

Brief summary of minutes of the Conference on Promoting Japan as an Asian Business Center
and Direct Investment into Japan – the second meeting

(Provisional Translation)

Date & time: 8:10-8:25 A.M., Friday 16 Dec 2011

Venue: The third special conference room, the Headquarters of the Cabinet Office

Present:

(Chairman):

Hiroshi Ogushi Parliamentary Secretary for the Cabinet Office

(Vice-chairman):

Keiro Kitagami Parliamentary Secretary for Economy, Trade and Industry

Kazuko Koori Fair Trade Commission / Reconstruction Headquarters

Takashi Morita Parliamentary Secretary for Internal Affairs and Communication

Hiroyuki Tani Parliamentary Secretary for Justice

Takashi Kii Parliamentary Secretary for Education, Culture, Sports, Science
and Technology

Kenji Umetani Director General for Economic and Fiscal Management, Cabinet
Office

Hiroaki Ishii Deputy Director General for Economic and Fiscal Management,
Cabinet Office

Zentaro Yamashita Director General, Office of Foreign Direct Investment Promotion,
Cabinet Office

Susumu Atsuki Deputy Director-General, Trade and Economic Cooperation Bureau,
Ministry of Economy, Trade and Industry

Junichiro Kuroda Director, Trade and Investment Facilitation Division, Ministry of
Economy, Trade and Industry

Hiroto Izumi Secretariat general, Regional Revitalization Bureau, Cabinet
Secretariat

Itsushi Tachi Secretariat general, Office of Regulation and System Reform,
Government Revitalization Unit, Cabinet Office

Masahiko Saito Deputy Director General, Economic Affairs Bureau, Ministry of
Foreign Affairs

Masato Takaoka Deputy Director-General of the Minister's Secretariat, Ministry of
Finance

Masayuki Nakano Director-General for Policy Planning and Evaluation (Labour),
Ministry of Health, Labour and Welfare

Eietsu Sakuraba Councillor, Minister's Secretariat, Ministry of Agriculture, Forestry
and Fisheries

Hiroshi Narahira Assistant Vice-Minister (international affairs), Minister's
Secretariat, Ministry of Land, Infrastructure and Transport

Nobutoshi Miyoshi Deputy Director-General of the Ministry's Secretariat, Ministry of
Environment

Masahiro Hirai Executive Vice President, Japan External Trade Organization
(JETRO)

Proceedings:

(1) Discussion on “Program for Promoting Japan as an Asian Business Center and
Direct Investment into Japan (draft)”

(2) Other

1. Opening address

○ Mr. Ogushi, Parliamentary Secretary for the Cabinet Office

Good morning, every one! Thank you for your time today, particularly at such an early time in the morning and during this busy period at the end of the year.

I would like to express my gratitude to you all for the efforts you have made in your respective ministries, since the launch of the Conference on Promoting Japan as an Asian Business Center and Direct Investment into Japan, towards enabling us to finalize the formulation of the program as per the target deadline of the end of the year.

As I mentioned at the last conference, I think there are two significant reasons why we should promote direct investment into Japan.

One of them is that, in the case of direct investment, it can lead to productivity improvement because it would allow the inflow of knowledge, knowhow and so on. In the case of portfolios or short-term investment in securities, this would never happen. The other reason is that we have to be prepared for a possible situation Japan might face in the future where the balance of payments-surplus turns to deficit or we have adverse balance of payments. I think this program is very important from these two perspectives; therefore, I believe that it is essential to make an all-out effort to get on with it now before it becomes too late.

I think that what I mentioned above is also very important in terms of strengthening the location competitiveness of Japan. Today, we are showing you a draft program that we have prepared based on the opinions you have given us. We are to give approval to this program; then, we will go on to the next step, into the implementation phase. It would be appreciated if you could do your best in this next phase, too.

○ Mr. Kitagami, Parliamentary Secretary for Economy, Trade and Industry

Good morning! I also would like to express my sincere gratitude for your cooperation and for your efforts to review and finalize this program in such a short period of time.

As I also mentioned last time, we are working to establish the Law for Promoting Japan as an Asian Business Center. The law will give a tax break for qualified businesses by reducing the effective corporate tax by 7-8%. However, in this extraordinary Diet session, we only managed to go as far as an “explanation of the aims” in the Standing Committees on Economy and Industry, and, as it turns out, there hasn’t been any further progress. In the meantime, the tax reduction portion of the corporate tax has already been earmarked in accordance with the tax law reform, for the end of FY2013. So, as we think that we have to get it enacted during the ordinary session of the Diet next year at an early point in time, we are intent on working on it as best we can.

On the other hand, what is called the “location subsidy scheme for promotion of Japan as an Asian business center” is progressing. Despite being after the earthquake, actually we have had 30 or so applications. As this shows that foreign businesses still have an interest in Japan despite the fact that Japan is in such a difficult situation at the moment, we would like to steadily keep working on it also from the perspective of a countermeasure against the hollowing-out of industry.

In addition to the above, as I was told that this program will also be defined in the “Basic Strategies for Revitalization of Japan”, we would like to do our best in getting this program finalized and approved while continually cooperating with relevant ministries and agencies. So, to finish off my speech, let me say that it would be really appreciated if you could help us out with this today. Thank you for your attention.

2. Briefing on “Program for Promoting Japan as an Asian Business Center and Direct Investment into Japan (draft)”

○ Mr. Umetani, Director General for Economic and Fiscal Management, the Cabinet Office, gave a briefing on the above based on the reference materials.

3. Discussion

○ Mr. Kii, Parliamentary Secretary for Education, Culture, Sports, Science and Technology

I’m Takashi Kii, Parliamentary Secretary for Education, Culture, Sports, Science and Technology.

I would like to say just a few words. Just a moment ago, Mr. Kitagami, the Parliamentary Secretary, talked about the location subsidy scheme. However, along with the issue of business related matters, when they decide to shift their operation there, in addition to investment, there must be people going too. I think the challenge for us is what sort of relationship we are going to create with these people and how we will accept/accommodate them; this is, in my opinion, the reverse side of the coin, and an important aspect of this program.

In this context, I think the involvement of the Ministry of Education, Culture, Sports, Science and Technology would be very important: firstly, in terms of cultivation of global human resources, i.e., to increase the number of people who would be able to get directly involved. Then, in relation to the acceptance/accommodation point mentioned above, it may be that we cannot provide services as good as the so-called “omotenashi” Japanese way of exquisite hospitality, but we should still be able to get to the level where foreign nationals can adapt smoothly to the living environment in this country as a resident. We would like to provide such assistance.

Thus, while we will, as a matter of course, try to cultivate global human resources including the promotion of overseas study, internationalization of colleges and universities, and improvements in English education, if, when we accept them, there aren’t any state-of-the-art R & D facilities with which they aim to collaborate, it would not make any sense for them to go the all the effort of sending people over here. I think that here we should make it clear that unless we can understand the point of forming connections with other people, it will never succeed.

In addition to the above, if it is the case that many visitors are not familiar with Japanese culture or language, I think that we should consider a broader and more flexible Japanese language education than the one we are currently providing, which is from a rather narrow perspective, as a measure to address the problems faced by the foreign workers who came from overseas countries such as Brazil. Assuming that we can make a significant

contribution to providing a suitable environment for investment into Japan from the above-mentioned perspectives, the Ministry of Education, Culture, Sports, Science and Technology has factored the costs for such a program into the budget request for the next fiscal year. In this way, we would like to collaborate with other ministries in making a contribution to this cause.

This is all I wanted to say.

○ Mr. Ogushi, Parliamentary Secretary for Cabinet Office

Mr. Kii, thank you very much for your comments on those issues. With respect to the so-called human care aspect of the program, on this occasion, I believe that we have attached a lot of importance and given it a considerable amount of consideration.

One more thing: we have launched a conference, starting today, as the center of national strategies and coordinated by the Senior Vice-Minister for development of global human resources. It is our hope that we can engage in the above as a well-managed collaboration. We ask for your cooperation with this.

○ Mr. Hirai, Executive Vice President, Japan External Trade Organization (JETRO)

Hello! I'm Hirai from JETRO.

As included in the program, JETRO would like to implement a range of measures such as attracting high value-added sectors, further strengthening one-stop services, and conducting proactive public relation activities targeting overseas countries. In light of this, it would be appreciated if your ministry or agency could cooperate with these activities as much as possible.

4. Finalization of "Program for Promoting Japan as an Asian Business Center and Direct Investment into Japan"

○ The "Program for Promoting Japan as an Asian Business Center and Direct Investment into Japan" was finalized/authorized at the Conference on Promoting Japan as an Asian Business Center and Direct Investment into Japan

5. Closing address

○ Mr. Ogushi, Parliamentary Secretary for the Cabinet Office

Thank you very much for assisting us with the successful finalization/approval of this program as per the target deadline of the end of the year.

As I take it your ministries and agencies are all well aware of the importance of promoting Japan as an Asian business center and direct investment into Japan, all we have to do is to implement these measures. I would like to see further implementation concerning those categorized as B or C.

In carrying out this initiative, as we are collaborating with our party as well, we are also communicating with the office of Mr. Naoshima and Mr. Kondo, who are in charge of the

New Growth Strategy for the party. The party told me that, as this is a crucial area that we have been working on, we should, as pointed out by Mr. Kii today, take one thing at a time and move forward step by step, incorporating any important items as they emerge.

Therefore, what we would like to do from now on is to keep heading towards our goal while maintaining close communication with the members of the ruling party. So, it would be appreciated if you could keep working with us in the future as you have in the past. Thank you again for your time today.

(The end)