

## **JAPANESE INDUSTRY AND POLICY NEWS**

**April 2016**

### **LEGISLATION AND POLICY NEWS**

#### **METI to Start Discussion on New Trends Brought about by Biotechnology**

Against the background of the remarkable technological innovations in biotechnology, the Ministry of Economy, Trade and Industry (METI) announced on March 22 that it would start holding meetings of the Bio-Industry Subcommittee of the Commerce, Distribution and Information Committee under the Industrial Structure Council, to discuss what is required for the government, enterprises, and academia to independently create a new industry with the potential of biological features.

In light of the trends brought about by technological innovation in biotechnology, the Subcommittee will investigate the biotech industry's current situation in manufacturing, medicine, and other fields. It will aim to clarify the future directions to be taken and issues to be considered for the creation of a new biotech industry over the next 10 to 15 years.

[http://www.meti.go.jp/english/press/2016/0322\\_07.html](http://www.meti.go.jp/english/press/2016/0322_07.html)

#### **Strategic Roadmap for Hydrogen and Fuel Cells Revised**

On March 22, 2016, the Council for a Strategy for Hydrogen and Fuel Cells, consisting of experts from industry, academia and government released a revised version of the Roadmap including new goals and specific explanations of efforts to be made.

Highlights of the revision can be summarized as below:

- (1) The future price targets for household fuel cells are set at 800 thousand yen by 2019 for PEFC (polymer electrolyte fuel cells) and at one million yen by 2021 for SOFC (solid oxide fuel cells).
- (2) Targets for the dissemination of fuel cell vehicles were set at about 40 thousand vehicles by 2020, about 200 thousand vehicles by 2025, and about 800 thousand vehicles by 2030 in cumulative total.
- (3) Targets for the construction of hydrogen stations were set at about 160 stations by 2020 and about 320 stations by 2025

[http://www.meti.go.jp/english/press/2016/0322\\_05.html](http://www.meti.go.jp/english/press/2016/0322_05.html)

### **The Road Map for EVs and PHVs Dissemination Compiled**

The Ministry of Economy, Trade and Industry (METI) announced on March 23 that the Study Group on the Road Map for EVs and PHVs, consisting of various concerned parties, has compiled the results of its discussions. The Study Group discussed necessary strategies for the next five years (until 2020) concerning electric vehicles (EVs) and plug-in hybrid vehicles (PHVs), which can be expected to effectively reduce CO2 emissions and bring about new value including contributions to disaster response, along with fuel cell vehicles (FCVs), among next-generation vehicles.

The Road Map set a new target of number of disseminated EVs and PHVs (ownership basis) to up to one million by 2020. (The total sales of EVs and PHVs as of the end of February 2016 was approximately 140,000.)

[http://www.meti.go.jp/english/press/2016/0323\\_01.html](http://www.meti.go.jp/english/press/2016/0323_01.html)

### **METI Releases a Report by the Study Group on the Provision of Nursing Care Services**

On March 24, the Ministry of Economy, Trade and Industry (METI) published a report compiled by the Study Group on the Provision of Nursing Care Services in Response to Future Nursing Care Demand. The report proposes measures towards providing appropriate nursing care services in response to the declining birth rate and aging population.

In order to secure the necessary nursing care services in the future, the report suggests that it will be necessary for the public and private sectors to proceed with comprehensive efforts to clarify their different roles while working together in particular areas where cooperation between them is necessary. Such efforts include improving the quality and productivity of nursing care services by utilizing nursing care equipment, IT, and other equipment

[http://www.meti.go.jp/english/press/2016/0324\\_01.html](http://www.meti.go.jp/english/press/2016/0324_01.html)

### **IoT Acceleration Lab Started Calling for New Projects for the Second IoT Lab Selection**

On April 15, 2016, IoT Acceleration Lab started calling for new projects for the second IoT Lab Selection.

Targets of support are projects involving business utilizing Internet of Things (IoT), big data and Artificial Intelligence (AI), including the development of software, hardware prototypes, R&D and demonstrations thereof.

Invitation period is from Friday, April 15, to 12:00 p.m., Tuesday, May 31, 2016.  
[http://www.meti.go.jp/english/press/2016/0415\\_02.html](http://www.meti.go.jp/english/press/2016/0415_02.html)

## **SURVEY AND BUSINESS DATA**

### **Preliminary Report of 2015 Basic Survey on Small and Medium Enterprises Released**

The Small and Medium Enterprise Agency (SMEA) compiled the Preliminary Report on the 2015 Basic Survey on Small and Medium Enterprises (performance results are based on the FY 2014 closing accounts) and released the results on March 29. The survey method used was a sampling survey in which about 110,000 small and medium enterprises (target enterprises) were chosen at random from among the target population of businesses and enterprises in the database.

According to the preliminary report, total sales were 493 trillion yen, down by 2.2% from the previous year, and total ordinary profits were 18.7163 trillion yen, up by 5.0% from the previous year. Ordinary profit margins from sales for incorporated enterprises were 3.15%, up by 0.28 percentage points from the previous year's survey results.

[http://www.meti.go.jp/english/press/2016/0329\\_04.html](http://www.meti.go.jp/english/press/2016/0329_04.html)

### **Factory Location Trends in 2015 Released**

The Ministry of Economy, Trade and Industry (METI) released on March 30, the Survey of Factory Location Trends, targeting businesses in the manufacturing, gas supply, heating supply, and electricity supply sectors that acquired 1,000 m<sup>2</sup> or more of land in 2015 for the purpose of constructing factories.

The number of new factory locations acquired by the manufacturing sector and other sectors\* in Japan between January and December 2015 was 1,045 (up by 3.7% on a year-on-year basis), covering a total area of 1,122 ha (down by 5.0% on a year-on-year basis).

\* The manufacturing sector and other sectors include manufacturing industries such as the food and chemical engineering industries along with the gas supply and heating supply industries.

The number of new factory locations in specific industries in manufacturing is as follows: (1) food (166), (2) metal products (150), (3) production machinery (115), and (4) transportation machinery (102). Note that, compared with the previous year, the numbers have increased in nine industries including production machinery (up to 115 from 76), metal products (up to 150 from 128), textiles (up to 30 from 17), and plastic products (up to 66 from 57).

The number of new factory locations acquired by sectors including the manufacturing sector in the areas affected by the Great East Japan Earthquake (Aomori, Iwate, Miyagi, Fukushima, Ibaraki, Tochigi, and Chiba) was 199 (down by 10.4% from 222 in the previous year), and the total area of new factory locations in these seven prefectures was 230 ha (down by 29.2% from 325 ha in the previous year).

[http://www.meti.go.jp/english/press/2016/0330\\_03.html](http://www.meti.go.jp/english/press/2016/0330_03.html)

### **Trends in Business Activities of Foreign Affiliates Analyzed**

The Ministry of Economy, Trade and Industry (METI) published the survey result on the activities of foreign affiliates in Japan on 30 March. Major developments from the previous year are summarized below.

○The percentage of Asian affiliates increased, while U.S. and European affiliates decreased.

- Asian affiliates accounted for 23.8% of the total, up 1.6% points from the previous fiscal year, U.S. affiliates accounted for 25.9% of the total, down 0.9% points. In the meantime, European affiliates accounted for 43.9%, down 0.5% points.

○The number of regular employees increased.

- The number of regular employees increased 4.6% from the previous fiscal year, mainly in information & communication equipment, to 638,381 persons.

○Sales, ordinary profit, and capital investment increased.

- Sales were 47.7 trillion yen, a 3.2% increase from the previous fiscal year (a 5.8% increase when limited to companies that responded in both the previous fiscal year and the current year).

- Ordinary profit was 3.0 trillion yen, a 3.3% decrease from the previous fiscal year (a 2.3% decrease when limited to companies that responded in both the previous fiscal year and the current year).

- Capital investment was 1.1 trillion yen, a 14.0% increase from the previous fiscal year (a 3.0% increase when limited to companies that responded in both

the previous fiscal year and the current year).

○As for the hiring outlook, affiliates that answered “Will increase staff” increased.

• The top answer was “Maintain current conditions,” accounting for 61.4% of the total. In the meantime, “Will increase staff” accounted for 35.0%, it was up by 0.7% points from the previous year.

○More than 50% of affiliates will expand their businesses.

• As for the future business expansion in Japan, affiliates that answered “planning business expansion” were the largest in number, accounting for 55.2%, followed by the affiliates that answered “maintain current conditions,” which accounted for 42.2%.

<http://www.meti.go.jp/english/statistics/tyo/gaisikei/pdf/h2c200re.pdf>

### **METI Compiled a Survey Report on Business Activities Utilizing Social Media**

The Ministry of Economy, Trade and Industry (METI) announced on 11 April that it had compiled a survey report and a collection of case examples in which the efforts of leading enterprises utilizing social media were described.

According to the METI report, stimulating consumers through social media and receiving consumer reactions thereto are making impacts on business activities in a variety of phases, such as sales, product development, and expansion of business overseas. Effective utilization of social media can enable businesses to ascertain consumer needs more swiftly and precisely, leading to developing their business in broader areas.

Enterprises that proactively take advantage of social media also utilize a variety of such technologies according to type of customer or characteristic feature of the products and services.

It was found that some businesses employ certain methods for assessing the effects of utilizing social media, including: monitoring the visitor traffic to their commerce websites; tracking the number of shared and linked websites; and indexing “engagement rates” for measuring the reaction of website users who have reviewed posts.

[http://www.meti.go.jp/english/press/2016/0411\\_01.html](http://www.meti.go.jp/english/press/2016/0411_01.html)

### **Annual Report on Pharmaceutical Industry Published**

Ministry of Health, Labour and Welfare published on 5 April an Annual Report

on Statistics of Production by Pharmaceutical Industry for 2014.

According to the report, the amount of production of final products of drugs in 2014 stood at 6,589.8 billion yen, down 4.4% from 6,894.0 billion yen in 2013.

By classification according to use, the amount of production of prescription drugs stood at 5,868.9 billion yen, down 5.2%, while the amount of production of other drugs was 720.8 billion yen, up 3.0%.

Trends in the amount of production of prescription drugs, the amount of production by main therapeutic category of drugs and the amount of production by sub therapeutic category of drugs are indicated in respective tables.

[http://www.mhlw.go.jp/topics/yakuji/2014/nenpo/dl/insathu\\_e.pdf](http://www.mhlw.go.jp/topics/yakuji/2014/nenpo/dl/insathu_e.pdf)