

# WHY JAPAN ? “5 Reasons to Invest in JAPAN”

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Japan External Trade Organization

## “5 Reasons to Invest in JAPAN”

**Reason1**

**Fertile and Trusted Free Market**

**Reason2**

**Innovation Ecosystem Open to the World**

**Reason3**

**Excellent Human Resources**

**Reason4**

**Excellent Business Environment, Reliable Infrastructure**

**Reason5**

**Livable Society**

## Trusted and developed investment destination

### FDI Confidence Index

Asia  **No.1** World  **No.3**

1. US
2. Canada
- 3. Japan**
4. Germany
5. UK

Source: "The 2023 FDI Confidence Index" (Kearney)

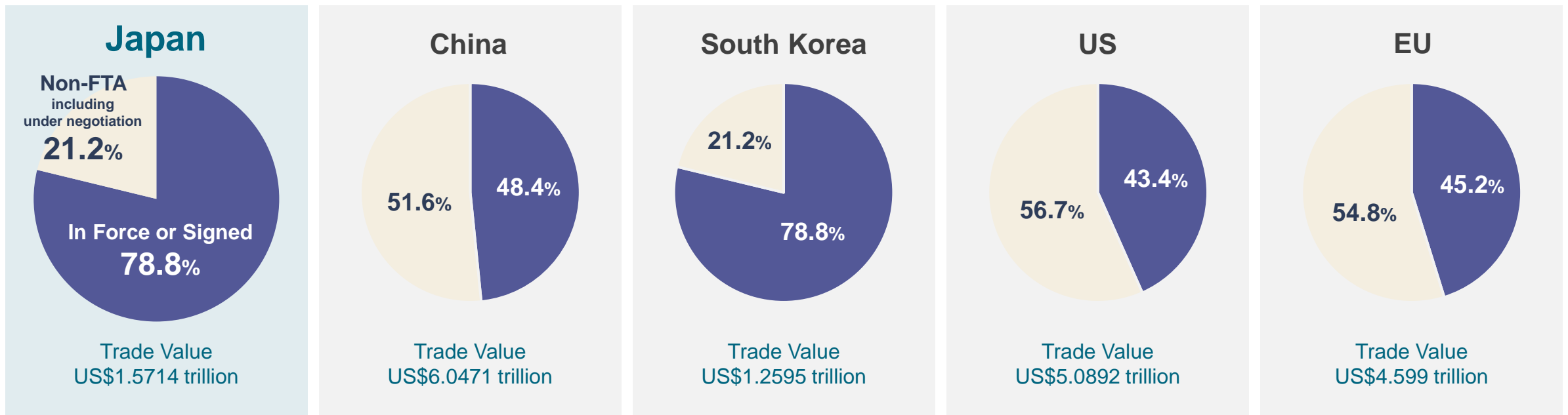
Japan's Market Size is  
the Biggest Attraction for  
Foreign-affiliated Companies

**50.7%**

Source : "FY2022 Survey on Business Operations of  
Foreign-affiliated Companies in Japan" (JETRO)

## Japan leverages FTAs to develop preferential access to global markets

### FTA Coverage by Major Trading Economies (2021)



\* Converted at 106.82 yen to the US dollar

Source: "White Paper on International Economy and Trade 2022" (METI)

## World's leading industrial competitiveness creating various high value-added products

### Industry Competitiveness

World  
 **No.4**

- |                 |                 |
|-----------------|-----------------|
| 1. Germany      | 6. US           |
| 2. China        | 7. Switzerland  |
| 3. Ireland      | 8. Taiwan       |
| <b>4. Japan</b> | 9. Singapore    |
| 5. South Korea  | 10. Netherlands |

Source : UNIDO (2021), CIP Competitive Industrial Performance Index. Vienna.  
Available from <http://stat.unido.org>.

### Economic Complexity

A rank of countries based on how diversified and complex their export basket is

World  
 **No.1**

- |                 |                   |
|-----------------|-------------------|
| <b>1. Japan</b> | 5. Singapore      |
| 2. Switzerland  | 6. Czech Republic |
| 3. South Korea  | 7. Austria        |
| 4. Germany      |                   |

Source: "The Atlas of Economic Complexity 2021"  
(Growth Lab at Harvard University)

## Technology intensive economy with world's leading R&D capabilities

### Science and Technology Clusters

Tokyo-Yokohama

World  **No.1**

Nagoya

World  **No.12**

Osaka- Kyoto-Kobe

World  **No.6**

Source: "Global Innovation Index 2022" (World Intellectual Property Organization)

## Abundant IP assets and relentless pursuit of innovation generate new value creation opportunities

### R&D Expenditures as a Percentage of GDP

World  **No.4**  
No.1 among G7

R&D expenditures as a percentage of GDP

1. Israel	4.9%
2. South Korea	4.6%
3. Sweden	3.4%
<b>4. Japan</b>	<b>3.2%</b>
5. Austria	3.2%

### Patent Applications per billion US dollars GDP

World  **No.1**

Number of applications per billion US\$ GDP

<b>1. Japan</b>	<b>9.6</b>
2. South Korea	8.7
3. Switzerland	8.3
4. Finland	6.1
5. Israel	5.4

### Research Talent % in Business

World  **No.3**  
No.1 among G7

% in business enterprise

1. South Korea	82.3%
2. UAF	77.9%
<b>3. Japan</b>	<b>74.4%</b>
4. US	72.5%
5. Sweden	71.5%

Source: "Global Innovation Index 2021" (World Intellectual Property Organization) , "Global Innovation Index 2021" (World Intellectual Property Organization) , "Global Innovation Index 2021" (World Intellectual Property Organization)

## 14 Sectors with Growth Prospects

### Energy related industries

1. Offshore windpower, Solar and geothermal industries
2. Hydrogen and fuel ammonia industry
3. Next-generation heat energy industry
4. Nuclear industry

### Transport/manufacturing industries

5. Automobile and battery industries
6. Semiconductor and information and communication industries
7. Shipping industry
8. Logistics, people flow, and civil engineering infrastructure industries
9. Food, agriculture, forestry, and fisheries
10. Aircraft industry
11. Carbon Recycling and materials industry

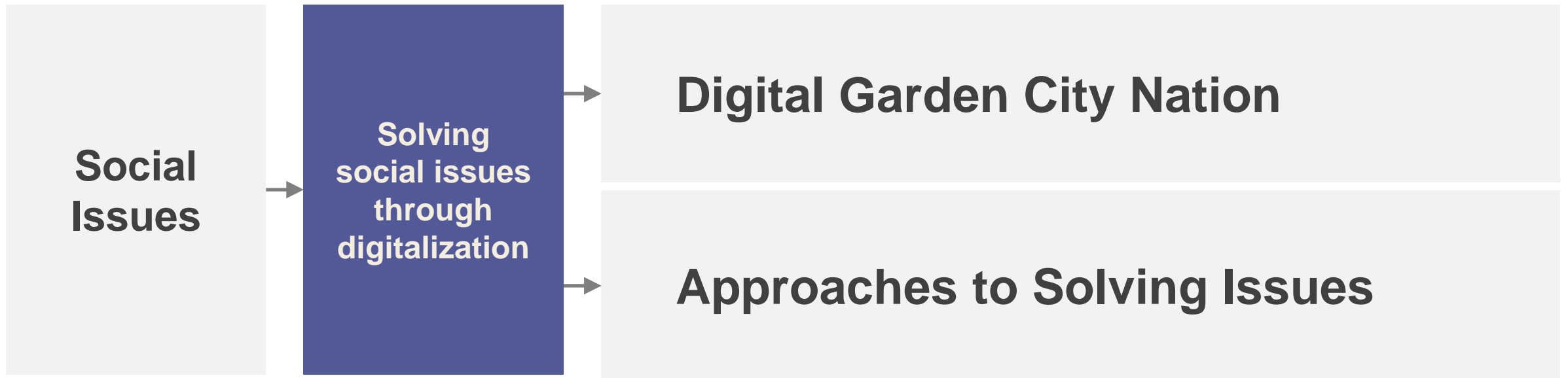
### Home/office related industries

12. Housing and building industry and next-generation power management industry
13. Resource circulation-related industries
14. Lifestyle-related industries

Source: NEDO Green Innovation Fund website <https://green-innovation.nedo.go.jp/en/>



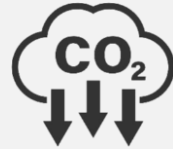
## Vision for a Digital Garden City Nation



Source : Prepared from "Basic Policy for the Vision for a Digital Garden City Nation" June 2022  
(The Council for the Realization of the Vision for a Digital Garden City Nation at the Prime Minister's Office)

## Mission-oriented Economic and Industrial Policy

**1. Carbon Neutral Society**  
Vision: Carbon neutrality by 2050



**4. New Healthy Society**  
Vision: Future healthy society using digital technologies



**2. Digital Society**  
Vision: Realizing a Digital Garden City Nation



**5. Disaster-Resilient Society**  
Vision: Resilient society against natural disasters and climate change



**3. Economic Security**  
Vision: Achieving comprehensive economic security



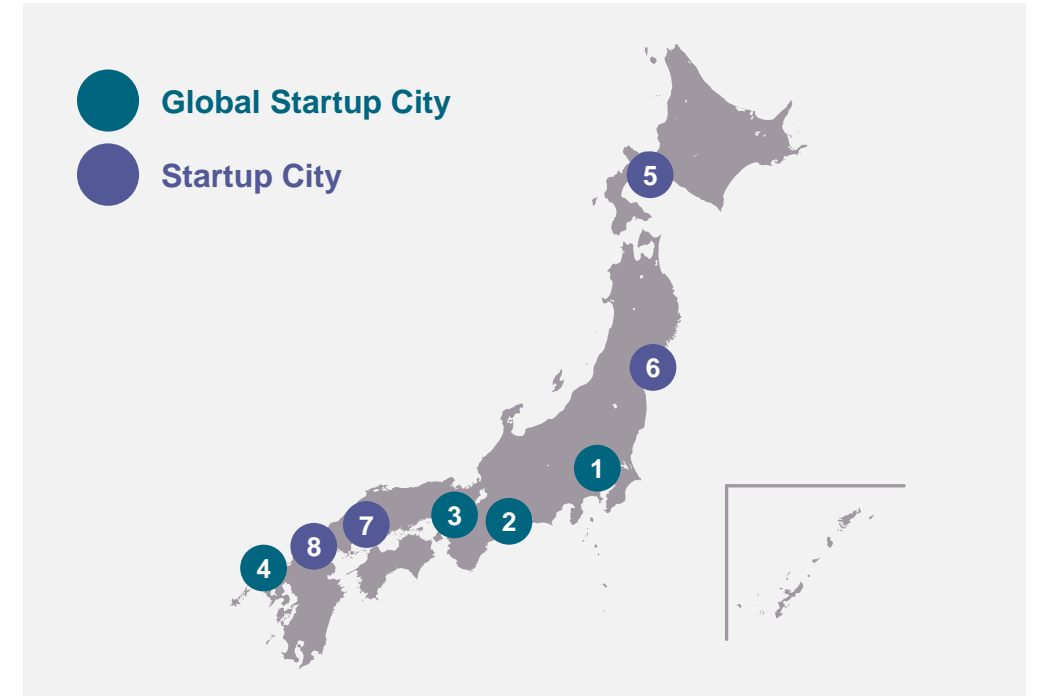
**6. Biomanufacturing Revolution**  
Vision: Increasing public and private investments in biomanufacturing



Source: "Interim Report for Committee on New Direction of Economic and Industrial Policies," June 2022 (METI)

## Startup Ecosystem

- 1 Startup Ecosystem Tokyo Consortium
- 2 Central Japan Startup Ecosystem Consortium
- 3 Osaka, Kyoto, Hyogo Kobe Consortium
- 4 Fukuoka Startup Consortium
- 5 Sapporo/Hokkaido Startup Ecosystem Promotion Council
- 6 Sendai Startup Ecosystem Acceleration Council
- 7 Hiroshima Strategy Council to Promote Regional Innovation
- 8 Kitakyushu SDGs Startup Ecosystem Consortium



Source: Compiled from “Startup Ecosystem Cities” September 2021 (Cabinet Office, Council for Science, Technology and Innovation)

## Percentage of Tertiary Attainment

World



# No.4

1. South Korea	70%
2. Canada	64%
3. Russia	62%
<b>4. Japan</b>	<b>62%</b>
5. Ireland	58%
6. Luxembourg	58%
7. Lithuania	56%
8. UK	56%
9. Australia	55%
10. Switzerland	53%

Source : "Education at a Glance 2021" (OECD)

## Number of Researchers per million population

# 5,375

Number of Researchers (G7)

1. Germany	5,382
<b>2. Japan</b>	<b>5,375</b>
3. UK	4,701
4. France	4,687
5. US	4,408
6. Canada	4,326
7. Italy	2,653

Source : "Global Innovation Index 2021" (World Intellectual Property Organization)

## Talent Competitiveness



### Labor-employer Cooperation

1. Denmark
2. Switzerland
3. Singapore
- 4. Japan**
5. Netherlands



### Proportion of Technicians and Associate Professionals to Total Workforce

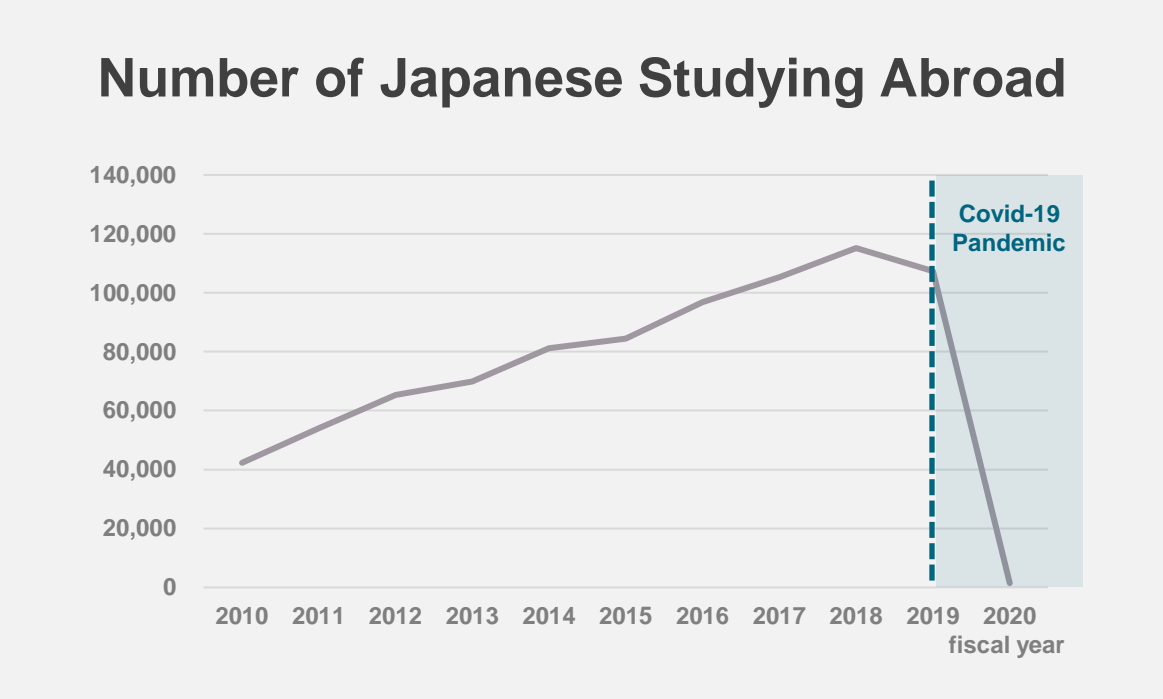
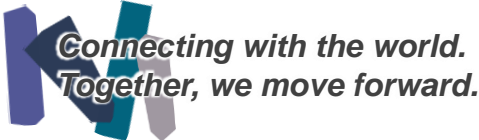
- 1 . Japan**
- 2 . Mauritania
- 3 . Singapore
- 4 . Germany
- 5 . Finland



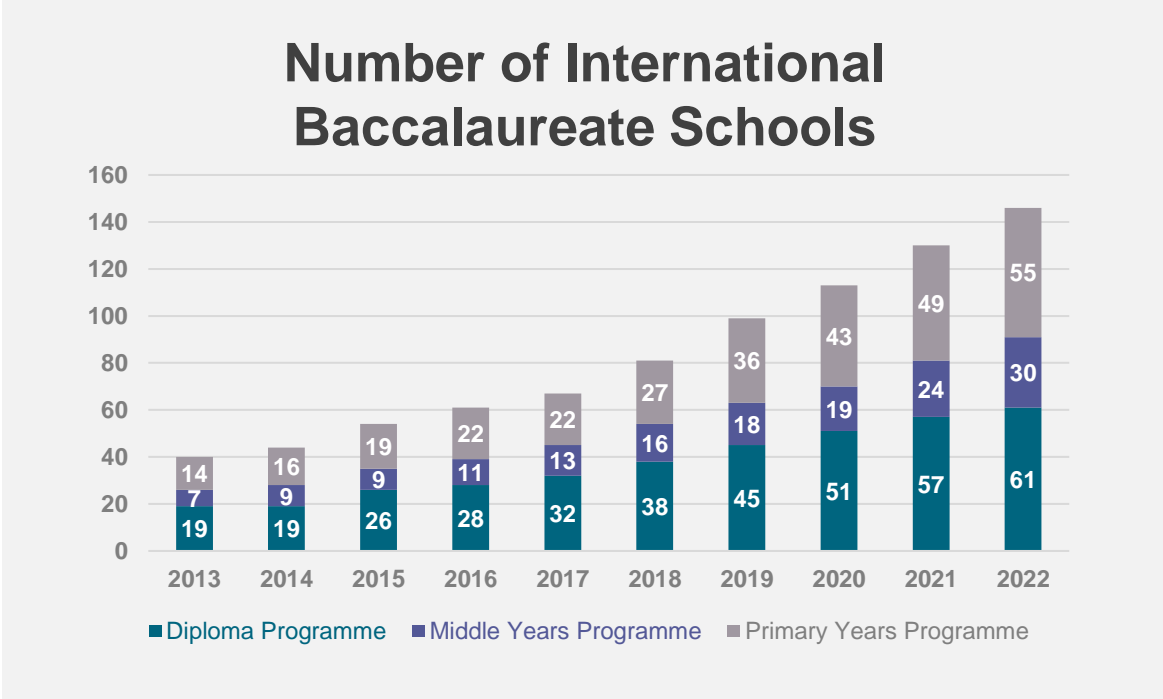
### Availability of Scientists and Engineers

1. US
2. Finland
3. Malaysia
- 4. Japan**
5. Canada

Source : "Global Talent Competitiveness Index" (INSEAD)



Source: "Survey on the Number of Japanese Studying Abroad" (Japan Student Services Organization)



Note :As of end-November for 2013-2016, end-May for 2017, and end-March for 2018 onward  
 Source: Compiled from "MEXT consortium for promotion of IB education in Japan" website <https://ibconsortium.mext.go.jp/>

## “Japanese Green Card for Highly Skilled Foreign Professionals” system

Japan welcomes highly skilled foreign professionals and entrepreneurs through the “Japanese Green Card for Highly Skilled Foreign Professionals” and “Projects for Encouraging Foreign Entrepreneurs to Start Business ”(so-called “Startup Visa”)

### Example of scoring



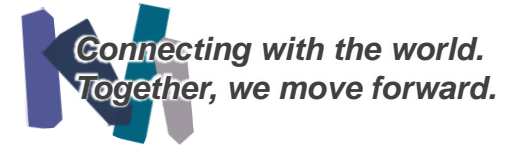
Example  
Engineer/33-yrs old

34 years of age or younger	10 points
Annual income of 6 million yen	20 points
Master’s degree holder	20 points
Three years of work experience	5 points
Invention of patents	15 points
Graduated from a top-tier university	10 points
<b>TOTAL</b>	<b>80 points</b>

Source: Compiled from news reports

Source: “Preferential immigration treatment based on the point-based system for highly skilled professionals” [https://www.isa.go.jp/en/publications/materials/newimmiact\\_3\\_index.html](https://www.isa.go.jp/en/publications/materials/newimmiact_3_index.html)

# Projects for Encouraging Foreign Entrepreneurs to Start Business



## Municipalities

14 municipalities whose plans have been authorized by METI

Submits the “Startup Preparation Activity Plan”

## Foreign entrepreneur

Preparation to start a business for up to one year

## Immigration Services Agency

Examines prospects for acquiring “business manager” status of residence

“Designated activities” status of residence (Startup Visa) for 6 months + 6 months

## Municipalities

Support for starting a business begins. (One-stop consultation desk, co-working space, etc.)

## Immigration Services Agency

Application for “business manager” status of residence

“Business manager” status of residence granted

## Business starts

Source: “Projects for Encouraging Foreign Entrepreneurs to Start Business” <https://www.meti.go.jp/policy/newbusiness/startupvisa/index.html> (METI)



## Political Environment in Major East Asian and Oceanian Countries and Economies

	Political environment (1-10)	Political stability (1-10)	Government stance towards business (1-5)	Transparency and fairness of legal system(1-5)	Investment protection scheme (1-5)
<b>Japan</b>	<b>8.6</b>	<b>9.2</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
Australia	9.1	9.3	4.0	5.0	4.0
China	4.7	5.1	3.0	1.0	3.2
Hong Kong	7.9	6.7	5.0	4.5	4.0
South Korea	7.2	7.0	3.2	3.2	4.0
Taiwan	7.0	6.8	4.0	3.2	3.2

Source: Compiled from "Economist Intelligence Data Tool" 2020 (The Economist Intelligence Unit)

Through exceptional regulatory measures, Japan creates a business environment to implement novel ideas responding to economic and social changes or new businesses and technologies without being bound by existing regulations.

## National Strategic Special Zones

Over **400** projects

Over 400 approved projects are conducted in ten designated special zones.

## Regulatory Sandbox

**23** project

23 projects by 142 businesses in various fields, such as FinTech, mobility, blockchain, healthcare, AI and IoT, have been approved by the system.

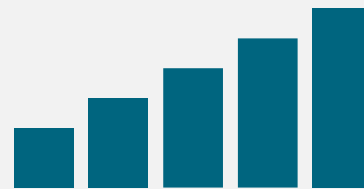
Source: Cabinet Office National Strategic Special Zones website [https://www.chisou.go.jp/tiiki/kokusentoc/pdf/tokku\\_seika.pdf](https://www.chisou.go.jp/tiiki/kokusentoc/pdf/tokku_seika.pdf)

The government established the Digital Agency to drive Japan's digital transformation (DX).

**Delivering  
Citizen-Centric  
Public Service**



**Modernizing Digital  
Infrastructure for  
Inclusive Growth**

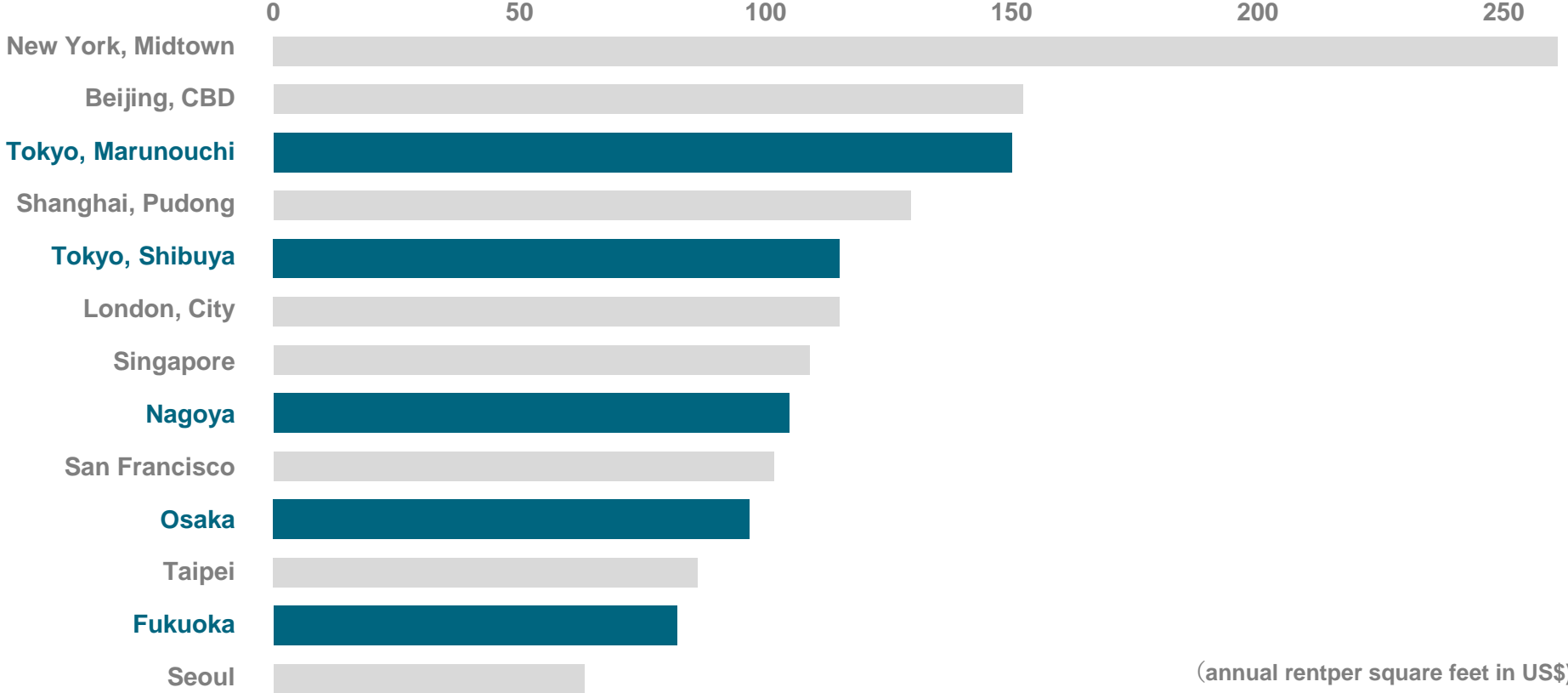


**Strengthening  
Digital  
Resilience**



Source: Digital Agency website <https://www.digital.go.jp/>

## Global Occupancy Costs by Market, 2021 (Excerpts)



(annual rent per square feet in US\$)  
Source: "Global Premium Office Rent Tracker" December 2021 (JLL)

Efficiency of train services  
and Airport Connectivity

World  **No.1**

Efficiency of seaport services and  
Quality of road infrastructure

World  **No.5**



## Transport Infrastructure

World  **No.4**  **No.1**

1. Singapore
2. Netherlands
3. Hong Kong
- 4. Japan**
5. South Korea
6. Switzerland
7. Germany

Convenient access to  
major business hubs in Asia



Source: "The Global Competitiveness Report 2019" (World Economic Forum)

## Number of International Schools in Japan English language



76\*

The aggregate number of schools accredited by international accreditation organizations (WASC, CIS, ACSI, NEASC) plus International Baccalaureate schools offering instructions in English (as of June 2022)

## Developing medical care system with foreign language support



\*Source: Compiled from WASC, CIS, ACSI, NEASC, International Baccalaureate websites

## Japan's universal health insurance system

**City Safety**  
“Health Security” Pillar

**Tokyo**



**No.1**

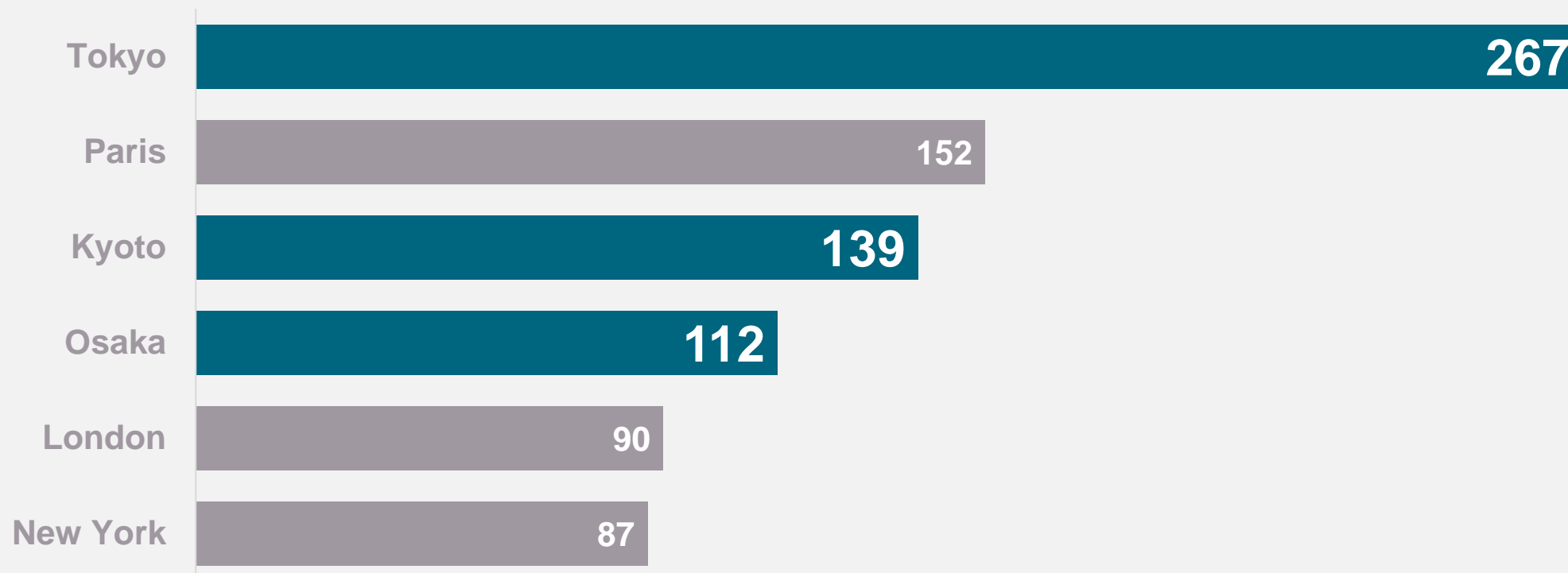
Source: “Safe Cities Index 2021” (The Economist Intelligence Unit)

1. All residents of Japan (including foreign nationals with a residence card) are covered by the public health insurance program.
2. Patients have free access to any healthcare providers.
3. High-quality medical care at low costs (patients pay for 10 to 30% of the total cost, the balance covered by the insurance).
4. Operated as a social insurance system in principle, supplemented by public funds to maintain universal coverage.

Source: “About Health Insurance System in Japan” (Ministry of Health, Labour and Welfare website)[https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kenkou\\_iryuu/iryuuhoken/iryuuhoken01/index.html](https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/kenkou_iryuu/iryuuhoken/iryuuhoken01/index.html)

## Cities for Foodies

## Total Number of Michelin Stars



Source: Compiled from "Michelin Guide 2022" <https://guide.michelin.com/en>