JAPANESE INDUSTRY AND POLICY NEWS
March 2017

LEGISLATION AND POLICY NEWS

Japanese Ministers Signed "Hannover Declaration" with Their German Counterpart for Enhancing Bilateral Cooperation in the IoT/Industrie 4.0 Field

Mr. Hiroshige Seko, Minister for Economy, Trade and Industry (METI), and Ms. Sanae Takaichi, Minister for Internal Affairs and Communications (MIC) signed the Hannover Declaration with their German counterpart Ms. Brigitte Zypries, Minister for the Federal Ministry for Economic Affairs and Energy (BMWi) on 19 March. The Declaration confirms the progress made in the past year and hopes to enhance future cooperation in the Internet of Things (IoT)/Industrie 4.0 field, covering wide range of subjects including the cyber security, international standardization, international regulatory reform and the support for small and medium-sized enterprises (SMEs).

http://www.meti.go.jp/press/2016/03/20170320002/20170320002-2.pdf
http://www.meti.go.jp/press/2016/03/20170320002/20170320002-3.pdf
http://www.meti.go.jp/press/2016/03/20170320002/20170320002-4.pdf

MoU for the IoT Cooperation between Japan and the EU Concluded

On March 20, 2017, Japan's IoT Acceleration Consortium (ITAC) and the Alliance for IoT Innovation (AIOTI) of the EU concluded a Memorandum of Understanding (MoU) for Internet of Things (IoT) Cooperation. They conducted a signing ceremony during the CeBIT 2017 - an information and communication trade fair held in Germany.

In the MoU, ITAC and AIOTI agreed to promote the cooperation in information exchanges involving good practices, policy recommendations, etc. and cooperation in standardization activities related to IoT and addressing societal challenges associated with IoT solutions

http://www.meti.go.jp/english/press/2017/0321_005.html
http://www.meti.go.jp/press/2016/03/20170321005/20170321005-1.pdf

Japan-EU Joint Press Statement on Facilitating the Free Flow of Data Issued

On March 20, 2017, taking the opportunity of CeBIT 2017, an information and communication trade fair held in Germany, Mr. Hiroshige Seko, Minister for Economy, Trade and Industry, held a meeting with Mr. Andrus Ansip, Vice President of the European Commission (EC), and Ms. Vra Jourova Commissioner, EC, together with Mr. Naoki Ota, Special Advisor to the Minister, Ministry of Internal Affairs and Communications (MIC), Japan, and Mr. Haruhi Kumazawa, Commissioner of Japan's Personal Information Protection Commission.
In order to further facilitate the free flow of data between Japan and the EU, participants exchanged views on various topics including high-level dialogues on data issues, expert dialogues, promotion of inter-ministry/agency collaboration in advancing work, promotion of industrial cooperation and other issues, and finally issued a joint press statement.
Key points of the joint press statement are as follows:
1) Strengthening the dialogue on the data economy - Participants confirmed the importance of data and committed to a continuous exchange of views, using such opportunities as the EU-Japan Business Round Table.
2) Promoting high standards of data protection and facilitating the free flow of data - Participants reaffirmed the importance of ensuring a high level of privacy and security of personal data. They also acknowledged that recent reforms of their respective privacy legislation offer new opportunities to further facilitate mutual data flows, including through finding an adequate level of protection.
3) Promoting industrial cooperation
http://www.meti.go.jp/english/press/2017/0321_002.html
http://www.meti.go.jp/press/2016/03/20170321006/20170321006-1.pdf

METI Working Group on CO2-free Hydrogen Compiled a Report
The Ministry of Economy, Trade and Industry (METI) established a Working Group on CO2-free Hydrogen under the Council for a Strategy for Hydrogen and Fuel Cells. Since May 2016, the working group has been holding discussions, aiming at the future expansion of CO2-free hydrogen utilization.
In order to create a foothold to expand the future utilization of CO2-free hydrogen by applying new hydrogen-related technologies (e.g., the power-to-gas system) to overcome the current infrastructural/technological challenges surrounding renewable energy expansion mentioned above, the working group clarified such current challenges, held discussions on the future direction to

address these challenges under government-industry-academia collaboration, and finally compiled the results of the discussion into a report, which was published on 7 March.
The report explains the current situation and challenges in the expansion of CO2-free hydrogen and highlights the following key topics:
(1) Utilizing the power-to-gas system as a measure to popularize and expand renewable energy
(2) Achieving a low-carbon hydrogen supply chain
(3) Procuring CO2-free hydrogen from overseas countries and utilizing Carbon dioxide Capture and Storage (CCS) technologies
http://www.meti.go.jp/english/press/2017/0307_003.html
http://www.meti.go.jp/press/2016/03/20170307003/20170307003-1.pdf
(Japanese language only)

Future Directions for Overseas Development of the Water Business Industry Released

Japanese water-related companies have been advancing efforts to ensure their competitiveness in the water industry market, as seen in their acquisition of and investment in overseas companies and their implementation of projects for the operation and management of water purification plants and other sites, commissioned by domestic municipalities in regional areas.
However, these Japanese companies account for just 0.4% of the global water business industry market share, based on the estimation by the Trend Research for the Water Business Industry Market in March 2015, indicating the fact that the presence of Japanese companies in the market is very limited.
To address this situation, the Ministry of Economy, Trade and Industry (METI) has studied and compiled Japan's future directions for overseas development in the water business industry, recent developments, issues and challenges into a report titled, "Future Directions for Overseas Development of the Water Business Industry" together with stakeholders.
The report, published on 13 March stresses the necessity to have a clear view on the targeting market and sector such as supplying purified water to high tech industrial estates.
http://www.meti.go.jp/press/2016/03/20170313001/20170313001-1.pdf
(Japanese language only)
http://www.meti.go.jp/press/2016/03/20170313001/20170313001-2.pdf

(Japanese language only)

Panel on Business Strategy of Automated Driving Compiled an "Action Plan"

The Ministry of Economy, Trade and Industry (METI) and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) jointly established the Panel on Business Strategy of Automated Driving, and discussions in industry-academia-government collaboration have been held to consider measures necessary for securing Japan's competitiveness in the field of Automated Driving systems and contributing to reducing traffic accidents and solving related problems around the world. The panel released on 14 March 2017, a report titled, "Action Plan to Realize Automated Driving."

In FY2015, the panel (i) clarified the ideal future vision for Automated Driving of general cars on public expressways, (ii) identified areas requiring cooperation, (iii) developed a system to strategically respond to the creation of international rules, (iv) discussed methods of further promoting industry-academia collaboration, and published a report titled "Next Action Plan" in March 2016.

In FY2016, the panel and working groups have continued efforts to clarify the ideal vision for automated driving of general cars on public roads and discussed further exploration of the areas which were identified as those requiring cooperation. The mid-term development objective of automated driving and the areas for industry-academia-government collaboration are outlined below.

* Levels of Automated Driving are based on the definition of the six stages (L0 to L5) determined by the Society of Automotive Engineers (SAE).

(1) Future automated driving (Levels 2, 3 and 4) of general cars

The future vision for these vehicles is clarified separately for expressways and general roads, and for privately owned cars and business cars. Development should be promoted both in terms of technologies and commercialization, with the aim of achieving the highest level in the world in this field.

<Private cars>

・Level 2 should be achieved for self-driving on expressways by 2020.

・On public roads, Level 2 should be achieved for straight driving on national public roads and major local roads by around 2020, and the reach and scope of automated driving should be increased (such as increasing the number of roads on which self-driving is permitted and allowing turns) through 2025.

<Cars for business use>

・Level 4 should be achieved in certain areas by around 2020 and the approved range and use areas should be expanded sequentially.

(2) Strategic separation of competitive areas from cooperative areas in developing automated driving technologies

It is important to identify areas where each company may face difficulties in terms of resources and technologies if development is carried out independently, and to strategically facilitate industry-academia-government collaboration for those areas. Software engineering, who will play the central role in the development, were added to the core priorities, and maps for automated driving and the schedules of progress were reviewed. Nine priorities in cooperative area are as follows:

Maps / Information and Communication infrastructure / Recognition technology / Pass planning technology / Ergonomics / Safety (Functional Safety, etc.) / Security / Human resource of Software engineering / Social Acceptance

http://www.meti.go.jp/english/press/2017/0314_002.html

http://www.meti.go.jp/press/2016/03/20170314002/20170314002-2.pdf

(Japanese language only)

NEDO is to Manage the Large-scale Field Test of Automated Driving Systems

The New Energy and Industrial Technology Development Organization (NEDO) announced on March 1 that it would promote the large-scale field operation test of automated driving systems as the management agency under the "Cross-Ministerial Strategic Innovation Promotion Program (SIP) Automated Driving System" for two years beginning in Fiscal Year 2017. NEDO's role as the management agency for the experiment was approved a week earlier at a meeting of the Promoting Committee for the "Automated Driving System", one of the issues identified under the SIP promoted by the Cabinet Office.

In the experiment, NEDO will accelerate the commercialization of automated driving systems through technology development and by fostering the social acceptability of such systems.

More specifically, the following five points are identified as main purposes of the field operation test in public spaces:

(1) Developing high precision three dimensional maps (dynamic map) for automated driving

(2) Human-machine interface

(3) Information security
(4) Reducing accidents involving pedestrians
(5) Developing next generation urban transportation systems
http://www.nedo.go.jp/english/news/AA5en_100183.html
http://www8.cao.go.jp/cstp/english/sip/elevenissues.pdf

SURVEY AND BUSINESS DATA

Global Warming Countermeasures Commitment by SMEs Surveyed for the First Time

The Ministry of Economy, Trade and Industry (METI), in cooperation with the Japan Chamber of Commerce and Industry, conducted a questionnaire on member companies through regional chambers of commerce, and obtained replies from 801 companies. This is the first time the Japan Chamber of Commerce has conducted a survey among its member companies, who are small and medium sized enterprises (SMEs), on global warming. The result published on 17 March, revealed the following characteristics and challenges.

(1) Many companies engage in global warming countermeasures with the aim of cost reduction. Some of them are actively developing new environment businesses, for instance the development of energy-saving technologies and sales of products thereof, or working in the renewable energy business.
(2) There often is the case where the company is concerned with the problem of global warming and is willing to take on countermeasures but it cannot engage itself in countermeasures due to the limited financial and human resources.

The efforts among SMEs include the followings:

(a) Effective utilization of unused energy based on the actual circumstances of the region, for example the introduction of snow melting facilities utilizing waste heat.
(b) Activities capitalizing on the characteristics of the business category, for example being engaged in the improvement of fuel efficiency or the reduction of CO2 emissions on the industry level by participating in projects of industry groups.

http://www.meti.go.jp/english/press/2017/0317_004.html

Shares of the New Market Entrants of Power Supply Remains Less Than 10%

According to the statistical information released by the Electricity and Gas Market Surveillance Commission on 22 March, shares of the new market entrants (PPS: Power Producer and Supplier) was 8.7% (6.07 billion kWh) in terms of sales quantity and 8.8% (96.43 billion yen) in sales value for the month of December 2016. Number of supply contract of the PPS was slightly less than 2.4 million while that of the traditional (general) electricity utilities was 84 million.
http://www.emsc.meti.go.jp/info/public/pdf/20170322001a.pdf (Japanese language only)

Use of Geothermal Energy Increases

According to the report published by the Ministry of Environment on 23 March, the number of facilities for geothermal energy use as of March 2016 was 6,877, which was an increase of 20.4% as compared to the previous survey conducted two years ago. Geothermal heat attracts attention as a stable renewable energy which can be used for air conditioning, hot water supply and snow melting.
http://www.env.go.jp/press/103827.html

MHLW Publishes 2017 "Vital Statistics in Japan"

The ministry of Health, Labour and Welfare published the 2017 version of "Vital Statistics in Japan" on 15 March. It is a compendium of statistics related to the population covering natality, mortality, marriages, divorces and life expectancy. According to the 2017 "Vital Statistics in Japan", Japanese total population as of October 2015 was 127 million, of which 26.6% was more than 65 years old.
http://www.mhlw.go.jp/english/database/db-hw/dl/81-1a2en.pdf

COMPANY NEWS

Suzuki to Study the Marketability of Fuel Cell 2-Wheelers

Suzuki Motor Corporation announced on 21 March that they would start running their fuel cell scooters on public road to "verify the marketability". Suzuki obtained type approval for "Burgman" model two seater fuel cell scooters last summer. Appearance of Burgman fuel cell is similar to ordinary model because hydrogen tank was installed inside of the frames. Suzuki will run 18 Burgman on

the road to collect necessary information.
According to Suzuki, Burgman fuel cell can run 120km with one filling up. Its weight is 199kg and maximum speed is 75km/h.

バーグマン フューエルセル

http://www.suzuki.co.jp/release/d/2016/0321/ (Japanese language only)

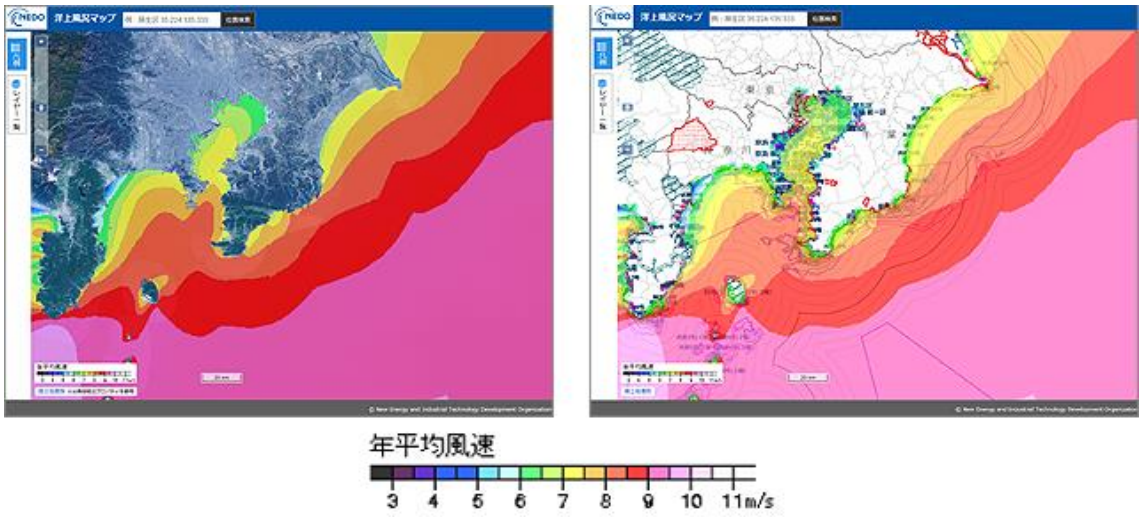
Japan Post and Honda Test Electric Motorcycles for Delivery Operation
Japan Post and Honda Motor announced on 23 March that they would jointly conduct demonstration testing on the use of environment-friendly electric vehicles for postal delivery operation and charging stations at post offices. Through such testing, Japan Post and Honda will pursue discussions toward the establishment of social infrastructure which will contribute to the sustainability of the global environment.
Moreover, in order to secure the ability to offer sustainable and universally available services for postal businesses, the two companies will discuss how the system and capability as well as the quality of maintenance service for vehicles used for postal delivery can be secured and maintained.
http://world.honda.com/news/2017/c170323eng.html

ADDITIONAL TOPICS

NEDO Launches On-line Information Service on Offshore Wind Generation

Location

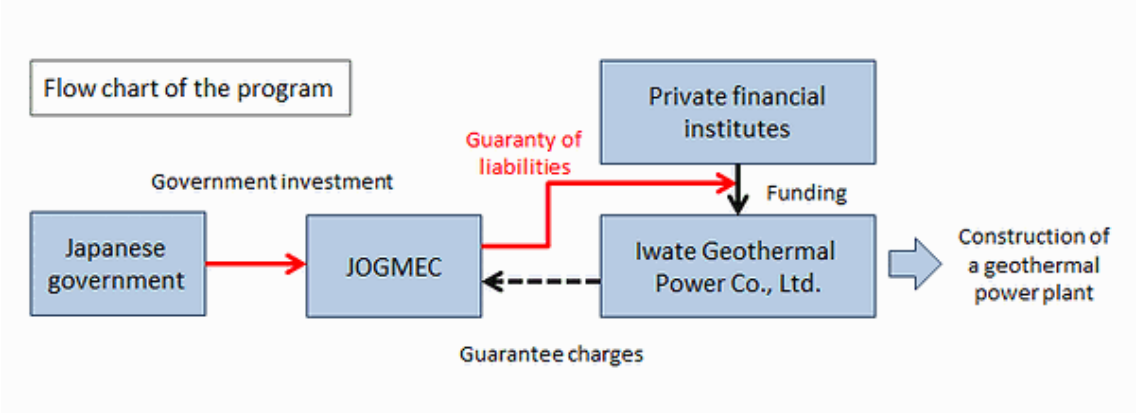
New Energy and Industrial Technology Development Organization (NEDO) started on-line information service for offshore wind generation which is called NeoWins (NEDO Offshore Wind Information System) on 23 March. NeoWins provides information in the form of maps. It covers such vital information as wind speed, depth of the sea, restriction due to nature/animal protection and fishing ground for choosing the power generation site.



http://www.nedo.go.jp/news/press/AA5_100741.html (Japanese language only)
http://app10.infoc.nedo.go.jp/Nedo_Webgis/top.html (Japanese language only)

JOGMEC to Provide a Guaranty of Liabilities on a Project for Geothermal Power Generation in Iwate Prefecture

The Japan Oil, Gas and Metals National Corporation (JOGMEC), an organization under the jurisdiction of the Ministry of Economy, Trade and Industry (METI), decided to provide a guaranty of liabilities concerning a project for geothermal power generation that Iwate Geothermal Power Co., Ltd. has been operating in the Matsuo Hachimantai area, Iwate Prefecture.
JOGMEC has been conducting a program providing guaranty of liabilities for businesses developing geothermal resources. Under the program, when such businesses intend to raise funds from private financial institutions to fulfil the loan needed for the construction of a geothermal power plant, JOGMEC will provide these private financial institutions with a guaranty of liabilities for these businesses of up to 80% of the total loan.



Iwate Geothermal Power Co., Ltd. has been operating the project for geothermal resource development in Hachimantai City, Iwate Prefecture, funded by FY2012 to FY2014 JOGMEC subsidies for geothermal resource quantitative surveys and by FY2015 and FY2016 JOGMEC investment in geothermal resource research. As part of the project, the company has decided to construct a new 7,000 kW-level power output single-flash geothermal power plant as a goal. In addition, the project will become the first case in which one company receives every available support measure: subsidies, funding and a guaranty of liabilities.

The company will obtain a portion (6.653 billion yen) of the total funds for the plant construction from Mizuho Bank, Ltd., Tohoku Bank Ltd. and Bank of Iwate, Ltd. as long-term loans payable, and therefore, JOGMEC will provide a guaranty of liabilities with each of these financial institutions for an equivalent of 80% of the loans payable.

http://www.meti.go.jp/english/press/2017/0227_001.html

Large-Scale Hybrid Battery System Demonstration Project to Launch in Germany

Japan's New Energy and Industrial Technology Development Organization (NEDO); the Ministry for Economics, Labour and Transport of Niedersachsen of the Federal Republic of Germany; EWE-Verband, an association managing the electric power supply to 17 districts and four cities in Niedersachsen, and EEW Holding have agreed to jointly implement a demonstration project on a large-scale hybrid battery system. A memorandum of understanding for the project was signed on 19 March.

At the same time, Hitachi Chemical Co., Ltd.; Hitachi Power Solutions Co., Ltd.; and NGK Insulators, Ltd., Japanese companies commissioned by NEDO to

implement the project, and EWE AG, an energy provider in Germany, have agreed to collaborate in the project and concluded an implementation document.

The demonstration project will be launched in Niedersachsen, which has been actively introducing renewable energy, particularly large-scale wind power, in recent years. The project aims to build a large-scale hybrid battery system using lithium-ion batteries and NAS® batteries that can stabilize the distribution grid, and thereby control the electric power supply and demand balance, by charging and discharging storage batteries. Another aim is to establish a new business model for electricity trading using the battery system.

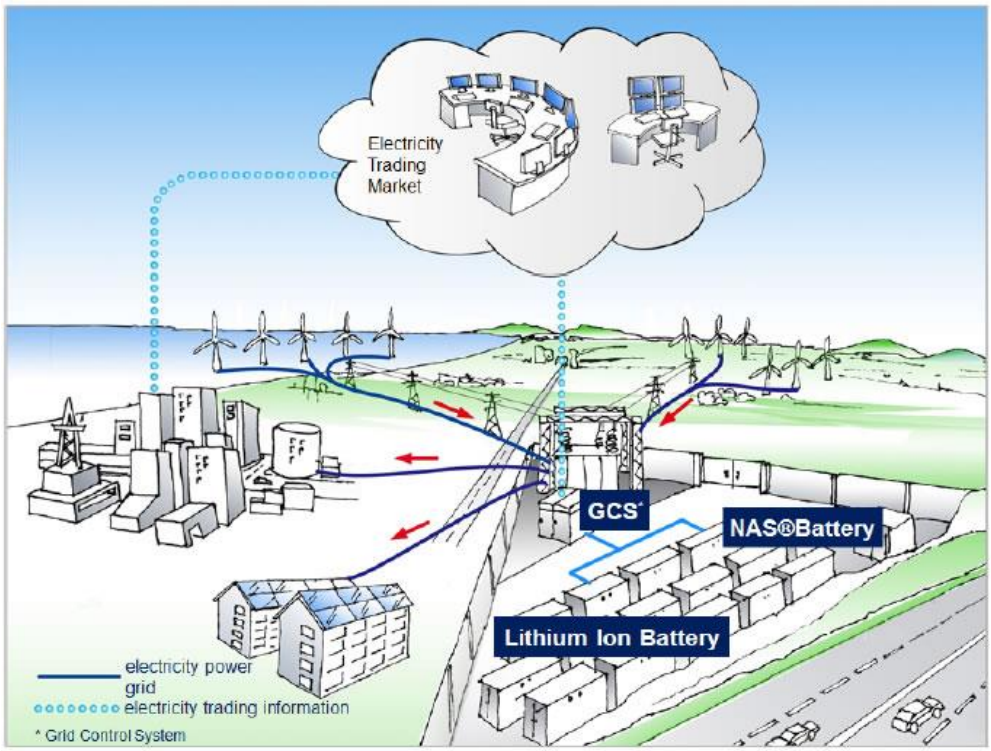


Figure 1: Illustration of the demonstration project

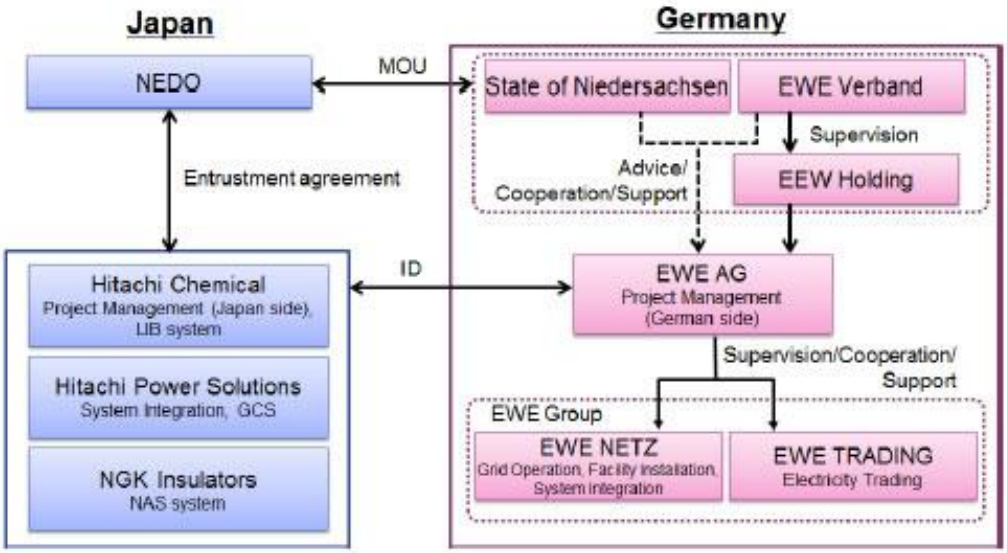


Figure 2: Implementation system of demonstration project

http://www.hitachi.com/New/cnews/month/2017/03/170321.html

Operational Test of Fuel Cell Ship Begins

The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) announced on 15 March that an operational test of a fuel cell ship which uses hydrogen as fuel would start soon. The test is a part of a three-year project for setting safety guideline for the fuel cell ship.

The actual test is contracted to the National Maritime Research Institute of the National Institute of Maritime, Port and Aviation Technology, using fuel cell system developed by Yanmar Co., Ltd, and lithium ion battery system of Uzushio Electric co. Ltd. The ship is 16.5 meter long with gross tonnage of 17 tons. Maximum speed with full load is 11.5 knot. Tests include stability against rolling and pitching, resistance against shock and salt damage.

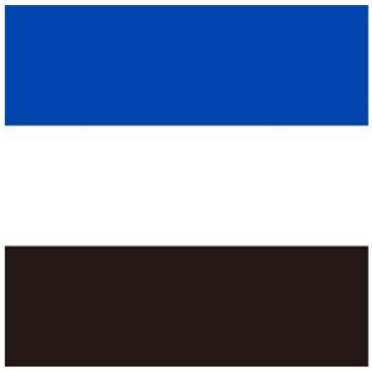
The MLIT hopes to establish a guideline within fiscal 2017, contributing to the commercial use of these ships before the 2020 Tokyo Olympics/Paralympics.

http://www.mlit.go.jp/common/001175769.pdf (Japanese language only)

Two Trademarks of Color Alone Type to be Registered for the First Time in Japan

The Japan Patent Office (JPO) began accepting applications for registering new types of trademarks in April 2015. Among these types, the JPO decided to approve the registration of two trademarks consisting of colors alone (color-per-

se trademarks) as the first case in Japan of an approval of color-per-se trademarks.
Aiming to support the diversity of corporate branding strategies, the JPO, on April 1 2015, started accepting applications for registering new types of trademarks, such as sound, motion and color-per-se trademarks, in addition to the traditional trademarks consisting of letters and drawings. As of today, the JPO has accepted applications for registering approximately 1,500 trademarks of these new types, and of these, over 200 applications (other than color-per-se trademarks) have already been registered.
Concerning these applications for registering color-per-se trademarks, the JPO decided to approve two such trademarks on February 28, 2017, as the first case in Japan. They are Tombow Co., Ltd., a stationery manufacturer for their erasers and the Seven Eleven Japan, the biggest convenience store chain in Japan.



Tombow's approved blue-white-black trademark for erasers

These approved trademarks will be officially registered after the applicants complete the registration payment procedures.
http://www.meti.go.jp/english/press/2017/0301_003.html
http://www.meti.go.jp/press/2016/03/20170301003/20170301003-1.pdf
（Japanese language only）
http://www.tombow.com/press/170301-2/ (Japanese language only)

METI Releases Concept Book on Japanese Tradition as the Foundation of Its Commodities and Services

The Ministry of Economy, Trade and Industry (METI) released on 8 March, a

concept book aiming to convey Japan’s unique sensibilities and values to the rest of the world as the foundation of commodities and services provided under the Cool Japan Initiative.
METI has been holding discussions concerning Japan’s culture and values, aiming to establish Japanese brands through the re-evaluation of craftsmanship (monodzukuri) and services that are strongly grounded in unique aspects of the country’s identity.
To better convey Japan’s unique sensibilities and values to the rest of the world, METI established the Japan Brand Working Group, which held discussions concerning traditional Japanese sensibilities and values as the foundation of commodities and services under the Cool Japan Initiative, including contents, lifestyles, food and services, and compiled the discussion results into a concept book.
The book describes traditional Japanese concepts derived from people’s view of relationship with nature, and also identifies some keywords representing Japanese people’s sensibilities.
http://www.meti.go.jp/press/2016/03/20170308001/20170308001-1.pdf