JAPANESE INDUSTRY AND POLICY NEWS
January 2019

LEGISLATION AND POLICY NEWS

METI Grants First Approval to Fukuoka City's Plan for Managing and Supporting Business Startup Activities by Foreign Entrepreneurs

In December 2018, a new system for encouraging foreign entrepreneurs to launch businesses has come into force. This system will allow foreign entrepreneurs who aim to start business activities in Japan, to stay in Japan for up to one year for the purpose of making the necessary preparations and to launch business operations in accordance with an action plan formulated by municipalities.

The Ministry of Economy, Trade and Industry (METI) announced on January 28 that it had approved an action plan proposed by Fukuoka City as the first case under this system.

Municipalities whose action plan has been approved are entitled to: officially accept applications submitted by foreign entrepreneurs who intend to launch businesses; examine the details of the applications including the business plan and other elements; and issue a confirmation letter to the applicants. If the applicants pass an immigration examination after submitting the confirmation letter and other required documents to the Immigration Bureau, the applicants will be permitted to stay in Japan to launch the business.

http://www.meti.go.jp/english/press/2019/0128_001.html
https://startup.fukuoka.jp/ (reference)

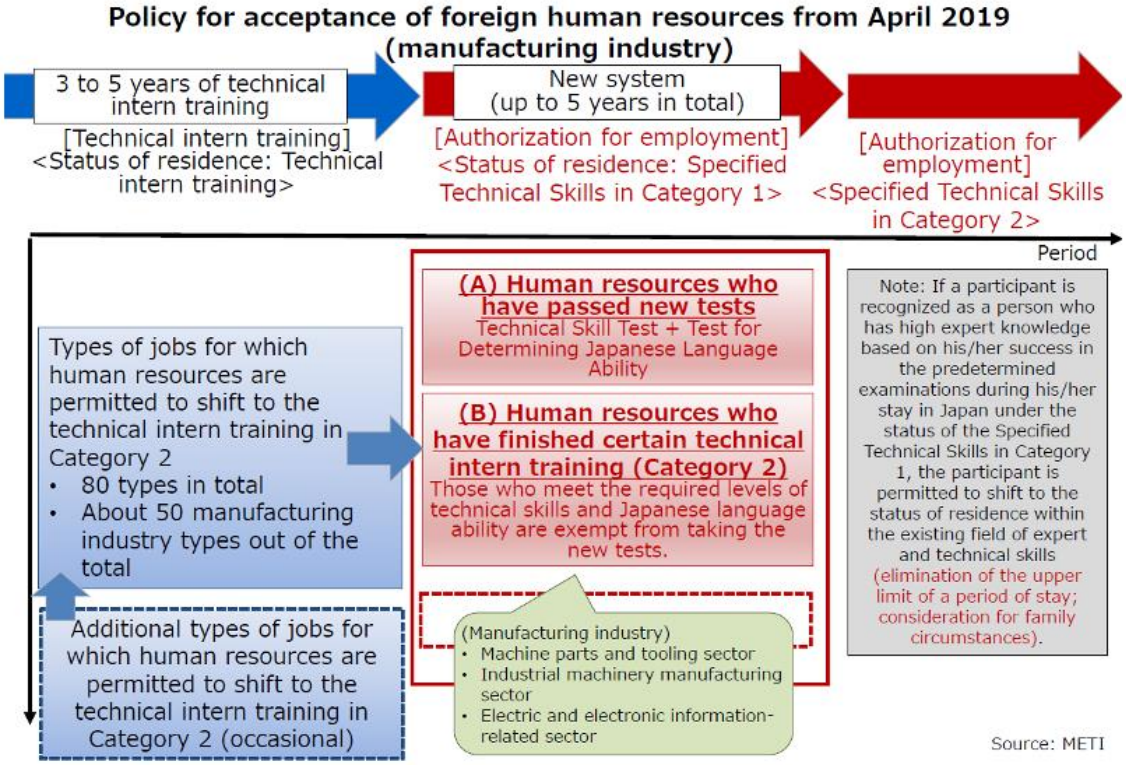
METI Holds Explanatory Meeting on the New System for Acceptance of Foreign Human Resources in the Manufacturing Industry

On January 21, the Ministry of Economy, Trade and Industry (METI) held an explanatory meeting on the new system for acceptance of foreign human resources, which will start on April 1, 2019. The video of the meeting will be uploaded to the METI YouTube channel ("metichannel") at a later date.

METI will hold a series of such explanatory meetings on a regional basis in order to further enhance public awareness of the system across Japan.

In December 2018, the Cabinet approved the basic policy for acceptance of foreign human resources and the Field-based Operation Policies targeting

specific industries that are affected by the policy. Regarding the industries under the jurisdiction of METI, the Cabinet approved the Field-based Operation Policies for three sectors in the manufacturing industry: [i] the machine parts and tooling, [ii] industrial machinery manufacturing, and [iii] electric and electronic information-related sectors. Based on this, METI provided information to the public on the outline of the new system.



http://www.meti.go.jp/english/press/2019/0121_002.html

METI State Minister Signed Agreement with the Boeing Company on Cooperation in Aircraft Technology

On January 15, Mr. Yoshihiko Isozaki, State Minister of Economy, Trade and Industry, and Mr. Greg Hyslop, Chief Technology Officer, The Boeing Company, signed an agreement on cooperation in aircraft technology. This agreement aims to strengthen their cooperation in the technologies expected to be required in future aircraft.

Key points of the agreement are as follows:

・METI and Boeing will cooperate in areas such as electric technology, including advanced lightweight batteries, advanced motors and controllers necessary for

electric propulsion systems in aircraft; high-rate, low-cost composite production technologies; and automation technologies to improve manufacturing productivity.

・METI will identify Japanese partners with potential in the above areas, will introduce them to Boeing and will endeavor to provide necessary support to such Japanese companies.

・Boeing will aspire to strengthen cooperation in the above areas by sharing with METI and with potential partners its strategic vision of the future of air transportation, and by working towards the implementation of applicable technologies.

http://www.meti.go.jp/english/press/2019/0115_005.html

SURVEY AND BUSINESS DATA

Visitor Arrivals Increased by 8.7% to Reach Record of 31.2 Million

Visitor Arrivals for Dec. 2018 (Preliminary figures by JNTO)

国・地域	Country/Area	総数 Total			総数 Total		
		2017年 12月	2018年 12月	伸率(%)	2017年 1月～12月	2018年 1月～12月	伸率(%)
総数	Grand Total	2,521,262	2,631,800	4.4	28,691,073	31,191,900	8.7
韓国	South Korea	678,905	681,600	0.4	7,140,438	7,539,000	5.6
中国	China	564,264	599,100	6.2	7,355,818	8,380,100	13.9
台湾	Taiwan	319,516	335,800	5.1	4,564,053	4,757,300	4.2
香港	Hong Kong	207,243	209,500	1.1	2,231,568	2,207,900	−1.1
タイ	Thailand	115,835	128,300	10.8	987,211	1,132,100	14.7
シンガポール	Singapore	86,433	87,100	0.8	404,132	437,300	8.2
マレーシア	Malaysia	64,712	67,600	4.5	439,548	468,300	6.5
インドネシア	Indonesia	52,343	54,000	3.2	352,330	396,900	12.7
フィリピン	Philippines	48,673	55,700	14.4	424,121	504,000	18.8
ベトナム	Vietnam	19,678	24,400	24.0	308,898	389,100	26.0
インド	India	8,933	10,300	15.3	134,371	154,100	14.7
豪州	Australia	57,292	63,600	11.0	495,054	552,400	11.6
米国	U.S.A.	116,164	126,900	9.2	1,374,964	1,526,500	11.0
カナダ	Canada	27,055	28,100	3.9	305,591	330,500	8.2
英国	United Kingdom	22,954	22,900	−0.2	310,499	334,000	7.6
フランス	France	17,035	17,700	3.9	268,605	304,900	13.5
ドイツ	Germany	11,495	12,500	8.7	195,606	215,300	10.1
イタリア	Italy	9,430	8,900	−5.6	125,864	150,000	19.2
ロシア	Russia	5,709	6,300	10.4	77,251	94,800	22.7
スペイン	Spain	5,904	6,000	1.6	99,814	118,900	19.1
その他	Others	81,689	85,500	4.7	1,095,337	1,198,500	9.4

According to the statistics that the Japan National Tourists Office (JNTO) published on January 16, the number of visitors coming to Japan in 2018 was 31.2 million. It corresponds to an increase of 8.7% from the previous year,

breaking the past record.
By origin, almost all of major countries/regions registered historical high except for Hong Kong. Among European countries, the United Kingdom, France and Germany were the “Top 3” in that order.
https://www.jnto.go.jp/jpn/statistics/data_info_listing/pdf/190116_monthly.pdf

Number of Visiting Cruise Travelers Recorded a Slight Decrease

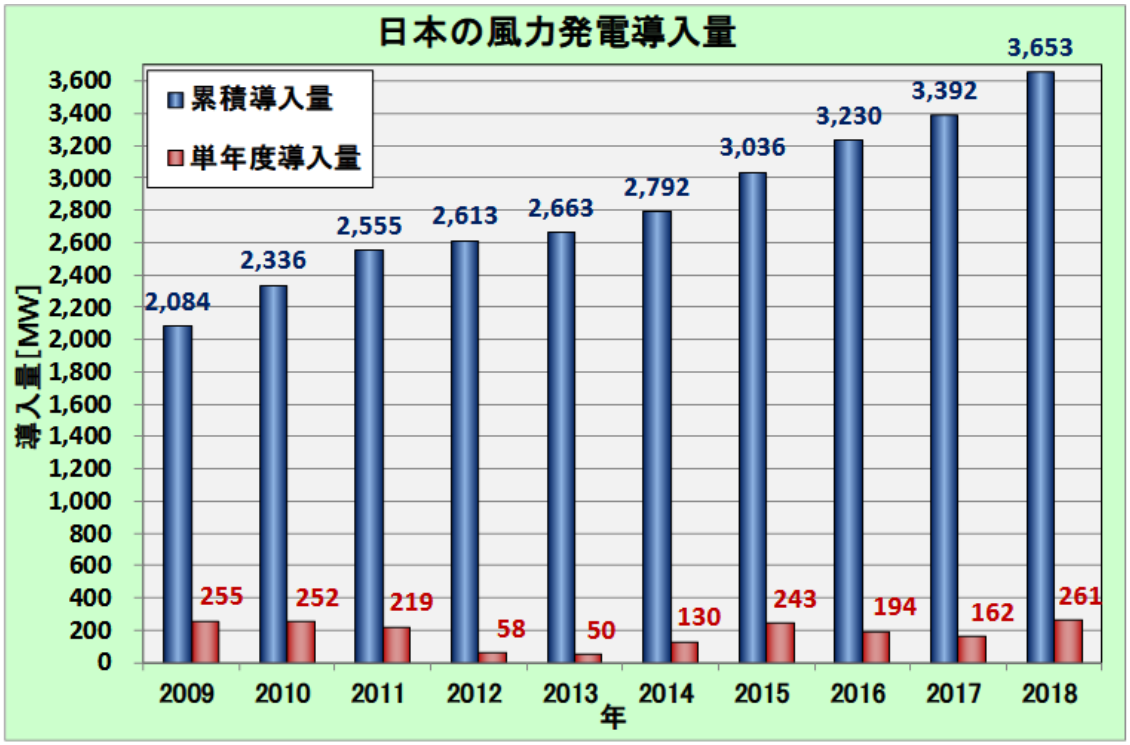
According to the statistics (preliminary figures) published by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) on January 18, the number of visitors coming to Japan by cruise ship was 2.45 million in 2018. It is a decrease of 3.3% as compared to the previous year while the number of calling at port recorded all time high of 2,928 times (+5.9%). Main reason for the decrease of cruise travelers was the reduction of visitors using cruise ships departing from Chinese ports (- 7.0%, 2.02 million visitors).
Japanese government has set a target of 5 million cruise travelers coming to Japan in 2020.
http://www.mlit.go.jp/report/press/port04_hh_000238.html (in Japanese)

Installed Capacity of Wind Power Generation was 3,654 MW at the end of 2018

Japan Wind Power Association (JWPA) announced on January 16 (which was revised on February 1) the installed capacity of wind power generation in Japan as of the end of December 2018. Major developments in 2018 are summarized as follows.

- The cumulative installed capacity at the end of 2018 was 3,654 MW, 2,310 units, 441 sites.
- Net new installation for 2018 (January-December) was 261 MW, 100 units, 17 sites.
- The annual new installation registered an increase from 162 MW in 2017.
- It is caused by the delay of many projects, due to Environmental Impact assessment procedure.
- No new offshore wind turbines start operation in 2018.
- One 3MW floating wind turbine (supported by NEDO) is under commissioning, 15 km offshore at Kitakyushu, Fukuoka prefecture. It will start official operation early in 2019.

Wind Power Generation Installation in Japan
(Cumulative in Blue, Yearly result in Red)



(source: JWPA)

http://jwpa.jp/page_277_englishsite/jwpa/detail_e.html
http://jwpa.jp/pdf/dounyuujisseki2018graph_rev.pdf (in Japanese)

COMPANY NEWS

Switching Fuel from Coal to Natural Gas in Power Generation

The Chugoku Electric Power Co., Ltd. and JFE Steal Corporation, together with their joint venture, Chiba Power Corp. announced on December 27, 2018 that they would cancel the feasibility study (f/s) on the construction of coal-fired thermal power station. They would start f/s on natural gas generation, instead. Original plan was to build a coal burning thermal power station of one million KW in Chiba City by 2024.
http://www.energia.co.jp/press/2018/11571.html (in Japanese)

TEPCO and Ørsted Sign MOU to Work Jointly on Offshore Wind Projects

Tokyo Electric Power Company Holdings, Inc. (TEPCO) and Ørsted A/S, a Danish

offshore wind developer announced on January 18 that they have signed a memorandum of understanding to work jointly on offshore wind projects.
According to the joint press release, TEPCO has been exploring offshore wind business opportunities in Japan and overseas. Ørsted, which has been leading the global offshore wind industry since it built the world's first offshore wind farm in 1991, has constructed more than 25 offshore wind farms in Europe and has several large-scale offshore wind development projects in Europe, the US and Taiwan.
TEPCO and Ørsted will work jointly on the Choshi offshore wind project near Tokyo, for which TEPCO has been carrying out a seabed survey to examine its feasibility. TEPCO Representative Executive Officer and President, Tomoaki Kobayakawa, commented, "TEPCO is aiming to make renewable energy a core generating source by developing 6 to 7 GW of renewable energy projects in Japan and overseas. The partnership with Ørsted will provide us with a very strong platform to scale up our renewable energy business as one of our main pillars of business growth."
https://www7.tepco.co.jp/newsroom/press/archives/2019/tepco-and-orsted-sign-mou-to-work-jointly-on-offshore-wind-projects.html

Tohoku Electric Enhances Development of Renewables
Tohoku Electric Power Co., Inc. announced on January 30 that it would enhance the renewable energy-related activities, centering around wind power generation. Tohoku Electric aims at developing a total of 2GW of renewable energy in Tohoku and Niigata region sources of which include wind, solar, hydro, geothermal and biomass.
In 2017 biggest source of Tohoku's power generation was coal (38%) followed closely by natural gas (36%). Ratio of renewables was about 22%.
https://www.tohoku-epco.co.jp/news/normal/1199938_1049.html (in Japanese)
https://www.tohoku-epco.co.jp/dprivate/energy/ (in Japanese)

Hitachi Strengthens Wind Power Generation System Business
Hitachi, Ltd. announced on January 25 that it would strengthen its wind power generator maintenance services and expand its core product of wind power generation solution business, as part of efforts to strengthen its renewable energy business. Hitachi will also strengthen its alliance with ENERCON GmbH by expanding scope of business alliance for wind turbines.

http://www.hitachi.com/New/cnews/month/2019/01/190125.html

NTN Claims Having Captured the Top Market Share in Condition Monitoring Systems for Wind Turbines in Japan

NTN Corporation continues to accelerate the sales of its Condition Monitoring System (CMS) “Wind Doctor” for the early detection of failure signs in large wind turbines. According to their press release dated January 24, close to 200 systems have been installed across Japan as of November 2018.

From January 2014 to February 2018, NTN worked with The University of Tokyo, National Institute of Advanced Industrial Science and Technology, and others on NEDO smart maintenance technology R&D activities into advancing the failure detection technologies used in wind turbines. As a result of these efforts, wind turbine downtimes were greatly reduced, increasing the capacity factor of wind turbines from 21% to 23%.

https://www.ntnglobal.com/en/news/press/news201800123.html

ANA and JAL Adopt Bio Jet Fuel to Reduce CO2 Emissions

All Nippon Airways (ANA) and Japan Airlines (JAL) announced respectively on January 7 that they would use sustainable aviation fuel on their flights from San Francisco to Japan to reduce carbon dioxide (CO2) emission. Both companies use bio jet fuel supplied by Showa Shell Sekiyu K.K. and mix it to the current fuel. According to ANA, using 265 KL of bio fuel will lead to the reduction of roughly 150 tons of CO2.

https://www.ana.co.jp/group/en/pr/201901/20190107.html

http://press.jal.co.jp/en/release/201901/005011.html

SDK Group Develops Ultralight Laminate-type Radiator for EV Battery Modules

Showa Denko K.K. (SDK) announced on January 15 that it had developed, together with its subsidiary Showa Denko Packaging Co., Ltd. (SPA), next-generation laminate-type heat radiator designed for application to lithium-ion batteries (LIBs) for use in electric vehicles (EVs).

LIBs used in EVs have large capacity and generates much heat. Therefore, those LIBs require efficient heat radiation. Currently, square-shaped LIBs for use in EVs are equipped with heat radiators composed of extruded aluminum parts and aluminum boards. In manufacturing process of these radiators,

aluminum parts are welded or brazed. These welding or brazing processes require temperature of 600℃ or higher. On the other hand, the next-generation laminate-type heat radiator SDK and SPA developed this time uses laminate film, which is composed of aluminum foil and resin films, as structural material. The “heat sealing method” to manufacture this next-generation radiator can connect laminate films under relatively low temperature of about 200℃.
http://www.sdk.co.jp/english/news/2019/27330.html

Toyota and Panasonic Agree to Establish Joint Venture for Automotive Prismatic Batteries

Toyota Motor Corporation and Panasonic Corporation concluded on January 22 a business-integration contract and a joint-venture contract toward the establishment of a new joint venture related to the automotive prismatic battery business.

Main points of the agreements are as follows:

- Toyota and Panasonic will establish a joint venture (pending approval from the competition-law authorities in the countries and regions concerned) by the end of 2020.
- The ratio of equity participation in the joint venture will be 51 percent for Toyota and 49 percent for Panasonic.
- The scope of the joint venture's business operations will cover research, development, production engineering, manufacturing, procurement, order receipt, and management related to automotive prismatic lithium-ion batteries, solid-state batteries, and next-generation batteries.
- Products produced by the joint venture will be sold to various automakers through, in principle, Panasonic.

https://newsroom.toyota.co.jp/en/corporate/26302587.html

Largest-Scale Mega-Solar Power Plant Completed in Vietnam

JGC Corporation announced on January 28 the completion of the Krong Pa mega-solar project for which JGC and its subsidiary, JGC Vietnam, were awarded the EPC contract in March, 2018 by the Gia Lai Electricity Joint Stock Company, a subsidiary of the Thanh Thanh Cong Group. The EPC work was completed by the JGC Group in December, 2018 and the commercial operation of the plant was commenced by the client in the same month.

In addition to this recently completed project, the JGC Group has received

orders for the execution of two other mega-solar power plants for the TTC Group in Tay Ninh Province (the TTC 1 Project and the TTC 2 Project) in May and July, 2018, respectively. Work on these two projects is currently being executed, aimed at completion within the spring of this year.
The total output of the Krong Pa mega-solar power plant and the two other plants presently under construction is calculated to be 190 MW (DC), and the JGC Group will accomplish a great achievement in constructing Vietnam's largest-scale mega-solar power plants in terms of power generation capacity.

Photos of Completed Project (by JGC)


https://www.jgc.com/en/news/2019/20190128.html

ADDITIONAL TOPICS

METI Established the Clean Ocean Material Alliance

The Ministry of Economy, Trade and Industry (METI) announced on January 18 that it had established the Clean Ocean Material Alliance with the participation of 159 companies and associations (as of January 11). This new initiative aims to promote sustainable use of plastic products and the development and introduction of alternatives to plastics, as well as to accelerate innovations as an effort to solve issues concerning marine plastic debris, a newly emerging global challenge.
The alliance will strive to engage in: [i] information-sharing between providers of raw materials and user companies through technological and business matching events and conveyance of information on leading case examples, [ii] ascertaining the latest technical trends through technical exchange and technical seminars with research institutes, [iii] collaboration with international

organizations, overseas research institutes and other associations as well as international collaboration to convey information to developing countries and other regions, and [iv] encouraging companies in a variety of fields to collaborate in effective utilization of plastic products in general.
http://www.meti.go.jp/english/press/2019/0118_004.html

Three Japanese Chemical Manufacturers Join New Global Alliance to Help End Plastic Waste in the Environment

Mitsui Chemicals Inc., Mitsubishi Chemicals Holdings and Sumitomo Chemical Co., Ltd. respectively announced on January 17 that they joined the Alliance to End Plastic Waste (AEPW) as one of the founding members. AEPW is a new alliance of global companies formed to advance solutions to eliminate plastic waste in the environment, especially in the ocean.

AEPW, launched on January 16, is a not-for-profit organization composed of global companies associated with plastics lifecycle, from production through waste processing. It currently comprises about thirty companies in North and South America, Europe, Asia, Southeast Asia, Africa and the Arabian Gulf. AEPW will undertake a number of initiatives, in collaboration with global organizations such as the World Business Council for Sustainable Development, to minimize and manage plastic waste in the environment, with the goal of investing $1.5 billion over the next 5 years mainly in the following four key areas.

- Infrastructure development to collect and manage waste and increase recycling;
- Innovation to advance and scale new technologies that make recycling and recovering plastics easier and create value from all post-use plastics;
- Education and engagement of governments, businesses, and communities to mobilize action; and,
- Clean up of concentrated areas of plastic waste already in the environment, particularly the major conduits of waste, like rivers, that carry land-based plastic waste to the sea.

https://www.mitsuichem.com/en/release/2019/2019_0117.htm
https://www.mitsubishichem-hd.co.jp/english/news_release/pdf/00770/00864.pdf
https://www.sumitomo-chem.co.jp/english/news/detail/20180117e.html
https://endplasticwaste.org/

Keidanren Compiles Actions by the Japanese Business Community on Long-term Global Warming Countermeasures up to 2050

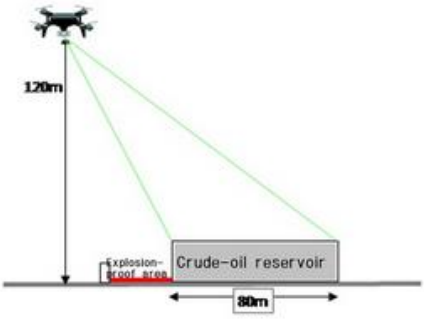
Keidanren published on January 15, “Current status of the formulation of a "long-term vision" by member companies and organizations” in English. Keidanren, in October 2018, called on its member companies and organizations to look into formulating a "long-term vision" and provide relevant information. As a result, more than 250 companies and organizations have announced that they have already formulated, or are in the process of formulating a "long-term vision".

http://www.keidanren.or.jp/en/policy/2019/001.html

METI to Conduct Drone Demonstration Test for Plant Safety

The Ministry of Economy, Trade and Industry (METI) announced on January 25 that it would would conduct a demonstration test at Negishi Refinery operated by JXTG Nippon Oil & Energy Corporation in early February in collaboration with Kanagawa Prefecture. In this test, METI will fly a drone over the area around a crude-oil reservoir and verify the reservoir’s condition using the camera mounted on the drone.

Based on the test results, METI will uncover technical challenges and precautions in operation of drones, and formulate guidelines for the safe utilization of drones.



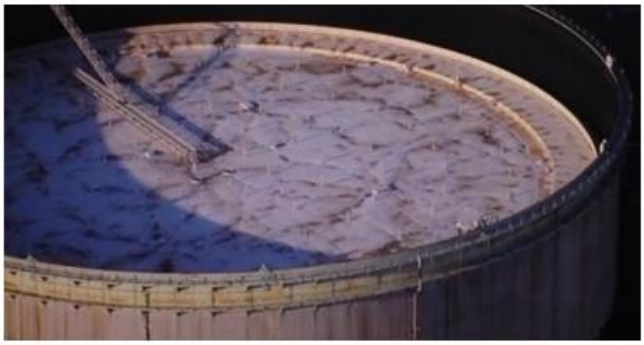


Photo showing the top of a crude-oil reservoir
(Source: JXTG Nippon Oil & Energy Corporation)

http://www.meti.go.jp/english/press/2019/0125_001.html

METI Kansai Launched Passenger Drone Development Project

The Kansai Bureau of Economy, Trade and Industry (METI-KANSAI) announced on January 25 that it had launched a project to assist development of a passenger drone, propelled by hydrogen rotary engine. The drone which is called “Hydrone” will be developed by local SMEs as core members, planning to make a demonstration flight during the Expo 2025 in Osaka.

METI Kansai covers seven prefectures in middle of Japan, including Kyoto and Osaka.

Image of Hydrone by METI-KANSAI

http://www.kansai.meti.go.jp/5-1shiene/smart_energy_initiative/press/190124/img/190124_HyDrone_press.pdf (in Japanese)

International Tourist Tax Introduced in January

Starting from January 7, an International Tourist Tax is being levied on travelers departing from Japan. Rate of the tax is 1,000 yen per departure from Japan. Revenues from the International Tourist Tax will be allocated to the following three areas:

(1) Create a more comfortable, stress-free tourist environment

(2) Improve access to information about a wide variety of attractions of Japan

(3) Develop tourist resources taking advantage of the unique cultural and natural assets of respective regions

https://www.nta.go.jp/publication/pamph/kansetsu/kanko/pdf/06.pdf

METI Released a Summary Report on the Fifth EU-Japan CSR WG

The Ministry of Economy, Trade and Industry (METI) released on January 25 an English summary report of the fifth EU-Japan Working Group on Corporate Social Responsibility (EU-Japan CSR WG) which was held on November 23, 2018 in Brussels. The fifth EU-Japan CSR WG was jointly organized by the METI and the Directorate General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) of the European Commission.
http://www.meti.go.jp/english/press/2019/0125_002.html

METI Released IAEA Final Report on Fourth Review of Fukushima Decommissioning

The International Atomic Energy Agency (IAEA) published the final report of the review of Japan's efforts for decommissioning of Tokyo Electric Power Company (TEPCO)'s Fukushima Daiichi Nuclear Power Station, conducted from November 5 to 13, 2018. The Ministry of Economy, Trade and Industry (METI) released on January 31 the final report issued by IAEA.
http://www.meti.go.jp/english/press/2019/0131_002.html