

Interim Report
(Direction of Initiatives)

December 23, 2022
Cabinet Office

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- The Government of Japan aims to grow its economy by reaching out to the rest of the world through the free movement of people, goods, and capital across borders. To this end, it will formulate a “New Action Plan” around the spring of 2023 to attract human and financial resources from overseas in a way that will lead to Japan’s revitalization of local economies and societies as well as economic development based on three pillars, namely (1) strengthening growth sectors that are attractive to overseas players, (2) improving business environment to incorporate overseas human and financial resources, and (3) strengthening dissemination of information and promotions for overseas markets.
- Toward formulating the Action Plan, we compiled this "interim report" on the direction of initiatives at the Working Group’s third meeting held on Dec. 23, 2022.
- From the beginning of next year onwards, the Working Group will proceed with concretizing details for each measure and will follow up with and re-examine the current targets and KPIs. Then, the Working Group will compile a draft Action Plan within the end of this fiscal year (March 2023) as a target and decide the Action Plan at the meeting of the Council for Promotion of Foreign Direct Investment in Japan.
- From 2023, the Government of Japan plans to boldly increase investments in Japan by implementing this Action Plan and disseminating its information at the top level events such as the G7 Summit scheduled for the spring of 2023 and other opportunities.

Table of Contents

1. Strengthening Growth Sectors that are Attractive to Overseas Players

- Attract startups, investors, and venture capitalists around the world
- Improve the business entry environment, including easing residency requirements for foreign entrepreneurs
- Promote investment, especially in key sectors such as semiconductors, biotechnology, GX, DX, etc.
- Attract human and financial resources contributing to revitalization of local economies and societies etc.

2. Improving Business Environment to Incorporate Overseas Human and Financial Resources

- Promote welcoming highly skilled foreign professionals
- Promote welcoming foreign exchange students and support their establishment in Japan
- Improve investment predictability
- Establish international financial centers in Japan (e.g., assistance for starting up a corporation)
- Improve business and living environments, such as digitization of administrative procedures etc.

3. Strengthening Dissemination of Information and Promotions for Overseas Markets

- Stimulate investment in Japan through “re-opening of Japan” promotional activities, etc.
- Strengthen drastically the roles and missions of the Japanese embassies, JETRO, and other Japanese government agencies abroad (e.g., proactive pitch led by the heads of the Japanese embassies.)
- Strengthen top-level communications and promotions, taking advantage of opportunities such as the G7 Summit etc.

1. Strengthening Growth Sectors that are Attractive to Overseas Players

(1) Creating promising startups and attracting foreign startups

- Expand the Global Startup Acceleration Program, with support from overseas accelerators, to develop business strategies, mentoring with experts, and network expansion for domestic startups. 【CAO, METI】
- Establish a Global Start-up Campus based on public and private funds that combines international joint research and incubation functions in the field of deep tech by attracting top overseas universities and inviting outstanding researchers, etc. 【CAO】
- Create and disseminate model / template contracts that are consistent with global standards, while taking into account the actual practices of foreign investors, among others, to facilitate a world-class environment that enables foreign investors and top global talent both in Japan and abroad to easily do business in Japan's startup ecosystem. 【METI】
- Promote collaboration between foreign companies including startups and Japanese companies and attract such foreign companies to Japan by utilizing projects that support foreign companies' entry into the Japanese market and the Japan Innovation Bridge (J-Bridge). 【METI】
- Strengthen connections between overseas and Japanese startup stakeholders through business matching and other activities, by organizing events in Japan that would invite the world's leading venture capitalists, institutional investors, and prominent entrepreneurs to Japan. 【METI】
- Dispatch young entrepreneurs to Silicon Valley who aspire to launch startups that would challenge the global market (the number of people to be dispatched to expand from 20 to 200 people per year, with a target of 1,000 per year over the next five years). 【METI】 etc.

(2) Attracting foreign investors and venture capital

- Enhance limited liability investment to be made into domestic and foreign venture capital with public funds, such as the SME Support Japan, Japan Investment Corporation and others. 【METI】
- Establish a new fund of 100 billion yen for the coverage of 5 years (20 billion yen per year), which triples the current amount of 6 billion yen per year, as a measure to strengthen the support of the New Energy and Industrial Technology Development Organization (NEDO) for R&D-oriented startups, to increase the subsidy cap, expand the support menu and increase the number of eligible venture capitalists including overseas venture capitalists. 【METI】
- Expand support for practical application and development not only in the field of infectious diseases but also in the field of drug discovery, for which the financing is difficult, and strengthen the drug discovery venture ecosystem as well as aim at reinforcing connections with advanced ecosystems overseas. 【METI】
- Promote the introduction of fair value assessment (market value assessment) for private equities held by funds, enable international comparisons for the performance of Japan's venture capital and clarify the practical treatment of audit considerations and accounting procedures for venture capital. 【FSA】 etc.

(3) Relaxing residency requirements for foreign entrepreneurs and investors

- With respect to the foreign entrepreneurial activity promotion project (METI startup visa), enable not only local governments but also private organizations such as venture capitalists and accelerators authorized by the government to conduct the confirmation procedure and aim to extend the maximum period of stay. 【CAO, MOJ, METI】
- With respect to the special exception for co-working spaces, etc. in the foreign entrepreneurship promotion project (special zone start-up visa), consider whether or not to expand the roll-out nationwide, including making the exception available for the METI startup visa, as well as expand the types of applicable facilities, and to relax the requirement of the size of business for renewal applications for the residence status in the "Business Manager" category. 【CAO, MOJ, METI】 3

1. Strengthening Growth Sectors that are Attractive to Overseas Players (cont.)

(3) Relaxing of residency requirements for foreign entrepreneurs and investors (cont.)

- Take necessary measures to enable foreign entrepreneurs who have obtained a startup visa to open a bank account promptly after landing. 【CAO, FSA, MOF】
- Facilitate the granting of residence status to foreign angel investors. 【MOJ, METI】 etc.

(4) Promoting investment especially in key sectors such as semiconductors, biotechnology, GX, DX, etc.

- Promote investment, including that by foreign companies, in strategically important sectors, while utilizing the following investment promotion support measures, among others. 【METI, MIC】
 - Advanced Semiconductor Production Infrastructure Development Fund
 - Fund for Projects Supporting the Resilience of Supply Chains for Critical Goods in Response to Changes in the Economic Environment
 - Fund for Projects to Establish Biopharmaceutical Production Bases to Strengthen Vaccine Production Systems
 - Projects to promote biotechnology manufacturing revolution
 - Projects to develop regional data center bases
 - Fund for Research and Development Projects for Enhancing Post-5G Information and Communication Systems Infrastructure
 - Innovative Intelligence Communication Technology (Beyond 5G (6G)) Fund Projects
 - Green Innovation Fund
- Build national momentum for the expansion of domestic investment nationwide through the Public-Private Partnership Forum for Expanding Domestic Investment.
- Improve the market environment for sustainable finance (establishment of an ESG bond information platform in cooperation with the Japan Exchange Group (JPX), development of an environment for the promotion of transition finance (enhancement of technology roadmaps by sectors, etc.), enhancement of corporate disclosure on sustainability, etc., expansion of ESG products with equity features and promotion of impact investment, etc.) 【FSA, METI, MOE】
- Establish an environment that would improve consultation and access from overseas companies regarding support for the commercialization of new products subject to the Pharmaceutical Affairs Law, targeting medical ventures, etc. 【MHLW】
- Promote matching between overseas agriculture, forestry, fisheries, and food-related companies and Japanese companies and research institutions in order to promote efforts to attract foreign investment in the food tech sector. 【MAFF, METI】 etc.

(5) Attracting human and financial resources contributing to revitalization of local economies and societies

- Strengthen matching support to promote the retention of foreign companies that have already made market-entry in Japan and their secondary investment in local regions through the Support Program for Foreign Companies to Set Up Business in Japan and J-Bridge, etc. 【METI】
- Support local governments' promotional activities toward overseas companies as well as other activities to attract them to establish in the region through the Digital Garden City State Grant. In addition, externally communicate the attractiveness of the regions as investment destinations related to the Digital Rural City State concept, taking advantage of various opportunities such as international publicity and the Osaka-Kansai Expo. 【CAS, CAO】
- Promote FDI in Japan by utilizing super city-type national strategic special zones, etc. 【CAO】 etc.

2. Improving Business Environment to Incorporate Overseas Human and Financial Resources

(1) Promoting welcoming highly skilled foreign professionals

- Develop concrete measures to promote the acceptance of highly skilled foreign professionals to promote reforms, including the creation of a new system at a world-class level. For expanding the acceptance of highly skilled foreign professionals, assess and examine issues, including taxation, regulations, and other institutional aspects, and take necessary measures. 【CAS, MOJ, METI】
- Provide continuous underlying support to Japanese companies from the recruitment of high-level foreign professionals to their success in Japan. 【METI】
- Support Japanese companies and Japanese-affiliated companies overseas to acquire highly skilled foreign human resources (through job fairs held mainly in Southeast Asia) 【METI】
- For the Promotion of collaboration between overseas human resources with advanced technology and expertise and Japanese startups, create an environment that enables overseas human resources to play an active role, by attracting overseas human resources and creating opportunities for exchange of Web 3.0 human resources between Japan and overseas in cooperation with the private sector. 【METI, Digital Agency】 etc.

(2) Promoting welcoming foreign exchange students and supporting their establishment in Japan

- Promote initiatives to support young people to study abroad, such as the further development and promotion of "Tobitate! (Leap for Tomorrow) Study Abroad Initiative" that promotes study abroad for students with ambitions. 【MEXT】
- Through JICA's program, promote the acceptance of foreign students from developing countries to Japanese graduate schools and internships at domestic companies. 【MOFA】
- Strengthen support for employment and entrepreneurship of international students at universities, etc. through programs to promote employment of international students. 【MEXT】
- Strengthen collaboration to support foreign students in finding and retaining employment and starting their own businesses by, for example, forming a consortium consisting of local governments, universities, economic organizations, etc. in the region. 【METI, MEXT】
- Through the University Globalization Program and other measures, support inter-university exchanges with quality assurance among countries and regions of strategic importance to Japan, and also promote the acceptance of excellent foreign students. 【MEXT】
- Drastically reinforce support for universities that engage in thorough globalization, including the establishment of courses in English, enhancement of English-language education, and the appointment of foreign personnel, to develop global human resources that can have international bandwidth. 【MEXT】
- Accelerate the development of shared-use content on JV-Campus, which is an online international education platform originating from Japan, and build a foundation to serve as a hub for attracting international students. 【MEXT】 etc.

(3) Responding to the shortage of professional human resources

- Consider adding areas for status of residence in the "Specified Skilled Worker" category and simplifying the procedures related to such category. 【MOJ, CAO】
- Develop 2.3 million persons for digital human resources in 5 years. 【CAS, MHLW, MEXT, METI, etc.】 etc.

(4) Improving investment predictability

- The purpose of the Economic Security Promotion Act, policy details thereof and specific procedures for systems based on this Act shall be sufficiently communicated, publicized and informed to the public, including business operators and others. Depending on the measures, two-way communication should be proactively aimed through the establishment of offices that provide detailed consultation services to those subject to the measures, the announcement of Q&A regarding the implementation of the measures, etc. In doing so, consideration should be given to the preparation of materials that accurately convey the intent of the law, etc., both internally and externally. In addition, the status of implementation of systems based on this Act will be announced to the public, including the Diet, and sufficient explanation will be provided. 【CAO】 etc.

2. Improving Business Environment to Incorporate Overseas Human and Financial Resources (cont.)

(5) Establishing international financial centers in Japan

- Establish a forum to hear and consider opinions from a wide range of stakeholders, including foreign investors, and compile an "Action Program" to promote corporate governance reform in practical terms by the spring of 2023 as targeted. 【FSA】
- Actively proceed with direct approaches to overseas business operators and hearings on their needs, etc., while accurately grasping potential needs and issues related to their entry into Japan at all times, effectively and strategically expand PR channels such as major foreign media as well as enhance the dedicated "International Finance Center" website, etc. 【FSA】
- Strengthen the functions and structure of the "Financial Market Entry Office" that conducts registration examinations and supervision in English, and aim to provide administrative services that further stand with overseas financial businesses and provides new support for credit guarantees. 【FSA, MOF, METI】
- Identify issues that are regarded as obstacles to entry into Japan from the perspective of overseas highly skilled financial personnel and financial businesses, as well as various taxation issues for developing an "international financial hub," and take actions for necessary reviews. 【FSA】 etc.

(6) Improving business environment

- Promote digitization of regulatory and administrative procedures by utilizing cutting-edge digital technologies (eliminate approximately 10,000 analog regulations in two years, through June 2024 as targeted). 【Digital Agency】
- Facilitate the opening of bank accounts for foreigners and foreign companies through efforts such as publicly making available in English of the standard procedures for opening bank accounts in cooperation with JETRO. 【FSA, METI】
- Review the proper treatment for indication of the address of the representative of a corporation in the commercial register, taking account of the purpose and objectives of the system, while considering the balance between the public interest gained by allowing access to information and the protection of personal privacy, including the case where information is viewed digitally. 【MOJ, Digital Agency】
- Take a measure to exclude cryptographic assets issued and held by corporations themselves that are subject to certain transfer restrictions from the year-end fair value taxation for corporate income tax purposes. 【FSA】
- For improving the location environment for companies, promote the development of ports and DX as well as GX, and by aiming at enhancing the international competitiveness of ports, engage in the creation of ports that will be chosen by shippers and shipping companies. 【MLIT】
- Set new KPIs and provide foreign language translations of the Japanese laws and regulations. In addition, aim to revitalize international arbitration. 【MOJ】
- With a view to improving the environment for collecting requests from overseas business operators, engage in facilitating English-language support for various procedures (public comment process, no-action letter, gray zone elimination system and sandbox system, etc.) related to the review of regulations and deregulation. 【CAS, CAO, MIC, METI, etc.】
- In accordance with the Digital Garden City State Infrastructure Development Plan, promote the development of optical fiber, 5G and data centers, etc. to achieve the world's highest level of telecommunications environment. 【MIC】
- Provide consultation support to companies that intend to introduce remote working and conduct educational programs on remote working, as well as conduct pilot programs to solve regional issues through remote working (new KPI on telework introduction rate, etc. will be set). 【MIC】 etc.

(7) Improving living environment for foreign people

- Enhance information on international schools, including boarding schools overseas, and understand the actual situation. Strengthen the dissemination of information by JETRO that contributes to the establishment of foreign residents' lives and businesses, including international schools. 【METI, MEXT】
- Support the enrollment of foreign children in schools and promote the development of the educational environment, including the establishment of a Japanese language instruction system in schools. 【MEXT】

2. Improving Business Environment to Incorporate Overseas Human and Financial Resources (cont.)

(7) Improving living environment for foreign people (cont.)

- For realization of a society in which foreigners and other people can live together in harmony with Japanese people, develop an environment for an accreditation system for Japanese language education institutions and a new qualification system for Japanese language teachers to maintain and improve the quality of Japanese language education. 【MEXT】
- Promote multilingual and online accessibility in medical facilities. 【MHLW】
- With respect to the lifting of the ban on the consultation services of foreign doctors under the National Strategic Special Zone System, consider horizontal development, such as expanding the target countries, the number of doctors, and medical institutions, reflecting the needs of local governments in the special zones. 【CAO】
- For improving the environment to accommodate foreign visitors to Japan, support the enhancement of functions to accommodate foreign patients who are visiting Japan (e.g., the installation of translation equipment), and enhance crisis management capabilities at tourist facilities and medical institutions (e.g., strengthening of multilingual support). 【MLIT】
- Improve convenience and expand use of electronic declaration gate for customs procedures. 【MOF】
- Digitalization of certificates for entry into the country accompanied by pets (dogs, cats, etc.). 【MAFF】 etc.

3. Strengthening Dissemination of Information and Promotions for Overseas Markets

(1) Stimulating investment in Japan through “re-opening of Japan” promotional activities, etc.

- Conduct large-scale “re-opening of Japan” promotions targeting overseas companies, and invite executives from overseas companies to Japan, matching them with potential collaborators, and supporting feasibility studies for collaboration in Japan. 【METI】

(2) Strengthening drastically the roles and missions of the Japanese embassies, JETRO, and other overseas agencies abroad

- Strengthen the FDI promotion system centered at overseas Japanese embassies, JETRO, and other overseas institutions under the top management of the heads of overseas diplomatic missions, consider a mechanism to enable follow-ups on progresses and results at the high-level on a regular basis, and concretize details aimed to be put into practice starting in early 2023. 【MOFA. CAO. METI, etc.】
- Reinforce the information dissemination system for foreign companies through the Office of Invest Japan in cooperation with relevant ministries and agencies and JETRO. 【CAO】

(3) Strengthening of external communications

- Effectively publicize to foreign businesspersons the “reopening of Japan” shifting away from border controls by implementing comprehensive activities in cooperation with overseas PR firms, etc., including promotions through the overseas media. 【CAS, CAO, METI, etc.】
- Further improve the convenience of the “Visit Japan Web,” which enables various procedures related to entry into Japan, and enhance external communication thereof. 【Digital Agency, MLIT, etc.】
- Conduct various promotions, such as communicating Japan's attractiveness and holding meetings to promote FDI in Japan at the top level, taking advantage of various economic and diplomatic opportunities such as the G7 Hiroshima Summit and related ministerial meetings during the next year, the Commemorative Summit for 50th Year of ASEAN-Japan Friendship and Cooperation and the Osaka-Kansai Expo in 2025. In particular, given that Japan will be the Chair of the G7 Summit in 2023, pursue promotional opportunities to stimulate bold foreign investment in Japan, including extending invitations to top executives of foreign companies and others to visit Japan. 【CAO, MOFA, METI, etc.】 etc.