

Statement of the Japan Investment Council

— Toward an Age of Diversified Ideas through Foreign Direct Investment in Japan —

April 27, 1999

Japan Investment Council

The Government of Japan welcomes foreign direct investment in Japan with open arms, based on the recognition that greater inward direct investment contributes to the balanced development of the global economy and the revitalization of the Japanese economy.

We are on the threshold of the 21st century, when people, capital, technology and information will flow freely in a highly networked society. In this context, promoting inward direct investment will link ideas from around the world to produce new management and technology systems, create jobs where individuals can contribute their talents freely, and bring about a society where a diverse choice of good-quality, inexpensive goods and services is available.

The investment climate in Japan has improved remarkably over the past few years. The government, on its part, has taken steps to create an environment conducive to vigorous corporate activity, by modifying government systems relating to business management and promoting deregulation, and also by lowering the effective corporate tax rate to around 40%, an internationally comparable level. On top of it, the Expert Committee of the Japan Investment Council has presented recommendations after intensive discussions on the policies of promoting inward direct investment. In addition, “the Working Group on Investment and Buyer-Supplier Relationships under the Framework for a New Economic Partnership” between Japan and the United States will soon issue its report aimed at improving the investment environment in the two countries, and the measures to be mentioned in the report, which contribute to improving the investment environment, also benefit other countries.

Other factors promoting foreign direct investment in Japan are lower investment costs, relating to land and so on, and the increasing interest among job-seekers in working for foreign-affiliated companies. The awareness that foreign businesses are important partners is also spreading in the private sector. Consequently, inward direct

investment has soared, registering 2.2-fold growth in 1998 over the previous year. It is necessary to accelerate further such a trend of increasing inward direct investment.

The Government of Japan hereby declares that no effort will be spared to further promote inward direct investment, based on the “Seven Recommendations for Promoting Foreign Direct Investment in Japan,” a report by the Expert Committee of the Japan Investment Council, in full belief that expansion of inward direct investment is indispensable for the creation of an age of diversified ideas in the 21st century.