This guide is intended as an introduction to the Japanese market and business culture for Irish companies. It provides guidelines and up to date information for those interested in identifying new business opportunities in Japan.

Government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation has helped maintain Japan’s position as the largest economy in the world after the United States. In recent years the economy has started to show growth again after a difficult decade.

Japan is an advanced industrialized nation and its sophisticated market demands the highest levels of quality, service and commitment, similar to the vision we have for Ireland as a world class supplier of goods and services.

I hope that this guide is an informative and useful source for Irish companies seeking to enter the Japanese market.

GERRY MURPHY
Director
International Sales & Partnering
Enterprise Ireland
**General Information**

**AREA**
Japan is an archipelago of more than 3,000 islands, the main islands from North to South being Hokkaido, Honshu, Shikoku and Kyushu, with a total land area of about 378,000 sq. km. Only 14% of land is usable.

**POPULATION AND DEMOGRAPHICS**
As of June 2008, Japan's population was 127.7 million making it the world's tenth most populated country, its size can be attributed to fast growth rates experienced during the late 19th and early 20th centuries. However more recently Japan has been experiencing net population loss, due to falling birth rates and almost no net immigration. The share of 65-45 years old residents is expected to rise from 6% to 15% by 2025. Japan is also noted for ethnic homogeneity, high population densities and one of the highest life expectancies in the world, at 81.25 years of age as of 2006.

**CLIMATE**
The climate in most of Japan's major cities is temperate, sub-tropical and consists of four seasons. The winter is cold and dry, the summer is hot and humid, and the hottest month is July, with an average temperature of 28.5°C. There is a rainy season in early summer and seasonal winds and typhoons are common in September-October.

**GEOGRAPHY**
Japan is an archipelago of more than 3,000 islands, the main islands from North to South being Hokkaido, Tohoku, Kanto, Chubu, Kinki, Chugoku, Shikoku, Kyushu. Kanto, Chubu and Kinki are the key industrialised areas but the entire archipelago of Japan is well developed. The sophisticated infrastructure and homogeneity of the population allows easy market access nationwide from Tokyo.

**MAJOR CITIES IN JAPAN**
Tokyo is the capital and biggest city with approximately 12 million people and the population of the surrounding area which is often classified as greater Tokyo is estimated at 35 million. Close by Yokohama has a population of 3.4 million. Osaka is the 2nd most important city, being the capital of the Kinki region, and traditionally the centre of the financial and life science industries, although much of this has now transferred to Tokyo. The area around Nagoya is home to Japan’s automotive industry.

**Religion**
Shinto and Buddhism are Japan’s two major religions. They have co-existed for several centuries and complement each other to a certain degree. Most Japanese consider themselves Buddhist, Shintō or both. Religion does not play a big role in the everyday life of most Japanese people today. The average person typically follows some religious ritual at ceremonies for births, weddings and funerals, may visit a shrine or temple on New Year’s Day and participates at local festivals, most of which have a religious background.

**Histoy**
Japan has a long history, subdivided into 14 eras, according to the particular clan in power at the time. The current era is known as the Heisei era, named so after the current Emperor, Heisei. One of the most important eras in Japan’s history was the Edo era, which lasted from 1603 to 1867. During this time Japan had virtually no contact with the rest of the world. This period of isolation ended in 1867 when Commodore Matthew Perry forced the Japanese government to open a limited number of ports for trade.

There followed the Meiji Restoration era when Japan, forced to catch up with the rest of the world, underwent its own industrial revolution. During and after the Meiji era, Japan fought two major wars, with China and Russia, and annexed Korea in 1910. Their military dominance in Asia ended in 1945 when they surrendered to Allied forces after the dropping of atomic bombs in Hiroshima and Nagasaki. The allied occupation followed. Japan became a member of the UN in 1956 and emerged as an economic superpower in the 1960s. It is now the second biggest economy in the world.

**Geography**
The Japanese archipelago is located in an area where several continental and oceanic plates meet. This is the cause of frequent earthquakes and explains the presence of many volcanoes and hot springs across Japan. The most famous volcano is Mt. Fuji, which at 3,776m is the highest point of Japan. It can be seen from Tokyo when the weather is clear.

**Visiting Japan**

**GETTING AROUND**
Japan has a highly developed public transport infrastructure. Trains and buses run precisely on time, although they may be very crowded at rush hour. Public transport signs are typically, but not always, displayed in Japanese and English. Maps are prominently displayed at the exits of most train and subway stations, although not always in English. On your first visit, it’s probably best to take taxis. Once you become accustomed to the subway and rail system, you will find it more convenient to use public transport.

**ADDRESS SYSTEM**
In Japan the address system is not based on numbered streets, and with the exception of major roads, Japanese streets are not named. Instead, cities and towns are subdivided into areas, subareas and blocks, similar to the insular system of the Roman empire. Houses within each subarea were formerly not numbered in geographical sequence but in the order in which they were constructed, which can cause some confusion. If addresses are written in Japanese they start with the postal code, followed by the prefecture, city and area, and end with the recipient’s name. It is advisable to get a map for your destination and companies normally provide one in English and Japanese.

**AIRPORTS**
The international airport in Tokyo (Narita airport) is located quite a distance from the city. Due to the distance it makes sense to use the limousine bus or train (Narita Express; Keio Sky Line) rather than a taxi. You should allow 2 hours travel time to and from this airport. Kansai Airport, Osaka’s International airport is also quite a distance from the city but airports in other major cities, and the domestic airport (Haneda) in Tokyo are more conveniently located.

**RAILWAYS**
Japan has an advanced railway system second to none. There are several private railway companies that run commuter services from the suburbs of major cities and the Japan Railway Co. offers a comprehensive rail network throughout the country. Most cities are connected by the Shinkansen (bullet train) which is efficient, very fast and frequent and the best way to travel between major cities on Honshu, the main island. It is advisable to ensure availability by reserving a seat for an extra JPY500.

**SUBWAYS**
Subways offer the most cost effective and efficient way to get around Japanese cities. Tokyo has a comprehensive system dominated by 2 companies (Toei and Eidan). The lines criss cross the city linking conveniently with the rail system.

**TAXIS**
Japanese taxi drivers speak very little English. Have the full address of your destination written in Japanese, with a Japanese map if possible, to give to the taxi driver. Navigation systems are quite common in taxis and the driver can use it to identify the destination and best route.

**DRIVING**
You can drive in Japan with a valid international driving license. If you plan to stay in Japan you'll need to get a Japanese driver’s licence, if obtained at least three months before
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COMMUNICATIONS

Post: Japan’s postal system is reliable, efficient, and inexpensive for both domestic and international mail. Small post offices are open Monday to Friday from 09:00 to 17:00 and are closed on weekends and national holidays. Larger offices are open on weekdays until 19:00 and may also open on Saturdays and Sundays. Mailboxes are red.

Most post offices are equipped with international ATMs which allow you to withdraw cash by foreign Visa, Plus, Mastercard, Eurocard, Maestro, Cirrus, American Express, Diners and JCB cards and provide an English user menu. They do not, however, offer a 24 hour service. While ATMs at major post offices are typically available daily from 07:00 to 21:00 with slightly shorter hours on weekends, ATMs at smaller branches may only operate from Monday to Friday between 09:00 and 16:00. You will of course need your four-digit PIN.

Mobile Phones: Japan is a leader in mobile phone technology and usage. Mobile phones are omnipresent and incorporate additional functions, such as internet browsers, games, cameras, televisions, wallets and train passes.

Due to different technologies, Irish mobile phones are unlikely to work in Japan. There are two things that are required for your phone to work:

1. Compatibility with the Japanese mobile phone network. Only 3G phones from Ireland (but not all 3G phones) will work in Japan.
2. International roaming plan or rental SIM card. With an international roaming plan (from your home service provider) you use your own phone and number, but are charged international roaming rates which tend to be expensive. Alternatively, with a rental SIM card (from a Japanese provider) you use your own phone with a Japanese phone number and lower rates. We suggest that O2 users rent a DOCOMO sim card because of their roaming agreement http://roaming.nttdocomo.co.jp/index.html and Vodafone users rent a Softbank sim card www.softbank-rental.jp/en/index.php. You can also rent a Japanese phone at the airport or from most hotels. However you will need to show your passport and pay by credit card.

Japanese hospitals are always polite and courteous, both among themselves and with foreigners.

JAPANESE HOSPITALITY

Japanese people are almost always polite and courteous, both among themselves and with foreigners, so hostile experiences are few and far between. Their English language skills may not be sufficient for them to provide assistance but they will go out of their way to help in any way they can. Although there are a growing number of foreigners both living in, and visiting Japan, you will often find yourself in situations where you stand out from the crowd.

HEALTH AND SAFETY

Japan is a safe country and petty crime is rare, although increasing. There is a high, but not particularly visible, police presence. If you have any trouble there is a koban (police box) at every large intersection.

There is no risk of tropical diseases in Japan and water is safe to drink. Advanced medical care is available although it is expensive and English speakers are rare. You should bring any medication you need with you. See the appendices for a link to a list of English speaking doctors.

EMERGENCY SERVICES

Police 110
Fire, Ambulance 119
Japan Helpline (24/7, English, toll free) 0570 000 911
Tokyo English Life Line (9:00 – 23:00) 03 5774 0992
Tokyo Police (24/7, foreign language) 03 3501 0110
Tokyo Hospital Information 03 3212 2323
Emergency Medical Interpretation 03 5285 8185
Telephone Assistance in English (toll free) 0120 364 462

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Public Phones
Public phones take 10 yen or 100 yen coins but provide no change. Telephone cards, which can be used instead of cash, are sold at kiosks and vending machines. Most public phones do not allow you to make international calls and are decreasing in numbers so it is advisable to rent a mobile phone.

Couriers
Japan has a well-developed domestic private courier system, delivering items anywhere in Japan within one or two days. You can send items from any supermarket or store outside which a “takkyubin” (宅急便) sign is displayed. Many convenience stores offer this service. International courier services are also readily available.

Internet and Email access
Broadband is widespread in Japan and available in most international standard hotels. Internet cafes are reasonably common in urban areas and there are several wi-fi hotspot services, although coverage is limited to fast food restaurants, cafes, train stations etc in urban areas.

MEETING AND GREETING
Although the accepted form of salutation between Japanese is bowing, most Japanese with international experience will not expect a bow from a foreigner. Quite often, Japanese people will initiate a handshake. If the situation is unclear, wait for the Japanese either to offer a handshake or to bow, and reciprocate accordingly.

Business Cards (Meishi)
For Japanese people business cards are important tools for establishing business contacts, and their role should not be overlooked. Failure to present a card at the first meeting can indicate to your Japanese counterpart that you lack interest in doing business with them. Cards give key information, and without one you risk being forgotten. Business cards are exchanged at the beginning of a meeting and left on the table until it ends. You should make sure you have an adequate supply of clean, unmarked business cards that clearly state your name, your title and your company name. When presenting your card, do not push it across the table, but hand it to the recipient the right way around so he/she can read it, before you sit down. During the meeting, arrange the business cards you receive on the table, in the order in which your Japanese counterparts are seated. This will help you to identify the current speaker, and will also help you to try to call them by their name. Don’t forget to take the cards with you at the end of the meeting.

GIFTS
It is traditional, but not essential, to offer a gift when meeting someone for the first time. It does not need to be an expensive gift, but should be something from Ireland if possible and should be neatly wrapped. Typically gifts are presented at the end of a meeting.

SEATING
There is a set protocol as to how seating is arranged at meetings, at dinners or in cars. It depends on seniority, guest-host relationship, the position of the door and decorations in the room. Guests sit facing the door and hosts with their back to the door. The most important person will generally sit furthest from the entrance, with the least important person sitting closest to the door to allow them to attend to any problem that may arise outside the meeting.

WINING & DINING
Japanese cuisine offers a very large variety of dishes and regional specialties — it’s not all raw fish!

Some restaurants and private houses are equipped with low tables and cushions on the floor, rather than with Western style chairs and tables, which can be uncomfortable to sit at for long periods of time. The floors of these rooms are normally made of tatami (straw woven mats) and you should always remove your shoes or slippers before entering. Typically chopsticks are used for eating but if you are having difficulty ask for a knife and fork. You should avoid sticking your chopsticks into your food, stabbing your food with chopsticks or passing food with your chopsticks directly to somebody else’s chopsticks. It is common to hold the rice bowl in one hand and lift it towards your mouth while eating.

When drinking it is a Japanese custom to pour for your companions, rather than pour your own drink. You are supposed to periodically check your friends’ cups, and serve them more once their glasses are getting empty. Likewise, if someone wants to serve you more alcohol, you should quickly empty your glass and hold it towards that person. If you have had enough to drink leave your glass full. Don’t start drinking until everybody at the table is served and the glasses are raised for a toast, which is usually “kampai”.

TIPPING
Tipping is not customary in Japan. Whether in a taxi or restaurant, you pay the price indicated. Note however, that some establishments may add a service charge (10 – 15%) to bills, although this is generally limited to higher priced establishments.

BASIC SAYINGS:

Hello:  Konnichiwa
Goodbye: Sayonara
Good Morning: Ohayo gozaimasu
Please: Kudasai
Thank you: Arigato
Where is…: …wa doko desu ka?
Toilet: Toire
Water: Mizu
Beer: Bi-ru
Wine: Wain
Bread: Pan
Shop: Konbini
Station: Eki
Business Style and Customs

Japanese society was, until the middle of the nineteenth century, structured on feudal lines and quite isolated from the rest of the world. As a result it has remained to a large extent a single-race nation, with almost no immigrants and the prevailing ethos even today is conservative, with an ingrained respect for seniority, and a strong commitment to education and work.

The Western concept of the individual is not prevalent in Japan and normally a person is defined primarily as belonging to a group (family, company etc). This emphasis on the community over the person means that the notion of entrepreneurship is still under-developed in the Japanese business world.

Despite the differences, Japan is open for business and professionalism and commitment will allow you to reap just rewards. It is however useful to have some understanding of the centuries-old traditional concepts that continue to influence Japanese business and society.

WA (HARMONY)

Many Japanese values are based on religious beliefs that emphasise the maintenance of harmonious relations with others. The term wa, which literally means ‘circle’ is used to convey the notion of harmony, unity, peace, and wholeness in a social group. The embrace of wa in the corporate world is believed to result in unparalleled trust, co-operation and loyalty, which leads to high productivity, wholeness in a social group. The embracement of wa in the corporate world is believed to result in unparalleled trust, co-operation and loyalty, which leads to high productivity. When people then get together, it is almost certain that they are already familiar with the project and are able to endorse it. Any element of surprise is considered sufficient reason to politely decline the proposal.

RINJI-SHO (PROPOSAL SYSTEM)

When a middle manager wants to make a suggestion in relation to an important decision he usually prepares a written document for circulation among all persons whom it may affect. The written suggestion is called a ringi-sho, often translated as ‘propoal’. Those who approve of the suggestion affix their personal seal to the document as a sign of support for it and then pass it on to others of equal or higher rank in the company. The suggestion gains credibility as seals of approval accumulate from individuals who have read it. Individuals may suggest modifications of the original proposal or raise questions, and these may be incorporated into the ringi-sho. In the end, if there is sufficient support, the ringi-sho will be brought up step by step through the management structure to the Board of Directors. A suggestion that makes it that far is usually authorised for implementation by the company.

The ringi-sho system may be slow when compared to direct top-down decision-making. However, if a proposal is accepted, it is usually implemented quickly, since all relevant parties are aware of the proposal and have at least nominally approved it prior to its adoption.

THE ROLE OF MIDDLE MANAGEMENT

In a Japanese company, meeting only with the individual at the top of the organisational hierarchy will not necessarily lead to a business relationship. In Japan, the role of the CEO is quite different from that of CEOs in Western companies. Japanese corporate bosses are primarily consensus builders who work to establish trust within the organisation. It is certainly useful to meet the CEO, but it is unlikely that they will be willing or able to discuss technical details or commercial proposals.

Support from middle management is critical for your success in Japan.

Regulations

IMPORT TARIFFS AND TAXES

The average applied tariff in Japan is one of the lowest in the world and in fact is zero for many sectors e.g. auto parts, software, computers, industrial machinery. In general, import tariffs are reducing, even on agricultural items, but are still high for certain products e.g. rice, leather goods, some processed foods, some manufactured goods. The trade classification system used is the same as that for the US and is not difficult to understand. See the appendices for details on how to find further information.

STANDARDS AND REGULATIONS

Japan has a policy of deregulation but standards and regulations do exist as for any other market. They can be cumbersome, difficult to understand and open to interpretation, but they are largely mechanical rather than discriminatory, and most problems are encountered during first time applications. Japan’s attractiveness as an investment destination is increasing, as the government works to improve the business environment. Surveys of foreign companies in Japan have shown that impediments to investing in Japan such as high business costs, the exclusive and tradition bound nature of commercial transactions, and the complexity of administrative procedures have been significantly reduced in the last ten years, and the environment for expansion of foreign companies in Japan is steadily improving. Depending on your product you are advised to seek local assistance in relation to standards and regulations and Enterprise Ireland can assist you in finding an appropriate advisor.

Since the 1990s, Japan has worked to internationalize its accounting standards and reform its legal framework and, in June 2005, established a revised corporate legal system reflecting the internationalisation of business activities and changes in Japan’s socio-economic conditions.
The revised corporate law makes it easier to establish new companies (e.g., abolition of minimum capital requirements and necessity for more than one director) and has more flexible corporate management and merger compensation rules.

MANDATORY AND NON MANDATORY REGULATIONS
Japan’s regulations are categorised as mandatory and non mandatory. Approval under either must be acquired before shipping. Many regulations also apply to packaging, labeling, manuals etc. Products subject to mandatory regulations cannot be imported without compliance (import restricted products). Import restricted products are goods that may have a negative effect on Japanese industry, economy and hygiene, or on public safety and morals and hence are subject to certain regulations e.g., medical devices are subject to the regulations in the Pharmaceutical Affairs Law.

A permit or approval, as well as an import license for the importer (not exporter) may be required. Furthermore some items are restricted by quotas and you may need to apply for a quota. Chemicals and additives in food and cosmetics are severely restricted, and Japan follows a ‘positive list’ approach so you may need to seek approval for an additive to be included on this positive list.

Although compliance with non-mandatory regulations is “voluntary”, it is recommended as part of your overall sales strategy e.g., JIS (Japan Industrial Standards) approval, JAS (Japan Agricultural Standards) approval.

INTELLECTUAL PROPERTY RIGHTS SYSTEM
Japan has a well-developed intellectual property system covering patents, trademarks and designs. It is constantly being revised to cope with the growing number of applications, advances in technology and the demands of international harmonisation. Japan encourages and protects new designs and inventions.

Over the years, Japan has become a member of all the major intellectual property organisations, such as the World Intellectual Property Organization (WIPO), and has been a signatory to all the important conventions, including the Paris Convention and the Patent Co-operation Treaty.

Intellectual property rights and their protection system fall under two headings.

1. Intellectual Creations
   I. Inventions
      Protected by Patent Law for twenty years from the day of filing an application, these are products or methods characterised by a high level of creative technology.
   II. Utility Models
      Protected by the Utility Law for ten years from the day of filing an application, these are items with a short life cycle characterised by the potential for early implementation.
   III. Designs
      Protected by the Design Law and laws to prevent unfair competition for twenty years from the date of registration.
   IV. Trade Secrets
      Protected by laws to prevent unfair competition. Trade secrets are typically manufacturing technologies, customer lists etc.
   V. Integrated Semiconductor Circuits
      Protected by laws for the protection of semiconductor chips.
   VI. Copyrights
      Protected by Copyright Law. Copyrights are typically novels, music etc.

2. Commercial Symbols
   These are subdivided into four areas
   I. New varieties of plants
      Protected by the Seeding Law.
   II. Trade names
      Protected by Commercial Law.
   III. Trademarks
      Protected by the Trademark Law for ten years from registration. Continuous use can be obtained by updating.
   IV. Geographical Indications
      Protected by the Unfair Competition Prevention Law and the Liquor Industry Law.

FILING
Unlike the US, where protection goes to the first-to-invent, Japan operates a ‘first-to-file’ system with regard to patents, utility models, designs and trademarks including service marks. Companies entering the market should therefore consider taking immediate steps to protect their products.

Generally an applicant who has neither address nor residence (office, if the applicant is a legal entity) in Japan is required to appoint an agent, or a patent attorney who has an address or residence in Japan as their patent administrator. The applicant must conduct any procedure required by the Japan Patent Office through the agent.

Patent and utility model applications are disclosed to the public 18 months after filing. These and trademark applications are published for opposition purposes after examination. Design applications, on the other hand, are kept secret until registration.

The application must be filed in Japanese and the specification, claims, drawings, and the abstract in English. The applicant must submit a Japanese translation of the English documents with the required submission form within one year and two months from the filing date or the priority date.
WINNING BUSINESS IN JAPAN

How to Win Business

MARKET RESEARCH
As with any market the first task in winning business is to carry out research to ascertain the level of opportunity, if any, and identify key areas to target. Enterprise Ireland can assist both through the library in East point Headquarters in Dublin and the office in Tokyo. You should also carry out your own research on the internet. JETRO (Japan External Trade Organisation) publishes reports across multiple sectors. Also see the appendices for further sources of information. Up to date market information, particularly in English, is not available in abundance for Japan but you should be able to ascertain whether or not the market shows ample opportunity for your product or service. The next step is to visit the market and meet face to face with potential customers and partners. This is the most valuable research you can do.

FINDING CONTACTS
Finding suitable contacts in any market can be difficult: in Japan, without the right introduction it can be impossible. Cold-calling a list of importers or distributors, by email, mail or telephone is not an effective way to generate interest. Finding potential partners and arranging meetings for you. You should also use any contacts you have to arrange meetings for a supplier company that has already done business in Japan. It is advisable to initially provide an overview of product and service and how it is used or deployed rather than a full technical explanation. Remember to ask the client in advance to arrange to have a projector available if you intend to make a PC-based presentation. As the Japanese client organisation is likely to have more than one person at the meeting keep this in mind if you are bringing handouts etc.

BUSINESS MEETINGS
As a general rule, Japanese companies will want to meet a supplier company before doing business or entering into negotiations. It is therefore extremely important to visit any prospective client. Nor is a single visit sufficient; you must be prepared to make a number of visits before securing a contract, and to continue to visit once secured.

You should be well prepared for your meetings and if possible forward materials in advance to your Japanese contacts, allowing them to come to the meeting prepared, having read any materials provided beforehand. Good materials provided in advance will increase your chances of being introduced to the ‘right person’, and will help make the initial meeting more productive. The person you have arranged to meet will almost certainly invite colleagues to the meeting. Try to have as much information about the participants and the target company in advance.

Your Information Kit
Your Japanese contacts will expect to be provided with some details about you and your company. The materials you provide prior to the meeting should include the following:

• A brochure introducing the company and stating the company mission, product expertise, and Unique Selling Points (USPs)
• Profiles of company management
• Your client base
• Your partner companies
• Your financial backers
• Current trends in the industry and where you are positioned
• Examples of where your product/service is used
• Visual material (chart/diagram) explaining how your product/service works
• Meeting agenda

It is advisable to initially provide an overview of product or service and how it is used or deployed rather than a full technical explanation.

Presenting your business
It is important to present your business clearly and early in a relationship. Japanese are orderly, thorough people, and the way in which you present yourself is the most important element in establishing a successful relationship. While presentations for Europe and the US tend to focus on image and marketing, Japanese clients will want more concrete information. You must be knowledgeable about every aspect of your business, and you must be able to display this knowledge in a manner that is easily understood.

DEVELOPING RELATIONSHIPS
In order to win the support of middle management it is important to provide them with precise information beyond a product overview. They should understand your product and proposal well, how it can benefit the client company, and how it should be implemented. The biggest failures for international business in Japan have been due to lack of preparation or to starting without a strategy. You can assume that normally your Japanese partners will do their preparations and they will have a big advantage if you are unprepared. You should also provide details of relevant case studies where applicable. You will need to consider that meeting your Japanese counterparts frequently is important rather than relying solely on email or teleconferences. Relationships in Japan are seldom defined by legal contracts alone. You need to work on your relationships and take care of them.

COMMUNICATING IN ENGLISH
Communicating properly is a crucial factor in successful business dealings everywhere. Although in Japan English is taught at school, few Japanese people are sufficiently fluent to conduct business comfortably in English. Furthermore, those that do speak English often speak it with Japanese nuances which can lead to misunderstandings.

In the Japanese language the word ‘Hai’ is used frequently. Although it actually means ‘you have my attention’, it is frequently mis-interpreted as ‘Yes’. On the other hand ‘No’ is very rarely used as it is considered harsh and rude. Your Japanese counterpart will try to avoid directly insulting you by openly rejecting your proposal so instead may say something like ‘that would be difficult’ – to be interpreted as near impossible.

You must be prepared to make a number of visits before securing a contract, and to continue to visit once secured.

Furthermore Japanese people will generally not wish to offend you by saying they do not understand, so you should try and elicit clear feedback at every stage in the process, to encourage full understanding. You should avoid Irish colloquialisms which are unlikely to be understood and may be interpreted literally, causing confusion.

Always confirm any agreements or discussions in writing to ensure there has been no misunderstanding.

Interpreters
Although Japanese companies may not request the presence of an interpreter, it is a good idea to hire one. An interpreter will be able to help you read facial expressions and other gestures. Make sure you brief the interpreter thoroughly before the meeting and have them de-brief you afterwards.

Interpreters in Japan are ranked, and their rates are determined according to their rank. The top ranking (AA) is applied to simultaneous interpreters qualified to work at international conferences. For business negotiations, a consecutive interpreter ranking (B) will suffice. The rate is around JPY80,000 per day. Consecutive interpreting, however, doubles the length of a meeting.

Translation
While most Japanese can read and write English it is often necessary to have documents translated. Because of the high risk of misunderstanding, it is crucial to take time to ensure that every translation is not just grammatically accurate but that nuances are correctly interpreted. Give the translator plenty of time to prepare a number of drafts and be willing and available to work through these in detail with the translator. Payment is based on a page rate, which depends on the translator’s skill.

For English to Japanese translation, rates start at JPY5,000 for a 400 character page; for Japanese to English translation, rates start at JPY7,000 for a 200 word page. Remember that translation should always be undertaken by a native speaker of the target language, and allow for the difficulty in finding specialists in both your schedule and your costs.
You need to be able to demonstrate the quality of your product/service and your commitment to quality.

**ENTERTAINMENT**

Entertainment is part of the corporate culture in Japan. The Japanese are wonderful hosts and you should spend at least some time outside the working environment with your Japanese partners and clients. This serves to strengthen your relationship. Typically a meal will take two hours after which your Japanese partners may decide to go to a second venue. You don’t have to join them. When your Japanese partners and clients visit you in Ireland, make sure to adequately reciprocate the hospitality.

**EXPECTATIONS**

**Product Requirements**

For the typical Japanese buyer – conservative and risk-averse – price and performance are not the ultimate buying criteria; stability is far more important than price or even improved performance. The key factor is whether or not you can guarantee a consistently high-quality product or service. You will have to provide an extraordinary level of pre-sales service to convince your client that the post-sales service will be up to the level required. It is therefore worth finding a local partner that can provide the requisite support to your Japanese clients.

**Quality Expectations**

The Japanese have quality expectations above and beyond any other. They look for 0% reject rates and 100% perfection. They are also entirely committed to continuous improvement. You need to be able to demonstrate the quality of your product/service and your commitment to quality.

**Service Expectations**

Both pre- and after-sales service are prerequisites for success in Japan. You need to be able to provide substantial pre-sales support in terms of performance data etc. and after-sales service in terms of maintenance, complaints procedures etc.

**TECHNICAL EXPECTATIONS**

The typical Japanese businessperson is conservative, and will want reassurance on a number of technical issues. Depending on the product, your Japanese counterparts will want to understand in considerable detail how concepts are to be promoted and how the product works, well before committing themselves to its purchase. Thus a number of meetings with the top technical people in the Japanese company may be needed before any decisions are made.

**COMMERCIAL EXPECTATIONS**

In general, it is possible to command higher prices in Japan than in the US or Europe but the demands in terms of quality and service also necessitate this. A low price strategy is not advisable to win business in Japan. The quality (to include quality of service) and price of the product should go hand in hand.

However the Japanese company you are pitching to will have certain expectations in relation to the commercial aspects of the business deal. Your price structure should be transparent and you should be prepared to explain it in detail.

**FOLLOW-UP**

It is important to maintain contact after each business meeting, in order to build the relationship. Ensure that follow-up actions are carried out quickly and that the promises you made during the meeting are fulfilled. Your Japanese contacts will judge you by the way in which you honour your commitments, and will assume that your pre-sales approach – good or bad – is a reflection of your service approach.

It is a good idea to send a summary of your meeting to your Japanese counterpart highlighting items discussed and possibly agreed, as well as follow-up items. Also remember that the Japanese are typically uncomfortable with uncertainty. Be sure to end meetings with a clear plan and action and be definite about dates, times and commitments.

**DISTRIBUTION**

1. **Traditional Channels**

Although the number of tiers is reducing you may find that your product reaches its final destination through several layers of distribution. You should not be overly concerned. If you are making a respectable profit margin then look on these stakeholders as your assurance of a long term presence in the market.

2. **Licensing**

Entering a licensing agreement with a Japanese company keeps costs down, but it does mean that you surrender control. You will also need to police the licensing agreement. If there is to be a transfer of technology, you should negotiate sufficient compensation, as the Japanese company may absorb and improve on your technology.

3. **Direct Marketing (Mail Order, Telemarketing, TV, Internet & Mobile Sales)**

Direct marketing is increasing in popularity for consumer goods but you will still need an agent or distributor. You may also need to look for retail opportunities to help maintain a long term presence in the market.

**CHOOSING A PARTNER**

Your partner may be a trading company, importer, distributor, wholesaler or consultant and your success in Japan will largely depend on selecting one who best meets your needs. You should select carefully as replacing a partner later may cause reputation problems. First clarify your expectations, business strategy, and objectives in entering the Japanese market. Then get introductions to several potential partners, meet with them, and do credit, background, client list, and competing product checks. If your products can be distributed without much technical support then a company with strong selling power such as a trading house can ensure nationwide distribution in Japan through its networks. If your products require considerable support then you will need to choose a more specialised organisation. Irish companies, who are generally small, are best advised to avoid smaller partners who lack the recognition and contacts in the market place to sell a hitherto unknown product. You should consider exclusivity carefully and if necessary try and limit it to regional exclusivity, a limited term, or attach a minimum sales condition.

**SUPPORTING YOUR PARTNER**

You will need to ‘sell’ your company to your partner first, convincing them of your dependability and commitment and the superior quality of your product or service. Ideally they should import your product, handle customs and take care of all the necessary administration e.g. import license, approval certification, compliance with regulations etc. Most importantly they must identify opportunities and use their contacts to sell your product. The concept of a ‘commission’ agent, who proactively makes cold calls and earns commission on such sales, is not widespread in Japan.

You should make regular and direct contact with your Japanese partner and clients and monitor how your partner is positioning your product to Japanese clients - presented as a main product or just an add-on or second-tier product, subordinate to the more expensive products of another supplier. You should support your partner by providing prompt response to queries, delivering on time and providing pre- and after-sales support and information. You should also make frequent visits to Japan to visit end customers, together with your partner, and invite them to Ireland. If at all possible you should maintain continuity by having the same person in your organisation act as liaison for Japan.

**TRANSLATION AND LOCALISATION**

Inevitably translation (of labels, packaging, instructions etc.) and possibly localisation will be required. You will need to decide whether or not to share the work and cost with your partner. If they bear the cost in return for shared copyright and sales rights in Japan, you may have to buy this back at a higher cost if you subsequently change partners, or if you establish a legal entity in Japan.
Information and Communication Technologies (ICT)

MARKET BACKGROUND
Japan is one of the most advanced countries in the world in terms of broadband infrastructure and wireless services. It has one of the highest internet and wireless penetration rates globally. The Japanese government is now turning its attention to develop its regional areas by using ICT infrastructure with a view to further enhance the current technologies in place and maintain Japan as one of the global leading players. With the launch of digital TV broadcasting, new services covering both broadcasting and telecommunications are widely accepted by mobile and TV subscribers. Security solutions (network, email etc.) and compliance software for both the healthcare and financial sectors are also showing promising growth. Although Japan traditionally used its own locally developed systems it has now moved towards open standards and proprietary systems are less common. A high rate of technological advancement, supported by vigorous investment in R&D, is one of the leading factors in Japan’s competitiveness and makes the country a key destination to create business.

AREAS OF GROWTH
The Mobile Sector
Japan leads the world in mobile technology, not only in terms of size but also in terms of innovation and the early introduction of advanced technologies. In March 2007, 95% of all households in Japan owned mobile phones. Currently mobile device specifications, mobile services and pricing is controlled by the 3 main players (DOCOMO, SoftBank, KDDI) who have combined revenues of JPY8.9 trillion (US$89 billion). In contrast the 10,000 players in the fixed line market have a combined revenue of JPY7.3 trillion. The Japanese Ministry of Internal Affairs and Communications (MIC) is planning a series of regulatory changes which should lead to increased openness and opportunities for companies to launch mobile services even if they do not own any mobile infrastructure. As a result of this, the first MVNO, Disney Mobile, was launched in April 2008. The proposed changes will make the experience of using a mobile phone similar to the experience of using the internet from a PC to use mobile phone similar to the experience of using the internet from a PC to create services on mobile devices.

The key items targeted for change are:
- SIM Lock Free (SIM cards will no longer be locked to a particular handset)
- End of handset subsidisation by carriers allowing for more open standards
- Reduction of restrictions and ability for 3rd parties to create services on mobile devices

The mobile content market, which started with ringtones, games and music, is now driven by mobile shopping. More than 60% of subscribers have purchased goods and services via mobile phones and these trends will continue to grow in Japan. Mobile phones are the most advanced in the world and it is now common for mobiles to have GPS, GSM roaming, HSDPA (High-Speed Download Packet Access) as well as Digital TV viewers.

Mobile digital advertisement is a new area of potential.
Operators did not adopt push-advertisements techniques in the past. However lowering ARPU’s, increasing inter-operator competition and competition from off-portal sites have put pressure on operators to introduce advertising strategies. Japanese subscribers are now accustomed to accepting rich content advertising messages and mobile operators have established their own mobile advertising agencies. By 2012, the total value of all mobile advertising and marketing is expected to reach US$1.2 billion in Japan.

Broadband, Next Generation Network (NGN), and Fixed Mobile Conversion (FMC)
Japan has the world’s fastest and most cost effective broadband environment with a recorded 46.5 million users (at home) in 2007, which is equivalent to penetrating 65% of all households. (45% of these are Optical Fiber users while 43% are DSL, the remainder being CATV). The explosion of the amount of information handled, due to the increasing demand of business networks, has led to the evolution of NTT’s (NTT) NGN (Next Generation Network) service, which is a high quality Video on Demand service. NTT plans to populate the services and the applications for NGN.

Fixed Mobile Conversion (FMC) is also advancing with the usage of IP phones and now has over 17 million subscribers.

Digital Money (IC cards, mobile phones)
It is forecast that the digital money market in Japan will grow to €4 billion by 2010. The demand was triggered by the introduction of transport IC cards which now have digital payment functions similar to those of plastic card payments and mobile phone payment functions. It is expected that the different card reader terminals will be standardised by 2009 which will further enhance their usage. The Ministry of Finance reported that the production of coins has been decreasing for the past three years due to the increasing usage and penetration of digital money among Japanese citizens. Opportunities in this area include software to further support credit line control and the supply of enhanced billing services.

Social Networking, Blogging
Because of the widespread use of internet and mobile phones, information sources have increased drastically, causing a change in consumer behaviour. This change has led to the introduction of new marketing techniques using social networking and blogging. These are invaluable tools for existing businesses and new start-ups alike. The Japanese use blogs differently than in other countries having realised that what they do online is now a huge part of their economy. Somewhere between 13 and 27% of Japanese companies used blogging software in 2007. The benefit that a business can gain from being an active part of social networking sites is realized in phenomenal return on investment of time, talents and creativity placed in blogs.

Software
Japan’s software industry is dominated by domestic companies and a small number of US companies. Embedded software for high-end hardware, i.e. digital camera, PlasmaLCD, high-definition TV, DVD recorders, high functional printers and fax machines, and car navigation systems are the core areas of potential for Irish companies looking to compete within the industry. In general, nearly all software developed in Japan is customised software ordered on a project basis.

The Japanese tend to prefer to develop software from scratch rather than buy packaged solutions. It is crucial, therefore, to explicitly illustrate how your technology can help the company achieve its business targets. If your software is a shrink-wrapped application i.e. generic software, aimed at end-users, you may find the Japanese company quite reluctant to use it, unless you can convincingly present it as a ‘good’ solution.

ROUTE TO MARKET
Due to the necessity to establish long term trust based relationships and to provide strong technical support, partnering with a distributor or local company is often the best route to market for Irish companies in this sector. Even after appointing a partner, regular visits to Japan (3 or 4 times a year) are required to maintain a good business relationship and to further understand the market needs.

LOCALISATION, CATERING FOR LOCAL MARKET NEEDS
To have any chance of success in the Japanese software market, your product must be localised. This involves translation, double byte enablement and adjustment to user interface in order to be able to continue do business in Japan.

Winning Business in Japan
Winning Business in Japan

Healthy Lifestyle Products
Although they do not need to be classified as medical products, any items or services that make life more comfortable or healthier are seeing growing opportunities.

Mobile Healthcare Services
Advances in wireless technology have given pace to the rapid development of mobile applications. With the mobile revolution, the increasing importance of healthcare, and the drive to reduce the average length of hospital stays (currently one of the highest in the world), dramatic and fundamental changes are taking place in the way the population is taking care of their health. For the healthcare industry, mobile applications provide new opportunities in offering better care and services to patients, and a more flexible and mobile way of communicating with suppliers and patients. Mobile applications will provide important real time data for patients, physicians, insurers, and suppliers. In addition, it will revolutionise the way information is managed in the healthcare industry and redefine the doctor/patient communication.

Life Sciences

MARKET BACKGROUND
Japanese society is aging more rapidly than other advanced industrialised societies. Since 2000, Japan’s rate of aging was five times faster than France and three times faster than the US and now the Ministry of Economy, Trade and Industry’s New Industry Creation Strategy estimates that by the year 2050, one in every three Japanese will be a senior citizen. This will expand the need for new medical technologies, both in the areas of medical devices and pharmaceuticals, and greater nursing care services.

AREAS OF GROWTH
Medical Devices and Equipment
The Japanese medical device market is the second largest market in the world, behind only the US, and equivalent to 11.4% of the total world market. This sector covers a wide range of products from artificial heart valves to wound dressings to body toning equipment. Imports of medical products amounted to US$8.3 billion in 2006, an increase of 6.4% in US dollar terms. In 2006, Ireland replaced Germany to become the leading European supplier, with shipments valued at US$563.8 million, equal to 11.6% of the year’s total.

REGULATIONS
Regulations surrounding the approval, importation and sale of medical products are as complex in Japan as anywhere else. However the government is attempting to reform the notoriously lengthy periods of healthcare product approval with the creation of a new organisation, Pharmaceuticals and Medical Devices Agency (PMDA) overseeing both medical devices and pharmaceuticals. In order to maintain the quality of review and post-marketing safety operations, the Agency are using external experts with appropriate knowledge.

Categorisation of products has also been reformed and is now similar but not identical to the European system. Since April 2005, regulations stipulate that foreign manufacturers must have a representative in Japan to gain and maintain product approvals. This representative must hold a license to sell medical devices.

ROUTE TO MARKET
In order to satisfy legal requirements you will need a representative in Japan in order to get approval for the import and sales of medical products. If you are to win widespread use of your products you will also need a strong distributor. Depending on their capabilities your representative company may be able to fulfil this role.

If you are to provide healthcare services in Japan you will need to establish a Japanese entity.

Engineering & Other Services
MARKET BACKGROUND
Although the relative share of the construction sector decreased from 14.2% in 1998 to 10.2% of Japan’s total GDP in 2007, this €363 billion sector including engineering and project management services are proving lucrative for foreign companies who form partnerships with Japanese contractors on projects. Since 2007 further opportunities were created when 6.9 million baby boomers retired starting a growing need for high level management and technical experts. This is also expected to lead to opportunities within Japan, where it is still significantly easier to bid for a contract in partnership with a Japanese company.

AREAS OF GROWTH
International Projects
Although Japanese construction and engineering companies are in demand across the world for their expertise in specific areas, they often lack the international experience and foreign experienced personnel to deal with the inevitable cultural challenges. Irish companies can fill this gap effectively.

As Ireland is now a member of the Asia Development Bank (ADB), further opportunities should present themselves on international projects involving Japanese investment or partners in Asia.

Government Projects
Drastic cuts in public spending have brought construction costs closer to international levels. However local and national government are still responsible for substantial construction projects across Japan. Although theoretically open to foreign bidders, there is still little participation from foreign companies. You are likely to be more successful with a Japanese partner.

ROUTE TO MARKET
Although projects are typically carried out in another territory, the contact and business relationship still needs to be developed in Japan. A good track record, perhaps in working with a Japanese company in Ireland, is essential.

High Value Consumer Goods
MARKET BACKGROUND
Japanese consumers are very brand conscious and purchase a massive 40% of the world’s luxury goods every year. In addition to a sophisticated market, Japan serves as a trend setting market for premium products in Asia.

The Japanese Consumer
The Japanese consumer is both cash rich and well informed. Japan’s population is one of the wealthiest in the world and very few Japanese live in poverty. The average annual salary is €38,000 and the society is predominantly middle class. Japanese consumers are early adopters and move fast to stay on the cutting edge of the latest technologies.

The Japanese pay more attention to the finish of a product than its price or overall performance. They tend to be influenced by the opinions of their colleagues, friends, and neighbours and like to buy on a recommendation or from a recommended source.

When Japanese buy a product it is normally either for their own practical use, for a gift or, especially in the case of imported goods, for social status. The price category of the merchandise in which they are interested tends to be very low (functional products for practical use) or very high (gifts and products to raise social status). This phenomenon can be seen in the expanding sales of expensive Western brands alongside the popularity of 100 yen shops. As there is an expectation that European products are high quality and high priced, there is little opportunity for low priced Irish products which at any rate could not compete with the prices of product sourced in lower cost economies in the region.

As the economies in Asia (in particular China, HK, Singapore, Taiwan and Korea) mature, consumers are becoming more brand orientated. Many consumer products that gain popularity in Japan go on to become popular in Asia in general. Success in Japan is a litmus test for success in Asia.
Winning Business in Japan

Key Consumer Groups

The woman holds the purse strings in Japan, and is still the primary shopper and key influencer of spending patterns in Japan. However two particular consumer groups are gaining importance.

Parasaito Shinguru (Parasite Singles)

These are women who don’t fancy the prospect of giving up independence and a career to marry a salaryman. They elect to stay living with their parents where they pay cheap rent and 90% own a home. This financial latitude, as well as the general interest in fashion by young Japanese as a whole, accounts for the dynamic fashion scene in Tokyo, in particular. There is a growing need for Japanese customers to buy brands from Italy and France etc with the most expensive foreign brands being made in their own country. Consumer habits such as these have driven a growing number of the world’s luxury retailers to open stores in Japan to better meet consumer demand.

Winning Business in Japan

AREAS OF OPPORTUNITY

Fashion

The size of the fashion market in Japan was JPY15 trillion in 2007 with imports for high end apparel at JPY1.2 trillion. Japanese appetite for fashion accessories has been a big factor in these figures. A 2007 survey found that 94% of Tokyo women in their 20’s own a Louis Vuitton product; 92% own Gucci and 58% own Prada. Young Japanese adults have a significant amount of disposable income to spend on fashion, especially single working females who live at home. This financial latitude, as well as the general interest in fashion by young Japanese as a whole, accounts for the dynamic fashion scene in Tokyo, in particular. There is a growing need for Japanese customers to buy brands from Italy and France etc with the most expensive foreign brands being made in their own country. Consumer habits such as these have driven a growing number of the world’s luxury retailers to open stores in Japan to better meet consumer demand.

Corporate and Other Gifts

Gift giving is an important tradition in Japan which can be categorised into two areas: personal gifts and corporate gifts. The total market size is quoted as JPY15 trillion, (JPY8 trillion for personal gifts and JPY7 trillion for corporate gifts) and up to 70% of corporate gifts in Japan are imported. The biggest seasons for gift giving are July and December but there are also opportunities for occasional gifts (27% of the gift market), such as marriage and births (13% of the gift market) for birthdays, Mother’s Day etc. Recently with the growing popularity of cash coupons and gift certificates, sales in the giftware category have increased.

Jewellery

Due to the recovery in Japan’s economy, the jewellery market has seen an upward trend of growth from 2003 to 2008 and is projected to grow gradually till 2012. Rings are the most common items sold in Japan and a recent trend has developed with working women aged 20 to 30 years old, buying quality jewellery for themselves — “Gift for myself”. This new trend for purchasing jewellery relates more to fashion than a desire to accumulate assets or display wealth. As a result, half of precious stones have increased in demand.

Ceramics, Cutlery and Glassware

In 2007, the market for glassware was estimated at JPY57 billion (domestic production 80%; imports 20%). More than 90% of porcelain and ceramic imports come from China, which now accounts for 46% of the market. However, high end imported glass from Europe is becoming popular among Japanese consumers. The cutlery market shares the same trend, accelerated by the decline in domestic production, as do the markets for porcelain and ceramic tableware.

Home Products, Furnishing

Japan’s home furnishings sector has experienced considerable expansion over the past decade and Japanese companies offering quality products that appeal to the elderly are the leading trend set by their elders. In a reversal of generational roles, the elderly are taking the lead and the young are following.

AREAS OF GROWTH

Seafood

Japan is the world’s largest seafood market and its current state of seafood resources and the resultant declining domestic production in fishing, provides expanding export opportunities in the seafood sector which are supported by improved and developed distribution technologies in air transportation and freezing. Japan has traditionally been an important market for pelagic fish from Ireland and opportunities are now opening up for Irish shellfish. Irish oysters are the only European oysters approved for import for raw consumption in Japan. The superior quality and taste of Irish products such as brown crab, scallop, blue mussel, sea urchin, abalone and seaweeds creates advantages in this sector as they are seen as high-class seafood in Japan.

Organic and Health Foods

There are significant opportunities for Ireland in the organic and natural food sectors, as the aging population and diet conscious young women look for healthy options, e.g. dairy products (butter, cheese, chocolates), seaweed products, relishes & condiments, oatmeal products etc.

Dairy Foods

In 2011 the Japanese dairy foods market is forecast to have a value of €43.7 billion, an increase of 13.3% since 2006. There are growing opportunities for Irish companies producing cheese, chocolate and butter products using supermarkets and hypermarkets as distribution channels.

Functional Food and Drink

The Japanese government commenced research and development projects into the functionalities (nutritional, pharmacological, psychological, and medical) of food in

Packaging

In Japan perception is everything and all product sold in the retail sector should be attractively wrapped. It also goes without saying that any surface damage, no matter how minor, will render a product unsellable.

Word of Caution

Products made in Ireland can command a premium in Japan if the quality is right. However outsourcing to cheaper manufacturing locations is sometimes inevitable. Misleading labelling in relation to the location of manufacturing can cause serious problems with major financial implications and we strongly advise clarity on this issue.

Route to Market

Traditionally department stores were the preferred retail option for high value consumer goods in Japan. However their share of the retail sector is seeing a steady decline and specialty stores are gaining ground. The non store retail sector has also been growing steadily and reached JPY28 trillion in FY2007 with the top four media-catalogue, direct mail, internet and TV-making up 75% of sales. In addition, 67.8 million Japanese had internet connectivity via their mobile phones allowing them to make payments at convenience stores to mobile telephony-based internet merchants and further fueling Internet sales. Currently, the fastest growing market for mobile shopping in Japan involves the integration of mobile sites with other media such as magazines and radio and television programmes where these other media compensate for the small screens of mobile phones. Of these four media, TV shopping and Internet sales have shown particularly outstanding growth.

MARKET BACKGROUND

The Japanese market for foreign-made food and drink products has opened up rapidly in recent years and its food market is worth approximately €30 billion per annum. (Food retail €240 billion; packaged food €140 billion; food processing €150 billion). Although quite strictly regulated the market is open to products that meet high traceability and food safety standards.
Winning Business in Japan

1984. The Japanese share of the global functional food and drink market is now 25% and with an aging society and increased focus on healthy lifestyle it is a promising growth market.

In particular healthy beverages are a growth sector with many soft drinks players focusing their efforts on developing functional and fortified variants of their standard soft drinks. There is also an emphasis on premium ingredients, advanced processing techniques and innovative packaging, all areas of opportunity for Ireland.

Meat
Pork is the fastest growing source of animal protein in the Japanese diet. Japan has traditionally been a good market for Irish pork. As prices for commodity product face stiffer competition, opportunities will also tend to be in the high quality, value added product areas. Present import restrictions on beef and lamb eliminate immediate opportunities for these meats. Negotiations on opening the market for Irish beef are ongoing and resolution will create opportunities for high quality and value added processed products.

Education Services

MARKET BACKGROUND
Japan boasts a strong education system with a literacy rate of over 99%. The curriculum is standardised nationwide and the quality of education across the country is consistent and of the highest level. Participation of Japanese students can only enhance the Irish education system.

The Japanese system involves six years of elementary school, three years of junior high school, three years of senior high school and four years of university or two years of junior college. Compulsory education includes elementary school and junior high school. The Japanese school year starts in April and consists of three terms, separated by short holidays in spring and winter, and a one month long summer break.

A characteristic of the Japanese school system are difficult entrance exams, and with them a high competitiveness among students. Most high schools, universities, as well as a few private junior high schools and elementary schools require applicants to sit entrance exams. In order to pass entrance exams to the best institutions, many students attend cram schools (juku) besides regular classes. This competitive system is driven to some extent by mothers with strong ambitions for their children – known as kyoiku mamas (education mothers).

The most prestigious universities are the University of Tokyo and University of Kyoto, followed by the best private universities Waseda University and Keio University.

Participation Levels
Over 90% of all students graduate from high school and over 40% from university or junior college. The number of post-graduate university students is relatively low.

Japanese Students Overseas
The number of Japanese studying abroad in 2007 was 82,945, which is a 27% increase on the same figure for 2000. When it comes to distribution, the USA receives the largest share of the Japanese study abroad students with 42,215, China 19,059, United Kingdom 6,395, Australia 3,172 and Germany 2,547.

The favoured second language in Japan is English (by a large majority) and this gives institutions in Ireland a clear competitive advantage.

The Japanese Student
For most Japanese students this will be their first time to live in a western country and also their first time away from home and their family, so some disorientation is to be expected in the initial stages. This can be alleviated by providing Japanese speaking assistance, and if possible a 24 hour Japanese emergency line.

The Japanese are used to the highest levels of service and every effort should be made to make sure the students are well taken care of. In particular the Japanese will miss their own kind of food so you should prepare a list of Japanese restaurants, shops in the locality that sell Japanese food or Japanese food ingredients.

Visas
Japanese do not require a visa to enter Ireland. However on arrival in Ireland they should have all documentation relating to their studies with them to avoid any complications. They may also be asked to demonstrate that they have sufficient funds to maintain themselves during their stay.

If staying in Ireland for more than 90 days, Japanese students need to get their stay extended by the Garda authorities.

AREAS OF GROWTH
Japanese students value quality education structures and also a friendly environment. Ireland remained ranked 6th in the world for the quality of its education system by the World Economic Forum in 2007 and was named the friendliest country in Europe by lonely Planet in 2008. The number of Japanese students in Irish Higher Level Education Institutes are small but have increased from 113 in 2002/2003 to 354 in 2007. Focusing on Ireland as a fun, modern, cosmopolitan and friendly environment in which to study and despite industrialisation offering a fresh, natural environment will attract Japanese students.

In 2006, Enterprise Ireland successfully created a “Live, Laugh, Learn” theme which has been incorporated into all promotional materials. Japanese students will also be attracted to Ireland in relation to the lack of necessity for visas and the high level of personal safety.

English Language Study
In the education services market the demand for English language study is by far the largest segment. This allows students to travel overseas for shorter periods of time. Courses that include a sport or other activity are popular. There is also a growing market among the older generation in Japan for short English language courses.

POSTGRADUATE COURSES

Postgraduate Courses
As postgraduate courses are shorter, and students are more mature, more likely to have travelled and have better English language skills, it may be easier to attract students to these courses.

ROUTE TO MARKET

Education Fairs
Many education agents, universities and colleges organise education fairs throughout the year. Enterprise Ireland has also hosted and Study Abroad in Ireland Festival for the last three years. These are a very useful way to develop relationships with agents and colleges and meet with potential students.

Japanese Colleges
Many Japanese colleges, including the most prestigious, are interested in offering students part of their course abroad. As the academic year in Japan starts in April this can be difficult to manage but is well worth considering. Contact with Japanese colleges is also a good way to attract postgraduate students and postdoctoral researchers. Some colleges also act as education agents.
Setting Up a Company in Japan

Setting up an Office

Once you have established the viability of your business in the Japanese market, it may become necessary to establish a presence in order to provide sufficient back up to your partners and customers and to develop your business further. Having a presence is an effective way to guarantee better protection for proprietary information, obtain credit and prove commitment.

The Japanese government is now actively promoting foreign direct investment in Japan and you can expect to get some assistance from JETRO and local governments.

Choosing the Right Kind of Entity

There are a number of ways in which you can set up business in Japan. The main options are:

1. Liaison/Representative Office

A liaison or representative office in Japan can be used for non-commercial activities such as obtaining market information and liaising with Japanese companies. The activities of a representative office should not involve any business transactions, such as executing contracts, accepting orders, or invoicing and collecting payment. Many companies establish such an office after they have appointed a distributor or partner in order to provide back up to the partner.

2. Branch Office

A branch office is not regarded as an independent legal entity, but as an entity acting on the basis of decisions and instructions from head office to provide services and carry out business activities, including purchasing, importing, and sales. In transactions with other businesses, the branch office concludes contracts as the representative of its head office but does business under its own name and is subject to the same tax rates as a corporation.

Setting up a branch office in Japan is relatively simple. An application must be made in person or by proxy at the branch office. This is generally used for remittances between the parent company and the Japanese subsidiary. However, most foreign banks in Japan have very few branches, and some engage in wholesale banking only. Furthermore, some foreign banks are not agents of the Bank of Japan, which means that they cannot be used for paying taxes and other national funds.

Consequently, foreign corporations need an account at a Japanese bank or a postal savings account to handle transactions such as taxes. They also need a conveniently located Japanese bank, which will handle everyday banking and foreign exchange transactions.

Corporate as well as individual residents of Japan may open yen-denominated current accounts and ordinary savings accounts, as well as ordinary and long-term foreign-currency-denominated savings accounts. A representative office can open an ordinary savings account at a Japanese bank using an account name such as ‘John Smith, XXX Inc. Representative Office in Japan’ – a hybrid of individual and corporate status.

Most Japanese banks will not give companies a current account until they have established a track record. You will probably first have to set up an ‘ordinary’ account and use this for your business transactions; this will be monitored by the bank for some time – anything from two weeks to several months – before the bank will set up a current account.

Before registering your company, you should open a special escrow account for the paid-up capital.

Taxes in Japan

The Japanese tax code is complex, and it is advisable to get professional advice in order to ensure compliance.

Tax on Corporate Income

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**Setting Up a Company in Japan**

**Consumption Tax (VAT)**
A Consumption Tax of 5% is applied to almost every transaction. Companies whose taxable sales per year are over JPY10 million are exempt from consumption tax.

**Stamp Duty**
Certain transactions are liable for stamp duty. The amount varies from JPY200 to JPY600,000.

**Fixed Asset Tax**
A tax of 1.4% is payable on the taxable value of fixed assets.

**City Planning Tax**
A tax of 0.3% is payable on the fixed asset value in certain urban areas.

**Real Property Acquisition Tax**
A tax of 4% is payable on the value of land or buildings acquired.

**Withholding Tax**
Under Japanese domestic tax law, interest and royalty payments to the parent company may be subject to withholding tax of 20%. Dividends paid by a corporation to a foreign shareholder are also subject to withholding tax of 20%. However, under the Ireland-Japan Tax Treaty, the withholding tax rate on interest, royalties and dividends paid to a parent company in Ireland may be reduced to 10% under certain conditions. Remittance of branch profits after tax to head offices are not subject to withholding tax.

**Corporate tax (A)**
- 22.00% on income up to JPY4 million
- 22.00% on income from JPY4 to 8 million
- 30.00% on income over 8 million

**Inhabitant taxes (B)**
- 1.10% (1) Prefectural
- 2.70% (2) Municipal

**Enterprise tax (C)**
- 5.00% on income up to JPY30 million
- 7.30% on income from JPY30 to 60 million
- 9.60% on income over 60 million

**Total tax rate**
- 30.80% for corporate taxes
- 33.10% for inhabitant taxes
- 44.79% for enterprise taxes

**Effective tax rate**
- 29.33% on income up to JPY30 million
- 30.85% on income from JPY30 to 60 million
- 40.87% on income over 60 million

**ACCOUNTANTS**
Most foreign companies retain accountants to perform some or all of the following services:
- Keeping books or overseeing bookkeeping
- Preparing financial statements (monthly, mid-term, end of the financial year)
- Preparing tax forms and other financial documents
- Negotiating with tax authorities
- Computing payroll
- Tax planning, especially in relation to institutional taxes
- Appearing at tax audits

Since all accountants have their own strengths, it is wise, before engaging their services, to check on the type of work they have done and whether they have other clients in the same type of business. An introduction from a customer or a financial institution can be helpful in finding someone suitable.

The typical contract is for a fixed annual fee with monthly payments. Additional payments may be required if extra work is undertaken. Before you sign the contract, be sure to check the clauses covering this possibility.

**Finding an Office**
When setting up an office in Japan, you should consider proximity to clients, distance from railway or subway station, availability of high speed data communication, and age and physical condition of the building (especially in relation to earthquake proof construction).

Government offices, head offices of large companies, and offices of foreign companies are all concentrated in Tokyo. An office in the heart of Tokyo may be expensive, but the cost will be mitigated by reduced travel time and expense, better availability and deployment of human resources, and better infrastructure.

In the initial stages you might consider serviced offices which will provide extra services such as English language assistance and administration, translation, and interpreting, as well as shared meeting rooms and kitchens. Typically no deposit or key money is needed.

**Finding and Managing Staff**

**Relocating Irish Staff**
In order to maintain control of your operation and ensure adequate communication with head office you will probably want to send one of your managers to Japan to oversee your business. This employee is required to have a work permit. The Law defines 27 types of residence status including investor/business manager for the representative of the local entity, engineer, and intra-company transferee, one of which is probably appropriate to your needs. There are some conditions for application for the different categories e.g. foreign engineers must have a university degree and, for intra-company transferees, the applicant must have been continuously employed by the firm for at least one year immediately prior to transfer to Japan.

**Procedures after entering Japan**
After entering Japan, foreigners may have to carry out the following procedures, depending on their status:

- **Alien registration**
  - Foreigners staying in Japan for more than 90 days are obliged to complete alien registration at their local municipal office (not at immigration). They will receive a certificate of alien registration which they should carry at all times.

- **Finding accommodation**
  - Using a real estate agent is the easiest way to find accommodation in Japan. Western style accommodation is expensive. Expect to pay at least JPY250,000 per month for a small unfurnished one bedroom apartment in central Tokyo, close to a subway station, and a lot more for larger apartments or houses. It is normal to pay up to four months rent as a deposit and possibly another two months rent as non refundable key money.

- **Unfurnished apartments**
  - Are cheaper than furnished ones and it is possible to rent furniture – your estate agent should be able to introduce you to furniture rental companies.

- **The Recruitment Process in Japan**
  - Unemployment in Japan is low (4.8%) compared to Europe, loyalty to the corporation is strong and some fringe benefits may not be transferable making it difficult to find experienced staff. Furthermore if your company is not yet established in Japan, it can deter Japanese applicants, who may be conservative and reluctant to take risks.

Foreigners staying in Japan for more than 90 days are obliged to complete alien registration.
an MBA or other advanced degree at a graduate school abroad are good candidates, as they have experience with both cultures and some fluency in languages. There is also a growing pool of non Japanese professionals in Japan who may fit well into your organisation. Be careful not to employ based on language skills alone.

Advertisements in newspapers and job placement magazines are the most common ways of recruiting staff. Web-based recruitment is also becoming popular, particularly for junior employees. However, taking into account the considerable cultural and linguistic barriers, your networks of contacts and/or recruitment and headhunting agencies may be a better option. Employment agencies typically charge up to 30% of the first year’s salary. In certain situations, Enterprise Ireland may be able to introduce potential employees with specific skills to Irish companies.

**RENUMERATION**

**Salary**

Expect to pay salaries in the following ranges for Japanese staff:

- Top management: JPY20 million
- Middle management: JPY12 to JPY15 million
- Office staff: JPY3 to JPY8 million

**Allowances**

Most Japanese companies pay for transportation to work in the form of a monthly allowance. Some pay other allowances such as housing allowances, and overtime in the form of a monthly allowance. Some pay other allowances. It is also typical to cover the cost of an annual check-up. Payments. It is also typical to cover the cost of an annual health check-up. Payments.

**HEALTH AND NURSING CARE INSURANCE AND PENSION SCHEME** (known collectively as Social Insurance).

Participation in Japan’s Social Insurance system is compulsory for all corporations and representative offices with five or more employees.

Health insurance covers employees and their families, and applies to work and non-work related injuries, illnesses, and death, as well as childbirth. The insurance covers 70% of medical expenses and dental expenses. The standard contribution rate is 9.42% of salary, which is borne equally by the employee and the employer.

Contribution to the pension scheme is 15.25% of salary, shared equally between the employee and the employer. As pensions cannot be claimed if living outside Japan, foreigners who are no longer resident in Japan may claim a refund within two years of leaving Japan. However the maximum refund is limited to JPY240,000.

**WORKER’S ACCIDENT COMPENSATION INSURANCE**

Labour Insurance is compulsory for all workers in Japan. Contributions for Workers’ Accident Compensation Insurance depends on the type of business of the employer and varies from a minimum of 0.45% (in finance, retail and other industries) to 11.8% (in hydroelectric power generation and new tunnel construction) of total salary. The total contribution is borne by the employer.

Contributions for Employment Insurance are 1.5% of total salary (the employer paying 0.9% and the worker paying 0.6%) with the exception of certain industries.

**APPENDICES**

**SOURCES OF FURTHER INFORMATION**

**Enterprise Ireland**

Enterprise Ireland provides services to Irish companies seeking to enter the Japanese market.

**Embassy of Japan in Ireland**

Nutley Building
Merrion Centre
Nutley Lane
Dublin 4 Ireland
Tel +353-1-202-8300
Fax +353-1-283-8726

**JETRO**

Japan External Trade Organisation

www.jetro.go.jp

Delegation of the European Commission in Japan

Europa House
9-15 Sanbancho
Chiyoda-ku
Tokyo 102-0075
Tel +81-3-3239-0441
Fax +81-3-3261-5194

**EU-Japan Centre of Industrial Co-operation**

Nikko Ichibancho Bldg. 4F
13-3 Ichibancho
Chiyoda-ku
Tokyo 102-0082
Tel +81-3-3221-6226
Fax +81-3-3261-4239
Email eu-japan@eu-japan.gr.jp

**TRADE ASSOCIATIONS**

**Ireland Japan Chamber of Commerce (IJCC)**

Ireland House 5F
2-10-7 Kojimachi
Chiyoda-ku
Tokyo 102-0085
Tel +81-3-3265-0695 ext. 8512
Fax +81-3-3265-2265
Email secretariat@ijcc.jp
Web www.ijcc.jp

**Japan Chamber of Commerce**

www.jcci.or.jp/home-e.html

**European Business Counsel (EBC)**

www.ebc-jp.com/index.htm
PROGRAMMES
EU Gateway to Japan
www.gatewaytojapan.org/index.jsp
EU Executive Training Programme (ETP)
www.etp.org
Japan Market Entry Competition
www.eujapan.com/

NEWS MEDIA
Nikkei Interactive News
www.nn.nikkei.co.jp/
News on Japan
www.eujapan.com/
Japan Inc (English Language Newsletter)
www.japaninc.com/
News on the mobile sector
www.mobilemediajapan.com
www.wirelesswatch.jp
News on technology
http://techon.nikkeibp.co.jp/english/

MARKET INFORMATION
Doing Business in Japan
Government Procurement Projects
www.jetro.go.jp/en/matching/procurement
Statistics Bureau
www.stat.go.jp/english/index.htm

LIVING IN JAPAN
Useful Sites:
http://www.japan-guide.com/
http://gojapan.about.com/
www.economist.com/cities/citiesmain.cfm?city_id=TK
List of English Speaking Doctors
www.moveandstay.com/tokyo/guide_hospitals.asp

REGULATIONS
Tariffs in Japan
www.apectariff.org/tdb.cgi?fp3235/apectariff.cgi?P
Japan Industrial Standards Committee
www.jisc.go.jp/eng/index.html

TRADE FAIRS AND MISSIONS TO JAPAN
Enterprise Ireland has a presence at a number of trade fairs and also hosts sector specific and multi-sectoral trade missions to Japan on a regular basis. See below examples of recent and upcoming activities
1. Ireland Study Abroad Festival October 2008 11th, 13th 2008
www.study-ireland.jp/
2. Japan Aerospace, October 1st – 5th 2008
www.japanaerospace.jp/english/index.html
3. CEATEC Japan Sept 30th – Oct 4th 2008
4. MEDTEC Japan April 7th – 8th 2009
www.device-link.com/expo/japan09/index_eng.html
5. Overview of Trade Fairs in Tokyo
www.tradefairguide.com/en/