

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

April 2018

JETRO

Japan External Trade Organization

INVEST JAPAN



- 1. Overview of JETRO**
- 2. WHY JAPAN ? 5 Reasons to Invest in JAPAN
(Japanese Economy and Business Environment)**
- 3. JETRO's Activities and Services**

JETRO : Japan External Trade Organization

- Established in 1958
- Incorporated Administrative Agency, funded by the government
- Domestic offices: 46 offices (incl. Tokyo and Osaka HQ)
- Overseas offices: 74 offices in 54 countries
- Employees: 1,803 people

Main Activities

1. Promoting foreign direct investment (FDI) into Japan

2. Promoting trade and business between Japan and the rest of the world
3. Assisting business expansion of developing countries
4. Contributing to trade policies and economic partnerships
5. Researching developing economies (IDE-JETRO)

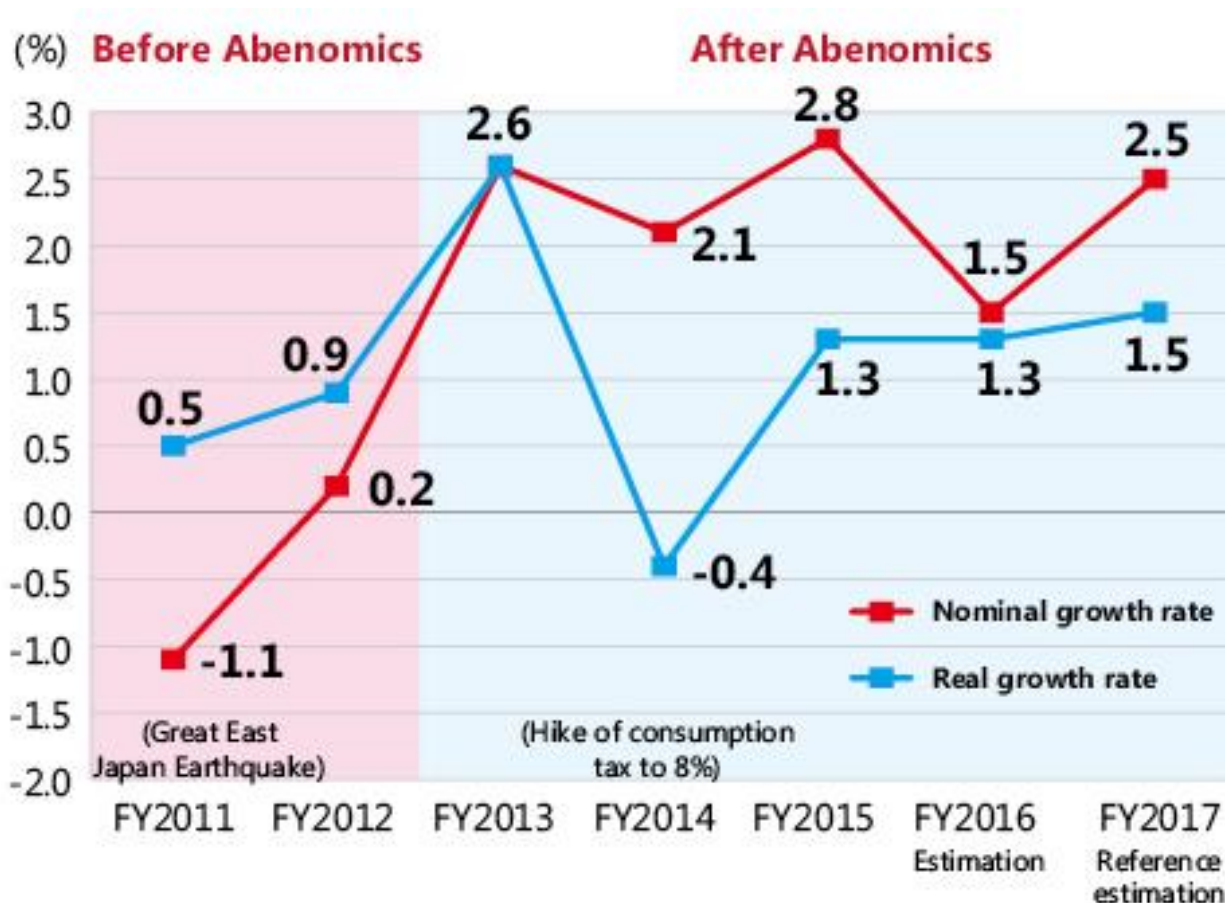
JETRO provides finely tuned support for success in Japan

- **16,000 Projects supported (FY 2003-2016)**
- **1,600 Successful startups by foreign companies through our support**
(33% Asia, 31% Europe, 31% North America, 5% other regions)
- **15 years History of supporting foreign companies' investment in Japan**



1. Japanese economy is growing

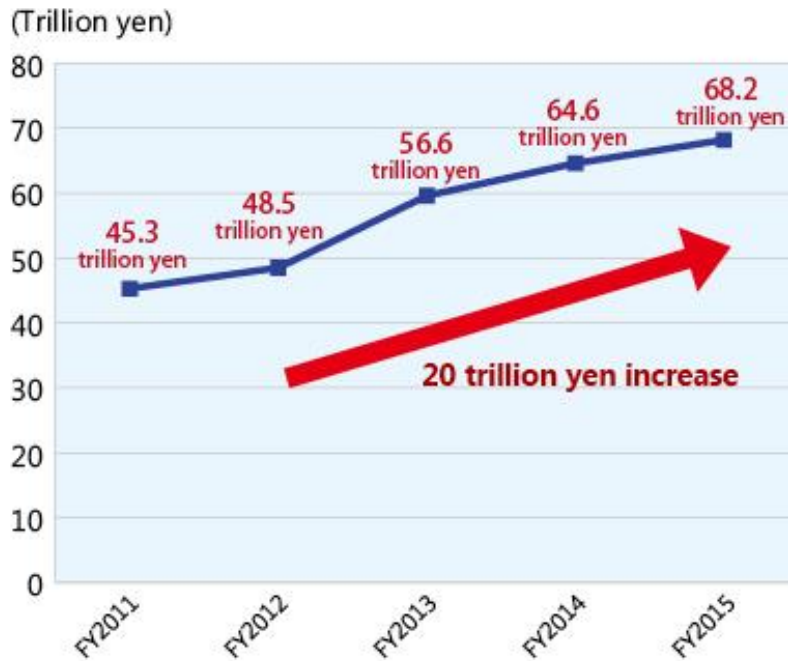
Improving GDP growth rate



Source: Fiscal 2017 Economic Outlook and Basic Stance for Economic and Fiscal Management, Cabinet Office website

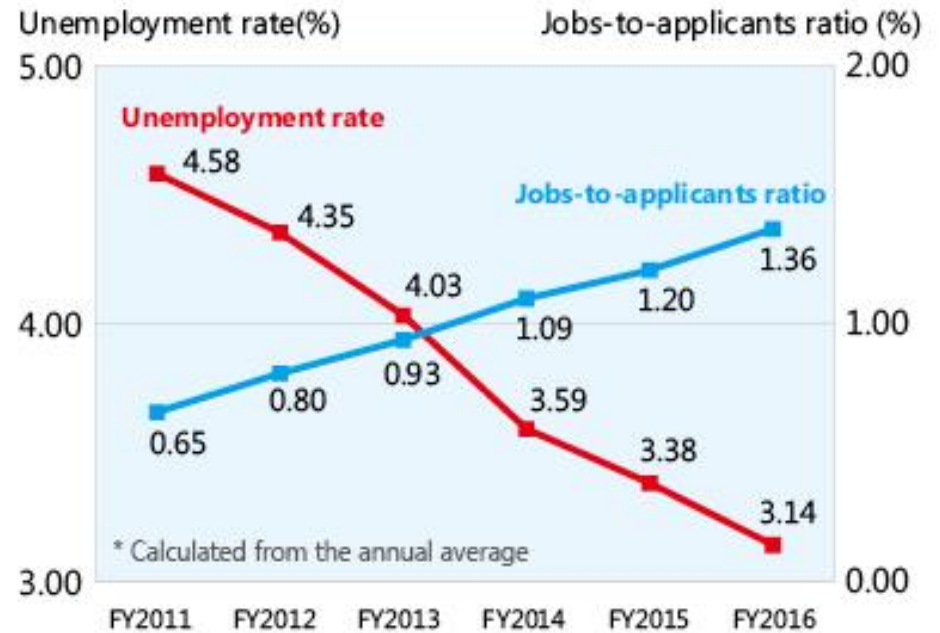
Business performance showing significant improvement

Corporate ordinary profits (all industries)



Source: Created from "Financial Statements Statistics of Corporations by Industry, Quarterly," Policy Research Institute, Ministry of Finance of Japan

Unemployment rate and jobs-to-applicants ratio

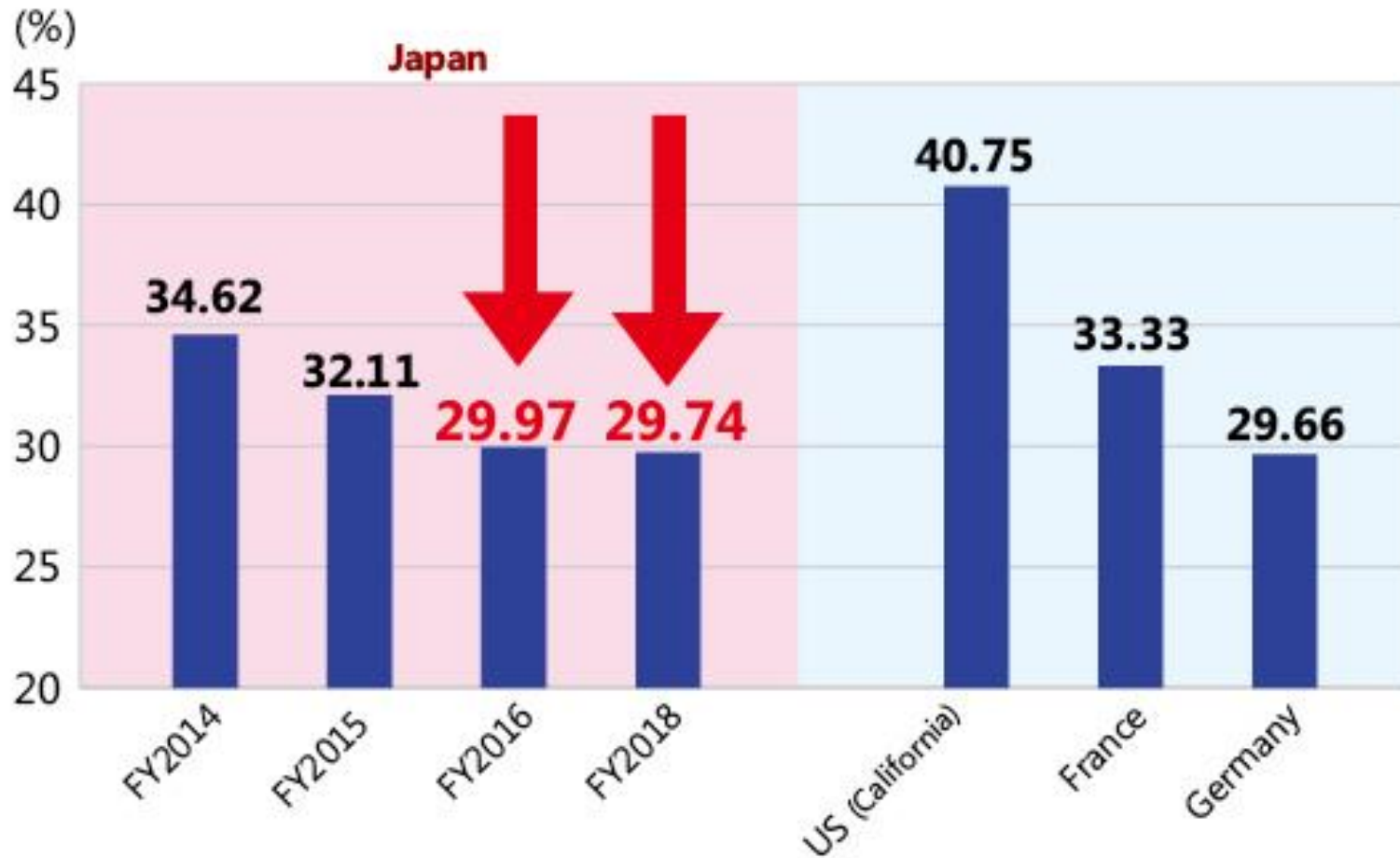


The data is indicating positive sentiments for the labor market.

Source: Created from "Labor force survey," Ministry of internal Affairs and Communications; and "Statistics on Employment Referrals for General Workers," Ministry of Health Labor and Welfare

Effective corporate tax rate declining

Effective corporate tax rate reduction



Note: Tax rates as of April 2016

Source: Created from "FY2016 Tax Reform (Main Points) (December 2015)," Ministry of Finance and other information on the website

Deregulation/structural reforms

Progress in reform of bedrock regulations is attracting new investment into Japan.

Reform of fundamental regulations in the sectors of agriculture, medical care and energy is bringing new entries into the Japanese market.

Healthcare system

- Speedy and efficient approval review of advanced medical products (regenerative medicine, medical devices)
- Promoting practical use of regenerative medicine for medical care

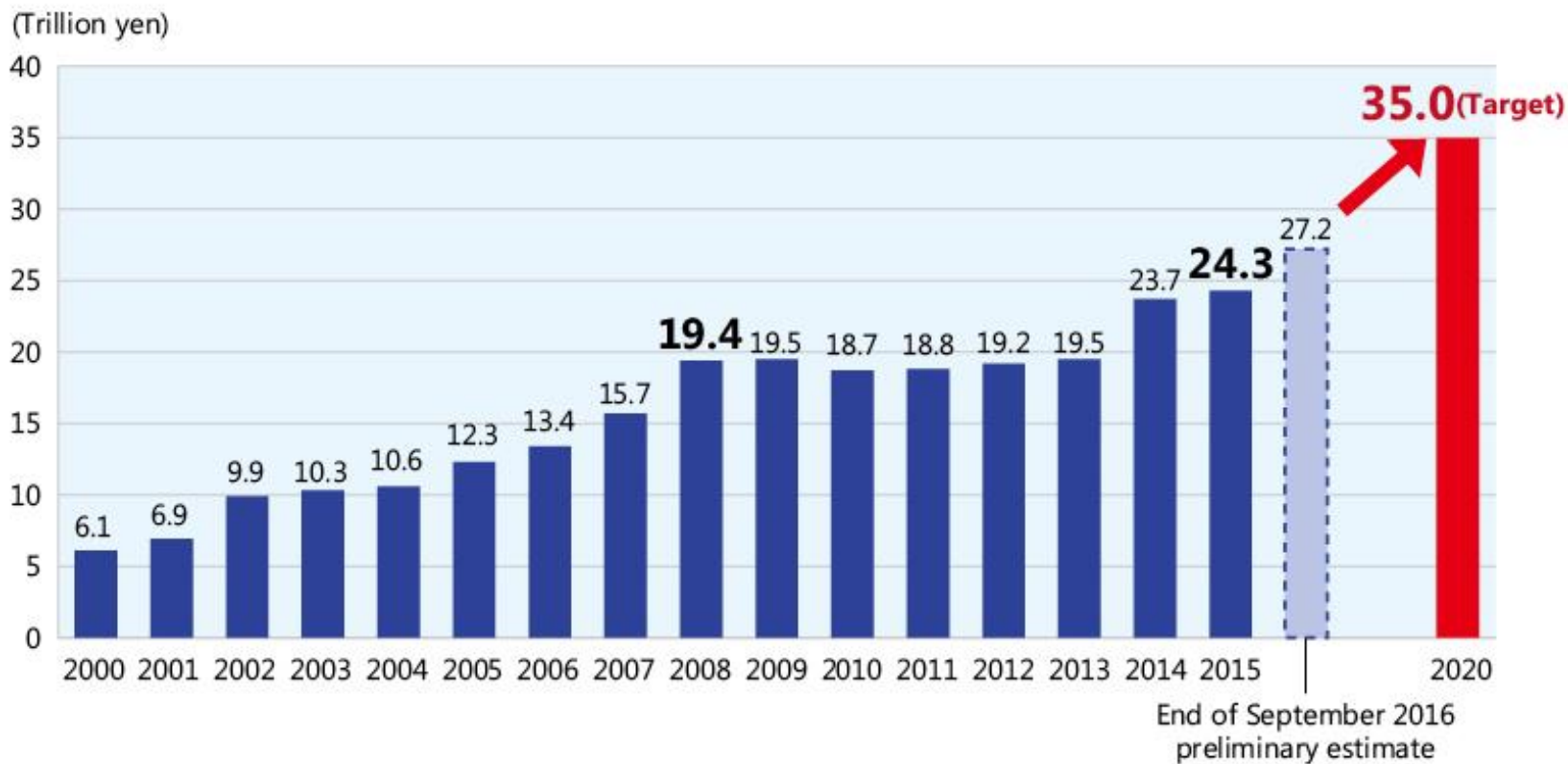
Energy market

- Implementing a drastic reform of electric power and gas system for the first time in 60 years
 - Full liberalization of retail market of electricity (April 2016)
 - Full liberalization of retail market of gas (April 2017)

Source: Created from "Abenomics is progressing!", April 2016," Cabinet Office

Promotion of inward FDI

Government target: Increase Japan's inward investment stock to **35 trillion yen** by 2020.



Source: Created from "Balance of Payments," Ministry of Finance

Government actively promoting inward FDI

Designation of the National Strategic Special Zones

To promote a wide range of international business and leading-edge industries, 12 National Strategic Special Zones have been designated to bring significant deregulation and reform.

Simplifying regulations and administrative procedures

Fundamentally simplifying regulations and administrative procedures associated with FDI in Japan.

The "Tokyo One-Stop Business Establishment Center" provides one-stop services for necessary procedures for starting up in Tokyo. (March 2015)

Attracting global talent

The period of residence required for Highly Skilled Professionals to apply for a permanent residence

permit will be significantly shortened from the current five years. ("The Japanese Green Card for Highly Skilled Foreign Professionals": One of the world's most quickly obtainable green cards)

An online application system related to status of residence is scheduled to begin in FY2018

Source: Created from Cabinet office website page "Invest Japan"

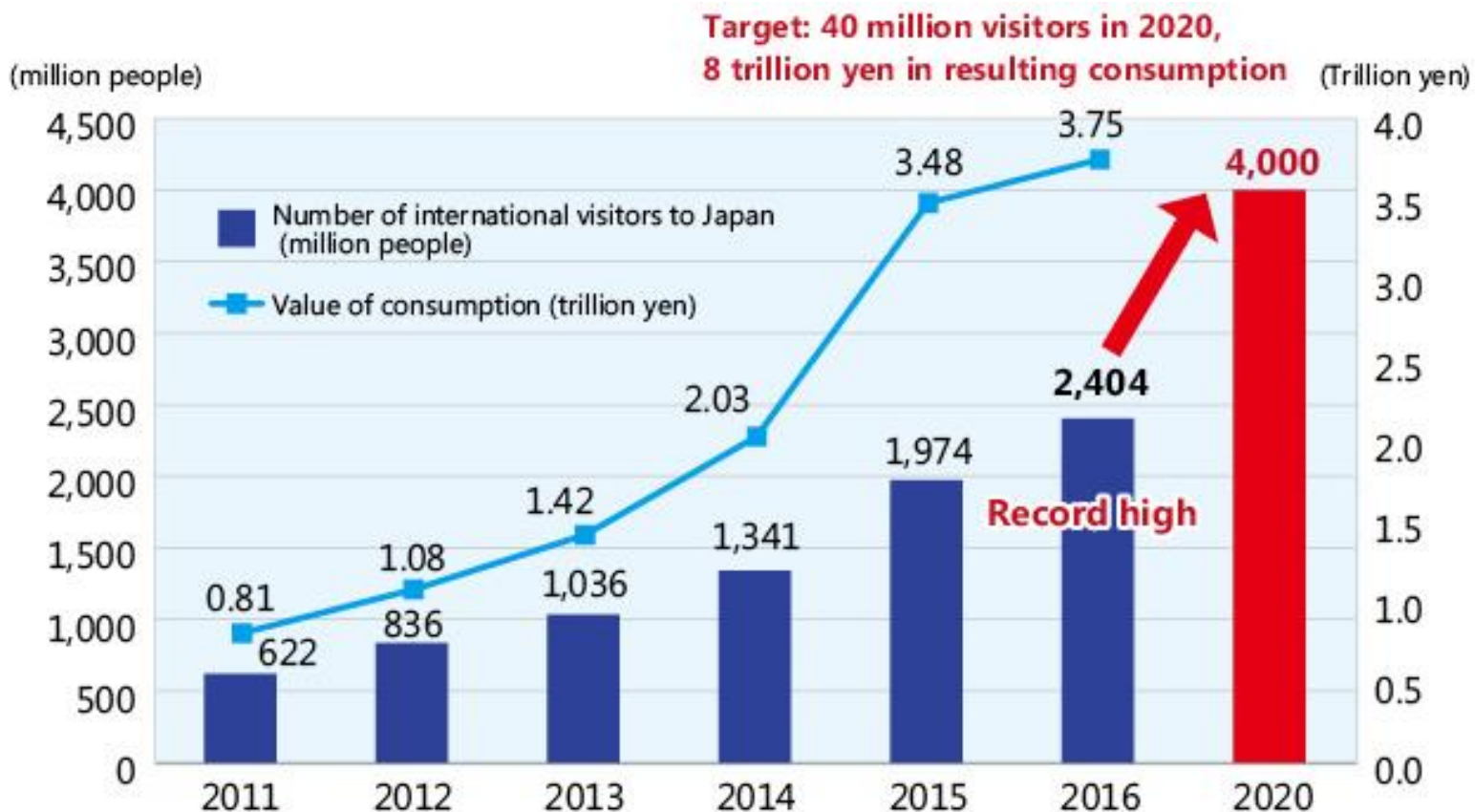
Attracting visitors to Japan

Business expansion in area related to inbound tourism

Relaxation of visa requirements (Starting from July 2013)

Expansion of exemption of consumption tax for foreign tourists to cover consumables (May 2016)

2020 Tokyo Olympic & Paralympic Games



Source: Created by JETRO from Japan Tourism Agency "Consumption Trend Survey for Foreigners Visiting Japan"

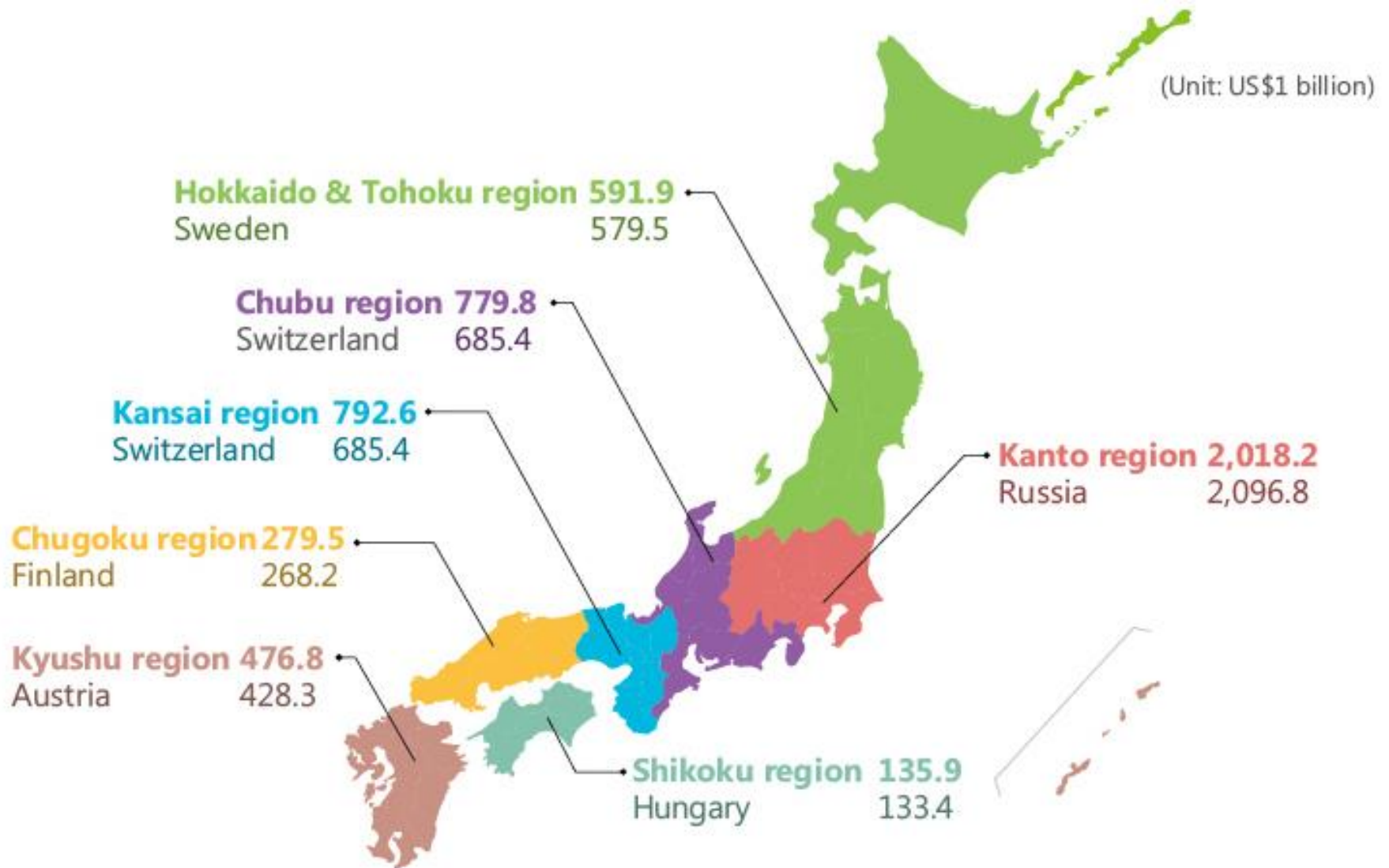
2. A huge and sophisticated market exists in Japan

World's 3rd ranking GDP



Source: "World Statistics 2016," Statistics Bureau, Ministry of Internal Affairs and Communications

Japan's regional economies have GDPs equal to those of entire countries



Source: Cabinet Office, "Report on Prefectural Accounts 2013" (FY2016)

3. An Innovation Hub

World-class research funding and number of researchers

Research funding by country and percentage compared to GDP (G7 comparison)

RANK
among
G7 countries

1st



Rank	Country	Research funding (\$100 million)	Percentage of research funding to GDP(%)
1	Japan	1,786	3.56
2	Germany	1,088	2.9
3	US	4,570	2.74

Source : Created from "Survey Result on Science and Technology Research 2016," Ministry of Internal Affairs and Communication
 Data source: "Main Science and Technology Indicators," OECD, among others

Many Nobel Prize winners produced



(Breakdown) **Physics 11, Chemistry 7, Physiology or Medicine 4, Literature 2, Peace Prize 1**

4. Business-Friendly Infrastructure

Outstanding environment for business



Source: "The Global Competitiveness Report 2016-2017," World Economic Forum Competitiveness Report 2016-2017]

Japan's IT infrastructure highly praised by international organizations (2nd in Asia)

Japan's stable infrastructure services (Internet, Communication, Water)

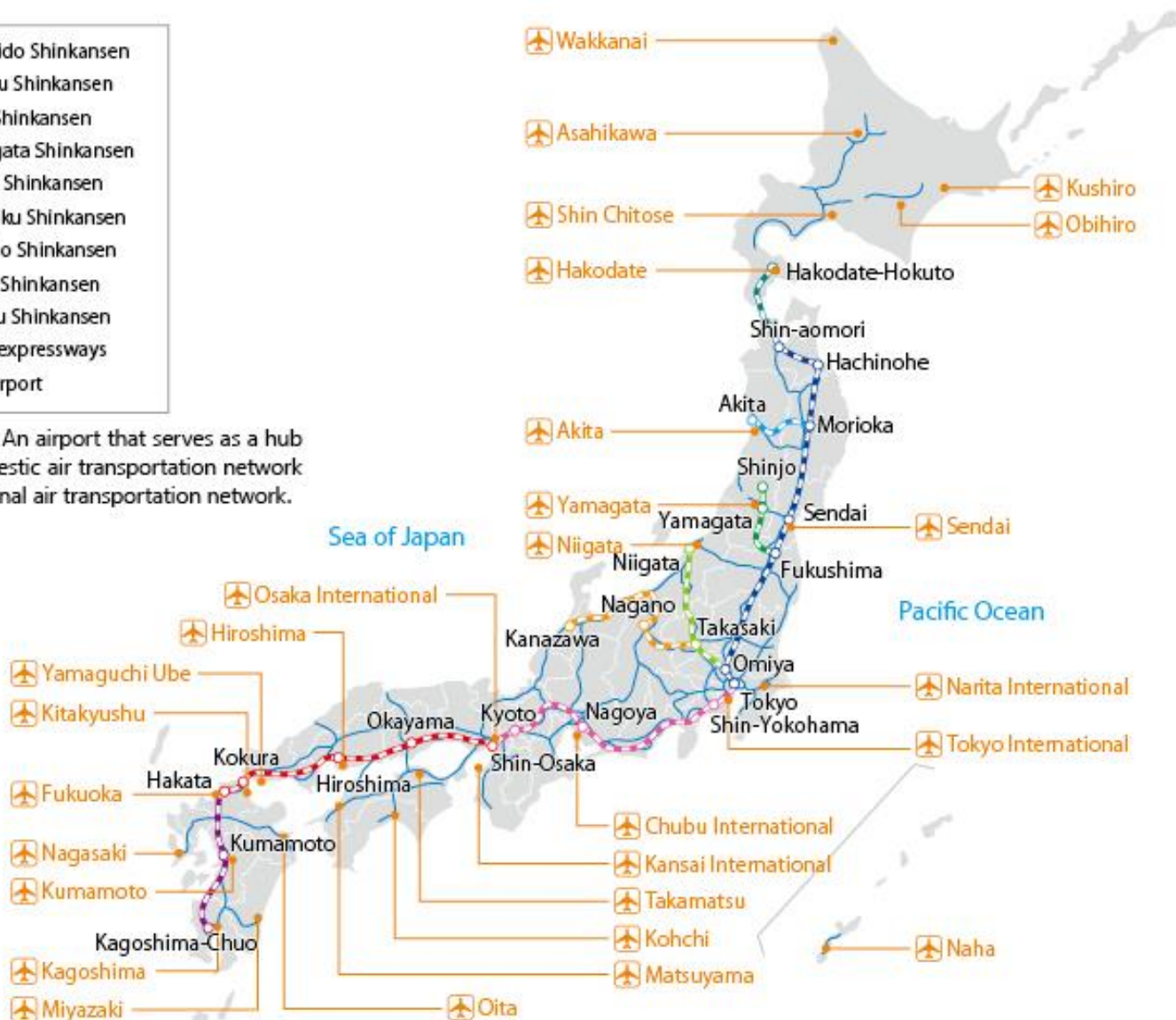
Low infrastructure fees (transportation fees, high-speed Internet, real estate cost)



World-class transportation infrastructure

- Hokkaido Shinkansen
- Tohoku Shinkansen
- Akita Shinkansen
- Yamagata Shinkansen
- Joetsu Shinkansen
- Hokuriku Shinkansen
- Tokaido Shinkansen
- Sanyo Shinkansen
- Kyushu Shinkansen
- Major expressways
- Hub airport

* Hub airport: An airport that serves as a hub for the domestic air transportation network or international air transportation network.



5. A Comfortable Living

A safe and peaceful country



Well-developed medical infrastructure

Longest life expectancy in the world



Most livable Japanese cities
chosen by the world



6. Advantages of Japan-EU EPA

The negotiations between the EU and Japan on the Economic Partnership Agreement (the EPA) have been finalised in December 2017

1. Improvement of Market Access



Liberalization: approximately 94 % of goods in Japan



Liberalization: approximately 99 % of goods in EU

Expanding business opportunities will

- Improve productivity
- Accelerate GDP growth
- create EU jobs – every €1 billion in EU exports supports 14,000 jobs in EU.

2. Protection of Geographical Indication

Japan will recognize 210 EU's GIs.
This protects European farmers and producers selling abroad.

3. Government Procurement

The deal will expand the opportunities for EU suppliers to participate in open tenders in Japan– Central and Sub-central.
In railways sector, the deal will also improve market access to Japan for EU companies.

4. Trade in Service

The deal will open up Japan's services market to EU firms.

5. Regulatory Cooperation

The deal will, especially in agricultural and motor vehicle sectors, enable two parties to;

- discuss how to address issues when the two sides' regulations diverge or are incompatible.
- work more closely together on developing international standards

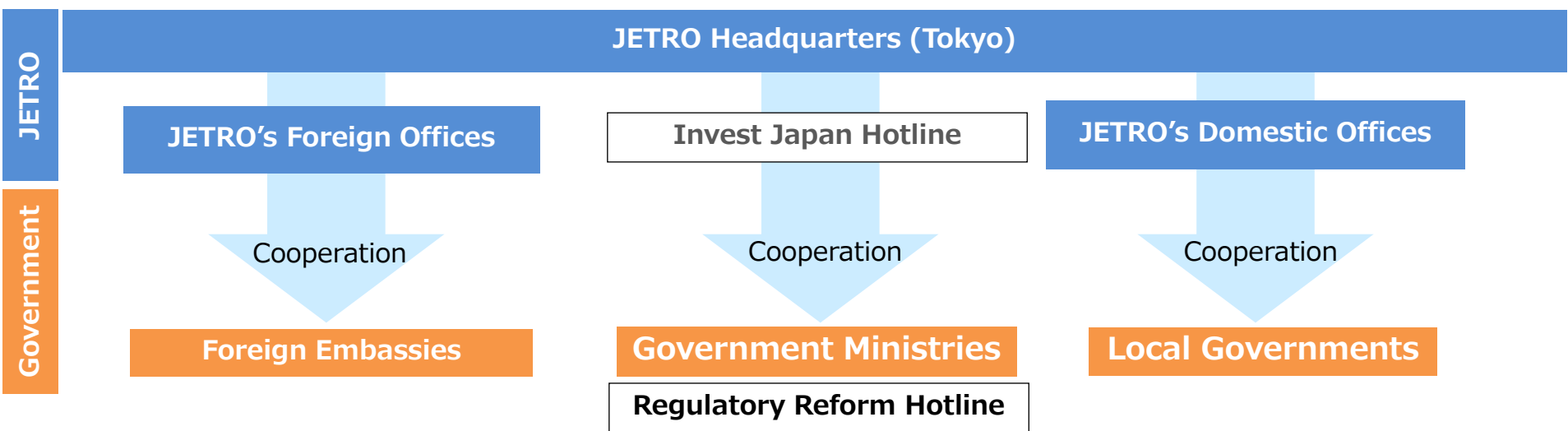
6. Promoting Investment

The deal will promote Japan's foreign direct investment in EU.

7. Trade and Sustainable Development

The deal will show commitments to internationally recognized environment and labour standards.

3. JETRO's Activities and Services - Overview

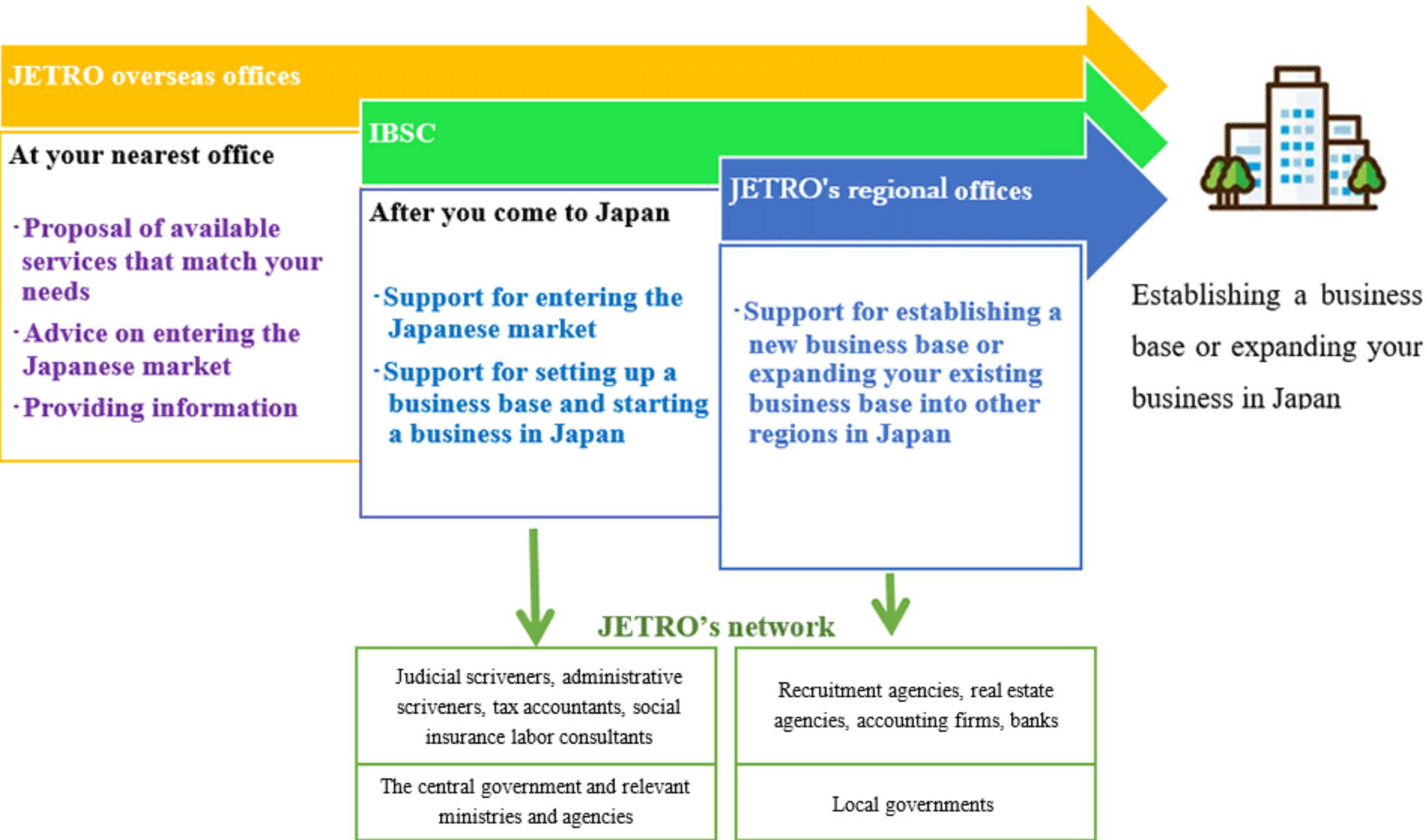


<Example of using the JETRO HP <https://www.jetro.go.jp/en/invest>:
Research about how to set up business in Japan>

Investing in Japan

The screenshot shows the JETRO website interface. The main navigation bar includes 'Why JAPAN', 'Setting Up Business', and 'JETRO's Support'. The 'Setting Up Business' menu is highlighted, leading to a grid of content tiles: 'Q&A', 'How to Set Up Business in Japan', 'Regional Information', 'Incentive Programs', 'Success Stories', 'Directory for Doing Business in Japan', and 'Pamphlets'. A detailed view of the 'How to Set Up Business in Japan' page is shown, featuring a flowchart and sections on laws and regulations, including:

- Section1: Incorporating Your Business
- Section2: Visas and Status of Residence
- Section3: Taxes in Japan
- Section4: Human Resource Management
- Section5: Trademark and Design Protection Systems



Czech-Affiliated Companies in Japan

TOTAL

8

Japanese-Affiliated Companies in the Czech Republic

		Companies	Investment (mil.\$)	Employees
Investment	Manufacturing	103	3 689	42 137
	R&D, Strategic Services	3	18	246
Sales, Trading, Services and Others		148	79	4 551
TOTAL		254	3 786	46 970

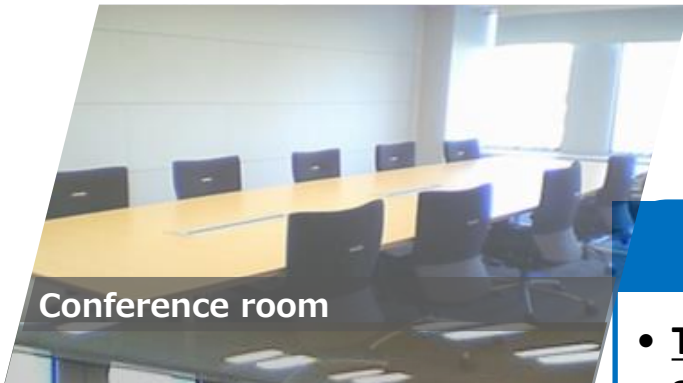
*Above figures include also Japanese investments through other countries.

** 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.

3. JETRO's Activities and Services - Invest Japan Business Support Center (IBSC)

<https://www.youtube.com/watch?v=wCD-yVQnmNQ&feature=youtu.be>



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

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
- September 20, 2017 / supporting Czech Japan Technology partnership workshop (TACR-NEDO)
- March 12, 2018 / Smart factory Workshop and tour

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
- October 2018 / Cyber Security / ICT mission to Japan - RISON TOKYO & CEATEC JAPAN

Others

- Annual / Round table meeting with Czech ministries
- September 16, 2015 / Reverse trade fair
- March 13, 2018 / Reverse trade fair

3. JETRO's Activities and Services - JETRO Prague 2016-2018

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



3. JETRO's Activities and Services - JETRO Prague 2016-2018

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



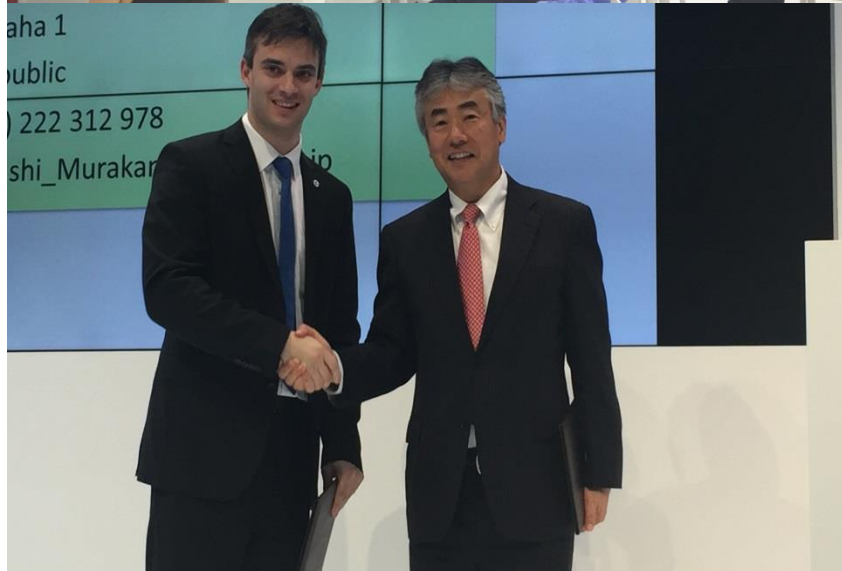
3. JETRO's Activities and Services - JETRO Prague 2016-2018

October 23-28, 2016 / ICT business mission to Japan / during IT Week



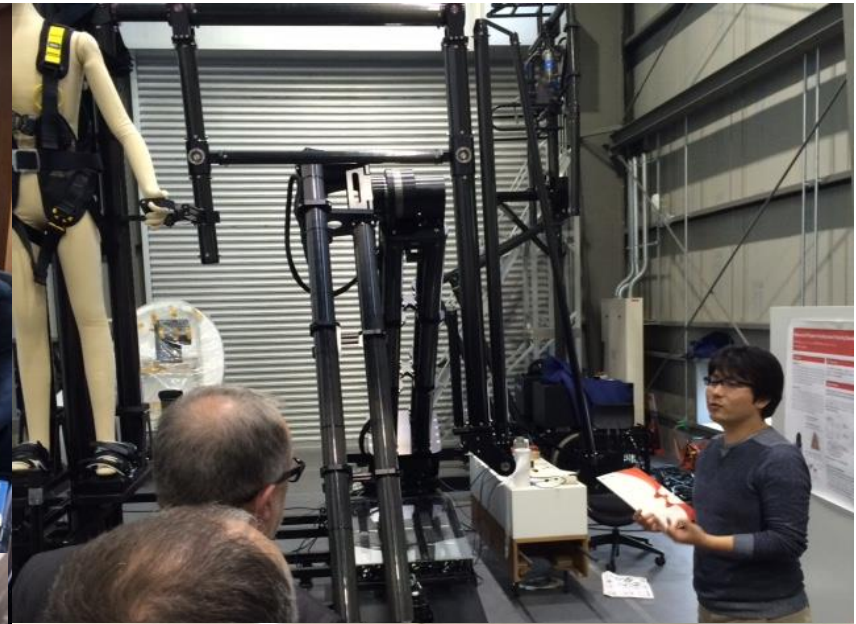
3. JETRO's Activities and Services - JETRO Prague 2016-2018

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



3. JETRO's Activities and Services - JETRO Prague 2016-2018

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



3. JETRO's Activities and Services - JETRO Prague 2016-2018

October 9-13, 2017 / Biotechnology and Healthcare business delegation



Talk to JETRO First!

Thank you for your attention !

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