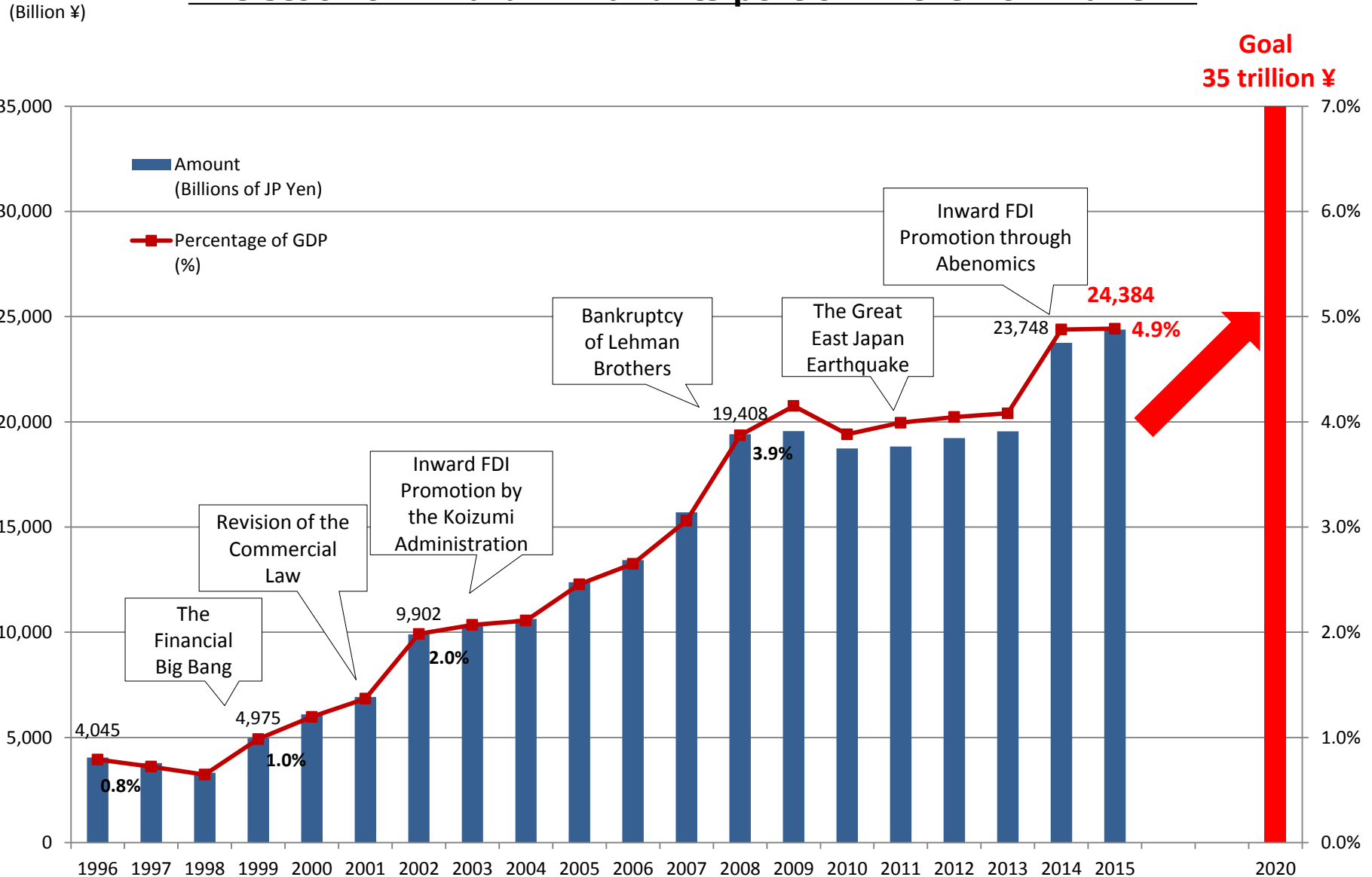

RIETI Seminar Session 2

“The Current State of Japan’s Inward FDI”

Shigeki Maeda

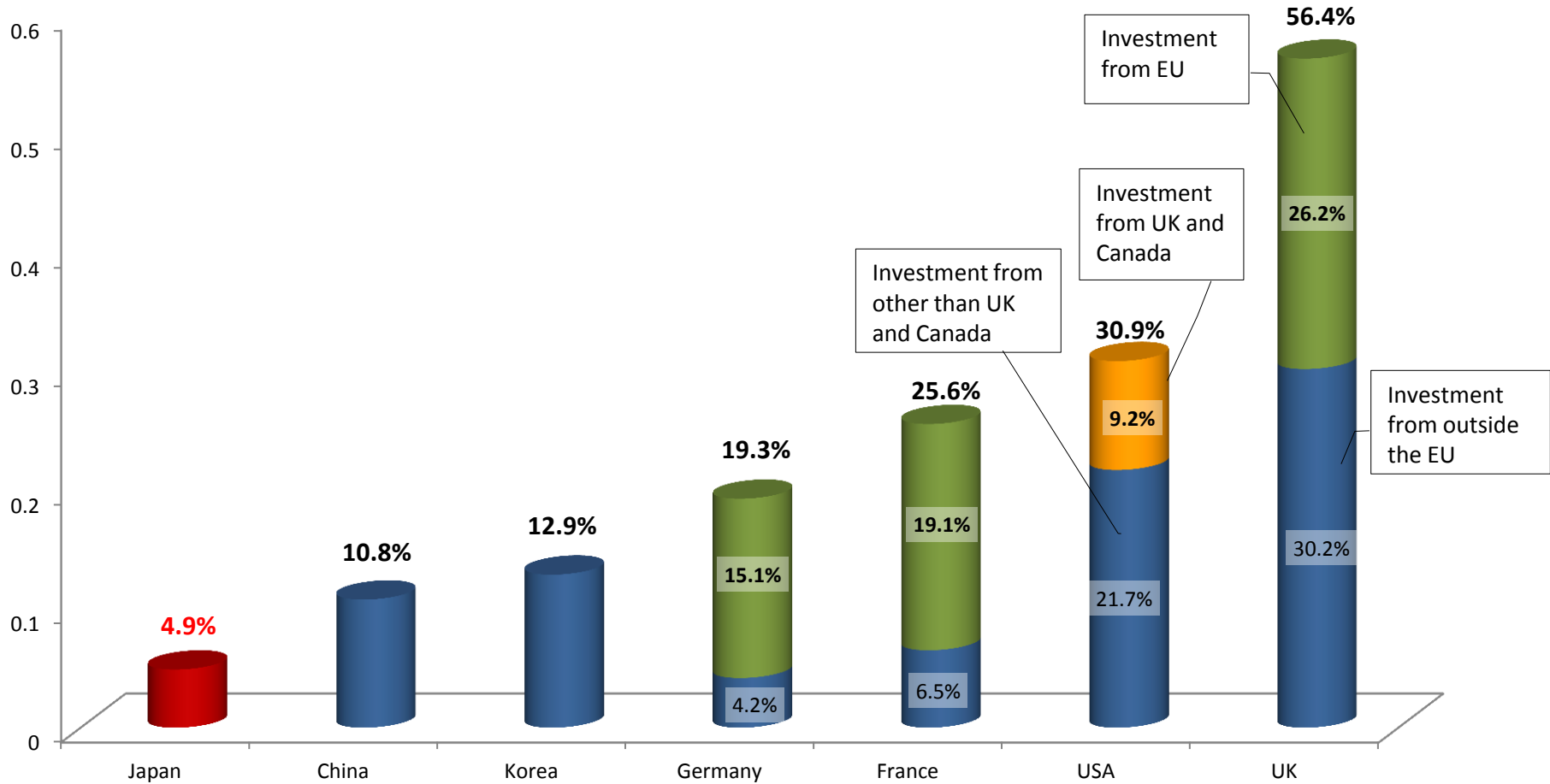
**Japan External Trade Organization(JETRO)
President**

The stock of inward FDI and its portion in the nominal GDP



Source: BOJ "Balance of Payments", Cabinet Office "National Accounts of Japan"

International comparison of the inward FDI's ratio in nominal GDP



Source: UNCTAD "World Investment Report 2015" FDI database (except Japan)

Japan: Ministry of Finance "Balance of Payments", Japan Cabinet Office "National Accounts of Japan".

The breakdown of investment sources for UK, USA, France and Germany are taken from the statistics announced by the central bank of each country.

✓ Expansion of the business opportunity by the Structural reforms

▶ Healthcare sector

- **“Sakigake package”**
 - ✓ Priority examination for innovative pharmaceutical products, medical devices and regenerative medicines
- **Shortening assessment period for the cutting-edge medical services (e.g. regenerative medicine and medical devices)**
 - ✓ Reducing Drug Lag and Device Lag
- **“Patient-requested Cure System”**
 - ✓ Combining insured and uninsured (non-approved) medical services on a request from a patient
- **Reform of the PMDA (Pharmaceutical and Medical Devices Agency)**
 - ✓ Shortening the examination period of new drugs (from 22 months to 14.7 month) and reducing Drug Lag

▶ Energy Sector

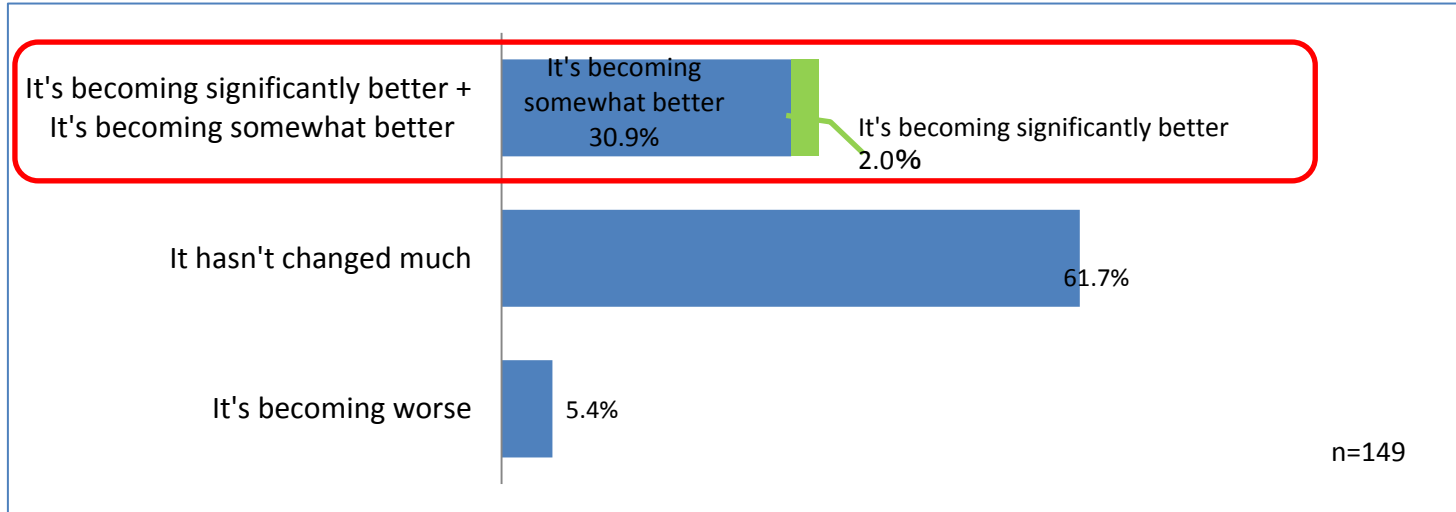
- **Full liberalization of the retail sales market in April 2016**
 - ✓ Entry by foreign companies also became possible

▶ Tourism Sector

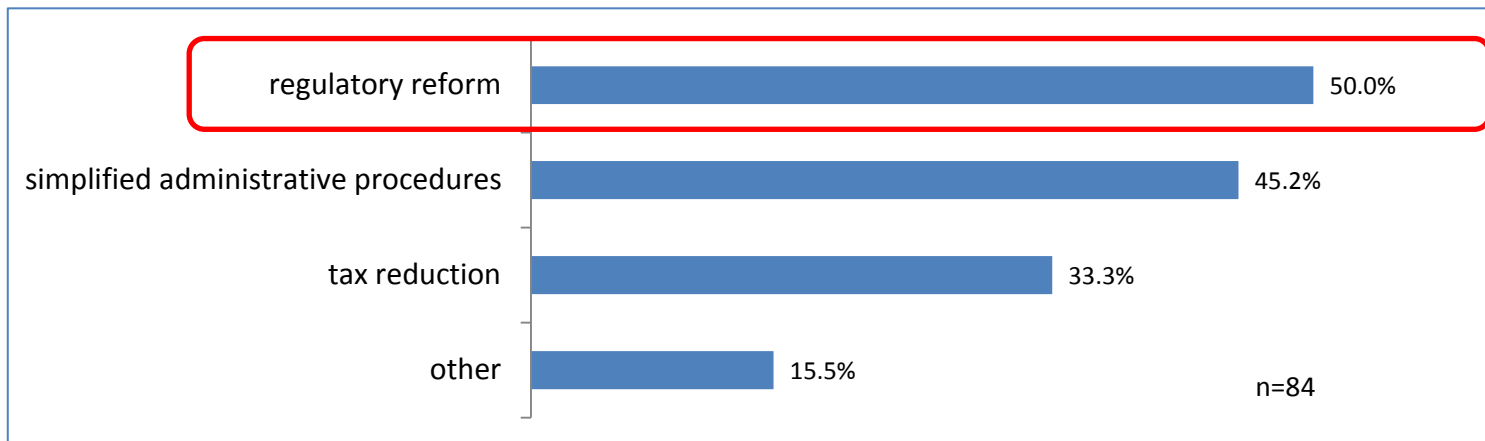
- **Relaxing visa requirements for 13 countries, primarily for visitors from ASEAN countries.**

Investment Environment in Japan:

(1) Do you feel that the Japanese business climate has become better?



Two of the options which you think have been the most effective



Source: Survey on Japan's Investment Climate 2015 (JETRO)

✓ **Success cases supported by JETRO (regenerative and medical sector)**

**Regenerative
Medicine**

Caladrius Biosciences, Inc. (USA)

Overview: the company is a contractor for developing cell-therapy products and regenerative medication. It set up a subsidiary in Hyogo prefecture for the commercial production and sales of its product CLBS12, which improves blood flows to the limbs and cures severe ischemic limb.

Medicine

Vetter Pharma International (Germany)

Overview : the company is a contractor for medicine production (it provides services of sterile filling of injections). It set up a subsidiary in Tokyo, in order to strengthen relationships with existing customers (Chugai Pharmaceuticals etc.) and to find new customers.

Medicine

Taiwan Liposome Company, Ltd. (Taiwan)

Overview: the company develops medicines for cancer, retinal diseases and infections. It set up a subsidiary in Tokyo in January 2015 in order to get approval for super-generic and newly-formulated medication, and to find new partners and strengthen relationships with existing ones.

**Medical
Device**

emka Technologies SAS (France)

Overview: the company develops, produces and sells medical devices that measures cardiovascular system and respiratory system parameters. It set up a subsidiary in Hyogo prefecture to develop its business in Japan.

**Life
Science**

Johnson & Johnson (USA)

Overview: the company opened it's "Tokyo Science Center" in the Comprehensive Special Zone for International Competitiveness in Kawasaki city in August 2014. It is a training facility for medical workers, equipped with surgery simulation devices. The company expects trainees from Asian countries.

**Life
Science**

3M (USA)

Overview: the company set up an R&D base that specializes in healthcare field, in Sagami-hara city, Kanagawa. It aims to develop high-value products to meet the diverse healthcare needs of the Japanese market.


Nokia Japan President, Mr. Jae Joon Won

 "The large mobile-phone companies of Japan are front-runners, leading the world by new technologies. Developing new products in Japan and selling to the world will be a big business chance for us." "Japan is the most important strategic market for Nokia, and we will continue investing in Japan to advance our business in the world".


GE President and CEO, Mr. Jeffrey Immelt

 "In Japan (where manufacturing is concentrated), there are plenty of apparatus and software technologies. It becomes a new leader of industry and will be successful". "In Japan, there are technologies and very talented personnel, and it is a wonderful place to work in, as well as an important market for GE".


(Anonymous) European medicine producer

 "Our mission is to maintain our manufacturing base in Japan. In order to do that, we need to give additional functions to our current factory, but there are a couple of obstacles. We need to discuss this with local governments."


NIHON L'Oréal President, Mr. Jerome Bruhat

 "(Japanese customers are) fashion-sensitive, and highly interested in innovative products." "As the Asian base of 'Maybelline New York', the Japan base is developing products together with our research facility. Hit products, such as the superfine eye liners and BB liquids with skin lotion are the outcome of the research in the Japanese market".

(Anonymous) Asian generic medicine producer

 "In the next 5 years the generic medicine market in Japan will grow steadily. But in may hit a ceiling after that, so we are going to develop new medicines. Therefore, we need to build a full-scale R&D and manufacturing facility in Japan".

(Anonymous) European electronics producer

 "For the CEO of our Japan subsidiary, more than 50% of the job is to appeal to the head quarters about how important the Japanese market is. We are always looking for such information".

Golden Opportunity

The EBC Report on the Japanese Business Environment 2015

- **EBC(The European Business Council) is the trade policy arm of 16 European National Chamber of Commerce and Business Associations**
- **Message from the Chairman**

Structural reform of the economy has always been an integral part of **Prime Minister Abe's Growth Strategy** We have already seen **changes** to **lower corporation taxation** and improve **corporate governance**, and the Government has stated its intention to boost **inward investment** if this opportunity for internal restructuring is grasped, Japan can lift its economy to a new level.

Source: Golden Opportunity The EBC Report on the Japanese Business Environment 2015

Website and events:

Distributing information on Japanese business environment

- ◆ Invest-in-Japan website (<http://www.jetro.go.jp/en/invest/>)
- ◆ Seminars/symposia, brochures

Overseas offices:

Finding businesses interested in investing in Japan



HQ and domestic specialists:

Developing proposals (providing customized information)

- ◆ Finding companies interested in investing in Japan by visiting businesses and exhibitions
- ◆ Individual consultations with interested companies
- ◆ Providing information on markets and industries
- ◆ Providing information and introductions for governmental approval and licenses

Supporting business startups through the IBSC

(Invest Japan Business Support Center)

- ◆ Providing temporary office space (six IBSCs / Tokyo, Yokohama, Nagoya, Osaka, Kobe, Fukuoka)
- ◆ Providing expert advice (taxes, accounting, human resources, social security, real estate, etc.)
- ◆ Cooperation to the Tokyo One-Stop Business Establishment Center

Domestic offices:

Providing a link to local governments and attracting businesses

- ◆ Providing information on regions throughout Japan (location sites, local incentives, etc.)
- ◆ Cooperation with local governors/mayors to promote their areas
- ◆ Support new investments of companies already operating in Japan

Government incentives:

Providing information on government incentives

- ◆ Providing information on subsidy Programs and other government incentives



Invest-in-Japan website (6 languages)



Temporary office

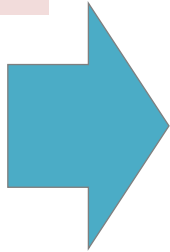


Seminars and symposia

(FY2003–2015)

JETRO Supported

14,197
projects

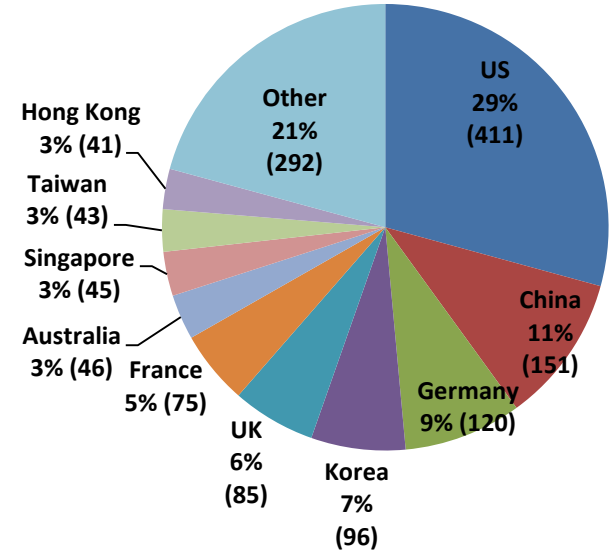


Foreign companies'
startups

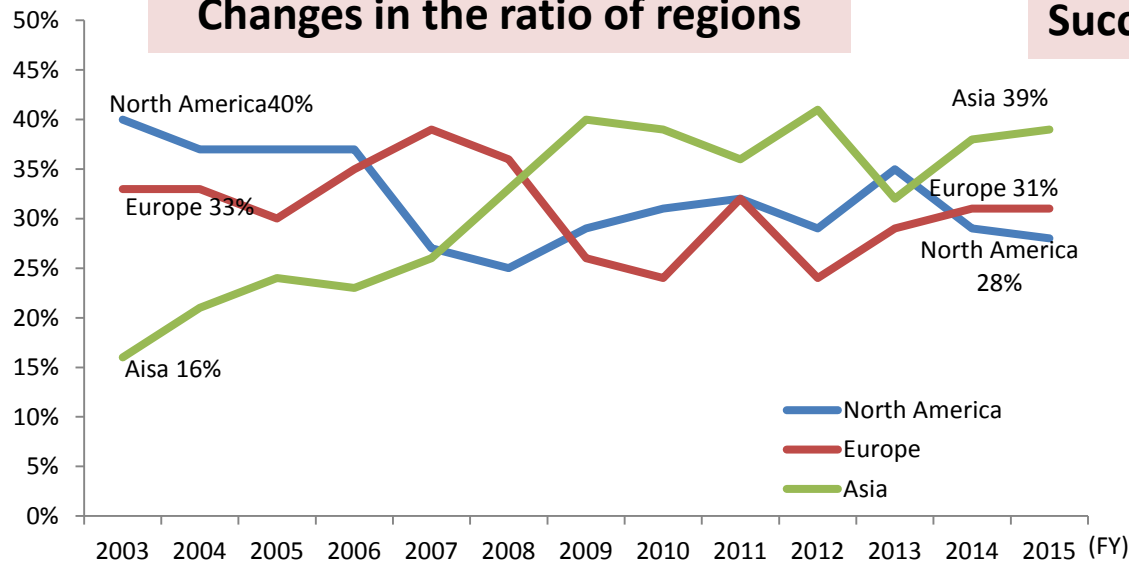
1,405



Successful cases by country



Successful cases
Changes in the ratio of regions



Successful cases by location in Japan

