

Fiscal Year 2015

Subsidy Program for Global Innovation Centers

Application Guidelines

Updated on September 2016

Japan External Trade Organization (JETRO)

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This subsidy program subsidizes the cost of companies from overseas for setting up innovation centers, experimental studies and feasibility studies (F/S) in collaboration with Japanese companies and other organizations in Japan with the aim of drawing investments and excellent management resources from overseas by promoting location of high value-added sections of overseas companies such as R&D facilities, and making Japan a high value-added hub and innovation base for global value chains.

I. Targeted Projects

1. Subsidized Projects

Projects eligible for the subsidy shall be (1) establishment of global innovation centers, (2) experimental studies, or (3) feasibility studies (F/S) in Japan with respect to regenerative medicine or IoT (=Internet of Things).

- (1) Establishment of global innovation centers refers to establishment of R&D sites including the accompanied facilities such as manufacturing, sales or administration. However, the relocation and consolidation of existing sites in Japan are not eligible for the subsidy.
- (2) Experimental studies refer to experiments being conducted by a foreign company in collaboration with Japanese companies or organizations, such as research and data collection in order to achieve practical application of technologies, products and services in Japan, which are already being put to practical use, or are expected to have practical application in foreign countries, such as the country where the foreign company's headquarters is located.
- (3) Feasibility studies (F/S) refer to activities such as market research conducted by a foreign company in collaboration with Japanese companies or organizations, in order to achieve practical application of technologies, products and services in Japan, which are already being put to practical use, or are expected to have practical application, in foreign countries, such as the country where the foreign company's headquarters is located.

Note 1: Candidate companies can apply for two or more projects pertaining to "establishment of global innovation centers", "experimental studies", or "feasibility studies (F/S)" at one time.

2. Requirements for the Subsidy

Subsidized project must satisfy all of the below requirements.

- (1) The subsidized company must be a company whose parent company, or ultimate parent company, is a corporation founded or organized under the law of a foreign country and currently engaged in active operations.
- (2) The research related to the subsidized project must be connected to regenerative medicine or IoT.
- (3) The subsidized company must have favorable prospects of capital or business collaboration with Japanese companies, universities, public research institutions or other organizations.
- (4) The investment plan submitted for this subsidy program should not have been announced or commenced before the cabinet decision on the FY2015 Supplementary Budget Plan made on December 18, 2015. (However, if there is a supplementary investment plan added to a prior plan which had already been announced or commenced before the date of cabinet decision, and the supplementary investment plan has not been announced or commenced, then the supplementary investment plan alone can be eligible for the subsidy.)

II. Eligible Companies

Companies eligible for the subsidy shall be private business operators (Note 2) incorporated in Japan, which meet all of the requirements prescribed in the preceding paragraph under Section I-2, and which are able to administer and manage the facilities and equipment after the completion of the projects. The subsidy will be granted to companies selected by the final decision of METI (the Ministry of Economy, Technology and Industry) and JETRO based on screening by the third party Screening Panel. (Note 3)

Note 2: Candidate companies (including branch offices in Japan) do not need to have corporate status in Japan at the time of application for this subsidy program. After the notification of the result of the selection, however, the companies must have corporate status in Japan by the time they petition for the grant.

Note 3: When it becomes clear after the selection that the company does not meet any of the requirements or that there are any falsehoods on the application form, etc., the decision of the selection may be cancelled.

III. Categories of Eligible Costs and Subsidy Rates

Budget Amount: 1.0 billion JPY

		Eligible costs	Subsidy rates
Project category	Eligible expense category	Details	
Establishment of global innovation centers	Operating costs	1) Design	Up to one-third
		2) Facility purchase and rental	
		3) Equipment and machinery	
		4) Construction	
		5) Surveying and tests	
		6) Overhead expenses (e.g. construction costs, costs for application for licenses, travel fees for submission of applications)	
		7) Other (necessary costs for operation permitted by JETRO)	
Experimental studies	Personnel costs	1) Researchers	Up to two-thirds
		2) Assistants	
	Operating costs	1) Business trips	
		2) Meetings	
		3) Outsourcing	
		4) Tests	
		5) Interpretation and translation	
		6) Purchasing documents	
		7) Printing and binding	
		8) Communication and delivery	
		9) Equipment and machinery	
		10) Expenses for supplies	
		11) Other (necessary costs for operation permitted by JETRO)	
Feasibility studies (F/S)	Personnel costs	1) Researchers	Fixed amount
		2) Assistants	
	Operating costs	1) Business trips	(up to
		2) Business meetings	
		3) Outsourcing	10 million
		4) Interpretation and translation	
		5) Purchasing documents	yen)
		6) Printing and binding	
		7) Communication and delivery	
		8) Expenses for supplies	
		9) Other (necessary costs for operation permitted by JETRO)	

Note 4: Lease fees for equipment and facilities will be subsidized until the project period stated below (IV. Project Period). Temporary deposits such as collateral or guaranties are not applicable.

Note 5: Regarding equipment, in principle, the subsidy will not cover the costs of office supplies, furniture and other office equipment.

Note 6: Regarding construction costs, in principle, removal costs (costs to demolish existing buildings or clear existing facilities) and exterior work costs are not applicable. In addition, other construction costs not related to R&D sites and the accompanied facilities (such as manufacturing, sales or administration) are not applicable.

IV. Project Period

After the decision to grant a subsidy is made, the subsidized project shall be started without delay. In principle, the projects shall be completed by Friday, February 3, 2017 (Not only the operations but also all of the related payments shall be completed by the subsidized company).

V. Obligations of Subsidized Company

The subsidized company is obliged to comply with the relevant laws and regulations such as the Subsidy Budget Rationalization Act and related regulations including subsidy grant regulations, in addition to the following items:

- (1) The subsidized company shall obtain approval in advance if the subsidized company intends to make any changes to the allocation of the subsidized costs or contents of the subsidized project or to suspend or terminate the subsidized project after the decision to grant a subsidy is made.
- (2) If a progress report on the subsidized project is requested during the year of the subsidy grant, the subsidized company shall provide a report without delay.
- (3) When the subsidized project is completed, the subsidized company shall provide a Subsidized Project Result Report either within 30 days from the project completion date, or by Wednesday February 8, 2017 whichever comes first.
- (4) The subsidized company must provide a report on the status of the continuing operations related to the subsidized project for three years after the end of the subsidized company's financial year during which the subsidized project was completed.
- (5) The subsidized company shall do the following with regard to acquired assets or the assets with increased utility as a result of the subsidized project (hereinafter referred to as "acquired assets, etc.")
 - (i) The subsidized company shall continue to manage the acquired assets with due care and strive to manage the assets effectively in accordance with the purpose of the subsidy grant even after the completion of the subsidized project. The subsidized company shall also prepare an Acquired Asset Ledger for the acquired assets over 500,000 yen and manage the assets appropriately during the period of restriction on disposal of assets as defined separately (note 6).
 - (ii) The subsidized company shall not dispose of the acquired assets (meaning to use, transfer, loan or offer as collateral the assets contrary to the purpose of the subsidy grant) during the period as set forth separately. However, in rare cases where the acquired assets must be disposed of due to unavoidable and unforeseen circumstances, the subsidized company may dispose of the acquired assets after obtaining approval in advance. In such cases, a part of or the entire subsidy shall be returned in principle.
- (6) With regard to accounting related to the subsidized project, the subsidized company shall prepare evidential documents providing detailed balance sheets of the project and retain such documents for five years after the end of the Japanese government's financial year during which the subsidized project was completed.

Note 7: In principle, the period of restriction on disposal of assets shall be as provided for in the Appendices of the Ministerial Order on Useful Life, etc. of Depreciable Assets (Ministerial Order No. 15 of 1965, issued by the Ministry of Finance).

VI. Exclusion of Crime Syndicates

Companies applying for the subsidy will be disqualified if any of the below conditions are true:

- (1) The company (meaning individual proprietorship, corporation or other organization) is a crime syndicate (as defined under Article 2, Item 2 of the Act on Prevention of Unjust Acts by Organized Crime Group Members [Act No. 77 of 1992]; the same shall apply hereinafter), or any of the company's executives (the person him- or herself in the case of an individual proprietorship; or corporate executives, representatives, presidents or persons who supervise business operations in the case of a corporation or organization; the same shall apply hereinafter) include crime syndicate members (as defined under Article 2, Item 6 of the same Act; the same shall apply hereinafter).
- (2) Company executives use the intimidating power of crime syndicates or crime syndicate members in order to promote their own, their company's or a third-party person's illegal interests or to cause damage to third parties.
- (3) Company executives cooperate or are involved directly or aggressively in maintaining and operating crime syndicates through means such as providing funds and making favorable arrangements.
- (4) Company executives interact with crime syndicates or crime syndicate members and have socially dubious relationships with them.

VII. Other Matters of Note

- (1) The amount of subsidy applied for through this application (including the subsidy rate) shall not necessarily be the amount that will be granted. After the notification of the result of the selection, the secretariat (JETRO) shall carefully inspect the details of the grant petition forms submitted by candidates based on the rules concerning the grant of subsidy, and will notify candidates of the amount that is decided to be granted through Notification of Grant Decision.
- (2) With regard to the costs related to this application, costs incurred (by placing orders, making a contract, etc.) prior to the Grant Decision date shall not be covered, as the subsidized project will start on the date of the decision to grant a subsidy.
- (3) In principle, the subsidy shall be paid after the amount is confirmed by the Subsidized Project Result Report that shall be submitted after completion of the subsidy project. (The subsidy shall be paid through the prescribed procedure when the project is completed even in the middle of the fiscal year.)
- (4) Note that it is not permitted to submit (even after this grant petition) dual petitions for this subsidy and other grant programs provided by the Japanese government (including governmental organizations) for the same project.
Please contact JETRO in advance if there are any questions with regard to dual applications or usage of other grant programs.

VIII. Submission of Application Forms and Briefing Sessions

1. Period of Public Offering ***Application period is extended.**

Tuesday, February 16, 2016 to Friday, **October 14, 2016 (no later than 12:00 p.m. Japan time)**

Note 8: The deadline for the first public offering is Thursday, March 10 (no later than 12:00 p.m. Japan time).

Please refer to the section IX. 4 for the detailed schedule.

2. Applications and Inquiries

Application forms shall be submitted to the following address by mail or in person:

Support Program for Global Innovation Centers,
Invest Japan Division, Invest Japan Department, Japan External Trade Organization (JETRO)
6th Floor, Ark Mori Building, 12-32 Akasaka 1-Chome, Minato-ku, Tokyo 107-6006, Japan
Tel: 03-3582-5234
* If delivering the documents in person, please visit the General Information Desk on the 6th floor.

Note 9: Applications submitted via fax or e-mail will not be accepted. The application form should be prepared carefully; if incomplete, it will not be included in the screening.

Note 10: Submissions after the deadline will not be accepted. Please send the application well in advance to allow sufficient time for delivery by the deadline in case of unforeseen circumstances.

3. Online Information

The English and Japanese versions of the Application Guidelines and Application Forms are available at the following websites:

English: https://www.jetro.go.jp/en/invest/incentive_programs/info.html
Japanese: <https://www.jetro.go.jp/invest/support/info.html>

4. Documents to be submitted

- (1) The application forms, including the attachments, can be prepared and submitted in English.
- (2) Candidates must use forms in English or in Japanese attached to the Application Guidelines. The documents shall be printed in A4 size. (The boxes in the forms may be widened or shortened if needed.)
- (3) One original and ten hard copies of each document listed under the "List of Documents to be Submitted" below, as well as an electronic version (one CD-R with "Application forms (Form1, Attachment 1 to 4)" saved in Word format and other documents saved in PDF format), shall be submitted. The name of the candidate should be printed on the CD-R. A sequential page number shall be typed in the center of each page of the submission documents.
- (4) Candidates will initially be screened by document. If needed, interviews may be conducted. Candidates may be requested to submit additional materials during the screening.
- (5) Please note that the documents to be submitted listed below and additional materials will not be returned.

List of Documents to be submitted

	Name of document	Form
<input type="checkbox"/>	1. Application for Japanese Fiscal Year 2015 Subsidy Program for Projects Promoting Foreign Direct Investment, Site Location and Regional Development in Japan (Subsidy Program for Global Innovation Centers)	Form 1
<input type="checkbox"/>	2. Company description (+brochures)	Attachment 1
<input type="checkbox"/>	3. Contents of the candidate project	Attachment 2
<input type="checkbox"/>	4. Effects of the candidate project	Attachment 3
<input type="checkbox"/>	5. Cost of the candidate project *Please attach documents that justify incurred costs (price estimates, product catalogs, etc.)	Attachment 4
<input type="checkbox"/>	6. Financial statements (Balance Sheet and Income Statement) for the past three years (Non-consolidated statements of the candidate. However, if consolidated statements are available, they shall also be submitted.) *If the company is not yet established in Japan, or three years have not passed since establishment of the company, their ultimate parent company's financial statements shall be submitted.	Free format
<input type="checkbox"/>	7. Layout plan and floor plan of the facilities (Only for projects to set up centers)	Free format
<input type="checkbox"/>	8. Outline documents of establishment of global innovation centers, experimental studies or feasibility studies (F/S) with a visual explanation like brochures or PowerPoint.	Free format
<input type="checkbox"/>	9. One CD-R *All submitted documents listed above must be put on.	

- Note 11 : Due to the size of the venue, the number of people from each group shall be limited to one or two.
- Note 12: Directions to the venue will be sent to the registered e-mail address.
- Note 13: Reservation is on a first-come, first-served basis. Please note that the number of people may be adjusted.

Note 14: After a briefing session, individual consultation will be held (20minutes each, for the first ten groups).
Reservation can be made by phone call.

IX. Project Screening and Notification of Results

1. Screening Criteria

(1) Basic Items

The subsidized project must satisfy all of the below screening criteria.

- (i) Requirements for the subsidy
 - All requirements for the subsidy listed under 2. of Section I above are met.
- (ii) Implementation ability of the company applying
 - There is sufficient ability to smoothly implement the project.
- (iii) Eligibility as an operator of a subsidized project
 - The candidate company has sufficient financial resources and management capability to smoothly implement the subsidized project as an operator.
 - The candidate company has a track record in research and possesses know-how related to the candidate project for the subsidy as an operator.
- (iv) Validity of the costs eligible for the subsidy
 - The particulars of the costs are eligible for the subsidy.
- (v) Validity of the time schedule
 - The time schedule ensures that the subsidized project can be completed within the period given for the subsidized project.

(2) Project-related Items

Candidate companies are screened comprehensively based on the following criteria.

- (i) Innovativeness of the project for the subsidy
 - Technologies, products or services of the candidate project for the subsidy shall have innovativeness.
 - The industrial base in Japan for technologies, products or services of the candidate project for the subsidy shall not yet have been fully developed at the most advanced level.
- (ii) High value-added quality of the candidate project
 - The technologies, products or services of the candidate project shall bring about high value-added quality.
 - The candidate project will not overlap or will not have similarity to research conducted by Japanese companies.
- (iii) Applicability of the technology, products or services
 - There are favorable prospects that the technologies, products or services of the candidate project for the subsidy can be put to practical use in Japan and they will bring about economic ripple effects.
- (iv) Promotion of overseas development by Japanese companies
 - There are favorable prospects that collaboration with domestic companies, universities, public research institutions, or other organizations will promote the overseas development by Japanese companies. Collaboration with Japanese small or medium companies is especially desirable.
- (v) Ripple effects on regional economies (applies only to projects setting up a center)
 - Establishment of a center shall bring about a positive impact on the regional economy.
- (vi) Employment of human resources (applies only to projects setting up a center)
 - It appears likely that new employment of five or more people will be created at the center to be established by the candidate project.
 - The candidate project for the subsidy shall include employment of highly skilled

foreign personnel or resident/loaned personnel from overseas.

2. Notification of Selection

The selected companies will be announced on the website and candidates will be notified by document.

3. Treatment of the Submitted Information

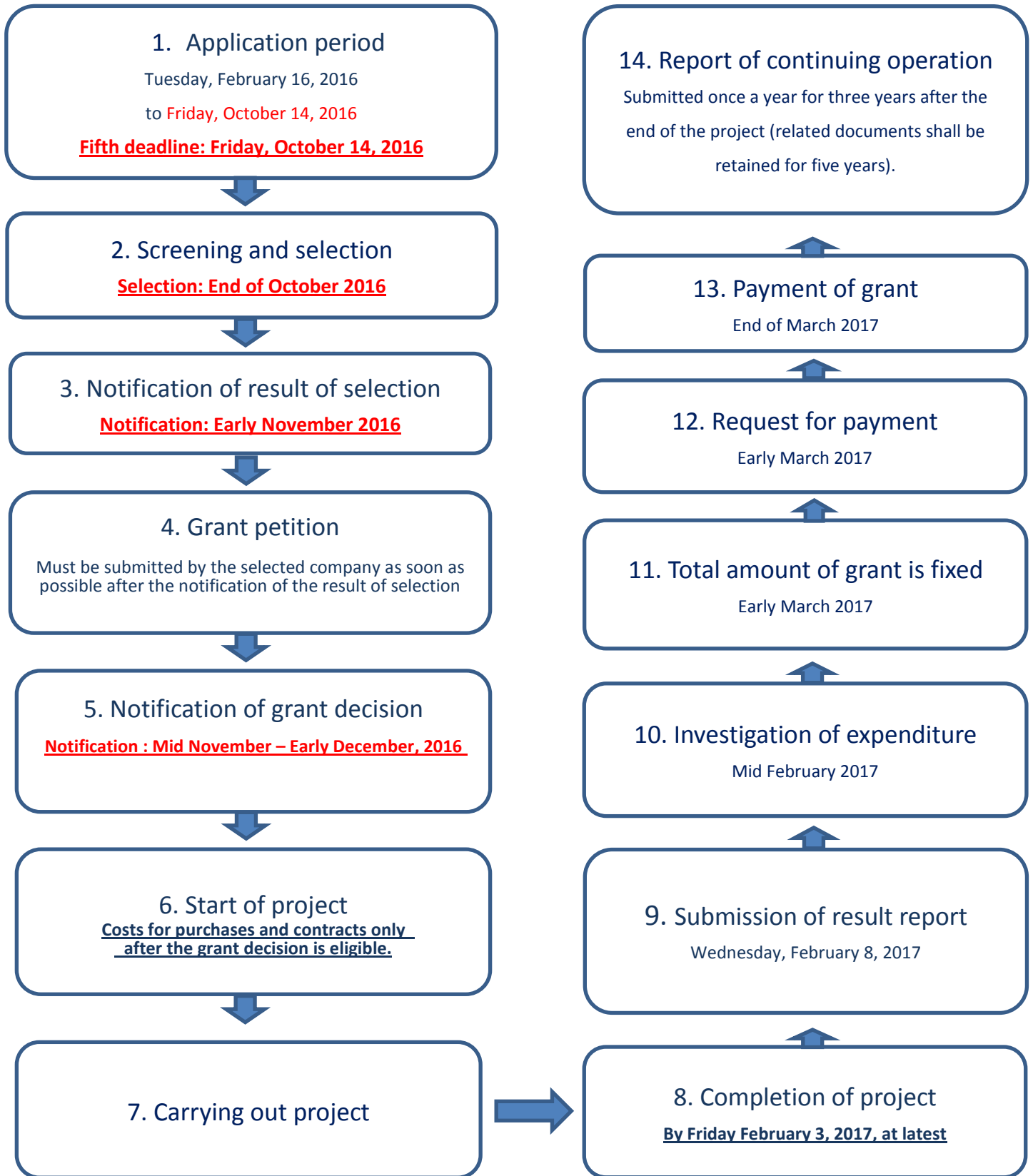
Program application documents and their details will be kept strictly confidential and will not be disclosed to the public without approval from the candidates. However, if we receive reasonable requests or inquiries from other grant agencies, we may inform such agencies of the names of the candidates, the names of the projects, general outlines of the projects, and other information, while setting restrictions on the purpose of using such information.

4. Schedule for the Subsidy Program

Items 2 – 3 in the “Flow of the Subsidy Program” below refer to the first “screening to grant” process. Several screenings are scheduled through the middle of September 2016. **Submission deadline for the fifth screening is added.**

- Submission deadline for the first screening: 12:00 p.m. Thursday, March 10, 2016
- Submission deadline for the second screening: 12:00 p.m. Friday, May 13, 2016
- Submission deadline for the third screening: 12:00 p.m. Friday, July 8, 2016
- Submission deadline for the fourth screening: 12:00 p.m. Friday, September 9, 2016
- **Submission deadline for the fifth screening: 12:00 p.m. Friday, October 14, 2016**

<Flow of the Subsidy Program (tentative)>



<Inquiries Regarding Public Offering>

○ Application/Contact

Head Office	Contact Information
Secretariat for Subsidy Program for Global Innovation Centers, Invest Japan Division, Japan External Trade Organization (JETRO)	6 th Floor, Ark Mori Building, 12-32 Akasaka 1-Chome, Minato-ku, Tokyo 107-6006, Japan Tel: 03-3582-5234 E-mail : invest-japan@jetro.go.jp http://www.jetro.go.jp/invest/

Notice: All application documents must be either sent by mail or delivered in person to the address above. Applications submitted via fax or e-mail will not be acceptable. If delivering the documents in person, please visit the General Information Desk of JETRO on the 6th floor.