

# WHY JAPAN?

**"5 Reasons to Invest in JAPAN"**



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JETRO Genève

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JETRO

Japan External Trade Organization (JETRO)  
[www.investjapan.org](http://www.investjapan.org)  
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## Japan External Trade Organization (JETRO)

- Governmental organization to promote mutual trade and investment between Japan and the rest of the world
- Founded in 1958
- Head offices in Tokyo and Osaka
- 74 offices (in 54 countries) and 47 offices in Japan\*
- 14 offices in Europe
- Employees: 1,730 (998 in Japan and 732 abroad)\*

\*As of April 2019

## Outline of Japan




Area 377,973 km<sup>2</sup>

Population 126 million

GDP 5.1 Tri USD



Export  7.6B USD

Investment 11.1B USD

Import  3.4B USD

Investment 12.6B USD



Source: S-GE, www.Executive-events.ch

## Swiss and Japan have many characteristics in common

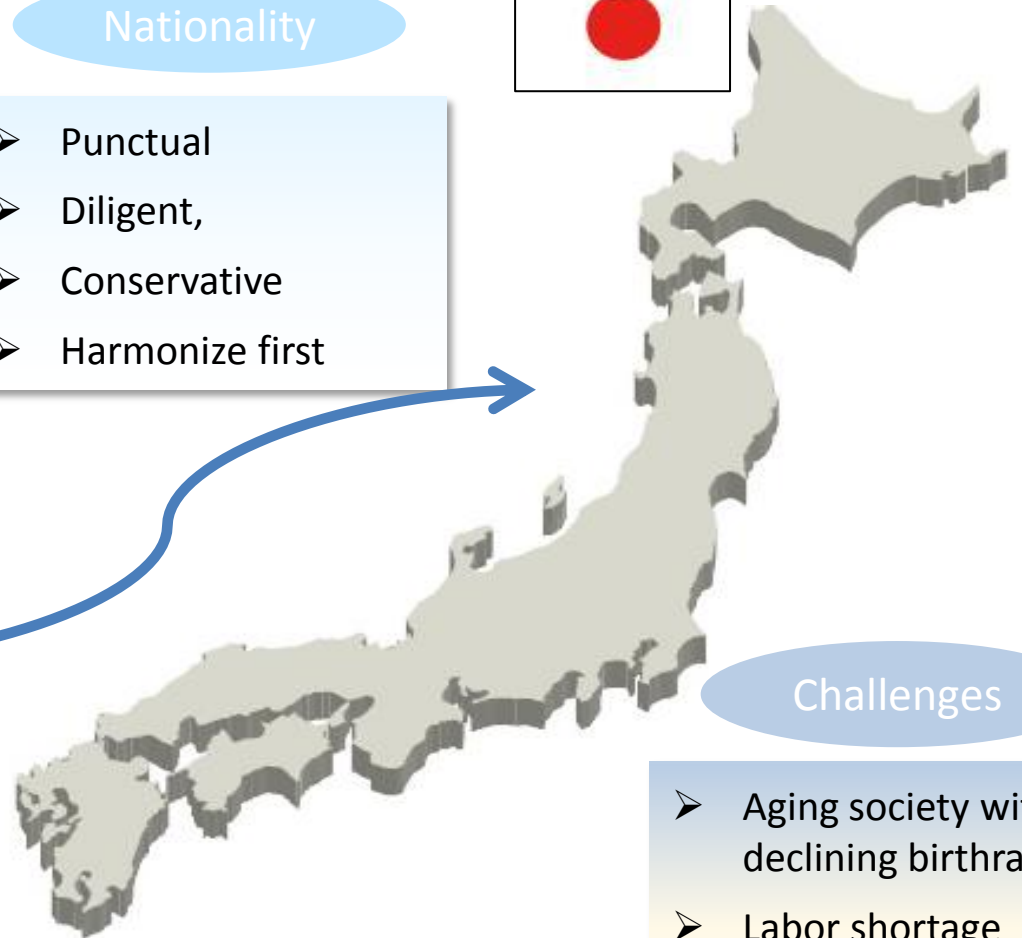
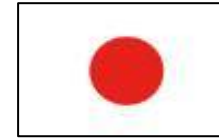
### Environment

- Small, mountainous
- Scarce natural resource, exp water
- Highly skilled engineers
- Trade oriented



### Nationality

- Punctual
- Diligent,
- Conservative
- Harmonize first



### Challenges

- Aging society with a declining birthrate
- Labor shortage
- Shrinking market size

# WHY JAPAN?

## “ 5 reasons to do business with JAPAN ”

Reason

1

Japan's Re-emergence

Reason

2

Sophisticated Market

Reason

3

Innovation Hub

Reason

4

Business Friendly Infrastructure

Reason

5

Comfortable Living

Reason

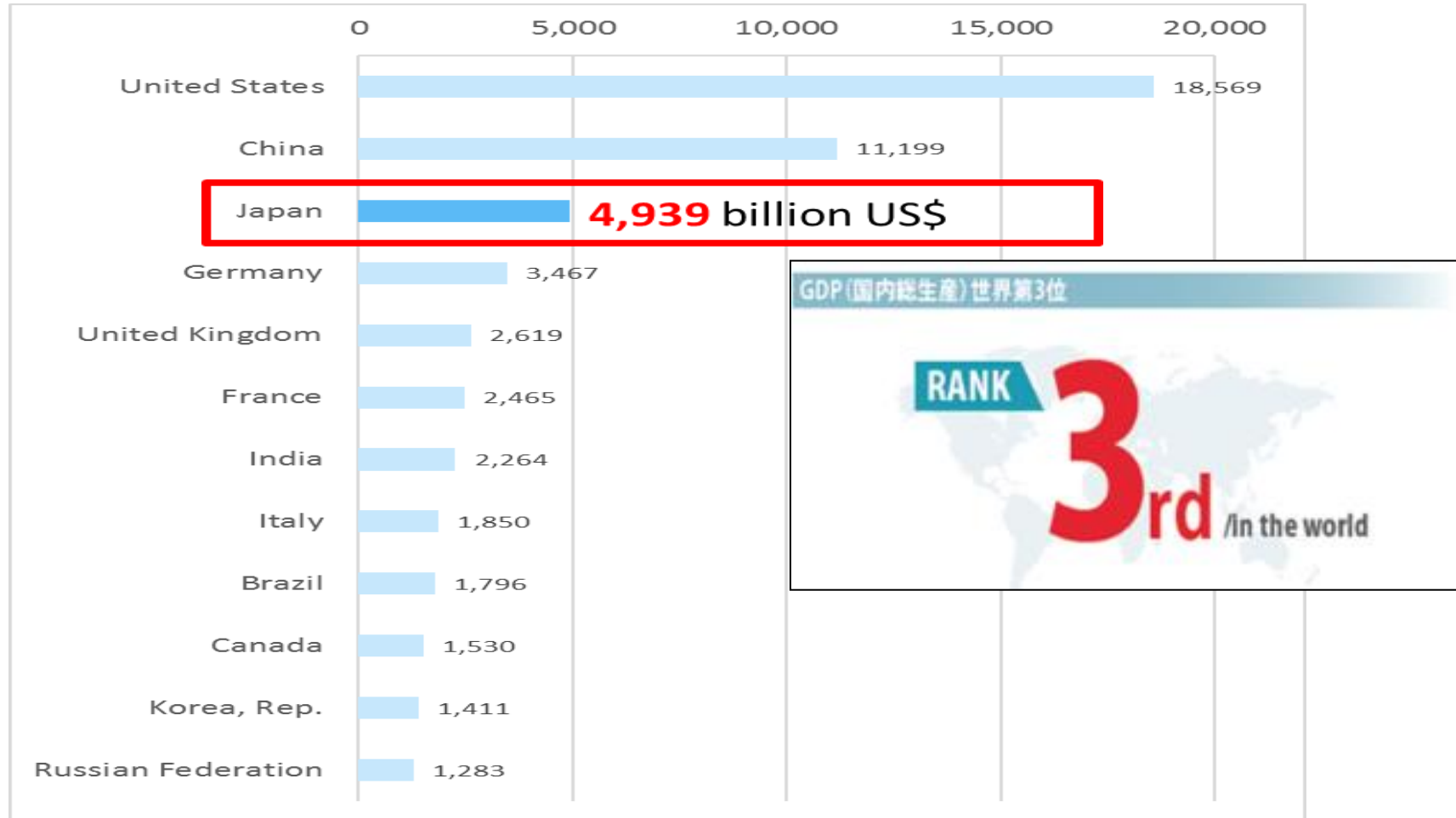
**1**

# Japan's Re-emergence

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# World Ranking of GDP

(US dollars, Billions)



Source: Gross domestic product 2016 (US dollars, Billions)  
World Development Indicators database, World Bank, 1 July 2017

# Improving Economic Indexes Under Abenomics

**GDP**  
(Real GDP (seasonally adjusted))

**498.8 Trillion yen**  
2012 (Before the launch of the current administration)

Greatly improved

**533.9 Trillion yen**  
2018 (Calendar year, 14 Feb 2019)

**Stock prices**  
(Nikkei Stock Average)

**10,230.36 yen**  
26 Dec, 2012 (Launch of the current administration)

Greatly improved

**20773.5 yen**  
31 Feb 2019 (Closing price)

**Business conditions**  
(Tankan, current situation, manufactures)

Large firms **-12**  
Medium-sized **-12**  
SMEs **-18**  
Survey in Dec 2012

Greatly improved

Large firms **19**  
Medium-sized **17**  
SMEs **14**  
Survey in Dec 2018

**Unemployment rate**

**4.3%**  
2012 annual average

Improved

**2.4%**  
2018 annual average

**CPI growth rate**  
(Less food (except alcohol) and energy, year-on-year)

**-0.4%**  
2012 annual average (2012 Average)

Improved

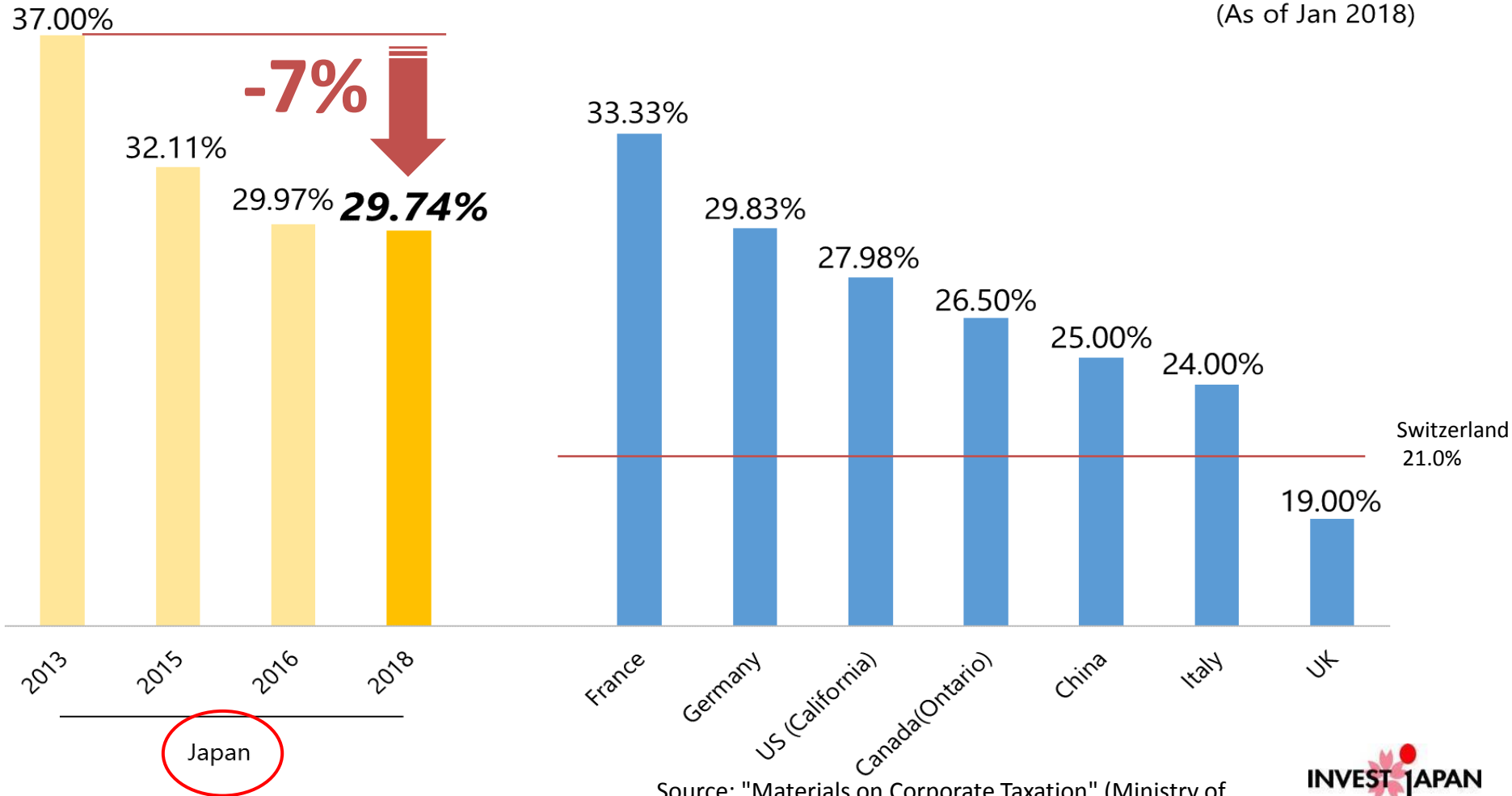
**+0.4%**  
2017 annual average



# Corporate business environment is

(As of Jan 2018)

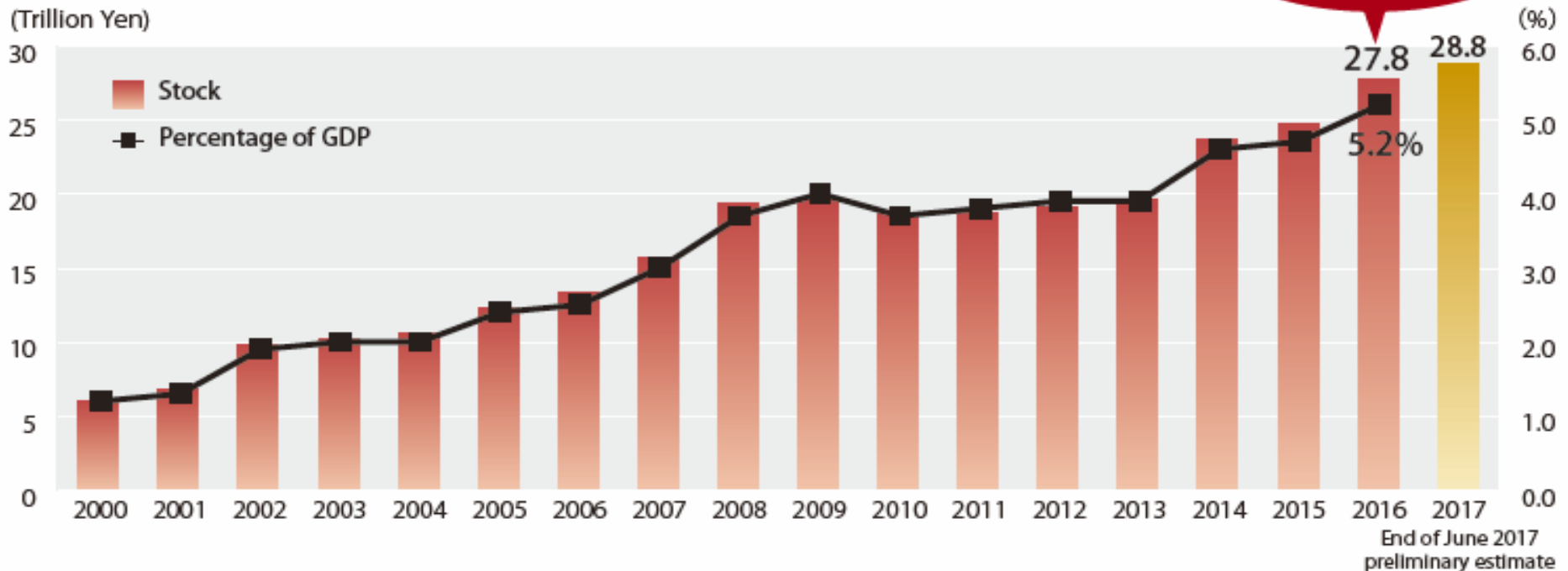
Effective corporate Tax rate



Source: "Materials on Corporate Taxation" (Ministry of Finance)

# Inward FDI stock is growing.

Chart 1-1 The stock of Inward FDI and its portion in the nominal GDP (based on BPM6)

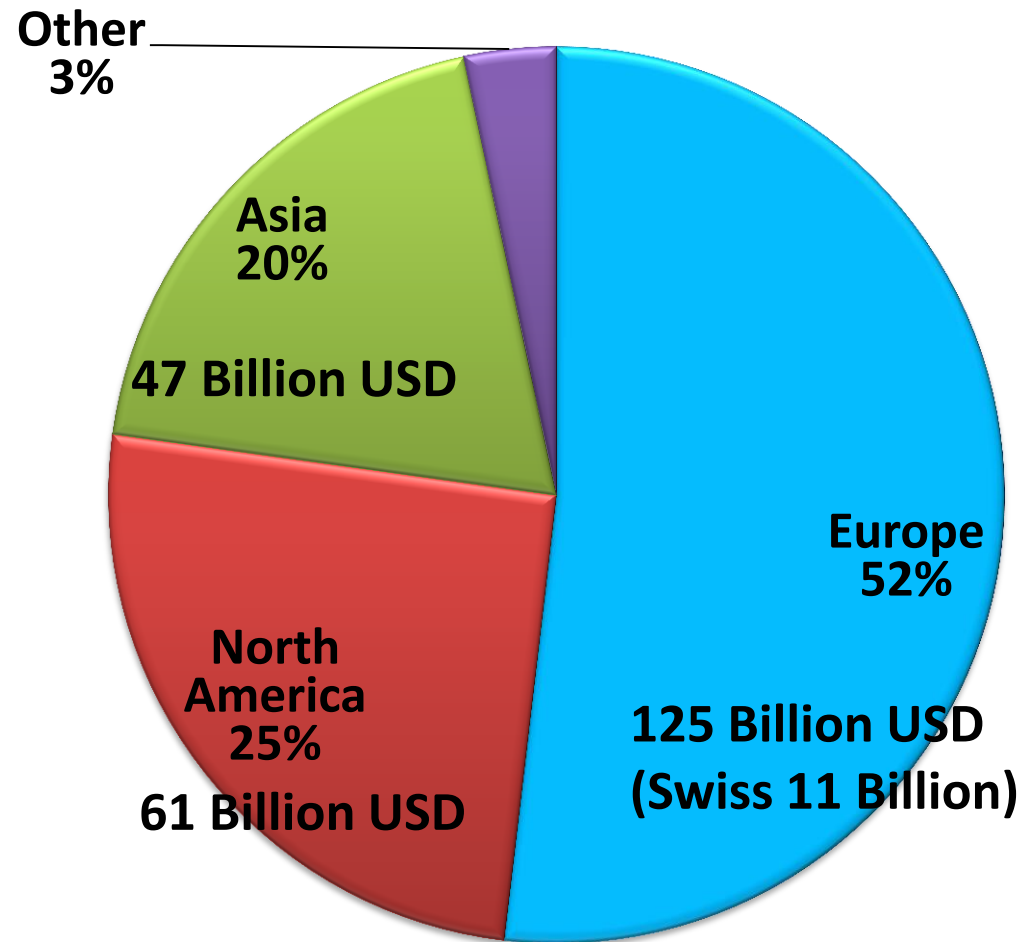


Approximately  
**255 Billion USD**

Renewed record high for three consecutive years

[Source] \*International Investment Position of Japan\* (Ministry of Finance), \*National Accounts of Japan\* (Japan Cabinet Office)

# Inward FDI stock in Japan comes from Europe



[Source] "Balance of Payments 2016" (Ministry of Finance)

# Western European goods prevails in Japan

## Luxury brand goods

- |    |                         |       |
|----|-------------------------|-------|
| 1. | LVMH (France)           | 13.5% |
| 2. | Onward                  | 10-%  |
|    | :                       |       |
| 5. | Richemond (Switzerland) | 6%+   |
| 6. | Swatch (Switzerland)    | 6%+   |
| 7. | KERRING (France)        | 5%    |
|    | :                       |       |



Market Share of Swiss Watch in Japan  
70% in value (2016)  
Source: Nikkei Business Online



## Soft drinks

- |    |                 |       |
|----|-----------------|-------|
| 1. | Coca Cola (USA) | 26.4% |
| 2. | Suntory         | 16.6% |
| 3. | Asahi beverage  | 11.4% |
|    | :               |       |

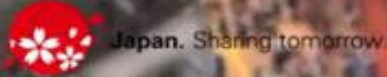


## Contact Lenses

- |    |                      |       |
|----|----------------------|-------|
| 1. | Jonson&Johnson (USA) | 50%+  |
| 2. | Coopervision (USA)   | 11-3% |
| 3. | Alcom (Switzerland)  | 11-3% |
| 4. | Bosch Lomb (USA)     |       |
|    | :                    |       |



[Source] Statistica, Ryutsu news, Roger Debuis



especially with the Japanese government's efforts to reach 40 million visitors by 2020.

Reason

**2**

## Sophisticated Market

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## Sophisticated Market


“The reason why P&G tests its new disposable diapers in Japan is because **Japanese housewives are the strictest consumers.**” -----Prof. Michael E. Porter





# Cities with the Most Michelin-Starred Restaurants



		***	**	*	Total *
	TOKYO	13	52	165	308
	PARIS	9	16	98	157
	KYOTO	8	23	64	134
	OSAKA	4	17	75	121
	NEW YORK	5	15	56	101
	HONG KONG	7	12	44	89

Source: Michelin Guide 2019 (Kyoto, Osaka 2018)



# Pursuing consumer needs



Reason

**3**

# Innovation Hub

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# Innovation Hub with rich resource

Science and technology related research is conducted spiritedly in Japan. “Research funding as a percentage of GDP” and “Number of researchers per 10,000 people” are among the largest in the world.

## Research funding percentage of GDP (G7 comparison)

Rank	Country	Percentage of GDP (%)
<b>1</b>	<b>Japan</b>	<b>3.75</b>
2	German	2.98
3	U.S.	2.79

4<sup>th</sup> - France (2.29%), 5<sup>th</sup> - UK (1.73%),  
6<sup>th</sup> - Canada(1.69%), 7<sup>th</sup> - Italy  
(1.27%), 8<sup>th</sup> - Russia (1.12%)

## Number of researchers per 10,000 people (G7 comparison)

Rank	Country	Number of researchers per 10,000 people
<b>1</b>	<b>Japan</b>	<b>52.0</b>
2	Canada	45.6
3	German	42.5

4<sup>th</sup> - US (40.2), 5<sup>th</sup> - UK (39.7),  
6<sup>th</sup> - France(38.3), 7<sup>th</sup> - Russia (31.0),  
8<sup>th</sup> - Italy (12.7)

Source: Created from Ministry of Internal Affairs and Communication, “Survey Result on Science and Technology Indicators 2014 ”  
Date source: OECD “Main Science and Technology Indicators,” etc.

**Nobel Prize winners** (all-time)



**26**

(Breakdown)

Physics	11
Chemistry	7
Physiology or Medicine	5
Literature	2
Peace Prize	1

**Prizewinners in recent years**

Tasuku HONJO : 2017 in Physiology or Medicine on the discoveries of cancer therapy

Yoshinori OHSUMI: 2016 in Physiology or Medicine on the discoveries of mechanisms for autophagy

Satoshi OMURA: 2015 in Physiology or Medicine on the therapy against infections caused by roundworm parasites

Isamu AKASAKI: 2014 in Physics  
 Hiroshi AMANO: 2014 in Physics  
 Shuji NAKAMURA: 2014 in Physics



**"World-changing Blue LED"**

In the early 1990s, 3 professors invented the blue LED semiconductor using gallium nitride. With the invention/addition of the blue LED to the already existing red and green colors, the set of 3 primary colors was complete. This enabled the creation of the white colored LED that has revolutionized the lighting industry worldwide. The research also contributed to the blue light laser diode and the development of the blu ray disc.

Shinya YAMANAKA: 2012 in Physiology or Medicine for research on IPS cells

Koichi TANAKA: 2002 in Chemistry for research on mass spectrometric technique

Hideki SHIRAKAWA: 2000 in Chemistry for research on conductive polymer

Source: Official Nobel Prize website (www.nobelprize.org) .other

Source: Japan Science and Technology Agency website (www.jst.go.jp)

# Many technical seeds with highly skilled engineers

tabletop calculator(1964)



Soccer ball (1966)



Walkman(1979)



Car navigation(1981)



Copyright Sharp, Sony, Addidas-Molten, Honda

Reason

4

# Business Friendly Infrastructure

# Business-Friendly Infrastructure

Easy environment for business

Infrastructure

RANK

4<sup>th</sup>

in the world  
(137 Countries)

Source: World Economic Forum, "The Global Competitiveness Report 2017-2018"

Foreign companies validate Japan's infrastructure

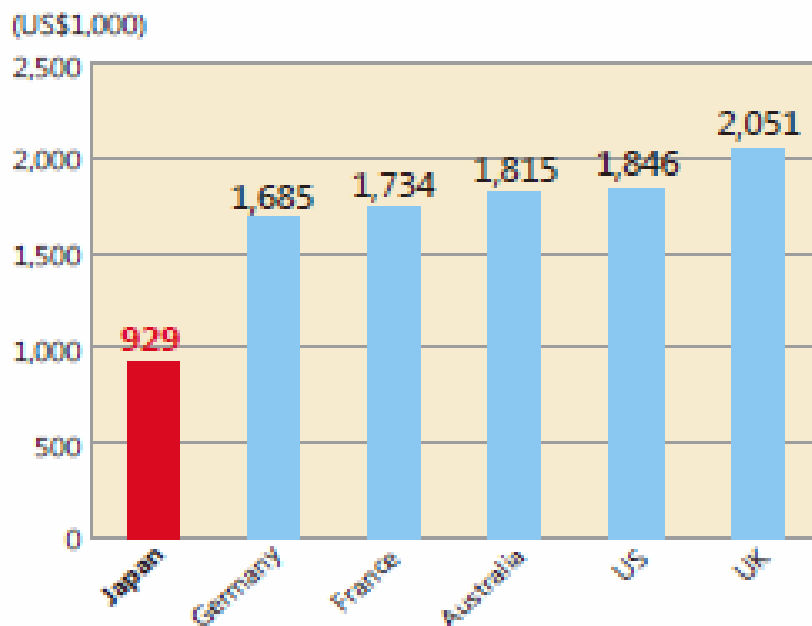
**Nearly 61%** of foreign companies see  
the **well-maintained infrastructure**  
as an attractiveness of Japan.

Source: Ministry of Economy, Trade, and Industry(METI), "Survey on Attitudes of Foreign Companies toward Direct Investment in Japan Report 2014"

## Transportation fees

(including land transportation and air freight)

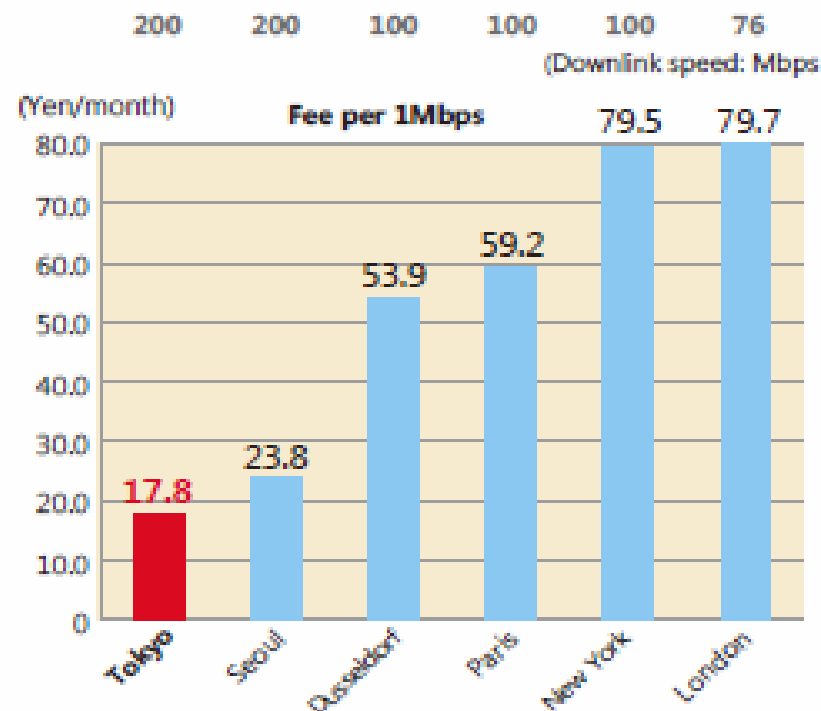
Simulated annual costs based on scheduled deliveries from the factory



Source: "Competitive Alternatives 2016," KPMG

## High-speed internet fees

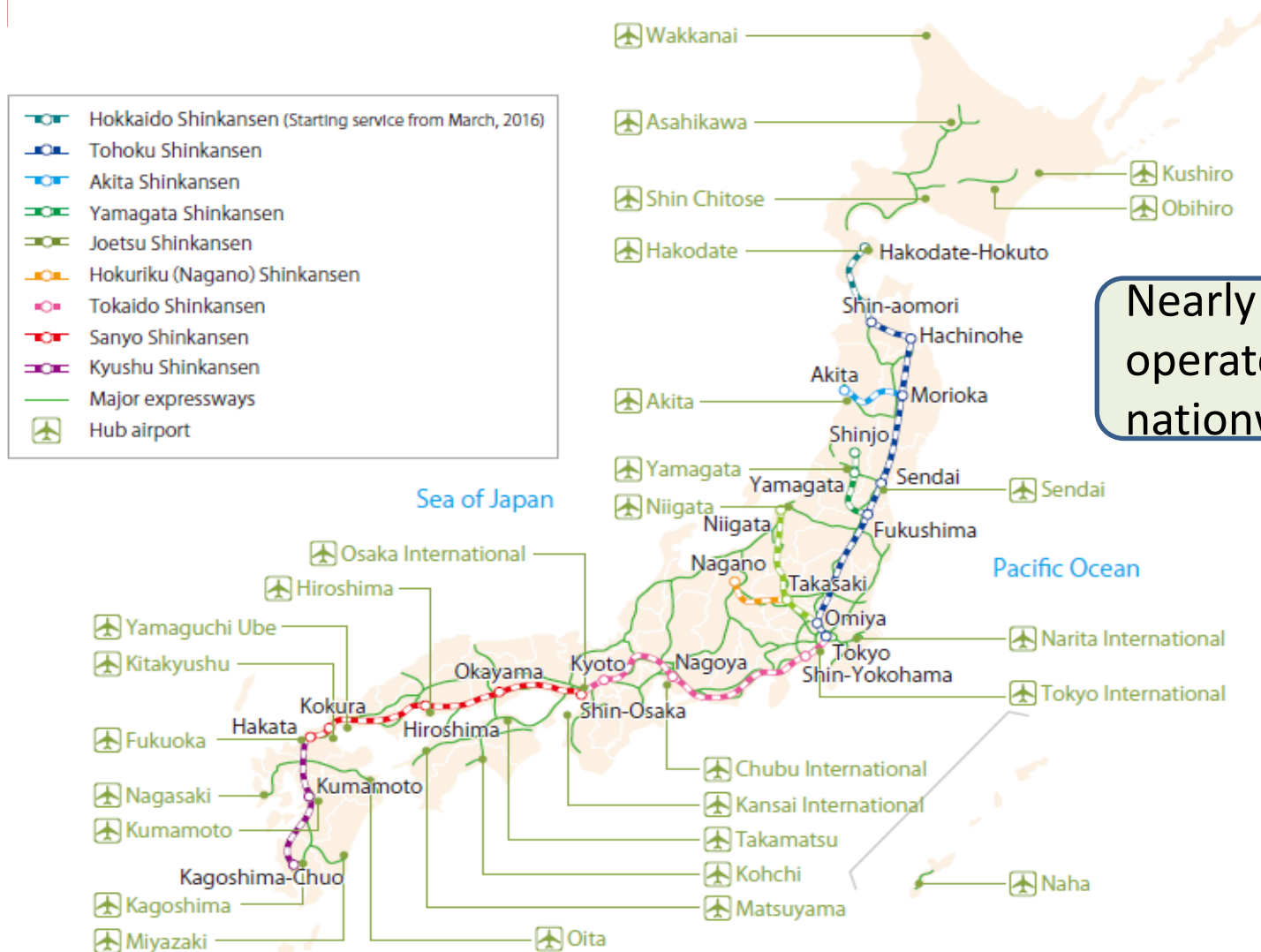
Average monthly internet fees (residential)



Source: "Report on Internal and External Price Difference Related to Telecommunication Service 2015 (June 2016)," Ministry of Internal Affairs and Communications



## Excellent transport infrastructure spreading throughout Japan.



Nearly 100 airports operate nationwide

\* 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





Reason

5

# Comfortable Living

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## Most peaceful country with longevities of life

A country where you can live free from fear of crime

RANK	COUNTRY	SCORE	CHANGE
1	● Iceland	1.096	↔
2	● New Zealand	1.192	↔
3	● Austria	1.274	↑ 1
4	● Portugal	1.318	↓ 1
5	● Denmark	1.353	↔
6	● Canada	1.372	↔
7	● Czech Republic	1.381	↔
8	● Singapore	1.382	↑ 3
9	● Japan	1.391	↓ 1
10	● Ireland	1.393	↑ 2
11	● Slovenia	1.396	↓ 1
12	● Switzerland	1.407	↓ 3
13	● Australia	1.435	↔

**RANK** **9<sup>t</sup>**  
**h**

Source: Global Peace Index 2018

A country where you can live with peace of mind

Longest life expectancy in the world

The average life expectancy

Life expectancy for women (86.8 years)

**RANK** **1<sup>st</sup>** in the world

**RANK** **1<sup>st</sup>** in the world



Life expectancy for men (80.5 years) is **ranked 6th in the world.**

Source: "World Health Statistics 2016," World Health Organization (WHO)

Well-developed medical infrastructure

The number of hospital beds per 1,000 people (13.4) is **ranked 1st among OECD countries.**

Source: OECD

Abundance of nurses

The ratio of nurses to number of physicians is **ranked 2nd among OECD countries.**

Source: OECD "OECD Factbook 2016"



## Most livable cities in the world

1. Vienna
  2. Melbourne
  - 3. Osaka**
  4. Cargary
  5. Sydney
  6. Vacouver
  - 7. Tokyo**/Toronto
  9. Copenhagen
  10. Adelaide
  - 11. Zürich**
- :

RANK



Source: Economist Global Liveability Index 2018

# Tokyo Olympic and Paralympic Games in 2020



Sport Climbing, Skateboard,  
Surfing

(New item in Olympics)

Source: Asahi news



Source: Japan Sport Council

# Think about

**IF YOU SUCCEEDED IN JAPAN,  
YOU CAN SUCCEED ANYWHERE ELSE in ASIA.**







OPEN THE DOOR TO SUCCESS IN JAPAN



www.investjapan.org

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