

# Establishing a Presence in Japan

Hitoshi Oishi, Executive Director, JETRO Toronto



Japan External Trade Organization

The Japan External Trade Organization (JETRO) is a Japanese governmental organization that promotes mutual trade and investment between Japan and the rest of the world



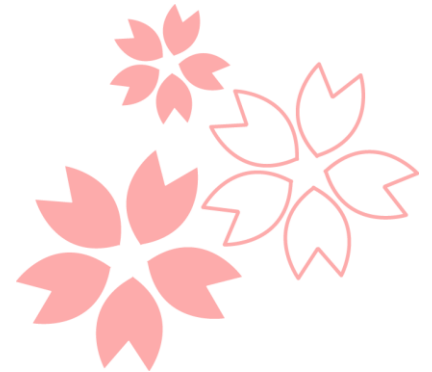
経済産業省

Ministry of Economy, Trade and Industry

- Established in 1958 by the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry “METI”) to promote Japanese exports abroad
- JETRO’s core focus in the 21<sup>st</sup> century has shifted toward promoting foreign direct investment into Japan and helping small to medium size Japanese firms to maximize their global export potential
- Headquartered in Tokyo with 39 offices in Japan and 73 offices in 55 countries. About 1550 employees worldwide.
- 2 locations in Canada: Toronto and Vancouver



# Japan's Growth Strategy and Investment Promotion in Japan



# Abenomics: Three-pronged strategy

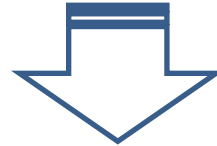
Bold monetary  
policy

Flexible fiscal  
policy

Growth strategy  
to stimulate private  
sector investment



Jointly announced  
by Government and Bank of  
Japan (Price stability target  
at 2%/year, fund supply)

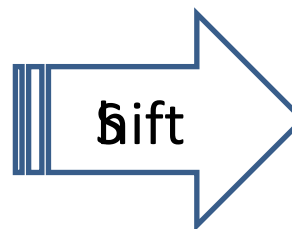


Largest supplementary  
budget in Japan's history  
(¥13 trillion)



Released on June 14,  
2013

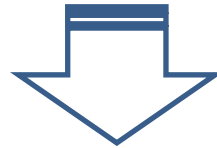
Redistribution in  
diminishing  
equilibrium



Creation of wealth  
through growth

# Ending the Lost Two Decades

- Ending the *deflation mindset* and reigniting a vigorous economy
- Convert social challenges into new business opportunities (e.g. aging and decreasing population, energy problems, etc.)



## Realizing:

- ✓ More than 2% growth of labor productivity
- ✓ 2% growth of real GDP annually over next 10 years
- ✓ An increase in nominal gross national income (GNI) per capita of more than ¥1.5 million in 10 years

**Deregulation –  
The centerpiece of the growth strategy**

**Introduce National Strategic Special Zones**

**Promotion of investment in Japan by  
JETRO**

# Deregulation:

## The centerpiece of the growth strategy

- Expanding insurance coverage of advanced medical treatment
- Allowing OTC drug sales through the Internet
- Privatization of social infrastructure development through concession agreements
- Promoting industrial restructuring
- Labor mobility without increasing unemployment
- Increasing work opportunities for women/youth/elderly
- Strengthening English education at elementary and middle schools

→ Aiming at becoming the most business-friendly country in the world!

# National Strategic Special Zones

- Attractive business environments for potential investors from abroad
- International innovation clusters (e.g. for medical science)
- Areas with bold deregulation and institutional reforms (possibilities of tax incentive will also be examined)
- Favorable environments for globally competitive cities (e.g. including medical institutions for foreigners, international education opportunities, flexible regulations for urban development like for floor-area ratio)

→Aiming to make Japan No. 3 or higher among developed countries in the World Bank's *Doing Business* ranking by 2020 (Ranked No. 15 in 2012)  
→Aiming to make Tokyo No. 3 or higher in the *Global Power City Index* by 2020 (Ranked No. 4 in 2012)



# Promotion of investment in Japan by JETRO

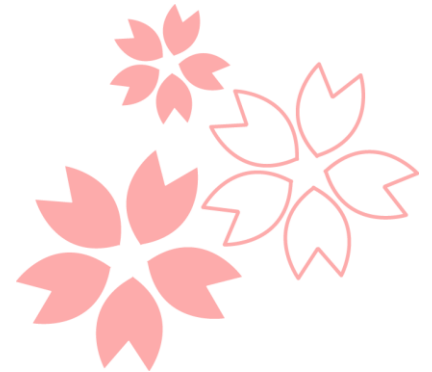
- JETRO = One-stop service center for overseas investors
- Growth Strategy includes strengthening comprehensive support by JETRO for overseas investors
  - Increasing number of industry specialists at JETRO
  - JETRO to handle inquiries on system or administrative processes or requests on deregulations regarding direct investment in Japan

The target of the Japanese Government:

**Doubling Foreign Direct investment in Japan!**

Expanding the FDI inward stock from 17.8 trillion yen (2012) to 35 trillion yen by 2020

How can JETRO support your business?



➤ JETRO helps foreign companies set up an office in Japan quickly and cost effectively by providing expertise, resources, and industry connections. Because JETRO is an independent agency of the Japanese government, our services are offered free of cost.

### Information & Guidance

#### ✓ Personalized Market information

- Industry specific market research information including market scale, trends, competitors
- Regulatory Information
- Advice for Market Entry

#### ✓ Governmental / Regional Incentive Programs

- Information on Japanese government subsidy program and regional incentives
- JETRO is the sole secretariat for certain national incentive programs.

### Hands-on Market Entry Support

#### ✓ Free Incubator Office Space

- Free temporary office space “IBC” in Tokyo and other major cities (Free for 50 business days)
- On site support and consultations

#### ✓ Office Start-up Support

- Free consultations with business consultants including corporate registration, visa, tax/accounting, HR, and legal professionals etc.
- Introductions to bilingual service providers including real estates, staffing agencies, accountants, & legal support

### Networking Support

#### ✓ Business Partner Matching

- Facilitate partnering through our free business matching events and industry partnering programs
- Business matching databases

#### ✓ Global Network

- Expansive network of company executives, advisors and more



HOME > Investing in Japan

## Investing in Japan

- ▶ Investment News
- ▶ Who we are
- ▶ Why Japan?
- ▶ JETRO IBSCs
- ▶ Incentive Programs
- ▶ How to Set Up Business in Japan
- ▶ Regional Information
- ▶ Success Stories
- ▶ Events and Programs
- ▶ Attractive Sectors
- ▶ Directory for Doing Business in Japan
- ▶ Reports & Pamphlets
- ▶ Q&A

## Select Language

▶ English

## Investing in Japan

### Open a Japan Office

Invest Japan Business Support Center

**JETRO provides No-cost Service**

- 50 Days Temporary Office Space
- Market Entry Info
- Business Partner Matching
- Expert Business Consulting

▶ Read more...



### Who we are

INVEST JAPAN

JETRO is a government-related organization promoting mutual trade

### Investment News

- ▶ May 08, 2013 [Neophotonics Japan establishes an R&D center in Tokyo](#) JETRO
- ▶ Apr. 09, 2013 [Eurocopter Japan Co., Ltd., establishes an R&D center in Kobe](#) JETRO
- ▶ Apr. 05, 2013 [【Japanese Fiscal Year 2012 Supplementary Budget】 Subsidy Program to Promote Investment in Advanced Equipment As Measures to Deal with Yen Appreciation and Energy Constraints](#) JETRO

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- ▶ How to Set Up Business in Japan
  - ▶ Laws & Regulations
  - ▶ Initial Cost Estimation
    - ▶ **Model Case**
    - ▶ Flowchart
- ▶ Regional Information
- ▶ Success Stories
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- ▶ Q&A

## Select Language

- ▶ Deutsch
- ▶ Français

## Investing in Japan

## How to Set Up Business in Japan

## Initial Cost Estimation

## Model Case

## Basic Premises of Model Case

- The model case is based on the most common type of new business operation established by foreign firms entering the Japan market with an initial staff of two: one person from the foreign firm (who typically serves as managing director) and a Japanese national (manager -level person).
- The company makes use of a temporary office to complete incorporation procedures to set up joint-stock company or branch office, and then moves into a permanent office (rented).
- The foreign national (managing director) lives in an extended-stay apartment or hotel, then moves to permanent housing in a residential area after completing incorporation procedures.
- The company engages licensed professionals with publicly administered qualifications for a kind of procedures.



Initial Costs (in Tokyo)

(All figures shown in \$US; 1 \$US=JPY90)

## Reports and Statistics

[▶ Market Reports](#)[▶ Standards and Regulations](#)[▶ Japanese Trade and Investment Statistics](#)[▶ Survey Reports](#)[▶ JETRO White Paper](#)

## Reports and Statistics

Browse trade statistics, economic indicators, JETRO's Japan economic reports and surveys that focus on current trends and topics in international trade and investment.

### ▶ Market Reports



Analytical reports on Japanese sectors categorized by industries and report titles. Section covers a wide range of products, services, business and industrial environments, regional enterprises, current market trends and more, with case studies and advice on market entry.

### ▶ Standards and Regulations



Numerous documents devoted to Japan's standards and regulations concerning import procedures, quarantine periods, technical requirements, etc. Section also details laws/ordinances and amendments concerning import standards and regulations.

### ▶ Japanese Trade and Investment Statistics



Facts and figures about the Japanese economy, including balance of payments and international trade, plus an annual report on Japanese trade.

### ▶ Survey Reports



Reports on a wide range of topics and issues related to trade, foreign direct investment and international economic agreements.

### ▶ JETRO White Paper



JETRO white paper on trends and movements in international trade and investment, providing valuable insight on the business environments of Japan and other countries.

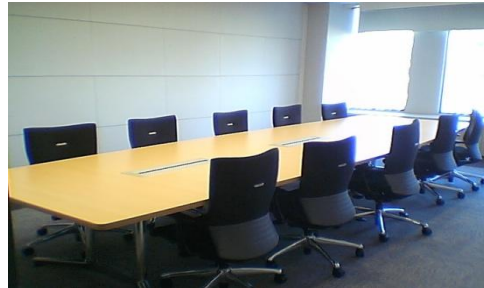


- **Maximum period of use: 75 business days**  
(free of charge up to 50 business days)
- **Office hours: 8:00 a.m. to 10:00 p.m.**  
(excluding Saturdays, Sundays, and national holidays)
- **Desks, chairs, telephones, fax, internet connection**  
(telephone / fax charges borne by tenant)
- **Receptionists, advisory service (on the Japanese market, industry, legal and accounting issues, human resources, etc.)**  
(advisory service on appointment basis)



Private office space

- 13.5 m<sup>2</sup> (two-person office)
- 18.0 m<sup>2</sup> (three-person office)
- 36.0 m<sup>2</sup> (six-person office)



Conference room



Refreshment space

IBSCs are located in six major cities of Japan. At each IBSC, experienced staff and advisors provide information making use of broad networks, and offer consultation according to your company's needs. IBSCs offer these and other services, including temporary office space for both foreign firms that are new to Japan and those already operating in the country.

### Scope of consultation

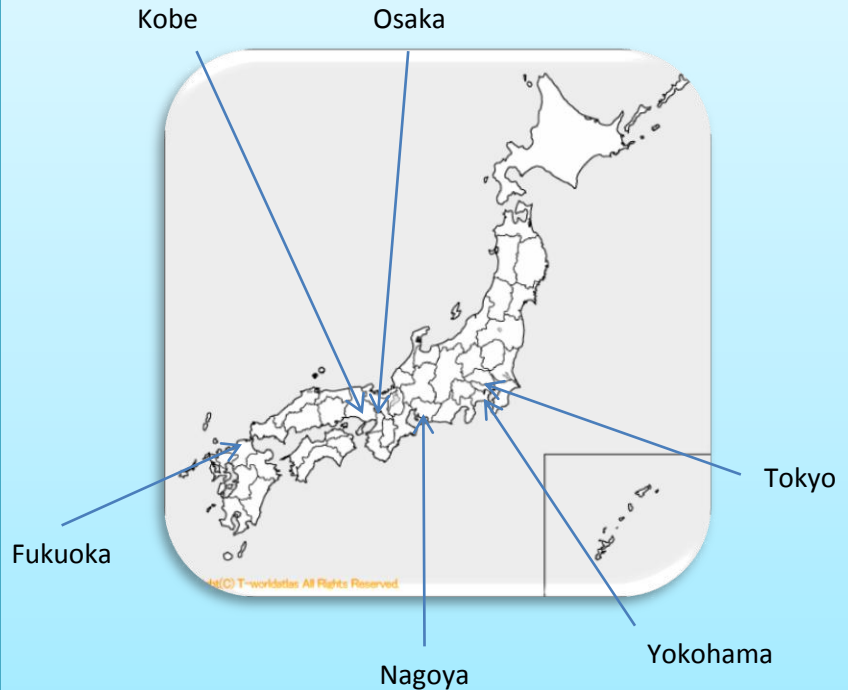
Incorporation of a company or local branch	Types of incorporation, taxation, regulations, etc.
	Registration of the business
	Tax notices
	Opening a bank account
Human resource-related issues	Human resources and labor
	Employment procedures
	Social insurance
Visa-related issues	Consultations for acquisition of Japanese visas with suitable residence status

### Assistance in opening a Japanese office

Providing temporary office space

Support in establishing a permanent office

### IBSCs in six locations





Program name	Outline	Implementation status	Authority in charge
Act for Promotion of Japan as an Asian Business Center	The Japanese government will take support measures for certified global companies, including tax breaks and patent fee exemption, in order to motivate them to locate their R&D facilities or regional headquarters in Japan.	Effective Nov. 2012	Trade and Investment Facilitation Division, Trade and Economic Cooperation Bureau, METI
Asian Site Location Promotion Project Subsidy	Subsidy program for establishment by global companies of R&D facilities or regional headquarters in Japan, covers survey design costs, facility costs, equipment costs, and facility rental fee	Application Period for 2013: April 1. – June 3. 2013	Trade and Investment Facilitation Division, METI
Comprehensive Special Zones	Incentives, including special regulatory measures and tax reduction, are available for companies with business plans in 7 designated zones: Hokkaido, Ibaraki, Tokyo, Kanagawa, Aichi/Gifu, Kyoto/Osaka/Hyogo, Fukuoka	Special regulatory measures differ from one designated region to the other.	Regional Revitalization Bureau, Cabinet Secretariat
Special Zones for Reconstruction	Incentives, including special regulatory measures and tax reduction, are available for companies with business plans in the recovering areas stipulated in the Act on Special Provisions of the Article 3 of the Public Finance Act	Effective	Reconstruction Agency
Points-based Preferential Immigration Treatment for Highly Skilled Foreign Professionals	Under a points-based system, foreign professionals who earn 70 points or more will be recognized as "highly skilled foreign professionals" and will be given preferential immigration treatment. (E.g., personnel of selected companies for the Asian Site Location Promotion Project Subsidy are given 10 points.)	Effective May 2012	Foreign Residents Information Center, Immigration Bureau, Ministry of Justice

## Japanese Government (METI)



## Target

Internationally operating companies planning to establish:

1. Regional HQs to gather human resources excelling in management, engineering, etc
2. R&D facilities with the potential to leverage Japan's manufacturing capacity for practical business

## Costs covered by the subsidy

1. Survey design costs
2. Facility costs
3. Equipment costs
4. Facility lease fees

\*For SMEs, the subsidy covers up to 1/2 of the costs

For companies in specially designated areas: up to 2/3

For other companies: up to 1/3

Review by  
their parties

Decision

Subsidy for initial investment of global companies locating in Japan

## Selection criteria:

- Uniqueness
- Added value
- Ripple effects (expected accumulation effect of the project, etc.)
- Affluent experience in global business, etc.

Subsidized Projects	Eligible Costs	Subsidy Rates/ Maximum Amount
Establishment of R&D facilities or Regional Headquarters in Japan by Global Companies	Survey Design Costs, Facility Costs, Equipment Costs, Facility Rental Fees	Up to 1/2 for SMEs; Up to 1/3 for non-SMEs; Up to 2/3 for disaster afflicted areas; Maximum 500 million yen per case (FY 2013 Draft)

## Selected US companies for Subsidy Program

Company Name	Type of Site	Industrial Field
GE Japan Limited	R&D	Energy(advanced power generation systems) ; Healthcare(healthcare information systems), and other devices
Johnson & Johnson K.K.	R&D	Medical equipment
NeoPhotonics Japan, Oodo Kaisha	R&D	Optical communication equipments
Nihon Cabot Microelectronics K.K.	R&D	Automotive component(exhaust emission control system and other devices)
Tenneco Japan Ltd.	R&D	Materials for electronics component (Abrasive)
3M Health Care Ltd	R&D	Healthcare products

## Outline of Special Zone for Reconstruction

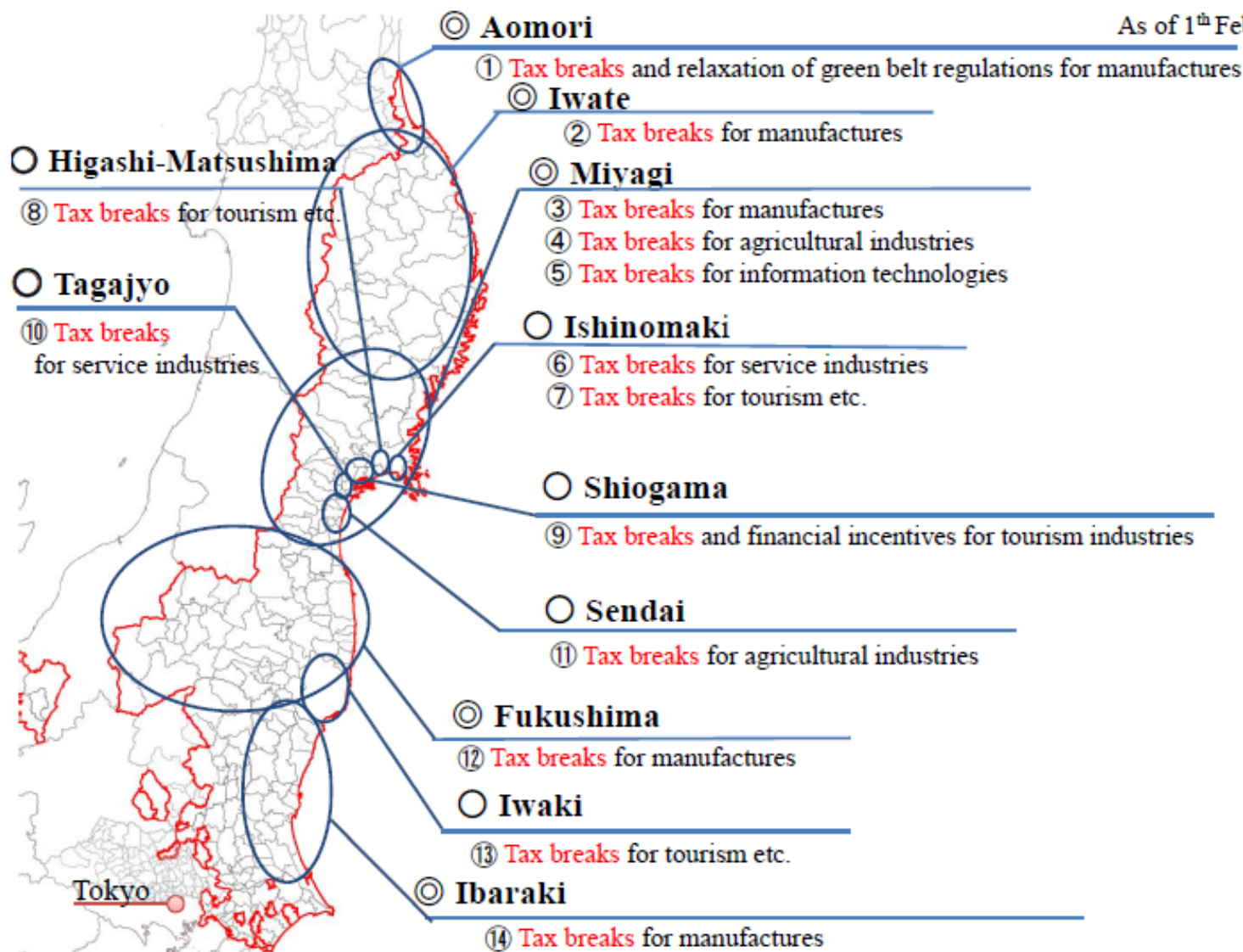
A variety of incentives are provided in the Special Zone for Reconstruction which include deregulation/reduced procedures, tax breaks and funding for reconstruction projects

### Special Measures and Arrangements

- Reduced Regulations and Procedures
- Land Use Restructuring Facilitation
- Tax Breaks
- Financial Support

### Examples of reconstruction plans and projects

- Town-building through unprecedented land use restructuring for securing housings and employment
- Regional development by promoting the introduction of renewable energy
- Development of medical industrial cluster

As of 1<sup>st</sup> February 2013

JETRO focuses on promoting FDI in R&D facilities, regional headquarters, and 5 priority industry sectors

### Environment

- Renewable/Alternative Energy
- Clean Tech

### Health Care

- Pharmaceutical
- Bio Tech
- Medical Device

### ICT

- Communication
- Data Center
- Cloud

### Service

- Social Media
- E-Commerce
- Large Retailer

### Disaster Recovery

- Earthquake
- Radiation
- Waste Management

JETRO has achieved the following numbers regarding FDI (Foreign Direct Investment):

**1,064**

**Successful number of clients invested into Japan globally.**

- FDI from the 55 countries that JETRO is located in

**344**

**Successful number of clients invested into Japan from North America.**

- Approximately 30% of the entire global FDI
- Average of 25-30 clients successfully entering Japan on a year-to-year basis

Automotive / Machinery

Alcohol Countermeasure Systems

ABC Group

Linamar

Magna International

Woodbridge

Servo-Robot etc.

Energy / Environment

Celestica

Canadian Solar

Husky Energy etc.

Food

McCain Foods

Maple Leaf Foods

Information Technologies/Multimedia

Open Text

EXFO

Audiokinetics

Chipworks

Corel

Smart Technologies

Creaform

Vision Critical Communication

Vixs etc

Financial / Insurance

Manulife Financial

CIBC

RBC

Bank of Nova Scotia etc

Hitoshi Oishi, Executive Director, JETRO Toronto

For more details, please contact the JETRO Toronto office.

**Website:**<http://www.jetro.go.jp/>

**Contact:**[inquiry@jetro.go.jp](mailto:inquiry@jetro.go.jp), 416-861-0000

