



An Incentives Guide to

BUSINESS IN OSAKA

JETRO

JAPAN EXTERNAL TRADE ORGANIZATION

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A. REGIONAL OVERVIEW

I. OVERVIEW

Osaka has played a vital role in Japan's economy for over 1,700 years. The city first emerged as a trading hub for the western parts of Japan in 250 A.D. before later going on to become one of the country's premier agriculture centers in the Edo Period. Today, Osaka is an industrial powerhouse with economic output rivaling that of Hong Kong and Singapore.¹

One of the features that makes Osaka famous is its reputation as a city of merchants. Osaka is regarded as Japan's premier city for small and medium-sized enterprises (SMEs). SMEs account for 99.6% of all companies operating out of Osaka.²

II. GENERAL FACTS

Third-largest city in Japan with a prefectural population of 2.59 million.³

Prefectural nominal GDP of \$313 billion, greater than Singapore or Hong Kong's.⁴

SMEs in Osaka account for approximately 8% of all SMEs nationwide.⁵

Approximately 65% of all industrial production in Osaka is performed by SMEs, a feature unique to the prefecture's economy.⁶



B. LOGISTICS & INFRASTRUCTURE

I. OVERVIEW

Osaka has an extensive transportation network comparable to that of Greater Tokyo. One of the city's strengths is its interconnectedness with the greater Kansai Region, one of Japan's main urban areas. The Kansai Region is made up of seven prefectures and eight major cities, including Kobe, Kyoto, Nara, and Wakayama. Approximately 23 million people live in the Kansai Region, with more than 13 million commuting to the Osaka area on a daily basis.⁷ In addition to rail and road, Osaka is a place of active trade between Japan and the Asia Pacific region. The Port of Osaka handles approximately 2.17 million containers a year, many of which come from its extensive container network service with Pusan, Shanghai, Saigon, and Melbourne.⁸

II. TRANSPORTATION FACTS

The prefecture is served by two airports: Kansai International Airport (KIX) and Osaka International Airport. KIX operates 24-hours a day and offers specialized services for transport and storage of pharmaceutical products. Services include a temp-controlled warehouse and cooling dollies for transport from airplanes.⁹

The Port of Osaka is Japan's fifth busiest port. In 2014, the port moved over 86,400 thousand tons of cargo.¹⁰

Osaka is connected to Tokyo, Nagoya, and Kyoto by the Shinkansen high-speed express; it takes 2.5 hours to reach Tokyo, 1 hour to reach Nagoya, and 15 minutes to Kyoto, making it easy for executives to arrange short business trips.

Osaka is accessible by a series of trains, buses, and ferries; Osaka is particularly known for its JR Osaka Loop line, which runs through all the central districts, giving travelers a high-level of local accessibility.



C. INDUSTRIAL INFORMATION

I. OVERVIEW

The Osaka Prefecture features a highly diversified economy spread over a range of industries. Core industries include service, wholesale/retail, and manufacturing, which have seen steady growth in recent years.¹¹

Approximately 440,000 businesses are based in Osaka. In addition, some 425 stock exchange companies are headquartered there. Companies with headquarters in Osaka Prefecture include Sumitomo Electric Industries, Panasonic, Sharp, and Nippon Life Insurance.¹²

II. MAJOR LOCAL INDUSTRIES

Biotechnology

Life Science

Pharmaceuticals

New Energy

III. FOREIGN COMPANIES WITH AN OFFICE IN OSAKA¹³

AstraZeneca

AntiCancer Japan

Zebra A/S (TIGER)

Shanghai Airlines



D. BUSINESS INCENTIVES

I. OVERVIEW

To boost international competitiveness, the Osaka Prefectural Government established several programs to assist foreign companies seeking to establish or expand a business presence in the Osaka Prefectural area.

These programs include subsidies, innovation hubs, and a variety of business support programs designed to assist businesses entering the Osaka market.

II. PROGRAMS

E. Osaka Subsidy and Incentive Programs

F. Osaka Incentive Tours

G. Innovation HUBS

H. Business Support Programs

I. Temporary Office Space



E. O-BIC SUPPORT PROGRAM FOR FOREIGN COMPANIES

CONDITIONS OF ELIGIBILITY¹⁴

This subsidy is available to foreign businesses who:

- 1) Have one third or more foreign capital percentages
- 2) Intend to set up a new head office or branch in Osaka between the period of April 1, 2016 and March 31, 2017
- 3) Receive assistance from O-BIC or other local municipalities during set up.

SUBSIDIARY BENEFITS

Companies who qualify for this subsidy are eligible to have their application costs associated with company registration or residence status applications covered by the Osaka Business Investment Center (O-BIC). This subsidy is only applicable if the company uses one of O-BIC's pre-approved Support Companies. See list [here](#).

Application Type	Maximum Amount of Subsidy
Company Registration	100,000 per applicant
Status of Residence Registration*	50,000 yen per applicant

* Status of residence applications must be filed within three weeks after company is registered.



F. SUBSIDY FOR FOREIGN-AFFILIATED COMPANIES

CONDITIONS OF ELIGIBILITY¹⁵

This subsidy is available to foreign businesses who:

- 1) **Setup a business in Osaka Prefecture by obtaining OR leasing a building with more than 250 square meters of total floor area**
- 2) **Use the building space as either domestic headquarters or as a base for regional operations in the Asia Pacific region during the implementation period of the subsidized project**
- 3) **Hire more than 25 regular employees during the implementation period (if a company is relocating their domestic headquarters or base of regional operations from another location within Osaka Prefecture, the number of regular employees increased after relocation shall be more than 25)**

Once a company has received the subsidy, the company must continue operations for more than seven years after the Beginning of Operation.*

* Beginning of Operation is defined as when subsidy requirements are found to be satisfactory and subsidy is issued.



F. SUBSIDY FOR FOREIGN-AFFILIATED COMPANIES

SUBSIDY RATES FOR ACQUIRED PROPERTY¹⁶

Companies who qualify for the Foreign-Affiliated Companies subsidy program are eligible to receive:

- 1) **A subsidy amount equivalent to 5% of investment on buildings & capital goods**

No. Of Full-Time Employees	Maximum Amount of Subsidy
25-99	30 million yen
100-199	60 million yen
200 or more	100 million yen



F. SUBSIDY FOR FOREIGN-AFFILIATED COMPANIES

SUBSIDY RATES FOR RENTAL PROPERTY¹⁷

Companies who qualify for the Foreign-Affiliated Companies subsidy program are eligible to receive:

- 1) A subsidy amount up to one-third of the building rent

No. Of Full-Time Employees	Maximum Amount of Subsidy
25-99	20 million yen
100-199	40 million yen
200 or more	60 million yen



G. SUBSIDY FOR INVESTMENT PROMOTION

CONDITIONS OF ELIGIBILITY¹⁸

This subsidy is available to small and medium businesses who:

- 1) Newly build, expand, or reconstruct a plant or R&D facility
- 2) Plants must be located in one of the Industrial Concentration Promotion Zones; R&D facilities must be located in one of the pre-designated areas*
- 3) In the case of plants, companies must obtain the preferential treatment of a local government as a company attraction; in the case of R&D facilities, companies must be engaged in one of the following cutting-edge industries: bio-life sciences, robotics, information home appliances, or new energy

In addition, SMEs must meet the following conditions:

- 1) **INVESTMENT PROMOTION SUBSIDY**
 - 1) Invest more than 100 million yen
 - 2) If selected for the subsidy, the company must continue to maintain the number of employees company employed at the time of subsidy application
 - 3) In the case of manufacturers, the number of employees shall be less than 300 or the capital will be less than 300 million yen
 - 4) Investment expenses must be used for the procurement of buildings, machinery, and equipment
- 2) **CORPORATE TAX SUBSIDY (Only for SMES who obtain Investment Subsidy)**
 - 1) Employ more than 10 regular employees living in Osaka Prefecture at the time of subsidy application, five of which must be new

G. SUBSIDY FOR INVESTMENT PROMOTION

SUBSIDY BENEFITS¹⁹

Companies who qualify for the Investment Promotion subsidy are eligible to receive:

SUBSIDY TYPE	SUBSIDY AMOUNT
Investment Subsidy	<ul style="list-style-type: none">• Up to 5% of costs related to building and capital goods (10% in the case of companies that have a head office or plant or R&D facility in Osaka Prefecture)• Max subsidy amount of 30 million yen
Corporate Tax Subsidy (Only for SMES who obtain Investment Subsidy)	<ul style="list-style-type: none">• Equal to 50% of the corporate enterprise tax on income from business operations, which is liable to be levied in the year following the start of business operations• Max subsidy amount of 20 million yen

H. REDUCTION OF REAL ESTATE ACQUISITION TAX

CONDITIONS OF ELIGIBILITY²⁰

This subsidy is available to small and medium-sized enterprises who:

- 1) Obtain buildings or land within one of the Industrial Concentration Promotion Zones
- 2) Have capital or investment of less than 100 million in total
- 3) Have received preferential treatment from municipal governments

Additional requirements are divided by purchase type:

1) FOR BUILDINGS

- 1) Building can only be used by business applying for subsidy, and must be used as a factory, laboratory, or warehouse
- 2) Building cannot be used for the sex industry, adult entertainment industry, or for real estate leasing purposes
- 3) If building is newly constructed, it is only eligible if building occurred during the applicable period
- 4) If building is purchased, it must have been obtained during the applicable period
- 5) If the building is a warehouse, it must be located in the areas defined as Harbor Districts (to read the details of this requirement, click [here](#))

2) FOR LAND

- 1) Land must be acquired during the applicable period
- 2) Construction must begin on land within one year of purchase

H. REDUCTION OF REAL ESTATE ACQUISITION TAX

SUBSIDY BENEFITS²¹

Companies who qualify for the Industrial Concentration Preferential Taxation subsidy are eligible to receive:

- 1) A subsidy amount equivalent to one-half of the tax liable to be levied on the real estate being acquired
- 2) Max subsidy amount of 200 million yen





I. SPECIAL ZONES TAX SYSTEM

CONDITIONS OF ELIGIBILITY (CITY & PREFECTURAL)²²

This subsidy is available to businesses in the new energy, life sciences, or support thereof. These special tax zones are for business who:

- 1) **Are in the new energy or life sciences industry, or provide support to the aforementioned industries**
- 2) **Submit a project as part of the application for consideration**
- 3) **Projects eligible must fall into one of the following categories:**

Industry	Project Focus
New Energy	<ul style="list-style-type: none">• Electric cars• Sunlight or wind power technologies• Advanced lithium ion batteries• Advanced energy-saving devices• Products promoting smart communities
Life Sciences	<ul style="list-style-type: none">• Medicine or medical devices• Regenerative medicines• Treatment or nursing robots• Medical information systems• Clinical trials & clinical research• Medical facilities or equipment
Business Support of New Energy or Life Sciences	<ul style="list-style-type: none">• International freight (shipping/aviation)• MICE (Meeting, Incentive Travel, Conference, and Exhibition/Event)



I. SPECIAL ZONES TAX SYSTEM

SUBSIDY BENEFITS²³

Companies that receive this subsidy are eligible to receive:

- 1) When newly moving to the special zone: no taxes for 5 years + one-half taxes for five years thereafter
- 2) When moving from other areas inside the prefecture (city) to the special zone, corporate prefectural residents' tax, corporate enterprise tax, corporate citizens' tax, and office tax are reduced depending on the rate of increase of the employees
- 3) Real estate acquisition tax will be zero for the real estate of special zone that was obtained three years after project plan approval
- 4) Real estate tax and city planning tax cuts apply to newly acquired real estate

J. OSAKA INCENTIVE TOURS



INCENTIVE TOURS²⁴

The Osaka Government Tourism Bureau (OGTB) helps foreign businesses:

- Choose appropriate venues for corporate events
- Prepare proposals from suppliers
- Meet local travel agents, DMC/PCOs, and other related service providers
- Coordinate site inspections of venues and hotels
- Provide promotional materials such as maps, tourist guides, convention bags, posters, etc.
- Contact local government leaders and related authorities for meeting support
- Propose ideas for social or hands-on experience programs
- Offer suggestions for entertainment and performance for corporate events
- Hire volunteers with experience in traditional culture (such as tea ceremony, flower arrangement, Japanese traditional dance, etc.) and foreign language



K. INNOVATION HUBS²⁵

I. HUB OF GLOBAL TRADE & ENVIRONMENT TECHNOLOGIES

This hub is located in the Yumeshima and Sakeshima area, near Osaka's Minato Ward (home to the iconic Tempozan Ferris Wheel). It is primarily for environmental and new energy industry companies who need close proximity to corporate headquarters, R&D locations, government bodies, and space for trade shows.

II. GLOBAL LOGISTICS HUBS

This hub is located in the Hanshin Port Area, the largest distribution point in West Japan. This space is ideal for companies engaged in high-order logistics in the East Asia region.

III. HUB FOR PHARMACEUTICALS, MEDICAL EQUIPMENT, & REGENERATIVE MEDICINE

This hub is located in the Northern Osaka Area in the Saito region. It is designed for foreign companies in the life sciences industry. The hub connects companies with a network of life science companies, academia, and government bodies that can help foster innovation and development of new medical technologies. This space is especially recommended for life science companies seeking to do research and development in the pharmaceutical and medical device industries.

IV. NEW HUB FOR HEALTH AND MEDICAL FIELDS

This hub is located in the Suita City Area, near downtown Osaka. It is ideal for health and medical industry companies seeking to establish new research and development centers for innovative health solutions.

V. HUB OF KNOWLEDGE

This hub is located in the area north of Osaka Station. It is primarily for companies seeking to interact with a variety of enterprises, universities and research centers who are developing new technologies.



L. BUSINESS SUPPORT PROGRAMS

I. OSAKA INVESTMENT SUPPORT PROGRAM²⁶

The Osaka Investment Support Program helps foreign companies accomplish a variety of investment needs, including business, information, and office support. Services include business meeting support, interpretation and translation services, transport arrangement, business consultations, and temporary office space (up to six months).

II. KANSAI NATIONAL STRATEGIC SPECIAL ZONE EMPLOYMENT CONSULTATION CENTER²⁷

The Employment Consultation Center provides support to help start-up companies and / or overseas companies expanding business into Osaka understand Japanese employment rules, including those relating to recruitment and employment and, how to launch their business properly and smoothly. Companies can also access legal and other services when preparing employee contracts and other relevant documents. These services are provided free of charge.

III. VENTURE INCUBATION OFFICES

The Osaka Business Investment Center (O-BIC) offers a number of venture incubation offices located throughout the Osaka Prefecture. These temporary office spaces are industry specific and range from general business to life sciences, design, and information technology. To learn more about each office, please visit: <https://o-bic.net/e/incentive/pdf/office.pdf>



H. JETRO SUPPORT SERVICES

I. BUSINESS CONSULTATIONS

JETRO provides foreign companies with free consultations on the legal system, cost estimation, taxation policies, market regulation, business practices, human resources, optimal locations, and the subsidy application process. As part of its consulting platform, JETRO also connects companies with business experts who can provide additional insight on the international market-entry process

II. MARKET RESEARCH & SUBSIDY PROGRAM INFORMATION

JETRO's market-entry services include market analysis and trend reports, access to our platform of professional service providers, and a personal business advisor to help assist your business endeavors. Companies that utilize JETRO resources can also work utilize JETRO's close government ties to identify new and upcoming subsidy programs offered by local and federal government agencies.

III. LAW & REGULATION UPDATES

JETRO's position as a government-supported non-profit gives it access to the latest information on regulation and de-regulation policies. JETRO helps mediate business questions and concerns with various government ministries and cabinet offices. In addition, JETRO can submit deregulation requests to regulatory authorities.

IV. FREE TEMPORARY OFFICE SPACE

For businesses ready to take the next step, JETRO provides temporary office space in six major cities across Japan (Tokyo, Yokohama, Nagoya, Osaka, Kobe, and Fukuoka). All offices are fully equipped and include conference room services, shared reception services, and PC rooms with printers and scanners. Office space can be utilized for free for 50 days; after the first 50 days, businesses can request to extend their use of JETRO's office space for a subsidized rent rate.

H. JETRO PAST CLIENTS



Worked with JETRO to quickly set up a temporary office space in Tokyo after securing an OEM partnership with Hitachi.



JETRO's extensive business network allowed Shire to identify licensed Japanese partners to sell its products through.



With JETRO assistance, Tommy Bahama opened their first store in Ginza, Tokyo, one of the most competitive fashion districts in Japan.



Opened a research and development office in Hachioji, Japan, with a focus on R&D, sales support, and part procurement support.

READY TO TAKE
THE NEXT
STEP?

JETRO connects businesses with the resources they need to successfully establish a business presence in Japan.

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[Twitter.com/jetrousa](https://twitter.com/jetrousa)

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