

# JETRO

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Japan External Trade Organization

## Investment Climate and Business Opportunities in Japan

**Japan External Trade Organization  
(JETRO)**

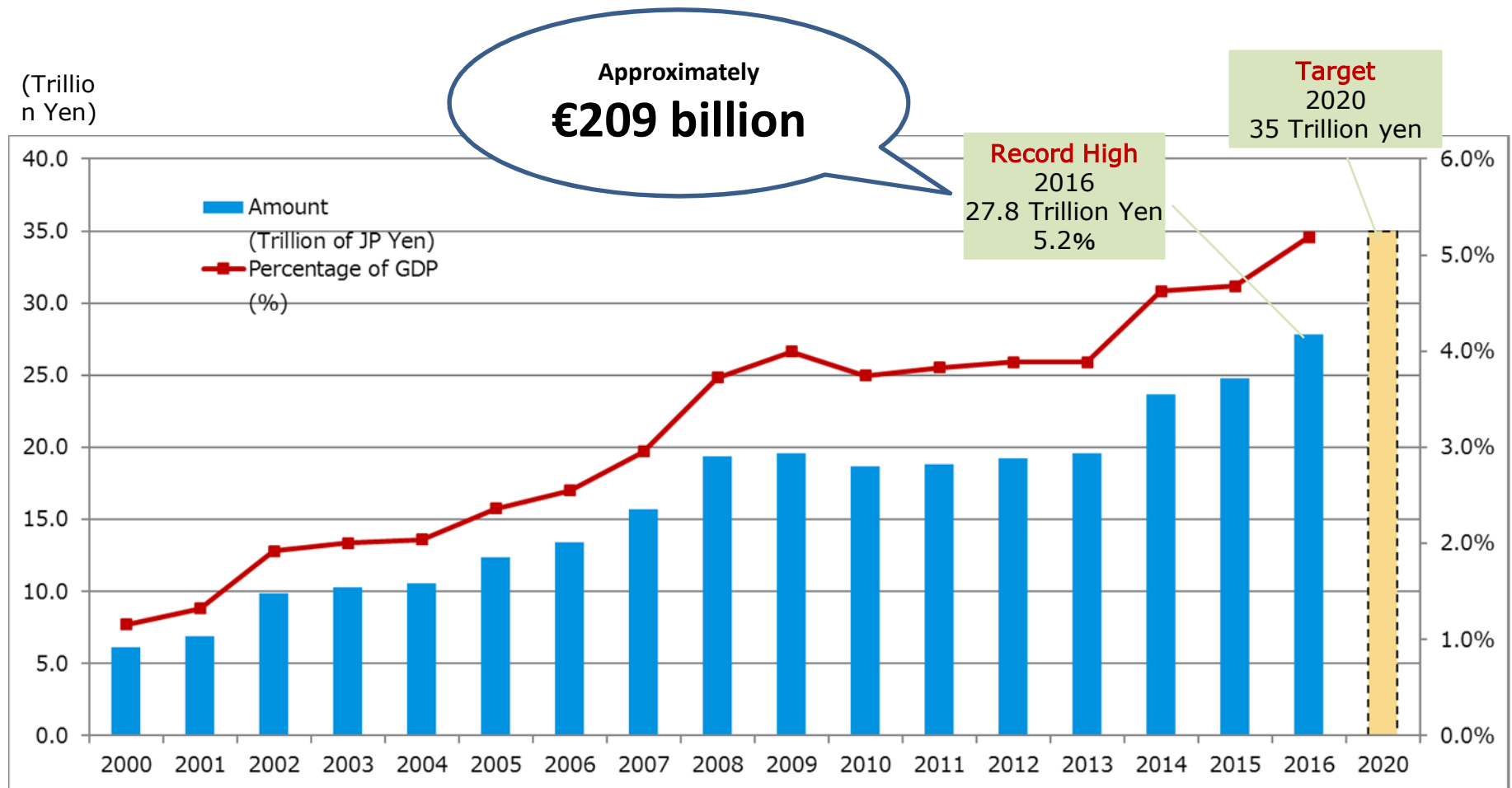
Tomomi Tsuchiya, Director, JETRO Brussels

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- 1. Investment climate between Japan and Luxembourg**
2. Japan as an investment destination
3. Making Japan the most business-friendly country in the world
4. Talk to JETRO First

# Inward FDI stock in Japan

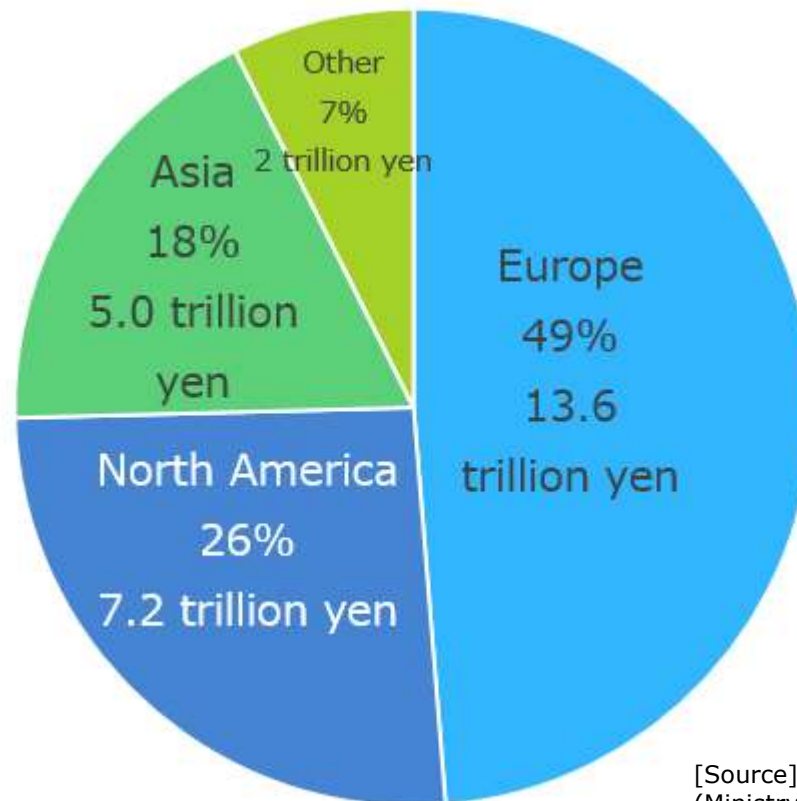


The stock of inward FDI and its portion in the nominal GDP

[Source] "Balance of Payments"(Ministry of Finance), "National Accounts of Japan" (Japan Cabinet Office)

# Inward FDI by region: Europe has the largest investment stock.

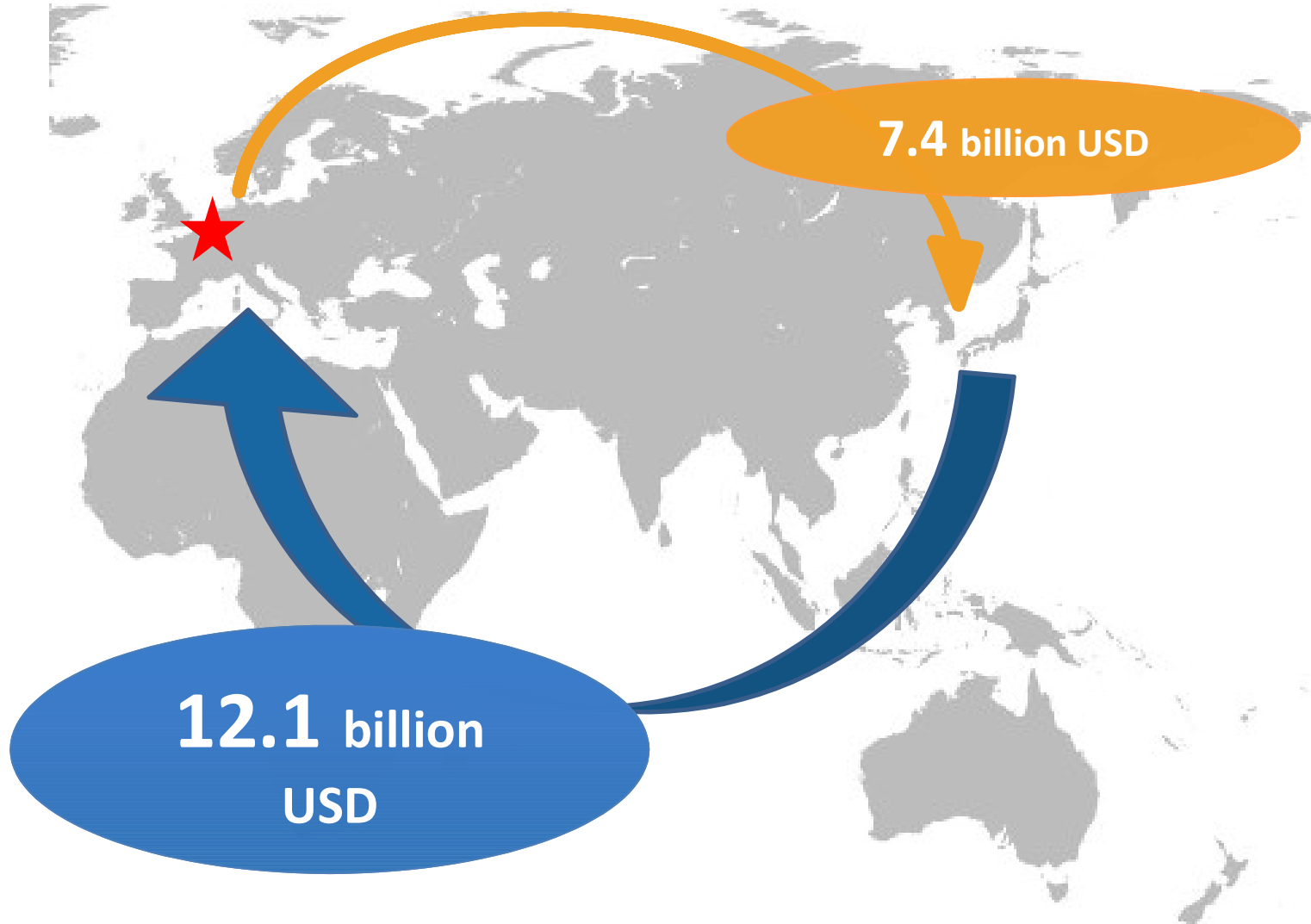
Stock of inward FDI into Japan by region (as of the end of 2016)



[Source] "Balance of Payments"  
(Ministry of Finance)

## 1. Investment climate between Japan and Luxembourg

# Japan – Luxembourg FDI (2016 stock)



Sources Prepared by JETRO "Japan's Outward and Inward Foreign Direct Investment"  
From The Ministry of Finance "Balance of Payment Statistics" and Bank of Japan foreign exchange rates.

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## Attractiveness of doing Business in Japan

**Sophisticated  
Market**

**Well-  
developed  
Infrastructure**

**High Quality  
R&D**

**Comfortable  
Living**

# Japan's GDP is ranked 3<sup>rd</sup> in the world.



Source: Gross domestic product 2016 (US dollars, Billions)  
World Development Indicators database, World Bank, 1 July 2017

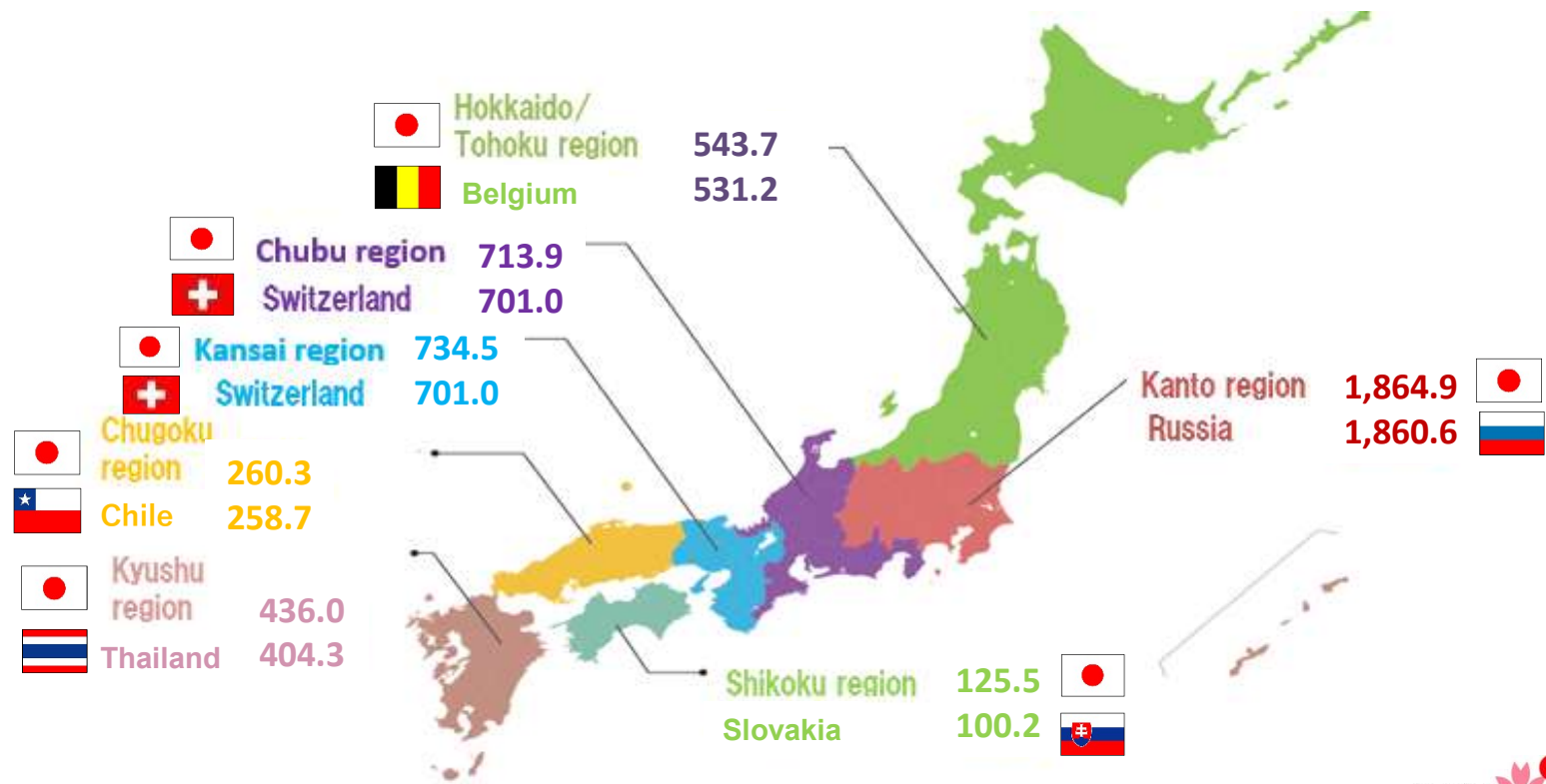


# Comparison of regional GDP in Japan

Japan's local regions offer enormous and attractive markets. Even one region has national-level GDP.

Comparison of Japanese regional gross production (nominal, FY2014)  
(Unit: US\$1 billion)

Source: Cabinet Office, "Report on Prefectural Accounts FY2014" (2017)



# Innovation Hub, High quality R&D

Science and technology related research is conducted spiritedly in Japan. “Research funding as a percentage of GDP” and “Number of researchers per 10,000 people” are among the largest in the world.

**Research funding percentage of GDP  
(G8 comparison)**

Rank	Country	Percentage of GDP (%)
<b>1</b>	<b>Japan</b>	<b>3.56</b>
2	Germany	2.90
3	USA	2.74

4<sup>th</sup> - France (2.26%), 5<sup>th</sup> - UK (1.70%),  
6<sup>th</sup> - Canada(1.61%), 7<sup>th</sup> - Italy (1.29%),  
8<sup>th</sup> - Russia (1.19%)

**Number of researchers per 10,000 people  
(G8 comparison)**

Rank	Country	Number of researchers per 10,000 people
<b>1</b>	<b>Japan</b>	<b>52.1</b>
2	Canada	45.3
3	Germany	43.4

4<sup>th</sup> – UK (42.3), 5<sup>th</sup> - USA (41.3),  
6<sup>th</sup> - France(40.7), 7<sup>th</sup> - Russia (30.8),  
8<sup>th</sup> - Italy (19.7)

Source: Created from Ministry of Internal Affairs and Communication, “Survey Result on Science and Technology Indicators 2016”  
Date source: OECD “Main Science and Technology Indicators,” etc.

# Business-Friendly Infrastructure

## Easy environment for business



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

## Foreign companies validate Japan's infrastructure

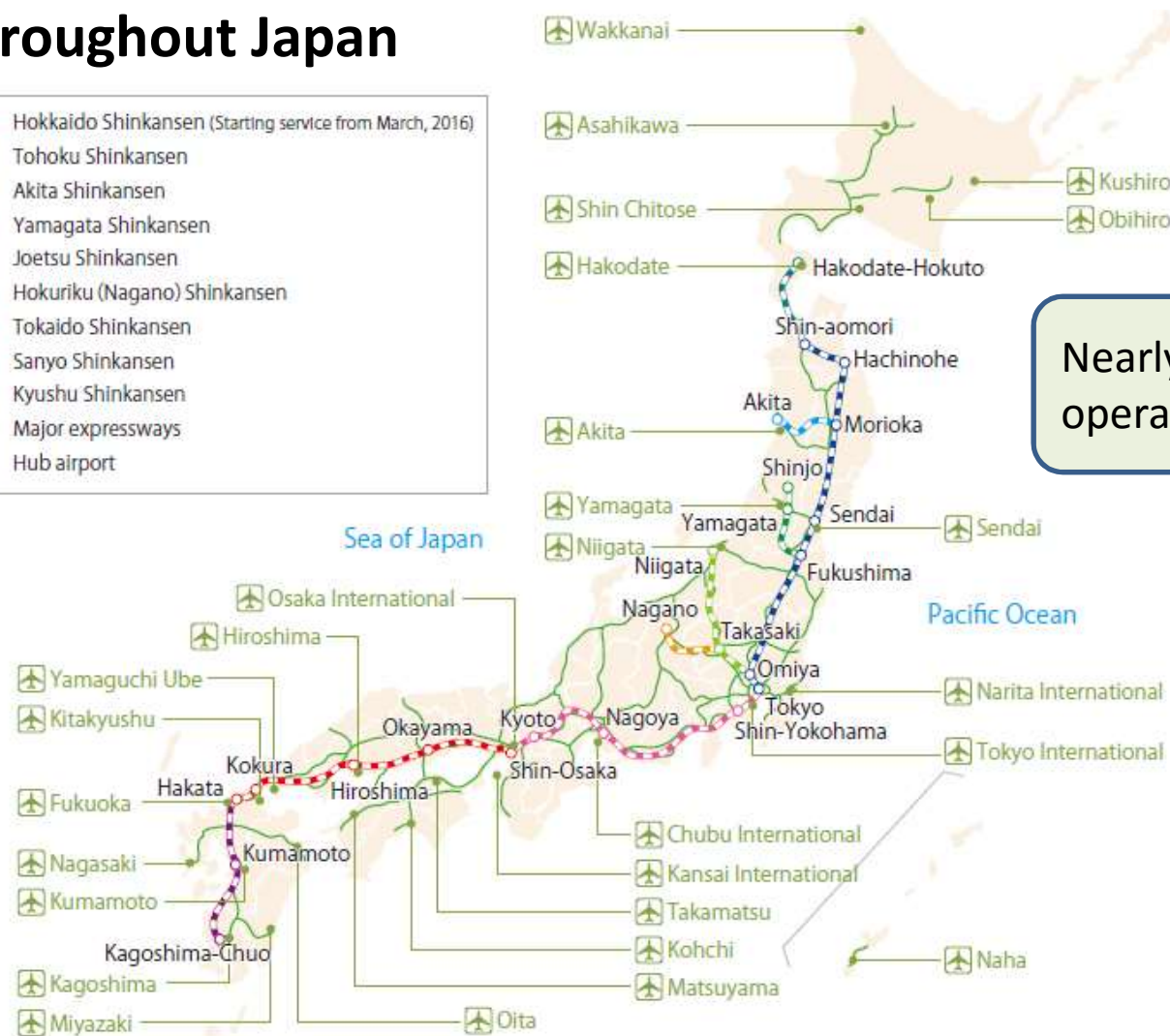
**About 80%** of 197 foreign companies see the **well-maintained infrastructure** (transportation, logistics, information and communications and energy) as an advantage of Japan's business environment.

Source: Invest Japan Report 2016

## 2. Japan as an investment destination

# Excellent Japanese transport infrastructure spreading throughout Japan

-  Hokkaido Shinkansen (Starting service from March, 2016)
-  Tohoku Shinkansen
-  Akita Shinkansen
-  Yamagata Shinkansen
-  Joetsu Shinkansen
-  Hokuriku (Nagano) Shinkansen
-  Tokaido Shinkansen
-  Sanyo Shinkansen
-  Kyushu Shinkansen
-  Major expressways
-  Hub airport



Nearly 100 airports operate nationwide

\* Definition of hub airport: Airports that play a role as a hub in the international or domestic air transportation network  
Sources: Created from website of the Ministry of Land, Infrastructure, Transport and Tourism; website of each railroad company

# Comfortable Living Environment

## Most livable Japanese cities chosen by the world

The “25 Most Livable Cities Index” (2016) published by UK magazine *Monocle*.



\* 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, UK

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# Obstacles in doing business in Japan

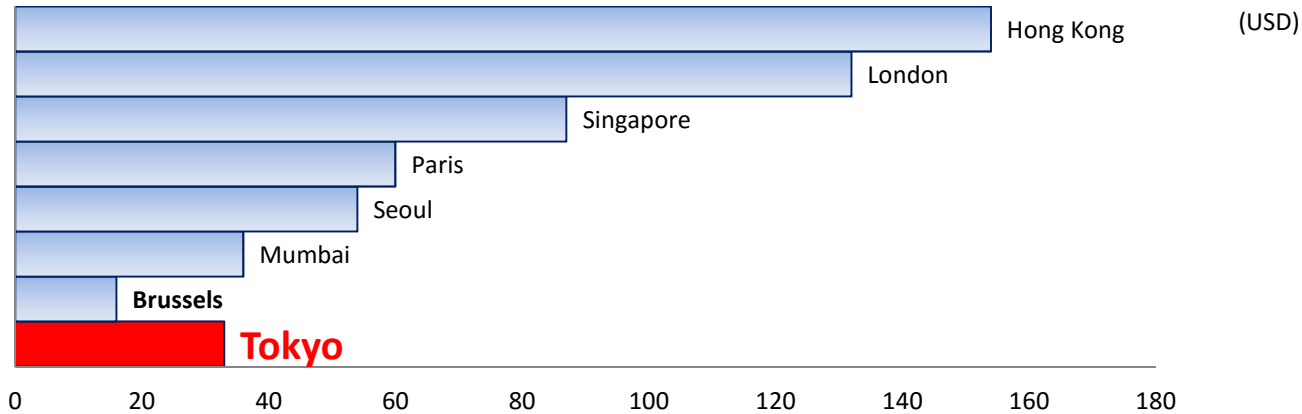
Top five obstacles – Comparison of the 2013, 2015 and 2016 Surveys

	2013 Survey	2015 Survey	2016 Survey
1	<b>High business costs</b>	Complicated business systems and structures	Difficulty in finding human resources
2	Particularities of Japanese market	Difficulty in finding human resources	Difficulty in communicating in non-Japanese languages (in business)
3	Difficulty in communicating in non-Japanese languages	Difficulty in communicating in non-Japanese languages (in business)	<b>High business costs</b>
4	Complicated business systems and structures	Particularities of Japanese market	Complicated business systems and structures
5	Difficulty in finding human resources	<b>High business costs</b>	Particularities of Japanese market

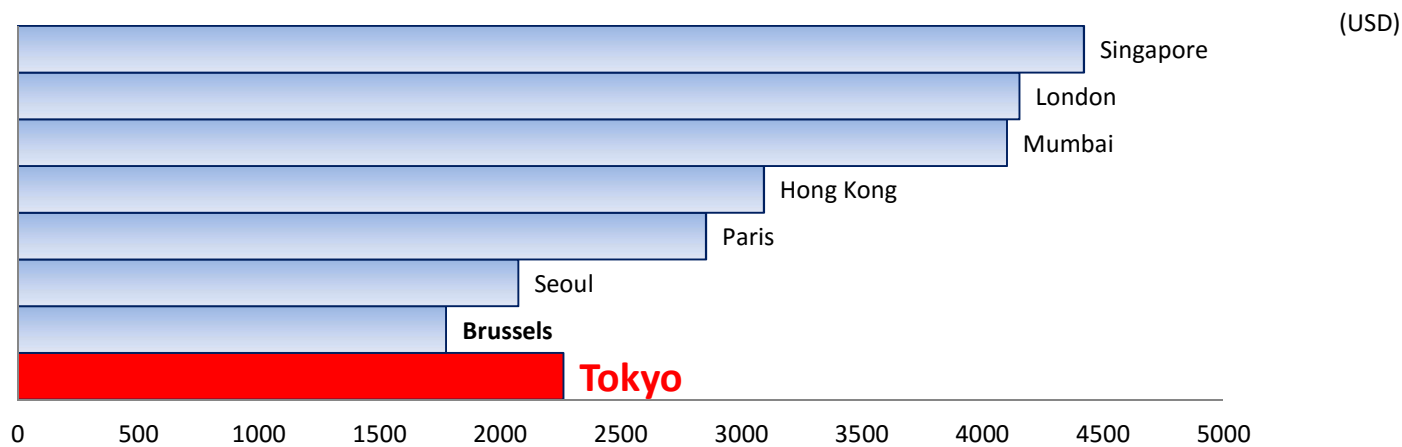
# Japan's Business Cost

Source : JETRO

## Office rent (monthly/per sq.m)



## Housing rent for expatriates (monthly)

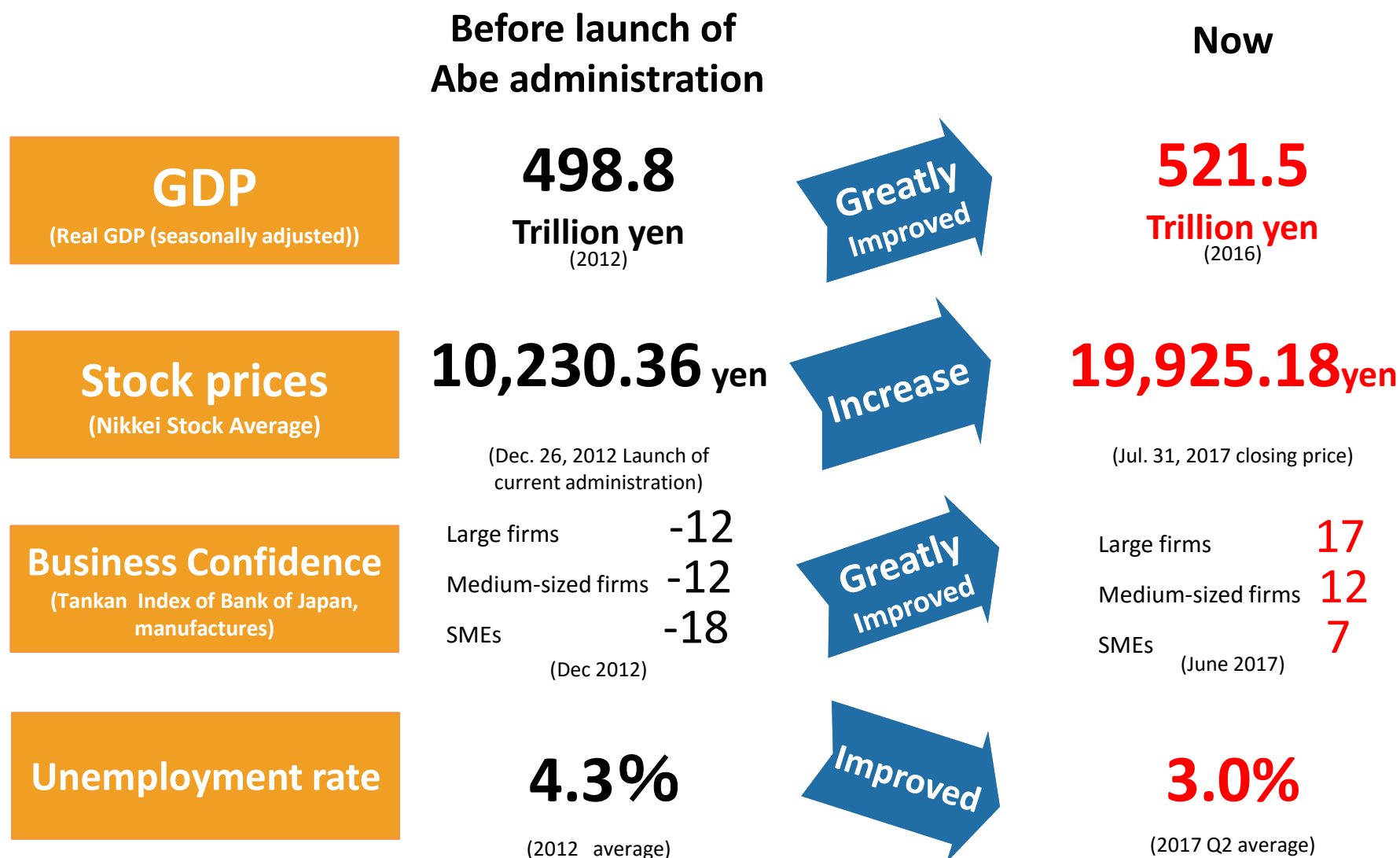


Source : JETRO

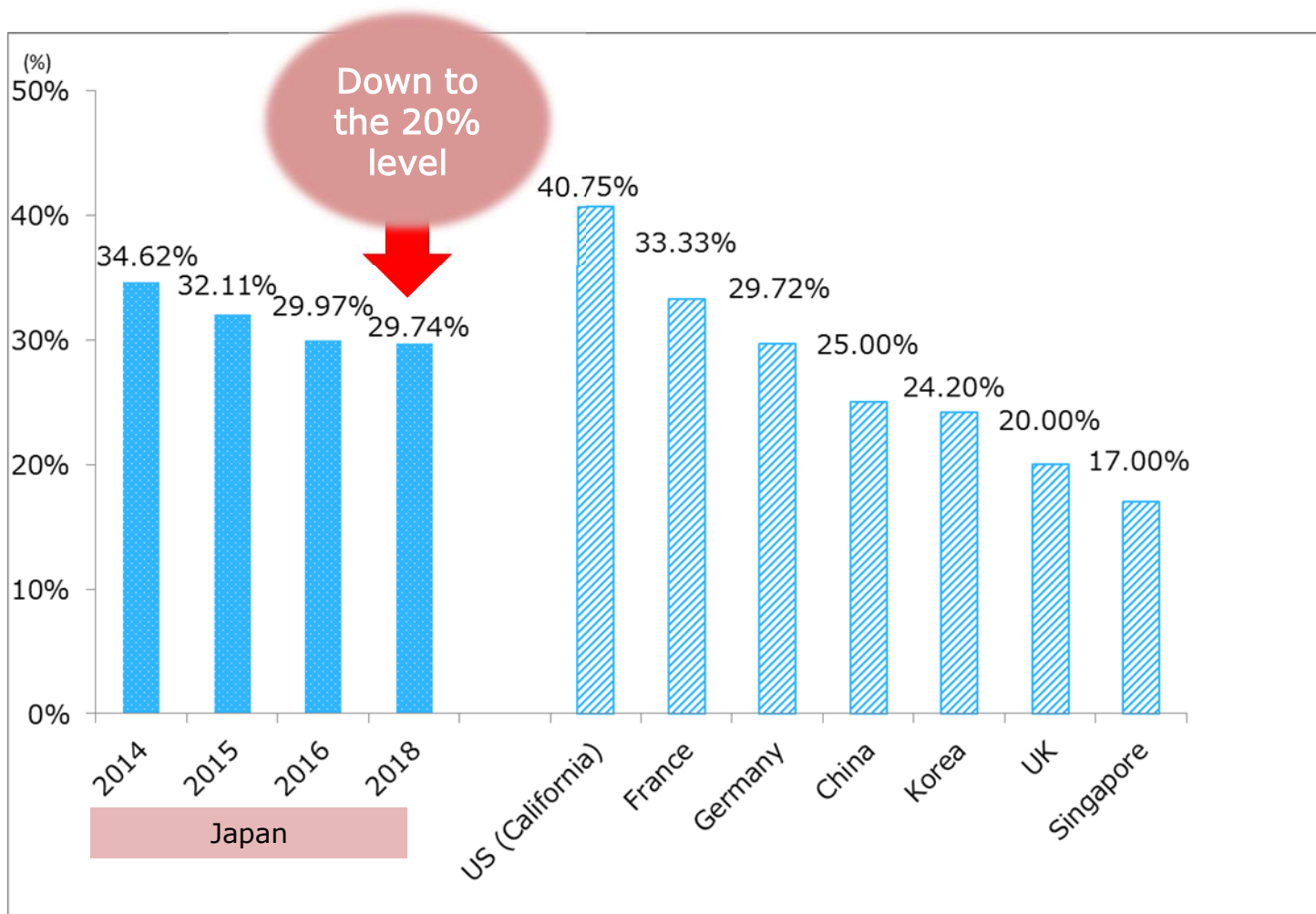


### 3. Making Japan the most business-friendly country in the world

## Improving Economic Indexes Under Current Administration



# Reduction of Effective Corporate Tax Rate



Source: Website of the Ministry of Finance and "FY 2016 Tax Reform Outline"

## Business opportunities created by structural reform



**Opening up  
the energy  
market**



**Regulatory  
reform of  
medical/  
pharmaceuticals  
market**

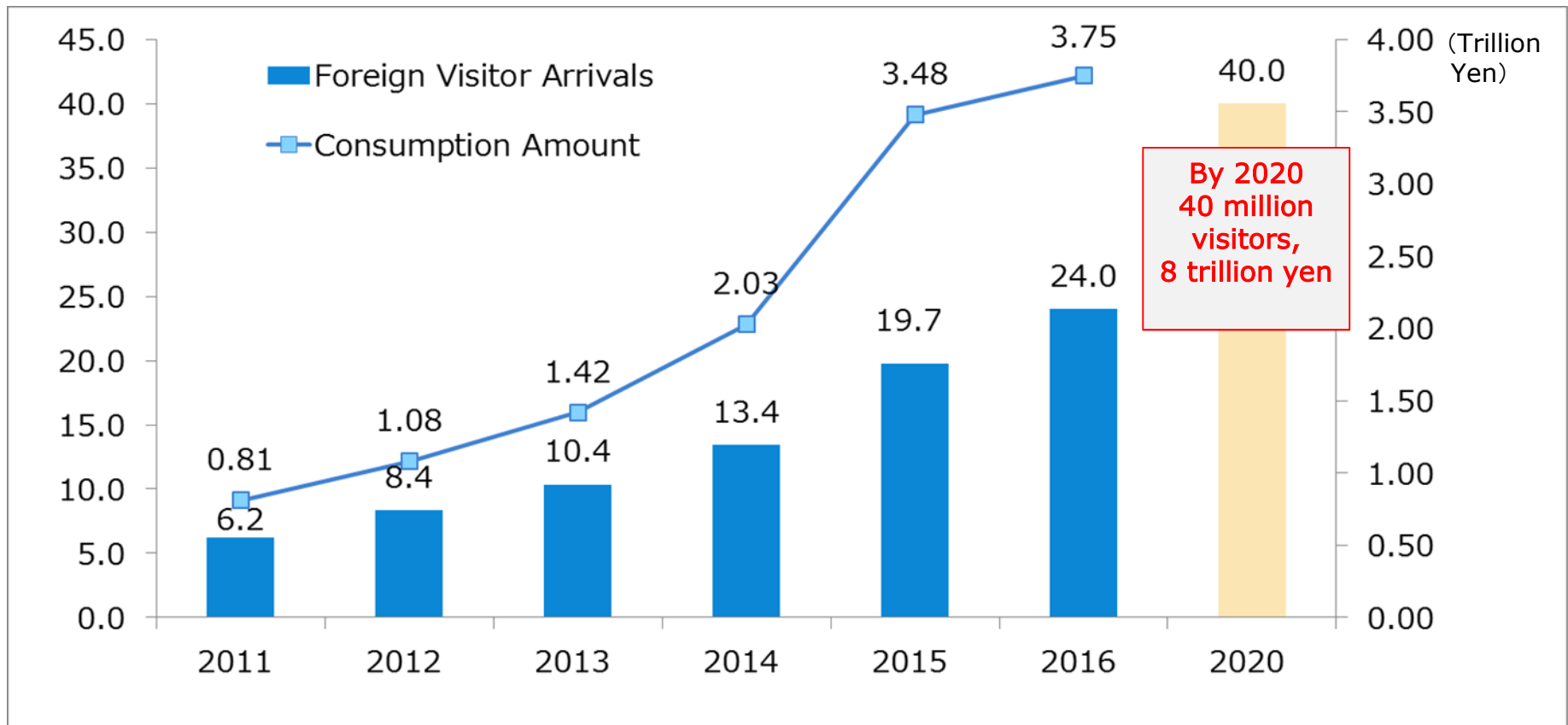


**EPAs with  
broad  
agreements**

**Promoting Japan as a tourism-oriented country**

(Million people)

Foreign visitor arrivals and their consumption amount



Source : Japan National Tourism Organization  
<http://www.mlit.go.jp/kankocho/siryou/toukei/syouthityousa.html>

## Five Promises for Attracting Foreign Businesses to Japan

- 1 Overcome language barriers at retailers and restaurants
- 2 Facilitate better Internet connectivity (Free Wi-Fi)
- 3 Accommodate business jets at local airports
- 4 Enhance educational environment for expatriate children (International schools)
- 5 Strengthen advisory and consultation services to support foreign businesses (Investment Advisor Assignment System)

日本語にほんごニホン  
ゴ  
↓  
Multilingual, 다국어,  
多种语言,  
बहुभाषी, plurilingüe,  
רב לשוני



Source: The Council for Promotion of Foreign Direct Investment in  
Japan  
[http://www.invest-japan.go.jp/committee/en\\_index.html#simplify\\_wg](http://www.invest-japan.go.jp/committee/en_index.html#simplify_wg)

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# JETRO's Overseas and Domestic Network

44 domestic offices



74 overseas offices  
In 55 countries

# Support to enter or expand business in Japan

Support for establishing a business in Japan:

To enter the market

### Overseas office & HQ:

- Provide information on
  - markets and industries
  - governmental approval and licenses
  - business models
- For setting up a business base in Japan, help to solve problems relating various filings, regulatory, or business issues.



Set up a base

### In Japan, JETRO IBSC:

- Provide expert advice (taxes, accounting, human resources, social security, real estate, etc.)
- Offer temporary office space (at IBSC)



Expand in Japan

### Domestic offices and local governments:

- Provide information on regions throughout Japan (location sites, local incentives, etc.)
- Provide information for expanding business base

**Invest Japan Business Support Center (IBSC) in six major cities in Japan. One-stop service for starting your business!**



# Tokyo One Stop Business Establishment Center

Filing applications necessary for company establishment in one place.

- 1 Certification of Articles of Incorporation
- 2 Company Registration
- 3 Tax (National Tax)
- 4 Tax (Metropolitan Tax)
- 5 Immigration (Status of Residence)
- 6 Employment Insurance
- 7 Labor Insurance
- 8 Health and Pension Insurance

- The first center in Japan that has integrated the procedures for establishing business by foreign-affiliated and venture companies.
- Provide interpretation/translation services in multiple languages.



Launched in JETRO HQ in Tokyo (April, 2015)

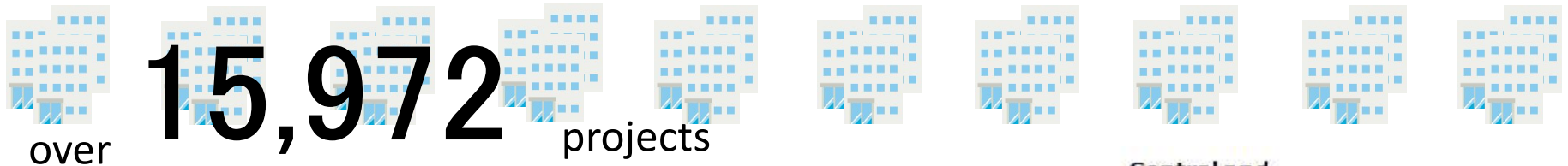


Experts assist with administrative procedures required for starting business

Source: Tokyo One-Stop Business Establishment Center <http://tosbec.org/english/index.html>

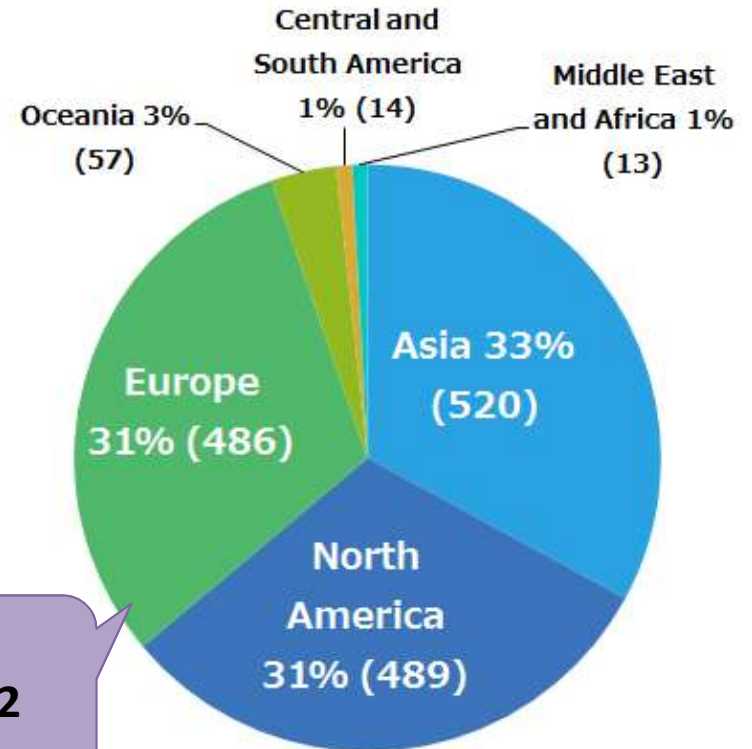
# Investment projects supported by JETRO (2003 - 2016)

Supported



Successfully opened business

Belgium and Luxembourg 12 companies



For further information on invest in Japan:

# JETRO Invest Japan Website (in English, German, French, Chinese, Korean and Japanese)

- The following information is provided on the website "Invest in Japan":
- 5 reasons to invest in JAPAN
  - Why Invest in Japan's Local Regions?
  - Speeches by the Chairman
  - How to Set up Business in Japan/Initial Cost Estimation
  - Regional Information
  - Incentive Programs
  - Invest Japan Business Support Center (IBSC)
  - Support for foreign-affiliated companies
  - Success Stories
  - Industry Information/Report
  - Email Newsletter "Success in Region"
  - JETRO's Support
  - Invest Japan Hotline



<https://www.jetro.go.jp/en/invest/>

# Talk to JETRO First!



[www.investjapan.org](http://www.investjapan.org)