

JAPANESE INDUSTRY AND POLICY NEWS

July 2016

LEGISLATION AND POLICY NEWS

Act for Strengthening the Management of SMEs Came into Force

On July 1, 2016, Act for Strengthening the Management of small and medium enterprises (SMEs), micro businesses and mid-ranking companies came into force. The Act stipulates: (1) the formulation of guidelines by the minister having jurisdiction over a business category and (2) special treatments for supporting the efforts of entities including SMEs and micro businesses, e.g., reduction in fixed-asset tax and additional financial support.

Each minister with jurisdiction over a business category is to formulate guidelines for individual business fields on efforts to be made by business operators in order to strengthen management practices, such as analyzing customer data, utilizing IT, enhancing financial management, and developing human resources.

In order to receive the special support, entities including SMEs and micro businesses are required to prepare business plans for improving their management skills (management improvement plan), describing how they improve human resource development and cost management or conduct business investment. Upon being approved by a minister, the entities will be eligible for special support treatments, including a reduction in fixed-asset tax involving machinery or devices (by half, for three years; targeting entities with capital of 100 million yen or less) and additional financial support, e.g., low-interest loans or guaranty of liabilities.

The approved entities will also be eligible for receiving support in preparing the plans from accredited organizations and experts that support business innovation and other efforts, including chambers of commerce and industry, national federation of small business associations, financial institutes, and professionals.

http://www.meti.go.jp/english/press/2016/0701_02.html

IoT Security Guidelines Formulated

The Ministry of Economy, Trade and Industry (METI) and the Ministry of Internal Affairs and Communications (MIC) established an Internet of Things (IoT)

Security Working Group (WG) under the IoT Acceleration Consortium and held meetings of the WG.

In May 2016, the WG compiled the draft version of the guidelines. From June 1 to 14, 2016, a call for public comments on this draft version was issued, and 29 entities and individuals submitted their opinions. In response, based on the results of the meetings and the responses to the call for public comments, the WG formulated IoT Security Guidelines ver. 1.0. METI announced on 5 July the guidelines and the results of the call for public comments.

The guideline compiles basic ideas necessary for considering cyber security measures in providing IoT apparatus, systems and services. It also indicates “rules” for general users

http://www.meti.go.jp/english/press/2016/0705_01.html

<http://www.meti.go.jp/press/2016/07/20160705002/20160705002-2.pdf>

(Reference materials in Japanese language only)

White Paper on Open Innovation Compiled

“White Paper on Open Innovation” was published on 8 July. Through a new idea called “Open Innovation” (“OI”), businesses will be able to create new value by taking on external and other technologies or ideas that will contribute to their creation of future innovation. To encourage OI, the Japan Open Innovation Council (JOIC) streamlined quantitative data on it, analyzed or examined challenges as well as obstructive and success factors that were derived from the study of case examples of Japanese and overseas leading entities tackling OI, and compiled the results into the white paper.

The white paper provides chronologically-streamlined quantitative data on large companies, universities or public organizations that collaborate with external entities. In addition, it also offers the case examples of 11 domestic and five overseas companies in the manufacturing industry that have achieved certain results through OI programs as well as examples in Silicon Valley, Israel or other places overseas that endeavor to establish an ecosystem for creating OI.

http://www.meti.go.jp/english/press/2016/0708_02.html

SURVEY AND BUSINESS DATA

Over 25% of Japan's Population Aged 65 or Older

More than one in four people in Japan were aged 65 or older as of 1 October, 2015 accounting for 33.42 million or a record 26.7% of the overall population. The result, which is from the census of 2015 was published by Statistics Japan, Ministry of Internal Affairs and Communications on 29 June, highlighting the nation's challenge in dealing with the rapid graying of society.

The proportion in that age category was the highest since the government began such surveys in 1920. The latest figure showed an increase of 3.7 percentage points from the previous survey in 2010, reaching the highest level in the world as compared to 22.4% in Italy and 21.2% in Germany.

Census of 2015 also revealed that Japan's total population decreased for the first time to 127.11 million, diminishing 0.7% from 2010

http://www.stat.go.jp/data/kokusei/2015/kekka/pdf/c_youyaku.pdf (Japanese language only)

<http://www.stat.go.jp/data/kokusei/2015/kekka/pdf/gaiyou1.pdf> (Japanese language only)

Japan's Job Availability Best in 24 years

The Ministry of Health, Labour and Welfare announced on 1 July that Japan's job availability reached the best level in over 24 years and the unemployment rate stayed flat at 3.2 percent in May, indicating that the country's labor market remains tight.

The ministry highlighted that the job availability ratio improved to 1.36 in May, the highest level since October 1991. It means that 136 positions were available for every 100 job seekers.

The difference according to region is remarkable. However, it is noteworthy that the ratio is better than 1.00 in every prefecture since April.

<http://www.mhlw.go.jp/file/04-Houdouhappyou-11602000-Shokugyouanteikyoku-Koyouseisakuka/0000128958.pdf> (Japanese language only)

11.7 Million Foreigners Visit Japan in 1st Half of 2016

The estimated number of foreign visitors to Japan in the first half of 2016 stood at 11.7 million, up 28.2% from the previous year, the Japan National Tourism Organization (JNTO) announced on 20 July. It is the first time that the number of foreign visitors surpassed 10 million in half year.

By country of origin, China is by far the most numerous with 3.1 million (26.3% of the total) visitors. As for European countries, the U.K. (145,200 visitors),

France (122,600) and Germany (88,700) were the top 3, all of which registered increases of more than 15% from the previous year.

http://www.jnto.go.jp/jpn/news/press_releases/pdf/160720_monthly.pdf

Japan Registers 1st Half-year Trade Surplus since 2010

Japan posted a goods trade surplus for a half-year period in January to June for the first time since second half of 2010, due mainly to a plunge in the value of imports which reflect declining prices of crude oil and liquefied natural gas, the Ministry of Finance announced on 25 July.

During the first half of 2016, the trade surplus came to 1.8 trillion yen (\$16 billion), turning around from a deficit of 1.7 trillion yen a year earlier. In that period, the value of exports decreased 8.7% from a year earlier to 34.5 trillion yen, due mainly to a sharp fall in the value of steel shipments amid a slowdown in Chinese and other emerging economies. Imports decreased 17.2% to 32.7 trillion yen.

As for trade with the European Union, exports was 4,044 billion yen (+4.0%) and imports was 4,036 billion yen (-0.2%).

http://www.customs.go.jp/toukei/shinbun/trade-st_e/2016/2016_314e.pdf

2016 Report of the Office of Intellectual Property Protection Released

The Ministry of Economy, Trade and Industry (METI) and related ministries (the Cabinet Office, National Police Agency, Ministry of Internal Affairs and Communications, Ministry of Justice, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Agriculture, Forestry and Fisheries, and Consumer Affairs Agency) compiled and released on July 1 the Annual Report of the Office of Intellectual Property Protection, which summarises measures that the government has taken to combat counterfeit and pirated goods in the past year.

The 2016 report highlights several points, including (a) the number of consultation cases has marked a record high, (b) the number of consultations and information provisions related to internet transactions remains high, (c) among cases of counterfeit goods for which countries of manufacture were identified, those relating to China were the largest in number, and (d) trademark infringement cases accounted for a large percentage of the total.

http://www.meti.go.jp/english/press/2016/0701_01.html

COMPANY NEWS

Sharp to Sell Solar-powered Phone Charging Stations

Sharp Corp. announced on 27 June it would start selling outdoor solar-powered charging stations for mobile phones.

Each charging station has a solar panel on top of it. The electricity generated through the panel is stored in a battery, so users can charge their smartphones and other devices even at night or on cloudy days, according to Sharp. Up to four devices can be charged at the same time.

The stations, produced on order, will go on sale on Aug. 25. Suggested retail price (without tax) is set at 2.5 million yen (\$24,000). Sharp is hoping to sell the solar-powered charging stations to local municipalities and other customers.

<http://www.sharp.co.jp/corporate/news/160627-a.html>(Japanese language only)

Mitsubishi Aircraft Wins Order from Swedish Firm for up to 20 MRJs

Mitsubishi Aircraft Corporation announced on July 11 it has won an order to deliver up to 20 units of the Mitsubishi Regional Jet to Rockton AB, a regional passenger aircraft leasing company in Sweden, starting in 2020.

Mitsubishi Aircraft Corp. said the Swedish company signed a letter of intent to buy 10 MRJ90 planes with an option for an additional 10. Rockton is the first European company and second airplane leasing company to select the MRJ. According to Mitsubishi Aircraft, 407 MRJ aircraft are on order thus far and 40 will be added to its order book when the company signs a definitive agreement with Rockton and Aerolease Aviation. The total of 447 MRJ aircraft include 243 firm orders with 180 options and 24 purchase rights.

http://www.flythemrj.com/news/date/news_160711.html

Sakata Seed Achieves the Best Result

Sakata Seed Corporation announced on 11 July that its fiscal 2016 which ended in May resulted in the best performance with a net profit of 5,215 million yen.

Sales progressed 3.6% from the previous year to reach 58,773 million yen.

Overseas wholesale increased 7.6% to 32,074 million yen, covering a slight decrease by 0.2% of domestic wholesale (16,365 million yen). Domestic retail sales decreased 3.6% to 936 million yen.

Export items which recorded good results were vegetable seeds including

broccoli, tomato, carrot, pumpkin and flower seeds of lisianthus and sunflower. As for European market, popularity of broccoli and tomato seeds contributed to the entire sales increase.

<http://www.sakataseed.co.jp/corporate/news/file/2016711LI.pdf>(Japanese language only)

<http://www.sakataseed.co.jp/corporate/news/20160707K.html>

Honda and SoftBank Begin Joint Research Project on AI-based Vehicles

Honda R&D Co., Ltd., a wholly owned R&D subsidiary of Honda Motor Co., Ltd., announced on 21 July plans to collaborate with SoftBank Corp. (“SoftBank”) and begin a joint research project toward application of the “emotion engine,*” an artificial intelligence (AI) technology developed by cocoro SB Corp. (“cocoro SB”), a SoftBank Group company, for mobility products. Through this joint research project, Honda and SoftBank will strive to enable mobility products to utilize conversations with the driver, together with other information obtained from various sensors and cameras installed on the mobility product, both to perceive the emotions of the driver and to engage in dialogue with the driver based on the vehicle’s own emotions. Moreover, by letting mobility products “grow up” while sharing various experiences with their drivers, the project will strive to enable drivers to experience the feeling that their mobility product has become a good partner and thus form a stronger emotional attachment toward it.

*The “emotion engine” is a set of AI technologies developed by cocoro SB Corp., which enable machines to artificially generate their own emotions.

<http://world.honda.com/news/2016/c160721eng.html>

http://www.softbank.jp/corp/group/sbm/news/press/2016/20160721_01/

(Japanese language only)

Consortium Including a European Supplier Selected for Tidal Energy Verification Project

Ministry of the Environment announced on 25 July that it selected a consortium led by Kyuden Mirai Energy Company to implement a verification project for tidal power generation. The consortium consists of four companies including Openhydro which is a subsidiary of French shipbuilding company DCNS, specialized in tidal turbine development. Kyuden Mirai Energy is a wholly owned subsidiary of Kyushu Electric Power Company Inc.

It is a four-year project for 2016-2019. Budget allocated in 2016 is 900 million yen (maximum). Site surveys will start later this year in Goto islands, Nagasaki prefecture.

According to Openhydro, a turbine of 2MW is planned for deployment in 2018 and will be subsequently connected to the grid. During the first year of operation, intensive tests will be conducted, the results of which will provide a reference for the construction of commercial scale tidal arrays in Japan.

<http://www.env.go.jp/press/102810.html> (Japanese language only)

<http://www.q-mirai.co.jp/news/archives/60> (Japanese language only)

<http://www.openhydro.com/news/OpenHydroPR-2016-07-26.pdf>