

# E-MAIL MAGAZINE

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## 1. NOTICE ON THE EARTHQUAKE IN THE NORTHERN AREA OF OSAKA

The earthquake which occurred in Osaka on the morning of June 18th, has had a large effect on the transportation infrastructure, life line and distribution channel, but is expected to completely restore within a few weeks. In addition, the transportation network is almost in restoration state as of today, and the Kansai International Airport in the southern area of Osaka has been in usual operation.

The central area of Osaka City shows no damage and almost no injury, and OCCI is also in usual operation. We sincerely appreciate the warm messages we have been receiving throughout the world, and would like to take this opportunity to thank OCCI's e-mail magazine readers and friends.

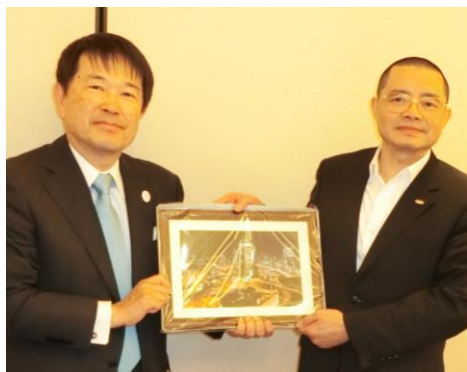
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## 2. PRESIDENT OF GALANZ GROUP MAKES COURTESY VISIT TO CHAIRMAN HIROSHI OZAKI, ENCOURAGES THE USE OF "XPORT"

On May 14, 2018, Leung Chiuyin, President of Galanz Group, a leading household electrical appliances manufacturer in China, visited Osaka and made a courtesy visit to Hiroshi Ozaki, the



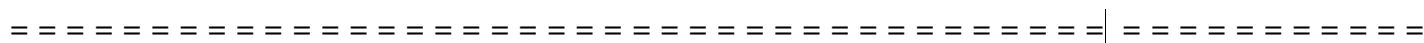
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Chairman of the Osaka Chamber of Commerce and Industry (OCCI).

With its headquarters in Foshan City of Guangdong Province located in the southern part of China, Galanz Group manufacturers white goods mainly, including microwave ovens whose global share reaches 25%. As OEM production accounts for 80%, they are currently making an effort to develop products of their own brand. In this trend, the Galanz's subsidiary, Galanz Japan, was founded as R&D Center in Osaka in 2016 with support of the Osaka Business and Investment Center (O-BIC, Secretariat: International Division of OCCI), which was established in a joint initiative with OCCI, the Osaka Prefectural Government, and the Osaka City Government.

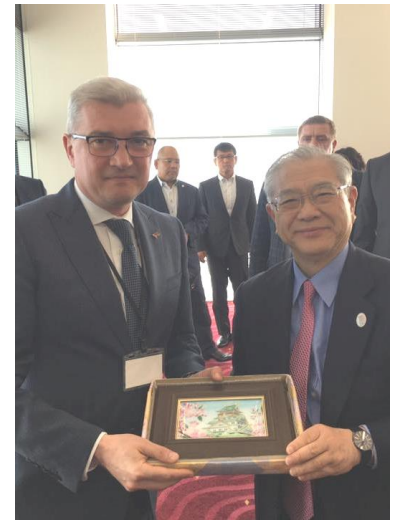
The visit of President Chiuyin was made in response to the invitation from "Xport" (cross port), being launched by OCCI and the Osaka Institute of Technology (OIT) on April 23, 2018, as a part of encouraging its use. President Chiuyin visited Xport and gave positive feedback: "Industry-academia collaboration projects are important. The collaboration model of OCCI and OIT is a platform where enterprises of any level from start-up to establishment could be expected to produce the maximum output with low cost." Chairman Ozaki expressed his gratitude for Galanz Group's investment in Osaka and made a request of his visit to Galanz Group's production base in Zhongshan City, Guangdong Province, China. In response, President Chiuyin said: "Osaka and the Kansai area has a supply chain of household electrical appliances manufacturing. We would like to strengthen our cooperation with these companies to promote research and investment."



### **3. MINISTER OF HEALTH OF THE REPUBLIC OF BELARUS MAKES COURTESY VISIT TO VICE CHAIRMAN TEIICHI NISHIMURA, ORGANIZING "BELARUS-JAPAN ECONOMIC FORUM"**

Taking an opportunity of the Belarusian delegation visiting Osaka, the Osaka Chamber of Commerce and Industry (OCCI) organized "the Belarus-Japan Economic Forum" in collaboration with Osaka Prefecture, Osaka City and the Kansai Economic Federation on May 11, 2018. The Belarusian delegation, consisting of a total of 21 members including Belarusian enterprises, was headed by the Minister of Health Malashiko, Ambassador Extraordinary and Plenipotentiary of the Republic of Belarus in Japan Esin, and Deputy Chairman of the Mogilev Oblast Executive Committee Nekrashevich. Approximately 80 members from enterprises and

organizations in Osaka participated in the forum. Prior to it, the Vice Chairman of OCCI Teiichi Nishimura officially welcomed Minister Malashiko and Ambassador Esin. Vice Chairman Nishimura made an address following the Governor of Osaka Prefecture Matsui, saying: "We wish to deepen exchange further between the two countries. We would like to request kind support for achieving the World Expo 2025." In response, Minister Malashiko stated: "We would like to engage actively in expanding cooperation in economic areas between the two countries. We hope that you will utilize Belarus as a gateway to Russia. We hope that enterprises from Kansai region will set up in Belarus." With the presence of



Ambassador Esin, Chukan Butsu Ltd., a member company of OCCI, which has an office in Belarus, signed a Memorandum of Understanding (MOU). After the forum, the Belarusian delegation strengthened their friendships with the participants at the venue with a panoramic view of Yumeshima, the proposed site for the Expo.

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**4. VICE MINISTER OF BUSINESS ENVIRONMENT, TRADE AND ENTREPRENEURSHIP OF ROMANIA, MAKES COURTESY VISIT TO VICE CHAIRMAN MINORU FURUKAWA**



On May 21, 2018, the Vice Minister of Business Environment, Commerce and Entrepreneurship of Romania Gabriela Mihaela Voicil? and Ambassador Extraordinary and Plenipotentiary of Romania to Japan Tatiana Iosiper made a courtesy visit to the Osaka Chamber of Commerce and Industry (OCCI) and exchanged opinions with Vice Chairman Minoru Furukawa, President Tsutomu Miyagi and others. In 2017, the growth rate of gross domestic product (GDP) of Romania marked top among EU member states, recording a 6.9% increase from a year earlier. The Romanian delegation visited Osaka for "Business Bridge Romania-Japan", organized by the Romanian Government in Osaka.

The delegation members including Vice Minister Voicil? and the Ambassador Iosiper said: "Taking this opportunity, we would like to support enterprises from Osaka and Kansai to invest in Romania. At present, the number of foreign direct investment (FDI) projects from Japan is 354. We would like to promote further

achievement of FDI as well as export Romanian competitive products such as drinking water, wooden furniture, clothing and bio-based products, to Japan. Please do not hesitate to consult with us for any matters." In response, Vice Chairman Furukawa said that he had visited the Ministry of Environment, Ministry

of Waters and Forests and Director General of European Funding Programmes in Romania in 2014. He also said: "Regular exchange between the two countries will contribute to strengthening business relationships. We would like to request your kind support for achieving the World Expo 2025." Ambassador Iosiper expressed his support for the Expo on behalf of the Romanian Government. President Miyagi stated: "With the EU Japan Economic Partnership Agreement coming into effect soon, we would like to activate our exchange further with the Chamber of Commerce and Industry of Romania which we have partnership with and ask your cooperation on this."

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## **5. RESULTS OF THE 69TH BUSINESS AND ECONOMIC TREND SURVEY (DISCLOSED IN MARCH 2018)**

The results of the Business and Economic Trend Survey have been disclosed. This quarterly survey is conducted jointly by the Osaka Chamber of Commerce and Industry (OCCI) and the Kansai Economic Federation to grasp the business sentiments of member companies and the status of their corporate management. For the 69th survey, a questionnaire was sent to 1,624 companies from mid to late February this year, with responses from 371 companies (valid response rate: 22.8%).

The survey results show that the 2018 January-March business sentiment index (BSI: "the percentage of companies seeing business as improving" minus "the percentage that of declining") concerning "Domestic Business In General" is 19.5, a positive figures for 6 consecutive quarters for the first time in two and a half years, showing a continuous improvement in member companies' general business sentiments. As for the future scores of "Domestic Business In General" in 2018, April-June and July-September are also expected to be 21.6 and 21.2 respectively and keep increasing. The BSI concerning "each company's own business" conditions during the same quarter is 12.2, a positive figure for 6 consecutive quarters for the first time in almost eleven years. By company scale, the positive BSI result recorded for 7 consecutive quarters for large sized companies, and 4 consecutive quarters for small and medium sized companies for the first time since the survey had started.

Next, asked about "capacity investment plan in FY 2018", 69.8% of the respondents answered that they are

going to invest in capacity and 47.9% of those are going to increase the investment amount more than in FY 2017. Regarding the purposes for capital investment, "Replacement of equipment" was the most common answer with 49.4%. By industry category, in the manufacturing industry, 55.7% mentioned "Improvement of productivity/work saving" the most. Meanwhile, in non-manufacturing industries, 34.3% mentioned "Investment in IT/updates for information technology", comparatively in a higher position than in manufacturing industries.

Finally, as for the question of "action towards the "conversion rule to indefinite-term labor contract" for non-regular employees" which fully took effect on April 1, 2018, "the same condition of employment with a shift to indefinite-term labor contracts" was the most common answer (36.7%), followed by "not applicable" (30.2%), "switch to regular employees" (8.9%) and "switch to regular employees subject to job types and working areas" (5.9%).

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## **6. RESULTS OF THE ISSUANCE OF TRADE-RELATED CERTIFICATES (TRADE-RELATED CERTIFICATES AND PREFERENTIAL CERTIFICATE OF ORIGIN) IN FY 2017**

The Osaka Chamber of Commerce and Industry (OCCI) issues "trade-related certificates", such as certificates of origin and invoices. It also issues "preferential certificates of origin" to countries and regions based on the Economic Partnership Agreement (EPA) concluded with Japan, as the Osaka Office of the Japan Chamber of Commerce and Industry. OCCI has summarized the results of issuance of these certificates from April 2017 to March 2018 (FY 2017) as shown below. The total number of issued certificates was 162,046, and increased by 0.7% compared with the number in the last FY. Among them, the number of issued trade-related certificates has decreased and the number of issued preferential certificates of origin has increased from the last FY. The details are as follows.

<Results of the issuance of trade-related certificates>

- The number of trade-related certificates issued, mainly certificates of Japanese origin, was 111,458, a decrease of 4.4 points year on year.
- In terms of destination, the issuance of certificates for exports to Latin America, Europe and North America decreased in general, but those to Asia which comprises a large portion of the total decreased by only 0.3 points.
- In terms of items, the issuance of certificates for precision machines, general merchandise and foodstuffs increased by 22.2 points, 11.4 points and 7.3 points respectively. Meanwhile, those for transport equipment and chemical goods decreased by 7.2 points and 10.1 points respectively.

<Results of the issuance of preferential certificate of origin>

- Since more and more companies aimed to enhance their price competitiveness for exports and develop their supply chain capacity due to the reduction of custom duty, the issuance of preferential certificates of origin continued to show a steady increase. In FY 2017, the number of certificates issued was 50,588, with 14.4 points up year on year.

- In terms of destination, those for exports to Mongolia increased by 137.3 points after the "Japan-Mongolia Economic Partnership Agreement" entered into force in FY 2016. Those to India and Australia increased by 34.5 points and 34.2 points respectively. Meanwhile, those to Peru and Switzerland decreased by 49.6 points and 2.1 points respectively.

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**7. REPORT ON VIP VISITORS**

5/15 Mr Kazi M. Aminul Islam, Executive Chairman,  
Bangladesh Investment Development Authority

5/28 Dr. Hasan Murat MERCAN, Ambassador Extraordinary and  
Plenipotentiary of the Republic of Turkey



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Information about scheduled events (in Japanese only):

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<http://www.osaka.cci.or.jp/Jigyousonota/annai.htm>

and submit your subscription request to OCCI Email Station.

Alternatively, please check out information about scheduled seminars and other events on the OCCI's website (in Japanese only).

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