



Why Invest in Japan's Local Regions?

Unlimited Business Opportunities Await

Business Opportunity beyond Tokyo

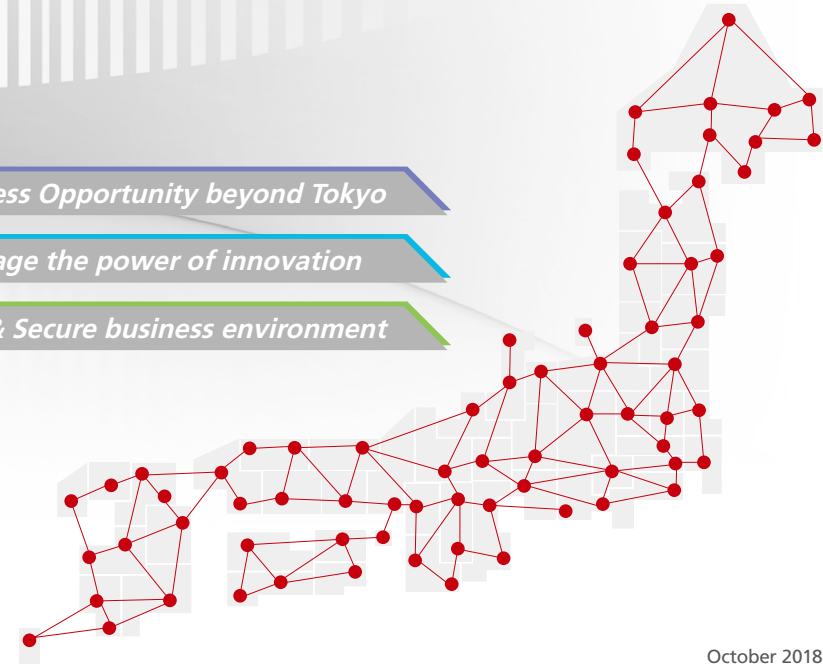
Leverage the power of innovation

Safe & Secure business environment

Japan External Trade Organization(JETRO)

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Introduction of JETRO's support: "Helping Foreign-Affiliated Companies Grow in Japan" 19

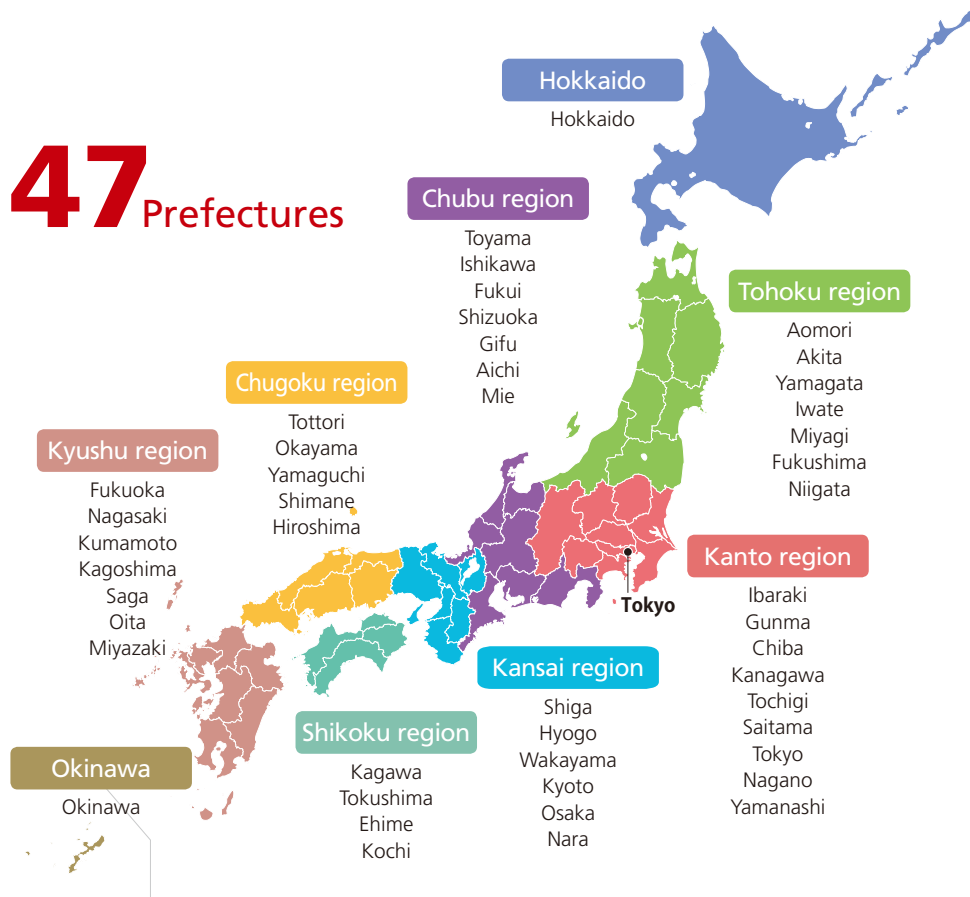
Discover unlimited business opportunities

Why invest in local regions in Japan?

Because local regions in Japan provide abundant business opportunities, many potential partners capable of innovation and company-friendly business environments. Local regions in Japan are places where you can explore new possibilities for your business.

* In this document, "local region" is used to describe all prefectures outside of Tokyo.

47 Prefectures



Supporting business expansion into local regions by foreign and foreign-affiliated companies

The government decided to launch the "Support Program for Regional Foreign Direct Investment in Japan" in order to offer unified support for foreign direct investment in Japan's local regions. The program assists business matching between foreign companies and those of local regions as well as advice on regulations and administrative procedures.

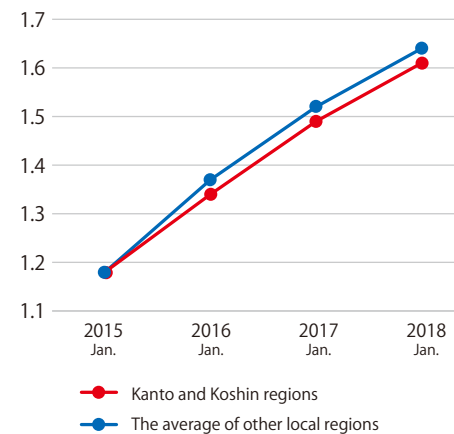
Reference: "Support Program for Regional Foreign Direct Investment in Japan (May 17, 2018)", the Council for Promotion of Foreign Direct Investment in Japan, Cabinet Office

Regional economies showing steady expansion

The economy is in the midst of a growth trend in six regions (Hokuriku, Kanto-Koshinetsu, Tokai, Kansai, Chugoku and Kyushu-Okinawa) due to increasing export and improving personal consumption. Now is the best time to invest in Japan's local regions.

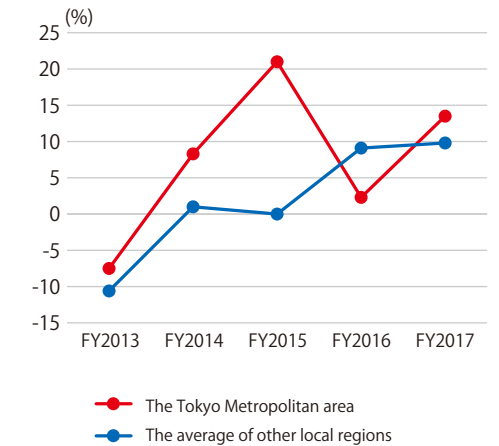
Reference: "Regional Economic Report - Summary- (July 2018)", Bank of Japan

The jobs-to-applicants ratio



Source: Created by JETRO from "Employment Referrals for General Workers", Ministry of Health, Labor and Welfare

Trend of growth in capital investment by region (Compared to the previous fiscal year)

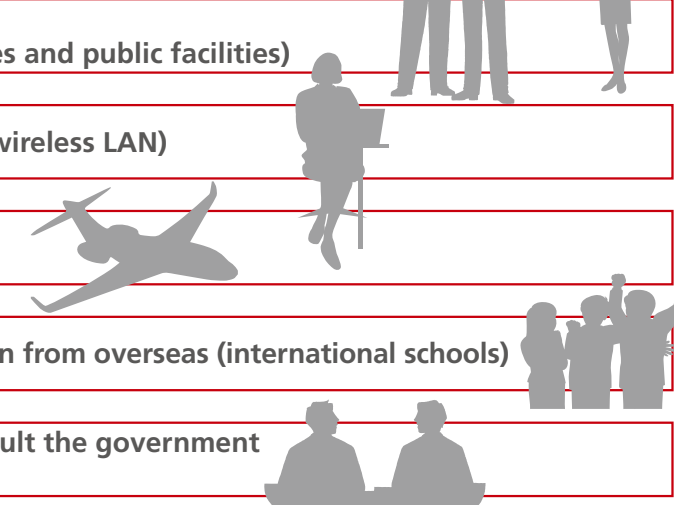


Note: Figures up to FY2016 were calculated based on actual figures, and for FY2017 on planned figures.
Source: Created by JETRO from "Characteristics of FY2017 Capital Investment Plan by Region", "Characteristics of FY2016 Capital Investment Plan by Region", "Characteristics of FY2015 Capital Investment Plan by Region", "Characteristics of FY2014 Capital Investment Plan by Region" and "Characteristics of FY2013 Capital Investment Plan by Region," Development Bank of Japan Inc.

Changing local regions due to structural reforms

Five Promises for Attracting Foreign Businesses to Japan

From 2015, the government has been promptly addressing the issues required to improve convenience for foreign companies.

- 1 Removing language barriers (signs in foreign languages available at stores and public facilities)
 - 2 Improving internet connectivity (free public wireless LAN)
 - 3 Receiving business jets at regional airports
 - 4 Enriching educational environment for children from overseas (international schools)
 - 5 Making it easy for foreign businesses to consult the government (Investment Advisor Assignment System)
- 

Reference: "The Council for Promotion of Foreign Direct Investment in Japan" (held on March 17, 2015), Cabinet Office

Special zone

Developing business environment by utilizing "Special Zones"

Aiming at becoming "the most business friendly country in the world," the government is striving to develop the business environment including the reform of the regulatory system by utilizing "National Special Zones." Taking advantage of regional resources, 41 "Regional Vitalization Special Zones" are designated.

Reference: "List of Comprehensive Special Zones", Regional Revitalization Office, Prime Minister of Japan and His Cabinet

Tax reduction & tax system

Creation of a new tax system for strengthening local business facilities

New tax incentives such as reduced tax rates on investment in buildings and tax credit for employment are applied when a company relocates their headquarters functions from the Tokyo area to other local regions or expanding the headquarters functions in those regions. The effective corporate tax rate was reduced to 29.97% in FY2016 and further to 29.74% in FY2018.

Reference: Summarized from "Key Points of FY2015 Tax Reform" and "Key Points of FY2016 Tax Reform"

Structural reforms

Deregulation

Establishment of the New Technology Verification System (Regulatory Sandbox in Japan)

This is a new initiative to help develop innovative new projects by suspending relevant regulations.

Reference: "Investments for the Future Strategy 2017" (decided by the Cabinet on June 9, 2017), Prime Minister of Japan and His Cabinet

Highly skilled foreign professionals

Establishment of the "Japanese Green Card for Highly-skilled Foreign Professionals"

The Japanese Green Card for Highly-skilled Foreign Professionals program, which is the world's fastest green card system, was established in April 2017. Under the Immigration Control and Refugee Recognition Law revised to promote entry of highly-skilled foreign professionals, foreign nationals recognized as highly-skilled professionals can apply for permanent residency after staying in Japan for one year at the minimum.

Reference: Summarized from website of the Immigration Bureau of the Ministry of Justice

Local regions in Japan offer enormous and attractive markets

Japan's GDP is the third highest in the world

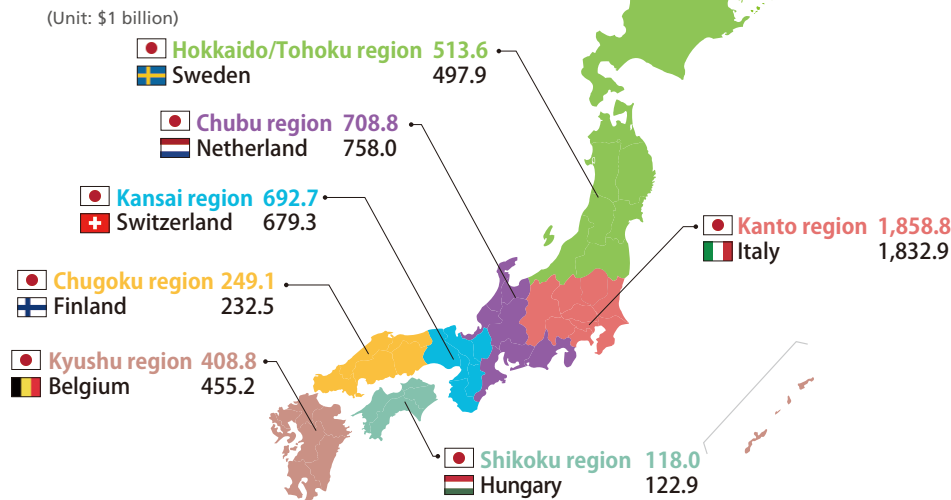
Japan's GDP totals approximately 550 trillion yen. Japan is one of the biggest economic regions in the world and boasts immense economic power.



Source: "World Statistics 2017", Statistics Bureau, Ministry of Internal Affairs and Communications, Cabinet Office

Japan's regional economies have GDPs of the same size as those of other countries

International comparison of regional GDP in Japan (nominal, FY 2015)



Source: "Annual Report on Prefectural Accounts for FY 2015" issued in FY 2018, Cabinet Office

Many foreign companies have established business base in Japan's local regions

Rank	Prefecture	Number of manufacturing companies	Number of non-manufacturing companies	Total number of companies	Ratio(%)
1	Kanagawa	96	226	322	10.0
2	Osaka	36	136	172	5.3
3	Hyogo	18	62	80	2.5
4	Aichi	22	48	70	2.2
5	Saitama	26	42	68	2.1
6	Chiba	14	51	65	2.0
7	Shizuoka	16	10	26	0.8
8	Fukuoka	5	17	22	0.7
9	Ibaraki	14	6	20	0.6
	Others	96	109	205	6.4
(Referece)	Tokyo	219	1,948	2,167	67.4
	Total	562	2,655	3,217	100.0

Source: "51th Survey of Trends in Business Activities of Foreign Affiliates (2017)", Ministry of Economy, Trend and Industry

Case examples of foreign companies expanding their business to local regions

Salesforce.com (U.S.)

Wakayama

Promoting diversification of work styles through new business models and improved productivity

Established base in Shirahama, Wakayama as a part of its initiative for work-style reform. The number of deals and total value of contracts exceeded that of the Tokyo office, demonstrating improved productivity.

Reference: "Foreign-affiliated Companies Contributing to Japanese Economy", "Foreign-affiliated Companies Contributing to Local Economies", JETRO

Beckhoff Automation (Germany)

Kanagawa Aichi

Utilizing IoT and big data, addressing social challenges in Japan

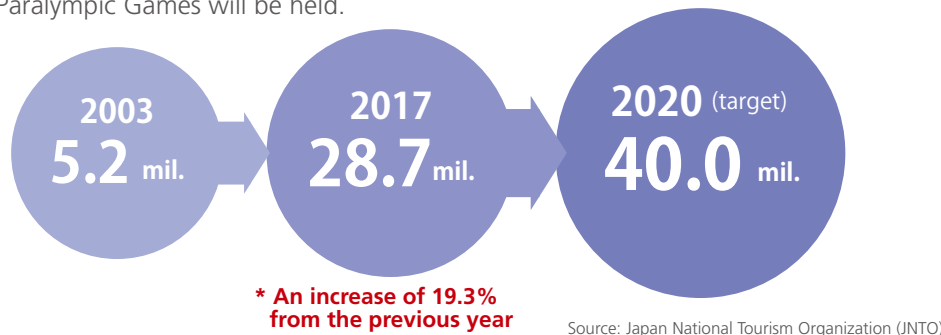
Invented "open protocol" in communication protocols between industrial devices. It allowed factories to freely select and use devices necessary for the improvement and refinement of manufacturing systems from products provided by a wide range of manufacturers. Toyota Motor's adoption of EtherCAT for all of its factories was made public—a turning point for networked systems on factory floors.

References: "Foreign-affiliated companies contributing to Japanese economy", "Foreign-affiliated companies contributing to local Economies", JETRO

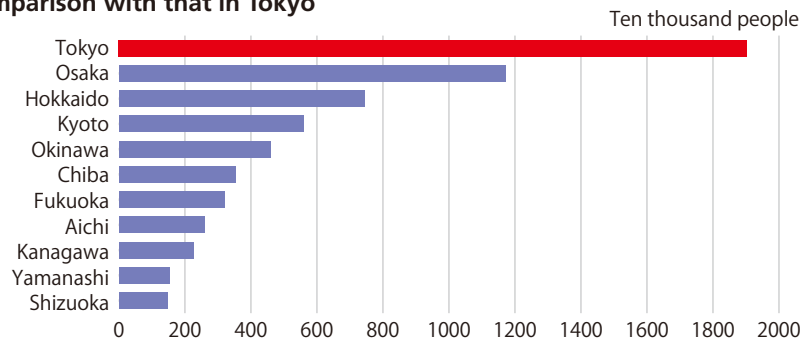
Tourism High-profile business resources in local regions in Japan

Surging travelers to Japan! Attractive tourism markets throughout the country

The number of foreign tourists traveling to Japan reached a record of 28.69 million in 2017. These travelers spent an estimated 4.42 trillion yen. The government aims to achieve 40.0 million international tourists annually by 2020 when the Tokyo Olympic and Paralympic Games will be held.



Total number of foreign tourists who are staying in accommodations in local cities in comparison with that in Tokyo



Source: "Statistics of Overnight Trips" (Feb. 28, 2018), Japan Tourism Agency

Internationalization of Japan's local sea ports

Number of annual port calls by international cruise ships

Highest record of
2,014

Number 1 : Port of Hakata 309

Number 2 : Port of Nagasaki 262

Number 3 : Port of Naha 217



Foreign companies, making big foot-prints in local tourism industry

SCOOT (Singapore)



Started a regular flight service between Singapore and Hokkaido, a popular destination for Singaporeans

The company started a regular flight service between Singapore and New-Chitose in October 2016. The purpose is to incorporate demand dramatically increasing among tourists from Southeast Asia in recent years for travel to Hokkaido, a popular destination for Singaporeans. The company will also undertake export of Hokkaido's fresh foods, also popular in Singapore. In order to maintain freshness, these will be sent by aircraft (Boeing 787s) capable of carrying cargo of over 10 tons. Scoot began flights between Kansai and Honolulu in October 2017.

Reference: JETRO Invest Japan Report 2017

China UnionPay Merchant Services Co., Ltd. (China)



Expansion of financial services for Chinese tourists visiting Japan

With the increase in Chinese tourists visiting Japan, China UMS established a base in Japan in June 2017. The base was established for the purpose of increasing the number of credit card terminals and responding to the needs of the increasing number of UnionPay card merchants and users in Japan, as there are regions where the card's settlement system is not available. As of March 2018, more than 17,000 stores have joined the company's services. China UMS plans to increase the number further.

References: "Businesses Expanding", "Foreign-Affiliated Companies Contributing to Local Economies", JETRO

Ctrip International Japan (China)



Rapid expansion of services to tourists traveling between Japan and China

CTRIP, the largest online travel agency in China with bases all over the world, launched its business in Japan in 2014. The number of Chinese tourists visiting Japan has quadrupled in about 10 years to 2.41 million. With more than 300 million members in China, the company is attracting attention for bringing in more tourists. The company has established bases in Osaka, Nagoya, Hokkaido, Fukuoka and Okinawa. There are great expectations for the ripple effect repeat tourists heading to new destinations will have for various other regions.

References: "Businesses Expanding", "Success Story", JETRO

TOPICS

Project to attract tourists to local areas through theme-based tourism

To attract tourists to local areas, the government has developed models for "theme-based tourism" to promote visits to various places in Japan that have attractive tourism resources. Sake brewery tourism, Anime tourism and other themes have been selected in FY2018. PEAK DMC Japan Co Ltd., the first Japanese subsidiary in Kyoto of a leading Australian travel agency, is working to explore new markets by offering unique trips such as "Adventure Tours" to destinations away from the regular tourist spots.

References: "Theme-based tourism project to attract tourists to local areas", Japan Tourism Agency; "Businesses Expanding", JETRO

Healthcare

Healthcare business in local regions in Japan is drawing attention from the world as a frontrunner in overcoming global challenges

Rapidly growing market for preventive healthcare and living support business



The government intends to expand the markets for preventive health care and living assistance industries to 10 trillion yen by 2020.

Market size of the living assistance industries

2020
10 trillion yen

Source: "Japan Revitalization Strategy - Japan is Back -", cabinet decision on June 14, 2013, Prime Minister of Japan and His Cabinet

TOPICS

Supporting the life of the elderly with remote medical care

Japan aims to establish its "New Health, Medical and Nursing Care System" by 2025. Big data, AI and other innovative technologies will be maximally used for health management, medical examinations, nursing care focusing on self-reliance support and more. Moreover, a nationwide healthcare network where medical experts can share information on past health checkups, medical examinations and prescriptions of patients will be established.



References: "Investments for the Future Strategy 2017," Prime Minister of Japan and His Cabinet (June 9, 2017); "Reference materials related to nationwide healthcare network/Healthcare record sharing services," Ministry of Health, Labour and Welfare

Creating new innovation in Japan, a frontrunner in overcoming global challenges



GE Healthcare Japan Co. Ltd. (U.S.)

Mie

Developed an algorithm and a system to optimize hospital assets by combining location, usage and asset data of ultrasonic diagnostic equipment. It is expected to improve utilization rate of medical equipment and hospital management.

References: "Foreign-affiliated companies contributing to Japanese economy", "Foreign-affiliated companies contributing to local Economies", JETRO



Bayer AG (Germany)

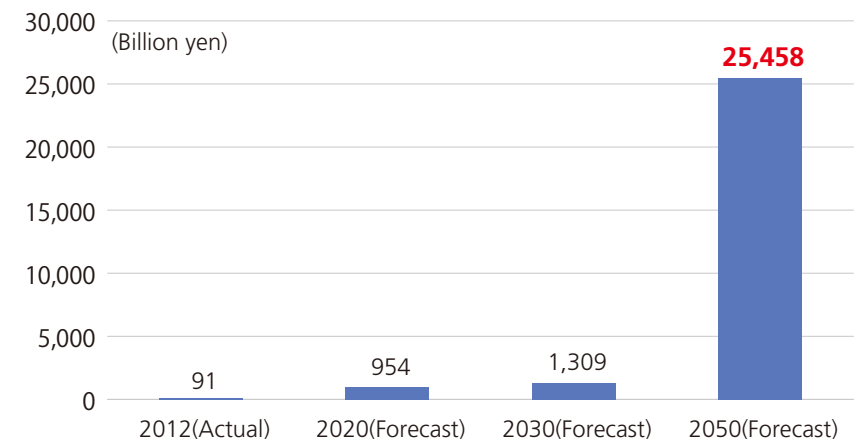
Hyogo

Bayer has opened its incubation laboratory 'CoLaborator Kobe' in the city of Kobe, with Biomedical Innovation Cluster in June 2018. It is the first facility by the foreign-affiliated company in Japan to support bio venture companies. Their attractively designed shared laboratory and office modules and infrastructure provides companies with environment suitable for research and development. Partnering with Bayer can also provide access to the global expertise and equipment of Bayer's research network.

Reference: Press Release of CoLaborator Kobe (June 5th, 2018)

TOPICS

Forecast of future market of regenerative medicine (Japan)



Source: Attractive Sectors 'Life Science', JETRO

Japanese companies as competent R&D partners

Comments by overseas companies

- In carrying out R&D in Japan, **once we find an appropriate partner company and/or university** and enter into an agreement, **we are usually able to smoothly conduct joint research.** (Canada, manufacturing)
- Japan is rich in human resources that **have not only expertise but also the skills for researching wide areas and domains.** I think Japan is more competitive than other countries in the field of R&D. (Finland, manufacturing)
- One of the reasons why we do research and development in Japan is **the excellent sense and analytical capability of Japanese people.** Innovations in Japan **have the potential for expansion in other countries.** (US, manufacturing)
- There is **highly-skilled labor and a culture of innovation.** (Netherlands, IT and high-tech industry)

Source: "Survey on interest level in investment in Japan with Foreign Companies in Europe and Asia in 2018", Ministry of Economy, Trade and Industry

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Apple's "Yokohama Technology Center" in full operation

The Yokohama Technology Center of Apple Inc., a US company, has been in full operation since March 2017 in the Tsunashima Sustainable Smart Town, a zone built on the former site of a Panasonic factory with the aim of creating new businesses through innovation. The center plans to increase employment by hiring engineers and other professionals from universities in the city.

Foreign-affiliated companies' R&D base in Japan

Johnson & Johnson K.K.

"Tokyo Science Center" is a research and training facility for healthcare professionals, that jointly develops model organs for training and simulators with Japanese companies.

Kana-gawa



Nihon Cabot Microelectronics K.K.

Mie



Umicore Shokubai Japan Co., Ltd.

Aichi



3M Health Care Limited

Kana-gawa



DSM Japan Engineering Plastics K.K.

Kana-gawa



Japan: Home to innovative global companies Headquarters, production and R&D bases spread across Japan

The rank of Japan in numbers of companies selected in the "2017 Top 100 Global Innovators" by Clarivate Analytics (formerly known as Thomson Reuters)

The most innovative companies in the world

Ranked **1st**
in the world

(39 companies out of top 100)

Of the "2017 Top 100 Global Innovators" (the 100 most innovative companies in the world) recognized by Clarivate Analytics (US), 39 companies were selected from Japan, which was the highest in the world. Of the 39 companies, all of them have their headquarters, production bases, or R&D bases in local regions (including group companies). Japanese companies ranked in the top position in 6 out of 11 sectors.

Automobile and automobile Related Manufacturing Sector

Ranked **1st**
in the world

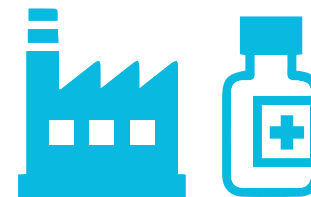
(6 companies out of top 7)



Manufacturing and medical sector

Ranked **1st**
in the world

(8 companies out of top 14)



Chemicals and cosmetics sector

Ranked **1st**
in the world

(7 companies out of top 12)

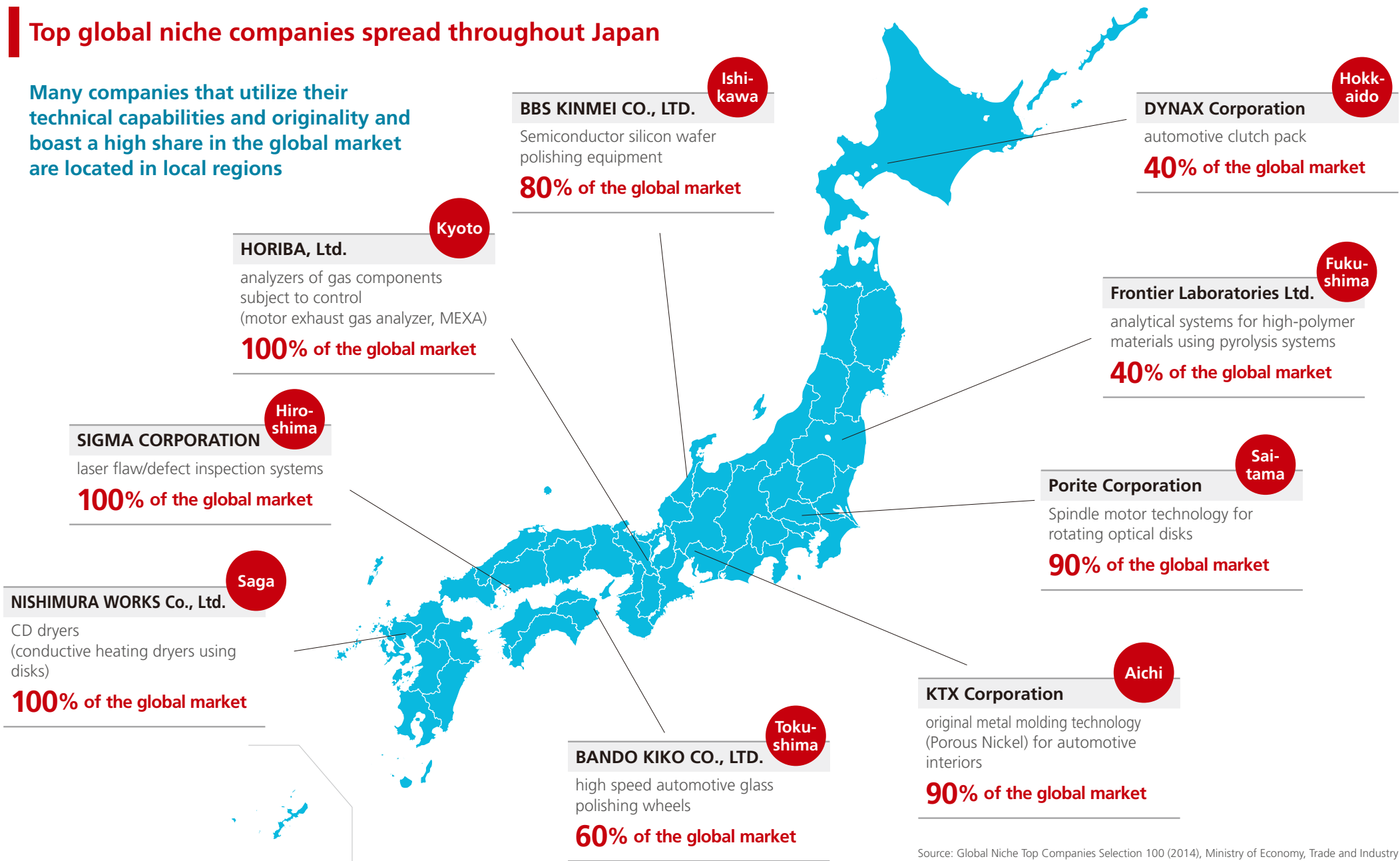


The 39 Japanese companies selected as the "Top 100 Global Innovators"

Aisin Seiki Co., Ltd.	AGC Inc.	Bridgestone Corporation	Canon Inc.	CASIO COMPUTER CO., LTD.	DAIKIN INDUSTRIES, LTD.	Fuji Electric Co., Ltd.	Fujifilm Corporation
FUJITSU	Furukawa Electric Co., Ltd.	Hitachi, Ltd.	Honda Motor Co., Ltd.	JTEKT Corporation	Kawasaki Heavy Industries, Ltd.	Kobe Steel, Ltd.	Komatsu Ltd.
KYOCERA Corporation	Mitsubishi Electric Corporation	Mitsubishi Heavy Industries, Ltd.	Mitsui Chemicals, Inc.	NEC Corporation	NICHIA CORPORATION	NIPPON STEEL & SUMITOMO METAL CORPORATION	NISSAN MOTOR CO., LTD.
NITTO DENKO CORPORATION	NTT CORPORATION	Olympus Corporation	OMRON Corporation	Panasonic Corporation	Renesas Electronics Corporation	Seiko Epson Corporation	Shin-Etsu Chemical Co., Ltd.
Showa Denko K.K.	Sony Corporation	TDK Corporation	Toray Industries, Inc.	TOSHIBA CORPORATION	Toyota Motor Corporation	YASKAWA Electric Corporation	

Top global niche companies spread throughout Japan

Many companies that utilize their technical capabilities and originality and boast a high share in the global market are located in local regions



Successful examples of collaboration between foreign companies and Japanese local companies



Regenerative
medicine

**Agilis Biotherapeutics (US) ×
Gene Therapy Research Institution Co., Ltd.**

Kana-
gawa

Collaboration with Japanese bio-tech venture that owns state-of-the-art technologies

A biopharmaceutical company that conducts clinical development of gene therapies established a joint venture with Gene Therapy Research Institution to research and develop an efficient and safe method of producing adeno-associated virus vectors for gene therapy of AADC deficiency and Parkinson's disease. The company will use the advanced production technologies of its Japanese partner to strengthen its fundamentals for development of gene therapy drugs.



IoT
(manufacturing)

**Space-Time Engineering Japan, Inc. (US) ×
e-trees.Japan, Inc.**

Toku-
shima

Joint development of regional disaster prevention and disaster control systems drawing attention in Japan

Space-Time Engineering, a company that develops and sells information sharing software useful in times of disaster, opened a satellite office in Tokushima Prefecture jointly with e-trees.Japan, successfully establishing a regional base at an early date. Utilizing the equipment development capability which is the strongpoint of e-trees.Japan, the companies engage in the joint development of disaster prevention and disaster control systems that are garnering attention in various regions in Japan.



IoT
(manufacturing)

CENIT Japan KK (Germany) × HIROTEC Corporation

Hiro-
shima

Experimental Study of digital factories using 3D simulation system

CENIT Japan has developed software to simulate production lines of virtual factories. Together with HIROTEC, an automobile body parts manufacturer headquartered in Hiroshima, the company has jointly conducted experimental study of a digital factory system, using the actual equipment and in-factory data of the car body welding line of HIROTEC, that conducts verification and analyses of production line details for optimization of the factory.



IoT
(tourism)

LOOP Japan KK (Canada) × Zero-Sum™, Ltd.

Kyoto

Incorporating excellent development technologies of local company into in-house system

LOOP Japan implemented an experimental study of a sharing service of electric scooters and bicycles equipped with a touch panel and of bikes equipped with a telematics platform. By incorporating the system developed by the Zero-Sum, a venture company that develops car navigation systems incorporated into dashboards, the provision of highly accurate navigation service has been realized.

Local universities distinguished by high level of achievements

The collaboration between foreign companies and local Japanese universities that have advanced technologies, research facilities and accumulated notable achievement is producing various innovations

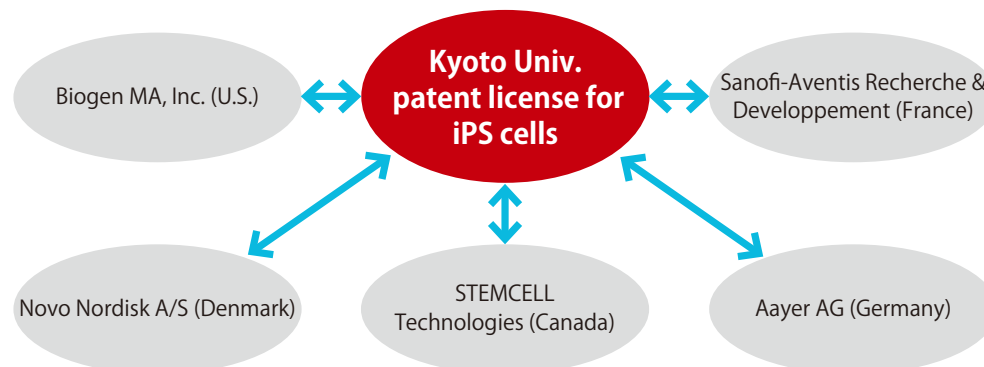
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Kyoto University patents licensed out to companies around the world

iPS Academia Japan, Inc., which Kyoto University established to promote the wide use of iPS cell-related inventions, has entered into licensing agreements with about 180 companies in Japan and abroad, of which 75 are overseas companies (as of March 2018). This has helped make the Japanese university a global business hub.



Examples of licensing out to companies



Reference: Created by JETRO from data of iPS Academia Japan, Inc.



Successful examples of collaboration between foreign companies and local Japanese universities

Regenerative medicine

Siemens Healthcare K.K. (Germany) × Kyoto University

Kyoto

Verification of highly safe evaluation method using MRI system

Using an ultra-high-field 7-tesla MRI (magnetic resonance imaging) system, Siemens Healthcare conducts development and experimental study of monitoring technology for the iPS treatment of Parkinson's disease, together with the Human Brain Research Center of the Kyoto University Graduate School of Medicine, to establish a new evaluation method toward regenerative medicine and to apply the method to the monitoring of other diseases.

IoT (medical care)

Philips Japan, Ltd. (Netherlands) × Kobe University

Hyogo

Alleviating shortage of pathologists and promoting regional medical cooperation

Philips Japan is developing and conducting experimental study on a system which supports remote pathological diagnosis using ICT and digital technology (a digital pathology system) in collaboration with Kobe University. The company is working on a project to develop a digital diagnosis and reporting network, using a system that enables sharing of pathological images among multiple hospitals with the Kobe University serving as a hub.

IoT (manufacturing)

Laboratory of Hi-Think Corporation (China) × Osaka University, Fukui University of Technology

Osaka
Fukui

Development of solutions using AI in cooperation with universities

Hi-Think Corporation has established a research and development base in Kyoto and is developing solutions for production sites, using machine learning through AI and IoT technology. Since April 2017, it has conducted "joint research of analysis/management algorithm regarding production control," together with Osaka University. Since April 2018, it has conducted "research related to analysis of Chatbot and administrative documents" with Fukui University of Technology.

Reference: Created by JETRO from the websites of each university and company

Leading-edge Research Activities by Local Universities

Medical Fields

Osaka University

Working toward mass production of iPS cell-derived cardiac tissue sheets

- Plans to start clinical research of transplantation of iPS cell-derived cardiac tissue sheets to cardiac failure patients this year at the earliest.
- Shorter preparation periods and cost reduction will be made possible by using the quality-confirmed iPS cells stored in the Kyoto University Center for iPS Cell Research and Application.



Kyoto University

Development of 3-D map of blood vessels

- Succeeded in developing a detailed 3-D map of skin blood vessels by photoacoustic tomography, which is expected to lead to the development of more effective treatment of cancer.
- Analyzed the expression of genes by separating nuclear RNA and cytoplasmic RNA from a single cell.

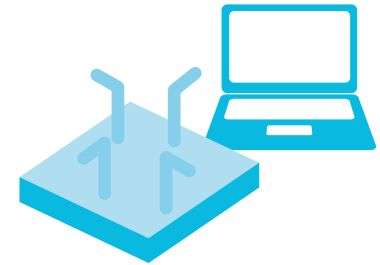


Environment fields

Nagoya University

Portable microbial sensor

- Developed a portable microbial sensor, which had been difficult to achieve with conventional technologies.
- The device is capable of detecting an extremely small amount of bioaerosol and is expected to be used as a sensor for measuring environmental pollution and detecting infectious diseases.



Disaster countermeasure-related fields

Kumamoto University (Joint research with Tokyo Institute of Technology and Waseda University)

Quick lifesaving, using quiet drones

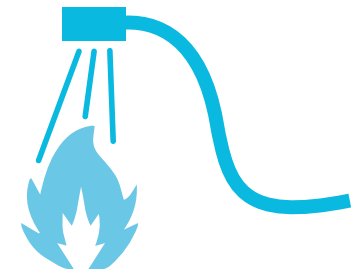
Developed a system capable of supporting quick lifesaving by suppressing the noise of the drone itself and that of wind to better detect signals such as the voice of the person waiting to be rescued.



Tohoku University

Reducing risk to firefighters through a flying firefighting robot

Developed the robot "Dragon Firefighter," which can, by ejecting water, fly up in the air, get into buildings and directly extinguish the origin of a fire.



Excellent social infrastructure for supporting business

Outstanding global logistics in Japan

Land and ocean route infrastructure
- quality of railroad infrastructure -

Land and ocean route infrastructure
sector - land transportation network -

Ranked **1st**
in the world

Source: "The Travel & Tourism Competitiveness Index 2015", World Economic Forum

Ranked **1st**
in the world

"Logistics Performance Index"

Efficiency in international logistics environment and complete supply chains

Ranked **1st** in Asia

Source: "Global Rankings 2018", the World Bank

Comments by overseas companies about Japanese infrastructure

- Inter-city transportation infrastructure in Japan is very efficient.
- Easily accessible thanks to large-scale coastal ports.
- Cost reduction is possible due to low transportation cost.
- Japan has state-of-the-art user-friendly infrastructure in place.

Reference: "Survey on interest level in investment in Japan with foreign companies in Europe and Asia in March 2018", Ministry of Economy, Trade and Industry

Highly evaluated Japan's local airport

"World Airport Awards 2018"

Ranking of international airports according to customer service

Chubu Centrair International Airport, Nagoya

• The World's Best Regional Airports

Ranking of world's airports excluding major hub airports for long-distance international flights

• Best Airports : 5-10 million pax per year

In the category of "airports serving annual 5 - 10 million passengers"

Ranked **1st**
in the world
in two categories

Kansai International Airport

• World's Best Airports for Baggage Delivery

Ranking of effectiveness in baggage claim and low rates of lost baggage

• Best Low-Cost Airline Terminals

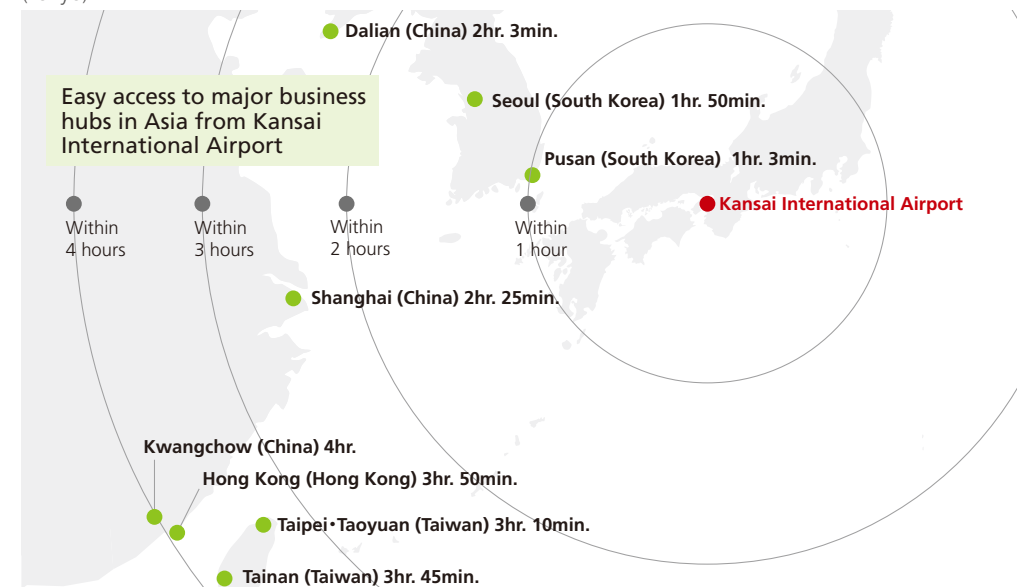
Ranking of terminals exclusively for LCC

Ranked **1st**
in the world
in two categories

Source: "World Airport Awards 2018", SKYTRAX

Convenient access to major business hubs in Asia

Kansai Area (Osaka) is home to about 20 million people (ranked 8th in population among the world's mega-cities). The transportation system which connects the east and west part of Japan has been well developed in this area. Direct flights from Kansai International Airport in the Kansai Area to overseas cities has been increasing, providing passengers the convenience omitting transfer at Narita Airport (Tokyo).



Sources: Created from "Flight hours from Kansai to overseas (international airline)", AirlineGuide.jp; "World Urbanization Prospects, the 2016 Revision", United Nations

Excellent Japanese transport infrastructure spreading throughout Japan



* Definition of hub airport: Airports that play a role as a hub in the international or domestic air transportation network

Sources: Created from website of the Ministry of Land, Infrastructure, Transport and Tourism; website of each railroad company

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Japan's "logistics revolution" through new technology

In Japan, the electronic commerce industry and logistics services are expanding rapidly, while the labor shortage in logistics operations is growing more and more serious. To improve efficiency of business operations, Japan is carrying out a "logistics revolution," taking advantage of IoT, big data, AI, drones and other new technologies. There are also expectations for the creation of new industries utilizing the new technologies in the logistics field.

References: "Comprehensive Logistics Policy Outline (FY2017-FY2020)," Ministry of Land, Infrastructure, Transport and Tourism

Land route (roads and railroads)



- Aggregate number of **annual passengers of railroads is 24.6 billion.**
- **A connection rate of 95%** to cities with a population over 100,000 by expressway network

References: "Table of summary of railroad passenger traffic FY2016" and "History of high-standard highway network plan", Ministry of Land, Infrastructure, Transport and Tourism

Air route



- Number of **international airport in Japan: 47**
- **Number of foreign nationals entering Japan through local airports: 1.09 million (2016)**
An increase of about 2.4 times over the four years since 2012, with low-cost carriers (LCCs) and other airlines launching international flights to and from local airports in the background.
- **Airports operating 24 hours per day in various places in Japan** (Haneda, Kansai International, Chubu International, New Chitose, Naha, and Kitakyushu)

References: "Summary of Airport usage situation (FY 2017)", Tokyo and Osaka Aviation Bureau", "Research on the Effectiveness Analysis of the Entry of LCC into the Japan Market", Ministry of Land, Infrastructure, Transport and Tourism, and website of each airport

Ocean route (ports)



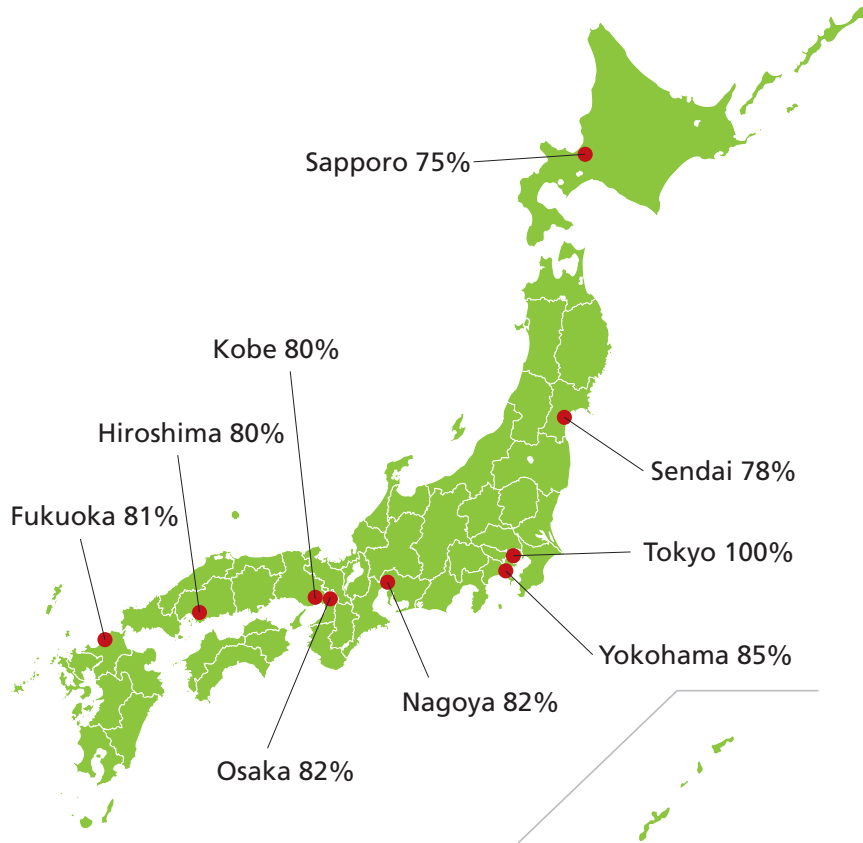
Designating strategic ports in order to strengthen international competitiveness by enhancing effectiveness and cost-cutting

- **Strategic ports for international containers (Keihin Port and Hanshin Port)**
Maintaining and expanding major international sea routes that link Japan and US/ Europe.
- **Strategic ports for international bulk (a total of 11 local ports including Muroran Port and Kisarazu Port)**
Enhancing effectiveness in logistics, repositioning of industrial location and strengthening collaboration among companies

References: "Policy Initiatives for International Bulk Strategic Ports and Harbors (Report) (2018)," "Progress of the Policy for International Container Strategic Ports and Harbors (2017)," Ports and Harbours Bureau, Ministry of Land, Infrastructure, Transport and Tourism

Lower business cost in local regions than in capital regions

Comparison of initial start-up costs for subsidiary companies in major business cities to that in Tokyo (100)

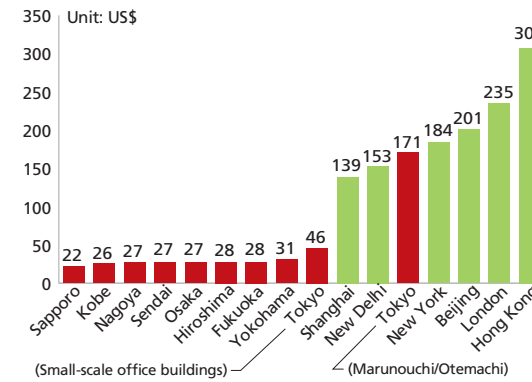


Estimated initial cost for foreign company to establish a corporation (e.g. housing rent, office rent, cost for administrative procedures, recruitment cost, purchasing cost for office equipment such as computer, printer etc., monthly communication fees)

Source: "Initial Cost Estimation - Model Case", JETRO's website (As of August 2018)

(1) Office rent for major cities in Japan is cheaper than that of Hong Kong and Beijing

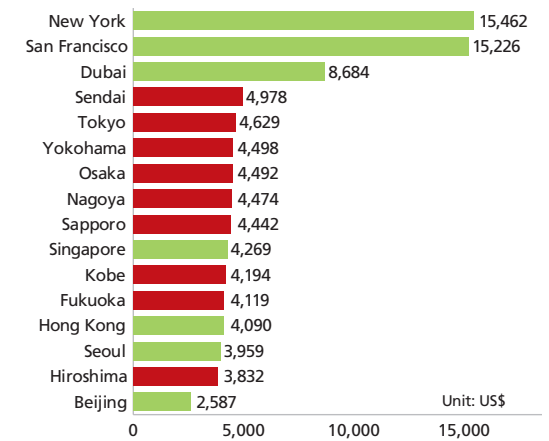
Office rent comparison in major world cities and Japan (Average annual cost per square foot)



Note 1: The district for each major world city is as follows. New Delhi (Connaught Place-CDB), Shanghai (Pudong), New York (Midtown Manhattan), London (Wes End), Beijing (CBD), Hong Kong (Central)
 Note 2: The cost of cities in Japan besides Tokyo is calculated by JETRO from the average rent of each business district (July 2018)
 Source: "Global Prime Office Occupancy Cost, July 2018", CBRE, "Office Market Data, June 2018," Sanko Estate

(2) Personnel expenses in Yokohama and Osaka are cheaper than that of San Francisco and Dubai

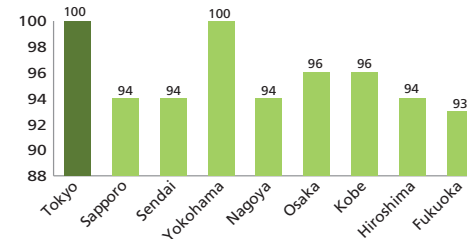
Comparison of manager wages by city in non-manufacturing industries (monthly)



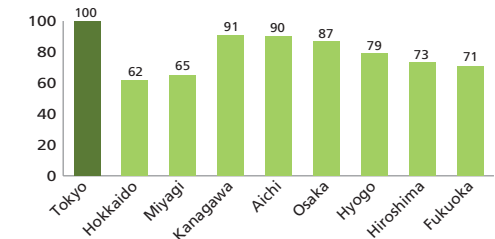
Source: "Comparative Survey of Investment-Related Costs", JETRO (As of July 2018)

Price comparison with that of Tokyo (100)

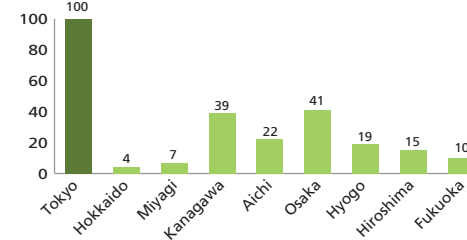
1) Consumer price regional difference index



2) Annual compensation (manufacturing sector)



3) Industrial land prices



Source:

- 1) Created by JETRO from "The 2016 Average Consumer Price Regional Difference Index (2017)", Portal Site of Official Statistics of Japan (e-Stat)
- 2) Created by JETRO from "The Basic Survey on Wage Structure in FY2017", Ministry of Health, Labor and Welfare
- 3) Created by JETRO from "Land Price Research by Prefectural Government in FY2017", Ministry of Land, Infrastructure, Transport and Tourism

Improved infrastructure in Japan's local regions

Entrepreneurial support spreading in local regions

Environments to support startup companies are being established in regions nationwide. Expectation is high for innovation launched in local regions, with developments such as WeWork, an American co-working business company, opening bases in Yokohama, Osaka and Fukuoka.



Increase of new business by non-Japanese in local cities

Using the "Startup Visa*" system, an increasing number of non-Japanese are starting business in Fukuoka. The city is drawing attention thanks to its "Startup Cafe," a facility where one-stop support service is provided in a public-private partnership, and the availability of integrated urban functions necessary for business operations.

* A system that eases visa requirements to facilitate the start of business by foreign nationals. The system is also in place in other cities and prefectures, including Niigata City, Sendai City, Imabari City, Hiroshima Prefecture, Aichi Prefecture and Tokyo.

Large-scale logistics facilities in local city areas

In local city areas, large-scale multi-tenant logistics facilities are being built. In the midst of an expanding e-commerce market, these facilities are equipped with advanced cargo sorting, handling, stock storage and other functions. Similar logistics services are available nationwide in Japan.

References: "Current Situations and Issues Surrounding Logistics: February 2017," Ministry of Land, Infrastructure, Transport and Tourism; Website of CBRE (2018), etc.

TOPICS

Initiatives for faster and automated cargo distribution with "Amazon Robotics"

Amazon Japan's cargo distribution center in Kawasaki, one of the company's 15 centers in Japan, has introduced "Amazon Robotics," which enables automated stowing of incoming merchandise and selection of ordered items to shorten delivery time and improve customer convenience. The system will also be introduced to the Osaka Ibaraki Fulfillment Center, scheduled to open in October 2018.

Reference: Website of Amazon Japan, etc

Well-developed public wireless LAN service in Japan

Number of public wireless LAN spots provided by three telecommunications carriers

760,000 spots



The number of public wireless LAN spots is increasing nationwide.

The number of users who are foreign nationals visiting Japan is expected to be 17.9 million by the end of FY2020.

Reference: "Public Wireless LAN Security Subcommittee Report (draft) (February 2018)", Cyber Security Task Force, Public Wireless LAN Security Subcommittee, Ministry of Internal Affairs and Communications, (Source: " No.4 Secretariat Reference, Free Public Wireless LAN Development Promotion Council " etc.)



Excellent sanitary environment all over Japan

Access to improved drinking water
Access to improved sanitation

Ranked 1st in the world



Source: World Economic Forum The Travel & Tourism Competitiveness Index 2017
*Indicators that measure the competitiveness of tourism and services

TOPICS

Development of system for commercialization of next-generation telecommunication standard "5G" in 2019

The next-generation telecommunication standard "5G" is said to be essential in the development and advancement of IoT technologies, connected cars and more. The Ministry of Internal Affairs and Communications and domestic companies are rapidly getting ready for its commercialization in 2019, since it is expected to present major business opportunities.

Reference: Press releases

Education system supporting foreign students

Upgrading the education system for children of foreign expatriates

Enhancement of system for providing Japanese language education

The government provides continuous support to children at school who need special Japanese language education.

Number of foreign children enrolled in school in Japan

(Public elementary, junior and senior high schools, etc.)

86,000 students

(An increase of 5,000 from 2007)

Source: "Third Basic Plan for the Promotion of Education (2018)," Ministry of Education, Culture, Sports, Science and Technology
Reference: "Establishment of a New System of Japanese Language Education in the Schools Providing Compulsory Education;" Ministry of Education, Culture, Sports, Science and Technology

"The 300,000 International Students Plan"

The government intends to double the number of well-performing foreign students from 140,000 in 2012 to 300,000 by 2020. Number of foreign students are now more than 260,000 as of May 2018.



Source: Japan Students Services Organization website

Reviewing authorization requirements for international schools

There are 26 schools nationwide that are authorized by the Japan Council of International Schools. There are an additional 50 international schools outside of those authorized and the government is currently reviewing its rules of authorization.

Reference: Website of the Ministry of Education, Culture, Sports, Science and Technology, etc.

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Ritsumeikan Asia Pacific University has enrollment of approximately 3,000 international students

In Ritsumeikan Asia Pacific University (APU), international students from 84 countries or regions around the world account for half the students (approximately 6,000), and over half the teachers are non-Japanese. Its remarkable diversity in nationality of students and faculty members is at the top level not only in Japan but also worldwide.

Reference: Website of the University

Oita



Support for foreign students seeking employment in Japan

The employment of international students is on the increase (2017)

Number of applicants: 21,898 (up by 4,810 year-on-year)

Number of approvals: 19,435 (up by 3,778 year-on-year)

Source: Website of the Immigration Bureau, Ministry of Justice

Expansion of services for matching international students and companies

A website that explains how to conduct job hunting and pass recruitment tests for international students who wish to get a job in Japan, the "International Students Support Network" (<https://issn.or.jp/>), has opened. In addition to guidance, information is provided on companies eager to employ international students and relevant seminars.

Reference: Website of the International Students Support Network

Extension of period of stay by maximum of 2 years for job hunting

If certain conditions are fulfilled, international students can have their period of stay renewed one time only, for a two-year period after graduation from university, for the purpose of conducting job hunting activities, including working as an intern. (February 2016).

Reference: Website of the Immigration Bureau of the Ministry of Justice

Comments from overseas companies about Japanese educational environment

- Japan's technological progress is evidence of its high level of education.
- There is an international school nearby, and it is of high quality. My worries about my kids' education have reduced substantially.
- It seems English language education is spreading. I expect Japan will be easier to live in for us foreigners in the future.

Reference: "Survey on interest level in investment in Japan with foreign companies in Europe and Asia in March 2018", Ministry of Economy, Trade and Industry

Safe and comfortable living environment

Safe and comfortable local cities in Japan that are highly regarded by the world

The most livable cities in the world

Osaka
Ranked **3rd**

Cities are ranked based on criteria such as political stability, social stability, crime, education and usability of healthcare systems. Out of the 140 cities assessed, Osaka ranked third.

Source: Global Liveability Index 2018, The Economist Intelligence Unit

Safe Cities Index

Osaka
Ranked **3rd**

This index is calculated based on the categories of cyber security, health security, infrastructure security and personal safety. Out of 50 major cities of the world, Osaka ranked third.

Source: Safe Cities Index 2017, The Economist Intelligence Unit

Comments by overseas companies about public security and social stability

- Since Japan is socially stable, the quality of life is maintained at the highest level.
- The government provides various support.
- It is a safe place and I do not have to worry about my safety while walking alone on the street, even as a foreigner.
- The crime rate is low. I appreciate the safety.

Reference: "Survey on interest level in investment in Japan with foreign companies in Europe and Asia in March 2018", Ministry of Economy, Trade and Industry

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Information on living environment for foreigners available on JETRO website

Information on the foreign language compatibility of hospitals, banks, mobile phones and utility companies (electricity and gas), multi-language applications, residential facilities for foreigners and more is summarized and made available on the website of JETRO, under "Living in Japan" (in English only).

<https://www.jetro.go.jp/en/invest/living.html>

Improvement of living environment for foreign residents

Development and implementation of multi-language guidelines

A set of common guidelines is being developed for roads, public transportation, retail stores, restaurants, hospitals, tourist destinations and much more from the viewpoint of foreign residents. Multi-language support is being enhanced by local governments all over Japan.

Reference: "State of progress of the 'Five Promises for Attracting Foreign Businesses to Japan' (as of the end of FY2017)," Cabinet Office; websites of the Ministry of Land, Infrastructure, Transport and Tourism and local governments



Increase in hospitals that can accommodate foreign tourists

The Japan National Tourism Organization posts on its website a list of hospitals that can accommodate foreign tourists to enable them to easily access hospitals. The list is available in Japanese, English, Chinese (simplified and traditional), and Korean. (About 900 facilities on the list as of June 2017).

https://www.jnto.go.jp/emergency/eng/mi_guide.html (English)

https://www.jnto.go.jp/emergency/jpn/mi_guide.html (Japanese)

Reference: Website of the Japan National Tourism Organization (JNTO)

Medical interpreters and non-Japanese physicians for non-Japanese patients

For the provision of medical services in multiple languages, interpreter service is now available in more than 100 major hospitals. Moreover, examination services for non-Japanese patients by non-Japanese physicians have been available since September 2016. Hyogo Prefecture and Chiba City are preparing for the employment of professionals such as non-Japanese physicians to further improve the environment for accommodating non-Japanese patients. Recently, there are also private companies that provide remote medical interpretation services.

Reference: "State of progress of the 'Five Promises for Attracting Foreign Businesses to Japan' (as of the end of FY2017)" Cabinet Office, etc.

Introduction of JETRO's support: "Helping Foreign-Affiliated Companies Grow in Japan"

JETRO's Invest Japan Department focuses on promoting foreign direct investment in Japan, and formed a division specifically to assist foreign-affiliated companies already in Japan to further expand their investments in the country.

Information for Business Expansion

Information on incentives

Location-specific incentives including capital expenditure grants, preferential tax treatment, employee hiring subsidies, and other financial assistance.

Market intelligence across a broad range of industries

Industry-specific overviews of trends, key players, regulations, and related market data.

Creation of Business Opportunities

Business networking

Arranged meetings with potential partners and participation in industry-specific events.

Finding needed human resources

Interfacing with human resource agencies that have established networks and understanding of local markets.

Consultation with Professionals

Referrals to reputable and bilingual local service providers

Introductions to in-network service providers with proven track records in legal, tax, accounting, real estate, translation, and other areas of expertise.

Consultation on regulatory reform

Arranged meetings with prefectural and city government officials for local laws, licensing and related matters.

Other Support for Your Startup

Temporary office space in 6 major cities throughout Japan

Private, secure, and easy-to-use office space, conference facilities, and on-site advisors at our business support centers in Tokyo, Yokohama, Nagoya, Osaka, Kobe, and Fukuoka.

*Please contact JETRO for more information on our services.



Supported Procter & Gamble Company of Japan Limited (US) for its expansion in Japan's local regions

Procter & Gamble Company is the world's largest consumer product company headquartered in the US state of Ohio. The Japanese subsidiary has its head office in Hyogo Prefecture and production facilities in Shiga, Gunma and Hyogo Prefectures. With the strong sales of cosmetics in Japan and other Asian markets, the company expanded its facilities on the premises of the Shiga Plant, automated the production process and warehouse, and introduced IoT technologies for the purpose of improving the production system. It is expected that the expansion in the Shiga Plant will help sophisticate local industry and activate the local economy.

【Support Provided by JETRO】

On the occasion of the facility expansion for the P&G Shiga Plant, JETRO set up an interview with the local government and provided information on incentives related to capital investment. The company stated that "JETRO served as a one-stop contact for inquiries about facility expansion, set up the interview with the local government and provided us with the information on subsidies and incentives, which was really helpful."