

XIX Italy-Japan Business Group Meeting

Advantages of Doing Business in Japan

June 13, 2007

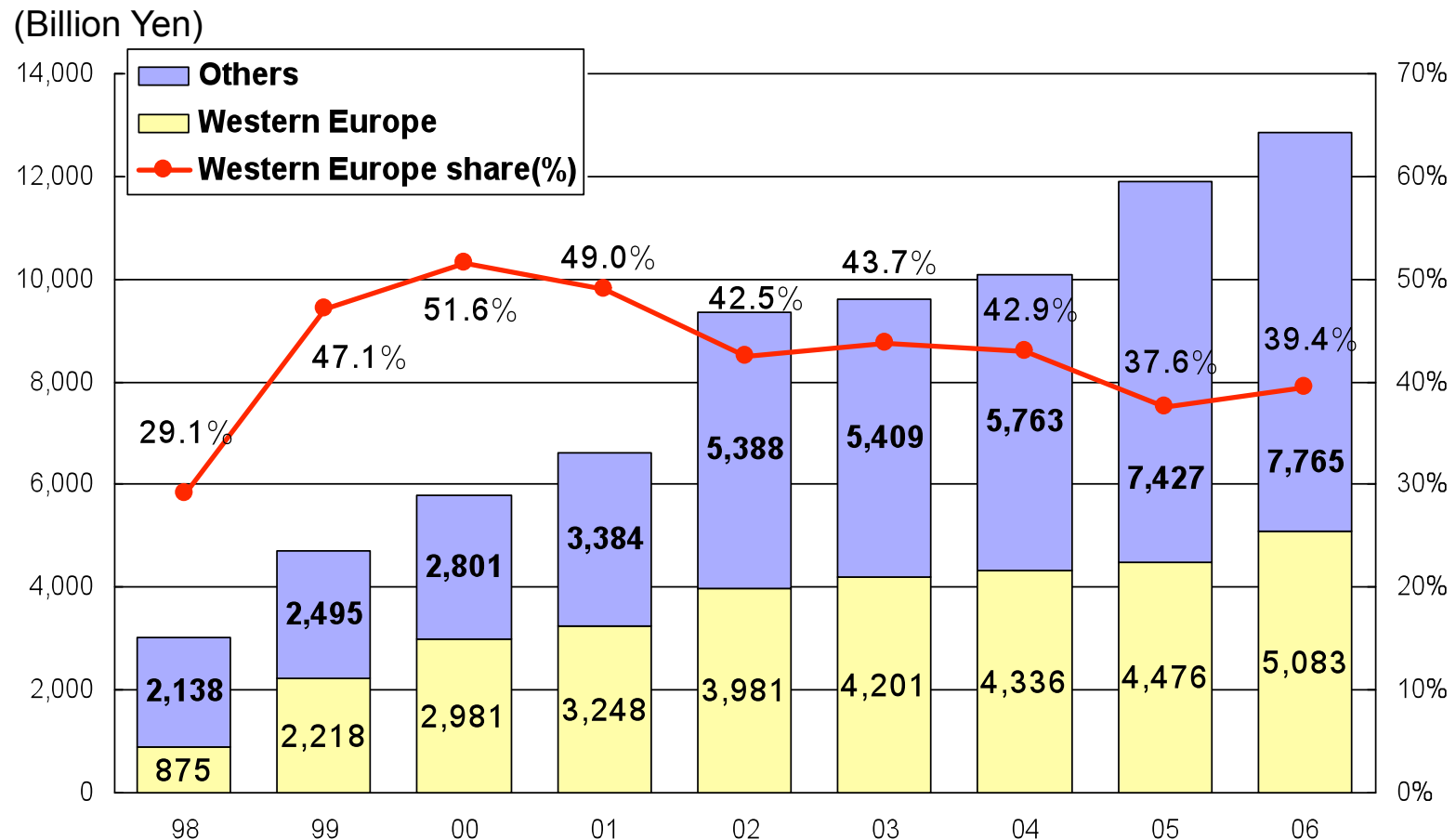
Hiroshi TSUKAMOTO

President, Japan External Trade Organization (JETRO)



Foreign Direct Investment (FDI) in Japan

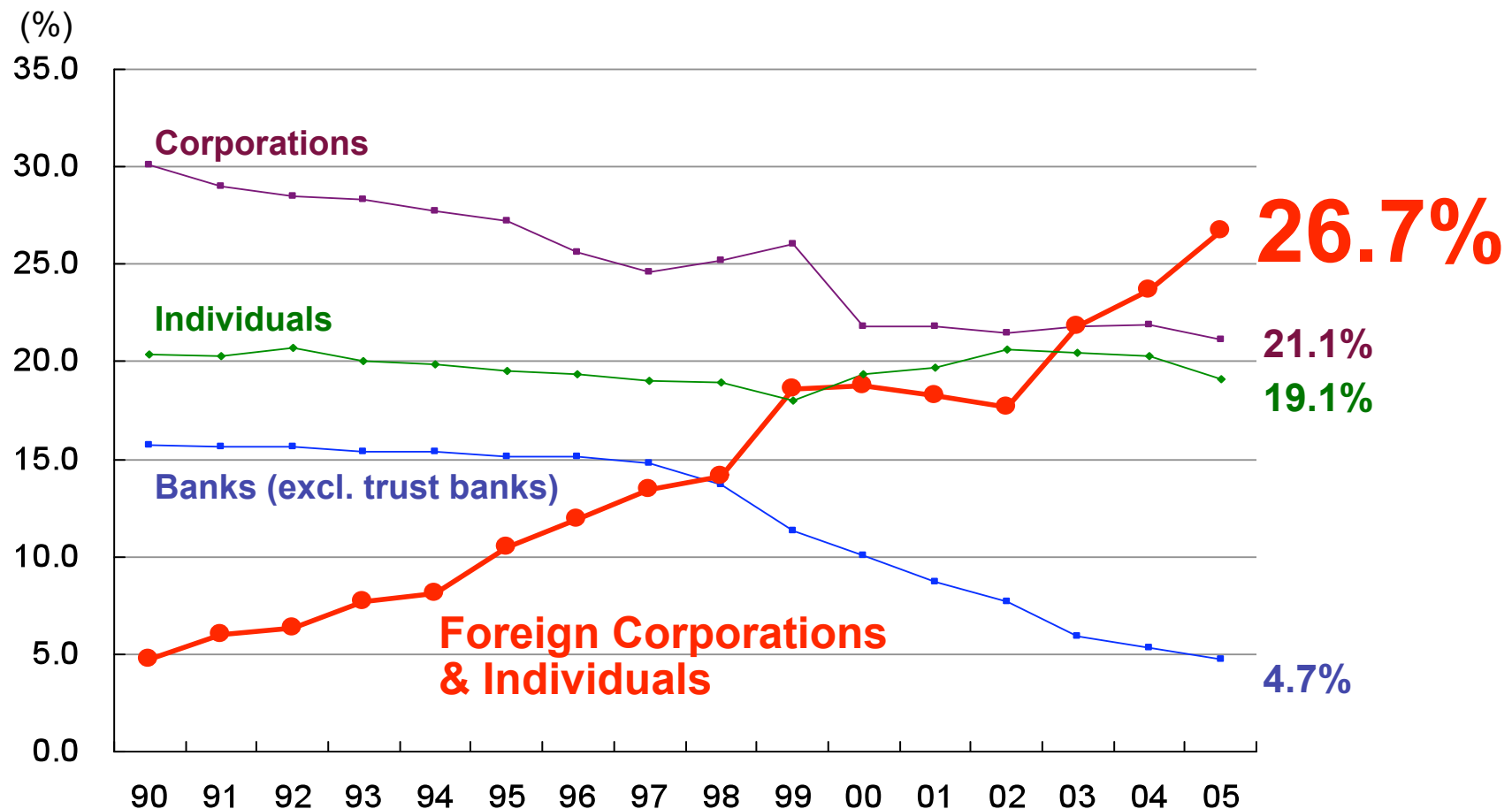
Increasing Japan's Inward FDI Stock



Note: Western Europe consists of 10 countries (UK, Germany, France, Netherlands, Italy, Belgium, Luxembourg, Switzerland, Sweden and Spain)

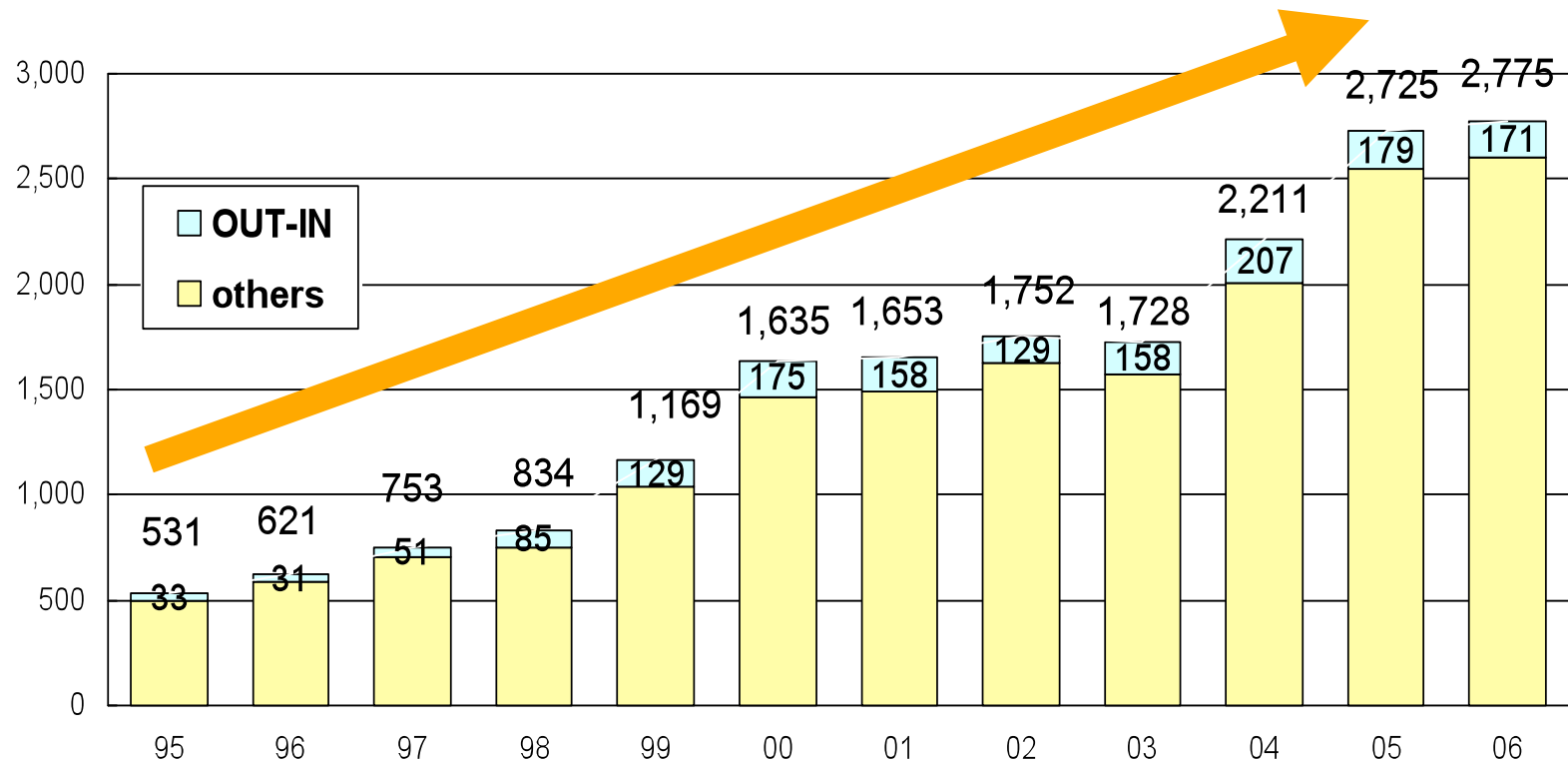
Source: Ministry of Finance and Bank of Japan: "Regional Direct Investment Position and Regional Portfolio Investment Position"

Increased Stock Held by Foreign Entities



Source: All domestic stock exchanges (Tokyo, Osaka, Nagoya, Fukuoka, and Sapporo) in Japan: "2005 Share ownership Survey"

Increase in M&A



EXAMPLES of M&A (OUT-IN)

2003 Merck
2004 Colony Capital
2005 AIU, others
2006 Volvo

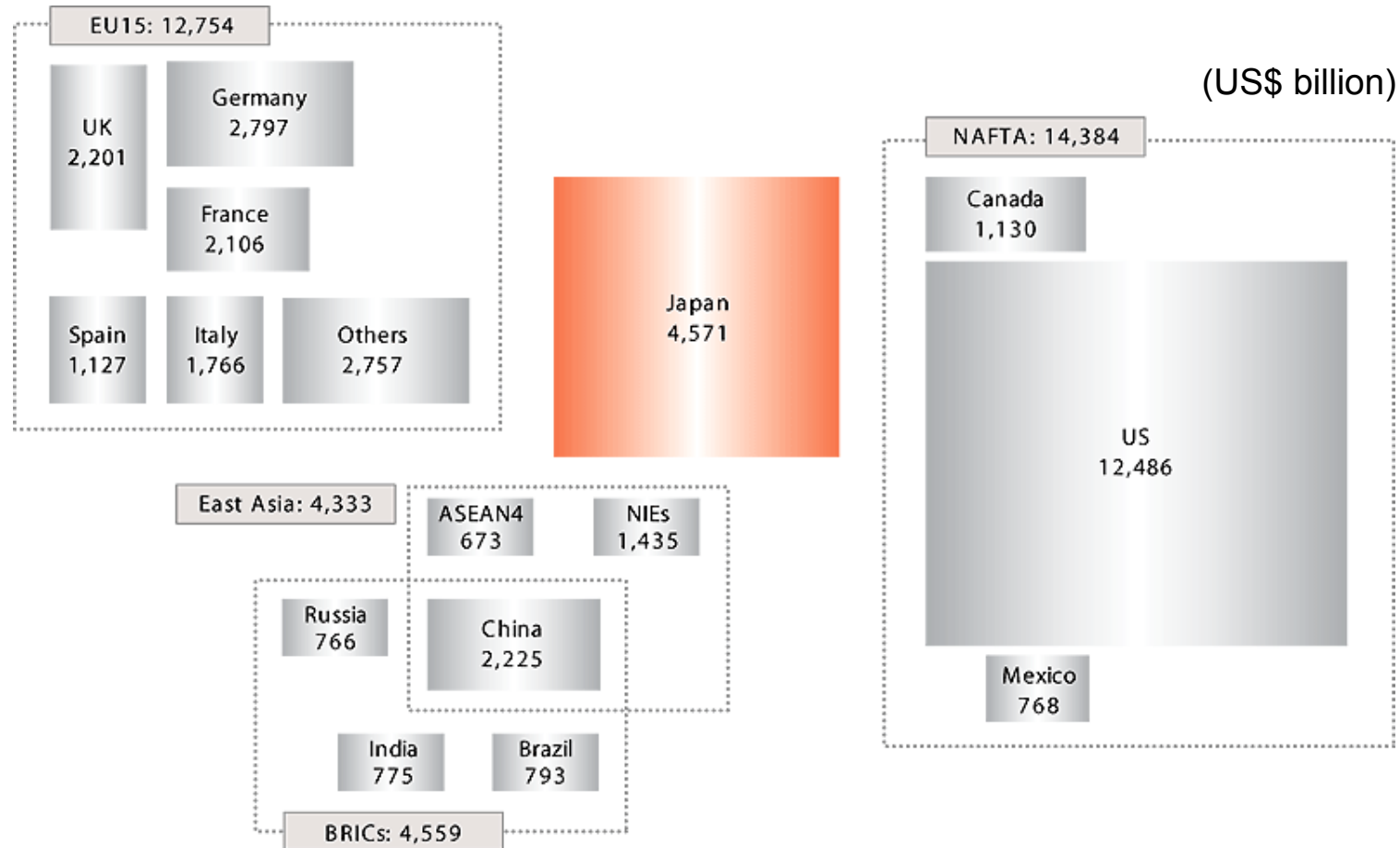
Banyu Pharmaceutical
Fukuoka Daiei Real Estate
Royal Sun Alliance
Nissan Diesel

Sources: RECOF, THOMSON

Why Japan?

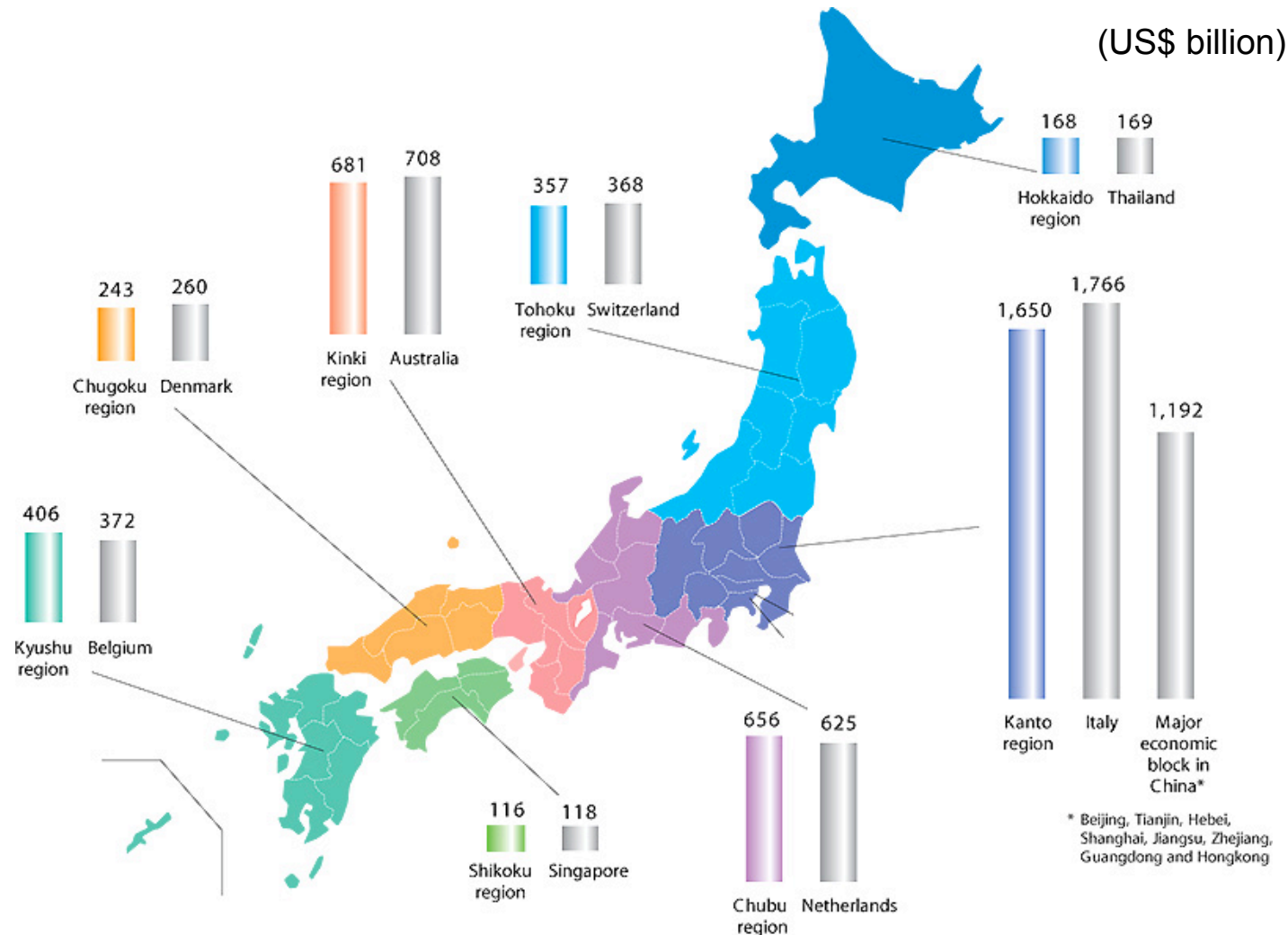
- World's Second-largest Market -

Japan's GDP Compared to Other Countries



Source: Formulated by JETRO based on data from "World Economic Outlook Database" (April, 2006), IMF

GDP Comparison of Japan's Regions with Some Countries



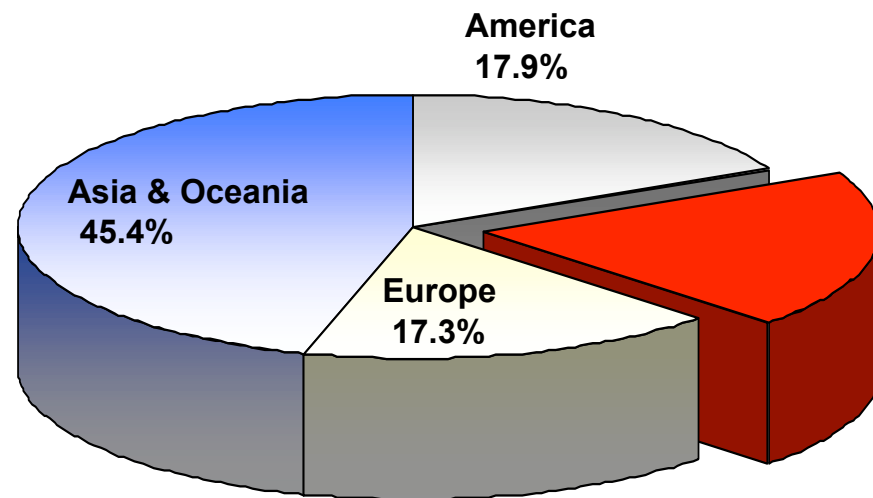
Note: GDP data for Japan's regions from 2003; for other countries, 2005

Sources: "Prefectural Economic Almanac" (March 2006), Economic and Social Research Institute, Cabinet Office; "World Economic Outlook Database" (April, 2006), IMF; "China Statistical Abstract 2006," National Bureau of Statistics of China

Examples of Japanese Market Scale in the World

Semiconductors

(2005)



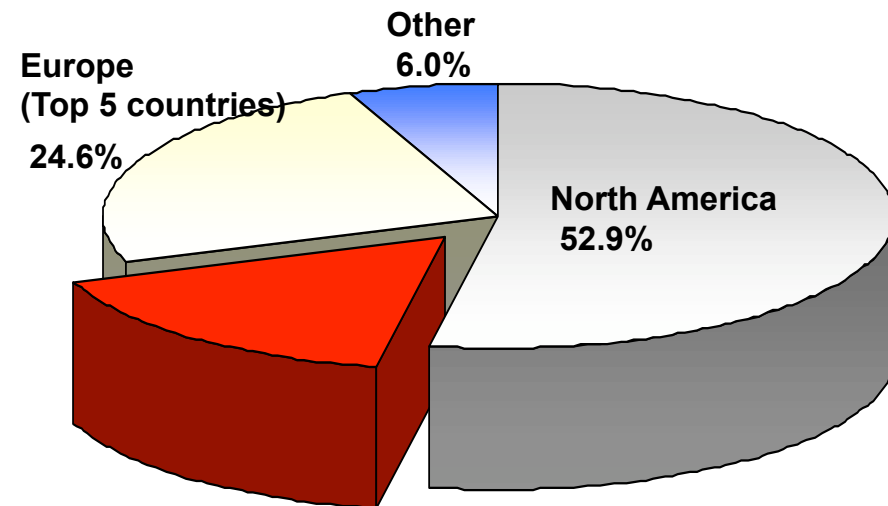
(US\$
billion)

Japan: 19.4%
(44.1)

Source: World Semiconductor Trade Statistics (WSTS)

Pharmaceuticals

(Dec.2004 – Nov.2005)



(US\$
billion)

Japan: 16.6%
(60.7)

Note: Sales for hospitals are included in Japan's data
Source: "Pharmaceutical Handbook 2006"

Examples of Italian Firms Expanding in the Japan Market

- *In November 2007, Bulgari will open a large two-story shop in the GYRE building in Tokyo's fashionable Omotesando shopping area. The firm will **open an even larger store (the company's largest—by floor space—in the world) in Ginza in December**, the Bulgari Ginza Tower.*
- *Gucci and Bottega Veneta, part of the same group, opened their largest stores in Ginza in November 2006 and April 2007 respectively. The group is also targeting growth in other areas of Japan, opening its first shop (Gucci) in Nagoya in October 2006.*



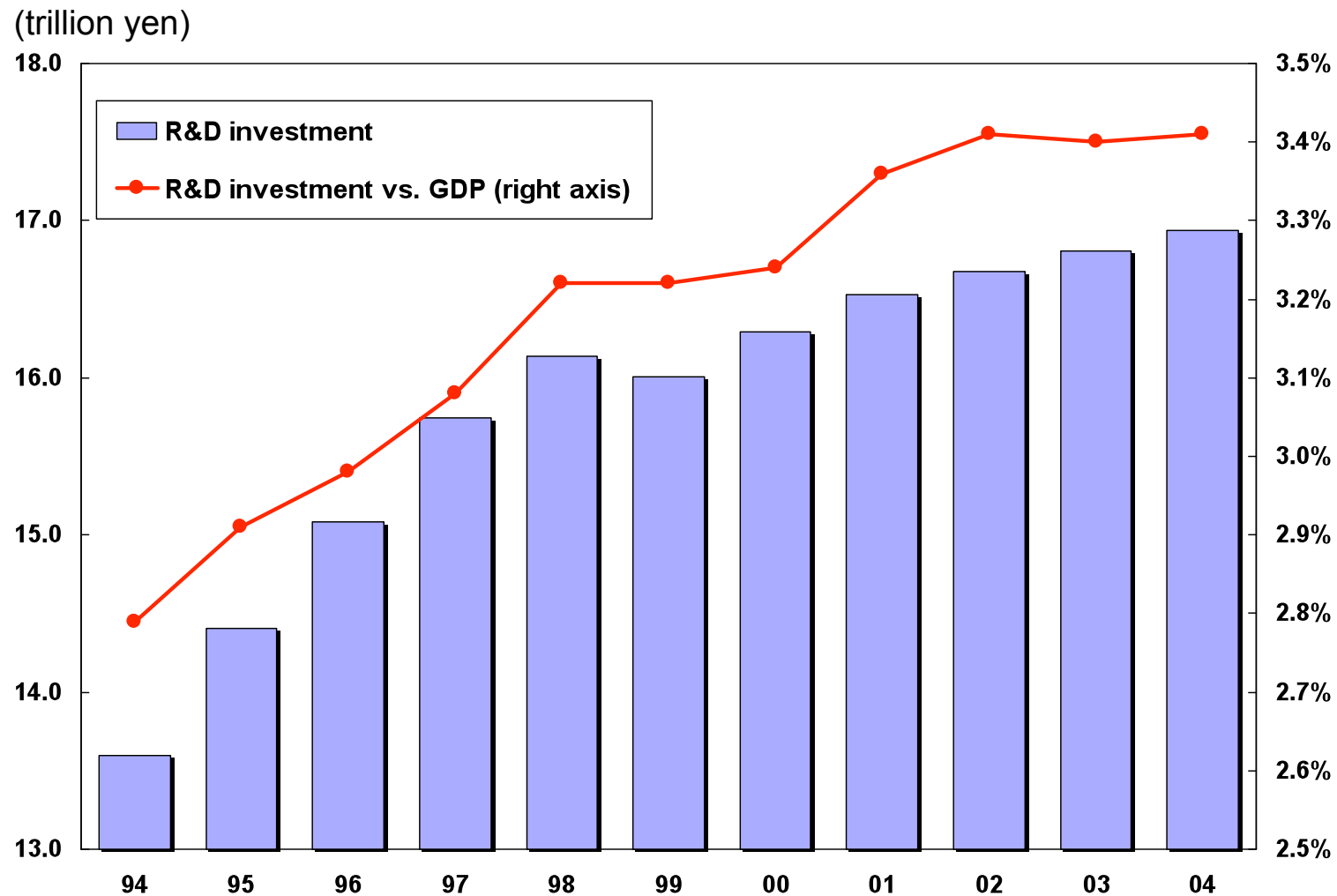
Examples of Italian Firms Expanding in the Japan Market

- *Calligaris S.p.A., a leading Italian furniture maker, established Calligaris Japan K.K. in Kobe in January 2006, locating its distribution facility in Fukuoka prefecture. The firm has been exporting to the Japanese market for over 10 years, with sales reaching €4 million in 2004.*
- *Marcolin Group, a leader in Italy's eyewear industry, established Marcolin Japan K.K. in Tokyo in December 2006. Marcolin Group CFO, Cirillo Marcolin, said, "As this market [Japan] is becoming unbelievably important for our business, we decided to elaborate a more aggressive strategy for our brands in Japan, through a direct presence and a customized approach."*

Why Japan?

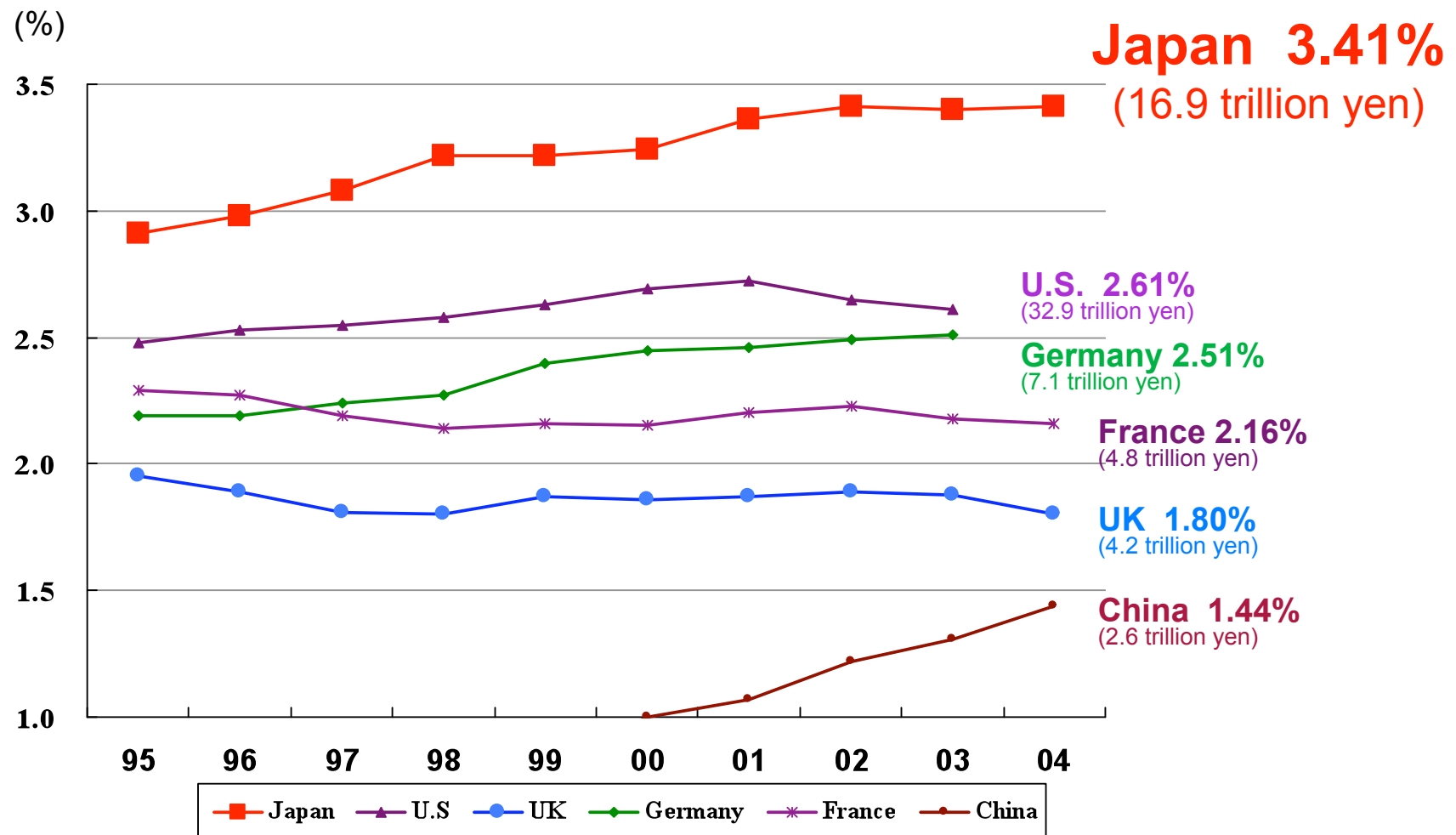
- World's Center for Technological Innovation and Product Development -

R&D Investment in Japan



Source: Ministry of Education, Culture, Sports, Science and Technology: "White Paper on Science and Technology 2006"

R&D Investment vs. GDP in Leading Nations



Source: Ministry of Education, Culture, Sports, Science and Technology

Investment Plans of Major Electronics Firms (FY06)

	Capital investment		R&D investment	
	(billion yen)	YoY Change (%)	(billion yen)	YoY Change (%)
Matsushita	380	9.9	590	4.5
Sony	460	19.5	550	3.4
Hitachi	530	33.4	430	6.2
Toshiba	644	38.7	390	4.7
NEC	180	11.8	350	2.9
Canon	485	24.7	316	10.3
Fujitsu	350	40.1	255	5.6
Fuji Film	170	-5.5	200	9.8
Sharp	275	25.6	192	3.6
Mitsubishi	120	7.4	139.5	6.8
Ricoh	90	-11.8	120	8.8
Total	3,684	22.6	3,533	5.4

Source: "Nikkei" newspaper article, May 26, 2006

R&D by Foreign Companies in Japan

DaimlerChrysler Japan Co., Ltd.

Focusing on telematics, driver assistance systems and alternative propulsion systems.

Yokohama
(Nov. 2005)

Rolls Royce

Developing high-temperature superalloys for use in gas turbine engines with Japan's National Institute for Materials Science.

Tsukuba
(June 2006)

Imperial College of London

Research in developing techniques to determine the structures of human membrane receptors with Riken Yokohama Institute.

Kawasaki
(Aug. 2006)

Continental Teves

Focusing on software and electronic brake systems research and development.

Yokohama
(June 2007)

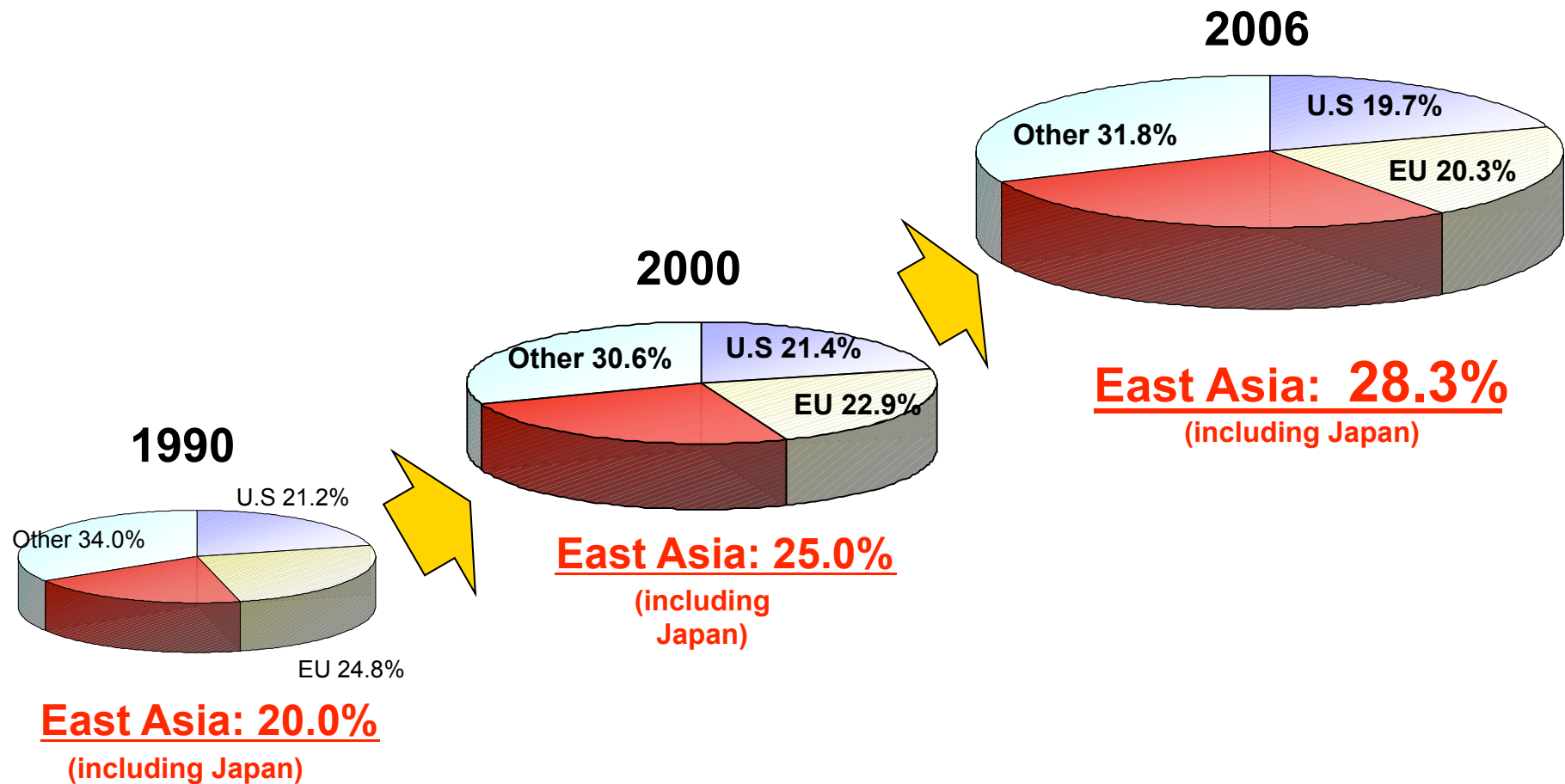
Examples of Italian Firms Expanding in the Japan Market

- *Sisvel S.p.A., a leading global licensing firm specializing in the protection and commercial exploitation of intellectual property rights, opened Sisvel Japan, K.K. in Tokyo in February 2007. In opening a Japan office, the firm aims to expand its licensing program abroad, **establish stronger support systems and also promote its intellectual property business in the country.***
- *Eurotron Instruments S.p.A., a maker of portable precision environmental measuring equipment (for temperature, gas, air pollution and the like), established a Japan base in Nagoya in March 2007.*

Why Japan?

- Access to New Asian Markets -

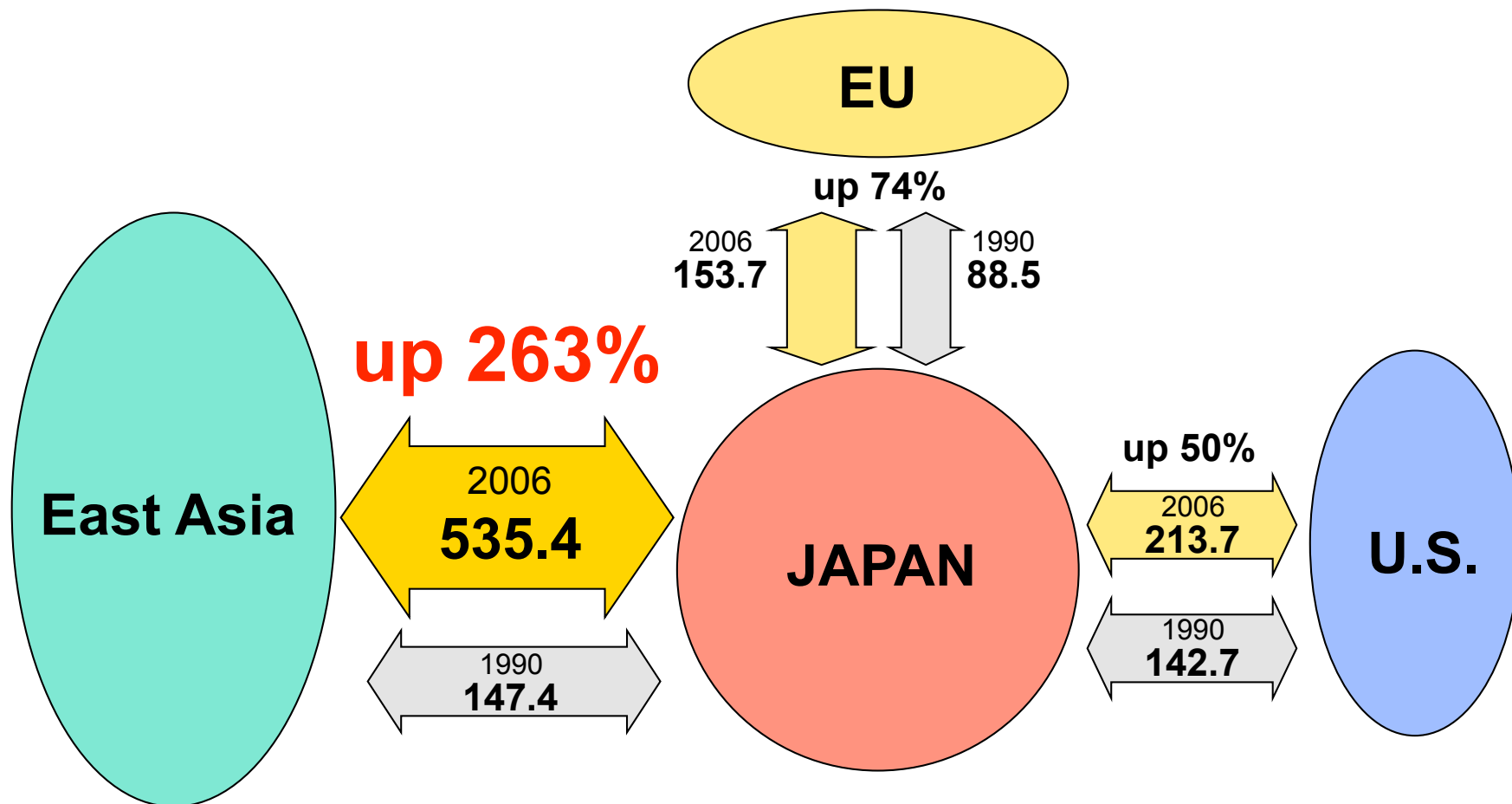
Growth in GDP Share



Note: Figures based on PPP (Purchasing Power Parity) valuation of country GDP
Source: IMF: "World Economic Outlook Database" (April, 2007)

Strengthened Economic Ties with East Asia

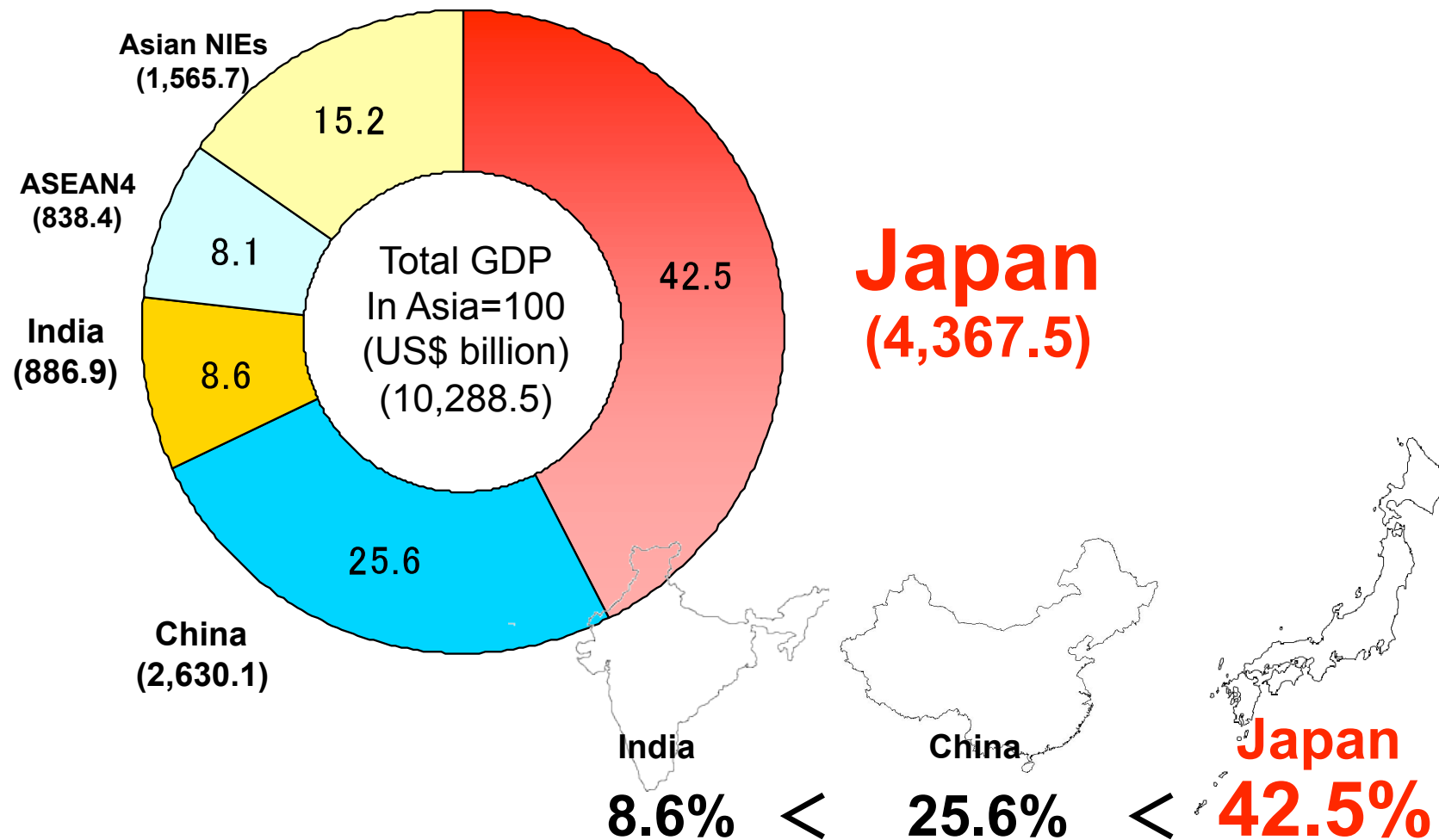
Japanese Trade in 1990 vs. 2006 (\$ billion)



Note: Total trade value is exports plus imports
Sources: Ministry of Finance and JETRO

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GDP Share in Asian Area (2006)

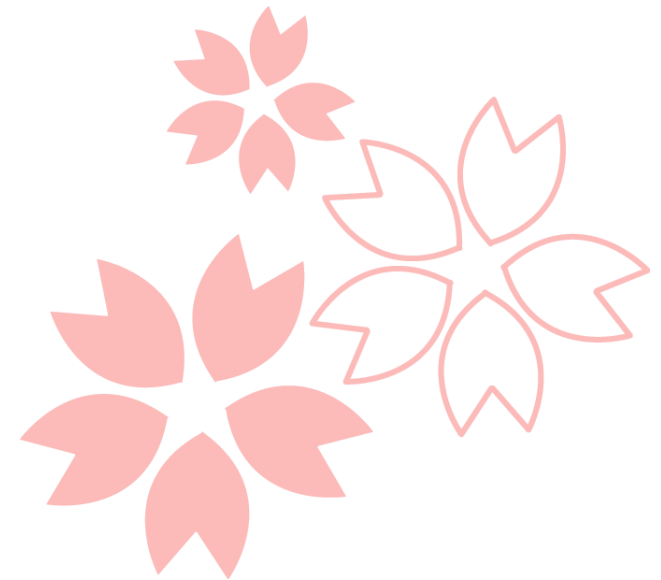


Source: IMF: "World Economic Outlook Database" (April, 2007)

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Examples of Italian Firms Expanding in the Japan Market

- *Cargoitalia S.p.A., an air cargo company, established a branch office in Tokyo in July 2006 to **begin airfreight service between Milan and Japan**. Currently, the firm has service between Kansai airport-Milan service, but **plans to add routes from other Japan airports**.*



How Can JETRO Help Your Business?

JETRO's FDI Promotion Activities

Dissemination of Information overseas

— Seminars, website, pamphlets

Business Partnering Events

Invest Japan Business Support Center (IBSC)

— Providing consulting services and temporary office space

Business Partnering Events

- **JETRO BIOLINK Forum - BioJapan
(Yokohama, Sep. 2007)**

- 2006: JETRO supported 60 clusters from 14 countries

- **CEATEC Japan 2007 (Makuhari, Oct. 2007)**

- 2006: JETRO helps 37 companies from 13 countries set-up booths



Invest Japan Business Support Center (IBSC)

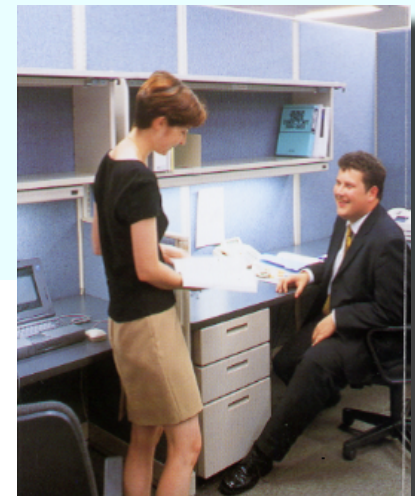
Locations: Tokyo, Osaka, Yokohama, Nagoya, Fukuoka, Kobe

Consulting Services

- Marketing
- Laws and regulations
- National and local government incentives
- Cost simulation
- Incorporation procedures
- Employment and labor issues

Facilities

- Free temporary office space
(Tokyo IBSC has 35 spaces)
- Well-stocked library
- Exhibition space and auditorium



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➡ Over **300** companies used the IBSCs
Currently consulting over **1,000** companies



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Firms That Utilized IBSC to Set-up Business in Japan

Calligaris Japan K.K.

Location of parent company: Manzano (Udine), Italy

Established: January 2006

Business: Furniture maker



Cargoitalia S.p.A.

Location of parent company: Milano, Italy

Established: July 2006

Business: Airfreight (between Milan and Japan)





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Firms That Utilized IBSC to Set-up Business in Japan

Sisvel Japan K.K.

Location of parent company: None(To), Milano, Italy

Established: February 2007

Business: Protection and exploitation of intellectual property rights



SISVEL JAPAN K.K.

Eurotron Instruments S.p.A.

Location of parent company: Sesto S. Giovanni (Mi), Italy

Established: March 2007

Business: Maker of portable precision measuring equipment



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*Grazie per la Vostra
attenzione.*

