

JAPANESE INDUSTRY AND POLICY NEWS

December 2018

LEGISLATION AND POLICY NEWS

Principles for Rule Making to Address the Rise of Platform Businesses Formulated

The Ministry of Economy, Trade and Industry (METI), the Japan Fair Trade Commission (JFTC) and the Ministry of Internal Affairs and Communications (MIC) jointly formulated a policy paper titled “Fundamental Principles for Rule Making to Address the Rise of Platform Businesses” and published it on December 18. It is based on the interim discussion paper that the Study Group on Improvement of Trading Environment surrounding Digital Platform Businesses that METI, JFTC and MIC launched. The Study Group comprised of academic experts and others from various disciplines including competition policy, information policy and consumer policy formulated and released on December 12, 2018.

The Future Investment Strategy 2018 approved by the Cabinet in June 2018 stipulates that in order to improve the rules in response to the rise of the platform businesses, fundamental principles shall be established during this year, and based on these, concrete measures shall be proceeded promptly by the end of 2018.

METI, JFTC and MIC said that they would promptly advance implementation of specific measures in line with the principles.

http://www.meti.go.jp/english/press/2018/1218_002.html

New System for Encouraging Foreign Entrepreneurs to Smoothly Start Business

In collaboration with the Ministry of Justice (MOJ), the Ministry of Economy, Trade and Industry (METI) announced on December 28 that it has started a new system for encouraging foreign entrepreneurs to smoothly start businesses. Under this system, municipalities that proactively intend to support foreign entrepreneurs will formulate an action plan called “Plan for Managing and Supporting Business Startup Activities by Foreign Entrepreneurs” and METI will approve the plan. Foreign entrepreneurs which will be covered by the approved plan will be eligible to enter and stay in Japan for the purpose of preparation activities for starting

business for up to one year.

Under the new system, municipalities that intend to conduct new projects called “Projects for Encouraging Foreign Entrepreneurs to Start Business,” including initiatives for managing and supporting business startup activities of foreign entrepreneurs, are required to formulate an action plan for their projects called “Plan for Managing and Supporting Business Startup Activities by Foreign Entrepreneurs” and to receive approval of the plan from the METI Minister.

Foreign entrepreneurs who will be covered by the approved plan will be eligible to enter and stay in Japan for the purpose of preparation activities for starting business for up to one year. If they wish to continue to stay and operate business in Japan after the predetermined period, they are required to obtain a new status of residence under the category of “business manager” as before.

http://www.meti.go.jp/english/press/2018/1228_004.html

<http://www.meti.go.jp/policy/newbusiness/startupvisa/index.html>(in Japanese)

METI Formulates Guidance for Climate-related Financial Disclosure

Since the adoption of the Paris Agreement by the 21st Session of the Conference of the Parties (COP 21) in 2015, global society has been facing dramatic changes in social and economic situations surrounding climate change. Looking at the fields of investments and finance, an increasing number of investors and other stakeholders have been requesting that companies disclose corporate information on ESG factors along with the expansion of ESG investments. In particular, in June 2017, the TCFD, an organization established by the Financial Stability Board (FSB) responding to the instruction of the G20 Finance Ministers and Central Bank Governors, released its recommendations (referred to as the “TCFD Recommendations”) and triggered by this release, a further growing number of investors and other stakeholders have been requesting that companies disclose corporate information on their efforts involving climate change.

In light of this situation, in August 2018, the Ministry of Economy, Trade and Industry (METI) launched the TCFD Study Group on Implementing TCFD Recommendations for mobilizing green finance through proactive corporate disclosure, and since then, the study group has been conducting discussions on ideal approaches to corporate information disclosures in accordance with the TCFD Recommendations through dialogues between business operators and investors and other stakeholders inside and outside Japan.

On December 25, 2018, the study group held its third meeting, and based on the results of its past discussions, and aiming to encourage companies to effectively disclose the strong points of their proactive efforts for addressing climate change, it formulated its Guidance for Climate-related Financial Disclosures (TCFD Guidance). The TCFD Guidance aims to: provide information to explain approaches to information disclosures in accordance with the TCFD Recommendations; explain case examples as references; and provide industry-based viewpoints that companies should take to show their efforts.

Moreover, on December 25, 2018, METI declared its support for the TCFD Recommendations.

http://www.meti.go.jp/english/press/2018/1225_006.html

Discussions to Begin on Development of Standards for Maintenance and Management of Offshore Wind Power Generation Facilities

Aiming to streamline examination procedures under the Electricity Business Act and the Port and Harbor Act and to reduce burdens from related businesses so as to further facilitate introduction of wind power generation, the Ministry of Economy, Trade and Industry (METI) and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) have been advancing discussions on standards and other criteria for such facilities under the jointly held Committee on Study of Developing Offshore Wind Power Generation Facilities in Ports and Harbors.

METI announced on December 10 that the ministries would launch a new working group - the Working Group on Facility Maintenance and Management Technologies – under the committee to begin discussions on standards for maintenance and management of offshore wind power generation facilities.

As ports and harbors are considered promising sites into which offshore wind power generation facilities are appropriately introduced, Japan enforced the revised Port and Harbor Act in FY2016 and developed rules for occupation of water areas and other measures in port and harbor areas. In response, as seen in the selection of operators of offshore wind power generation facilities in Kitakyushu Port and Kashima Port taking advantage of the revised Act, projects for offshore wind power generation facilities in multiple ports and harbors are expected to be developed in Japan.

http://www.meti.go.jp/english/press/2018/1210_001.html

Roadmap toward Air Mobility Revolution Formulated

The Ministry of Economy, Trade and Industry (METI) and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) jointly launched a Public-Private Conference for Future Air Mobility Revolution bringing together stakeholders in the public and private sectors to realize “flying vehicles” in Japan. On December 20, 2018, the conference held the fourth meeting and formulated the discussion results into a roadmap.

The roadmap sets temporal goals that stakeholders may achieve toward practical use of flying vehicles. In particular, the roadmap defines that businesses are to start test flights, demonstrative experiments and other relating efforts in 2019, embark on commercialization of flying vehicles in the mid-2020s, in particular 2023 as a goal, and further expand the commercialization from the 2030s.

The roadmap also presents use examples of flying vehicles, such as transportation of goods, mobility of people in rural areas, and mobility of people in urbanized areas, as well as expected uses of such vehicles in certain cases, for example, disasters response, emergency first aid, and leisure. To achieve these goals, the roadmap further explains future steps involving: development of regulations and standards for defining safety of vehicles and proving technological quality; development of technologies that ensure and prove safeness and reliability; and development of technologies for autonomous flight, flight operation control and electric propulsion.



Conceptual video clip titled [“Let’s drive in the sky”](http://www.meti.go.jp/english/press/2018/1220_004.html)
http://www.meti.go.jp/english/press/2018/1220_004.html

http://www.meti.go.jp/english/press/2018/pdf/1220_004a.pdf

Guidelines for Multilingualization in the Retail Sales Industry Released

On December 20, the Project Team on Retail Sales under the Council for Multilingualization for the 2020 Tokyo Olympic and Paralympic Games (chair: Mr. Kenichi Niitsu, Director, Japan Shopping Tourism Organization) released Guidelines for Multilingualization in the Retail Sales Industry.

The guidelines are a compilation of approaches to advancing multilingualization in the retail sales industry in particular. They aim to encourage the industry as a whole to promote multilingualization in a more smooth and efficient manner and to provide overseas visitors in Japan with better omotenashi (hospitality) services. As one of the tools to these ends, in its section titled “Multilingualization in the Field of Product Descriptions,” the guidelines explains “Mulpi,” a smartphone-dedicated application for provision of product information in multiple languages, an outcome of the Project on Provision of Product Information in Multiple Languages conducted by the Council for Collaboration in the Manufacturing, Distribution and Retail Sales Industries.



Examples of information signs indicated at the entrances of shops



QR code to download *Mulpi* application for Android



QR code to download *Mulpi* application for iOS

http://www.meti.go.jp/english/press/2018/1220_002.html

Joint Team for Promoting Exports of Agricultural, Forestry and Fishery Products and Foods Discusses Support Measures

The Ministry of Economy, Trade and Industry (METI) and the Ministry of Agriculture, Forestry and Fisheries (MAFF) held the third meeting of the Joint Team for Promoting Exports of Agricultural, Forestry and Fishery Products and

Foods on December 26 and discussed the following issues: (i) Publication of the Guidebook for Export Support Measures; (ii) Enhancement and centralization of JETRO's consultation services on export; (iii) Current situation and progress of collaboration between Regional Agricultural Administration Offices and Regional Bureaus of Economy, Trade and Industry; (iv) Current situation and achievements concerning export utilizing e-commerce (EC); and (v) Digitalization of application and issuance procedures of certificates of origin.

http://www.meti.go.jp/english/press/2018/1226_002.html

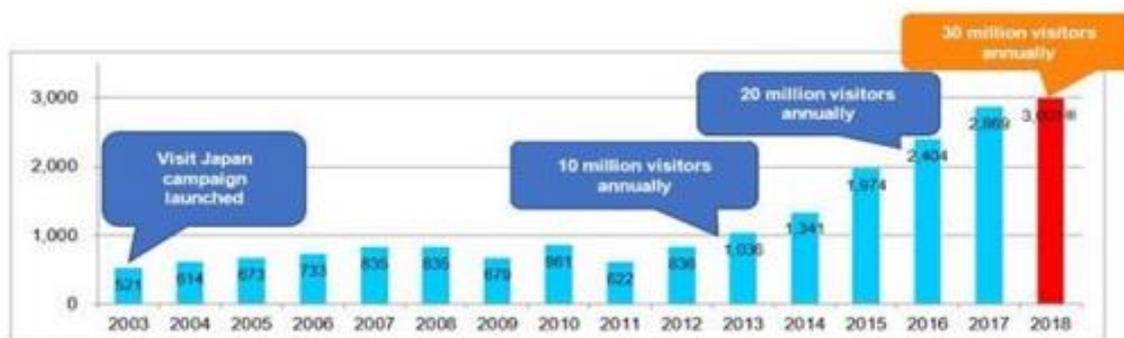
SURVEY AND BUSINESS DATA

Number of Visitor Arrivals to Japan Reached 30 million for the First Time

Japan National Tourism Organization (JNTO) announced on Dec.19 that the number of visitor arrivals to Japan has reached 30million as of December 18th. This number is the preliminary figure estimated by JNTO in cooperation with the Ministry of Justice.

The number of foreign visitors grows in a short period of time. It was only 10 million in 2013 but reached 20 million in 2016.

Transition of Foreign Visitors to Japan (Unit: 10,000)



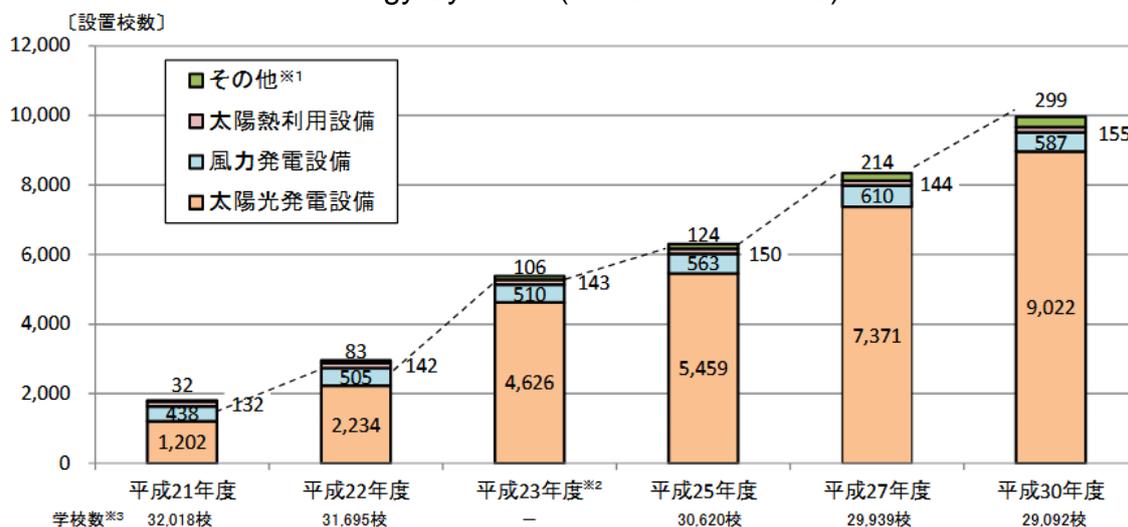
<https://www.japan.travel/en/news/visitor-arrivals-reached-30-million/>

One Third of Public Elementary and Secondary Schools are Equipped with Solar Power Facilities

According to the Ministry of Education, Culture, Sports, Science and Technology, 31.0% of public elementary and secondary schools are equipped with photovoltaic power generation systems as of May 1, 2018. It corresponds to an

increase of 6.4% point as compared to the previous survey in 2015.

Number of Elementary and Secondary Schools Equipped with Renewable Energy Systems (FY2009 – FY2018)



Those in orange color are equipped with photovoltaic power generation systems, pale blue color indicates that they are equipped with wind power facilities.

http://www.mext.go.jp/a_menu/shisetu/ecoschool/detail/1296649.htm

(in Japanese)

Slight Improvement Observed in Redelivery Ratio

According to a bi-annual survey of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) published on December 21, the ratio of parcels that home delivery companies obliged to redeliver due to the absence of receivers was 15.2% in October 2018. It is an improvement by 0.3 percent points as compared to the corresponding period in the previous year. It is a result of sample survey, covering three biggest home delivery companies.

In October 2018, the ratio was higher in cities with 16.5% while it were lower in suburbs (14.6%) and rural area (12.9%).

The MLIT sets a target to reduce the redelivery ratio to 13% in 2020.

http://www.mlit.go.jp/report/press/re_delivery_1810.html (in Japanese)

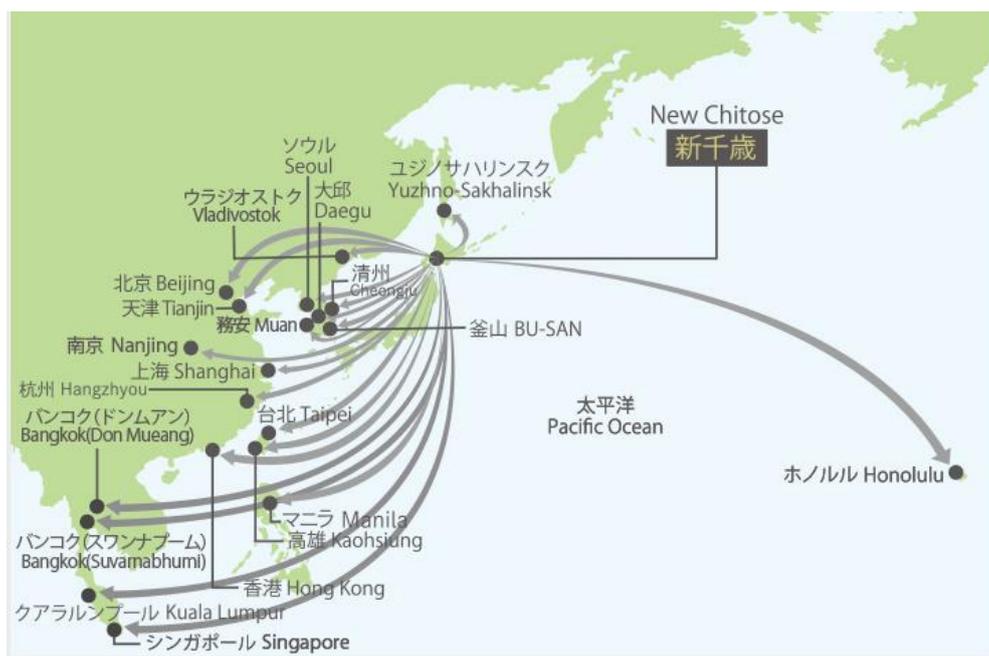
COMPANY NEWS

Ural Airlines Launches New Service between Vladivostok and Sapporo

The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) announced on December 12 that it had approved application for international air transport services submitted by Russian Ural Airlines. Subsequently Ural Airlines started service of Vladivostok-Sapporo route on December 21.

Ural Airlines offers two flights per week, using Airbus A320-200 as equipment.

International Flights to-and-from the Sapporo (New Chitose) Airport



(2019年1月現在)

New Chitose Airport Terminal

http://www.mlit.go.jp/report/press/kouku05_hh_000121.html (in Japanese)

<https://www.uralairlines.com/en/good-info/news-and-press-releases/ural-airlines-reviewed-the-results-of-anniversary-year-2018/?print=Y>

HondaJet Elite Deliveries Begin in Japan

Honda Aircraft Company announced on December 20 that it has delivered the first HondaJet Elite in Japan. The first customer delivery follows the HondaJet Elite's receipt of type certification from the Japan Civil Aviation Bureau (JCAB) of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) on December 7.

After Kuniharu Ebina presented the HondaJet Elite's Japan type certification to Michimasa Fujino, the HondaJet Elite was delivered to Kotaro Chiba, founder of Japan's Drone Fund and the first HondaJet customer in Japan.



<https://global.honda/newsroom/news/2018/c181220eng.html>

Restructuring of Automotive Lithium-Ion Battery Business

Hitachi, Ltd. announced on December 25 that it had concluded an agreement with INCJ, Ltd. and Maxell Holdings, Ltd. to restructure the capital affiliation of Hitachi Vehicle Energy, Ltd., Hitachi's wholly owned subsidiaries in the automotive lithium-ion battery business, to form a joint-stock partnership structure with these companies, and had concluded both a basic agreement and share transfer agreement with them.

Specifically, the stocks of Hitachi Vehicle Energy owned by Hitachi, Ltd. will be transferred to INCJ and Maxell. Hitachi Automotive Systems, Hitachi's wholly-owned subsidiary in automotive components and related businesses, will spin off a part of its lithium-ion battery management system business etc. to Hitachi Vehicle Energy through an absorption-type company split, and acquire shares in Hitachi Vehicle Energy equivalent to the value of the spun-off business.

Against the background of increasingly stringent environmental regulations in recent years, the market has been expanding for electrified vehicles such as hybrid vehicles, plug-in hybrid vehicles, electric vehicles, etc. The demand for automotive lithium-ion batteries, a key component of electrified vehicles, has also been increasing year-on-year. However, global competition in the automotive lithium-ion battery market has also intensified as overseas

manufacturers become more competitive.

In light of this situation, Hitachi concluded the above agreements after determining that Hitachi Vehicle Energy will be able to maintain and increase its global competitiveness by utilizing the extensive management resources of the three companies. INCJ has knowledge and an information network amassed through its diverse investment experiences, while Maxell has battery technologies and know-how developed over many years, and Hitachi Automotive Systems has a long record of deliveries to major automobile manufacturers.

<http://www.hitachi.com/New/cnews/month/2018/12/181225.html>

Sumitomo Corp Invests in Kenyan ‘pay-as-you-go’ Solar and Finance Platform

Sumitomo Corporation announced on December 18 that it has invested in M-KOPA Holdings Limited (Head Office: Nairobi, Kenya; CEO: Jesse Moore). M-KOPA empowers homes and small businesses. It has pioneered and built an advanced pay-as-you-go platform – unlocking solar, information, technology, finance and opportunity for millions of people.

Through this investment, Sumitomo Corporation aims to launch a new business related to distributed power sources and contribute to improving the living standards of people inhabiting non-electrified areas.

M-KOPANET is the company’s industry-leading, patented platform – using telemetry and IoT systems to power connected devices. The customer experience is enabled by analysis of device performance, customer preferences and subscriber payment behavior. The M-KOPAIQ Analytics Suite drives operations and helps the company anticipate new service opportunities.

<https://www.sumitomocorp.com/en/jp/news/release/2018/group/11080>

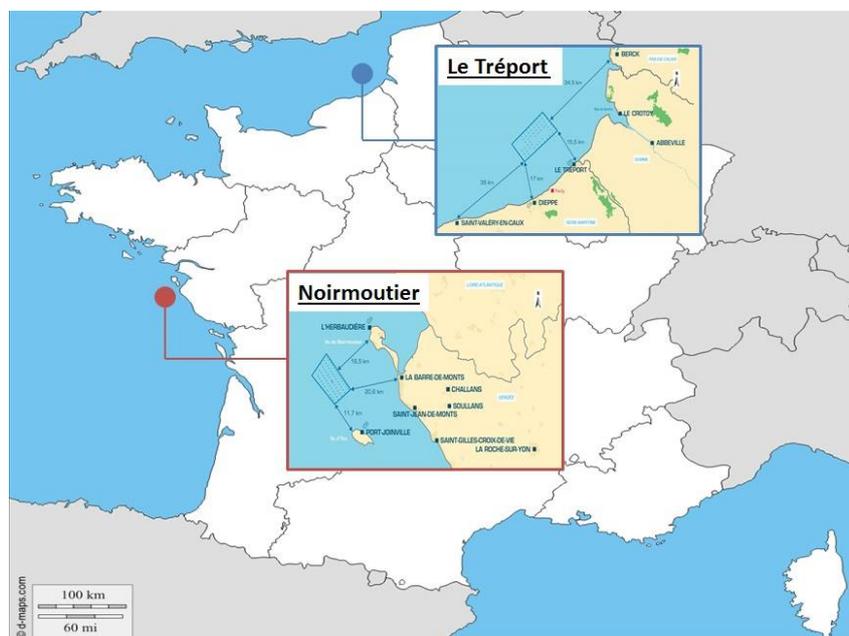
Sumitomo Corp Participates in Offshore Wind Farm Projects in France

Sumitomo Corporation announced on December 19 that it had acquired 29.5% of the shares of Le Tréport project and Noirmoutier project which are under development by Engie and EDP Renewables, offshore wind farm developers. Le Tréport project is currently being developed in the English Channel about 15 kilometers off the coast of France and Noirmoutier project is currently being developed in the Bay of Biscay about 12 kilometers off the coast of France. With a total power-generating capacity of 992 MW (496 MW each), the Projects

should cost around 4 billion Euros overall, and the funds are to be procured primarily through non-recourse project finance. The Projects have a 25-year lifespan and will supply enough electricity to meet the consumption needs of 1,640,000 people in France . Power offtake for both projects is secured via long term PPA.

Sumitomo Corporation has been involved in wind power generation projects in Japan, Europe, the US, South Africa and China, and it is currently part of three major offshore wind projects in Belgium (total gross capacity of 600MW and net capacity of 194.9MW)) and two in the UK (total gross capacity of 909MW and net capacity of 113.7 MW).

Wind Farms Map



<https://www.sumitomocorp.com/en/jp/news/release/2018/group/11100>

Collaboration between a House Builder and a Hotel in Introducing Wooden Straws

Aqurahome Co., Ltd., a house builder and the Capitol Hotel Tokyu announced on December 11 that they would start the “Wood Straw Project” for introducing the world’s first wooden straws. The project is a brainchild of Yuri Takeda, an environmental journalist, making straws from sliced wood.

The Capitol Hotel Tokyu intends to stop using plastic straws in all of its restaurants and bars by April 2019.



<http://www.aqura.co.jp/company/news/pdf/181211.pdf> (in Japanese)

ADDITIONAL TOPICS

Solicitation of opinions/information on fair M&A

The Ministry of Economy, Trade and Industry (METI) launched the Fair M&A Study Group in November 2018 which has since been holding meetings to discuss ideal approaches to fair M&A in Japan, including the necessity of revising the Guidelines for Management Buyout (MBO) to Improve Corporate Value and Secure Fair Procedures (“MBO Guidelines”) and future directions for revision.

Before the discussion comes into full swing, in a bid to deepen analysis and study on these issues from a wide perspective, METI invites opinions/information on the issues broadly from the parties concerned in and outside of Japan.

Submission must reach METI by Tuesday, February 5, 2019.

http://www.meti.go.jp/english/press/2018/1228_001.html

<http://www.meti.go.jp/press/2018/12/20181228003/20181228003-2.pdf>

METI and JETRO Embark on New Portal Website “Open for Professionals”

In response to the proposal shown in the Future Investment Strategy 2018, the Ministry of Economy, Trade and Industry (METI) and the Japan External Trade

Organization (JETRO) opened a new portal website called “Open for Professionals” on the JETRO website on December 25. This effort is also part of the measures stipulated in the Comprehensive Measures for the Acceptance and Inclusion of Foreign Human Resources.

Aiming to facilitate the acceptance of highly-skilled foreign professionals in Japan, this one-stop website will provide reader-friendly information for both foreign professionals, including foreign students currently in Japan, and companies that intend to employ such professionals.

From April 2019, METI will develop a new framework for providing mentoring or collaborative support for mid-ranking companies and SMEs. The framework will aim to support such companies in various steps, ranging from understanding procedures for hiring such professionals, to solving challenges therein, to developing employment environments for empowerment of overseas human resources, and to encouraging foreign professionals to settle down in Japan.

http://www.meti.go.jp/english/press/2018/1225_001.html

http://www.meti.go.jp/english/policy/external_economy/professionals/index.html#press

<https://www.jetro.go.jp/hrportal>

New Japan-oriented ISO Standard Issued for Equivalence Validation for Product Data

According to a press release of the Ministry of Economy, Trade and Industry (METI) dated December 17, ISO 10303-62 (a standard governing equivalence validation of product data) is a standard proposed by Japan that will guarantee the reliability of data, so that product data can be utilized confidently at any stage of product development. This standard is expected to contribute to the dissemination of digitized product data which serve as technical foundations for the Connected Industries policy, which aims to enable connections between all and every type of data.

http://www.meti.go.jp/english/press/2018/1217_006.html

Four New Projects Became Eligible for F/S Subsidy on Thermal Power Generation

The Agency for Natural Resources and Energy announced on December 26 that it decided to add four new projects for subsidizing feasibility studies (F/S) on thermal power generation. It includes projects in Osaki city, Miyagi prefecture

