

# JETRO

Japan External Trade Organization

2015

## JETRO Global Trade and Investment Report

~New efforts aimed at developing  
global business~

Overview



# JETRO Global Trade and Investment Report 2015

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# World trade growth is weak

- World trade (merchandise trade) in 2014 slightly rose by 0.8% from the previous year, amounting to \$18.7 trillion (JETRO estimate), reflected by a low world economic growth rate (3.4%) and a decline in natural resource prices. Recent trade trend by product type indicates that export growths of intermediate goods and capital goods have been slower compared to consumer goods. In 2014, China's import growth rate rose to 0.7%, while the US rose 3.5% by its economic recovery. By product category, the recovery of the silicon cycle has led to strong trade in communication equipment and semiconductor manufacturing equipment.
- World FDI in 2014 decreased by 16.3% from the previous year to \$1.23 trillion (UNCTAD) mainly due to a decrease in direct investment in developed countries.
- The global economy has been moderately recovering in general, both in advanced and emerging/developing economies. Risk factors include impact of an expected rise in US interest rates in 2015, the Greek debt crisis and deceleration of China's economic growth.

## World trade related indicators

(Unit: US\$ 100 million, %)

|   | 2010    | 2011    | 2012    | 2013    | 2014    |
|---|---------|---------|---------|---------|---------|
| World merchandise trade (export basis)                        | 151,249 | 180,524 | 180,993 | 185,896 | 187,461 |
| Nominal growth rate   | 21.7    | 19.4    | 0.3     | 2.7     | 0.8     |
| Real growth rate  | 16.8    | 8.3     | 2.4     | 3.0     | 2.5     |
| Price growth rate   | 4.9     | 11.1    | -2.1    | -0.3    | -1.7    |
| Broad Economic Categories (BEC)                               |         |         |         |         |         |
| Material growth rate (export basis)                           | 35.4    | 29.2    | -0.4    | -1.4    | -6.3    |
| Intermediate good growth rate (export basis)                  | 24.7    | 19.8    | -0.4    | 3.5     | 0.3     |
| Processed goods   | 25.9    | 24.7    | -0.7    | 3.0     | -0.8    |
| Parts and accessories   | 22.5    | 11.2    | 0.1     | 4.5     | 2.4     |
| Finished goods growth rate (export basis)                     | 15.9    | 14.1    | 1.1     | 3.4     | 3.9     |
| Capital goods   | 19.1    | 14.4    | 1.2     | 1.0     | 2.0     |
| Consumer goods  | 13.6    | 13.8    | 1.1     | 5.3     | 5.3     |
| World real GDP growth rate                                    | 5.4     | 4.2     | 3.4     | 3.4     | 3.4     |
| Industrial production index growth rate (developed countries) | 7.8     | 2.1     | 0.6     | 0.6     | 2.3     |
| Crude oil Crude price (US\$/barrel)                           | 79.0    | 104.0   | 105.0   | 104.1   | 96.2    |
| Natural gas Natural gas price (US\$/1 million BTU)            | 8.2     | 10.6    | 12.0    | 11.2    | 10.5    |
| Change ratio of dollar's nominal effective exchange rate      | -2.5    | -5.7    | 3.8     | 2.2     | 2.5     |

Notes: 1) Trade values in 2013 and 2014 and nominal growth rate in 2014 are estimated by JETRO.  
 2) Real growth rate = nominal growth rate – price growth rate.  
 3) Real GDP growth rate is purchase power parity (PPP) basis. Data during 2010 and 2012 was announced in April. Data during 2013 and 2014 was revised in July.  
 4) The classifications of advanced and emerging/developing countries follow those of the IFS.  
 5) The definitions of materials, intermediate goods and finished goods are based on the HS2007 version of BEC (the United Nations) and RIETITD2013 (the Research Institute of Economy, Trade and Industry).  
 6) Crude oil prices are the average of Dubai, Brent and WTI.  
 7) Natural gas prices are Russian market prices.  
 8) Negative figures of change of ratio of nominal effective exchange rate indicate depreciation.  
 Source: "IFS, May 2015" (IMF), "WEO, April 2015" (IMF), "WEO, July 2015" (IMF), data from the WTO and the British Petroleum, Trade statistics of respective country and region.

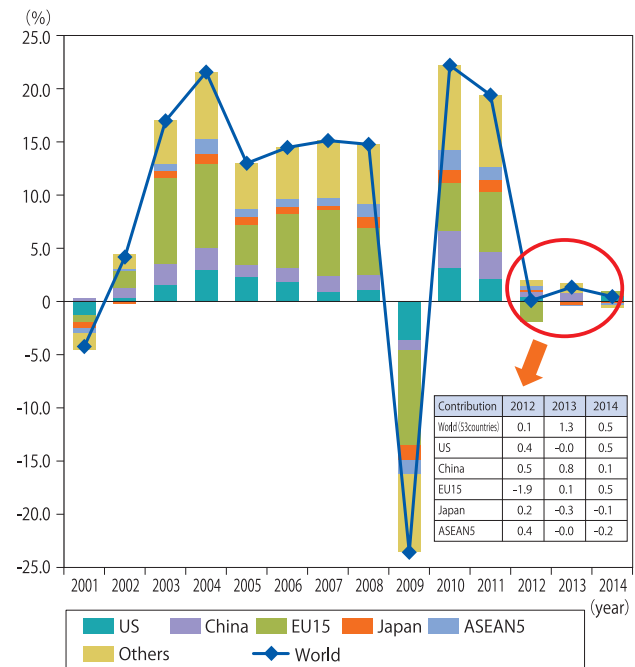
## GDP growth by country and region

(Unit: %)

|                                   | 2013 | 2014 | 2015(Projections) | 2016(Projections) |
|-----------------------------------|------|------|-------------------|-------------------|
| World                             | 3.4  | 3.4  | 3.3               | 3.8               |
| Advanced economies                | 1.4  | 1.8  | 2.1               | 2.4               |
| US                                | 2.2  | 2.4  | 2.5               | 3.0               |
| EU                                | 0.1  | 1.4  | 1.8               | 1.9               |
| Germany                           | 0.2  | 1.6  | 1.6               | 1.7               |
| UK                                | 1.7  | 2.9  | 2.4               | 2.2               |
| Japan                             | 1.6  | -0.1 | 0.8               | 1.2               |
| Emerging and developing economies | 5.0  | 4.6  | 4.2               | 4.7               |
| Asia                              | 7.0  | 6.8  | 6.6               | 6.4               |
| China                             | 7.7  | 7.4  | 6.8               | 6.3               |
| India                             | 6.9  | 7.3  | 7.5               | 7.5               |
| ASEAN5                            | 5.1  | 4.6  | 4.7               | 5.1               |
| Latin America and the Caribbean   | 2.9  | 1.3  | 0.5               | 1.7               |
| Europe                            | 2.9  | 2.8  | 2.9               | 2.9               |
| Russia and CIS                    | 2.2  | 1.0  | -2.2              | 1.2               |
| Middle East and North Africa      | 2.4  | 2.7  | 2.6               | 3.8               |
| Sub-Saharan Africa                | 5.2  | 5.0  | 4.4               | 5.1               |

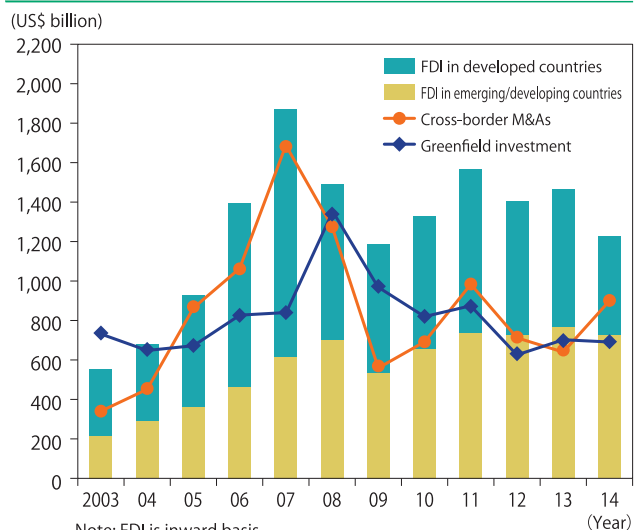
Notes: 1) The definitions of advanced economies and emerging and developing economies follow those of WEO (IMF). The EU includes advanced and emerging/developing countries. ASEAN 5 refers to Indonesia, Malaysia, Philippines, Thailand and Vietnam. Middle East and North Africa includes Afghanistan and Pakistan. 2) EU's growth rates are based on WEO, April.  
 Source: "WEO, April/July 2015" (IMF)

## Contribution rates of change to world import value by country and region



Note: Figures are calculated based on data of 53 countries and regions that released import values.  
 Source: Trade statistics of respective country and region.

## Trends in global inward foreign direct investment





## Japan's trade deficit shrinking since middle of 2014. Profits from overseas operations increasing further.

- Japan's export volume growth rate reversed to a slight increase of 0.6% for the first time in four years, driven by a strong demand for general machinery, up 2.9% from the previous year. The trade balance marked a deficit of \$122.8 billion for the fourth consecutive year, while the latest deficit has been shrinking since the middle of 2014. The correlation between the export price index (contract currency basis) and exchange fluctuations indicates that industries such as transportation machinery and general machinery see smaller changes in export prices than in exchange fluctuations. This shows that companies focus on profitability during a period of weaker yen.
- Profits from overseas operations of Japanese firms, assumed to consist of credit on direct investment income and credit on intellectual property right, has been increasing recently, reaching nearly 20% of total exports.

### Japan's trade trends

(Unit: US\$ million, 100 million yen, %)

|                              | 2013          | 2014     | 2015 (Jan-Jun) |         |
|------------------------------|---------------|----------|----------------|---------|
| Dollar-based                 | Total exports | 719,205  | 694,270        | 315,126 |
|                              | (growth rate) | -10.3    | -3.5           | -7.7    |
|                              | Total imports | 838,889  | 817,103        | 329,757 |
| (growth rate)                | -5.6          | -2.6     | -20.6          |         |
| (year-to-year difference)    | -119,684      | -122,832 | -14,630        |         |
| (year-to-year difference)    | -32,435       | -3,148   | 59,394         |         |
| Yen-based                    | Total exports | 697,742  | 730,930        | 378,079 |
|                              | (growth rate) | 9.5      | 4.8            | 7.9     |
|                              | Total imports | 812,425  | 859,091        | 395,378 |
| (growth rate)                | 14.9          | 5.7      | -7.4           |         |
| (year-to-year difference)    | -114,684      | -128,161 | -17,299        |         |
| (year-to-year difference)    | -45,273       | -13,477  | 58,983         |         |
| Export volume index          | 90.2          | 90.7     | 89.9           |         |
| (growth rate)                | -1.5          | 0.6      | 1.6            |         |
| Import volume index          | 105.3         | 106.0    | 101.9          |         |
| (growth rate)                | 0.3           | 0.6      | -3.4           |         |
| Crude oil import price       | 110.5         | 105.1    | 57.9           |         |
| (dollar/barrel, growth rate) | -3.7          | -4.9     | -47.7          |         |
| Exchange rate (yen/dollar)   | 97.6          | 105.8    | 120.2          |         |
| (yen appreciation, %)        | -18.3         | -7.8     | -14.8          |         |

Note: 1) Yen-based values were converted to dollar-based values by JETRO.

2) Volume index is 2010 basis.

3) Exchange rate is interbank average rate.

4) Growth rate is year-to-year comparison.

Source: "Trade Statistics" (Ministry of Finance), "Foreign Exchange Rate" (Bank of Japan)

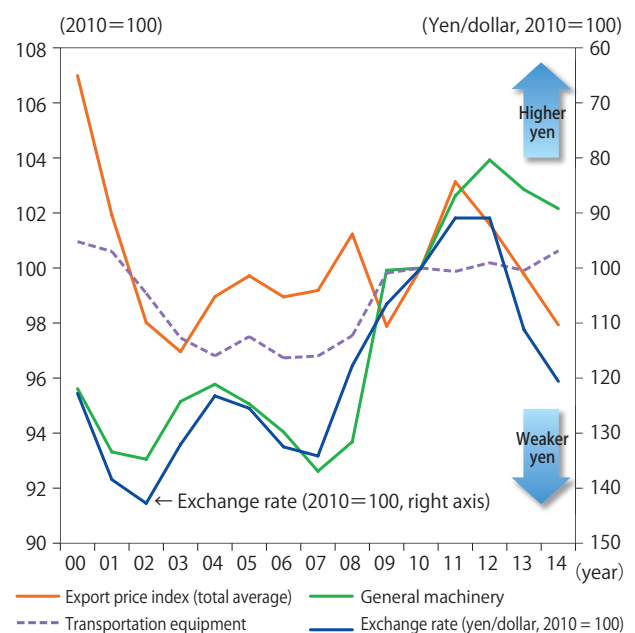
### Main items with increase in export volume (general machinery, 2014)

| Products  | Export partner with increasing volume (top 3) |             |              |
|---|---|-------------|--------------|
|   | 1st   | 2nd         | 3rd          |
| Machines for manufacturing equipment of semiconductor devices, IC       | China   | Ireland     | South Korea  |
| Mechanical shovels (with a 360 degree revolving superstructure)         | US  | Netherlands | Vietnam      |
| Other machinery   | Saudi Arabia                                  | South Korea | South Africa |
| Machining centers   | Hong Kong                                     | China       | Vietnam      |
| Parts & accessories of manufacturing equipment of semiconductor devices | South Korea                                   | Ireland     | US           |
| Vehicular engines (over 1000 cc)  | China   | UAE         | France       |
| Parts of turbojets and turbo propellers                                 | US  | Hungary     | Singapore    |
| Ball bearings   | Hong Kong                                     | China       | US           |
| Lathe (numeric control method)  | Netherlands                                   | Vietnam     | Taiwan       |
| Parts of water heaters, dryers, distillation devices and so on          | China   | Germany     | Italy        |
| Outboard motors for marine engines                                      | US  | China       | Ecuador      |
| Industrial robots   | China   | Hong Kong   | Netherlands  |
| Other machinery - Other (parts)   | US  | China       | UK           |
| Gas pumps, air compressors  | Poland  | UK          | Czech        |
| Front-end shovel loaders  | US  | Egypt       | Vietnam      |

Note: Top 15 products with largest export volume, among those with a year-to-year increase in export volume (based on HS6 figures)

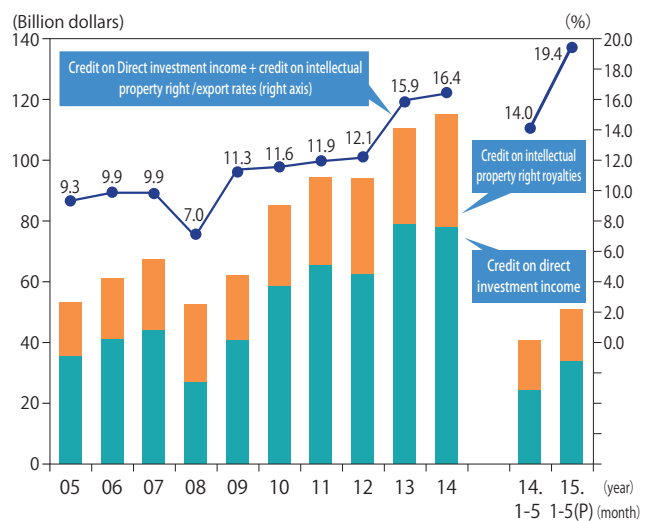
Source: "Trade Statistics" (MOF)

### Export price index (contract currency basis) and exchange rate



Note: General machinery consists of general-purpose, production & business oriented machinery. Source: "Corporate Goods Price Index", "Foreign Exchange Rate" (BOJ)

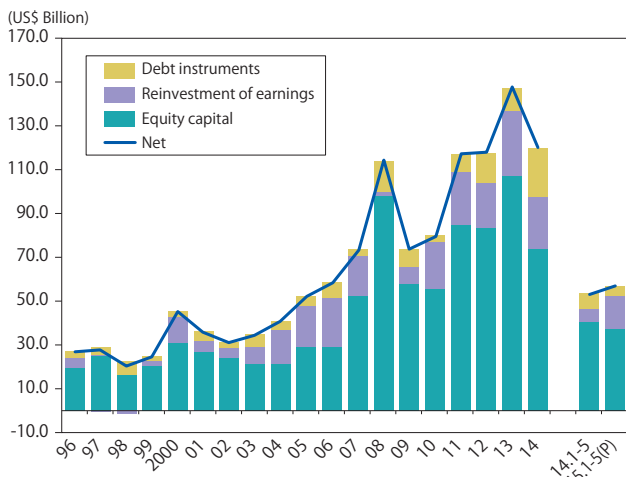
### Profits from overseas operation



Note: Charges for the use of intellectual property consists of patent royalties (including royalty trades between parent companies and subsidiaries), franchise costs, usage fees of software, music and video, and so on. In Japan the returns are said to be mainly from trading between parent companies and their subsidiaries. Source: "Balance of Payments" (MOF, BOJ)

- Japan's outward FDI in 2014 declined by 18.6% to \$119.7 billion from the previous year. Although it did not reach the record high, \$147.2 billion in 2013, Japan's outward FDI has surpassed \$100 billion for four consecutive years. This indicates a positive disposition by Japanese firms toward exploring growing overseas market. In Asia, the difference in Japan's outward FDI value has widened threefold between ASEAN (\$20.4 billion) and China (\$6.7 billion). Since 2013, many industries have tended to invest a larger amount in ASEAN than in China.
- The percentage of overseas sales of Japanese firms has risen since 2010. In particular, Americas has seen a remarkable gain from 18.6% in FY2012 to 23.3% in FY2014, bolstered by the recovery of the US economy.
- Weakening yen and other factors have encouraged parts of Japanese firms to enhance their domestic production. Trends in the domestic production ratio of general home appliances have shown an increase in that of air conditioners since September 2014.

### Trends in Japan's outward FDI by type



Notes: 1) Yen-based values are converted to dollar-based values by JETRO. 2) Figures are based on BPM6. Source: "Balance of Payments" (MOF, BOJ)

### Japan firms' sales share by region

(Unit: %)

| Fiscal year (number of companies) | Domestic | Overseas | Americas | Europe | Asia-Pacific | Others |
|-----------------------------------|----------|----------|----------|--------|--------------|--------|
| 2000 (547)                        | 71.4     | 28.6     | 13.4     | 5.6    | 5.8          | 3.8    |
| 2001 (581)                        | 68.5     | 31.5     | 14.7     | 6.1    | 6.3          | 4.4    |
| 2002 (592)                        | 67.2     | 32.8     | 14.9     | 6.6    | 6.8          | 4.5    |
| 2003 (624)                        | 66.5     | 33.5     | 14.1     | 7.0    | 7.7          | 4.8    |
| 2004 (669)                        | 65.4     | 34.6     | 13.6     | 7.4    | 8.5          | 5.1    |
| 2005 (724)                        | 64.9     | 35.1     | 13.8     | 6.9    | 9.5          | 4.9    |
| 2006 (751)                        | 62.3     | 37.7     | 14.5     | 7.7    | 10.3         | 5.1    |
| 2007 (781)                        | 60.8     | 39.2     | 14.2     | 9.1    | 10.7         | 5.2    |
| 2008 (817)                        | 62.6     | 37.4     | 12.7     | 8.6    | 10.8         | 5.3    |
| 2009 (844)                        | 63.3     | 36.7     | 12.4     | 7.5    | 11.3         | 5.4    |
| 2010 (320)                        | 54.0     | 46.0     | 18.1     | 8.1    | 15.2         | 4.7    |
| 2011 (236)                        | 53.1     | 46.9     | 17.7     | 8.9    | 15.0         | 5.3    |
| 2012 (221)                        | 51.3     | 48.7     | 18.6     | 7.8    | 17.2         | 5.1    |
| 2013 (211)                        | 45.6     | 54.4     | 21.5     | 9.2    | 18.2         | 5.5    |
| 2014 (196)                        | 43.3     | 56.7     | 23.3     | 9.3    | 18.6         | 5.6    |

Notes: 1) Companies surveyed: The fiscal term is from December to March, and geographical segment information is released.  
 2) Figures for 2014 totaled companies with financial statements released by June 1, 2015. For companies, however, that have both their financial statements and securities reports publicized by the above day and have their information on securities reports in database "SPEEDA", sales data of the report was used.  
 3) Sales include transactions between internal segments.  
 4) Percentage = each regional sales/entire regional sales.  
 5) Surveyed companies include listed subsidiaries, which were double-counted.  
 6) Companies which combine multiple regional sales such as "Americas and Europe" and "Europe and Africa", were excluded.  
 Source: Data from SPEEDA

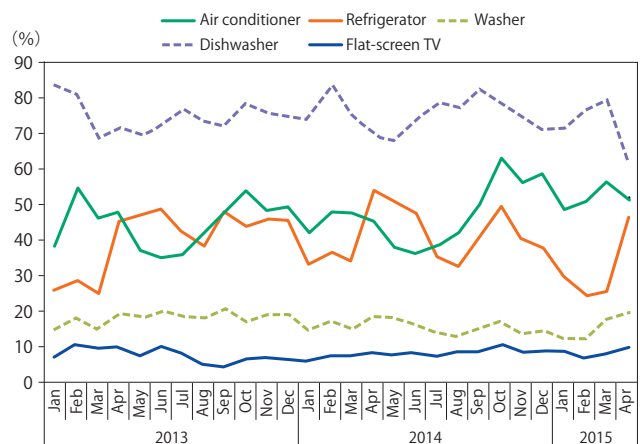
### Trends in Japan's outward FDI by industry-Comparison between ASEAN and China

(Unit: %, US\$ million)

|                               | 2010  | 2011   | 2012   | 2013   | 2014   | 2015 (Jan-Mar) |
|-------------------------------|-------|--------|--------|--------|--------|----------------|
| Food                          | 13.9  | 4.5    | 3.8    | 0.0    | 4.1    | 9.3            |
| Chemicals and pharmaceuticals | 0.4   | 0.2    | 1.4    | 1.9    | 2.0    | 1.3            |
| Iron, non-ferrous, and metals | 0.9   | 0.9    | 1.5    | 1.2    | 1.7    | 1.5            |
| General machinery             | 0.2   | 0.9    | 0.4    | 0.5    | 0.7    | 0.3            |
| Electric machinery            | 3.6   | 1.2    | -      | 2.0    | 7.5    | 1.4            |
| Transportation equipment      | 1.3   | 1.5    | 0.9    | 1.9    | 2.9    | 1.5            |
| Wholesale and retail          | 0.9   | 0.6    | 0.8    | 1.3    | 1.5    | 0.8            |
| Service                       | 0.4   | 1.3    | 0.6    | 1.1    | 3.5    | 6.0            |
| All industries                | 1.2   | 1.2    | 1.1    | 2.6    | 3.0    | 2.3(Jan-May)   |
| FDI value in ASEAN            | 8,930 | 15,721 | 14,349 | 23,619 | 20,368 | 9,120(Jan-May) |
| FDI value in China            | 7,252 | 12,649 | 13,479 | 9,104  | 6,742  | 3,959(Jan-May) |

Notes: 1) Index=Japan's FDI value in ASEAN/Jan's FDI value in China. Figures greater than one indicate that the investment in ASEAN exceeds that in China. Shaded cells are greater than one.  
 2) Figures have been calculated based on the new standards set in the sixth edition of IMF Balance of Payments Manual since January 2014.  
 3) The FDI values in ASEAN and in China for 2015 are cumulative total from January to May (P)  
 4) The FDI values in ASEAN for 2011 and 2012 exclude investments in the finance and insurance sectors of Thailand related to its floods. (Q4, 2011: \$3.9 billion, Q1, 2012: -\$3.7 billion)  
 5) "-" indicates unreckonable due to net outflow  
 6) The table lists industries with large shares of Japan's outward FDI in 2014. Mining was excluded since no investment in China was recorded in 2014.  
 7) The service industry includes accommodation, restaurants, entertainment and other related sectors.  
 Source: "Balance of Payments" (MOF, BOJ)

### Trends in domestic production ratio of major home appliance



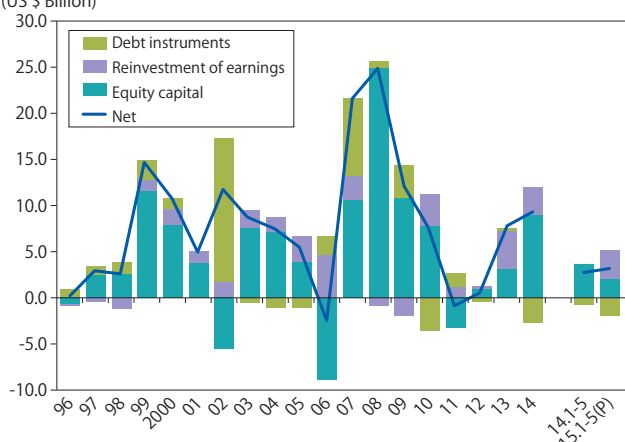
Note: Domestic production ratio = domestic production volume/domestic production volume + imported volume × 100  
 Source: "Current Survey of Production" (METI), "Trade Statistics" (MOF)

## Japan's inward FDI increases for three consecutive years. Asia gains importance.

- In 2014, Japan's inward FDI increased for the third consecutive year, by 22.5% from the year before, to \$9.1 billion. Asia is becoming more important as FDI in Japan, mainly from Hong Kong, Singapore and the Republic of China, are growing. The inward FDI stock in Japan posted ¥23 trillion at the end of 2014, exceeding ¥20 trillion for the first time. Asia's share of inward FDI stock increased from 14.4% at the end of 2013 to 15.5% at the end of 2014.
- Many investments take full advantage of Japan's high technological skills, such as enhanced production of a next-generation memory and establishment of production bases of high-function fiber for aviation engines as well as leading companies' research and development bases.

### Trends in Japan's inward FDI by type

(US \$ Billion)



Notes: 1) Yen-based values are converted to dollar-based values by JETRO.  
2) Figures are based on BPM6.  
3) Cumulative total for 2015 is preliminary.  
Source: "Balance of Payments" (MOF, BOJ)

### Share of inward FDI stock in Japan by region

(Unit: %)

|                                    | The end of 2000 | The end of 2010 | The end of 2011 | The end of 2012 | The end of 2013 | The end of 2014 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| World                              | 100.0           | 100.0           | 100.0           | 100.0           | 100.0           | 100.0           |
| Asia                               | 7.8             | 10.8            | 11.8            | 13.5            | 14.4            | 15.5            |
| North America                      | 32.3            | 34.4            | 32.2            | 30.8            | 31.6            | 29.4            |
| Europe                             | 51.6            | 42.9            | 45.1            | 46.1            | 46.3            | 46.8            |
| Latin America                      | 7.0             | 11.0            | 10.0            | 8.6             | 6.7             | 6.0             |
| Oceania                            | 1.1             | 0.6             | 0.6             | 0.8             | 0.9             | 1.8             |
| Middle East and Africa             | 0.2             | 0.2             | 0.3             | 0.1             | 0.1             | 0.4             |
| Inward FDI stock / GDP             | 1.2             | 3.9             | 4.0             | 4.0             | 4.1             | 4.8             |
| Inward FDI stock (100 million yen) | 60,958          | 187,353         | 188,238         | 192,273         | 195,510         | 233,439         |

Notes: 1) Inward FDI stock by region is based on BPM5 until the end of 2013, and is based on BPM6 at the end of 2014. 2) Inward FDI stock and inward FDI stock / GDP are based on BPM6 over the entire period.  
Source: "International Investment Position" (MOF, BOJ), Data from the Cabinet office

### Operations of leading foreign companies since 2014

|            | Company   | Year/Month | Overview   |
|------------|---|------------|--|
| M&A        | KKR (US)  | 2014/Mar   | Kohlberg Kravis Roberts & Co, the US investment firm, acquired Panasonic Healthcare Co., Ltd., a subsidiary of the Panasonic Corporation.  |
|            | Wuthelam group (Singapore)                          | 2014/Dec   | The Nippon Paint Co., Ltd announced strategic partnership with Singaporean paint maker Wuthelam group. Investment from Wuthelam allowed Nippon Paint to achieve the majority of the paint business in Asia conducted in a joint venture with Wuthelam. That raised the 2014 world share ranking of the Nippon Paint from 10th to 4th.  |
|            | Charoen Pokphand (CP) Group (Thailand)              | 2014/Sep   | The Itochu Corporation and the Charoen Pokphand Group (CP Group), one of the largest conglomerates in Thailand, announced a capital and business alliance. The CP Group and Itochu are mutually sponsored. The CP Group, with a large network in Asia, is seeking to take advantage of its relationship with Itochu, with substantial earnings power in non-resources areas, to expand their business overseas mainly in Asia. |
|            | Baring Private Equity Asia (Hong Kong)              | 2014/Dec   | Baring Private Equity Asia, one of the leading Asian investment companies which is based in Hong Kong, acquired Bushu Pharmaceuticals Ltd., a leading contract manufacturer for pharmaceuticals.   |
|            | CTBC Bank Co., Ltd. (Taiwan)                        | 2014/Jun   | CTBC Bank Co., Ltd. (CTBC Bank), a leading Taiwanese bank, acquired Tokyo Star Bank. This is the first acquisition made by a foreign bank.   |
| Production | Micron Technology, Inc. (US)                        | 2014/Nov   | Micron invested at the 100 billion yen level in plant of ex-Elpida Memory, which became its wholly owned subsidiary company in 2013. It decided to increase production of state-of-the-art memory designed for smartphones, and also plans to manufacture next-generation memory.  |
|            | SanDisk (US)  | 2014/Sep   | A factory for NAND flash memory, jointly built with Toshiba, was partially completed and started manufacturing. A new factory is under construction to produce next-generation memory.   |
|            | General Electric Company (US), Safran S.A. (France) | 2014/Sep   | A joint venture company with Nippon Carbon Co., Ltd. announced the construction of a new factory to produce high-function fiber for airplanes. The special material, which is only available from two Japanese manufacturers in the world, will be supplied to General Electric Company and Safran S.A. as parts for the jointly-developed next-generation airplane engine.  |
| R&D        | Apple Inc. (US)                                     | 2015/Mar   | Apple plans to build a technical development center in a next-generation smart city, which is under construction in Yokohama, Kanagawa. The operation will start in fiscal 2016.   |
|            | Nokia (Finland)                                     | 2015/May   | An R&D center was established in Kawasaki, Kanagawa. The center will enhance the research and development of fifth-generation (5G) and cloud products for practical use. The results of the research will be introduced to the R&D centers in other countries.   |
|            | Johnson & Johnson (US)                              | 2014/Aug   | "Tokyo Science Center" was established in the International Strategic Zone in Kawasaki, Kanagawa. The center, equipped with a surgery simulation system, is expected to be utilized by Asian countries as a research and training facility for healthcare providers.   |
|            | BASF (Germany)                                      | 2014/Feb   | The battery material research and development center was established in Amagasaki Research Incubation Center in Hyogo. The laboratory is the first development base in the Asia-Pacific region specializing in lithium ion batteries, which conducts basic research, develops the products and provides customer support.  |

Note: The dates show when M&As have been completed.

Source: Press release of each company, press report from various news sources

## 271 FTAs are in force around the world. Mega FTAs expected to develop further, led by TPP.

- The number of free trade agreements (FTAs) in force reached 271, including 17 new agreements in 2014 (as of July 2015). The number of new FTAs enacted each year has recorded double digits worldwide for twelve years in a row since 2003.
- A Trade Promotion Authority (TPA) bill was signed by US President Obama on June 29, 2015. It is expected that this new law will encourage the Trans-Pacific Partnership (TPP) negotiations, which consists of twelve Asia-Pacific countries, including Japan and the US. The conclusion of the TPP would bring the Asia-Pacific regions a high-level and wide range of liberalization as well as trade rules. This also would accelerate the negotiations of other mega-FTAs including the Regional Comprehensive Economic Partnership (RCEP) and the Trans-Atlantic Trade and Investment Partnership (TTIP) between the EU and US.
- Japan's FTA coverage ratio, the share of total trade represented by countries with which Japan has FTAs, recorded 22.3% in 2014, exceeding the 20% mark for the first time. Japan's FTA coverage ratio would reach 73.3% if the trade values with participant countries of the mega-FTAs under negotiation were added up, such as the TPP, RCEP and Japan-EU EPA.

### Number of the FTAs which are in force by region and year (as of July 2015)

(Unit: case)

|         | Asia/Pacific | Americas | Europe | Middle East/Africa | Russia/CIS | Cross-regional | Total |
|---------|--------------|----------|--------|--------------------|------------|----------------|-------|
| 1955~59 |              |          | 1      | 1                  |            |                | 2     |
| 60~64   |              | 1        | 1      | 1                  |            |                | 3     |
| 65~69   |              |          |        |                    |            |                | 0     |
| 70~74   |              | 1        | 1      |                    |            | 2              | 4     |
| 75~79   | 2            |          |        |                    |            | 1              | 3     |
| 80~84   | 2            | 1        |        |                    |            |                | 3     |
| 85~89   |              | 2        |        | 1                  |            | 2              | 5     |
| 90~94   | 4            | 1        | 5      | 1                  | 6          | 1              | 18    |
| 95~99   |              | 5        | 3      | 9                  | 16         | 6              | 39    |
| 2000~04 | 9            | 7        | 5      | 7                  | 3          | 19             | 50    |
| 2005~09 | 20           | 7        | 4      | 3                  | 2          | 36             | 72    |
| 2010~   | 14           | 10       | 8      |                    | 2          | 36             | 70    |
| 2010    | 5            | 1        | 6      |                    |            | 1              | 13    |
| 2011    | 3            | 1        |        |                    |            | 10             | 14    |
| 2012    |              | 6        | 1      |                    | 1          | 6              | 14    |
| 2013    | 3            | 2        |        |                    |            | 7              | 12    |
| 2014    | 2            |          | 1      |                    |            | 11             | 13    |
| 2015    | 1            |          | 1      |                    | 1          | 1              | 4     |
| Total   | 51           | 35       | 28     | 23                 | 29         | 103            | 271   |

Note: The total includes two FTAs with unknown conclusion years.  
Source: WTO, data from each government and organization

### FTA coverage ratio of major countries/region (2014)

(Unit: %)

|             | FTA cover ratio      |        |        | FTA partner countries/regions (two-way trade) |             |                   |        |             |      |
|-------------|----------------------|--------|--------|---|-------------|-------------------|--------|-------------|------|
|             | Two-way trade        | Export | Import | 1st   |             | 2nd               |        | 3rd         |      |
| Japan       | 22.3                 | 20.7   | 23.7   | ASEAN   | 14.7        | Australia         | 4.1    | India       | 1.0  |
| US          | 40.1                 | 47.1   | 35.3   | NAFTA   | 30.1        | South Korea       | 2.9    | DR-CAFTA    | 1.5  |
| Canada      | 71.8                 | 79.8   | 64.1   | NAFTA   | 68.6        | South Korea       | 1.1    | EFTA        | 1.0  |
| Mexico      | 81.0                 | 92.5   | 69.6   | NAFTA   | 67.1        | EU                | 8.1    | Japan       | 2.5  |
| Chile       | 90.9                 | 89.5   | 92.4   | China   | 22.4        | US                | 15.8   | EU          | 14.9 |
| Peru        | 90.6                 | 93.0   | 88.5   | China   | 19.7        | US                | 18.5   | EU          | 14.1 |
| Colombia    | 63.8                 | 62.1   | 65.2   | US  | 27.2        | EU                | 15.2   | Mexico      | 5.2  |
| Brazil      | 14.9                 | 16.5   | 13.5   | Mercosur                                      | 9.6         | CAN               | 3.1    | Chile       | 2.0  |
| EU28        | Total trade          | 75.6   | 77.2   | EU  | 64.7        | Switzerland       | 2.6    | EEA         | 1.7  |
|             | Extra-regional trade | 28.7   | 31.4   | 26.0  | Switzerland | 7.0               | Turkey | 3.8         | EEA  |
| China       | 18.7                 | 15.3   | 22.8   | ASEAN   | 11.1        | Republic of China | 4.6    | Switzerland | 1.0  |
| South Korea | 41.1                 | 43.1   | 39.0   | ASEAN   | 12.6        | US                | 10.5   | EU          | 10.4 |
| ASEAN       | 59.9                 | 58.7   | 61.1   | ASEAN   | 24.0        | China             | 15.9   | Japan       | 8.8  |
| Singapore   | 77.2                 | 73.2   | 79.5   | ASEAN   | 24.0        | China             | 12.0   | US          | 8.7  |
| India       | 17.2                 | 19.9   | 15.3   | ASEAN   | 9.8         | South Korea       | 2.4    | Japan       | 2.0  |
| Australia   | 44.1                 | 43.8   | 44.5   | ASEAN   | 15.0        | Japan             | 12.5   | US          | 7.3  |
| New Zealand | 48.9                 | 51.1   | 46.9   | China   | 18.7        | Australia         | 14.2   | ASEAN       | 13.2 |

Notes: 1) FTA coverage ratio means the ratio of trade with countries and regions in which the subject country has established FTAs (as of July 2015), out of the subject country's total trade. The figures are based on trade statistics in 2014. 2) Abbreviations: The Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), the Andean Community (CAN), the European Free Trade Association (EFTA) and the European Economic Area (EEA). 3) China's figures exclude those of Hong Kong (8.7%) and Macau (0.1%). 4) ASEAN's figures were based on the total trade value with each member country although some have not yet issued FTAs. 5) Figures for Canada, Singapore and New Zealand were calculated by export statistics, which exclude re-exported trade.  
Source: Materials and trade statistics from each country's government, "DOT, May 2015" (IMF)

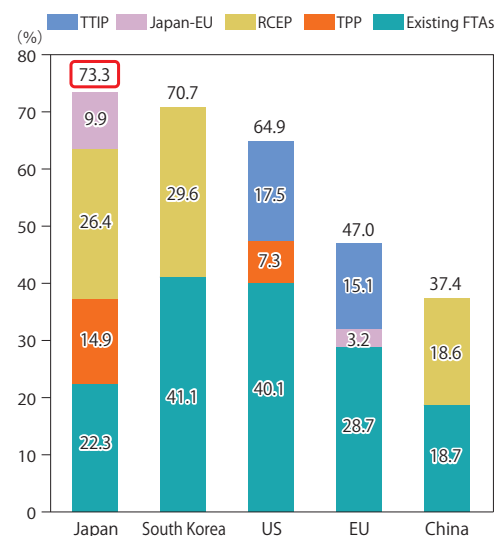
### Comparison of negotiations areas between mega FTAs and WTO agreements

|   | TPP | Japan-EU | TTIP | RCEP           | WTO            |
|---|-----|----------|------|----------------|----------------|
| Trade in goods                                    | ○   | ○        | ○    | ○              | ○              |
| Trade remedies, subsidies                         | ○   | ○        | ○    |                | ○              |
| Trade facilitation                                | ○   | ○        | ○    | ○              | ○              |
| Technical barriers to trade (TBT)                 | ○   | ○        | ○    |                | ○              |
| Sanitary and phytosanitary standards (SPS)        | ○   | ○        | ○    |                | ○              |
| Trade in services                                 | ○   | ○        | ○    | ○              | ○              |
| Protection and liberalization of investment       | ○   | ○        | ○    | ○              | △ <sub>2</sub> |
| Intellectual property                             | ○   | ○        | ○    | ○              | ○              |
| Competition, state companies                      | ○   | ○        | ○    | ○              |                |
| E-commerce  | ○   | ○        | ○    | △ <sub>1</sub> |                |
| Government procurement                            | ○   | ○        | ○    |                | △ <sub>3</sub> |
| Environment                                       | ○   | ○        | ○    |                |                |
| Labor   | ○   | ○        | ○    |                |                |
| Conflict resolution                               | ○   | ○        | ○    | ○              | ○              |
| Cross-cutting issues                              | ○   | ○        | ○    |                |                |
| Standards and conformance, regulatory cooperation |     | ○        | ○    |                |                |

Notes: 1) △<sub>1</sub> indicates that the area is not explicitly stated as the category of negotiation but is included in other negotiating areas. 2) △<sub>2</sub> indicates that the area is only under negotiation in TRIM. 3) △<sub>3</sub> indicates that the area is under negotiation in plurilateral agreements.

Source: Websites of WTO, USTR, EU, Japan's Cabinet Office, data from METI

### Mega FTA coverage ratio by major countries (2014)



Note: Ratios are based on two-way trade as of the end of 2014. The EU's figures exclude those of its interregional trade. China's figures exclude those of Hong Kong and Macau. Japan's figures exclude double-counted numbers by TPP and RCEP. The China-Japan-South Korea FTA is not categorized but included in RCEP.  
Source: Trade statistics of each country

- The ASEAN Economic Community (AEC), trying to complete its integration process by the end of 2015, has almost eliminated all tariffs. Cambodia, Laos, Myanmar and Vietnam (CLMV) have eliminated tariffs for 89-93% of items from 2015, expecting to complete the tariff elimination in 2018 with a few exceptions. In areas other than tariffs, the requirement of FOB values to be stated in certificates of origin was removed in 2014 under given conditions. The liberalization and facilitation of areas such as services, investment and non-tariff measures that include the introduction of a self-certification system, the ASEAN Single Window and mutual certification of standards are expected.
- Three FTAs have newly entered into force since 2014 in Asia-Pacific region.
- The trade value and ratio of utilizing the current Japanese FTAs are both increasing each year.

## Focus area of AEC

|                     |            | Contents  |
|---------------------|------------|---|
| Trade in goods      | Tariff     | Among the 10 ASEAN states, six states (Singapore, Thailand, Indonesia, Malaysia, the Philippines and Brunei) have eliminated tariffs of almost all items within the region since 2010. CLMV (Cambodia, Laos, Myanmar and Vietnam) have also eliminated tariffs on about 90% of items since 2015. Tariffs of remaining items will be eliminated in 2018 with a few exceptions.   |
|                     | Non-tariff | <ul style="list-style-type: none"> <li>● In 2014, the requirements of FOB values to be stated in certificates of origin (CO) was abolished under certain conditions.</li> <li>● Negotiations are underway to introduce a self-certification system in CO procedures in ASEAN from 2016.</li> <li>● Regarding the ASEAN Single Window, which aims at centralization/digitization of customs clearance procedures in ASEAN states, full-fledged implementation would commence following a pilot project for mutual exchange of CO (Form D) and customs clearance documents among a portion of states.</li> <li>● Mutual certification and conformity standards of auto-related products, processed food, medical instruments, electronic equipment, pharmaceuticals and cosmetics, for which negotiations are underway, would be introduced in the future.</li> <li>● ASEAN states are currently building ASEAN Trade Repository (ATR) centralizing trade-related information, which will help improve transparency.</li> </ul> |
| Services            |            | The ASEAN Blueprint stipulates a policy to permit ASEAN investors to invest foreign capital up to 70% in other ASEAN members. Though it is still uncertain how much liberalization will be achieved—for example, in some cases it might be limited to merely a promise to eventually liberalize a small portion of each service sector—it is probable that extensive restrictions on foreign capital into the service field, which is currently imposed in many ASEAN states, will be alleviated.   |
| Investment          |            | The ASEAN Comprehensive Investment Agreement (ACIA), which includes investment protection (prohibition of performance requirement, expropriation/compensation, and fair and equitable treatment, etc.) and investment liberalization in the manufacturing industry, became effective in March 2012. The revised protocol was signed in August 2014.   |
| Movement of persons |            | Mutual recognition agreements (MRA) for professional service qualification are being promoted. To date, ASEAN concluded MRAs in eight fields (engineering, nursing care, construction, surveyors, accounting, practitioners, dentists and tourism experts). Operations commenced in engineering and construction services.  |

Source: Created based on materials of ASEAN

## Status of tariff liberalization in AEC

|        |             |  | (Unit: %)   |  |
|--------|-------------|--|---|--|
|        |             | Percent of tariff lines with the tariff rate of zero percent | Percent of tariff lines with the tariff rate less than five percent |  |
| ASEAN6 |             | 99.2   | 99.4  |  |
|        | Thailand    | 99.9   | 100.0   |  |
|        | Indonesia   | 98.9   | 98.9  |  |
|        | Malaysia    | 98.7   | 99.2  |  |
|        | Philippines | 98.6   | 99.4  |  |
|        | Singapore   | 100.0  | 100.0   |  |
|        | Brunei      | 99.3   | 99.3  |  |
| CLMV   |             | 90.8   | 98.5  |  |
|        | Vietnam     | 90.0   | 96.9  |  |
|        | Cambodia    | 91.5   | 98.4  |  |
|        | Laos        | 89.3   | 99.1  |  |
|        | Myanmar     | 92.6   | 99.5  |  |
| ASEAN  |             | 96.0   | 99.1  |  |

Source: Data from ASEAN Secretariat

## FTAs which entered into force in Asia-Pacific region (2014 – July 2015)

|                       | Enforcement date | Agreement details   |
|-----------------------|------------------|---|
| Singapore-Taiwan      | 2014/Mar         | In Taiwan, tariffs will be eliminated or reduced for 99.5% of items. According to the announcement, tariffs will be eliminated for 83% of total product categories, immediately when the agreement enters into force. Singapore will completely eliminate tariffs once the agreement goes into effect. In Singapore, however, the products subject to general tariffs are limited to six items such as beer and medicated liquor.   |
| South Korea-Australia | 2014/Dec         | Based on tariff lines, South Korea and Australia will eliminate import tariffs by 90.8% and 100%, respectively, within eight years after the FTA enters into force. South Korea will gradually eliminate the tariff for beef imported from Australia, in 15 years. Australia will eliminate the tariffs for as many as 20 automobile items imported from South Korea including medium-sized gasoline powered vehicles (1,500-3,000cc) and small-sized gasoline powered vehicles (1,000-1,500cc), once the agreement goes into effect.     |
| Japan-Australia       | 2015/Jan         | Australia will eliminate tariffs for about 75% of the trade value of imported vehicles from Japan upon the agreement entering into force, with the remaining tariffs eliminated in the third year. The tariffs for automobile parts will be eliminated within three years. Japan will eliminate tariffs for almost all products related to mining and manufacturing including mineral fuels in ten years. Rice is excluded from the elimination of Japan's tariffs, while wheat, dairy products and sugar will be reviewed in the future. |

Source: Trade publicity (JETRO), data from METI

## Status of Japan's FTA utilization (based on import value)

|                    |             | Value of utilized FTAs |               |               | Utilization rate |             |             |
|--------------------|-------------|------------------------|---------------|---------------|------------------|-------------|-------------|
|                    |             | 2012                   | 2013          | 2014          | 2012             | 2013        | 2014        |
| ASEAN              | Thailand    | 4,898                  | 5,615         | 6,247         | 26.0             | 26.1        | 27.2        |
|                    | Indonesia   | 2,378                  | 3,125         | 3,414         | 9.2              | 11.1        | 12.6        |
|                    | Singapore   | 421                    | 476           | 474           | 6.0              | 6.5         | 5.7         |
|                    | Vietnam     | 2,724                  | 3,854         | 4,847         | 22.6             | 27.7        | 29.7        |
|                    | Malaysia    | 2,356                  | 2,635         | 2,998         | 9.0              | 9.1         | 9.7         |
|                    | Philippines | 1,758                  | 2,192         | 2,418         | 23.6             | 24.3        | 22.5        |
|                    | Myanmar     | 7                      | 11            | 33            | 1.3              | 1.4         | 3.7         |
|                    | Cambodia    | 13                     | 42            | 105           | 4.0              | 7.4         | 12.9        |
|                    | Laos        | 7                      | 10            | 9             | 7.2              | 9.2         | 7.7         |
|                    | Brunei      | 0                      | 0             | 1             | 0.0              | 0.0         | 0.0         |
| AJCEP              | 2,716       | 4,130                  | 5,207         | 3.5           | 4.8              | 5.5         |             |
| Other Asian region | India       | 1,042                  | 1,367         | 1,565         | 18.7             | 19.8        | 21.2        |
| Europe             | Switzerland | 333                    | 401           | 476           | 5.1              | 5.6         | 6.2         |
| Latin America      | Mexico      | 684                    | 834           | 1,052         | 19.5             | 20.3        | 23.2        |
|                    | Peru        | 79                     | 116           | 134           | 3.5              | 4.6         | 7.2         |
|                    | Chile       | 1,576                  | 1,567         | 1,851         | 21.2             | 20.2        | 21.5        |
| <b>Total</b>       |             | <b>18,275</b>          | <b>22,244</b> | <b>25,624</b> | <b>14.2</b>      | <b>15.5</b> | <b>16.8</b> |

Notes: 1) Overall import value of AJCEP excludes that of Indonesia, which has not signed the agreement.  
2) According to one estimate that tariff revenue is divided by total imports, almost 80% of Japan's imports are estimated to be duty free.

Source: "Trade Statistics" (MOF)

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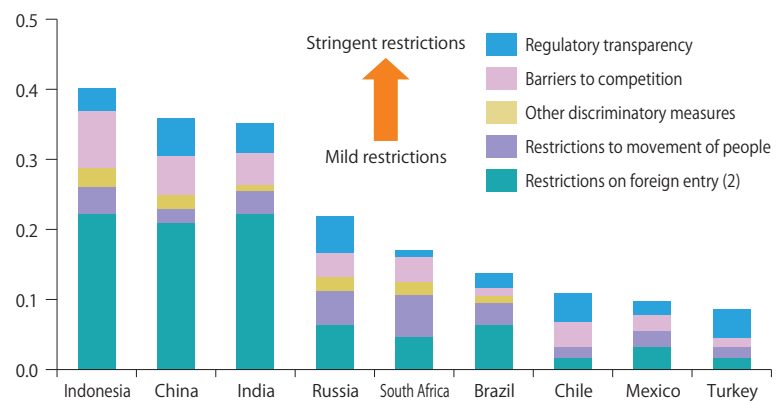
- Commodity trade includes a large amount of value added created by intangible services. In particular, the wholesale, retail and transportation services have a high value added ratio of 18.3% in Japan's exports and around 17% in world exports, which indicates that those services have become a critical factor for goods exports.
- Meanwhile, emerging countries, especially Asia, still have restrictions on foreign entry in the service industry. With Japanese companies accelerating their business expansion overseas, the liberalization of the area is required.
- Several frameworks on service liberalization, such as the Trade in Services Agreement (TiSA) which mainly consists of developed countries, and the ASEAN Framework Agreement on Services (AFAS), which allows its internal investors to take a 70% stake at most, are under negotiation. APEC is also addressing the liberalization of manufacturing related services. The utilization of deregulation in the service industry, implemented by these international frameworks, will be a critical choice for overseas business.

### Breakdown of value added in Japan's commodity exports (2011)

| Business type                                     | ratio (Unit: %) |
|---|-----------------|
| Total   | 100.0           |
| Agriculture, hunting, forestry and fishing        | 0.7             |
| Mining and quarrying                              | 5.9             |
| Total Manufactures                                | 57.9            |
| Electricity, gas and water supply                 | 2.3             |
| Service industry                                  | 33.2            |
| Construction                                      | 0.7             |
| Distribution services                             | 15.6            |
| Wholesale and retail trade, repairs               | 14.5            |
| Transport and storage, post and telecommunication | 4.8             |
| Transport and storage                             | 3.8             |
| Financial intermediation                          | 2.2             |
| Real estate, renting and business activities      | 8.7             |
| R&D and other business activities                 | 5.7             |
| Community, social and personal services           | 1.1             |

Source: "OECD-WTO Trade in Value Added" (TiVA).

### Restrictiveness of distribution services in major emerging countries



Notes: 1) The definitions of the distribution industry follow those of warehouses, wholesale, retail and franchise in WTO classification. 2) A 100% foreign entry can be counted as a regulation even if authorized, because "Restrictions on foreign entry" includes requirements of M&A screening, nationality requirements of executives, land possession restrictions and so on, in addition to foreign capital ratio control.

Source: "Service Trade Restrictiveness Index" (OECD).

### Restriction on foreign ownership in distribution and transportation services in Asia

|             | Wholesale   | Retail  | Domestic transportation  |
|-------------|---|---|--|
| Thailand    | <ul style="list-style-type: none"> <li>Wholesale services with a "minimum capital of less than 100 million baht per store" are subject to foreign ownership restrictions under the Foreign Business Act. However, the Foreign Business Act defines companies with less than 50% foreign ownership as Thai companies and therefore less than 50% foreign ownership is allowed. As an exception, foreign ownership is allowed based on the Foreign Business Committee's approval with the chief's permission.</li> <li>In some business operations, 100% foreign ownership is allowed if a company obtains permission from the Thailand Board of Investment (BOI).</li> </ul> | <ul style="list-style-type: none"> <li>Retail services with minimum capitals of less than 100 million baht and minimum capitals of less than 20 million baht per store" and "food sales" are subject to foreign ownership restrictions under the Foreign Business Act. However, the Foreign Business Act defines companies with less than 50% foreign ownership as Thai companies and therefore less than 50% foreign ownership is allowed. As an exception, foreign ownership is allowed based on the Foreign Business Committee's approval with the chief's permission.</li> </ul>  | <ul style="list-style-type: none"> <li>Domestic land, water and air transportation" is subject to regulation, in which foreign ownership is limited to less than 50%. As an exception, foreign ownership is allowed based on the Foreign Business Committee's approval with the chief's permission.</li> <li>For some businesses, 100% foreign ownership is also allowed on the condition that approval is obtained from the BOI.</li> <li>The Land Transport Act specifies the conditions that foreign ownership be 49% or less and a half of board members be Thai.</li> </ul> |
| Malaysia    | <ul style="list-style-type: none"> <li>100% foreign ownership is allowed.</li> <li>Companies are required to obtain open approved permits (APs) in order to import and sell new completely assembled vehicles. However, new APs are not issued today.</li> </ul>  | <ul style="list-style-type: none"> <li>Foreign investment in stores with floor spaces that are less than 3000m<sup>2</sup>, grocery shops, and pharmacies is not permitted.</li> <li>There are requirements for a minimum of 30% Bumiputera stake in hypermarkets and supermarkets.</li> <li>A minimum capital of 20 million ringgit for department stores and a million ringgit for specialised stores is required for 100% foreign ownership to be allowed.</li> </ul>  | <ul style="list-style-type: none"> <li>Foreign ownership is limited to 49% for cargo and container transportation, with minimum capital of 250,000 and 500,000 ringgit respectively. Though 100% ownership is allowed for transportation of goods possessed by a company with a capital of 250,000 ringgit or more.</li> <li>Licenses for Malaysian domestic ships are granted only for those whose foreign ownership is 49% or less. For long-term permission, 30% Bumiputera stake is required.</li> </ul>   |
| Indonesia   | <ul style="list-style-type: none"> <li>Up to 33% foreign ownership is allowed for distributor businesses, warehouse businesses, and cold storage businesses. Until April 2014, 100% foreign ownership was allowed.</li> </ul>   | <ul style="list-style-type: none"> <li>100% foreign ownership is allowed for minimarkets, supermarkets and department stores with floor spaces of larger than or equal to 400m<sup>2</sup>, 1200m<sup>2</sup>, 2000m<sup>2</sup> respectively (foreign entry is prohibited for those of smaller scale).</li> <li>Foreign investment is prohibited in the retail for toy, cosmetics, footwear, electric appliance, mail-order and internet, food and beverage.</li> </ul>  | <ul style="list-style-type: none"> <li>In the fields of general cargo transportation, domestic marine transportation and freight forwarding and foreign ownership is limited to 49%.</li> </ul>  |
| Philippines | <ul style="list-style-type: none"> <li>100% foreign ownership is allowed for import-export businesses. Foreign ownership is restricted to up to 40% for domestic wholesale services in principle, but 100% foreign ownership is allowed if paid-in-capital is over \$200,000.</li> </ul>  | <ul style="list-style-type: none"> <li>(1) 100% foreign ownership is allowed if \$2.5 million or more of the minimum capital is invested and investment per store is \$830,000 or more and (2) the minimum capital requirement is relaxed to \$250,000 or more for businesses that handle luxury goods. However, if the parent company's net assets apply to (1) above, it must be capitalized at \$200 million or more and if the parent company's net assets apply to (2) above, it must be capitalized at \$50 million or more and must have five or more stores or franchises worldwide and the capital of one of these stores must be \$25 million or more.</li> </ul> | <ul style="list-style-type: none"> <li>100% foreign ownership is allowed for cases in which capital is 200,000 dollars or more. This condition for the ownership ratio is interpreted as being limited to 40% or less among legal experts recently.</li> </ul>   |
| India       | <ul style="list-style-type: none"> <li>100% foreign ownership is allowed.</li> </ul>  | <ul style="list-style-type: none"> <li>Single Brand: 100% foreign ownership is allowed with individual permission from the government and under certain conditions. However, for foreign ownership exceeding 51%, procurement regulations are applied.</li> <li>Multiple Brand: Up to 51% foreign ownership is allowed under certain conditions. Such conditions include the minimum investment amount of 100 million dollars, investing in back-end infrastructures, procuring 30% of the procurement amount from small-scale companies, and business operations in cities with 1 million people or more.</li> </ul>   | <ul style="list-style-type: none"> <li>100% ownership is allowed for marine and road transportation.</li> <li>Among air transportation, foreign ownership is limited to up to 49% for regular services and up to 74% for irregular services or charter flights.</li> <li>Foreign ownership is prohibited for railway transportation, except in some cases such as high-speed railway, cargo lines and public-private projects, for which 100% ownership is allowed.</li> </ul>   |

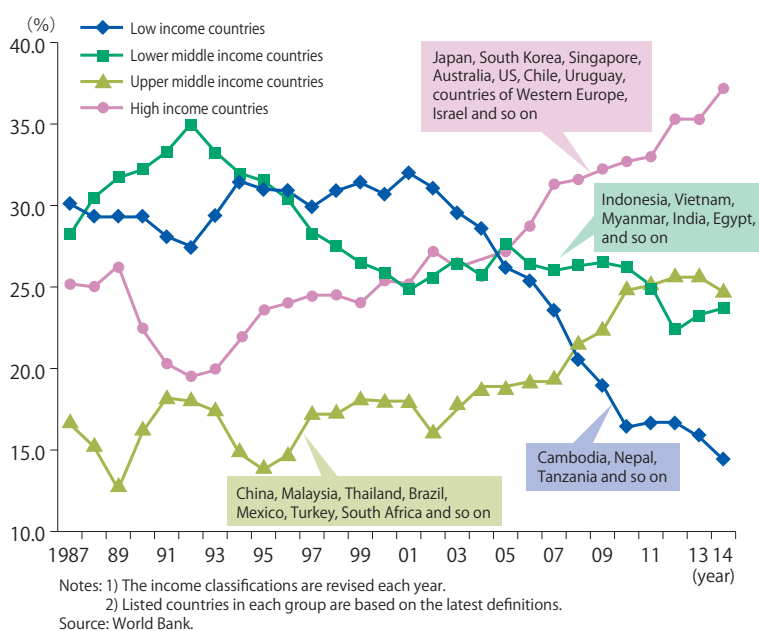
Source: Reports from JETRO overseas offices. Regulations as of end of June 2015.

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## Increasingly attractive “critical mass” markets and business expansion through alliances

- In emerging and developing countries, consumption is expected to grow as their income levels rise. In emerging regions other than China and ASEAN, Japanese firms are behind European and US companies in advancing into the countries with large markets and high growth rates. It is becoming important to cultivate these so called “Critical Mass” markets which are 1) among middle-income countries other than China and ASEAN, 2) have more than a \$100 billion nominal GDP and 3) the ten most largely populated countries.
- Making inroad into huge and complicated “Critical Mass” markets alone, firms especially in the field of sales of consumer products and in the service industry, are likely to face many obstacles in exploring markets, acquiring customers and so on. This indicates that partnering local firms or third-country companies with abundant knowledge and experience can be considered as a good option easing entrance into the markets. When advancing into promising markets such as India, Brazil and Turkey, some Japanese companies have chosen to set up joint ventures, acquire local companies, establish business alliances and so on.
- The large US market sees a remarkable gain in the Hispanic population, which is expected to reach around 30% of America’s entire population by 2060. The Hispanic market can be regarded as the critical mass market of America.

### Share of countries by income level



### 10 Critical mass markets

| Country               | Nominal GDP (\$100 million) (2014) | Population (10,000) (2014) | Personal consumption rate against GDP (%) (2013) |
|-----------------------|------------------------------------|----------------------------|--|
| Brazil                | 23,530                             | 20,277                     | 62.5   |
| India                 | 20,495                             | 125,970                    | 57.1   |
| Mexico                | 12,827                             | 11,972                     | 69.0   |
| Turkey                | 8,061                              | 7,690                      | 70.9   |
| Nigeria               | 5,737                              | 17,394                     | 72.1   |
| Colombia              | 3,849                              | 4,766                      | 61.0   |
| South Africa          | 3,501                              | 5,400                      | 60.6   |
| Egypt                 | 2,864                              | 8,670                      | 81.2   |
| Pakistan              | 2,501                              | 18,629                     | 81.0   |
| Bangladesh            | 1,854                              | 15,822                     | 72.8   |
| <Reference:East Asia> |                                    |                            |  |
| China                 | 103,804                            | 136,782                    | 36.2   |
| Indonesia             | 8,886                              | 25,149                     | 55.8   |
| Thailand              | 3,738                              | 6,866                      | 51.9   |
| Malaysia              | 3,269                              | 3,026                      | 51.2   |

Note: Middle income countries defined by World Bank are regarded as emerging countries.  
Sources: World Bank, WEO(IMF), and UN.

### Critical mass market’s inward FDI stock (2013): Share of each investing country

(Unit: %, US\$ million)

| Investing country \ Recipient country | US   | UK   | Germany | Japan | Total inward FDI stock |
|---------------------------------------|------|------|---------|-------|------------------------|
| India                                 | 16.0 | 15.9 | 5.7     | 7.1   | 249,288                |
| Pakistan                              | 11.4 | 18.0 | 1.6     | 5.0   | 10,586                 |
| Bangladesh                            | 8.7  | 11.0 | 0.7     | 5.0   | 8,063                  |
| Brazil                                | 15.1 | 3.2  | 2.6     | 4.2   | 715,182                |
| Mexico                                | 45.3 | 4.0  | 2.5     | 2.2   | 391,879                |
| Turkey                                | 4.9  | 6.0  | 10.6    | 0.9   | 112,814                |
| South Africa                          | 6.1  | 48.3 | 4.7     | 2.2   | 152,124                |
| Nigeria                               | 4.5  | 10.6 | 0.3     | 0.0   | 94,960                 |
| (Reference)                           |      |      |         |       |                        |
| China                                 | 3.3  | 0.9  | 2.3     | 6.3   | 2,331,238              |
| Singapore                             | 13.0 | 5.4  | 2.1     | 7.4   | 750,078                |
| Indonesia                             | 3.2  | 4.6  | 1.1     | 11.3  | 230,439                |
| Thailand                              | 7.8  | 3.3  | 2.0     | 35.4  | 178,221                |
| Malaysia                              | 8.6  | 4.3  | 4.3     | 14.7  | 135,638                |

Notes: 1) Bangladesh’s data are as of the end of 2012. No data for Colombia and Egypt. 2) Shaded areas indicate the largest investing country for each recipient.  
Source: “Coordinated Direct Investment Survey” (IMF).

### Trends in Japanese firms’ business expansion by country and approach (January 1, 2010 – April 13, 2015)

(Case, %)

|                              | Total | Greenfield investment | Establishment of a joint venture | M&A  | Cooperation with government | Business/capital alliance | Capital participation |
|------------------------------|-------|-----------------------|----------------------------------|------|-----------------------------|---------------------------|-----------------------|
| Overall critical mass market | 1,700 | 62.9                  | 9.1                              | 9.7  | 1.5                         | 11.6                      | 5.1                   |
| India                        | 829   | 61.6                  | 10.4                             | 9.4  | 0.7                         | 12.7                      | 5.2                   |
| Mexico                       | 349   | 81.4                  | 7.2                              | 1.7  | 2.0                         | 5.4                       | 2.3                   |
| Brazil                       | 292   | 57.5                  | 4.5                              | 15.4 | 2.1                         | 13.4                      | 7.2                   |
| Turkey                       | 82    | 50.0                  | 11.0                             | 19.5 | -                           | 7.3                       | 7.3                   |
| South Africa                 | 52    | 42.3                  | -                                | 26.9 | -                           | 21.2                      | -                     |
| Bangladesh                   | 45    | 57.8                  | 28.9                             | -    | -                           | -                         | -                     |
| Colombia                     | 18    | 38.9                  | -                                | -    | -                           | 27.8                      | -                     |
| Egypt                        | 13    | -                     | -                                | -    | -                           | 38.5                      | -                     |

Note: Only items with five or more cases are valid.  
Source: Nikkei Value Search

## Revitalization of regional economies through investment in Japan, exports of agricultural and fishery products and inbound tourism.

- The number of total full-time persons employed by foreign companies, with a more than 33.4% foreign capital ratio, is 610,000. Greenfield investment in Japan varies depending on regions: a large amount of investment is made in the tourism-related industry in Hokkaido, the renewable energy industry in Kyushu and Okinawa and the electronic parts industry in Tohoku, Chubu and Kansai. Investment by foreign companies have a positive impact on regional economies, by such means as creating jobs, increasing the number of foreign tourists, expanding exports and the introduction of new technologies and services.
- In 2014, exports of Japanese agricultural, forestry, fishery and food products hit a record high at ¥612 billion, 11.1% higher from a year earlier, driven by a rise in exports to Asian countries and regions including Hong Kong, Taiwan, China and Korea. Geographical Indication (GI) Act came into force in June 2015. The law is expected to promote the creation of regional brands. JETRO has implemented the "One Prefecture One Support Program", which creates specific export projects.
- The Japan National Tourism Organization (JNTO) announced that the number of overseas tourists in 2014 reached a new high of 13.4 million, an increase of 29.4% from the previous year, on the back of weakening yen and other factors. (The deficit of the travel service balance substantially shrank from \$6.8 billion in 2013 to \$0.5 billion in 2014). Industrial tourism, utilizing the Cool Japan resources, is expanding in region. More tourists are expected to come from countries and regions in Asia, given their proximity to Japan.

### Top greenfield investment in Japan by region

(Unit: US\$ million)

| Destination    | Project date | Company name                | Nationality                       | Industry sector       | Capital investment        |       |
|----------------|--------------|-----------------------------|-----------------------------------|-----------------------|---------------------------|-------|
| Hokkaido       | Apr 2013     | Hanwha                      | South Korea                       | Renewable energy      | 272                       |       |
|                | May 2008     | West Paces Hotel Group      | US                                | Hotel/tourism         | 183                       |       |
|                | Aug 2008     | Pacific Century Group (PCG) | Hong Kong                         | Leisure/entertainment | 170                       |       |
| Tohoku         | Fukushima    | Jun 2006                    | Spansion                          | US                    | Semiconductor             | 1,200 |
|                | Iwate        | Jul 2014                    | Royal Dutch Shell Plc             | Netherlands           | Renewable energy          | 272   |
|                | Yamagata     | Feb 2004                    | Entegris                          | US                    | Semiconductor             | 220   |
| Kanto          | Ibaraki      | Jan 2009                    | Areva                             | France                | Coal, oil and natural gas | 840   |
|                | Tokyo        | Jan 2007                    | Aegon                             | Netherlands           | Financial service         | 490   |
|                | Tochigi      | Oct 2013                    | Juwi                              | Germany               | Renewable energy          | 272   |
| Chubu          | Shizuoka     | Apr 2006                    | Corning                           | US                    | Electronic components     | 174   |
|                | Shizuoka     | Feb 2012                    | Intelligent Energy                | UK                    | Electronic components     | 147   |
|                | Aichi        | Jul 2008                    | ProLogis                          | US                    | Real estate               | 144   |
|                | Gifu         | Nov 2014                    | Simon Property Group              | US                    | Real estate               | 144   |
| Kansai         | Mie          | Aug 2013                    | SanDisk                           | US                    | Semiconductor             | 4,000 |
|                | Mie          | Dec 2003                    | SanDisk                           | US                    | Semiconductor             | 2,600 |
|                | Osaka        | Dec 2007                    | Corning                           | US                    | Electronic components     | 400   |
| Chugoku        | Hiroshima    | Nov 2014                    | Micron Technology                 | US                    | Semiconductor             | 859   |
|                | Yamaguchi    | Dec 2006                    | Royal Dutch Shell Plc             | Netherlands           | Chemicals                 | 168   |
|                | Okayama      | Feb 2012                    | Global Logistics Properties (GLP) | Singapore             | Real estate               | 103   |
| Shikoku        | Ehime        | Aug 2005                    | Albemarle Corporation             | US                    | Chemicals                 | 81    |
|                | Ehime        | Nov 2012                    | Assuranceforeningen Gard          | Norway                | Financial service         | 48    |
|                | Tokushima    | May 2008                    | Volkswagen                        | Germany               | Automotive parts          | 30    |
| Kyushu/Okinawa | Fukuoka      | Nov 2013                    | First Solar                       | US                    | Renewable energy          | 272   |
|                | -            | Apr 2013                    | Hanwha                            | South Korea           | Renewable energy          | 272   |
|                | Nagasaki     | Apr 2014                    | Royal Dutch Shell Plc             | Netherlands           | Renewable energy          | 272   |

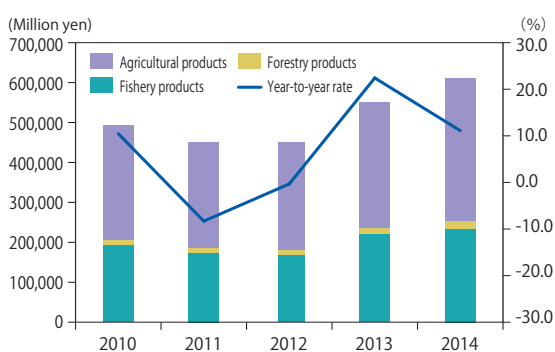
Note: Investment values include estimates.  
Source: "fDi Markets" (Financial Times)

### Examples of companies made use of JETRO supports to set up their business/affiliate in region (2009-2014)

| Destination    | Company name                                    | Nationality    | Business   |
|----------------|---|----------------|--|
| Tohoku         | Miyagi Osbert Hotels Ltd.                       | Hong Kong      | Hot spring & spa resort                                      |
| Kanto          | Chiba Snowflake                                 | Switzerland    | Open source software   |
|                | Saitama Thaicom Public Company Limited (IPSTAR) | Thailand       | Satellite base station                                       |
|                | Chiba Spring Airlines Japan                     | China          | LCC  |
| Chubu          | Kanagawa Faurecia Japan                         | France         | Automobile parts   |
|                | Aichi Infosys Ltd.                              | India          | IT Consulting  |
|                | Mie Mag-Isover KK                               | France         | Glass wool for residential and industrial use                |
|                | Aichi Magnate Technology Co., Ltd.              | Taiwan         | Parts of air planes, precision parts of industrial machinery |
| Kansai         | Mie Cabot Microelectronics Japan                | US             | Polishing materials and cloth for semiconductors             |
|                | Hyogo INSTAR ITS                                | Czech Republic | Energy saving business management                            |
|                | Hyogo Umicore                                   | Belgium        | Materials of lithium-ion battery                             |
| Chugoku        | Tottori DBS Cruise Ferry Co., Ltd.              | South Korea    | Cargo-passenger liner  |
| Kyushu/Okinawa | Okinawa/Osaka Juneyao Airlines                  | China          | LCC  |
|                | Fukuoka/Osaka Air Busan                         | South Korea    | LCC  |
|                | Fukuoka Elanex                                  | US             | Translation  |
|                | Fukuoka T'way Airlines                          | South Korea    | LCC  |

Note: The investment destinations of Juneyao Airlines and Air Busan are classified according to their first flight destinations in Japan.  
Source: JETRO website

### Japan's exports in agricultural and fishery products



Note: Alcoholic beverages, tobacco and pearls are included.  
Source: "Overview of Foreign Trade of Agricultural, Forestry, and Fishery Products" (MAFF)

### JETRO's industrial tourism support projects in region

|                   | Saga   | Hamamatsu  | Ibaraki   | Kyoto  | Tsubame Sanjo   |
|-------------------|--|--|---|--|---|
| Area              | Design   | Music  | Science   | Lifestyle  | Manufacturing such as metal working   |
| Period            | Mar 1-5, 2015  | Mar 9-10, 2015   | Mar 16-19, 2015   | Mar 11-12, 2015  | Jun 25-28, 2015   |
| Invited personnel | Buyers, media, designers and design schools from Singapore   | Those involved in music business, a music business school and media from the US and France   | A research organization of industrial technology from Taiwan, media and travel companies from Vietnam       | Buyers, media and others from ASEAN and Northeast Asia   | Buyers, designers, hairdressers, chefs, design schools, media from Singapore and Malaysia                           |
| Destination       | Arita ware companies, Arita College of Ceramics, companies related to Morodomi furniture and so on | Music instrument manufacturers (vocal synthesis technology, score recognition and writing technology, etc.), high-sensitivity acoustic systems and so on | Science and technology research facilities (Space Center, AIST, robot suit development companies) and so on | Companies related to kitchen, tableware, interior, beauty and health products, gifts and so on | Companies related to kitchen tools including knives and cutlery, beauty products such as scissors and nail clippers |

Source: JETRO

- Among challenges that Japanese firms face when engaging in export and expanding their business overseas, a lack of human resources capable of playing a central role in overseas operations is commonly reported.
- Looking at the status of hiring foreign employees by Japanese firms, Japanese companies that are currently hiring foreign staff (42.2%) and interested in hiring foreign staff in the future (20.8%) totals 63%. Of these companies, the percentage of hiring / wanting to hire foreign students studying in Japan is the highest. This indicates that there is a high demand for international students among Japanese companies.
- Lifestyle survey of privately financed international students concluded by the Japan Student Services Organization (JASSO) found that the percentage of foreign students who intend to work in Japan was 65.0% in FY2013. According to the survey on international students career and academic degrees by the same organization, despite the high number, their actual employment rate was only 23.7%. This difference in percentage indicates that there is room for improvement.

### Bottlenecks for export and overseas business expansion

(Unit: %, Multiple answers)

|   | Total<br>(n=3,471) | Large companies<br>(n=680) | SMEs<br>(n=2,791) |
|---|--------------------|----------------------------|-------------------|
| Local business partners   | 47.8               | 46.3                       | 48.1              |
| Human resources to play a central role in overseas business           | 41.2               | 52.6                       | 38.4              |
| Information on rules&regulation (tariff, regulations, license, etc.)  | 40.1               | 48.7                       | 38.0              |
| Information on local markets (Consumers' preferences and needs, etc.) | 39.4               | 42.1                       | 38.8              |
| Expansion of sales network in overseas                                | 32.5               | 33.8                       | 32.2              |
| Cost competitiveness  | 27.0               | 36.0                       | 24.8              |
| Products development for local markets                                | 21.4               | 26.3                       | 20.2              |
| Securement of necessary funds   | 16.2               | 8.1                        | 18.2              |

Note: Parameter is the total number of replying companies participating in this survey.  
Source: "Results of JETRO's FY 2013 Survey on the International Operations of Japanese Firms" (JETRO)

### Demands for foreign nationals by Japanese companies

(Unit: %, multiple answers)

|  | Total<br>(n=1,887) | Large companies<br>(n=534) | SMEs<br>(n=1,353) |
|--|--------------------|----------------------------|-------------------|
| Hiring/want to hire foreign students studying in Japan                                   | 48.1               | 60.7                       | 43.2              |
| Hiring/want to hire foreign nationals (not including foreign students studying in Japan) | 40.6               | 42.1                       | 40.0              |
| Hiring/want to hire foreign nationals residing overseas                                  | 34.6               | 35.8                       | 34.1              |
| Others   | 3.5                | 3.4                        | 3.5               |

Note: Parameter is the total number of companies responding with "hiring foreigners" and "want to hire foreigners".  
Source: "Results of JETRO's FY 2014 Survey on the International Operations of Japanese Firms" (JETRO)

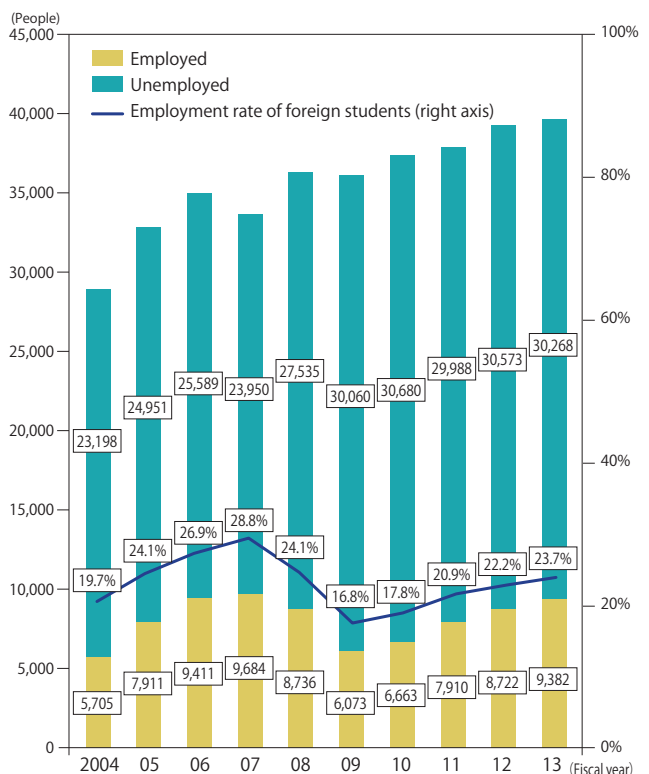
### Hiring of foreign employees by Japanese firms

(Unit: %)

|  | Total<br>(n=2,995) | Large companies<br>(n=661) | SMEs<br>(n=2,334) |
|--|--------------------|----------------------------|-------------------|
| Currently hiring foreign employees   | 42.2               | 70.3                       | 34.2              |
| Not currently hiring foreign employees but expecting to consider recruitment of it   | 20.8               | 10.4                       | 23.8              |
| Not currently hiring foreign nationals and not planning to consider it in the future | 27.2               | 12.9                       | 31.3              |
| No answer  | 9.7                | 6.4                        | 10.7              |

Note: Parameter is the total number of replying companies participating in this survey.  
Source: "Results of JETRO's FY 2014 Survey on the International Operations of Japanese Firms" (JETRO)

### Status of employment of foreign students in Japan



Notes: 1) "Foreign study abroad students" are defined as those studying in such institutions as universities, two-year colleges, specialized vocational high schools, special technical schools, etc. 2) Years represent fiscal years 3) "Unemployed" is calculated by subtracting the number of "employed" from that of "foreign study graduates". The number includes those with no set career options.  
Source: Survey on international students career and academic degrees (JASSO)



- Challenges that Japanese companies face in terms of expanding utilization of foreign employees, such as international students, include lack of experience of how to recruit, treat and manage foreign staff.
- There are also cases of SMEs proactively utilizing foreign personnel, including international students, in developing their overseas business. SMEs consider foreign staff to be useful in areas such as expanding sales channels. Nowadays, local governments in certain regions are establishing collaborative industry-academia-government bodies that offer continuous services from recruitment of foreign students to support for their employment.

### Current status and challenges to promote utilization of foreign students and other foreign nationals

|                 | Companies   | Foreign nationals including international students   |
|-----------------|---|--|
| Pre-employment  | High Japanese skills required (1st level of the Japanese Language Proficiency Test or the equivalent)   | A good command of Japanese is required. (Japanese literacy is required from the time of submitting entry sheets)   |
|                 | Lack of knowledge on how to recruit foreign employees, a small number of applicants (especially for SMEs)   | Unclear recruitment process that is particular to Japan (employing new graduates all at once)  |
|                 | Difficulties in finding appropriate foreign nationals in local universities (especially for local companies)  | High demand for positions in large companies around Tokyo.   |
| Post-employment | Low retention rate (high attrition rate, concerns over leakage of technologies and know-how)<br>Difficulties in sharing a common vision of the organization<br>Lack of experience of how to treat and manage foreign employees. | Unclear career plan (Searching for a job where staff can exercise their expertise, preferred work locations and compensation package according to job responsibility are available, among others). |
|                 | Lack of knowledge on administrative procedures such as changing status of residence (for companies hiring their first foreign staff member)   | —  |

Source: interview survey and others

### Benefits of hiring/employing foreign employees

(Unit: %, Multiple answers)

|  | Total (n=1,887) | Large companies (n=534) | SMEs (n=1,353) |
|--|-----------------|-------------------------|----------------|
| Expanding sales channels   | 40.9            | 33.0                    | 44.0           |
| Improving international negotiation ability  | 39.7            | 40.1                    | 39.6           |
| Improving foreign language ability   | 31.6            | 32.0                    | 31.4           |
| Strategic preparation for localization of management   | 28.6            | 36.1                    | 25.6           |
| Lowering psychological barriers among Japanese employees in communication with foreign nationals | 27.9            | 31.6                    | 26.5           |

Note: Parameter is the total number of companies responding with "hiring foreigners" and "want to hire foreigners".

Source: "Results of JETRO's FY2014 Survey on the International Operations of Japanese Firms" (JETRO)

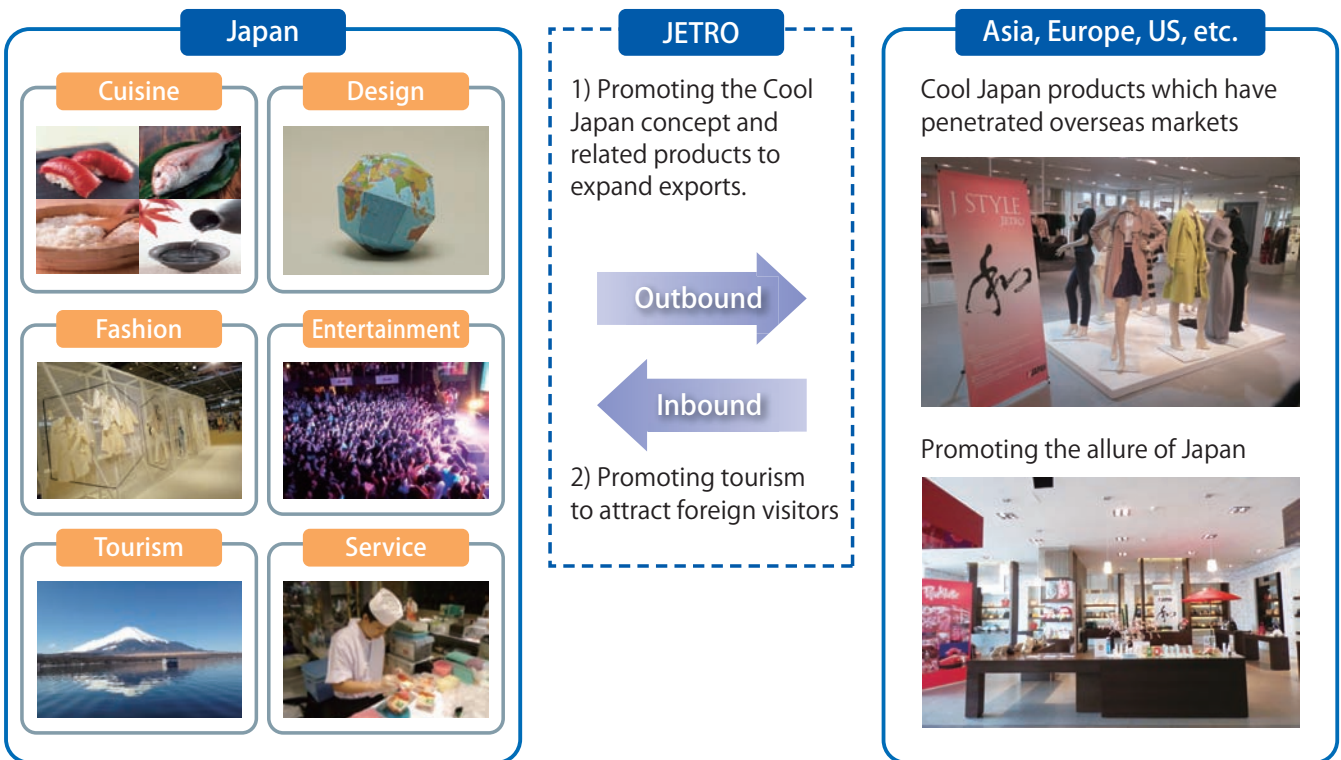
### Cases of utilizing foreign students and other foreign nationals in terms of SMEs' business expansion overseas and employment supported by industry-academia-government collaboration bodies

|   | Effects   | Cases regarding business expansion overseas/industry-academia-government collaboration bodies   |
|---|---|---|
| Companies   | Expanding sales channels  | On referral from a local university, we hired a foreign student from Asia in 2014. He was hired as a part-timer at first and was made a regular employee. The staff enhanced our public relations activities by posting product information on our new English website jointly created by a Japanese engineer. This brought us specific results such as increased business inquiries from overseas.   |
|   | Expanding sales channels, improving international negotiation ability | We started to employ foreign staff seven years ago, hoping to hire employees with knowledge on trading operations and partner countries. Our current foreign staff member, who is from Africa and fluent in four languages, has helped us to expand business in Africa and the Middle East. We intend to hire a foreign employee who has a good command of Portuguese and Spanish in accordance with our business expansion plans.  |
|   | Expanding sales channels, improving international negotiation ability | We hired a foreign staff member with experience studying in Japan in 2013, which allowed us to create a dedicated department for overseas business afterward. Active promotional activities such as demonstrating products at overseas exhibitions resulted in exports. He/she also contributed to changing specifications and taking the necessary steps to make our products meet local standards. We came to be able to grasp overseas customers' needs accurately, which led to the improvement of our products.  |
|   | Management localization, improving international negotiation ability  | We started to employ foreign employees from around 2004. We hired foreign staff including international students from Latin America in 2014 as well. Employees from Northeast Asia, Southwest Asia and Latin America are working with us. They are improving our international negotiation ability. We have assigned Chinese employees with a good command of local languages to the procurement department, because we largely depend on materials from China. We are promoting foreign staff to sales managers of the headquarters and directors of the overseas offices.   |
|   | Management localization, expanding sales channels                     | We have hired foreign students from China and also assigned Chinese employees to top executive positions of our local office in China. Our Chinese staff has contributed to our business expansion in China, through the discovery of customers by utilizing their knowledge on Japanese management and adapting it to the Chinese culture. Since our customers largely consist of Chinese local companies, the Chinese staff is essential to our business. We are considering the employment of foreign nationals from the region into which we are planning to expand business.   |
|   | Management localization, expanding sales channels                     | We employed a person from Southeast Asia as an engineer at the headquarters. He is currently playing an important role as a future executive officer in our overseas office in his native country. Additionally, our overseas office employed a local with experience working in Japan for the sales department. We are planning to train him to be a candidate president of our subsidiary. We are also planning to further utilize local staff. Senior personnel with experience working for large companies are also hired to be assigned to overseas subsidiaries as their executive officers.  |
| Industry-academia-government collaboration bodies | Establishment of bases  | A capable graduate from a local university in Southeast Asia, who we employed five years ago, was the deciding factor in expanding our business there. The headquarters hired an engineer who graduated from a university in Southeast Asia. He is expected to be assigned as a manager of a representative office, which is planned to be established. Moreover, we are planning to hire a few other local employees as programmers. They are expected to be responsible for selecting local staff and communicating with the headquarters.  |
|   |   | In recent years, some regions see a number of local governments establishing organizations in collaboration with industry and academia, in order to provide comprehensive service ranging from attracting foreign students to assisting them in getting a job in Japanese companies. The Fukuoka International Student Support Center (established in 2008) and the Hiroshima Support Center for International Students (established in 2011) have taken steady steps. In Nagasaki, aiming to boost the economy, Nagasaki Summit has been held by its parent organization composed of prefectural and municipal governments, Nagasaki University, the Nagasaki Chamber of Commerce and Industry and other local management organizations. The Nagasaki International Student Support Center was built in 2013 as a facility to deal with the top priority issues of support for and utilization of foreign students. It also provides the students living in Nagasaki with employment support such as creating opportunities to meet with local companies in addition to recruiting and supporting the students. Iwate Prefecture has established an organization in 2007, Iwate Exchange Student Job Search Support Association, which is dedicated to providing employment support with international students and composed of universities, industry groups and local governments. |

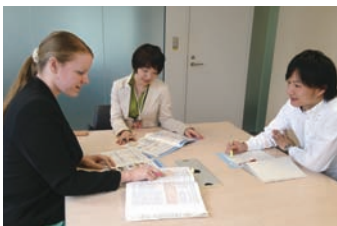
Source: Interview survey

# JETRO activities promoting “Cool Japan”

Japan is a country rich in culture and history, and also a leading center of design and innovation. From traditional crafts with a modern appeal to gourmet foods and cutting-edge textiles, the Japanese Government has created a campaign called “Cool Japan” to redefine its reputation as a pioneer in design, fashion, entertainment and cuisine. JETRO has an important role in promoting the Cool Japan concept by supporting unique, attractive products and services to be showcased all over the world.



## 1) JETRO provides various support to SMEs to expand Cool Japan related activities overseas.



Business consultation



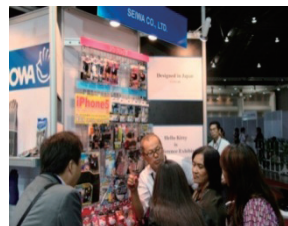
Inviting potential buyers and influencers to Japan



Business seminar



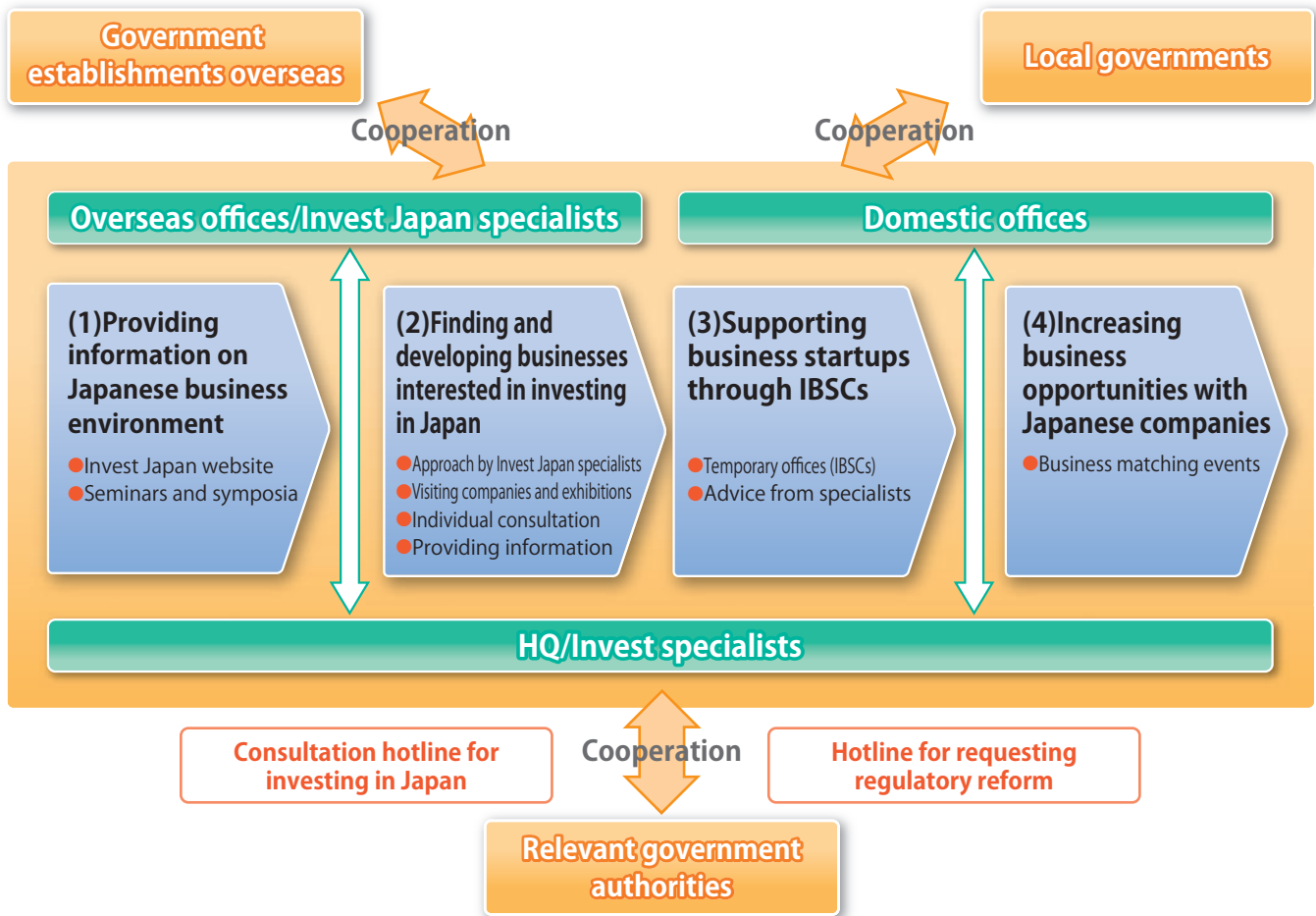
Participating in overseas trade fairs  
Business meeting in emerging markets



Dispatching business delegations to promising countries and areas

## 2) JETRO cooperates with The Japan Tourism Agency (JTA), the Ministry of Economy, Trade and Industry (METI) and the Japan National Tourism Organization (JNTO) to increase the number of foreign visitors.

# JETRO activities for promoting direct investment in Japan



- (1) Providing information on Japanese business environment:** Promoting investing in Japan via Invest Japan website (available in six languages), brochures, Invest Japan seminars/symposia.
- (2) Finding and developing businesses interested in investing in Japan:** Approach by Invest Japan specialists, finding businesses interested in investing in Japan by visiting companies and exhibitions, individual consultation, providing information about Japanese market and industries, helping build business models, providing information about regulations, supporting establishment of branch offices, solving problems related to regulations and business.
- (3) Supporting business startups:** Offering temporary offices (IBSCs located in six major cities in Japan). Consultation by professionals (taxation/accounting, incorporation, human resource and labor, visa, real estate, etc.).
- (4) Increasing business opportunities with Japan:** Supporting business matching with Japanese companies.
- **Cooperation with local governments:** Providing information on locations all over Japan, market and industry information, incentives provided by local governments, and supporting promotional activities by local governments.
  - **Cooperation with government establishments overseas:** Finding businesses interested in investing in Japan by cooperating with government establishments overseas.
  - **Cooperation with relevant government authorities:** Arranging meetings with officials of regulatory agencies, relaying requests for regulatory reforms to the Japanese Government.



Invest Japan website (available in six languages)



Distributing information via seminars/symposia, etc.



Providing temporary offices (IBSC)



Business matching events, increasing business opportunities with Japan



For more information,  
please contact:

**Japan External Trade Organization**  
International Economy Division  
Overseas Research Department  
[ORI@jetro.go.jp](mailto:ORI@jetro.go.jp)