

「JETRO Invest Japan Report 2019」

~Innovation by foreign companies
spreading across Japan~

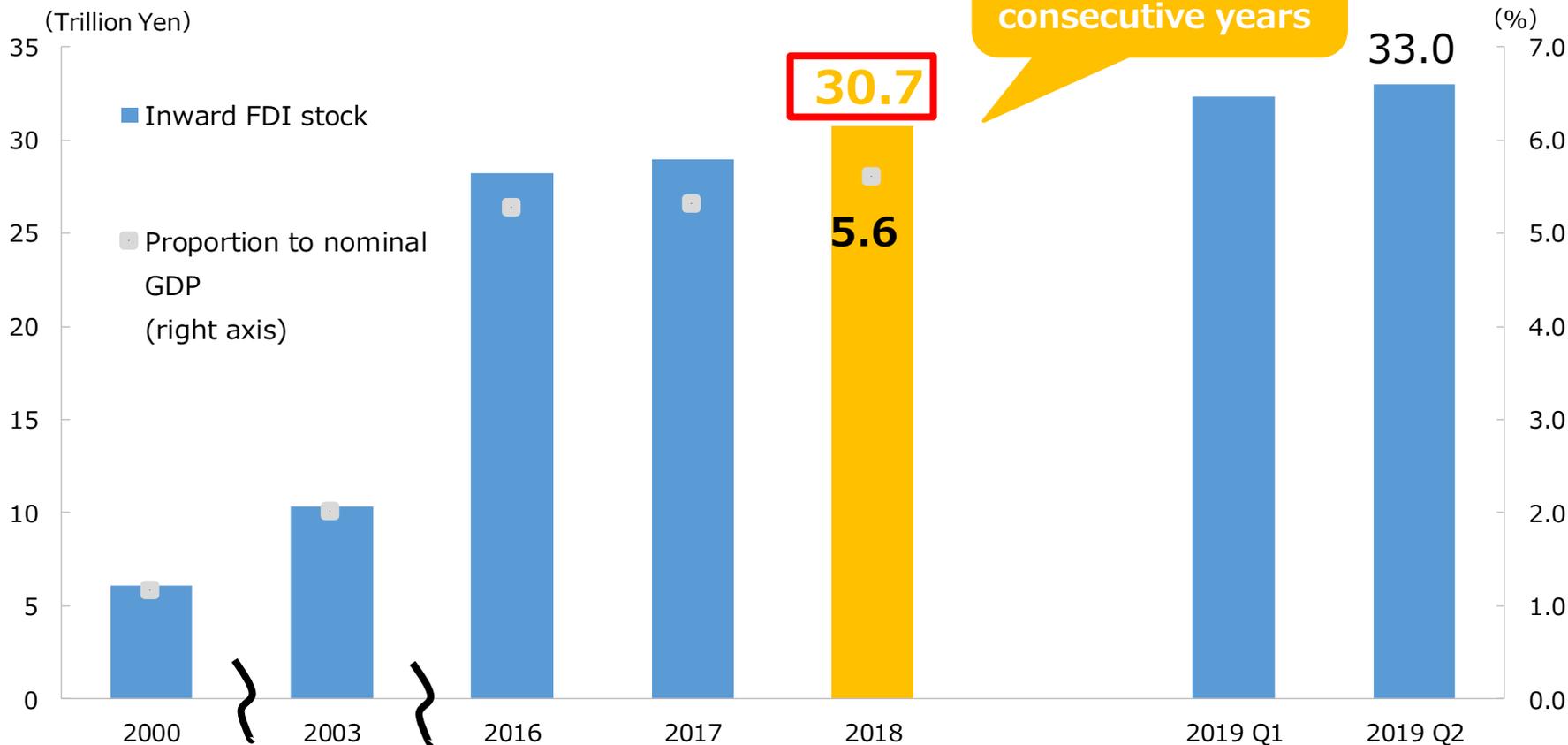


November 27th, 2019

Japan External Trade Organization (JETRO)

- The inward FDI stock at the end of 2018 was 30.7 trillion yen and marked a record high for five consecutive years.

Inward FDI stock and its proportion to nominal GDP

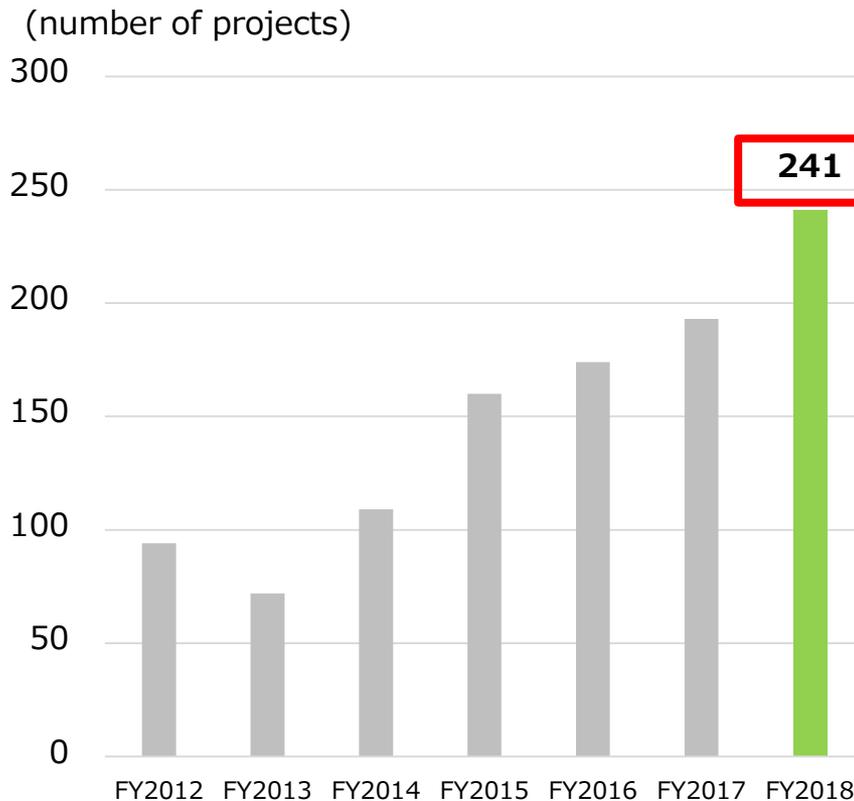


[Note] The figures for Q1 and Q2 of 2019 are preliminary estimates.

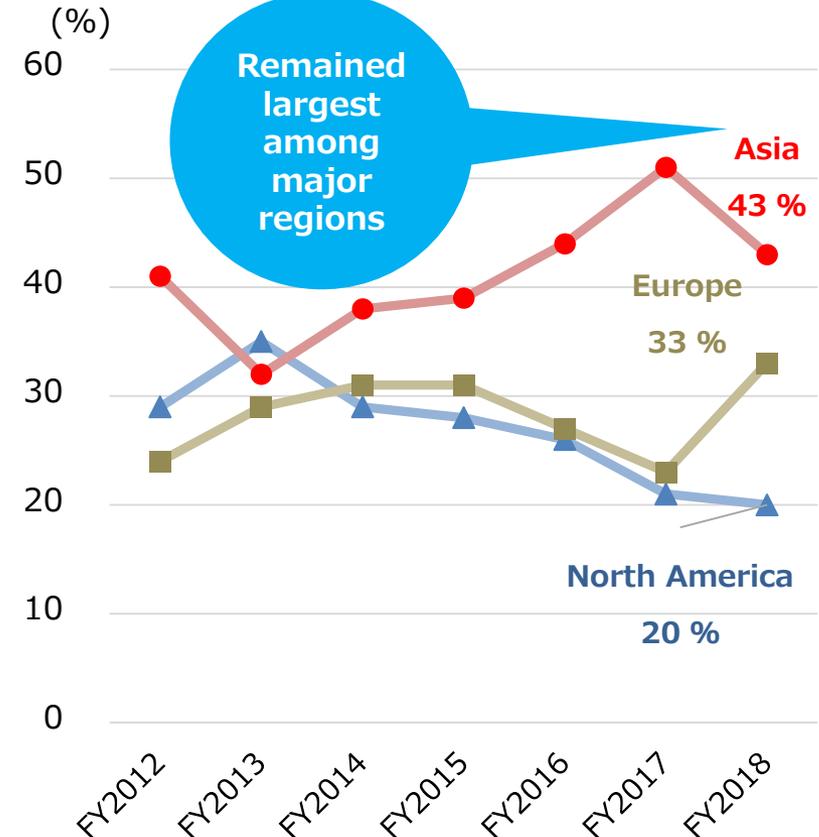
[Source] "International Investment Position of Japan" (Ministry of Finance, Bank of Japan), "National Accounts of Japan" (Japan Cabinet Office)

- The number of successful investment projects supported by JETRO was 241, the highest since JETRO started its support for foreign companies.
- By major regions, each recorded the highest number of successful cases. Asia remained the largest, although the share of European countries saw an increase.

Number of investment project successfully attracted by JETRO



Change in ratio of JETRO-attracted investments by region



- **Foreign-affiliated companies develop their business through addressing social issues or taking advantages of characteristics of local regions by introducing innovative technologies or services.**

Recent investment projects into regions by foreign-affiliated companies

Foreign-affiliated company	Market to expand	Advantages of market	Characteristics
Rainmaking Innovation	Osaka City, Osaka Pref.	Market size Low cost (compared with Tokyo)	Holding "Startupbootcamp," a startups support program, in over 21 cities around the world. The program sets up specific industrial cluster for each host city and invites promising startups in the field from all over the world. The theme in Osaka was "Smart City & Living."
Plug and Play	Kyoto City, Kyoto Pref.	Startup environment with local universities at its core	Since entering Japan in 2017, assisted both domestic and overseas startups. Their program in Kyoto is to be specialized in "Hard Tech/Healthcare."
Accenture, SAP Japan, Japan Microsoft, etc.	Aizuwakamatsu City, Fukushima Pref.	Environment suitable for social business pilot projects (Combination of urban and depopulated areas) (Open data of its citizens)	In the process of reconstruction from a massive earthquake, the "Smart City" initiative was implemented. In April 2019, "Smart City AiCT," an office facility complex, was established. More than 30 pilot projects have been carried out so far, about 20 of which have become official services.
Philips Japan, etc.	Sendai City, Miyagi Pref.	Research and development in the field of healthcare	Philips Japan established "Co-Creation Center" as the first R&D center in Japan. Its aim is to collaborate with entities from different industries. The company has already concluded more than 60 partnership agreements in the field of healthtech with local enterprises/organizations .

Overview of “Survey on Japan’s Investment Climate”

- Summary of operation :
Online survey. Has been annually conducted since 2015.
- Survey period :
From June 18th to July 12th, 2019
- Target companies :
About 2,100 companies, mainly consisting of foreign-affiliated companies supported by JETRO in their entry into and/or expansion in the Japanese market and member companies of foreign chambers of commerce in Japan.
- Number of valid responses : 213
※The parameter (n) in each chart is calculated by deducting the number of non-responses from the number of valid responses.

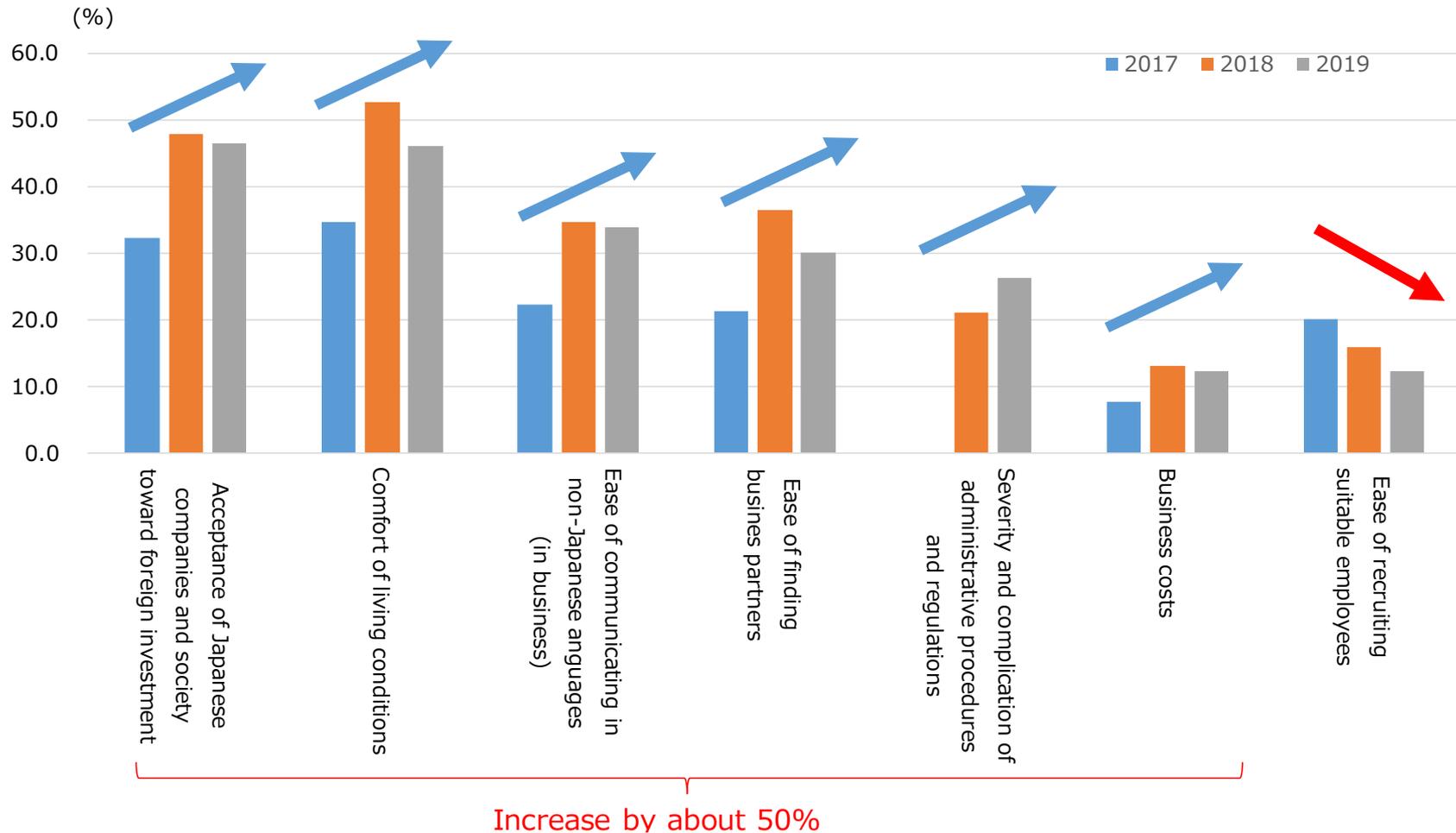
Country/region of the parent companies

Country/region	No. of Companies	Country/region	No. of Companies
US	37	Italy	4
Germany	32	Vietnam	4
China	23	Sweden	3
Korea	14	Hong Kong	3
UK	13	Spain	2
India	10	Thailand	2
Singapore	10	UAE	1
Switzerland	10	Austria	1
France	10	Denmark	1
Taiwan	8	Turkey	1
Australia	5	Hungary	1
Netherlands	5	Finland	1
Canada	5	Malaysia	1
Belgium	5	Latvia	1
		Total	213

2 Improving investment climate in Japan

- On business environment in Japan, improvement has been observed in “Acceptance of Japanese companies and society toward foreign investment” and “Ease of finding partners.”

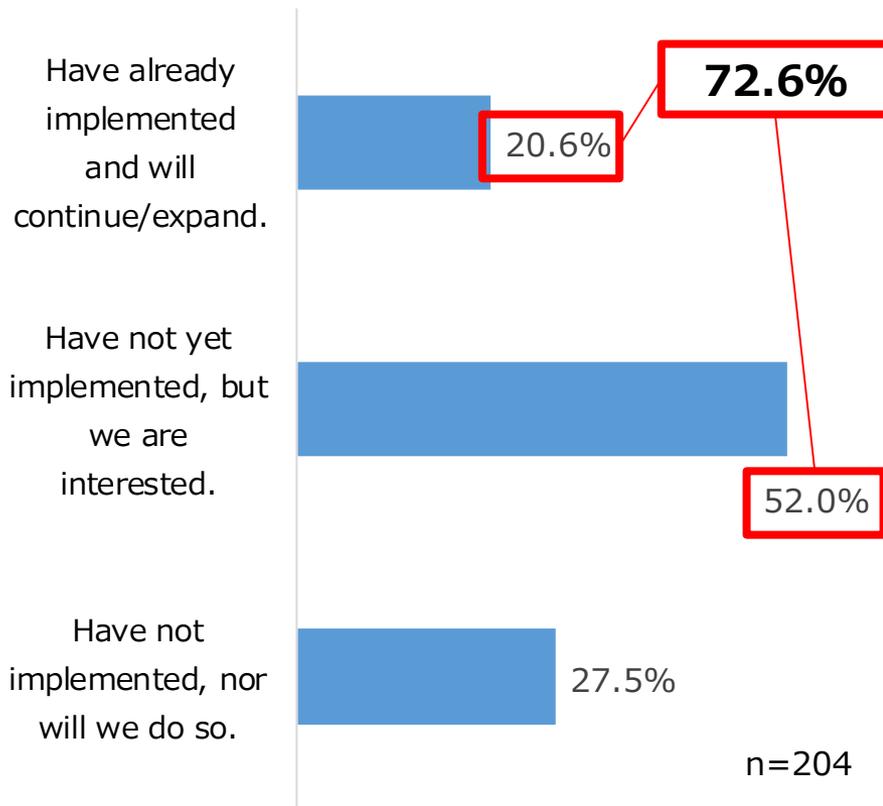
Business environment in Japan – changes in comparison with past one or two years
(Change in the rate of answer choosing “Improved overall,” from 2017 to 2019)



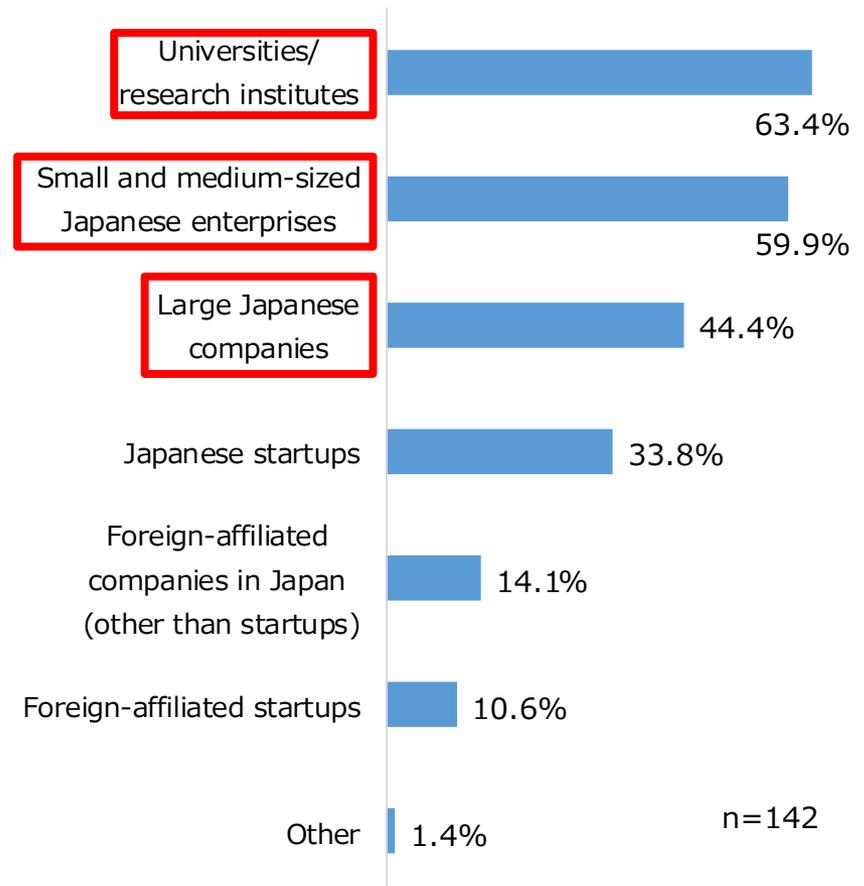
2 Improving investment climate in Japan

- Over 70% of the foreign-affiliated companies are positive about engaging open innovation with Japanese companies/universities.
- There is a relatively high interest of foreign-affiliated companies in universities/research institutes and Japanese companies as partners.

Your efforts regarding open innovation with Japanese companies/universities, etc.



The kinds of partners you are interested in (multiple answers)



● **“Growth Strategy”**: Further promotion of inward FDI to realize Society 5.0

Construction of innovation ecosystem

- Sets a goal **to build and raise global startups** to create innovation
- Promotes building up ecosystems by analyzing existing startup ecosystems of cities in Japan and providing extensive supports to them as well as inviting foreign entrepreneurs.

Toward utilization of project-based “Regulatory Sandbox” system

- Introduced “Regulatory Sandbox” system in June, 2018.
- JETRO introduces the system to foreign/foreign-affiliated companies as well as bridges them with government’s Regulatory Sandbox Team.

Initiatives toward expanding Japan’s inward FDI into regional areas

- Approved to strengthen the “Support Program for Regional Foreign Direct Investment in Japan” in order to sustainably invigorate regional economic growth through inward FDI.
- JETRO provides support to invite foreign companies as well as strengthen investment promotion capacity to 28 local governments/municipalities.

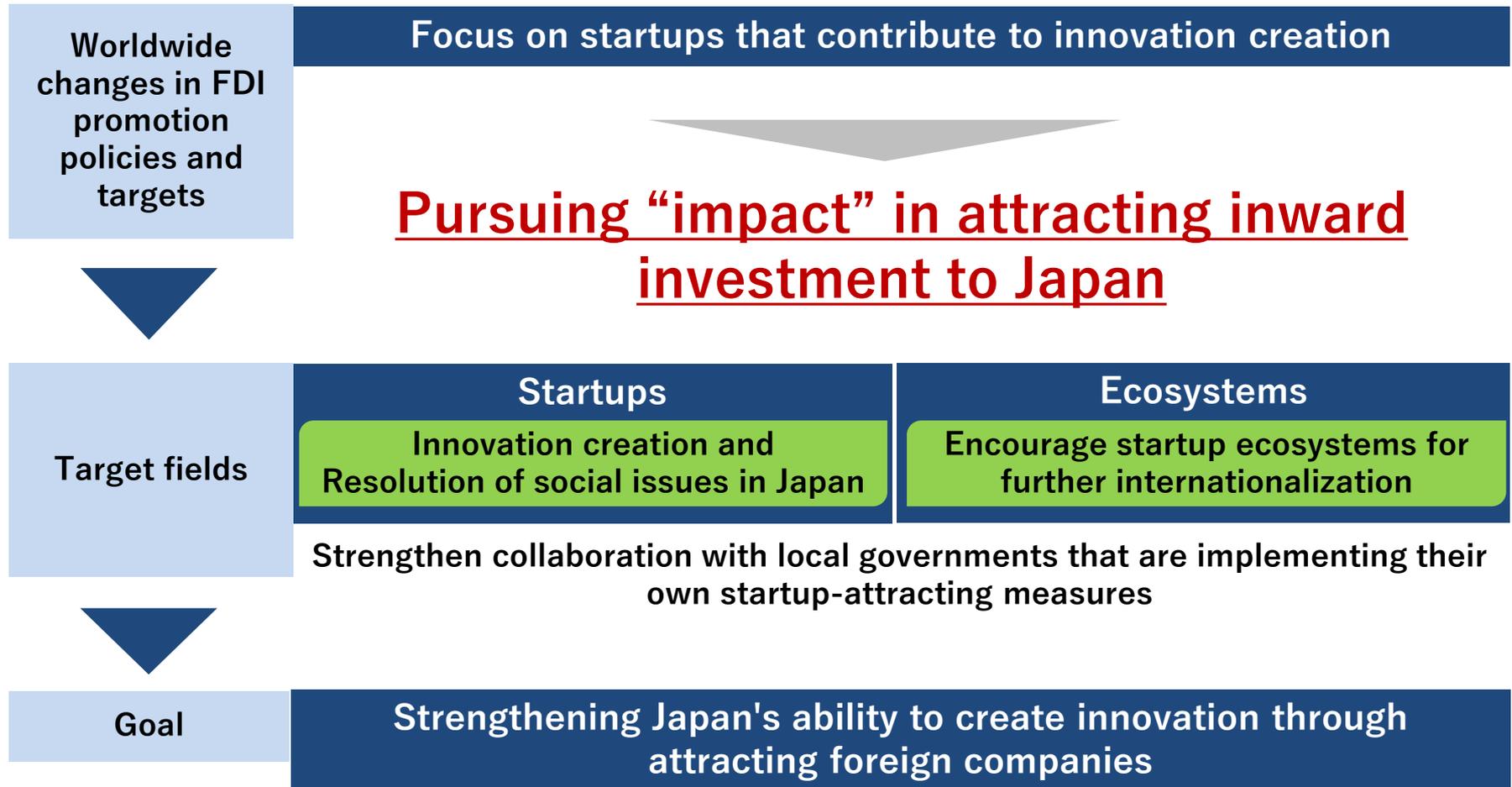
Toward realizing the easiest country in the world for companies to do business

- Introducing an online one stop platform for procedures like company registration through the “Act of Digital procedure”, enacted in May, 2019.
- Further efforts include digitizing court as well as trade procedures, among others.

Promotion of active participation of foreign professionals

- Strengthens promotion of “Project for Encouraging Foreign Entrepreneurs to Start Business (so-called “Startup visa”)” for further use of the system.
- JETRO operates a web portal to promote highly skilled foreign professionals coming into Japan.

- With the fourth industrial revolution, efforts to attract promising startups is accelerating around the world. In order to win this competition, JETRO has officially launched in April 2019 a new program to attract startups that contribute to innovation creation in Japan.



JETRO supporting foreign companies to invest in Japan (local regions) to enhance innovation capabilities

- JETRO cooperates in inviting leading overseas startups in Japan through the Innovation Leaders Summit (ILS), and conducts business to promote innovation.

Innovation Leaders Summit (ILS)

- One of Asia's largest open innovation events that carries out business matching between major companies and startups. JETRO cooperated with Project Nippon at ILS in October 2019, and 35 foreign startups participated under the recommendation of JETRO overseas offices.
- JETRO concluded a "Tokyo Global Startup Ecosystem Partnership Agreement" with the Tokyo Metropolitan Government, Japan Business Federation (Keidanren), and Project Nippon Co., Ltd. at this year's ILS. Based on the agreement, we will hold "Tokyo Challenge 100," a contest of collaboration and partnership between major companies and startups, and support overseas startups selected.

CEATEC

- CEATEC is Japan's largest CPS/IoT-related trade fair. Over 750 companies exhibited this year.
- JETRO organized "JETRO Global Connection" this year. JETRO invited 34 leading companies from 15 countries and region in the fields of mobility, health tech and smart homes from around the world using our overseas network.
- JETRO invited international startups (CEATEC 2019 participants) to Kyoto and Fukuoka, to conduct meet-ups with Japanese companies. According to the participants, "Fukuoka is the first choice for overseas expansion," "In Kyoto, we are able to have concrete business talks with partners through meet-ups".



Consultation at JETRO booth



Press Release



Networking Party

CEATEC and following events



Exhibition booth



Presentation at demo booth



Networking event in Kyoto

- The “Growth Strategy” formulated in June 2019 aimed to revitalize regional economies in Japan by attracting foreign companies and bringing innovation into the country.
- JETRO provides support via the “Support Program for Regional Foreign Direct Investment in Japan” to promote efforts to attract FDI by local governments, attract foreign companies and strengthen the investment promotion capacity of local governments.

Policies for “Promotion of Direct Investment in Japan”

- Reinforcement of the support to promotion activities of municipalities who have clarified their foreign companies promotion strategy based on "Program to Intensively Attract Foreign Direct Investment in Regional Japan" (Adopted by the Council for Promotion of Foreign Direct Investment in Japan on April 16, 2019), strengthened support system of JETRO, and strengthened collaboration between capture of inbound tourist demand and export promotion of agricultural, forestry, and fishery products will be carried out.
- Major overseas bases of JETRO will form close networks with overseas innovation ecosystems, and through that, process active invitation activities toward foreign companies who will contribute to innovation will be carried out.
- Regional Business Conference (RBC) started in FY2018, will be held in the regions where active promotion is practiced for foreign companies also in FY2019.

[Source] Created from "2019 Growth Strategy"

Major supports provided in the “Support Program”

	Supports
① Promotion within/ outside Japan	“Invest Japan” seminars overseas
	Hosting Regional Business Conference (RBC)
② Inviting foreign companies	Supports to invite foreign companies
③ Capacity building to strengthen investment promotion capability	a) Training and study sessions to learn basics for investment promotion and know-hows
	b) Training by sectors and study sessions for investment promotion strategy building
	c) Dispatch of experts and consultants for invest promotion strategy building
	Supports for investment promotion materials

RBCs (Regional Business Conference) hosted since FY2018

Yokohama (Oct. 2019)

Field	Life Science
Companies Invited	9 companies (Europe, North America)

GNI (Aichi Pref. Gifu Pref. Mie Pref. Nagoya) (Oct. 2019)

Field	AI/IoT-related sectors
Companies Invited	19 companies (Asia, Europe, Middle East, North America)

Kyoto (Jul. 2019)

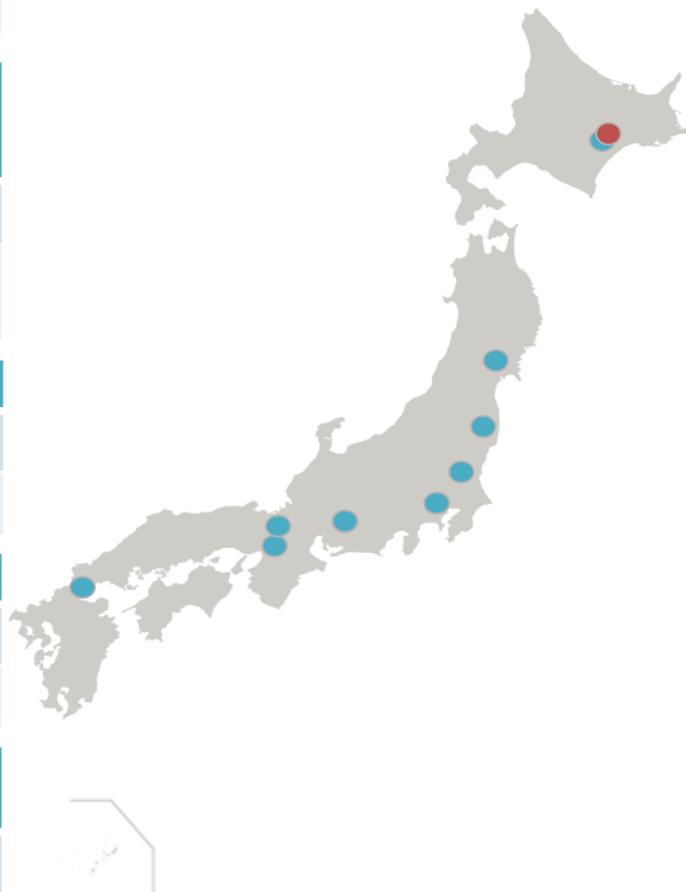
Field	Life Science
Companies Invited	11 companies (North America)

Osaka (Mar. 2019)

Field	Accelerators, Investors
Companies Invited	5 companies (Asia, Europe)

Fukuoka Pref. (Oct. 2018)

Field	IoT-related sectors
Companies Invited	8 companies (Europe)



Hokkaido (Jun. 2019)

Field	Tourism, Real Estate
Companies Invited	20 companies (Asia)

Hokkaido (Sched. Jan. 2020)

Field	Tourism, Inbound (Europe, North America)
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Sendai (Nov. 2019)

Field	ICT sectors
Companies Invited	8 companies (Europe)

Fukushima Pref. (Oct. 2018)

Field	Medical devices
Companies Invited	11 companies (Asia, Europe)

Ibaraki Pref. (Feb. 2019)

Field	Life Science
Companies Invited	11 companies (Asia, Europe, North America)

JETRO supporting foreign companies to invest in Japan (local regions) to enhance innovation capabilities

- JETRO concluded a comprehensive cooperation promotion agreement with the Tokyo Institute of Technology in May 2018.
- Based on the agreement, the following programs have been held:
 - Job Fair between foreign-affiliated companies and university students (in January 2019)
 - JETRO Special Seminars on the role of foreign-affiliated companies in Japan and career formation at those companies
- The second Job Fair at the Tokyo Institute of Technology will be held in December 2019.

Job Fair at Tokyo Institute of Technology in January 2019



JETRO Special Seminars at Tokyo Institute of Technology





www.investjapan.org

Invest Japan Report Web address

Japanese:

<https://www.jetro.go.jp/invest/ijre.html>

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