



**Access Asia**  
Exporting to  
**JAPAN**

A guide for clients



Going Global

#GlobalAmbition



**Home**

**Japan at a Glance**

**Why Export to Japan**

**Get Ready to Do Business in Japan**

**Things to Consider**

**Key Opportunities in Japan**

**Legal and Taxation Information**

**Helping You Win in Japan**

**Contact Us**

**References**



**Going Global**



# Tokyo

Capital



# Japanese Yen

Currency



# 125m<sup>1</sup>

Population  
2021



# 0.7%<sup>2</sup>

GDP Growth 2019



# 3.0%<sup>3</sup>

Unemployment rate  
2021



# €34,100<sup>4</sup>

GDP per Capita 2020



# €234.3m<sup>5</sup>

+2.8%

Enterprise Ireland  
Client Exports (2020)



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For more information: Watch video



# Why Export to Japan

Japan, the “land of the rising sun”, is known for its vibrant culture, nature, food and cutting-edge technology. As well as creating significant challenges, the recent economic headwinds also provide new opportunities for a range of sectors in a country that is increasingly embracing digitisation.

The Japanese market is a rewarding one for products and services, in part because Japanese companies and consumers are prepared to pay premiums for quality, reliability and good service.

With key policy shifts opening up opportunities in sectors such as Information and Communication Technology (ICT), banking and renewable energy and the EU-Japan Economic Partnership Agreement, this is a country which offers scalable business opportunities and customer loyalty for Irish firms willing to make the commitment needed for export success. In spite of inbound tourism suffering significantly due to recent challenges, the long-term prospects for inbound tourism to Japan remain favourable.

Japan is the third largest economy in the world with an estimated GDP of EUR4.1 trillion (Exchange rate: 1EUR = JPY 129.95)<sup>6</sup> – nearly twice the size of the UK and its GDP per capita is more than four times that of China.<sup>7</sup> It is an established home of innovation and has expertise in a wide range of industries, particularly in technology, machinery and biomedical research.



## Sectoral successes

- ICT is Japan’s largest industry, offering good opportunities in Internet of Things (IoT) technologies accompanying the rollout of 5G networks in 2020.
- Major policy changes in Japan’s financial sector, along with the heretofore strong growth in inbound tourism, has already opened doors for Irish FinTech payment companies, with the long-term outlook for this sector being very positive.
- A push towards renewable energy sources since the 2011 Great East Japan Earthquake, along with the Japanese Government’s Feed-In Tariff (FIT) scheme, provides opportunities for innovative offerings from Ireland.
- Japan is one of the largest healthcare and pharmaceutical markets in the world with a rapidly ageing population, providing good opportunities for Irish MedTech companies, particularly in finished implantable devices and diagnostics.
- Japan is open to world-class innovation and technology from Irish companies that can offer niche solutions across all sectors.



# Why Export to Japan

(continued)



## Reasons to include Japan in your export strategy



Japan ranked **6th** in the world for global competitiveness<sup>8</sup>



Japan ranks **1<sup>st</sup>** in OECD countries for mobile broadband connections per 100 inhabitants<sup>9</sup>



**60%** of the Top 20 companies filing AI-related patents are based in Japan.<sup>10</sup>



Japan ranks **4th** in patent applications worldwide<sup>11</sup>



Japan is the **world's 3rd largest automobile manufacturing country** by production<sup>12</sup> (passenger and commercial vehicles combined)



Tokyo and Osaka are ranked **1st** and **3rd** respectively as the **safest cities in the world**<sup>13</sup>



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# Get Ready to Do Business in Japan

Business decisions in Japan generally take much longer than Irish companies are used to, and involve a protracted consensus-building process. Irish companies need to be prepared for long sales cycles and medium-term results... and not to expect many “quick wins”. However, once a decision is taken business relationships tend to endure.



## Travelling and geography

Many Japanese companies have their headquarters in the capital city of Tokyo, yet there are business opportunities in other large cities such as Yokohama, Osaka, Kyoto, Kobe, Nagoya, Fukuoka, and Sapporo.

The largest international airport in the country is Narita Airport, about 60km from Tokyo. There are a smaller number of international flights that serve Haneda Airport, less than 30km away from downtown Tokyo. Kansai Airport, which serves the cities of Osaka, Kobe, and Kyoto, is located about 40km from Osaka.

Try to avoid travelling to Japan for business during the main holiday seasons. These include Golden Week (end April to early May) and the New Year (late December to early January). Full details can be found on the Japan National Tourism Organization’s website: <https://www.japan.travel/en/plan/business-hours-and-holidays/>

Japan is nine hours ahead of GMT (eight hours in the summer). There is no daylight savings time (DST) in Japan.

In light of global travel restrictions in, we are advising all clients to regularly review the Government of Ireland advice at [www.gov.ie/](http://www.gov.ie/), travel advice from the Department of Foreign Affairs, business continuity advice from the Department of Enterprise, Trade and Employment and the World Health Organisation website.



## Business culture

Business meetings tend to be arranged at least four weeks in advance. Securing meetings at short notice can be difficult and may give Japanese companies the impression that you are unprepared and potentially disrespectful. Punctuality is an absolute must in Japan. Arrive at all meetings 10 minutes early.

While bowing is common in Japan, most Japanese business people who have dealt with foreign companies before will be just as comfortable with a handshake, under normal circumstances in pre-covid times. Modesty, patience, and sensitivity are characteristics much admired.

Expect many questions and follow up quickly on any requests for further information.

# Get Ready to Do Business in Japan

(continued)



## Language

Although there are increasingly more business level English speakers, the overall level of English proficiency in Japan is still moderate to low.

Ask the people you are meeting beforehand if they are comfortable conducting the meeting in English. If not, hire a professional interpreter. Make sure that documents (e.g. business cards, contracts, marketing material, presentations, websites, etc.) are translated professionally into Japanese.

## ROUTES TO MARKET



### *Distributors:*

Japanese distributors can be very discerning so be sensitive to their concerns, answer their detailed questions patiently and promptly, and go to meetings prepared to provide detailed information and strong unique selling propositions.

### *Direct sales:*

Appreciation of cost-cutting, easier communication and a rise in English-capable employees has increased the potential for direct sales in Japan. However, most foreign SMEs enter with the support of local partners, so carefully consider the risks versus benefits of such an approach.

### *Agents:*

Agents generally operate on a smaller scale and have specific industry expertise. For example, this works efficiently in the case of identifying licensing partners of specific technologies in the ICT sector.

### *Pathfinders:*

Pathfinders can play a very important role given the scale of the market and the depth of knowledge and contacts required to penetrate niche business areas.

### *Partnerships:*

A variety of partnership options are possible, including joint ventures, licensing, and R&D collaboration.



# Things to Consider



## Market landscape

Irish companies have historically found Japan to be a challenging market, not least because of the time and patience needed to manage lengthy sales cycles and the associated cost of entry. However, there are notable exceptions and Japan can be a very significant market for innovative, leading-edge Irish technology. There are many success stories from companies with world-class capability that have committed strategically to this market.

Irish companies that are best positioned to win in Japan tend to have the following attributes:

- A world-class technology, product or service innovation with a clear value proposition
- The commitment to stay the course over lengthy sales cycles
- A budget to travel regularly initially and ultimately to have in-market representation
- The ability to deal with demanding technical and customer servicing requirements



## EU trade deal

The EU-Japan Economic Partnership Agreement (EPA) entered into force on February 1st 2019. The EPA removes trade barriers to Japan for Irish companies and will bolster Japanese interest in the Irish market. This trade agreement boosts opportunities for Irish companies in sectors such as agri-food, pharmaceuticals, medical devices, and industrial products.

The agreement also addresses non-tariff barriers with the prospect of alignment of regulatory standards for certain medical devices and pharmaceuticals, allowing Irish companies to reduce costs and increase efficiency on certification and compliance.

The EPA also includes provisions designed to ensure a level-playing field and non-discriminatory practices in the services market, where Irish companies may particularly benefit in telecommunications and financial services. It is important to bear in mind, however, that the EPA will not affect the fundamentals of successfully doing business in Japan. More information about the EPA and a help desk that can answer questions regarding the EPA can be found here:

<https://www.eu-japan.eu/epa-helpdesk>



## Market trends

The economic policies being pursued by the Japanese Government, point to a period of change in the country, with a liberalisation of policies to stimulate growth, stoke inflation and increase the adoption of digitisation. Despite challenges faced during the COVID-19 pandemic, Japan's corporate sector, particularly its large-scale exporters, is cash rich with many companies planning additional domestic and increasingly international investment.



## Market segmentation

With a population of 125 million, Japan is a large and diverse market. Having a clear understanding of the market dynamics of the specific industry sector being targeted is necessary.





# Things to Consider

(continued)



## Competitors

Japan is a mature market with well-entrenched domestic and international competitors. New entrants need to research the market thoroughly to identify a niche offering that is innovative and cutting-edge in technology. Without this it will be difficult to win new business.



## Market research

Enterprise Ireland's Market Research Centre offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets.

The Japanese External Trade Organisation (JETRO) provides comprehensive and regularly updated information and support for companies entering and trading in the Japanese market. For more information visit: [www.jetro.go.jp/en/](http://www.jetro.go.jp/en/)

EU business in Japan (run by the EU-Japan Centre for Industry Cooperation) provides a wide range of information and resources on doing business in Japan. It also provides a help desk for questions regarding the EU-Japan EPA. For more information visit: [www.eubusinessinJapan.eu/](http://www.eubusinessinJapan.eu/)

Nikkei, which owns the Financial Times, is one of the main sources of business information in Japan and is published daily in English: <https://asia.nikkei.com/>



## Boots on the ground

Because of the significance of relationship building in Japanese business culture, it is important to visit Japan regularly in the initial stages to build a strong and visible local presence. Depending on the nature of the business, aiming for in-market representation in the longer-term can be important, especially for products and services that require demanding technical and customer support.

JETRO can provide free office space in central Tokyo and several other locations. This office space at its Invest Japan Business Support Center (IBSC) can be used for up to 50 days. For more information: [www.jetro.go.jp/en/invest/ibsc.html](http://www.jetro.go.jp/en/invest/ibsc.html)



# Key Growth Opportunities in Japan



## Digital

With some of the most advanced ICT infrastructure and highest broadband penetration in the world, ICT is Japan's largest market sector. The ICT sector has a market size of €770 billion and accounts for close to 10% of real GDP in Japan<sup>14</sup>. The Japanese Government is accelerating efforts to effectively utilize and integrate ICT into society, particularly in areas related to the Internet of Things (IoT), artificial intelligence (AI), and big data.

There are good opportunities in the growth of the IoT services sector, especially with the rollout of 5G networks commencing in 2020. The Japanese IoT market was worth €55.8 billion in 2019 and is expected to grow to €99 billion in 2023 at a compound annual growth rate (CAGR) of 13.3%.<sup>15</sup>

In the field of Agri-IT/IoT, for example, trade liberalisation in agricultural products through free trade agreements are strongly pushing Japanese farmers to become more efficient in adopting technology for higher performance. Agri-cloud, quasi-zenith satellite/space IoT are enabling new services in relation to location-based information services for agriculture.

Information access to tourism spots, parking, real-time transport, credit card purchases and beacon sensor-based services will play an important role in revitalising the local economy and fill the gap

between cities and rural regions as well as aiding long-term growth in inbound tourism.

In 2020, the Japanese government announced the establishment of digital agency to accelerate the digitisation of Japan's government administration. This digital transformation is a reform that will be a major turning point for Japan's economy and society.



## Fintech/Regtech/Financial Services

There are significant opportunities for Irish companies in the Japanese fintech sector, where the market is transforming reflecting regulatory changes in the industry. Japan's appetite for engagement with innovative Fintech companies providing best-in-class services and technology is growing and is underpinned by strategic shifts in its financial sector.<sup>16</sup>

Recent changes in banking legislation allows banks to invest in FinTech companies. This legislative change has already allowed Japan's three "mega banks" (MUFG, SMBC and MHFG) to establish links with Irish FinTech companies.

Irish companies have already been successful in Japan in the areas of biometric authentication technologies, insurance technology and financial services for Japanese corporates in international markets. There are also opportunities for payment services providers to support the long-term growth in inbound tourism.



## Life Sciences

Japan's global share of medical devices is 8.9%, third largest after the US and Germany.<sup>17</sup> The percentage of people over the age of 65 is currently 28.7% of the population.<sup>18</sup> A focus on a high level of care combined with the high elderly population makes Japan an attractive end market for medical device manufacturers.

Japan's medical device market size is set to reach from approximately €46 billion in 2018 to €63 billion in 2025.<sup>19</sup> Firms with finished medical devices and innovative products that compete within specific areas of medical devices such as implantables and diagnostics have potential in the Japanese market.



# Key Growth Opportunities in Japan

(continued)



## Decarbonisation Renewable Energy and Cleantech

In the wake of the 2011 Great East Japan Earthquake and the Fukushima nuclear disaster, the Japanese Government is pushing to diversify its energy mix, including the expansion of renewable energy. Renewable energy will account for 36% to 38% of the total energy market, which is an upgrade from an initial goal of 22% to 24% by fiscal 2030.<sup>20</sup>

Green Growth Strategy Japan outlines renewables accounting for between 50% - 60% of electricity demand in 2050 with the remainder supplied by nuclear and thermal plants with carbon capture utilisation and storage (CCUS) (30-40%) and 10% of hydrogen and ammonia generation.<sup>21</sup>



## Industrial Applications

Although Japan's industrial technologies are world-class, the market is open to Irish companies that provide innovative and niche solutions that are not offered by their Japanese counterparts, for example in the area of specialised agriculture machinery. The key is in providing world-class technology and innovation.



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# Legal & Taxation Information



## Visa requirements

Irish passport holders are granted entry into Japan as a temporary visitor, with the possibility of extending their stay to a total of six months. Entry into Japan initially is typically on a 90-day permit, but application for an extension can be made at an immigration bureau in Japan.<sup>22</sup> For more information on visa requirements see the Japan Ministry of Foreign Affairs' website: [www.mofa.go.jp/j\\_info/visit/visa/index.html](http://www.mofa.go.jp/j_info/visit/visa/index.html)



## Import rules and regulations

Tariff rates are routinely revised and subject to change. For the latest tariff schedule see the Japan Customs website: [www.customs.go.jp/english/tariff/index.htm](http://www.customs.go.jp/english/tariff/index.htm)

Tariff rates for EU exports to Japan as of April 2021 can be found here: [https://www.customs.go.jp/english/tariff/2021\\_4/index.htm](https://www.customs.go.jp/english/tariff/2021_4/index.htm)



## Intellectual property rights

The Japan Patent Office (JPO) accepts patent applications on a “first-to-file” principle<sup>23</sup>, requiring submission of an application form along with a description, claims, drawings (if required) and abstract of the patent being sought.

More information on patents can be found on the JPO website: <https://www.jpo.go.jp/e/index.html>

Information on trademark and design protection can be found on the JETRO website: [https://www.jetro.go.jp/en/invest/setting\\_up/section5/page2.html](https://www.jetro.go.jp/en/invest/setting_up/section5/page2.html)



## Corporate structures

There are three main ways for a foreign company to establish a business in Japan:

- Open a representative office
- Open a branch office
- Establish a Japanese subsidiary

More details on incorporating in Japan can be found on the JETRO website: [https://www.jetro.go.jp/en/invest/setting\\_up/section1/page1.html](https://www.jetro.go.jp/en/invest/setting_up/section1/page1.html)



## Key taxes

The standard national corporate tax rate for companies with paid-in capital under JPY100 million and taxable income over JPY 8 million is 23.2%.<sup>24</sup> Up to date information on taxation in Japan can be found on the JETRO website, see here: [https://www.jetro.go.jp/en/invest/setting\\_up/section3/page3.html](https://www.jetro.go.jp/en/invest/setting_up/section3/page3.html)

The Tokyo Metropolitan Government's Tokyo One-Stop Business Establishment Center provides services for foreign companies establishing a business in Japan, including support for company registration, taxes, social security, and immigration. For more information see: <https://www.seisakukikaku.metro.tokyo.lg.jp/en/index.html>



## Employment

Employment law in Japan differs significantly from that of Ireland. Lifetime employment and strong employee labour law protection can present challenges for foreign entrants. Professional advice in this area is therefore essential.

The Labor Standards Act, the Industrial Safety and Health Act and the Minimum Wage Act apply in principle to all companies in Japan, regardless of whether the employer/company registration is Japanese or foreign.

Upon hiring, employers must notify employees in writing the conditions of employment, including the terms of the agreement, the workplace and duties of the employee, matters relating to working hours/overtime/holidays/leave of absence, wages, and matters relating to resignation and dismissal.

More details on the application of Japan's labour laws can be found on the JETRO website: [www.jetro.go.jp/en/invest/setting\\_up/section4/page1.html](http://www.jetro.go.jp/en/invest/setting_up/section4/page1.html)

and about contractual terms and conditions on: [www.jetro.go.jp/en/invest/setting\\_up/section4/page3.html](http://www.jetro.go.jp/en/invest/setting_up/section4/page3.html)



# Helping You Win in Japan



**Enterprise Ireland assists clients entering new markets with:**

## Pre-visit support

Prior to engaging with an overseas market, client companies should engage with their Development Adviser (DA) and the Enterprise Ireland Market Research Centre in Dublin to ensure they leverage the full range of possible supports in preparation for engaging with the Enterprise Ireland team in the market.

- General market and country level information
- Sector overview
- Validation of the opportunities for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary
- Summary of relevant market information resources

## In-market support

- Introductions to buyers and decision-makers
- Identification of potential partners
- Facilitation of buyer visits to Ireland
- Assistance with product launches/workshops
- Securing reference sites

## Mentors

Enterprise Ireland has built up an excellent network of individuals in Japan who are able to work with Irish client companies on developing their businesses. This includes market and sector specialists, business accelerators and members of Irish business associations.

## International trade events programme

Every year Enterprise Ireland organises an extensive programme of events to support your business abroad. These include:

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Study visits to gain knowledge of overseas markets
- Client knowledge events including seminars and workshops

- Networking events to build and enhance relationships with market contacts
- Further information is available at: [www.enterprise-ireland.com/events](http://www.enterprise-ireland.com/events)

## Additional supports

- Recommendations for translation and interpreting services
- Introductions to specialist expertise such as legal, recruitment, public relations and taxation

## Power up your progress by plugging into an Irish network

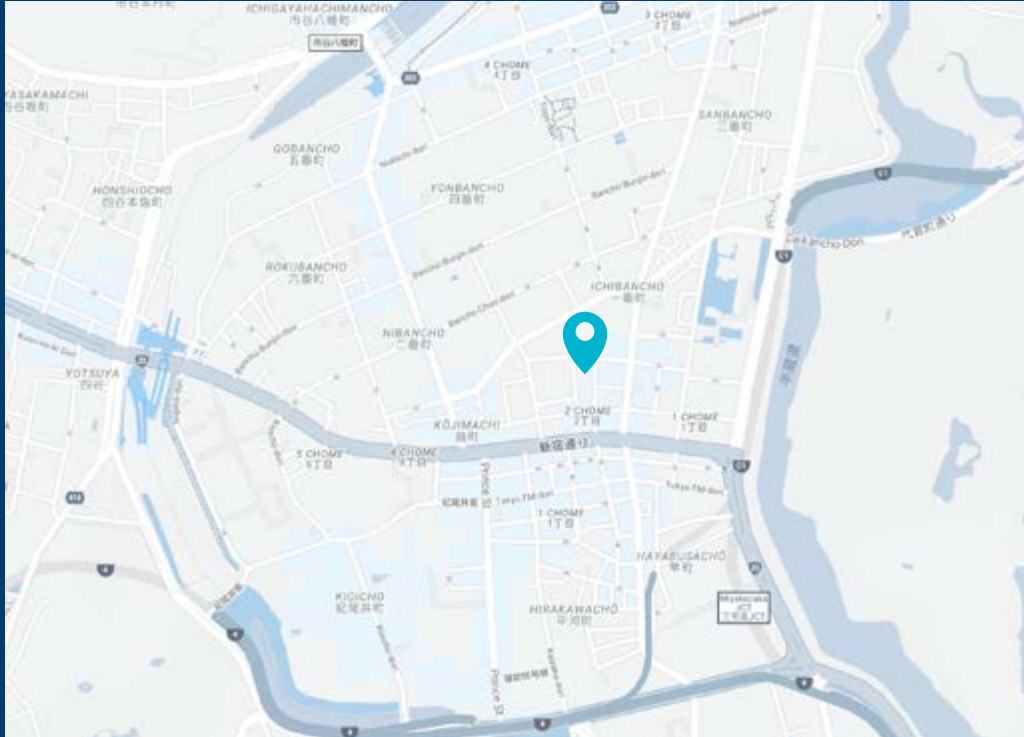
Embassy of Ireland, Japan:  
[www.dfa.ie/irish-embassy/japan/](http://www.dfa.ie/irish-embassy/japan/)

IDA Ireland Japan Office:  
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Ireland-Japan Chamber of Commerce:  
[www.ijcc.jp/](http://www.ijcc.jp/)



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Rialtas na hÉireann  
Government of Ireland



Ireland's EU Structural and  
Investment Funds Programmes  
2014 - 2020

Co-funded by the Irish Government  
and the European Union



**European Union**

European Regional  
Development Fund

Ireland's European Structural and Investment Funds Programmes 2014-2021.  
Co-funded by the Irish Government and the European Union.

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