

Media Report for The Tasmanian Department of Economic Development and Tourism 29 August - 4 September 2009

Politics/Economy/Social

Monday, August 31, 2009

DPJ Wins 308 Seats To Topple LDP From Power

TOKYO (Nikkei)--The Democratic Party of Japan has ousted the long-dominant Liberal Democratic Party, clinching 308 of the 480 seats in Sunday's lower house vote.

DPJ President Yukio Hatoyama awaits election as the country's next prime minister in a special Diet session scheduled for mid-September. Japanese politics now enters a new phase. The LDP is no longer the largest party in parliament for the first time since its formation in 1955. Never before had an opposition party won the majority in the powerful lower house. The shakeup comes 16 years after the LDP briefly fell from power for the first time.



Hatoyama declared victory in a news conference here Sunday night. He said the DPJ will begin discussions Monday with the Social Democratic Party and the People's New Party toward forming a coalition government.

His party won far more than the 269 seats needed to ensure majorities on all standing committees in the lower house. Allied with the SDP and the People's New Party, it would be close to a 320-seat supermajority enabling the enactment of legislation blocked by the upper house.

The DPJ won landslide victories in Hokkaido, Aichi Prefecture and elsewhere and made a turnaround in Tokyo, where it had performed poorly in the previous lower house election, held in 2005. The DPJ showed strength in both the 300 single-seat districts and the 180 proportional-representation seats.

Some incumbent cabinet members, such as Agriculture Minister Shigeru Ishiba, handily retained their seats, but former ministers and other LDP heavyweights had a brutal time. The LDP emerged with 119 seats, fewer than half of the 300 it held before the election was called. The bitter defeat was far worse than its 1993 loss, which left the party with 223 seats.

New Komeito, the LDP's coalition partner for the past decade, was beaten in every single-seat constituency in which it fielded candidates. The party lost both its leader and its secretary-general. Among smaller parties, the Japanese Communist Party won nine seats, the SDP seven, Your Party five, the People's New Party three and New Party Nippon one.

According to data compiled by Nikkei Inc., voter turnout reached the 69% level, setting a new record under the current voting system, which was adopted in 1996. The number of people casting their ballots before election day surged 56.03% from 2005.

(The Nikkei morning edition)

Monday, August 31, 2009

Australia 'Looks Forward' To Working With DPJ

SYDNEY (Kyodo)--Australia predicts its "excellent" bilateral relationship with Japan will continue to strengthen under the Democratic Party of Japan-led government, a spokesperson for the Department of Foreign Affairs and Trade said Monday.

"Australia looks forward to working cooperatively with the new government of Japan following the Democratic Party of Japan's historic win in Japan's Lower House elections on Sunday, 30 August," the department said in a statement.

According to the department, the DPJ, which swept to power overnight, is "well-disposed towards Australia," with some Australian ministers already acquainted with members of the DPJ. "Our interaction with the DPJ to date has been positive and indicates goodwill on both sides," the spokesperson said.

Japan remains Australia's closest partner in Asia and was the country's largest trading partner in 2008, with two-way trade valued at \$A76 billion (about US\$64 billion).

The two countries are yet to finalize a free trade agreement -- now its 28th month of negotiations - - and there have been concerns the DPJ's campaign to protect local farmers could further prolong discussions. Australia insists, however, it will push ahead for a "comprehensive and high-quality FTA" and will await confirmation of the new Japanese Cabinet before it addresses the potential implications for FTA negotiations.

Australia will also move to quickly establish relations with members of the new Japanese Cabinet, once it is formed.

(The Nikkei)

Tuesday, Sept. 1, 2009

DPJ wants to cut food imports

The [Democratic Party of Japan](#) wants to cut food imports that make up more than half of Japan's total supply, helping local farmers at the expense of growers in the U.S., under a ¥1 trillion policy.

Japan, which gets about 60 percent of its wheat shipments and 74 percent of its soybean imports from the U.S., could boost its food self-sufficiency rate to 50 percent by 2019 under the plan, according to Nobutaka Tsutsui, a DPJ lawmaker in charge of agriculture policy. That would compare with a 41 percent rate in the year that ended March 31.

The DPJ is promising to pay farmers when prices drop below production costs and achieve self-sufficiency in "important grains." Japan depended on imports for 59 percent of its food in the year ended March 31, the highest rate among developed countries.

"A DPJ-led government will try to revive agriculture in Japan by supporting every farm with cash payments," said Nobuyuki Chino, the president of Tokyo-based Unipac Grain Ltd. "The policy will help boost domestic production, although the self-sufficiency target is hard to achieve immediately."

Japan, which grows enough rice, wants to reduce dependency on overseas grain supplies to protect against volatile global prices that soared to records last year and to ensure long-term [food security](#). The ¥1 trillion-a-year allocation, equivalent to 40 percent of this fiscal year's agriculture budget, would start from April 2011.

The DPJ plans to promote rice production as an alternative to foreign wheat in flour milling, replacing 5 million tons of annual imports with domestic output.

"It's not a realistic idea," said Charlie Utsunomiya, director at the Tokyo office of U.S. Wheat Associates. "Japanese farmers cannot produce crops that satisfy needs from local flour millers in terms of quality and quantity."

Japan should ensure [supply security](#) by maintaining relationships with traditional trading partners because the country's weather and soil are unsuitable for high-quality wheat production, Utsunomiya said.

(Bloomberg)

- DPJ Manifesto for your reference -

<http://www.dpj.or.jp/english/manifesto/manifesto2009.pdf>

Wednesday, Sept. 2, 2009

Japanese-Swiss FTA takes effect

A free-trade agreement between Japan and Switzerland came into force Tuesday as the two countries aim to liberalize more than 99 percent of their trade in goods in 10 years.

The accord, Japan's 10th of its kind, is expected to help boost Japanese exports of cars and home appliances while eliminating tariffs on imports of such goods as cheese and wine from the European country.

Japan and Switzerland will also cooperate in the fields of promoting electronic commerce and protecting intellectual property rights.

(Kyodo news)

Wednesday, Sept. 2, 2009

New consumer agency debuts

DPJ chief quick to oppose Aso-picked bureaucrat boss, pricey digs

The government Tuesday inaugurated the Consumer Affairs Agency, a consolidated entity expected to better serve the public by bypassing the sectionalism of bureaucrats, but its new civil servant boss quickly drew fire from the [Democratic Party of Japan](#).

Created by the departing Liberal Democratic Party-New Komeito government, the agency is expected to function as a key hub that will deal quickly and in a unified manner with consumer-related issues, including product safety problems and fraud.

Up to now, problems pertaining to consumers were handled by various ministries and agencies, and by their internal sections, resulting in slow and often inconsistent measures that have drawn public criticism.

Although much hope has been pinned on the new agency, its officials have been confronted with immediate challenges, including how to deal with the new DPJ-led administration that will come to power later this month.

The DPJ has said a top elite bureaucrat should not have been appointed to head the agency. The party has vowed to reform the central bureaucracy to the benefit of ordinary people.

Shunichi Uchida, former vice minister of the Cabinet Office, was appointed the agency's chief last month.

"Why did personnel affairs have to be decided in such a rushed manner?" DPJ President [Yukio Hatoyama](#) asked Monday during a news conference. "When we take control of the government, we could give it better form."

The agency was initially slated to open in October but Prime Minister [Taro Aso](#) reportedly moved the debut to September.

Hatoyama had said the DPJ may cancel Uchida's appointment and pick someone else when it takes power. The DPJ also wants the agency to operate from a less-expensive location than the current pricey high-rise office near the Diet building.

The Consumer Commission was also launched Tuesday. Made up of fewer than 10 representatives from the private sector, the commission is expected to monitor the agency and have the authority to submit recommendations to the prime minister.

The agency was first pitched in 2008 by Prime Minister Yasuo Fukuda after various food and other consumer safety problems arose.

Consumers criticized the government for failing to prevent a raft of problems, including suffocation deaths from "konnyaku" jelly, food poisoning scares from tainted imports, carbon monoxide poisonings linked to Paloma Industries Ltd.'s and other manufacturers' gas-powered water heaters, and the distribution of tainted rice by Mikasa Foods.

"Government measures to protect consumers have not been managed from the consumers' perspective . . . the launch (of the agency) has significant meaning," said Hisa Anan, secretary general of National Liaison Committee of Consumer Organizations.

Anan pointed out that one main task for the agency is to improve government services in rural areas.

She said rural areas do not have enough administrative personnel to deal with consumer-related issues or workers familiar with rural problems. It is thus essential to increase central government offices and experts to protect consumers, she said.

Anan meanwhile said she is concerned that the agency might start off on the wrong foot due to the political disarray over its personnel affairs.

(Japan Times)

Wednesday, Sept. 2, 2009

AMP Capital may up Japan shareholdings

AMP Capital Investors, a unit of Australia's biggest pension-plan provider, said it may increase its Japanese investments following the [Democratic Party of Japan's](#) election win.

Japanese stocks currently account for about 3 percent of the \$20 billion held by AMP's diversified mutual funds, said Nader Naeimi, a Sydney-based strategist. The DPJ ousted the Liberal

Democratic Party on Sunday, promising to revive the economy by cutting waste, boosting child care spending and curbing bureaucratic excess.

"Japan still has challenges, but the change in leadership is positive for a market that's underperformed for many years," Naeimi said. "From an equity markets perspective, you needed some kind of trigger to get things moving. The hope and desire for a change is positive in itself."

The election result was in line with pre-election newspaper polls, causing the Nikkei 225 stock average to fluctuate over the last two days. The gauge has rallied 17 percent since Prime Minister [Taro Aso](#) called the election July 13, compared with a 19 percent rise by the MSCI Asia Pacific excluding Japan Index.

AMP may not be the only investor directing funds to Japan. The change of government will be viewed positively even as fundamental problems remain, according to Alexander Kinmont, chief equity strategist in Tokyo at [Morgan Stanley](#).

That's the pattern that emerged in 2005 after Prime Minister [Junichiro Koizumi](#) won a landslide. Foreigners bought an average of ¥268 billion in Japanese stocks per week in the final four months of that year, driving the Nikkei up 30 percent. That compared with an average of ¥161 billion per week bought in the first eight months of 2005.

"The appearance of change in Japan, we've seen in the past, has been positively received by foreign investors and is likely to be again," Kinmont said. "Actual micro policy has been, in fact, of no relevance to stocks and we don't want to fall into the trap of becoming excited about policy and politics."

AMP's Nader said he is considering increasing holdings of Japanese mining, energy and consumer cyclical shares.

"People just haven't had the confidence to step over the plate and start spending because taxes are high and there's been pressure on employment," Nader said. "I think the direction the new government will go is to start cutting taxes."

(Bloomberg)

Industry/Market – Japan

Wednesday, Sept. 1, 2009

NTT Data Buying Majority Stake In Aussie ERP Services Firm

TOKYO (Nikkei)--NTT Data Corp. on Monday announced that it will acquire Australian ERP (enterprise resource planning) services company Extend Technologies Group Holdings Pty.

The Japanese firm reached agreement Friday with existing Extend shareholders to purchase 51% of the Australian firm's outstanding shares. The deal is expected to close in late September. NTT Data is making the acquisition via a Singapore-based umbrella company for the Asian region for a price thought to exceed 1 billion yen. Extend has five locations in Australia, including sites in Brisbane and Sydney, and employs around 120 workers. It had some 2.4 billion yen in sales in the year ended June.

The aim of the purchase is to strengthen ERP system administration and management services to Japanese companies opening locations in the Oceania region, which encompasses Australia.

Until this deal, NTT Data had no locations in this region. Extend will also be used to provide such services to Southeast Asia.

(The Nikkei Business Daily)

Wednesday, Sept. 2, 2009

Mitsubishi, IHI to join solar project in space

Mitsubishi Electric Corp. and IHI Corp. will join a ¥2 trillion Japanese project to build a giant solar power generator in space within three decades and beam electricity to [Earth](#).

A research group representing 16 companies, including Mitsubishi Heavy Industries Ltd., will spend four years developing technology to send electricity without cables in the form of microwaves, according to a statement on the trade ministry's Web site Tuesday.

"It sounds like a science-fiction cartoon, but solar power generation in space may be a significant alternative energy source in the century ahead as fossil fuel disappears," said Kensuke Kanekiyo, managing director of the [Institute of Energy Economics](#), a government research body.

Japan is developing the technology for the 1-gigawatt solar station, fitted with 4 sq. km of solar panels, and hopes to have it running in three decades, according to a 15-page background document prepared by the trade ministry in August. Being in space, it will generate power from the sun regardless of weather conditions, unlike Earth-based solar generators, according to the document. One gigawatt is enough to supply about 294,000 average Tokyo homes.

Transporting panels to the solar station 36,000 km above the Earth's surface will be prohibitively costly, so Japan has to figure out a way to slash expenses to make the solar station commercially viable, said [Hiroshi Yoshida](#), chief executive officer of Excalibur, a Tokyo-based space and defense-policy consulting company.

"These expenses need to be lowered to a hundredth of current estimates," Yoshida said.

The project to generate electricity in space and transmit it to Earth may cost at least ¥2 trillion, said Koji Umehara, deputy director of space development and utilization at the science ministry. Launching a single rocket costs about ¥10 billion, he said.

"Humankind will some day need this technology, but it will take a long time before we use it," Yoshida said.

The trade ministry and the [Japan Aerospace Exploration Agency](#), which are leading the project, plan to launch a small satellite fitted with solar panels in 2015 and test beaming the electricity from space through the ionosphere, the outermost layer of the Earth's atmosphere, according to the trade ministry document. The government hopes to have the solar station fully operational in the 2030s, it said.

In the U.S., NASA and the energy department have spent \$80 million over three decades in sporadic efforts to study solar generation in space, according to a 2007 report by the U.S. National Security Space Office.

(Bloomberg, Sep 02)

Wednesday, September 2, 2009

Idemitsu, Others To Build Japan's 1st Wave Power Plant

TOKYO (Nikkei)--Idemitsu Kosan Co. (5019), Mitsui Engineering & Shipbuilding Co. (7003) and Japan Wind Development Co. (2766) plan to jointly construct Japan's first wave power plant on the Pacific coast, kicking off operations as early as 2012, The Nikkei learned Tuesday.

The three firms aim for trials in 2011 at a power output between 1,000kw and 2,000kw. The trial facility is expected to be set up roughly 10km from the coast at a location with a water depth of 50-200 meters.

The facility will utilize technologies developed by U.S. and European firms. Mitsui Engineering & Shipbuilding is to handle manufacturing and repairs of the power generator. The plant is to be operated by Japan Wind Development. Idemitsu is looking to develop alternative energy operations. The cost of building the trial facility is estimated at around 1 billion yen.

When it comes to building a commercial wave power plant, the three aim to hold down construction costs to about 700,000 yen per kilowatt, almost equivalent to the cost of building a solar power station.

The commercial wave power plant is expected to have an output capacity of roughly 20,000kw, which is enough to supply power to about 6,000 households. The three firms seek to keep power generation costs below 24 yen per kilowatt-hour, which is roughly the rate power utilities are charging today, and far below the power generation costs at solar power facilities.

All the output from the wave plant is expected be sold to electricity utilities.

Wave power stations use the up-down motion of the sea surface to power turbines. Such facilities have already been commercialized by France, Portugal and others.

Total worldwide power output from wave power plants is estimated at several hundred thousand kilowatts, far less than the 15 million kilowatts generated by solar power plants.

Because wave power plants can operate through the night and when it rains, their utilization rates typically come to 30-50%, compared with slightly more than 10% for solar power stations.

(The Nikkei Sept. 2 morning edition)

Industry/Market – Australia

Friday, September 4, 2009

New MLA Japan Representative has assigned

MLA held a lunch event at Australian Embassy on 27th August. 200 trade people attended the ceremony/reception to say farewell to Samantha Jamieson, and welcome Glen Feist.

(The Japan Food Journal)

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