

Fact Sheet on Recent Developments in Japan-UK Business Relations

1 Overview

(1) Close investment relationship between Japan and the UK

○Japan's investment flow to the UK was £ 8.6 billion in 2013, up by about 15 % from £ 7.5 billion in the previous year and **close to the historical high**. It exceeded Japan's investment flow to China.

○The UK is Japan's **second-largest investment destination** in the EU (£ 33 billion investment position in the end of 2012).

[stock; Source: Bank of Japan]

○In FY2012, Japan was **the world's no. 2** source of project-based investment in the UK (114 projects).

[Source: UKTI]

○The UK is **the third-largest source** of EU investment in Japan (£ 10 billion investment position in the end of 2012).

cf.

○ The EU is **the world's third-largest destination** of direct investment from Japan (£ 147 billion).

○ The EU is **the world's largest** source of direct investment in Japan (£ 50 billion).

[2012; Source: Bank of Japan]

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

○As many as **around 1,000 Japanese companies** are operating in the UK. As of 2012, they had created over **160,000 jobs**.

[Source: (the number of companies) MOFA, (the number of employees) METI, the survey of overseas business activities (based on the 438 companies that responded)]

(3) Japanese direct investment in the UK has exceeded the UK direct investment in Japan since 2011.

○JPN→UK (£1.4bn in 09; £2.8trillion bn in 10; £8.8bn in 11; £7.5bn in 12; £8.6bn in 13)

○UK→JPN (£3.6bn in 09; £3.1trillion bn in 10; £1.1bn in 11; £0.8bn in 12; £0.4bn in 13).

[Source: Bank of Japan and Ministry of Finance]

(4) Exports from the UK to Japan have grown

○JPN→UK (£7.5bn in 09; £9.2trillion bn in 10; £10.2bn in 11; £8.4bn in 12; £7.1bn in 13)

○UK→JPN (£3.6bn in 09; £4.1trillion bn in 10; £ 4.5bn in 11; £4.6bn in 12; £4.2bn in 13).

[Source: Ministry of Finance]

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's Air Multiplier fans won the Japanese "Good Design" award in 2010. The company announced its turnover had exceeded £ 1 bn in 2011 and it had seen robust growth in the US and Japan.

[Electronic Technologies]

○Gooch & Housego

The firm opened a sales office in Japan in April 2013.

○Nexeon

The firm opened their first office outside the UK in Japan in December 2013.

[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]○Knights International (Clock)

The firm opened its office in Fukuoka in April 2013. It sells products via internet. The target is 30s and 40s.

○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]○AGS Four Winds (removal and relocations)

The firm opened its office in Japan in June 2013. It is operational in 79 countries.

○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 Kirihara, 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 March 2014, All Nippon Airways ordered 30 airplanes.

In October 2013, Japan Airlines placed an order with Airbus for 31 airplanes and took options on a further 25 airplanes.

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)

○Airbus Helicopter (formerly 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 2013, the number of new car registrations recorded by VW was 20% up on the previous year. The Golf series has been the best-selling model of imported car for 26 successive years. The new Golf series model was named Car of the Year, this is the first time that an imported car has won that prize.

[Railways]

○Knorr-Bremse (Germany)

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

○Thales (France)

In December 2013, JR east chose the company for designing Japan's first communications-based train control system (CBTC)

[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.

○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)

○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.

○Toyota

The firm joined the Mayor's London Hydrogen Partnership (LHP) in March 2013, committing to work together to bring hydrogen and fuel cell technology to London.

○Nissan Motor

Leaf

In 2012, 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 started 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 has established a joint research venture with the UK engineering group Arup and has developed an energy conservation programme for local government.

○Nippon Sheet Glass

Energy-saving glass

The company announced a major investment in energy-saving glass in St Helens, in the amount of £36 million.

○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)

○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 December 2012, the company announced it would create 280 jobs at its Sunderland plant in an investment worth £250 million for producing the new model of “Infinity”.

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 produces its small sport utility vehicle the CR-V as well as 1.6 liter diesel engines there. (Capital: £670 million)

○Toyota

In March 2013, Toyota, enjoying increased demand, announced 70 new jobs at its engine plant in Deeside.

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)

[Railway]

○Hitachi Rail Europe

The company won the IEP contract to service and maintain a total of 866 rail carriages for £5.7 billion to run on the East Coast Main Line and the Great Western Main Line in July 2012 and July 2013. It has started construction of a train factory in Newton Aycliffe from November 2013.

The head of Hitachi Rail Europe Alistair Dormer has been appointed to the new post of Global CEO, Hitachi Rail. The company enhanced its global rail headquarters in the UK in **April 2014**.

○EAST Japan Railway Company

In January 2014, it was appointed as a consultant by UK's HS2 project.

In April 2014, it opened an office in London after Central Japan Railway Company had opened.

[Nuclear Plant]○Hitachi

The company announced the £696 million acquisition of Horizon Nuclear Power in **October 2012**, to start a programme of building ABWR (Advanced Boiling Water Reactor) at Wylfa and Oldbury, marking a 100 year commitment to the country and creating over 6000 jobs.

○Toshiba

The company announced in January 2014 that it has reached agreements with GDF SUEZ and Iberdrola to take a 60% stake in NuGen. It plans to build three AP1000 reactors at Moorside.

[Oil assets]○JX Nikko Nisseki Energy Group

The company agreed on buying North Sea oil assets in December 2012.

[Leasing]○Sumitomo Mitsui Banking Corporation

The company acquired aircraft leasing business of RBS, owned jointly with Sumitomo Corporation and Sumitomo Mitsui Finance and Leasing, in June 2012.

[Precision equipment]○IMV Technologies (maker of commercial measuring instruments)

In October 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.

○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)

○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.

[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 expanded its research team.

[Real estate]

○Mitsui Fudosan UK

In July 2012, the company and Canadian state pension fund acquired the British Broadcasting Corporation's (BBC) Television Centre in west London for 200 million pounds.

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 January 2013, the company bought an office building "1 Victoria Street", the BIS building, for £ 180 million.

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]

○Suntory

In September 2013, it agreed to buy GlaxoSmithKline's drinks brands Lucozade and Ribena for £ 1.35 billion.

○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]