

Section 2 Support for overseas business activities in response to changing needs

In this section, examples are described of support measures for Japanese enterprises' overseas business activities, and a discussion will be made with respect to the direction of measures in response to increasingly diversified overseas business activities and the changing support needs.

1. Package-type infrastructure overseas development

Advancing the overseas development of the infrastructure-related industries as an integrated “system,” which includes not only the delivery of individual equipment and facilities, but also design and construction as well as maintenance and management, will lead to steadily increasing profits. At the same time, through the acquisition of sophisticated technology and know-how, the advancement of Japanese industries and the enhancement of added value are also expected. Examples are described below for the development of overseas business through joint efforts of the public and private sectors.

(1) Efforts taken so far

Demand for infrastructure development has remained stable, backed by the economic growth of emerging countries and others, mainly in Asia. In order to capture the overseas growth and link it to the growth of Japan, it is essential to promote the overseas development of package-type infrastructure. Since the strategies are specified in the “industry structure vision” and the “new growth strategy” in 2010, various measures have been taken. As major outcomes achieved in 2011 were verified in the 11th ministerial meeting related to overseas development of package-type infrastructure, the verification revealed that the public and private sectors respectively played their roles, and promoting efforts in an integrated manner actually helped obtain project orders (Figure 4-2-1-1).

Figure 4-2-1-1

Achievements of overseas infrastructure development support in 2011

Field	Country or region	Project name	Outline
High-speed railway	UK	High-speed railway car replacement plan (IEP: Intercity Express Programme)	<ul style="list-style-type: none"> This is a plan to replace decrepit (more than 30 years) high-speed railway cars. A consortium including Hitachi, Ltd. acquired preferential negotiating rights. The plan became subject to a review upon the 2010 change of government in the United Kingdom. However, in March 2011 the UK Department for Transport announced that it would resume negotiations for the conclusion of a formal contract with the Hitachi consortium. (Total project cost: about 4.5 billion pounds [about 565 billion yen (note)])
Coal-fired thermal power	Indonesia	Central Java high-efficiency coal-fired thermal power plan	<ul style="list-style-type: none"> This is a project to construct and operate two coal-fired thermal power plants (one million kW each) in Central Java Province, Java Island (total project cost: about 4 billion dollars [about 315 billion yen (note)]). These are the first ultra supercritical pressure steam power plants in Indonesia. A consortium of Electric Power Development Co., Ltd. (J-POWER) and ITOCHU Corporation won the bid in June 2011. In October of the same year, the related parties concluded a long-term contract for selling electric power. Commercial operation is due to begin in 2017.
Water	Saudi Arabia	Water and sewerage project	<ul style="list-style-type: none"> In January 2011, Economy, Trade and Industry Minister and the Saudi Arabia's Minister of Water & Electricity agreed on talks to carry out water projects in Buraydah city/Unaizah city. In September 2011, Saudi Arabia's Ministry of Water & Electricity, the Ministry of Economy, Trade and Industry, and the Ministry of Land, Infrastructure, Transport and Tourism concluded a comprehensive memorandum of understanding concerning cooperation on the management of water and sewerage systems. Such entities as Yokohama city government and JGC Corporation are conducting F/S to prepare the basic program.
Port and harbor	Vietnam	Lach Huyen Port construction project	<ul style="list-style-type: none"> This is a project to construct and operate the first deep sea port (14m) in Northern Vietnam. In October 2011, the permission for business investment was granted to a joint venture between Mitsui O.S.K. Lines, Ltd., Nippon Yusen Kabushiki Kaisha (NYK LINE), ITOCHU Corporation, and Vietnam National Shipping Lines (Vinalines, a Vietnamese state-owned company). In the top-level meeting between Japan and Vietnam held in the same month, E/N was concluded for a yen loan (STEP) (about 21 billion yen).
Space	Turkey	Space agency establishment/communication satellite procurement project	<ul style="list-style-type: none"> In March 2011, Mitsubishi Electric Corporation won the order concerning the procurement of two communication satellites. The government intends to support the establishment of Turkey's space agency.
Space	Vietnam	Plan for measures against disaster and climate change utilizing satellite information	<ul style="list-style-type: none"> This is a program to develop a space center in Hoa Lac Hi-tech Park and to procure two earth observation satellites (small radar type) from Japan. Technology transfer and capacity building for the development and utilization of artificial satellite is also conducted. Total project cost is 54.4 billion yen. In October 2011, E/N was concluded for the first-term yen loan (STEP) of 7.2 billion yen.
General infrastructure	ASEAN	Support for ASEAN connectivity	<ul style="list-style-type: none"> In the top-level meeting between Japan and ASEAN held in November, the Prime Minister Noda presented "flagship project," a list of major plans beneficial to the strengthening of connectivity, and the related parties reached an agreement (ASEAN's ports and harbors, logistics, electric power, development of information communications networks, and others). Project cost as a whole is about 2 trillion yen. To finance funds, the utilization of ODA, JBIC and others, mobilization of private funds, and coordination with the Asian Development Bank (ADB) and others will be promoted.

Note: converted based on the TTS rate on December 9, 2011.

Source: Cabinet Secretariat.

(A) Ministerial meeting related to overseas development of package-type infrastructure

In order to make flexible judgments in a manner involving the whole of Japan and on initiatives by politicians and support the obtainment of project orders that are important for Japan, the "ministerial meeting related to overseas development of package-type infrastructure" was established in September 2010. The meetings were held 14 times by April 2012, such fields as railways and water and such areas as Indonesia and India were addressed as subjects. At the meetings, deliberations were made in a comprehensive and strategic manner with respect to large projects that will have high spillover effects on Japan or projects that are expected to have spillover effects on similar future projects. The meetings also discussed Japanese strategies for advancing the overseas development of package-type infrastructure, including supporting important projects in a way that the organizational leader becomes a salesperson.

(B) Efforts by public financial institutions

For projects specified as appropriated in the budget for fiscal 2011 and others in the new finance mechanism for promoting overseas development of package-type infrastructure (December 2010), progress is seen in the following cases: A Japanese enterprise obtained rights for floating wind power generation in the United Kingdom through NEXI's trade insurance with special provision for the pound-denominated transactions (March 2012); JICA completed its examination for two projects of

overseas investment and loans under the pilot approach (October 2011); and JBIC became independent from the Japan Finance Corporation (April 2012). In addition, in August 2011 the strategic utilization of yen loans for advanced developing countries and developing countries with income levels more than those of advanced developing countries became allowed, subject to the condition that the project contributes to the obtainment of specific package-type infrastructure projects or the ensuring of the supply of resources.

Hereafter it is expected that, in terms of the raising of foreign-currency-denominated finance, the prompt provision of financial support, responses to the diversifying business forms, and other aspects, the superiority⁵² of Japanese export credit agencies will be effectively utilized to obtain more orders for infrastructure projects.

(C) Examples of specific countries

(a) India

For the Delhi-Mumbai Industrial Corridor Project (DMIC)⁵³, in December 2011 Prime Minister Noda visited India and declared, in a joint statement of the top-level meeting between Japan and India, that public and private funds worth of U.S. \$4.5 billion would be available for the future five years. Also, the leaders of the two countries reached a consensus on the promotion of participation by Japanese enterprises to realize the DMIC plan. In addition, Japan and India also agreed on Japan's involvement in the Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC), measures to ease financial regulations for the promotion of the DMIC project and the allocation of gas supply to the DMIC project, and the early realization of three model projects (a seawater desalination project in the Daheji District of the Gujarat Province; a solar power generation project in Neemrana industrial park of the Rajasthan Province; and a gas-fired IPP power generation project in Maharashtra Province).

In southern India, mainly Chennai (Tamil Nadu Province) and Bangalore (Karnataka Province), in recent years the trend of advancement by Japanese enterprises into the area, especially the concentration of manufacturing enterprises, has been striking, making the area an important base for Japanese enterprises to advance into India. On the other hand, the development of basic infrastructure, including electric power, water, access roads to ports, and dredging at the ports, is still lagging, and this has a significant impact on the manufacturing and shipping activities of Japanese enterprises.

Against this background, Prime Minister Noda and Economy, Trade and Industry Minister Edano visited India in December 2011 and January 2012, respectively, and lobbying activities were made for infrastructure development as requested by Japanese enterprises in India. These events and activities resulted in the current steady progress, as seen in the provincial government's approval on the budget for the dredging construction work at Ennore Port and development of the peripheral access roads

52 Japanese export credit agencies had the world's top credential for project finance in 2011.

53 The Delhi-Mumbai Industrial Corridor Project (DMIC) is a plan for wide-area economic development, which is designed to develop manufacturing cities, industrial parks, logistic facilities, residential districts, ports and harbors, power generation plants and others between Delhi and Mumbai and pursue the industrial development of the peripheral areas. In the project, Dedicated Freight Corridor (DFC), in which Japan provides yen loans, is utilized as a main part of the project.

(Figure 4-2-1-2).

Figure 4-2-1-2

Talks with chief minister Jayalalitha

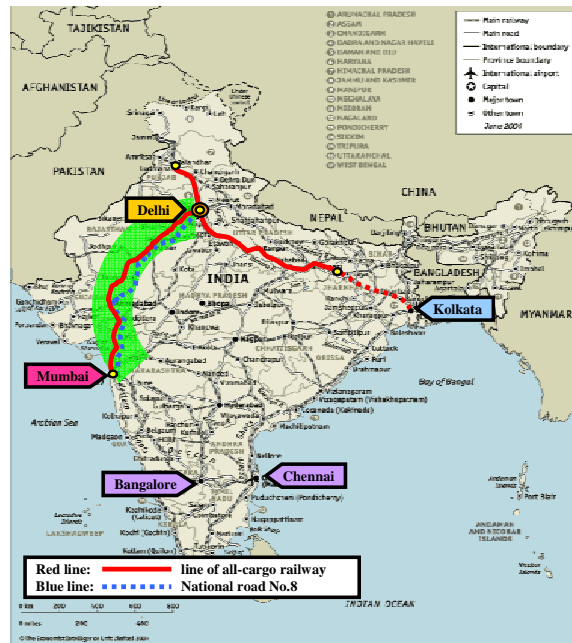


Also, there has been progress in the advancement of Japanese small and medium-sized enterprises (SMEs) into India. One example is that, for the OMEGA city development project featuring the development of industrial park for Japanese SMEs, a MOU was concluded between the implementing enterprises and the provincial government. In addition, support for Japanese SMEs' overseas development has been steadily enhanced by, for example, the establishment of a business support center in the JETRO Chennai office to provide support for Japanese SMEs advancing into the area.

Furthermore, with the aim of advancing the infrastructure development of Chennai, Bangalore and their neighboring areas, which was agreed at the year-end top-level meeting, joint-work was started for a master plan of the development initiative for the Southern India corridor between Chennai and Bangalore, and its details are currently being discussed between Japan and Tamil Nadu Province. It is expected that these efforts will pave the way for the implementation of actual projects, including the development of expressways, high-speed railways and ports and harbors, in the area between Chennai and Bangalore (Figure 4-2-1-3).

Figure 4-2-1-3

Major cities and major highways/railways



(b) Myanmar

Myanmar is located on the economic artery between the region including Thailand and Vietnam, which is a major destination for the Japanese manufacturing industry's advancement, and India, which has a huge market. This explains its geographical importance and such factors as a diligent, cheap, abundant labor force and strong needs for infrastructure development highlight the country's economic potential, attracting a high level of interest from many countries around the world (Figure 4-2-1-4).

Myanmar, which had been ruled by a military government, has been working on various measures for democratization under the administration of President Thein Sein, who assumed the position in March 2011 as a result of a general election in 2010. Subsequently, European countries and the U.S. have begun to ease sanctions, as illustrated by the fact that U.S. Secretary of State Clinton visited the country in December 2011.

Under such circumstances, in January 2012 Economy, Trade and Industry Minister Edano, together with members of government-related organizations and the industrial community, visited Myanmar and announced the following: with the aim of ensuring Myanmar's commitments of (A) moving forward with democratization and national harmonization, (B) establishing the structure of the market economy, and (C) achieving the improvement of people's lives and social stabilization, Japan will also work on (1) infrastructure development, (2) development of business environment and industry, and (3) cooperation and support for resources and energy (Figure 4-2-1-4) (Figure 4-2-1-5).

Figure 4-2-1-4
Cooperation for infrastructure improvement in Myanmar

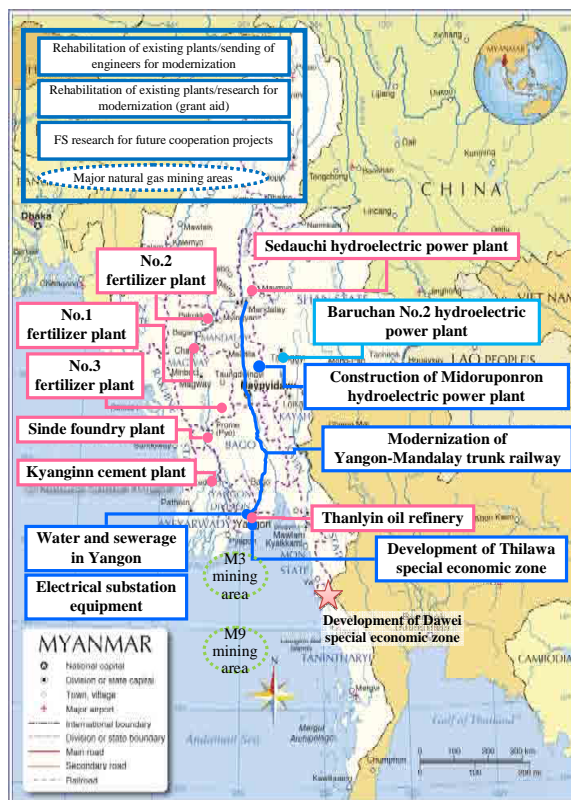


Table 4-2-1-5
Outline of Japan's cooperation to Myanmar

<p>I. Development of infrastructure</p> <ul style="list-style-type: none"> ○ Announcement of (A) the rehabilitation of existing plants/sending of engineers for modernization, (B) the implementation of basic research, etc. for future infrastructure development mainly in the field of basic human needs, and (C) the expansion of NEXI's trade insurance for Myanmar (including setting an amount of 500 million dollars for the underwriting of trade insurance) <p>II. Development of business environment/industrial development</p> <ul style="list-style-type: none"> ○ Creation of a framework for policy dialogue to promote industrial development in such fields as sewing, food processing, agriculture, environmental technology and logistics ○ Support for the promotion of investment in Myanmar by Japanese enterprises (JETRO), strengthening of coordination between the Japan Federation of Economic Organizations/Japan Chamber of Commerce and Industry and the government and industrial community of Myanmar, and others <p>III. Resource/energy cooperation</p> <ul style="list-style-type: none"> ○ Promotion of investment and human resources development in the fields of oil and natural gas through JOGMEC ○ Implementation of joint geological research by JOGMEC and Myanmar's Ministry of Mines in the field of mineral resources ○ Cooperation between NEDO and the Rural Energy Development Committee for the introduction of renewable energy technology ○ Announcement by ERIA (Economic Research Institute for ASEAN and East Asia) of its intention to formulate a roadmap for advanced utilization of energy in Myanmar

At the Japan and Mekong countries summit meeting held in Tokyo in April 2012, Prime Minister Noda and Myanmar President Thein Sein held a talks and agreed on a review of economic cooperation policy and an overall roadmap for resolving the delinquent debt issue to resume yen loans, enabling

Japan to further cooperate with Myanmar for full-fledged infrastructure development and other matters. In addition, for the project of development of the Thilawa Special Economic Zone⁵⁴, a MOU was exchanged between Japan (the Ministry of Economy, Trade and Industry and Ministry of Foreign Affairs) and Myanmar (the Ministry of National Planning and Economic Development). It is expected that the success of the project through the development under bilateral cooperation will attract foreign investment, and this will serve as a catalyst for the economic growth of Myanmar (Figure 4-2-1-6).

Figure 4-2-1-6
Japan-Myanmar ministerial level dialogue on economic and industry



(2) Future efforts

For the six years from 2005 to 2010, in Japan the value of overseas infrastructure projects has remained flat at around US \$20 billion dollars annually, while in South Korea and China the comparable figures have grown nearly four times⁵⁵. In order to specify measures to strengthen the competitiveness of Japanese industry related to the export of infrastructure systems and others, the establishment of a “Program for Strengthening International Competitiveness (tentative name)” was incorporated in the “Basic Strategy for the Revitalization of Japan” (Cabinet decision in December 2011). To this end, primarily at the ministerial meeting related to overseas development of package-type infrastructure and the committee for export of infrastructure system in the Industrial Structure Council, discussions on strengthening competitiveness will be made with respect to: international coordination; the obtaining of proper assessments of Japan’s superior technology and total costs; and measures for overall development aimed at realizing the involvement of Japan over a wide area and in an integrated manner.

54 This project features the comprehensive development of industrial parks, commercial facilities and others in Thilawa district (2,400ha), which is about 23 km away from Yangon. In Myanmar, deliberations are underway on legislation for designating the district as special economic zone. The adjacent Thilawa Port is currently used by Hutchison (Hong Kong).

55 According to the data of “Survey of Support for Plant Engineering (PE) Export Diversification” and “Fiscal 2010 Survey Report on the Agreement of Contracts of Overseas Plants and Engineering” conducted by the Japan Machinery Center for Trade and Investment, the comparable figure of South Korea increased from US \$15.8 billion to US \$64.5 billion during the same period, while that of China increased from US \$29.6 billion to US \$134.4 billion.

*However, building construction and others are included in the value of China’s statistics, resulting in a higher figure.

2. Cool Japan strategy capitalizing on the appeal of Japan

Taking advantage of the appeal of Japan long fostered by traditions and cultures and expanding overseas business activities under the Cool Japan strategy is expected to provide a new driving force for the growth of the Japanese economy.

(1) Outline of Cool Japan strategy (general theory)

Industrial products, as typified by cars and household electric appliances, have underpinned the growth of the Japanese economy so far. However, with the rapid development of emerging Asian countries to catch up with Japan, the cost competition for these products has been intensifying.

In the meantime, wealthy and middle classes in Asian countries are beginning to recognize the value of “entertainment,” “fashion,” “comfort,” “health,” “abundant housing space,” “life with sensation,” and others, raising the assessment of “Cool Japan” in such fields as fashion, contents, design, and traditional crafts. Therefore, if Japan capitalizes on the appeal of “Cool Japan” for commercialization, promotes sales in the world, especially Asia, and attracts tourists from Asia, there is a great chance for Japan to obtain a new driving force for growth and create employment.

Amid the rapidly changing environment surrounding Japan, it is an urgent task to establish a new business model and advance overseas development so as to earn more profits than before from overseas. In the face of global competition, it is necessary to enhance the generation of added value by the Japanese industry and strengthen its competitiveness by conveying the appeal of Japanese culture directly and indirectly to overseas and by utilizing the element of Cool Japan based on a new industrial structure and new lifestyle. As emerging countries are acquiring markets by taking advantage of their cost competitiveness, this important element will enable Japan to maintain the competitive advantage of Japanese products and services or create new markets.

Against these backgrounds, in June 2010 the Ministry of Economy, Trade and Industry established the “Cool Japan Office” and launched measures to provide integrated support for brand strategy, development of sales channels, marketing and promotion and to link craftsmen, creators and SMEs engaging in the activities to the world markets. Based primarily on the “New Growth Strategy” (Cabinet decision on June 18, 2010) and in order to develop a structure for integrated planning on the overseas and domestic development of products utilizing the appeal of Japan, in July 2011 the Cool Japan Office was dissolved to form a better organization and the Creative Industries Division (Life Culture Creating Industries Division) was established in the Commerce and Information Policy Bureau of the said ministry.

Moreover, the “Cool Japan Strategy Promotion Project” is underway to acquire overseas markets for these products. For the purpose of implementing the project in an effective manner and linking Cool Japan to business, the “Cool Japan Government and Private Sector Expert Conference” was held in November 2010, in which experts who are active in the front lines discuss ways to advance overseas development. The three highest ranks in the Cabinet Secretariat (Intellectual Property Strategy Promotion Bureau), Ministry of Internal Affairs and Communications, Ministry of Foreign Affairs, Japan Tourism Agency, Agency for Cultural Affairs, and Ministry of Agriculture, Forestry and

Fisheries participated in the conference, and a proposal was compiled in May 2011 for the basic concept, priority areas, selection of target countries, and strategy by area.

(A) Cool Japan overseas development support projects

Currently, the proposal is being put in action mainly through overseas development. In fiscal 2011, Cool Japan overseas development support projects were implemented for the purpose of: attracting people’s attention greatly by introducing advanced Japanese creative industries to increase the number of fans of Japan; and establishing a structure in which the related industries (such as those for contents, fashion and local specialties) develop business continuously in the overseas areas. These projects were organized to support overseas market development, and teams (consortiums) were formed by those engaging in the activities related to Cool Japan (such as fashion, contents, food, and local specialties), including SMEs, craftsmen, creators, domestic and overseas enterprises engaging in the development of overseas sales channels, and news media. Specifically, the purposes of the projects are to: decide target countries and fields; support integrated measures by the private sector, the process of which is “forming a team across industries > market research > pioneering of new markets > verification of results > actual business development;” create new industries utilizing Cool Japan as a source of competitiveness; and create employment. Examples of the projects implemented in fiscal 2011 are mentioned below.

(a) “Harajuku Street Style in Singapore”

In Singapore, which is a business gateway to ASEAN, China and India, test marketing and others for a bundle of Japanese street fashion brands were performed at a department store on a shopping street (Orchard Road) and on online sales. The project was aimed to seek a “salable price setting” in the mass market of Asia, while expanding the number of fans of Japanese fashion through PR activities from the standpoint of local consumers (Figure 4-2-2-1).

Figure 4-2-2-1
“Harajuku Street Style in Singapore” picture



(b) “Cool Japan strategy Singapore project”

This project featured the implementation of a “Cool Japan months” campaign and participation in “Anime Festival Asia (AFA)” in Singapore. The project was designed to increase awareness of

Japanese contents (such as anime, characters and artists), and an antenna shop was established to sell related goods. Also, Japanese contents were gathered and a platform was established to provide opportunities of business matching between Japanese enterprises aiming to advance overseas and local enterprises (Figure 4-2-2-2).

Figure 4-2-2-2
“Cool Japan strategy Singapore project” picture



(c) “Tokyo Fashion Week in FIRENZE/DELHI”

This project was aimed to provide support for “Tokyo collection” and young designers seeking to start overseas activities. To showcase Japanese creation to the world, “Tokyo Fashion Week,” a comprehensive event featuring fashion creators recruited from the public by JFW and related contents, was held in Italy. In tandem with this, another event was also held in the growing market of India, aiming for the continuous business therein (Figure 4-2-2-3).

Figure 4-2-2-3
“Tokyo Fashion Week in FIRENZE/DELHI” picture



(d) “365 days Charming Everyday Things”

This project featured the selection and compilation of “things that are created by condensing people’s skills and wisdom and give a pleasant sensation” and “Japan’s boasting best usability” and the coordination for their publication and retail sales overseas. The project focused on “communicating” through the creation of environment and tools to convey concepts and the publication by media and others. With the aim of gathering opinions from consumers and buyers and utilizing them for future

commercialization, exhibition and selling was performed on January 20-25, 2012 at the Bastille Design Center in Paris, France (Figure 4-2-2-4).

Figure 4-2-2-4

“365 days Charming Everyday Things” picture



(e) “Future Tradition WAO”

This project featured the exhibition and selling of about 150 traditional crafts performed in New York in February 2011 and in Paris in March 2011. These crafts were carefully selected from 1,326 entries from across Japan by a curator team consisting of top artists and intellectuals. An exhibition was also conducted in International Luxury Travel Market (ILTM) 2011 in December 2010, and a new brand “Future Tradition WAO” was displayed therein. The main target of the brand is people of the wealthy class in Europe and the U.S., who are sensitive to luxury brands (Figure 4-2-2-5).

Figure 4-2-2-5

“Future Tradition WAO” picture



(f) “SOBA-YA project --- Support for diffusing true Japanese food culture”

This project featured the formation of a consortium by rice distribution enterprises and food-related SMEs to establish a common brand called “Common Grains.” An antenna shop was established in Los Angeles, the U.S., and buckwheat, rice and others were provided on the menu. In addition ingredients,

rice cookers, dishes/cooking utensils and others were also exhibited and sold. Furthermore, the workshop was held to promote understanding of Japanese food culture and eliminate harmful rumors caused by the Great East Japan Earthquake (Figure 4-2-2-6).

Figure 4-2-2-6

“SOBA-YA project --- Support for diffusing true Japanese food culture” picture



(2) Future direction based on the results and issues arising from the projects implemented

It appeared that the Cool Japan overseas development projects implemented in fiscal 2011 almost achieved the target of developing the projects by “bundling” products of such fields as fashion, food, housing, local specialties, traditional crafts, and contents. To secure the scale of industry and “earn substantially,” important issues are the collaboration across industries, “extensive development of overseas bases,” search of regional resources and others, and cooperation thereon. In addition, efforts are needed to further encourage local consumers to purchase Japanese products by increasing their understanding of Japanese lifestyles and senses of value in a strategic and effective manner, rather than merely presenting individual products.

In contents-related fields, it is necessary to take advantage of the international competitiveness and popularity of contents, create case examples of “earning substantially” on a global scale by combining contents and consumer goods, and provide support for the localization of image contents for local markets. In fields related to fashion and household goods, there is a need to secure bases for the continuing business and improve the efficiency of commercial distribution through such methods as collaborating with domestic and foreign commercial facilities and distribution enterprises.

Based on the results and issues (bottlenecks) arising from the projects implemented in fiscal 2011, Japan seeks to make a further leap in fiscal 2012 and thereafter to achieve a target specified in the government and private sector expert conference (Acquiring 8-11 trillion yen in the markets in 2020) by the following strategies:

(A) Matching between contents and consumer goods

At present, the high popularity of Japanese contents overseas does not necessarily contribute to the generation of profits. In order to acquiring overseas markets in an effective manner, the contents

industry needs to collaborate broadly with related businesses and other industries and develop overseas business that enables enterprises to “earn substantially” by exerting a synergetic effect over a “plane,” rather than at a “point.” The collaboration between the contents industry and its related industries will bring more opportunities for contents enterprises to develop their business overseas. This will also benefit enterprises collaborating with the contents enterprises, enabling them to engage in PR activities of their products and services through such a method as implementing sales promotion by utilizing the contents’ international competitiveness and popularity.

With the aim of providing a platform to enable Japanese enterprises to “earn substantially” overseas mainly by attractive contents, the Conference for Enterprises Interested in Cool Japan Overseas Development (Cool Japan Conference) was held in March 2012. In this conference, business matching between enterprises owning killer contents (such as anime, comics, figures and music) and consumer goods manufacturers was performed to create case examples of “earning substantially” on a global scale by combining contents and consumer goods. The conference saw the participation of over 200 people, and 20 contents enterprises succeeded in business matching with up to 11 enterprises as a result of presentations to potential business partners.

The effects of such efforts must be further expanded in tandem with measures to advance the overseas development of contents (described later) and existing measures by other ministries, and in collaboration with private enterprises’ activities.

(B) Logistical support to “earn substantially” in collaboration with logistics, distribution and commercial facilities

A boom in Japanese food, fashion/apparel, miscellaneous daily goods, local specialties and others has been occurring in the emerging markets, mainly Asia. Although Japanese enterprises have sought overseas development individually so far, they have failed to make profits because they have been unable to establish a model to “earn substantially” in a scheme of logistics, distribution and commercial facilities.

On the side of small and medium-sized tenant enterprises, the strategy has the following advantages: (A) easiness in opening outlets overseas, (B) increased possibilities of opening outlets in such form as food courts, which is difficult for individual enterprises, (C) increased efficiency in the logistics of materials through joint procurement and the development of the central kitchen, and others.

Meanwhile, on the side of distribution and developers, the strategy is beneficial in that they can construct “Japan floors” or “Japan streets” emphasizing certain Japanese characteristics, and this could contribute to the enhancement of added value.

In this strategy, there is also an expectation that a linkage between “Japan floor” or “Japan street” and a specific domestic city or region (a sacred place for fans) could create such inbound effect as increased shoppers and tourists at the site.

Against these backgrounds, the government will perform large-scale business matching between small and medium-sized tenant enterprises (in such fields as food, fashion/apparel, and lifestyle miscellaneous goods) and distribution, logistics and commercial facilities enterprises, and, upon

determining target countries, promote the formation of consortiums and overseas development. The “Cool Japan Conference (for distribution, developers and commercial facilities),” which was held in April 2012, saw the participation of over 150 people. In this conference, small and medium-sized tenant enterprises (in such fields as food, fashion/apparel, and lifestyle miscellaneous goods) and distribution, logistics and commercial facilities enterprises delivered presentations to each other (23 enterprises made presentations), and business matching with up to 27 enterprises was successfully achieved.

(C) Discovery of regional resources and international dissemination

As Japan’s population decreases and the society ages, the impoverishment of the regional economy has become increasingly severe, deteriorating the business environment for SMEs. So far, efforts have been made to promote Japan’s regional resources, as typified by traditional crafts, through overseas export, display at conventions, and other means. However, since foreigners are unfamiliar with the cultural and historical backgrounds and thus do not understand their value, only a small group of products have succeeded.

In this age, production and manufacturing technology has become sophisticated and universal, and information and logistic systems have been already matured. Thus, it is difficult to differentiate individual products and make consumers understand their uniqueness.

Meanwhile, Japan has precious regional resources that can be boasted to the world, including affluent foods, sake, lacquer crafts, and traditional culture. In addition, Japanese fine-tuned services, as typified by characteristic Japanese “*omotenashi*” service, receive high acclaim overseas. In recent years, efforts have been progressing to transform museums, abolished schools, empty houses, and traditional town houses into bases for creators’ or artists’ creating activities or tourist attractions. These efforts have created ties between different industries (such as those for local food, traditional culture and tourism) and this has been contributing to the revitalization of local communities, increases of population inflow, and the revival of industry.

As it is difficult to differentiate products and increase their added value independently item by item, efforts should be taken to comprehensively combine local history/culture, traditional lifestyle or nature and goods or services specific to the region, so as to emphasize the uniqueness of the region. This is effective in that it reveals the intrinsic value of Japanese regional resources and raises their profile in international markets. It is essential for the outbound development of regional resources to encourage people from overseas to actually visit Japan to discover the true attractiveness of Japanese culture through the high value added experience that you can only have at the region.

To this end, it is vital to collaborate on and accumulate culture and regional resources, such as food, traditional crafts, Japanese-style inns, and modern art. At the same time, a structure to create a new profit sources must be built through raising their profile, disseminating information both domestically and internationally, and attracting foreign visitors in a perpetual way.

In doing so, the government shall host forums to promote the collaboration across different industries/fields (including commerce and industry, agriculture and tourism) so as to establish a structure to create new added value. Meanwhile, it is SMEs and individuals that play a major role in

producing high-quality Japanese cultural resources. However, it is difficult for them to develop sales channels in overseas markets by themselves, develop products highly evaluated overseas, attract foreign visitors and capture their demand. Therefore, it is necessary to provide forums for convention and information dissemination both at home and abroad.

Moreover, it is also necessary to: establish the “Japan Brand” as “Cool Japan,” rather than disseminating information by each region in a piecemeal fashion; promote the coordination between global enterprises developing business on a global basis and SMEs underpinning the regional economy; strengthen ties between the regions and overseas markets; rediscover the regional attractiveness and resources that can be highly evaluated overseas; and promote the mutual expansion of markets.

In promoting these measures, it is vital to accumulate creative human resources through such methods as fostering young talents engaging in creative industries and attracting external talents, and this will serve to enhance the non-price competitiveness of cultural industries. To this end, the government will promote efforts to: accumulate creative human resources from both at home and abroad in the regions; discover new regional resources from domestic and international perspectives, especially from the standpoint of foreigners; combine technological capabilities, elaborate techniques, sensibility and wisdom accumulated in Japan; promote the development of products highly evaluated overseas and expansion of their sales channels; create new creative industries (including those for traditional crafts, fashion, design, and contents); advance the overseas development of regional resources; and promote the attraction of foreign visitors.

(3) Measures to advance overseas development of contents

Japanese contents receive high acclaim from overseas as “Cool Japan,” and the industry has strong potential for growth through overseas development. Meanwhile, compared to the overseas export ratio of the U.S. contents industry (17.8%), Japan’s comparable figure is merely about 30%, meaning that Japan has failed to channel high evaluation from overseas into economic benefits. To maintain sustainable growth in the future, it is vital to make use of the value of Japanese contents and acquire profits from overseas. Principal measures to support the overseas development of contents are described below.

(A) Holding of CoFesta (JAPAN INTERNATIONAL CONTENTS FESTIVAL)

CoFesta, with its main feature of the Tokyo International Film Festival, is the world’s largest international event for contents, which is designed to stage events for disseminating contents (such as anime, music and games) comprehensively to Japan and abroad. Starting from fiscal 2007, this year is the sixth time for the event to be held. During the past six years, the event produced results to a certain extent, playing the roles of disseminating Japanese contents (about 1.7 million visitors), providing opportunities for overseas development (over 3,000 cases of business talks at the convention and others held on the site), and building networks across industries. If CoFesta becomes well known both at home and abroad and attracts many overseas buyers, news media, and general consumers, the following effects are expected: (A) as visitors simultaneously experience every kind of Japanese

contents, the overall strength of Japan can be utilized; and (B) SMEs, which lacks an ability to develop business overseas, can make an appeal from Japan to overseas, and this will raise their cost advantage (Figure 4-2-2-7, Figure 4-2-2-8).

Figure 4-2-2-7

CoFesta in Brasil picture



Figure 4-2-2-8

CoFesta official event (extract)



(B) Holding of Asia Contents Business Summit (ACBS)

ACBS was established in 2008 to overcome the present circumstances in which Hollywood is dominating the contents distribution market and produce new, attractive “made in Asia” works by finding out common factors in Asian diversity. It offers opportunities for industry exchanges and business development, and the participants include the governments, industrial communities, academic experts and others related to the contents industry of eight countries/region (Japan, China, Hong Kong, South Korea, Malaysia, Philippines, Singapore, and Thailand). The first meeting held in October 2009 adopted a joint declaration, which incorporated the promotion of international joint production in the countries and regions for the improvement of competitiveness of Asia as a whole, and the promotion of human resources development and personnel exchanges. Through the implementation of joint projects, international issues are being addressed to expand the Asian contents markets, support

international joint production, and promote personnel exchanges and others. The government will strive to strengthen coordination between Asian areas and expand markets by utilizing the combination of businesses created by ACBS.

(C) Establishment of All Nippon Entertainment Works Inc.

Despite possessing a great amount of internationally highly acclaimed “original stories” and the “characters” related thereto, Japan has failed to create a mechanism to channel their potential value into profits by taking full advantage of these contents. Under such circumstances, in fiscal 2011 the “All Nippon Entertainment Works Inc. (ANEW)” was established as a wholly owned subsidiary of Innovation Network Corporation of Japan to support the overseas development of Japanese films, TV programs, games, books and others. With the aim of creating innovative contents that can earn large profits overseas from Japanese attractive content materials, ANEW engages in planning and development activities for, for example, films with a possibility of future global development in cooperation with studios in Hollywood. It is also expected that ANEW’s activities will help accumulate know-how concerning overseas development in the Japanese contents industry and build a structure in which appropriate value for the contents is returned to Japan.

(D) Establishment of GLOCZUS, Inc.

While Japan possesses attractive, globally highly competitive digital contents, many SMEs are reluctant to embark on overseas development activities because of the complicatedness of the associated works, including localization (such as dealing with foreign cultures), billing and collection, translation into local languages, sales promotion and legal affairs. In conjunction with this, in May 2012 the Innovation Network Corporation of Japan and NIFTY Corporation jointly established “GLOCZUS, Inc.” to support the overseas development of superior contents owned by SMEs and others. On behalf of SMEs, it conducts such matters as localization, billing, translation, and sales promotion, which are difficult for individual SMEs to handle. The provision of services is started in Indonesia and Malaysia at the outset, aiming to link the services directly to local major contents distributors, Facebook and others, and guide overseas customers to superior contents owned by SMEs and others.

3. Overseas development of small and medium-sized enterprises (SMEs) increasing importance

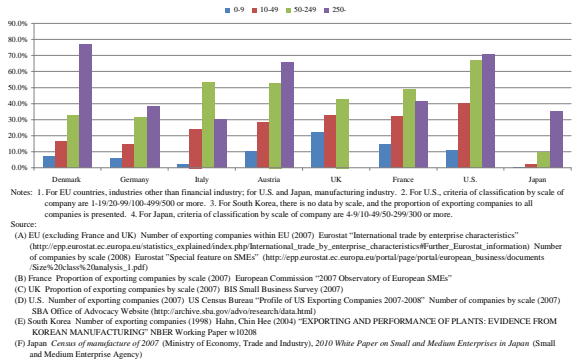
It is important for Japan to encourage SMEs, which consist mostly of Japanese enterprises, to engage in overseas development activities (such as export and advancement into overseas) and capture overseas growth and link it to the growth of Japan. However, unlike large enterprises, SMEs faces high hurdles to start overseas development, and this emphasizes the need to enhance support measures.

So far, SMEs have constituted a basis to support the Japanese economy and society and powered the growth and development of Japan. They have always acted as pioneers to take on challenges aggressively and served as the driving force to overcome numerous difficulties.

In recent years, the number of cases of SMEs involved overseas has been increasing. Amid the overall decline of total number of SMEs, the number of SMEs exporting by themselves has been

increasing in the long term. However, the ratio of such SMEs to the total number of SMEs has still remained at a low level. Compared to Europe and the U.S., the share of export enterprises is low in the SME sector in Japan, meaning that there is room to advance overseas development (Figure 4-2-3-1).

Figure 4-2-3-1
Comparison of the share of exporting companies by scale of company in Japan, the U.S., and Europe



In the meantime, due to the advance of globalization and the resultant fierce competition, advancing overseas development is no exception to SMEs as well. In conducting business with overseas partners, the number of SMEs willing to advance overseas development by way of investment is increasing. With such enterprises also in mind, support for overseas development shall be promoted. In doing so, the role of the government is being called into question with respect to reducing risks associated with overseas development, as illustrated by the fact that in the autumn of last year the great flood in Thailand caused significant damage to Japanese enterprises, including SMEs advancing into the area.

With the aim of supporting overseas development by Japanese SMEs, the "Conference for Supporting Small and Medium Enterprise Overseas Development," was presided over by the Economy, Trade and Industry Minister, was launched in October 2010. The conference is aimed at developing a structure in which the Regional Bureaus of Economy, Trade and Industry in each region take the lead in providing fine-tuned support for overseas development in coordination with such related bodies as Financial Services Agency, Ministry of Foreign Affairs, Ministry of Agriculture, Forestry and Fisheries, government-related organizations (Japan External Trade Organization [JETRO], Organization for Small & Medium Enterprises and Regional Innovation, and Nippon Export and Investment Insurance [NEXI]), SME federations, and financial institutions. In June 2011, the "Framework for Supporting SMEs in Overseas Business" was compiled, and its main pillars were as follows: (A) collection and provision of information; (B) marketing; (C) development and securing of human resources; (D) financing; and (E) improvement of trade and investment environment.

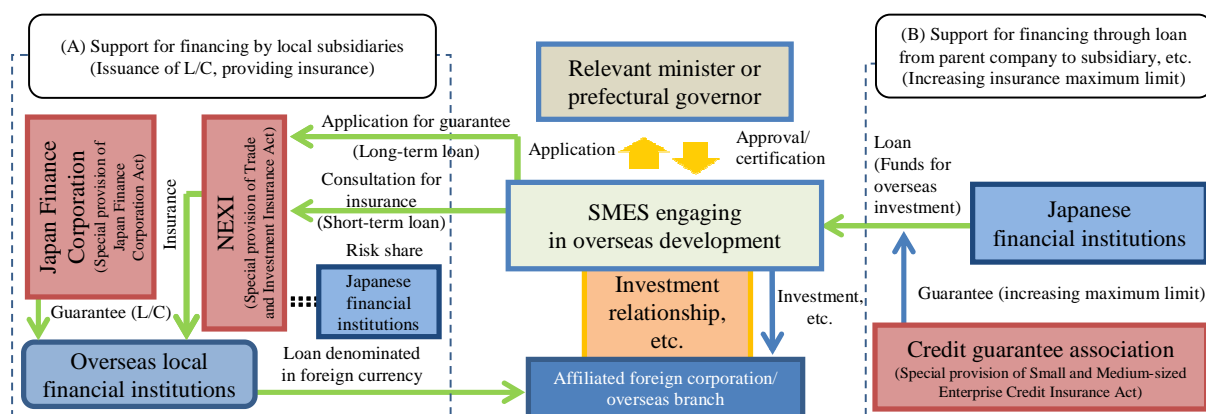
With the increasing needs for SMEs to expand overseas, the said conference has been strengthening an "all Japan" support system through revising the "Framework for Supporting SMEs in Overseas Business" on March 9, 2012 and allowing new participants, namely Japan Federation of Bar Associations, Japan International Cooperation Agency (JICA), Japan Overseas Development

Corporation (JODC), and Association for Overseas Technical Scholarship (AOTS)⁵⁶.

Hereafter, the government will support participation in exhibitions at home and abroad, hold conventions to invite overseas buyers, and provide fine-tuned marketing support, while providing financing support in accordance with the Act on Support for Strengthening Management Functions for SMEs⁵⁷ and implementing comprehensive support measures including the development of human resources and local business environment (Figure 4-2-3-2).

Figure 4-2-3-2

Outline of “Support for financing associated with overseas development” set forth in the Act on Support for Strengthening Management Functions for SMEs



Source: Ministry of Economy, Trade and Industry.

Column 23 Metrol: An enterprise that succeeded in finding overseas sales channels by launching its website to market its own products

Metrol Co., Ltd. (with 95 employees, capitalized at 40 million yen), located in Tachikawa City, Tokyo, is a company engaging in the manufacturing and sales of “precision position switches” used for CNC28 machine tools and industrial machinery. The president of the company, Takuji Matsuhashi, wished to promote sales of its own products to a great variety of enterprises/industries all over the world at low cost, rather than depending on specific enterprises and industries.

In 1998, the company established an English website, and subsequently utilized services that enable it to be displayed on the upper part of search results when related terms were searched via internet search engines at home and abroad. On the website, the company also established a system that allowed overseas enterprises to purchase the company’s products by credit card settlement.

This enabled the company to make its own products known to enterprises in many countries at a relatively low cost. With the help of an easy settlement method, the number of cases of purchasing the products on an experimental basis increased in overseas, putting the company’s overseas direct export on the right track. In addition, the company actively participated in overseas exhibitions to raise the profile of its own products through advertising. Sales bases were set up in Shanghai, Shenzhen,

56 JODC and AOTS were merged into the Overseas Human Resources and Industry Development Association (HIDA) on March 30, 2012.
 57 The act is currently under deliberation as a bill.

Taichung and Bangalore, and currently direct exports account for 60% of sales. The company sells its own products to more than 60 countries and regions directly, rather than through trading companies.

Column Figure 23-1
Precision position Switch (Metrol Co.)



Source: provided by Metrol Co.

President Matsushashi says, “It is natural for many overseas enterprises to do business with the world when their domestic markets are not large. So, Japanese SMEs should also sell their products to overseas aggressively.”

Column Figure 23-2
Metrol Co. (English website)

The screenshot shows the Metrol Co. website with the following elements:

- Header:** Metrol logo, 'Ultra-Precision Position Switches', and payment options (VISA, PayPal).
- Navigation:** Links for 'Contact Us', 'About Us', and 'FAQ'.
- Main Menu:** 'Tool setter for Lathes', 'Tool setter for Machining', 'for Machine Builders', 'Precision Switches', 'Products', 'Flow', 'Tool setter BLOG'.
- Central Banner:** 'METROL DIRECT SALES SITE' and 'Request for a quotation' with a '3-5 business days' delivery promise to all countries.
- Product Section:** 'Tool Setter for CNC Lathes' with a 'Promotion' badge and a 'YouTube' icon. Text describes sales support and maintenance parts.
- Client List:** 'Major Clients of Metrol Tool Setter' with flags for Japan, Taiwan, and Korea, listing various manufacturing companies.
- Social Media:** Facebook plugin for 'Metrol Tool Setter (for CNC Machine)' showing 3,055 likes.
- Footer:** 'PDF Catalog' button.

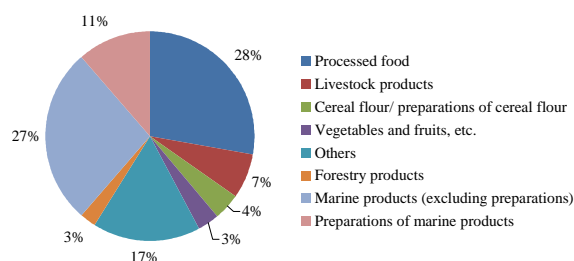
4. Export of agricultural and marine products with the potential to grow, and measures against harmful rumors

(1) Current status of Japan's export of agricultural and marine products and food

An analysis by item of Japan's export of agricultural and marine products and food in 2011 shows that, among the total amount 451.1 billion yen, agricultural products represent 265.2 billion yen, forestry products 12.3 billion yen, and marine products 173.6 billion yen. Looking at the breakdown of agricultural products, processed food represent 125.2 billion yen, livestock products 30.8 billion yen, cereal flour, etc. 18.7 billion yen, vegetables and fruits, etc. 15.4 billion yen and others 74.8 billion yen (Figure 4-2-4-1).

Figure 4-2-4-1

Current status of Japan's export of agricultural and marine products (2011)



Source: Overview of Foreign Trade of Agricultural, Forestry, and Fishery Products (2011).

Analyzing counterpart countries for Japan's export of agricultural and marine products on a trade value basis, Asian countries and the U.S. are in the upper part of the ranking. Globally, there is a strong tendency that the trade of agricultural and marine products is carried out within regions, and the typical example of this is the EU region. Exports from Japan to the East Asian region, such as Hong Kong, China and Taiwan, also account for a large portion of Japan's total exports⁵⁸ (Table 4-2-4-2). With the expansion of wealthy and middle classes in Asian emerging countries, the expansion of export of Japanese agricultural and marine products is also expected.

With the increasing popularity of Japanese food overseas and the rise of living standards in emerging countries in Asia and other areas, the expansion of exports of Japanese agricultural products is expected. On the other hand, following the Great East Japan Earthquake, some countries impose import controls on Japanese agricultural products, emphasizing the importance of the government's support.

58 The items of scallop and yellowtail are in the upper part of ranking for export from Japan to the U.S. Also, in terms of their ratios to the world trade volume as well, Japan always ranks high. Therefore, it is generally recognized that Japan has a comparative advantage.

Table 4-2-4-2

Japan's major export counterpart countries/regions and items (2011)

Unit: 100 million yen

1. Hong Kong	Dried sea cucumber 105	Pearls 105	Adductor muscle of shellfish (preparations) 66	Tobacco 59	Pigskin 50
2. U.S.	Yellowtail 71	Mixed seasoning sauce 47	Alcoholic beverages 46	Pearls 29	Mashed products 23
3. Taiwan	Tobacco 167	Apples 56	Mixed seasoning sauce 35	Corals 27	Alcoholic beverages 23
4. South Korea	Alcoholic beverages 29	Walleye pollack 23	Sea bream 22	Mixed seasoning sauce 21	Tobacco 17
5. China	Salmon and trout 47	Cuttlefish 30	Sowing seeds, etc. 23	Scallop 19	Walleye pollack 16
6. Thailand	Bonito and tuna 72	Mackerel 20	Pigskin 17	Mixed seasoning sauce 10	Salmon and trout 9
7. Vietnam	Cuttlefish 29	Garden plants, etc. 28	Scallop 22	Mackerel 15	Pigskin 11
8. Singapore	Alcoholic beverages 11	Tobacco 11	Flour 9	Mixed seasoning sauce 9	Confectionery 7
9. Philippines	Processed lumber 13	Bonito and tuna 11	Mackerel 11	Mixed seasoning sauce 4	Confectionery 3
10. Australia	Mixed seasoning sauce 10	Soft drinks 6	Alcoholic beverages 6	Soy sauce 4	Scallop 3

Source: Overview of Foreign Trade of Agricultural, Forestry, and Fishery Products (2011).

(2) The Great East Japan Earthquake and issues caused by harmful rumors

In relation to the Great East Japan Earthquake which occurred on March 11, 2011 and the subsequent accident of the Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Plants (hereinafter, the "Fukushima Daiichi Nuclear Power Plants"), there were movements of some of foreign embassies in Japan, foreign-affiliated enterprises and others temporarily evacuating from Tokyo (the situation has normalized by now). Apart from this, some countries and regions implemented such measures as suspending the import of Japanese export items, mainly agricultural and marine products, requiring the submission of radioactive material inspection certificates and other documents, and strengthening inspection on the side of the importing countries. Although import control against mineral and industrial products has been almost eliminated so far⁵⁹, controls on agricultural and marine products have not been completely eliminated, except for such countries as Canada, Mexico, Chile and Peru⁶⁰. Although some countries and regions have begun to ease import controls, as seen in the reduction of areas subject to import suspension in such countries as Singapore and the Philippines⁶¹, 45 countries and regions⁶² (as of June 5, 2012) are still implementing import control measures.

59 Only Egypt continues to implement import ban measures against portions of mineral and industrial products (some countries and regions continue to perform sample inspection.)

60 Canada, Mexico, Chile, Peru, Myanmar, Iraq, and Serbia

61 Singapore: import suspension (livestock products, vegetables, fruits, etc. of 11 prefectures) → 10 prefectures (Ehime was excluded) → 8 prefectures (Shizuoka and Hyogo were excluded) *Certificate of origin is required with respect to the excluded prefectures.

Philippines: import suspension (vegetables/fruits, etc. of 6 prefectures and meat/dairy products, etc. of 4 prefectures) → cancelled *Radioactive material inspection certificate (Fukushima and Ibaraki) or certificate of origin is required with respect to the cancelled prefectures.

62 27 EU member countries are counted as one region.

Immediately after the accident of the Fukushima Daiichi Nuclear Power Plants, Japan has been making efforts toward a recovery in the export of Japanese food and others through such methods as: thoroughly implementing measures to ensure the security of Japanese food and products; disseminating information concerning the said measures to governments, news media and people of each country in a prompt and accurate manner; and lobbying countries and regions implementing control over wider areas than shipment restrictions in Japan to eliminate the control and reduce areas/items subject to the control based on a scientific basis⁶³ (Table 4-2-4-3).

63 In terms of international law, requiring a scientific basis for such trade restrictive measures is grounded on the SPS agreement and TBT agreement.

Table 4-2-4-3

Major import control on agricultural and marine products in major countries (as of May 23, 2012)⁶⁴

Country	Prefecture subject to control	Item	Details of control
China	Fukushima, Gunma, Tochigi, Ibaraki, Miyagi, Niigata, Nagano, Saitama, Tokyo, and Chiba	All food and feeds	Import suspension
	Other than 10 prefectures above	Vegetables and their products, milk and dairy products, tea leaves and their products, fruits and their products, and medicinal plant products	Requiring radioactive material inspection certificate and certificate of origin (producing prefecture) issued by the government
		Marine products	In addition to above, requiring the Chinese importer to submit application for quarantine permission indicating the production area and transportation route
		Other food and feeds	Requiring certificate of origin (producing prefecture) issued by the government
South Korea	Fukushima, Gunma, Tochigi, Ibaraki, Miyagi, Chiba, Kanagawa, and Iwate	Spinach, <i>kakina</i> , etc., raw milk, feeds, tea, etc. (differ by prefecture)	Import suspension (For raw milk, Fukushima and Ibaraki are subject to the control. For feeds, Fukushima, Tochigi, Gunma and Ibaraki are subject to the control. For tea, Gunma, Tochigi, Ibaraki, Chiba, and Kanagawa are subject to the control.)
	Hokkaido, Aomori, Iwate, Miyagi, Fukushima, Ibaraki, Tochigi, Gunma, Chiba, Tokyo, Kanagawa, Mie, Ehime, Nagasaki, and Kumamoto	All marine products, except for products produced in 8 prefectures above	Requiring radioactive material inspection certificate issued by the government
	Fukushima, Gunma, Tochigi, Ibaraki, Chiba, Miyagi, Yamagata, Niigata, Nagano, Saitama, Kanagawa, Shizuoka, and Tokyo	All food, except for products produced in 8 prefectures above and marine products	
	Other than 13 prefectures above (For marine products, other than 15 prefectures above)	All food	Requiring certificate of origin issued by the government
EU	Fukushima, Gunma, Tochigi, Ibaraki, Miyagi, Yamanashi, Saitama, Tokyo, Chiba, Kanagawa, and Shizuoka	All food and feeds (Excluding sake, shochu and whiskey)	Requiring radioactive material inspection certificate issued by the government Performing sample inspection on the side of the importing country
	Other than 11 prefectures above	All food and feeds (Excluding sake, shochu and whiskey)	Requiring certificate of origin (producing prefecture) issued by the government Performing sample inspection on the side of the importing country
Taiwan	Fukushima, Gunma, Tochigi, Ibaraki, and Chiba	All food	Import suspension
	Other than 5 prefectures above	Vegetables/fruits, marine products, dairy products, etc.	Performing all-lot or sample inspection on the side of the importing country
Hong Kong	Fukushima, Gunma, Tochigi, Ibaraki, and Chiba	Vegetables/fruits, milk, milk beverages, powdered milk	Import suspension
		Edible meat (including eggs), and marine products	Requiring radioactive material inspection certificate issued by the government
	Other than 5 prefectures above	Processed food	Performing sample inspection on the side of the importing country
U.S.	Fukushima, Tochigi, Miyagi, Iwate, Ibaraki, Kanagawa, Gunma, and Chiba	Spinach, <i>kakina</i> , etc., raw milk, mushroom, young Japanese sand lance, beef products, etc. (differ by prefecture)	Import suspension
	Fukushima, Tochigi, and Ibaraki	Milk/dairy products, vegetables/fruits, etc.	Requiring radioactive material inspection certificate issued by the government Performing sample inspection on the side of the importing country
	Other than 3 prefectures above	Food and feeds	Performing sample inspection on the side of the importing country

64 The latest information concerning import control measures taken by foreign countries and regions as a result of the accident of the Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Plants is published on the Ministry of Agriculture, Forestry and Fisheries' website. "Control measures taken by foreign countries and regions"]
http://www.maff.go.jp/j/export/e_info/hukushima_kakukokukensa.html

(3) Efforts to ensure the security of Japanese food and products

(A) Prompt establishment of monitoring systems

(a) Air, soil, tap water, and seawater

Since March 14, 2011, the government has implemented monitoring with respect to air, marine water, water supply and others and has published the results on the websites of the relevant ministries every day. In addition, the monitoring of agricultural soils has been implemented in Fukushima and its adjacent five prefectures in cooperation with local governments and universities to determine the distribution of radioactive materials and offer reference information for decontamination plans. Referring to the monitoring results so far, the amounts of radioactive materials in air, soil and others in Japanese major cities other than evacuation areas do not reach levels that affect the human body⁶⁵.

The Japanese government has already started full-fledged decontamination projects, and the Ministry of the Environment has just announced a timetable for decontamination operations to be implemented in evacuation areas⁶⁶ (11 municipalities). For these areas, operations proceed first in the “zone in preparation for the lifting of the evacuation order” and “residence restriction area,” whose annual radiation exposure levels are 50 millisieverts or lower, and the operations therein will be completed by March 2014. Decontamination of public facilities, including local government offices and expressways, will take priority over full-fledged operations over the whole areas, which are due to begin from July 2012 through such means as high-pressure washing and topsoil removal. Meanwhile, a policy for the “difficult-to-return zone,” whose annual radiation exposure level exceeds 50 millisieverts, is to conduct verification operations for radiation dose reduction in model projects for the time being.

(b) Food monitoring

In response to the detection of radioactive materials in the neighboring areas after the accident at the Fukushima Daiichi Nuclear Power Plants, the Japanese government established provisional regulatory limits of radioactive materials in accordance with Article 6, Item 2 of the Food Sanitation Act, and decided and notified local governments that any food in which radioactive materials in excess of the limits were detected shall not be provided for consumption. On February 24, 2012, the Pharmaceutical Affairs and Food Sanitation Council of the Ministry of Health, Labour and Welfare concluded in its

65 In Tokyo, which is over 230km away from the nuclear power plants, although the levels of radioactive materials in the air have temporarily rose on March 15, immediately after the earthquake, at present the level is within the range of the normal value before the nuclear power accident. In Fukushima, although high figures of approximately 25 μ Sv/h were observed on March 15 and 16, subsequently the figures have been fluctuating between 1-3 μ Sv/h. It should be noted that the existence of shielding objects, such as building materials, will reduce the radiation dose to which the human body is actually exposed, meaning that the figure is lower than the value measured in the air. As for an indication of radiation dose, if someone continues to be exposed to a radiation dose of 2 μ Sv/h outdoors for one year, the radiation exposure level would be equivalent to 2.5 CT scans.

66 In accordance with the “Act on Special Measures concerning the Handling of Pollution by Radioactive Materials,” on January 1, 2011 the “decontamination special area” was designated, in which the national government implement measures for the decontamination of soil, etc. This area includes three zones of “zone in preparation for the lifting of the evacuation order,” “restricted residence area,” and “difficult-to-return zone.”

report that the establishment of new standard limits is appropriate, and they were enforced from April 1, 2012. Foods in which radioactive materials in excess of the limits were detected were subject to shipment restrictions as needed. Subsequently, the monitoring was performed consistently, and in case that the figures were deemed to remain lower than the standard in a stable manner, the restrictions on the relevant items were lifted in turn⁶⁷.

(c) Monitoring at airports, ports and harbors, and other places

The Japanese government has been implementing the measurement of radiation dose at Narita Airport and Haneda Airport since March 20, 2011. The measurement for air and seawater at ports and harbors has also been implemented every day since the middle of April of the same year, and the results have been published on the Ministry of Land, Infrastructure, Transport and Tourism's website and others.

(B) Securing of trust for safety of Japanese export products

As for exported agricultural and marine products, in addition to the inspection in the process of domestic distribution, information concerning food inspection and regulation tightening by major countries and regions is provided to exporters so as to secure the trust for the safety of Japanese products at borders, and safety certifications are issued as needed. As for mineral and industrial products, for the case that export enterprises are requested by overseas business partners to furnish certifications concerning radiation dose, the following measures are being taken: introducing organizations for the measurement of radiation dose; publicizing the certification services by chambers of commerce and industry; providing emergency consultation services at JETRO; and offering individual consultations at 36 trade information centers nationwide. Moreover, as part of measures against harmful rumors, the government is implementing a measure to subsidize⁶⁸ the expense of inspection fee for the radiation inspection of export products (including agricultural and marine products) by institutions designated by the national government.

For ports and harbors, in accordance with "guidelines for radiation measurement of ships and export containers at ports and harbors," public organizations (national government, port and harbor administrators, and Nippon Kaiji Kyokai [ClassNK]) have started the issuance of certificates for the radiation measurement of export containers and ships since April 28, 2011 in a sequential manner.

(C) Accurate and prompt information dissemination overseas

(a) Information dissemination for governments

Immediately after the occurrence of the earthquake, the Prime Minister and ministers have worked on information dissemination on such occasions as international conferences. In response to import control measures taken by foreign countries, Japan has requested the related authorities to take actions based on a scientific basis, and has continued high-level lobbying activities until today by capturing

67 For the latest information, refer to the Ministry of Health, Labour and Welfare's website. http://www.mhlw.go.jp/shinsai_jouhou/shokuhin.html

68 Subsidy for projects on trade facilitation: subsidy rate – for SMEs, nine-tenth/for large enterprises, one-half

every kind of opportunity, including international conferences and meetings in overseas business trips or foreign visitors' visits to Japan.

(b) Information dissemination for industries, news media and others

The Japanese government has instructed all overseas diplomatic establishments (including embassies and consulate generals) to strengthen the information dissemination related to the earthquake, and overseas diplomatic establishments and JETRO have held briefing sessions in major cities worldwide. (By April 26, the sessions were held in 15 cities of 12 countries, including Beijing, Shanghai, London, Bangkok, Seoul, Paris, and Hong Kong.) Materials for the current status of the Fukushima Daiichi Nuclear Power Plants and the progress of Japan's recovery have been sent to overseas diplomatic establishments and JETRO, and in each country they have engaged in lobbying activities for high-ranking government officials and experts and information dissemination through the local media, internet and other means, requesting the related parties to take rational actions. Information dissemination and lobbying activities by related ministries, overseas diplomatic establishments and JETRO include information dissemination through ambassador's TV appearance, interviews, press releases, blogs and others, as well as conventions and small-group briefing sessions for local industries, and so far over 3,000 cases of such efforts in total have been made worldwide.

On the domestic front, various briefing sessions have been held in Japan, and in particular those for foreign-affiliated enterprises were held five times at JETRO headquarters in Tokyo and saw the participation of 485 people in total. In addition, on March 14, 2011 the Ministry of Economy, Trade and Industry started information provision by e-mail to foreign governments, opinion leaders, news media, experts and others in relation to the earthquake and the accident of the power plants, and a total of 43,480 e-mails (as of April 26, 2011) have been sent since the start of the service.

Furthermore, press conferences and briefings have been held for press special correspondents in Tokyo. Deputy Chief Cabinet Secretary Fukuyama, Chief Cabinet Secretary Edano, and Special Advisor to the Prime Minister Hosono held press conferences for foreign news media on March 20, April 12 and April 17, respectively. Also, active explanation has been made to opinion leaders worldwide, as seen in the announcement of a message by then-Chief Cabinet Secretary Edano at the World Economic Forum Global Risks Meeting. Other measures include responses to individual media's requests for interviews, prompt information dissemination through the announcement of press releases, and the invitation of foreign TV stations.

(4) Conclusion

After the Great East Japan Earthquake and the accident of the Fukushima Daiichi Nuclear Power Plants, Japan has made its utmost efforts to respond to requests by the international community and disseminate information in a prompt and accurate manner, while securing transparency. In addition, efforts have been also made to ensure the safety of Japanese food through the establishment of monitoring systems for air, water, food and others, which had been built swiftly immediately after the accident, and a monitoring system for export products at ports and harbors. The monitoring results of air and others mediums suggested that the relevant figures decreased at an early stage after the earthquake, and the reports of such organizations as ICAO and IMO have clearly indicated the safety

of visits to Japan immediately after the accident⁶⁹. Moreover, the IAEA assessed that Japan had taken the best method conceivable to deal with the nuclear power plant accident⁷⁰.

Thanks to all-out efforts by both public and private sectors in Japan, the assessment by international organizations as mentioned above, and others, the trend of foreign-affiliated enterprises and others evacuating from Tokyo subsided at the beginning of April, one month after the earthquake, and has almost returned to the levels before the earthquake by now. In terms of exports, controls against Japanese mineral and industrial products have been almost eliminated. On the other hand, import control measures against agricultural and marine products are continued to be implemented in some countries and regions, though they are on an easing trend as described above. The tightening of control measures have caused increased costs (such as inspection costs) for Japanese products, even those produced far from the disaster-hit areas. For some items, the cases in which export itself is impossible are still reported.

As a matter of course, Japan should continue to disseminate information in a prompt and accurate manner with the fullest transparency. On top of that, the government will keep calling on foreign governments to refrain from taking inappropriate measures, such as import bans, and take actions based on a scientific basis.

The Ministry of Economy, Trade and Industry's important responsibility lies in ensuring the facilitation of Japanese economic and trade activities and expanding the national wealth of Japan. In order to enhance the competitiveness of Japan, the Ministry of Economy, Trade and Industry will continue to implement various measures both in domestic and international terms in coordination with related ministries, private enterprises, international organizations and others.

5. Development of global human resources

At present, Japan faces the issues of population decrease and a super-aging society, as well as the issue of recovery from the severe crisis of the Great East Japan Earthquake. Amid these circumstances, it is generally recognized that, in order for Japan to achieve economic growth again, it is essential to secure and develop "global human resources⁷¹" who can shore up the global development of enterprises⁷². In addition to foreign language ability, enterprises are requiring young employees to

69 International Civil Aviation Organization (ICAO): "No restrictions on travel to Japan" (March 18)
International Air Transport Association (IATA): "No restrictions on travel to Japan" (March 18)
International Maritime Organization (IMO): "There is no health damage caused by radiation at Japanese ports and harbors" (March 24)

70 *IAEA INTERNATIONAL FACT FINDING EXPERT MISSION OF THE FUKUSHIMA DAI-ICHI NPP ACCIDENT FOLLOWING THE GREAT EAST JAPAN EARTHQUAKE AND TSUNAMI* (report by IAEA investigation team)

71 Global human resources mean human resources that have linguistic and communication skills, self-direction and positiveness, a spirit for challenge, cooperativeness and flexibility, a sense of responsibility and mission, an ability to understand other cultures, a sense of identity as a Japanese and others (the Council on Promotion of Human Resource for Globalization Development [2011], page 7).

72 The report of "the Organizations and Human Resource Management in the Global Operations of Japanese Companies," which was released by the Japan Association of Corporate Executives on April 25, 2012, describes that important issues are how to train Japanese employees of the head office to become globally active human resources and how to train local talents to become those capable of

demonstrate an ability to conduct business negotiations with foreigners and work in a team with foreigners, and mid-level employees to demonstrate an ability to manage overseas bases (Figure 4-2-5-1).

In the meantime, judging from the fact that English skills of Japanese people are of low levels by international standards (Figure 4-2-5-2), and the fact that the number of Japanese students studying abroad has decreased in recent years (Figure 4-2-5-3), it would be difficult to say that global human resources are well developed in Japan (Figure 4-2-5-4).

Under such circumstances, with the aim of developing “global human resources,” who can serve as a driving force for the growth of Japan, and building a structure in which such human resources are fully utilized in the society, in May 2011 the government established the “Council on Promotion of Human Resource for Globalization Development,” which is presided over by Chief Cabinet Secretary and consists of the related ministers. In June, the conference compiled the government’s global human resources measures in “An Interim Report of the Council on Promotion of Human Resource for Globalization Development”⁷³.

The Interim Report discusses the government’s awareness for basic problems and countermeasures against related issues in developing and utilizing global human resources, which include the following:

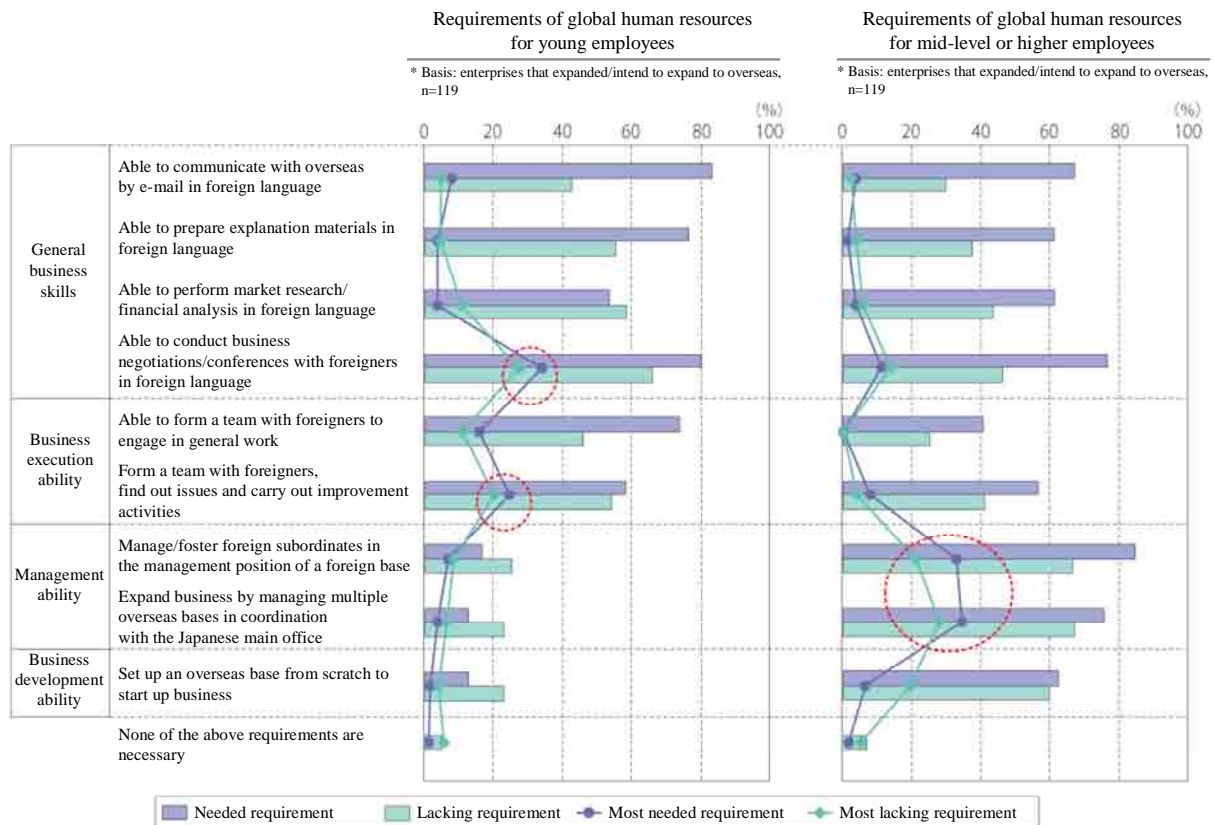
- Increasing the number of people who have an experience of studying/living abroad to about 110,000 in an age group (about 10% of an age group)
- Promoting the publication of score results of TOEFL/TOEIC by universities, introduction of characteristic curriculum and teaching methods, start of the university year in September, adoption of a semester system, and others
- Diffusing and promoting such corporate employment practices as treating job seekers within three years after their graduation as new graduates, “year-round recruitment,” and “Gap Year.”

assuming the top position of the local corporation (page 9).

73 *An Interim Report of the Council on Promotion of Human Resource for Globalization Development* (Council on Promotion of Human Resource for Globalization Development), June 22, 2011 (http://www.kantei.go.jp/jp/singi/global/110622chukan_matome.pdf)

Figure 4-2-5-1

Abilities/skills that enterprises call for on employees



(Source) Ministry of Economy, Trade and Industry "Final report for survey of corporate human resources development responding to global economy" (conducted in January to February 2011).

Figure 4-2-5-2

English skills of Japanese people

TOEFL (iBT) ranking by country
<World ranking>

Rank	Country	TOEFL score
1st	Netherlands	100
2nd	Denmark	99
3rd	Singapore	99
:		
82nd	South Korea	81
:		
107th	China	77
:		
136th	Togo	70
135th	Japan	70
138th	Kuwait	70
:		
163rd	Mauritania	58

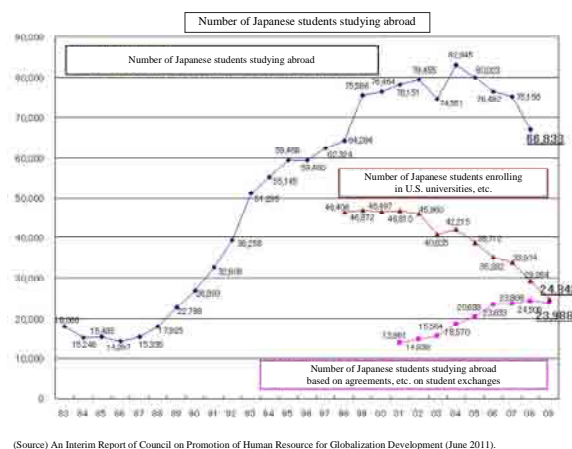
* Full score of TOEFL (iBT) is 120.

<Asia ranking>

Rank	Country	TOEFL score
1st	Singapore	99
2nd	India	91
3rd	Malaysia	89
:		
10th	South Korea	81
:		
16th	China	77
:		
26th	Afghanistan	72
27th	Japan	70
28th	Lao People's Democratic Republic	67
29th	Tajikistan	66
30th	Cambodia	63

ETS/Test and Score Data Summary for TEEFL internet-based and Paper-based Tests JANUARY 2010 DECEMBER 2010 TEST DATA

Figure 4-2-5-3
Japanese students studying abroad

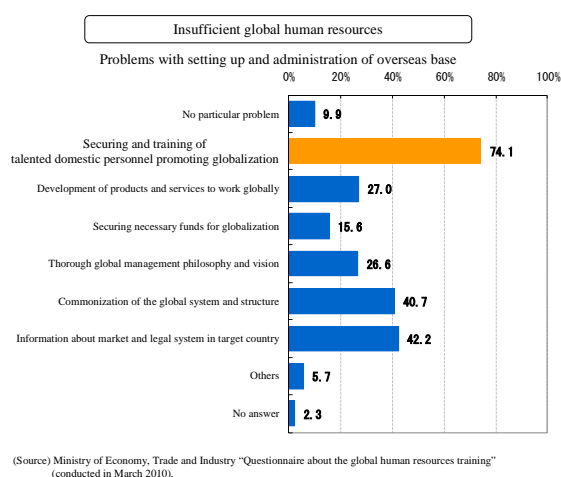


In conjunction with these circumstances, the Ministry of Economy, Trade and Industry is implementing the following measures:

(1) Measures toward internationalization of corporate personnel management

The internationalization of corporate personnel management is essential to develop and secure human resources who can contribute to overseas business development. To this end, the Ministry of Economy, Trade and Industry compiled “Internationalization Indices 2010⁷⁴,” which are important measures to promote the globalization of human resources management.

Figure 4-2-5-4
Needs of enterprises for global human resources, and sufficient/insufficient



74 Indices to Gauge Japanese Companies on their Level of Internationalizing Human Resources (Internationalization Indices 2010) (Ministry of Economy, Trade and Industry), May 2011 (http://www.meti.go.jp/policy/economy/jinzai/sangakujinnzai_ps/pdf/shihyo2010.pdf)

(2) Establishment of indicators for developing global human resources at universities

In order to promote the development of global human resources at universities and based on the needs of the industrial community, in March 2012 the government established indicators⁷⁵ to measure each university's degree of progress in promoting education programs and others. In addition, measures taken by 11 universities nationwide were introduced as good practices for developing global human resources⁷⁶.

(3) Holding of the Roundtable for Human Resource Development through Industry-University Collaboration

Based on a joint proposal by the Ministry of Education, Culture, Sports, Science and Technology and the Ministry of Economy, Trade and Industry, in July 2011 the "Roundtable for Human Resource Development through Industry-University Collaboration" was established to promote dialogue between the leaders of industry and academia on concrete action plans for developing global human resources/innovative human resources. The conference discussed such topics as knowledge and abilities required, issues in developing and securing human resources, and a direction for future actions, and compiled the "Action plan" in May 2012.

(4) Promotion of overseas internship

For the purpose of encouraging students and young individuals to improve their international negotiation skills and build human networks through overseas working experience, an overseas internship project is launched from fiscal 2012. The project features the sending of personnel to government-related organizations and local corporations in developing countries for 3-6 months.

Through the aforementioned measures and in coordination with related ministries and the "Roundtable for Human Resource Development through Industry-University Collaboration," the Ministry of Economy, Trade and Industry will strive to develop and secure global human resources who can serve as a driving force for the growth of the Japanese economy and create employment⁷⁷.

75 *Survey report on indicators for developing global human resources at universities* (Ministry of Economy, Trade and Industry), March 2012

(<http://www.meti.go.jp/policy/economy/jinzai/global/honbun.pdf>)

76 *Good practices for developing global human resources at universities* (Ministry of Economy, Trade and Industry), March 2012 (<http://www.meti.go.jp/policy/economy/jinzai/global/goodpractice.pdf>)

77 Meanwhile, it would be difficult to say that Japan has well-developed environment that enables competent global human resources (including foreign students from overseas and individuals who have an experience of studying abroad) to fully demonstrate their abilities at enterprises. In order for Japanese enterprises to create new value that can be accepted globally, it is essential to acknowledge that the improvement of diversity is the key and promote the utilization of various human resources, including foreign individuals and women.