

Fact Sheet on Recent Developments in Japan-UK Business Relations

(This fact sheet has been compiled by the Embassy of Japan in the United Kingdom, based on publicly available material. The list contains some facts illustrating the current situation and is not intended to be exhaustive.)

1 Overview

(1) Close investment relationship between Japan and the UK

- The UK is **the fourth-largest** source of EU investment in Japan (¥765.0bn in 2010).
- The UK is Japan's **second-largest** investment destination in the EU (¥3.938 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; €56bn, 2010).
- Japan is **the world's third-largest** source of direct investment in the EU (approx. ¥15 trillion; €125bn, 2010). [2010; Source: Bank of Japan]

(2) Recently UK direct investment in Japan has surpassed investment in the reverse direction.

- In 2009 and 2010, the flow of direct investment from the UK to Japan (¥527.7bn in 2009; ¥417.1bn in 2010) exceeded that from Japan to the UK (¥204.5bn in 2009; ¥385.5bn 2010). [Source: Bank of Japan]

(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 jobs) METI, the survey of overseas business activities (based on the 469 companies that responded)]

(4) Recent pronouncements of senior British officials on investing in Japan

- On 3 June 2011, Secretary of State for Business, Innovation and Skills **Vince Cable** said during a visit to Japan: "Japan is an entirely safe place and a good place to do business."
- On 19 October 2011, Prime Minister **David Cameron** spoke approvingly of the 200 and 500 new jobs created by Nissan and Hitachi respectively in North East England.

2 Examples of British investment in Japan

[Pharmaceuticals]

- GlaxoSmithKline

No. 10 in terms of sales in Japan (¥25.48bn), involving medication for asthma, anti-depression medicines, vaccines for cervical cancer and numerous other treatments.

[Aircraft and ship engines]

○Rolls-Royce

The company 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 Force is an operator of its marine gas turbines. (23% of the company's marine gas turbines are produced for Japan.) Its engines powered on the first Boeing 787, launched by All Nippon Airways.

[Home electronics]

○Dyson

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

[Retailer]

○Burberry (fashion)

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

○Paul Smith (fashion)

The company started business in Japan in 1984. It has 38 individual shops throughout Japan (as of Oct 2011).

○Top Shop (fashion)

It established a Japanese corporation in 2008 and has 5 shops in Japan, all of which are large stores of over 500 sq m (as of Oct 2011).

○Lush (natural cosmetics)

The firm started operating in Japan in 1999. It has 146 shops in Japan (as of Apr 2011).

○The Conran Shop (furniture, home accessories)

It established a Japanese corporation in 2009 and has 5 shops in Japan (as of Oct 2011).

○Unilever (UK/Netherlands; cosmetics and toiletries)

It has had the No.1 share in the personal care sector with products such as shampoo since 1998.

[Service]

○Regus Japan (Office rental)

It has operations in 25 areas of 8 major cities.

○Intercontinental Hotels Group

A joint venture established with All Nippon Airways in 2006, it operates 32 hotels in Japan (Intercontinental, Crowne Plaza, Holiday Inn).

○Travelex (foreign exchange and other financial services)

It established a Japanese corporation in 2003. It has 44 shops as well as 12 outlets in airports.

3 Examples of EU investment in Japan

[Railways]

- Knorr-Bremse (Germany)
Supplier of bullet train brakes to JR East

[Aircraft/ships]

- Airbus (France)
Supplier of aircraft to Skymark Airlines (six A380 aircraft) and Peach Aviation, a joint venture established by All Nippon Airways (ten A320 aircraft)
- Eurocopter (Germany/Italy)
The company the top share of the Japanese helicopter market, with 270 of the 770 helicopters registered in Japan. The Japan Coast Guard and the National Police Agency as well as private companies use its helicopters.

[Automobiles]

- Volkswagen (Germany)
It enjoyed a 23% increase in new car registrations in 2010.

[Environment/Energy]

- Evonik Degussa (Germany)
The company opened a new integrated production facility for specialty chemicals in Mie prefecture in 2011, investing approx. ¥20bn.
- Umicore (Belgium)
It opened a production facility for lithium cell batteries for electric cars in Kobe in 2011.

[Retail]

- IKEA (Sweden)
It has 5 shops in Japan, its first having been opened in 2006. The IKEA Sendai Mini-shop opened in September to support the reconstruction effort following the Great East Japan Earthquake and Tsunami.

[Materials]

- Mag-Isover(France)
The company makes glass fibre products and building materials. It is investing approx. ¥15bn in a factory in Mie Prefecture.

4 Examples of Japanese investment in the UK

[Environment & energy]

- Mitsubishi Heavy Industries (MHI)
Offshore wind power generation
Mitsubishi Power Systems Europe entered into a memorandum of understanding with the UK Government on an offshore wind power generation project in 2010. It has a cooperation agreement with Scottish and Southern Energy (SSE). Having acquired

Artemis Intelligent Power, it has carried out research and development with UK government subsidies.

○Sharp

Solar batteries

In 2011 it increased the solar battery production capacity at its Wrexham Plant from 250 megawatts (MW) to 500 MW.

○Toyota Motor

Auris Hybrid

In June 2010 the company began production of the Auris Hybrid, Europe's first hybrid vehicle, at its Deeside plant.

○Nissan Motor

Leaf

Production of the Leaf is to start at the Sunderland plant in 2013. Nissan has invested more than 468.2million Euro in this project. Sunderland is the world's third production base for the Leaf, following Japan and the US.

○Mitsui & Co.

"Smart City" low-carbon city

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

○Itochu

Disposal of Waste and power generation

It has won orders for waste disposal projects such as one at Sunderland with GDF Suez, a French multinational energy company, with a total production cost of 730 million pounds.

○Nippon Sheet Glass

Energy-saving glass

The company is planning a major investment (36 million pounds) in energy-saving glass at St Helens. Production will start in 2012.

○Sanyo Electric

Solar panels: "Solar Bridge"

Sanyo has begun installing solar panels on the roof of the bridge at Blackfriars Station. The project, featuring the largest solar power system in London, will be completed in Summer 2012.

○Toyota Tsusho

Gas development

The company bought all of CalEnergy Gas's shares in 2010 and is participating in the production and sale of gas in Australia. The amount invested came to 8 billion Yen.

- Nomura Holdings

- Electric power and natural gas products

- In February 2010 it acquired Nexen Energy Marketing Europe in London.

- Toshiba and Westinghouse Electric Company

- Uranium production

- In 2010 they established a joint venture undertaking uranium related transactions in Lancashire.

- NGK Insulators

- UK ancillary services

- In 2010, the company agreed on a joint project with EDF Energy on offering an electric power demand and supply adjustment service in the UK.

- Tokyo Gas

- LNG project in Australia

- In 2010 it agreed to participate in an LNG project of BG Group in Australia.

[Research & development]

- Toshiba Medical Systems Corporation

- Diagnostic imaging products and solutions. In 2011 the company started a new R&D programme in Edinburgh. It plans to expand a research team with over 100 people within 3 years.

- Eisai

- In 2009 it established its European Knowledge Centre in Hatfield, investing approx. £100m.

- Hitachi Cambridge

- It has Conducted R&D at its Cambridge Research Laboratory since 1989.

[Telecommunications]

- Telehouse (a subsidiary of KDDI Europe)

- In 2010 it opened the £150m Telehouse West data centre in London's Docklands area.

- Dentsu (Marketing communications)

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

- Secom (Home and office security systems)

- In 2011 it acquired Capital Q High Security Services Limited.

- Itelligence (German subsidiary of NTT Data)

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

- Digital Arts Europe (Information security equipment)

- In 2011 Digital Arts Europe Ltd was established.

- SBI Holdings

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

- Fujitsu

In 2010 it established a new regional HQ in Inverness, Scotland.

- Mitsubishi Estate

In 2011 it bought an office building in London through its UK subsidiary.

- Kyocera Mita

Communications equipment division of Kyocera. It opened its new Technology Suite in London in 2010.

[Medical and pharmaceutical products]

- Sekisui Chemical

In 2011, following the acquisition of Genzyme Diagnostics of the US, it formed new companies in the US and the UK.

- Kyowa Hakko Kirin

In 2011 it announced plans to acquire the Scottish drugmaker ProStrakan.

- Kowa

It sells the high cholesterol treatment Pitavastatin to 16 countries in Europe through its subsidiary Kowa Pharmaceutical Europe.

- CellSeed (Biotechnology)

In 2010 it established its subsidiary CellSeed Europe in London.

[Foodstuffs]

- Princes

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.

[Automotive-related]

- Itochu

In 2011 it agreed to acquire the UK's KwikFit Group (tyres).

- Toyota Gosei

It is planning to construct a car parts facility in Wales at the end of 2011.

[Precision equipment)

- Nifco

Plastic car parts maker. It supplies Honda, Toyota and Nissan in the UK and is investing £8.5m in a new product facility to be opened in 2012.

- Tamura Europe Ltd

In 2010 it acquired the electronic parts maker Romarsh

[Transportation]

○Hitachi

- In December 2009 it started the operation of the CTRL (Channel Tunnel Rail Link) between London St Pancras and South West England. It has a maintenance facility in Ashford.

- In February 2009 Hitachi was named the preferred bidder for a train supply contract for the IEP (Intercity Express Programme) with £4.5bn and 600 carriages. It is currently in the final negotiations with the UK Department of Transport. The company is planning to build a factory for the production of the carriages at Newton Aycliffe, County Durham.

[Other companies]

○Sony

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

○Fuji Television Network

In 2010 it formed the Creative Exchange Alliance with FremantleMedia to develop new television formats.

○Sony Computer Entertainment

In 2010 it acquired the UK firm Media Molecule, a specialist developer of software for the PlayStation 3.

○Mitsubishi Chemical

In 2010 it decided to establish a local production and sales company to facilitate the production of formulated electrolyte for lithium ion batteries in the UK and the US.

○Fujikura Kasei

In 2010 it acquired the British high technology coatings manufacturer Sonneborn & Rieck.

○TOTO

Bathrooms, etc. In 2010 it established its first European concept store in London.

[end]