INVEST JAPAN

JETRO Invest Japan Report 2025

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Key Points of the 2025 Report

JETRO has compiled a comprehensive report on foreign direct investment (FDI) in Japan, "JETRO Invest Japan Report 2025," with the aim of providing information for foreign and foreign-affiliated companies considering doing business in Japan, as well as reference material to assist foreign companies in their investment in Japan. The key points of the report are as follows.

1．Japan's FDI stock continues to grow steadily, with greenfield investment being vibrant:

In 2024, FDI flows to Japan totaled 2.5 trillion yen, the growth rate has slowed down from the previous year, yet maintaining a net inflow. As of the end of the year, Japan's FDI stock was 53.3 trillion yen, up 4.5% from the previous year, marking a new record high.Greenfield investment in Japan reached a record high of 31.6 billion US dollars, up 15.4% year-on-year. Large-scale projects related to the construction of data centers and logistics facilities were prominent, reflecting growing demand for AI-related businesses and automation and labor saving measures in logistics.The number of cross-border M&A deals in Japan, which had declined in 2023, recovered to a level close to the record high in 2022. As in 2023, the deals, mainly led by Europe and U.S. funds, had a noticeable tendency to aim at optimizing management resources and improving profitability.

2．U.S. direct investment in Japan hits record highs for both investment execution and withdrawal, resulting in a substantial net divestment:

Looking at FDI flows in Japan in 2024 by country and region, U.S. investment implementation totaled 21.6 trillion yen and withdrawals amounted to 23.1 trillion yen—both are the highest values since the current statistical standards were introduced in 2014. Consequently, the net figure showed a substantial withdrawal (minus 1.6 trillion yen), which was the primary factor behind the overall year-on-year decline in Japan's inward FDI flows for 2024.The top three countries in terms of Japan's inward FDI stock remained unchanged from 2023: the U.S., the U.K., and Singapore. However, due to a significant withdrawal by the largest investor, the U.S. (10.6 trillion yen, 20.0% share), the gap with second-ranked U.K. (9.1 trillion yen, 17.0% share) narrowed, increasing the U.K.'s relative presence. Regionally, Asia surpassed North America for the first time in two years.

3．Japan raises 2030 target for inward FDI stock to 120 trillion yen:

In the "Program for Promotion of Foreign Direct Investment in Japan 2025" and "Basic Policy on Economic and Fiscal Management and Reform 2025" announced in June 2025, the Government of Japan raised the target for the FDI stock in Japan in 2030 from 100 trillion to 120 trillion yen, and indicated its policy to aim for 150 trillion yen as early as possible in the early 2030s. In these documents, as part of its growth strategy, the government intends to commit to pursuing the expansion of FDI in Japan more vigorously than before.From a national security perspective, to prevent the outflow of technology, information, and other assets overseas, the government amended in April 2025 the Cabinet Order on Inward Direct Investment, etc., a Cabinet Order including provisions on the inward direct investment screening system pursuant to the Foreign Exchange and Foreign Trade Act, adding new sectors requiring prior notification with screening. Screening is tightened with a focus on organizations or individuals obligated to cooperate with foreign governments or other equivalent entities in information-gathering activities in Japan, as well as organizations with particularly high relevance to critical infrastructures.

*This report is based on information as of September 2025.

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1. Global Trends in Inward FDI

Amid heightened global economic uncertainty, investors have adopted a cautious approach, resulting in marginal increases in both flows and stocks. Inbound greenfield investment and M&A activity have shown notable growth in the United States.

Section 1: Trends in Global Inward FDI (Flow)

■ Global inward FDI growth rate has slowed down, while flows increased by 3.7%.

According to the United Nations Conference on Trade and Development (UNCTAD), global inward FDI flows in 2024 increased by 3.7% from the previous year to 1,508.8 billion US dollars (flow, based on the directional principle) (Chart1-1). By country and region, investment growth was particularly notable in European conduit countries[Note], such as the Netherlands and Luxembourg. Excluding these, global inward FDI flows were estimated to have decreased by 11%, with flows to developed countries and regions down by 22%. This is believed to be attributable to investors' increasingly cautious stance amid rising global economic uncertainty. Japan saw a decrease of 35.9% to13.4 billion US dollars, dropping its global ranking from 21st in the previous year to 26th (Chart1-2).

[NOTE] When multinational corporations engage in outward FDI, they often route such investments through countries offering preferential tax regimes with the aim of reducing tax burdens, and these countries or regions are referred to as conduit countries or economies.

Chart 1-1: Trends in Global Inward FDI (Flow)

(Million US dollars, %)

	2022	2023	2024	
				Growth rate(YoY)
World	1,389,526	1,454,976	1,508,803	3.7
Developed Economies	459,917	589,568	641,642	8.8
Europe	-61,157	221,481	198,084	-10.6
European Union	-49,827	147,526	267,772	81.5
Luxembourg	-316,383	-9,279	105,987	*
Germany	53,356	52,039	5,716	-89.0
France	76,520	42,284	33,736	-20.2
United Kingdom	14,912	52,188	-40,003	*
Russian Federation	-15,205	8,998	3,346	-62.8
North America	362,722	279,631	342,944	22.6
United States	316,895	233,106	278,848	19.6
Canada	45,827	46,525	64,096	37.8
Japan	34,194	20,841	13,357	-35.9
Republic of Korea	25,045	19,042	15,226	-20.0
Developing Economies	929,609	865,408	867,162	0.2
East Asia	316,475	296,502	259,676	-12.4
China	189,132	163,253	116,238	-28.8
Hong Kong	109,685	122,947	126,181	2.6
South-East Asia	224,963	205,309	225,263	9.7
Singapore	142,128	135,104	143,352	6.1

Note: The figure in the table is calculated by UNCTAD using the directional principle. The data do not correspond to those in Chart 2-1 (the asset and liability principle). Items marked with * in the table are not shown as one of the comparative data is negative. Regional classification is as defined by UNCTAD.
Source: Based on the "World Investment Report 2025" of UNCTAD

Chart 1-2: Top 10 Countries/Regions Receiving Inward FDI (Flow)

(Million US dollars, %)

		2024	
			Growth rate(YoY)
1	United States	278,848	19.6
2	Singapore	143,352	6.1
3	Hong Kong	126,181	2.6
4	China	116,238	-28.8
5	Luxembourg	105,987	*
6	Canada	64,096	37.8
7	Brazil	59,178	-7.6
8	British Virgin Islands	53,599	34.4
9	Australia	53,454	74.8
10	Egypt	46,578	373.3
⋮			
26	Japan	13,357	-35.9

Note: The figure in the table is calculated by UNCTAD using the directional principle. The data do not correspond to those in Chart 2-1 (the asset and liabilityprinciple). Items marked with * in the table are not shown as one of thecomparative data is negative.
Source: Based on the "World Investment Report 2025" of UNCTAD

Section 2: Trends in Global Inward FDI (Stock)

■ The growth in FDI stocks in developed economies surpassed in developing ones, while FDI stocks in Europe, Japan and South Korea decreased

According to UNCTAD, the global inward FDI stocks (based on the directional principle) in 2024 reached approximately 51 trillion US dollars, up 5.8% from the previous year (Chart1-3). Growth in developed economies was notable with a 7.1% increase, while developing economies saw a 3.2% increase. The U.S. in particular recorded a significant increase of 21.7%, driving overall global growth. In contrast, Russia experienced a sharp decline of 22.7% year-on-year, resulting in a starkly different outcome from the U.S. Japan, along with the EU and South Korea, was among the developed economies whose growth slowed, with a slight decrease of 1.7%, globaly ranked in 35th (Chart1-4).

Chart 1-3: Trends in Global Inward FDI (Stock)

(Million US dollars, %)

	2022	2023	2024	
				Growth rate (YoY)
World	43,733,573	48,097,605	50,907,355	5.8
Developed economies	29,335,440	32,772,342	35,094,469	7.1
Europe	15,699,495	16,532,663	16,047,186	-2.9
European Union	11,273,732	11,856,690	11,460,635	-3.3
Luxembourg	1,056,786	1,096,851	1,143,108	4.2
Germany	1,081,645	1,203,769	1,209,485	0.5
France	949,777	1,015,478	1,049,213	3.3
United Kingdom	2,718,892	3,005,071	3,254,442	8.3
Russia	359,982	279,303	216,039	-22.7
North America	12,019,206	14,554,696	17,385,846	19.5
United States	10,461,198	12,786,674	15,567,058	21.7
Canada	1,558,008	1,768,022	1,818,788	2.9
Japan	227,079	223,499	219,802	-1.7
South Korea	277,035	308,086	286,988	-6.8
Developing Economies	14,398,133	15,325,263	15,812,885	3.2
East Asia	5,704,200	5,874,262	6,234,106	6.1
China	3,496,380	3,534,030	3,650,268	3.3
Hong Kong	2,008,153	2,124,395	2,350,740	10.7
Southeast Asia	3,134,897	3,418,792	3,587,119	4.9
Singapore	1,939,605	2,156,155	2,230,874	3.5

Note: The figure in the table is calculated by UNCTAD using the directional principle. The data do not correspond to those in Chart 2-2 (the asset and liability principle). Regional classification is as defined by UNCTAD.
Source: Based on the "World Investment Report 2025" of UNCTAD

Chart 1-4: Top 10 Countries/Regions Receiving Inward FDI (Stock)

(Million US dollars, %)

		2024	
			Growth rate (YoY)
1	United States	15,567,058	21.7
2	China	3,650,268	3.3
3	United Kingdom	3,254,442	8.3
4	Netherlands	2,699,359	-2.8
5	Hong Kong	2,350,740	10.7
6	Singapore	2,230,874	3.5
7	Canada	1,818,788	2.9
8	Germany	1,209,485	0.5
9	Ireland	1,170,383	-18.5
10	Luxembourg	1,143,108	4.2
⋮			
35	Japan	219,802	-1.7

Note: The figure in the table is calculated by UNCTAD using the directional principle. The data do not correspond to those in Chart 2-2 (the asset and liability principle).
Source: Based on the "World Investment Report 2025" of UNCTAD

Section 3: Global Greenfield Investment

■ The United States significantly increases, while India maintains its position as the world's second largest

According to UNCTAD, global greenfield investment (by destination) amounted to 1,337.9 billion US dollars in 2024, down 5.3% from the previous year (Chart1-5). Investment in developed economies increased by 11.3% year-on-year. While investment in Europe and the EU declined overall, the United States showed an overwhelming presence as the world's largest recipient of investment, recording a substantial increase of 77.3% (Chart1-6). In contrast, investment in developing economies declined notably, particularly in East and Southeast Asia and Africa, resulting in an overall decline of 18.5%. Meanwhile, India attracted 109.5 billion US dollars in investment, up 28.0% year-on-year, and maintaining its position as the world's second-largest recipient for the second consecutive year. Japan recorded a 15.4% year-on-year increase, reaching 31.614 billion US dollars—the highest amount in over two decades—and rose in ranking from 17th to 13th place.

Chart 1-5: Trends in Global Greenfield Investment (announced basis)

(Million US dollars,%)

	2022	2023	2024	
				Growth rate (YoY)
World	1,302,481	1,412,978	1,337,922	-5.3
Developed economies	688,428	627,253	697,821	11.3
Europe	388,564	357,872	324,146	-9.4
European Union	269,107	263,150	219,417	-16.6
Germany	47,905	56,494	31,450	-44.3
France	22,972	31,080	25,937	-16.6
United Kingdom	100,477	64,225	90,641	41.1
Russia	302	1,203	1,414	17.5
North America	201,073	175,327	279,314	59.3
United States	176,879	138,476	245,457	77.3
Japan	10,043	27,384	31,614	15.4
Australia	71,870	47,482	48,863	2.9
Developing economies	614,053	785,725	640,101	-18.5
Asia	302,270	469,694	362,822	-22.8
East Asia	28,719	49,204	48,479	-1.5
China	22,395	40,447	40,248	-0.5
Hong Kong	3,169	4,243	4,082	-3.8
Southeast Asia	114,103	175,676	113,799	-35.2
Singapore	18,786	11,340	22,785	100.9
Indonesia	24,808	60,585	20,679	-65.9
South Asia	64,485	110,813	117,252	5.8
India	61,963	85,552	109,522	28.0
Latin America	113,318	136,540	163,153	19.5
Brazil	23,726	37,138	49,515	33.3
Africa	197,052	178,349	112,831	-36.7
Egypt	107,753	41,934	54,545	30.1

Note: Regional classification is as defined by UNCTAD.
Source: Based on the "World Investment Report 2025" of UNCTAD

Chart 1-6: Top 10 Countries/Regions Receiving Greenfield Investment

(Million US dollars,%)

		2024	
			Growth rate (YoY)
1	United States	245,457	77.3
2	India	109,522	28.0
3	United Kingdom	90,641	41.1
4	Egypt	54,545	30.1
5	Brazil	49,515	33.3
6	Australia	48,863	2.9
7	Mexico	44,257	32.9
8	China	40,248	-0.5
9	Spain	38,649	5.9
10	Italy	38,601	36.2
⋮			
13	Japan	31,614	15.4

Source: Based on UNCTAD data

Section 4: Global Cross-Border M&A Transactions

■ Driven by developed economies, showing signs of recovery

According to UNCTAD, global cross-border M&A transactions (based on the location of the target entities) totaled 442.7 billion US dollars in 2024, recovering by 14.4% from the sluggish previous year (Chart1-7). By country and region, the United States recorded 167.8 billion US dollars, a substantial increase of 104.3% year-on-year, accounting for 37.9% of the global total. Japan saw a year-on-year increase of 21.5%, ranking 11th in the world (Chart1-8).

Chart 1-7: Trends in Global Cross-Border M&A Transactions (Value)

(Million US dollars, %)

	2022	2023	2024	
				Growth rate (YoY)
World	725,459	387,066	442,692	14.4
Developed economies	612,360	308,198	418,327	35.7
Europe	369,044	161,267	166,965	3.5
European Union	143,417	77,892	107,916	38.5
Italy	11,673	4,401	29,585	572.3
Germany	8,315	27,611	29,381	6.4
United Kingdom	205,693	54,021	37,608	-30.4
Russia	-3,382	-4,992	-3,000	*
North America	153,100	102,861	195,839	90.4
United States	133,354	82,143	167,848	104.3
Canada	19,746	20,718	27,992	35.1
Japan	11,467	7,462	9,063	21.5
Australia	55,051	24,793	33,244	34.1
Developing economies	113,099	78,869	24,364	-69.1
East Asia	31,763	24,032	14,837	-38.3
China	15,826	21,906	11,222	-48.8
Hong Kong	12,663	2,190	3,076	40.5
Southeast Asia	11,605	28,220	10,967	-61.1
Singapore	9,945	6,588	6,106	-7.3

Note: Regional classification is as defined by UNCTAD. Items marked with * in the table are not shown as one of the comparative data is negative.
Source: Based on the "World Investment Report 2025" of UNCTAD

Chart 1-8: Global Cross-Border M&A Transactions: Top 11 Countries/Regions by Target Location

(Million US dollars, %)

		2024	
			Growth rate (YoY)
1	United States	167,848	104.3
2	United Kingdom	37,608	-30.4
3	Australia	33,244	34.1
4	Italy	29,585	572.3
5	Germany	29,381	6.4
6	Canada	27,992	35.1
7	Norway	16,260	270.7
8	Sweden	11,277	160.8
9	China	11,222	-48.8
10	France	9,746	66.1
11	Japan	9,063	21.5

Source: Based on the "World Investment Report 2025" of UNCTAD

2. Trends in Inward FDI to Japan

The growth rate in Japan's inward FDI stock has slowed, and on a net flow basis, it has declined for the second consecutive year; nevertheless, the number of greenfield investments and cross-border M&A transactions targeting Japan have turned to an increase.

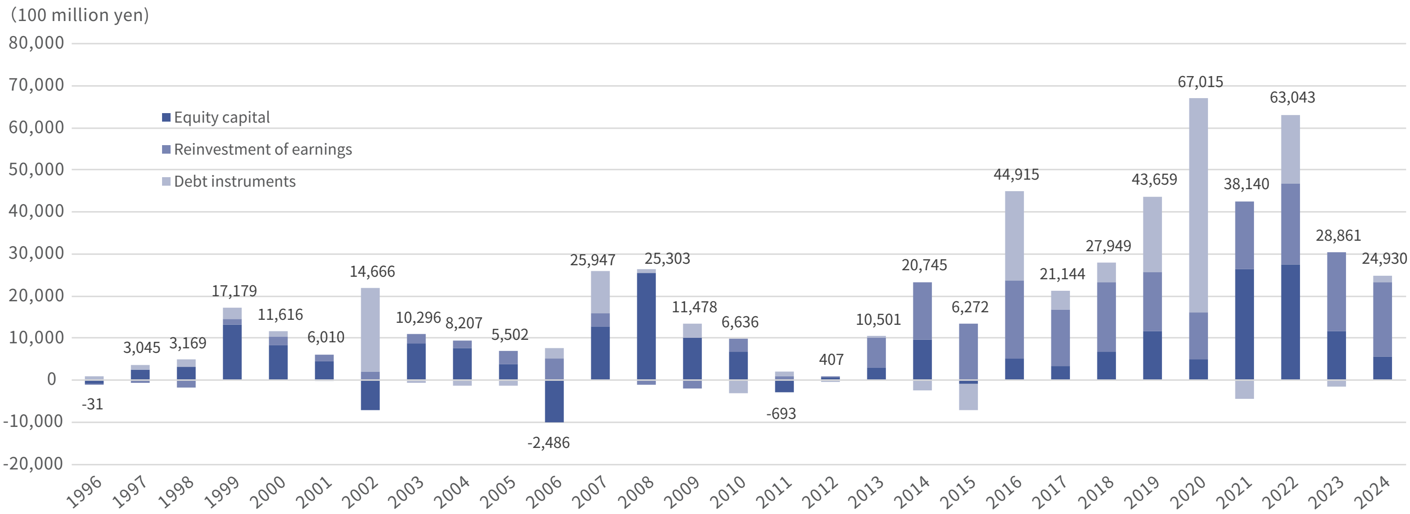
Section 1: Trends in Inward FDI to Japan

1. Trends in Net Flows

■ Although equity capital has declined by more than 50% for two consecutive years, a net inflow has been maintained

According to the Ministry of Finance (MOF) and the Bank of Japan (BOJ)'s Balance of Payments Statistics (the asset/liability principle), inward FDI to Japan (net flows) in 2024 amounted to 2.5 trillion yen, down 13.6% year-on-year (Chart 2-1). By capital type, equity capital decreased 51.8% year-on-year to 0.6 trillion yen, reinvested earnings fell 4.9% to 1.8 trillion yen, and debt instruments shifted from minus 0.1 trillion yen to plus 0.2 trillion yen. Equity capital has declined by more than 50% for the second consecutive year; factors such as heightened global geopolitical risks, monetary tightening, and inflation concerns have likely caused more cautious capital movements. On the other hand, reinvested earnings have remained robust; internally retained capital provides stable support for the overall level of FDI in Japan.

Chart 2-1: Trends in Inward FDI to Japan (Net Flows)



Note: This chart is based on the Balance of Payments Manual (BPM) standards. Since 2014, the statistical standards have shifted from BPM5 (the directional principle) to BPM6 (the asset/liability principle), adopting a method in which intercompany capital flows are recorded separately for lending and borrowing sides. This change has made capital movements more transparent. On the other hand, some sources may present figures on a net basis by offsetting flows, so caution is required when interpreting the data.

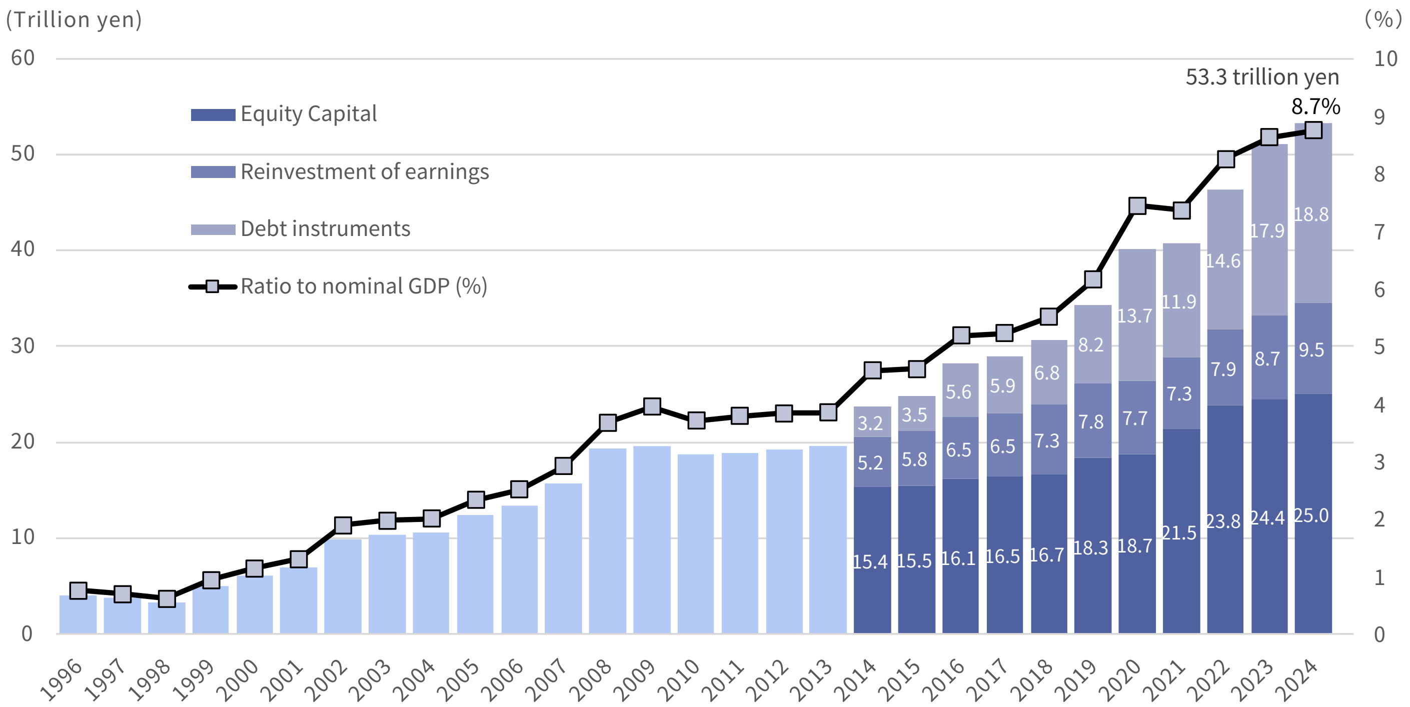
Source: Based on "Balance of Payments" by MOF and BOJ

2. Trends in Stock

■ While maintaining an upward trend, the growth rate has slowed

At the end of 2024, FDI stock in Japan (the asset/liability principle) stood at 53.3 trillion yen, up 4.5% from the previous year, representing 8.7% of GDP (Chart 2-2). By capital type, equity capital increased 2.7% year-on-year to 25.0 trillion yen, reinvested earnings rose 8.2% to 9.5 trillion yen, and debt instruments increased 5.1% to 18.8 trillion yen. Comparing the composition ratios of each stock for 2014, when the breakdown was first published, and 2024, equity capital decreased from 64.8% to 47.0%, a drop of 17.8 percentage points, and reinvested earnings fell from 21.8% to 17.7%, down 4.1 points. In contrast, debt instruments surged from 13.4% to 35.3%, an increase of 21.9 points.

Chart 2-2: Trends in Inward FDI in Japan (Stock)



Note: Since 2014, Japan has shifted its Balance of Payments Manual (BPM) standards from the fifth edition (the directional principle) to the sixth edition (the asset/liability principle with gross recording). As a result, loan and borrowing positions are now recorded separately as assets and liabilities. In particular, liability-type capital such as borrowings newly appears as distinct outstanding amounts. Therefore, caution is required when comparing time-series data across the break in 2014, as continuity and consistency may not be maintained.

Source: Based on "International Investment Position of Japan" by MOF and BOJ and "National Accounts of Japan" by the Cabinet Office

Section 2: Inward FDI to Japan by Country and Region

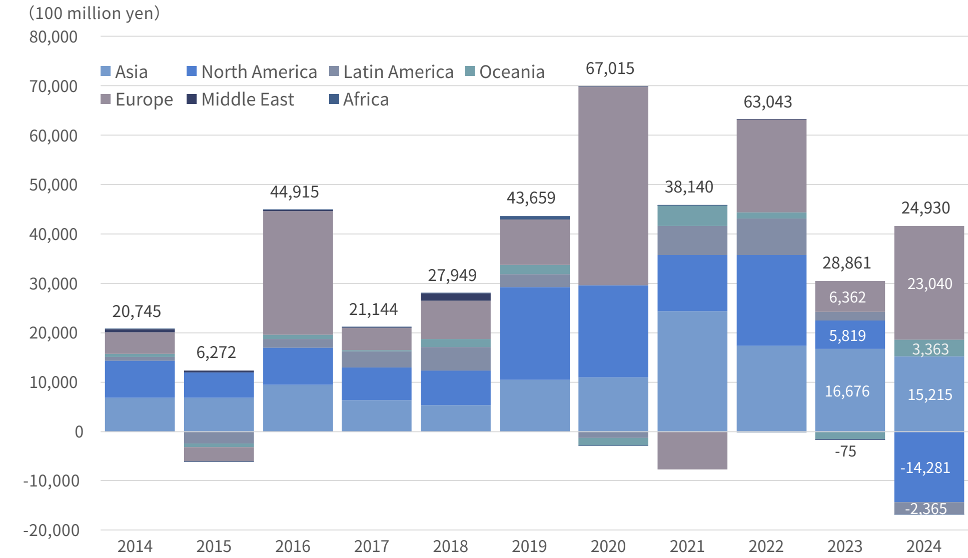
1. Net Flows

■ Net investment declined for the second consecutive year, primarily due to significant net withdrawals from the U.S.

Looking at the flow of FDI in Japan (the asset/liability principle) in 2024 by region, net investment inflows were recorded in Europe (2.3 trillion yen), Asia (1.5 trillion yen), and Oceania (0.3 trillion yen) (Chart 2-3). On the other hand, net withdrawals were recorded in North America (1.4 trillion yen) and in Latin America (0.2 trillion yen), resulting in a total net withdrawal of 1.7 trillion yen—the largest since the current statistical standards were adopted in 2014. By country, Switzerland recorded the highest amount at 933.8 billion yen, a sharp rebound from 700 million yen in 2023 (Chart 2-4). Meanwhile, the United States saw both execution and recovery reach record highs* at 21.6 trillion yen and 23.1 trillion yen, respectively, resulting in a net withdrawal of 1.6 trillion yen. This may have been influenced by factors such as the repayment of intercompany loans (debt instruments) and the sale of Japanese subsidiaries by U.S. companies.

Note *: This refers to the period from 2014 onwards, after changing to the comparable statistical standard currently in use.

Chart 2-3: Trends in Inward FDI to Japan by Region (Net Flows)



Source: Based on "Balance of Payments" by MOF and BOJ

Chart 2-4: Top 10 Countries and Regions for inward FDI to Japan (Net Flows)

(100 million yen, %)

Ranking	Investor Country / Region	2024		
			Growth rate (YoY)	Share
1	Switzerland	9,338	140,824.0	37.5
2	Netherlands	7,405	*	29.7
3	Hong Kong	5,241	88.2	21.0
4	Singapore	4,099	-50.0	16.4
5	Australia	3,276	*	13.1
6	Taiwan	2,480	5.2	9.9
7	China	2,051	13.6	8.2
8	France	2,043	-35.8	8.2
9	Canada	1,332	145.5	5.3
10	Belgium	1,095	50.0	4.4
-	United Kingdom	-1,678	*	*
-	Cayman Islands	-3,237	*	*
-	United States	-15,613	*	*
	Total	24,930	-13.6	100.0

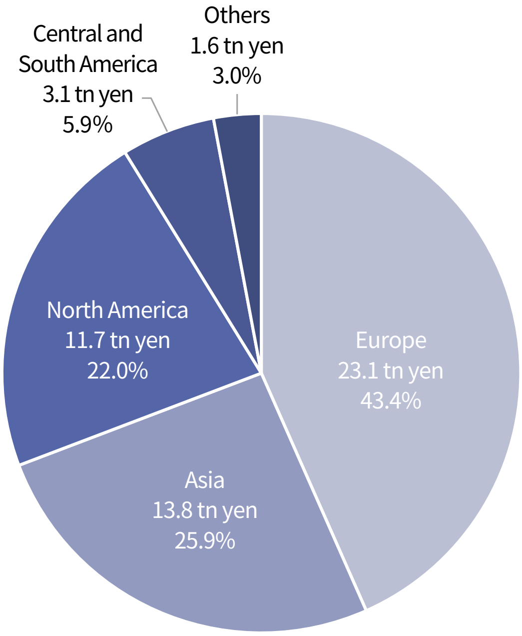
Note: Items marked with * in the table are not shown as one of the comparative data is negative.Source: Based on "Balance of Payments" by MOF and BOJ

2. Stock

■ Due to substantial net withdrawals of the U.S., Asia has surpassed North America by region, rising to second place for the first time in two years

Looking at inward FDI stock in Japan (the asset/liability principle) at the end of 2024, Europe had the largest share at 23.1 trillion yen (43.4%), followed by Asia at 13.8 trillion yen (25.9%), and North America at 11.7 trillion yen (22.0%) (Chart 2-5). By country and region, as the U.S. saw its first net decrease in the stock since 2014, when this data became available, Asia surpassed North America for the first time in two years in regional ranking, although the United States still maintained the highest position at 10.6 trillion yen (20.0%) (Chart 2-6). This was followed by the United Kingdom at 9.1 trillion yen (17.0%) and Singapore at 6.1 trillion yen (11.4%) (Chart 2-6). France, which ranked fourth in 2023, saw only a slight increase from the previous year to 3.3 trillion yen, while the Netherlands, which ranked fifth last year, increased 10.9% to 3.7 trillion yen, swapping positions with France. The share of the top ten countries and regions fell slightly from 85.8% in 2023 to 83.2%.

Chart 2-5: Inward FDI Stock in Japan by Region (End of 2024)



Source: Based on "International Investment Position of Japan" by MOF and BOJ

Chart 2-6: Top 20 Countries/Regions for inward FDI Stock in Japan (End of 2024)

(100 million yen, %)

Ranking	Country/Region	Stock	Growth rate (YoY)	Ratio
1	United States	106,369	-14.3	20.0
2	United Kingdom	90,870	3.9	17.0
3	Singapore	60,746	14.6	11.4
4	Netherlands	36,931	10.9	6.9
5	France	33,289	1.0	6.2
6	Hong Kong	32,590	17.0	6.1
7	Switzerland	29,202	37.3	5.5
8	Cayman Islands	24,501	-9.6	4.6
9	Taiwan	14,870	15.0	2.8
10	Germany	14,121	0.8	2.6
11	China	13,251	8.6	2.5
12	Australia	10,840	27.4	2.0
13	Canada	10,682	18.6	2.0
14	Korea	9,519	2.2	1.8
15	Luxembourg	8,778	-4.6	1.6
16	Thailand	3,533	9.4	0.7
17	Belgium	2,953	61.8	0.6
18	Italy	2,101	17.2	0.4
19	Malaysia	1,893	-0.1	0.4
20	Spain	1,098	33.5	0.2
	Others	24,855	36.1	4.7
	Total	532,991	4.5	100.0

Source: Based on "International Investment Position of Japan" by MOF and BOJ

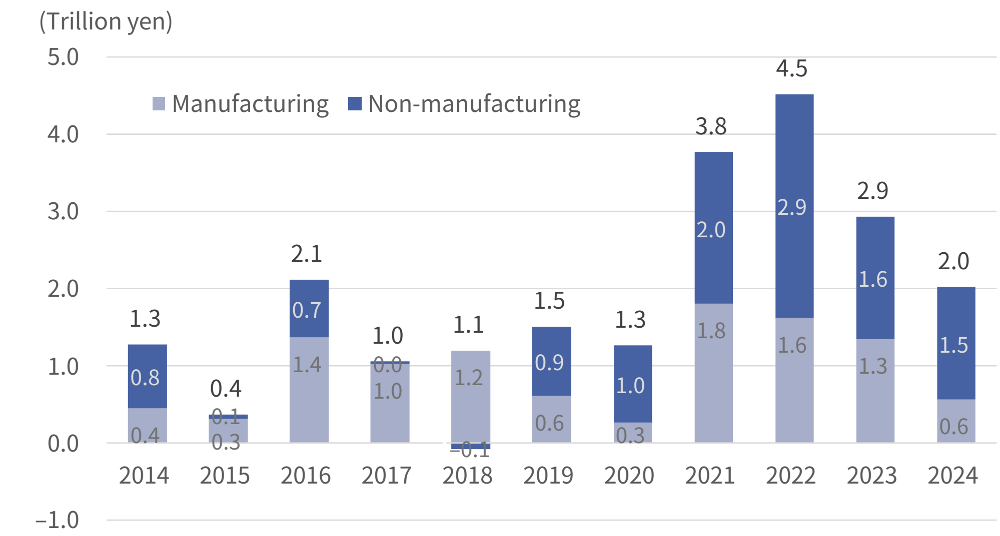
Section 3: Inward FDI to Japan by Industry

1. Net Flows

■ Significant decrease observed in chemicals and pharmaceuticals, and electric machinery industries

In 2024, inward FDI to Japan (net flows, the directional principle) by industry sector decreased 31.0% from the previous year to 2.0 trillion yen. By major industry category, manufacturing recorded 600 billion yen (down 58.4% year-on-year), while non-manufacturing stood at 1.5 trillion yen (down 7.8%), resulting in a sharp decline in manufacturing, reversing the trend seen in 2023 (Chart 2-7). Within the manufacturing sector, the most significant declines were seen in precision machinery, down 417.2 billion yen year-on-year; chemicals and pharmaceuticals, down 269.1 billion yen; and electric machinery, down 255.5 billion yen, resulting in a total decline of about 900 billion yen for the three industries (Chart 2-8). Looking at the leading industries, finance and insurance recorded 746.2 billion yen (down 23.2% year-on-year), communications at 434.7 billion yen (decreased by 22.9 billion yen), and services at 309.3 billion yen (minus 8.6 billion yen in 2023). The top three industries were all non-manufacturing, accounting for over 70% of the total.

Chart 2-7: Inward FDI to Japan by Industry Sector (Net Flows)



Note: This is based on the directional principle and different from that of the statistics by country/region (the asset/liability principle).
Source: Based on "Balance of Payments" by MOF and BOJ

Chart 2-8: Top 10 Industries for Inward FDI to Japan (Net Flows)

(100 million yen, %)

Ranking	Sector	2024		
			Growth rate (YoY)	Share
1	Finance and insurance	7,462	-23.2	36.9
2	Communications	4,347	*	21.5
3	Services	3,093	*	15.3
4	Electric machinery	2,579	-49.8	12.8
5	Transportation equipment	2,385	78.5	11.8
6	Chemicals and pharmaceuticals	1,942	-58.1	9.6
7	Real estate	938	47.2	4.6
8	General machinery	765	47.3	3.8
9	Transportation	575	-9.5	2.8
10	Textile	125	40.9	0.6
-	Precision machinery	-1,791	-	-
-	Wholesale and retail	-3,407	-	-
	Total	20,217	-31.0	100.0

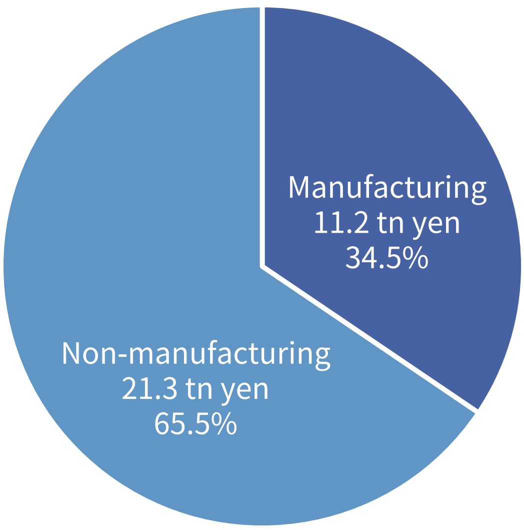
Note: Items marked with * in the table are not shown as one of the comparative data is negative.
Source: Based on "Balance of Payments" by MOF and BOJ

2. Stock

■ Finance and insurance industry standing out at 40%

At the end of 2024, inward FDI stock in Japan by industry sector (the directional principle) totaled 32.5 trillion yen, up 2.8% from the previous year. By major industry category, manufacturing accounted for 11.2 trillion yen (down 1.3% year-on-year, 34.5% of the total), while non-manufacturing reached 21.3 trillion yen (up 5.1% year-on-year, 65.5% of the total) (Chart 2-9). Looking at details of industries, the finance and insurance industry was the largest, up 4.4% from the previous year to 12.1 trillion yen (37.1% of the total), followed by chemicals and pharmaceuticals, up 0.5% to 3.2 trillion yen (9.9% of the total), and transportation equipment, up 4.0% to 3.2 trillion yen (9.8% of the total), maintaining the same ranking as in 2023 (Chart 2-10). The industries showing the most notable growth rates were real estate (up 18.3% year-on-year) and communications (up 12.3%).

Chart 2-9: Inward FDI Stock in Japan by Industry Sector (End of 2024)



Source: Based on "International Investment Position of Japan" by MOF and BOJ

Chart 2-10: Top 10 Industries for Inward FDI Stock in Japan (End of 2024)

(100 million yen, %)

Ranking	Sector	Stock	Growth rate (YoY)	Share
1	Finance and insurance	120,503	4.4	37.1
2	Chemicals and pharmaceuticals	32,045	0.5	9.9
3	Transportation equipment	31,780	4.0	9.8
4	Communications	28,515	12.3	8.8
5	Electric machinery	25,626	-5.0	7.9
6	Services	15,955	12.6	4.9
7	Transportation	14,089	3.3	4.3
8	Real estate	6,951	18.3	2.1
9	General machinery	6,093	3.4	1.9
10	Glass and ceramics	4,746	-1.5	1.5
	Others	38,643	-6.7	11.9
	Total	324,946	2.8	100.0

Source: Based on "International Investment Position of Japan" by MOF and BOJ

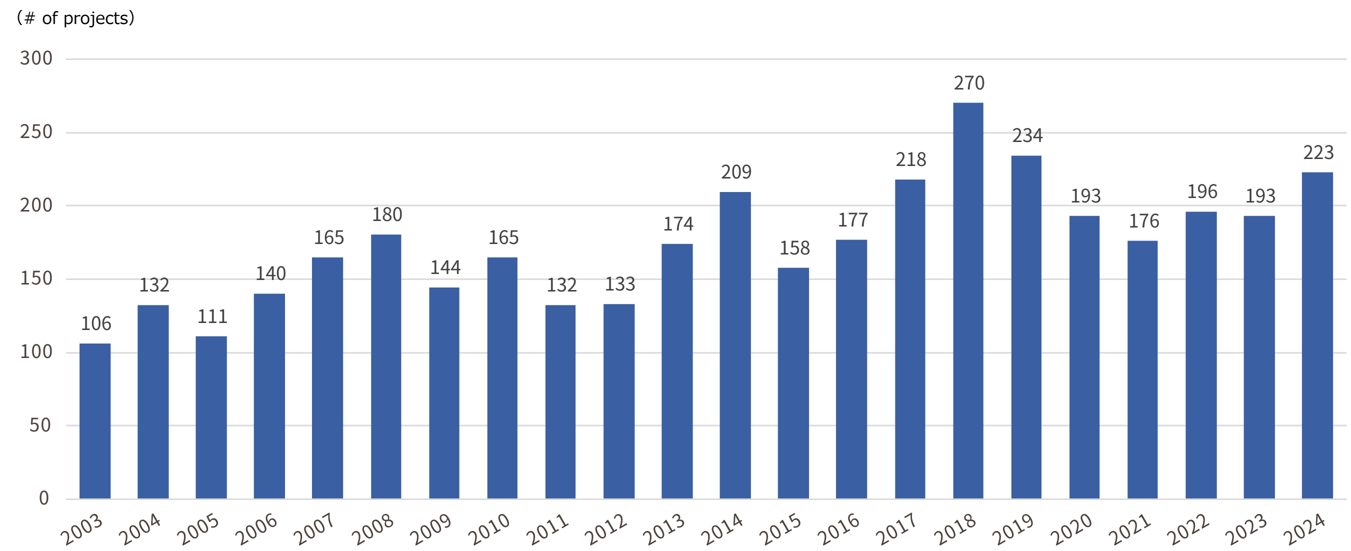
Section 4: Greenfield Investment in Japan

1. Trends in the Number of Investments

■ Notable increases observed in sectors of communications, semiconductor chips, and electronic components

In 2024, the number of greenfield investments in Japan (based on announcement date) was 223, up 15.5% from the previous year (Chart 2-11). While the global total of greenfield investments (19,356) increased only 2.9% from the previous year, Japan saw solid performance in sectors of communications, semiconductor chips, and manufacturing of electronic components, devices, and electronic circuits, and these three sectors combined accounted for 50 cases, up 18 from the previous year, representing a 22.4% share.

Chart 2-11: Trends in the Number of Greenfield Investments in Japan



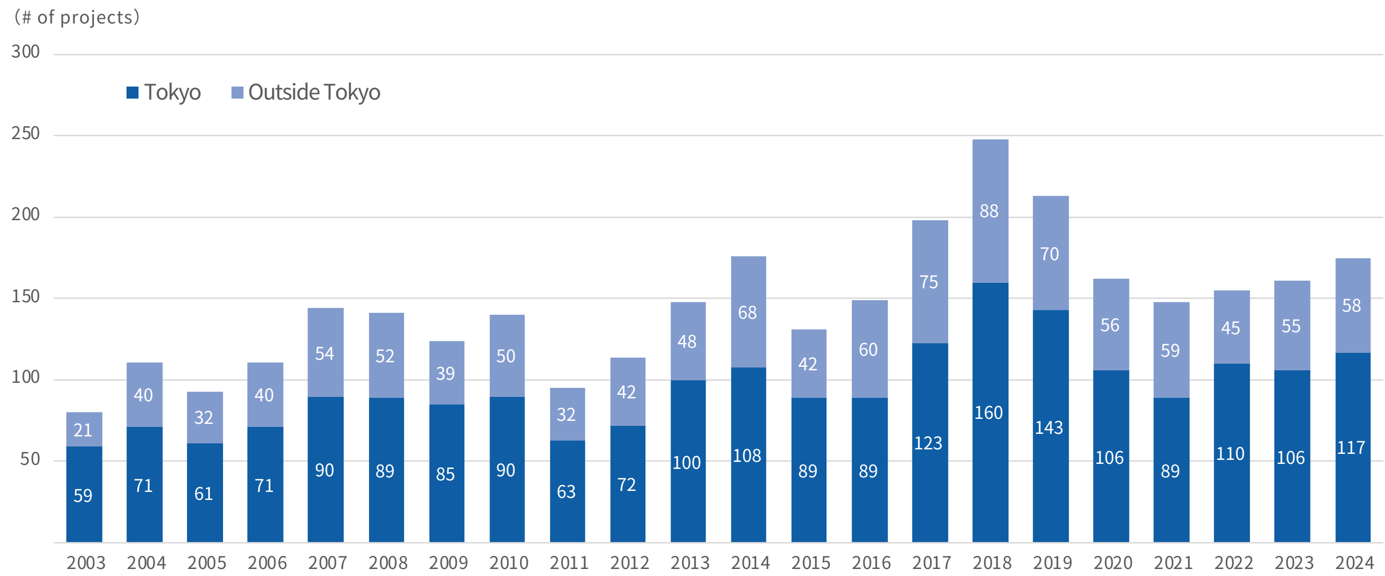
Note: The number of investments is collected continuously based on company announcements and updated at the end of each month. Figures include cases where the investment destination region or prefecture is unknown.
Source: Based on "fDi Markets" by the Financial Times

2. Number of Investments by Destination Region (Tokyo and Other Regions)

■ Investment projects in Tokyo accounted for about 70%

Dividing greenfield investment projects in Japan (based on announcement dates) where the destination region (prefecture) is known, into Tokyo and other regions, there were 117 cases in Tokyo and 58 cases in other regions in 2024 (Chart 2-12). The share of Tokyo has generally remained at around 60–70% over the past two decades.

Chart 2-12: Number of Greenfield Investments in Japan (Tokyo and Other Regions)



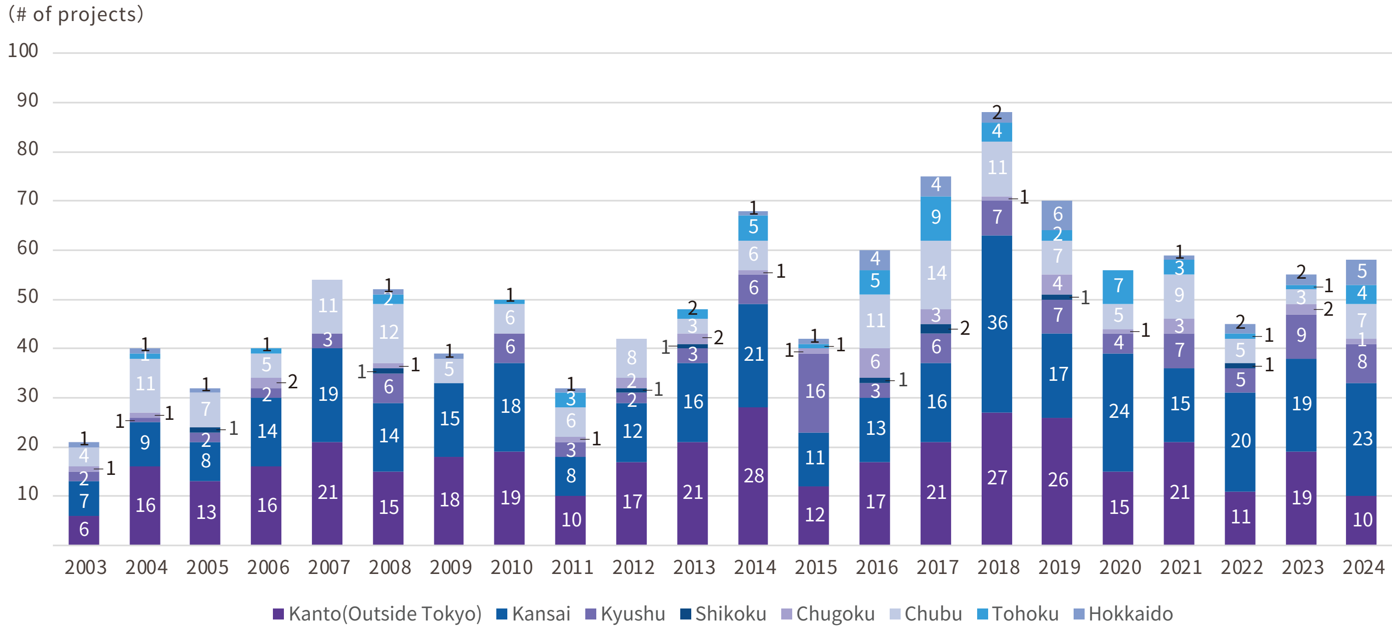
Note: Figures exclude cases where the investment destination region or prefecture is unknown.
Source: Based on "fDi Markets" by the Financial Times

3. Trends in the Number of Investments by Destination Region (Breakdown of Regions Other Than Tokyo)

■ Outside the Kanto region, each region in Kansai and further east exceeded their 2023 level

Looking at greenfield investment projects in Japan (based on announcement date) where the destination region (prefecture) is known—excluding Tokyo, in 2024, the Kansai region recorded 23 cases, up 4 from the previous year, Chubu had 7 cases, up 4, Hokkaido had 5 cases, up 3, and Tohoku had 4 cases, up 3, all showing year-on-year increases (Chart 2-13). On the other hand, the Kanto region excluding Tokyo saw a decrease of 9 cases to 10, Kyushu fell by 1 to 8, and Chugoku declined by 1 to 1, compared to 2023, indicating regional differences.

Chart 2-13: Number of Greenfield Investments in Japan (Breakdown of Regions Other than Tokyo)



Note: Figures exclude cases where the investment destination region or prefecture is unknown. The Kanto region (other than Tokyo) includes six prefectures; Ibaraki, Kanagawa, Gunma, Saitama, Chiba, and Tochigi.
Source: Based on "fDi Markets" by the Financial Times

4. [Reference] Analysis of Spillover Effects of Greenfield Investment in Japan

■ A 2 trillion yen investment in Tokyo generates 600 billion yen spillover investment in other regions

Of the 223 greenfield investment projects in Japan in 2024 (based on announcement date), 166 projects for which the destination region (prefecture) is known*—with a total value of 21.1 billion US dollars (approximately 3.2 trillion yen)—were analyzed to estimate spillover investment amounts to other regions for direct investment in each prefecture. The results showed that investments of 19.8 billion US dollars (approximately 3.0 trillion yen) had been induced in regions other than the primary destination. Investment destinations were concentrated in the Kanto region, with Tokyo accounting for 74.7% of the total at 14.8 billion US dollars (approximately 2.2 trillion yen).

Calculating the spillover effects of the investment in Tokyo, it induced 10 billion US dollars (approximately 1.5 trillion yen) within Tokyo and 4 billion US dollars (approximately 0.6 trillion yen) in other regions (Chart 2-14). Regions highly responsive to Tokyo-origin investments could expect additional spillover amounts by improving conditions for receiving such investments (e.g., industrial structure and incentives).

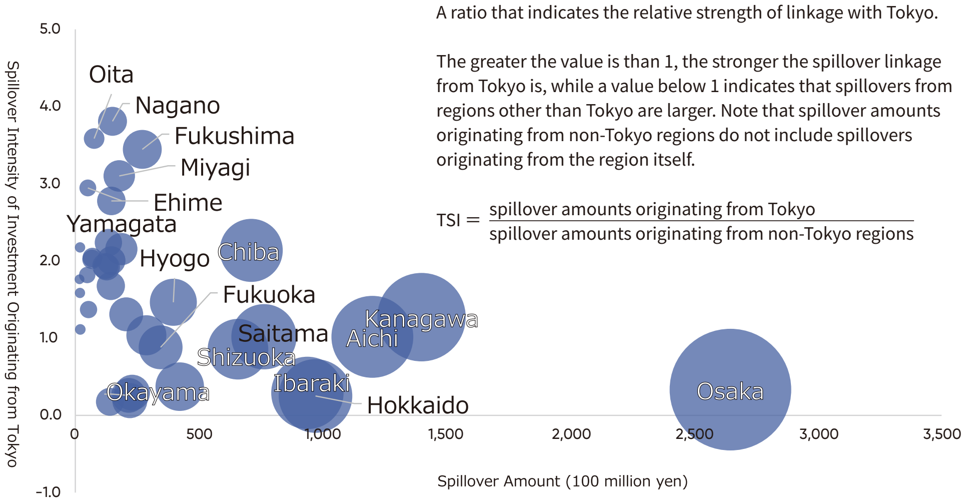
Note *: Nine projects with inconsistencies in the spillover effect calculations were excluded from the analysis, leaving 166 projects for the trial estimate.

Chart 2-14: Regional Comparison of Investment Spillover Amount and Spillover Intensity Originating from Tokyo

Tokyo Spillover Intensity (TSI):
A ratio that indicates the relative strength of linkage with Tokyo.

The greater the value is than 1, the stronger the spillover linkage from Tokyo is, while a value below 1 indicates that spillovers from regions other than Tokyo are larger. Note that spillover amounts originating from non-Tokyo regions do not include spillovers originating from the region itself.

$$\mathrm{TSI} = \frac{\text{spillover amounts originating from Tokyo}}{\text{spillover amounts originating from non-Tokyo regions}}$$



Note: Exchange rate: ¥151.48/USD (2024 fiscal year conversion rate based on the Bank of Japan website, Tokyo interbank market, USD/JPY spot rate, monthly average of central rates).
The bubble size corresponds to the X-axis and visualizes the spillover amount.

Source: Based on "Inter-Prefectural Input-Output Table (26 sectors)" by the Ministry of Economy, Trade and Industry

[Explanation of Chart]

1. Nationwide Secondary Core Type (Osaka)
   Representative: Osaka
   Criteria: Osaka only (Spillover Amount: 264.7 billion yen)
   Osaka is Japan's second-largest core city after Tokyo. It has overwhelming scale and an independent acceptance structure, occupying the position of a secondary core.

2. Nationwide Cluster Type (Hubs)
   Representative: Aichi, Kanagawa
   Criteria: TSI ≥ 1.0 and Spillover Investment Amount > 105 billion yen
   A cluster that receives spillovers on a nationwide scale. Backed by industrial cluster and major urban functions, it plays a role in inducing investment across the country.

3-1. Regional Core Type (Independent)
   Representative: Hokkaido, Ibaraki, Shizuoka, Fukuoka, Okayama
   Criteria: Independent type (TSI < 1) and medium-scale spillover amount (30.0–105.0 billion yen)
   Serves as the center of a regional block without relying on linkage with Tokyo.

3-2. Regional Core Type (Linked)
   Representative: Saitama, Chiba, Hyogo
   Criteria: Linked type (TSI ≥ 1.0) and medium-scale spillover amount (30.0–105.0 billion yen)
   Supports the regional economy while remaining linked to spillovers originating from Tokyo.

4. Others (small-scale, highly linked regions)
   Representative: Nagano, Oita, Fukushima, Miyagi, Yamagata, Ehime, etc.
   Criteria: Generally, TSI ≥ 2.0 and spillover investment amount of 30.0 billion yen or less
   These regions exhibit relatively high linkage to spillovers originating from Tokyo. Because they are small-scale prefectures, the effect of direct investment from Tokyo is observed to be relatively large.

5. Top 10 Countries/Regions and Top 10 Industries

■ By country, the United States accounts for just over 30%, far surpassing all others

Looking at the number of greenfield investments in Japan in 2024 (based on announcement date) by source country/region, the United States had the most with 71 cases, up 10.9% from the previous year (Chart 2-15). Singapore, which ranked second in 2023, fell from 21 to 16 cases and dropped to third place. The United Kingdom, previously third, edged down slightly 18 to 17 cases, but moved up to second place. As in 2023, China ranked fourth and Hong Kong ranked fifth. Broken down by industry, software & IT services remained the leading sector, as in 2023, with a 2.7% year-on-year increase (Chart 2-16). Sectors with the largest growth rates included communications (+84.6%), renewable energy (+83.3%), and electrical components (+66.7%). Those with the largest declines were financial services (-23.1%) and industrial equipment (-37.5%).

Chart 2-15: Top 10 Investor Countries/Regions in the Number of Greenfield Investments in Japan

(# of Projects, %)

Ranking	Country/Region	2004		
			Growth rate (YoY)	Share
1	United States	71	10.9	31.8
2	United Kingdom	17	0.0	7.6
3	Singapore	16	-23.8	7.2
4	China	14	27.3	6.3
5	Hong Kong	12	100.0	5.4
6	Germany	8	60.0	3.6
7	Canada	6	50.0	2.7
7	France	6	50.0	2.7
9	South Korea	3	-25.0	1.3
9	Switzerland	3	-40.0	1.3
	Total	223	15.5	100.0

Source: Based on "fDi Markets" by the Financial Times

Chart 2-16: Top 10 Industries in the Number of Greenfield Investments in Japan

(# of Projects, %)

Ranking	Sector	2024		
			Growth rate (YoY)	Share
1	Software & IT services	38	2.7	17.0
2	Business services	34	6.3	15.2
3	Communications	24	84.6	10.8
4	Financial services	20	-23.1	9.0
5	Real estate	18	12.5	8.1
6	Electronic components	15	66.7	6.7
7	Transportation & Warehousing	11	10.0	4.9
7	Renewable energy	11	83.3	4.9
9	Industrial equipment	10	-37.5	4.5
9	Semiconductors	10	0.0	4.5
	Total	223	15.5	100.0

Source: Based on "fDi Markets" by the Financial Times

6. Major Greenfield Investment Projects in Japan
(January 2024 to September 2025, based on announcement date)

■ Large-scale projects for data centers and logistics facilities stand out

Looking at greenfield investment projects in Japan from January 2024 to the end of Q3 2025, while large-scale projects such as the construction of production plants by major semiconductor manufacturers were notable in 2023, this period has seen a series of announcements for data center and logistics facility construction projects, with a significant increase in the number of cases (Chart 2-17).

Chart 2-17(1): Major Greenfield Investment Projects in Japan (January 2024 to September 2025)

Company name	Country/ Region	Sector	Investment destination (prefecture)	Outline	Announcement date	Value (Million US$)
Ada Infrastructure	Singapore	Communications	Tokyo and Kansai regions	Ada Infrastructure is a global data center (DC) business brand launched in September 2023 by Singapore-based logistics facility developer GLP. The company announced the projects of two DCs in the Tama area of Tokyo, two DCs in Chiba, a DC in Kansai region. Overall, it plans to build DCs with a total IT power of 600MW (a supply capacity of 900 MW). The one in the Tama area has already launched and the others will be in operation around 2027-2028.	May 2024	11,760
Patience Capital Group	Singapore	Leisure and Entertainment	Niigata	In November 2023, Singapore-based Patience Capital Group acquired Myoko Suginohara Ski Resort in Niigata Prefecture and entrusted its operation to Seibu Holdings. The company has announced plans to invest a total of 200 billion yen to redevelop Myoko Kogen as a year-round resort.	March 2025	1,343
ESR	Hong Kong	Real Estate	Hyogo	ESR, a leading logistics real estate company in Hong Kong has completed construction of a six-story multi-tenant logistics facility in Kawanishi City, Hyogo Prefecture. The facility will be one of Japan's largest logistics facilities, with a total site area of approximately 500,000 square meters. It is one of the leading logistics hubs in the Kansai region, which covers not only the Kansai region but also the broader western Japan area, serving as a logistics base capable of handling the "last mile" in the Hanshin area, such as from central Osaka to the north and to Kobe City, etc.	April 2025	1,300
			Saitama	ESR has completed construction of a four-story multi-tenant logistics facility with a site area of approximately 17,000 square meters in Hidaka City, Saitama Prefecture, as its seventh project in the prefecture. Located in a highly accessible area near the center of Saitama Prefecture, the facility can accommodate a wide range of logistics needs, including deliveries not only to the entire Kanto region and Niigata, but also to areas west of Kanto.	September 2024	357
			Tokyo	ESR announced that it would develop its fourth domestic DC in central Tokyo. The planned power receiving capacity is 60MW. Construction is scheduled to begin in the second quarter of 2026 and service to begin in the fourth quarter of 2028. This DC will be the one following those in Osaka City, Osaka Prefecture (130MW), Higashikurume City, Tokyo (30MW), and Soraku-gun, Kyoto Prefecture (100MW).	May 2024	357
Google	United States	Communications	Ibaraki and Mie	Google announced that it would invest 1 billion US dollars in laying submarine cables in Japan. The plan is to connect the United States and Japan by laying two new submarine cables, "Proa" and "Taihei," and expanding existing submarine cables.	April 2024	1,000
CapitaLand	Singapore	Communications	Osaka	CapitaLand Investment, a major real estate investment company based in Singapore, will develop a DC in Osaka Prefecture. This is the first time the company has engaged in DC business in Japan. The planned power capacity is approximately 50MW and the company announced that it had secured a considerable amount of power supply.	February 2025	700

Note: Ranked by investment amount based on announcements or media reports (fDi Markets, including estimates).
(Continued on the next page)
Source: Based on "fDi Markets" by the Financial Times, and announcements by each company

Chart 2-17(2): Major Greenfield Investment Projects in Japan (January 2024 to September 2025)

Company name	Country/ Region	Sector	Investment destination (prefecture)	Outline	Announcement date	Value (Million US$)
Eku Energy	Australia	Renewable Energy	Miyazaki	Eku Energy, an Australian energy storage company, announced plans for a 30MW/120MWh Battery Energy Storage System (BESS) project to be developed in Miyazaki City, Miyazaki Prefecture. This project is based on a 20-year offtake agreement with Tokyo Gas. Construction began in the second half of 2024 and operations are scheduled to begin in July 2026. The battery is said to be capable of supplying electricity to approximately 63,000 households for four hours.	April 2024	604
UI Japan	Hong Kong	Real Estate	Shiga	UI JAPAN, a real estate development company with a Hong Kong developer as its parent company, has completed construction of the UI Konan Logistics Center II, a four-story multi-tenant logistics facility with a total floor area of approximately 188,141 square meters in Konan City, Shiga Prefecture. The site area is approximately 99,062 square meters and each floor is approximately 45,000 square meters. The facility can be divided into up to 6 tenants for each floor and totally into 24 tenants. It features high-performance specifications, including up-and-down ramps for large vehicles, a clearance height of 6 meters under the beams, double-sided berths, and a floor load capacity of 2.5 tons per square meter.	June 2025	434
Prologis	United States	Real Estate	Aichi	Prologis, a U.S.major logistics real estate company, has decided to develop a multi-tenant logistics facility named "Prologis Park Tokai 1" in Tokai City, Aichi Prefecture. The facility comprises four above-ground floors, with a site area of approximately 72,800 square meters and a total floor area of approximately 160,000 square meters. Accessible from central Nagoya in approximately 30 minutes. The groundbreaking ceremony was held in August 2025, with completion scheduled for May 2027. It aims to strengthen the logistics network in the Chubu region.	May 2025	434
			Aichi	At the same time, the company announced a development plan for Prologis Park Tokai 2, a build-to-suit (BTS) logistics facility designed and constructed to meet requirements of a specific tenant, on an adjacent site to Prologis Park Tokai 1. The facility will comprise four above-ground floors, with a site area of approximately 29,300 square meters and a total floor area of approximately 63,700 square meters. With excellent access to major arterial roads and ports, the facility serves as a strategic hub connecting to the Nagoya metropolitan area. Completion date is yet to be announced.	May 2025	434
			Iwate	Prologis has decided to develop a multi-tenant logistics facility named "Prologis Park Kitakami-Kanegasaki" in Kanegasaki Town, Isawa-gun, Iwate Prefecture. Located near a major transportation hub, the site offers excellent accessibility to various parts of the Tohoku region. The groundbreaking ceremony was held on June 6, 2024. Completion is scheduled for January 2026.	June 2024	357
			Osaka	Prologis has decided to develop a BTS logistics facility named "Prologis Park Sakai" in Sakai City, Osaka Prefecture. Designed exclusively for specific companies, the facility will comprise four above-ground floors, with a site area of approximately 17,400 square meters and a total floor area of approximately 37,000 square meters. Located approximately 6 km from the Hanshin Expressway Sakai Interchange, the site offers access to central Osaka City in about 30 minutes and aims to strengthen the wide-area logistics network across the Kansai region. Construction began in 2025 and is scheduled for completion in 2027.	April 2024	357
			Okayama	Prologis has decided to develop a multi-tenant logistics facility named "Prologis Park Okayama" in Okayama City, Okayama Prefecture. Designed as a general-purpose logistics base that can accommodate multiple companies, the facility has four above-ground floors, with a site area of approximately 16,600 square meters and a total floor area of around 35,000 square meters. Located approximately 9 km from the Kurashiki Interchange and about 3.5 km from the Hayashima Interchange on the Sanyo Expressway, the facility aims to strengthen the wide-area logistics network across the Chugoku and Shikoku regions. The groundbreaking ceremony was held in April 2024 and the facility was completed in August 2025.	April 2024	357

Note: Ranked by investment amount based on announcements or media reports (fDi Markets, including estimates).

(Continued on the next page)

Source: Based on "fDi Markets" by the Financial Times, and announcements by each company

Chart 2-17(3): Major Greenfield Investment Projects in Japan (January 2024 to September

Company name	Country/ Region	Sector	Investment destination (prefecture)	Outline	Announcement date	Value (Million US$)
GLP Japan Development Venture	Singapore	Real Estate	Fukuoka	GLP Japan, a major logistics real estate company headquartered in Singapore, has begun Kyushu's first large-scale development project, the GLP Fukuoka IC Project, in Kasuya-gun, Fukuoka Prefecture. The project consists of multiple logistics facilities with a total floor area of over 150,000 square meters, with construction scheduled to begin in November 2025 and all buildings completed by the end of 2028. This location was selected as it is situated approximately 800 meters from the Fukuoka Interchange on the Kyushu Expressway, making it ideal for wide-area distribution throughout Kyushu. It will function as a critical infrastructure to meet the growing demand for logistics.	April 2025	425
			Kanagawa	GLP Japan has announced construction plans for GLP Kawasaki II, one of Japan's largest multi-tenant logistics facilities with frozen and refrigerated storage, which is currently under development in Kawasaki City, Kanagawa Prefecture. The facility has a total floor area of approximately 200,000 square meters and a storage capacity of approximately 186,000 tons, featuring not only frozen and refrigerated sections but also ambient-temperature sections. Construction began in March 2025 and is scheduled for completion at the end of August 2027.	October 2024	357
CB Richard Ellis (CBRE)	United States	Real Estate	Hokkaido	CBRE, a U.S. real estate company, has announced plans to develop a large-scale, multi-tenant logistics facility in the Chitose Distribution Business Park in Chitose City, Hokkaido. With a total floor area of 24,500 square meters, the facility will be a three-story steel-frame structure. Construction began in March 2025 and is scheduled to be completed in October 2026. It aims to capture logistics demand related to semiconductors.	October 2024	357
Goodman Group	Australia	Real Estate	Ibaraki	Goodman Group, an Australian real estate giant, plans to develop a new DC campus in Japan and provide 1,000MW of power. The company announced that site preparation and infrastructure work were underway in Tsukuba City, Ibaraki Prefecture, with the first DC scheduled for completion in 2026 with a power receiving capacity of 50MW.	January 2024	357
LaSalle Investment Management	United States	Real Estate	Aichi	LaSalle Investment Management, a U.S. real estate investment advisory firm, announced that it would build a multi-tenant logistics facility in Nagoya City, Aichi Prefecture, in collaboration with NIPPO. Construction is scheduled for completion in June 2025. In addition to serving as a wide-area distribution center for the entire Tokai area, it is planned to function as a relay center between the Tokyo metropolitan area and the Kansai region.	January 2024	357
EdgeConneX	United States	Communications	Osaka	EdgeConneX, a U.S. DC solutions provider, announced plans to enter the Japanese market. The company plans to open a DC campus with a capacity of over 140MW in the Osaka and Kyoto areas by 2027. When completed, the data center will be one of the largest in the Kansai region and will feature a cutting-edge design that meets high-density requirements of AI and high-performance computing.	January 2025	273
Zuora	United States	Communications	Uncategorized	Zuora, a U.S. telecommunications company (providing platforms for subscription businesses), has announced the start of operations of its new data center in Japan. The DC is designed to ensure robust compliance with Japan's Act on the Protection of Personal Information and significantly enhance its performance within the country, with the aim of acquiring domestic ISP vendors as clients.	November 2024	273

Note: Ranked by investment amount based on announcements or media reports (fDi Markets, including estimates).

(Continued on the next page)

Source: Based on "fDi Markets" by the Financial Times, and announcements by each company

Chart 2-17(4): Major Greenfield Investment Projects in Japan (January 2024 to September

Company name	Country/ Region	Sector	Investment destination (prefecture)	Outline	Announcement date	Value (Million US$)
CyrusOne KEP	United States	Communications	Osaka	CyrusOne, a U.S. DC developer and operator, and Kansai Electric Power Co. (KEPCO) have launched their first hyperscale data center project in Seika Town, Kyoto Prefecture. This project marks CyrusOne's first data center construction in Asia and will provide 48MW of IT capacity. Construction will be carried out in three phases, with the first 16 MW phase scheduled to begin operations in the first quarter of 2028.	September 2024	273
Empyrion Digital	Singapore	Communications	Tokyo	Empyrion Digital, a Singaporean digital infrastructure platform, announced that it would expand its business footprint in Asia by entering the Tokyo market. Plans include developing a 35MW AI-enabled DC (JP1) in central Tokyo. The DC will be established to support workloads for generative AI and high-performance computing.	September 2024	273
Equinix	United States	Communications	Osaka	Equinix, a U.S. company which owns, leases, and provides related services for DCs, has opened its fourth domestic hyperscaler DC, OS4x, in Minoh City, Osaka Prefecture. The center provides a total of 14.4 MW of IT power across 4,926 square meters of data hall space. This DC is designed to meet the growing demand for generative AI.	June 2024	273
Vantage Data Centers	United States	Communications	Osaka	Vantage Data Centers, a U.S.-based leading provider of hyperscale DC campus management, announced that it had begun construction of its first campus in Japan, Osaka (KIX1). This campus, to be built in Ibaraki City, Osaka Prefecture, will provide up to 68MW. The campus will support both cloud and high-density implementations, providing hyperscalers and cloud providers with flexibility and scalability to meet market needs.	May 2024	273
GDS Services, Gaw Capital	China and Hong Kong	Communications	Tokyo	GDS Services, a Chinese company which develops and operates DCs, announced plans to build a 40MW data center in Fuchu City, Tokyo, in collaboration with Hong Kong-based real estate investment firm Gaw Capital Partners. This data center will be located in the Fuchu Intelligent Park and is scheduled to begin operations by the end of 2026. The total site area is 10,969 square meters, and the IT capacity is expected to be 40MW, designed to meet Japan's digital infrastructure demand.	April 2024	273
AirTrunk	Australia	Communications	Chiba	AirTrunk, a specialist in hyperscale DCs, has begun construction of a new facility exceeding 40MW in TOK1, one of Japan's largest campuses, located in Inzai City, Chiba Prefecture. The campus covers an area of 13 hectares and is to consist of seven buildings, with a total power supply capacity expected to exceed 300MW. The company plans to have a domestic power supply infrastructure for IT equipment, exceeding 430MW by combining the capacity of TOK1, TOK2 (west of Tokyo), and OSK1 (west of Osaka).	June 2025	256
Enfinity Global	United States	Renewable Energy	Aomori	Enfinity Global, a U.S. renewable energy company, has completed construction of a 70MW solar power plant in Aomori Prefecture. This power plant is expected to generate over 75 GW of clean energy annually. Including this solar power plant, the company owns a solar power generation portfolio of 250MW in Japan and is positioned as one of the leading players in the Japanese market.	April 2024	195
Invenergy	United States	Renewable Energy	Hokkaido	Invenergy, a U.S. renewable energy company, has begun commercial operation of an onshore wind power plant in Rusutsu Village, Hokkaido. It consists of 15 large wind turbines and has an output of 4.2MW each, totally 63MW. It is expected to reduce carbon emissions by 64,000 tons annually, while supplying electricity to approximately 35,000 households in Hokkaido.	March 2024	189

Note: Ranked by investment amount based on announcements or media reports (fDi Markets, including estimates).
Source: Based on "fDi Markets" by the Financial Times, and announcements by each company

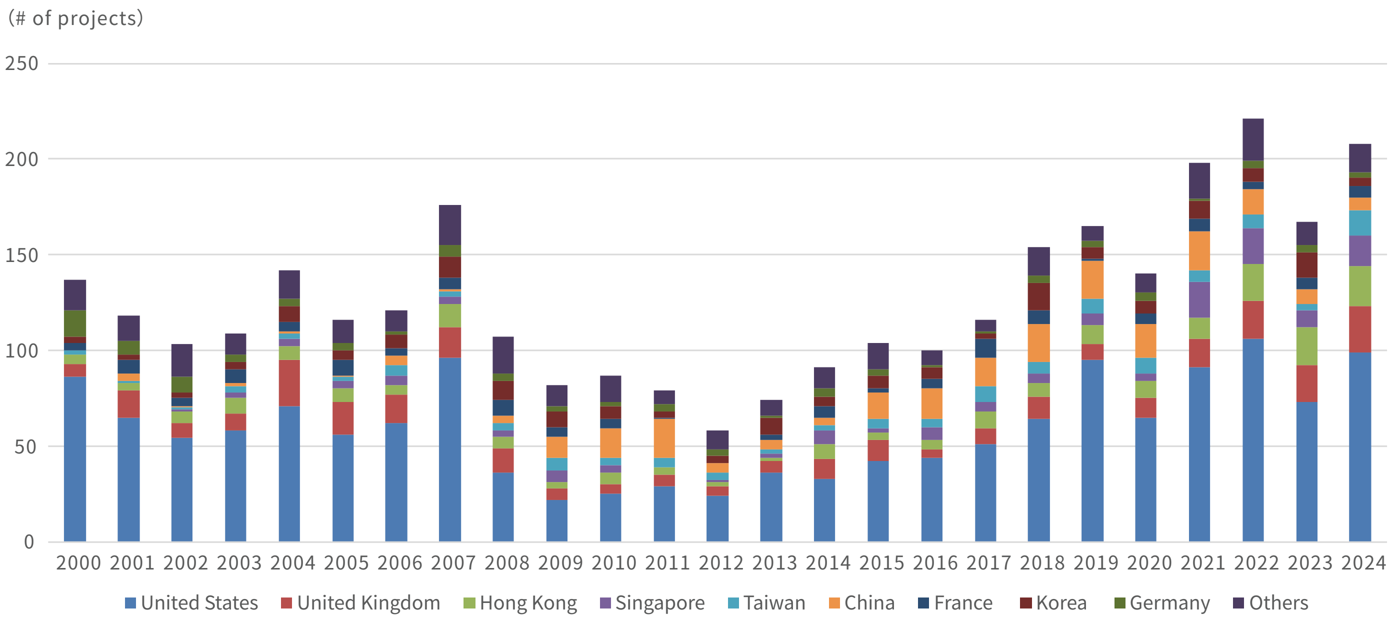
Section 5: Cross-Border M&A in Japan

1. Trends in the Number of Deals and Top 5 Countries/Regions

■ The number of M&A deals in Japan recovered, with the United States maintaining a dominant lead

In 2024, cross-border M&A transactions targeting Japan in 2024 reached 208 deals, up 24.6% year-on-year, recovering from the decline in 2023 (Chart 2-18). This increase seems to have been driven by factors such as the yen's depreciation making Japanese companies and assets appear undervalued, improvements in the M&A environment through corporate governance reforms, and inflows of capital from overseas private equity funds. By source country/region, the United States ranked first with 99 deals (accounting for 47.6%), followed by the United Kingdom with 24 deals (11.5%) and Hong Kong with 21 deals (10.1%) (Chart 2-19). Singapore rose significantly from 9 to 16 deals, and Taiwan from 3 to 13 deals, while South Korea declined from 13 to 4 deals.

Chart 2-18: Trends in the Number of Cross-Border M&A Deals in Japan



Note: Transaction forms include mergers, acquisitions, business transfers (including operational transfers), and capital participation. Deals targeting overseas subsidiaries of Japanese companies are excluded.
Source: Based on "MARR Pro" by RECOF DATA Corporation

Chart 2-19: Top 5 Investor Countries/Regions in M&A Targeting Japan

(# of projects, %)

Ranking	Country/Region	2024		
			Growth rate (YoY)	Share
1	United States	99	35.6	47.6
2	United Kingdom	24	26.3	11.5
3	Hong Kong	21	5.0	10.1
4	Singapore	16	77.8	7.7
5	Taiwan	13	333.3	6.3
	Total	208	24.6	100.0

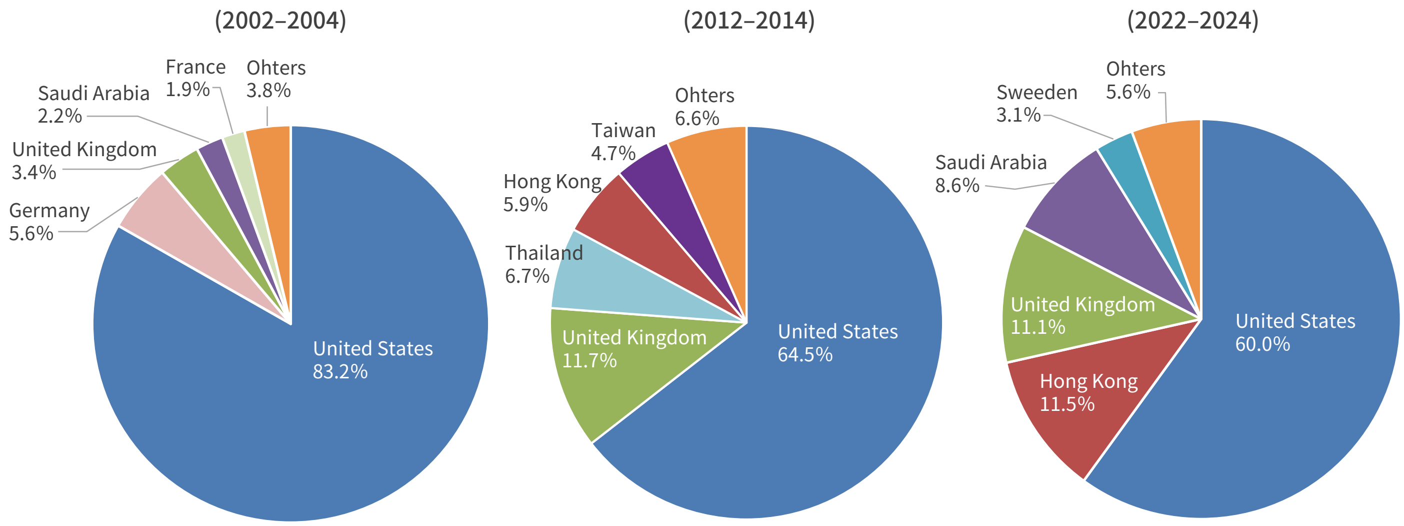
Note: Transaction forms include mergers, acquisitions, business transfers (including operational transfers), and capital participation. Deals targeting overseas subsidiaries of Japanese companies are excluded.
Source: Based on "MARR Pro" by RECOF DATA Corporation

2. Trends in Deal Value by Investor Country/Region

■ The U.S. maintains majority share, while the second place and below fluctuate significantly

The total cross-border M&A investment value in Japan over the three-year period from 2022 to 2024 was approximately 7.4 trillion yen, with the top three countries—the United States, Hong Kong, and the United Kingdom—accounting for about 6.1 trillion yen, or 82.6% of the total (Chart 2-20). Looking at trends over consecutive three years on a ten-year interval basis, the total deal value for 2002–2004 stood at approximately 2.2 trillion yen, with the United States alone accounting for 1.8 trillion yen (83.2%) and demonstrating an overwhelming presence. In contrast, the total for 2012–2014 was approximately 1.5 trillion yen, only about 20% of the 2022–2024 figure. This decline reflects the heightened caution toward investments and acquisitions both domestically and internationally, which stems from the global economic slowdown and uncertainty in international financial markets due to European sovereign debt crisis, as well as the disruption of supply chains and deterioration of earnings environment caused by the Great East Japan Earthquake in 2011. Looking at the top countries/regions over this period of over two decades, the United States has consistently maintained its position as the largest investor, but the rankings below have experienced significant fluctuations.

Chart 2-20: Cross-border M&A Deal Value in Japan by Country/Region (Based on Announcement Date)



Note: Transaction forms include mergers, acquisitions, business transfers (including operational transfers), and capital participation. Deals targeting overseas subsidiaries of Japanese companies are excluded.
Source: Based on "MARR Pro" by RECOF DATA Corporation

3. Number and Value of Acquired Companies by Industry
(Total for 3 Years from 2022 to 2024)

■ Software and ICT leads in both number and value of deals

Looking at the acquired companies through cross-border M&A in Japan over the three years from 2022 to 2024 by industry, software and ICT led in the number of deals, with 245 (41.1% of the total), followed by services, with 79 (13.3%) and electric machinery, with 38 (6.4%) (Chart 2-21). The top two sectors were both non-manufacturing, which together accounted for over 50% of the total. Software and ICT also led in transaction value, though its share of the total was just under 20%, lower than its share based on the number of deals (Chart 2-22). By contrast, transportation and warehousing, accounted for 13.0% of the total deal value, far exceeding its 1.2% share on a deal-count basis, indicating that the average investment value per transaction in this sector was relatively large.

Chart 2-21: Number of Cross-border M&A Deals in Japan by Industry (2022–2024, based on announcement date)

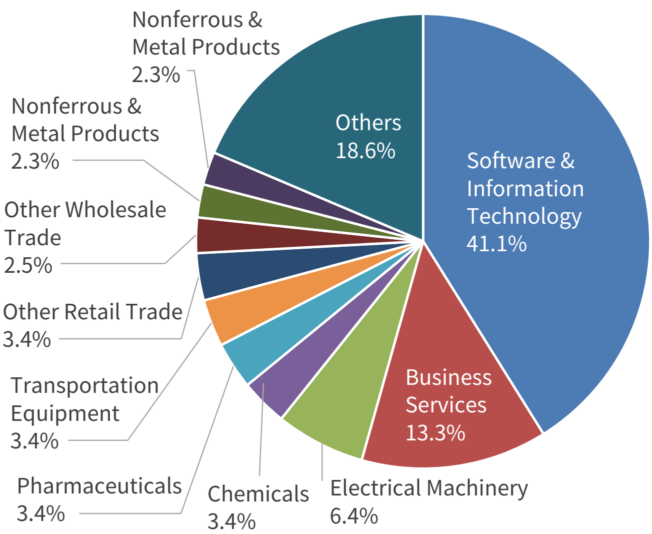
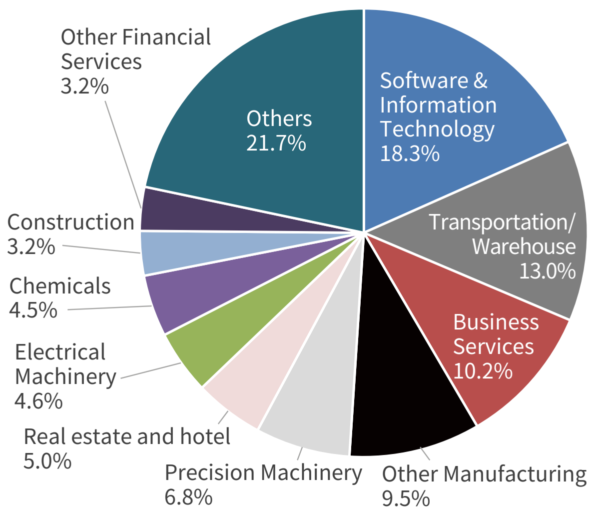


Chart 2-22: Value of Cross-border M&A Deals in Japan by Industry (2022–2024, based on announcement date)



Note: Transaction forms include mergers, acquisitions, business transfers (including operational transfers), and capital participation.
Deals targeting overseas subsidiaries of Japanese companies are excluded.
Source: Based on "MARR Pro" by RECOF DATA Corporation

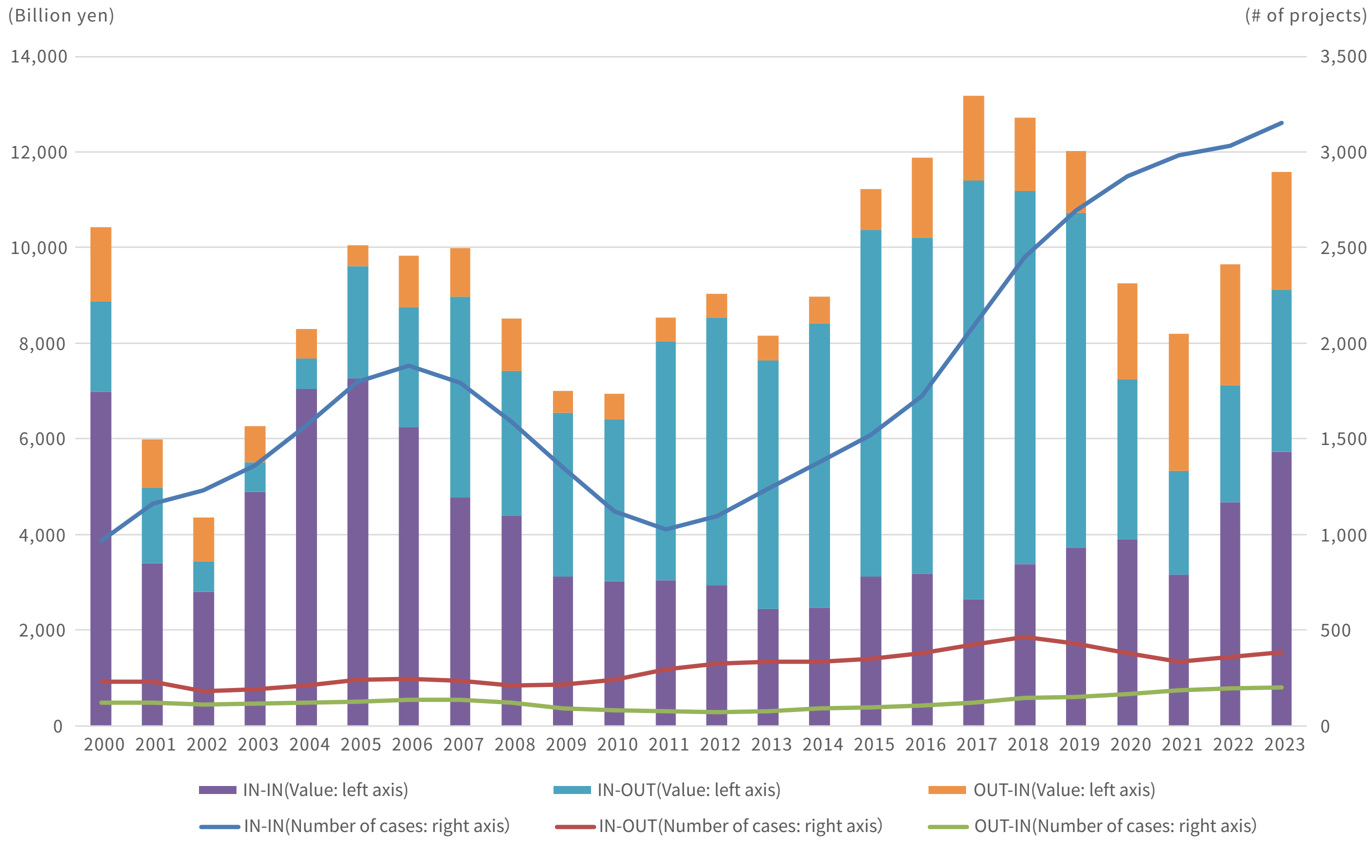
4. Trends in the Value and Number of M&A Deals in Japan

■ The deal volume is in an established upward trend, while the deal value shows signs of growth again

M&A transactions in Japan are classified into three categories: domestic transactions involving only Japanese parties (IN-IN), inbound transactions where one party is overseas (OUT-IN), and outbound transactions involving Japanese companies acquiring overseas firms (IN-OUT). Based on the three-year moving averages, the analysis on a value basis (left axis) shows that OUT-IN transactions have exhibited a clear upward trend since around 2015, indicating increased activity in large-scale cross-border M&A and private equity investments. IN-IN transactions have also shown an overall increase in value over the same period, gradually expanding their shares.

On a deal-count basis (right axis), the increase in small-scale transactions, such as SME-to-SME M&A via IN-IN deals, is particularly notable, revealing a structure in which small-sized transactions are driving the overall number of deals. As of 2023, IN-IN transactions accounted for approximately 80% of all M&A deals. Meanwhile, IN-OUT and OUT-IN transactions have remained largely flat, with OUT-IN hovering at roughly 50% of IN-OUT.

Chart 2-23: Value and Number of M&A Deals in Japan (by Market, 3-Year Moving Average)



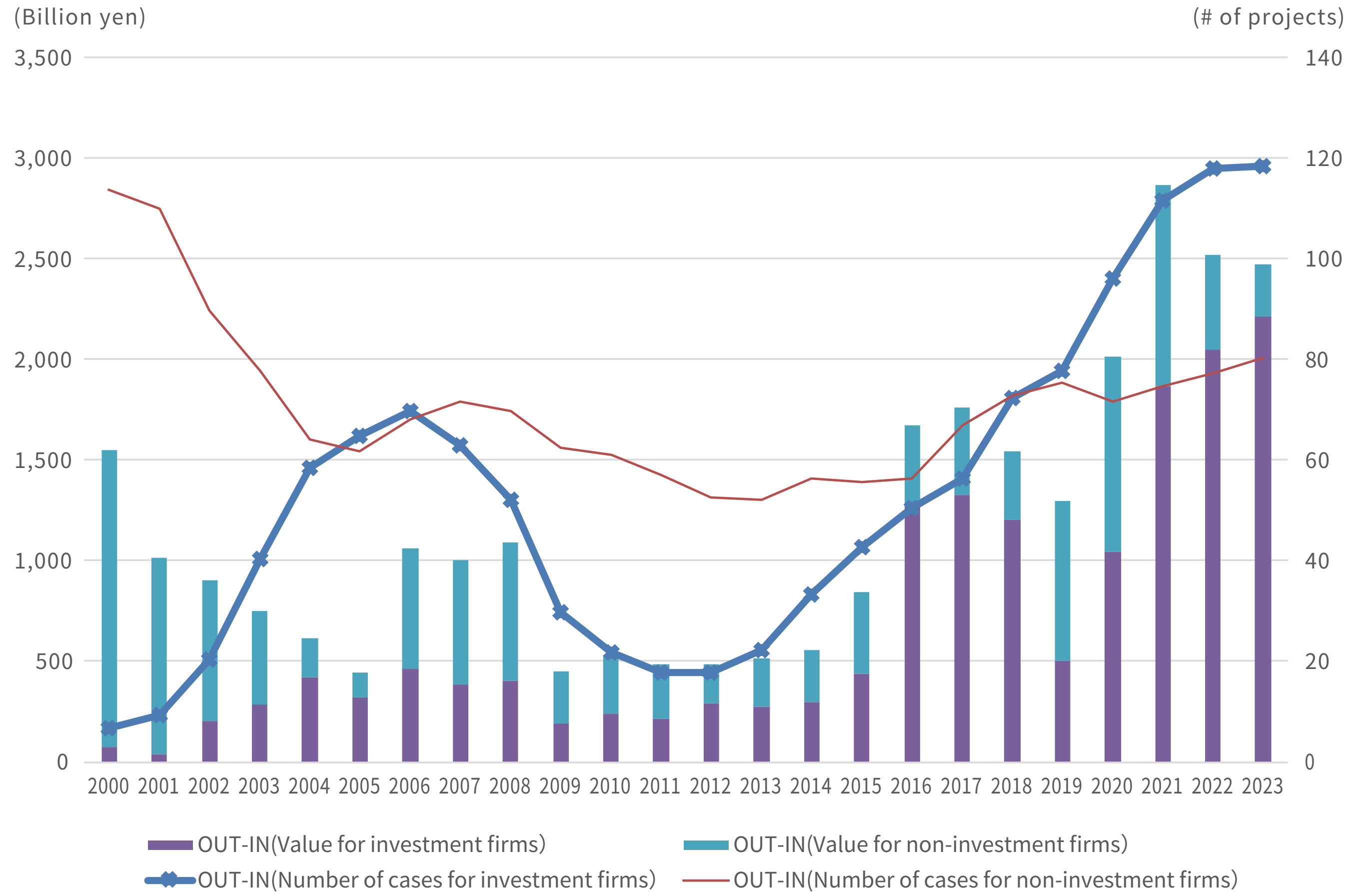
Note: Transaction forms include mergers, acquisitions, business transfers (including operational transfers), and capital participation.
Deals targeting overseas subsidiaries of Japanese companies are excluded.
Source: Based on "MARR Pro" by RECOF DATA Corporation

5. Trends in Value and Number of Cross-Border M&A Deals in Japan by Investment Firms

■ Investment firms' M&A transactions have increased significantly over the past decade

When examining trends in the value and number of cross-border M&A transactions targeting Japan, categorized by investment firms and non-investment operating firms and analyzed using a three-year moving average, it is evident that M&A activity by investment firms has shown a steadily upward trajectory in both deal value and deal count since around 2011 (Chapter 2-24). The transaction value increased approximately elevenfold, from 0.2 trillion yen in 2011 to 2.2 trillion yen in 2023, while the number of transactions rose by about 6.6 times, from 18 deals in 2011 to 118 deals in 2023. Since around 2011, this growth has been driven by an increase in large-scale M&A transactions and private equity investments led primarily by U.S. and European investment firms, alongside increasingly active participation by sovereign wealth funds from regions, such as the Middle East and Singapore.

Chart 2-24: Value and Number of Cross-Border M&A Deals in Japan by Investment Firms (3-Year Moving Average)



Note: Transaction forms include mergers, acquisitions, business transfers (including operational transfers), and capital participation.
Deals targeting overseas subsidiaries of Japanese companies are excluded.
Source: Based on "MARR Pro" by RECOF DATA Corporation

6. Major Cross-Border M&A Deals in Japan
(January 2024 to September 2025, based on announcement date)

■ M&A led by investment firms accounts for the majority of transactions

As in 2023, management buyout (MBO) deals led by investment firms stood out as a prominent form of M&A transactions (Chart 2-25). The motives, purposes, and methods of transactions have become increasingly diverse, including the business transfers of York Holdings and Mitsubishi Tanabe Pharma, the prolonged stakeholder alignment required for Fuji Soft's successful TOB, compliance with national security reviews under the Foreign Exchange and Foreign Trade Act for Shibaura Electronics, and capital participation in companies such as Kao, Sanwa Holdings, Tokyo Gas, NEC Networks & System Integration, and Shiseido.

Chart 2-25(1): Major Cross-Border M&A Deals in Japan (January 2024 to September 2025)

Target company (Transferring entity)	Sector	Acquiring company (Substantial acquiring entity *Note 1)	Country/ region of the acquiring company's ultimate parent company	Sector	Form	Outline	Publication date (Effective date) *Note 2	Values (100 million JPY) *Note 3
York Holdings Co., Ltd.	Retail trade	BCJ-96 (Receiving company) (Bain Capital)	U.S.	Other finance (Investment fund)	Transfer of business	Bain Capital, through its acquisition vehicle BCJ-96, acquired by way of a company split all rights and obligations related to the SST (superstore) business from York Holdings, a wholly-owned subsidiary of Seven & i Holdings Co., Ltd., which holds Ito-Yokado, York Benimaru (Koriyama, Fukushima), and other SST operations. Bain Capital aims to achieve an IPO by maximizing the potential value of the SST business group. The Seven & i Holdings will advance its growth strategy centered on the convenience store business.	2025/3/7 (2025/9/1)	8,147
FUJI SOFT INCORPORATED	Information and communications	FK (Acquisition company) (Fund managed by Kohlberg Kravis Roberts & Co. [hereafter, KKR])	U.S.	Other finance (Investment fund)	Acquisition	U.S. investment fund KKR took FUJI SOFT private through a two-step tender offer bid (TOB) conducted by FK established by FK Holdings, a corporation wholly owned by a fund managed by KKR. FUJI SOFT determined that partnering with KKR, which has human and capital resources, proven track records in both the IT and real estate fields, and a global network, would enable the company to achieve dramatic growth.	2024/8/9 (2025/5/20)	6,060
Mitsubishi Chemical Group Corporation (Parent company of Mitsubishi Tanabe Pharma Corporation, the target of transfer)	Chemicals (Pharmaceuticals)	BCJ-94 (Receiving company) (Fund advised in investment by Bain Capital)	U.S.	Other finance (Investment fund)	Transfer of business	BCJ-94, a corporation funded by a fund that is advised in investment by U.S. investment fund Bain Capital, took over all the shares and related assets of Mitsubishi Tanabe Pharma from Mitsubishi Chemical Group through a corporate split. The purpose of this M&A is to establish a system that enables Mitsubishi Tanabe Pharma to develop its business more flexibly and swiftly, aiming to enhance its pharmaceutical expertise and strengthen its competitiveness in the global market. Bain Capital emphasizes growth potential in the pharmaceutical sector and aims to optimize management resources and increase business value while ensuring Mitsubishi Tanabe Pharma's independence.	2025/2/8	5,100

Note 1: If the tender offeror is an SPC (special purpose company), etc., the substantive acquiring entity is also listed.

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Note 2: The "announcement date" refers to the date on which the transaction was disclosed to the public through news releases, newspaper articles, or similar sources, and the "effective date" refers to the date on which the deal was completed (including scheduled completion dates). For transactions categorized as "capital participation," these transactions had already been completed as of the announcement date.

Note 3: In order of investment amount based on company announcements or media reports.

Source: Based on "MARR Pro" by RECOF DATA Corporation

Chart 2-25(2): Major Cross-Border M&A Deals in Japan (January 2024 to September 2025)

Target company (Transferring entity)	Sector	Acquiring company (Substantial acquiring entity *Note 1)	Country/region of the acquiring company's ultimate parent company	Sector	Form	Outline	Publication date (Effective date) *Note 2	Values (100 million JPY) *Note 3
TOPCON CORPORATION	Precision equipment	TK (Acquisition company) (Funded by the following: a fund managed by KKR, TOPCON's management, and a fund managed by JIC Capital, a subsidiary of Japan Investment Corporation)	U.S.	Other finance (Investment fund)	Acquisition (MBO)	The president of TOPCON, in collaboration with U.S. investment fund KKR, acquired TOPCON itself through a management buyout (MBO), and the company became a wholly owned subsidiary through a TOB conducted via TK, which is an acquisition company established by TK Holdings (TKHD) fully owned by a fund managed by KKR. Following the completion of the TOB, JIC Capital, a wholly-owned subsidiary of the Japan Investment Corporation, will invest a total of 95 billion yen through a fund it manages by underwriting preferred shares of TKHD. TOPCON designs, manufactures, and sells optical and device products for the space and defense industries. Leveraging KKR's global human and capital resources, TOPCON will not only enhance its own capabilities, but also implement measures to grow sales and improve profitability by supporting diversified growth strategies, including collaboration with outside parties and acquisitions.	2025/3/29	3,482
INFOCOM CORPORATION	Information and communications	PXJC2 Holding (Acquisition company) (Fund managed by the Blackstone Group)	U.S.	Other finance (Investment fund)	Acquisition	The Blackstone Group, a U.S. investment fund, acquired INFOCOM, a subsidiary of TEIJIN, that operates the smartphone-based digital comic distribution service "Mecha Comic," through a TOB conducted by PXJC2 Holding, which was established with full funding from a fund managed by Blackstone. Blackstone plans to leverage the expertise and network of its portfolio company, U.S.-based Candle Media, to provide support to accelerate INFOCOM's overseas expansion and monetization through the utilization of its intellectual property. TEIJIN is seeking to reform its business portfolio.	2024/6/19 (2024/10/18)	2,760
ALPS LOGISTICS CO., LTD.	Transportation and warehousing	LDEC (Acquisition company) (LOGISTEED: 90% owned by KKR)	U.S.	Transportation and warehousing	Acquisition	LOGISTEED (formerly Hitachi Transport System), a logistics company backed by U.S. investment fund KKR, acquired ALPS LOGISTICS through a TOB conducted via its wholly owned subsidiary LDEC. This acquisition enables them to provide high value-added and efficient logistics services consistent from procurement logistics to finished goods logistics, expand the customer base, realize economies of scale through increased logistics volume, and advance system development to a higher level.	2024/5/9 (2024/12/19)	1,761
Kao Corporation	Chemicals (Cosmetics)	Oasis Management Company	British Cayman Islands	Other finance (Investment fund)	Capital participation	Oasis Management Company, an investment fund registered in the British Cayman Islands, with an operational base in Hong Kong, has acquired a stake in Kao (purchasing 5.23% of its outstanding shares). The purpose of the holding stake is stated as "portfolio investment and making significant proposals." On April 1, 2025, Oasis issued a statement titled "a better Kao," calling for a greater focus on global expansion and a review of its brand portfolio.	2024/12/11	1,489

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Note 1: If the tender offeror is an SPC (special purpose company), etc., the substantive acquiring entity is also listed.
Note 2: The "announcement date" refers to the date on which the transaction was disclosed to the public through news releases, newspaper articles, or similar sources, and the "effective date" refers to the date on which the deal was completed (including scheduled completion dates). For transactions categorized as "capital participation," these transactions had already been completed as of the announcement date.
Note 3: In order of investment amount based on company announcements or media reports.
Source: Based on "MARR Pro" by RECOF DATA Corporation

Chart 2-25(3): Major Cross-Border M&A Deals in Japan (January 2024 to September 2025)

Target company (Transferring entity)	Sector	Acquiring company (Substantial acquiring entity *Note 1)	Country/ region of the acquiring company's ultimate parent company	Sector	Form	Outline	Publication date (Effective date) *Note 2	Values (100 million JPY) *Note 3
T-Gaia Corporation	Other sales and wholesale	BCJ-82-1 (Acquisition company) (Fund managed by Bain Capital)	U.S.	Other finance (Investment fund)	Acquisition	A fund managed by U.S. investment fund Bain Capital acquired T-Gaia, a major mobile phone sales agency, by conducting a TOB via BCJ-82-1, a wholly owned subsidiary of the fund. T-Gaia had been operating retail stores nationwide for carriers such as NTT DOCOMO and KDDI, but the business environment became increasingly challenging due to factors including the lengthening mobile phone replacement cycle. Bain Capital, leveraging its investment expertise in the retail and consumer industries, will support T-Gaia in enhancing the profitability of its mobile business, strengthening its corporate sales operations, accelerating growth through additional M&A, and bolstering its execution capabilities to achieve growth.	2024/10/1 (2025/03/05)	1,426
Japan KFC Holdings	Retail trade (Food and beverage)	Krispy (Acquisition company) (Fund managed by Carlyle Group)	U.S.	Other finance (Investment fund)	Acquisition	Carlyle Group, a U.S. investment fund, has acquired KFC Holdings Japan through a TOB conducted via Krispy, a wholly owned subsidiary of the Carlyle Group. KFC Holdings Japan became a subsidiary of Mitsubishi Corporation through a TOB in 2007 and subsequently sold a portion of its shares in 2015. Carlyle will accelerate new store openings and increase earnings at each store.	2024/5/21 (2024/09/20)	1,350
NISSIN CORPORATION	Transportation and warehousing	BCJ-98 (Acquisition company) (Fund managed by Bain Capital, NISSIN's current management team)	U.S.	Other finance (Investment fund)	Acquisition (MBO)	The U.S. investment fund Bain Capital acquired NISSIN, a comprehensive logistics company with NISSIN's side through a management buyout (MBO) via a TOB executing by BCJ-98, a company established and fully owned by a fund that is advised in investment by Bain Capital. NISSIN provides international multimodal transportation services that optimally combine all modes of transportation: land, sea, and air. By leveraging Bain Capital's global network, human resources network, and management expertise, the company aims to promote management reforms in a flexible and agile manner.	2025/5/13 (2025/07/15)	1,183
SHIBAURA ELECTRONICS	Electric machinery	YAGEO Electronics Japan LLC (Acquisition company) (Yageo Corporation)	Taiwan	Electric machinery	Acquisition (TOB)	YAGEO, a major Taiwanese electronic component manufacturer, conducted a tender offer bid (TOB) for shares of SHIBAURA ELECTRONICS through its acquisition company YAGEO Electronics Japan LLC. SHIBAURA ELECTRONICS specializes in the development, manufacturing, and sales of thermistor elements and temperature sensors, and has a strong foundation of trust and a customer network within Japan. YAGEO stated that the purpose of the acquisition is to maintain SHIBAURA ELECTRONICS's domestic foundation and support its business expansion leveraging YAGEO's international channels. Although YAGEO extended the TOB period multiple times due to national security reviews under Japan's Foreign Exchange and Foreign Trade Act, the TOB was ultimately completed after satisfying all legal requirements.	2025/2/6 (2025/7/8)	1,089

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Note 1: If the tender offeror is an SPC (special purpose company), etc., the substantive acquiring entity is also listed.
Note 2: The "announcement date" refers to the date on which the transaction was disclosed to the public through news releases, newspaper articles, or similar sources, and the "effective date" refers to the date on which the deal was completed (including scheduled completion dates). For transactions categorized as "capital participation," these transactions had already been completed as of the announcement date.
Note 3: In order of investment amount based on company announcements or media reports.
Source: Based on "MARR Pro" by RECOF DATA Corporation

Chart 2-25(4): Major Cross-Border M&A Deals in Japan (January 2024 to September 2025)

Target company (Transferring entity)	Sector	Acquiring company (Substantial acquiring entity *Note 1)	Country/ region of the acquiring company's ultimate parent company	Sector	Form	Outline	Publication date (Effective date) *Note 2	Values (100 million JPY) *Note 3
Samty Holdings Co., Ltd	Real estate and hotels	Song Bidco G.K. (Acquisition company) (Fund managed by Hillhouse Investment Management)	Hong Kong	Other finance (Investment fund)	Acquisition	Hillhouse Investment Management, an alternative investment management firm based in Singapore and China, acquired Samty Holdings through a TOB conducted via Song Bidco G.K., which is wholly owned by a fund managed, advised and operated by Hillhouse. Hillhouse has an investment strategy centered on real estate, and will expand its real estate business in Japan, while Samty Holdings aims to shift its revenue structure from one focused on capital gains to one that expands income gains through rental income generated from its planned and developed income-producing properties. Additionally, the company will utilize third-party capital to form real estate development funds and core funds, and strengthen its asset management business.	2024/10/12 (2025/02/03)	1,068
NIHON HOUSING CO., LTD.	Real estate and hotels	Marcian HOLDINGS LLC (Acquisition company) (Goldman Sachs, NIHON HOUSING's current management team)	U.S.	Securities	Acquisition (MBO)	NIHON HOUSING, in collaboration with Goldman Sachs of the U.S., conducted a TOB via Marcian HOLDINGS LLC to delist the company through an MBO. NIHON HOUSING operates condominium business, building management business, and real estate management business. The company aims to rebuild its business foundation by leveraging Goldman Sachs' accumulated expertise and insights in the real estate development and facility management businesses, global and diverse real estate portfolio and network, as well as capabilities in providing strategic support and proposals related to M&A and business strategy.	2024/5/9 (2024/09/04)	944
TRANCOM CO., LTD.	Transportation and warehousing	BCJ-86 (Acquisition company) (Fund managed by Bain Capital, TRANCOM's current management team)	U.S.	Other finance (Investment fund)	Acquisition (MBO)	TRANCOM, a major logistics company, jointly conducted a TOB via BCJ-86, wholly owned by a fund that is advised in investment by U.S. investment fund Bain Capital, and it was taken private through a management buyout (MBO). TRANCOM is working to fundamentally improve logistics efficiency in response to changes in the business environment, including the so-called "2024 problem," where restrictions on drivers' overtime hours are expected to lead to a shortage in transportation capacity. By leveraging Bain Capital's global network, experience in driving growth through M&A, human resources network, and management expertise, the company aims to promote management reforms in a flexible and agile manner.	2024/9/18 (2025/01/17)	911

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Note 1: If the tender offeror is an SPC (special purpose company), etc., the substantive acquiring entity is also listed.
Note 2: The "announcement date" refers to the date on which the transaction was disclosed to the public through news releases, newspaper articles, or similar sources, and the "effective date" refers to the date on which the deal was completed (including scheduled completion dates). For transactions categorized as "capital participation," these transactions had already been completed as of the announcement date.
Note 3: In order of investment amount based on company announcements or media reports.
Source: Based on "MARR Pro" by RECOF DATA Corporation

Chart 2-25(5): Major Cross-Border M&A Deals in Japan (January 2024 to September 2025)

Target company (Transferring entity)	Sector	Acquiring company (Substantial acquiring entity *Note 1)	Country/ region of the acquiring company's ultimate parent company	Sector	Form	Outline	Publication date (Effective date) *Note 2	Values (100 million JPY) *Note 3
JTOWER Inc.	Information and communication	DB Pyramid Holdings LLC (Acquisition company) (Fund managed by Digital Bridge Group)	U.S.	Other finance (Investment fund)	Acquisition	Digital Bridge Group, a U.S. digital infrastructure investor, acquired JTOWER, a telecommunications infrastructure sharing business, through a TOB conducted via DB Pyramid Holdings LLC, a wholly owned U.S. subsidiary of Digital Bridge Group. The company has a proven track record of supporting global telecommunications networks. JTOWER seeks to strengthen its management foundation by adding Digital Bridge as a new partner. Following the TOB, the company aims to improve its competitive advantage by enabling swift decision-making and more flexible investment strategies through delisting, while accelerating the development of the infrastructure sharing business and strengthening cooperation with domestic telecom carriers and partner companies.	2024/8/15 (2025/01/09)	760
Sanwa Holdings Corporation	Nonferrous and metal products	Value Act Capital Management, L.P.	U.S.	Other finance (Investment fund)	Capital participation	Value Act Capital Management, L.P., an activist hedge fund based in San Francisco, acquired a 5.94% stake in Sanwa Holdings, a leading building materials company engaged in mainly producing shutters, doors for buildings and condominiums, and aluminum storefront system. The stated purpose of the holding stake is "to give advice on investment and management, and make important proposals according to circumstances." Going forward, the company will propose management strengthening measures to accelerate growth, such as improving management efficiency, optimizing capital policies, developing new markets, and reviewing the business portfolio. Sanwa Holdings is expected to strengthen its competitiveness by utilizing the overseas investor network and management expertise.	2024/9/26	667
Roland DG Corporation	Electric machinery	XYZ (Acquisition company) (Fund managed by Taiyo Pacific Partners, Roland DG's current management team)	U.S.	Other finance (Investment fund)	Acquisition (MBO)	Jointly with U.S. investment firm Taiyo Pacific Partners, Roland DG, a commercial printer manufacturer, conducted a TOB via XYZ, a company established by a fund managed and operated by Taiyo Pacific Partners, and subsequently took Roland private via a management buyout (MBO). The company is shifting away from a business structure that relies on low-solvent printers for the signage market, which accounts for about 40% of its sales, and is accelerating growth by promoting corporate reforms that utilize external management resources.	2024/2/9 (2024/09/05)	664

Note 1: If the tender offeror is an SPC (special purpose company), etc., the substantive acquiring entity is also listed.

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Note 2: The "announcement date" refers to the date on which the transaction was disclosed to the public through news releases, newspaper articles, or similar sources, and the "effective date" refers to the date on which the deal was completed (including scheduled completion dates). For transactions categorized as "capital participation," these transactions had already been completed as of the announcement date.

Note 3: In order of investment amount based on company announcements or media reports.

Source: Based on "MARR Pro" by RECOF DATA Corporation

Chart 2-25(6): Major Cross-Border M&A Deals in Japan (January 2024 to September 2025)

Target company (Transferring entity)	Sector	Acquiring company (Substantial acquiring entity *Note 1)	Country/ region of the acquiring company's ultimate parent company	Sector	Form	Outline	Publication date (Effective date) *Note 2	Values (100 million JPY) *Note 3
TOKYO GAS CO., LTD	Electricity and gas	Elliott Investment Management L.P.	U.S.	Other finance (Investment fund)	Capital participation	U.S. activist fund Elliott Investment Management L.P. acquired approximately 5% of Tokyo Gas shares and is urging the company to improve management efficiency and strengthen its capital policy. Tokyo Gas is taking measures focused on improving capital efficiency and enhancing corporate value, and announced plans to repurchase up to 40 billion yen worth of its own shares and to consider selling non-core assets, such as real estate. The company has clearly stated its intention to allocate the proceeds to growth investments and shareholder returns. Top management emphasizes its commitment to optimizing the business portfolio and enhancing competitiveness through constructive dialogue with external shareholders.	2024/11/20	650
NEC Networks & System Integration Corporation	Information and communications	Oasis Management Company	Hong Kong	Other finance (Investment fund)	Capital participation	Oasis Management Company, an investment fund registered in the British Cayman Islands, with an operational base in Hong Kong, has acquired a stake in NEC Networks & System Integration (purchasing 6.01% of its outstanding shares). The purpose of the holding stake is stated as "portfolio investment and making significant proposals." Subsequently, Oasis increased its shareholding through on-market transactions, raising its stake to 10.42% and then to 13.12%. At the time NEC announced the completion of its TOB, Oasis had further increased its stake to 15.22%.	2024/11/7	595
Shiseido Company	Chemicals (Cosmetics)	Independent Franchise Partners, LLP	U.K.	Other finance (Investment fund)	Capital participation	Independent Franchise Partners, an investment management firm based in London, U.K., has acquired 5.2% of Shiseido's common stocks. In response, Shiseido is promoting structural reforms to improve profitability by undertaking initiatives to identify areas for improvement in earnings and capital efficiency by business unit, while visualizing their respective contributions to overall corporate value. Going forward, the company plans to expand these reforms globally and establish a sustainable profit structure. Management is actively communicating its results and plans, and appealing to shareholders and the market about its ability to execute and its commitment to increasing corporate value.	2025/2/20	581

Note 1: If the tender offeror is an SPC (special purpose company), etc., the substantive acquiring entity is also listed.
Note 2: The "announcement date" refers to the date on which the transaction was disclosed to the public through news releases, newspaper articles, or similar sources, and the "effective date" refers to the date on which the deal was completed (including scheduled completion dates). For transactions categorized as "capital participation," these transactions had already been completed as of the announcement date.
Note 3: In order of investment amount based on company announcements or media reports.
Source: Based on "MARR Pro" by RECOF DATA Corporation

3. Initiatives to Expand FDI into Japan Entering a New Phase

The Japanese Government revised upward the target for the FDI stock from 100 trillion yen to 120 trillion yen in 2030, further have its policy to aim for 150 trillion yen as early as possible in the early 2030s. As part of its growth strategy, the Japanese Government will be committed to pursuing the expansion of FDI in Japan more vigorously than ever before.

Section 1: Relevant Policies of the Japanese Government

1. Basic Policy on Economic and Fiscal Management and Reform 2025

■ Aiming to realize a growth-oriented economy driven by wage increases while responding to U.S. tariff measures, rising prices, and geopolitical risks

Amid growing uncertainty in the global economy, the public and private sectors in Japan are working together to address challenges toward ensuring sustained economic growth, even under the condition of declining population. At present, Japan's nominal GDP has exceeded 600 trillion yen, and wage increases have surpassed 5% for two consecutive years, indicating that a virtuous cycle in the economy has begun to take shape.

Against this backdrop, the Basic Policy on Economic and Fiscal Management and Reform 2025, commonly referred to as the Basic (Honebuto) Policy 2025 was approved by the Cabinet in June 2025. In this policy, the government sets out its aim to realize "a new Japan and an enjoyable Japan," where sustainable economic growth and the well-being of people's lives are promoted, enabling citizens to truly feel that "Tomorrow will be better than today" and foster a stronger sense of attachment to their local communities. At the same time, the policy calls for thorough preparations and responses to immediate risks, such as U.S. tariff measures and rising prices, as well as efforts to realize a growth-oriented economy driven by wage increases. To this end, it has identified four key policy initiatives: (1) Spreading and keeping wage increases above price hikes, (2) Promoting Regional Revitalization 2.0 and addressing regional social issues, (3) Increasing future wages and income through "Stimulating Japan's Investment Power" and "Promoting Japan as a Leading Asset Management Center," and (4) Ensuring the safety and security of the people.
Of these, item (2) outlines initiatives consisting of five pillars, including the Local Innovation and Creation Initiative, and states that they will be promoted as part of "the Reiwa Era remodeling of the Japanese archipelago." Item (3) reaffirms the continued promotion of GX (green transformation) and DX (digital transformation), the development of new frontiers, support for startups, incorporation of overseas vitality, and realization of Japan as a "Leading Asset Management Center." As one of the measures to attract overseas vitality, the government indicated its policy to raise the target for inward foreign direct investment (FDI) stock in Japan in 2030 from 100 trillion yen to 120 trillion yen, and further to aim for 150 trillion yen as early as possible in the first half of the 2030s (Chart 3-1).

In addition, the Basic Policy 2025 sets out measures aimed at realizing a sustainable economic and social system over the medium to long term. These include promoting the Economic and Fiscal Revitalization Plan; identifying key issues and policy directions for major fields such as social security, measures to address the declining birthrate, education reform, infrastructure development, and the strengthening of local fiscal foundations; and reviewing and revising public systems in line with rising prices.

Chart 3-1: Increasing future wages and income through "Stimulating Japan's Investment Power" and "Promoting Japan as a Leading Asset Management Center"

No.	Measures	Outline
1	Promotion of Green Transformation (GX)	• Over 150 trillion yen in GX-related investments over 10 years through public-private collaboration • Reactivation of nuclear reactors with the understanding of local communities • Consideration of proper systems for waste disposal, recycling, and resource recovery in relation to the circular economy
2	Promotion of Digital Transformation (DX)	• Social implementation of digital technologies • Research & development and utilization of AI • Mass production of next-generation semiconductors and development of digital talent • Digital administrative and fiscal reform, digital government • DX in healthcare, long-term care, education, logistics, disaster management, etc.
3	Developing Frontiers	• Support through the Space Strategy Fund • Support for technological development of AUVs (Autonomous Underwater Vehicles) and other technologies
4	Promoting Advanced Science and Technology	• Establishment of international talent mobility and circulation and strengthening of the development of human resources in science and technology • Promotion of research and development in quantum technology, fusion energy, materials, etc.
5	Support for Startups	• Promotion of the Startup Development Five-year Plan
6	Leveraging Overseas Vitality	• Request the U.S. to reconsider its tariff measures, enhancing economic connectivity with like-minded countries through cooperation • Expanding trade and investment by promoting trade digital transformation, promoting the overseas expansion of digital-related services, and strengthening trade insurance risk response capabilities • Support for exports and overseas expansion by SMEs, and the Support Program for 10,000 New Exporters • Overseas expansion of the content industry through the Creator Support Fund • Promotion of FDI in Japan, persue the targets to increase Japan's inward FDI stock to 120 trillion yen in 2030 and to 150 trillion yen at the earliest possible time in the early 2030s • Provision of opportunities for technology demonstration and dissemination, international exchange, and business matching at the Expo 2025 Osaka, Kansai, Japan
7	Promoting Japan as a Leading Asset Management Center	• Further enhancement of the NISA system, improvements in the management for corporate DC (corporate-type defined contribution pension plans) and iDeCo (individual defined contribution pension plans), and corporate governance reform

Source: Based on "Basic Policy on Economic and Fiscal Management and Reform 2025" by the Cabinet Office

2. Program for Promotion of Foreign Direct Investment in Japan 2025

■ Presenting a concrete plan with 5 pillars and 32 measures

To encourage inward foreign direct investment (FDI), the Government of Japan regularly convenes meetings such as the Council for the Promotion of Foreign Direct Investment in Japan with experts to discuss and propose necessary improvements to the business environment and policy measures.

In April 2023, the Council compiled 100 measures to promote inward FDI as part of the Action Plan for Attracting Human and Financial Resources from Overseas (hereinafter referred to as the "Action Plan"). And the Task Force for Attracting Human Resources and Capital from Overseas (hereinafter referred to as the "Task Force"), established to advance the Action Plan, has been following up on each measure, while also discussing issues that require accelerated and deepened efforts. In parallel, the Cabinet Office has conducted hearings with relevant organizations. Based on these discussions and findings, the Council compiled the Priority Program for Attracting Foreign Direct Investment (hereinafter referred to as the "Priority Program") in May 2024, which outlines the key issues requiring focus efforts—selected from the 100 measures of the Action Plan as well as additional challenges that had been identified—and specific policies in response to these issues.

As of the end of 2024, Japan's inward FDI stock reached 53.3 trillion yen, more than doubling over the decade from 23.7 trillion yen at the end of 2014. To further accelerate this momentum, the Task Force has engaged in ongoing discussions on policies to enhance and strengthen the measures, while conducting follow-up reviews of the items set out in the Priority Program (Chart 3-2).

Based on these discussions, the 13th Meeting of the Council for the Promotion of Foreign Direct Investment in Japan was convened in June 2025. At the meeting, the Government set targets to increase Japan's inward FDI stock to 120 trillion yen by 2030 and to 150 trillion yen at the earliest possible time in the early 2030s and announced the Program for Promotion of Foreign Direct Investment in Japan 2025 (hereinafter referred to as the "Promotion Program"), which consists of 5 pillars and 32 measures (Chart 3-3). The Promotion Program outlines priority issues to be addressed going forward, as well as specific measures to be taken, based on discussions held within the Task Force and the results of hearings conducted with relevant organizations, primarily by the Cabinet Office.

In addition, in April 2025, a group of like-minded Liberal Democratic Party (LDP) lawmakers launched the Parliamentary League for the Expansion of Investment in Japan. The group has been examining the current status of inward investment in Japan and related institutional challenges from multiple perspectives, with the aim of advancing policy recommendations. The league's recommendations are reflected in the Promotion Program.

Chart 3-2(1): Initiatives and Issues Based on "Priority Program for Attracting Foreign Direct Investment" (2024)

No.	4 Pillars of the Priority Program	10 Policy Measures	Past Initiatives	Issues
1	Expanding Investment Opportunities in Japan	1) Ensuring implementation of "Comprehensive Economic Measures to End Deflation Completely," and its PR	• Conducted a total of seven follow-ups on the economic measures for FY2023 and FY2024 to promptly implement the measures. • Provided briefings on the content and progress of the economic measures to 34 embassies and organizations in Tokyo (December, 2024).	• It is expected that, beyond economic measures, regular information sharing and exchanges of views will be conducted with embassies in Tokyo and other relevant parties to raise awareness of Japan's economic trends and initiatives to support FDI in Japan.
		2) Identifying the challenges for foreign companies in making follow-on investments in Japan	• Identified issues through the meetings of "Follow-up Council for Regional Investment Promotion"* and other councils. Note *: In FY2024, meetings were held nationwide, including Kinki, Chubu, Hokkaido, Kobe, and Hiroshima regions, with participation from more than 80 municipalities and organizations.	• Foreign companies have limited opportunities to connect with new business partners in Japan after entering the market. • Local governments are expected to implement strategic public relations leveraging their unique characteristics.
		3) Promoting activities abroad to attract FDIs in Japan by the FDI Task Forces established in five diplomatic missions (U.S., U.K., France, Germany, and Australia)	• Expanded the number of FDI Task Force locations from 5 to 11*. Note*: In addition to New York, London, Paris, Düsseldorf, Sydney, newly established Los Angeles, Toronto, Singapore, Amsterdam, New Delhi, Dubai sites. • Conducted a total of 35 promotional activities, including seminars mainly focused on startups and finance. Facilitated the visit of a U.K. business delegation to Japan in conjunction with the Expo. • Created a new leaflet to support activities for attracting FDI and provided it to overseas diplomatic missions, including the FDI Task Force. In addition, with the cooperation of relevant ministries and agencies, conducted online capacity-building training for officers in charge of investment promotion.	• It is expected that FDI Task Force offices will be provided with information tools necessary for their conducting investment promotion activities.

Source: Based on "The Follow-up on Priority Program for Attracting Foreign Direct Investment" (April 1, 2025) by the Cabinet Office

(Continued on the next page)

Chart 3-2(2): Initiatives and Issues Based on "Priority Program for Attracting Foreign Direct Investment" (2024)

No.	4 Pillars of the Priority Program	10 Policy Measures	Past Initiatives	Issues
2	Securing Highly Skilled Foreign Human Resources from Asia and Other Regions	4) Conducting comparative study with overseas on securing human resources in the semiconductors and other key fields	• Completed surveys on four regions (Hokkaido, Gunma Prefecture, Hiroshima Prefecture, and Kobe City) (March 25). Conducted a comparative study of industrial hubs in countries such as the United States and Taiwan* that could compete with Japan, and presented measures to be taken by each of the four regions. Note *: Hokkaido: U.S., Taiwan, Germany; Gunma Prefecture: Thailand, Vietnam, U.S.; Hiroshima Prefecture: Taiwan; Kobe City: South Korea, among others.	• Support for implementing initiatives aimed at attracting investment in the four regions • Addressing the needs of local governments outside the four regions
		5) Conducting needs survey on residential status and exploring possible measures based on the result of the survey	• Conducted a questionnaire survey targeting highly skilled foreign professionals residing in Japan (10,000 individuals) and companies (10,000 firms) regarding the current residence status system and support programs.	
		6) ① Attracting world-class researchers ② Expanding the acceptance of highly educated foreign students from Southeast Asia, India, and other economies, and supporting their employment in Japan	① • In order to attract world-class researchers to WPI centers*1,*2, conducted a survey targeting approximately 600–700 young researchers in Japan and abroad regarding their choice of research institutions (November 2024). • Organized and identified issues related to the promotion of the entire WPI initiatives (March 2025). Note*1: WPI centers are primarily formed by universities and other institutions through the World Premier International Research Center Initiative (WPI). Currently, there are currently 18 centers in Japan. Note*2: The goal is to increase the proportion of foreign researchers at each center to at least 30% by FY2030. ② • Implemented initiatives such as strengthening local recruitment functions through the establishment of new international student recruitment bases (Indonesia in September 2024, Malaysia in December 2024) and enhancement of staffing (India in October 2024), expanding scholarship quotas, and promoting inter-university collaboration with quality assurance measures such as mutual credit recognition. • Support initiatives to promote employment of international students, such as internships and career education conducted by universities in collaboration with local governments and industry, to encourage their retention in Japan (three universities).	① • Percentage of foreign researchers at WPI centers (as of the end of FY2023): 37.4% Among the 18 centers, four have a ratio of less than 30%. It is necessary to further increase the number of foreign researchers, focusing on these centers. ② • Since the acceptance of students from India is limited, it is necessary to strengthen inter-university exchanges as a main measure to increase the number of Indian students. • Further retention of international students in Japan is anticipated.

Source: Based on "The Follow-up on Priority Program for Attracting Foreign Direct Investment" (April 1, 2025) by the Cabinet Office

(Continued on the next page)

Chart 3-2(3): Initiatives and Issues Based on "Priority Program for Attracting Foreign Direct Investment" (2024)

No.	4 Pillars of the Priority Program	10 Policy Measures	Past Initiatives	Issues
3	Promoting Collaborations between Domestic and Foreign Companies	7) Supporting business matching between Japanese and foreign companies, and disseminating case studies for collaboration and considering necessary measures	• A total of 104 pitch events were held by JETRO and other organizations, with approximately 5,100 participants, achieving 24 collaboration and partnership projects (target: 17) (as of the end of February 2025). • Compiled the "Case Studies relating to Collaborations and Joint Ventures between Japanese and Foreign Companies in Japan" (April 2024), and promoted awareness through seminars and other channels (11 sessions conducted against a target of 6).	• In addition to matching between companies, matching among regional ecosystem stakeholders (such as local governments, venture capital firms, incubators, and research institutions) is also beneficial. • It is necessary for Japanese companies to deepen their understanding of collaboration and cooperation with foreign companies and the utilization of overseas capital as one of the options in business strategy, focusing on how to proceed them and what points to note.
		8) ① Complying with international standards on performance evaluation of VC funds made by investors ② Promoting disclosure of indicators that are important for corporate management"	① • On March 11, 2025, the Accounting Standards Board of Japan (ASBJ) issued the ""Revised Practical Guidelines on Accounting for Financial Instruments,"" which allows fair value measurement of investment interests in partnerships held by companies (including unlisted shares contained in the assets of such partnerships). • The revised guideline is applicable for fiscal years beginning on or after April 2026 (early adoption permitted for the fiscal year beginning on or after April 2025). ② • In November 2024, the Financial Services Agency (FSA) published the FY2024 edition of the "Reference Casebook of Good Practices on the Disclosure of Narrative Information," and has updated as needed by theme. • At the study session on the casebook of good practices in narrative information disclosure held in February 2025, examples of disclosures of important indicators for corporate management were presented. • In March 2025, the casebook of good practices in disclosure of key management Indicators was published.	①② • Effective communication and outreach to companies are necessary.
4	Improving Business and Living Environments	9) Promoting English-language documentation and one-stop procedures for establishing corporations	• Based on the ""Policy Package to Achieve Special Zones for Financial and Asset Management Businesses"" (June 4, 2024), the following initiatives were implemented in the Special Zones for Financial and Asset Management Businesses (Hokkaido and Sapporo City, Tokyo, Osaka Prefecture and Osaka City, Fukuoka Prefecture and Fukuoka City). - Notification related to health insurance and related filings at the time of corporate establishment (October 2024): At one-stop centers established by local governments, with support from municipal interpreters, documents prepared in English by foreign companies are converted into Japanese by national administrative agencies and then accepted. - Commercial registration and certification of the articles of incorporation (February 2025): At one-stop centers established by local governments, with support from municipal interpreters, application support tools provided by the Ministry of Justice (with input and selection in English, allowing users to generate Japanese application forms and related documents) are utilized. • Regarding the documents to be submitted for application for certificate of eligibility for the ""Business Manager"" status of residence, the Immigration Services Agency clarified on its website in FY2024 that Japanese translations were not required for certain standardized documents.	• Expanding target municipalities based on needs of local governments outside the "Special Zones for Financial and Asset Management Businesses" • Supporting the establishment of support systems in the target municipalities
		10) Streamlining and expediting bank account opening procedures	• Based on the example of support provided to foreign nationals applying for account opening in Fukuoka City, a framework was developed and operations commenced (March 2025) at one-stop centers established by local governments in the Special Zones for Financial and Asset Management Businesses (Hokkaido and Sapporo City, Tokyo, Osaka Prefecture and Osaka City, Fukuoka Prefecture and Fukuoka City).	• Expanding target municipalities based on needs of local governments outside the "Special Zones for Financial and Asset Management Businesses" • Supporting the establishment of support systems in the target municipalities

Source: Based on "The Follow-up on Priority Program for Attracting Foreign Direct Investment" (April 1, 2025) by the Cabinet Office

Chart 3-3: Program for Promotion of Foreign Direct Investment in Japan 2025: 5 Pillars and 32 Measures

No.	Program for Promotion of Foreign Direct Investment in Japan 2025: 5 Pillars	32 Measures
1	Promoting New and Follow-On Investments	(1) Support for capital investment in the strategic areas (Green Transformation (GX), Digital Transformation (DX), Life Sciences, etc.) (2) Support for both hardware and software initiatives by local governments (3) Securing land for industrial use • Supporting development of related infrastructure in industrial parks that local governments undertake for strategic fields • Considering necessary legal amendment in order to strengthen support for the development of industrial land • Examining the soil contamination countermeasure legislation • Considering necessary measures to facilitate the utilization of land with unknown ownership (4) Utilization and development of systems to attract foreign companies • Considering regulatory and institutional reforms and financial support regarding local governments • Considering support and institutional measures necessary for GX and DX industrial location and business attraction (5)-1 Establishment of a new attraction system through collaboration among the national government, local governments, and the private sector (5)-2 Strengthening attraction system in JETRO
2	Improving Investment Environment	(1) Establishment of a startup ecosystem to collaborate with foreign companies and investors • Selecting new second-phase startup ecosystem cities • Providing support for increasing foreign investment in startups (2) Consideration of measures to encourage investment from foreign LPs (limited partners) (3) Support for matching and collaboration between foreign and domestic companies • Supporting business matching, collaboration, and partnerships between foreign and domestic companies through JETRO • Identifying issues related to collaboration and partnerships between foreign and Japanese companies (4) Consideration of amendment of the companies act, including the promotion of dialogue between companies and shareholders (investors). (5) Improvement of accounting standards and disclosure as an environment conducive to investment by foreign investors • Changing VC fund's performance evaluation by investors in compliance with the international standard • Promoting disclosure of key management indicators
3	Improving Business and Living Environments	(1) Providing English-language and one-stop services for incorporation procedures (2) Expediting and facilitating procedures for opening bank accounts (3) Promotion of English translation of Japanese laws and regulations (4) Improvement of the educational environment for the children of highly skilled foreign professionals (5) Multilingual support in medical institutions (6) Facilitating housing acquisition for highly skilled foreign professionals
4	Securing High Skilled Human Resources from Asia and Other Regions Who Support FDI Business in Japan	(1) Consideration of reviewing the status of residence (2) Expanding acceptance of excellent foreign students from Southeast Asia, India, etc. and providing employment support (3) Attracting world-class researchers (4) Measures to secure human resources in key sectors, including semiconductors, at the regional level
5	Strengthening Public Relations and Promotional Activities	(1) Publicization of macroeconomic trends, support for FDI in Japan, and other priority economic policies • Providing regular briefings to embassies and institutions in Tokyo on the government's key economic policies and related matters • Holding regular meetings with the G7 Members' Chambers of Commerce in Japan to exchange opinions (2) Attraction activities of FDI Task Force at 11 established sites (3) Support for strategic regional initiatives

Source: Based on "Program for Promotion of Foreign Direct Investment in Japan 2025" (June 2025) by the Cabinet Office

3. Amendment of the Cabinet Order on Inward Direct Investment

■ Tightning screening on foreign investors deemed to undermining Japan's security and other national interests

Amid increasing complexity in the international situation and structural changes in socio-economic conditions, the security issues are expanding into the economic sphere. In the context of inward foreign direct investment (FDI) and similar activities, concerns related to economic security—such as the risk of technology and information leakage—have been growing.

To respond to these developments, in April 2025, the Cabinet approved the "Cabinet Order Partially Amending the Cabinet Order on Inward Direct Investment" under the Foreign Exchange and Foreign Trade Act (FEFTA), introducing new criteria to the inward FDI screening system.

Overview of the FDI Screening System

- When a foreign investor makes an inward FDI in a company that operates in designated business sectors specified from the perspective of Japan's national security and other considerations (including cases where a subsidiary of the company engages in such a designated business sector), a prior-notification subject to screening is required.
- If a foreign investor complies with certain criteria, such as not being involved in the management of the target company, prior-notification is exempted, except in the case of investments by foreign governments, etc. (the prior-notification exemption system).

Additional category

Added in this revision	Definition	Prior-notification Exemption
Specified Foreign Investors (Type-A Investors)	Foreign investors falling under either of the following categories (Information Collection Obligated Entity, etc.) (1) Organizations or individuals who have obligations to cooperate with foreign governments or other equivalent entities in collecting information related to Japan's national security through inward direct investment and disclosing such information to them based on agreements with the foreign government/equivalent authority, or foreign laws and regulations. (2) Organizations or individuals that bear the above obligation and the foreign governments or other equivalent entities that impose such obligation on those organizations or individuals, which fall under any of the following categories: • An organization holding 50 percent or more of voting rights, shares, or capital • An organization in which one-third or more of the officers are occupied, etc.	Not applicable
Quasi-Specified Foreign Investors (Type-B Investors)	Investors who do not formally meet the requirements of a Type-A Investor but fall under any of the following categories • Those recognized as being under the substantial control of decision-making by an Information Collection Obligated Entity (as defined in (1) above) • Those whose substantive headquarters are located in a country or region other than the country of incorporation and are subject to the laws and regulations of such country concerning information-gathering activities • Those who, by virtue of a contract with an Information Collection Obligated Entity, etc. (as defined in (1) and (2) above), or a contract with a party that has entered into such contract (including each agreement when having chains of similar agreements), bear an obligation to disclose information for the purpose of cooperating with the information-gathering activities of a foreign government or other equivalent entities	Applicable within a specified scope
Designated Core Business Entities	Businesses designated as the "Specified Essential Infrastructure Service Providers"* under the Economic Security Promotion Act, of which conduct business activities in the core sectors Note*: Businesses subject to regulations to prevent critical facilities of essential infrastructures from being misused from outside Japan as a means of disrupting the stable provision of services.	Applicable within a specified scope

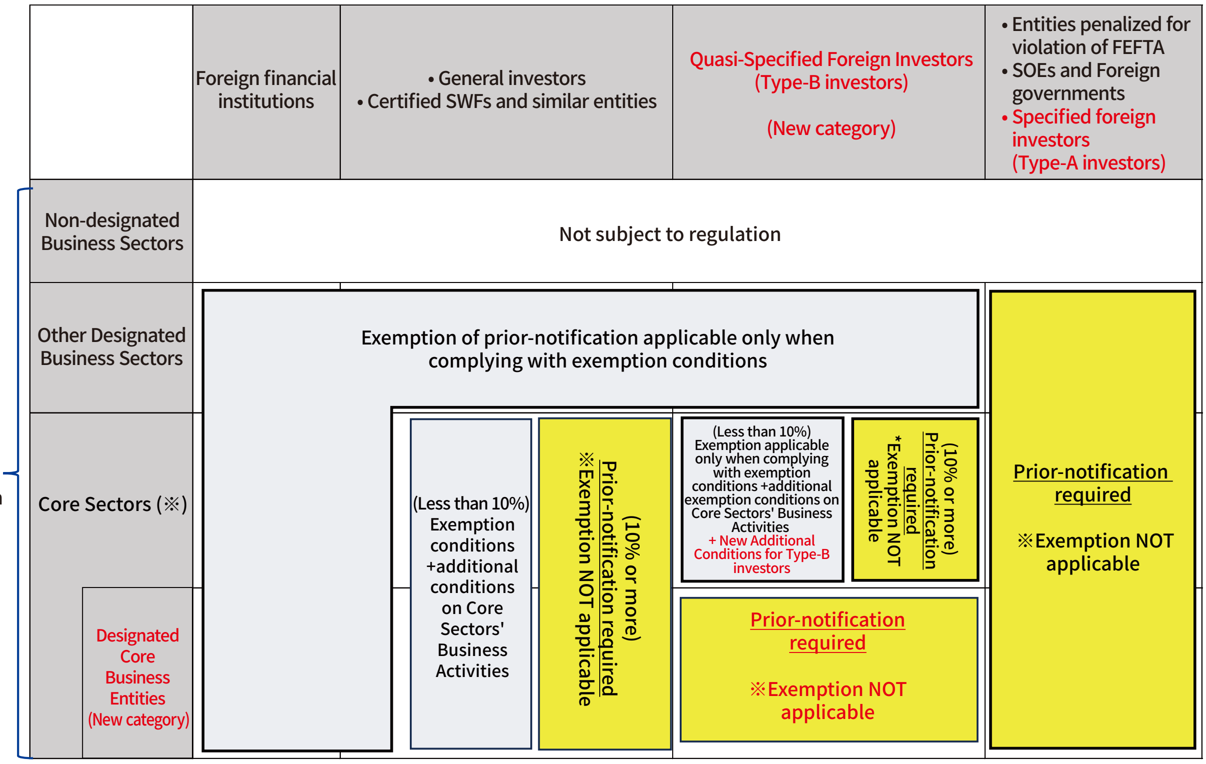
Source: Based on "The Cabinet approved the Amendment of Cabinet Order on Inward Direct Investment." in the Ministry of Finance's website

Revised Exemption Scheme for Prior-notification Requirement

(In red: Added in this revision)

<In case of acquisition of listed shares>

As for the shares of a listed company, prior-notification is required for acquisition of 1% or more of shares



<For unlisted stocks>

With regard to the acquisition of shares in core sectors, prior notification has always been required for all foreign investors. For the acquisition of shares in other designated sectors, as with listed shares, this amendment adds Specified Foreign Investors to the category of entities obligated to submit prior notification.

(*)"Core Sectors" means Manufacturing and repair industries related to weapons, aircraft, space development, and nuclear power; software industry; manufacturing industry for general-purpose products with potential military applications; manufacturing industry for pharmaceuticals for infectious diseases; manufacturing industry for highly controlled medical devices; metal mining and smelting industries related to critical mineral resources; construction industry for development of designated remote island port facilities and related infrastructure; import industry for fertilizers (such as potassium chloride); manufacturing industry for permanent magnets and related materials; manufacturing industry for machine tools and industrial robots; manufacturing industry for semiconductor production equipment; manufacturing industry for storage batteries and related materials; manufacturing industry for ship components (such as engines); manufacturing industry for metal 3D printers and metal powders; cybersecurity-related industries; infrastructure-related industries, and other related sectors.

Source: Based on "The Amendment of Cabinet Order on Inward Direct Investment." in the Ministry of Finance's website

Section 2
Interview

Professor, Waseda University
Yasuyuki Todo

Director-General, Innovation Department, JETRO
Takeo Nakajima

Spillover Effects of Inward Foreign Direct Investment Promoted by "Collaboration Facilitation Support"

The entry of foreign companies into the Japanese market brings about multifaceted benefits, including job creation, promotion of innovation through international joint research and technology exchange, and the resulting improvement in productivity and competitiveness of Japanese companies. In this context, JETRO conducted a dialogue with Professor Yasuyuki Todo of Waseda University's Faculty of Political Science and Economics, an international economics expert who researches the economic impact of inward foreign direct investment (FDI). We discussed the significance, challenges, countermeasures, and future direction of inward FDI, aimed at strengthening Japan's economy.

Date: October 28, 2025
Participants:
- Yasuyuki Todo, Professor, Waseda University
- Takeo Nakajima, Director-General, Innovation Department, JETRO
Moderator: Taku Miyazaki, Director, Strategic Planning Division, Innovation Department, JETRO

An Era of Creating Innovation Leveraging Global Partnerships

(Titles omitted below)

Miyazaki(Moderator): In June 2025, the Japanese government raised its target for inward FDI stock in 2030 from 100 trillion yen to 120 trillion yen and further announced its aim to reach 150 trillion yen as early as possible in the early 2030s. With the momentum for promoting inward FDI growing, I would first like to ask you about the effects of inward FDI as seen from your research.

Todo: It goes without saying that inward FDI creates domestic employment. However, I want to emphasize that its impact on the Japanese economy goes far beyond that. Foreign companies that can invest in Japan generally possess advanced technologies, which spill over to domestic companies across various industries. It has the effect of enhancing productivity and sales and driving economic growth, through interactions and knowledge sharing among engineers from Japan and abroad, joint research projects between foreign companies and Japanese universities, and the introduction of new business models and management practices not previously seen in Japan, and this has been empirically proven by firm-level data*[1].

Professor, Waseda University
Yasuyuki Todo

Nakajima: JETRO has been working to promote inward FDI to Japan for over 20 years. When we first launched, the amount of inward FDI was extremely small, so our focus was on quantitative expansion. In recent years, however, we have shifted toward attracting companies that can drive innovation and strengthen Japan's economic growth and its competitiveness. After World War II, Japan developed by strengthening the competitiveness of its domestic companies, but as is the case in many other countries, the time has come for foreign companies to serve as another engine of economic growth. This fosters healthy competition, sparks innovation, and expands domestic business opportunities.

Todo: Relying solely on domestic innovation is no longer sufficient for achieving robust growth. Other advanced economies are also creating innovation through inward FDI and international joint research. While some developing countries rely excessively on inward FDI, often failing to link it to their own innovation, China and Singapore have not only leveraged foreign investment but also strengthened domestic innovation in recent years, contributing to their national development. Both elements—creating innovation domestically and absorbing technology from abroad—are essential.

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*1: Source: Todo Y. 2006. Knowledge Spillovers from Foreign Direct Investment in R&D: Evidence from Japanese Firm-Level Data. Journal of Asian Economics. 17; 996-1013.

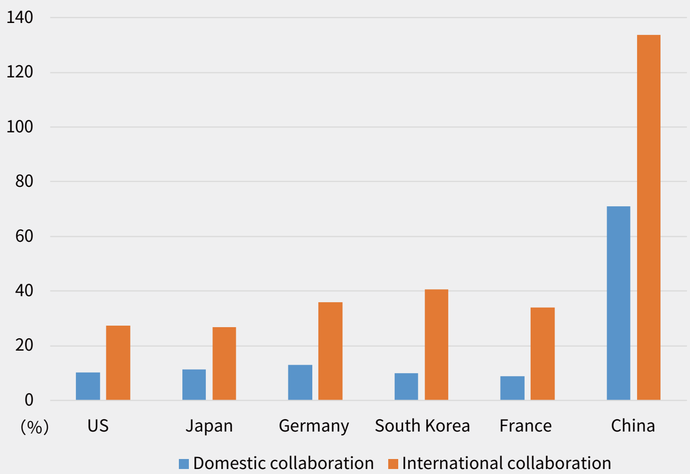
The Key to Maximizing Impact Lies in Connections in Technology and Research

Miyazaki (Moderator): What do you think are the essential factors to widely disseminate advanced technologies and innovations from overseas into Japan and maximize their impact?

Todo: Our research has revealed two key conditions. The first is that foreign companies are strongly connected to domestic companies through supply chains. The second is that both sides engage in technological collaboration through joint research. In other words, it is not enough for foreign companies to simply be present in Japan; it is crucial that both sides are connected in some way.

As empirical research related to the first point, researchers at Osaka University have demonstrated that foreign companies enhance the productivity of upstream and downstream domestic companies through the supply chain. Regarding the second point, my own research has shown the effectiveness of international joint research. Compared to domestic joint research, international collaborations tend to have a higher number of patent citations (see figure). Furthermore, inward FDI involving the establishment of R&D facilities has been found to have a significant positive impact on improving the productivity of domestic companies.

The Impact of Joint Research on Patent Citations as an Indicator of Innovation Quality



Source: Iino T, Inoue H, Saito YU, Todo Y. 2021. How Does the Global Network of Research Collaboration Affect the Quality of Innovation? Japanese Economic Review. 72; 5-48.

Nakajima: That is highly insightful. From what you've just said, I feel that Japan is a country where the effects of inward FDI are more likely to materialize. In countries at an early stage of economic development, it is often the case that they merely assemble imported parts for export. In such situations, employment increases, but the technological spillover to local companies is limited. In Japan, foreign companies entering the market and domestic companies operate on equal footing, making it easy to generate synergistic effects.

Demonstrating a Commitment to Open Innovation to Make Japan a Preferred Investment Destination

Miyazaki (Moderator): What measures do you think would be effective in maximizing the impact of attracting foreign companies through collaboration and cooperation with domestic companies?

Todo: First and foremost, providing information support is critical. When companies expand overseas, it is generally not easy to obtain information about potential investment destinations. Japan should actively share information abroad about what kinds of companies, suppliers, business partners, and customers exist here. Moreover, support after attracting foreign companies is equally critical. It is essential to create an environment and systems that enable smooth connections between companies and allow foreign companies to collaborate effectively with Japanese businesses—such as helping them build networks with local businesses in the regions where they operate.

Nakajima: JETRO actively supports partnerships between foreign and Japanese companies and research institutions. For example, in 2022, Singapore-based AI diagnostic imaging company FathomX signed a joint research agreement with the National Cancer Center Hospital East through JETRO's arrangement. Subsequently, in 2024, the company established a base in Japan, and JETRO has continued to provide support through initiatives such as demonstration subsidy programs.
To further strengthen support for such collaborations, JETRO launched J-Bridge (Japan Innovation Bridge), a business platform connecting domestic and overseas companies, universities, and research institutions and assists in forming collaborative projects such as technology partnerships, pilot projects, and joint research. We believe it is important to show the world that Japanese universities and research institutions welcome open innovation and JETRO is committed to promoting this message even more vigorously.

Director-General,
Innovation Department, JETRO
Takeo Nakajima

Creating Attractive Regional Investment Environments through Human Resource Development and Integrated Urban Development

Miyazaki (Moderator): Next, I would like to ask about the challenges Japan faces in promoting inward FDI, and how we should overcome them.

Todo: Whether attracting foreign companies or connecting domestic and international players to maximize the impact of such investments, what is needed is human resources capable of working effectively in diverse, international settings. It is crucial to understand foreign business perspectives and to translate that understanding into mutual benefit. However, Japan still lacks such talent, particularly in STEM fields and regional cities. One effective approach would be policies to bring back individuals with advanced education or professional experience acquired overseas, which would require raising salary levels. At the same time, we should also focus on domestic talent development—providing opportunities for international exchange at an early age and promoting studying abroad during their student years, to foster a global mindset.

Nakajima: The shortage of talent has been identified as the biggest challenge in JETRO's annual "Survey on Business Operations of Foreign-Affiliated Companies in Japan,"*2 and it could become a barrier to business expansion, entry into regional cities, and new business development. The employment rate in Japan among international students is 51.6%*3; retaining highly skilled talent in Japan and enabling them to play an active role in business with foreign companies are also crucial. To this end, JETRO offers programs, including courses that introduce job opportunities at foreign-affiliated companies to students at major universities.

Todo: Another challenge is that inward FDI tends to be concentrated in the Tokyo metropolitan area, and it rarely reaches regional cities. One reason is that the living environments for foreigners are not sufficiently developed. In particular, there is strong interest in education for their children, and international schools are one of the key factors in attracting foreign companies. The recent progress in establishing such schools in places like Kumamoto and Hiroshima is a positive trend.

Nakajima: Recently, regional cities are increasingly establishing incubation facilities and research labs as part of their urban development, attracting domestic and international startups and accelerators. For municipalities, urban development is a policy area that they can actively pursue, and it also contributes to creating a more comfortable living environment for foreigners. Examples include the area around ES CON FIELD HOKKAIDO in Hokkaido, UMEKITA (the north area of Osaka Station) in Osaka, and KASHIWANOHA in Chiba Prefecture. Building such environments where regional revitalization and diverse talent coexist offers a big new business opportunity to Japan. It will also contribute to regional revitalization and the expansion of inward FDI.

Maintaining Some Flexibility in Investment Attraction Efforts While Focusing on Strategic Areas

Miyazaki (Moderator): Going forward, what direction should the Japanese government and JETRO take in attracting foreign companies? We would appreciate your insights.

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*2: According to the results of JETRO's Survey on Business Operations of Foreign-Affiliated Companies in Japan 2024, the top two items where companies particularly expect improvement in their business activities in Japan were "securing general personnel" (21.7%) and "securing highly skilled personnel" (18.0%) (multiple responses).

*3: Results of the 2023 Survey on Career Paths of International Students (May 2025, Japan Student Services Organization).

Todo: From the perspective of economic security, even when it comes to inward FDI, Japan should not accept it without limits. In October 2025, the new administration was launched and Prime Minister Takaichi issued a directive to all cabinet ministers, which mentioned the "enhancement of screening for inward direct investment in Japan." This direction is a positive step, and we should attract investments that truly benefit Japan after proper screening. However, excessive regulation would hinder investment, so it is essential to clarify the rules, ensure transparent implementation, and actively disseminate this information overseas.

Nakajima: I agree. Considerations for economic security are crucial, and in the context of global supply chain restructuring, Japan should not adopt a stance of "any investment is welcome." Instead, we should focus on attracting strategic industries, companies, and technologies that Japan needs. Both the government and JETRO are shifting toward this direction. Focusing on areas such as semiconductors and microelectronics, life sciences, and decarbonization, JETRO is actively engaging in investment promotion by leveraging its overseas network.

Todo: Of course, it is important to define priority areas, such as semiconductors, which are currently a focus of countries around the world, but data also show that a competitive and open environment tends to deliver better results as an industrial policy in the long term. Rather than focusing too narrowly on specific companies or sectors, it is desirable to conduct investment promotion activities maintaining an aspect that does not overly restrict the scope, and leaving room for industries with latent potential.

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Section 3

Discussion

Managing Director of
Techstars Tokyo
Yuki Shirato

AssetHub CEO
Takuya Goto

Deputy Director-General,
Innovation Department, JETRO
Head of JETRO Startup
Noriya Tarutani

The Role of Overseas Capital and Key Support Organizations in Building a World-Class Startup Ecosystem

The growth of Japanese startups has been remarkable. Over the past decade, the number of companies that have raised funds has increased by more than 1,000, and the total amount of funding raised has expanded more than fivefold. However, compared with other advanced startup ecosystems around the world, Japan still faces challenges in producing startups that can scale globally, as reflected in its relatively small number of unicorns*1. In order to further increase the number of world-class startups originating in Japan, as well as attract excellent startups from overseas while strengthening the overall ecosystem, it is necessary to promote globalization—not only by bringing in overseas risk capital, but also by incorporating advanced know-how, human resources, and cultural practices from leading regions of the world.

For this discussion, we invited Yuki Shirato, Managing Director of Techstars Tokyo—U.S.-based and one of the world's largest pre-seed investors, which established its Japan office in 2024—and Takuya Goto, CEO of AssetHub, a portfolio company of Techstars. We asked them about the current state and future outlook of Japan's startup ecosystem.

[The event was held on October 3, 2025, moderated by Noriya Tarutani, Deputy Director-General, Innovation Department, JETRO (Head of JETRO Startup)]

*1: A "unicorn" refers to a privately held startup company valued at over $1 billion.

Do We Have Entrepreneurs in Japan with a Global Mindset?

(Titles omitted below)

Tarutani (Moderator): Thank you for joining us today for this roundtable discussion, a new initiative under the JETRO Invest Japan Report. In this context, while JETRO's Startup Division primarily supports Japanese startups in expanding overseas, today we will focus on the significance of attracting overseas capital and investors to revitalize Japan's startup ecosystem. To begin, I'd like to ask each of you to introduce yourselves and briefly describe your organizations.

Shirato: Techstars is an accelerator*2 founded in Colorado, USA, in 2006. Brad Feld, one of the co-founders, is said to have coined the term "accelerator," and David Cohen, another co-founder, continues to serve as CEO (There are two other co-founders, four in total). Techstars operates under the philosophy, "Talent is everywhere." While there are other equity*3 accelerators of a similar scale, many of them bring entrepreneurs together at one location in the U.S. for development. In contrast, Techstars establishes locations around the world and discovers talented entrepreneurs locally by partnering with influential organizations in each region. In Tokyo, we run programs in collaboration with JETRO and Mitsui Fudosan. As for myself, I'm a serial entrepreneur who has co-founded three companies. Before that, I worked as a Registered Foreign Lawyer in several countries, including the United States, handling venture capital (VC) and startup fundraising transactions.

Managing Director of Techstars Tokyo
Yuki Shirato

Goto: AssetHub, founded in the United States in 2023, develops and provides AI-powered game development tools. Prior to that, in 2018, I co-founded Gaudy, a Web3*4 startup in Japan. However, I felt constrained by Japan's regulatory environment and the limited market scale, and with a strong desire to "compete on a global standard," I decided to go independent and founded AssetHub. In summer 2024, we joined the Techstars Tokyo accelerator program and most recently, we successfully raised a total of 300 million yen in our seed round from multiple foreign angel investors including several Techstars Tokyo mentors, as well as the Techstars global follow-on fund, and the B2B-focused VC firm Archetype Ventures.

*2: An "accelerator" is a support program or organization that accelerates the growth of startups in a short period of time.
*3: "Equity" refers to a fundraising method where a company receives investment in the form of shares, etc., thereby strengthening its capital.
*4: A decentralized internet built on blockchain and related technologies.

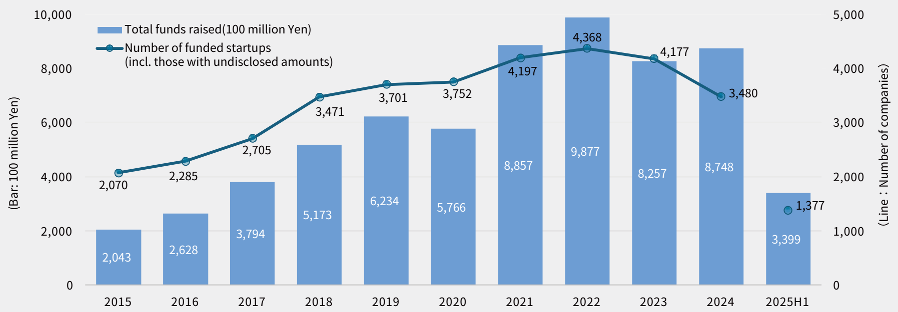
Tarutani (Moderator): Looking briefly at the landscape of Japanese startups, in 2024, 3,480 companies in Japan raised a total of 874.8 billion yen—an increase of about 1,400 companies and more than fourfold in funding compared to 2015 (Chart 1).

Although the number of funded startups has decreased, compared to 2023, the amount of funding has increased, indicating an increase in the average amount raised per company. On the other hand, in terms of the number of unicorn companies, Japan had only 8 unicorns as of October 2025, while the top-ranked United States had 724 and second-ranked China had 158, showing that Japan's presence remains limited compared with other major regions in the world (Chart 2).

The reason JETRO decided to pursue the attraction of Techstars in the first place is that we recognized structural challenges unique to Japan's ecosystem and wanted Techstars to serve as a catalyst for change. When Techstars established its Tokyo office in 2024, JETRO had two key expectations: first, the inflow of risk capital, and second, the introduction of global talent and know-how. Equity-based accelerator programs are not yet mainstream in Japan, so the inflow of such funds is valuable in itself. But beyond funding, we believe that the talent and know-how that Techstars brings will have a positive impact on the entire startup ecosystem in Japan. With that in mind, now that Techstars has landed in Japan, I'd like to hear your perspective on Japan's current state and the challenges you perceive.

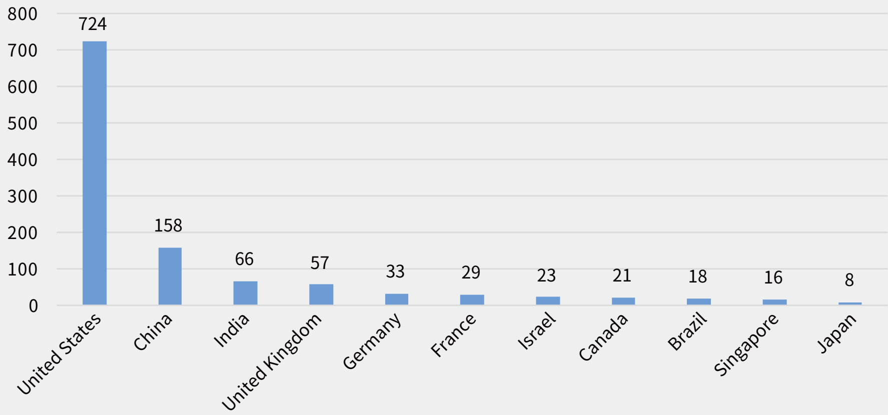
Shirato: The biggest concern before launching the program was whether we could successfully integrate it into Japan's startup ecosystem, which has its own distinct culture and ways of thinking. Most accelerator programs in Japan are conducted in Japanese and primarily focus on connecting startups with large Japanese corporations and domestic VCs. On the other hand, U.S. accelerators, including Techstars, aim from the outset to build companies that can become unicorns, but such a mindset is not yet established in Japan. Furthermore, all Techstars programs are conducted in English, and it was unknown how many entrepreneurs with a global mindset existed in Japan. That said, while the number may be limited, entrepreneurs like Mr. Goto of AssetHub who aspire to compete on a global stage certainly exist. Our mission is to identify and support such companies.

Chart 1: Funding Amounts and Number of Funded Startups in Japan



Note 1: The values for each year are based on the data observed up to the time of aggregation; the 2025 figure represents the first half of the year.
Note 2: As the survey progresses, figures—including past figures—may be revised. The impact is greater on cases in recent years and ones involving smaller amounts.
Source: Speeda "Startup Information Research (As of July 19, 2025)"

Chart 2: Number of Unicorn Companies Worldwide



Source: Based on "Private Companies Valued at $1B+" (as of October 7, 2025) in Global Unicorn Club, CB Insights

Tarutani (Moderator): A global mindset is indeed a critical factor. Mr. Goto, I'd like to hear a bit more about the background behind your decision to leave Gaudy and start a business in the U.S.

Goto: In short, I wanted to take on the challenge of creating a model that would work globally. In my view, Japan's Web3 industry has developed its own distinct ecosystem, and while the user base is relatively limited in Japan and the number of active players does not fluctuate dramatically, the industry has had to establish business models that could generate continuous profits. This required prioritizing stability, and I also felt constrained by Japan's unique regulatory environment. In Japan, startups often have only two viable paths to succeed: expanding their services to large corporations or targeting the entire Japanese market of 120 million people. Instead of trying them, I wanted to compete globally from the outset, build something that can be accepted worldwide, and ultimately become a global standard. This desire drove me to launch in the U.S.

AssetHub CEO
Takuya Goto

Tarutani (Moderator): Indeed, Japanese startups, particularly in the B2C domain, tend to target the entire market, from children to the elderly. In contrast, U.S. startups often target niche markets, such as men in their 20s or women in their 40s, secure strong traction within those niches, and then scale globally from there. This approach tends to resonate more effectively, and JETRO also wants this type of model to be adopted more widely in Japan.

Driving Transformation by Embracing U.S. Culture and Mindset

Tarutani (Moderator): Mr. Goto, I imagine that one of the reasons you joined the Techstars program is to position yourself to compete on a global stage. Could you tell us what you gained from participating in the program?

Goto: One of the biggest takeaways for me was gaining access to specific overseas communities. In particular, when launching a business in the U.S., success in hiring and fundraising depends heavily on personal networks and the trust built through those relationships. In Japan, you can often operate without such connections, but in the U.S., to establish an initial foothold, you first need to enter relevant industry communities, build relationships, and gain access through referrals from trusted contacts, and Techstars helped me navigate these steps quickly. In fact, some of the angel investments in this round came through introductions by Techstars. Moreover, being part of Techstars program significantly enhances our credibility, allowing us to maintain ongoing relationships with a broad range of investors and successfully secure funding.

Tarutani (Moderator): Connections and networks are also one of the key areas where we place high expectations on Techstars. Beyond that, what do you believe is necessary to further strengthen Japan's startup ecosystem?

Deputy Director-General,
Innovation Department, JETRO
Head of JETRO Startup

Noriya Tarutani

Shirato: I see three key areas. The first is communities. This may be related to the area of connections and networks just mentioned. Japan's startup communities can be difficult to enter, but U.S. communities, including Techstars, while still involving an introduction process, tend to be relatively open and willing to accept newcomers if they have interesting ideas or compelling backgrounds.

Tarutani (Moderator): A global mindset is essential to break into those communities.

Shirato: Exactly. Even if you manage to get in, whether you can continue to belong to the community ultimately depends on you. That said, as long as you have something distinctive to offer, the barrier to entry itself seems lower than in Japan.
And, in order as well to sustain the quality of these communities, the second key element is mentors. This again reflects differences in mindset and culture between Japan and the U.S. In Japan, the term "mentor" often brings images of a one-way teacher-student or parent-child relationship and role. In the U.S., however, a mentor is someone who maintains an equal relationship and walks alongside you, while sharing their knowledge and experience with a "Give First" spirit. Notably, two-thirds of Techstars Tokyo's mentors are foreigners whether residing outside or in Japan, many of whom have firsthand experience in achieving global success. For example, Katrina Lake, who at the time became the youngest woman to take a company public on NASDAQ (Stitch Fix); Tom Moss, who has founded multiple companies and achieved successful exits, including co-founding Skydio, the largest drone company in the US; and David Bennett, an angel investor who formerly served as president of Lenovo Japan and a board member of Sanrio. All of them participate with a strong desire to support and mentor Japanese startups.

Mentoring session

Tarutani (Moderator): Mentors are certainly a crucial element. Having outstanding individuals who have succeeded overseas come to Japan as mentors for the accelerator program also means bringing in new cultures. Do you see foreign mentors having an inspirational or stimulating impact on Japanese mentors as well?

Shirato: Absolutely. This applies not only to mentors, but also to startups participating in the Techstars program. By maintaining a roughly equal balance between Japanese and international participants, you can clearly see how their different perspectives and pitching methods stimulate each other.

Tarutani (Moderator): I hear that exchanges between domestic and international VCs often lead to mutual benefits.

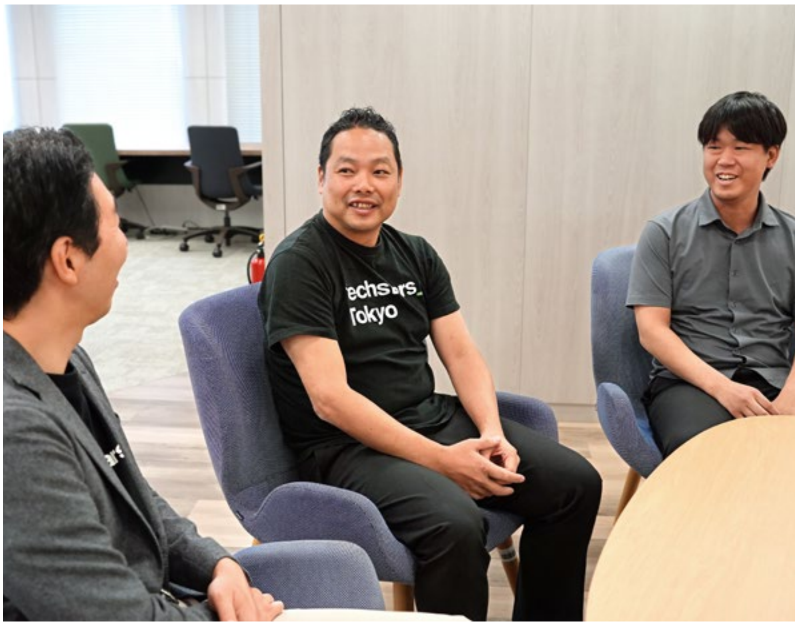
Shirato: The third element we consider essential for strengthening Japan's ecosystem is equity investment. Among accelerators, Techstars, in particular, takes common stock rather than preferred stock, and works side-by-side with founders. This is what differentiates us from other accelerators and is our core commitment.

Goto: On that third point, taking common stock is a particularly crucial perspective. In equity investment, the focus is often on the size of the equity stake, but recipients should also be mindful of the differences in terms—such as common or preferred stock.

Tarutani (Moderator): In other words, it is an idea that Techstars becomes a kind of co-founder through its investment. We also expect that Techstars' entry into Japan will bring about a cultural transformation.

Fundraising in Japan and a Focus on Industries Where Japan Excels, Such as Entertainment and Manufacturing

Tarutani (Moderator): I'd like to ask about the portfolio companies Techstars Tokyo currently has in Japan.



Shirato: In our first program in 2024, the acceptance rate was around 1%, with 12 companies selected—six Japanese and six overseas. Many of the selected companies, including AssetHub, have successfully raised funds, and in 2025, the number of participants increased by more than 2.5 times. The participating countries and regions have exceeded 120, and the acceptance rate is now well below 1%, making it an extremely competitive gateway. We strongly feel that more startups are now eager to come to Japan.

Tarutani (Moderator): Which countries are they coming from most, and what are they looking for in Japan?

Shirato: The U.S. is by far the largest source, followed by India. In Southeast Asia, the numbers vary by country, but the region as a whole represents a significant share. As for expectations toward Japan, there are two main points. First, many overseas startups actually express a desire to raise funds in Japan. While the VC investment amount in Europe and the United States has fallen compared to a few years ago, the rate of increase in VC investment in Japan is attracting attention, although smaller in absolute terms. In particular, the strong desire to invest in early-stage startups is seen as attractive. Second, Japan possesses highly competitive industries. Its IP-related content and entertainment fields—such as anime, manga, and games—are unparalleled and something to be proud of globally. Furthermore, Japan's technological capabilities and quality in deep tech and hard tech, such as robotics and manufacturing, continue to be highly regarded around the world. There are cases where overseas startups not only succeeded in raising funds through the Techstars program, but also went on to establish a base in Japan. One example is Dondon Technologies, a U.S.-based startup company providing AI-powered 2D animation production support apps. For them, entering Japan—the heart of IP content and animation—is essential, and they plan to establish a subsidiary and are eager to hire talent in Japan. They also said that JETRO's support services were extremely helpful in this process.

Goto: Looking ahead, in order to scale globally, a PLG (Product-Led Growth) approach—meaning a growth model driven by the product itself—is essential for success. At the same time, while my thoughts are not yet fully crystallized, one thing I'm convinced of is that, Japan's large corporations are extremely powerful, and Japanese founders have relatively easier access to their large capital. It would be wasteful not to leverage that advantage. We must create our own successful business model that combines PLG with business deals and capital alliances with major corporations.

Shirato: It is also important to look beyond the U.S. to other global markets. Given the current rapidly changing situation and geopolitical instability, we are also paying close attention to the Middle East, which is rich in oil money, and Southeast Asia, which is experiencing a remarkable improvement in technological capabilities and has a large number of talented people. Japan is considered as a destination that people around the world want to visit, thanks to its strong soft power, including food and culture. If we can utilize this favorable perception, it will help us attract overseas startups more effectively.

End of discussion

Worldwide JETRO network

Regional network

Overseas network

JETRO

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December 2025