

JAPANESE INDUSTRY AND POLICY NEWS

September 2019

LEGISLATION AND POLICY NEWS

Strategy for Developing Hydrogen and Fuel-Cell Technologies Formulated

The Ministry of Economy, Trade and Industry (METI) announced on September 18 that the Council for a Strategy for Hydrogen and Fuel Cells formulated a Strategy for Developing Hydrogen and Fuel-Cell Technologies, a policy stipulating specific approaches to developing technologies toward the achievement of field-based goals set in the roadmap.

The strategy sets the following two goals toward the realization of a hydrogen-powered society: (1) identify three fields and ten related priority areas for Japan in technological development; and (2) strive to continuously engage in evaluating technological development projects, creating linkages between areas of demand and technical seeds and enhancing collaboration with overseas countries.

Three priority areas identified are fuel cells, hydrogen supply chains and electrolysis of water. For fuel cell vehicles (FCV), one of the targets is to reduce price gap with hybrid vehicles (HV) which is about 3 million yen per unit now to 700,000 yen by 2025

https://www.meti.go.jp/english/press/2019/0918_001.html

METI Hosted a Series of Conferences on Hydrogen Energy, Carbon Recycling and LNG Producer-Consumer Conference

On September 25 and 26, the Ministry of Economy, Trade and Industry (METI) hosted three conferences in Tokyo, i.e., the Second Hydrogen Energy Ministerial Meeting, the First International Conference on Carbon Recycling and the LNG Producer-Consumer Conference 2019.

According to METI's press release dated September 27, the Hydrogen Energy Ministerial Meeting enriched discussions on future directions of policies for utilization of hydrogen at a global level, and released a chair's summary titled "Global Action Agenda" as action guidelines that member countries should take involving hydrogen and fuel cells.

At the First International Conference on Carbon Recycling, Mr. Sugawara Isshu, Minister of Economy, Trade and Industry, made a presentation on Japan's

“Carbon Recycling 3C Initiative,” a policy consisting of three elements, i.e. (1) promotion of mutual exchange (Caravan), (2) establishment of R&D and demonstration base (Center of Research) and (3) promotion of international joint research (Collaboration). Following this, Japan and Australia concluded a Memorandum of Cooperation on Carbon Recycling, which is Japan’s first effort for promoting international collaboration in the field of Carbon Recycling. At the beginning of the LNG Producer-Consumer Conference 2019, Minister Sugawara delivered a speech and stated Japan’s commitment to executing leadership in the development of LNG markets through its additional financing of 10 billion dollars to LNG-related facilities and its capacity building of an additional 500 people so as to link new supply sources and the demand in Asia.

https://www.meti.go.jp/english/press/2019/0927_002.html
https://www.meti.go.jp/english/press/2019/0925_001.html
https://www.meti.go.jp/english/press/2019/pdf/0925_001.pdf

Guidelines for Proper Electric Power Trade Revised

In December 1999, the Japan Fair Trade Commission (JFTC) and the Ministry of Economy, Trade and Industry (METI) jointly formulated and published the Guidelines for Proper Electric Power Trade, which clarify problematic trade practices and other improper behavior by businesses and other entities under the Antimonopoly Act or the Electricity Business Act from the perspective of fair and effective competition in the electricity market. Since then, the JFTC and METI have been revising the guidelines in line with revisions to related systems and in response to other related changes.

In fiscal 2020, in line with the implementation of the legal unbundling of general electricity transmission/distribution businesses and electricity transmission businesses (“general electricity transmission/distribution businesses, etc.”), Japan will put into force the conduct regulations that restrict and control certain practices between general electricity transmission/distribution businesses, etc. and specified stakeholders thereof, such as placing restrictions on the concurrent holding of positions by a director and restrictions on subcontracting of businesses between the two sides.

METI announced on September 27 that the JFTC and METI jointly revised the guidelines to further clarify the operation of the laws and regulations related to the conduct regulations and announced the decision to publish the revised guidelines. For details, please refer to Appendix 1 for the revised guidelines and

Appendix 2 for a comparison table of the old and new sections, both of which are in Japanese language.

https://www.meti.go.jp/english/press/2019/0927_003.html

<https://www.meti.go.jp/press/2019/09/20190927004/20190927004-1.pdf>

(Appendix 1 in Japanese)

<https://www.meti.go.jp/press/2019/09/20190927004/20190927004-2.pdf>

(Appendix 2 in Japanese)

Category of Inward Direct Investment Act, etc to be Revised and Modified

On September 26, the government of Japan promulgated two orders: the Cabinet Order for the Partial Revision of the Cabinet Order on Inward Direct Investment, etc. and the Order for the Partial Revision of the Order on Inward Direct Investment. Concerning the actions falling under the category of inward direct investment, etc. (hereinafter referred to as “inward direct investment, etc.”) about which foreign investors are required to file: a prior notification under the provisions of Article 27 (1) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949; hereinafter referred to as the “Act”); and an ex post facto report on inward direct investment, etc. under the provisions of Article 55-5 of the Act, the government of Japan revised the actions falling under the category of inward direct investment, etc., taking into consideration the advancing diversity in the forms of investment.

Specifically, in addition to the acquisition or an equivalent action by a foreign investor of 10% or more of the total number of issued shares of a Japanese company running specified business, which is subject to the notification under the Act, the revised Cabinet Order is also to add two actions to those equivalent to inward direct investment, etc. under the Act, i.e.(1) an action for acquiring 10% or more of the total voting rights and (2) an action for: undertaking proxy voting of a voting right held by another shareholder; and holding 10% or more of the total voting rights, and it is to stipulate a measure for newly covering these actions as those subject to the notification, etc.

Concerning the conclusion, etc. of a technology introduction contract under Article 30 of the Act, the revised Cabinet Order is to change the time limit for filing an ex post facto report on the conclusion, etc. of a technology introduction contract from within 15 days from the date on which the conclusion, etc. of the contract was effected to within 45 days from the date.

https://www.meti.go.jp/english/press/2019/0926_001.html

SURVEY AND BUSINESS DATA

Number of Pleasure Boats Continues to Decline

According to a survey report that the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) published on September 17, the number of pleasure boats in Japan continues to decrease. The number of pleasure boats moored in the Japanese water in fiscal 2018 was approximately 160,000, down by 10% from the previous survey in 2014. It was 227,000 in 2002, showing a constant decline since then.

As for the pleasure boats moored without permission, it was 70,000 (about 44% of the total) in fiscal 2018, registering a decrease by 17,000 units as compare to the previous survey of 2014.

https://www.mlit.go.jp/report/press/port06_hh_000176.html (in Japanese)

Decline of Korean Visitors Resulted in the Total Decrease of Foreign Visitors in August

According to a monthly statistic of the Japan National Tourism Organization (JNTO) published on September 18, the number of foreign visitors in August was estimated at 2.52 million people, which is a decrease of 2.2% as compared to the same month of the previous year. Reduction of Korean visitors by 48.0% from year-earlier level was a major reason for total decrease.

By country of origin, China recorded more than one million visitors for the second consecutive month. As for Europe, Spanish visitors (20,000) recorded all-time high while the U.K., France, Germany, Italy and Russia registered the biggest number of visitors for the month of August.

Cumulative number of foreign visitors for January-August 2019 is estimated at 22.14 million people which corresponds to an increase of 3.9% as compared to the same period of the previous year.

https://www.jnto.go.jp/jpn/statistics/data_info_listing/pdf/190918_monthly.pdf

COMPANY NEWS

Kansai Electric Participates in a Geothermal Power Generation Company in Kumamoto

The Kansai Electric Power Company, Incorporated announced on September 9 that it would make a capital investment into Furusato Nestuden Co., Ltd. engaging in the development of geothermal power generation in Kumamoto Prefecture. It is the first time that Kansai Electric Power to make a capital investment in geothermal power plant. Kansai Electric is to invest approximately 6 million yen to obtain 3% of Furusato Netsuden's capital. Furusato Netsuden started geothermal generation in June 2015 at its Waita plant in Kumamoto, planning to build a second geothermal generation plant in the same region.

Location and images of Waita geothermal power plant.



https://www.kepco.co.jp/corporate/pr/2019/0909_1j.html (in Japanese)

Tidal Energy Demonstration Project in Singapore Starts Producing Electricity

On September 17, a tidal energy demonstration project involving Nippon Yusen Kabushiki Kaisha (NYK Line) and MTI Co. Ltd., an NYK Group company, began generating electricity in Singapore.

The project group has installed MAKO turbines under the Sentosa Boardwalk — i.e., the bridge between the Singapore mainland and the island of Sentosa — and the efficiency and cost of power generation will be examined over the next year. The electricity produced through this project is grid tied and supports the lighting along the Sentosa Boardwalk.

This project aims to be the first in Singapore to commercialize on marine renewable energy, and is expected to expand into Asian countries including Japan in the future.

According to the NYK Line, their group is making efforts to create next-generation green businesses involving marine energy to realize the company's basic philosophy of "Bringing value to life" and contributing to the betterment of societies.

Tidal turbine



https://www.nyk.com/english/news/2019/20190919_02.html

Four Ceramic Companies of Morimura Group Established Joint Venture for Solid Oxide Fuel Cell

Four companies in the Morimura group (NORITAKE CO., LIMITED, TOTO LTD., NGK INSULATORS, LTD. and NGK SPARK PLUG CO., LTD.) announced on September 27 that they determined the outline of the joint venture after four companies jointly concluded on a memorandum of understanding regarding the establishment of a joint venture (JV) for Solid Oxide Fuel Cell (SOFC) in March 4, 2019 and agreed to make a concrete plan for the JV establishment. SOFC is expected to realize a high-efficiency power generation system even at small scale. Moreover, it is considered as one of measures to solve energy and environmental problems in various fields such as home use, business and

industrial use and so on. Development with high technical difficulty is essential for SOFC because it is mainly made of ceramics as the core material of power generation and operating in a high temperature reactive atmosphere. The main issues for commercialization and practical application of SOFC are low cost and high durability; however, research and development of lifetime evaluation and its corresponding technologies takes a long time to be realized. Under such circumstances, each company will bring together the SOFC-related technologies and know-how that it has cultivated so far, and aim to realize commercialization as soon as possible by integrating their management resources.

<https://www.ngkntk.co.jp/english/news/upload/Established%20joint%20venture%20for%20Solid%20Oxide%20Fuel%20Cell.pdf>

Kaneka Biodegradable Polymer Becomes Listed in the Plastic Implement Measure of the European Commission for All Food Types

Kaneka Corporation announced on September 3 that its Biodegradable Polymer PHBH had passed inspection by the European Commission and its use as a contact material for all food types had put into effect since August 28.

Accordingly, in all regions of the European Union, PHBH became usable in straws, cups and cutlery, as well as for contact with dry foods such as in the fruit and vegetable bags.

In Japan, since May this year, PHBH has been adopted to the positive list of the Japan Hygienic Olefin and Styrene Plastics Association describing raw material that can be used for food utensils, containers and packaging materials. Also, in the United States, since March last year, PHBH has been registered as a food contact material of the US Food and Drug Administration (FDA). From here on, Kaneka will accelerate their expansion of PHBH in Japan, the United States and Europe.

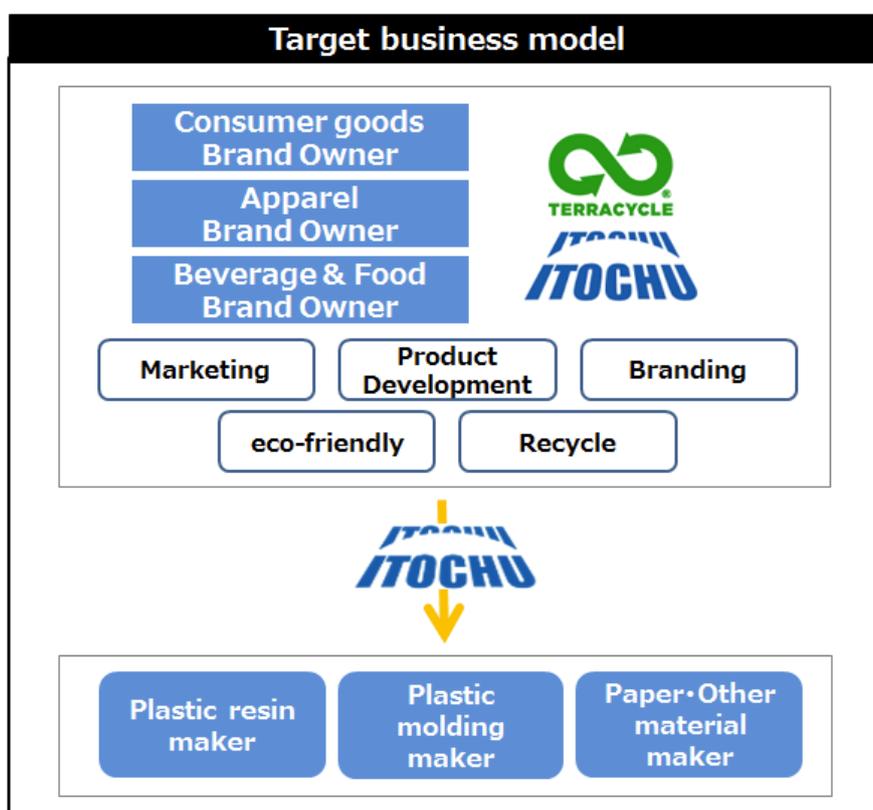
<https://www.kaneka.co.jp/en/service/news/nr20190903/>

ITOCHU Announces Entry into Sustainable Recycling Business

ITOCHU Corporation announced on September 6 that it has concluded an agreement with TerraCycle, Inc. headquartered in New Jersey, USA. With the signing of this agreement, ITOCHU will make a full-scale entry into the recycling business.

According to ITOCHU, TerraCycle is a pioneering recycling company that

collects items of garbage that are difficult to recycle, and recycles them into various products, based on its mission of “Eliminating the Idea of Waste®” by recycling the “non-recyclable.” The company currently operates business operations in 21 countries, working in cooperation with major consumer products manufacturers, retailers, cities and facilities to collect and recycle items of garbage—such as used diapers, cigarette butts and empty product containers and packaging—which conventionally could only be discarded and incinerated, or disposed of as landfill.



<https://www.itochu.co.jp/en/news/press/2019/190906.html>

ADDITIONAL TOPICS

Japan and France to Establish a Policy Dialogue on Automobile

According to a joint press release by METI Minister and his French counterpart dated September 2, Japanese government and French government agreed to establish a policy dialogue on automotive industry on the following five agenda,

aimed at sharing information, supporting significant transformations of the environment of the automotive industry.

1. Automated/autonomous driving
2. Automotive battery supply chain
3. Electrified vehicle policy and charging infrastructure installation
4. Fuel cell vehicle (FCV)/Hydrogen society
5. Enhancing small and medium-sized supplier

<https://www.meti.go.jp/press/2019/09/20190902006/20190902006-2.pdf>

<https://www.meti.go.jp/press/2019/09/20190902006/20190902006-4.pdf>

https://www.meti.go.jp/english/press/2019/0902_001.html

Haneda's Landing Slots to Increase for Air Services between Japan and Italy, Scandinavia, etc.

The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) announced on September 2 that daytime landing slots for international flight at the Tokyo International (Haneda) Airport will be increased from next March. Total increase of slots is 50 flights per day, of which about a half (24) is allocated for flights to and from the United States.

As for European flights, two slots each will be increased for Finland, Italy, Scandinavia (Denmark, Norway and Finland combined) and Turkey, to be shared with either the All Nippon Airways or the Japan Airlines.

On Japan side, it is the All Nippon Airways who receive extra allocation of slots to and from Italy, Scandinavia and Turkey, respectively while the Japan Airline can fly one more flight to and from Finland.

http://www.mlit.go.jp/report/press/kouku04_hh_000196.html (in Japanese)