

Japanese Economy and JETRO's activities for promoting inward Foreign Direct Investment

April 2017



1. Overview of JETRO
2. Japanese Economy
3. The Attractiveness of the Japanese Market
4. JETRO's Activities and Services
5. Target Industries

JETRO : Japan External Trade Organization

- Established in 1958
- Incorporated Administrative Agency, funded by the government
- Domestic offices: 46 offices
- Overseas offices: 74 offices in 55 countries

Main Activities

- 1. Promoting FDI and businesses in Japan**
2. Supporting the overseas business of Japanese firms
3. Facilitating economic growth in developing countries through trade promotion



1. Overview of JETRO – Global Network



In early 2013, after two decades of economic stagnation, Prime Minister Shinzo Abe unveiled a comprehensive economic policy package to sustainably revive the Japanese economy while maintaining fiscal discipline – this program became known as **Abenomics**

The centerpiece of the program has been three „**policy arrows**“

1. Aggressive monetary policy
2. Flexible fiscal policy
3. Growth strategy including structural reform

Since then, Abenomics has achieved remarkable progress:

Stock prices, Business confidence and unemployment rate have all improved.



GDP
(Real GDP)

519 Trillion Yen
2012
(Before Abenomics)

+3.0%
Increase

534.5 Trillion yen
2016
(Jul.-Sep. 2016)

Business conditions
(Tankan current situation)

Large firms -3
Medium-sized firms -5
SMEs -12
Survey in Dec.2012
(manufactures)

Greatly
improved

Large firms **12**
Medium-sized firms **11**
SMEs **5**
Survey in March 2017
(manufacture)

Stock prices
(Nikkei Stock Average)

10,230.36 yen
Dec. 26, 2012
(Launch of the Abe Administration)

+77%
Increase

18,106.02 yen
Sep. 1, 2016

Unemployment rate

4.3%
2012
(average)

Improved

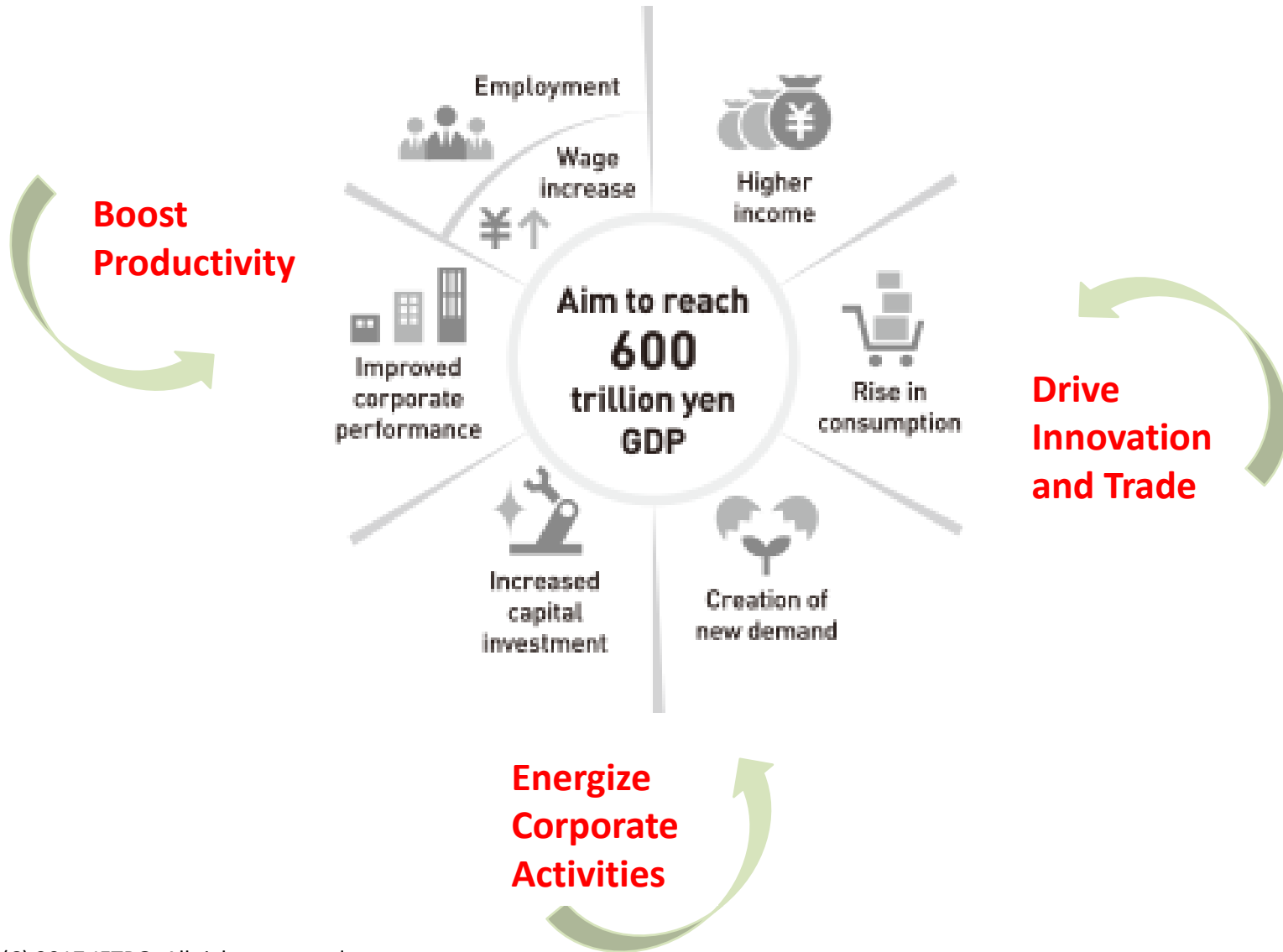
3.1%
2016
(average)

CPI growth rate
(less food [except alcohol] and energy)

-1.2%
2010

Improved

+0.4%
2016 (June)



Boost Productivity: by changing work style and diversifying the labor force to cope with the demographic change

- From 2012 to 2016 the number of **women joining the workforce increased** by more than 1.5 mil.
- **71% of seniors** report that they would like to continue to work past retirement age
- Since May 2015, the number of „ **highly-skilled foreign professionals**“ increased by 57%

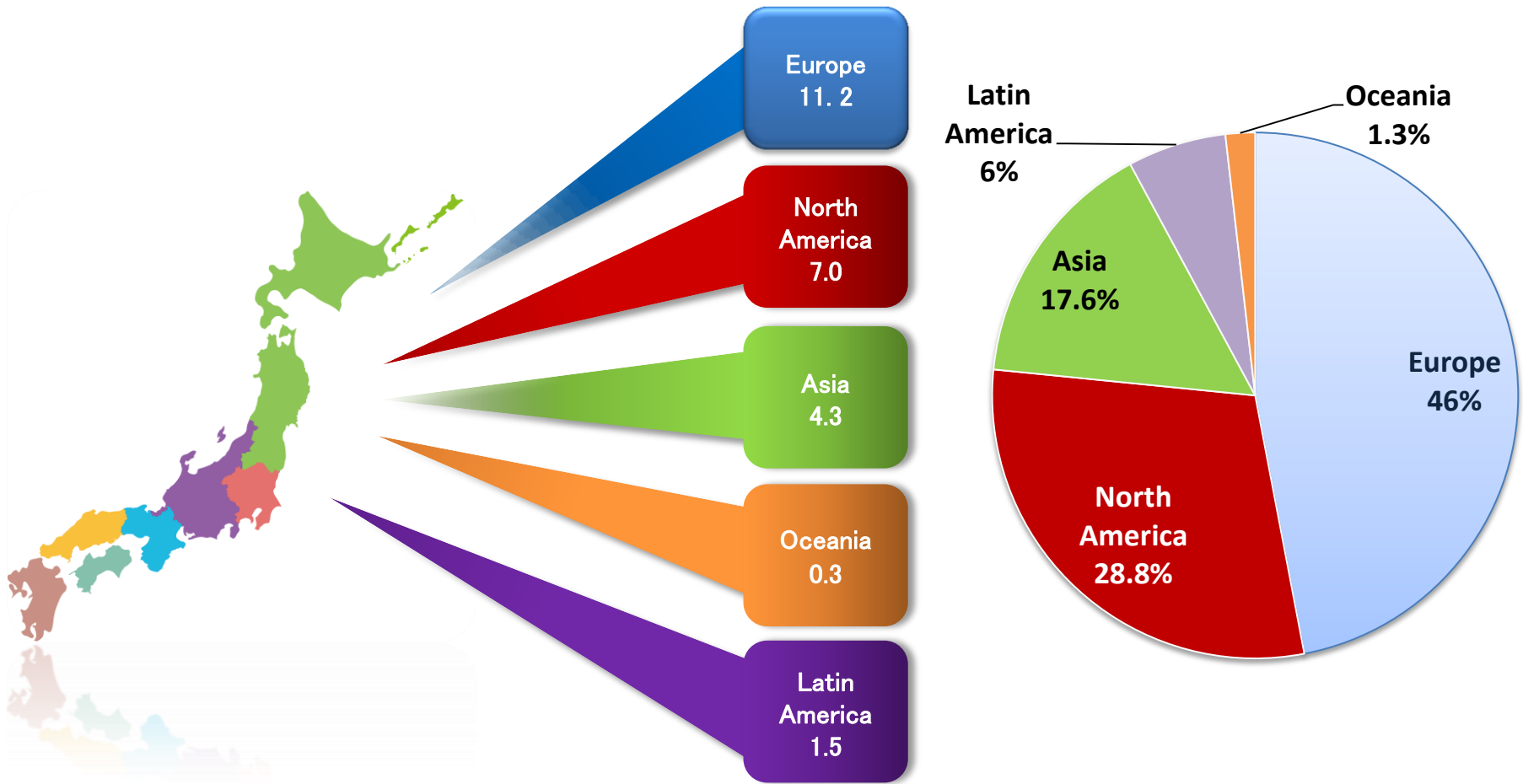
Drive Innovation and Trade: continue to maintain worldwide leadership in the technology industry; encouraging startup businesses; leverage structural reforms (healthcare, energy, agriculture); build on international opportunities (TPP - ?; EU – Japan); circulate growth to regional economies

- In Sept. 2016 the Council was established and tasked to compile a road map to realize **Society 5.0** by mid FY2017 (1. hunter-gatherer 2. agricultural 3. industrial 4. information 5. ultra-smart society using networking, digitalization and IoT capabilities to every corner of society)
- FTA coverage ratio: 39,5% covered + 45,5% under negotiation (**2018 target is 70% covered**)

Energize Corporate Activities: encouraging business and investment; **drive inward FDI**

- Corporate Tax reduction (FY2013: 37% - FY 2017: 29.97% - plan for **FY2018: 29,74%**); Note: Corp. Tax in other countries: US 40.75%; France 33.33%; Germany 29.72%; China 25%; UK 20%; Singapore 17%
- At the end of 2015, Japan's inward direct investment stock was **24.4 trillion yen**; preliminary estimate for 2016 is 26,7 trillion yen and **target for 2020 is 35 trillion yen**

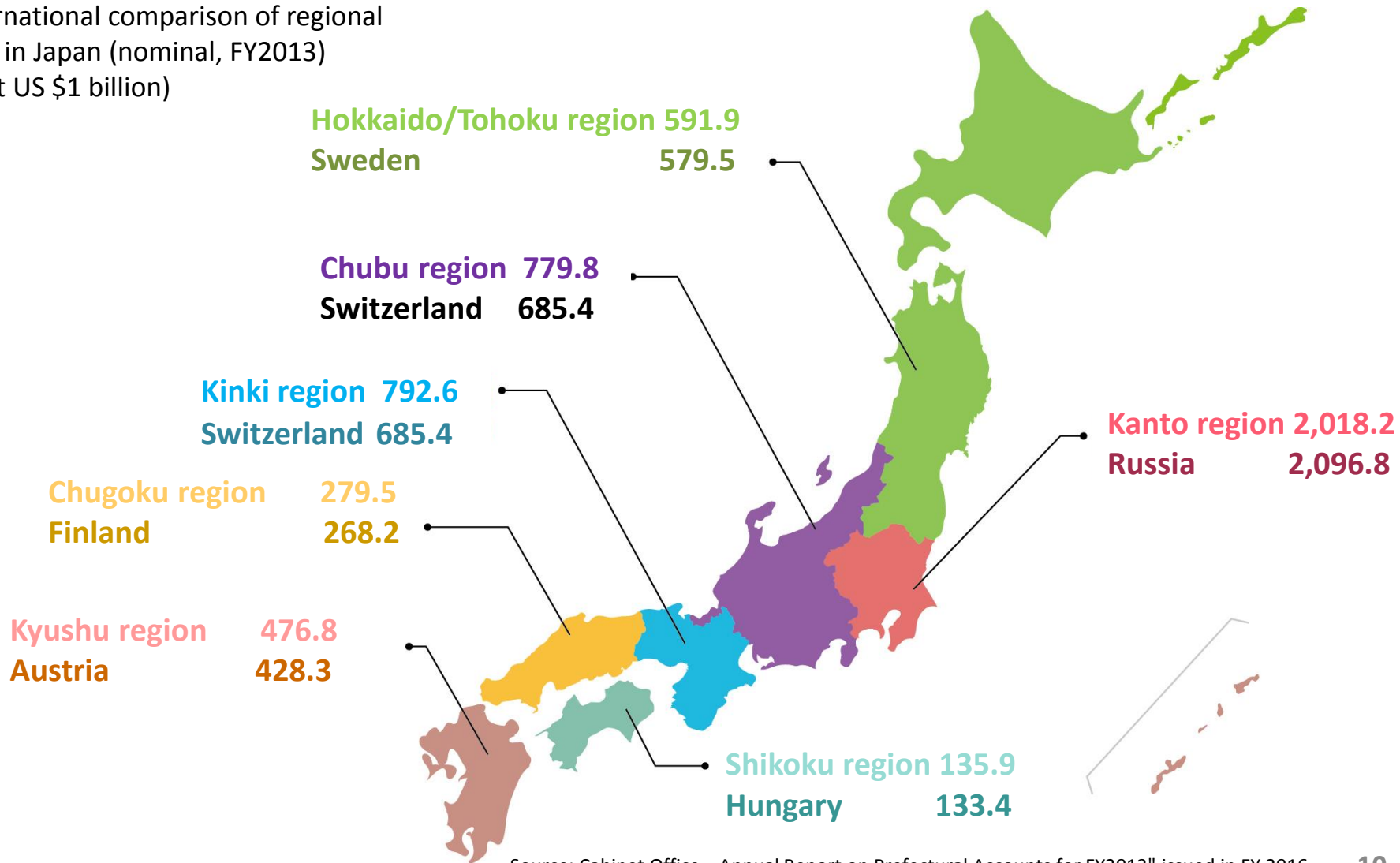
<Inward FDI into Japan by region in trillion yen (as of the end of 2015)>



Sources: Ministry of Finance, Bank of Japan

Japanese GDP ranked 3rd in the world

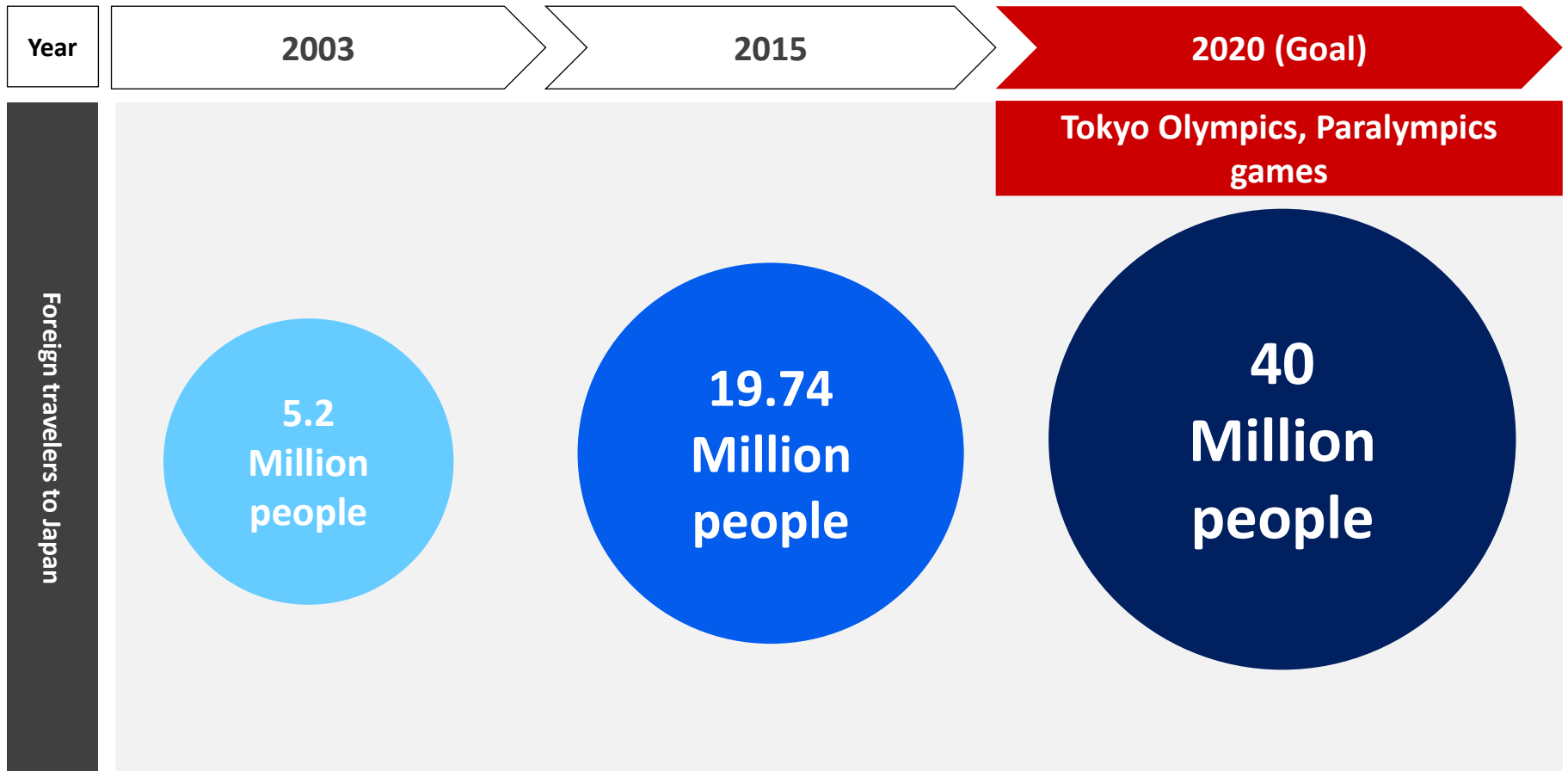
International comparison of regional
GDP in Japan (nominal, FY2013)
(Unit US \$1 billion)



Source: Cabinet Office, „Annual Report on Prefectural Accounts for FY2013“ issued in FY 2016

3. Attractiveness of the Japanese Market — Attracting Visitors to Japan

The number of foreign visitors to Japan almost reached 20 million in 2015, a result of new LCC flights and the easing of requirements for issuing visas. The aim is **40 million by 2020**. The growth of businesses targeting foreign travelers is expected.



Source: Japan National Tourist Organization (JNTO)

3. Attractiveness of the Japanese Market —Japan as Innovation Hub

Science and technology related research is conducted spiritedly in Japan. “Gross domestic expenditure on research and development (GERD) as a percentage of GDP” is among the largest in the world.

GERD as percentage of GDP (G8 comparison + Czech Republic)

Rank	Country	Percentage of GDP (2015)
1	Japan	3,49
2	Germany	2,87
3	United States	2,79
4	France	2,23
5	Czech Republic	1,95
6	United Kingdom	1,70
7	Canada	1,50
8	Italy	1,33
9	Russia	1,13

Source: OECD “Main Science and Technology Indicators,”

Business sophistication

RANK **1st**
 /in the world
 (144 countries)

Japan’s business environment is highly evaluated in the World Economic Forum’s “The Global Competitiveness Report 2014-2015”.
 Ranked 1st in the world for “Business Sophistication” .
 Evaluated on business network and quality of company operation/strategy.

Source: World Economic Forum “The Global Competitiveness Report 2014–2015”

World Bank

1. Ease of resolving insolvency
2. Protecting investors
3. Ease of trading across borders
4. Ease of getting electricity
5. Ease of getting credit

International Institute for Management Development (IMD)

1. Skilled workforce
2. Reliable Infrastructure
3. High educational level
4. Strong R&D culture
5. Effective labor relations

Japan’s Attractiveness

An international research organization highly evaluated the quality of workers and legal system in Japan as contributing factors for the country’s attractiveness.

Source: World Bank「Doing Business 2014」, IMD「World Competitiveness Yearbook 2013」

Global Peace Index 2014

RANK **1st**
/in Asia

Measured in 22 categories such as crime rate, terrorism, and homicides
Ranked 1st in Asia

Source: INSTITUTE FOR ECONOMICS & PEACE「Global Peace Index 2014」

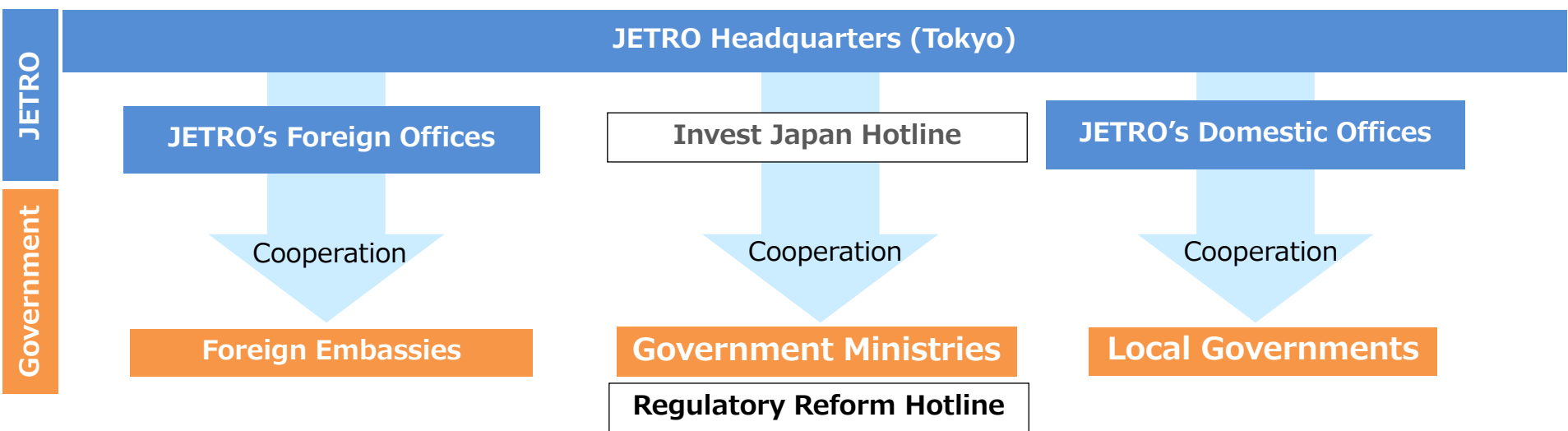
Most livable Japanese cities as chosen by the world

RANK **1st** Tokyo **RANK** **12th** Fukuoka **RANK** **14th** Kyoto

*An index ranking which indicates not only economic, social, and functional aspects, but also the city's livability and level of happiness of its residents.

Source: MONOCLE, U.K.

4. JETRO's Activities and Services - Overview



4. JETRO's Activities and Services

- Invest Japan Home Page

<Example of using the JETRO HP <https://www.jetro.go.jp/en/invest>: Research about how to set up business in Japan>

Investing in Japan

Why JAPAN

Setting Up Business

JETRO's Support

Latest Updates

Message from the Prime Minister

Watch video

Speeches by the Chairman

Announcements

Oct. 13, 2015 JETRO Optimizely distributes Japanese s

Oct. 13, 2015 Success Str Japan' Dov

Oct. 13, 2015 Invest Toct

Oct. 01, 2015 Launch of incorporati Center

View More

Q&A

More details

HOW TO SET UP BUSINESS

How to Set up Business in Japan

More details

JETRO IBSCS

JETRO IBSCS

More details

REGIONAL INFORMATION

Regional Information

More details

INCENTIVE PROGRAMS

Incentive Programs

More details

SUCCESS STORIES

Success Stories

More details

DIRECTORY FOR DOING BUSINESS IN JAPAN

Directory for Doing Business in Japan

More details

PAMPHLETS

Pamphlets

More details

Investing in Japan

Geschäftsgründung

Unterstützung durch JETRO

5 REASONS TO INVEST IN JAPAN

ATTRACTIVE SECTORS

SUCCESS STORIES

5 Gründe, in Japan zu investieren

Attraktive Wirtschaftszweige

Erfolgsgeschichten

<JETRO HP in German>

How to Set Up Business in Japan

Provides an overview of the laws, regulations and procedures related to setting up a business in Japan, as well as an easy-to-follow Flowchart outlining the basic steps and a Model Case showing approximate start-up costs.

• Full text [\(653KB\)](#) October 2013

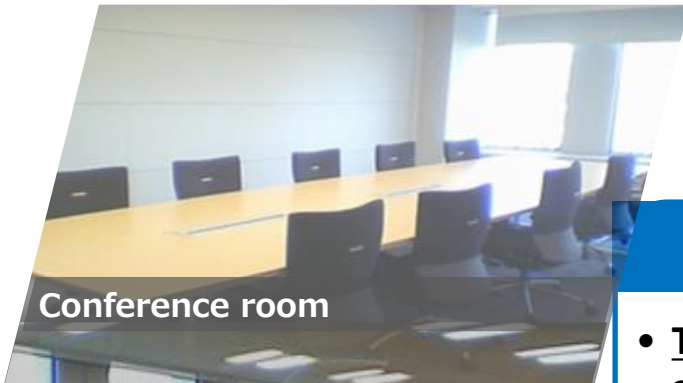
Section1: Incorporating Your Business
Definitions and comparisons of various business operations; procedures and guidelines for establishing/registering each of these distinct operations in Japan.
• More details

Section2: Visas and Status of Residence
Entry procedures into Japan, conditions and provisions that apply to various types of visas and working/residence statuses; the alien registration process; details concerning family members accompanying foreign nationals.
• More details

Section3: Taxes in Japan
Aspects of Japan's tax systems most relevant to a foreign corporation/individual investing in Japan (emphasis on corporate tax structures, tax treaties as well as personal and consumption taxes).
• More details

Section4: Human Resource Management
Japan's labor laws and regulations; topics include: recruitment; employment contracts; wages, working hours; work rules; workplace safety and hygiene requirements; resignation and dismissal procedures and Japan's social security, health and pension systems.
• More details

Section5: Trademark and Design Protection Systems
Japan's trademark and design protection systems; registration validities, periods of protection as well as trademark and design registration procedures.
• More details



Conference room



Refreshment space



Private office space

About the Temporary Office

- **Tenancy eligibility** : Foreign company considering to start a business in Japan
- **Tenancy period** : Up to 75 Business days in principle (free charge up to 50 business days)
- **Tenancy Fee** : Free (Deposit and communication fee are required)
- **Equipment** : Desks, Chairs, telephones, fax machines, and broadband connections
- **Common facilities** : Conference rooms, multipurpose hall, business library

Facilities

– Temporary office space offered free of charge –

IBSC is a one-stop center for establishing a business base and starting your business in Japan.



Examples of Services

- Market and industry information
- Establishing an office
- Cost estimates
- Taxation, labor and legal issues
- Requesting Deregulation
- Translation of subsidy application
- Information on incentives from national and local governments
- Information on relevant legal systems
- Networking with potential business partners
- Finding human resources
- Finding an office location
- Arranging meetings with government authorities

— Free individual consultation
for your company —

Consulting



Consultation



Market and industry information



Arranging meetings

<FY2003~FY2015>

Project Supported

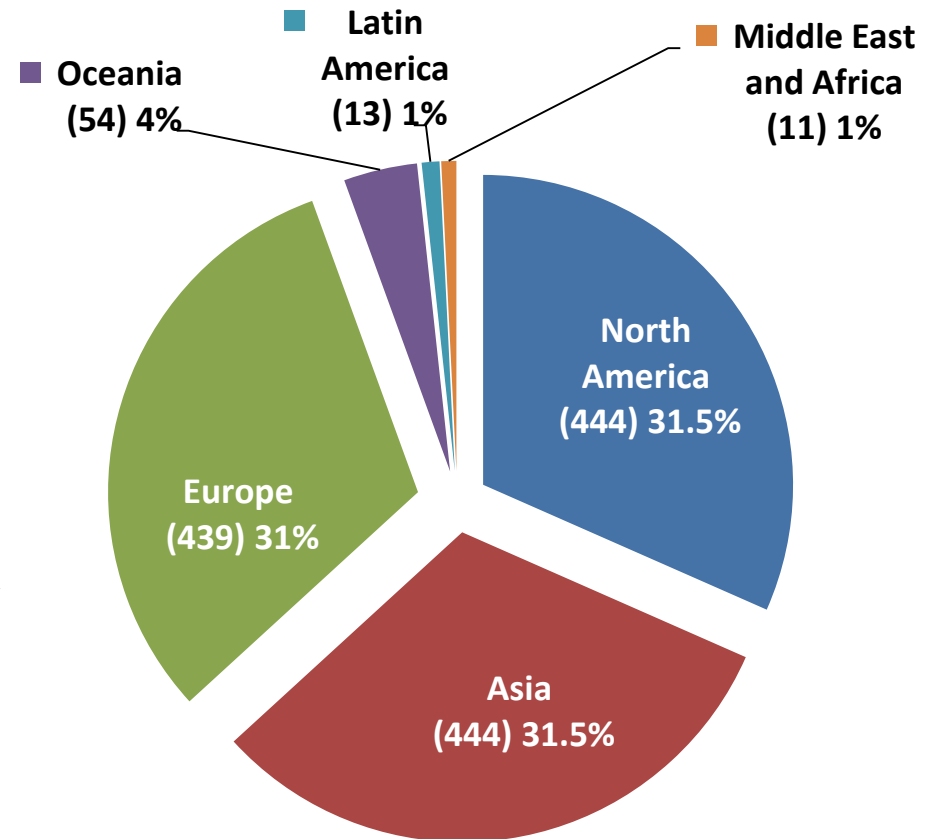
14,197

Foreign companies'
successful startups
supported

1,405



Share of successful start ups by countries



Europe: Germany 120; UK 85; France 75; Czech Republic 8

Activities related to Industry 4.0, Robotics and Cybernetics

- April 29, 2016 / Conference IoT Business: Future Perspective and Impact on Industry
- October 6, 2016 / Conference on Japanese Robotics, IoT and Industry 4.0 (IEF / MSV)
- October 17-21, 2016 / supporting the visit of prof. Mařík to Japan
- March 21, 2017 / Czech Japan digital co-operation seminar in CeBIT Hannover
- April 2-7, 2017 / supporting CzechInvest Technology mission on Robotics to Japan
- Regular / Follow up meetings and workshops on Industry 4.0 and digitalization / Society 4.0

Business delegation from CEE countries to Japan

- October 23-28, 2016 / ICT business mission to Japan / during IT Week
- **October 2017** / **Biotechnology** mission to Japan / during BioJapan 2017 (**INTENDED**)

Others

- Annual / Round table meeting with Czech ministries
- September 16, 2015 / Reverse trade fair (**INTENDED also for Autumn 2017**)

4. JETRO's Activities and Services – JETRO Prague 2016–2017

April 29, 2016 / Conference IoT Business: Future Perspective and Impact on Industry (CNB)



4. JETRO's Activities and Services

- JETRO Prague 2016-2017

October 6, 2016 / Conference on Japanese Robotics, IoT and Industry 4.0 (IEF / MSV)



4. JETRO's Activities and Services - JETRO Prague 2016-2017

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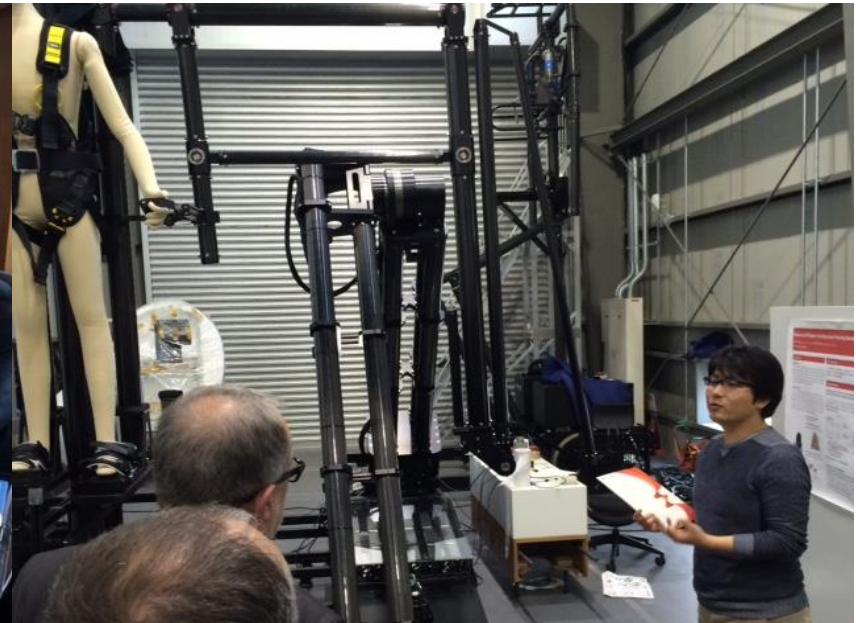
4. JETRO's Activities and Services - JETRO Prague 2016-2017

March 21, 2017 / Czech Japan digital co-operation seminar in CeBIT Hannover



4. JETRO's Activities and Services - JETRO Prague 2016-2017

April 2-7, 2017 / Technology mission on Robotics to Japan (CzechInvest / JETRO support)



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Czech-Affiliated Companies in Japan

TOTAL

8

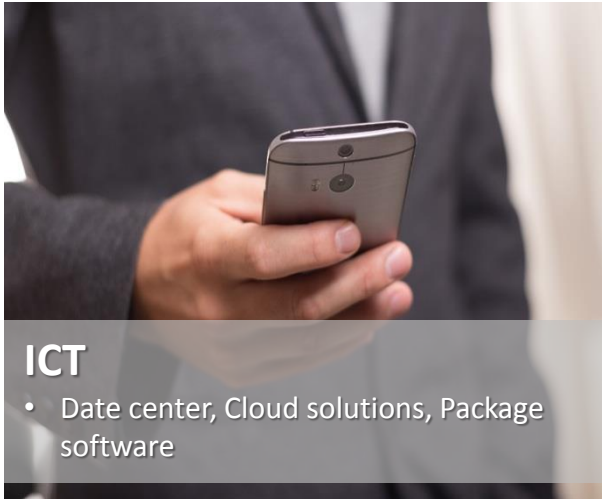
Japanese-Affiliated Companies in the Czech Republic

		Companies	Investment (mil.\$)	Employees
Investment	Manufacturing	102	3 689	42 598
	R&D, Strategic Services	3	18	246
Sales, Trading, Services and Others		148	79	4 551
TOTAL		253	3 786	47 395

*Above figures include also Japanese investments through other countries.

** Figures of Investment and Employees include also planning figures and are changeable

(Some companies did not announce exact numbers – N.A.). Therefore these numbers are an approximate information only.



ICT

- Date center, Cloud solutions, Package software



Life Science

- Pharmaceutical products, Medical devices



Tourism

- Airline, Hotel, Travel company



Service

- Large retail (Fast fashion, Mass merchandise outlet), E-commerce



Environment & Energy

- Next Generation Vehicles, New Energy



Manufacturing & Infrastructure

- Automotive products, Road traffic

Talk to JETRO First!

Thank you for your attention !

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