

First Session of the Study Group for Collaboration and Joint Venture Cases Between Japanese and Foreign Companies

December 19, 2023

**Investment Facilitation Division
Trade and Economic Cooperation Bureau
Ministry of Economy, Trade and Industry**

Regarding the Study Group for Collaboration and Joint Venture Cases Between Japanese and Foreign Companies

December 2023, Investment Facilitation Division

1. Objectives

- Japan has been implementing government-wide initiatives to promote foreign direct investment (FDI) in Japan, and formulated the “Action Plan for Attracting Human and Financial Resources from Overseas,” which was adopted on the 26th of April, 2023 (Decision by the Council for Promotion of Foreign Direct Investment). Foreign Direct Investment (FDI) will boost domestic innovation and help Japan capitalize on overseas economic growth, thus contributing to the growth of the Japanese economy. The Action Plan states that “the government will analyze the effects on management improvement and reform in cases of inbound M&A transactions and joint venture with foreign companies and disseminate the results thereof.”
- In response to the complication and diversification of management issues faced by Japanese companies, it is important to consider leveraging global networks and know-how of foreign companies to create innovation and new business models as an option. Therefore, last fiscal year, the Ministry of Economy, Trade and Industry (METI) created the “the Study Group for Issues Relating to Inbound M&A Transactions and Case Studies” to serve as a reference when Japanese companies considering M&A in Japan to advance their sophistication of corporate management, while taking account of economic security issues. In order to resolve the above corporate management issues and create innovation, it is necessary to look at other options other than inbound M&A. Thus, this fiscal year, the analysis will be developed with respect to the effects regarding management improvement and reform by focusing on collaboration and joint venture schemes other than inbound M&A.
- Therefore, a new study group was established to examine the effects, the significance of inbound M&A, collaboration and joint venture between foreign and Japanese companies in Japan, and to discuss ways to disseminate such effects. This study group analyzed the actual situation and issues of cases of inbound M&A, collaboration and joint venture between foreign and Japanese companies in Japan, and thereby purports to create a collection of case studies that can be used as reference when advancing cooperate management.

2. Overview of the Study Group

○Name: Study Group for Collaboration and Joint Venture cases between Japanese and Foreign Companies

○Agenda: Approaches for selecting companies to be surveyed, information to be included in the case studies, direction of the case studies, method of dissemination, etc.

3. Members of the Study Group

【Name of Advisers】◎ Chairperson (Titles omitted・Alphabetical order)

- BESSHO Kensaku, Member of the Board of Directors, Deputy President and Executive Officer, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
- MATSUE Hideo, Chief Executive Thought Leader, Deloitte Tohmatsu Group
- ◎ MIYAJIMA Hideaki, Professor, Faculty of Commerce, Waseda University Japan
- YOSHITOMI Yuko (President and Chief Executive Officer, RECOF DATA Corporation)
- Kenneth J. Lebrun (Partner, Davis Polk & Wardwell LLP)

【Secretariat】

- Investment Facilitation Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry

【Observer】

- The Office of Invest Japan, the Cabinet Office
- Innovation Department, Japan External Trade Organization (JETRO)
- The Japan Research Institute, Limited.

4. Upcoming Schedule

◎ 2023

- December 19: First session (approaches for selecting companies to be surveyed, information to be included in the case studies, etc.)

◎ 2024

- Around January to February : Second session (Review the drafts)

Issues to Be Discussed at the First Session

(1) Concept of the Case Studies, approaches for selecting transactions subject to a hearing

- The concept of the Case Studies is to compile reference cases that enable Japanese companies to consider to try "collaborations with foreign companies (along with investment)" including M&A transactions as a management method.
- As for potential reference cases, we have been conducting interviews with a focus on cases in which the investor is overseas operating companies, joint venture companies including joint ventures with Japanese companies, and minority investment projects towards Japanese companies. The effects of synergies and collaborations between foreign and Japanese companies will be examined. (while taking regional and industrial balances into account)
- The selection criteria for those cases is that they are “novel” to Japanese companies from the perspective of innovation, business models, management/human resources strategies, and so on.

(2) Information to be included in case studies to make them more convincing, and the output image of case studies

(Information to be included)

- In order to create a Case Studies (Japanese companies that have improved their performance through collaboration with foreign companies), we will add the effects of collaboration (e.g., innovation promotion/technological innovation, improvement in sales/management, employment status), and so on), together with basic information.
- To give a sense of ownership and understanding, the process of collaboration, problem solving, and difficulties faced will also be included.
- Creating columns, and so on will be created. The current situation and issues in collaboration between foreign and Japanese companies (such as content specific to small and medium-sized enterprises) from a perspective of non-individual cases.

(Output Image of Case Studies)

- The aim could be case studies that provide both detailed information that should reach corporate executives and professionals in charge of management planning and simple information that should easily reach employees and other persons , who are the main readers of the Case Studies.