

Chapter 3 Recent Government Measures



Chapter 3 overviews the "Basic Policies on Economic and Fiscal Management and Reform 2023 (Accelerating New Form of Capitalism: Expanding Investments for the Future and Realizing Structural Wage Increases)" announced in June 2023, and outlines the basic policies for accelerating the realization of the "New Form of Capitalism," at the turning point in times with changes and challenges facing Japan, both internal and external.

In addition, we will introduce the measures mentioned in the "Action Plan for Attracting Human and Financial Resources from Overseas" in order to expand investment in Japan as a whole, improve innovation capabilities, and lead to economic growth.

Section 1. Basic Policy on Economic and Fiscal Management and Reform 2023



Japan is facing a number of simultaneous and compounded challenges at home and abroad. For example, it is exposed to structural changes in the international environment, such as Russia's invasion of Ukraine, infections of COVID-19, and climate change issues, while suffering domestically from soaring prices of imported resources, low birthrate and aging population/declining population, stagnant potential growth, and more frequent and severe disasters.

Under these circumstances, it is necessary to overcome difficulties while making the efforts to solve social issues themselves an engine of growth. In order to further vigorously expand the current positive trends, such as the first high level of wage increase in 30 years and the high appetite for investment in the corporate sector, Japan will accelerate our efforts to realize the "New Form of Capitalism" and aim to create an economic society suitable for the new era. Against this backdrop, the "Basic Policy on Economic and Fiscal Management and Reform 2023" was approved by the Cabinet on June 16, 2023.

The "Basic Policy on Economic and Fiscal Management and Reform 2023" shows the basic policies for the government's economic and fiscal management and reform. In particular, in terms of accelerating the realization of the "New Form of Capitalism," it states that the government will carry out "Trinity Labor Market Reforms" of "support for skill improvement through reskilling," "introduction of job-based pay on the reality of individual companies," and "facilitating labor transfer into growth areas," and strengthen "investment in people" and create a substantial middle class. It also mentions drastic strengthening of measures to cope with the declining birthrate and child policy and realizing of an inclusive society.

In particular, the following initiatives are cited as measures to "expand investment and implement economic and social reforms."

Chart 3-1: Initiatives in "Expansion of Investment and Implementation of Economic and Social Reforms"

No.	Outline	Main plans
1	Increasing investment in Japan and strengthening supply chains through public-private partnerships	<ul style="list-style-type: none"> Quickly realizing 115 trillion yen in private capital investment and creating quality jobs in the regions with various measures: budget and tax, and regulatory, institutional reforms. Aim to become the core of the global supply chain, such as in next-generation semiconductors, and work to expand investment.
2	Acceleration of Green Transformation (GX), Digital Transformation (DX), etc.	<ul style="list-style-type: none"> Promotion of thorough energy conservation, utilization of nuclear power, early establishment of hydrogen/ammonia supply chains, realization of public-private GX investment of 150 trillion yen over 10 years, upfront investment using "GX Economic Transition Bonds," and prompt realization and implementation of "Growth-Oriented Carbon Pricing Initiative"
3	Driving startups and converting to a new industrial structure	<ul style="list-style-type: none"> "Startup Development Five-year Plan" "Global Startup Campus" based on the above plan Strengthen the supply of funds and diversify exit strategies.
4	Promoting science, technology and innovation through public-private partnerships	<ul style="list-style-type: none"> Drastic expansion of science and technology investments through public-private partnerships in the fields of AI, quantum technology, health and medicine, fusion energy, and biotechnology Strengthening of initiatives in the fields of space and ocean, etc.
5	Developing strategies for inbound tourists (foreign visitors to Japan)	<ul style="list-style-type: none"> Recovery of international exchanges in Japan Establishment of the global knowledge exchange Acceptance of highly-skilled foreign professionals Set-up of an international financial center in Japan as a nation facilitating asset management

Source: Compiled based on the Basic Policies on Economic and Fiscal Management and Reform 2023 (Cabinet Office website)

Section2. Action Plan for Attracting Human and Financial Resources from Overseas



In April 2023, the "Action Plan for Attracting Human and Financial Resources from Overseas" (the "Action Plan") was decided at the Council for Promotion of Foreign Direct Investment in Japan. The Action Plan established five pillars in order to expand overall investment in Japan and enhance innovation capabilities by actively attracting human and financial resources from overseas, leading to further economic growth and revitalization of regional economies (Chart 3-2)

In 2021, the government set a target to double the FDI stock in Japan to 80 trillion yen by 2030 and has begun efforts to achieve this goal. The economic and social environment in Japan and abroad is changing, and by viewing this situation as an opportunity for growth, the government aims to achieve the FDI stock in Japan to 100 trillion yen at an early stage by accelerating efforts through the Action Plan. The government measures, referred to in the first pillar of the Action Plan, "Stimulating investment in strategic sectors and restructuring global supply chains in light of the changes in the international environment" are outlined as follows.

Chart 3-2: Outline of Action Plan for Attracting Human and Financial Resources from Overseas

No.	Five Pillars of Action Plan	Specific Undertakings
1	Stimulating investment in strategic sectors and restructuring global supply chains in light of changes in the international environment	<ul style="list-style-type: none"> Given the drastically changing international environment, provide an optimal environment for business in global competition, and revive Japan as attractive global center for production and research. Reconstruct resilient supply chains against various global economic risks through strategic international collaboration. → Strategic development of industrial location projects utilizing a range of funds, nation-wide establishment of investment consortiums combined with human resource development projects through industry-academia-government collaboration
2	Strategies for the formation of Asia's largest startup hub	<ul style="list-style-type: none"> Make Japan the largest startup hub in Asia, develop a global startup ecosystem that could gather entrepreneurs, VCs, and accelerators from abroad. Based on the Startup Development Five-year Plan, boldly accelerate the improvement of the startup environment in Japan, including improving the convenience of startup visas. → Concentrated support for 8 Startup Ecosystem Base Cities, and efforts to make visas for foreign entrepreneurs more convenient
3	Attracting highly-skilled foreign professionals, and improving the system for establishing a center for global knowledge exchange	<ul style="list-style-type: none"> As competition in attracting human resources with advanced knowledge and skills supporting innovation intensifies around the world, strengthen efforts to make Japan a global center of knowledge that attracts highly skilled human resources and generates innovations. → Establishment of world-class new residency qualification systems (Japan System for Special Highly-Skilled Professionals (J-Skip), Japan System for Future Creation Individual Visa (J-Find)), examination of Technical Intern Training System and Specified Skills System, promotion of the Global Startup Campus concept, and consideration for a system accepting "digital nomads"
4	Improving the business and living environment to attract human resources and investment from overseas	<ul style="list-style-type: none"> Set KPIs(Key Performance Indicator) with timeframes and accelerate efforts to develop a business-friendly environment that attracts human resources and investment from overseas, including support for foreign business startups, and to improve living environments such as education and medical care. Establish a core international financial center in Asia and develop an environment to promote GX investments and lending. In addition, strengthen efforts to expand inbound tourism in the new era. → Enhancement of functions as an international financial center, systemic promotion of GX investments and loans, enhancement of multi-lingual one-stop consultation service, improvement of educational environment (e.g., facilitating international school students to enter Japanese high schools), medical environment (e.g., building a nationwide platform to provide information on hospitals with multilingual services), and expansion of inbound tourism (e.g., attracting MICE (meetings, incentive travel, convention and exhibitions)).
5	Fundamentally strengthening all-Japan's efforts for the mechanism to attract investment and to follow up this Action Plan, and globally disseminating these undertakings on the occasion of the G7 and other international events	<ul style="list-style-type: none"> Attract strategic investments that contribute to job creation and value-added creation, fundamentally strengthen all-Japan's efforts for the mechanism to attract investment and to follow up this Action Plan through collaboration among the relevant ministries, industry-academia-public sector, and national and local governments, ranging from the stage of attracting investment at overseas bases to the stage of foreign companies actually rooting in the regions in a manner that benefit the regions (Set KPIs and execute PDCA(Plan-Do-Check-Act) cycle.). → Establishing a "FDI Task Force" through collaboration at the level of heads of diplomatic missions and JETRO overseas offices, Establishing a "Follow-up Council for Regional Investment Promotion" to examine region-specific measures to attract foreign companies to the regions and promoting their establishment and follow-on investment in the region, Establishing a "Task force for Attracting Human and Financial Resources from Overseas" at the level of vice-ministers of respective relevant ministries to follow up on the outcomes of initiatives, issues, etc., and execute a PDCA cycle and holding business summits with the participation of top executives from foreign companies

Source: Cabinet Office website

Section3. Green Innovation Fund Projects



In October 2020, Japan declared that it aims to reduce GHG emissions to zero, to make Japan a carbon-neutral, decarbonized society by 2050. This goal is greatly ahead of the previous government policy and will require to significantly accelerate current efforts such as structural changes in the energy and industrial sectors, and bold investment for innovation. For this, Green Innovation Fund of nearly 3 trillion yen (as of end of July 2023) is created at the New Energy and Industrial Technology Development Organization (NEDO) to provide continuous support for 10 years to companies and other organizations that show their commitment to challenge such ambitious goals as their business issues. The purpose of this fund project is to help Japanese companies secure an advantageous position in the international competition for carbon neutrality-related markets and to strengthen industrial competitiveness.

Chart 3-3: Outline of Green Innovation Fund Projects

<p>Support targets</p>	<p>Projects that have set ambitious 2030 targets (performance, cost, productivity, amount introduced, CO2 (Carbon dioxide) emissions reduction, etc.) in priority fields on which the Green Growth Strategy stipulates action plans, or in key areas where roadmaps have been laid out based on the "Basic Policy for the Realization of GX*," and that can elicit commitment from participating companies.</p> <p>*Key 22 sectors in 2023: (1) hydrogen and ammonia, (2) storage batteries, (3) iron and steel, (4) chemical, (5) cement, (6) paper and pulp, (7) automobile, (8) resource recycling, (9) housing and buildings, (10) digital investment for decarbonization, (11) aircraft, (12) zero emission ships (maritime industry), (13) bio-manufacturing, (14) renewable energy, (15) next-generation networks (grid/adjustment), (16) next-generation innovative reactors, (17) transportation (excluding ships, cars, and aviation related industries mentioned above), (18) infrastructure, (19) carbon recycled fuel (SAF(sustainable aviation fuel), synthetic fuel, synthetic methane), (20) CCS(carbon dioxide capture and storage), (21) food, agriculture, forestry and fisheries, and (22) community and lifestyle-related</p>
<p>Project scale and period</p>	<p>The main targets are projects with a total project cost (national expenditure only) of about 20 billion yen or more. However, small-scale projects below this level may be accepted if they are recognized as truly necessary, or if venture companies related to digital technology, etc., that play a role in creating new industries are expected to be active in the project. Projects for which government support is sufficient just for a short period of time are not eligible.</p>
<p>Eligible entity</p>	<p>Since eligible projects are those which include not only limited to R&D, but also includes social implementation, the main entity of the project shall be companies or other entities engaged in profit-making businesses. In addition, universities, research institutes, and technology associations engaged in the technological development necessary for social implementation are expected to participate, and the participation of SMEs and venture enterprises that play a role in creating new industries are encouraged.</p>

Source: NEDO website

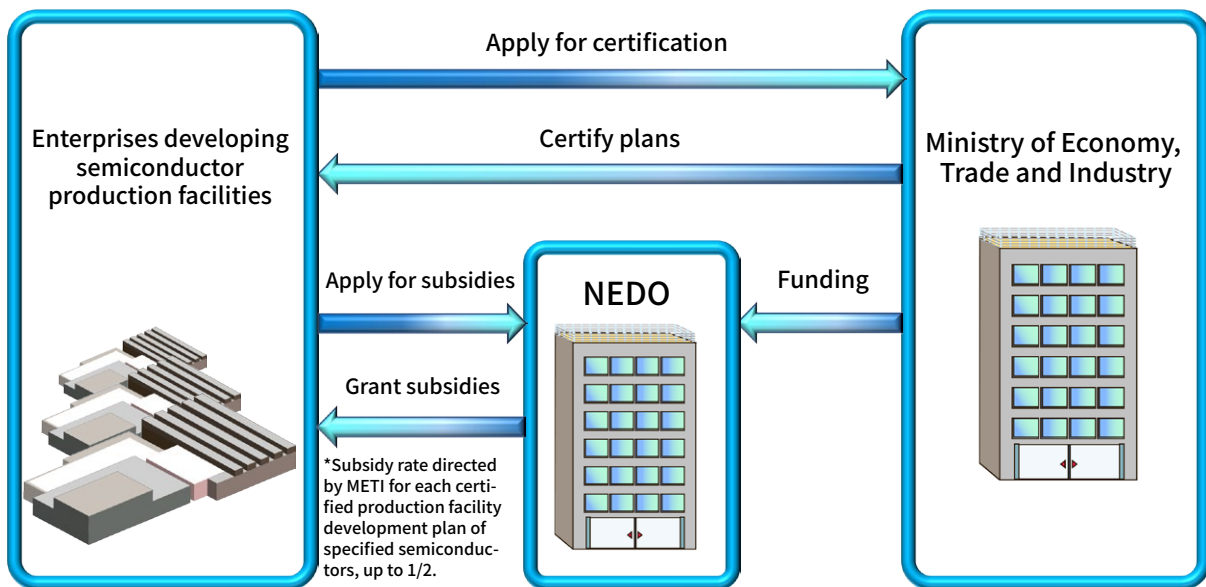
Section4. Fund for Advanced Semiconductor Production Infrastructure Development



While semiconductors are increasingly being used in vehicles, medical devices, and various other fields due to the progress of digitalization, geopolitical circumstances are increasing the risk of global supply chains being affected. Ensuring a stable supply of advanced semiconductors, which affect all industries and are indispensable for 5G systems, is a top priority in terms of increasing the resilience of industrial infrastructure and improving strategic autonomy and indispensability. This project aims to realize a stable supply of advanced semiconductors in Japan by establishing domestic production sites for advanced semiconductors, ensuring continued production at those sites, and promoting joint research and development with participating companies.

Specifically, a newly established fund at New Energy and Industrial Technology Development Organization (NEDO) will be used as subsidy to implement plans related to the development of advanced semiconductor production facilities as well as production of such semiconductors that have been certified based on the 5G Promotion Act, to encourage investment decisions by enterprises and ensure a stable supply of advanced semiconductors.

Chart 3-4: Implementation Method of Specified Semiconductor Fund Projects



Source: NEDO website

Section5. Project to Accelerate Biomanufacturing Revolution



In the field of biomanufacturing, the technology is expected to be used widely and revolutionarily, not only in pharmaceuticals and foods, which are being pioneered, but also in a wide variety of industries including chemicals, materials, textiles, and fuels.

In particular, with the generic modification technology, etc., it is attracting attention as a technology for enhancing the substance productivity that microorganisms originally have, acquiring the productivity of target substances, or acquiring target substances through enzymatic degradation, etc. It was positioned as one of the pillars of the science, technology, and innovation in the Grand Design and Action Plan for a New Form of Capitalism (approved by the Cabinet in June 2022).

In order to build an innovative value chain with a variety of raw materials and products as an exit, by actively conducting necessary technological and social system demonstrations, it is expected to become the industrial foundation for the next generation and the core of Japan's industrial competitiveness, as a sustainable manufacturing alternative to the conventional manufacturing process that uses fossil resources as raw materials.

This project will implement technology development and system demonstration for the acquisition of biomanufacturing raw materials, as well as cultivation of platformers for microorganism modification, etc., that hold the source of added value for biomanufacturing, development of improvement technologies for microorganism, etc., and development and demonstration of manufacturing technology for mass production.

A total budget of about 300 billion yen was allocated for the project period from FY2023 to FY2032.

Chart 3-5: Project to Accelerate Biomanufacturing Revolution

Items	R&D Items	Details
R&D (1)	Development and demonstration for collection and recycling of unused resources	<ul style="list-style-type: none"> Surveys to establish a supply chain for collecting unused resources Development and demonstration of the conversion of unused resources into raw materials Demonstration of collecting bio-products, etc. as raw materials for promoting recycle-oriented biomanufacturing
R&D (2)	Development and breeding of industrial microorganisms and advancement of microorganism modification platform technology	<ul style="list-style-type: none"> Development and breeding of industrial microorganisms, etc. Advancement of platform technology through the development and breeding of industrial microorganisms, etc.
R&D (3)	Development and demonstration of production technology for target substances by microorganisms, etc.	<ul style="list-style-type: none"> Development of technologies and production demonstration associated with scale-up, such as mass culture, which are necessary for the production of substances on a commercial scale using microorganisms, etc.
R&D (4)	Development and demonstration of separation, refining, and processing technologies for materials manufactured by microorganism, etc.	<ul style="list-style-type: none"> Development and production demonstration of technologies for separation and refining of substances produced through the process using microorganisms, such as fermentation and mass culture using culture media, and processing them into final products
R&D (5)	Development of evaluation methods for social implementation of biomanufacturing products	Development and case studies necessary to consider the following. <ul style="list-style-type: none"> System to differentiate products and encourage consumers to choose them as high-value-added products (labelling rules, brand strategy) System to convert greenhouse gases reduction efforts into credits and other values (recovery of increased costs) (LCA(Life Cycle Assessment) assessment, carbon credit trading) System including collection rules for the disposal of bio-derived products (promotion of behavioral change among stakeholders) System in which Japan's technologies and products are evaluated internationally towards the realization of resource-recycling economy (Products manufactured in Japan are evaluated as highly environmentally friendly) Analysis to promote acceptance by consumers and companies for market launch (consumer and company surveys)

Source: New Energy and Industrial Technology Development Organization (NEDO) website

Section6. Subsidy for Development of Regional Data Centers



Data centers (DC) support the provision of new digital services that contribute to solving various social issues, and are also important infrastructure from the perspective of security, as they store companies' and other organizations' trade secrets and personal information. Despite this, 80% of domestic DCs are concentrated in the Tokyo and Osaka areas, and there are challenges such as strengthening the resilience of DCs and uneven distribution of power load.

To this end, for establishing new DCs in the regions, the project aims to develop new DC sites that complement or substitute for those in the Tokyo and Osaka areas, and to ensure that the DCs established in these areas are operated and used continuously, by subsidizing the costs of land development as well as electric power and telecommunications infrastructure development.

Chart 3-6: Outline of Development Projects of Regional Data Centers

Items	Development project of data center infrastructure (land development, electric power and telecommunications infrastructure, etc.)	Development project of data center infrastructure (land development, electric power and telecommunications infrastructure, etc.) and facilities (buildings, equipment, etc.)
Details of support	Partial support for development costs of land as well as power and telecommunications infrastructure required for the establishment of new data centers	Partial support for development costs of land, power and telecommunications infrastructure, and data center facilities, such as buildings and equipment, required for the establishment of new data centers
Target regions and project requirements	[Target regions] Areas excluding the entire Tokyo area (Tokyo, Chiba, Saitama, and Kanagawa prefectures) [Project requirements] The land area for the new data center must be 10 hectares or more.	[Target regions] Areas excluding the entire Tokyo area (Tokyo, Chiba, Saitama, and Kanagawa prefectures) [Project requirements] The land area for the new data center must be 10 hectares or more.
Subsidy rate and amount	Subsidy rate: 1/2 Subsidy amount: Up to 15.54 billion yen (5 billion yen at minimum)	Subsidy rate: 1/2 Subsidy amount: Up to 30 billion yen (20 billion yen at minimum)

Source: Ministry of Economy, Trade and Industry (METI) website

Section7. R&D Project of the Enhanced Infrastructure for Post-5G Information and Communication Systems



5G, the 5th generation mobile communication system, which enables higher speed and larger capacity communication compared to its predecessor 4G, is currently widely used for commercial services at telecommunication terminals in many countries. Meanwhile, post-5G systems, with the enhanced functions, such as ultra-low latency data transmission and multiple simultaneous connection of many terminals, are expected to be used for a wide variety of industrial applications such as autonomous driving, smart factories, and medical and healthcare.

The post-5G technologies include those that are indispensable for achieving both a digital society and decarbonization, and their importance is recognized as a core technology for strengthening Japan's industrial competitiveness. The New Energy and Industrial Technology Development Organization (NEDO) has set up a "R&D Project of the Enhanced Infrastructures for Post-5G Information and Communication Systems" with a total amount of 795 billion yen for the project period from 2020. In order to support R&D of core technologies, the project is outsourced and subsidized. More specifically, as well as developing post-5G information and communication systems and advanced semiconductors to be used in such systems, the project promotes the development of technologies for manufacturing advanced semiconductors.

Chart 3-7: R&D Project of the Enhanced Infrastructure for Post-5G Information and Communication Systems

Research items	Details of R&D eligible for support
Development of post-5G information and communication systems (commission, subsidy)	The item aims to promote the development of systems important for realizing the levels of performance required in the post-5G era, and development of related technologies for semiconductors and edge devices used in these systems.
Development of manufacturing technologies for advanced semiconductors (subsidy, commission)	<ul style="list-style-type: none"> Through the creation of pre-commercial manufacturing "pilot lines" and other activities, the item aims to promote the development of manufacturing technologies for leading-edge products, such as logic semiconductors which are not currently available in Japan. (subsidy) The item also promotes the development of core technologies where Japan ensures a competitive advantage, such as system design technologies for advanced semiconductors, technologies for realizing commercial-scale manufacturing technologies related to packaging and miniaturization. (commission, subsidy)
Feasibility study (commission, subsidy)	Feasibility studies related to R&D above two items are also conducted. This item covers technologies that may not be ready for commercialization in the post-5G era but may be promising in the latter half of the post-5G era and the next generation.

Source: NEDO website

Section8. Innovative Information and Communication Technology Fund Project (Beyond 5G (6G) Promotion Fund Project)



Beyond 5G (6G) is expected to become the next generation of core information and communications infrastructure, serving as the foundation for all industrial and social activities across the borders. Based on the interim report "Information and Communications Technology Strategy Toward Beyond 5G" (June 2022) (hereinafter "Beyond 5G Interim Report") by the Information and Communications Council, the National Institute of Information and Communications Technology (NICT) created the Information and Communications Research and Development Fund in March 2023 to enable stable and efficient R&D support over multiple years in order to realize Beyond 5G (6G) and to strengthen Japan's international competitiveness.

The new Beyond 5G (6G) Promotion Fund Project, which will be implemented through this fund, aims to strengthen support for R&D aimed at social implementation and overseas deployment, focusing on technology fields in which Japan has strengths. The support will be provided for R&D for the establishment of elemental technologies and the creation of technology seeds that are addressed from a medium- to long-term perspective, as well as R&D of technologies that contribute to the effective use of radio waves, conducted by a company who has a strategy for social implementation and overseas deployment, and a will to commit its own resources, including investment.

Chart 3-8: Expected Programs for Beyond 5G (6G) Promotion Fund Project

Programs	Details
Social implementation and overseas expansion-oriented strategic programs	<p>Programs mainly supporting R&D projects with strategies and commitments for social implementation and overseas expansion, focusing on technological fields in which Japan has strengths (Technologies related to (1) all-optical network (2) non-terrestrial network, and (3) secure virtualization and integrated network).</p> <p>As a general rule, it covers R&D that aims to achieve a certain level of technological maturity (TRL: Technology Readiness Level)* within a certain period of time.</p> <p>In principle, it is implemented as a subsidized project, and the subsidy rate is a maximum of 1/2 of the total project amount for the entire period, and the scale of support per project (government funding) is expected to be several billion yen per year.</p> <p>*TRL of approximately 6 within 4 years and TRL of approximately 7 within 5 years.</p>
Elemental technology and seed-creating programs	<p>Programs mainly targeting technologies that fall under TRL 1 to 3 at the time of project launch, and R&Ds which require a certain period of time until their social implementation and are addressed from a medium- to long-term perspective to establish elemental technologies and create technological seeds.</p> <p>Implementing on a commission basis, and the scale of support per project (government funding) is expected to be about 100 million yen/year (up to several hundred million yen).</p>
R&D programs for effective radio wave use	<p>Programs targeting R&D of technologies stipulated in Article 103-2, Paragraph 4, Item 3 of the Radio Law.</p> <p>Implemented on a commission basis, and the scale of support per project (government funding) is expected to be the same as the above two programs, depending on the scale of development.</p>

Source: National R&D subsidiary Institute of Information and Communications Technology (NICT) website

Section9. Establishment of a "New System" for Accepting Highly-Skilled Foreign Professionals (from April 2023)



With the introduction of the Japan System for Special Highly-skilled Professionals (J-Skip), in addition to the existing points-based system for highly-skilled professionals, those with academic background or professional career and annual income above a certain level will be granted "highly-skilled professional" status of residence and receive more preferential treatment as "special highly-skilled professional" than what they currently receive.

With the introduction of the Japan System for Future Creation Individual Visa (J-Find), those who have graduated from high-caliber overseas universities and colleges have been granted the status of residence of "Designated Activities" (Future Creative Human Resources) if they engage in "Job hunting" or "Entrepreneurship Preparation Activities" in Japan, enabling them to stay in Japan for up to two years.

Outline of Japan System for Special Highly-skilled Professionals (J-Skip) and Future Creation Individual Visa (J-Find)



Japan System for Special Highly- Skilled Professionals (J-Skip)

Requirements

Advanced academic research activities (university professors, researchers, etc.), Advanced Specialized/technical activities (engineers working in companies, etc.)

- Master's degree or higher + annual income of 20 million yen or more
- More than 10 years of work experience + annual income of 20 million yen or more

Advanced business/management Activities (corporate managers, etc.)

- More than 5 years of professional career + annual income of 40 million yen or more

Preferential treatment (excerpts)

- Entitled to apply for permanent residency after 1 year stay
- Visa allowance up to 2 personal helpers, such as house keepers
- Relaxation of work permit for spouse

Japan System for Future Creation Individual Visa (J-Find)

Requirements

▶ Graduates from a university ranked in the top 100 in at least two of the three world university rankings, or those who have completed a graduate course at one of those universities and have been awarded a degree or professional degree  (80KB)

- Within five years of graduation
- Possession of 200,000 yen for living expenses in the initial stay

Preferential treatment (excerpts)

- The status of residence "Designated Activities" will be granted, allowing job hunting or preparation activities for starting a business, for up to 2 years.
- It is allowed to work supplementally during that time.
- Family members are allowed to accompany.

Source: Immigration Bureau website

Section10. Startup Development Five-year Plan



The Japanese government announced the Startup Development Five-year Plan in November 2022. The plan aims to create an ecosystem that nurtures startups in Japan by accelerating the launch of startups and promoting open innovation among large established companies.

Goal

By March 2028, the amount of investment in startups to be increased to 10 trillion yen, more than 10 times the amount in 2021. Furthermore, it aims to create 100 unicorn companies and 100,000 startups in the future.

Direction of the package

Promote the following three major initiatives as a single package.

- (1) Building Human Resources and Networks for Startup Creation
- (2) Enhancing funding provision for Startups and Diversifying Exit Strategy
- (3) Promoting open innovation

Providing attractive collaborative partners, investment destinations, and markets for overseas venture capital, startups, and entrepreneurs

(1) Building Human Resources and Networks for Startup Creation



- **Expansion and horizontal development of support projects by mentors**

Top runners from industry and academia will act as mentors to identify talented individuals and provide guidance on projects, with the aim of expanding the number of students from 70 per year (in 2022) to 500 per year by March 2028.

- **"One University One Exit" movement**

Encouraging university startups, it aims to launch 50 startups from one research university and finally achieve one successful exit.

- **Support for the creation of startups at universities, elementary, junior high, and high school students**

The Government will support more than 5,000 commercialization cases of university-originated research results over 5 years, mainly in startup ecosystem cities, with the participation of overseas accelerators and venture capitals. To support this, a new fund of 100 billion yen for five years will be created.

- **Global Startup Campus Concept**

By attracting top overseas universities and inviting outstanding researchers, "Global Startup Campus", that combines international joint research and incubation functions in deep tech fields will be created through public and private funds. Through the collaboration with domestic and overseas companies, domestic companies will improve the ability to create innovations.

- **Promotion of attraction of overseas entrepreneurs and investors**

The startup visas (Projects for Encouraging Foreign Entrepreneurs to Start Business) will be expanded. The visa verification has been limited to the government-approved municipalities, but this will be expanded to include government-approved private organizations such as venture capital firms and accelerators, and the maximum period of stay will be extended. In addition, the grant of status of residence will be facilitated so that overseas investors can be active in Japan. Also, procedures for opening bank accounts will be facilitated

(2) Enhancing Funding provision for Startups and Diversifying Exit Strategies



- **Reinforcement of SMRJ(Organization for Small & Medium Enterprises and Regional Innovation, JAPAN) to invest in venture capitals**

Strengthen the investment function with 20 billion yen with a view to limited liability investment in domestic and overseas venture capital. Support for the development of domestic venture capital, exploring possibility of the introduction of an investment quota limited to venture capital managed by young capitalists, and reviewing the maximum amount of the debt guarantee system for deep tech startups

- **Reinforcement of the investment function of JIC(Japan Investment Corporation)**

Launch a new fund that will almost double the size of the previous investment (120 billion yen over the past four years starting in 2022).

- **Reinforcement of support measures for R&D startups by NEDO**

Establish a new fund of 100 billion yen (20 billion yen per year) for five years, which is three times the size of the fund in 2022. Expand the subsidy ceiling, scope of support menus, etc.

- **Improvement of environment to attract overseas investors and venture capital firms**

Promote the introduction of fair value valuation (mark-to-market) for unlisted shares held by the funds instead of valuation at acquisition cost. Eliminate the upper limit on overseas investment ratio of Limited Partnerships for Investment (LPS).

(3) Promoting open innovation



- **Tax measures to promote open innovation**

Open innovation taxation will be applied to acquisition of existing issued shares, limited to those that contribute to the growth of startups. Promote M&As as an exit strategy, which lead startups to achieve significant growth under the umbrella of operating companies. In addition, preferential measures for R&D taxation in case of collaboration with startups will be expanded.

- **Study for the further acceleration of organizational restructure**

In order to encourage large enterprises to realize the potential of their business resources (human resources, technology, etc.), tax exemption is to be introduced in case where a company retains a part of its equity in a spin-off company.

- **Expansion of voluntary application of International Financial Reporting Standards (IFRS) to facilitate M&A**

Promote voluntary application of IFRS, that does not amortize goodwill.

Source: Prepared from materials published by the Cabinet Secretariat

