

Business opportunities in Japan

Japan External trade Organization (JETRO)
Toshihiko Sakaguchi



What JETRO can do for you

**Japanese Economy
Japan is Back by Abenomics**

What JETRO can do for you

What's JETRO?

JETRO's business flow

JETRO's Achievements (FY2003-2014)

Recent cases supported by JETRO

JETRO's Global Network



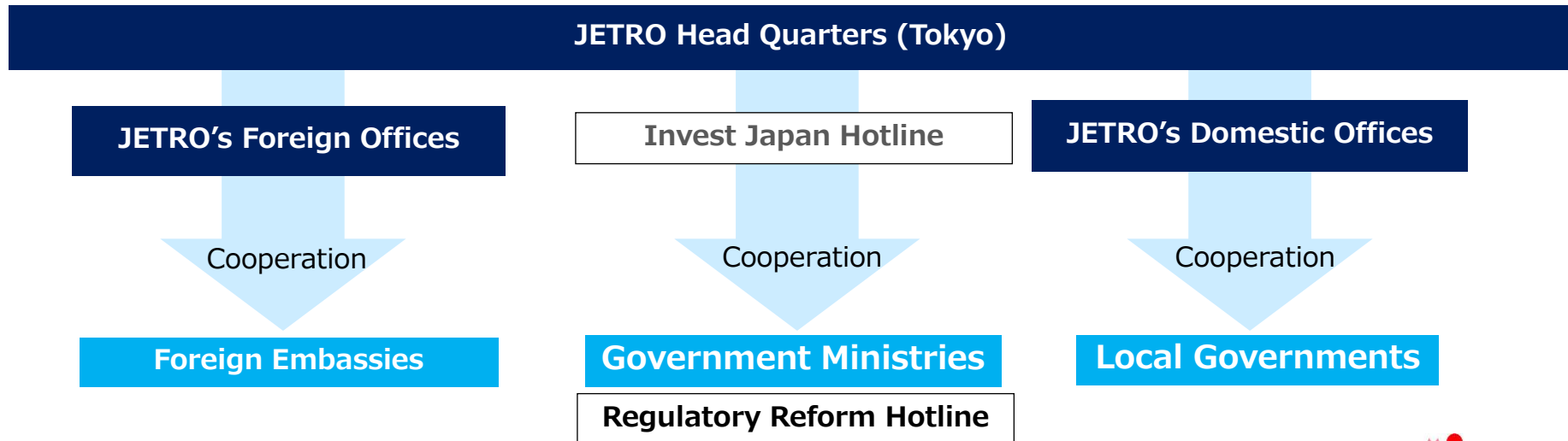
What is **JETRO**?

JETRO: Japan External Trade Organization

- ◆ Established in 1958
- ◆ Government-related organization
- ◆ Promoting business between Japan and the rest of the world (assisting companies' global business)



What does JETRO do to promote FDI?



What's JETRO?

Invest Japan Website

<Example of using the JETRO HP:
Research about how to set up business in Japan>



<JETRO HP in Chinese>

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.

Laws & Regulations on Setting Up Business in Japan

- 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 validity, periods of protection as well as trademark and design registration procedures.

- More details

Seminars and Symposia: London seminar

Invest in Japan – A Regional Roadmap

- ✓ "A friendlier and more exciting Japan for investors"
- ✓ Four local government leaders promote allure of Japanese regions
- ✓ Appeal of business and investment in Japan

Organized by

Japan External Trade Organization (JETRO)

Co-organized by

Ministry of Economy, Trade and Industry (METI),
Hiroshima Prefecture, Mie Prefecture, Kobe City, Fukuoka
City

Supported by

Embassy of Japan in the UK, Japanese Chamber of
Commerce and Industry in the UK (JCCI UK), Japan
Society, Council of Local Authorities for International
Relations (CLAIR), Japan National Tourism Organization
(JNTO), UK Trade & Investment (UKTI)

Date

May 1, 2014

Venue

Institute of Directors, London

No. of attendees

119 from local companies, organizations, etc.



PM Abe's greeting



Question and answer session

Consulting Services

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



Market information



Consultation



Private Office Space



Conference Room

IBSC Office Room

Eligibility

Foreign companies which consider to start business in Japan

Period

up to **75** business days

Fee

Free of charge (up to 50 days in principle)

- Deposit & communication fee are required
- tenancy fee will be charged for additional 25 business days

Equipment

Desks, chairs, telephones, WiFi

Facilities

Conference rooms, multipurpose hall, business library, PC room

Location

Tokyo, Yokohama, Nagoya, Osaka, Kobe, Fukuoka

Achievements (FY2003-2014)

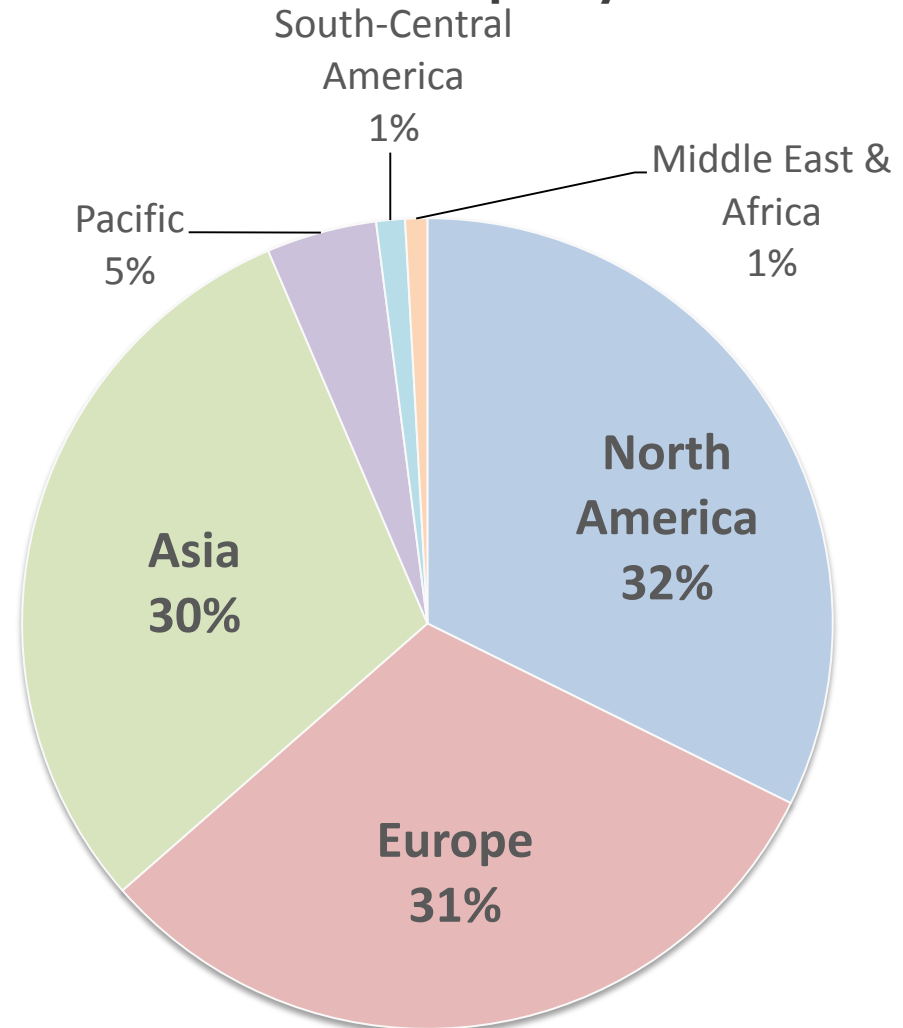
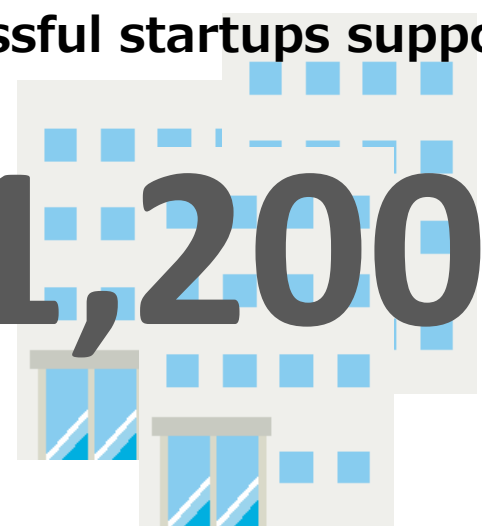
<Share of successful start ups by countries>

Project Supported

over **12,000** projects

Foreign companies'
successful startups supported

over **1,200** companies

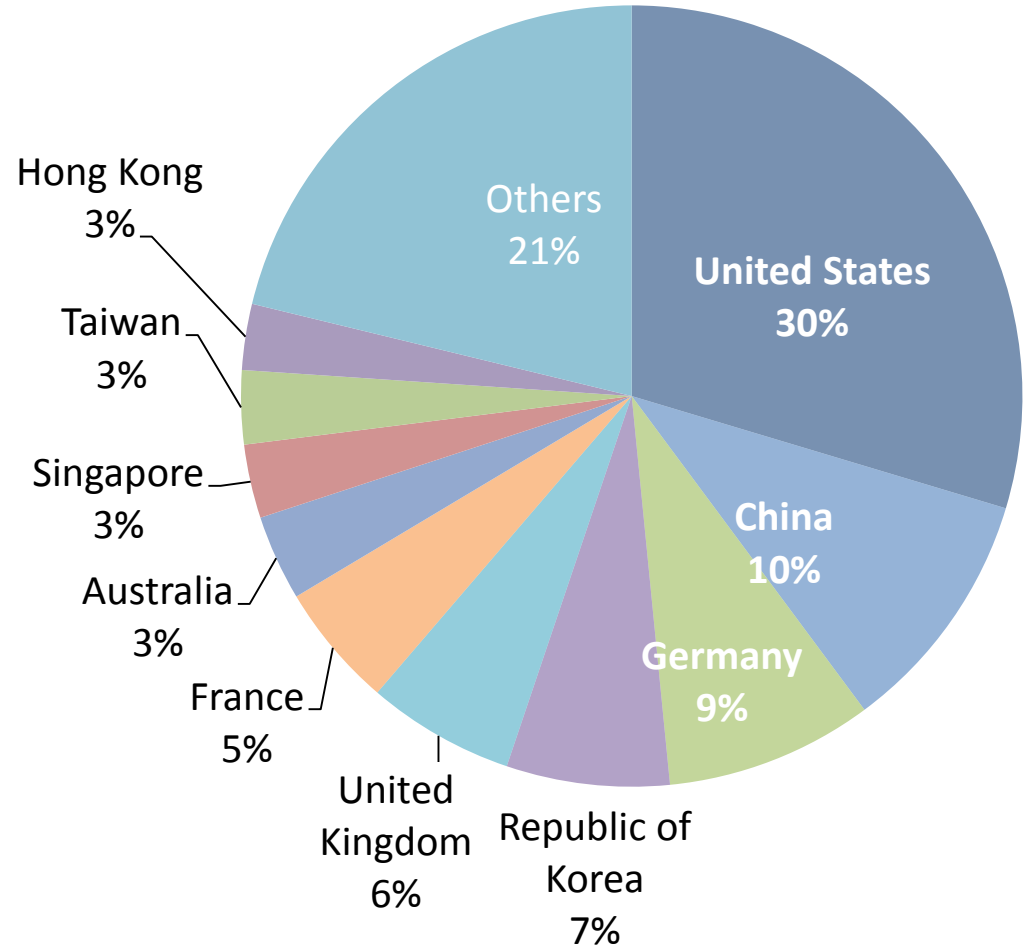


Share of successful cases by region

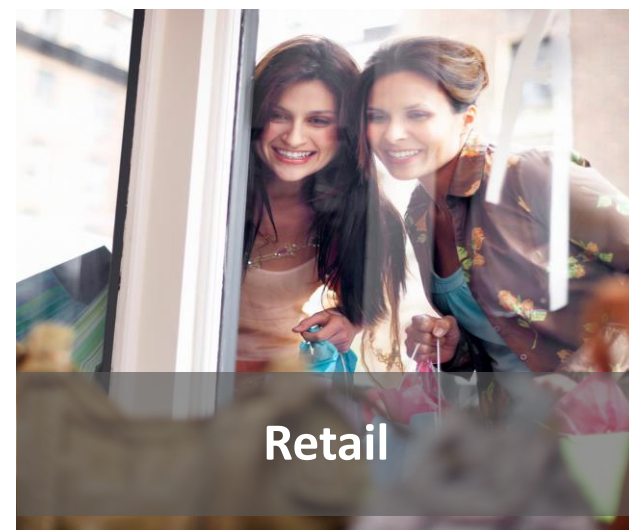
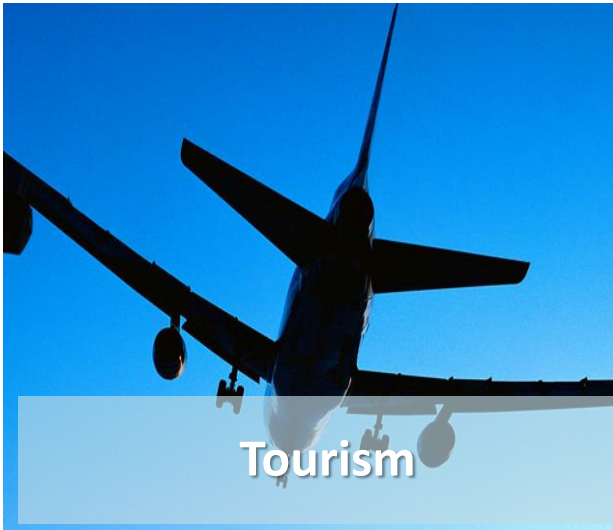
Achievements (FY2003-2014)

<Share of successful start ups by countries>

Rank	Country	Number of cases
1	United States	369
2	China	127
3	Germany	107
4	Republic of Korea	84
5	United Kingdom	76
6	France	64
7	Australia	44
8	Singapore	38
8	Taiwan	38
10	Hong Kong	34



Target Industry



Sanofi (France)



- ◆ Major French Pharmaceutical company headquartered in Paris.
- ◆ In January 2013, Sanofi established its regional headquarters in Tokyo for its medical and pharmaceutical product business to manage the financing, human resources, strategies, and regulatory affairs in JPAC regions (Japan, Korea, Australia and NZ).

【JETRO's Support】

- ◆ Provided information on incentive and other support programs. (Especially Subsidy Program for Projects Promoting Asian Site Location in Japan.)

First Solar (United States)



- ◆ A global leader in the manufacturing of solar panels and development, construction, and operation of solar power plants
- ◆ It decided to establish a base for operations in Japan to support the supply of renewable energy to replenish the loss from non-operating nuclear power plants
- ◆ In November 2013, the company announced to invest ca.10 billion JPY in Japan for the development of solar power plants.

【JETRO's support】

- ◆ Provided temporary office space in IBSC Tokyo
- ◆ Assisted company registration
- ◆ Provided with market information in Japan



Shanghai Spring International Travel Services (China)

- ◆ A leading Chinese travel agency with its subsidiary Spring Airlines, a low-cost carrier (LCC).
- ◆ In November 2012, it established Japanese subsidiary, Japan Spring Travel Services, Ltd., in Tokyo.
- ◆ This comes amid rising expectations that more Chinese tourists will be visiting Japan in the future.



【JETRO's support】

- ◆ Provided a range of services such as free temporary office, consultation on company registration, taxation, and information on permitting processes for a travel agency license.

Tommy Bahama (United States)



- ◆ With the brand concept of “Make Life One Long Weekend,” Tommy Bahama maintains an island-lifestyle apparel brand and runs more than 100 stores worldwide.
- ◆ In April 2013, Tommy Bahama opened its first Japanese freestanding store in Ginza, Tokyo. It is the first store with a bar and a restaurant outside the U.S.

【JETRO's Support】

- ◆ Consultation on entering the Japanese market
- ◆ Information about import regulations
- ◆ Introducing some service providers in Japan



The “Three arrows” strategy of Abenomics

1st arrow:
Bold monetary policy

2nd arrow:
Flexible fiscal policy

3rd arrow:
Growth strategy promotes private investment

The Achievements of Abenomics in numbers

Stock prices
(Nikkei Stock Average)

10,230 yen

Dec. 26, 2012
Launch of the Abe
Administration

Improved

17,722 yen

October 1, 2015 (closing price)

**Unemployment
rate**

4.3%

2012 average

Improved

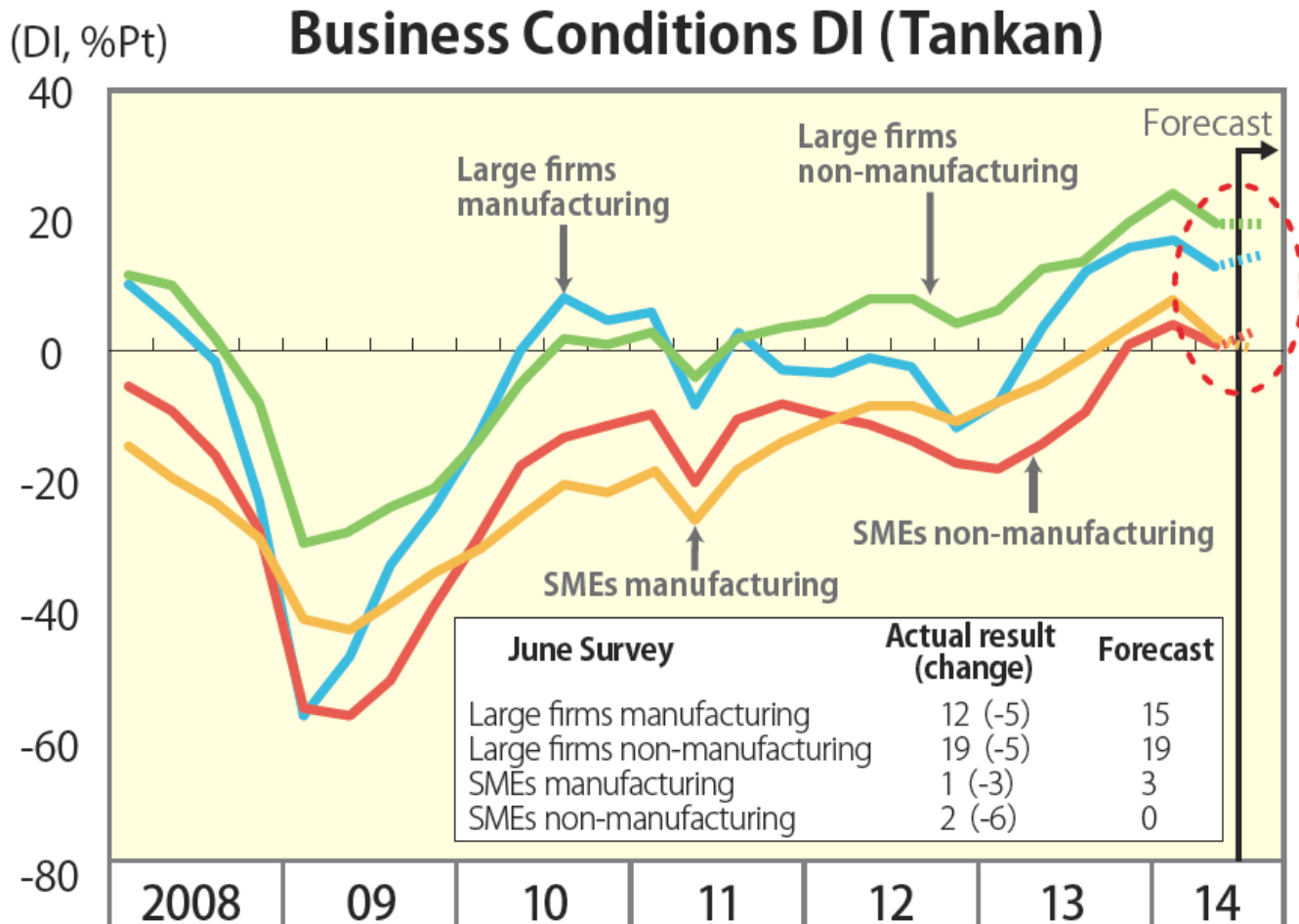
3.4%

2015 August

Recovery of market sentiment

(perception of the state of the economy)

Returned to the level before the Lehman Brothers' bankruptcy in 2008

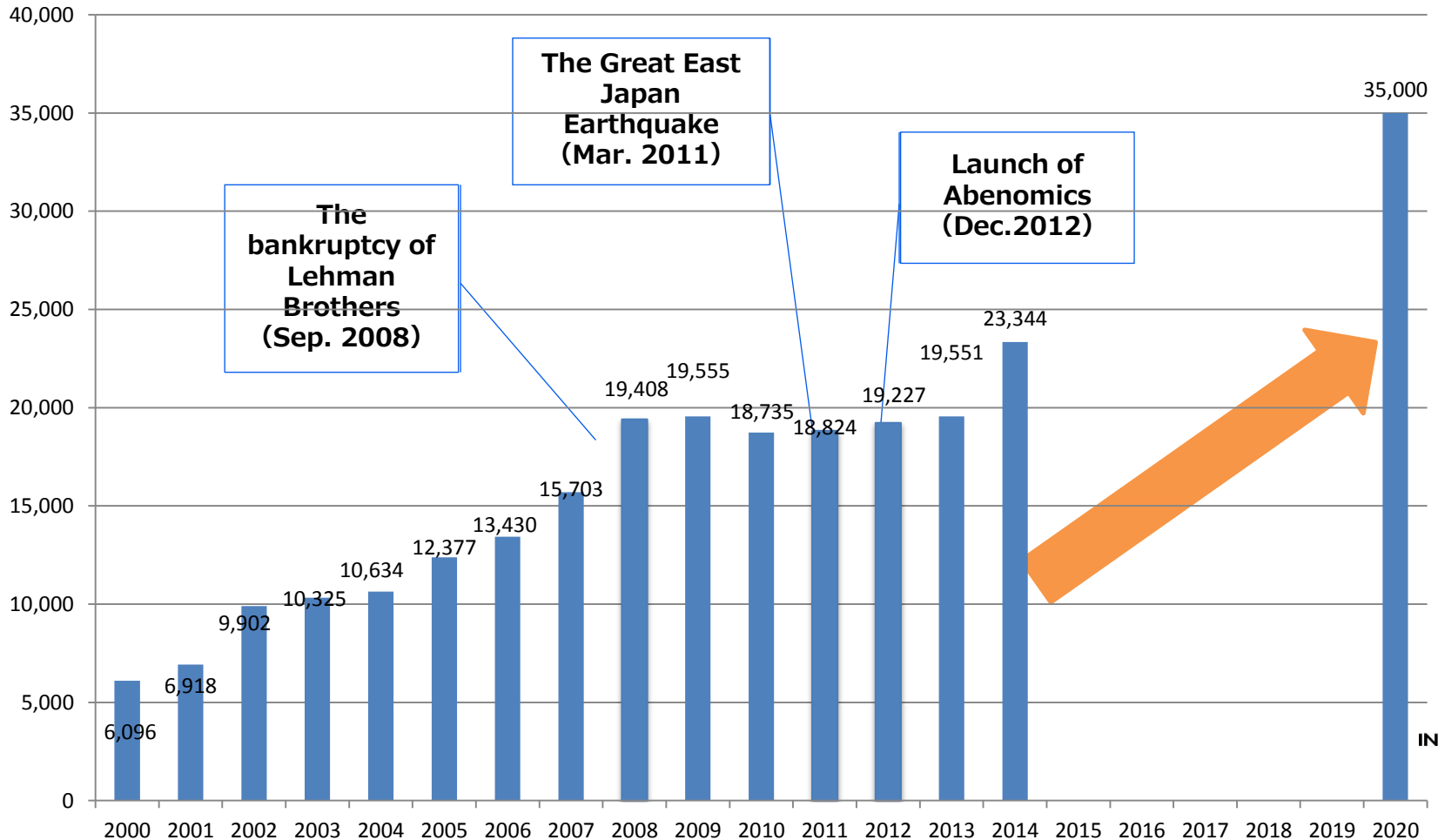


Source: Prime Minister of Japan and His Cabinet, "'Abenomics" is progressing!, September 2014"

**Governmental aim:
double Japan's investment balance to 35 trillion yen by 2020**

The stock of inward FDI in Japan

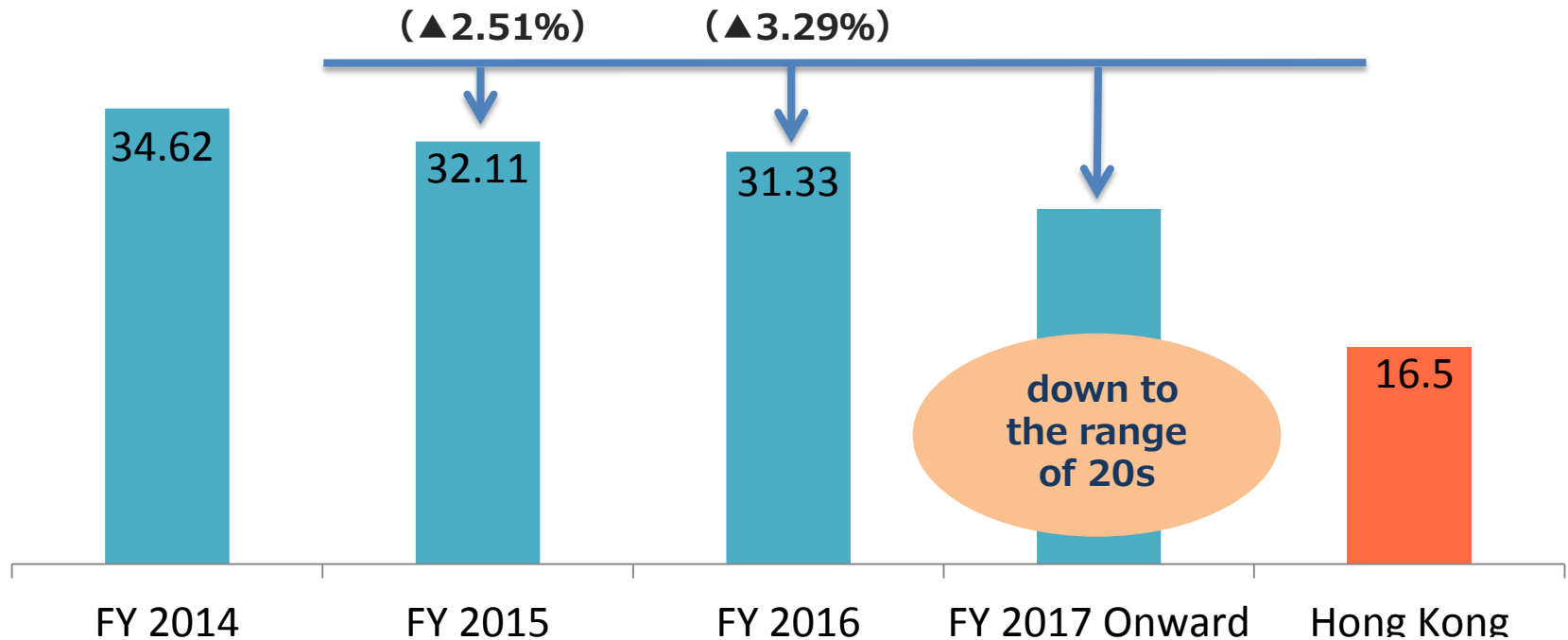
(Unit: Billion Yen)



Reduction of the corporation tax rate

- FY 2015 : 34.62% ⇒ 32.11% (- 2.51%)
- FY 2016 : 32.11% ⇒ 31.33% (- 3.29%)
- Continuing the reform ⇒ down to a range of twenties in FY 2017 and onward.

Corporate Tax Rate (%)



(As of March 2014)

Structural reforms and deregulation

Deregulation/Structural Reform

- Bold deregulation in fields (e.g. energy, agriculture, health care)
- Enhancement of Corporate Governance
 - Revision of Companies Act which promotes appointments of external directors
 - Number of companies which appoint independent external directors have dramatically increased.

Accepting Highly Skilled Foreign Professionals

Requirements below have been eased

- annual income
- research achievements
- accompanying parents/domestic servants

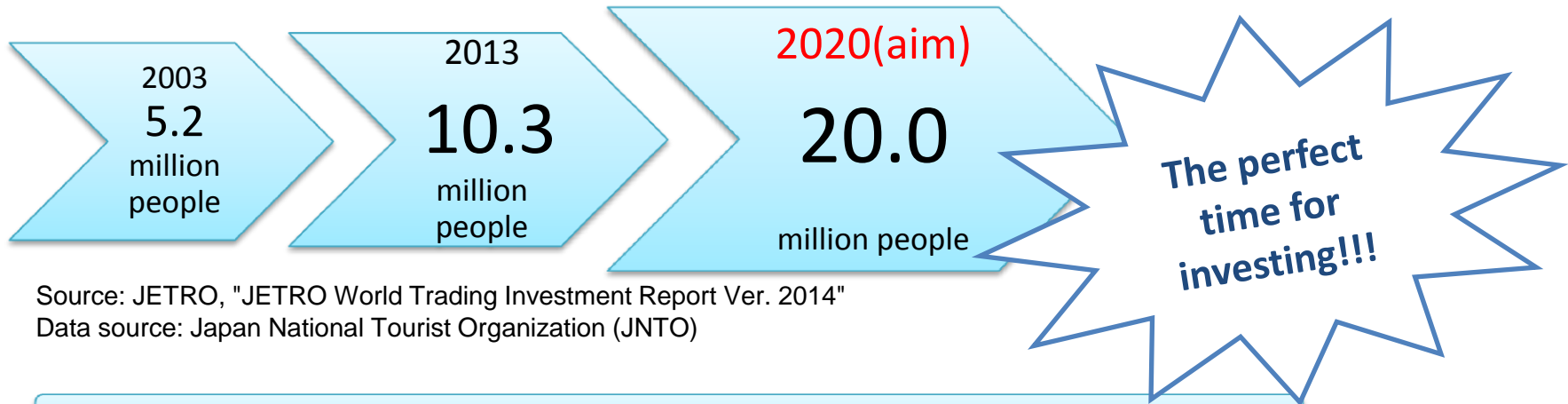
National Strategic Special Zones

Areas designated as "National Strategic Special Zones"

- regulatory reform
- institutional reform
- Tokyo, Kansai, Fukuoka, Niigata, Yabu, Okinawa, Senboku, Sendai, Aichi

Attracting visitors to Japan

Foreign travelers to Japan



Source: JETRO, "JETRO World Trading Investment Report Ver. 2014"
Data source: Japan National Tourist Organization (JNTO)

Foreign travelers to Japan: Rapid INCREASE

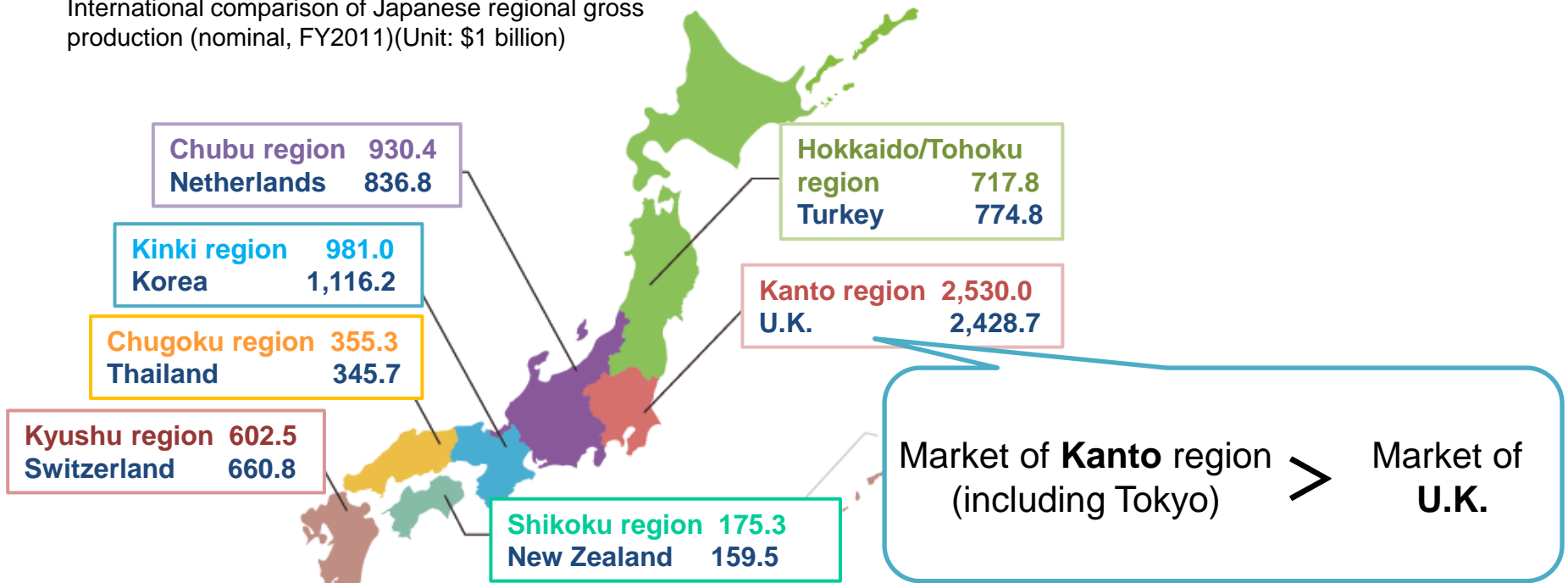
Japan → attracting **World's Attention**

Businesses **targeting foreign travelers** → to grow

Tokyo Olympics/Paralympics
→ a boom in related businesses (tourism, construction, service)

LARGE MARKET; GDP ranked 3rd in the world

International comparison of Japanese regional gross production (nominal, FY2011)(Unit: \$1 billion)



Source; Cabinet Office, "Report on Prefectural Accounts 2012" (FY2014)

IKEA Japan K.K

"We see that **Japan is one of the highest potential markets in the world** to grow our business both from the scale of **population** and **GDP** point of views."

Peter List, CEO

Source: Comment given on April 3, 2014 at the "Fourth Expert Advisory Panel Round-Table Conference on Foreign Direct Investment in Japan" hosted by the Cabinet Office.

Sophisticated Customers/World Standard

Philips Electronics Japan, Ltd.

“Currently, you won’t become a global market leader unless you succeed in Japan. **If you can achieve the quality Japanese people demand, your products will sell anywhere in the world.**”

Danny Risberg

CEO of Philips Electronics Japan, Ltd.

CEO of Philips Respironics GK.

Taken from comments by Danny Risberg, Chief Executive Officer of Philips Electronics Japan, Ltd, in The Asahi Newspaper

Danone Japan Co., Ltd.

“Japanese people are prepared to acknowledge **high quality and real value** and are **ready to pay money for those.**”

George Leon Zarifi, CEO

Source: Comment given on March 25, 2014 at the “Second Expert Advisory Panel Round-Table Conference on Foreign Direct investment in Japan” hosted by the Cabinet Office

Japan: market where foreign companies flourish

Foreign companies hold a high share of sales in Japan, particularly in **consumer-related markets**

Soft drinks

- 1st Coca Cola (USA) 23.2%

Coffee

- 1st Nestlé (Switzerland) 32.6%
- 2nd Mondelēz International, Inc. (USA) 16.0%

Eyeglasses/Contact lenses

- 1st Johnson & Johnson (USA) 17.1%

Personal accessories

- 1st Richemont (Switzerland) 6.5%
- 2nd LVMH Moët Hennessy Louis Vuitton S.A. (France) 5.9%
- 3rd KERING (formerly PPR) (France) 3.8%

Source: JETRO, "JETRO World Trading Investment Report Ver. 2014"
Data source: Euromonitor International "Euromonitor International"

Japan's intellectual accumulation generates **innovation**

Great innovation leads to good business!

World-class in research funding and number of researchers

1st in the world
*1

Research funding as a percentage of GDP

Number of researchers per 10,000 people

1st in the world
*2

An environment that generates innovation

1st in the world
*3

Triadic patent families

(by number of patents registered in patent offices in the US, Europe, and Japan)

Nobel Prize winners of Japan
(all-time)

24*4

Source:

*1,2 : Ministry of Internal Affairs and Communication, Survey Result on Science and Technology Research 2013

*3 : Ministry of Economy, Trade, and Industry, Survey

*4 : Official Nobel Prize website

Well-developed social infrastructure supports your business

Japan's business environment

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"

Japan's Attractiveness

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

Low infrastructure fees

Low-cost real estate compared to major cities in Asia (Shanghai, Hong Kong, Seoul, Singapore) (Unit: \$)

“High business cost in Japan” is changing.

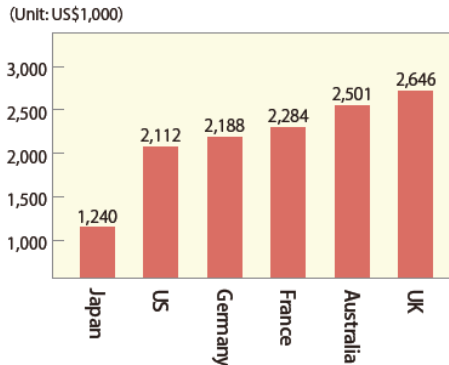
	Tokyo	Shanghai	Hong Kong	Seoul	Singapore
Office rent(monthly) (per sq.m)	35	52	109	57	66
Store/showroom rent in the city center(monthly) (per sq.m)	46	206	368	32	309
Housing rent for expatriates(monthly)	2,761	2,703	2,966	2,167	4,654

Source: Ministry of Economy, Trade, and Industry (METI), "Survey on Attitudes of Foreign-Affiliated Companies toward Direct Investment in Japan Report 2014"

Data source: Created from JETRO "24th Investment-Related Cost Comparison of Major 33 Cities/Areas in Asia (May 2014)"

Transportation fees (including land transportation/air freight)

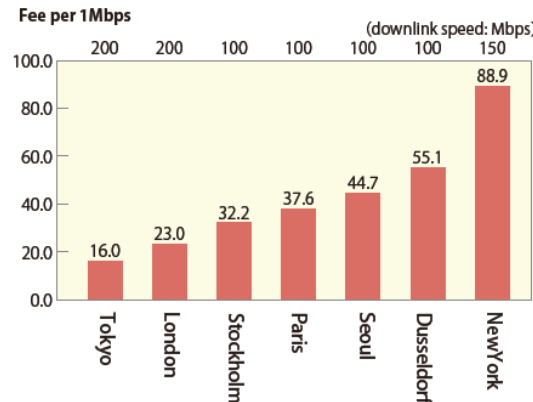
Annual costs simulating scheduled deliveries from the factory



Source: KPMG report "Competitive Alternatives 2014"

High-speed internet fees

Average monthly internet fees (residential)



Source: Ministry of Internal Affairs and Communications, "Report on Internal and External Price Difference Related to Telecommunication Service 2013 (July 2014)"

It's **not** necessarily very expensive to run a business in Japan!!!

Japan: where you can live safely and pleasantly

Global **Peace** Index 2014

Ranked **1st** in Asia

Source: INSTITUTE FOR ECONOMICS & PEACE
"Global Peace Index 2014"

Nearly 40% of foreign companies see **social stability** as an attractiveness of Japan

Source: Ministry of Economy, Trade, and Industry (METI),
"Survey on Attitudes of Foreign-Affiliated Companies toward Direct Investment in Japan Report 2014"

OECD Better Life Index

"**Safe**" category

Ranked **1st** in the world

Source: OECD "Better Life Index(2013)"

Great environment
for your business!!!

Choose
Japan!

Talk to JETRO First !



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