

Regarding the Facilitation of Measures for the Promotion of Foreign Direct
Investment in Japan

June 20, 2006

Japan Investment Council

The government has formulated a plan to double the foreign direct investment (FDI) stock in Japan over a five-year period. The Program for the Promotion of FDI in Japan has been organized for the realization of that goal, and the ministries and agencies concerned have joined in implementation of this program. The program is proceeding according to schedule, with the cutoff point at the end of this year, and achievement of the goal is within reach.

Not only does FDI in Japan bring new products and services, technology, and management knowhow. It also creates employment opportunities in Japan and provides a stable flow of funding from overseas. FDI is therefore taking on increasing importance for Japan, where the birthrate is declining and the population is aging.

In light of these circumstances, the government has decided to further accelerate measures in this regard. The goal is to double the ratio FDI stock to GDP in Japan so that it reaches of 5% by the year 2010.

In specific terms, measures in the three following areas are to be implemented steadily according to the basic conceptual approach laid out in the Report of the Japan Investment Council Expert Committee (hereafter the Expert Committee) and in the Program for Acceleration of Foreign Direct Investment in Japan.

(1) Regional Centers for Economic Growth and Improved Quality of Life

Promote the creation of new enterprises that make use of regional resources, facilitate special zones for the promotion of FDI in Japan, and so on.

(2) Improvement of an Investment Environment Capable of Overcoming Global Competition

Increase the flexibility of cross-border M&A and other such organizational restructuring, make the flow of people and goods smoother and more efficient, strengthen the infrastructure for research and development, improve the living environment for foreign personnel, and so on.

(3) Domestic and International Public Information Activities

Hold large overseas seminars, hold regional Japan Investment Councils, and so on.

The Expert Committee will also work with the active cooperation of the ministries and agencies concerned to periodically verify the status of the Program for Acceleration of Foreign Direct Investment in Japan. In addition, the Expert Committee will carry out surveys and studies in cases where further measures appear to be necessary, and will engage in revision of the Program as required. The government will seek to effectively implement and enhance its measures in light of those findings.