

WHY JAPAN?

“5 Reasons to Invest in JAPAN”



As of September 2022

JETRO

Japan External Trade Organization (JETRO)

www.investjapan.org

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World's 3rd largest economy and trusted investment destination



GDP

World **No.3**

FDI

Confidence Index

World **No.4**

Current GDP (USD billion, 2021)

No.	Country	Current GDP
1	US	22,996
2	China	17,734
3	Japan	4,937
4	Germany	4,223
5	UK	3,187

Source : "Gross Domestic Product 2021" (World Bank, July 2022)

No.	Country
1	US
2	Germany
3	Canada
4	Japan
5	UK

Source : "The 2022 FDI Confidence Index" (Kearney)

Developed and free market that provides ample opportunities for new entrants



Japan's Market Size is the Biggest Attraction for Foreign-affiliated Companies

63%*

* 63% of the survey respondents cited the Japanese market size as the most attractive feature of doing business in Japan.

Source: "FY2021 Survey on Business Operations of Foreign-affiliated Companies in Japan" (JETRO)

Domestic Competition

World **No.5**

No.	Country / Region
1	Hong Kong
2	Singapore
3	Switzerland
4	Netherlands
5	Japan
6	UAE
7	US

Source: "The Global Competitiveness Report 2019" (World Economic Forum)

Japan leverages FTAs to develop preferential access to global markets



FTA Coverage by Major Trading Economies:



Source: "White Paper on International Economy and Trade 2022" (METI)

World's leading industrial competitiveness creating various high value-added products



Industry Competitiveness

World **No.4**

No.	Country / Region
1	Germany
2	China
3	Ireland
4	Japan
5	South Korea
6	US
7	Switzerland
8	Taiwan
9	Singapore
10	Netherlands

Source: UNIDO (2021), CIP Competitive Industrial Performance Index. Vienna.
Available from <http://stat.unido.org>.

Economic Complexity

(A rank of countries based on how diversified and complex their export basket is)

World **No.1**

No.	Country / Region
1	Japan
2	Switzerland
3	Germany
4	South Korea
5	Singapore
6	Czech Republic
7	Austria

Source: "The Atlas of Economic Complexity 2019" (Growth Lab at Harvard University)



Technology intensive economy with world's leading R&D capabilities



Research & Development

(Evaluated on R&D expenditures as a percentage of GDP, the number of scientific publications and citations, etc.)

World **No.1**

No.	Country / Region
1	Japan
2	Germany
3	US
4	South Korea
5	France
6	UK
7	Taiwan

Source: "The Global Competitiveness Report 2019" (World Economic Forum)

Science and Technology Clusters

Tokyo-Yokohama

World **No.1**

Osaka-Kyoto-Kobe

World **No.6**

Nagoya

World **No.12**

Source: "Global Innovation Index 2021"
(World Intellectual Property Organization)

What business leaders say

“Japan has a phenomenal wealth of hidden technologies, whether it is physics, chemistry, or biology. If one can rightly explore it, it is going to be giving a phenomenal array of solutions for the entire humanity. ”

Samuel JK Abraham. M.D., Ph.D., GN Corporation Co., Ltd.

Source: Invest in Japan: Testimonials from Global Business Leaders (Prime Minister's Office of Japan)

Abundant IP assets and relentless pursuit of innovation generate new value creation opportunities



R&D Expenditures

World **No.4**
No.1 among G7

No.	Country	% of GDP
1	Israel	4.9%
2	South Korea	4.6%
3	Sweden	3.4%
4	Japan	3.2%
5	Austria	3.2%

Source: "Global Innovation Index 2021"
(World Intellectual Property Organization)

Patent Applications

World **No.1**

No.	Country	Number of applications per billion USD GDP
1	Japan	9.6%
2	South Korea	8.7%
3	Switzerland	8.3%
4	Finland	6.1%
5	Israel	5.4%

Source: "Global Innovation Index 2021"
(World Intellectual Property Organization)

Research Talent in Business

World **No.3**
No.1 among G7

No.	Country	% in business enterprise
1	South Korea	82.3%
2	UAE	77.9%
3	Japan	74.4%
4	US	72.5%
5	Sweden	71.5%

Source: "Global Innovation Index 2021"
(World Intellectual Property Organization)

Mission-oriented Economic and Industrial Policy



Japan has set the following six missions based on the necessity of solving problems in Japan and the rest of the world and Japan's possible contribution. The government promotes the "Mission-oriented Economic and Industrial Policy," aiming to solve socio-economic issues while achieving economic growth.

1. Carbon Neutral Society

Vision: Carbon neutrality by 2050

- Creating new industries by Green Transformation (GX)
- Structural transformation of the industry

3. Economic Security

Vision: Achieving comprehensive economic security

- Building a resilient supply chain
- Responding to the globalization of corporate activities and expanding risk factors.

5. Disaster-Resilient Society

Vision: Resilient society against natural disasters and climate change

- Creating new markets, supporting international expansion, developing infrastructure to enhance resilience

2. Digital Society

Vision: Realizing a Digital Garden City Nation

- Accelerating digital investment by fostering human resources for digital promotion, digitalizing social infrastructure, etc.
- Digital-oriented regulatory, institutional, and system reforms

4. New Healthy Society

Vision: Future healthy society using digital technologies

- Developing Personal Health Record and promoting health-related data sharing between patients, doctors, and businesses
- Creating new markets in emerging countries, mainly in Asia, with the growing need for lifestyle disease prevention

6. Biomanufacturing Revolution

Vision: Increasing public and private investments in biomanufacturing

- Designing and developing new microorganisms
- Product development using microorganisms
- Collaboration with like-minded countries to ensure demand for products

Source: "Interim Report for Committee on New Direction of Economic and Industrial Policies," June 2022 (METI)

14 Sectors with Growth Prospects



- Japan aims to achieve carbon neutrality by 2050 under its “Green Growth Strategy” with a focus on the following 14 priority fields with growth prospects and is working towards reducing greenhouse gas emissions to net zero.
- The 2 trillion yen “Green Innovation Fund” established in 2021 will provide continuous support for ten years to businesses and others for their research and development, demonstrations, to implementation.

Energy related industries

1. Offshore windpower, Solar and geothermal industries
2. Hydrogen and fuel ammonia industry
3. Next-generation heat energy industry
4. Nuclear industry

Transport/manufacturing industries

5. Automobile and battery industries
6. Semiconductor and information and communication industries
7. Shipping industry
8. Logistics, people flow, and civil engineering infrastructure industries
9. Food, agriculture, forestry, and fisheries
10. Aircraft industry
11. Carbon Recycling and materials industry

Home/office related industries

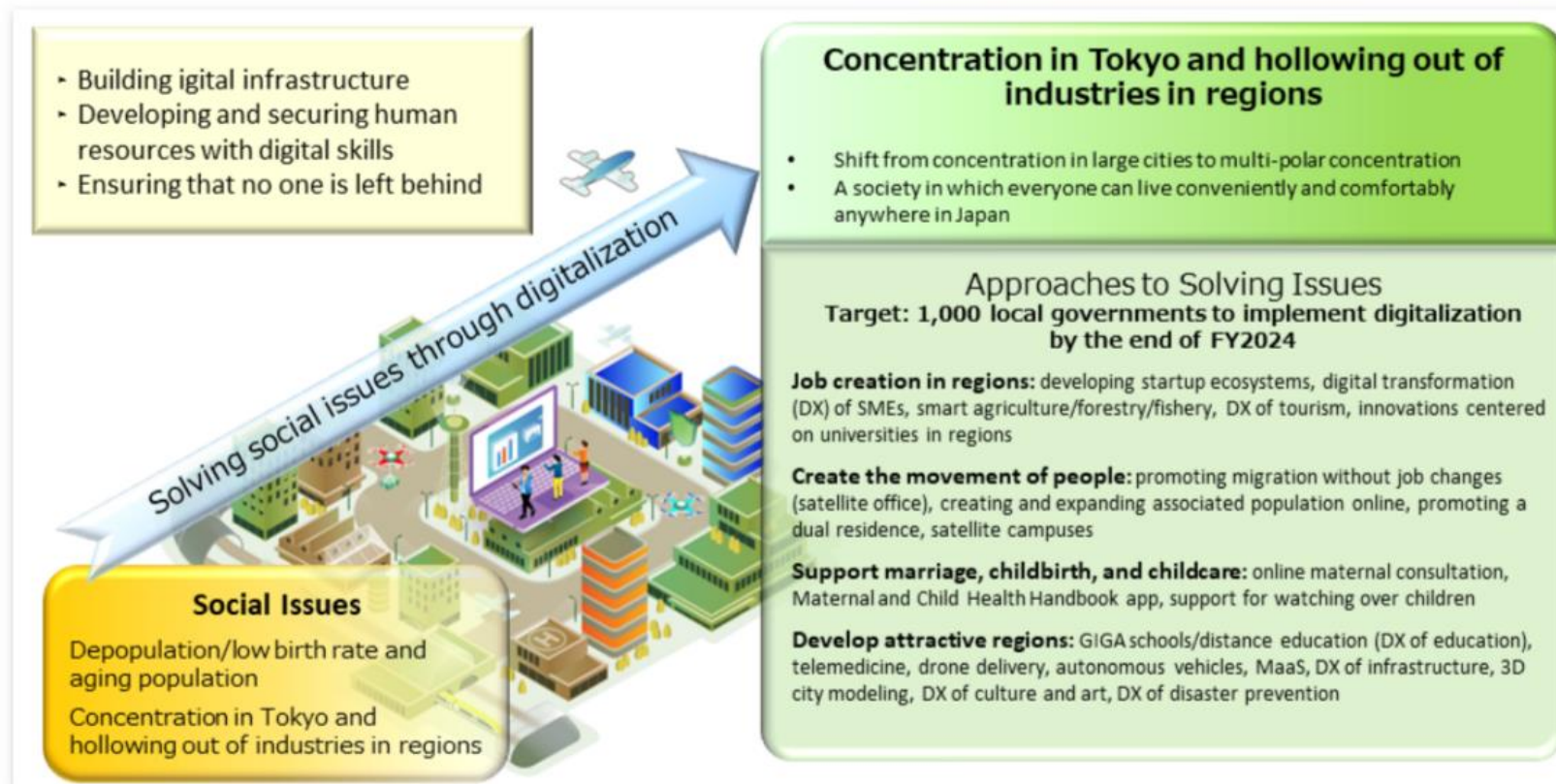
12. Housing and building industry and next-generation power management industry
13. Resource circulation-related industries
14. Lifestyle-related industries

Source: [NEDO Green Innovation Fund website](#) 

Vision for a Digital Garden City Nation



- Japan is working towards a vision for a Digital Garden City Nation, an initiative to shift from concentration in large cities to multi-polar concentration in rural and regional areas through digitalization.
- Working towards a "society in which everyone can live conveniently and comfortably anywhere in Japan," the initiative aims to solve social issues such as the hollowing out of industries, the aging population, and the depopulation in rural and regional areas.

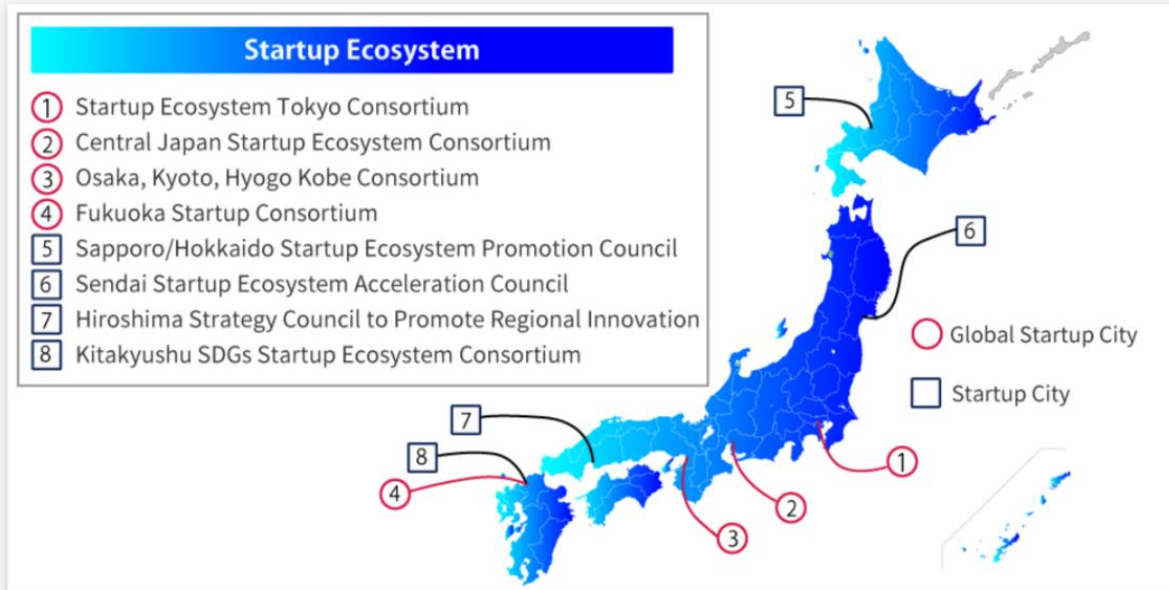


Source: Prepared from "Basic Policy for the Vision for a Digital Garden City Nation" June 2022
 (The Council for the Realization of the Vision for a Digital Garden City Nation at the Prime Minister's Office)

Growing Startup Ecosystems throughout the Country



- Startups, with their agility, are key players in transforming society and solving social issues through innovation.
- The Japanese government has selected eight Startup Cities and is providing intensive support for ecosystem building through cooperation with local governments, universities, the private sector, and investors.
- Startup Cities are working on the creation of innovation leveraging industrial concentration and strengths of each region, commercialization of R&D at universities, development of startup bases, and entrepreneurship education.



Source: Compiled from "Startup Ecosystem Cities" September 2021
(Cabinet Office, Council for Science, Technology and Innovation)

What business leaders say

"We have found that there is a very vibrant ecosystem, in terms of support at the government level. There is a lot of venture capital, especially for early-stage companies. Japanese companies in general are a lot more receptive to innovative ideas." Tom Brooke, Founder & CEO, Qurate Inc.

Source: Invest in Japan: Testimonials from Global Business Leaders (Prime Minister's Office of Japan)



Highly Educated Workforce with Excellent Skills



**% of Tertiary
Attainment**

World **No.4**

No.	Country	%
1	South Korea	70%
2	Canada	64%
3	Russia	62%
4	Japan	62%
5	Ireland	58%
6	Luxembourg	58%
7	Lithuania	56%
8	UK	56%
9	Australia	55%
10	Switzerland	53%

Source: "Education at a Glance 2021" (OECD)

**Number of Researchers per million
population**

5,375

No.	Country (G7)	Number of researchers
1	Germany	5,382
2	Japan	5,375
3	UK	4,701
4	France	4,687
5	US	4,408
6	Canada	4,326
7	Italy	2,653

Source: "Global Innovation Index 2021"
(World Intellectual Property Organization)

Excellent Employer-Labor Relations and Wealth of Talent Support Your Business



Talent Competitiveness

Labor-employer Cooperation

No.	Country
1	Singapore
2	Switzerland
3	Denmark
4	Japan
5	Netherlands

Proportion of Technicians and Associate Professionals to Total Workforce

No.	Country
1	Japan
2	Singapore
3	Nigeria
4	France
5	Germany

Availability of Scientists and Engineers

No.	Country
1	US
2	Finland
3	Malaysia
4	Japan
5	Canada

Source: "Global Talent Competitiveness Index" (INSEAD)

What business leaders say

"There is a lot of good talent in the market, and we do have some of our best application scientists in Japan. I am super proud of my team here in Japan." Cecilia Edebo, CEO, CELLINK

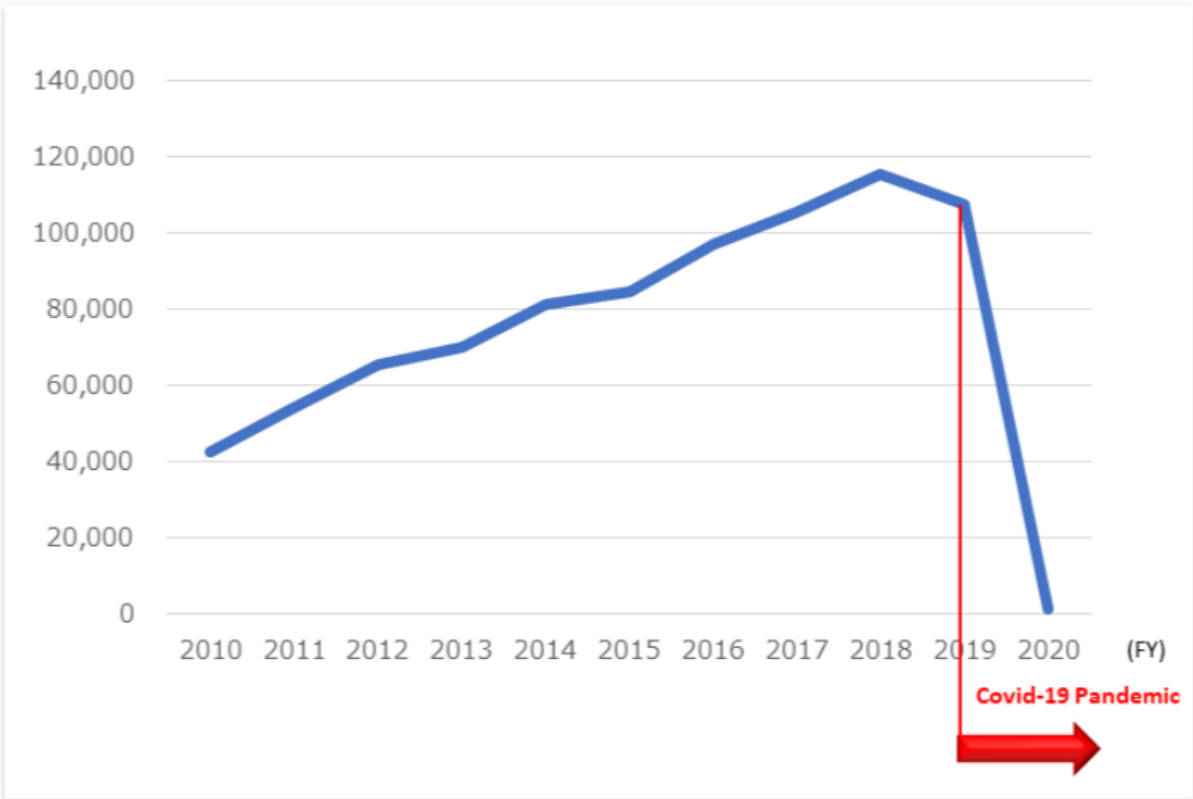
Source: Invest in Japan: Testimonials from Global Business Leaders (Prime Minister's Office of Japan)

Developing Global Talent



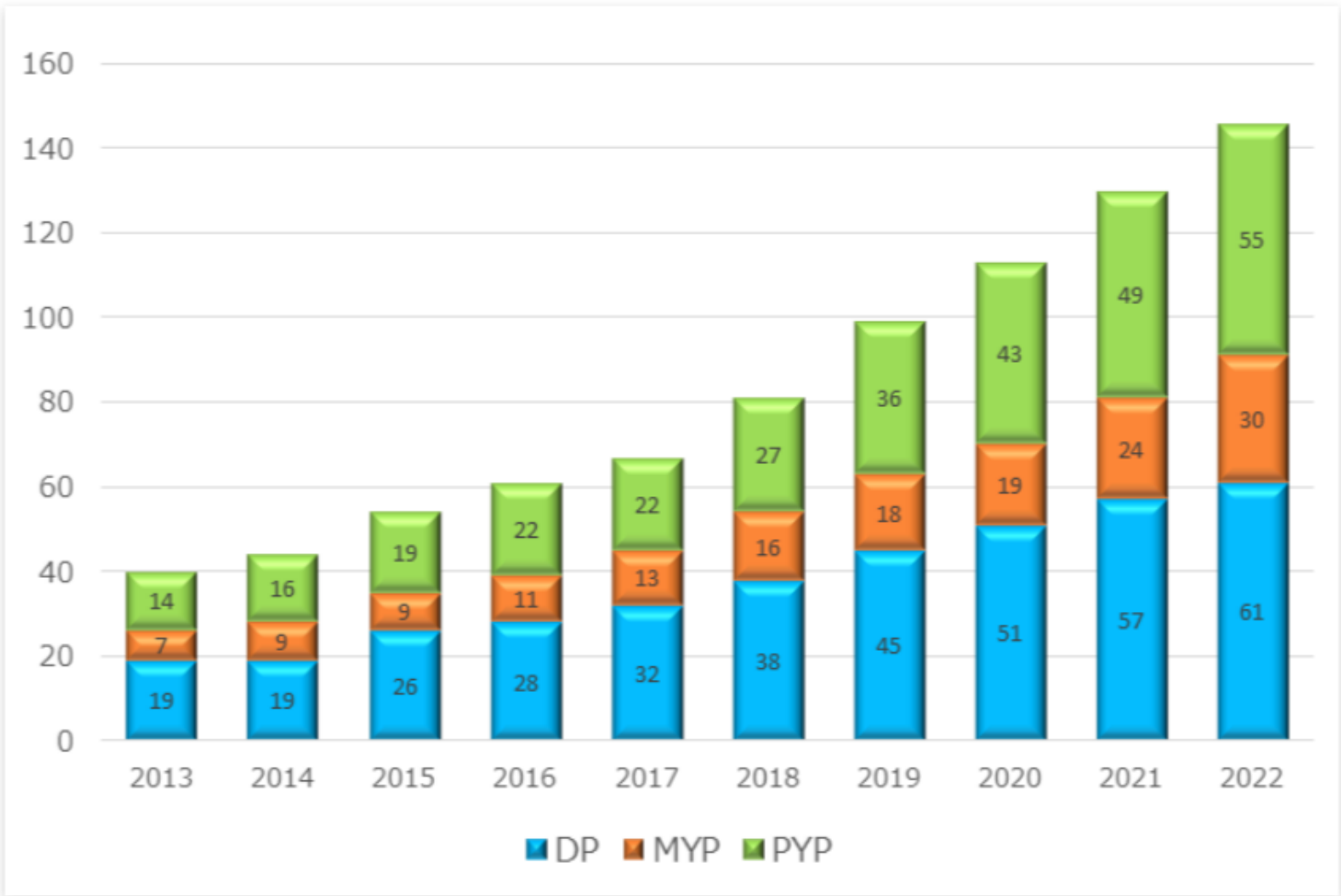
Japan is fostering human resources with the capabilities and mindset required for global talent by promoting study abroad and the International Baccalaureate education.

Number of Japanese Studying Abroad



Source: "Survey on the Number of Japanese Studying Abroad"
(Japan Student Services Organization)

Number of International Baccalaureate Schools



(Note) As of end-November for 2013 – 2016, end-May for 2017, and end-March for 2018 onward

Source: [Compiled from "MEXT consortium for promotion of IB education in Japan" website](#)

Japan Welcomes Highly Skilled Foreign Professionals and Entrepreneurs



Japan welcomes highly skilled foreign professionals and entrepreneurs through the “Japanese Green Card for Highly Skilled Foreign Professionals” and “Projects for Encouraging Foreign Entrepreneurs to Start Business” (so-called “Startup Visa”)

“Japanese Green Card for Highly Skilled Foreign Professionals” system

- Foreign professionals who score the specified points or more on the scoring sheet are recognized as “highly skilled foreign professionals” and eligible for preferential immigration treatment.
- Period of stay required to apply for the permanent resident status has been reduced to **one year** at the shortest.

Example of scoring



[Example] Engineer
(33-yrs old)

Score factor	Points
34 years of age or younger	10 points
Annual income of 6 million yen	20 points
Master's degree holder	20 points
Three years of work experience	5 points
Invention of patents	15 points
Graduated from a top-tier university	5 points
TOTAL	80 points

Source: Compiled from news reports

Source: [“Preferential immigration treatment based on the point-based system for highly skilled professionals”](#)

Projects for Encouraging Foreign Entrepreneurs to Start Business (so-called “Startup Visa”)



- As a general rule, you need to fulfill requirements (such as establishing an office in Japan) and acquire a status of residence under the “business manager” category to start a business in Japan.
- When you take advantage of the “Startup Visa,” you can stay in Japan for up to one year and prepare to start a business before meeting the requirements.



Source: “Projects for Encouraging Foreign Entrepreneurs to Start Business” (METI)



Excellent Business Environment Supported by Political Stability and Sound Legal and Regulatory System



Political Environment in Major East Asian and Oceanian Countries and Economies

Country / Region	Political environment (1-10)	Political stability (1-10)	Government stance towards business (1-5)	Transparency and fairness of legal system (1-5)	Investment protection scheme (1-5)
Japan	8.6	9.2	4.0	4.0	4.0
Australia	9.1	9.3	4.0	5.0	4.0
China	4.7	5.1	3.0	1.0	3.2
Hong Kong	7.9	6.7	5.0	4.5	4.0
South Korea	7.2	7.0	3.2	3.2	4.0
Taiwan	7.0	6.8	4.0	3.2	3.2

Source: Compiled from "Economist Intelligence Data Tool" 2020 (The Economist Intelligence Unit)

What business leaders say

"Japan's legal system is fair and globally harmonized. It covers IP, commerce, and other business areas. This really promotes ease-of-doing business and ease of collaboration. The EPA strongly promotes business as it allows free access to markets and smooth processes." Cecilia Edebo, CEO, CELLINK.

Source: Invest in Japan: Testimonials from Global Business Leaders (Prime Minister's Office of Japan)

Regulatory Reforms to Improve Business Environment



Through exceptional regulatory measures, Japan creates a business environment to implement novel ideas responding to economic and social changes or new businesses and technologies without being bound by existing regulations.

National Strategic Special Zones



- Comprehensive and intensive development of exceptional regulatory measures and implementation of related reforms
- Since the program launch in December 2013, over 400 approved projects are conducted in ten designated special zones. (as of end-March 2022)

Urban renaissance

- Speedy permission process for urban development projects
- Underground water intake for buildings

Medical care

- Authorization of remote prescription of medicine (depopulated areas, urban areas) [\[expanded nationwide\]](#)
- Permission of foreign doctors to practice
- Exemption from the standard number of hospital beds rule
- Establishment of a faculty of medicine

Childcare

- Nursery schools in urban parks [\[expanded nationwide\]](#)
- Small-scale licensed nursery schools (expansion of age range)
- Regional nursery teachers

Agriculture and forestry

- Relaxed requirements for agricultural production corporations [\[expanded nationwide\]](#)
- Farmers' restaurants in farmland [\[expanded nationwide\]](#)
- Shortened period for removing designation as protection forests [\[expanded nationwide\]](#)

Tourism

- Exemption from Hotel Business Act for traditional houses [\[expanded nationwide\]](#)
- Establishment of the private lodging system in special zones
- Permission of ride-share for toursits

Foreign talent

- Startup visa
- Status of residence for foreigners conducting housekeeping services

Source: [Cabinet Office National Strategic Special Zones website](#)  (410KB)

Regulatory Sandbox



- Enables new technologies and business models to conduct demonstrations without being subject to the existing regulations and use the outcomes to promote regulatory reform.
- Since its launch in June 2018, 23 projects by 142 businesses in various fields, such as FinTech, mobility, blockchain, healthcare, AI and IoT, have been approved by the system. (as of end-March 2022)

Urban renaissance

- Act on Prevention of Transfer of Criminal Proceeds & data
- Insurtech (P2P insurance)
- Small amount short-term insurance (P2P insurance)

Healthcare

- Online service for recommending a physician visit & diagnostic kits
- Emergency medicine & biometric authentication
- Sports & real-time blood sampling test
- Medicine & vending machines
- Voluntary manual for POP displays for vegetables

Mobility

- Electric kickboard sharing
- Hybrid motorcycle-bicycle
- Sharing of interior space of vehicle

AI · IoT

- IoT & home appliances (power line communication)
- IoT & recycling
- IoT & real estate (electronic contract)
- IoT & notice of claim assignment
- IoT & employment of persons with disabilities
- IoT & short-term property lease agreement
- AI & unstaffed cafe

Blockchain

- Crypto assets
- Knowledge, clinical data
- Perfection against a third party

Source: [Compiled from "Regulatory Sandbox System \(Scheme for Demonstration of New Technologies\)" \(Council of New Form of Capitalism Realization, Cabinet Office\)](#)  (2.4MB)

Digital Agency Launched in September 2021



The government established the Digital Agency to drive Japan's digital transformation (DX), including the digitalization of public services, for realizing the digital society.

- About 750 staff members, 1/3 from the private sector (as of July 2022)
- Plays the principal role in conducting a cross-sectional review and propelling structural reforms suitable for the digital age, including digital, regulatory, and administrative reforms.
- Currently working on projects in the following three priority areas.

Delivering Citizen-Centric Public Service

- Increasing the adoption of My Number Cards
- Expanding online public services- (one-stop service for social insurance and tax procedures, digitalizing passport application, status of residence and immigration procedures)
- Unification / standardization of information systems in local governments
- Cashless payment for administrative service fees

Modernizing Digital Infrastructure for Inclusive Growth

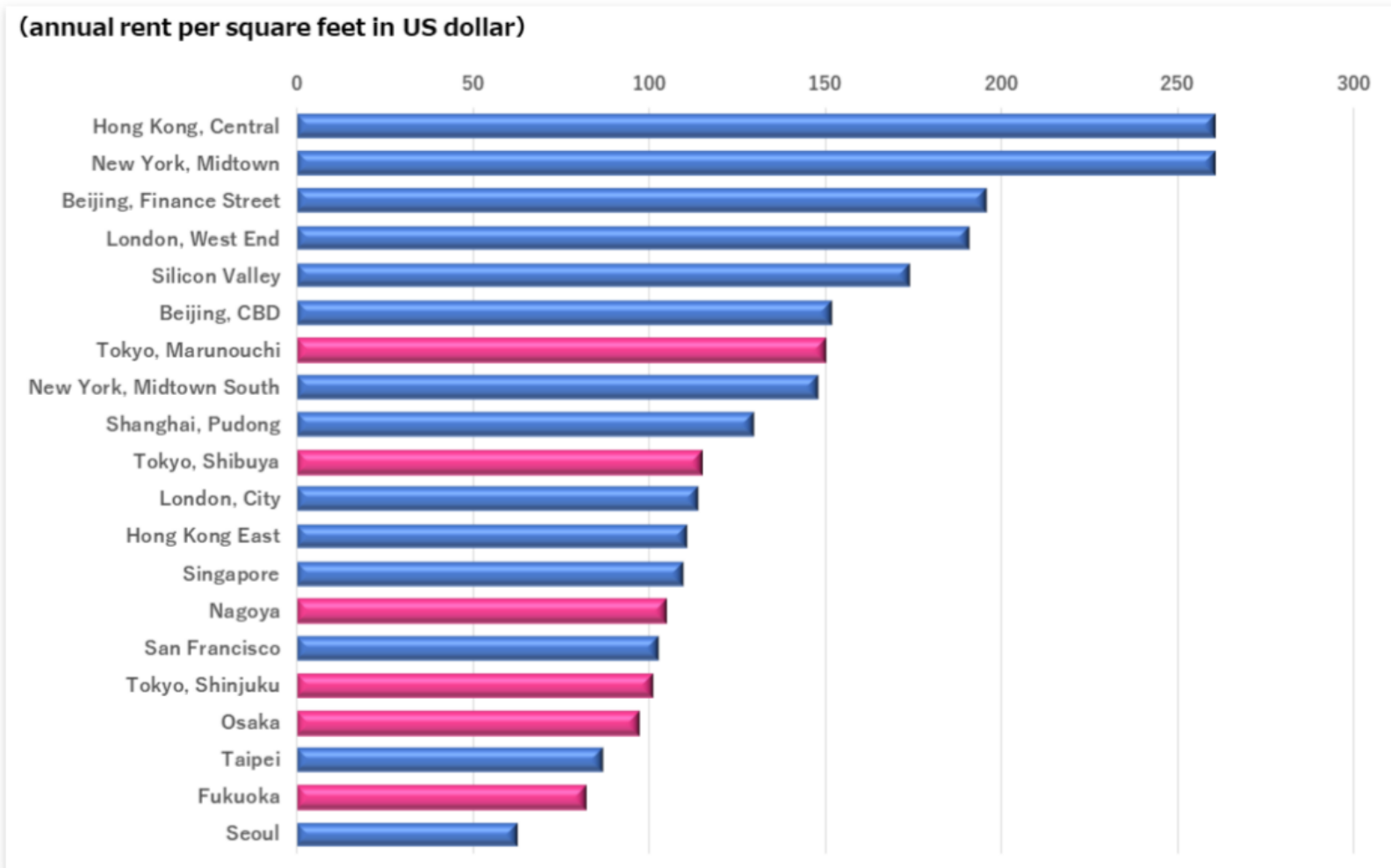
- Abolishing analog regulations
- Setting data-handling rules, developing public and open database
- Promoting DX in medical care and education
- Develop optical fiber, 5G, semiconductor strategy, data centers, and domestic submarine cable based on the "Digital Garden City National Infrastructure Development Plan," etc.
- Provide brokerage for linking data among various services nationwide, including disaster risk management and traffic.

Strengthening Digital Resilience

- Promoting the government cloud (Cloud-by-Default Principle)
- "Government Solution Service" to provide a common, standardized business execution environment for government organizations for improved productivity and security.
- Promoting DEFT (Data Free Flow with Trust) and furthering international cooperation

Source: [Digital Agency website](#) 

Competitive Office Rent Compared with Other Global Cities



Source: "Global Premium Office Rent Tracker" December 2021 (JLL)

World's Top Level Transport Infrastructure to Support Your Business

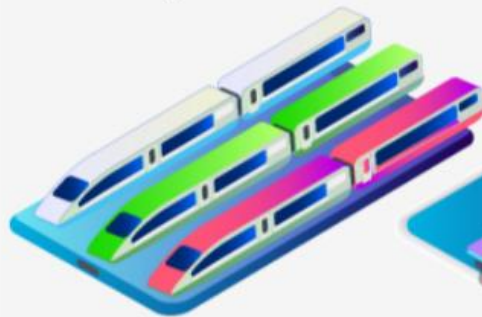


Transport Infrastructure
World No.4 G7 No.1

- No.1 Singapore
- No.2 Netherlands
- No.3 Hong Kong
- No.4 **Japan**
- No.5 South Korea
- No.6 Switzerland
- No.7 Germany



Efficiency of train services



World No.1

Airport connectivity



World No.3

Efficiency of seaport services



World No.5

Quality of road infrastructure



World No.5

Source: "Global Premium Office Rent Tracker" December 2021 (JLL)

Convenient access to major business hubs in Asia



Excellent nationwide transport network

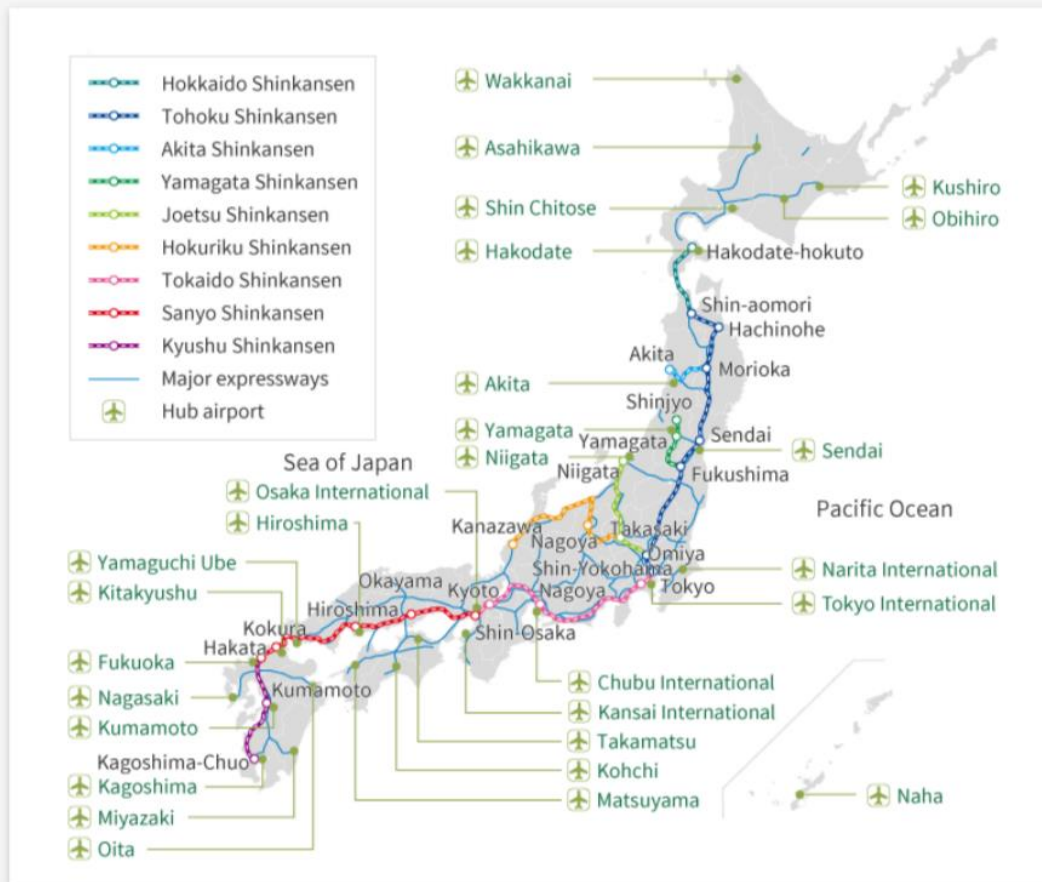


Travel time on the Shinkansen

Sendai-Tokyo 1 hour 33 minutes, Tokyo-Shin Osaka 2 hours 23 minutes
Shin Osaka-Hakata 2 hours 25 minutes

Travel time on an airplane

Tokyo-Fukuoka 2 hours, Tokyo-Sapporo 1 hours 30 minutes, Sapporo-Fukuoka 2 hours 35 minutes



Reason5. Livable society



World's Highest Standard Healthcare System Supports Your Safe and Secure Living



City Safety

"Health Security" Pillar


Tokyo

World **No.1**

Source: "Safe Cities Index 2021"
(The Economist Intelligence Unit)

Japan's universal health insurance system has
achieved one of the world's highest life
expectancies and the best health care quality
covered by insurance.

1. All residents of Japan (including foreign nationals with a residence card) are covered by the public health insurance program.
2. Patients have free access to any healthcare providers.
3. High-quality medical care at low costs (patients pay for 10 to 30% of the total cost, the balance covered by the insurance).
4. Operated as a social insurance system in principle, supplemented by public funds to maintain universal coverage.

Source: "[About Health Insurance System in Japan](#) "
(Ministry of Health, Labour and Welfare website)

Expanding Medical Institutions with Foreign Language Capabilities and International Schools Nationwide



**Number of International Schools in Japan
(English language)**

76*



**Developing medical care system with
foreign language support**

* https://www.jnto.go.jp/emergency/jpn/mi_guide.html

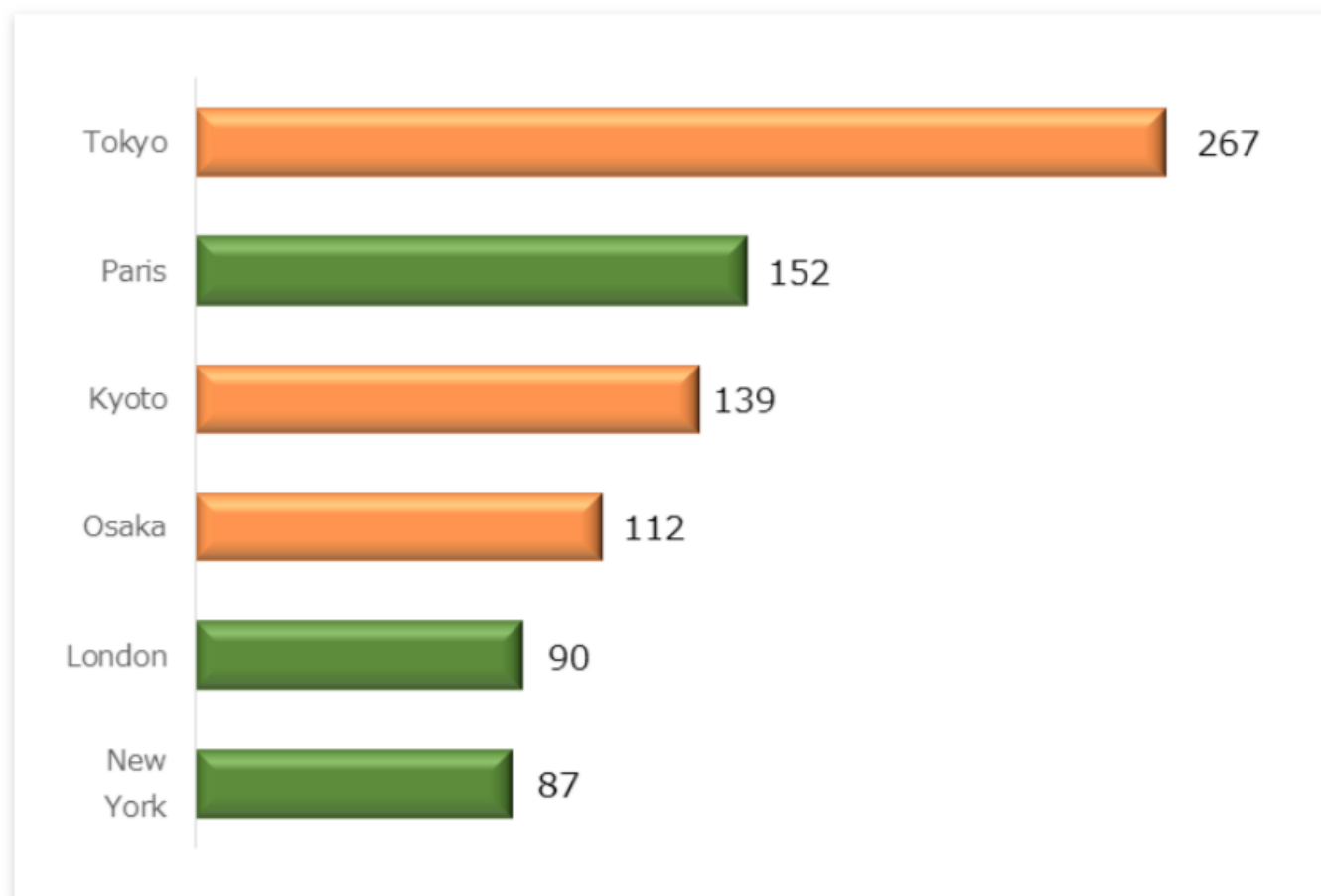
* The aggregate number of schools accredited by international accreditation organizations (WASC, CIS, ACSI, NEASC) plus International Baccalaureate schools offering instructions in English (as of June 2022)

Source: Compiled from WASC, CIS, ACSI, NEASC, International Baccalaureate websites

Cities for Foodies



Total Number of Michelin Stars



Source: Compiled from "[Michelin Guide 2022](#)"