



Japanese Enterprises Head Towards a Great Leap in Asia

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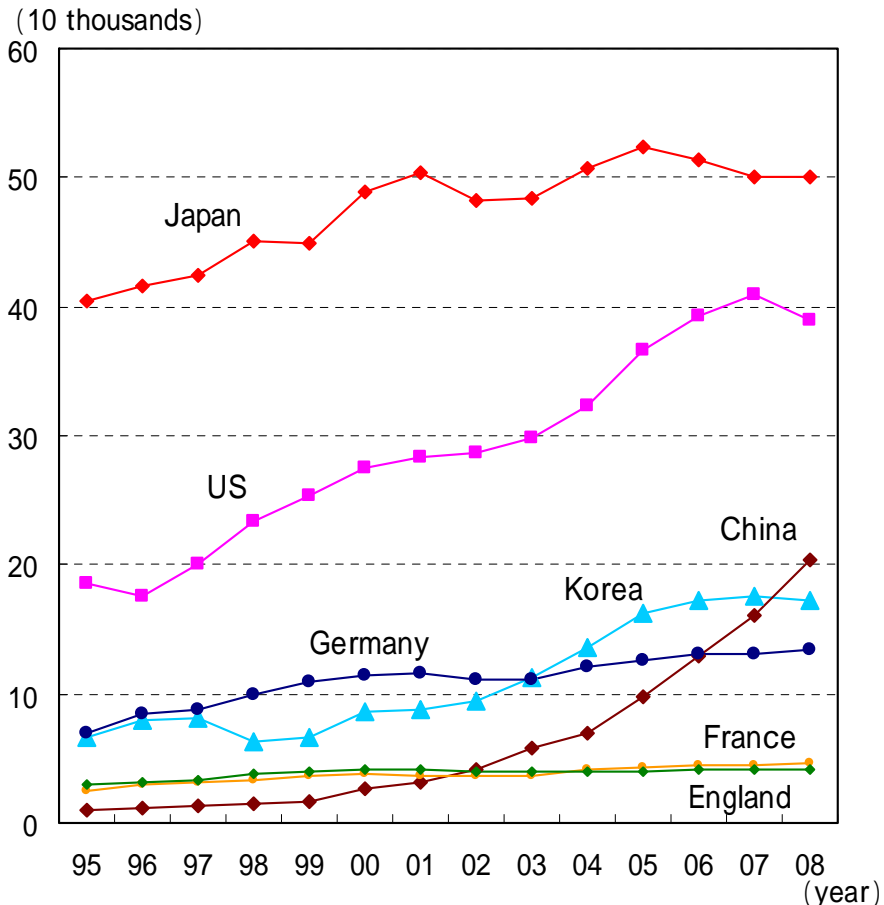
March 11, 2010

Attractiveness of Japanese Enterprises ~ Three “H”

- **High Technology & Quality**
 - **“Hospitality” of Japanese Enterprises Rooted in Japanese Culture**
 - **High Growth Asia: Geographically Superior Location**
-  ***Towards a Great Leap from Japanese Brand to Asian Brand***

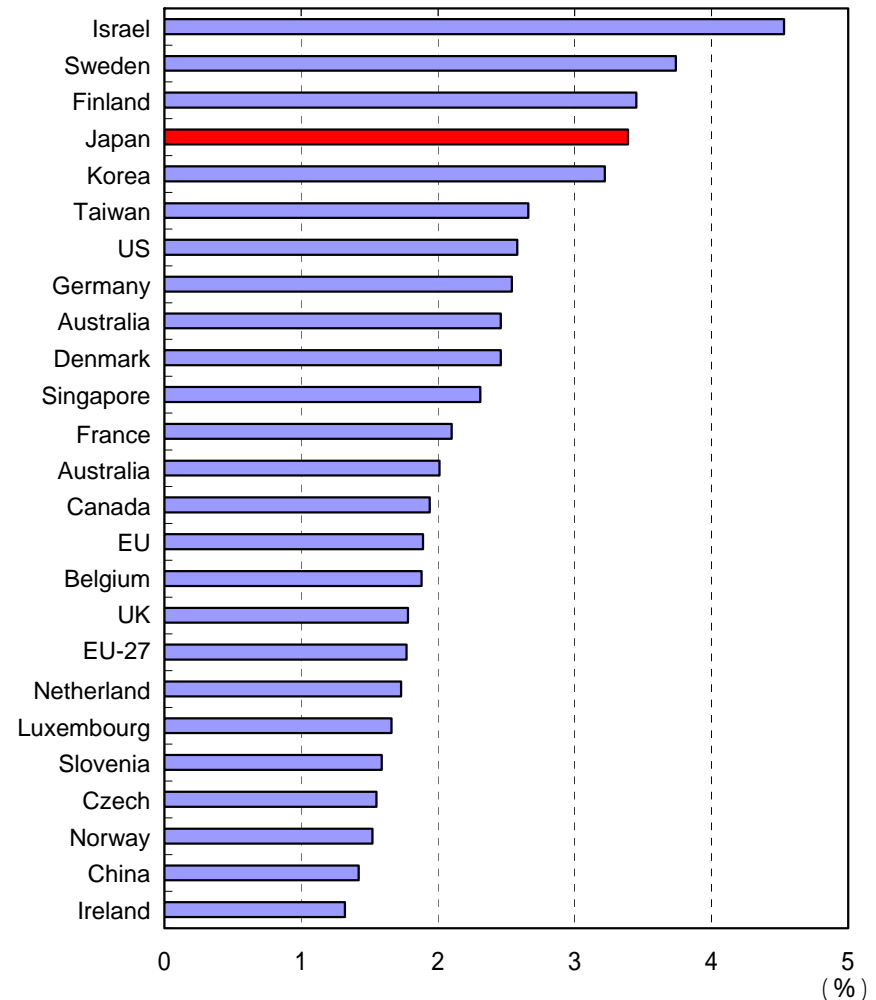
R&D Efforts Behind High Technologies

Trend in Number of Patent Applications by Major Countries



(Source) Compiled from the data of WIPO, Global Investment Strategy Division, hereinafter called GISD

Total R&D Expenses per GDP (%) in 2006

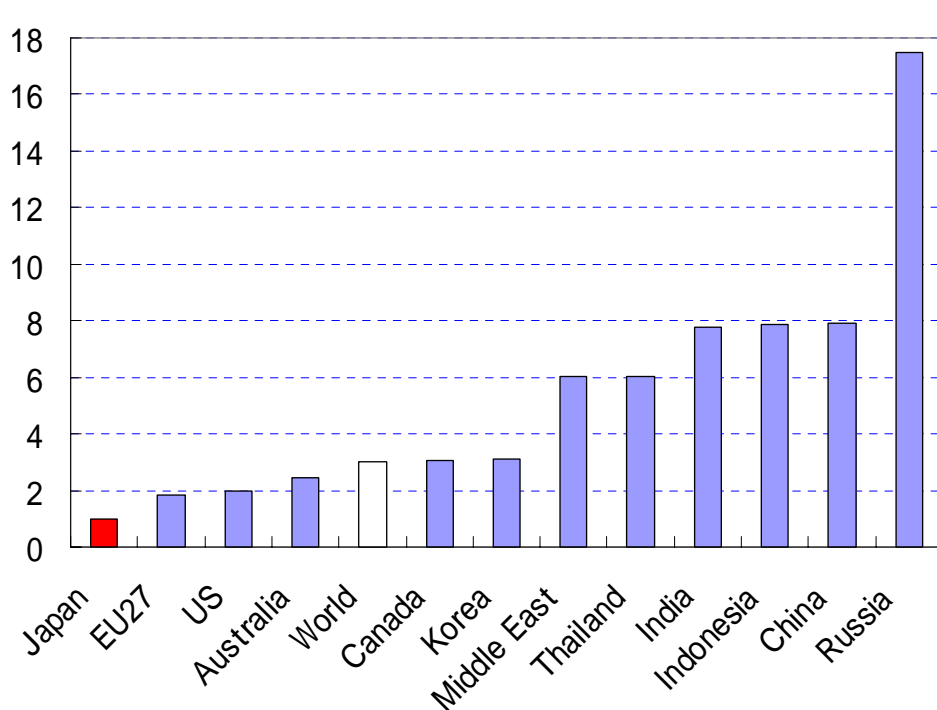


(Source) Ministry of Education, Culture, Sports, Science and Technology, GISD

Comparison of Energy / Resource Use Efficiency



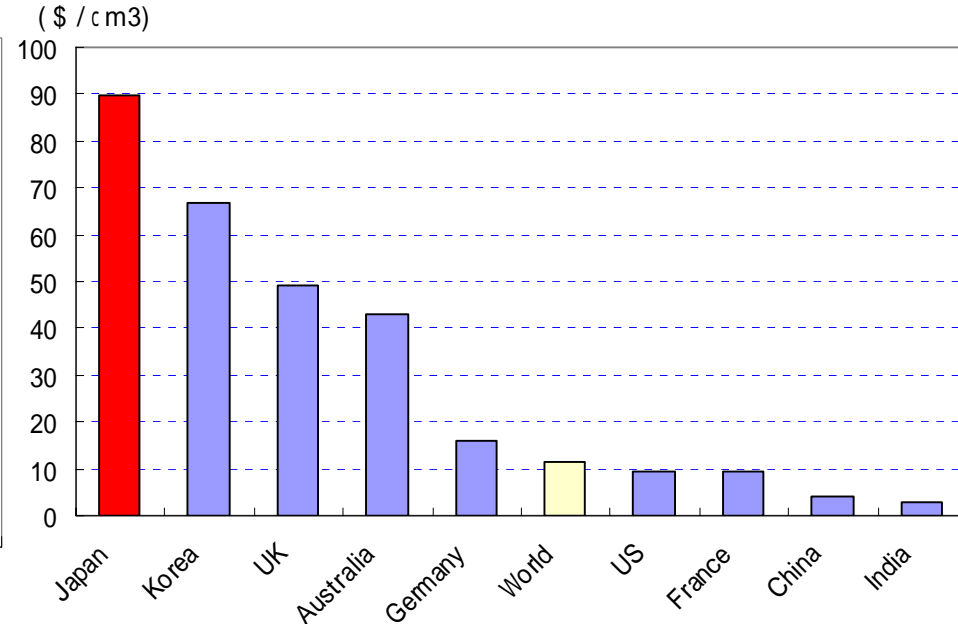
Primary Energy Consumption per GDP Unit (2006)



(Note) Calculation is made assuming that the primary energy consumption (Ton of oil equivalent /Real GDP) for Japan is 1.

(Source) Compiled from Agency for Natural Resources and Energy data, GISD

Comparison of Major Countries' Water Productivity



(Note) Figures representing economic added-value which is produced using 1 meter cube of water.

(Source) Compiled from the White Paper on International Economy and Trade in 2009 , GISD

World Highest Level of Energy Savings & Environmental Technologies

➤ **Leading hybrid & electric car technologies**

e.g. Toyota, Honda, Nissan, Mitsubishi Motors

➤ **Clean energy : Largest shares of the photovoltaic power & nuclear power generation markets**

e.g. ULVAC, Ferrotec, NPC, Toshiba, Japan Steel Works

➤ **Cutting-edge water processing & seawater desalination technologies**

e.g. TORISHIMA PUMP, NGK, EBARA, TORAY, Kurita

➤ **Noteworthy railway technologies with energy saving transportation**

e.g. Toyo Denki Seizo , Kinki Sharyo, Nabtesco, Sumitomo Metal Industries, Kawasaki Heavy Industries

Japanese “Hospitality” Highly Acclaimed Overseas

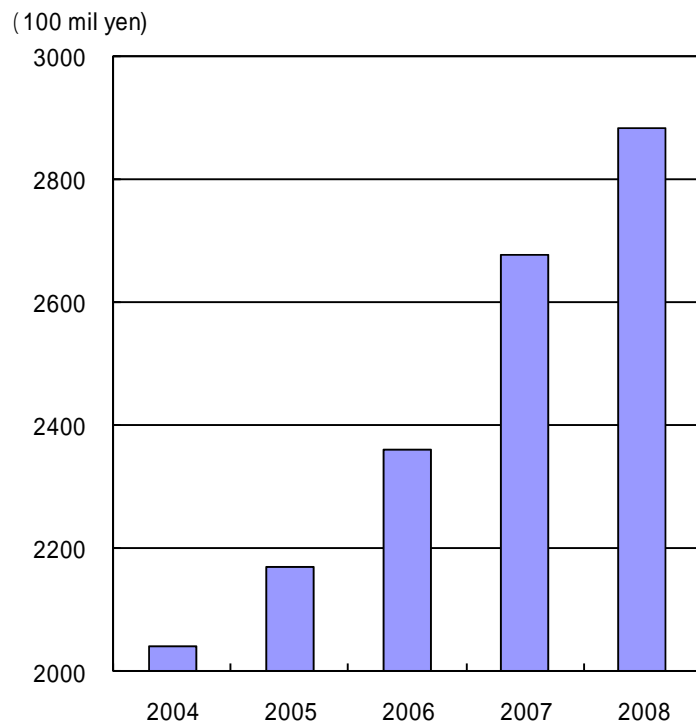
Changes in Impressions of Japan by Foreign Tourists Pre & Post Visit

	Pre visit		Post visit
1	Modern and industrialized nation	1	Friendly people / favorable impression
2	Unique tradition & culture	1	Safe and clean
3	Efficient and well-organized nation	3	Modern and industrialized nation
4	Safe and clean	4	Unique tradition & culture
5	Diligent / energetic people	5	Beautiful Nature
6	Beautiful Nature	6	Efficient and well-organized nation
7	High standard of living & education	7	Diligent / energetic people
8	Friendly people / favorable impression	8	High standard of living & education
9	Crowds of people & noise	9	Crowds of people & noise
10	Incomprehensible	10	Unsociable
10	Unsociable	11	Incomprehensible

(Source) Compiled from “Global Economic Strategy” paper by METI , GISD

“Hospitality” as a Backdrop to Japanese Cuisine Boom

Rapid Expansion of Agricultural Exports from Japan



(Source) Compiled from Ministry of Agriculture, Forestry and Fisheries data, GISD

Number of Michelin Star Rated Restaurants in Major Cities

Tokyo	11	42	144
Paris	10	14	41
Kyoto	6	13	66
New York	5	6	44
Osaka	1	12	52
Hong Kong	1	7	14
San Francisco	1	4	34
London	1	2	40

(Note) Tokyo, Kyoto, Osaka, NY, San Francisco according to data from the 2010 edition. Other cities from the 2009 edition.

(Source) Data from various press reports , GISD

Value-Added Services based on “Hospitality”

✓ Secure, safe and comfortable services

**e.g. Convenience Stores, Supermarkets, Department Stores,
Shiseido, MUJI (Ryohin Keikaku), SECOM**

✓ Meticulous & convenient

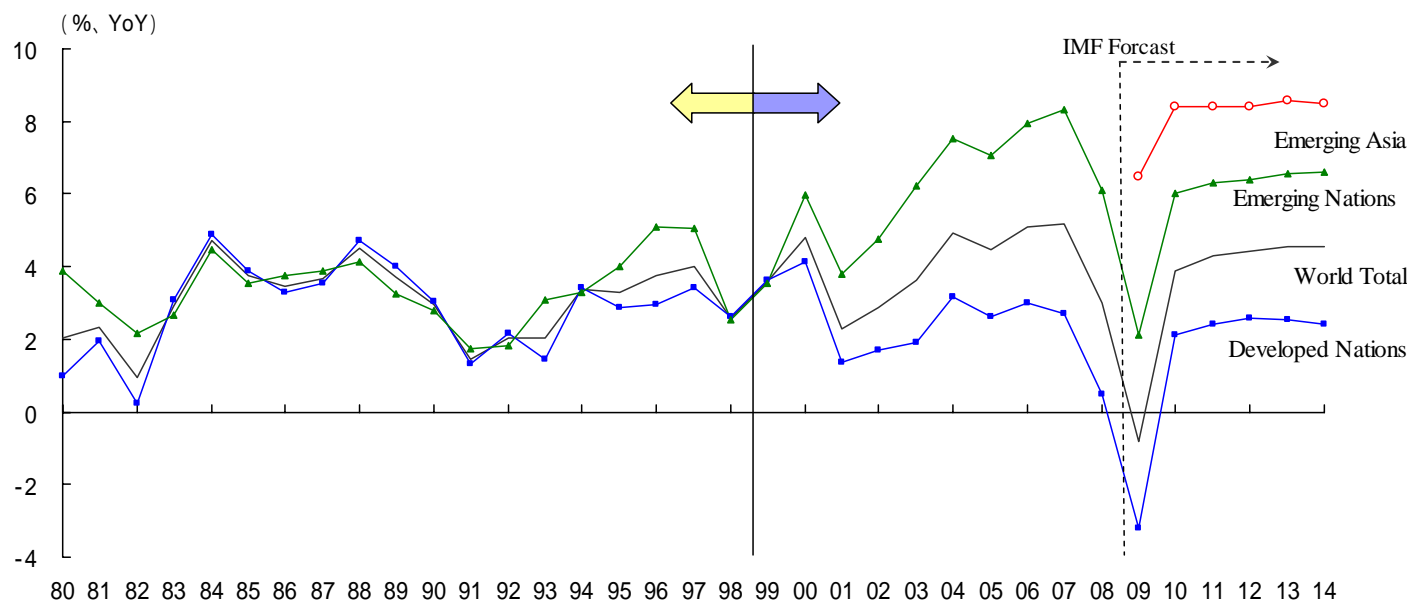
**e.g. YAMATO TRANSPORT, Yakult, HONEYS,
FAST RETAILING, ABC MART, Ootoya**

✓ Clean & hygienic quality and services

e.g. TOTO, JS Group, Unicharm, PIGEON

Structural Changes in World Economy: Difference between 20th and 21st Centuries

Changes in World Real GDP Growth Rate - Difference between 20th and 21st Centuries -



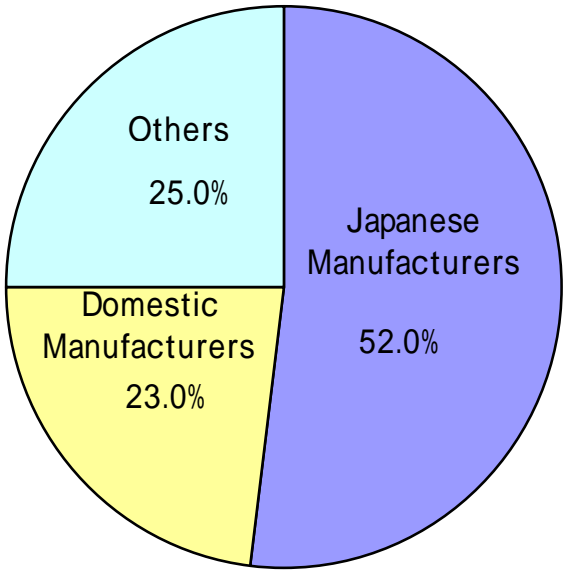
(Source) Compiled from IMF data, GISD

Infiltration of Japanese Corporate Brands in Asian Markets (China)

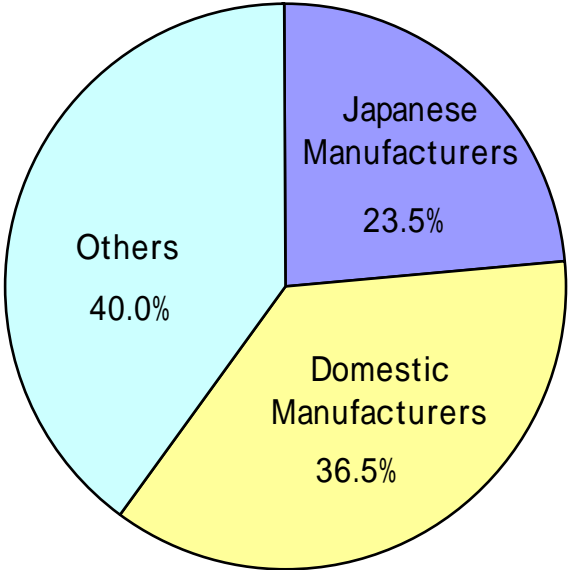


Products Desired by Chinese Consumers by Country of Origin (By Survey)

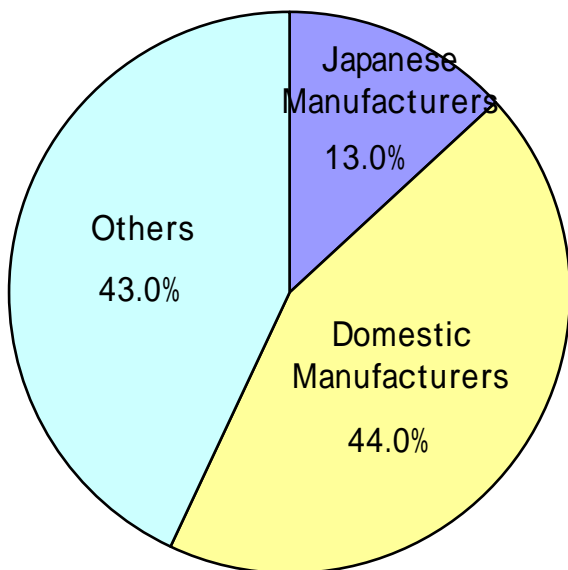
Flat-screen TVs & DVD Players



Automobiles



Cosmetics



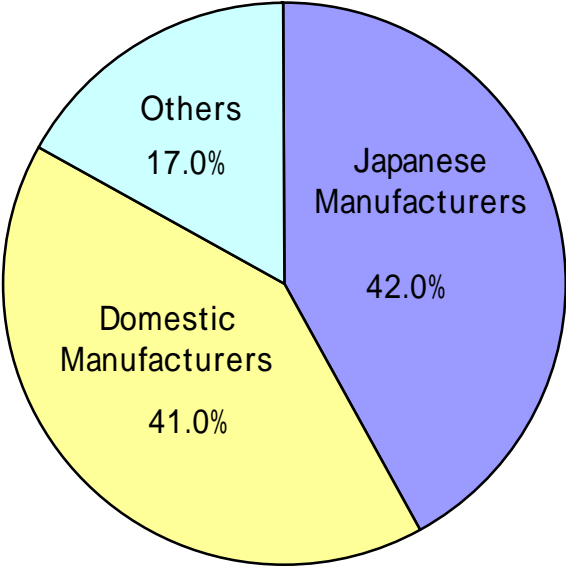
(Source) Compiled from the White Paper on International Economy and Trade in 2009, GISD

Infiltration of Japanese Corporate Brands in Asian Markets (India)

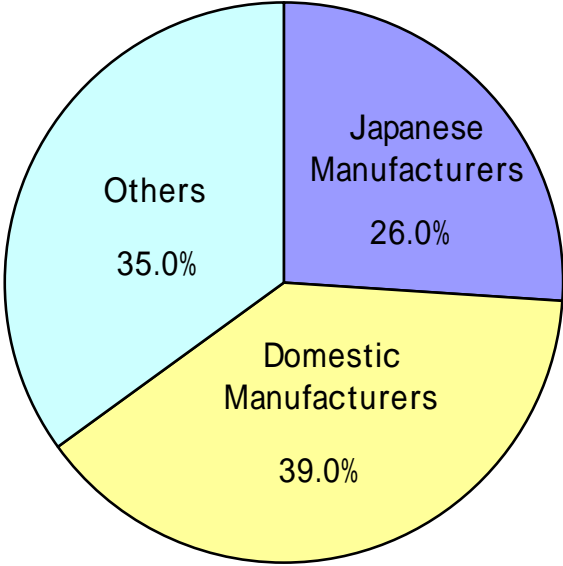


Products Desired by Indian Consumers by Country of Origin (By Survey)

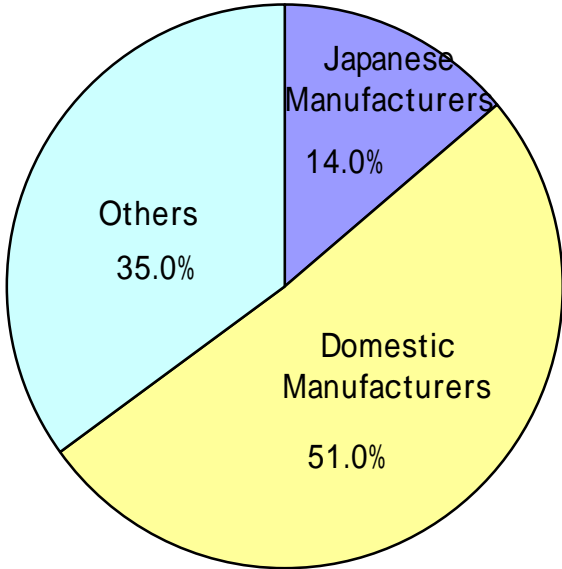
**Flat-screen TVs
& DVD Players**



Mobile Phones



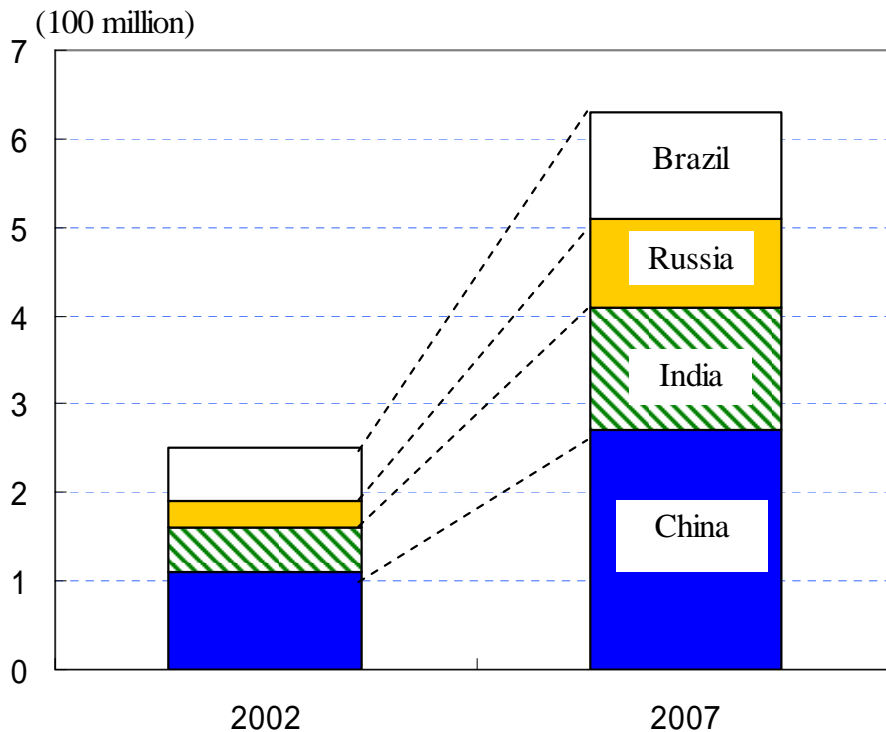
**Personal
Computers**



(Source) Compiled from the White Paper on International Economy and Trade in 2009, GISD

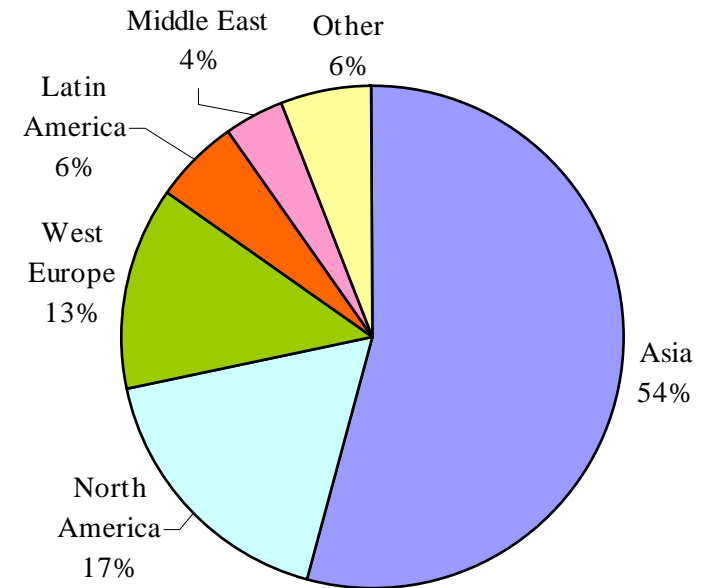
Middle Income Class Expansion Creates Potential for Japanese Corporate Growth

Changes in BRIC Middle Income Class Population



(Source) Compiled from "White Paper on Monozukuri" in 2009 by METI, GISD

Breakdown of Japanese Exports by Country of Destination (2009)

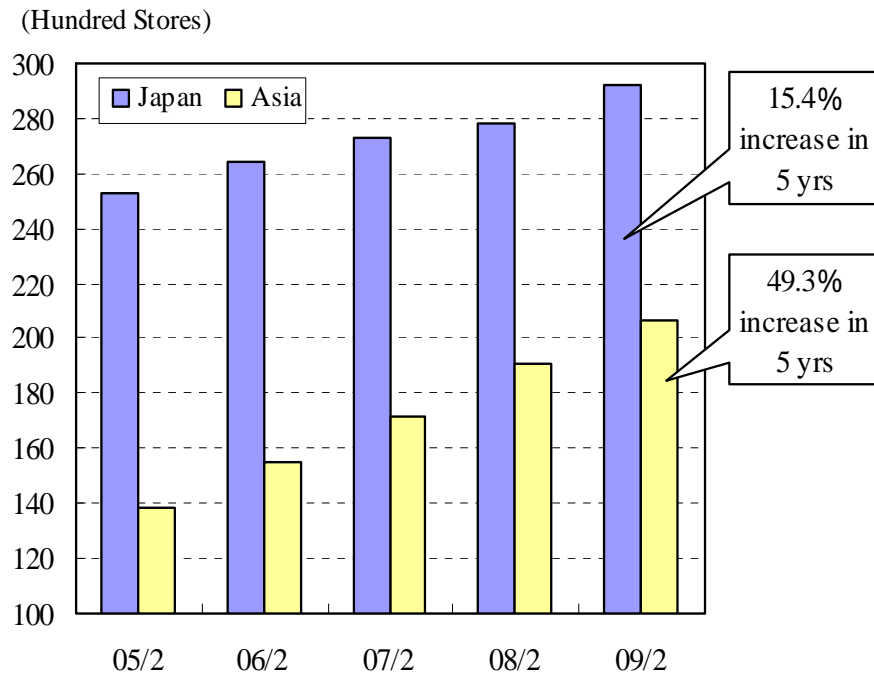


(Source) Compiled from Ministry of Finance data, GISD

Japanese Enterprises Directed Towards Asian Markets

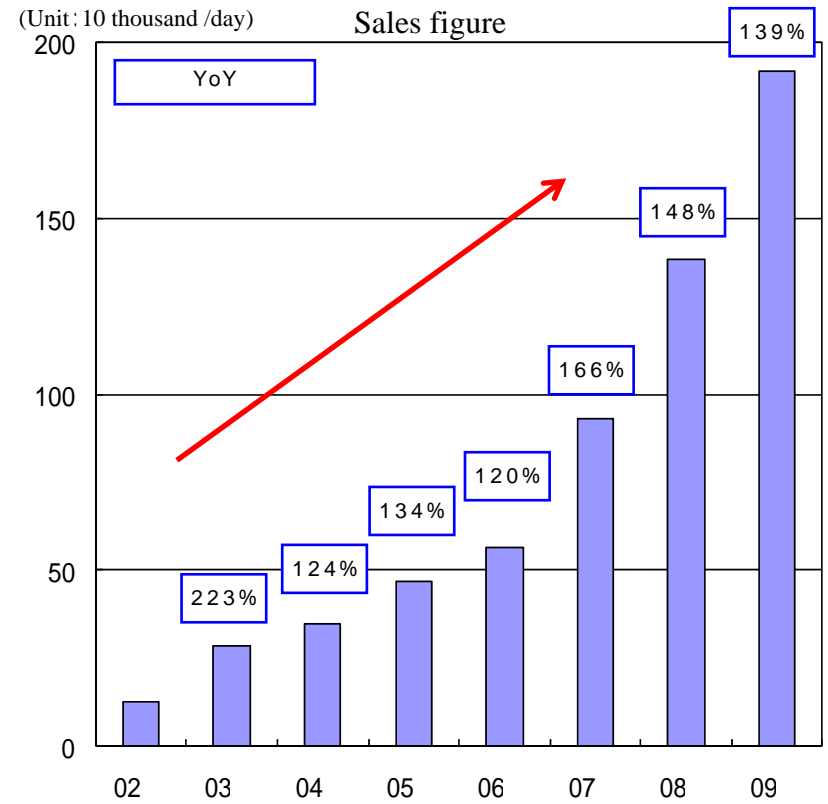
- Asia's Business Strategy: A New Growth Scenario-

Stores of Three Major Convenience Stores in Japan and Asia



(Source) Compiled from respective companies' data, GISD

Sales Performance of Yakult in China Comparison of September Sales Performances ('02-'09)



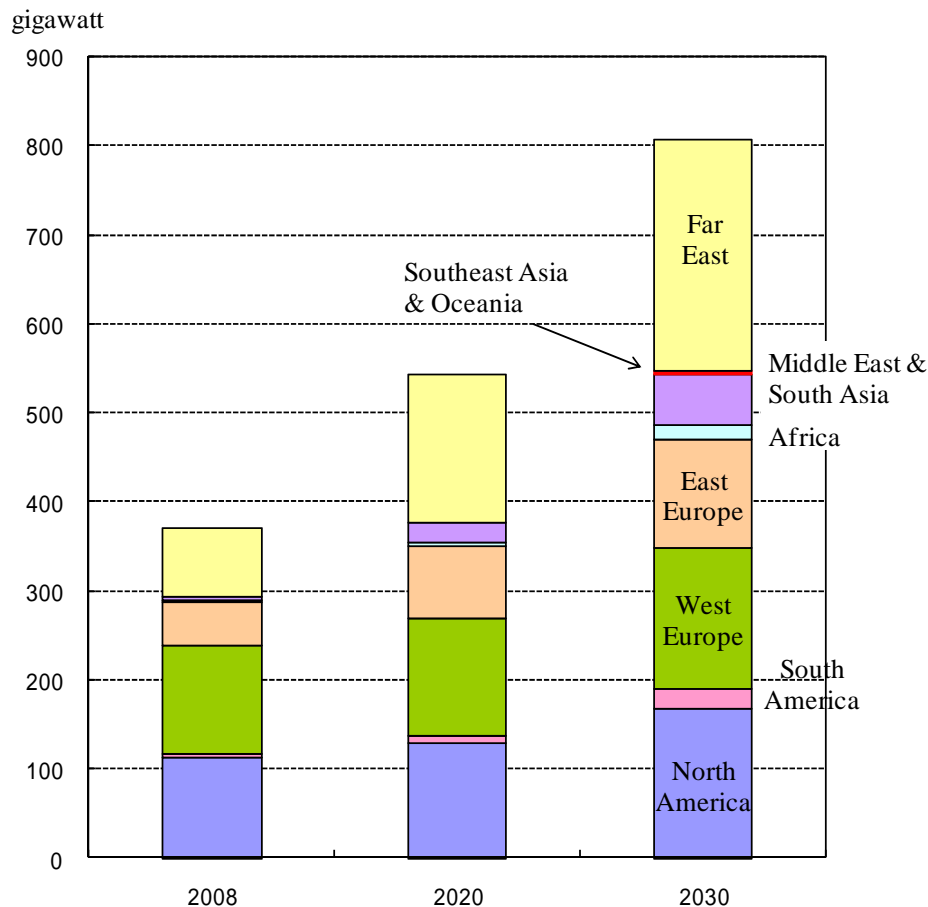
(Source) Compiled from Yakult Webpage, GISD



Reference Materials

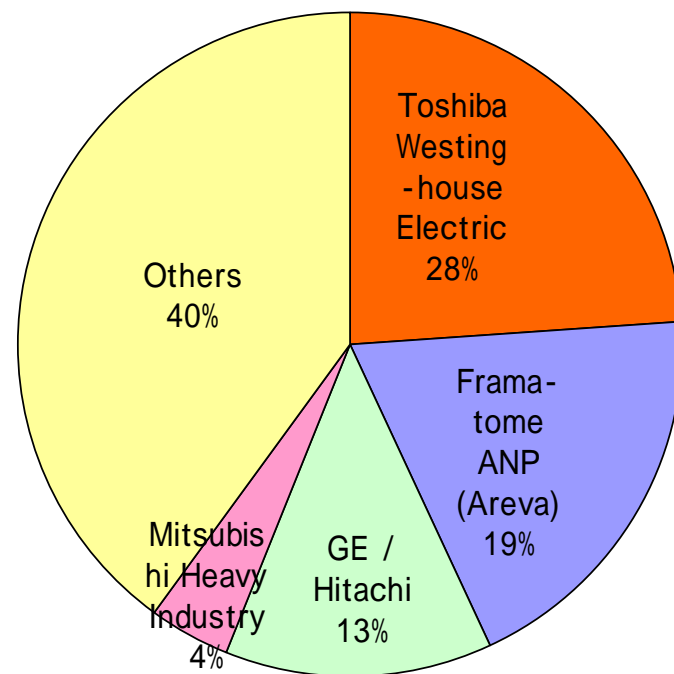
Energy-Saving & Clean Nuclear Power Generation Attracts Attention

Forecast of World's Nuclear Electric-Generating Capacity



(Source) Compiled from IAEA data, GISD

Breakdown of Nuclear Reactors Orders Received by Manufacturers

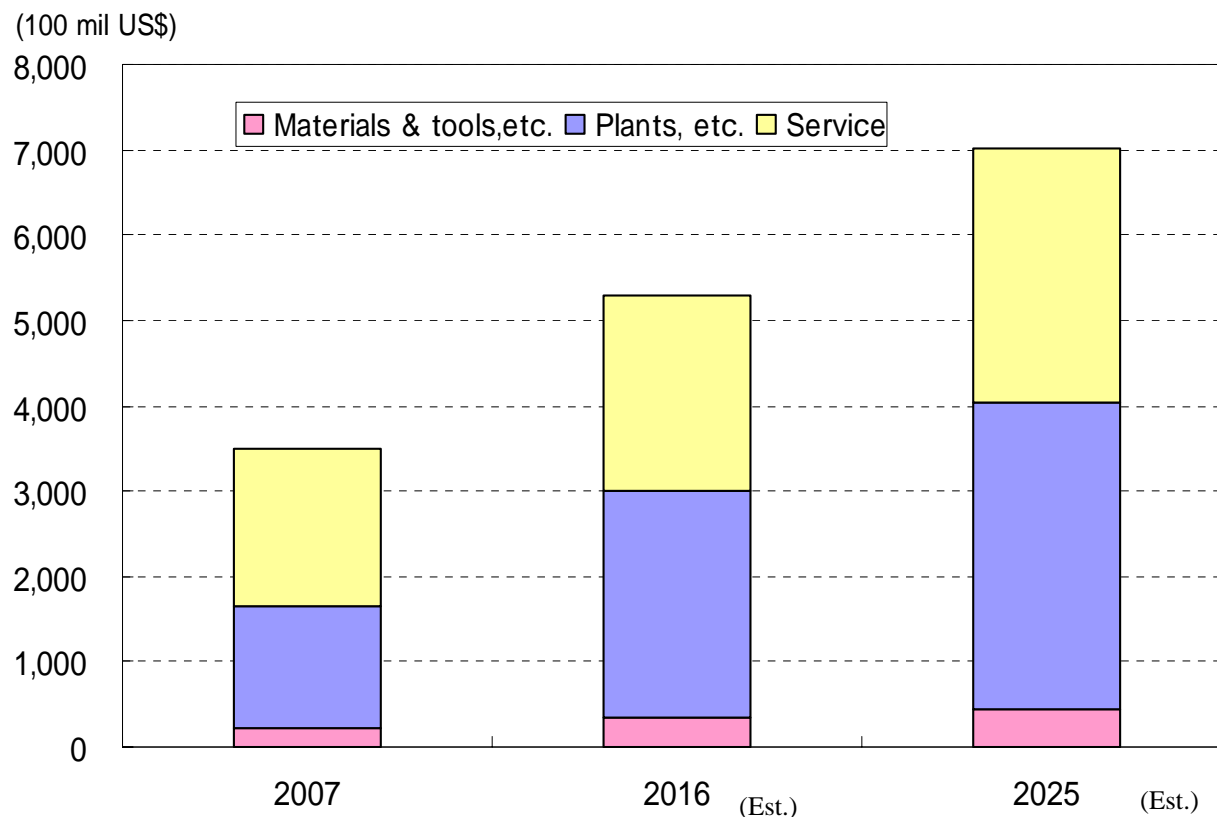


on a number basis

(Source) Compiled from Japan Atomic Industrial Forum, GISD

Expected Growth of World Water Related Business

Market Forecast of World Water Related Business



(Note) Material & Tools = Chemicals for industrial water, Machines & tools for industrial water, Machines & tools for industrial sewage operations

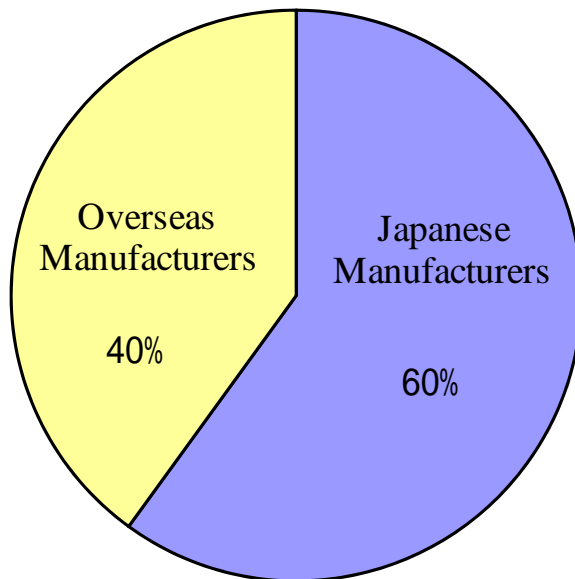
Plants, etc. = Investment cost for the installation of water and sewage facilities

Service = Running Cost for water and sewage services

(Source) Compiled from the White Paper on International Economy and Trade in 2009, GISD

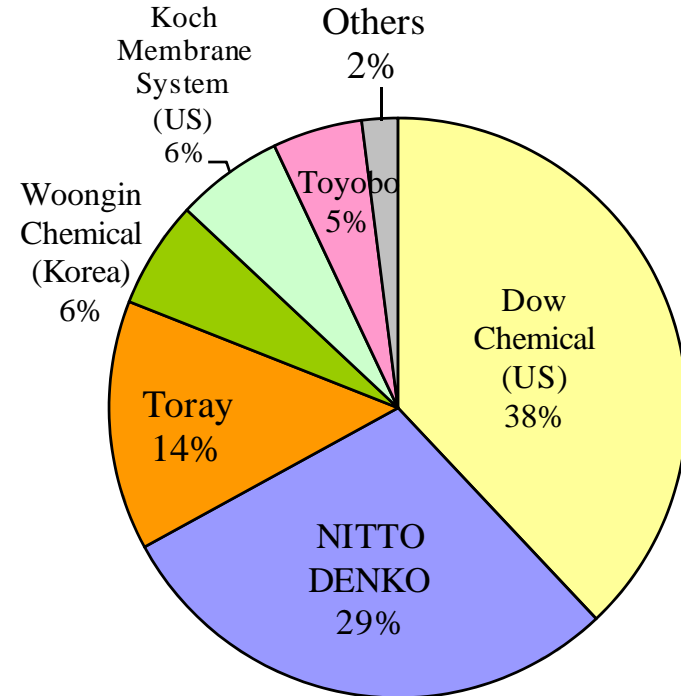
Japanese Enterprises Hold Overwhelming Share of Water Disposal Membrane

Breakdown of Overall Water Disposal Membrane Market



(Source) Compiled from the White Paper on International Economy and Trade in 2009, GISD

Breakdown of Reverse Osmotic Membrane Market by Manufacturer (2008)



(Source) Fuji-Keizai Group

Expanding Railway Construction Project

Major Railway Construction Projects

Country	Project
Brazil	High speed railway between Rio De Janeiro and Sao Paulo (approx. 500km). Will open in 2014.
US	Plan to launch 11 high speed railways including between Los Angeles and San Francisco. Government decided to allocate a budget of 8 billion US\$.
China	By 2020, the total extension of railway operation shall be 120,000km, up 50% from the end of 2008. A high speed railway of 16,000km will be in operation. The metro/subway currently serving 10 cities between 29 sections shall be increased to 15 cities between 50 sections. The electrified sections will occupy 60% of total railways. Existing line of 50,000km will be double-tracked. The total construction costs will be 75 trillion yen.
Vietnam	There is a plan to introduce a high speed railway between Hanoi and Ho Chi Minh City, a distance of 1500km. The initial construction of 90km is now under study.
India	Planning a high speed railways linking 5 routes such as between Pune, Mumbai and Ahmadabad. Planning for construction of DFC covering a total distance of 2800km for West Passage way and East Passageway.
UK	Planning to renew the long-distance high speed railway with a total investment of 1 trillion yen for which Hitachi Ltd has been given a priority in business negotiations.
Russia	Planning to introduce a high speed railway linking 5 routes such as between Moscow and St. Petersburg
Taiwan	The first time the Japanese Shinkansen system was introduced abroad. In March 2007, the whole section became operational.

(Source) Compiled from Various Press Reports & Ministry of Land, Infrastructure, Transport and Tourism, GISD

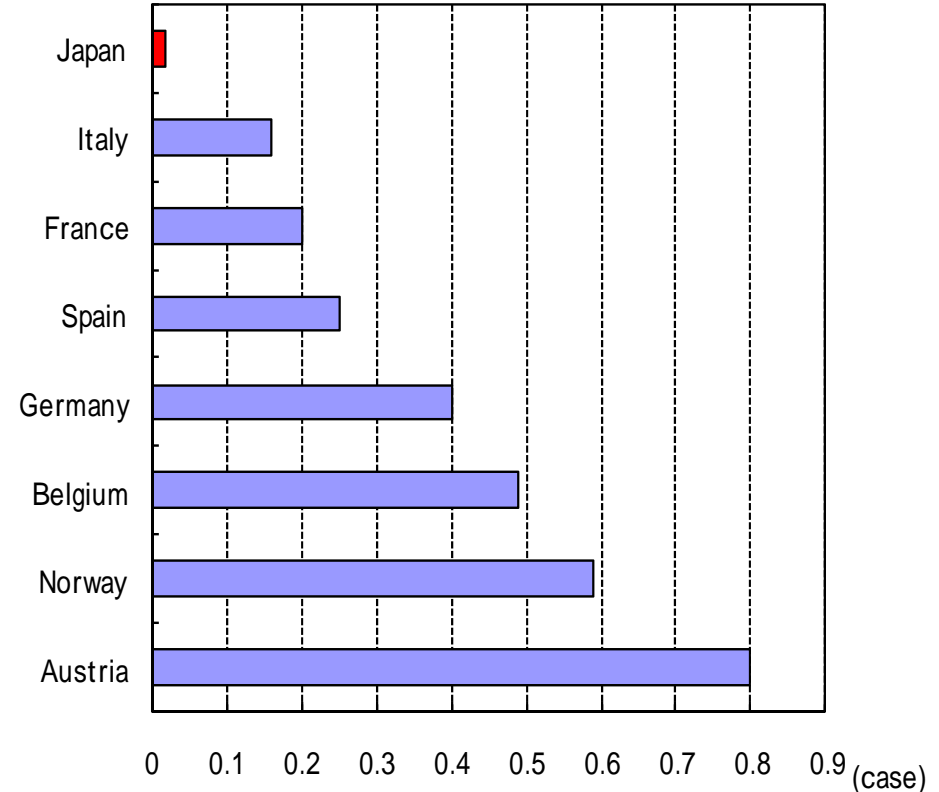
The Highest Level of Railway Technology in Operations as Well

Comparison of Japanese, German, French High Speed Rail

	TGV (TGV-R)	ICE (ICE3)	Shinkansen (700)
Capacity	750 persons	858 persons	1323 persons
Weight per capita	1.02 tons	0.95 tons	0.47 tons
Interval between seats	900mm	920mm	1040mm
Width of train body	2904mm	2950mm	3380mm

(Source) Compiled from data of Ministry of Land, Infrastructure, Transport and Tourism, GISD

Number of Serious Accidents Per Billion Persons for 1 km



(Source) Compiled from the White Paper on International Economy and Trade in 2009, GISD

Noteworthy Companies in Connection with Environment

	Company	Focal Points
Nuclear Generation	Japan Steel Works	Holding a world share of 80% in the large forgings from ingots to be used for a pressure vessel of a nuclear reactor, and 40% in the steel Clad-plates to be used for the natural gas pipeline and seawater desalination plant.
	Toshiba	Merged with Westinghouse, a major US nuclear generation manufacturer. Actively investing in the nuclear generation business as its core operation. Dealing also with the manufacture of railway vehicles such as electric and diesel locomotives.
Water	TORISHIMA PUMP	Manufacturing large pumps for the seawater desalination and the sewage disposal. Received orders from UAE successively in April 2008 and February 2009 for the pumps used for the seawater desalination plant. Received also orders from Saudi Arabia and Australia.
	Toray Industries	Received orders for reverse osmotic membranes for desalination plants in Spain and Bahrain in Dec '09, Kuwait, Katal, and Oman in Sep '08.
	NGK INSULATORS	Deploying an integrated service not only in production of water processing devices & parts, but also in operating water sewage systems. World's only manufacturer of large capacity batteries necessary for smart grids & NAS batteries.
Railway	Kinki Sharyo	Sales ratio by region for the period ending March '09: Asia 47.4%, North America 28.6%. Received orders for municipal transportation systems in UAE and North America.
	NIPPON SHARYO	Subsidiary company of JR Tokai. Producing N700 series bullet trains and delivering their products to various domestic, U.S., and Asian companies other than JR Tokai.
	Sumitomo Metal	Virtually 100% of the domestic wheel and axle market. Highly trusted overseas e.g. 3 year long term supply contract for ICE wheels in June '09. Producing car couplers, drive units, and freight vehicles.
	Nabtesco	Producing brake systems & door opening/closing devices. Received orders for various vehicles including commuter & bullet trains & new traffic systems. Received an order for brake systems on China's high speed railway project.
	TOYO ELECTRIC	Brisk orders from China. Received electric vehicle parts orders on Chinese subway systems for 3 lines & 528 cars (control & drive equipment) in Jul '09 & for electric vehicle parts on 102 cars in Chengdu in Oct '07.

(Note) Except TORISHIMA PUMP, the date of receiving orders is the day each company announced it.

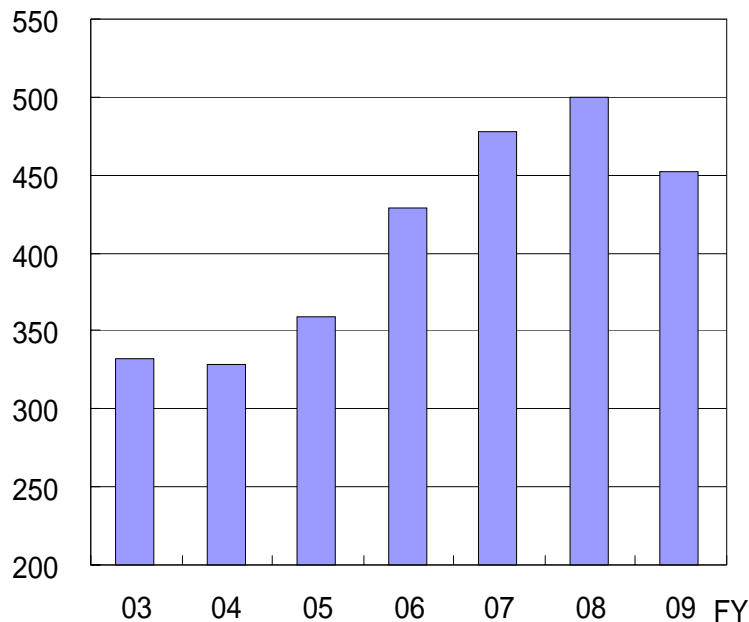
(Source) Compiled from each company's materials, GISD

Companies Expanding their Sales in Asia

FamilyMart

Annual sales

(100 mil yen)



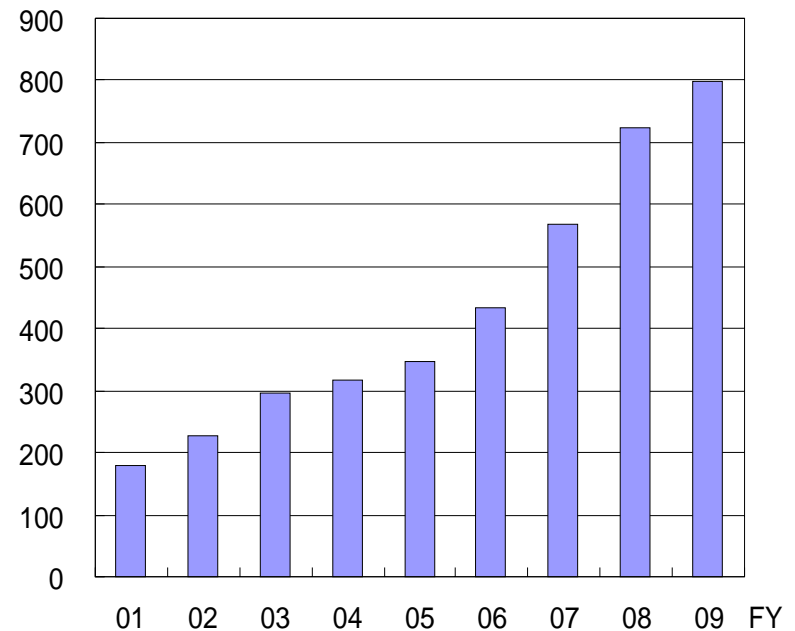
(Note) Its activity in Asia includes Taiwan, Thailand, Korea, China

(Source) Compiled from the short form financial statement of respective companies, GISD

Unicharm

Annual sales

(100 mil yen)



(Note) Its activity in Asia includes Taiwan, China, Korea, Thailand, Indonesia, Oceania etc.

(Source) Compiled from the short form financial statement of respective companies, GISD

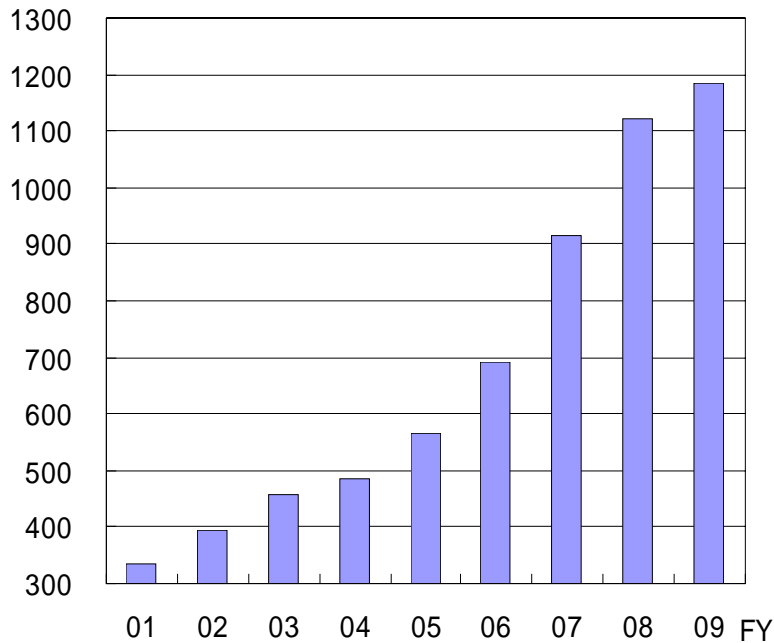
Companies expanding their sales in Asia



Shiseido

Annual sales

(100 mil yen)



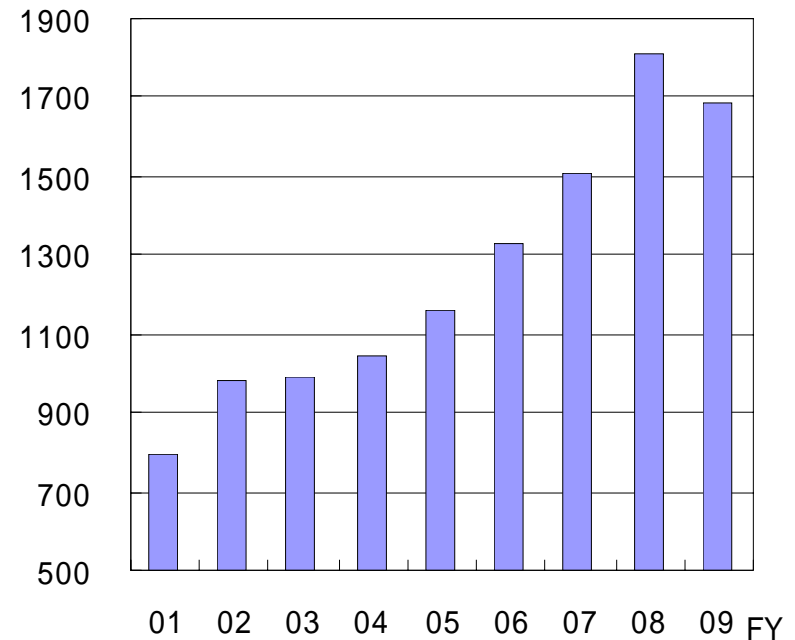
(Note) Its activity in Asia includes China inc. Hong Kong, Taiwan, Korea, Southeast Asia, Oceania

(Source) Compiled from the short form financial statement of respective companies, GISD

Ajinomoto

Annual sales

(100 mil yen)



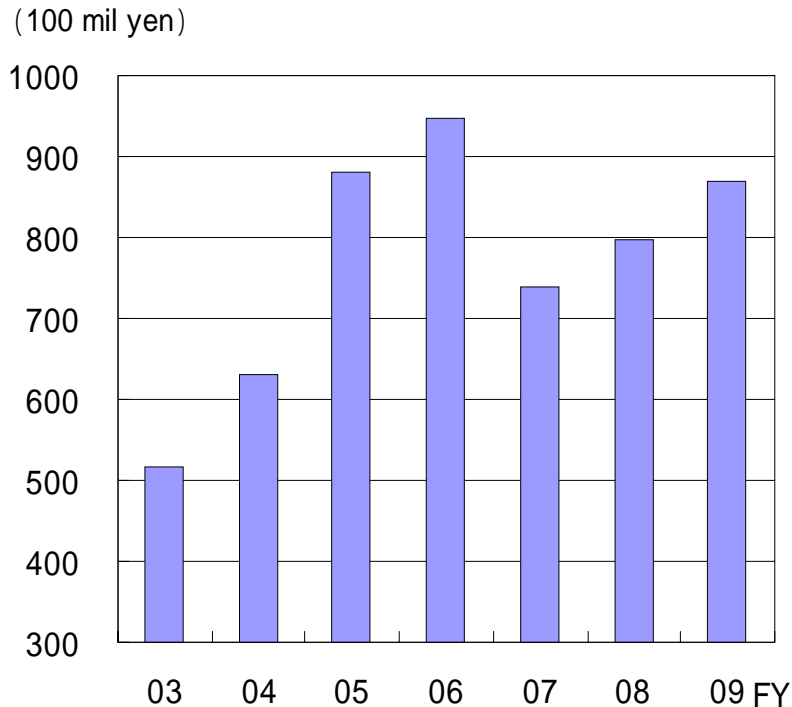
(Note) Its activity in Asia includes East Asia & Southeast Asian Nations

(Source) Compiled from the short form financial statement of respective companies, GISD

Companies expanding their sales in Asia

Kajima Corporation

Annual sales

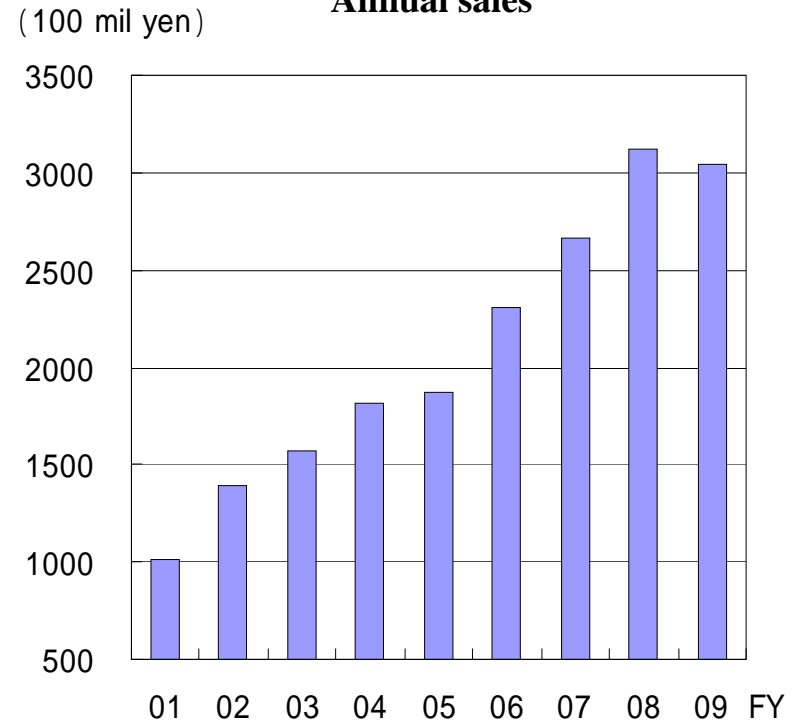


(Note) Its activity in Asia includes Singapore & Taiwan.

(Source) Compiled from the short form financial statement of respective companies, GISD

AEON

Annual sales



(Note) Its activity includes China, Korea, Taiwan, Malaysia, Thailand, Singapore, Indonesia, Australia

(Source) Compiled from the short form financial statement of respective companies, GISD

Infiltration of High Quality Japanese Service

Expansion of Japanese Service Industry into Asia and its Characteristics

Company	Characteristics	Penetration
Benesse	Education business for infants and children. Correspondence education ranging from math to behaviors/manners.	Hong Kong, Korea, China
Ito Yokado	Good customer service through good employee training. Established safe image by good quality of fresh product. Highly acclaimed by local communities.	China
BEST DENKI	Good maintenance/repair services. Differentiated from local competitors. Knowledgeable sales personnel providing good services that fit each customer's needs.	Hong Kong, Taiwan, Malaysia, Singapore, Indonesia
SEVEN-ELEVEN	In addition to Japanese-style store operations, aim to raise their brand images by expanding their private brand products (PB).	China
UNIQLO	Market expansion by targeting various generations and income groups with high quality products and enrichment of design. colors, sizes etc.	Hong Kong, Korea, China, Singapore
MUJI	Expanding their business in Asian market by improving quality,, design, & brand values in Europe.	Korea, Hong Kong, China, Thailand, Singapore
Shiseido	Thorough education of sales to local sales personnel for each customer's needs. Aim to establish a significant presence in Asia	China, Hong Kong, Korea, Taiwan, Thailand, Singapore
Yakult	Door-to-door sales by sales people called "Yakult Ladies". Providing good knowledge of products and promoting healthy lifestyles.	China, Taiwan, Hong Kong, Thailand, the Philippines, Singapore, Indonesia, Malaysia, Vietnam, India
Ootoya	Providing set meals to Japanese ordinary people with the meticulous Japanese-style service, appealing safety and freshness. Introducing Japanese ordinary people's culture.	Thailand, Taiwan, Hong Kong, Indonesia
MOS FOOD	Infiltrating its image as provider of menus such as "rice-burger" which don't exist for US network chain and the safety of its meals.	Taiwan, Hong Kong, Singapore, Thailand, Indonesia
ICHIBANYA	Providing not only rice with curry but also Japanese-style spaghetti and menus for various bowls of rice.	China, Taiwan, Korea, Thailand
Content provider	Distributing and providing various Japan-made contents such as cartoons, comics, game software, etc to Asia.	China, Hong Kong, Taiwan, etc.
Construction firms	Deploying in emerging countries constructions of factories and offices satisfying the high level of demands from Japanese companies. Conducting also installation of traffic infrastructures, etc. responding to the needs of local governments.	China, Thailand, India, etc.
SECOM	Deploying in a wide scale in Asia its on-line crime prevention and disaster protection systems making full use of IT.	Taiwan, Korea, China, Thailand, Malaysia, Indonesia, Singapore, Vietnam
NIPPON EXPRESS	Providing logistical support for overseas activities of retailers, etc. by means of nonstop logistical systems such as the inbound and outbound delivery of products and their storage.	China, Taiwan, Korea, Hong Kong, Thailand, the Philippines, Singapore, Indonesia, Malaysia, Vietnam, India
Consulting firms	Providing consultation to local governments on the urban developments taking the environment into account.	China, Taiwan, Korea, etc.
ABC MART	Providing quick and meticulous services such as offering swiftly products matching with customers' demands, etc.	Korea, Thailand

(Source) Compiled from JETRO data, GISD

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