



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**
The Trade Council

Denmark and Japan

Partnerships and opportunities

Peter Taksøe-Jensen, 23.09.2020

ABOUT ME

Peter Taksøe-Jensen

- 2019–current
Ambassador of Denmark in Japan
- 2015–2019
Ambassador of Denmark in India Bhutan, Maldives and Sri Lanka
- 2010–2015
Ambassador of Denmark in USA



Agenda

1. The current situation in japan

2. Status on HealthCare & LIFE SCIENCE Industry

3. Status on Digitalization

4. Status on e-commerce

5. Joint Work Program

CURRENT SITUATION IN JAPAN (1)

COVID-19 AND POLITICAL SITUATION

COVID-19

- As of September 22: Total confirmed cases: 78,525, Death: 1,507
- Mortality rate is low considering the high number of old and elderly in Japan as well as high population density
- Masks are commonplace and have been used widely before the COVID-19 outbreak
- Japan's GDP is expected to decline by -5.7% to -4.5% based on Outlook Report of Bank of Japan, July 2020, corresponding to world average.
- Japan's closed border has posed a challenge for businesses and getting economic relations back on track

POLITICAL SITUATION

- Japan has experienced a long period of political stability under Abe
- Mr. Suga, former Chief Secretary of Cabinet, has been elected Prime Minister
- Mr. Suga is expected to continue the course of Abe's politics, as well as put a stronger focus on digitalisation and modernisation of the government
- Mr. Suga will face a party leader election, as well as a general election by autumn 2021

CURRENT SITUATION IN JAPAN (2)

ECONOMIC PARTNERSHIP AGREEMENT STATUS

OUTLINE & STATUS

- Came into force 1st February 2019
- EU-JP EPA to set an example of trade liberalisation to the world
- Main elements of the EPA
 - Elimination/reduction of various duties and tariffs, e.g. the elimination rate of customs duties on EU exports to Japan are at 95 pct.
 - Convergence of standards on product safety, quality management systems, as well as labelling systems
 - Greater levels of intellectual property protection
 - Non-discriminatory treatment of state-owned enterprises

A trade agreement of this size entails much greater opportunities for Danish export!

CURRENT SITUATION IN JAPAN (3)

STATUS ON DANISH TRADE WITH JAPAN

EXPORT TO JAPAN

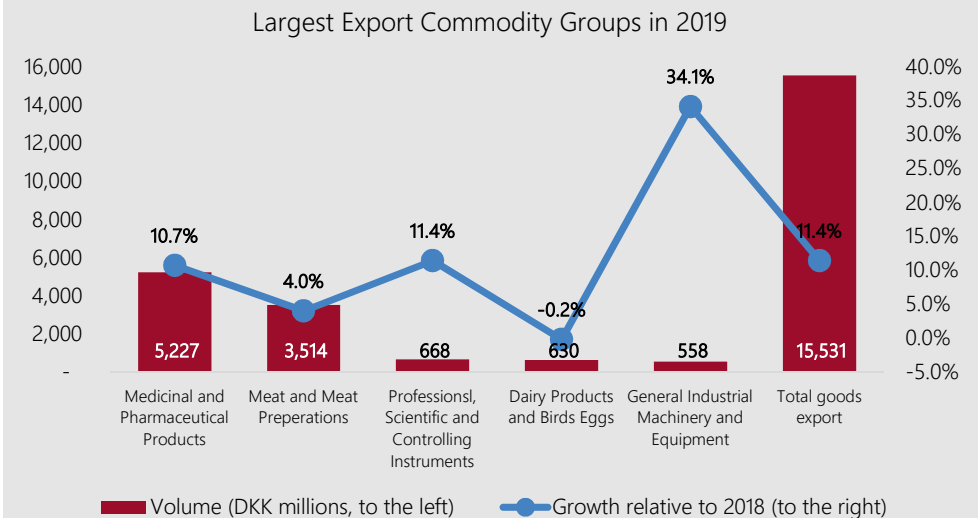
Japan is an important export market for Denmark.
In 2019

- Japan was the 11th largest export market of goods
- Exports of goods were worth DKK 15.5 bn.
- Export of services were worth DKK 8.7 bn.
- Export of goods accounted for 2.12pct. of total Danish goods exports



Largest Export Commodity Groups

Goods export to Japan rose by 11.4 pct. in 2019 . Top exports were medicinal and pharmaceutical products worth DKK 5.23 BN. According to Copenhagen Economics, Danish exports to Japan could increase with up to 70 pct.



STATUS ON HEALTH AND LIFE SCIENCE INDUSTRY (1)

FAST FACTS

THIRD LARGEST LIFE SCIENCE MARKET

Japan is the host of the third largest life science market globally, trailing only the United States and China. With a combination of an aging population and a large focus on health, the Japanese market offers great opportunities for further exports of Danish life science products.



Total healthcare spending of ~2.5 Trillion DKK in 2018 roughly ~11% of GDP



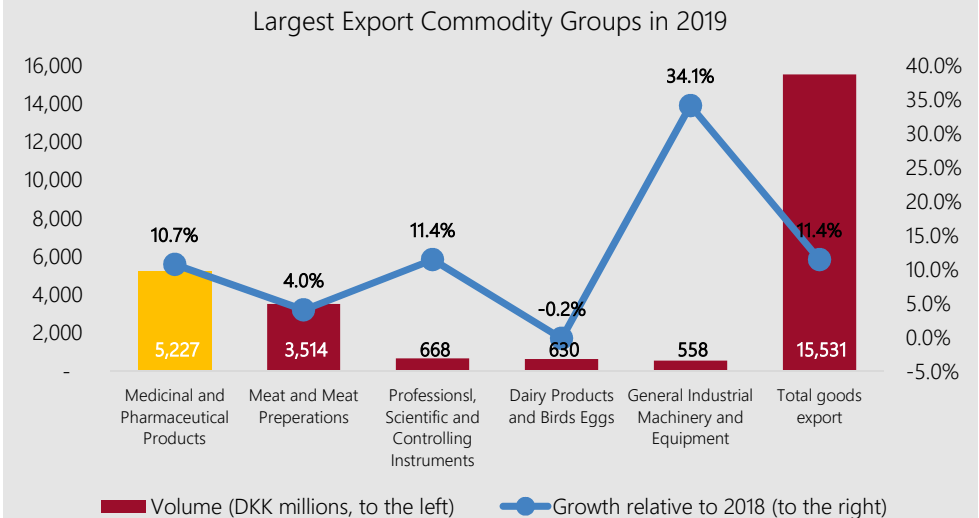
Pharmaceutical market valued at DKK ~600 BN and medical device market at DKK ~130 BN



Pricing of pharmaceuticals and medical devices is generally good, and citizens are covered through national and universal healthcare insurance

PHARMA MAKES UP 1/3 OF TOTAL EXPORTS

One third of Danish exports to Japan comes from medicinal and pharmaceutical products. In 2019, medicinal and pharmaceutical products equalled DKK 5,227 mil. – a growth of 10.7 pct. relative to 2018.



STATUS ON HEALTH AND LIFE SCIENCE INDUSTRY (2)

DK-JP Economic Diplomacy in Health & Life Sciences

2018: establish growth platform

- 1** **GOAL:** Establish Strategic Partnership between Ministries of Health and Regulatory Agencies



Minister Operationalization of MOC
Ministry of Health (SUM)
Ministry of Health, Labour and Welfare (MHLW)



Signed Collaboration Agreement
Danish Medicines Agency (DKMA)
Pharmaceuticals and Medical Devices Agency (PMDA)

2019: Market shaping agenda

- 2** **GOAL:** Deliver on National Growth Plan and Internationalisation Strategy

Regulatory Science & Health Value Demonstration in Decision-Making
An Expert Symposium Series for Medicines Development Efficiencies – Economic Diplomacy in Health

Regulatory Science & Health Value Symposium
Perspectives on regulatory efficiencies & broader value definition of treatment offered by innovative health products

2020–2022: Supportive Access Environment

- 3** **GOAL:** Ensure strategic and systematic cooperation on bilateral Health Goal for Health, Regulatory and Research Collaboration

Deliverables

- Defined DK-JP Health Cooperation Goal
- Consensus on Health System Priorities
- Transparency in Regulatory Evaluation & Value Demonstration
- Unify Market Access & Public Affairs Objectives for Patients and Public Health
- Sign-Post Innovation and Pipeline to Decision-makers

STATUS ON DIGITALIZATION IN JAPAN

AN INCREASING POTENTIAL FOR DANISH EXPORTS

LEVEL OF DIGITALIZATION IN JP

E-Government Development Index



In UN's recently published E-Government Survey, Denmark is placed 1st and Japan is placed 14th out of 193 countries. The survey includes three indicators: 1) digital services, 2) telecom infrastructure and 3) the educational level of citizens.¹

DIGITALIZATION ACCELERATION – A NEW AGENCY

The new prime minister Mr. Suga plans to create "The Agency for Digitalization". The agency will be finally established before end of March 2022. A total of DKK 25.5 BN as a fiscal 2020's budget has been allocated in digital-related fields.

Mr. Akihisa Miwa, Director at CIO office, Cabinet Secretariat and IT-Branchen's delegation including Rikke Zeberg, Director, the Agency for Digitization



the Japanese e-commerce market (1)

A GROWING MARKET WITH HUGE POTENTIAL

With its massive and growing market, as well as a first-class digital infrastructure, e-commerce in Japan represents a significant market opportunity for foreign firms.



Japan is the third biggest e-commerce market worldwide totalling \$86 BN in 2019.¹



Expected user penetration rate of 87 pct. in 2024² compared to 82 pct. in the US³ and 79 pct. in China.⁴



The average revenue per user (ARPU) in the e-commerce market is projected to amount to \$1,019 in 2020.²

EXPECTED CAGR OF 6.8 pct. In 2020–2024

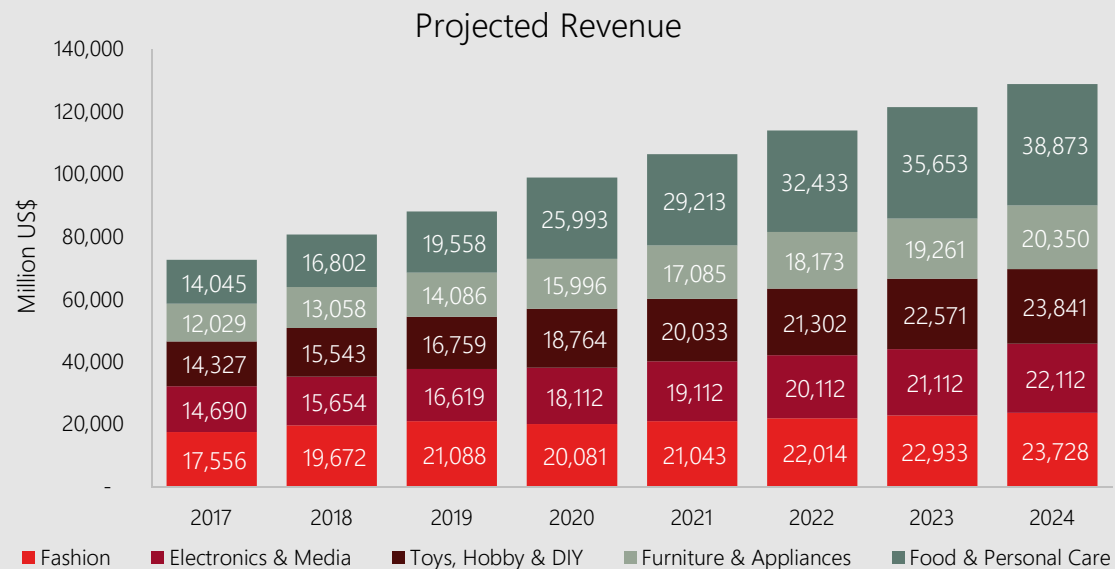
The market volume in Japan is projected to reach \$128,903 ml. by 2024. Revenue between 2020-2024 is expected to grow with an average of 6.8 pct. compared to 6.2 pct. in the US.³

The Campfire Crowdfunding Initiative

This year, the Danish Embassy's Hygge Christmas Market will be held virtually through Campfire, a crowdfunding platform. This is an opportunity for Danish brands to test their product on the Japanese e-commerce market.

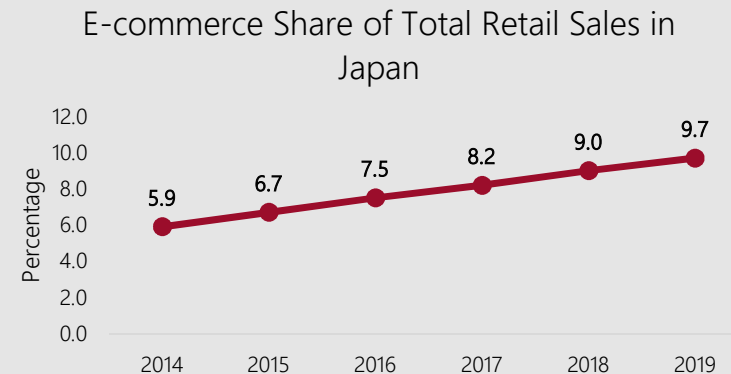
the Japanese e-commerce market (2)

EXPECTED REVENUE of \$98,946 million in 2020



The largest segment of e-commerce in Japan is the Food & Personal Care with expected revenues of \$25,993 ml. in 2020 increasing to \$38,873 ml. in 2024.

GROWTH IN MULTIPLE CONTEXTS



Not only is revenue expected to increase in all segments between 2017-2024, the projected e-commerce share of total retail sales in Japan is estimated to have increased from 5.9 pct. in 2014 to 9.7 pct. in 2019. Thus, the market is growing both in nominal terms and in share of total retail market.

JP-DK JOINT STRATEGIC WORK PROGRAM 2020–2025

Towards a Comprehensive and Green Strategic Partnership for the Future

THE FRAMEWORK IN SHORT

The Joint Strategic Work Program covers the main areas and mechanism for cooperation, reflecting the width and depth of the Strategic Partnership between Japan and Denmark.



Whole-of-government approach involving a range of sectors, stakeholders and authorities on both sides.



Political cooperation, trade, health, science, innovation, education, energy, food, agriculture, environment and culture.



COVID-19 affecting both Japan and Denmark also shows us the importance of strengthening international cooperation.

SUSTAINABLE DEVELOPMENT GOALS IN FOCUS

Our shared focus is to deliver on the 2030 SDG Agenda and the Paris Agreement, demanding a strong bilateral partnership, that will benefit both Japan and Denmark. This will demand a renewed focus on especially climate and energy and the greening of our economies. However, all SDGs are important for the Joint Strategic Work Program.





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Thank you!

Any questions?

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