

Abenomics in Progress

Time to Invest in Japan

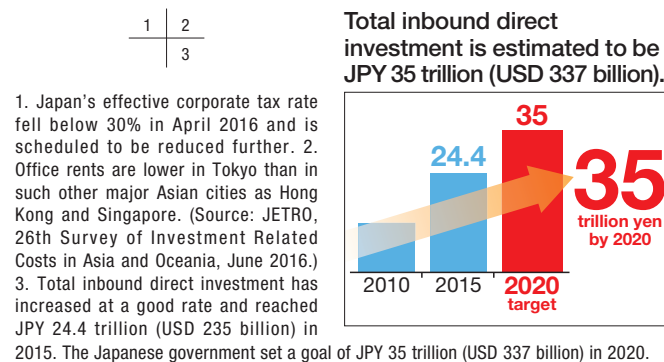
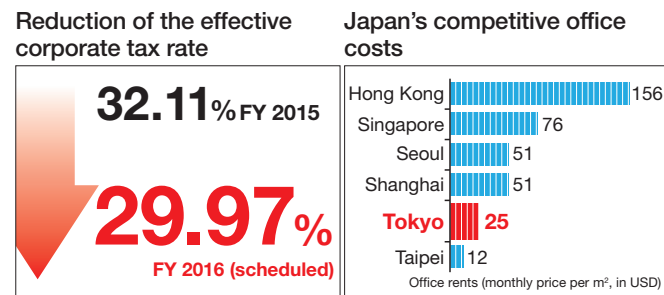
“Thanks to Abenomics, the current administration’s economic policies, Japan’s economy has escaped the doldrums, and the investment environment has completely changed,” says Kazuya Nakajo, director-general of the Invest Japan Department of the Japan External Trade Organization (JETRO). “The government has established the policy objective of making Japan the most business-friendly nation in the world, and it is promoting measures to attract investments with an unprecedented level of commitment.”

Over the past few years the Japanese government has taken steps in rapid succession to improve the investment environment. These include regulatory reforms—such as liberalizing the retail sale of electricity and shortening the evaluation period for new pharmaceuticals—along with the reduction of the effective corporate tax rate to the 20% level and active

participation in negotiations for the Trans-Pacific Partnership (TPP) Agreement. And despite the persistent impression that office rents are extremely high in Japan, they have become more affordable in relative terms, and Japan’s competitiveness within Asia has increased. To publicize these changes, JETRO has been holding more than 100 invest-in-Japan seminars annually in countries around the world.

“Foreign businesses are realizing that the perception of Japan as a low-growth, high-cost, insular economy no longer fits, and they have already begun to change their behavior accordingly,” says Nakajo. A growing number of companies are expanding their operations in Japan or are newly entering the Japanese market, and the outstanding amount of inbound direct investment is steadily rising. Now we are seeing a growth trend in the business model where foreign companies that have teamed up with Japanese universities and companies in R&D and manufacturing then deploy the resulting products on a global scale. The Japanese market, which consists of sophisticated consumers with exacting standards in both the business-to-business and business-to-consumer fields, is drawing attention as an excellent place to test new products. In such areas as cosmetics, products researched and commercialized in Japan are then being marketed elsewhere in Asia. In this way, Japan is functioning as a platform for broadcasting trends to the wider world.

“JETRO is ready to support foreign companies in every respect, such as by providing investment information and office space free of charge for up to 50 working days,” emphasizes Nakajo. “We want foreign companies to take advantage of our support to create new businesses in Japan, with its enormous market and attractive investment environment.”



1. Japan's effective corporate tax rate fell below 30% in April 2016 and is scheduled to be reduced further. 2. Office rents are lower in Tokyo than in such other major Asian cities as Hong Kong and Singapore. (Source: JETRO, 26th Survey of Investment Related Costs in Asia and Oceania, June 2016.) 3. Total inbound direct investment has increased at a good rate and reached JPY 24.4 trillion (USD 235 billion) in 2015. The Japanese government set a goal of JPY 35 trillion (USD 337 billion) in 2020.



JETRO official website
www.investjapan.org

Investment Case: Valeo Japan Japan Leads the World in Self-Driving Technology



Tsukuba Techno Center in Tsukuba Science City, 50 km northeast of Tokyo. Since self-driving automobiles require highly confidential technology development, Valeo built an exclusive test track.



Cruise4U is a self-driving automobile being developed by Valeo. The vehicle completed a journey around France in November 2015 and 24 hours of continuous driving on the Boulevard Périphérique in Paris in September 2016.



its global strategies. Since establishing its local subsidiary, Valeo Japan, in 1985, it has set up production operations at nine locations and R&D operations at three locations in Japan.

Valeo is also involved in self-driving technology, an arena in which the world’s automobile makers are competing fiercely. The company has developed automated parking system technology with proven results in Europe. Valeo intends to leverage this technology to develop more sophisticated self-driving technology. “Japan is where many of our automotive customers are based,” explains Valeo Japan Director Shoji Akiyama regarding the company’s investments in Japan. “It’s not conceivable for us to respond quickly to the demands of Japanese automakers without having R&D facilities here.”

Valeo Japan’s R&D facilities for self-driving technology are situated in Tsukuba Science City, about 50 kilometers

Valeo, headquartered in Paris, is a major supplier of automotive components. The company has established business operations in 32 countries, and it has positioned Japan, with its many world-class automobile makers, as an important platform for

(30 miles) northeast of Tokyo. In January 2016, the company completed an exclusive test track for self-driving automobiles. “Tsukuba is Japan’s Silicon Valley,” says Akiyama. “It’s the site of the Japan Automobile Research Institute, a comprehensive experimental research institute for automobiles. It’s also home to many research institutes and universities involved in artificial intelligence, robotics, and other innovative technologies. And human resources are plentiful.”

The Japanese government is actively promoting innovations in the automotive sector, such as establishing a roadmap for the commercialization of self-driving cars by 2020. “We particularly expect that Japan, in light of the upcoming 2020 Tokyo Olympics, will be a vibrant innovation mega cluster in autonomous and connected driving, which we are excited to be contributing to,” declares Marc Vrecko, president of Valeo’s Comfort and Driving Assistance Systems Business Group.



Marc VRECKO
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