

JETRO Invest Japan Report

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chapter 3

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Section1. JETRO's Track Record of Supporting Foreign Companies



96 successful invitations in fiscal 2020



The "Basic Policies for Economic and Fiscal Management and Reform 2021" released by the Japanese government in June 2021 states that Japan will further promote foreign direct investment in Japan in order to attract advanced human resources, technologies and funds from overseas, and link them with Japan's technological and R&D capabilities, leading to the creation of innovation, and strengthening supply chains. The government continues to place importance on attracting foreign companies as it contributes to the development of the Japanese economy and society.

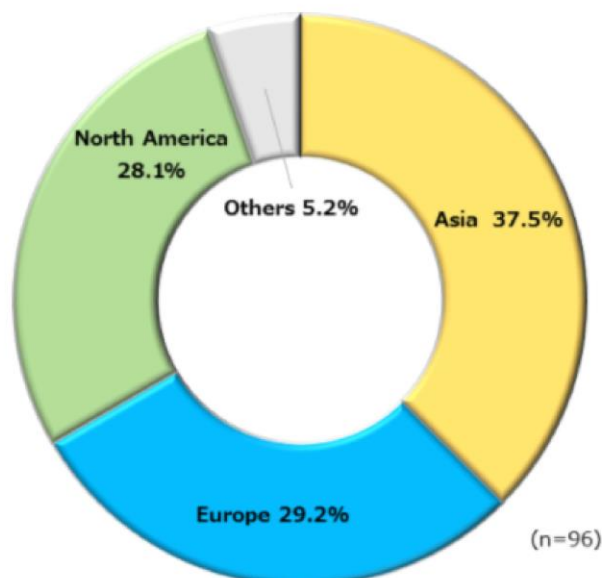
JETRO continues to support foreign companies in establishing bases in Japan, and developing business in the Japanese market. In fiscal 2020, JETRO provided support to 1,020 companies through its Japan Investment Promotion Project, and 96 of them established bases or expanded their business in Japan (Chart 3-1).

Chart 3-1: Investment Projects Supported and Successfully Attracted by JETRO in FY2020

Fiscal Year	2020
Successful Investment	96
Project Supported	1020

Looking at the number of successful cases in fiscal 2020 by region of origin of the parent company, the percentages were 37.5% in Asia, 29.2% in Europe, and 28.1% in North America (Chart 3-2).

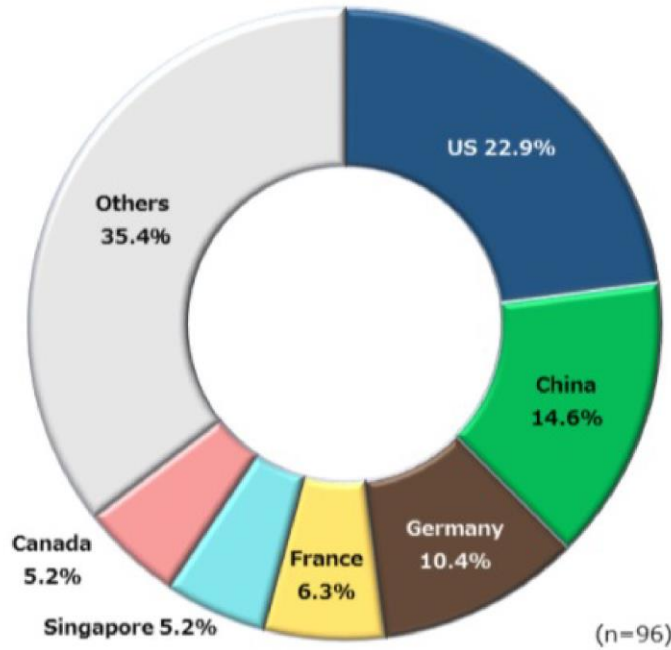
Chart 3-2: JETRO-attracted Investments by Region



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

As in previous years, the U.S. accounted for the largest share of all countries with 22.9% (Chart 3-3). China was the second largest at 14.6% of the total, followed by Germany (10.4%), France (6.3%), and other European countries.

Chart 3-3: JETRO-attracted Investments by Country



Looking at successful projects by industry in fiscal 2020, as in fiscal 2019, ICT and telecommunications continued to be the largest (34.4% of the total), followed by electrical and electronic equipment and parts (13.5%), pharmaceuticals and medical equipment, and related services (11.5%) (Chart 3-4). A breakdown of successful projects in Japan shows 60.4% in Tokyo, 11.5% in Kanagawa, and 5.2% in Osaka (Chart 3-5).

Chart 3-4: JETRO-attracted Investments by Industry

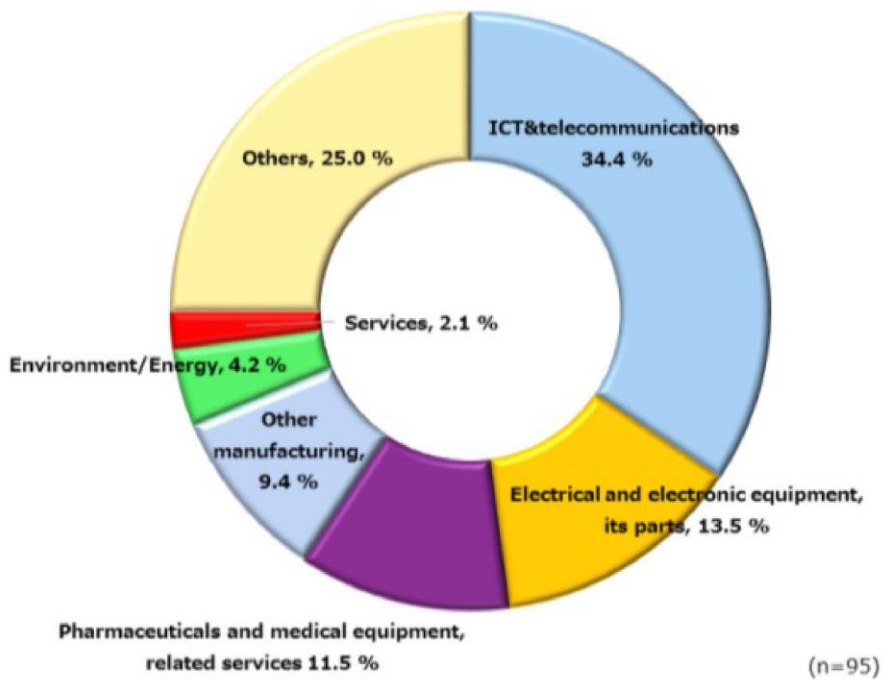
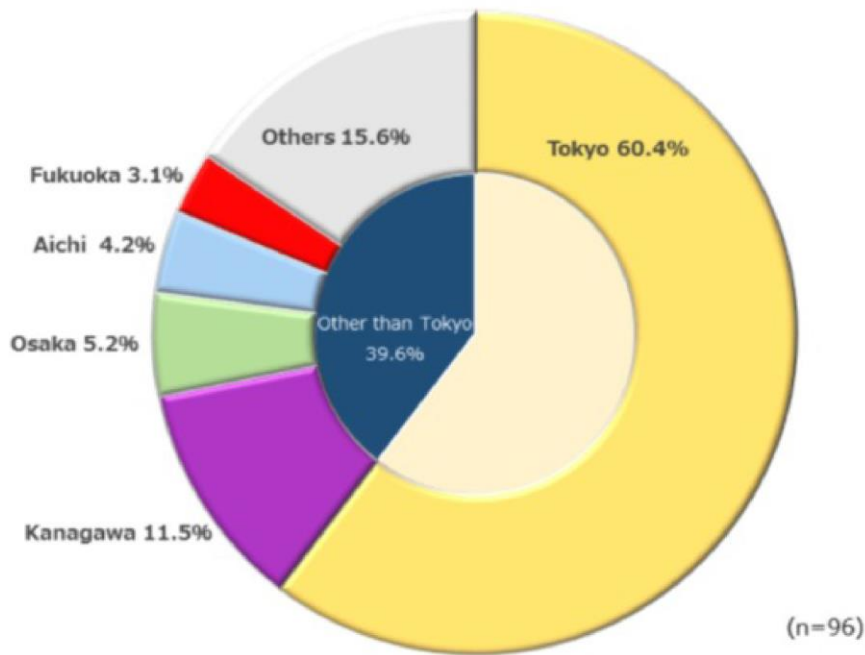


Chart 3-5: JETRO-attracted Investments by Prefecture



Since fiscal 2019, JETRO has strengthened its support for foreign companies, especially engaged in the following industries, in order to contribute to the creation of innovation in Japan through the attraction of foreign companies (Chart 3-6).

Chart 3-6: Target industries expected to generate innovation



Looking at the companies that have established bases with support from JETRO in 2020, there are companies that are active in the COVID-19 pandemic, including MiRXES, a Singapore company which has successfully mass-produced PCR test kits for COVID-19, and Schulke & Myer GmbH, a German company which manufactures and sells anti-infective products for medical institutions. In addition, Companies that help solve Japan's social issues, such as Exotec, a French company which develops and manufactures automation solutions for retail and manufacturing warehouses, have entered the Japanese market, in response to the demand for automation due to the declining birthrate and aging population, as well as regional disparities (Chart 3-7)

Chart 3-7: Foreign companies that have expanded into Japan with the support from JETRO

Corporate Name:	Nationality:	Overview:
MiRXES Japan Corporation	Singapore	<p>MiRXES (Singapore) is a biotech company that develops and expands the world's first testing tool for diagnostics of early-stage gastric cancer using microRNAs (miRNA) in the blood as biomarkers. In 2020, it succeeded in mass production of Fortitude Kit, a RT-PCR test kit for COVID-19, using this technology. The product, which has been tested and demonstrated in more than 80% of all Singapore hospitals, is deployed in more than 20 countries, including New Zealand, and Southeast Asian and Latin American countries.</p> <p>In January 2020, the company established MiRXES Japan Co., Ltd. in Chiyoda-ku, Tokyo. The company's innovative microRNA technologies and will enable simpler and more precise diagnostics for common cancers in Japan, such as gastric cancer. Upon establishing its Japanese base, JETRO's Invest Japan Business Support Center (IBSC) provided consultation (labor and registrations), information (regulatory affairs), introduction of service providers, and PR support.</p>
Schulke & Mayr GmbH	Germany	<p>Schulke & Mayr GmbH (Schulke & Mayr) is a German medical and hygiene company that manufactures and sells infectious disease control products for medical institutions. In 2015, as Air Liquide Japan's healthcare and hygiene business unit, the company took over hand disinfection products from Johnson & Johnson and provided infectious disease control products to medical institutions.</p> <p>With the outbreak of the novel coronavirus disease (COVID-19) worldwide, the study conducted by the German headquarters showed that mikrozid® Universal Wipes Premium, disinfection wipes with low alcohol content used mainly in medical facilities, and mikrozid® Sensitive Wipes, alcohol-free wipes primarily used in dental clinics and scientific research facilities, and both passed the European standards (EN14476) using the novel coronavirus (SARS-CoV-2). These two products, which are not subject to the Japanese pharmaceutical laws and regulations (categorized as miscellaneous products), are already sold in Japan, contributing to the prevention of infections, including COVID-19, at Japanese medical facilities.</p> <p>To accommodate the expanding business, the company established Schulke Japan LLC in Tokyo in June 2020. Upon establishing its Japanese base, JETRO's Invest Japan Business Support Center (IBSC) provided consulting (tax) and market information.</p>
EXOTEC	France	<p>Exotec is a French robotics manufacturer that develops and manufactures flexible automation solutions for warehouses of retailers, e-commerce players, and manufacturers. Founded in 2015, it has a total of 300 employees in Europe, United States, and in Japan. The company is developing its business in nine countries around the world with revenues expected to exceed 100 million dollars in 2021. In September 2020, the company raised 90 million dollars in a Series C round of investment.</p> <p>The company's automated picking robot system Skypod can move in three-dimensions up to a height of 12 meters at a speed of 4 meters/second with a loading capacity of 30kg. By effectively utilizing space to store inventory at a high density, the storage volume can be increased five times compared to the conventional shelf-type picking. In addition, it is possible to introduce additional shelves and robots quickly and in stages according to inventory volume and business flow without interrupting operations, which is one of the features of the system that allows client companies to invest in warehouses at the pace of their business expansion. The warehouse control system ASTAR manages the work plan, and tracks and records the positions of cases and robots in the warehouse in real time.</p> <p>In January 2020, the company established EXOTEC NIHON CO., LTD. in Tokyo with the aim of cultivating new customers and responding to existing customers. In Q1 of the same year, it established a warehouse in Kyoto Prefecture, and began full-scale activities in Japan. In 4Q of 2021, its Tokyo office will relocate to Minato Ward. Upon establishing its Japanese base, JETRO's Invest Japan Business Support Center (IBSC) provided regulatory and institutional information, introduced service providers and arranged meetings with them, and provided subsidies and incentives information, real estate property information, and also provided consultation (registration, visa, tax, and labor).</p>

Source: JETRO website

Section2. JETRO's Support for FDI in Japan



Comprehensive support for market entry and business expansion in Japan



JETRO, as Japan's only public organization promoting foreign direct investment to Japan, provides a full range of services, from the dissemination of information on Japan's business environment to the discovery of companies interested in investing in Japan, support for establishing bases, and support for expanding business in the country (Chart 3-8). In addition, in order to encourage foreign companies to expand their business not only in urban areas but also throughout Japan, JETRO also provides support to local governments to attract foreign companies to their communities, and urge the Japanese government to further improve its business environment.

Chart 3-8: JETRO's Efforts to Promote Investment in Japan



1) Promotion of Open Innovation between Japanese Companies and Overseas Startup Companies

JETRO launched the business platform "Japan Innovation Bridge (J-Bridge)" in February 2021 with the aim of promoting open innovation through cooperation and collaboration between Japanese companies and overseas startup companies. The goal is to encourage collaboration between companies in Japan and abroad in the fields of digital and green, and to attract the vitality of foreign companies, thereby increasing foreign investment in Japan.

Specifically, in addition to dissemination of information through on-line seminars and pitch events, the J-Bridge provides J-Bridge members, which are Japanese companies, with services such as introduction of promising overseas companies, arrangement of interviews, consultations by experts, and integrated support consisting of mentoring and matching. As of November 2021, about 500 companies and 600 people are registered as J-Bridge members. In addition, venture capital firms, banks, and other entities participate in J-Bridge as partners, with the aim of providing support to Japanese companies through concerted efforts of related parties with a variety of expertise, such as finance and inter-company negotiations.

2) Dissemination of information by JETRO

JETRO provides information to foreign and foreign-affiliated companies in the company through websites and online events. JETRO's website for foreign investment in Japan, which was fully revised in 2021, disseminates a variety of information in seven languages including Japanese (Chart 3-9). As an overview of Japan's investment environment, "Promising Industries for Foreign Investment in Japan" that focuses on particularly promising markets in Japan, and "Why Japan?" that conveys the attractiveness of the Japanese market and society, gives you a grasp of the characteristics of the market, and "How to Set up Business in Japan" provides a wide range of information required for incorporation, including company registration, visas, tax systems, and labor management. The website also post videos explaining how to enter Japan, how to establish a base, and how to obtain a work visa. In addition, "Navigation system for investing in Japan's local regions" is an information portal where visitors can acquire various information from basic economic and social data to that on industries, infrastructure, and incentives of prefectures and major cities. "Businesses Expanding" and "Success Stories" present case studies of companies that have entered the Japanese market, attracting many visitors including foreign companies that are interested in Japan.

Chart 3-9: JETRO Japan Investment Website



In addition to disseminating information on its website, JETRO holds a variety of online events during the COVID-19 crisis and promotes Japan's attractiveness overseas. In conjunction with the Tokyo Olympics and Paralympics, JETRO held NET ZERO Leaders Summit (Japan Business Conference 2021), a larger online event, from July 28 to September 10, 2021 (Chart 3-10). At the event, experts from around the world took the stage and to discuss carbon neutrality, which is attracting attention of countries and regions around the world, including Japan. Furthermore, visitors were able to visit, as online avatars, the booths of JETRO, Japanese companies and local governments prepared in a virtual space, and communicated with exhibitors in real time using the chat function, etc. The event took advantage of online, despite the difficulty of holding a physical event due to COVID-19.

Charts 3-10: Lobbies at 3D Virtual Places



3) Hands-on support for foreign companies

JETRO's Personal Advisor (PA) System for Foreign Companies is a core service of JETRO's support for foreign companies as to FDI in Japan. Under the PA system, JETRO's staff in charge of attracting foreign companies will work closely with foreign companies and provide detailed support by addressing the regulations and administrative procedures necessary for establishing corporations and conducting business activities in Japan, together with foreign companies. It also provides flexible support tailored to each company's needs, including consulting on tax, labor, and legal matters, provision of market and regulatory information, and participation in business events.

JETRO provides temporary offices (free of charge up to 50 business days) available to foreign companies to prepare for their establishment in Japan at its Invest Japan Business Support Center (IBSC), which operate at six JETRO offices (Tokyo, Yokohama, Nagoya, Osaka, Kobe, and Fukuoka) and other locations. Various supports by staff and experts are provided to tenant companies at IBSC of JETRO domestic offices. IBSC within JETRO Tokyo Headquarters is adjacent to Tokyo One Stop Business Establishment Center (TOSBEC), which provides a single point of contact for all necessary procedures for establishing a corporation in Tokyo (operated by: Japanese government and the Tokyo Metropolitan Government). In addition, JETRO is promoting "Digital IBSC" to accept consultations from anywhere in the world, and supports foreign and foreign-affiliated companies' expansion into Japan and business expansion online. JETRO also provide various information and consulting online.

In addition to the above-mentioned conventional services, JETRO will collaborate with domestic universities to hold events that connect foreign-affiliated companies with domestic students in order to support the business expansion of foreign-affiliated companies in Japan. The Career Discovery, scheduled to be held in November 2021, will be an event where 600 students, including foreign students attending 14 universities nationwide, students who have studied abroad, and students interested in foreign-affiliated companies will be able to interact online with about 30 foreign-affiliated companies supported by JETRO. Further, from October 2021 to the end of January 2022, special courses will be held at five universities in Japan with lecturers from JETRO and foreign-affiliated companies to give lectures to the students of the listed universities on the activities of foreign-affiliated companies in Japan and their careers at the companies. Securing appropriate human resources has long been a major issue for foreign companies expanding their business in Japan, and JETRO's new service is expected to resolve this issue.

4) Support for attracting investment in Japan to local communities

In addition to supporting foreign and foreign-affiliated companies, JETRO also provides various types of support to local governments that invite these companies, from capacity building to matching with foreign companies, based on the knowledge and resources that JETRO has accumulated over the years (Chart 3-11).

Chart 3-11: Major Assistances in Support Programs

Subject	Support items	Outline of support
1. Provision of know-how	Basic training	Basic training sessions for staff to attract foreign companies
	Advanced training	Advanced training sessions to improve the skills in invitation activities
	Dispatch of experts and consultants	Experts and consultants visit the relevant regions to hold training and study meetings on various topics, such as the formulation of strategies to attract foreign companies.
2. PR and promotion support	Online Seminars for overseas	Field-specific online seminars for JETRO overseas offices and overseas companies
	Support for strengthening regional branding	With the aim of further improving the brand power of local governments overseas, support will be provided to review the attraction strategies and PR materials from an overseas perspective through overseas consultants.
3. Matching and inviting foreign companies	Regional Business Conference (RBC)	Inviting foreign companies and local governments that want to participate in the programs planned by JETRO
	Targeted recruiting	Promoting business opportunities in the region to foreign companies with a high probability of being attracted to the region, and conduct matching with local companies..
4. Other	(for JETRO project companies) Temporary office for local market	Providing free temporary office space to JETRO project companies wishing to establish a business base in municipalities covered by the support project. (50 business days in principle)

As mentioned above, the "Navigation system for investing in Japan's local regions" on JETRO's website delivers information on each local government to foreign companies in a searchable format. JETRO staff and experts provide participating municipalities with invitation know-how through the "Support Program for Foreign Direct Investment in Japan for Local Communities (hereafter, the Support Program), which was launched in FY2018. In terms of overseas PR support, which is extremely important in attracting foreign companies, seminars will be held where participating municipalities can directly communicate their attractiveness to foreign companies online, utilizing JETRO's overseas network. Furthermore, JETRO launched a new project to strengthen regional branding for selected municipalities in order to enhance their ability to communicate the attractiveness of the region. In July 2021, Fukuoka City was selected as the first target region. The support is being expanded to maximize publicity of the attractiveness of the target region and to communicate it to foreign companies.

JETRO will also provide online matching with foreign companies to some of the municipalities participating in the support program. The matching support will be given focusing on three areas that are attracting a lot of attention from foreign companies and in which participating municipalities can demonstrate their strengths: HealthTech, which is expected to see further innovation as a result of COVID-19; FactoryTech, which will make a significant contribution to industrial sophistication; and TravelTech, which is expected to see increased demand after the COVID-19 pandemic. In cases where specific collaborations are expected, it plan to invite foreign companies and provide them with opportunities for inspection in the future.

5) Efforts toward improvement of the business environment

In order to improve the business environment in Japan, JETRO listens to requests for improvements in regulations and other matters from foreign and foreign-affiliated companies, and work with the government and related ministries and agencies. JETRO also serves as a bridge between the Japanese government and foreign companies. It acts as a contact point for foreign/foreign-affiliated companies under the "Invest Japan Hotline," which accepts requests from companies and holds interviews with relevant ministries and agencies, and the "Regulatory Sandbox System" launched by the Japanese government in 2018. Furthermore, in the "Investment Advisor Assignment System" in which deputy Minister consults with foreign companies making important investments in Japan, JETRO supports the business development of foreign-affiliated companies in Japan through arranging interviews with state ministers of concerned ministries. In June 2020, in light of the COVID-19 infection, the "Helpline for Foreign Companies" was established to provide foreign companies and foreign-affiliated companies in Japan with consultation services related to business in Japan.

In addition, JETRO is a member of the Council for the Promotion of Foreign Direct Investment in Japan, which is organized by relevant ministries and agencies to realize institutional reforms, and also served as the deputy chairman of the Working Group on Medium-to Long-Term Strategies for the Promotion of Foreign Direct Investment in Japan, which was met from October 2020 to May 2021. In this way, JETRO is working to improve the business environment in Japan in cooperation with relevant ministries and agencies.

Based on strategy to promote direct investment in Japan, JETRO, together with the Cabinet Office and the Ministry of Economy, Trade and Industry, will further strengthen its efforts to improve the business environment in Japan. As part of the efforts to strengthen our activities, we conducted the "Survey on Foreign-affiliated Companies in Japan" during the period of September to October 2021, to collect information on the business outlines of foreign affiliates nationwide and their opinions on the business environment in Japan. The questionnaire will be compiled and published on JETRO's website and other media in the spring of 2022 or later.

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