Why Kanagawa? Business Environment & Investment Incentives

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International Business Group Investment Promotion and International Business Division



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Welcome to Kanagawa

Kanagawa is adjacent to Japan's capital, Tokyo, and is a place where worldrenowned global companies, as well as a lot of SMEs (Small- and Mediumsized Enterprises) with excellent technical capabilities are concentrated.

The reason for this is because Kanagawa has a population of approximately 9.2 million, has formed a mega-market connected to Tokyo, and has abundant and diverse human resources. Moreover, in addition to well-developed roads and railway networks that cover a wide area, it also has good accessibility to the international trade ports of Yokohama, Kawasaki and Yokosuka, as well as Tokyo International Airport (Haneda Airport).

Kanagawa is also blessed with a lush natural environment of green mountains and picturesque coastlines, and features numerous sightseeing spots that encapsulate all of Japan's charms. These include the international port city of Yokohama, the historic and culturally vibrant ancient samurai capital of Kamakura, and Hakone, the international tourist destination known for its hot springs and magnificent views of Mt. Fuji.

As mentioned previously, Kanagawa is a very convenient and extremely attractive area not only for business, but for daily life as well, providing an environment that makes it ideal for multinational companies to locate.

By inviting multinational advanced foreign companies, Kanagawa Prefecture continues to form industrial bases that are open to the world, and to create innovations through collaboration with companies that are already clustered here. Therefore, the "Select Kanagawa NEXT" program was launched in November 2019, a corporative invitation measure with various incentives to promote overseas companies to "select" Kanagawa as a base for their business operations.

Please learn about Kanagawa's excellent investment environment and actively consider new business development in Kanagawa by taking advantage of "Select Kanagawa NEXT."

Governor of Kanagawa Prefecture





Statistics of Kanagawa Prefecture







Japan's population: 127 million, No. 2 out of 47 prefectures Comparable to the population scale of Austria (8.85 million, 2018) and Israel (8.89 million, 2018)

Area (As of January 2019)



Kanagawa Luxembourg

No. 43 out of 47 prefectures (5th smallest prefecture) Comparable to Luxembourg (2,586 sq. km)

Size of Economy (As of July 2019)

Nominal GNP of Kanagawa Prefecture

¥34.61 trillion (approx. \$319.4 billion)

Comparable to Norway (\$371.1 billion) and Israel (\$317.7 billion)

Industrial Composition Ratio



Manufacturing

Real Estate
Wholesale and Retail Trade
Science, Technology, Professional and Technical Services
Health, Hygiene, and Social Work
Information and Communications
Transportation and Postal Services

Others

(Source: FY2016 Kanagawa Prefecture Citizen's Economic Account)

Number of Foreign-Affiliated Firms

302 companies



(Source: Toyo Keizai Inc. "Directory of Foreign-owned Companies in Japan 2019")

Tourism

Kanagawa Prefecture is blessed with a wide range of tourism attractions such as Yokohama, where large passenger ships stop and many international conferences are held, Kamakura, where many temples and shrines are lined up, Odawara which is famous for Ninjas, and Hakone, where you can enjoy hot springs while viewing Mt. Fuji. 200 million tourists visit Kanagawa Prefecture annually.







Machinery Transport equipment Electrical equipment Precision machinery Information systems, Software Others



Five Benefits of Doing Business in Kanagawa

Convenient Transport System

Kanagawa Prefecture is equipped with high speed transportation infrastructure such as the Shinkansen (Bullet Trains) and expressways. In addition to excellent domestic transportation accessibility, Haneda Airport, which operates flights to 31 cities overseas, is conveniently located approximately 30 minutes by car or train from Yokohama.



Travel Time to Haneda Airport by Train Kawasaki Station **I4min**

Shin-Yokohama Station > 38min Odawara Station **Ih14min**

Cities Serviced by International Flights from Haneda Airport

International Service to **31** Cities As of June 2019 Source: Haneda Airport International Passenger Terminal website

Domestic Travel Time (in case of the fastest ride time)

From Yokohama Station (train)

→ 25 minutes to Tokyo Station

From	Shin-Yokohama	(Shinkansen)

→ Nagoya	1 hour 16 minutes
→ Kyoto	1 hour 50 minutes
→ Shin-Osaka	2 hours 04 minutes

Cost Performance

Office rental costs in Kanagawa Prefecture are only about half of those in Tokyo, while being close to central Tokyo, an approximately 30-minute train ride away. As costs are even lower in comparison with other major Asian cities, Kanagawa enables foreign companies to establish their Asian headquarters with less costs.



(Source: "Investment cost comparison, Japan External Trade Organization (JETRO)" (June, 2019))

Abundant Human Resources

Kanagawa Prefecture has roughly 63,000 people working at academic and R&D institutions, and this is the highest number in Japan. It also has the second most R&D labs and offices in the nation.







Corporate Clusters

Large multinational corporations such as Nissan Motors, Fuji Xerox, Sony, and Takeda Pharmaceutical have also established bases in Kanagawa Prefecture. As a particularly large number of research labs are situated in Kanagawa Prefecture, companies are able to collaborate in cutting-edge technologies.

Automobile and Machinery Industries



①Nissan Motor Co., Ltd. (Atsugi)

Bosch Corporation (Yokohama) Daimler AG (Kawasaki) Isuzu Motors Limited (Fujisawa) NHK Spring Co., Ltd. (Yokohama) Mitsubishi Fuso Truck and Bus Corporation (Kawasaki) The Yokohama Rubber Co., Ltd. (Hiratsuka) Ichikoh Industries, Ltd. (Isehara) Yorozu Corporation (Yokohama) **Continental Automotive** Corporation (Yokohama)





②Solar Frontier K.K (Atsugi)



③FUJIFILM Corporation (Kaisei)







(5) Sony Corporation (Atsugi)



⑦Ricoh Co., Ltd. (Yokohama)





There are 11 international schools located in Kanagawa Prefecture. There is also a system for dispatching medical interpreting volunteers in response to a request from any of the 69 partner medical institutions. This environment allows representatives from overseas and their families to feel at ease in their daily lives. (As of June 2019)



Biotechnology

Industries

and Life Science

I akeda Pharmaceutical

Company Limited (Fujisawa · Kamakura)

In Ajinomoto Co., Inc.

4 0

(Kawasaki)

German School of Tokyo Yokohama (Yokohama)

		Name of School	Address	
Yokohama	1	Tsurumi Korean Primary School	10, Ono-cho, Tsurumi-ku, Yokohama	
	2	Horizon Japan International School	1-24, Ono-cho, Kanagawa-ku, Yokohama	
	3	Kanagawa Korean Middle and High School 21, Sawatari, Kanagawa-ku, Yokohama		
	4	Yokohama Korean Primary School	21, Sawatari, Kanagawa-ku, Yokohama	
	5	Saint Maur International School	83, Yamate-cho, Naka-ku, Yokohama	
	6	Yokohama International School	258, Yamate-cho, Naka-ku, Yokohama	
	7	Yokohama Chinese School	142, Yamashita-cho, Naka-ku, Yokohama	
	8	Yokohama Yamate Chinese School	2-66, Yoshihama-cho, Naka-ku, Yokohama	
	9	German School of Tokyo Yokohama	2-4-1, Chigasaki-Minami, Tsuzuki-ku, Yokohama	
Kawasaki	10	Kawasaki Korean Primary School	2-43-1, Sakuramoto, Kawasaki-ku, Kawasaki	
	11	Nambu Korean Primary School	3-1-15 Suenaga, Takatsu-ku, Kawasaki	

Kanagawa Initiatives Driving the Local Economic Engine!

3 Special Zones

Kanagawa Prefecture has three special zones: the "National Strategic Special Zone," covering the entire prefecture, the "Sagami Robotics Industry Special Zone," centered on the Sagami Jukan Expressway, and the "Keihin Coastal Area Life Innovation Comprehensive Special Zone," centered around Yokohama and Kawasaki. Kanagawa Prefecture also offers various supportive incentive systems.

Healthcare New Frontier Policy Initiatives

To overcome the challenges of a Super-Aging Society, Kanagawa Prefecture has united the two approaches of "Pursuing Advanced Medical Treatments and Technologies" and "Curing ME-BYO*", promoting unique policies that will realize health and longevity and create new markets and industries.

In the effort to advancing the policy, Kanagawa Prefecture has established the following bases that contributes to industrial development in the cutting-edge medical field and plays a part in attracting companies to Kanagawa Prefecture.

* ME-BYO (Presymptomatic State) : The philosophy behind Eastern medicine includes the concept that there are gradations between health and illness. In this approach, lifestyle habits are improved before illness manifests in order to maintain good health.

Kanagawa Prefecture welcomes cutting-edge medical-related businesses!

Life Innovation Center (LIC) [Kawasaki City]

LIC is an industrialization base for "Regenerative and Cellular Medicine," established by Kanagawa Prefecture in partnership with the public and private sectors in the "King Sky Front (KSF)" district in Tonomachi, Kawasaki-ku, Kawasaki City, a cluster area of life innovation firms from Japan and overseas. It supports commercialization in this field by offering open labs with advanced analysis equipment at low prices, and receiving the support from KSP*, Inc. which has a wealth of experience in venture support. *Kanagawa Science Park Located Firms: 28 (As of the end of July 2019)

- Access: About 15 minutes from Haneda Airport by car
- **The travel time will be further reduced after the completion of the directly connected road to Haneda Airport (scheduled for FY2020)

O Shonan Health Innovation Park (iPark) [Fujisawa-Kamakura City]

iPark is operated by Takeda Pharmaceutical Company Limited. This is a facility where related organizations of industry, academia and government such as major pharmaceutical firms, bioventures, and the National Cancer Center. Takeda Pharmaceutical's drug development knowhow platform and experimental facilities are also available in addition to the fully support for the corporative R&D. Kanagawa Prefecture signed an MOU with Takeda Pharmaceutical in April 2018 and has been promoting partnership between each related base in Kanagawa Prefecture. I ocated Firms: 56 (As of September 2019)

Access: About 60 minutes from Haneda Airport by car

Kanagawa Science Park (KSP) [Kawasaki City]

KSP is Japan's first urban science park which plays a central role in facility management and venture support. It also collaborates with Kanagawa Institute of Industrial Science and Technology (KISTEC) that provides consistent support from basic research to commercialization. I ocated Firms: 122 (As of May 2019)

Access: About 35 minutes from Haneda Airport by car

6 Fuji Xerox

Company, Ltd. (Ebina)



Healthy Healthy ME-BYO Sick



Life Innovation Cente



Shonan Health Innovation Park



Kanagawa Science Park



Initiatives in the Sagami Robotics Industry Special Zone

A variety of incentives such as tax relief, ease of regulations, and subsidization are provided for businesses developing robots in the Sagami Robotics Industry Special Zone.

Through the development of the robotics industry, Kanagawa Prefecture promotes security and safety of life for the residents of Kanagawa by practical use and spread of life support robots.



• Various robots have already been commercialized, including:



Active Robo SAM KOWA TECH Co., Ltd. This robot is driven by pneumatically operated

artificial muscles, enabling remote control of construction equipment.



PALRO **FUJI SOFT INCORPORATED**

This is a humanoid communication robot equipped with artificial intelligence (AI).

● The Special Zone's Symbolic Institution



SHONAN ROBOCARE CENTER

SHONAN ROBOCARE CENTER Inc.

The Center contains a training facility that incorporates HAL®, the world's first cyborgtype robot which can support, improve and even enhance a wearer's physical capabilities.

ROBO TERRACE

Shonan Industrial **Promotion Foundation**

This is one of the largest experience and exhibition facilities in Japan, where people can encounter and be exposed to life support robots

National Strategic Special Zone

The National Strategic Special Zone is an area aimed at "strengthening international competitiveness of the industry," and "promoting the formation of bases for international economic activities." All the regions in Kanagawa Prefecture are designated as the Special Zone which means deregulation and tax incentives will be applied to those who contribute to the purpose of the Special Zone.

SELECT **KANAGAWA**

What is "Select Kanagawa NEXT"?

Select Kanagawa NEXT is the slogan for Kanagawa Prefecture's investment promotion plan which aims for companies to choose Kanagawa and expand their operations within the prefecture. Companies investing in Kanagawa are supported through various means, including subsidies, tax breaks, and low interest financing totaling up to 1 billion yen.

- Companies are supported by up to 1 billion yen in combined subsidies for land, facilities, and industrial equipment, financial assistance for office rentals, tax reductions for real estate acquisition, and low interest financing etc.
- Advice regarding setting-up the business in Kanagawa, necessary procedures and paperwork, and other questions can all be quickly and effortlessly handled through streamlined services.
- Information of real estate and matching services are offered to find the best location for the business in Kanagawa.
- Additional support such as "Foreign Firm Setup Support Program" is offered to foreign companies when they establish their subsidiaries in Kanagawa.



Select Kanagawa NEXT Overview

(Period: November 1 2019 - March 31 2024) (\$1=¥111)

1	Investment Promotion Subsidy	 Eligibility Business development by firms from outside of the prefecture, or reinvestment by firms inside the prefecture (Additional incentives will be offered if the newly established firm uses special zone scheme) A fixed percentage of investments (excluding consumption tax) in land, buildings, and equipment will be subsidized up to the maximum allowable amount. Subsidy amount: 6% (for SMEs) or 3% (for large firms) of the investment, up to ¥500 million (\$ 4.50 million). However, if the special zone scheme is utilized, this will rise up to 12% (for SMEs) or 6% (for large firms) of the investment, up to ¥1 billion (\$ 9.00 million).
2	Tax Benefit	Eligibility Business development by firms from outside the prefecture or reinvestment by firms inside the prefecture ●Real estate acquisition taxes will be reduced by 50%
3	Low Interest Financing (SMEs Only)	 Eligibility Business development by firms from outside the prefecture, or reinvestment by firms inside the prefecture (Additional incentives will be offered if the newly established firm uses special zone scheme) Prefectural subsidies to financial institutions make it possible for the firms to receive financing at lower interest rates than usual. Furthermore, the firms will also benefit from long-term or fixed rates. Financing amount: Up to ¥1 billion. However, this is limited to 80% of the project costs, and within 20 years of the financing term (including a grace period of up to 2 years). Interest Rate: Within 1.2% for a financing period of up to 15 years, within 1.7% for over 15 years and within 20 years. Subsidy rate from Kanagawa Prefecture to financial institutions: 1.1% for a financing period of up to 15 years.
4	Rent Subsidy	 Eligibility Business development by firms from outside the prefecture (Additional incentives will be offered if the newly established firm uses special zone scheme) or reinvestment by firms inside the prefecture (foreign firms only) Subsidy period : 6 months (from the start of operations) Subsidy amount : One-third of monthly rent (excluding consumption tax, deposits, and key money), ¥6 million (\$ 54,050) max. However, if the special zone scheme is utilized, half of monthly rent costs will be subsidized, up to a maximum of ¥9 million (\$ 81,080). (Excludes hydrogen power plants (explained B below) and Accommodations (explained C below))

Additional incentives are available for firms;

- A When utilizing the special zone scheme for business development.
- B When conducting R&D or manufacturing for thin-film solar batteries, or establishing a hydrogen power plant.
- **C** For accommodations (Japanese inns/Hotels), when the average guest room floor space is more than 40m² with a limousine bus terminal, in addition to the specific requirements described in the table below.

Requirements for Approval

General Requirements

- Prior to project start (must be before the contract date for land or buildings, etc).
- •Eligible industries: ME-BYO related industries, Robotics related industries, Energy related industries, Tourism related industries, Advanced materials related industries, Advanced medical related industries, IT and Electronics related industries, Transport equipment and Machineryrelated industries, Regional promotion industry (only in specific regions of the prefecture)
- Eligible type of business: "Manufacturing," "Electrical industries (restricted to power plants)," "Information and Communications," "Wholesalers (restricted to fabless companies)," "Retailers (restricted to dutyfree shops)," "Academic research, Professional and Technical Services," "Hospitality (restricted to accommodations)," "Amusement (restricted to theme parks)"
- * For the eligibility of being a beneficiary of the above-mentioned subsidies, please consult the Investment Promotion and International Business Division for details.

Specific Requirements

Speene Requirements			
	All business types (excluding Accommodations (Japanese inns/Hotels))	Accommodations (Japanese inns/Hotels)	
Minimum Investment Amount	Large firms: ¥2 billion (\$18 million), SMEs: ¥50 million (\$450,450)	-	
Minimum Fulltime employment	Large firms: 50 employees, SMEs: 10 employees (5 or more people for rent subsidy in specific areas)	-	
Other	Retailers must receive a permit for a bonded warehouse under Article 42 of the Customs Act	 ①100 or more guest rooms (Yokohama, Kawasaki area) 30 or more guest rooms (areas other than above) ②Average guest room floor space of 20 sq. meters (215.3 sq. ft.) or more ③Must meet the hotel facilities standards under the International Tourism Hotel Preparation Law (registration required when starting operations ④Must meet the requirements for installation of a JNTO-certified Foreign Tourist Information Center (installation required when starting operations) 	

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TRO), loc sultation (anagawa	Prefecture, in co cal (city, town ar ns for foreign fil va Prefecture. A hing a company n office.
iness Su	e for starting up upport Center (II of charge for 50
rented fo 22 m2 (18	business develo for up to three y 83-237 sq. ft.), N ,000 (\$ 423-540)
to ¥2 mi costs for costs for costs for	firms establishi re provided for I illion (\$ 18,000) obtaining resid establishing a t recruiting staff ation/translatio
imum of permaner amount nths, up t	nts for disburse f 5 full-time emp ent residents) sh t of the rent sub to ¥6 million (\$ e scheme, half c
awa	Follow-up s
AC.II	Support Foreign- Networking post-estab prefecture.

How to Use "Select Kanagawa NEXT"





collaboration with the Japan External Trade Organization and village) authorities, and affiliated agencies, offers firms about advancing/establishing a base of operations Assistance is also provided for procedures necessary ny, such as corporate registration, visa applications, and

up (4 rooms of Kanagawa (IBSC Kanagawa)) is 50 business days.

elopment by foreign firms
e years. (Size of the office:
h, Monthly rent: approx.
40), 6 rooms)

- shing a base in the Prefecture, r half of the following costs:))
- idency status
- a base of operations and various filing fees ff
- ion costs for carrying out ① through ③.





sement of the subsidy are eased for foreign firms; a mployees (of which at least 3 must be Japanese citizens should be newly employed, etc.

ubsidy is one-third of the monthly rent for the first 6 (\$ 54,050). However, if the business plans to utilize the f of monthly rent, up to ¥9 million (\$81,080), will be

o support after the initial expansion into Kanagawa

rt Seminars for n-affiliated Firms

ing events and seminars on the ablishment will be provided by the re.



Project approval

Launch business/ completion inspection (except low interest financing)

Use of various support systems

Comments of foreign firms in Kanagawa

SELECT KANAGAWA NEXT

From the US

Zimmer Biomet G.K. Hiratsuka Office (Hiratsuka City, Kanagawa Prefecture)

Zimmer Biomet is a large firm that manufactures and sells medical devices and instruments in the field of orthopedics in the US. In June 2016, we opened our new office in Hiratsuka to concentrate the manufacturing functions in Gotemba (Shizuoka Prefecture) and Ooi (Tokyo).

The Hiratsuka Office mainly manufactures and inspects medical equipment and instruments imported from the US and Europe for the domestic market, and ships them to sales agents in the Kanto and Tohoku areas in Japan.

We chose Hiratsuka because Kanagawa Prefecture has the second largest customer volume after Tokyo, and there are many large-scale, crucial customer hospitals there. Hiratsuka is also an advantageous area where there is the convenience of delivery to the Kanto and Tohoku areas with greatly improved through the extension and opening of Ken-o Expressway, and where there are improvements in customer service as well as the reduction of logistics costs, which all can be expected to take place.

We received detailed needs hearings in Kanagawa Prefecture and JETRO before the development, which enables to obtain information on the investment environment and support for corporate promotion subsidies, and thus we could open our office without any problems.

From Vietnam

FPT Japan Holdings Co., Ltd. (Kanagawa-ku, Yokohama, Kanagawa Prefecture)

FPT Japan Holdings was established in November 2005 as the Japanese subsidiary of FPT Software, the IT business of FPT Corporation that focuses on markets outside Vietnam and the No. 1 ICT company in Southeast Asia.

Our goal is to provide the best value to Japanese customers in Japan with advanced science and technology, funds, infrastructure, and international competitiveness, by contributing to the business development of customers through the use of IT and bridge the exchange of culture, economy and knowledge between Vietnam and Japan.

In addition to being able to receive various support from Kanagawa Prefecture, the City of Yokohama, and JETRO, we have participated in the "Vietnam Festa in Kanagawa," sponsored by the Prefecture from four years ago, and we established the Yokohama Office, the seventh base in Japan

Since then, we have been steadily expanding our business. There are many customers in the Prefecture, such as IT/electronics and transportation machinery/ equipment, so we expect to find new customers and expand the business further.





General Manager, Kawakami / Yokohama Office

From China

Great Wall Japan Motor Co., Ltd. (Kohoku-ku, Yokohama, Kanagawa Prefecture)

Great Wall Japan Motor was established in September 2015 as the Japanese subsidiary of Great Wall Motors, the largest SUV maker in China. In Japan, we mainly conduct business focusing on automobile design and development.

We chose Shin-Yokohama as the base, as it is very close to Haneda Airport, an approximately 25-minute car ride away, and has excellent access to the Chubu/Kansai area by the Shinkansen. This location enable us to deepen cooperation with suppliers and engineering global service firms.

We are currently working on the development of new models, with the mainstays of "Great Wall", "HAVAL", "WEY" and "ORA" brands. There are many excellent engineers in Japan and we want to provide customers with high quality products through advanced technology and performance design

As we were opening a base, we received support from Kanagawa Prefecture, JETRO and the City of Yokohama for firm establishment and office search. Even after the development, there are advantages to receive it is attractive to have various support for the stable



growth of foreign-affiliated firms, including being introduced business partners and receiving communication opportunities such as exchange meetings with foreign-affiliated firms.



From France

Segula Japan Ltd. (Nishi-ku, Yokohama, Kanagawa Prefecture)

Segura Japan Ltd. was founded in April 2019 as a Japanese subsidiary by the French engineering company Segula Technologies as its parent company. In Japan, we mainly handle the design and technology development of transportation equipment (cars, aircraft, railways, etc.).

Minatomirai, where we are located, has an attractive work environment such as beautiful scenery, a wellequipped office environment, and convenient traffic access to anywhere in the country, while avoiding the extreme concentration in the Tokyo metropolitan area.

We are good at providing one-stop product development know-how with the excellent design of Europe, new technology development methods and advanced technology centered on virtual engineering. We would like to contribute to the further development of Japanese firms by actively providing our strengths (such as design and advanced technology) to Japanese firms



with excellent design

Kanagawa Prefectural Overseas Offices

The Kanagawa Overseas Offices play mainly two roles as follows;

Promoting Foreign Direct Investment

Holding investment seminars in order to share the information of business environment in Kanagawa as well as incentive programs of the Kanagawa Prefectural Government.

Singapore Office

New York. **US Office**









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Kanagawa Prefectural Government

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Overseas Expansion Support for Kanagawa-based Companies

Providing various support for Kanagawa-based companies to expand their business in overseas, including assistance for providing information on trade, and for attending business meetings and trade fair exhibitions.

Dalian Office





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