

Action Plan for Attracting Human and Financial Resources from Overseas

(Adopted by the Council for Promotion of Foreign Direct Investment in Japan; April 26, 2023)

Tentative
Translation

I . Basic Ideas

- For the past 30 years, Japanese companies have cut costs and increased the ratio of overseas production against the backdrop of stagnant domestic demand under deflation and cost competition with emerging economies, resulting in a lack of domestic investment and in suppressed wages.
- In the midst of historical global changes with the conventional orders transformation, a number of changes in the domestic and international environment create opportunities for growth. As global supply chains show the sign of reshuffling, it is important to establish Japan as a center of production and research (exchange of knowledge), and to promote the enhancement of innovation and growth through expanding domestic investment and promoting R&D.
- With wages on the rise for the first time in 30 years and Japanese companies that show increasing willingness to invest in Japan, we will create a virtuous cycle of sustained growth and distribution by proactively bringing in people, goods, money, and ideas from overseas, while first, strengthening growth potential by expanding domestic investment and promoting R&D, and second, raising wages by securing markup rates through price transfers, as the "two wheels of a cart."
- Based on this recognition, we will aim to further raise the inward FDI target from 80 trillion yen in 2030 and set a new target of 100 trillion yen at an earliest date, by promptly implementing this Action Plan.

* Inward FDI of Japan is 46.6 trillion yen at the end of 2022 (preliminary)

II . Specific Undertakings

- By implementing this Action Plan, which consists of the following five pillars, we will contribute to sustainable growth of the Japanese economy and revitalization of regional economies (see attached).
- 1. Stimulating investment in strategic sectors and restructuring global supply chains in light of the changes in the international environment**
 - 2. Strategies for the formation of Asia's largest startup hub**
 - 3. Attracting highly skilled foreign professionals, and improving the system for establishing a center for global knowledge exchange**
 - 4. Improving the business and living environment to attract human resources and investment from overseas**
 - 5. Fundamentally strengthening all-Japan's efforts for the mechanism to attract investment and to follow up this Action Plan, and globally disseminating these undertakings on the occasion of the G7 and other international events**

1. Stimulating investment in strategic sectors and restructuring global supply chains in light of the changes in the international environment

○ Given the drastically changing international environment, provide an optimal environment for business in global competition, and revive Japan as attractive global center for production and research. Reconstruct resilient supply chains against various global economic risks through strategic international collaboration

⇒ **Strategic development of industrial projects utilizing a range of subsidial funds; nation-wide establishment of investment consortiums combined with human resource development projects through industry-academia-government collaboration**

2. Strategies for the formation of Asia's largest startup hub

○ Make Japan the largest startup hub in Asia, develop a global startup ecosystem that could gather entrepreneurs, VCs, and accelerators from abroad.
○ Based on the Startup Development Five-Year Plan, boldly accelerate the improvement of the startup environment in Japan, including improving the convenience of startup visas.

⇒ **Concentrated support for 8 Startup Ecosystem Base Cities, and efforts to make visas for foreign entrepreneurs more convenient**

3. Attracting highly skilled foreign professionals, and improving the system for establishing a center for global knowledge exchange

○ As competition in attracting human resources with advanced knowledge and skills supporting innovation intensifies around the world, strengthen efforts to make Japan a global center of knowledge that attracts highly skilled human resources and generates innovations.

⇒ **Establishment of world-class new residency qualification systems (Japan System for Special Highly-Skilled Professionals (J-Skip), Japan System for Future Creation Individual Visa (J-Find)), examination of Technical Intern Training System and Specified Skills System, promotion of the Global Startup Campus concept, and consideration for a system accepting “digital nomads”**

4. Improving the business and living environment to attract human resources and investment from overseas

○ Set KPIs with timeframes and accelerate efforts to develop a business-friendly environment that attracts human resources and investment from overseas, including support for foreign business startups, and to improve living environments such as education and medical care.

○ Establish a core international financial center in Asia and develop an environment to promote GX investments and lending. In addition, strengthen efforts to expand inbound tourism in the new era.

⇒ **Enhancement of functions as an international financial center, systemic promotion of GX investments and loans, enhancement of multi-lingual one-stop consultation service, improvement of educational environment (e.g., facilitating international school students to enter Japanese high schools), medical environment (e.g., building a nationwide platform to provide information on hospitals with multilingual services), and expansion of inbound tourism (e.g., attracting MICE (meetings, incentive travel, convention and exhibitions))**

5. Fundamentally strengthening all-Japan's efforts for the mechanism to attract investment and to follow up this Action Plan, and globally disseminating these undertakings on the occasion of the G7 and other international events

○ Attract strategic investments that contribute to job creation and value-added creation, fundamentally strengthen all-Japan's efforts for the mechanism to attract investment and to follow up this Action Plan through collaboration among the relevant ministries, industry-academia-public sector, and national and local governments, ranging from the stage of attracting investment at overseas bases to the stage of foreign companies actually rooting in the regions in a manner that benefit the regions (Set KPIs and execute PDCA cycle.)

⇒ **Establish an “FDI Task Force” through collaboration at the level of heads of diplomatic missions and JETRO overseas offices; Establish a “Follow-up Council for Regional Investment Promotion” to examine region-specific measures to attract foreign companies to the regions and promote their establishment and follow-on investment in the region;**

Establish a “Task force for Attracting Human and Financial Resources from Overseas” at the level of vice-ministers of respective relevant ministries to follow up on the outcomes of initiatives, issues, etc., and execute a PDCA cycle; and

Hold business summits with the participation of top executives from foreign companies