

I Toward Improvement of the Business Environment

1. Improving business environment in Japan

Setting promotion of investment in Japan as one of the pillars of its growth strategy, and aiming to make Japan "the most business friendly country in the world," the government significantly lowered the effective corporate tax rates, strengthened corporate governance and took other measures in the areas related to investment. In addition, the government has positioned energy, agriculture and medical/healthcare, where reform has been slow, as growing sectors, and has worked out various policies to wrestle with reform of "bedrock regulations." Furthermore, the government formulated the "Policy Package for Promoting Foreign Direct Investment into Japan to Make Japan a Global Hub" in May 2016, to overcome problems pointed out by foreign companies as obstacles to investment in Japan. This chapter will describe these initiatives by the government and their results as well as measures specially developed to attract foreign companies.

(1) Creation of business opportunities through regulatory reform

The government of Japan has worked on reform of regulations in the energy and medical care fields, which are often called "bedrock regulations," lowered the effective corporate tax rates that were high compared with the level in other developed countries and strengthened corporate governance. The reform is gradually producing effects and encouraging foreign companies' entry into the Japanese market.

· Energy field

In the energy field, the Feed-In Tariff system that started in July 2012 has brought a big change. Aimed at spreading and promoting the use of renewable energy, the cost of which is higher compared with nuclear and thermal power generation, the system encouraged market entry by a large number of solar and other renewable energy power generation operators.

The full liberalization of the electricity retail market started in April 2016. As the size of the electricity retail market is estimated to be about 8 trillion yen, the number of registered electric power retailers reached 310 in a little more than two months after the liberalization. Most of them are domestic companies but entry by foreign companies is also expected for the future. In addition, the

<Foreign-affiliated companies entering the energy field>

Energy Pool Japan (France)



Energy Pool Développement is a French company and the largest demand response operator in Europe. It established a subsidiary and operations center in Tokyo in June 2015, in order to expand its service mainly by enhancing industrial plants' ability to control their power consumption and achieve cost savings.

COMVERGE JAPAN K.K. (US)



The US company that provides energy demand management solutions has started full-scale operation in Japan as it was selected by Japan's Ministry of Economy, Trade and Industry (METI) to participate in its Negawatt Feasibility Study in April 2015. Acting as an intermediary between electric companies and customers, Comverge provides solutions to control electricity usage and ensure a stable supply.

Guidelines for Trading Negawatts were formulated for trading of saved electric power in March 2015. Taking the opportunity of a demand response(*) market starting in full scale, foreign-affiliated companies are entering the market. The government is conducting various demonstration projects and preparing regulatory systems toward the creation of "Negawatt Trading Market" in April 2017.

The full liberalization of the gas retail market is scheduled in April 2017, followed by legal separation of the power transmission/distribution sector scheduled in April 2020. Japan's energy field is expected to expand business opportunities for both Japanese and foreign companies.

*Demand response: A system through which stable supply of energy is achieved by encouraging energy saving and mitigating energy demand at times of high demand. Customers are encouraged to save energy by setting higher energy fees at peak times or paying compensation to customers who saved energy.

· Life science field

The government vitalized the medical/healthcare markets and made them attractive to enter through various reforms including promotion of commercialization of regenerative medicine, elimination of the problems of Drug Lag and Device Lag which indicated delay in the approval of drugs and medical devices, and early commercialization of innovative medical products and equipment.

Through the enforcement of the revised Pharmaceutical Affairs Act in November 2014, and strengthening of the structure of the Pharmaceutical and Medical Devices Agency (PMDA), the time required for the approval review of drugs and medical devices was shortened, and Drug Lags and Device Lags that have been an issue for long time were virtually eliminated. Also, a new category of "regenerative medicine products" in pharmaceutical approval review was set up through the revised Pharmaceutical Affairs Act and the introduction of an early approval system completed the environment to commercialize regenerative medicine products earliest in the world. In addition, a Fast Track Designation System was introduced for development and early commercialization of innovative medical products/equipment and regenerative medicine products in Japan. Under the system, designated medical products are reviewed on a priority basis, reducing the time to approval and enabling early introduction of new products to the market. Furthermore, the "medical treatment based on the patient's request" system was established to enable the use of medical products, etc. that are not yet approved in Japan for the combination use of both treatments covered by public health insurance and those not covered. These reforms and new systems contributes to the improvement of medical services and vitalization of the market.

· Tourism field

According to the Japan National Tourism Organization (JNTO), the number of foreigners visiting Japan in 2015 was 19.74 million, reaching the record high for the third year in a row (Chart 2-1). Most of them are from Asia with visitors from China (4.99 million), South Korea (4 million), Taiwan (3.68 million) and Hong Kong (1.52 million) accounting for over 70%. The number of foreigners visiting Japan is continuing to increase in 2016. The total in the first half was 11.74 million (estimate) for the first time exceeding 10 million, the record high for a half year, while the number in July was 2.30 million (estimate) that is the record high for a single month. The increase shows that Japan's reputation as a tourist destination is taking root despite the tendency of a strong yen. The rapid increase of tourists may be a result of various measures including: relaxing of visa requirements for 14 countries with focus on ASEAN; a great increase in the landing slots at Haneda and Narita Airports; and expansion of exemption of consumption tax for foreign tourists to cover consumables including foods, drinks and cosmetics.

<Foreign-affiliated companies entering the life science field>

Taiwan Liposome Company (Taiwan)



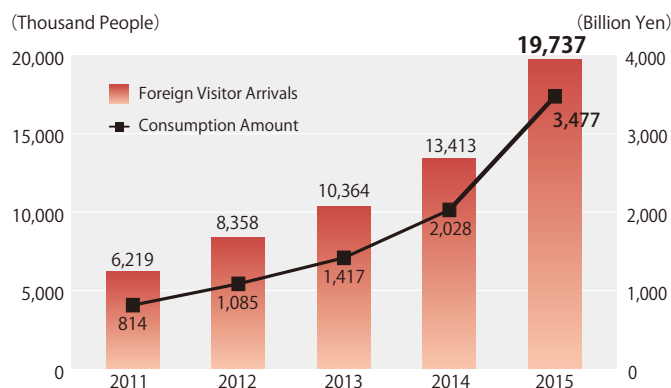
The pharmaceutical company is developing nanomedicines for the treatment of oncologic and ophthalmologic diseases as well as for the management of acute and chronic pain. TLC established its subsidiary in Tokyo in January 2015 towards obtaining approval for its drugs, and developing new partnerships, as well as strengthening relationships with its existing Japanese partners. The company is looking to engage in R&D, manufacture and sales of medical products in Japan.

Caladrius Biosciences (US)



An industry leading company in development and manufacturing of cell therapy products, Caladrius has decided to actively pursue registration of its cell therapy products in Japan largely encouraged by the recent implementation of the Pharmaceuticals and Medical Devices Act in November 2014. The company established its subsidiary in Kobe in August 2014 and is seeking to find a Japanese partner to enable the start of the clinical trial as early as late 2016.

Chart 2-1 Foreign visitor arrivals and their consumption amount

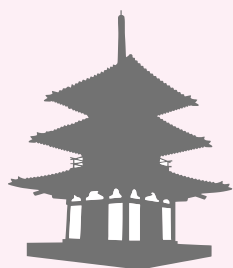


[Source] "2015 Foreign Visitors & Japanese Departures" (Japan National Tourist Organization), "Consumption Trend Survey for Foreigners Visiting Japan" (Japan Tourism Agency)

The government's original goal was to increase foreigners visiting Japan to 20 million. Because the goal is expected to be achieved ahead of the schedule, the government set a new goal of 40 million foreign visitors to Japan with their consumption reaching 8 trillion yen by 2020. In the Japan Revitalization Strategy 2016, the government positions tourism as "the key strategy for 'revitalizing regional economy,' and a pillar of the Growth Strategy aiming to achieve GDP of 600 trillion yen," and states that it will continue to take various measures to "set tourism as one of the key industries of Japan." In order to continue the increase of foreigners visiting Japan experienced in these several years, it is necessary to make

their trips more comfortable by revision of tour guide-interpreter system, deregulation of vacation rental rules, further relaxing of visa requirements, utilization of high-speed transportation and improvement of convenience of airports, in addition to unearthing of local tourism resources and development of tour routes. Some of the issues, such as the regulation on tour guide-interpreter system, have already been taken up by the Council for Regulatory Reform, and a bill to eliminate monopolistic status of tour guide-interpreters is scheduled to be proposed at the parliament. The point is to increase visitors from regions outside Asia, repeat tourists and long-term visitors.

<Initiatives to set tourism as one of the key industries of Japan>



Creating the most appealing tourism resources that will serve for regional revitalization

Developing highly-appealing tourism resources that are not utilized

- Public opening of State Guest House, Akasaka Palace, and Kyoto State Guest House
- Branding Japanese national parks (concentrated improvement of 5 national parks by 2020)
- Encouraging utilization of cultural assets as tourism resources (200 tourism spot projects by 2020)

Spreading tourist consumption to local regions

- Drawing on tourists' demand at local shopping avenues and other areas; expand spending for traditional crafts, etc. (setting up tax-free counters, providing cashless terminals, providing concierge services to foreigners, etc.)
- Create a network of wide-area sightseeing tour routes under a theme/story covering multiple prefectures and transportation. The goal is to improve these tour routes to global standard.



Reforming and enhancing competitive edge of the tourism industry to serve as Japan's core sector

Reexamining tourism-related regulations/schemes

- Reviewing the tour guide-interpreter system to overcome the shortage of tour guides licensed for guiding foreigners
- Fundamental revision of the legal system for accommodation services to handle "vacation rental services"

Strategically mitigating visa requirements

- Mitigating visa requirements for 5 countries (China, the Philippines, Vietnam, India and Russia)

Alleviating accommodation facility shortage

- Encouraging inbound investment at Japanese inns, etc.

Inviting more diverse travelers visiting Japan

- Promoting establishment and development of Destination Marketing/Management Organizations (DMOs) (100 world-class DMOs nationwide by 2020)
- Encouraging invitation of MICE (Meeting, Incentive Travel, Convention, Exhibition)



Providing appropriate environment in which all tourists will be able to fully enjoy comfortable sightseeing trips without feeling any stress

Speeding up immigration service

- Introducing the world's first immigration service package and facial recognition technologies

Enhancing convenience including communications and cashless environments

- Promoting complimentary use of free Wi-Fi environment and SIM card
- Achieving "100% credit card payment" at major tourism spots by 2020

Enhancing the convenience of access

- Making "Japan Rail Pass" available also after arriving in Japan
- Establishing "regional revitalization corridor" by enhancing the convenience of high-speed transport network; and improving the access to local regions
- Accepting more cruise vessels to increase the number of cruise passengers visiting Japan to 5 million in 2020

[Source] Japan Revitalization Strategy 2016

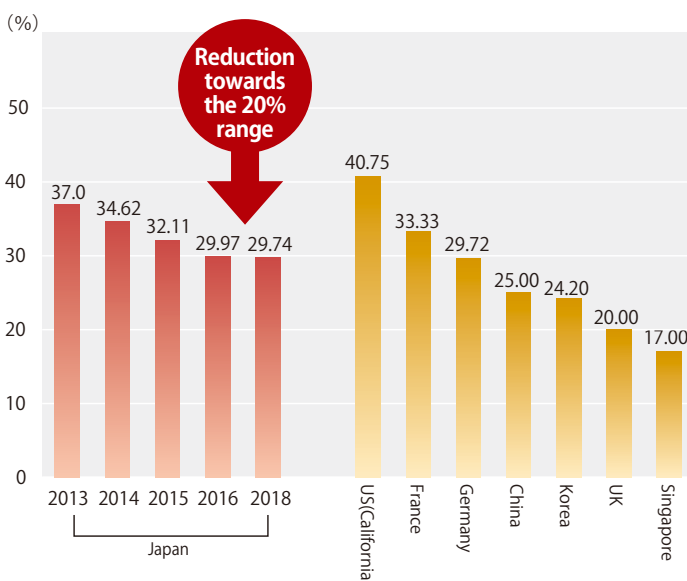
(2) Reduction of the effective corporate tax rates

Japan's standard effective corporate tax rate was lowered about 7% in the three years from 37.00% of fiscal 2013 to 29.97% in fiscal 2016. Further reduction to 29.74% is scheduled in fiscal 2018. It had been pointed out that Japan's corporate tax rate was higher than in other developed countries, which contributed to foreign companies' perception that "business costs are high in Japan." As part of measures to enhance the "earning power" of companies, the government decided to reduce the effective corporate tax rates to under 30%, and implemented the reduction ahead of the schedule.

Japan's effective tax rate (29.97%) is now lower than 40.75% of the state of California in the US and 33.33% of France, and comparable to 29.72% of Germany, but still higher than 20% of UK, 25% of China and 24.20% of South Korea. Continuing corporate tax reform is required to enhance the competitiveness of Japan as a business base.

JETRO conducted a survey of foreign-affiliated companies doing business in Japan (discussed in subsequent chapters) in June 2016. In this survey, to the question on the effort that was most effective in creating a more business-friendly environment, "corporate tax reduction" was chosen by the largest number of respondents (39%) and appreciated as a "measure with palpable effects" and a "big incentive."

Chart 2-2 Reduction of the effective corporate tax rate



[Note] The tax rates for countries except Japan are as of April 2016

[Source] Website of the Ministry of Finance and "FY 2016 Tax Reform Outline"

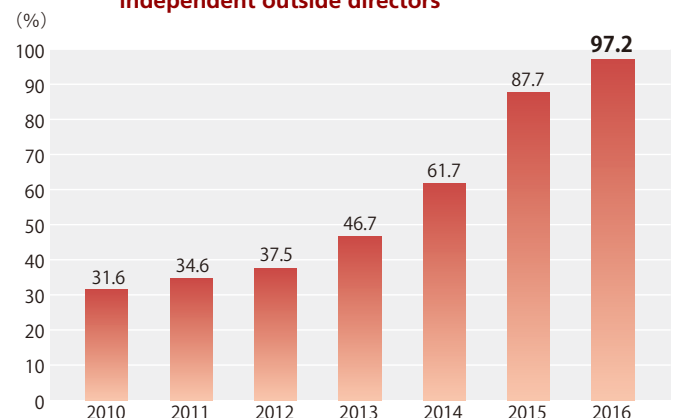
(3) Strengthening corporate governance

The government is implementing a variety of measures to strengthen corporate governance as part of the strategy to increase the "earning power" of companies. The aim is to build up strength to win global competition by improving the medium- to long-term profitability and productivity of companies, while at the same time making them more attractive for investors by establishing clear principles of relationship between their management and investors to ensure more transparent corporate decision making.

In February 2014, the "Principles for Responsible Institutional Investors «Japan's Stewardship Code»" were formulated as a code of conduct for institutional investors investing in listed companies in Japan. They are expected to deeply understand the companies in which they invest as "shareholders," while creating a process for sharing a common purpose. As of September 2, 2016, 213 institutional investors adopted the Stewardship Code.

Additionally, in June 2015, the Tokyo Stock Exchange started application of the "Corporate Governance Code," which compiles key principles contributing to effective corporate governance. The Code consists of the five General Principles: (1) securing the rights and equal treatment of shareholders; (2) appropriate cooperation with stakeholders other than shareholders; (3) ensuring appropriate information disclosure and transparency; (4) responsibilities of the board; and (5) dialogue with shareholders, and calls for discipline including appointment of at least two outside directors at listed companies. In response, the number of companies that appointed outside directors increased greatly. Assisted by the effect of the revised Company Act encouraging appointment of outside directors (enforced in May 2015), the ratio of companies that appointed independent outside directors reached 97.2% in 2016 (Chart 2-3). The government intends to deepen its corporate governance reform through initiatives including the Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code and the Corporate Governance System (CGS) Study Group.

Chart 2-3 Ratio of TSE-listed companies appointing independent outside directors



[Source] "Survey on Corporate Governance of Listed Corporations" (August 1, 2016, Japan Association of Corporate Directors)

(4) Utilization of National Strategic Special Zones

“National Strategic Special Zones” were established for progressive reform of bedrock regulations in various fields including medical care, tourism, and starting business. Since the enactment of the act in December 2013, 10 areas have been established as Special Zones. In these zones, the government is promoting regulatory reform and other measures in a comprehensive and focused manner in order to enhance the international competitiveness of the industries and promote the formation of hubs for international economic activities through intensive structural reform of economic society.

Over 50 regulatory reform matters have been realized by the National Strategic Special Zones, including nationwide measures. The regulatory reforms include the expediting procedures of urban planning, lifting of so-called vacation rental (residences that can accommodate tourists), establishment of new medical departments and clarification of employment conditions (establishment of the Employment Consultation Centers), all of which could not have been realized for many years. 202 projects in total have been approved (as of September 9, 2016) in the 10 Special Zones and are rapidly making recognizable progress (Chart 2-4, 2-5).

Chart 2-4 Examples of projects that have been approved (as of June 2016)

Regulatory reform	Summary	First local government to implement
One-stop center for starting business	Establishment of a one-stop center for promotion of business establishment The center helps foreign companies and others in starting a business by unifying the procedures required to launch a business, which include filing procedures for company registration, taxes, social security, and certification of articles of incorporation. It provides comprehensive support including consultation.	Tokyo
Foreign entrepreneurs	Program to increase the number of foreign entrepreneurs The requirements for receiving status of residence (business manager) ("employ at least 2 people" or "invest at least JPY 5M" from the very beginning) are eased for entrepreneurs if their business plan is approved by the local government.	Tokyo Fukuoka City
Inns and Hotels Act	Exclusion from application of the Inns and Hotels Act to staying facilities Business operators who intend to make available facilities suitable for stay by travelers from Japan and abroad for the period from 7 to 10 days based on a lease contract and provide services necessary for their stay will be exempt from the Inns and Hotels Act, if they are certified by the governor of the prefecture.	Tokyo (Ota Ward)
iPS	Lifting the ban on use of blood for tester cells, etc. produced from iPS cells Production using collected blood as raw material is limited to blood products, etc. However, in order to utilize regenerative medicine technology to strengthen international competitiveness of medical products R&D, it is allowed to use blood to produce tester cells, etc. from iPS cells on a regular basis.	Kyoto Prefecture

[Source] Website of the Office for the Promotion of Regional Revitalization, Cabinet Office

For further promotion of regulatory reform, the government will tackle the remaining issues, with particular focus on the following areas and items. The government will add necessary designated zones and “visualize” concrete projects utilizing reform matters in an accelerated rate, in addition to adding and deepening the existing regulatory reform matters.

- To encourage acceptance of “foreign human resources” in a wide variety of fields;
- To promote “inbound” demand through the use of the concession system;
- To realize “equal footing” among business entities in a wide variety of fields;
- To promote “sharing economy” in a wide variety of fields;
- To promote “diversified ways of working” especially in global and emerging companies; and
- To reform the fields of “primary industry” and “tourism” contributing to regional revitalization.

<Examples of “sharing economy” in the service field>

Sharing economy is typically represented by services to mediate lending of privately-owned idle properties (including intangible assets such as skills). The lender can gain an income by utilizing the idle properties, while the borrower can use the properties without owning them. Examples are “ride share” to gain an income by finding a passenger to ride in a car together with the owner, and “vacation rental” to rent an apartment or room that the owner is not using as an accommodation facility. The wave of sharing economy that started in Silicon Valley and has grown globally is reaching Japan, calling for early development of a legal system. Following are examples of foreign sharing economy companies entering the Japanese market.

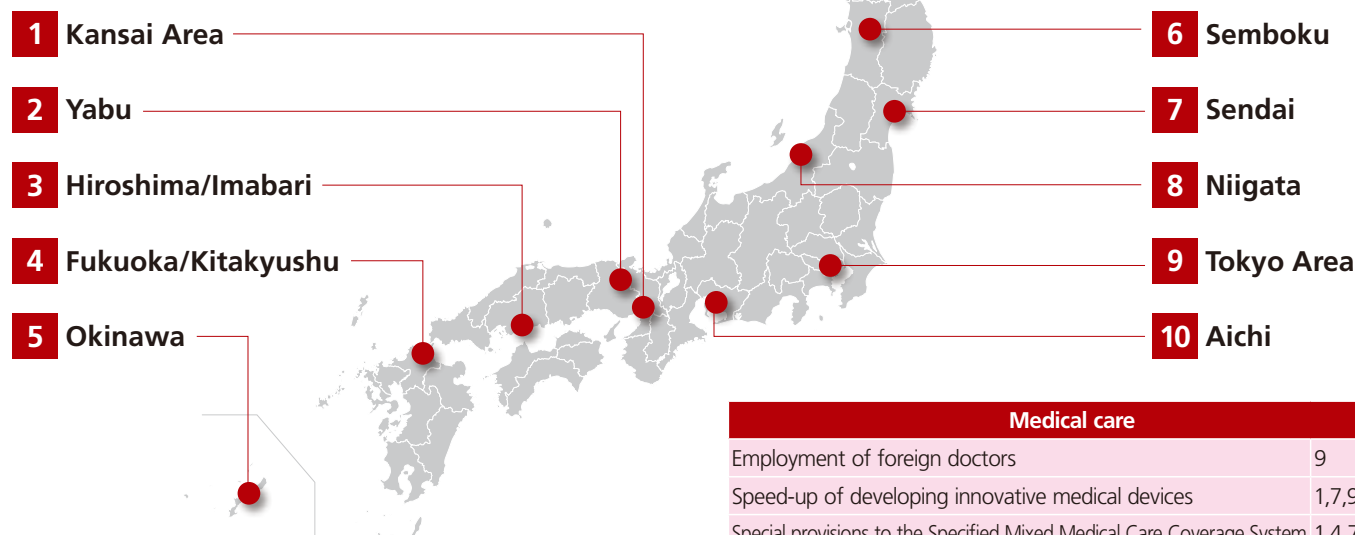
Uber Japan (US, ride share)

The US company provides ride sharing service by matching a car owner entering his/her drive destination using the Uber smartphone application and a passenger requesting car dispatch. Entering Japan in 2013, the company has been providing an existing taxi dispatch system using smartphones, but could not provide the ride share service that it operates globally due to regulations in Japan. In May 2016, the company announced that it will launch a fee-based car dispatch service "Sasaeai Kotsu" using its system in the Kyotango National Strategic Special Zone, Kyoto. For the future, the company will work to improve convenience of traffic in depopulated areas with aging population.

Airbnb Japan (US, vacation rental)

The US company operates a website to provide privately owned vacant rooms and apartments for use as accommodation facilities. Private persons upload the data of the rooms they offer to the website and persons who wish to use the rooms make reservations on the site. The system with 2 million registered rooms is used in 190 countries in the world. In Japan, the Inns and Hotel Act restricts provision of residences as accommodation facilities, but this is eased in National Strategic Special Zones in Tokyo (Ota Ward) and Osaka, where vacation rental services have started. The service of Airbnb has a potential to solve the shortage of accommodation due to increase in people visiting Japan for the Tokyo Olympics.

Chart 2-5 National Strategic Special Zones - selected examples of regulatory reforms (as of September 2016)



Tax	
Special treatment for capital investment (special depreciation system, tax reduction for capital investment)	1,8
Foreign personnel	
Accepting foreign personnel for housekeeping work	1,9
Tourism	
Minpaku (the use of vacant houses as tourist accommodation)	1,9
Revitalization of cities	
Speed-up of the procedure for city planning	9

Medical care	
Employment of foreign doctors	9
Speed-up of developing innovative medical devices	1,7,9
Special provisions to the Specified Mixed Medical Care Coverage System	1,4,7,9,10
Special provisions to the Medical Care Act concerning hospital bed regulations	1,4,5,9
Setting up a medical school	9

Startups	
Startup Visa (deregulation of a visa requirement)	3,4,8,9
Center for employment system reform for business creation	3,4
Tokyo One-Stop Business Establishment Center	9
Certification of Articles of Incorporation outside of notary offices	9

Agriculture	
Diversified business model by agricultural corporation	2,6

[Source] Website of the Office for the Promotion of Regional Revitalization, Cabinet Office

Realization of the “fourth industrial revolution”

The technological breakthrough by IoT (Internet of Things), Big Data, robots, artificial intelligence and the like is progressing with unprecedented speed and impact, which may be called “the fourth industrial revolution.” The government views that correctly understanding the technological breakthrough and changing the systems of economic society to lead the breakthrough are the key for Japan to move to a new growth phase. Setting a goal to create 30 trillion yen added-value related to the fourth industrial revolution by 2020, the government is expediting efforts to develop environments and systems to enable speedy commercialization of innovative technologies.

Specifically, the government will establish the control center to accelerate R&D and social implementation of artificial intelligence

technology that holds the key of the “fourth industrial revolution” and promote data utilization across companies and organizations.

The Artificial Intelligence Technology Strategy Council was set up in April 2016. The council will develop R&D goals of artificial intelligence and industrialization roadmaps for industry-government-academia collaboration purposes.

A system to select projects will be built to promote regulatory and system reforms and data utilization projects. The government will introduce a new mechanism for specific regulatory reforms. In this mechanism, the public and private sectors will share a vision and develop a roadmap by working backward from the future image.

<Examples of specific projects planned for the future>

1. Further enhancing healthcare and medical services by utilizing IoT

Establish “Agency Organization (tentative name)” system for collection, management and anonymization of clinical trial and laboratory data. Provide “individualized healthcare services” using health data available on a daily basis from wearable devices, etc.

2. Developing the environment for realization of advanced automated driving including unmanned automated driving. Create maps for automated driving by 2018

Realize transportation services by unmanned driving and automated driving on expressways by 2020. Develop systems and infrastructure necessary for this purpose by 2017.

3. Developing the environment for further business use of small drones

Realize package delivery by drones in three years at the earliest. Decide the policy for development of the system in summer of 2016.

4. i-Construction

Use 3D data obtained by flying drones for earthworks such as raising and cutting the ground. The Government will start applying necessary standards to basically all large-scale national construction projects from fiscal 2016 (Reducing the number of days for inspection and the amount of inspection documents to a fifth and a fiftieth respectively).

5. Promoting sharing economy

To develop sound sharing economy that is new economic activities using idle properties based on innovative IT development, the Government will establish a council to hear from parties concerned, and will aim to put together necessary measures in fall 2016.

[Source] Japan Revitalization Strategy 2016

2. Measures to attract foreign companies

The government set a goal to increase the stock of inward FDI in Japan to 35 trillion yen, which is double of the figure as of the end of 2012, by the end of 2020. For this purpose, the government has been working on various measures including an initiative to improve the ease of doing business in Japan, improvement of the living environment and convenience for foreigners and subsidies as incentive to attract high-value added bases to Japan. The government is also providing individual support for foreign companies launching business in Japan and widely dispatching information to encourage investment. These efforts are described in Chapter 5 “Investment Promotion Projects of JETRO.”

(1) “Five Promises for Attracting Foreign Businesses to Japan”

The government holds meetings of the Council for Promotion of Foreign Direct Investment in Japan as a cabinet meeting to

discuss challenges and measures for attraction of FDI to Japan. The council is attended by the Minister of State for Economic and Fiscal Policy, the Minister of State for Regulatory Reform, the Minister for Internal Affairs and Communications, the Minister of Foreign Affairs, the Minister of Economy, Trade and Industry, the Minister in Charge of Regional Revitalization and other members, and acts as a “control tower” for these measures while hearing opinions directly from foreign enterprise executives and others, in order to realize institutional reform and other necessary matters.

The Council (held in March 2015) adopted the “Five Promises for Attracting Foreign Businesses to Japan.” They are: 1. Overcome language barriers at retailers and restaurants; 2. Facilitate better Internet connectivity; 3. Accommodate business jets at local airports; 4. Enhance educational environment for expatriate children; and, 5. Strengthen advisory and consultation services to support foreign businesses, which are aimed at developing an environment for foreign-affiliated companies to do business easily and improving the living environment for foreigners. Progress of efforts to realize the five promises is as follows (as of the end of fiscal 2015):

II Toward Improvement of the Business Environment

· First Promise: Overcome language barriers at retailers and restaurants

Item	Progress
Multilingual retailers	→ "Multilingual Guidelines for In-store Signs in the Retail Industry" were developed based on a survey of foreigners on multilingual needs in shopping. The guidelines are on the website of the Ministry of Economy, Trade and Industry since spring of 2016 for dissemination.
Multilingual medical care	→ Nine medical centers, to which interpreters specialized in medical fields were assigned, were newly selected in July 2015, bringing the total to 19. Such medical centers will be increased to 30 by 2020. → Revised Act on National Strategic Special Zones was enacted in July 2015 to expand the advanced clinical training system so that foreign doctors are allowed to work for the purpose of training not only at large hospitals but also at local clinics in National Strategic Special Zones (enforced in September 2015).
Multilingual restaurant	→ Multilingual training seminars were held for restaurants and others at seven places (Mie, Ishikawa, Kagawa, Hiroshima, Nagasaki, Hokkaido and Sendai) in Japan. "Guidebook for Inbound Services" providing multilingual tools and phrases to address foreign customers was compiled and published.
Speech translation system	→ The latest version of multilingual speech translation app (10 languages) for travel phrases with improved accuracy was made public in October 2015. The application was downloaded about 180,000 times by the end of January 2016.

· Second Promise: Facilitate better Internet connectivity

Item	Progress
Free Wi-Fi	→ In July 2015, SoftBank launched a free Wi-Fi service for foreigners visiting Japan at 400,000 spots across the country. In addition, NTT BP and Wire and Wireless are offering 138,000 spots and 200,000 spots respectively as of December 2015. → In April 2015, a page disseminating information on free Wi-Fi was opened on the website of the Japan National Tourist Organization.

· Third Promise: Accommodate business jets at local airports

Item	Progress
Accommodate business jets at local airports	→ Immigration lanes were increased by 44 in 14 airports in fiscal 2015. In July 2015, additional 15 immigration officers were assigned to branch offices having jurisdiction over local airports, and examination task forces of 20 members in total were deployed at two immigration offices. Furthermore, an additional 57 immigration officers were deployed impromptu at Kansai and Naha Airports in December 2015. Further addition of six booths is planned at four airports. → Improved the system for accepting business jets in March 2016 by reducing the two-week advance notice to one week at airports where CIQ (Customs, Immigration and Quarantine) officers are not permanently stationed.

· Fourth Promise: Enhance educational environment for expatriate children

Item	Progress
Promoting activities of the International Students Support Network	→ Publicized the International Students Support Network that provides total support from arriving at Japan to finding employment at seminars in Summer 2015. As a result, the members of the network increased. As of February 2016, 71 universities, about 2,000 international students and about 700 private companies are registered. → Job interview sessions for international students were held in August and October 2015 with participation of 1,800 students and 170 companies in total. Sessions were held also in March 2016.
International schools	→ In July 2015, Ministry of Education, Culture, Sports, Science and Technology asked prefectures to ease their criteria for approval of establishment of schools in various category. As part of the effort, Tokyo reduced the requirement of land/building lease years from 20 to 10 years in January 2016.
Teaching English in elementary schools	→ Assistant Language Teachers (ALT) of the Japan Exchange and Teaching Program (JET Program) were increased from 4,101 of fiscal 2014 to 4,404 in fiscal 2015. The goal is to increase the number to 6,400 by 2019.

· Fifth Promise: Strengthen advisory and consultation services to support foreign businesses

Item	Progress
Collaboration with local governments	→ "Portal site for creating global circulation for regional economy" was built to attract companies to local regions and was launched in August 2015. → Jointly developed strategies to attract foreign companies, conducted PR and information dispatch including top-level sales, approach to individual companies, support for starting a business and other initiatives depending on the needs of the local government.
Investment Advisor Assignment System	→ The "Investment Advisor Assignment System" was established. In this system, State Ministers act as advisors to companies that have made important investments in Japan. Invitation of foreign company applicants was made from January 7 to February 12 of 2016, and 9 companies were selected in March. State Ministers have been providing consultation to the companies as needed since April 2016.

[Source] Website of the Council for Promotion of Foreign Direct Investment in Japan, Cabinet Office

Nine companies were chosen for the Investment Advisor Assignment System through public invitation (Chart 2-6). In the meeting which companies will hold with the assigned State Minister, the State Minister for Foreign Affairs, staffs of the assigned Ministries, the Ministry of Foreign Affairs and staffs of JETRO will sit in the meeting and support the companies. The system facilitates consultation with the government of Japan for foreign companies that have made important investments in Japan.

In order to be eligible for participation in the program, companies must have made a direct investment of 20 billion yen or more in Japan and have 500 or more regular employees in Japan, must operate in one of the strategic sectors listed in the Japan Revitalization Strategy and be carrying out healthy business activities, and must carry out activities that are expected to contribute to the invigoration of the Japanese economy.

Chart 2-6 List of companies chosen for the Investment Advisor Assignment System

Company	Nationality	Sector	State Minister	Name of Japanese Subsidiary
IBM	US	IT	State Minister of Economy, Trade and Industry	IBM Japan Ltd.
Air Liquide	France	Chemistry	State Minister of Economy, Trade and Industry	Air Liquide Japan Ltd.
Johnson & Johnson	US	Medical device	State Minister of Health, Labour and Welfare	Johnson & Johnson K.K.
3M	US	Chemistry	State Minister of Economy, Trade and Industry	3M Japan Limited
DuPont	US	Chemistry	State Minister of Economy, Trade and Industry	DuPont K.K.
Pfizer	US	Medicine	State Minister of Health, Labour and Welfare	Pfizer Japan Inc.
Philips	Netherland	Medical device	State Minister of Health, Labour and Welfare	Philips Electronics Japan, Ltd.
Micron Technology	US	Semiconductor	State Minister of Economy, Trade and Industry	Micron Memory Japan, Inc.
Merck	US	Medicine	State Minister of Health, Labour and Welfare	MSD K.K.

[Source] Cabinet Office

(2) Policy Package for Promoting Foreign Direct Investment into Japan to Make Japan a Global Hub

While improvement has been observed in Japan's rating as an investment destination by foreign companies, various issues that hinder investment in Japan were still being pointed out in a survey of foreign-affiliated companies conducted by JETRO last year. The issues include the complexity of regulations and administrative procedures, difficulty in securing globally competitive human resources, and the difficulty in communicating in non-Japanese languages. To address these issues, the Council for Promotion of Foreign Direct Investment in Japan adopted a new policy package at its meeting on May 20, 2016.

Mainly for "simplifying administrative procedures" and "attracting globally competitive human resources," the government will carry out reforms under this policy package.

Improvements in regulations and administrative procedures	<ul style="list-style-type: none"> -Simplify administrative procedures -Increase the number of Japanese laws and regulations translated into foreign languages -Ensure a one-stop procedure for setting up a business
Attracting and fostering globally competitive human resources	<ul style="list-style-type: none"> -"Japanese-version green card" for highly-skilled foreign professionals -Online applications for residence status -Employment support for international student -Strengthening English language education for Japanese nationals
Improvement of the living environment for foreign nationals	<ul style="list-style-type: none"> -Japanese language support to all children who require it -Expand medical institutions equipped with the capabilities to accept foreign patients -Information on services for foreigners by medical institutions, banks and electricity/gas suppliers will be posted on JETRO's website

1. Regulatory reform and improvements in administrative procedures

- Simplify administrative procedures

For the purpose of fundamentally simplifying regulations and administrative procedures associated with FDI in Japan, the Council will draw conclusions within one year as to how regulations and administrative procedures that are deemed too complex for foreign companies can be reviewed and simplified. Matters on which conclusions can be reached early on will be addressed ahead of others by deciding on concrete measures by the end of 2016 and promptly implementing them.

- Increase the number of Japanese laws and regulations translated into foreign languages

Additional 500 laws and regulations at minimum will be translated into foreign languages by fiscal 2020.

*Translations of 508 laws and regulations had been published on the website below.

<Japanese Law Translation>

<http://www.japaneselawtranslation.go.jp/?re=02>

- Ensure a one-stop procedure for setting up a business

A new support system will be introduced at The Tokyo One-Stop Business Establishment Center to assist business startups by launching an electronic application system for company registration, tax affairs, pension administration and other procedures required for launching a business. In addition, the range of applications accepted over the counter, which is currently limited to those pertaining to immigration control and others, will be expanded to cover all administrations. Furthermore, in order to facilitate immigration procedures for foreign nationals who need to enter Japan for starting a business in the country, the center will expand the scope of residence status that can be applied for by adding "engineer / specialist in humanities / international services" to its current line-up comprising "business manager" and "intra-company transferee." In addition, applications for residence status, which are currently accepted at the center for a period of six months from establishing a corporation, will be accepted over an extended period of time.

2. Attracting and fostering globally competitive human resources

–acceptance of highly-skilled foreign professionals, employment support for international students and strengthening English language education for Japanese nationals

- Highly-skilled foreign professionals

A “Japanese-version green card” system for highly-skilled foreign professionals will be established by significantly shortening the 5-year residence period required for highly-skilled foreign professionals to apply for permanent residence permission, which will make this “green card” one of the most quickly obtainable permanent residence permissions in the world. At the same time, the points-based system for highly-skilled foreign professionals will be reviewed to revise the requirements with the aim of making the system more accommodating. The system will also be more widely publicized. Necessary preparations will be undertaken to facilitate and expedite the procedure for residence status applications, including accepting applications online.

Employment of foreign housekeeping support workers will be promoted in the National Strategic Special Zones (in addition to Kanagawa prefecture and Osaka city, the project will be expanded to Tokyo and other regions).

- Employment support for international student

The government aims to increase the proportion of international students employed in Japan after graduation (with a bachelor's, master's and/or doctoral degree) to 50% by fiscal year 2020, up from approximately 30% as of fiscal year 2013. Measures taken toward this goal include preferential treatment of simplifying the application procedures in acquiring or changing the status of residence with less documentation requirements and less processing time for international students who have completed specified programs of Japanese business culture or business Japanese, internships, etc.

- Strengthening English language education for Japanese nationals

A total of 20,000 or more external human resources including assistant language teachers (ALTs) and those fluent in English will be deployed at all elementary schools by fiscal 2019 to ensure that all schoolchildren receive high-quality English language instruction and develop human resources fluent in English.

3. Improvement of the living environment for foreign nationals

–education, medical care and foreign languages

- Educational support for foreign schoolchildren

Japanese language support will be made available by 2020 to all elementary and junior high schoolchildren who require it. (It is currently available to approximately 80% of such schoolchildren as of fiscal 2014). The number of elementary and junior high schools that introduce the Japanese as a Second Language (JSL) curriculum will be increased in areas where a large number of schoolchildren require Japanese language support, with a view to ensuring Japanese language support in such areas.

- Offering procedures associated with daily life in foreign languages

The government will increase the number of medical institutions to around 40 in Japan that are equipped with the capabilities to accept foreign patients by the end of fiscal 2016. Medical institutions, banks, mobile phone operators, and electricity/gas suppliers will provide foreign nationals with easy-to-understand information on sites/contacts that offer services in foreign languages. Such information will be posted on JETRO's website in an integrated manner.

(3) Meeting of the Working Group for Revising Regulations and Administrative Procedures

For the purpose of promoting FDI in Japan, the Council for Promotion of Foreign Direct Investment in Japan decided to establish the Working Group for Revising Regulations and Administrative Procedures (“Working Group”) on May 20, 2016. The Working Group will discuss simplification of regulations and administrative procedures posing a challenge for foreign companies to invest in Japan, and make adjustment among relevant ministries and agencies.

The Working Group consists of experts, businessmen, foreign-affiliated company executives and other people appointed by the Minister of State for Economic and Fiscal Policy. For the purpose of fundamentally simplifying regulations and administrative procedures associated with FDI in Japan, the Working Group will draw conclusions within one year.

The first meeting of the Working Group held on August 17, 2016, took up signature certificates and certificates for paid funds as issues associated with incorporation of a stock company in Japan.

Certificates of seal-impression of the incorporator and the director at the time of incorporation are required for registration of incorporation of a stock company, but foreign nationals who have no domicile in Japan may submit their signature certificate as a substitute. In the past, because signature certificates must be issued by an authority of their own native country (consul in Japan or notary of the country), if the foreign national is living in a foreign country that is not his/her mother country, he/she had to travel back to the mother country or visit its consul in Japan. At the first meeting of the Working Group, the member from the Ministry of Justice reported that, based on the notification on June 28, 2016, the legal affairs bureau accepts signature certifications issued by the mother country's authority in the country of residence, in the case where the foreign national is living outside his/her mother country or Japan.

For incorporation of a stock company, the incorporator is required to pay the entire amount of the contribution into a bank account in the incorporator's name or a bank account of the person who will be the representative director at the time of incorporation, and submit a document certifying the payment when making application for registration of incorporation. However, many foreigners have pointed out the difficulty for a foreign national to open a bank account in Japan and complicated procedure of identity verification by banks based on money laundering regulations. To address this issue, the working group vigorously discussed the point of submitting a document certifying the payment of the contribution when registering a company, the right timing to confirm the contribution and other matters at this first meeting.

After discussions on various issues for simplification of regulation and administrative procedures from September to around November, the Working Group plans to decide concrete measures for matters that will be addressed ahead of others by the end of this year. Matters requiring further examination will be discussed by the Working Group in the first half of 2017. A final decision will be made around June and the conclusion will be reported to the Council for Promotion of Foreign Direct Investment in Japan.