

5 JETRO Efforts to Promote Investment in Japan

1. Achievements of JETRO: More than 190 success stories!

Chart 5-1 shows the number of foreign investment projects in Japan supported by JETRO. It also shows the number, among said investment projects, that succeeded in establishing new or expanding existing operations in Japan. In 2003, since JETRO established its Invest Japan Business Support Center (IBSC), and these have successfully attracted about 1,800 investments to this date.

Charts 5-2 to 5-5 provide breakdowns (by region, investor country/region, industry, and investment target region) for successful projects, comparing FY 2017 with the 15-year cumulative total. Results show an increasingly high ratio of investments from Asia in recent years, with China in particular taking on a major role. The ICT/telecommunications industry accounts for the largest percentage of investments, although investment numbers are also growing in the pharmaceuticals and medical field and tourism field. A

disproportionate number of investments still go to Tokyo, but this bias is gradually decreasing as investment in other parts of the country is relatively expanding.

Chart 5-1 Investment projects supported and successfully attracted by JETRO

	FY2017	FY2003-17 (cumulative)
Investments successfully attracted (operations newly established and businesses expanded)	193	1,772
Projects supported	1,741	17,713

Chart 5-2 Comparison of JETRO-attracted investments by region

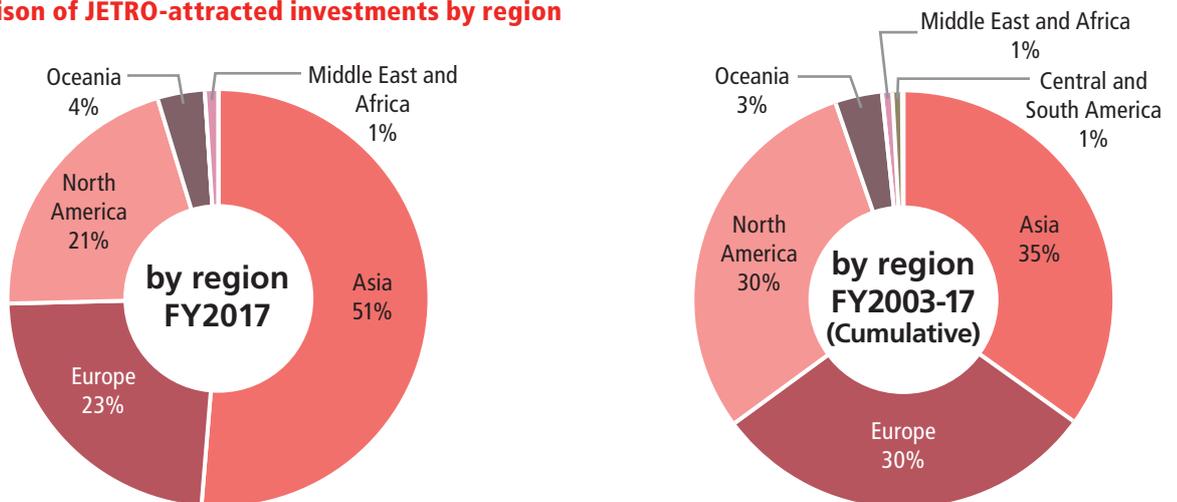


Chart 5-3 Comparison of JETRO-attracted investments by investor country/region

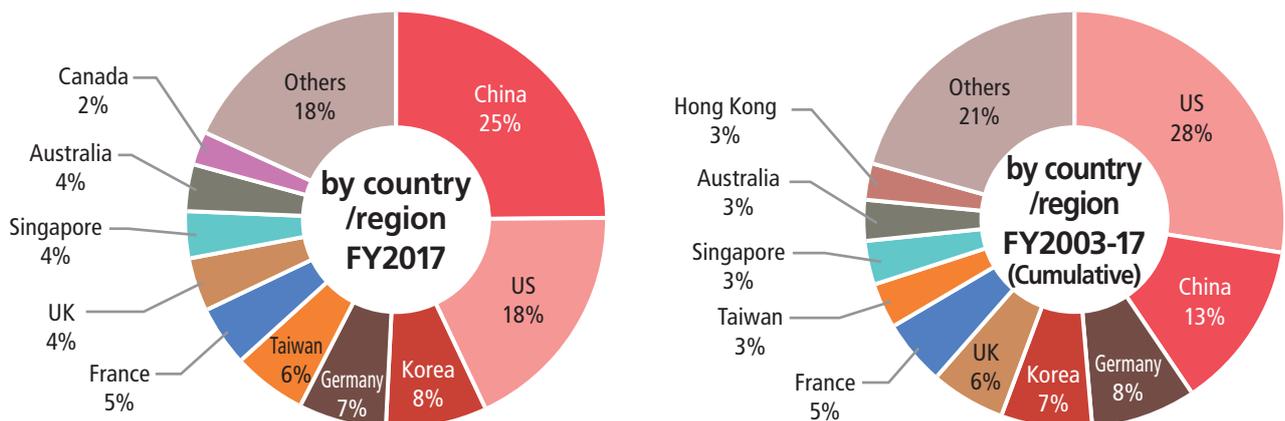
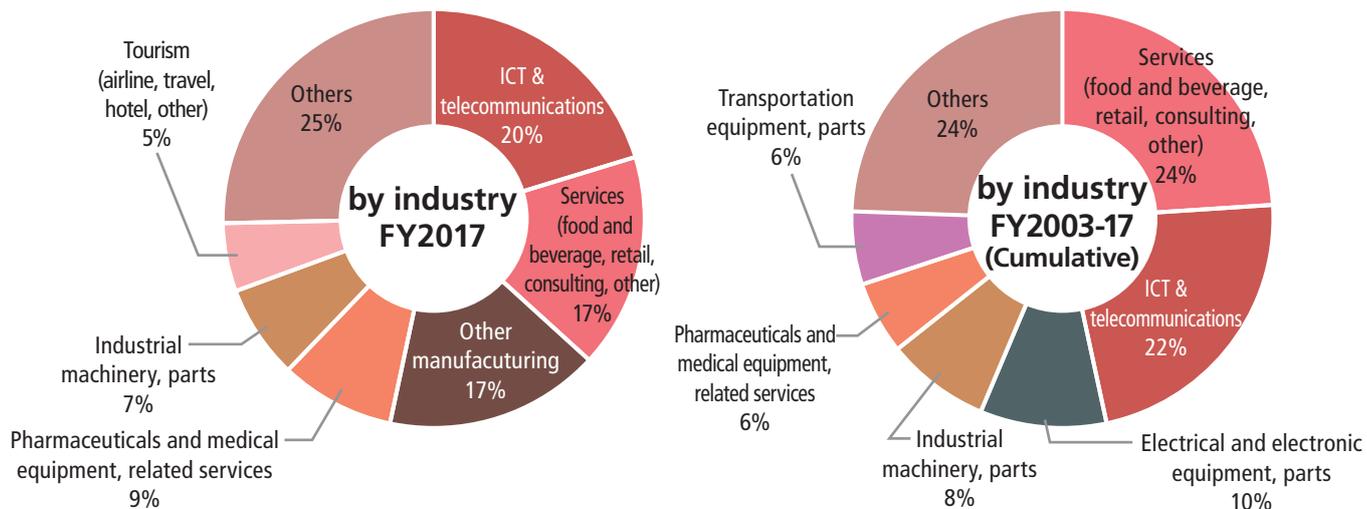
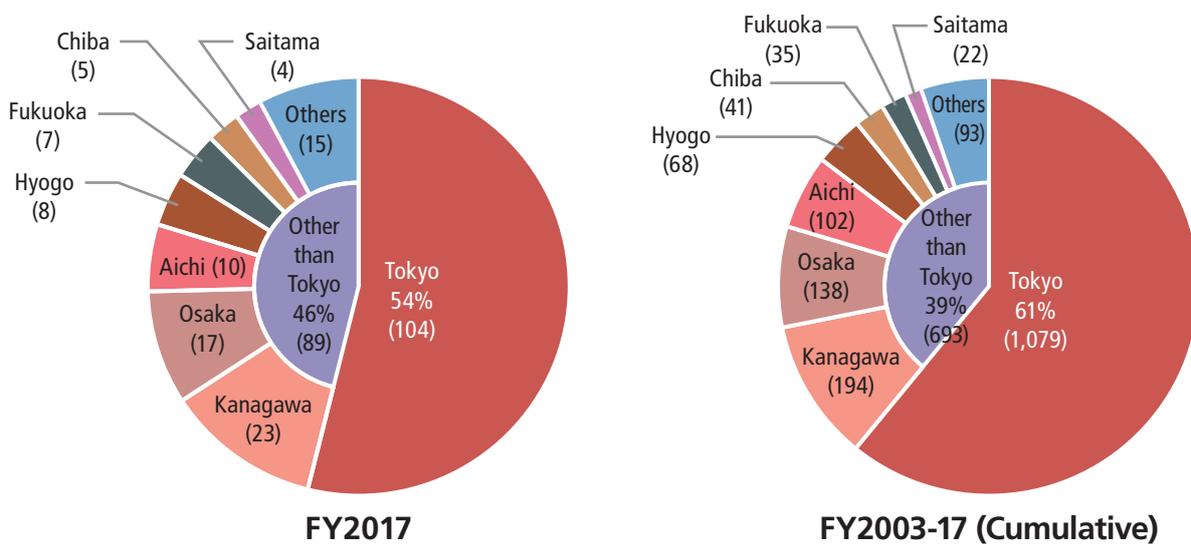


Chart 5-4 Comparison of JETRO-attracted investments by industry



[Note] Classification is partly changed from that of "Invest Japan Report 2017." "ICT & telecommunications" includes software.

Chart 5-5 Comparison of JETRO-attracted investments by investment target prefecture



[Note] Number of projects in ().

Chart 5-6 Changes in ratio of JETRO-attracted investments by region



2. Growing investment in Japan: A focus on Asia, high added value, and innovation

JETRO provides comprehensive, integrated support to encourage greater foreign investment in Japan (see Chart 5-7). These efforts include information provision and promotional activities, discovery of companies interested in investing in Japan and supplying of market information, individualized support for companies establishing new operations in Japan, and business expansion support for foreign-affiliated companies operating in Japan, among others. JETRO also offers wide-ranging support to local governments throughout the nation.

The types of support projects and measures undertaken, as well as industries and fields targeted for support, have changed with the times. In recent years, much effort has been focused on encouraging the establishment of R&D centers and other facilities in pursuit of further innovation, attracting investments in regions outside of Tokyo and other

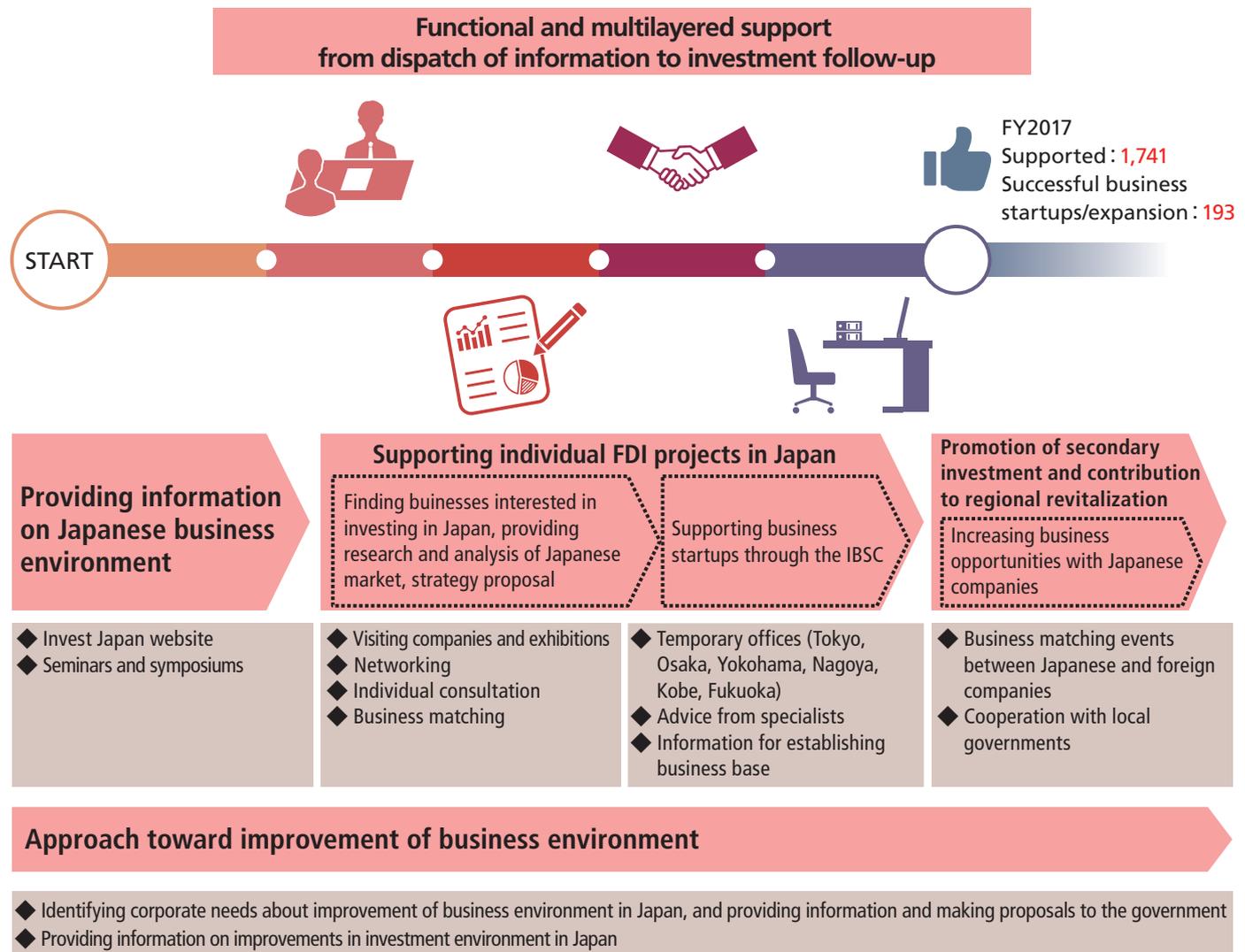
major urban centers, bolstering activities to attract companies from the emerging nations of Asia and elsewhere, and providing corporate matching support services for joint business endeavors with Japanese companies.

(1) Providing information on Japanese business environment

① Overseas hosting of the Japan Investment Seminars and Symposiums 69 times in FY2017

In order to convey, in a comprehensive manner, the advantages and appeal of the Japanese market to potential investors, JETRO is focusing its efforts on providing related information on a global scale, and emphasizing advantages such as the Japanese market's predominance in the region, efforts underway toward easing of regulations, and other factors that help foster a healthy environment for innovation, as well as support services offered by JETRO.

Chart 5-7 JETRO's activities to promote inward FDI



Toward these ends, JETRO hosted a total of 69 seminars and symposiums in FY 2017 (see Chart 5-8). In September 2017, when Prime Minister Abe visited the United States to attend a session of the United Nations General Assembly, JETRO hosted a roundtable conference in New York City where Prime Minister met and talked with the world-renowned investors and business leaders. Prime Minister emphasized improvements in the Japanese investment environment achieved through corporate governance reforms and other such efforts, and also engaged in frank and open discussions about measures the Japanese government should pursue to facilitate increased foreign investment in Japan. Local government heads from Japan also took part in the seminars and symposiums, expressing the attractive qualities and incentives offered by their regions and municipalities. These “top-level sales” by national and local government leaders taking an active part in the promotion of investment in Japan make major contributions to express their sincere effort for attracting more investments from abroad.

In FY 2017, JETRO held seminars and symposiums carefully planned to focus on prominent industries in each country/region and specifically target companies with interest in investing in Japan. In Taiwan, for example, JETRO hosted a Japan investment seminar targeting startups in areas such

as IoT and Industry 4.0, and in Germany held Japan Economic Forum in order to promote increased German–Japanese corporate collaboration and expansion of German business operations in the automotive industry in Japan. In India, JETRO focused on the IoT field with India–Japan Business Partnership Seminar. In these ways, JETRO conveyed a message that to build more win-win relationships through international corporate collaboration with Japan will lead to greater mutual innovation. JETRO also called on to the government officials and leading business executives in Vietnam, a country whose prospects for future investment in Japan are promising that business growth and experience in the Japanese market has the potential to provide Vietnamese companies with a good launching pad for global-scale expansion.

Many of the seminars and symposiums featured promotional booths hosted by local Japanese governments, intended to provide information to investors on local market advantages, incentives and the like. From FY 2018, JETRO is holding seminars and symposiums targeting exceptional startups offering innovative technologies and services in order to help promote new innovation in Japan, overcome societal problems and respond to other contemporary needs.

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Chart 5-8 Seminars and symposiums on investment in Japan held in FY 2017



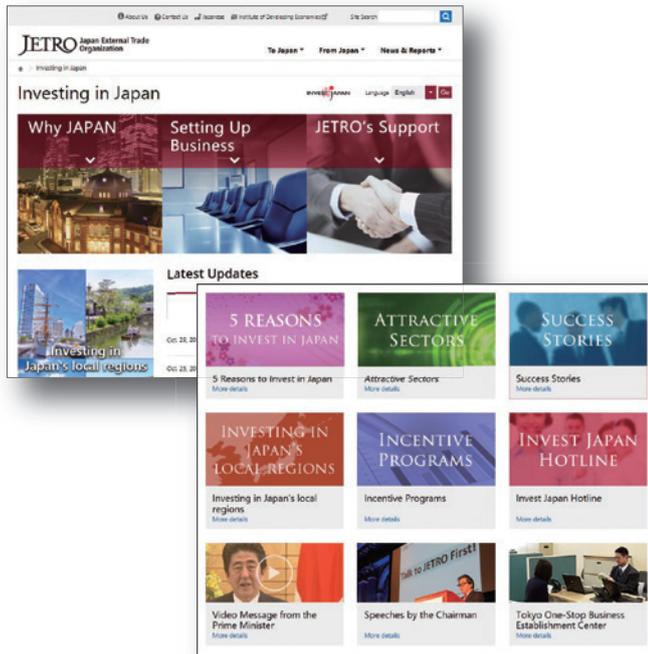
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② The Investing in Japan website: a comprehensive online source of important information on entering/investing in the Japanese market

JETRO has designed the website (see Chart 5-9) to serve as a comprehensive portal site for parties interested in investing in Japan, and toward this end the organization distributes information in seven languages via the site. The most visited page on the site is "How to Set Up Business in Japan," which offers an overview of information on incorporating a business, visas, taxes, human resource management, and trademarks and design protection systems, among other topics. This section of the site also offers downloadable PDF pamphlets. The "Investing in Japan's local regions" page has information on local business environments throughout Japan, incentives, and more. Visitors can search by prefecture, preferred investment industry/field and other such criteria, and can also compare various data for each municipality/region.

Moreover, in response to a report (April 2017) from the Working Group for Revising Regulations and Administrative Procedures (administered by the Council for Promotion of Foreign Direct Investment in Japan), and also to the policies established under Growth Strategy 2017, JETRO is working to provide more English-language versions of government policies regarding investment in Japan, market reports and similar.

Chart 5-9 Investing in Japan website:
<https://www.jetro.go.jp/en/invest/>



JETRO Investing in Japan



(2) Supporting individual FDI projects in Japan

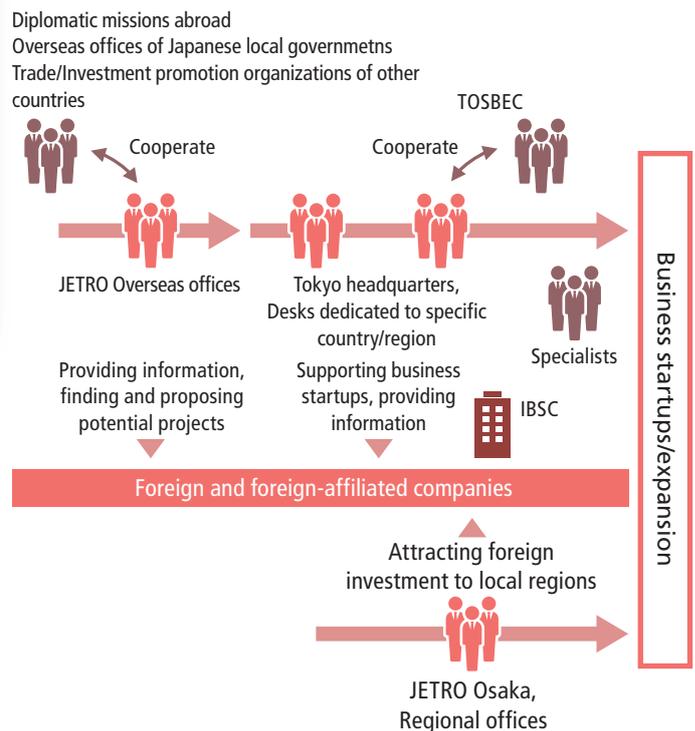
① Provision of individualized support in collaboration with overseas offices, domestic offices, and the Tokyo and Osaka Head Offices

Approximately 200 staff members at JETRO's offices, which include overseas and domestic offices as well as the Tokyo Head Office and Osaka Head Office, coordinate their efforts closely to attract promising overseas companies to Japan and provide support tailored to each company's individual needs (see Chart 5-10).

The overseas offices work together with overseas diplomatic agencies, overseas offices of Japanese local governments, and the trade and investment promotion organizations of various countries and regions to host seminars, arrange mutual visits among industry organizations, and in other ways provide information on the Japanese investment/business environment and find promising potential investors. Within Japan, JETRO provides support for procedures to set up new companies domestically, supplies industry-specific market information, offers information on obtaining permits and certifications, introduces regional and local incentives as well as potential regions for doing business, and provides other such support. Six foreign-national staff members (from North America, China, Taiwan, South Korea, the ASEAN region and India) capable of providing assistance in their native languages for each region and country are assigned in the Tokyo Head Office. JETRO also works in coordination with Tokyo One-Stop Business Establishment Center (TOSBEC), a one-stop center for consultations on necessary procedures for establishing an incorporated entity (established in April 2015, operated by the national and Tokyo municipal governments).

JETRO has established Invest Japan Business Support Centers (IBSCs) in six municipalities throughout Japan: Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka. The IBSCs provide temporary offices that can be used free of charge for 50 business days by people preparing to set up offices in Japan; offer free consulting services related to legal-, labor- and tax-related systems and procedures; and even provide support services in areas such as staffing and office-hunting.

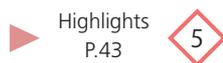
Chart 5-10 JETRO's platform to support foreign/foreign-affiliated companies



② Target fields in FDI: R&D hubs and similar offering high added value and benefits for Japan's economy

With a central focus on environment and energy, life science, tourism, service, ICT, manufacturing and infrastructure fields, JETRO centers its foreign-company investment promotion efforts on projects that help foster innovation in Japan, boost productivity, promote accumulation of research know-how, and otherwise make contributions toward the Japanese economy. Some of JETRO's more recent support projects include additional investments by the US company **BorgWarner** (a manufacturer of high-performance automotive electric components) toward strengthened productivity and R&D functions of its factory in Mie Prefecture, the establishment of branches in Tokyo and Osaka by the South Korean low-cost carrier **Air Seoul**, the establishment of a company for marketing and R&D by Taiwanese IoT solutions developer **NextDrive**, and the establishment of a company in Japan by the Singaporean FinTech company **Coolpay**.

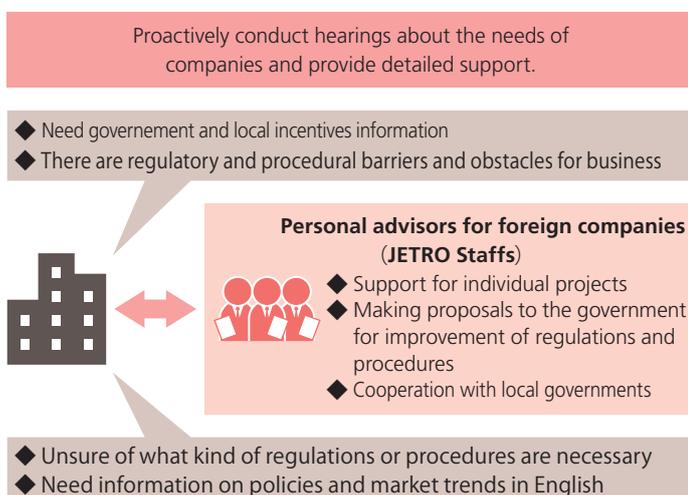
JETRO is also making efforts to attract companies that provide support for both Japanese and overseas startups—these efforts include helping the US startup accelerator **Plug and Play Tech Center** establish a new Japanese location. Under the "J-Startup" program launched in FY 2018 by the Ministry of Economy, Trade and Industry (METI), which offers focused support specifically for startups, JETRO is participating in mutually assistive efforts between accelerators and other such organizations in 12 cities around the world.



③ Close company partners: Introduction of the Personal Advisors System for Foreign Companies

In FY 2017, JETRO established the Personal Advisors System for Foreign Companies (see Chart 5-11). Under this system, whose support efforts target roughly 1,000 companies, JETRO representatives work as close partners with each company offering comprehensive consulting services and striving to help overcome individual problems and challenges. Through attentive, fine-tuned support activities, the program also provides a means for JETRO to listen to the opinions of companies regarding Japanese regulations, procedures and other factors that interfere with smooth business establishment and operation, and then convey these requests and ideas to the national government.

Chart 5-11 Overview of the Personal Advisors System for Foreign Companies



Example Cases: Responses to Requests and Consultations from Foreign Companies

European tool manufacturer

Opening a bank account

Despite a pressing deadline for sending payments via bank transfer, this company was turned down by multiple banks when trying to open a corporate bank account, the reason for refusal being that they are a foreign firm. The personal advisor contacted other banks and, after explaining the operations and future potential of the company in question, was able to help them open an account one week later.

Asian cosmetics manufacturer

Life support

The company came in to talk regarding school enrollment procedures of expatriate's children. The personal advisor (a foreign staff dedicated to specific country/region), based on personal experience, offered some useful advice. The advisor asked the local ward office and got information on numbers of foreign students at various schools in the district and on the formation of local school districts, making the company to recognize that the final school choice is linked to the choice of a place to live.

Asian robotics-field company

Staffing

The company was unable to understand the Japanese resumes received in response to hiring ads. The personal advisor worked closely together with the company's staff to review applicant resumes and assist with the screening process.

European translation and interpretation company

Linguistic support

When the representative of a company in Japan attempted to set up a rental contract with a real estate company, it was turned down, being told that contracts with foreign nationals were impossible. Even when the representative attempted to go through a guarantor agency, they reported that the agency was unable to help because they didn't speak English. The personal advisor introduced a guarantor company capable of serving customers in English, and the representative in question was finally able to conclude a rental contract.

European parts manufacturer

Staffing

This company had been searching for high-quality engineers to hire but did not have any luck. The personal advisor introduced them to a university professor (a personal acquaintance), and through this connection the company was able to find suitable personnel. The company also met with local government representatives—a meeting arranged by the personal advisor—who introduced potential candidates for hire. Thanks to this support, the company was able to find the engineers and office staff it needed.

5

Newly Established Business Endeavors in Japan through JETRO Support (FY 2017)

MER MEC JAPAN (Italy) successful trial implementation with JR West



MER MEC is a railroad infrastructure inspection and diagnostic systems developer that boasts 14 locations worldwide and does business in about 50 different countries/regions. Although they originally started business in Japan through a trading company as a go-between, it had to reconsider working with them in 2016, at which time JETRO proposed that MERMEC instead establish an office in Japan. MER MEC decided to found a Japanese corporation with the aim of offering after-sales services, expanding their market, and pursuing joint development projects with Japanese firms.

JETRO provided the company with a temporary office space to use at the outset, offered consulting services related to employment contracts and other labor-related procedures and details, introduced specialists including an administrative scrivener and certified accountant, and in other ways provided thoroughgoing support for the new Japan-based subsidiary. In February 2017, the group established MER MEC JAPAN in Tokyo.

MER MEC has made use of JETRO's company matching support services and is now pursuing talks with corporate partners regarding future joint projects abroad.

Furthermore, in March 2017 West Japan Railway Company (JR West) began trial implementation of a rail diagnostic system provided by MER MEC JAPAN on the JR Sanyo Shinkansen Line. Japan's railway industry is known for being extremely difficult to break into, and MER MEC's success in this endeavor speaks to their technological prowess.

MER MEC also has an office in China, but they now position their Japanese office as the regional headquarters for Asia. The company aims to strengthen business in South Korea, Taiwan and Singapore with operations centered in Japan.

Plug and Play (US) America's biggest startup accelerator



Headquartered in Silicon Valley, Plug and Play Tech Center (often known simply as Plug and Play) is one of the US biggest startup accelerators / venture capital firms. They have 26 locations in 12 countries around the world and boast a startup network comprising tens of thousands of companies.

Following their founding in 2006, Plug and Play began establishing locations around Europe and Asia, and in July 2017 they decided to establish their Japanese arm in order to explore the potential of Japan, the world's third largest economy by GDP. Working with Tokyu Land Corporation, Plug and Play launched an incubator to host an acceleration program in Tokyo's Shibuya district, which is considered by many to be the nation's startup mecca.

JETRO set up meetings between the company and local government organizations, supplied information on financial assistance and subsidy programs, and provided consulting services related to employment contracts and other labor-related matters. Making use of the wide-reaching network of contacts and partners, JETRO worked with Plug and Play to arrange co-hosted events in Silicon Valley, thus helping the company expand their network as well. These endeavors enabled the company make contact with startups, major corporations and other organizations in Japan with the potential to serve as partners and provide additional support in the future.

Plug and Play devote themselves to cultivating startups around the world. Moving forward, they plan to help Japan-based startups gain momentum in efforts to break into overseas markets and expand their businesses. By 2020, the accelerator aims to invest in a total of 50 Japanese companies, secure support in joint efforts from 50 major companies, and establish additional business bases outside of Tokyo.

NTQ Solution (Vietnam) new partnership model for Vietnamese-Japanese companies



NTQ Solution is an IT development startup based out of Hanoi that handles work contracted by outside organizations. In January 2017, they established an office in the Yokohama World Business Support Center (WBC), which is managed by the City of Yokohama, and began offering product development support services for Japanese firms. The Hanoi-based R&D team actively pursues practical implementations for cutting edge ICT technologies, including AI, IoT, robotics, e-learning and image recognition.

When NTQ Solution was initially searching for an office to rent in Tokyo's suburbs, JETRO introduced Yokohama's WBC as an option, and helped the company connect with Yokohama and other local governments as well as corporations and industry organizations. Additionally, JETRO provided attentive, in-depth support for tax withholding procedures; visa-related paperwork for Japan-based employees, which changes greatly depending on family makeup and other such factors; and other procedures that often prove difficult or confusing.

In August 2017, NTQ Solution worked with A.C.T., a Japanese company involved in systems development, on a joint development project for a computer security system that enables automated logging on and off without the need to confirm specific user IDs. Together, both parties successfully completed this system: A.C.T. devised the system specifications to meet the needs of the Japanese market, and NTQ Solution carried out system development and product design.

Even though it is now commonplace for Japanese corporations to outsource certain operations to Vietnamese companies, this latest example of joint system development, with both the Japanese and Vietnamese companies serving as equal partners, serves as a new type of partnership model for future Vietnamese-Japanese companies.

PChome Online / Ruten (Taiwan) working to connect Japanese companies with Taiwanese consumers



E-commerce

PChome Online is an e-commerce company that operates Taiwan's biggest online shopping website. They established a locally based Japanese company in Tokyo in August 2015, and in November 2017 opened a branch office in Osaka. JETRO assisted with the Osaka branch establishment by introducing the company to real estate agents and other such service providers to help set up the new facilities, assisting with hiring and other human resources efforts, and providing labor-related consulting services relating to insurance and pension plans.

PChome Online had been looking for ways to bring Japanese products to Taiwan's consumers, and toward this end took part in a business matching event held by JETRO to encourage partnerships with Japanese firms. Despite high demand for Japanese products and services abroad, they realized that many Japanese companies had a hard time breaking into overseas markets due to the difficulties of communicating and providing of after-sales services, financial barriers related to payment systems and customs duties, and other such obstacles.

Taking these factors into consideration, PChome Online decided to offer "substitute purchase" service system in order to connect Japanese companies with Taiwanese consumers, and at the end of May 2018 the company began offering such services. By employing an automated translation system, payment system and other such methods developed in-house, PChome Online now makes it possible for Taiwanese shoppers to directly browse Japanese e-commerce websites and even place orders and complete payments online. Japan's e-commerce operators simply make their shopping sites available to Taiwanese shoppers and carry out transactions as usual (as if dealing with a domestic customer), with purchased products being shipped not to the Taiwanese customer but to a PChome Online warehouse in Japan.

Traditionally, the three biggest barriers to international e-commerce have been language, logistics and payment processing; PChome Online provides convenient solutions to all of these in one place.

(3) Promoting secondary investments and contributing to regional revitalization

① Invest Japan Networking Event: networking opportunities for companies

With the aim of promoting collaborations between foreign-affiliated companies entering the Japanese market and Japanese companies, as well as increased opportunities for investment in Japan, JETRO organizes corporate exchange events and networking opportunities. In December 2017, the 2nd JETRO Invest Japan Networking Event was held, which brought in numerous participants from foreign-affiliated companies operating in Japan, and even members of national and local Japanese government organizations. In addition to providing a venue for exchanges, the event served to help foreign-affiliated companies better understand JETRO's efforts toward promoting foreign investment in Japan. In recent years, JETRO has hosted networking events with a focus on startups and other such companies.

▶ Highlights P.43 

② Support for staffing efforts at foreign-affiliated companies

JETRO provides support for exchanges and networking opportunities between foreign-affiliated companies and foreign exchange students in Japan. Today, labor shortages are increasingly severe throughout the nation, and according to the JETRO survey of foreign-affiliated companies, the most common problem among them when doing business in Japan is difficulty in finding and hiring human resources. At the same time, international students studying in Japan on exchange programs face low domestic employment rates, in response to which the national government has set the goal of boosting the exchange-student employment rate to 50% by the year 2020. In October 2017, JETRO held the first "Exchange Students/Global Talent & Foreign-affiliated Company Networking Event." JETRO then hosted it for the second year in 2018 at the University of Tokyo and Tohoku University. Numerous students and foreign-affiliated companies attended the events, deepening mutual exchanges through presentations and networking time.

▶ Highlights P.44  

③ Joint endeavors with local governments to attract foreign investment to local regions

Even though foreign investments in Japan is on the rise, most of these are concentrated in large urban centers. In order to facilitate more foreign investments through the use of resources and advantages offered by Japan's local regions, JETRO is working with local governments by providing advice on establishing strategies and implementing practical training projects. Toward these ends, JETRO dispatches "Foreign Investment Attraction Coordinators" throughout the country, assigning each to broad regions—Tohoku, Kanto, Chubu, Kinki–Hokuriku, Chugoku–Shikoku, and Kyushu—to provide wide-reaching support for companies that wish to invest in these areas and fostering networking efforts, while also coordinating with Regional Support Team in the head office.

Thanks to continual provision of such support along with sustained efforts by local government organizations, numbers of investments in areas outside of Tokyo are gradually rising. Recent developments include the establishment of the first domestic location by Chinese IT firm **3DNest** (a developer of 3D image creation software) in Tsukuba City, Ibaraki Prefecture; the opening in Sendai City, Miyagi Prefecture of the first Japan-based office for the US company **Alorica** (a business process outsourcing firm offering call center operations among other services); and the establishment of Spanish company **Gestamp Automoción's** first Japanese factory in Matsusaka City, Mie Prefecture (for the manufacturing of automotive pressed parts).

In FY 2018, JETRO newly launched the Support Program for Regional Foreign Direct Investment in Japan to boost support further. This includes assistance in local-government establishment of strategies to attract foreign investments, relevant utilization advice, and other assistive efforts. In anticipation of the upcoming 2020

Tokyo Olympic and Paralympic Games, JETRO plans to hold Regional Business Conference (RBC) events that entail measures such as inviting foreign companies to Japan and encouraging partnerships with regional corporations. Additionally, JETRO and local governments are working together to attract companies through "Challenge Programs" aimed at achieving practical skill improvements among members of local government organizations.

▶ Highlights P.44-45  

④ Joint investment with Japanese companies: organizing the first joint foreign–domestic corporate investment project

In addition to bringing in more foreign investment, JETRO helps to connect the needs of foreign companies and forge relationships with the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (hereinafter referred to as SME Support, JAPAN) and other related organizations to facilitate more joint investments with Japanese companies. Under the Promotion of Global Alliances for Japanese Mid-ranking Companies and SMEs, a framework put forth by the Ministry of Economy, Trade and Industry (METI) in the hopes of expanding overseas market opportunities for and promoting open innovation among Japanese companies via foreign-company participation in investment projects and management, JETRO is encouraging utilization of the SME Growth Support Fund which SME Support, JAPAN participates. In April 2018, Taiwan's TWI Pharmaceuticals and the US Bristol-Myers Squibb—which receive support from JETRO—reached an agreement to invest together with SME Support, JAPAN in a joint venture-capital fund (totaling 4 billion yen) formed as the first project to be used for investing in unlisted startup companies, primarily those operating in the fields of medical equipment, regenerative medicine, pharmaceuticals and others within the bio-healthcare industry.

(4) Approach toward improvement of the business environment

JETRO communicates company needs to the national government in response to requests from foreign and foreign-affiliated companies for regulatory and administrative reforms. The Personal Advisors System for Foreign Companies fosters better daily communication with these companies while also promoting greater understanding of their needs, while the Invest Japan Hotline along with the annual "Survey on Japan's Investment Climate" sent to foreign-affiliated companies provide companies with ways to consult with and make requests to JETRO, who then provides wide-reaching support through efforts such as talking and coordinating with relevant government bodies and participating in necessary meetings/sessions. In one recent example of JETRO's success in easing regulations by such means, the government has passed a special measure permitting the obtainment of the status of residence (working visa) "Business Manager" in Japan by those operating in coworking spaces—rather than permanent offices—as long as they meet specified conditions (to be effective as of November 2018).

▶ Highlights P.46 

In addition, the government launched the "Investment Advisor Assignment System" in 2016, which has vice-ministers serve as consulting partners to foreign companies that make major, important investments in Japan. JETRO takes part in such consulting sessions and follows up, together with the Ministry of Economy, Trade and Industry (METI), on matters discussed and decided upon in those sessions. In regard to the "Regulatory Sandbox" system launched by the national government in June 2018 (details are covered in Chapter 2), JETRO coordinates with a government's single window, GoJ's Regulatory Sandbox Team, organized within the Cabinet Secretariat to provide consultation services for foreign companies.

▶ Highlights P.46 

3. Highlights: JETRO's 2017–18 foreign investment promotion efforts

1 First Japan Investment Seminar in Taiwan Targeting Startups

Seminar in Taiwan

In November 2017, JETRO hosted its first seminar in Taiwan, which targeted local startups and was designed to attract more investors to Japan. Taiwan has centered many of its efforts on business expansion in foreign countries and regions via collaborations with overseas companies and Taiwanese startups. Through this event JETRO emphasized the necessity of stronger joint business efforts with Japanese firms, who are focusing their efforts on open innovation to bring in revolutionary new ideas from both domestic and foreign startups with the aim of further expansion on the global market.

The managing director of Deloitte Tohmatsu Venture Support who supports development of startups made an appearance at the event and explained how leading Japanese companies are searching for new technologies and ideas, and how this poses a major opportunity for Taiwanese startup companies, while also going over some important tips for Taiwanese startups hoping to achieve business success in Japan. Among examples discussed regarding successful collaborations between Taiwanese and Japanese companies, the case of the smart electric-power equipment manufacturer using IoT, NextDrive, who engaged in a collaboration with a leading Japanese IT firm was brought up.



Presentation by Golface through Skype

2 India–Japan Business Partnership Seminar Focused on the Indian IoT Field

Seminar in India

In March 2018, with the aims of expanding partnerships between Indian and Japanese companies and encouraging Indian entry into the Japanese market, JETRO hosted the India–Japan Business Partnership Seminar in the cities of Hyderabad, which boasts numerous IT firms and pharmaceutical companies, and Bengaluru, which is also known as the "Silicon Valley of India." The seminar advocated the potential of global-scale business expansion



Q&A session in Bengaluru

through coordination of the innovative products and services of Indian IT firms, which boast leading-edge IT technologies, with the outstanding manufacturing capabilities, products and technologies of Japanese companies.

These events featured talks by an Indian IT company who had established a local subsidiary in Japan and worked with a Japanese company to jointly develop a remote monitoring system for railway traffic signal equipment. Persons from both countries involved in the venture capital field took part in a networking event at the Bengaluru seminar. Furthermore, the director of the Japan Venture Capital Association piqued interest among India-based startups in entering the Japanese market through a presentation describing how VC investment amounts and IPO numbers in Japan are on the rise every year.

3 Japan–Canada Innovation Partnership Forum: Updating the Memorandum of Cooperation to Promote Mutual Investment in Both Countries

Forum in Canada

In May 2018, in commemoration of the 90th anniversary of diplomatic relations between Canada and Japan, JETRO held the Japan–Canada Innovation Partnership Forum in Toronto, Canada. The main themes of the event were collaboration between companies from both countries in the innovation field, and subsequent expansion of business in the Japanese market. The Forum served the dual purposes of promoting investment in Japan and facilitating innovation-related exchanges and networking.

JETRO promoted international corporate collaboration, emphasizing the importance of joint efforts between Canadian companies, which have garnered widespread praise for their efforts in the fields of artificial intelligence (AI), deep learning and self-driving systems for automobiles, and Japanese companies, which offer sophisticated product development capabilities and experience. Three Canadian companies who had already taken their operations to the Japanese market gave presentations on the advantages of doing business in Japan.

A signing ceremony for the re-conclusion of an MoC between the Global Affairs Canada and JETRO was also held during the forum. The new MoC includes a section on the innovation field added for the purpose of facilitating two-way investment.



Conclusion of MoC

HIGHLIGHTS

4 Italian Innovation Day 2018

Business Matching Event in Tokyo



Pitches by Italian startups

In May 2018, JETRO collaborated with the Embassy of Italy in Tokyo to host their first corporate matching event for Italian startups and Japanese companies, including Japanese venture capital firms.

JETRO worked together with NTT DATA, a Japanese private-sector company with wide-reaching knowledge on overseas startups, to screen and select startup companies with high potential for future establishment in Japan. After the pitches by about 10 innovative Italian startups from fields such as biomedical engineering, health management, and AI for drone applications, networking sessions and individual meetings with Japanese participants were held. A total of 162 persons took part, including representatives from Japanese companies, local governments and venture capital firms.

5 Launch of the JETRO Global Acceleration Hub

New Program to Support Startups

As the attention to startups as players of innovation is increasing worldwide, the Japanese government has launched the startup-focused support program "J-Startup," a private-public sector collaboration headed up by the Ministry of Economy, Trade and Industry (METI) in June 2018. As part of the program, JETRO kicked off the JETRO Global Acceleration Hub, to facilitate mutual support with startups in 12 locations around the world. By utilizing overseas JETRO offices to work in cooperation with local accelerators and other such organizations, JETRO aims to (1) provide support for establishment of overseas subsidiaries by, and corporate matching efforts for, Japan-based startups (outbound) and (2) find promising foreign startups interested in entering the Japanese market (inbound).

Chart 5-12 JETRO Global Acceleration Hub locations



6 2nd JETRO Invest Japan Networking Event

Networking Event in Tokyo

JETRO hosted their 2nd JETRO Invest Japan Networking Event in December 2017 with the goal of promoting mutual networking and exchanges between foreign-affiliated companies and the Japanese national and local governments as well as JETRO itself, while also promoting new business development in Japan. Additionally, by introducing the JETRO Invest Japan Report 2017, it facilitated a better understanding of JETRO's efforts to promote increased investment in Japan among foreign-affiliated companies.



Networking sessions

A total of 208 persons attended the event, including 131 members of 105 foreign-affiliated companies, and 77 members from embassies and other foreign-government organizations in Japan as well as Japanese ministries and local governments. All present took part in active sharing of information and ideas.

Attendees provided a range of positive feedback, with comments including "I was able to talk with various companies and expand my network of contacts here in Japan," "I was happy for the opportunity to speak with members of local governments and JETRO," and "When I asked the JETRO staff for assistance, they readily introduced me to representatives from the companies I had been hoping to meet."

7 First Exchange Student/Global Talent and Foreign-affiliated Company Networking Event

Corporate–Student Networking Event in Tokyo

In October 2017, JETRO held their first networking and exchange event for foreign-affiliated companies and foreign exchange students in Japan. Foreign-affiliated companies operating in Japan often cite hiring of personnel as one of their greatest challenges in the Japanese business environment; in response, JETRO co-organized this event together with the Japanese organization International Students Support Network in order to connect foreign-affiliated companies with international students.

A total of 239 students (including 109 foreign students in Japan) took part in the event, while 117 representatives from 66 foreign-affiliated companies participated on the corporate side. The companies offered short presentations/pitches and hosted informational booths afterward, fostering greater mutual understanding on both the student and corporate sides.



Poster session

8 Network Events between Foreign-affiliated Companies and Students in Collaboration with Universities

Corporate–Student Networking Events in Tokyo and Tohoku

In June 2018, JETRO held network events at the University of Tokyo and Tohoku University in order to facilitate exchange between international students and foreign-affiliated companies in Japan. (JETRO and Tohoku University has signed a comprehensive partnership agreement toward the development of the Japanese economy and fostering of internationally-active human resources).

These latest exchange events focused mainly on students majoring in science and engineering fields, for which demand among foreign-affiliated companies is particularly high. At the University of Tokyo, 34 such companies and 234 students took part, and at Tohoku University 13 companies and 106 students attended.

Participating companies praised the event highly, saying they were able to meet some outstanding students of engineering majors, explain their company's technologies while engaging in open and candid discussions with students, and cultivate better understanding on both sides.



Event held at the University of Tokyo



Event held at Tohoku University

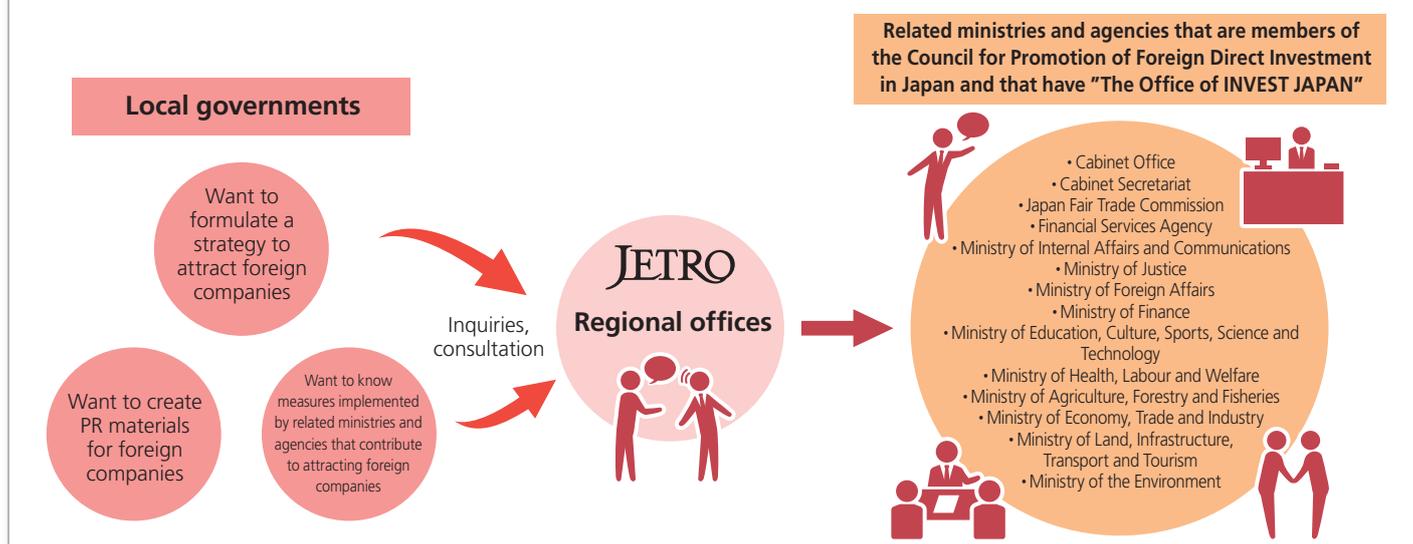
9 Launching the Support Program for Regional Foreign Direct Investment in Japan

Attracting Regional Investment

JETRO launched the Support Program for Regional Foreign Direct Investment in Japan in May 2018, aiming to provide a one-stop comprehensive range of support via collaboration with relevant government ministries. The program aims to facilitate local governments to make full and effective use of various measures to attract foreign investment by relying on the strengths of each region.

In response to local-government requests for support, JETRO provides assistance from investor-appeal planning to formulation of concrete measures, and offers consulting services and introductions of foreign companies suited to the region. As of October 2018, JETRO supports 24 local governments.

Chart 5-13 Support Program for Regional Foreign Direct Investment in Japan

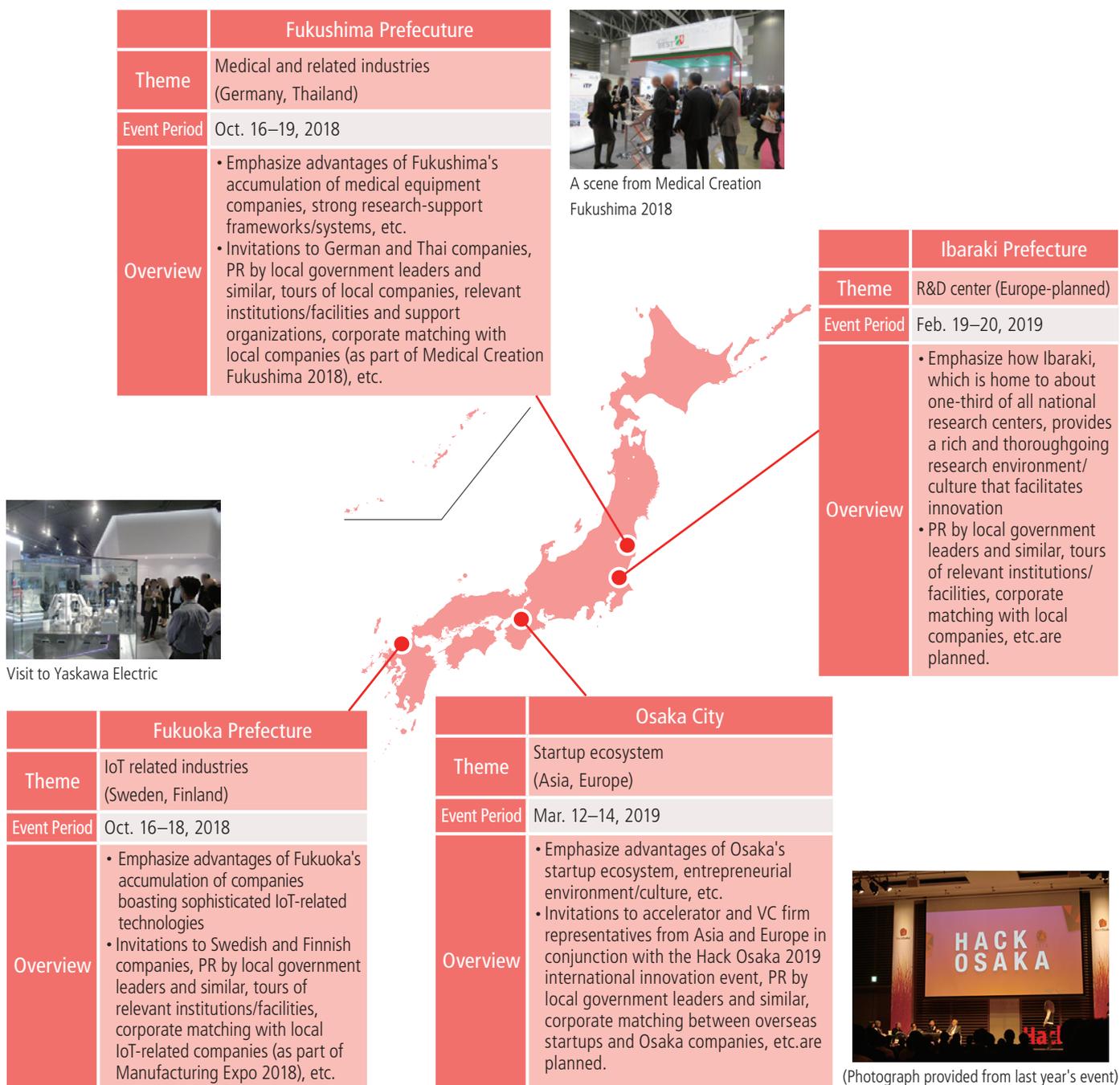


HIGHLIGHTS

10 Regional Business Conference (RBC): Four Hosts for the First Round Attracting Regional Investment

With upcoming international events such as the 2019 G20 Summit in Osaka, the 2019 Rugby World Cup and the 2020 Tokyo Olympic and Paralympic Games, Japan has drawn the interest of numerous potential investors around the world. In response, JETRO has planned Regional Business Conference (RBC) events from 2018 to 2020. With support from JETRO and the Ministry of Economy, Trade and Industry (METI), local governments invite foreign companies to attend RBCs, organize site visits, have government leaders carry out local PR, arrange for local corporate matching, and communicate the advantages of their local business environments to the world. After considering all applicants, METI and JETRO have selected Fukushima Prefecture, Ibaraki Prefecture, Fukuoka Prefecture and Osaka City as hosts for the first round of RBCs in FY 2018.

Chart 5-14 FY 2018 RBC Sites



5

11 Visas for Coworking Space Users: Special Government Measure in Response to JETRO Requests

Regulatory Easing

Up until recently, foreign nationals hoping to obtain a "Business Manager" working visa (status of residence) in Japan were not able to do so if operating in a coworking space, shared office or similar, as these did not fulfill the visa's requirement of securing an exclusive office space. However, in response to changing work styles and the emergence of more flexible and diverse office environments, many foreign companies have put in requests for the national government to relax this office-space requirement.

Under the Personal Advisors System for Foreign Companies, JETRO responded to these requests by proposing the government to make said changes. As a result, the government passed a special measure to relax the "Business Manager" visa requirements for JETRO-supported companies using coworking space as long as certain conditions are met (to be effective as of November 2018).



12 Foreign-company Consultation Point Established as Part of Project-based "Regulatory Sandbox" System

Regulatory Easing

JETRO has become a consultation point for foreign companies and foreign-affiliated companies as part of the national government's new project-based "Regulatory Sandbox" system launched in June 2018. Through "Regulatory Sandbox", the potential of practical implementations for innovative technologies, business models and similar is considered on a project-by-project basis for participating companies, and the information and results attained therein are utilized toward revision of relevant regulations. JETRO coordinates with the GoJ's Regulatory Sandbox Team (within the Cabinet Secretariat) to encourage utilization of the "Regulatory Sandbox" system by foreign companies and foreign-affiliated companies, with the ultimate aim of achieving new innovation.

Chart 5-15 Consultation Point for Project-based "Regulatory Sandbox" system

Project-based "Regulatory Sandbox" system

- ▶ In consideration of the Fourth Industrial Revolution changes, this system is used to assess the potential of practical implementations for innovative technologies and business models utilizing AI, IoT, blockchain technologies, etc. The data and results attained through demonstrations will be utilized in deliberation for regulatory reform.



The Government's Efforts and JETRO's Inward FDI Promotion Activities in 16 Years

2003	Jan	The government decided on the target to "double the inward FDI stock compared to the value as of the end of 2001, in 5 years."
	May	The government held up "Invest Japan" as a slogan and set up "Invest Japan Offices" in the relevant ministries. The "Invest Japan Business Support Center (IBSC), " a one-stop center for information about investing in Japan, was set up in JETRO.
2006	Mar	The government set up a new goal to "double the ratio of inward FDI stock to its GDP (to about 5%) by the end of 2010."
2007	May	The regulation on "flexible merger consideration (triangular merger)" in the Companies Act was enforced.
2010	Jun	The "New Growth Strategy" was approved by the Cabinet (aiming to "double the flow of people, things and money into Japan.")
2011	Jan	"Subsidy Program for Projects Promoting Asian Site Location in Japan" was created (the secretariat was placed in JETRO).
	Aug	The "Comprehensive Special Zone Law" was enforced (creating industrial clusters in regions through taking preferential measures such as tax and regulation reforms).
	Dec	The "Great East Japan Earthquake Reconstruction Special Zone Law" was enforced (providing incentives such as tax / regulatory reforms for investment in the affected areas). "Program for Promoting Japan as an Asian Business Center and Direct Investment into Japan" was approved. Goals were set to increase the numbers of high added-value business bases and to double the number of employees at foreign-affiliated companies.
2012	Apr	Effective corporate tax rate was lowered (40.69% → 38.01%).
	May	The Points-based Preferential Immigration Treatment for Highly Skilled Foreign Professionals was started.
2013	Jun	The "Japan Revitalization Strategy" was approved by the Cabinet (setting up a clear goal to increase the inward FDI stock to 35 trillion yen by 2020, and indicating the strengthening of industrial specialist program and Invest Japan Hotline in JETRO).
2014	Mar	The special corporate tax for reconstruction was abolished (effective corporate tax: 38.01% → 35.64%).
	Apr	The Council for Promotion of FDI in Japan was founded.
	Jun	The "Japan Revitalization Strategy (Revised in 2014)" approved by the Cabinet (clarifying the role of JETRO to cooperate with Japanese embassies and local governments to attract FDI into Japan).
2015	Mar	The second meeting of the Council for Promotion of FDI in Japan was held. Prime Minister Abe announced the "Five Promises for Attracting Foreign Businesses to Japan."
	Apr	The "Tokyo One-Stop Business Establishment Center (TOSBEC)" was opened in the Tokyo Area of the National Strategic Special Zones (in JETRO Tokyo HQ).
	Jun	The "Japan Revitalization Strategy (Revised in 2015)" was approved by the Cabinet (clarifying the role of JETRO to enhance PR & dispatch of information and to work on promotion of target fields by cooperating with Japanese embassies and local governments).
	Sep	The "New Three Arrows" of Abenomics was announced, aiming to create a strong economy, more support for childcare and social security.
2016	Feb	The Subsidy Program for Global Innovation Centers was established (JETRO served as the secretariat).
	Apr	Effective corporate tax rate was lowered (32.11% → 29.97%).
		The third meeting of the Council for Promotion of FDI in Japan was held. The "Investment Advisor Assignment System" was established. In the system, State Ministers act as advisors to companies that have made significant investments in Japan.
	May	The fourth meeting of the Council for Promotion of FDI in Japan was held. The "Policy Package for Promoting Foreign Direct Investment into Japan to Make Japan a Global Hub" and establishment of the "Working Group for Revising Regulations and Administrative Procedures" were approved by the Council.
Jun	The "Japan Revitalization Strategy 2016" was approved by the Cabinet (increasing the promotion activities and support for individual companies through the strengthening of JETRO's structure).	
2017	Apr	The Working Group for Revising Regulations and Administrative Procedures adopted the "Final Report." The "Japanese Green Card for Highly-Skilled Foreign Professionals" system was established.
	May	The fifth meeting of the Council for Promotion of FDI in Japan was held.
	Jun	The "Growth Strategy 2017" was approved by the Cabinet (introducing the "Personal Advisors System for Foreign Companies" to JETRO).
2018	Apr	Effective corporate tax rate was lowered (29.97% → 29.74%).
	May	The sixth meeting of the Council for Promotion of FDI in Japan was held. The "Support Program for Regional Foreign Direct Investment in Japan" was approved by the Council.
	Jun	The project-based "Regulatory Sandbox" system was established. The "Growth Strategy 2018" was approved by the Cabinet (clarifying the role of JETRO and related ministries to cooperate with local governments to attract foreign companies into Japan).



Foreign-affiliated Companies Contributing to Japanese Economies

Productivity enhancement contributing to address social challenges

Utilizing IoT and big data, contributing to address social challenges in Japan



GE Healthcare (US)

Equipping beacon sensors on workers and in equipment and analyzing the acquired data in the plant. Reducing man-hours and eliminating waste in manufacturing processes.

ANALOG DEVICES, Inc. (US)

Installed sensors that automatically measure environmental data in greenhouses, enabled remote monitoring of the data, which contributed to smart farming solution.

Promoting diverse work styles

Through new business models and improved productivity



Salesforce.com (US)

Established base in Shirahama, Wakayama as a part of its initiative for work-style reform. The number of deals and total value of contracts exceeded that of the Tokyo office, demonstrating improved productivity.

Contribution to expansion of tourists visiting Japan

Expansion of overseas airline services and online travel companies contributing to increase in foreign visitors



Ctrip International Japan (China)

Through its various operations, the company deals with about half of the 7,350,000 Chinese who visit Japan in 2017.

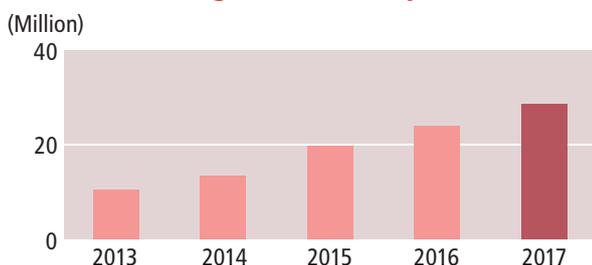
SCOOT (Singapore)

Started airline services to Narita, Kansai, New Chitose.

SPRING JAPAN (China)

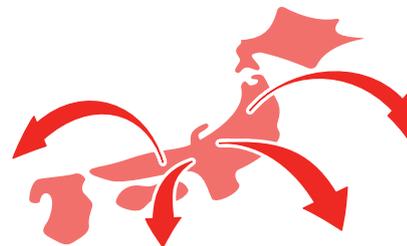
Started airline services to Haneda, Kansai, Nagoya, etc.

Foreign visitors to Japan



Contributing to export promotion of local products

Overseas e-commerce (EC) companies contributing to expansion of overseas market for Japanese companies



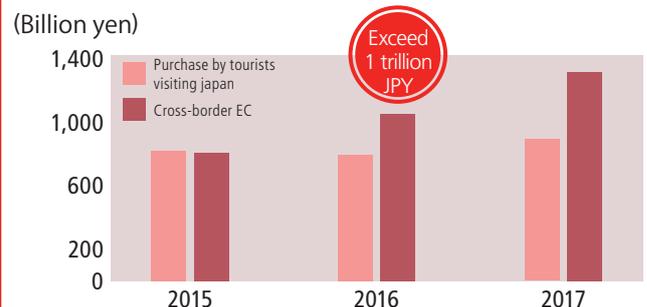
VIPSHOP (China)

Established a procurement base and distribution center, contributing to regional vitalization in Japan by selling in China "hidden treasures" rooted in local Japanese communities.

JD.com (China)

Established a Japanese corporation in Tokyo in order to strengthen sourcing of Japanese products and direct transactions with Japanese companies. Starting sales of fresh Japanese food to China.

Comparison of total purchase amount of Chinese tourists visiting Japan and that of China's cross-border EC from Japan



Creating a global innovation platform

Contributing to the creation of innovation in Japan through supporting startups

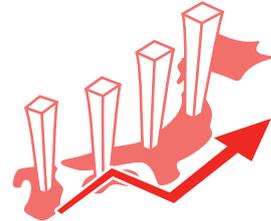


Plug and Play Japan (US)

Providing support programs for startups. Aiming to become a base to attract overseas startups to Japan and enable Japanese startups to go overseas.

Revitalization of local economies

Setting up manufacturing/R&D bases and supporting local employment



Micron Technology (US)

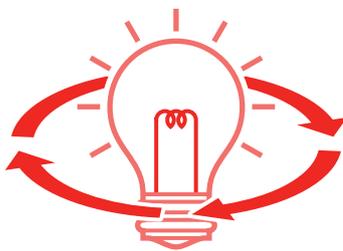
Hiroshima is home to Micron's largest facility in Japan and includes technology development, manufacturing, and test and probe capabilities.

TERADYNE (US)

Although the Kumamoto earthquake in 2016 wrecked their manufacturing and development bases in Kumamoto, they continued to operate outside the plant premises. A new plant was completed in January 2018.

Reduction in CO2 emissions, promotion of renewable energy

Contributing to improvement of Japan's power electricity situation and reduction of CO2 emissions



Ciel Terre Japan (France)

Provided the floating structure and anchor technology for Japan's first floating mega-solar power plant in Okegawa, Saitama. Developing a total of 90 locations (as of August 2018).

Hergo Sun Japan (Italy)

The company completed its construction of a 1MW class solar power plant in Chichibu, Saitama and began operation. The company became the first foreign-affiliated company to have won a public bid by a local government.

Creating innovation through collaboration with Japanese companies and universities

Complementing one another's strengths, and developing new technologies/products



NTQ Solution (Vietnam)

The company successfully completed development of PC security Product in collaboration with a Japanese company, A.C.T. The product allows users to log on/off their PC screen automatically without any conscious action from their part.

Siemens Healthcare KK (Germany)

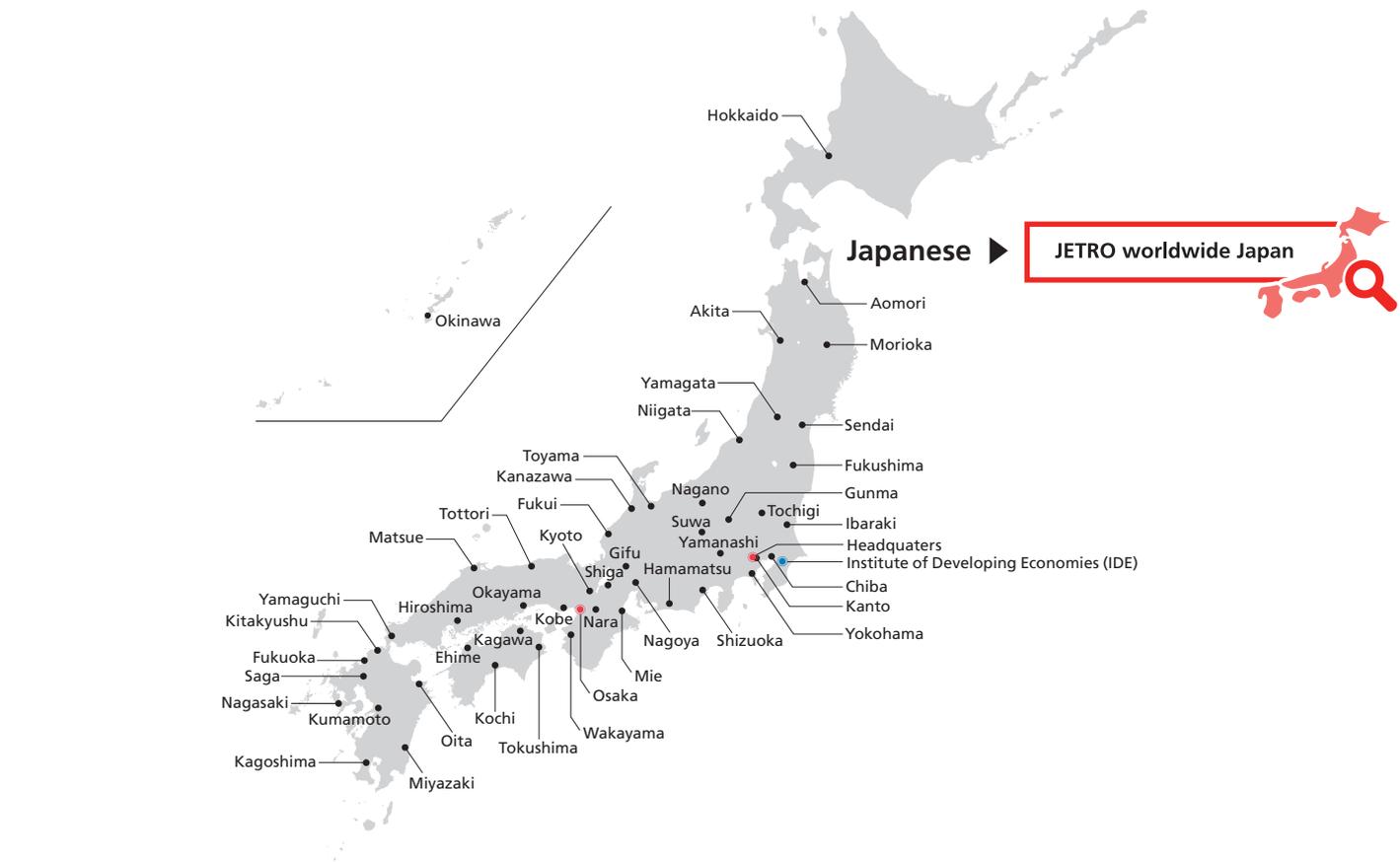
Conducted joint research combining a new monitoring system utilizing the latest imaging technology of Siemens in the clinical study of iPS cell therapy at Kyoto University for Parkinson's Disease patients.

[Source] "Foreign-affiliated Companies Contributing to Japanese Economies",
"Foreign-affiliated Companies Contributing to Local Economies" (JETRO)

For details see → <https://www.jetro.go.jp/en/invest/pamphlets.html>



[JETRO's Global Network]



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