

Future Activities of the Working Group for Revising Regulations and Administrative Procedures

Simplification of the regulations and administrative procedures relevant to foreign direct investment in Japan

- A large number of foreign companies have pointed out that administrative procedures and regulations in Japan are hindering them from making investments in Japan.
- In response, the Working Group for Revising Regulations and Administrative Procedures, which is held within the Council for Promotion of Foreign Direct Investment in Japan, will discuss measures to simplify the regulations and administrative procedures relevant to the investment activities conducted by foreign companies in Japan.
- Matters on which conclusions can be reached early on will be addressed ahead of others by deciding on concrete measures by the end of this year and promptly implementing them. Other matters will be discussed and drawn conclusions within one year as to how regulations and administrative procedures that are deemed too complex for foreign companies can be reviewed and simplified.

For the above, relevant descriptions were made in the “Policy Package for Promoting Foreign Direct Investment into Japan to Make Japan a Global Hub” (adopted by the Council for Promotion of Foreign Direct Investment in Japan on May 20, 2016), “Basic Policy on Economic and Fiscal Management and Reform 2016” and “Japan Revitalization Strategy 2016”.

Results of the Questionnaire Survey Conducted by JETRO (Preliminary Report)

- This June, JETRO sent a questionnaire form to about 1,300 foreign companies and received replies from about 200 of them.
- With regard to the factors that hinder foreign companies from doing business in Japan, the number of respondents who chose "procedures related to the status of residence" was the largest, followed by "taxation-related procedures " and "procedures related to product safety standards (including pharmaceuticals and medical equipment)." Procedures regarding social insurance, labor affairs, international trade and company registration were also chosen by a relatively large number of respondents.

		Inhibiting factors								Total
		Complicated administrative procedures	Too many regulations/strict licensing systems	Incompatibility of domestic regulatory and licensing systems with international systems	Unclearness about contacts for filing applications	Lack of information about preferential systems and support services	The procedures cannot be done online	Others	Unselected	
Procedures and systems related to inhibiting factors	Procedures for company registration (including certification of the articles of incorporation)	13	5	0	1	1	4	0	1	25
	Taxation-related procedures (for corporate, inhabitant and other taxes)	19	7	7	3	8	7	1	0	52
	Procedures for social insurance (employment insurance, pension and others)	12	6	3	9	1	7	0	0	38
	Labor affairs-related procedures (so-called 36 Agreement, employment regulations and others)	13	10	7	3	2	0	1	1	37
	Procedures related to the status of residence (visas)	15	15	8	4	3	8	1	0	54
	Procedures for intellectual properties (applications, examinations and others)	6	3	1	2	2	3	1	0	18
	Trade-related procedures (customs, import/export declarations and others)	6	9	10	2	4	5	0	1	37
	Procedures to obtain building permits and others	3	6	2	2	1	3	0	0	17
	Procedures related to environmental regulations (environmental assessments and others)	1	3	4	1	1	0	0	0	10
	Procedures concerning product safety standards and others	5	19	16	3	1	4	2	0	50
	Others	7	8	6	3	5	4	5	0	38
	Unselected	5	4	0	3	2	3	0	198	215
	Total	105	95	64	36	31	48	11	201	591

Issues for Foreign Companies and Others

1. Registration for incorporation of a company

- For foreign nationals who have no address in Japan, it is necessary to obtain a certificate of signature instead of a certificate of a seal impression.
- For registering to establish a stock company, it is necessary to pay the capital through a financial institution and submit the certificate issued by the institution. It is, however, difficult for a foreign corporation or person with no local address to open a bank account in Japan.

2. Certificate of eligibility for resident status

- It takes time to obtain/update the certificate, and the length of which cannot be estimated.
- Applicants need to visit the relevant governmental office to carry out the procedures.

3. Taxation, social insurance and labor affairs

- Notifications need to be made to each relevant governmental office when establishing a corporation, etc.
- The systems and procedures are complicated and enough information is not provided in English.

4. Import and sale of products

- When importing cosmetics and tableware, it is necessary to conduct complicated procedures, including notifying, testing and meeting requirements related to quality labeling.
- Data obtained abroad cannot be used due to the unique standards in Japan.

5. Others

- Documents written in foreign languages need to be translated into Japanese for submission.
- For procedures regarding the licensing systems enforced in individual business fields in Japan, strict requirements need to be met and much time is needed to follow the relevant procedures.

Schedule (Planned)

August 17, 2016:

First meeting of the Working Group (WG) on the steps to be taken the WG and the procedures relative to register new company

September to November, 2016:

Several meetings of the WG to discuss individual items

December, 2016:

- Meeting of the WG to decide on concrete measures for items to be implemented earlier
- Meeting of the Council for Promotion of Foreign Direct Investment in Japan, in which concrete measures decided upon by the WG will be reported

January to May, 2017:

- Several meetings of the WG to discuss ongoing items (decided by December) and new items

Possibly June, 2017:

- Meeting of the WG to decide on concrete measures for the targeted items
- Meeting of the Council for Promotion of Foreign Direct Investment in Japan, in which concrete measures decided upon by the WG will be reported