

# JAPAN'S CHANGING INVESTMENT ENVIRONMENT

INTERVIEW WITH JETRO CHAIRMAN  
**HIROYUKI ISHIGE**

TAMI KAWASAKI

OVERSEAS companies investing in Japan continue to achieve success. We sat with Japan External Trade Organization (JETRO) Chairman Hiroyuki Ishige to ask about the reasons they are investing in Japan now and what merits have been attracting these investors.



## **Please tell us about the current investment environment and the merits of investing in Japan.**

So-called Abenomics has brought about drastic change to Japan's business environment. Espousing a clear target to make itself the most business-friendly country in the world, Japan has been reforming its high cost structure and pushing deregulation forward on various fronts, including the electric power market, medical field and corporate governance. With the commitment to participate in the Trans-Pacific Partnership (TPP), Japan has started a reform program of the agricultural industry to open a new phase in this area of commerce. Rental rates for offices and housing in Japan are at far lower levels in comparison to those of Hong Kong and Singapore. The corporate tax rate has been reduced to the lowest level among advanced nations as well. Japan has now become an internationally competitive low-cost nation. If you are looking to invest in Japan, this is the time.

## **Would you explain about the investment climate in local areas in Japan?**

Japan's Kanto region alone has almost the same economic size and GDP as that of the United Kingdom, while the GDP of the Kansai region is almost the same

size as that of South Korea. Tokyo took first place in the "World's Most Livable Cities" ranking by the British magazine *Monocle*, while Kyoto and Fukuoka were both ranked within the top fifteen. Not only Japan's economy but also its living environment, including security, social stability, education, housing environment, food and culture have been highly evaluated by the overseas companies that have already entered Japan.

Furthermore, as you may know from the list of Japan's Nobel Prize winners, the research standards of universities and corporate research institutes located in areas such as Nagoya and Kyoto are at an extremely high level. They are highly attractive to potential partners for technological tie-ups with foreign or foreign-affiliated companies. Because proximity among workplace, residence and academic and enterprise research institutes is important for the R&D venture business model flourishing in the United States, influential local Japanese universities are potential partners in that model. International tourists to Japan are paying attention not only to Japan's large cities and Mount Fuji, but also to Japan's local areas where rich, historic architecture and local delicacies are awaiting them. The regional

tourism industry is yet to be properly developed, and there is ample room to grow. There are great business opportunities for overseas companies in regional Japan.

**Would you share some promising fields and examples of success?**

In the field of tourism, Juneyao Airlines and Spring Airlines from China have started flight services between Japan and China, and the largest online travel agency in China, Ctrip, is operating travel services in Japan to meet the needs of individual travelers. In the energy sector, the renewable energy provider juwi (Germany) and Opower (U.S.)—which provides customers analyses on power consumption—are doing quite well. The retailer IKEA from Sweden has created a furniture boom and has made a great success in Japan. The generic drug manufacturer Jiangsu Hengrui Medicine, the first Chinese pharmaceutical company that has successfully incorporated in Japan, is eyeing further expansion in Japan’s pharmaceutical market. JETRO has provided support to over 12,000 companies, and has successfully guided over 1,200 of them toward investment in Japan. I am proud of this high ratio.

**What type of support does JETRO provide for companies that are considering investment in Japan?**

As a National Strategic Special Zone, Tokyo has been implementing a variety of preferential measures aimed at attracting foreign enterprises, and has set up the Tokyo One-Stop Business Establishment Center, located on

the same floor at JETRO headquarters in Tokyo. In addition, the Invest Japan Business Support Center offers comprehensive support for foreign and foreign-affiliated companies that wish to do business in Japan, including free temporary office space and assistance with the administrative procedures for incorporation, as well as introductions to specialized experts such as tax accountants.

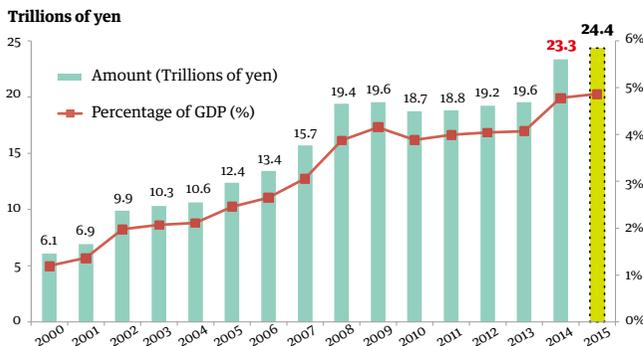
Furthermore, we actively approach firms with investment potential and offer our support. We have built a multilingual sales team that speaks five different languages, and have listed over three thousand target companies. We are also keeping an eye on emerging nations that are about to enter the phase of development where they start foreign direct investment, together with the companies that have already had a presence in Japan and are interested in secondary investment (expansion). We have mobilized 73 offices in 54 different countries, and are making sustained efforts to support overseas companies to invest in Japan and achieve success under the slogan “Talk to JETRO first.” We are waiting for you to contact us. If you are interested in investing in Japan, please talk to JETRO first. 

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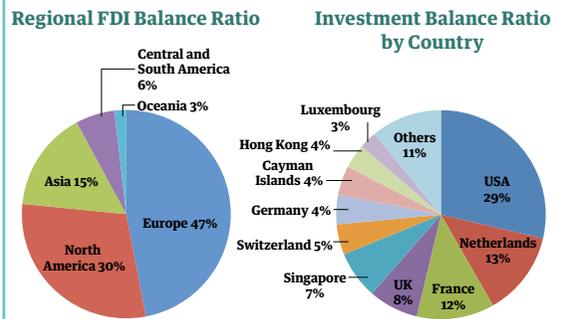
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**Trends in Foreign Direct Investment Balance (New Standards)  
Stock of Inward FDI in Japan (2000-14)**



Sources: Bank of Japan, Cabinet Office

**Stock of Inward FDI into Japan in 2014,  
by Region and Country**



Source: Bank of Japan