Japan’s advantages as a gateway to Asia

Hiroyuki Ishige, Chairman and CEO, JETRO

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Thank you, Mr. Moon, for your kind introduction. I am Hiroyuki Ishige, Chairman and CEO of JETRO.

Today I would like to talk about two points from the perspective of the importance of two-way economic exchange. The first is how Japanese companies perceive the Southeast region as an investment destination. And the second is Japan’s advantages as a gateway to Asia. Both of our countries have once again become new global markets.

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I’d like to move on to Japan’s investment environment.

The message to remember here is that “for US companies, Japan is the best gateway for entry into Asia.”

Japanese PM Shinzo Abe came into office last December. This February, he declared that “Japan is back!” in a speech in Washington DC.

Nine months later, the economy shows that this pledge is being fulfilled. Real GDP, the stock average and employment have significantly improved. Surprisingly, Japan is the best performer among G8.
The success of Abenomics depends on the growth strategy and structural reforms. The Abe administration is pushing forward transformation with a strength and speed like never before. A clear example is participation in TPP negotiations. The Japan’s participation has changed the world. This is the game-changer. Now even China is intended in the TPP. The administration is also vigorously encouraging equal opportunity for women, so called “womanomics.” I hear that Goldman Sachs estimated that Japan’s GDP would increase by 15%, if 8 million Japanese women were joining the economic activities. Tough political decisions were made regarding agriculture and the tax system. This time is different.

These reforms are aimed at stimulating Japan’s growth. And the driving force is direct investment from overseas.

This leads me to Japan’s advantages as a gateway to Asia. You may be asking “What might those advantages be?” Today, I will tell you about two of them.

The first is that Japan is a hub for innovation.

Japan’s R&D expenditure rate is the highest among G8 countries at 3.7% of its GDP. The US is the second at 2.9%. Both Japan and the US are growing high technology countries.

Regarding intellectual property protection, Japan maintains high standards in terms of legal systems and their implementation. If you compare Japan with its neighboring countries, Japan’s advantage is obvious.

A couple of examples. The first, GE is using Japan’s exceptional human resources and R&D environment to establish an institute for developing medical instruments.
The second, Caterpillar, a leading company in re-shoring, decided to continue proactive R&D investment in Japan aiming at improvement in quality and increased productivity.

The second reason is Japan’s connectivity as well as being a gateway to Asia.

As the third largest market in the world with a high-income population of 127 million, Japan is the best market for a trailblazer or a trend-setter. It regularly serves as a test market before expanding to other Asian markets. Coca Cola, for example, develops a number of new products in Japan before releasing them to the rest of Asia and the world. Nike also takes advantage of it in global promotion campaigns.

Japan is also a linchpin connecting trade agreements between East and West. Through mega-FTAs like the TPP and RCEP, Japan aims at expanding its total FTA coverage to more than 70%. This will magnify its advantage as a launching platform to Asia.

You can make big money in Japan under Abenomics. Japan is a country where there is money to be made. The Japanese market is profitable, particularly for competitive foreign companies.

In the Government’s growth strategy, JETRO is designated as the core organization to promote FDI in Japan. To fulfill this mission, we will enhance our one-stop support services to respond to inquiries by foreign investors.

One example is subsidies for establishing new business bases. Companies setting up regional headquarters and R&D institutes in Japan are eligible.

Another is the National Strategic Special Zones, which aim to create the most business friendly environment in the world. Within these zones, regulations will be significantly relaxed. Tax incentives will also be offered to any companies investing in these
zones, including those from overseas.
In the Government’s growth strategy, JETRO is designated as the core organization to promote FDI in Japan.
To fulfill this mission, we have enhanced our one-stop support services to respond to inquiries and handle requests for regulatory reforms.

Talk to JETRO first!
Please contact the nearest JETRO office if you are considering business expansion to Asia.
Our six offices in the US always welcome your visit.

Thanks to Abenomics, Japan is back.
An increasing number of investment opportunities are waiting.

Today, we are joined by many state officials.
Some may have concerns about possible loss of local jobs due to expanded FDI to Japan.
Let me assure you that there is no worry of this.
As I mentioned, Japan is a large market and a window to Asia. Companies establishing bases for sales and services in Japan will increase exports and local employment in the US.
Like the examples I touched on, establishing R&D institutes in Japan represents entry into global markets, in particular those in Asia.

Finally, I would like to conclude my remarks by re-emphasizing the importance of two-way economic exchange between the US and Japan.
Thank you very much for your attention.