

JAPANESE INDUSTRY AND POLICY NEWS

June 2016

LEGISLATION AND POLICY NEWS

Advisory Committee for Geothermal Resources Development Established

The Japan Oil, Gas and Metals National Corporation (JOGMEC), an organization under the jurisdiction of the Ministry of Economy, Trade and Industry (METI), established in early June an Advisory Committee for Geothermal Resources Development, aiming to support regional municipalities in playing increasing roles as coordinators for appropriate management of geothermal resources. The committee will provide consultation services, including conveyance of information on technical expertise matters.

Major activities of the committee are summarised below.

- (a) Providing expert-based information on the regional development of geothermal resources to regional municipalities that have requested expert advice on the issue;
- (b) Introducing experts in the field of the development of geothermal resources and other areas to regional municipalities in response to their requests;
- (c) Conducting researches that will contribute to sustainable development of geothermal resources; etc.

http://www.meti.go.jp/english/press/2016/0607_01.html

Overseas IP Litigation Insurance Scheme Established for SMEs

The Japan Patent Office (JPO) has established Japan's first insurance scheme to cover the cost of overseas intellectual property (IP) litigation, to reduce financial burden of SMEs that become embroiled in disputes over IP infringements in other countries. The premium will be halved for SMEs enrolling in this insurance scheme if they belong to a nationwide organization.

The rise in the number of Japanese SMEs filing patent applications overseas has been accompanied by a growing tendency for such SMEs to become embroiled in disputes over IP infringements in other countries, especially in China. In order to help SMEs facing these developments, the JPO has established new overseas IP litigation insurance scheme in partnership with the Japan Chamber of Commerce and Industry, the Central Federation of Societies of Commerce and Industry, the National Federation of Small Business

Associations and three insurance companies.

http://www.meti.go.jp/english/press/2016/0608_03.html

JR Kyushu Wins the Prime Minister's Prize of the First Nihon Service Award

Kyushu Railway Company (JR Kyushu) wins the Prime Minister's Prize of the first Nihon Service Award for its "Seven Stars in Kyushu" Cruise Train. The Minister of Economy, Trade and Industry's Prize is awarded to Meal Care Co., Ltd. which supplies meal service provided by "Food Educators" who teach children about culinary culture.

The Nihon Service Award is Japan's first award scheme recognizing outstanding service that features a prize conferred by the Prime Minister. At the awards ceremony, which took place on June 13, the winners received their commendation certificates from Prime Minister Shinzo Abe, Minister of Economy Trade and Industry Motoo Hayashi, and other relevant ministers. The scheme attracted around 900 applications from across the country in its first year.

http://www.meti.go.jp/english/press/2016/0613_01.html

<http://www.cruisetrain-sevenstars.com/>

<http://www.mealcare.co.jp/> (Japanese language only)

Interim Report toward a "Vision for the Sports Industry" Released

The Sports Development Council released its interim report, entitled "Toward a Vision for the Sports Industry" on 15 June. The Council was established jointly by the Ministry of Economy, Trade and Industry (METI) and the Japan Sports Agency.

The interim report sets out the basic approaches to promoting the sports industry as transitioning from cost burdening centers to profit raising centers and actualizing the growth potential of the sports industry and turning it into one of Japan's key industries.

Based on this report, the Council intends to reflect the recommended measures to be taken in the fiscal 2017 budget request. In addition, it plans to engage in more in-depth discussion of the various issues identified and to set out strategic initiatives for the development of Japan's sports industry in the forthcoming "Vision for the Sports Industry (tentative)" before the end of the fiscal year.

http://www.meti.go.jp/english/press/2016/0614_01.html

<http://www.meti.go.jp/press/2016/06/20160614004/20160614004-1.pdf>

(Japanese language only)

SURVEY AND BUSINESS DATA

METI Study Reveals the Scale of the Shortage of IT Human Resources

Information technology (IT) use is expected to become increasingly sophisticated and diverse due to the emergence of big data, the internet of things (IoT), and other new technologies and services, so continued growth in demand for IT is predicted to be a strong possibility in the medium to long term. Considering the importance of IT to the growth of Japanese industry, securing sufficient IT human resources is an issue of the utmost importance to Japan. Based on this awareness, the Ministry of Economy, Trade and Industry (METI) has conducted a study to provide an overview of medium- to long-term trends in demand for IT human resources and examine measures to secure and cultivate IT human resources in the future. METI released the report on the findings of this study on 10 June.

METI report includes vital estimates of the current number of human resources and scale of the shortage in fields where needs are expected to be particularly high in future, namely advanced IT human resources (personnel dealing with artificial intelligence, IoT, and big data, etc.) and information security human resources.

http://www.meti.go.jp/english/press/2016/0610_01.html

http://www.meti.go.jp/policy/it_policy/jinzai/27FY_report.html (Japanese language only)

Bankruptcies in Photovoltaic Sector Show an Increasing Trend

According to Teikoku Databank, Ltd., number of bankruptcies in photovoltaic system related sector show an increasing trend. It was 17 cases in 2013, 21 cases in 2014 and 36 cases in 2015. For the first five months of 2016, the figure was 17 which surpassed the 13 registered in the corresponding period of the previous year.

Of the 151 bankruptcies registered from January 2006 to May 2016, 90.8% were smaller companies with paid-up capital of less than 50 million yen. As regards company history, 53.0% were less than 10-year old.

Japanese photovoltaic system market developed rapidly following the introduction of the feed-in tariff (FIT) scheme for the promotion of renewable energy in July 2012.

However, business environment becomes more difficult recently in line with the declining tariff set for electricity generated by photovoltaic system.

<http://www.tdb.co.jp/report/watching/press/pdf/p160601.pdf> (Japanese language only)

Domestic B to C-EC Market Continues to Grow

According to an annual survey of the Ministry of Economy, Trade and Industry (METI), the market scale of domestic business-to-consumer electronic commerce (B to C-EC) expanded to 13.8 trillion yen in 2015. It is an increase of 7.6% from the previous year. The domestic market scale of business-to-business electronic commerce (B to B-EC) in a narrow sense (*1) expanded to 203 trillion yen (up by 3.5% from the previous year) and in a wide sense (*1) expanded to 288 trillion yen (up by 3.0% from the previous year) during the same period.

The EC ratio (*2) was 4.75% (up by 0.38 percentage points from the previous year) for B to C-EC, while it was 19.2% (up by 0.7 percentage points from the previous year) for B to B-EC in a narrow sense and was 27.3% (up by 0.8 percentage points from the previous year) for B to B-EC in a wide sense.

Notes:

*1 “E-commerce in a narrow sense” is defined as transactions that are conducted (purchase orders are issued) via computer network systems using Internet technologies and whose contract amounts are captured also via such systems. “E-commerce in a wide sense” is defined as transactions that are conducted (purchase orders are issued) via computer network systems and whose contract amounts are captured also via such systems

*2 The EC ratio in this survey refers to the ratio of the e-commerce market scale to the total amount of overall commercial transactions.

http://www.meti.go.jp/english/press/2016/0614_02.html

Number of Japanese Living Abroad Recorded Historical High

According to the annual survey of Ministry of Foreign Affairs, the number of Japanese living abroad as of 1 October 2015 was 1.32 million. It is an increase

of 2.1% from the previous year, reaching the most numerous in history.

By country, the United States (420 thousand), China (131 thousand), Australia (89 thousand), the United Kingdom (68 thousand) and Thailand (67 thousand) were the top 5.

The number of Japanese affiliated companies in the world also reached the highest. It was 71,129 facilities in total as of 1 October 2015. Country-wise, China (33,390), the United States (7,849) and India (4,315) were the top 3. Among EU member countries, Germany (1,777 facilities; ranked 4th in the world), the UK (1,021; 12th), France (726; 15th), Spain (370; 20th) and the Netherlands (362; 22nd) were top 5 as host countries.

<http://www.mofa.go.jp/mofaj/files/000162700.pdf> (Japanese language only)

Number of Foreign Visitors to Japan Tops 10 million in Record-Breaking Speed

The number of foreign visitors to Japan has been increasing at a faster pace than record-breaking last year. More than 10 million foreigners estimated to have visited the country from the beginning of the year to the middle of June. It took about seven months to reach the 10 million threshold in 2015 when a record 19.74 million foreigners visited Japan. If the visitors increase at the current pace, it is likely the annual figure will top 20 million this year.

According to the statistics that Japan National Tourism Organization (JNTO) published on 15 June, the number of foreign visitors to Japan in the first five months of the year reached 9.7 million. As regards visitors from Europe, the United Kingdom (124,900 visitors), France (105,900), Germany (76,800), Italy (42,600) and Spain (27,300) were the top 5, all of which registered more than 15% increase from the previous year.

http://www.jnto.go.jp/jpn/news/press_releases/pdf/fotufe0000009h43-att/160615monthly.pdf.pdf

COMPANY NEWS

Nihon Unisys and Challenergy Work Together to Develop the World's First Generator Which Can Use Typhoon Wind

Nihon Unisys, Ltd. and Challenergy Inc. announced on 30 May that they would start joint efforts in developing and commercialising the “next generation wind

generating services” which would function under very strong wind such as typhoon.

The two companies develop “vertically installed, no propellers type” generator with remote surveillance system using the internet-of-thing (IoT) sensor devices. They start proving experiment in southern most prefecture of Okinawa from early August.

http://www.unisys.co.jp/news/nr_160530_challenergy.html (Japanese language only)

<http://challenergy.com/typhoon/>

TOPICS

METI Signed a Memorandum of Cooperation on “Clean Coal” Technology with Mongolian Ministry of Mining

The memorandum of cooperation between the Ministry of Economy, Trade and Industry (METI) and the Ministry of Mining of Mongolia for the promotion of “clean coal” technology was signed on 2 June.

In the signed memorandum, it was agreed that (a) exchange of clean coal technology be strengthen, (b) study and research on clean coal technology using Mongolian coal be promoted and (c) participation in clean coal technology project in Mongolia be promoted.

<http://www.meti.go.jp/press/2016/06/20160602003/20160602003.html>

(Japanese language only)

Japan-Mongolia EPA Takes Effect

Economic Partnership Agreement (EPA) between Japan and Mongolia takes effect on 7 June.

The portion of Japan's exports exempted from Mongolian import tariffs will increase immediately to about 50% of export items from below one percent until now. Mongolia will remove its tariffs on 96 percent of Japanese imports within 10 years. Japan will also scrap tariffs on almost all products from Mongolia in 10 years.

http://www.mofa.go.jp/mofaj/press/release/press4_003373.html (Japanese language only)

The Second Public-Private Forum on Trade Secrets Organised

The Ministry of Economy, Trade and Industry (METI) organised the Second Public-Private Forum on Trade Secrets on June 15. At the Forum, working-level representatives of the public and private sectors exchanged views concerning the latest development of trade secrets.

METI gave a briefing on the latest developments concerning the protection and use of trade secrets, while the National Police Agency and Public Security Intelligence Agency explained the latest methods for leaking trade secrets and countermeasures against such attempts. In addition, the National Center for Industrial Property Information and Training and the Information-technology Promotion Agency reported on the use of the trade secrets consultation service and the current situation regarding cybersecurity measures. The Intellectual Property Lawyers Network Japan provided an overview of new judicial developments, while industry representatives outlined specific lawsuits and initiatives in each sector.

http://www.meti.go.jp/english/press/2016/0615_02.html