operate in Tokyo Bay. The company will also develop other kinds of electrically powered vessels to address the abovementioned challenges. The "e5" zero-emission, fully electric vessel promotion video can be seen at <https://youtu.be/JLDTYzr3Jt0>



In addition, joint press release of the four companies identifies seven challenges facing Japan's shipping industry, which e5 Lab will seek to address as follows.

1. Control greenhouse gas (GHG) emissions and help to combat the adverse impacts of climate change by converting vessels to electric propulsion.
2. Improve working environments and mitigate crew shortages by upgrading onboard communications systems.
3. Leverage sophisticated sensor technologies to improve ship maintenance and management, thereby ensuring that aging vessels can be operated as safely as possible
4. Leverage autonomous sailing technologies and big data to provide onshore support for crews and contribute to safe, reliable and efficient ship operations.
5. Offer an electric-vessel platform to all stakeholders in the marine shipping

industry (including shipbuilders, equipment manufacturers, ship owners and operators, and cargo owners), standardize vessels and otherwise help to develop a sustainable growth model within the industry.

6. Propose standards on the swift and broader application of next-generation technologies.
7. Leverage large-capacity, rechargeable batteries to provide emergency backup power and otherwise assist with the business continuity planning of local communities.

<https://www.mol.co.jp/en/pr/2019/19050.html>

Bell and Yamato Conduct an On-Demand Delivery Demonstration

Bell Textron Inc. and Yamato Holdings Co., Ltd. successfully conducted a joint demonstration of Bell's Autonomous Pod Transport70 (APT70) and Yamato's Pod Unit for Parcel Air-transportation (PUPA). The demonstration took place at Bell's testing site near Fort Worth, Texas, U.S.A.

According to their joint press release dated August 27, it was an initial step of their electric vertical take-off and landing (eVTOL) logistics system development based on the strategic collaboration agreement published last year.

Bell APT70



Yamato PUPA70XG



The demonstration took place on the morning of August 26. In the demonstration, the following items have been examined and proved.

- (1) Autonomous flight of APT 70 with the most aerodynamically efficient flight aptitude
- (2) Safety and availability of the system both during flight and on ground
- (3) Seamless transition from flight mode to ground mode
- (4) Ease of cargo handling during loading and unloading

Bell and Yamato aspire to integrate the APT 70 into Yamato's package handling systems to create an exceptional customer experience for on demand logistics services in the early-2020s.

<http://www.yamato->

[hd.co.jp/english/news/2019/pdf/2019_01_news.pdf?19082703](http://www.yamato-hd.co.jp/english/news/2019/pdf/2019_01_news.pdf?19082703)

MHIET to Propose a “Triple Hybrid” Stand-alone Power Supply System for Renewable Energy to Africa

Mitsubishi Heavy Industries Engine & Turbocharger, Ltd. (MHIET), a group member of Mitsubishi Heavy Industries, Ltd. (MHI), has signed a memorandum of understanding (MOU) with Calik Enerji Sanayi ve Ticaret A.S., a comprehensive energy infrastructure affiliate of Calik Holding, one of Turkey's industrial conglomerates, calling for cooperation in expanding sales of “EBLOX”: a “Triple Hybrid” stand-alone power supply system that combines renewable energy such as solar power with a reciprocating engine generator and a storage battery, for optimal stable control. The move is targeted at promoting the

adoption of EBLOX as a distributed power supply with using renewable energy especially in Africa, with support from Calik Enerji, which has strong business network in that region.

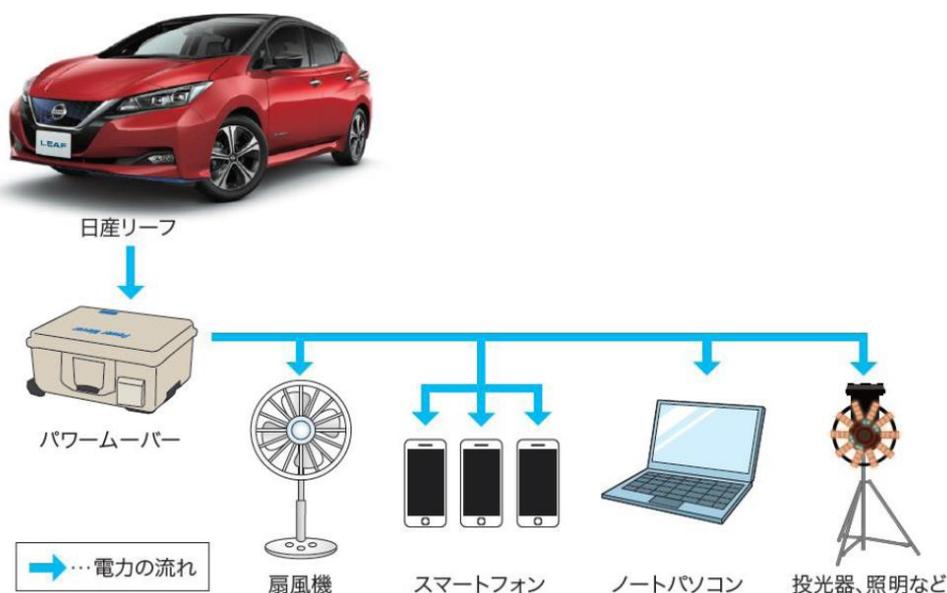
The MOU, which is targeted at Africa, was announced during the Seventh Tokyo International Conference on African Development (TICAD7), held in Yokohama on August 28-30. Calik Enerji will mainly take charge of supplying renewable energy power generation equipment, as well as construction of the entire system. MHIET will supply the engine generation systems.

<http://www.mhiet.co.jp/en/news/20190829.html>

Nissan to Strengthen Cooperation with Municipalities against Natural Disaster

Nissan Motor Corporation announced on August 30 that it would enhance its electrifying Japan action project called “Blue Switch” against global warming and natural disaster. As a part of the project, Nissan plans to conclude as many as 30 agreements by the end of fiscal 2019 with local governments, municipalities and companies for supplying electricity from its electric vehicles (EVs) in time of emergencies.

Emergency Power Supplying Scheme Using Nissan’s EV “Leaf”



Nissan has started this project in September 2018 and has until now concluded a total of nine agreements with municipalities, etc. For the news on Nissan’s

cooperation with Secoma Co., Ltd. in this respect, please refer to the February 2019 issue of the Japanese Industry and Policy News.

<https://global.nissannews.com/ja-JP/releases/release-2d836ec3339df25da8085470e9004826-190830-01-j> (in Japanese)

<https://www.eu-japan.eu/publications/february-2019-japanese-industry-and-policy-news>

Mitsui & Co. Establishes a Joint Project Company with Groupe Renault, Demeter and The Mobility House to Provide Power Supply Optimization Capabilities in Germany Using EV Batteries

Mitsui & Co., Ltd., in partnership with Renault S.A.S, Fonds de Modernisation Ecologique des Transports (an infrastructure fund managed by France-based Demeter), and The Mobility House AG, established Tokai 2 GmbH in August, a joint project company which will provide power supply optimization capabilities in Germany using an energy stationary storage system with energy sourced from Renault electric vehicle (EV) batteries.

Tokai 2 will develop a stationary storage system which will have a total power output of 20 MW upon completion. The storage system will use Renault EV batteries deployed in containers that will be installed in different locations. It will provide frequency containment reserve service to the German power grid using the intelligent commercialization technology developed by The Mobility House. In the future, it will also aim at providing energy management services utilizing batteries storage capacity to industrial customers and power providers.



Image of Containerized Battery Storage

https://www.mitsui.com/jp/en/topics/2019/1229529_11243.html

ADDITIONAL TOPICS

Development of an International Standard for an Information Model for the Electricity Balancing Market to Start

The Ministry of Economy, Trade and Industry (METI) announced on August 23 that Europe and Japan had cooperatively proposed to the International Electrotechnical Commission (IEC) the development of an international standard for an information model for electricity balancing markets. This proposal was approved, so the IEC has started work on the standard.

France is the project leader of European side with the support of ENTSO-E, which is an association of transmission system operators in Europe.

Data exchanges based on the information model will be able to contribute to securing simple connections between different systems operating in the market. The information model will be designed to define the data items and resulting representations that should be shared between market participants. The data items will include date and time, bids, prices and other items for trading.

https://www.meti.go.jp/english/press/2019/0823_001.html

Japan-ASEAN IP Cooperation Programs Enhanced

On August 6, the Japan Patent Office (JPO) held the Ninth Japan-ASEAN Heads of Intellectual Property Offices Meeting in Tokyo. The meeting adopted the Japan-ASEAN Joint Statement for Intellectual Property 2019 and agreed on the FY2019 Japan-ASEAN Action Plan on Intellectual Property Cooperation. As for the Action Plan, the two sides agreed on the following plans, under which they will continue the existing Japan-ASEAN cooperation in parallel with the launch of new cooperation efforts:

- Sharing information on translation issues that may arise in the patent application process of patent applications so as to meet the demand of the applicants;
- Investigation and research by the Economic Research Institute for ASEAN and East Asia (ERIA) into patent examination systems of Japan and ASEAN Member States in the field of emerging technologies;
- Cooperation in accession of ASEAN Member States to the international application system (Madrid Protocol/Hague Agreement) and cooperation in the management thereof;

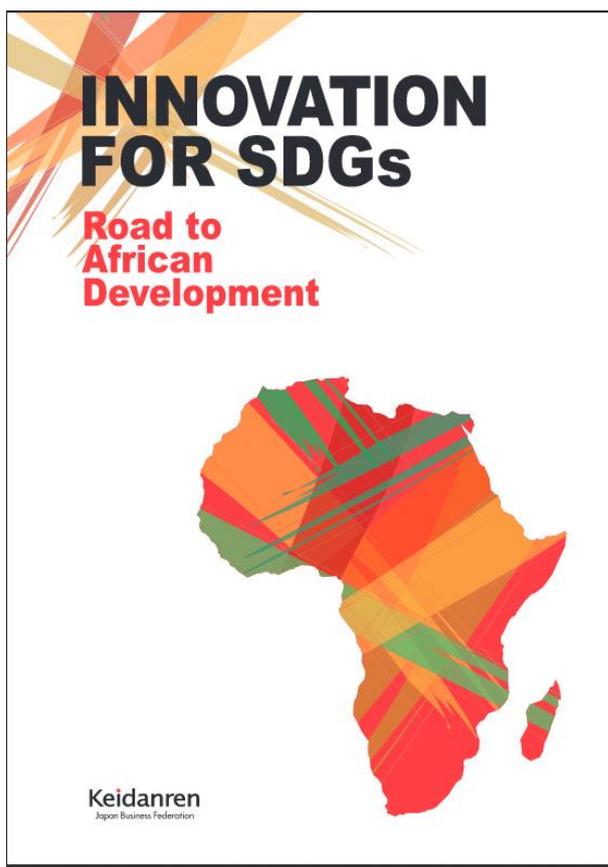
- Cooperation in human resource development and management of examination practices; and
- Cooperation in IP commercialization and awareness-raising of IP.

https://www.meti.go.jp/english/press/2019/0807_001.html

Keidanren Compiled a Collection of Case Studies of Japanese Companies' Contribution to African Development

Keidanren (Japan Business Federation) published on August 29 a booklet titled "Innovation for SDGs – Road to African Development". It is a collection of case studies showcasing a total of 69 examples of Japanese companies' activities related to improvement of social and business environment, human resource development and start-up innovation in Africa.

It was published on the occasion of the Seventh Tokyo International Conference on African Development (TICAD7).



https://www.keidanren.or.jp/en/policy/2019/066_casestudy.pdf