

(Provisional Translation) Program for Strengthening Overseas Supply Chains, Facility Introduction Support

Third round invitation: From September 30, 2020

This program supports introduction of facilities within regions such as ASEAN, in order to make Japan-ASEAN supply chains resilient.

Business eligible for support

- Applicants shall be commercially registered and have a business in Japan.
- Capital investment in constructing or expanding facilities and equipment for production by overseas entities of private companies —either overseas subsidiaries*1 or second-generation subsidiaries*2—which can contribute to making Japan-ASEAN supply chains resilient.
(Projects outside ASEAN can be also eligible if they contribute to making Japan-ASEAN supply chains resilient)
- *1 Overseas subsidiaries: with ratio of investment by applicants being 10% or higher
- *2 Second-generation subsidiaries: with ratio of investment by subsidiaries of applicants with over 50% investment exceeding 50%
- Projects shall not cause a reduction in production facilities within Japan. etc

Amount to be provided

General framework: 100 million to 1.5 billion JPY
Designated framework: 1 million to 1.5 billion JPY

- * Designated framework: Equipment, such as masks and artificial ventilators, for which the government has requested an increase in amount or steady supply from the perspective of the people's wellbeing.
(To find out whether products or materials fall under this category or not, please contact the Trade Promotion Division of the Ministry of Economy, Trade and Industry before applying)

Program duration

- General framework: From the date of contract to the end of FY2024 (end of March 2025)
Designated framework: From the date of contract to the end of FY2022 (end of March 2023)
※ Regarding the expenses to be covered by this program, the order shall be placed after the contract date and the payment shall be completed within the program period written above.

Rate of support

Rates of support shall be determined individually by multiplying three-fourths (for Small Medium Enterprises(SME) groups), two-thirds (for SMEs) and one-half (for large companies) by the adjustment index for the rate of support (20% to 100%)*.

* Adjustment index for the rate of support

- Through a comprehensive evaluation based on conditions including (a),(b) and (c) mentioned below, the adjustment index will be determined on five-step evaluation (A: 100%, B: 80%, C: 60%, D: 40%, E: 20%).
- The final rate is determined by multiplying the rate of support (three-fourths for SME groups, two-thirds for SMEs and one-half for large companies) by the adjustment index above.
 - (a) Degree of contribution to making Japan-ASEAN supply chains resilient
 - (b) Whether target products and materials are important for people's wellbeing (masks, artificial ventilators and so on)
 - (c) Whether target products and materials belong in the upper part of the production process of supply chains—such as rare metals, rare earths, semiconductors and electronic components—the disruption of which would impart a major impact

Costs to be supported

| Categories | Requirements |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Costs for manufacturing and purchasing mechanical equipment | Expenses necessary to create, purchase and install machinery and fixtures, including software, required to construct or expand production lines |
| Costs for remodeling | Expenses necessary to remodel machinery (considered capital expenditure primarily in cases when it increases value or durability) |
| Costs for civil engineering and construction | Expenses necessary for civil engineering work required for the construction and expansion of production lines, for constructing facilities for operation control, or for electric work done in line with either |