

Fact Sheet on Recent Developments in Japan-UK Business Relations

1 Overview

(1) Close investment relationship between Japan and the UK

- The UK is **the fourth-largest** source of EU investment in Japan (¥765bn in 2010).
 - The UK is Japan's **second-largest** investment destination in the EU (¥3.09 trillion in 2010).
- [stock; Source: Bank of Japan]

○In FY2010, Japan was **the world's no. 2** source of project-based investment in the UK (105 projects). [Source: UKTI]

- The EU is **the world's largest** source of direct investment in Japan (approx. ¥6.7 trillion).
- Japan is **the world's third-largest** source of direct investment in the EU (approx. ¥15 trillion). [2010; Source: Bank of Japan]

(2) UK direct investment in Japan surpassed investment in the reverse direction in 2009 and 2010 but the situation reversed in 2011.

- UK→JPN (¥527.7bn in 2009; ¥417.1bn in 2010; ¥146.0bn in 2011)
- JPN→UK (¥204.5bn in 2009; ¥385.5bn in 2010; ¥1.12 trillion in 2011).

[Source: Bank of Japan and Ministry of Finance]

(3) Japanese corporations' contribution to employment in the UK

- As many as **1, 272** Japanese companies are operating in the UK. As of 2010, they had created over **130,000 jobs**.

[Source: (the number of companies) MOFA, (the number of employees) METI, the survey of overseas business activities (based on the 469 companies that responded)]

2 Examples of British investment in Japan

[Development and manufacture of vehicles and fuel cells]

○Intelligent Energy Holdings

In February 2012, the company established a joint-venture enterprise, Smile FC System Corporation, with Suzuki Motor Corporation for the development and manufacture of fuel cells. The aim was to open up global supply chains for air-cooled fuel cell systems and to contribute to the popularisation of fuel cell vehicles. (Capital: ¥750 million)

○Gordon Murray Design

In January 2012, the company reached agreement with Toray Industries on technical cooperation for vehicle research and development. The two companies will cooperate in the development of technology for the mass production of carbon fibre composite materials as well as in the field of technology for realising advanced crash structures.

[Pharmaceuticals]

○GlaxoSmithKline

In March 2012, GSK and Daiichi Sankyo joined forces to establish Japan Vaccine Co., in Japan (Capital: ¥100 million).

[Engines for aircraft and ships]

○Rolls-Royce

The company established itself in Japan in 1964. It provides products and services in the area of aircraft engines and integrated power systems with civil and military applications, ships and energy. Japan's Maritime Self-Defence Forces is an operator of marine gas turbines (23% of the company's gas turbines are produced for Japan). The first Boeing 787, for which All Nippon Airways was the launch customer, was powered by Rolls-Royce engines. (Investment for purchase of 110 engines and support: ¥110 billion)

In June 2006 the company began a joint research project with the National Institute for Materials Science to develop next-generation superalloys for turbine blades on future engines, which will help reduce fuel consumption and emissions.

[Home electronics]

○Dyson

The company has a 14% share of the Japanese vacuum cleaner market, following Panasonic and Hitachi. Its Air Multiplier fans won the Japanese "Good Design" award in 2010.

[Engineering]

○Arup (Construction engineering)

The firm cooperated in October 2011 with Shigeru Ban Architects and the Voluntary Architects' Network, represented by Shigeru Ban, in the building of 189 multi-storey temporary housing units for people left homeless by the earthquake and tsunami in Onagawa-cho. It is in charge of the structural engineering work for the project.

[Retailers]

○Ted Baker (fashion)

It established its first Japanese store in Omotesando in March 2012.

○Top Shop (fashion)

It established a Japanese corporation, T's Co., Ltd. in August 2008 and had five shops in Japan, all of which were large stores over 500 sq m, as of March 2012. (Capital: ¥ 90 million)

○Laura Ashley (fashion, furniture, accessories)

It established its first Japanese store in Ginza in 1985. As of the end of 2011, it had 90 stores throughout Japan. (Total sales: ¥ 11.1 billion, as of fiscal year ending January 2011)

○Paul Smith (fashion)

The company entered the Japanese market in 1984. As of March 2012, it had 37 individual shops throughout Japan.

○Dunhill (fashion)

It established a Japanese corporation in November 1976. It has 36 stores in Japan as of March 2012. The company has designed the official suits for the Japanese National Football Team in 2011.

○Burberry (fashion)

It enjoys the second largest sales in the Japanese foreign brand market.

○Lush (natural cosmetics)

The firm started its Japanese business in October 1998. As of March 2012, it had 153 shops throughout the country. (Capital: ¥ 10 million)

○Unilever (UK/Netherlands; cosmetics and toiletries)

It established itself in Japan in March 1964. Since 1998 it has enjoyed the largest share of the market for personal care products such as shampoos. (Total sales of whole Unilever Japan Group: ¥ 90 billion, as of December 2010)

○The Conran Shop (furniture, home accessories)

It established its first Japanese store in 1994. It had 6 shops in Japan as of March 2012. (Capital: ¥ 200 million)

○Conran and Partners (architecture, interior design)

The partnership oversaw the external and landscape design for the Futako Tamagawa Rise regeneration project in Futako Tamagawa in 2008.

[Services]

○Compass Group (catering)

It acquired NKS Kabushiki Kaisha on 6 March 2012.

○Travelex (foreign exchange and other financial services)

The firm is one of the world's largest foreign exchange companies. It operates its business in more than 25 countries and established a Japanese corporation in 2003.

○Regus Japan (office rental services)

The company is world's largest provider of flexible workplace. It established a Japanese corporation in September 1998 and was engaged in business in 26 areas of eight major cities as of March 2012.

○Pearson Education

The firm set up a Japanese subsidiary, Pearson Kiriara, in December 1967. It sells textbooks, dictionaries, language learning materials, reference books, specialist books and a range of English language teaching materials and high-quality digital teaching materials. (Capital: ¥ 496 million)

3 Examples of EU investment in Japan

[Aircraft/ships]

○Airbus (France)

In November 2011, Peach Aviation, established with All Nippon Airways as the core shareholder, ordered 10 A320 aircraft.

In November 2010, Skymark Airlines entered into an agreement to purchase 6 A380 aircraft for delivery in fiscal 2014. (Investment: ¥ 115 billion)

○Eurocopter (Germany/Italy)

It has the top share of the Japanese helicopter market, accounting for 270 helicopters of the 770 helicopters registered in Japan. The Japan Coast Guard, the National Police Agency and private companies use its helicopters. (Total sales of Eurocopter Japan in 2010: € 118 million)

[Environment/Energy]

○Umicore (Belgium)

It opened a production facility for lithium cell batteries for electric cars in Kobe in 2011. (Investment: approx. ¥ 4 billion.)

○Evonik Degussa (Germany)

The firm opened a new integrated production facility for specialty chemicals in Mie prefecture in 2011, investing approx. ¥20 billion.

[Automobiles]

○Volkswagen (Germany)

In 2010, the number of new car registrations recorded by VW was 23% up on the previous year. In 2011, it marked 12 consecutive years as the top brand of imported cars in terms of sales. The Golf series was the best-selling model of imported car for the 15th successive year. The Polo was No. 2 in the small car category, so VW has occupied both No. 1 and No. 2 categories for two years running.

[Railways]

○Knorr-Bremse (Germany)

Their bullet train brakes were decided to be introduced to JR East in September 2011.

[Materials]

○Mag-Isover (France)

A maker of glass fibre products and building materials, the company invested in a factory in Mie Prefecture in September 2011. (Investment: ¥15bn)

[Retailers]

○IKEA (Sweden)

IKEA opened its first shop in Japan in 2006 and now has seven stores throughout the country. The IKEA Sendai Mini-shop opened in September 2011 to support the reconstruction effort following the Great East Japan Earthquake. They expressed their intention to open large stores in the disaster-stricken regions.

4 Examples of Japanese investment in the UK

[Environment & energy]

○Marubeni and the Innovation Network Corporation of Japan

Offshore wind project

In March 2012, they entered into an agreement with Riverstone Holdings LLC, a US investment fund, for the full acquisition of Seajacks International Ltd, a UK-based offshore wind power service provider. (Purchase price: approx. ¥70 billion)

○Marubeni

In September 2011, the company entered into an agreement to buy 49.9% of the Gunfleet Sands offshore wind park, 100% owned by the Danish firm Dong Energy. (Cash consideration: approx. £200 million)

○Sharp

Solar batteries

Since December 2010, the company has increased the capacity of the solar batteries produced. In February 2011, it increased its Wrexham plant from 250 MW to 500 MW. (Investment: approx. ¥4 billion)

○Sanyo Electric

Solar panels, “Solar Bridge”

Sanyo is installing solar panels on the roof of the bridge at Blackfriars station. The project, comprising the largest solar power system in London, will be completed in summer 2012.

○Nissan Motor

Leaf

This year the company started its first overseas production of lithium ion batteries, in the UK. It invested £420 million to begin production at its new battery plant.

Production of the Leaf will start at the Sunderland plant in 2013, for which Nissan has invested more than €468.2 million. This will be the company's third production base for the Leaf, following those in Japan and the US.

○Toyota, Nissan

Development of hydrogen fuel cell electric vehicles (UK H₂ Mobility)

In January 2012, the Department for Business, Innovation and Skills (BIS), the Department for Transport (DfT), the Department of energy and Climate Change (DECC) and the European Fuel Cells & Hydrogen Joint Undertaking, together with private companies operating in 13 fields including automobiles, gas and infrastructure, announced plans to jointly develop hydrogen fuel cell vehicles. The British Government is to invest £400 million in this project.

○Mitsui & Co.

Low-carbon city, "Smart city"

The company has developed an environment-sensitive city, "Smart city". It intends to establish a joint research venture with the UK engineering group Arup and to develop an energy conservation programme for local governments, such as Manchester City Council.

○Nippon Sheet Glass

Energy-saving glass

The company is planning a major investment in energy-saving glass in St Helens, in the amount of £36 million. Production will start in October 2012.

○Itochu

Waste disposal and power generation

The company has won an order for a waste disposal project in Sunderland with GDF Suez, a French multinational energy company, at a total production cost of £730 million.

[Telecommunications]

○Sony

In November 2011, the company announced plans to make its mobile phone joint venture a wholly-owned subsidiary. (Cash consideration: approx. €1.05 billion)

○Gree (social networking service)

In September 2011, the company announced the establishment of a UK subsidiary.

○Rakuten

In September 2011, the company announced the acquisition of the UK's fourth-largest online retailer, Play.com, making it the subsidiary Play Holdings for ¥3.3 billion.

○Mitsui Knowledge Industry Group

In August 2011 it announced the establishment of a UK corporate entity, MKI (U.K.) Ltd. (Capital: ¥26 million)

○Fujitsu UK and Ireland

In August 2011, it announced a three-year extension of its ICT Managed Services contract with the Police Service of Northern Ireland, originally due to run from 2008 to 2013. The extension will be worth £19 million.

○Intelligence (German subsidiary of NTT Data)

In June 2011 it acquired 100 percent of the shares outstanding of Contemporary plc.

○Digital Arts Inc (Information security equipment)

In June 2011 it established Digital Arts Europe Ltd. (Capital: £0.18 million)

○Fujikura Europe

In June 2006 it acquired TCC Group through its U.S. subsidiary, AFL Communications.

[Automotive-related]

○Nissan

In March 2012, the company announced additional investment to start production in the UK of a new compact car, to be launched in 2013. The investment, to the tune of £125 million, will lead to the creation of 2,000 new jobs (400 in the car factory and 1,600 related jobs in the supply chain).

○Honda

In December 2011, Honda announced plans to start production of the new Civic model at Swindon, involving the creation of 500 extra jobs. The company also intends to produce its small sport utility vehicle the CR-V as well as 1.6 liter diesel engines there. It aims roughly to double its 2012 production volume. (Capital: £670 million)

○Toyota

In November 2011, the company announced additional investment of £100 million at its Burnaston plant for the production of a new-generation hatchback. The project should create 1,500 new jobs over two years.

○SAP Japan

In September 2011, the company announced that Nissan had decided to use the SAP ERP business software for the production of lithium ion batteries for cars due to start at the Sunderland plant in 2012.

○Itochu

In March 2011, it agreed to acquire the UK's KwikFit Group (a major purveyor of tyres) for £637 million.

○Toyoda Gosei

The company established a subsidiary in Wales in January 2010 and it started construction of a car parts facility in Wales in August 2011. (Investment: £3 billion)

[Precision equipment]

○IMV Technologies (maker of commercial measuring instruments)

In November 2011, the company set up a technical centre in the UK as part of its plans to expand its business in Europe and surrounding regions.

○Torishima Pump Mfg

In December 2011, the company established a subsidiary, Torishima (Europe) Projects, in the UK. (Capital: £10 thousand)

○Eizo (visual display products)

In November 2011, the company announced the creation of a wholly-owned subsidiary, Eizo Limited. (Capital: £1 million)

○Oki UK

In August 2011, the company signed an agreement with Northamber plc to join forces for the sale of its business printers and other office equipment in the UK. Through their joint sales efforts they aim to sell 36,000 units of equipment in fiscal 2013.

○Nifco

A plastic car parts maker, it supplies Honda, Toyota and Nissan in the UK. It is investing £8.5 million in a new production facility. (Investment: £8.5 million)

[Medical and pharmaceutical products]

○Shionogi

In January 2012, it established Shionogi Limited, a 100% subsidiary, in London as its base for developing its business in Europe. (Capital: £0.7 million)

○Dainippon Sumitomo Pharma

In July 2011, the company announced plans to establish a sales operation in the UK by 2014.

○Sekisui Chemical

In February 2011, following the acquisition of Genzyme Diagnostics of the US, Sekisui Chemical formed new companies in the US and the UK. (Capital: £36 million)

○Kyowa Hakko Kirin

In February 2011, it announced plans to acquire the Scottish drugmaker ProStrakan for £292 million.

[Research & development]

○Mitsubishi Rayon

In November 2011, the company and its subsidiary Lucite International announced plans for the research and development of production technology for the biomass raw material Methyl Methacrylate (MMA).

○Toshiba Medical Systems Corporation

The company offers diagnostic imaging products and solutions. In 2011 it started a new R&D programme in Edinburgh and plans to expand its research team to over 100 people within three years.

[Real estate]

○Mitsui Fudosan UK

In November and December 2011, the company acquired land for development of prime office building “70 Mark Lane” for £19.5 million, and “8-10 Moorgate” for £30.8 million. In March 2012 it completed “5 Hanover Square”. (Total project cost: £98 million)

○Mitsubishi Estate

In May and June 2011, the company bought an office building “150 Leadenhall Street” and “6-8 Bishopgate” in London through its UK subsidiary.

[Other companies]

○Glory (currency counting machines)

In February 2012, it acquired Talaris Topco, the world’s first supplier of bank automatic telling machines, for around ¥80 billion.

○Sanrio

In December 2011, its British subsidiary Sanrio Global acquired the Mr Men children’s characters for approximately ¥3 billion.

○Hulinks (scientific software solutions, sales and support)

In September 2011, the company signed a sales representation agreement with Digital Chemistry for computer chemistry systems such as computer response simulations.

○Pigeon (child care, maternity, women’ s products, etc)

In August 2011, it acquired HealthQuest through its wholly-owned US subsidiary, Lansinoh Laboratories.

○Dentsu (marketing communications)

In July 2011 it acquired the digital media company Steak Group Ltd.

○Secom (home and office security systems)

In July 2011, the company acquired Capital Q High Security Services Limited.

○SBI Holdings

In April 2011, it established SBIH UK to oversee its business in Europe.

○Sony

In March 2011, it purchased the hi-tech sport officiating company Hawk-Eye Innovations.

○Princes

A major player in the UK food industry and a subsidiary of Mitsubishi Corporation, in 2011 it agreed to acquire the canned-food business of the UK’s Premier Foods Plc.

[end]