



# Why Invest in Japan's Local Regions?

**Unlimited Business Opportunities Await**

*Business Opportunity beyond Tokyo*

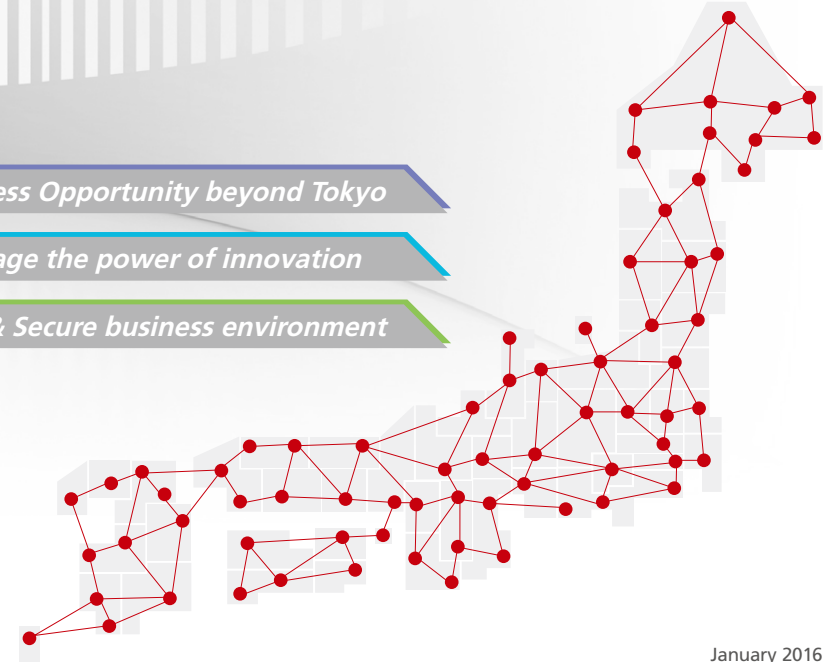
*Leverage the power of innovation*

*Safe & Secure business environment*

Japan External Trade Organization(JETRO)

[www.investjapan.org](http://www.investjapan.org)

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# Why Invest in Japan's Local Regions?

## Unlimited Business Opportunities Await

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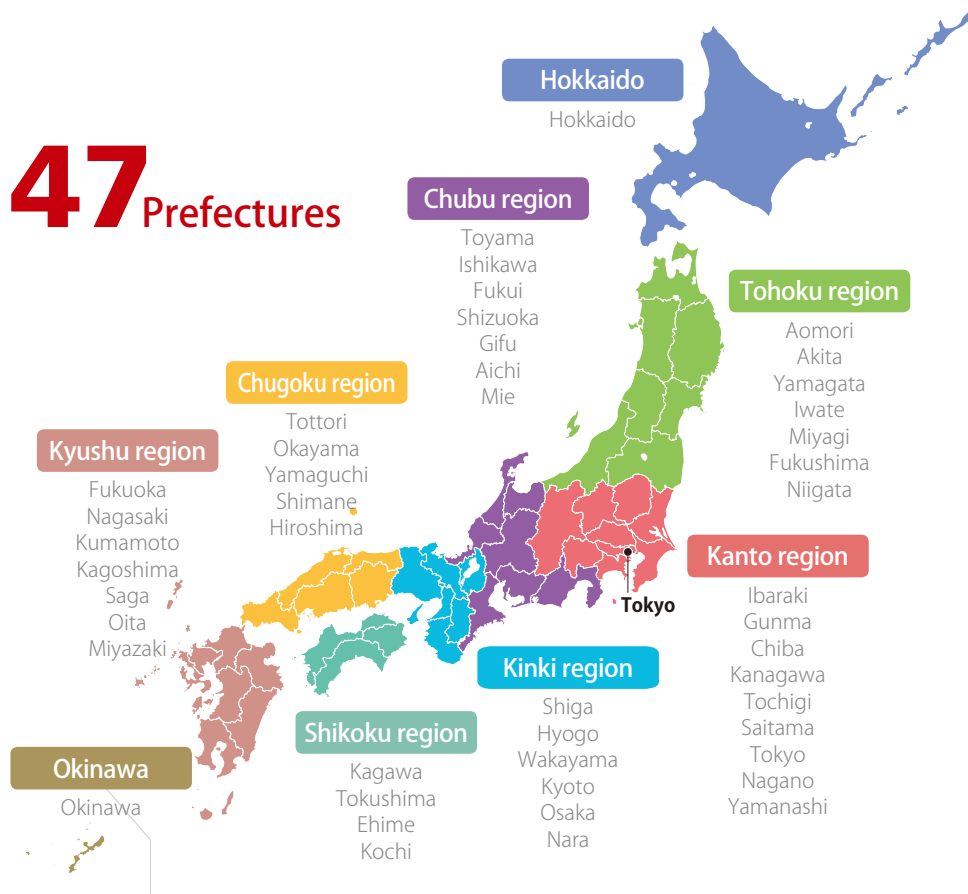
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## Discover unlimited business opportunities

### Why invest in local regions in Japan?

Because local regions in Japan provide abundant business opportunities, many potential partners capable of innovation and company-friendly business environments. Local regions in Japan are places where you can explore new possibilities for your business.

\* In this document, "local region" is used to describe all prefectures outside of Tokyo.



## Regional revitalization by attracting foreign companies to Japan

The government aims at creating jobs and innovation by bringing talented human resources and technologies from overseas to Japan and **promoting the country's globalization**.

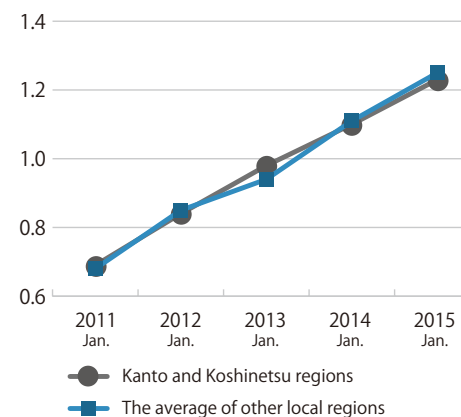
In particular, the government has set a goal of creating employment for 300,000 young workers in order to strengthen the competitiveness of industries and create stable employment in local regions by 2020 while **endeavoring to attract foreign-affiliated companies to the regions**.

Source: Created from "Japan Revitalization Strategy", Prime Minister of Japan and His Cabinet, "Long-term Vision and Comprehensive Strategy for Revitalizing Towns, People and Work", Office of Towns, People and Work Revitalization of the Cabinet Office

## Regional economy is showing recovery

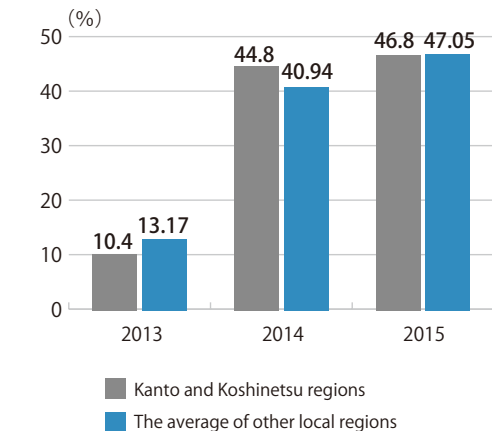
In Japan, key economic indicators have significantly improved from 2012 including the GDP growth rate, stock prices, diffusion index, employment and consumer price index. In addition to the Tokyo Metropolitan Area, the regional economy has also improved with an increase in the jobs-to-applicants ratio and base salaries. Now is the best time to invest in local regions in Japan.

### The jobs-to-applicants ratio



Source: Created from "Employment Referrals for General Workers", Ministry of Health, Labor and Welfare

### Wage levels by region



Source: Created from "Survey on wage trends by Local Finance Bureau", Ministry of Finance

## Changing local regions due to structural reforms

### Five Promises for Attracting Foreign Businesses to Japan

From 2015, the government has been promptly addressing the issues required to improve convenience for foreign companies.

- 1 Removing language barriers (signs in foreign languages available at stores and public facilities)
- 2 Improving internet connectivity (free public wireless LAN)
- 3 Receiving business jets at regional airports
- 4 Enriching educational environment for children from overseas (international schools)
- 5 Making it easy for foreign businesses to consult the government (Investment Advisor Assignment System)

Source: Created from "the Council for Promotion of Foreign Direct Investment in Japan" (held on March 17, 2015), Cabinet Office

### Special zone

#### Developing business environment by utilizing "Special Zones"

Aiming at becoming **"the most business friendly country in the world,"** the government is striving to develop the business environment including the reform of the regulatory system by utilizing "National Special Zones." Taking advantage of regional resources, **41 "Regional Vitalization Special Zones"** are designated.

Source: Created from "List of Comprehensive Special Zones", Regional Revitalization Office, Prime Minister of Japan and His Cabinet

### Deregulation

#### Promote new entry by reforming bedrock regulations

Deregulation has been promoted in the medical/healthcare sector, energy market and labor market in order to revitalize the Japanese economy.

Source: "Abenomics Is Progressing - Towards the Reinvigoration of the Japanese Economy, Nov. 2015", Prime Minister of Japan and His Cabinet

### Tax reduction & tax system

#### Creation of a new tax system for strengthening local business facilities

**New tax incentives such as reduced tax rates on investment in buildings and tax credit for employment** are applied when a company relocates their headquarters functions from the Tokyo area to other local regions or expanding the headquarters functions in those regions. Also, it was decided to lower the effective corporate tax rate to 29.97% in FY 2016.

Source: Summarized from "Key Points of FY2015 Tax Reform" and "Key Points of FY2016 Tax Reform"

### Structural reforms

### Highly skilled foreign professionals

#### Preferential immigration treatment for highly skilled foreign professionals

In order to promote entry of highly skilled foreign professionals, the Immigration Control Act was amended. Preferential immigration treatment was implemented including relaxing of requirements for accreditation of **"Highly Skilled Foreign Professionals,"** granting the period of residence of "five years" and introducing a **new status of residence with an unlimited period of stay.**

Source: Summarized from website of the Immigration Bureau of the Ministry of Justice

## Local regions in Japan offer enormous and attractive markets

### Japan's GDP is the third highest in the world

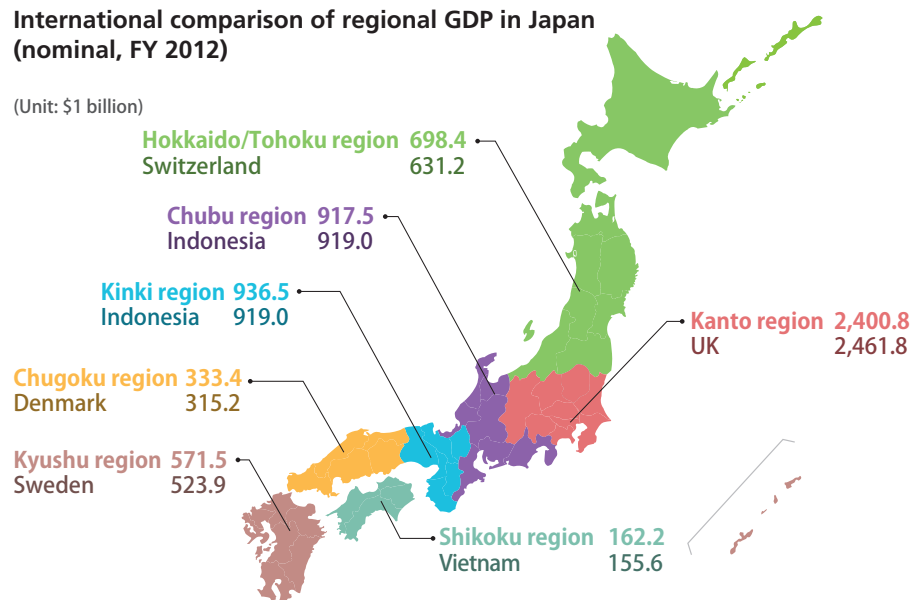
Japan's GDP totals approximately 500 trillion yen. Japan is one of the biggest economic regions in the world and boasts immense economic power.



### Japan's regional economies have GDPs of the same size as those of other countries

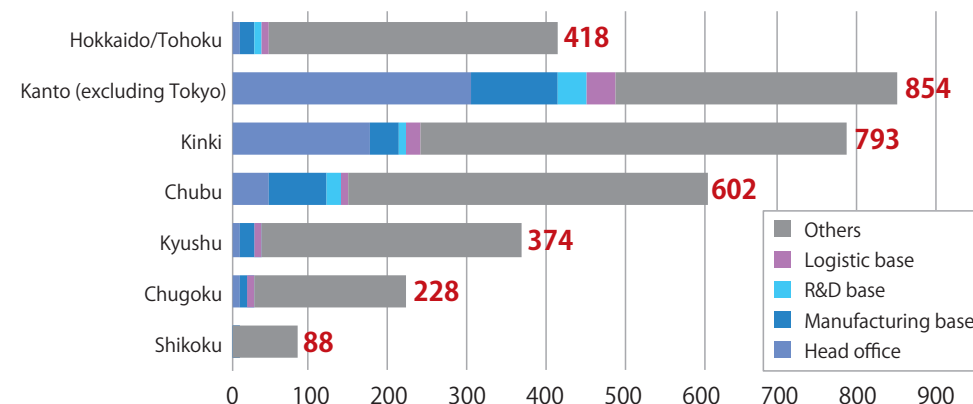
#### International comparison of regional GDP in Japan (nominal, FY 2012)

(Unit: \$1 billion)



Source: "Annual Report on Prefectural Accounts for FY 2012" issued in FY 2015, Cabinet Office

### Many foreign companies have established business base in Japan's local regions.



Source: Created from "Foreign companies database (WEB version) 2014", Toyo Keizai Inc.

## Case examples of foreign companies expanding their business to local regions

### Costco Wholesale Japan, LTD. (U.S.)

Nation-wide

Focusing on the consumer market in Japan and operating 24 warehouses throughout the country

Since Costco Japan's first location (Kasuya-gun in Fukuoka Prefecture) in 1999, it has located warehouses across Japan. It opened a new warehouse in Hashima City in Gifu Prefecture in the autumn of 2015. Currently it is operating 24 warehouses across the country, hiring about 8,000 employees.

Source: Summarized from website of Costco Wholesale Japan

### Tyco Electronics Japan G.K., a subsidiary of TE Connectivity Ltd. (U.S.)

Shizuoka

Established a factory realizing cutting-edge manufacturing in Kakegawa City in Shizuoka Prefecture.

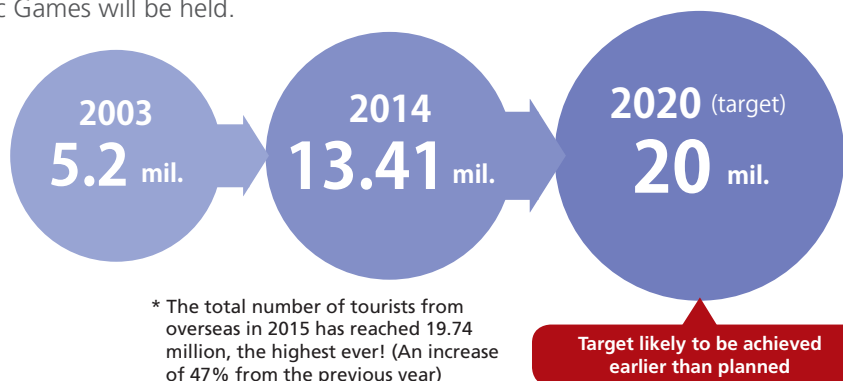
Tyco Electronics Japan G.K., a electronic components manufacturer, established a factory with development capabilities in Kakegawa, Shizuoka in May 2013. They promptly supply high-quality Japan-made electronic components to global markets.

Source: Summarized from website of Tyco Electronics Japan G.K.

## Tourism High-profile business resources in local regions in Japan

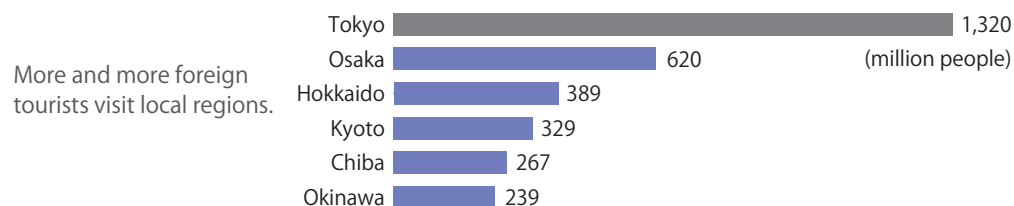
### Surging travelers to Japan! Attractive tourism markets throughout the country

The number of foreign tourists traveling to Japan reached a record of 19.74 million in 2015. These travelers spent an estimated 3.48 trillion yen. The government aims to achieve 20 million international tourists annually by 2020 when the Tokyo Olympic and Paralympic Games will be held.



Source: Japan National Tourism Organization (JNTO)

### Total number of foreign tourists who are staying in accommodations in local cities in comparison with that in Tokyo



Source: "Statistics of Overnight Trips (2014)", Japan Tourism Agency

### No. 1 tourist destination in "Travel + Leisure, The World's Best Awards"

**Kyoto**  
Ranked **1st**

In the overall ranking evaluated by landscape, culture, art and cuisine  
Source: USA « Travel + Leisure »



## Foreign companies, making big foot-prints in local tourism industry

### Spring Airlines Japan Co., Ltd. (China)

Increase of foreign tourists to Japan fueled Spring Airlines' expansion of flight services from China to Japan's local cities

A Chinese low-cost carrier, Spring Airlines, has **expanded their service connecting regional cities in Japan with China** in response to the increased foreign tourists to Japan. Their international flight service was first launched between Shanghai and Ibaraki and has expanded to seven other cities including Takamatsu, Saga, Osaka, Sapporo, Asahikawa, Nagoya and Tokyo. Domestic flight service is also in operation between Hiroshima and Narita in Japan. New international flight services between Narita and Wuhan/Chongqing will start from February 2016.

Source: Summarized from JETRO's Success Stories and website of Spring Airlines

### Osbert Hotels Ltd. (Hong Kong)

Achieving fusion of traditional Japanese design and global-standard service

Having acquired the management rights of a high-class Japanese inn in Miyagi Prefecture, Mingly Corporation, an international operator of high-end spa resorts, reopened the inn adding a new touch through major renovation. The fusion between traditional Japanese design and global-standard service is attracting Japanese as well as foreign tourists.

Source: JETRO's Success Stories

### Ctrip Japan (China)

The rapid expansion of business for repeat travelers to Japan

In 2014, Ctrip, China's largest online travel agency which also possesses bases around the globe, has launched its business in Japan, where the number of Chinese tourists has increased four-fold over 10 years to 2.41 million. Due to its enormous customer base of 300 million people in China, the company is drawing high expectations in Japan that it will **attract more Chinese travelers to new destinations** (for repeat travelers) located in local regions and bring about **spillover effects to local economies**.

Source: JETRO data

## TOPICS

### Shortage of hotels and buses due to the rapid increase of foreign tourists

A Chinese tourism company has a view that "the shortage of hotels due to the 2020 Tokyo Olympic and Paralympic Games is leading to greater willingness to invest in real estate of inns and hotels. Buses for group tourists are also insufficient, and its demand will also increase." In Japan, there are many business opportunities including for accommodation and transportation infrastructure.

Source: JETRO's data



## Healthcare

## Healthcare business in local regions in Japan is drawing attention from the world

As an "advanced" country, Japan faces up to the challenges of an aging society.

### Huge elderly market spreads throughout Japan

As of 2010, the number of elderly people aged 75 or older totaled approximately 15 million; of those, about 90% live in local regions. Japanese elderly people have strong purchasing power and are attracting attention as a promising target.

Source: "Measures for the Elderly in the Ministry of Health, Labor and Welfare", Ministry of Health, Labor and Welfare

National Population of elderly people  
Approximately 15 million

90% live in  
local regions



### Rapidly growing market for preventive healthcare and living support business



The government intends to expand the markets for preventive health care and living assistance industries to 10 trillion yen by 2020.

Market size of the living assistance industries

2020

10 trillion yen

Source: "Japan Revitalization Strategy - Japan is Back -", cabinet decision on June 14, 2013, Prime Minister of Japan and His Cabinet

## Creating new innovation in Japan, an "advanced" country on the front of aging society

Aomori

### GE Healthcare Japan Co. Ltd. (U.S.)

GE Healthcare Japan provides "health promotion cars," which are small multifunctional vehicles equipped with compact portable medical devices, to three depopulated towns facing challenges including a shortage of doctors and lifestyle-related diseases. They are working to verify the effectiveness of the health, medical, and welfare system for the solutions to local challenges found in visiting medical care, health checkup, monitoring and communication services for the elderly, and emergency care.

Source: Summarized from website of GE Healthcare Japan

### Nestle Japan (Switzerland)

Kobe

Nestle Japan has been providing nutrition supplements to about 8,000 medical institutions and nursing care facilities. Utilizing Nestlé's health and nutrition know-how, a collaboration agreement, the "Kobe Genki! Iki-Iki!! Project," was concluded with Kobe City to promote a preventive approach against health issues for elderly under nursing care. Various pioneering activities are conducted such as operation of "nursing care prevention cafés".

Source: Summarized from website of Kobe City and website of Nestle Japan

## TOPICS

Kansai

### Kansai area: Clusters of healthcare companies

The Japanese pharmaceutical and medical device industry has the world's second largest market scale. Kansai is a major area for the development of drug, medical devices, and regenerative medicine in Japan. Many foreign pharmaceutical companies have their offices in the Kansai area:

Bayer Yakuhin (Germany) in Osaka

AstraZeneca (UK) in Osaka

Eli Lilly Japan (U.S.) in Kobe

### Kansai National Strategic Special Zone

#### - Special provisions to the Specified Mixed Medical Care Coverage System

In specified medical institutions, the combined use of both insurance covered services and uncovered advanced healthcare services has been permitted for unapproved or off-labeled pharmaceutical products that have been approved in one of six countries (the USA, the UK, France, Germany, Canada, and Australia); It ensures that advanced medical care is provided in a speedy manner.

Source: Summarized from "The meeting of the Council on Kansai National Strategic Special Zones", Regional Revitalization Office, Prime Minister of Japan and His Cabinet

## Japanese companies as competent R&D partners

### Comments by overseas companies

- "Japan is standing at the front line of advanced science. In particular, it has excellent R&D resources in electronics, telecommunications, and other manufacturing industries." (European company in machinery industry)
- "Japan has developed technologies and provides other countries with the opportunities to receive Japanese technologies to develop advanced products." (Asian company in other manufacturing industry)
- "Collaboration with Japanese companies and universities, which have advanced technologies in fields such as functional materials, energy, automobiles, healthcare, and environment, can be expected. In addition, Japan has a higher level of awareness about compliance than other Asian countries." (North American company in service industry)
- "Our company has found an R&D partner with advanced technological capabilities in Japan." (European company in machinery industry)

Source: "Survey on interest level in investment in Japan with Foreign Companies in Europe and Asia in 2014", Ministry of Economy, Trade and Industry

## TOPICS

### Apple Inc. is set to establish R&D base in Yokohama, Kanagawa in 2016

At JETRO's Invest Japan Seminar in New York held in September 2015, Douglas Beck, Apple's Vice President of North America and Northeast Asia, expressed Apple's continuous commitment in investing in Japan for many years to come starting with establishment of a research and development center by receiving support from the city of Yokohama.

Sources: Website of "JETRO Topics", JETRO

## Foreign Affiliated Companies' R&D Base in Japan

### Johnson & Johnson K.K.

"Tokyo Science Center" is a research and training facility for healthcare professionals, that jointly develops model organs for training and simulators with Japanese companies.

Kana-  
gawa



### Nihon Cabot Microelectronics KK,

Mie



### Umicore Shokubai Japan Co., Ltd.

Aichi



### 3M Health Care Limited

Kana-  
gawa



### DSM Japan Engineering Plastics KK,

Kana-  
gawa



Sources: "Success Stories", "Business Expanding", JETRO



## Japan: Home to innovative global companies. Headquarters, production and R&D bases spread across Japan.

The rank of Japan in numbers of companies selected in the "Top 100 Global Innovators 2015" by Thomson Reuters

**The most innovative  
companies in the world**

**Ranked 1<sup>st</sup>  
in the world**

(40 companies out of top 100)

Of the "Top 100 Global Innovators 2015" (the 100 most innovative companies in the world) recognized by Thomson Reuters (US), 40 companies were selected from Japan, which was the highest in the world. Of the 40 companies, 38 have their headquarters, production bases, or R&D bases in local regions. Japanese companies ranked in the top position in 9 out of 21 sectors.

**Automobile and Automobile  
Related Manufacturing Sector**

**Ranked 1<sup>st</sup>  
in the world**  
(6 companies out of top 8)



**Computer hardware  
production sector**

**Ranked 1<sup>st</sup>  
in the world**  
(5 companies out of top 6)



**Chemical manufacturing  
industry sector**

**Ranked 1<sup>st</sup>  
in the world**  
(5 companies out of top 6)



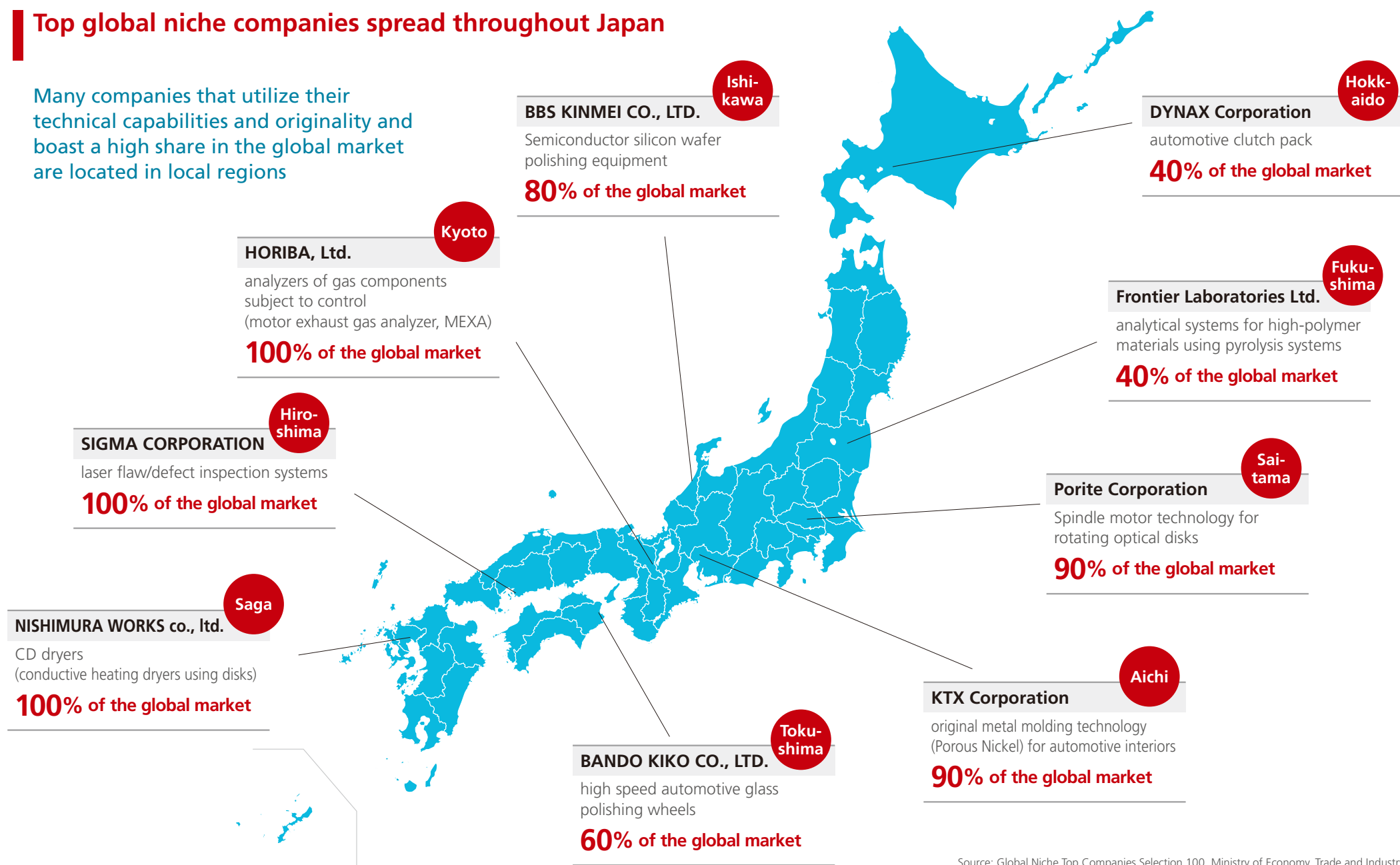
The 40 Japanese companies selected as the "Top 100 Global Innovators"

Aisin Seiki Co., Ltd.	Bridgestone Corporation	Canon Inc.	DAIKIN INDUSTRIES,LTD.	FUJIFILM Corporation	Fujitsu Limited	Furukawa Electric Co., Ltd.	Hitachi, Ltd.
Honda Motor Co., Ltd.	Idemitsu Kosan Co.,Ltd.	JTEKT Corporation	Kawasaki Heavy Industries, Ltd.	Kobe Steel, Ltd.	Komatsu Ltd.	KYOCERA Corporation	Makita Corporation
Mitsubishi Electric Corporation	Mitsubishi Heavy Industries, Ltd.	Mitsui Chemicals, Inc.	NEC Corporation	NIPPON STEEL & SUMITOMO METAL CORPORATION	NISSAN MOTOR CO., LTD.	NITTO DENKO CORPORATION	NTT CORPORATION
Olympus Corporation	Panasonic Corporation	Seiko Epson Corporation	Shin-Etsu Chemical Co., Ltd.	Showa Denko K.K.	Sony Corporation	Sumitomo Electric Industries, Ltd.	Toray Industries, Inc.
TOSHIBA CORPORATION	Toyota Motor Corporation	YAMAHA CORPORATION	Yamaha Motor Co., Ltd.	YASKAWA Electric Corporation	Yazaki Corporation	CASIO COMPUTER CO., LTD. ※	Japan Science and Technology Agency (JST)

\* Company that has no headquarters, production base, or R&D bases in local regions.  
(Source: "Top 100 Global Innovators 2015", Thomson Reuters)

## Top global niche companies spread throughout Japan

Many companies that utilize their technical capabilities and originality and boast a high share in the global market are located in local regions



## Successful examples of collaboration between foreign companies and Japanese local companies



Electronic components

**Eurotech (Italy) × Advanet Inc.**

Oka-  
yama

### Realizing sales channel expansion in Japanese market and joint product development

Eurotech formed an investment partnership with Advanet, which has excellent technologies such as leading-edge built-in board technology and production facilities. This enabled Eurotech products to be launched in Japan. In addition, mutually complementary product lineups realized the expansion of sales channels and cost reduction.



Chemical products

**Merck Ltd. (Germany) × Toyo Aluminium K.K.**

Fuku-  
shima

### Jointly developed a luminous metal effect pigment "Meoxal"

Merck has developed and is manufacturing a new type effect pigment (which realizes excellent color development for automobiles, plastics and cosmetics) at its own R&D base, Onahama Plant (Iwaki-shi, Fukushima Prefecture), in alliance with top metal pigment manufacturer, Toyo Aluminium. Various high value-added products are supplied to global markets from Fukushima.



Pharmaceuticals

**Lupin Ltd. (India) × Kyowa Pharmaceutical Industry Co., Ltd.**

Osaka

### Joint research and development of generic drugs boosted their sales

Lupin initiated joint research and development with Kyowa Pharmaceutical Industry. Since then, proactive sector-to-sector exchanges have generated mutual trust at a practical level. The sales of Kyowa Pharmaceutical Industry after forming the investment partnership grew almost threefold coupled with the promotion of the use of generic drugs by the Japanese government. Lupin also achieved favorable results, recording an average growth rate of 11% during latest 5 years.



Semiconductor

**Amkor Technology (U.S.) × J-Devices Corporation**

Oita

### Collaboration between the two semiconductor post-process manufacturers realized the global launch of their products

Amkor Technology tied up with J-Devices Corporation which has already established technical strength and high product quality in the industry. While it has been maximizing mutual corporate values, it has been promoting its new "made in Japan" products equipped with next generation packaging technology around the world. Amkor technology and J-Devices Corporation together achieved 15% shares in the market for semiconductor packaging test service providers in 2013.

## Local universities distinguished by high level of achievements

The collaboration between foreign companies and local Japanese universities that have advanced technologies, research facilities and accumulated notable achievement is producing various innovations.



Successful examples of collaboration between foreign companies and local Japanese universities

### Electronics

**Arkema (France) × Yamagata Univ.**

Yama-  
gata

### Concluded an academic exchange agreement in the organic electronics field

Arkema has been affiliated with two institutions in France in the organic electronics field. They intend to promote globalization of R&D by expanding the boundary of collaboration with Yamagata University, its longstanding research partner, from just engineering to the organic electronics field. In these four sites, they will exchange researchers and students and provide education to accelerate the process from research to commercialization of products in the organic electronics field.

### Drug discovery

**Bayer Healthcare (Germany) × Kyoto Univ.**

Kyoto

### Strategic research alliance aiming at collaboration with specialties in drug discovery and development

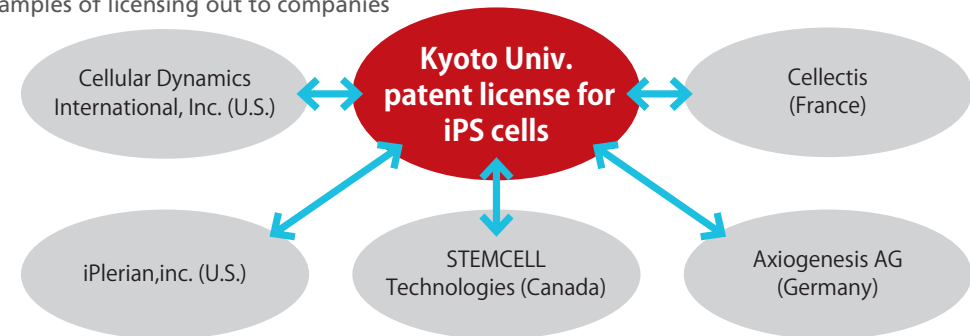
Bayer Healthcare and the Kyoto University's Office of Society-Academia Collaboration for Innovation (KU-SACI) have signed a two year collaboration agreement in disease research (cardiovascular, oncology, hematology, gynecology, ophthalmology, etc.) in order to together seek candidate subjects of drug discovery research. They are set to jointly develop an innovative approach to a wide range of unmet medical needs by tapping into intellectual property that Kyoto University already has.

## TOPICS

### Kyoto University's patents were licensed out to companies around the world

Kyoto University has concluded licensing agreements with over 100 companies within and outside Japan regarding patents on **iPS cells**. The number of concluded agreements reached 44 (as of the end of September 2015). It is hoped that the collaboration develops into full-fledged partnerships. **Regional universities in Japan have become a hub of global business.**

Examples of licensing out to companies



Source: Created from data of iPS Academia Japan, Inc.

### Advanced medicine

**Johnson & Johnson (U.S.) × Kyushu Univ.**

Fuku-  
oka

### Established Joint Research Division in advanced medicine field

Johnson & Johnson Medical Company concluded an agreement on joint research in the minimally invasive advanced medical research field with the Center for Advanced Medical Innovation of Kyushu University. Currently, medical care that imposes less stress on the body is required in medical practice. Under these circumstances, they will strive to provide the world with advanced medical devices made in Japan.

### Heavy industry

**Lamborghini (Italy) × Nagoya Institute of Technology**

Aichi

### Established laboratory for next-generation materials

Lamborghini established Automobile Lamborghini Advanced Composite Structures Laboratory (ACSL Japan) jointly with the Nagoya Institute of Technology. Focusing on the technologies that enable high-volume production of lightweight carbon fiber composite materials in a short time at low cost, they are engaged in the research and development of next-generation carbon fiber reinforced plastics (CFRP) with Japanese companies in various fields such as the automotive and aviation industries.

Source: Created from the websites of each university and company

## Leading-edge Research Activities by Local Universities

### Medical Fields



#### Kumamoto University

- The International Research Center for Medical Sciences, a leading research institution in **life sciences (molecular embryology and AIDS research)** has been established.
- Inviting prominent researchers from the University of Oxford and National University of Singapore
- Promoting outstanding global research in **epidemiology, the hematopoietic field,** and so on

#### Kanazawa University

- Taking advantage of their achievement in research on **cancer progression control**, the Institute for Frontier Science Initiative was established.
- Inviting world-leading researchers from the University of California and other prestigious universities
- Promoting **interdisciplinary projects** with other researchers and students

#### Hamamatsu University School of Medicine

- **The Medical Photonics Research Center** was established.
- They invited world-leading researchers in the **medical photonics field**.
- Through collaborative research with local companies leading innovation in the optoelectronic Industry, it is promoting the development and commercialization of medical devices.

### Food Fields



#### Obihiro University of Agriculture and Veterinary Medicine

- **The Global Agro-Medicine Research Center** has been established
- The university invited researchers from Cornell University to promote international joint research.
- In collaboration with food-related companies, it has been developing human resources that can be immediate assets to the fields such as food safety, improvement of productivity, preservation of the environment.

#### Hirosaki University

- Research on utilization of "**red fleshed apple cultivar suitable for eating raw,**"
- The university established a council consisting of educational and research sectors of the university, the local government, and local producers.

### Environment Fields



#### Fukushima University

- For the restoration, revitalization, and development of Fukushima, Fukushima University enhanced the function of **its Institute of Environmental Radioactivity** as an advanced research base to reveal the behavior and impacts of environmental radioactivity.

#### Tottori University

- The university has established the International Platform for **Dry land Research and Education**.
- It has been promoting international joint research together with scholars of various fields including agriculture, social science, and medical science.

### Others



#### Wakayama University

- **The Center for Tourism Research** was established taking advantage of their partnership with the University of Surrey, a world class university in the tourism research field.
- Through the nation's first **acquisition of the Tourism Education Quality (TedQual)**, a certification as a qualified institution of education, training and research in tourism by the UN World Tourism Organization, they are trying to form a tourism research hub in Asia.

#### Shinshu University

- Focusing its resources on five strong fields including **textile and fiber engineering**, Shinshu University established the Interdisciplinary Cluster for Cutting Edge Research.
- They invited the world-leading researchers from MIT, etc.

#### Tohoku University

- Tohoku University has invited world-leading researchers in the field of **spintronics**, where its strength lies, from the University of Chicago and Technische Universität München (TUM).
- It has established the **Graduate Program in Spintronics**.

#### Osaka University

- The university has invited world's first class researchers in studies on **cognitive system of human brains** which related to humanoid and **photo quantum science**.
- It has established a research base for international researchers.

## Excellent social infrastructure for supporting business

### Outstanding global logistics in Japan

Land and ocean route infrastructure  
- quality of railroad infrastructure

Ranked **1<sup>st</sup>**  
in the world

Land and ocean route infrastructure  
sector- land transportation network

Ranked **3<sup>rd</sup>**  
in the world

Source: "The Travel & Tourism Competitiveness Index 2015", World Economic Forum

#### "Logistics Performance Index"

Efficiency in international logistics environment and  
complete supply chains

Ranked **2<sup>nd</sup>** in Asia

Source: "Global Rankings 2014", the World Bank

## Internationalization of Japan's Local Sea Ports

### Port of Hakata

- Number of annual port calls by international cruise ships (2014)
- Acceptance of international passengers by sea (2013)

Currently, passengers from Asia have been on the rise. Hakata Port is a major hub port that directly connects Japan (Kyushu) and the world.

Ranked **1<sup>st</sup>** in Japan

Sources: Press release by Ministry of Land, Infrastructure, Transport and Tourism and  
"Welcome to Fukuoka," website of Fukuoka Prefecture.

#### Comments by international companies about Japanese infrastructure

- Domestic supply chains are well-developed thanks to the transport infrastructure.
- Accuracy of delivery, including mail and parcels, is fantastic.
- Public transportation runs on time, and the quality of the transport infrastructure is high.
- As the infrastructure is stable, operations run smoothly.

Source: "Survey on interest level in investment in Japan with foreign companies in Europe and Asia in March 2014",  
Ministry of Economy, Trade and Industry

## Highly Evaluated Japan's Local Airport

"World Airport Awards 2015"

Ranking of international airports according to customer service

### Chubu Centrair International Airport, Nagoya

#### • The World's Best Regional Airports

Ranking of world's airports excluding major hub airports for long-distance international flights

#### • Best Airports : 5-10 million pax per year

In the category of "airports serving annual 5 - 10 million passengers"

Ranked **1<sup>st</sup>**  
in the world  
in two categories

### Kansai International Airport

#### • World's Best Airports for Baggage Delivery

Ranking of effectiveness in baggage claim and low rates of lost baggage

#### • Best Low-Cost Airline Terminals

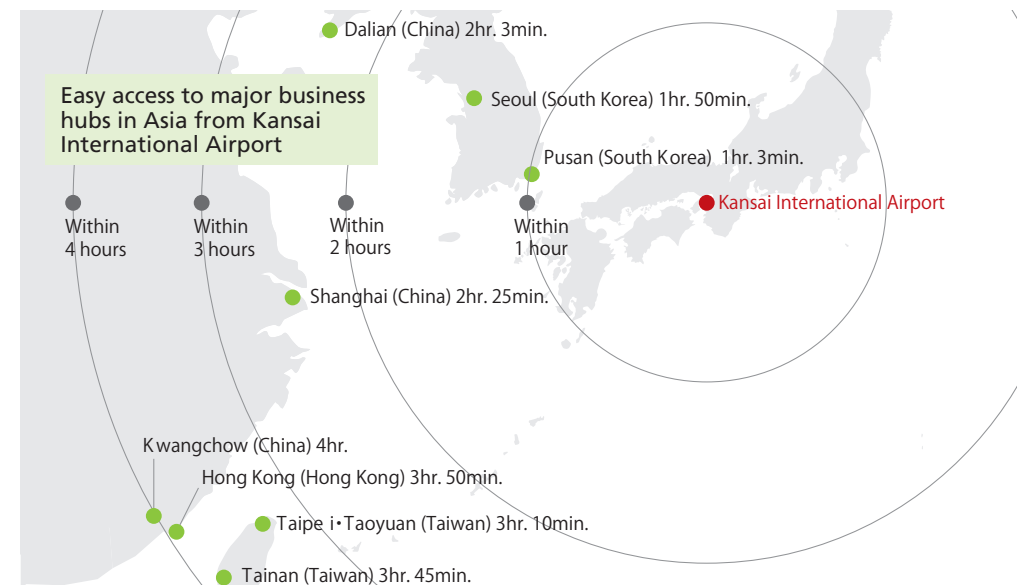
Ranking of terminals exclusively for LCC

Ranked **1<sup>st</sup>**  
in the world  
in two categories

Source: SKYTRAX "World Airport Awards"

## Convenient access to major business hubs in Asia

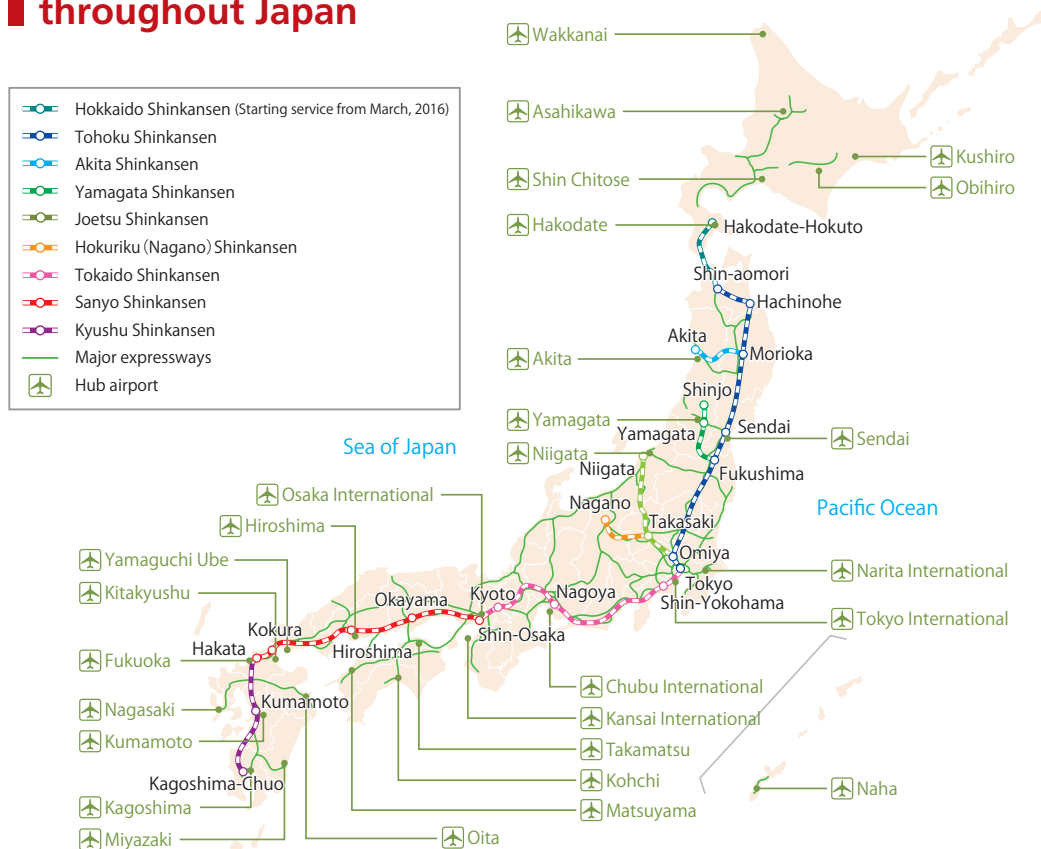
Kinki Area (Osaka) is home to about 20 million people (ranked 7th in population among the world's mega-cities). The transportation system which connects the east and west part of Japan has been well developed in this area. Direct flights from Kansai International Airport in the Kinki Area to overseas cities has been increasing, providing passengers the convenience omitting transfer at Narita Airport (Tokyo).



Sources: Created from "Flight hours from Kansai to overseas (international airline)",  
AirlineGuide.jp; "World Urbanization Prospects, the 2014 Revision", United Nations



## Excellent Japanese transport infrastructure spreading throughout Japan



\* Definition of hub airport: Airports that play a role as a hub in the international or domestic air transportation network

Sources: Created from website of the Ministry of Land, Infrastructure, Transport and Tourism; website of each railroad company

### Land route (roads and railroads)



- Aggregate number of **annual passengers of railroads** is **23.6 billion**.
- A **connection rate of 95%** to cities with a population over 100,000 by expressway network

Sources: "Table of summary of railroad passenger traffic FY2014" and "White paper on Land", Infrastructure and Transport in Japan 2015

### Air route



- Number of **international airport in Japan** **51**
- LCCs (low-cost carriers)** operate **2,204 local-to-local flights per month**. That accounts for **43%** of total LCC's flights. (as of the end of 2014).
- Domestic local-to-local flights have been expanding rapidly.
- Expanding **24-hour service (operation) airports** throughout Japan (Haneda, Kansai International, Chubu International, New Chitose, Naha, and Kitakyushu)

Sources: "White paper on Land, Infrastructure and Transport in Japan 2015", Ministry of Land, Infrastructure, Transport and Tourism and "Research on the Effectiveness Analysis of the Entry of LCC into the Japan Market" Policy Research Institute for Land, Infrastructure, Transport and Tourism; website of each airport

### Ocean route (ports)



Designating strategic ports in order to strengthen international competitiveness by enhancing effectiveness and cost-cutting

- Strategic ports for international containers (Keihin Port and Hanshin Port)**
- Maintaining and expanding major international sea routes that link Japan and US/ Europe.
- Strategic ports for international bulk (a total of 11 local ports including Muroran Port and Kisarazu Port)**

Enhancing effectiveness in logistics, repositioning of industrial location and strengthening collaboration among companies

Sources: Website of the Ministry of Land, Infrastructure, Transport and Tourism;

"Japan Revitalization Strategy revised in 2014 - Challenge for the Future -", Prime Minister of Japan and His Cabinet

## TOPICS

### Solid domestic logistics networks that accelerate business activities

Japan's EC's (e-commerce) rapid increase of 1.5 times during the five years since 2010 owes to the expansion of overnight delivery service. Logistics companies have been competing for improvement of distribution infrastructure for faster delivery throughout the country. Japan's speedy logistics services facilitate the business of companies.

Source: Summarized from "Report on Improvement of Infrastructure for Enhanced Information Service of Japan's Economic Society (Market survey on E-commerce) 2015", Ministry of Economy, Trade and Industry

## TOPICS

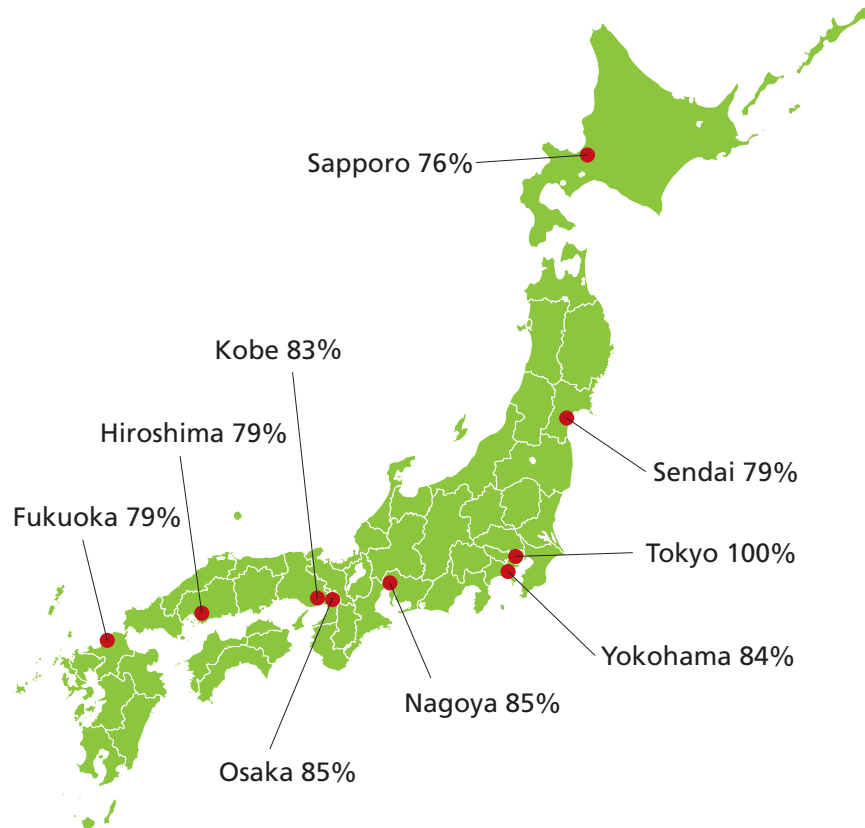
### "Hands-Free Travel", Tapping into Japan's Outstanding Door-to-door Delivery Service

Japan Tourism Agency and delivery services related companies have been facilitating "Hands-Free Travel" by taking international traveler's baggage in temporary custody at airports, stations and commercial facilities then delivering them to airports, stations and hotels in response to the traveler's request. Tapping into **Japan's outstanding door-to-door delivery services**, Japan is working on **improvement of convenience of international travelers on the distribution front**.

Source: Summarized from the website of Ministry of Land, Infrastructure, Transportation and Tourism

## Lower business cost in local regions than in capital regions

### Comparison of initial start-up costs for subsidiary companies in major business cities to that in Tokyo (100)



Estimated initial cost for foreign company to establish a corporation (e.g. housing rent, office rent, cost for administrative procedures, recruitment cost, purchasing cost for office equipment such as computer, printer etc., monthly communication fees)

Source: "Initial Cost Estimation - Model Case", JETRO's website (As of June 2015)

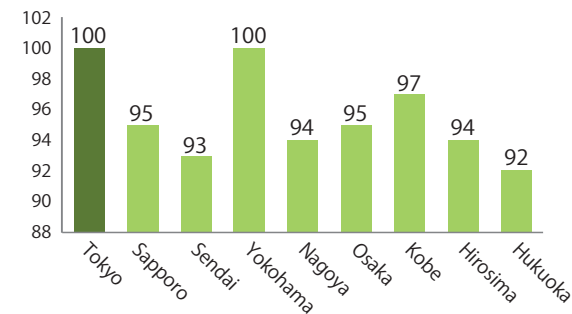
### Inexpensive Office and House Rent in Local Regions in Japan in Comparison to Major Asian Cities (Shanghai, Hong Kong, Seoul, Singapore) (Unit US\$)

	Tokyo	Sendai	Nagoya	Yokohama	Osaka	Hiroshima	Fukuoka	Shanghai	Hong Kong	Seoul	Singapore
Monthly office rent (per m <sup>2</sup> )	33	20	25	33	30.5	24	23	54	154	54	87
Monthly shop/show room rent (per m <sup>2</sup> )	55	45	88	58	101	103	34	161	389	27	286
Housing rent for resident representatives	2,263	811	1,496	3,159	2,494	1,414	684	1,633	3,094	2,076	4,421

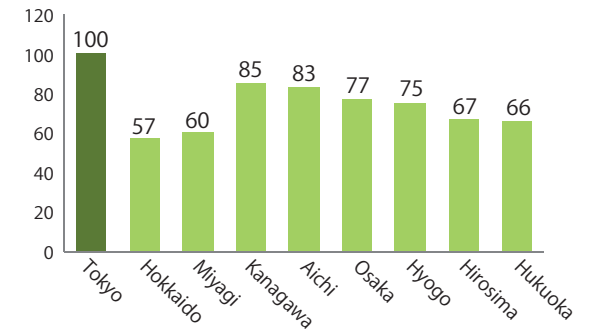
Source: Created from JETRO "25th Investment-Related Cost Comparison of Major Cities/Areas in Asia and Oceania (June 2015)"

### Price comparison with that of Tokyo (100)

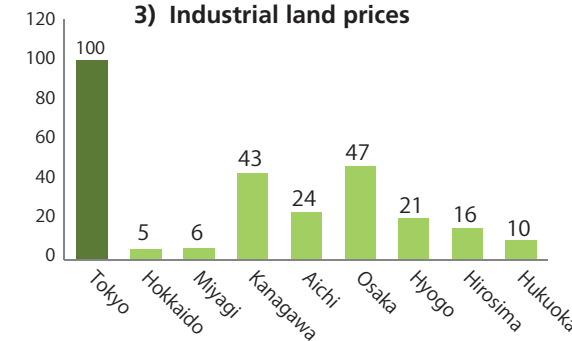
#### 1) Consumer price regional difference index



#### 2) Annual compensation (manufacturing sector)



#### 3) Industrial land prices



Source: Created from:

- 1) The 2013 Average Consumer Price Regional Difference Index, Portal Site of Official Statistics of Japan (e-Stat)
- 2) The Basic Survey on Wage Structure in 2014, Ministry of Health, Labor and Welfare
- 3) Land Price Research by Prefectural Government, Ministry of Land, Infrastructure, Transport and Tourism

## TOPICS

### Liberalization of the electricity retail market will facilitate stable supply and reduction of retail price

Following the deregulation of the electric industry, household electricity will also be deregulated by around 2016. This will enable electricity users to choose suppliers and lead to a stable supply and reduced retail price of electricity.

Sources: Website of the Ministry of Economy, Technology and Industry; website of the Federation of Electric Power Companies of Japan

Inexpensive, safe and secure living environment in local regions

## Small economic disparity in local regions in Japan

There are small regional disparities in the GDP per person (Gini coefficient) in Japan

Business costs in local regions are lower than in Tokyo and the economic potential of the residents is higher.

Ranked **2<sup>nd</sup>** in OECD

Source: "OECD Region at a Glance 2013", OECD

## Peaceful and well-maintained country, Japan

OECD Better Life Index "Safe" category

Ranked No. 1 for "Safe", scoring 10 out of 10

Ranked **1<sup>st</sup>** in OECD

Source: "Better Life Index (2015)", OECD

## TOPICS

Comfortable local cities in Japan that are highly appreciated by the world

"The 25 most livable cities index 2015" published by the UK magazine, MONOCLE

Fukuoka  
Ranked **12<sup>th</sup>**  
in the world

Kyoto  
Ranked **14<sup>th</sup>**  
in the world

\*The ranking with the index indicates not only economic, social, and functional aspects but also livability and happiness that the city brings to residents. Tokyo is number one in the world.

Source: "MONOCLE (UK)"

## Stable infrastructure service spreading throughout Japan

Internet

The coverage of broadband in Japan (%)  
(As of the end of March, 2014) (Estimation)



**100%**

Source: "Current Status of Broadband Penetration", Ministry of Internal Affairs and Communications

Telecom

The percentage of population with mobile phone coverage in Japan: (as of March 2013)

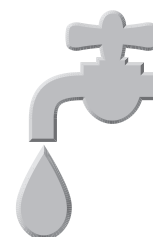


**99.95%**

Source: "Fourth-generation Mobile Communications System", Ministry of Internal Affairs and Communications

Water supply services

Access to improved drinking water



Ranked **1<sup>st</sup>** in the world

Source: "The Travel & Tourism Competitiveness Index 2015", World Economic Forum, an index indicating the competitiveness of tourism and service

Providing an education system convenient for non-Japanese people

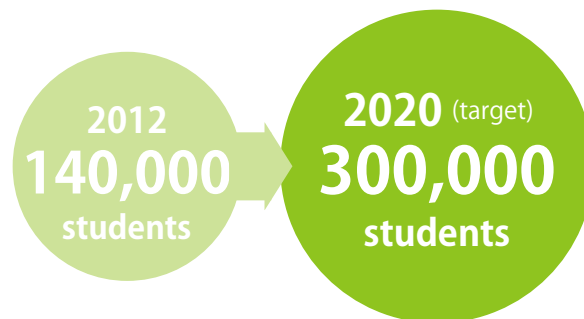
## Upgrading the education system for non-Japanese students

### Reviewing requirements for international schools

The government will ease the requirements for school sites and construction and extensively review of rules that make it difficult to set up an international school in Japan.

### "The 300,000 International Students Plan"

The government intends to double the number of well-performing foreign students from 140,000 in 2012 to 300,000 by 2020.

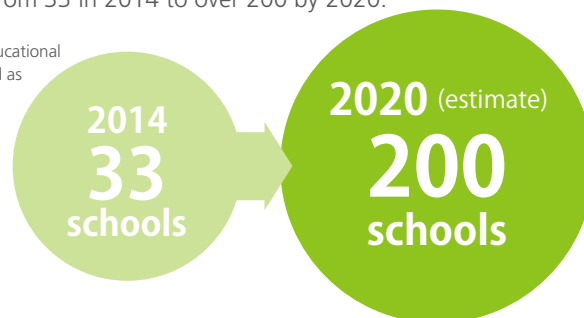


Source: "Japan Revitalization Strategy - Japan is Back - cabinet decision on June 14, 2013", Prime Minister of Japan and His Cabinet

### Dramatically increasing the number of International Baccalaureate accredited schools

"The government aims at increasing the number of International Baccalaureate accredited schools (including candidate schools) from 33 in 2014 to over 200 by 2020."

※ As it is recognized as an established international educational program, completion of certain curriculum is recognized as international qualification to enroll university



Source: Created from "Comprehensive Strategy for Revitalizing Towns, People and Work (December 27, 2014)", Prime Minister of Japan and His Cabinet and website of Ministry of Education, Culture, Sports, Science and Technology-Japan



### Developing a new system for providing Japanese language education in compulsory education schools

(For school children who were raised in international environment and need special Japanese language education) improvement of the quality of Japanese language education, enhancement of awareness and capacity of educators, and realization of organized and continuous support

Source: "Development of a new system for providing Japanese language education in compulsory schools", Ministry of Education, Culture, Sports, Science and Technology-Japan

### The employment of international students is on the increase (2014)

The number of applicants: 14,170 students (up by 1,377 year-on-year), the number of approvals: 12,958 (up by 1,311 year-on-year)

Source: Website of the Immigration Bureau, Ministry of Justice

## TOPICS

Oita

### Ritsumeikan Asia Pacific University has enrollment of approximately 3000 International students

In Ritsumeikan Asia Pacific University (APU), international students from 84 countries or regions around the world account for half the students (approximately 6,000), and over half the teachers are non-Japanese. Its remarkable diversity in nationality of students and faculty members is at the top level not only in Japan but also worldwide.

Source: "Reformation of Universities" on December 19, 2014, Daigaku Press Center

## TOPICS

Nagano

### International School of Asia, Karuizawa Opened

The school opened in August 2014, with 49 students enrolled from 15 countries including Japan. It attracted attention as the first international boarding school, where all classes except Japanese classes are conducted in English and students can receive a Japanese high school diploma.

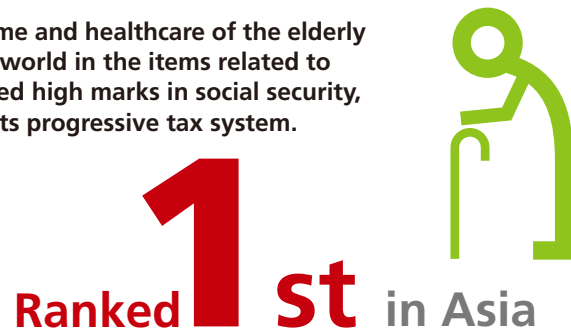
Source: Created from PR TIMES (Press Release of Public Interest Incorporated Foundation for International School of Asia, Karuizawa)

## Medical system convenient for non-Japanese people

### Secure and Livable Country, Japan

#### No.1 livable country for the elderly in Asia

Analysis of data on income and healthcare of the elderly Japan ranked first in the world in the items related to healthcare. It also achieved high marks in social security, the pension system and its progressive tax system.



Source: HelpAge International "Global Age Watch Index 2015 Insight report"

#### Solid Medical Infrastructure

Japan's number of beds per 1000 population (13.4%) is ranked first among OECD member countries.



Source: "OECD Health Statistics 2014"

#### High ratio of nurses

Ranked 1st in the ratio of nurses to that of doctors



Source: "OECD Factbook 2014"

### Medical bases and safe healthcare standards convenient for non-Japanese people

#### Establishment of system to accept international patients

The Japan Medical Service Accreditation for International Patients (JMIP), a certification system for hospitals equipped with permanent coordinators and interpreters and information written in foreign languages for non-Japanese patients, has been established.

Source: "Efforts toward Healthcare Globalization in the Ministry of Health, Labour and Welfare in November 2013", Ministry of Health, Labour and Welfare

#### Expanding medical facilities for non-Japanese patients

The government decided to expand medical facilities for non-Japanese patients that have skilled medical interpreters who are familiar with foreign languages and can facilitate communication between physicians, nurses, and non-Japanese patients. The Ministry of Health, Labour and Welfare intends to designate 10 major medical facilities in 2015 and expand this to 30 in time for the 2020 Tokyo Olympic and Paralympic Games.

Source: Data of the Health Policy Bureau, Ministry of Health, Labour and Welfare

#### Easing the limitation on range of medical institutions to accept non-Japanese physicians in the National Strategic Special Zone

In National Strategic Special Zones, the range of medical institutions to accept non-Japanese physicians will be widened under certain conditions. Requirements of the National Examination for Medical Practitioners for non-Japanese physicians will also be eased.

Source: Created from "The 12th National Strategic Special Zone Council on March 3, 2015", Prime Minister of Japan and His Cabinet

#### Promoting "medical tourism" to accept non-Japanese patients

The government is further improving the legal system aiming to increase the number of companies that provide matching services or travel arrangement support for both non-Japanese patients visiting Japan for medical treatment and medical institutions that accept these patients. In addition, the government intends to develop "international Japanese hospitals (title tentative)" that have the capacity and willingness to provide medical care to non-Japanese patients and will also provide information about these hospitals in order to receive more patients from overseas.

Source: "Medical Inbound Business and Large Scale Health and Medical Data Collection with Medical ICT and Its Utilization for Business" on April 2, 2015, Office of Healthcare Policy, Cabinet Secretariat

# Helping Foreign-Affiliated Companies Grow in Japan

JETRO

JETRO's Invest Japan Department focuses on promoting foreign direct investment in Japan, and in April 2015 formed a new division specifically to assist foreign-affiliated companies already in Japan to further expand their investments in the country.

## Information for Business Expansion

### Information on incentives

Location-specific incentives including capital expenditure grants, preferential tax treatment, employee hiring subsidies, and other financial assistance.

### Market intelligence across a broad range of industries

Industry-specific overviews of trends, key players, regulations, and related market data.

## Consultation with Professionals

### Referrals to reputable and bilingual local service providers

Introductions to in-network service providers with proven track records in legal, tax, accounting, real estate, translation, and other areas of expertise.

### Consultation on regulatory reform

Arranged meetings with prefectural and city government officials for local laws, licensing and related matters.

## Creation of Business Opportunities

### Business networking

Arranged meetings with potential partners and participation in industry-specific events.

### Finding needed human resources

Interfacing with human resource agencies that have established networks and understanding of local markets.

## Other Support for Your Startup

### Temporary office space in 6 major cities throughout Japan

Private, secure, and easy-to-use office space, conference facilities, and on-site advisors at our business support centers in Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka.

\*Please contact JETRO for more information on our services.



## China-based Juneyao Airlines Opens Routes to Japan's Regional Airports With JETRO's Assistance

Juneyao Airlines is a Chinese commercial airline company based in Shanghai, with more than 60 domestic routes and many international routes to Asian countries and beyond. Following routes to Okinawa (Naha) and Osaka (Kansai), the carrier opened routes to Fukuoka in June 2015, Tokyo (Haneda) in August 2015, and Nagoya (Chubu) in September 2015. For the new operations, the company set up new sales offices in Fukuoka, at Haneda Airport, and in Nagoya.

## 【Support Provided by JETRO】

Location-specific market information  
Meeting arrangements with government authorities  
Introductions to candidate partner companies (hotels and other)  
Introductions to service providers (employment agencies)  
Temporary office space (IBSC Fukuoka, Nagoya)  
Assistance with joint press release and press conference