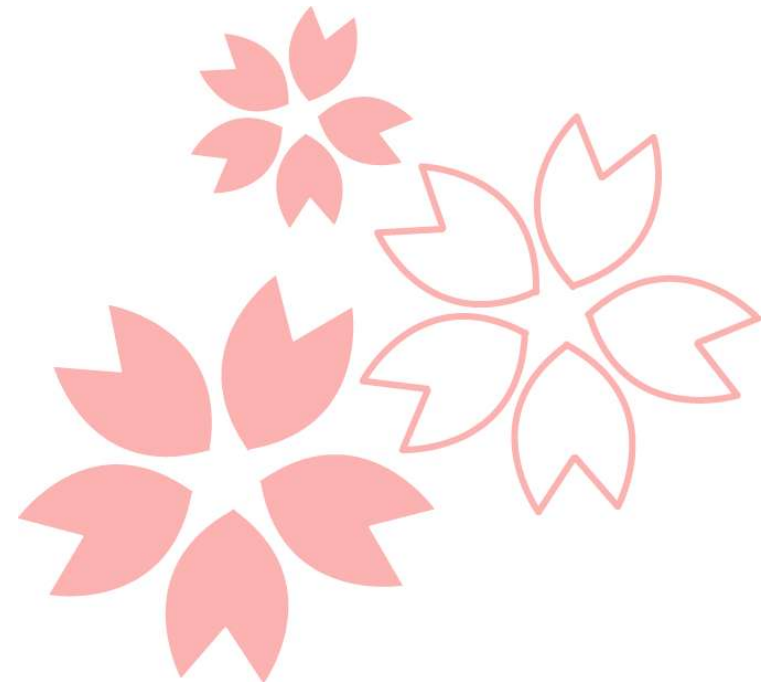


Seminar on Facilitating Indian Investments in Japan

Advantages of Doing Business in Japan

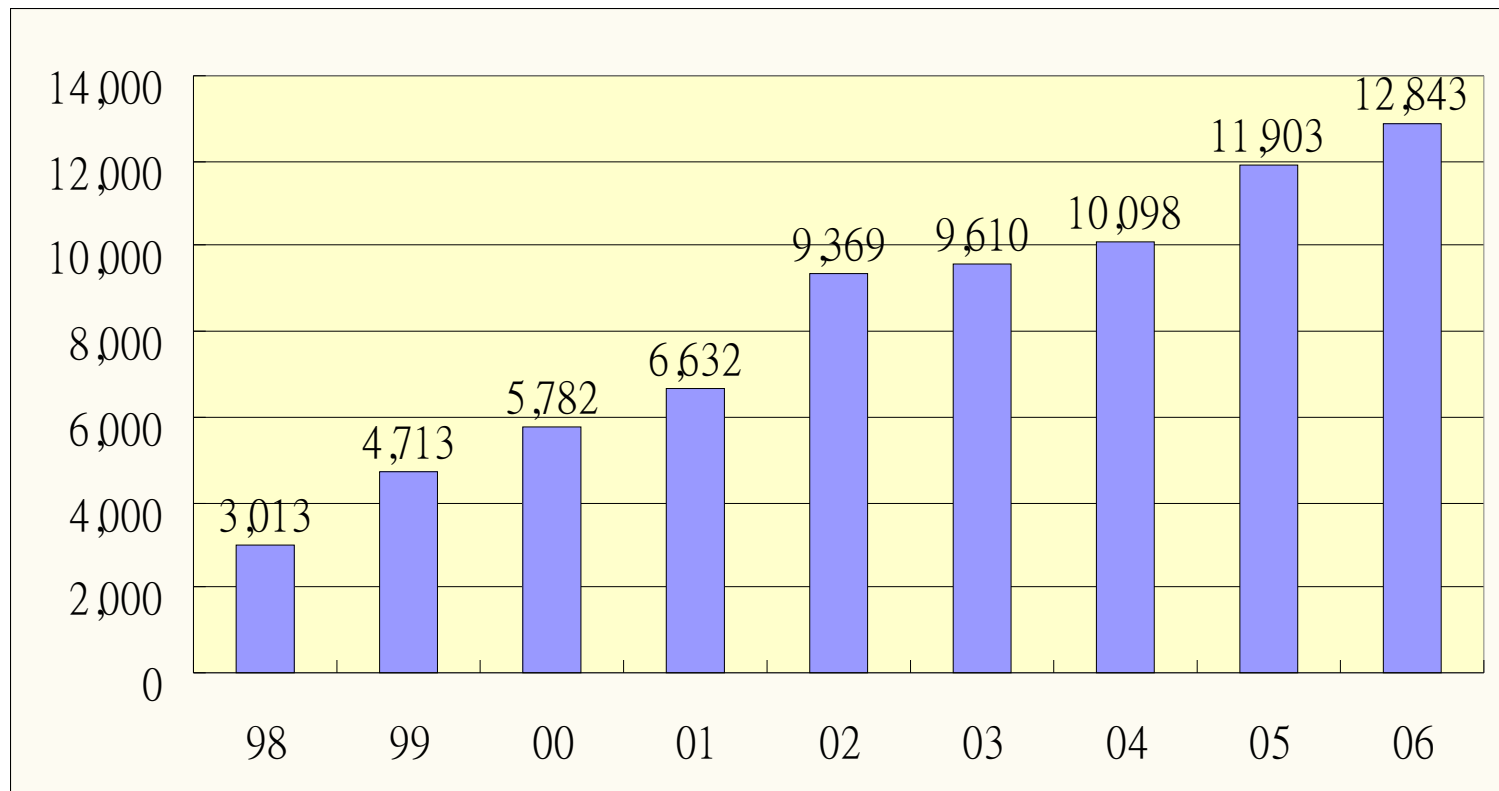
August 13, 2007

Kazumasa KUBOKI
Director General,
Japan External Trade Organization
(JETRO), Bangalore



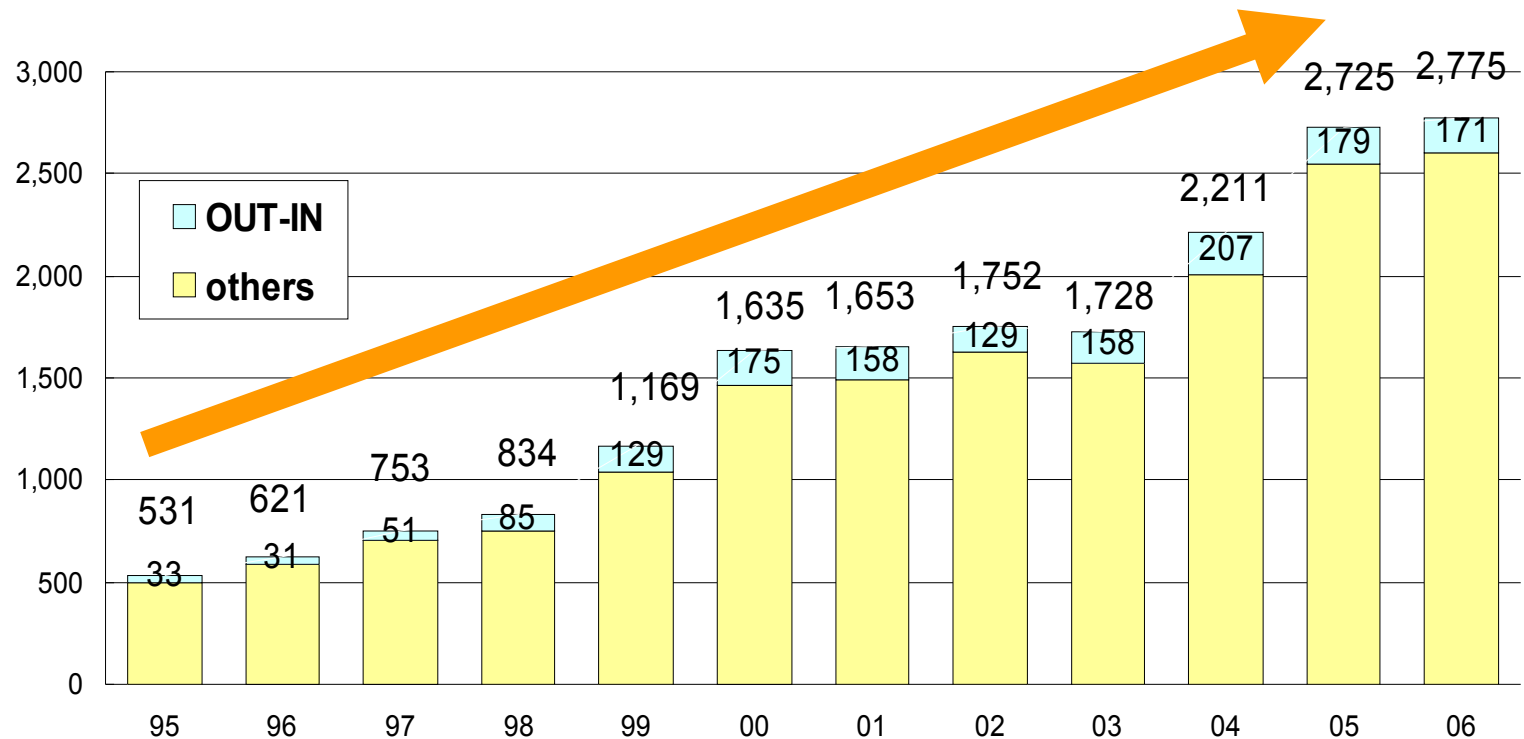
Increasing Japan's Inward FDI Stock

(Billion Yen)



Note: Western Europe consists of 10 countries (UK, Germany, France, Netherlands, Italy, Belgium, Luxembourg, Switzerland, Sweden and Spain)
Source: Ministry of Finance and Bank of Japan: "Regional Direct Investment Position and Regional Portfolio Investment Position"

Increase in M&A



EXAMPLES of M&A (OUT-IN)

2003	Merck	Banyu Pharmaceutical
2004	Colony Capital	Fukuoka Daiei Real Estate
2005	AIU, others	Royal Sun Alliance
2006	Volvo	Nissan Diesel

Sources : RECOF, THOMSON

Examples of Indian Firms Expanding in the Japan Market

ICT

Covansys, Cades, HCL, i-Flex, i-Gate, Infosys, L&T, Mastek, Mind Tree, Network Program, NIIT, Nucleus, Patni, Pentasoft, Polaris, PSI, Satyam, Savy, SRM, TCS, Tata Elxsi, Wipro, ZenSar, (Total 70 – 80 firms)

Pharma

Ranbaxy, Torrent, Zydus, Accutest Research

Auto

Minda Industries, Tata Auto Comp*, Hindustan Motors*

Other

* Now under progress

Cactus Communications, New Indian Insurance, State Bank of India

M&A by Indian firms

- Zydus Cadila acquired 100% stake of Nippon Universal Pharmaceutical Ltd in April 2007. The firm aims to achieve critical access to a ready manufacturing and marketing base as well as a strong distribution reach.
- Ranbaxy entered Japan in 2002 by taking 10% equity stake in a generic company “Nihon Pharmaceutical Industry Co., Ltd.” which was a subsidiary of a mid sized research Japanese pharma called “Nippon Chemiphar”. The firm increased its equity stake in Nihon Pharmaceutical from 10% to 50% making it a joint venture company.

Why Japan?

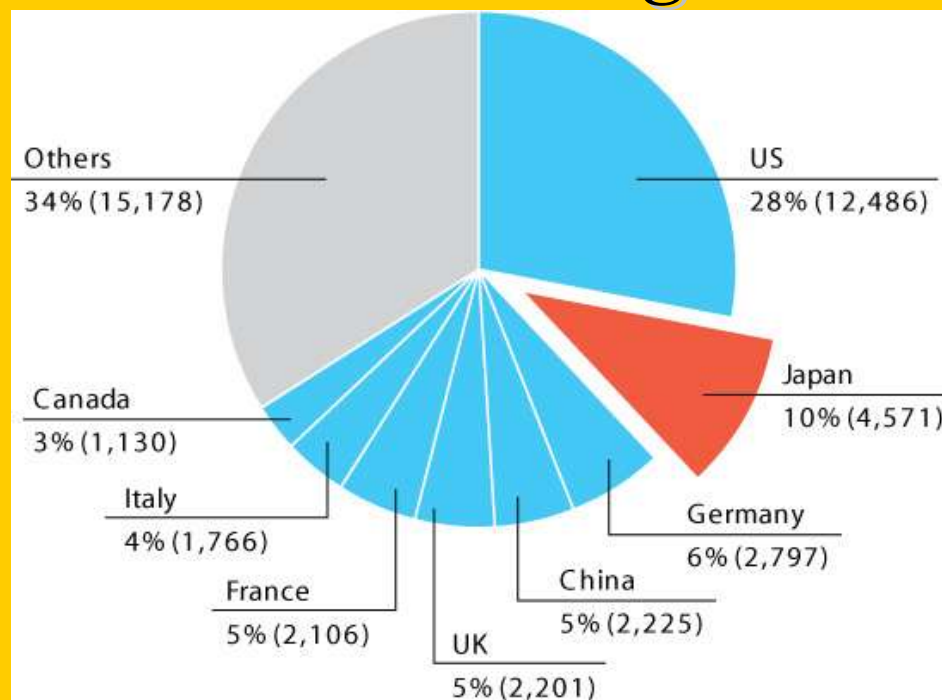
Advantages of Doing Business in Japan



Why Japan?

Advantages of Doing Business in Japan

1. World's Second-largest Market

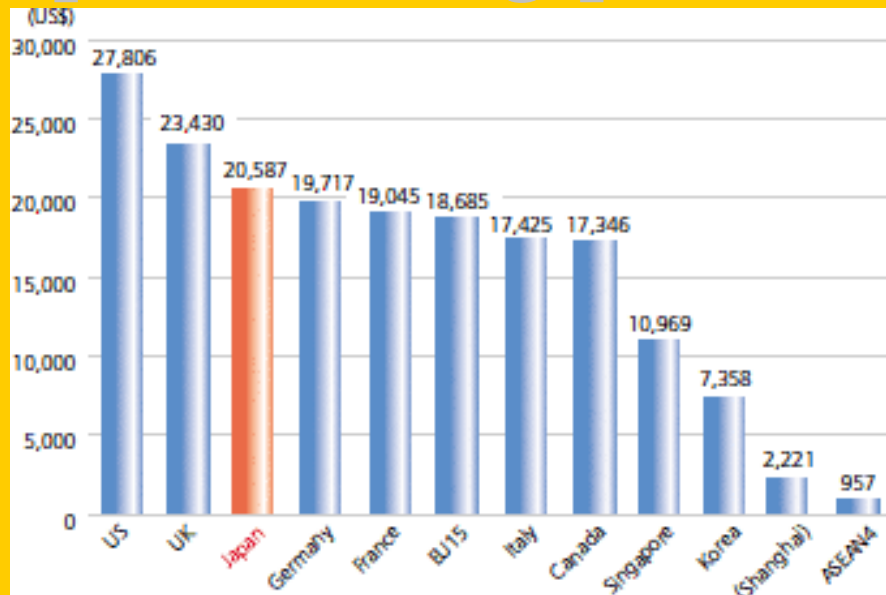


GDP by country (% US\$ billion, 2005)

Why Japan?

Advantages of Doing Business in Japan

2. Sophisticated consumers with high purchasing power

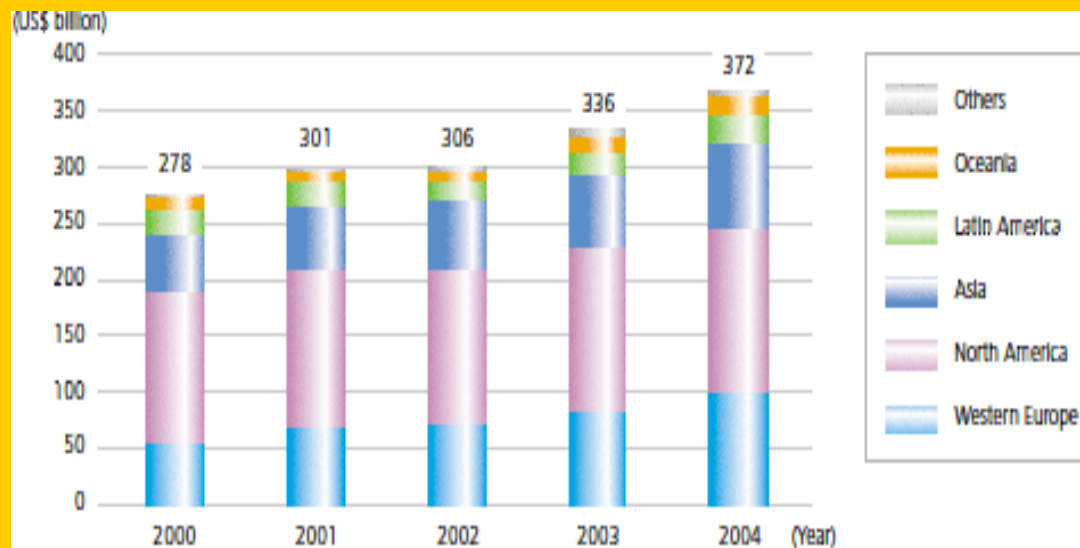


Per capita household consumption expenditure(2004)

Why Japan?

Advantages of Doing Business in Japan

3. World-class companies and SMEs with unique technologies



Trends of Japan's outward foreign direct investment

Why Japan?

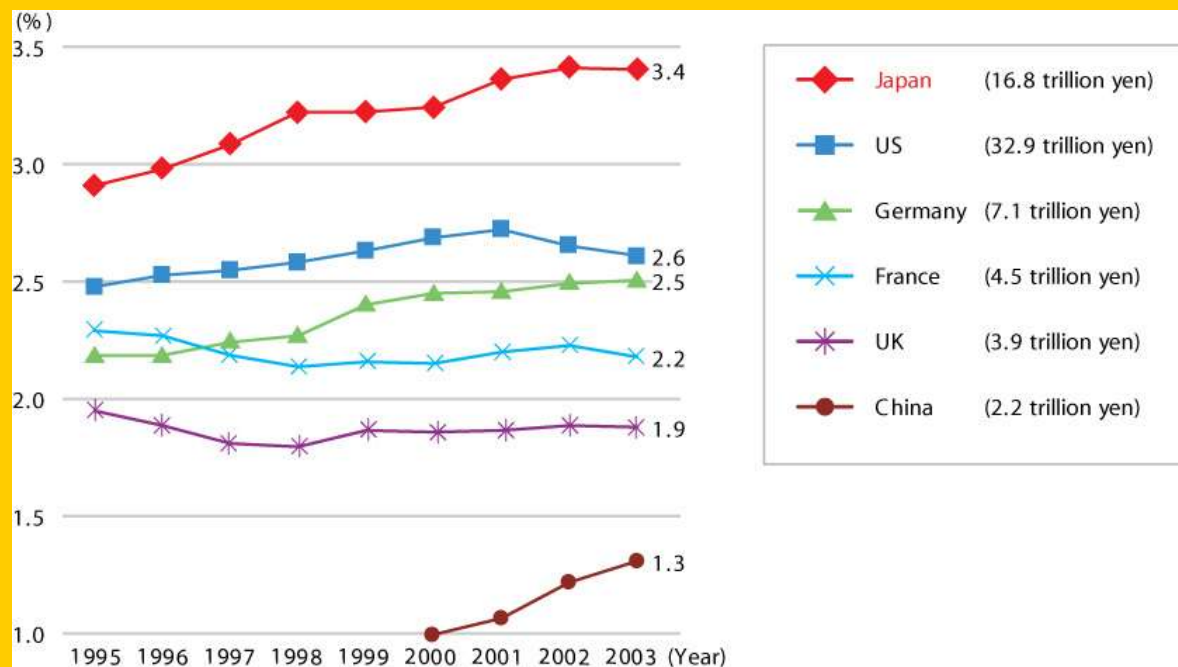
Advantages of Doing Business in Japan

4. Loyalty and commitment to long-term partnerships

Why Japan?

Advantages of Doing Business in Japan

5. World's center for technological innovation and product development

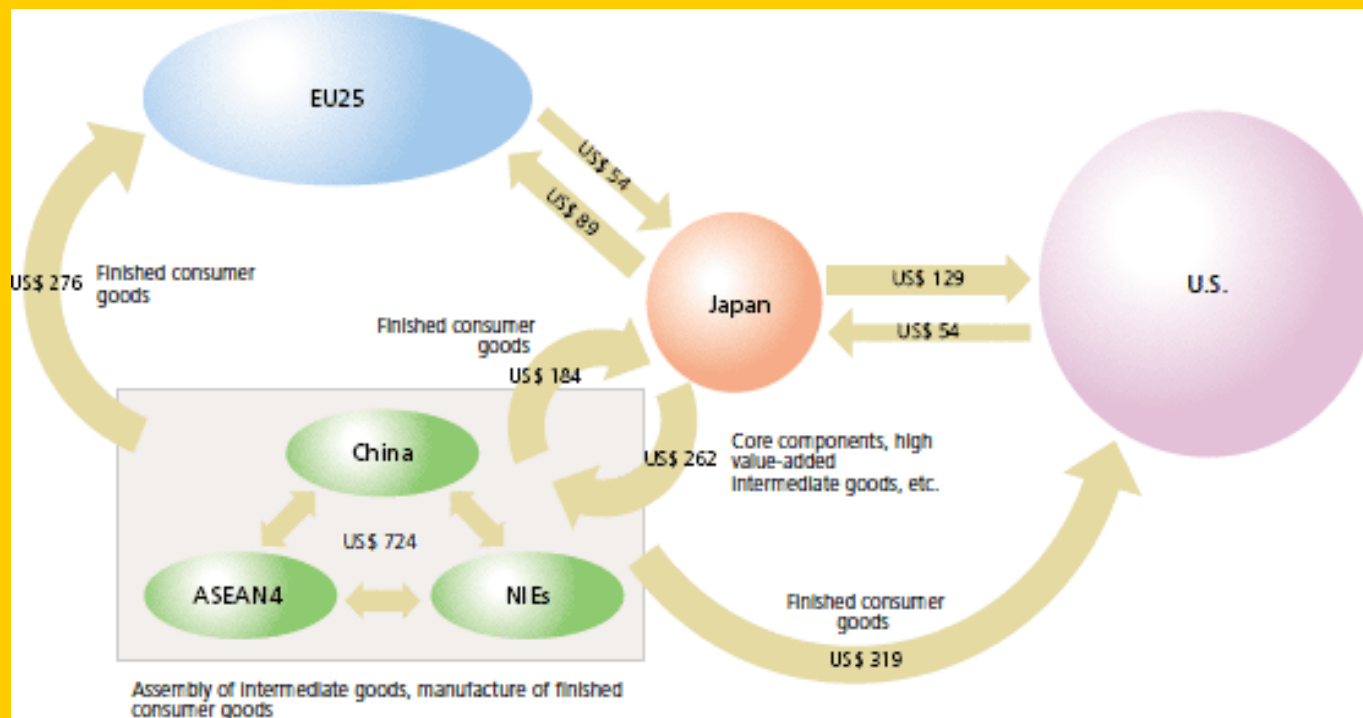


R & D spending to GDP ratio for major countries

Why Japan?

Advantages of Doing Business in Japan

6. Access to new Asian Markets

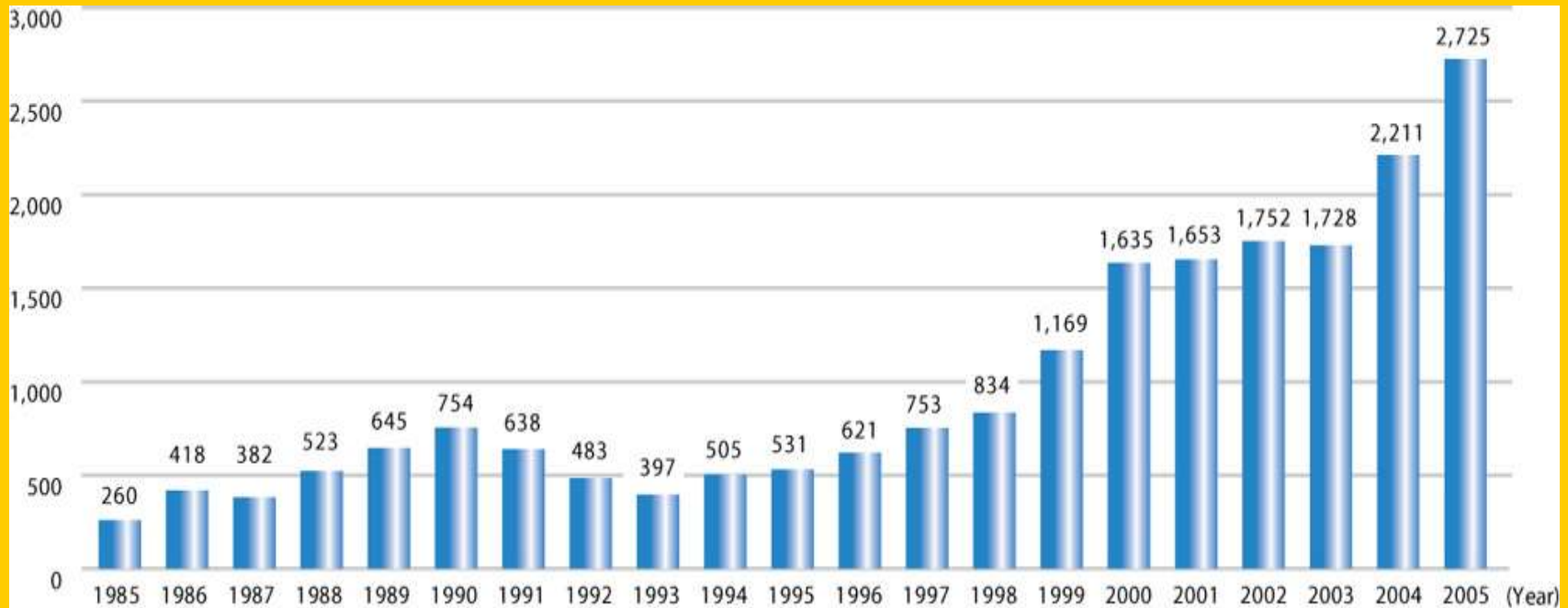


Trade Relationship between Japan, East Asia, Europe and USA

Why Japan?

Advantages of Doing Business in Japan

7. Favourable Business Climate



No. of M & As in Japan

New Corporate Law to Stimulate Business Changes (enacted in May 2006)

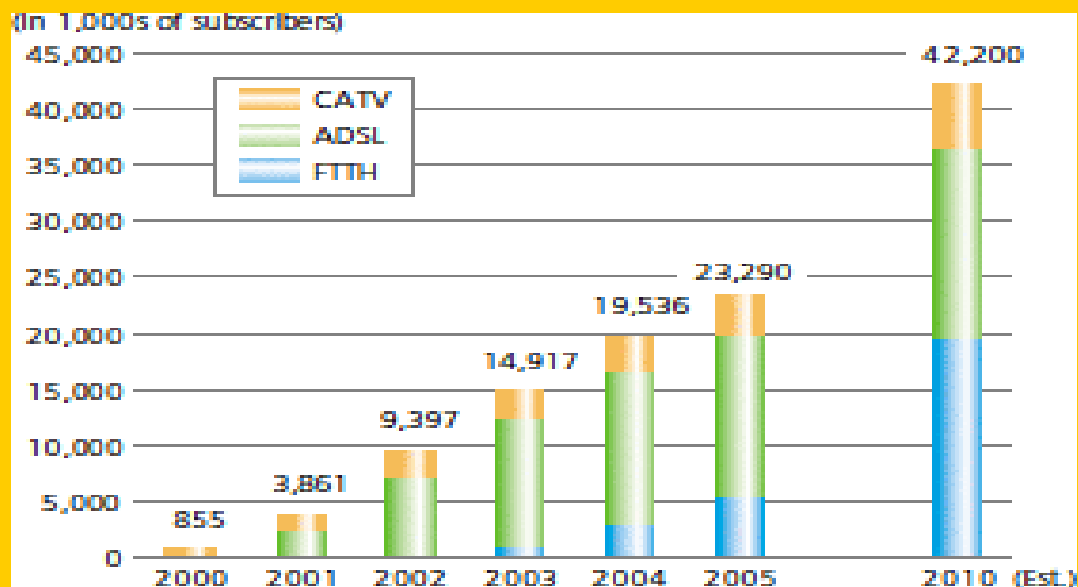
- **Easier to establish new companies**
 - abolition of minimum capital requirements
- **Flexible corporate management rules**
 - corporate organizational structure
 - Articles of incorporation, etc.
- **Flexible merger compensation (from 2007)**
 - introduction of cash-out merger
 - triangular merger in cashless transactions, etc.

Why Japan?

Advantages of Doing Business in Japan

8. Rapidly growing broadband society

e-Japan strategy through u-Japan Policy

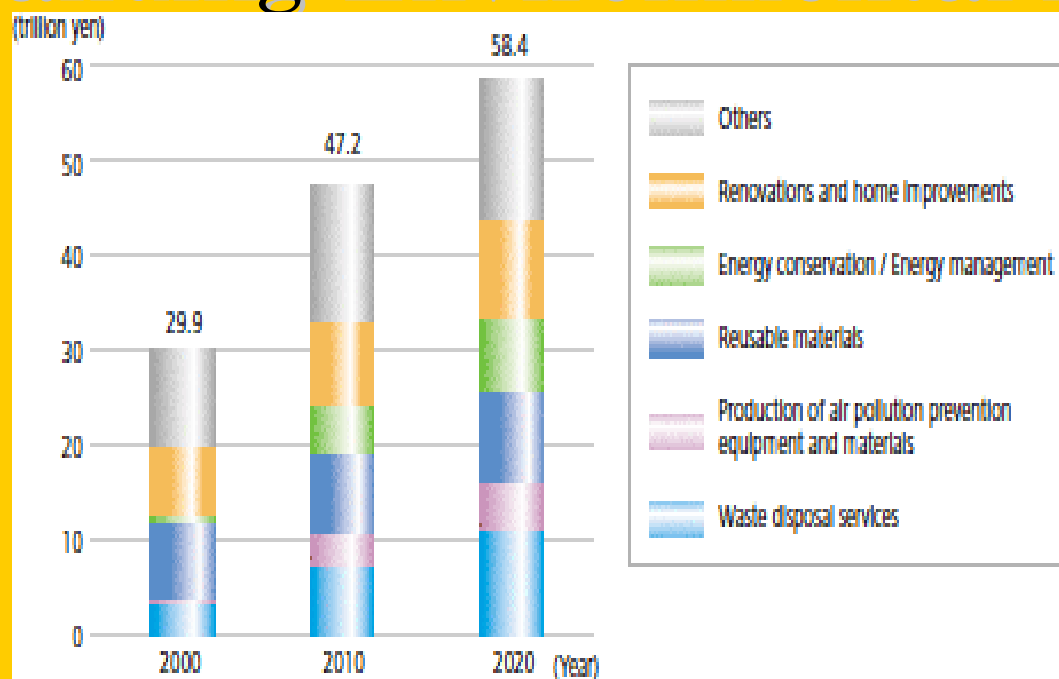


Broadband penetration

Why Japan?

Advantages of Doing Business in Japan

9. Expanding Environmental Market

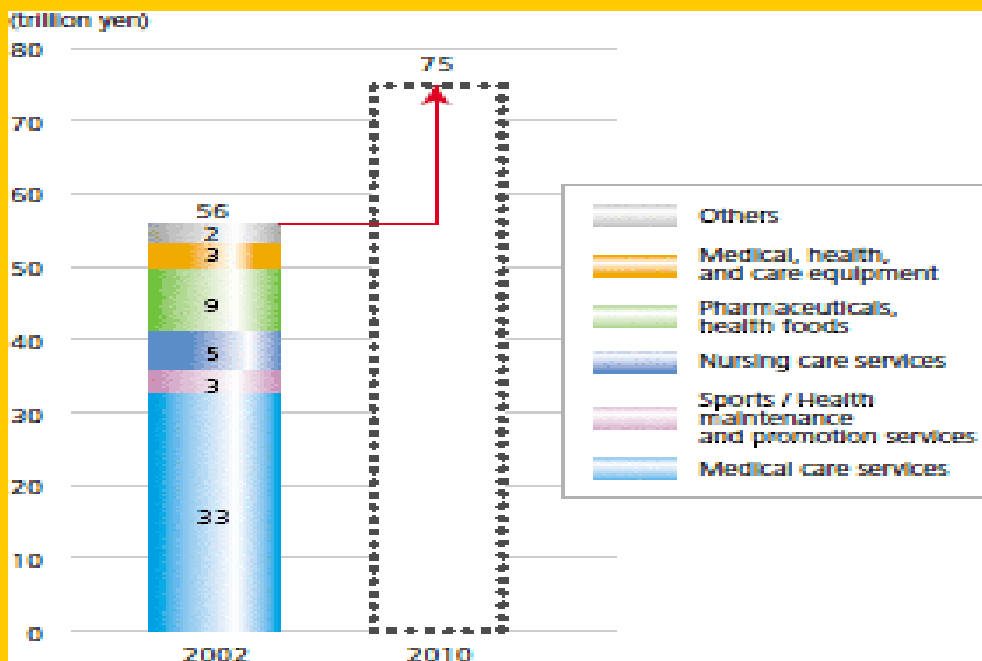


Changes in the market scale of environmental business in Japan

Why Japan?

Advantages of Doing Business in Japan

10. Booming business in silver care and retirees



Market scale of welfare and health care

Japan External Trade Organization (JETRO)

<http://www.jetro.go.jp>

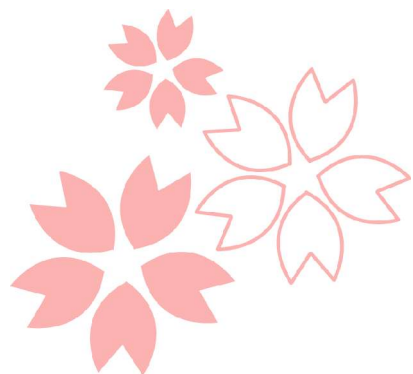
INVEST JAPAN

<http://www.investjapan.org>



For more information, please contact:

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JETRO Mumbai	95, Maker Chambers VI, 9th Floor, Nariman Point, Mumbai 400021, INDIA TEL:91-22-2202-8342 FAX:91-22-2204-8507 Masashi_kono@jetro.go.jp



Thank you

