



## **Media Report for The Tasmanian Department of Economic Development and Tourism 20 - 26 September 2008**

### *Politics/Economy/Social*

Wednesday 24 September, 2008

### **Aso Elected as Prime Minister**

Liberal Democratic Party (LDP) President Taro Aso on became Japan's new prime minister to succeed Yasuo Fukuda on 24 September and formed a Cabinet that includes his close allies and highlights his giving priority to the economy ahead of widely expected general election.

Hoping to handle the divided Diet and allay public concerns over the nation's flagging economy, the 68-year-old outspoken former foreign minister said, "My mission is to make Japan a bright and strong country. I will stand up to difficult issues by drawing on all my experience."

In an unusual move, Aso announced his 17-member Cabinet lineup by himself at his first press conference as prime minister, apparently to demonstrate his leadership.

To show that his Cabinet is prioritizing the economy, Aso appointed former LDP policy chief Shoichi Nakagawa, 55, who advocates aggressive fiscal policies and shares Aso's conservative views, as finance minister, doubling as financial services minister. Former education minister Hirofumi Nakasone, 62, was named foreign minister, while Yasukazu Hamada, 52, who has served in defence-related posts in the past, became defence minister.

Aso also appointed two of his four rivals in the LDP presidential race, retaining Kaoru Yosano, 70, as economic and fiscal policy minister while appointing former Defense Minister Shigeru Ishiba, 51, as farm minister.

Although the current term of House of Representatives' members lasts through next September, expectations are growing that Aso will call a general election soon to take advantage of any rise in public support for the new administration.

Aso is eager to seek an early enactment of a supplementary budget for the current fiscal year before dissolving the lower house during the extraordinary Diet session, which was convened Wednesday.

The budget is part of an emergency policy package designed to ease the negative impact on the Japanese economy of rises in energy and raw material costs.

At the press conference, Aso reiterated his willingness to enact the budget, but declined to comment on when exactly he aims to hold the election.

(Summary from Nikkei Net Interactive)

Thursday 25 September, 2008

## **Japan and Switzerland Reach Agreement on Economic Partnership**

On 25 September, the governments of Japan and Switzerland reached a basic understanding on an economic partnership agreement (EPA), which will include the elimination of tariffs and the liberalization of investment and financial services.

This is the first economic partnership agreement (EPA) between Japan and another developed nation.

The two sides will work out remaining details over the next several days before the deal is officially concluded and announced. EPA negotiations began in 2007, with the eighth and current round launching on 22 September in Switzerland.

Japan exported 344 billion yen of goods and services to Switzerland in 2007, with autos and metal products among the most important items. Swiss tariffs currently apply to almost 80% of imports from Japan; some of these tariffs will be reduced or eliminated under the EPA.

Switzerland exported 611 billion yen in goods and services to Japan in 2007, with watches and medical devices key items. Since 80% of Swiss imports enter Japan tariff-free, the EPA is not expected to radically increase the amount of Swiss goods entering the country.

However, because the EPA includes liberalisation of investment and trade in services, Switzerland's powerful banks and insurance houses, as well as other Swiss companies, might increase their Japan investments and activities.

(Summary translation from Nihon Keizai Shimbun evening edition, Page 2)

### *Industry/Market – Australia*

Tuesday 15 September, 2008

## **Keytec Imports Tasmanian Eucalyptus Veneer**

Keytec started importing Eucalyptus veneer from Tasmania, which will be used for one of their main products, structural LVL. The company has been importing from Russia but as the tax on raw wood exports will be raised to 80% from January 2009, they were looking for an alternative source. They found the Tasmanian Eucalyptus to have the appropriate strength to be used in structural LVL and sustainability for supply.

Keytec, based in Tokyo, is known to be one of the first companies to develop structural LVLs and is currently the top producer in Japan.

(Summary translation from Nikkan Mokuzai Shimbun, Page 3)

## *Industry/Market/Trends – Japan*

Tuesday 23 September, 2008

### **Companies Reviewing Arrangements with Chinese Suppliers Since the Melamine Issue**

Food companies and trading houses are reviewing business deals with Chinese suppliers and strengthening product inspections following the revelation that Marudai Food products contained Chinese-made milk contaminated with melamine, a toxic substance.

Ezaki Glico says it bought milk powder used in cookies from one of 22 Chinese companies that have been confirmed to have sold melamine-tainted products. It has terminated dealings with that Chinese firm and decided to procure all dairy ingredients from such countries as Australia and New Zealand instead.

Nissin Food Products produces desserts using milk at six Chinese subsidiaries. It is considering ending transactions with Chinese suppliers, including the ones at issue, and purchasing its milk from elsewhere. In addition, Nissin Food has begun inspecting all products that use Chinese-made dairy ingredients other than milk.

Suntory has started testing for melamine at its production quality control centre in Shanghai and in Japan.

Morinaga Milk Industry, which buys milk from farmers and resellers in China, is conducting an investigation to determine whether products have been tainted with melamine.

Zensho, operator of the Sukiya beef bowl restaurants, is considering adding melamine to the list of substances it tests for.

Trading houses are being forced to conduct probes as well, although all but Sumitomo Corporation, which imported products for Marudai Food, say they do not have direct dealings with the Chinese firms in question.

Sojitz Corporation will set up a food quality control unit in its food division, with plans to establish a branch of this unit in the Chinese city of Dalian in May and then in Vietnam and Thailand.

(Summary translation from Nihon Keizai Shimbun morning edition)

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