

Section 2 The “localization” of Japanese companies entering a new stage

In this section, we will describe the new trends in the overseas operations of Japanese companies intending to enter into markets of emerging countries, after having defined the overseas operation followed by customer needs for customization as “localization” of such companies. Here we will discuss the characteristics and problems, and conditions of “localization” of the operation etc. In addition, we will also discuss the type of influence this trend of localization will have on the Japanese economy, and after having discussed from the viewpoint of intermediate commodity export, investment returns, and domestic employment, we will refer to “localization” and the national economy and offer suggestions on countermeasures.

1. The overseas operation of Japanese companies becoming serious in emerging countries

Owing to the increase of the middle income /high-income classes in emerging countries, the standard level of consumption of emerging countries is increasing rapidly, and accompanying this, the aims of Japanese overseas operations in emerging countries are evolving to secure the market (sales function) for eventual production cost reduction purposes (manufacturing function). Furthermore, in order to secure markets in emerging countries, it is considered important to examine how to adopt a customer-friendly policy to satisfy the needs of customers at the destination site. This means that different customer-friendly measures are to be considered to secure the market, without simply concentrating on a low price policy. Specifically, this means the necessity of developing customer-friendly policies such as, changing specifications to satisfy local needs, devising quick product delivery systems, and offering after-sale services.

In addition, to being customer-friendly, quick managerial decisions are required to respond to local customer's aspirations and needs, in line with the local situation. However, at present, this is not done by Japanese companies in emerging countries. The relinquishing of operational and decision making rights to the local corporations is required for that purpose. However, this (localization of operations) cannot be said to be fully conducted in emerging economies compared with Japanese-local cooperation in Europe and the U.S.A. It seems that many Japanese companies are busy trying to find ways of increasing the local sales amount and securing/fostering manpower of local companies.

(1) Functions to increase overseas business development operations in future

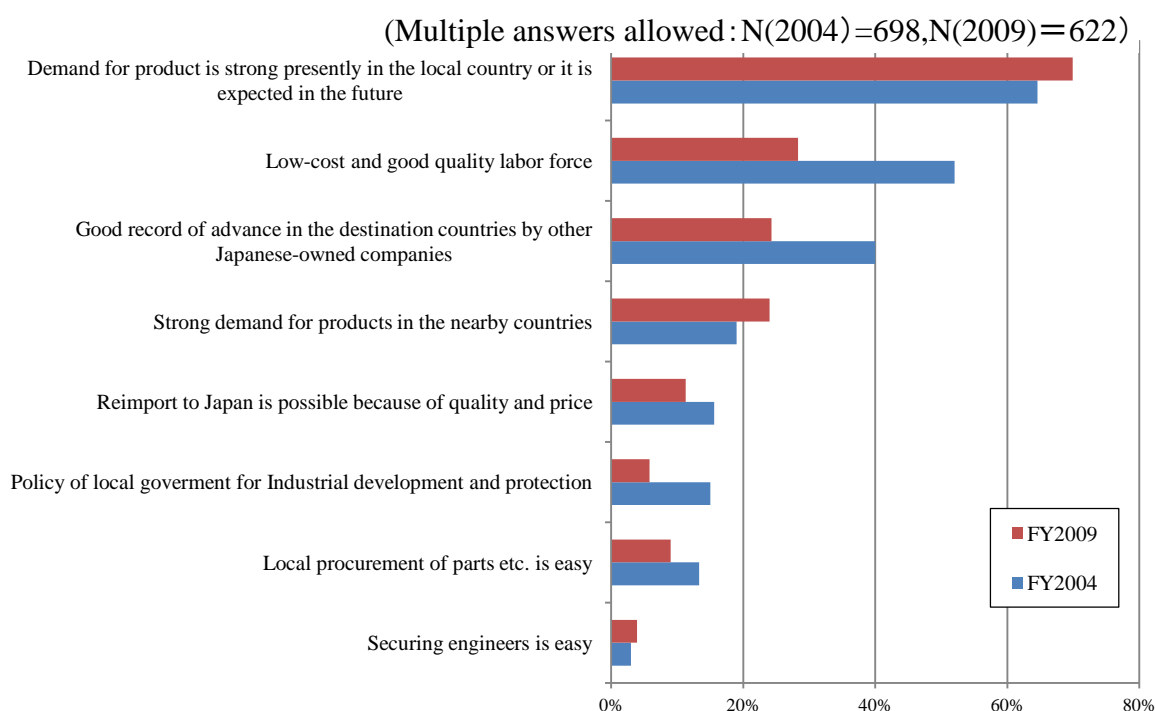
(A) Purpose of direct investment and market determinants

As already mentioned in the previous section, according to the questionnaire-based survey of the Japan Economic Foundation (2011), about 80% of Japanese manufacturers, when asked “What factors do you attach great importance on for the purposes of direct investment?” replied that they attach great importance to “the development and acquisition of the local market”. A lot higher than for the answer: “cost reduction in local countries” (approximately over 50%) (Figure 3-1-2-21). In addition, according to the Survey on Overseas Business Activities (2009), for a “point of direct investment determination”, 70% of manufacturers and more than 60% of non-manufacturers listed “Active demand or expected future demand for the product in the local countries” as their answer,

and this trend has continued to increase since 2004, but the answer “Good-quality and low-cost labor” has been decreasing. This indicates that the direct investment determination factors are greatly changing from production cost to market (demand) procurement factors (Figure 3-2-1-1). Furthermore, according to the “questionnaire-based survey of Corporate Behavior (2009)” by the Cabinet Office, as for the “reason to set up operations overseas”, the answer “Strong demand exists, or demand is expected to expand, for our products in the local market and markets in neighboring countries”, “Labor costs are low”, and “We can cater effectively to overseas users needs” ranks high in that order. This suggests that Japanese companies set up operations overseas, not only for reasons responding to strong demand in local countries, but also for the factors for activities required for local customer needs (Figure 3-2-1-2).

Figure 3-2-1-1 Decision points of direct investment

○ Manufacturers

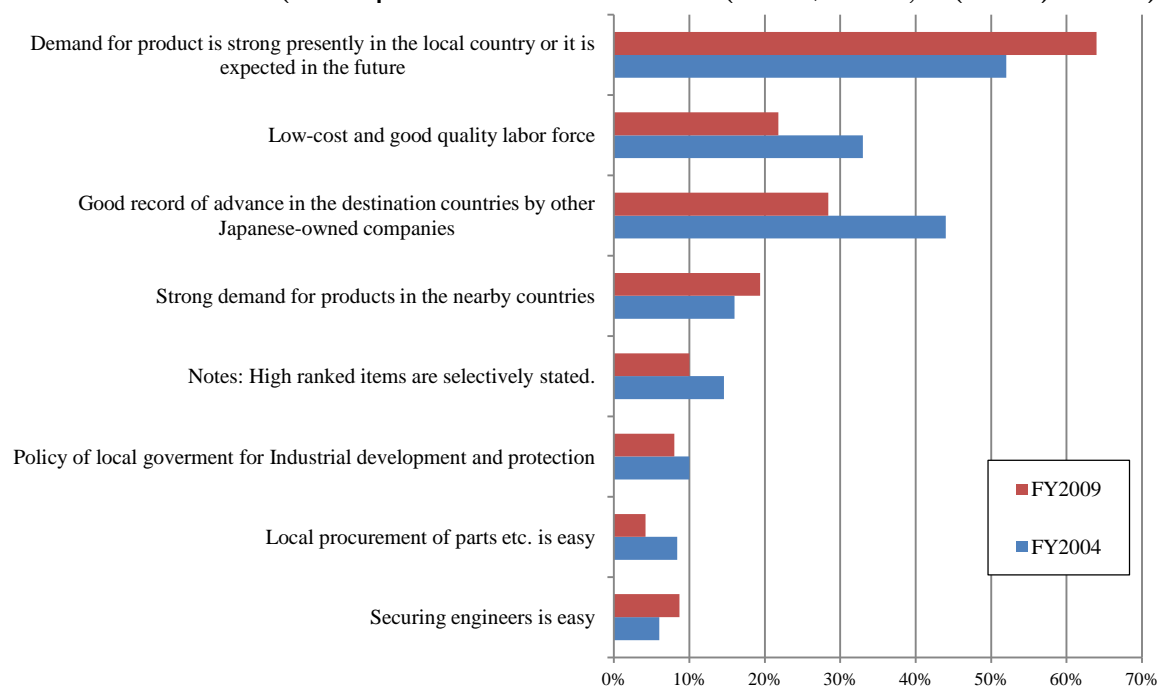


Notes: High ranked items are selectively stated.

Sources: “Survey on Overseas Business Activities” Ministry of Economy, Trade and Industry

○ Non-manufacturers

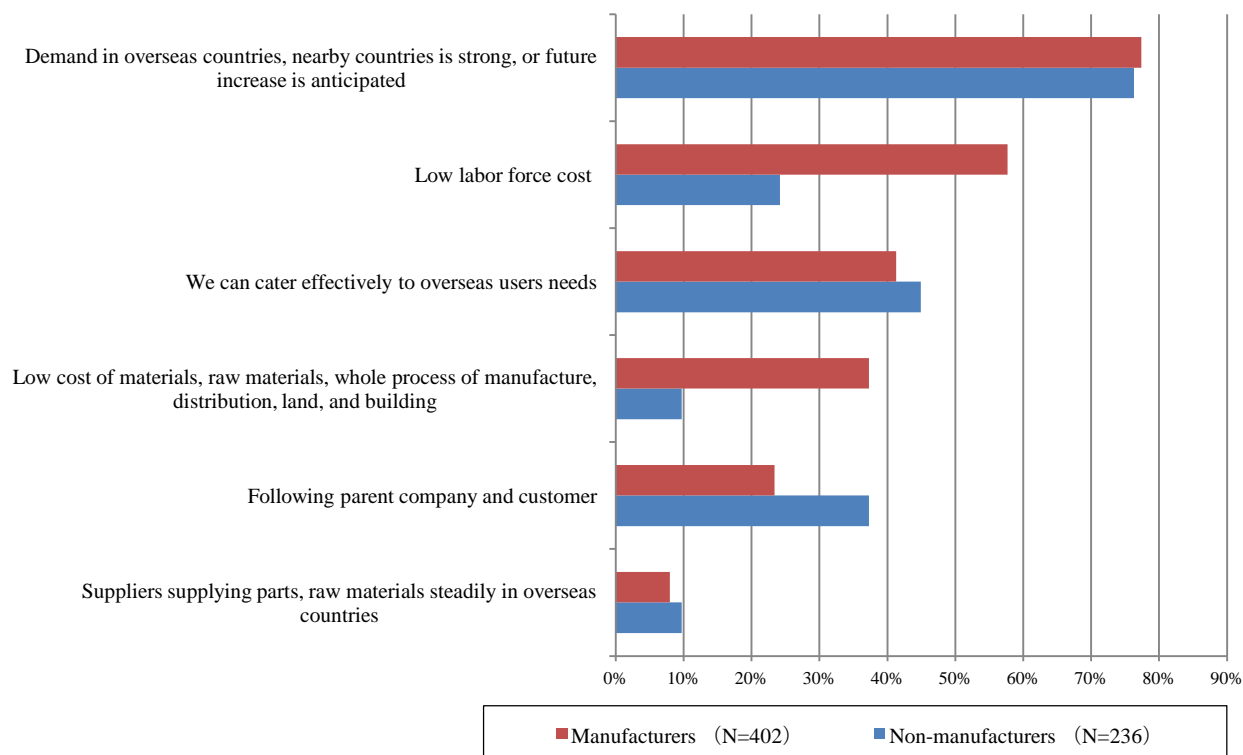
(Multiple answers allowed: N(2004)=261, N(2009)=289)



Notes: High ranked items are selectively stated.

Sources: "Survey on Overseas Business Activities" Ministry of Economy, Trade and Industry

Figure 3-2-1-2 Reason to advance overseas



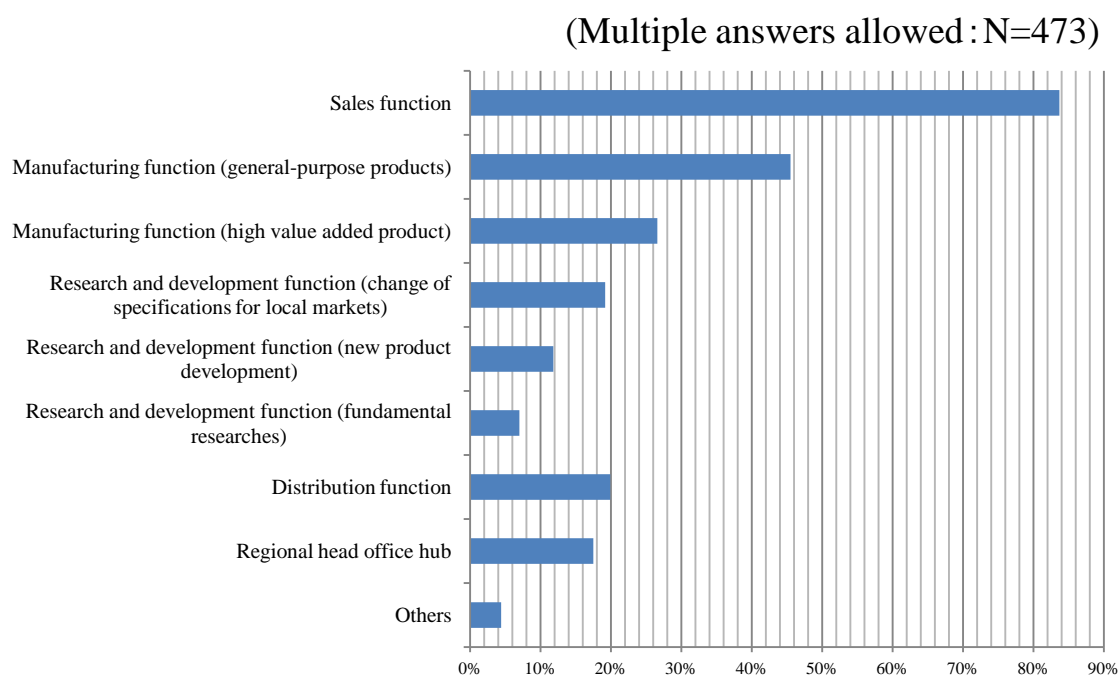
Notes: Multiple answers are allowed. Top six answers are shown.

Sources: "Questionnaire survey about corporate activity (2009)" Cabinet Office

(B) Functions, which will increase overseas business operation in the future

According to “JETRO overseas business development survey” (2010), when JETRO questioned what function they will expand in overseas business development to the companies that have intention of expanding their overseas business scale in the future, the highest-ranked answer (about 80%) was “Sales function”. As for the “Manufacturing function” general-purpose products account for 50%, high value added products account for about 30%. “Distribution function” is 20%. As for “the research and development function”, “Specifications change for local markets” is the highest ranked answer (about 20%) (Figure 3-2-1-3).

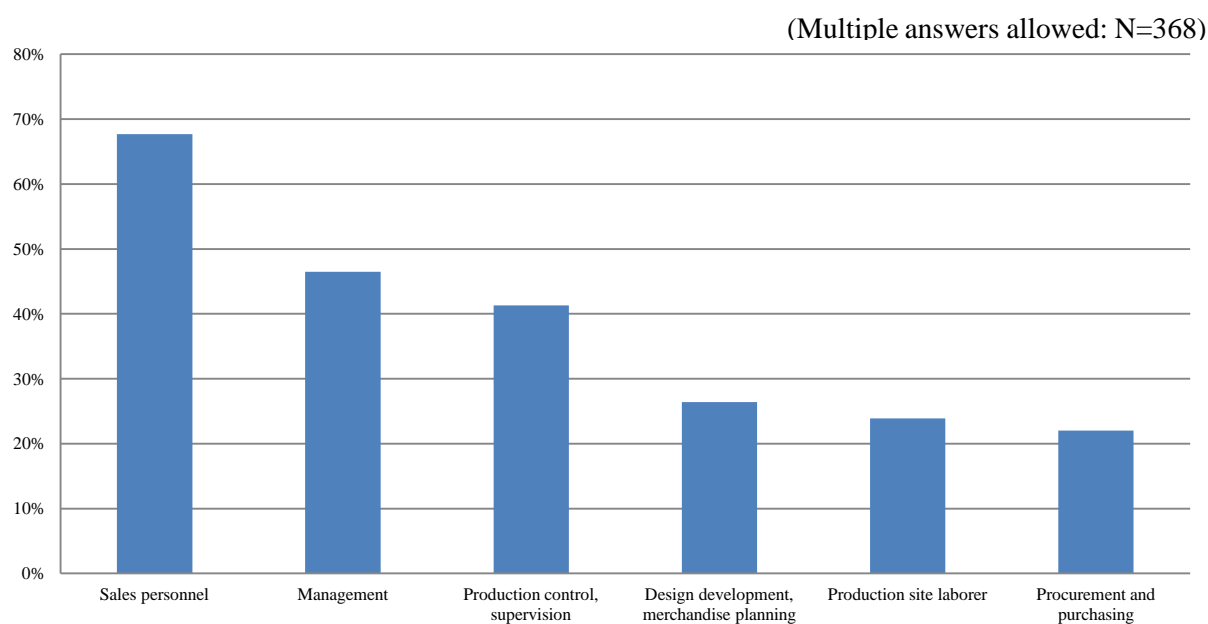
Figure 3-2-1-3 Functions that will increase in future overseas business development



Sources: “Survey of Overseas Business Activities” (2010) JETRO

In addition, according to the survey by the Japan Economic Foundation (2011), to a question about “Non-Japanese personnel required in overseas offices”, nearly 70% of companies listed the sales staff. This answer suggests that non-Japanese manpower is very important in strengthening sales function in the future. Also nearly 50% of companies mentioned the need for management staff (Figure 3-2-1-4).

Figure 3-2-1-4 Non-Japanese personnel required



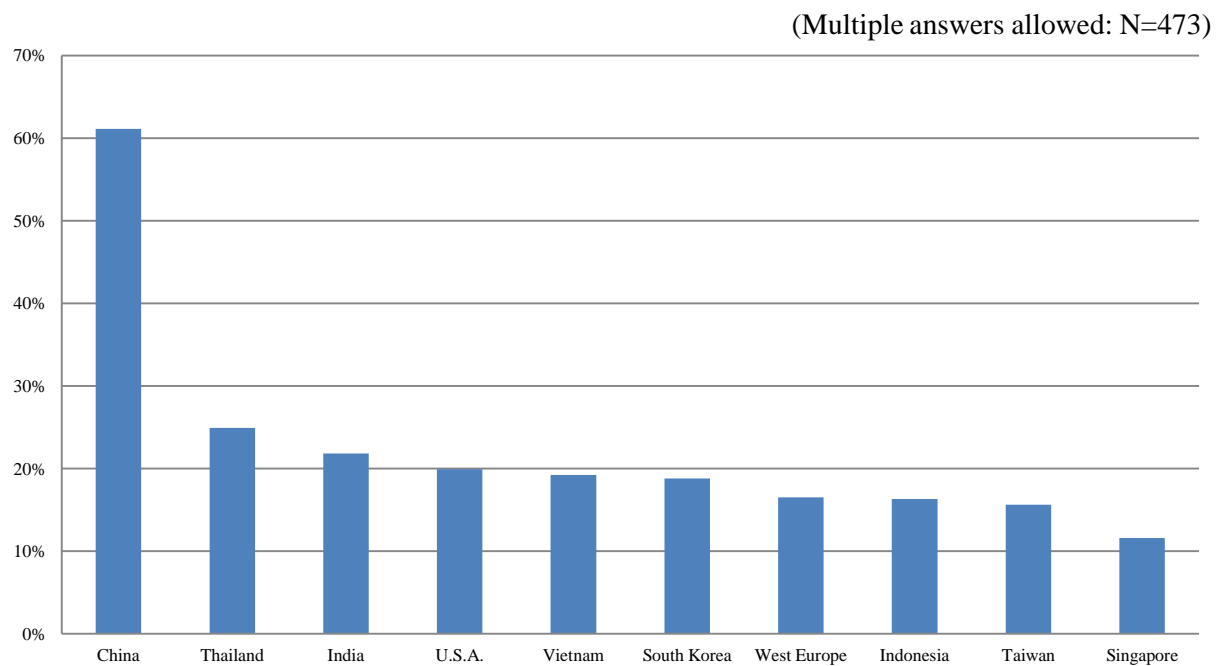
Sources: "Research about Japanese industrial competitive power enhancement corresponding to the change of the competition"

(C) Country/industry field in which sales functions will expand in the future

When examining the company's answers saying that they will expand sales functions in the future according to country/region, the ratio of expansion in emerging countries such as China, Thailand, India, and Vietnam is highest in that order (Figure 3-2-1-5), and as for the ratio by business category, all industries have a high ratio for expansion, but the electric machine industry is especially high (Figure 3-2-1-6).

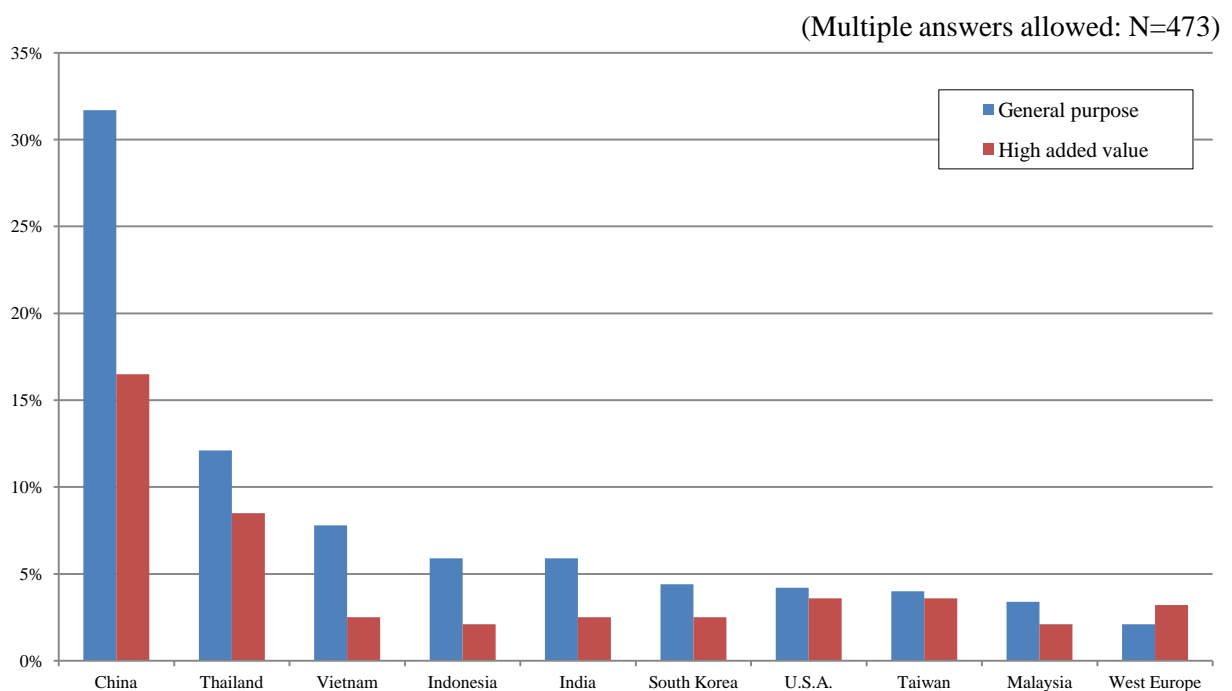
Figure3-2-1-5 Countries/regions in which the sales function abroad will be enhanced in the future

○ Sales function



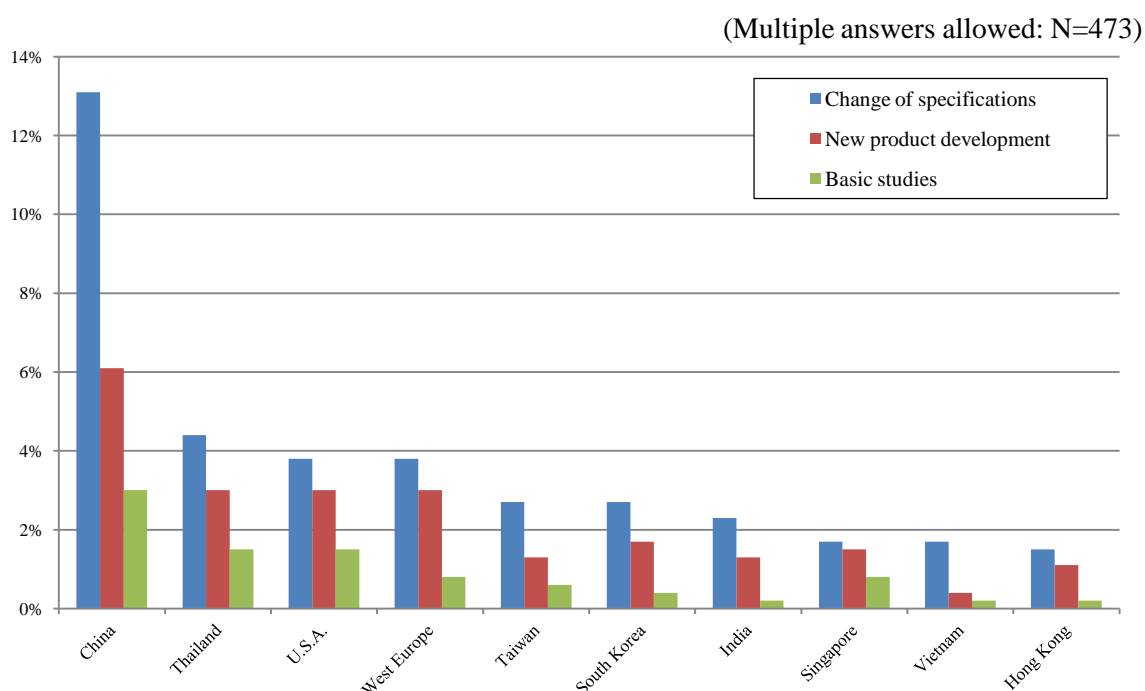
Sources: “Survey of Overseas Business Development” (2010) JETRO

○ Manufacturing function



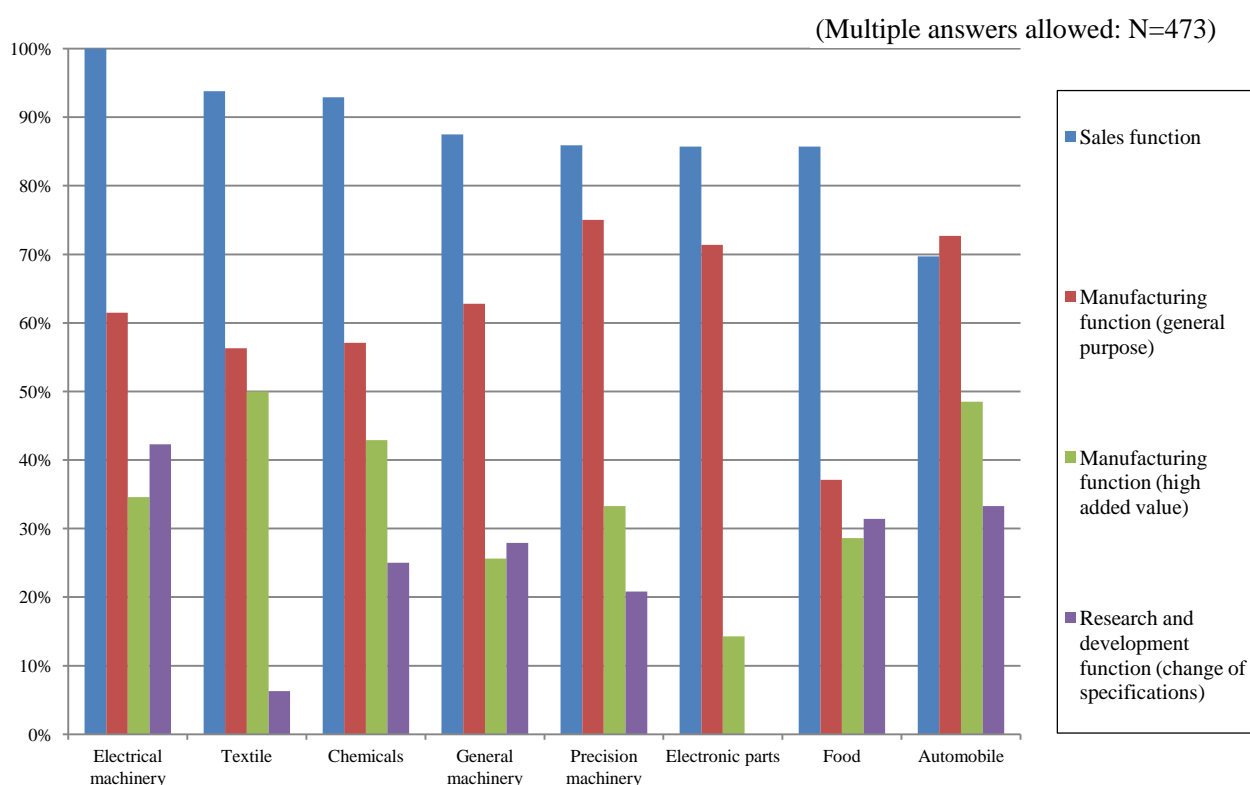
Sources: “Survey of Overseas Business Development” (2010) JETRO

○ Research and development



Sources: “Survey of Overseas Business Development” (2010) JETRO

Figure 3-2-1-6 Industries that have a high percentage of expanding various functions abroad in the future



Notes: There is no data in research and development function (change of specifications) of electronic parts, so there is no bar for that portion.

Sources: “Survey of Overseas Business Development” (2010) JETRO

Similarly, when examining manufacturing function according to country/region, China is the top in both general-purpose products and high value added products (Figure 3-2-1-5). By business category in the car and the chemistry industries, the ratio that not only the general-purpose products but also the high value added products are produced overseas is relatively high. In the electronic parts and the general machine industries, while the ratio of overseas production of general-purpose products is high, the ratio of high value added products is relatively low, and the trend that production sharing by product is largely conducted in domestic and overseas markets can be observed (Figure 3-2-1-6).

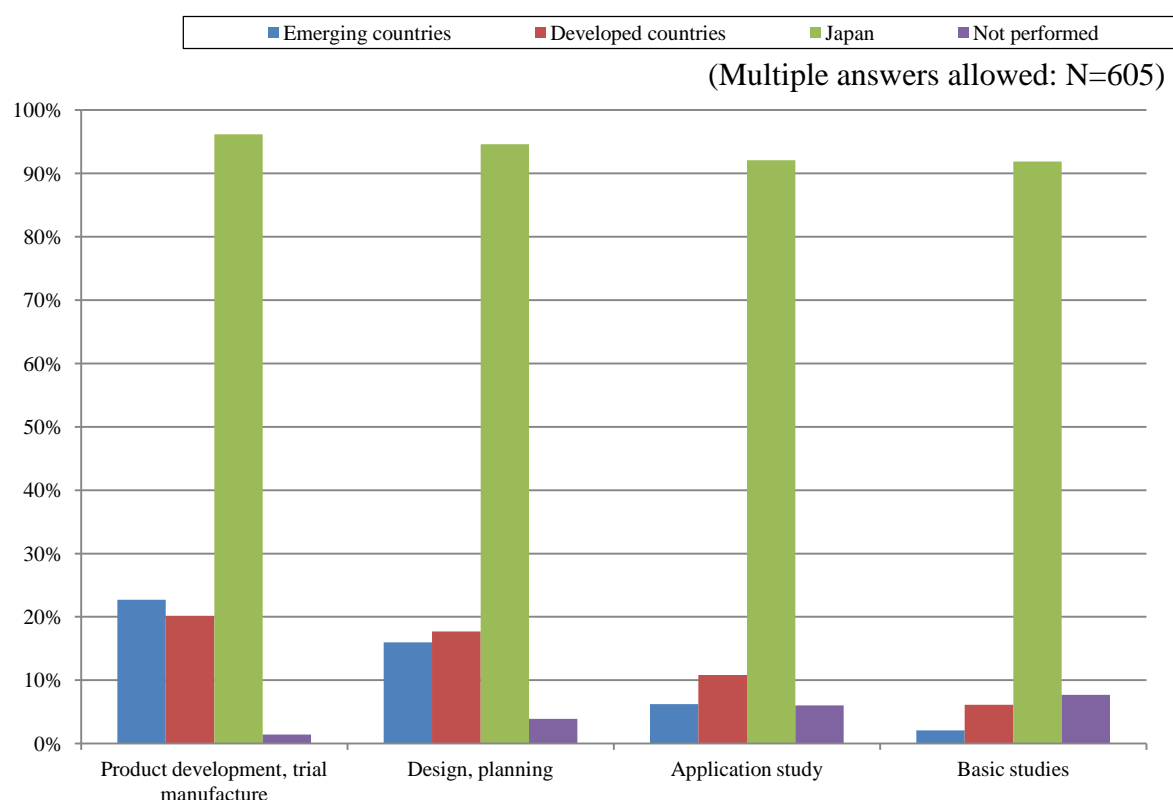
In addition, among “research and development about specifications change for local markets”, the ratio by country and region shows that China is particularly high, but the needs for Europe and the U.S.A. are located in the high rank category. So the trend is not necessarily special to emerging countries only (Figure 3-2-1-5).

By business category, the consumer goods industry including electric machines and the car and food industries ranked high (Figure 3-2-1-6).

(D) Regions and industries in which “development of products and trial manufacture function” will expand in the future

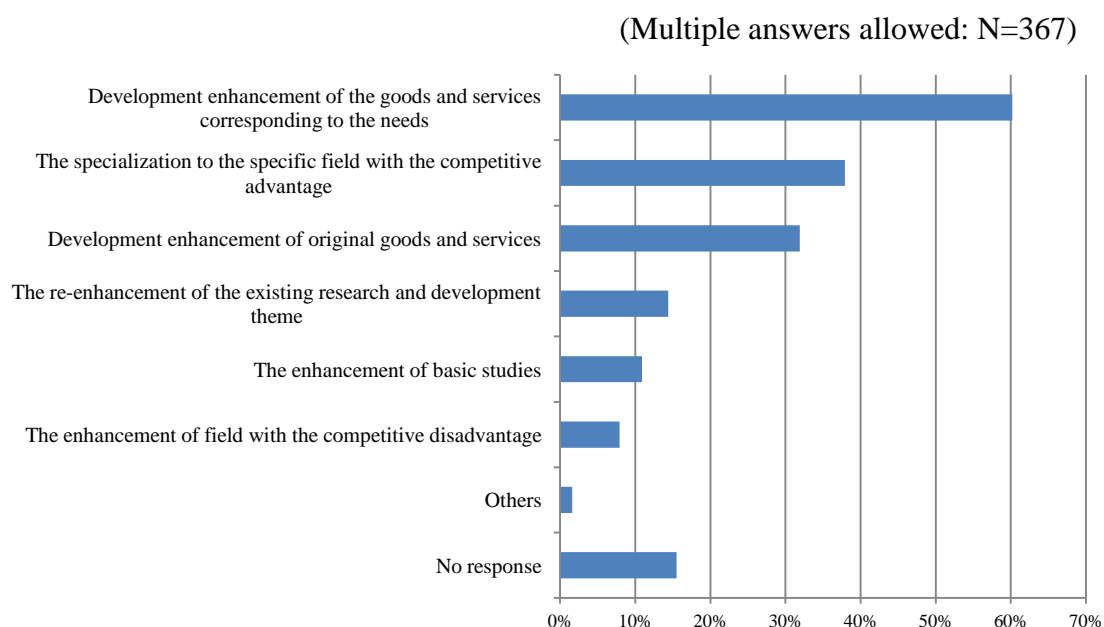
According to the “direct overseas investment related questionnaire” (2010) by the JBIC, as for the place of research and development operation, “product development/trial manufacture” is conducted more in emerging countries (23%) than in developed nations (20%) (Figure 3-2-1-7). And also, according to the Japan Economic Foundation survey (2011), for the research and development in overseas countries, approximately 60% of companies consider that “accelerated development of product and service to meet the needs is important”. This suggests the importance of product development and trial manufacture to meet the needs in emerging countries (Figure 3-2-1-8).

Figure 3-2-1-7 Places where research and development are performed



Sources: Compiled from "JBIC direct overseas investment questionnaire" (2010).

Figure 3-2-1-8 The directivity of the research and development in foreign countries



Sources: "Research about Japanese industrial competitive power enhancement corresponding to the change of the competition environment" The Japan Economic Foundation

(2) Characteristics of the direct investment of Japan abroad

Security investment accounts for approximately 50% of Japanese overseas investment, and direct

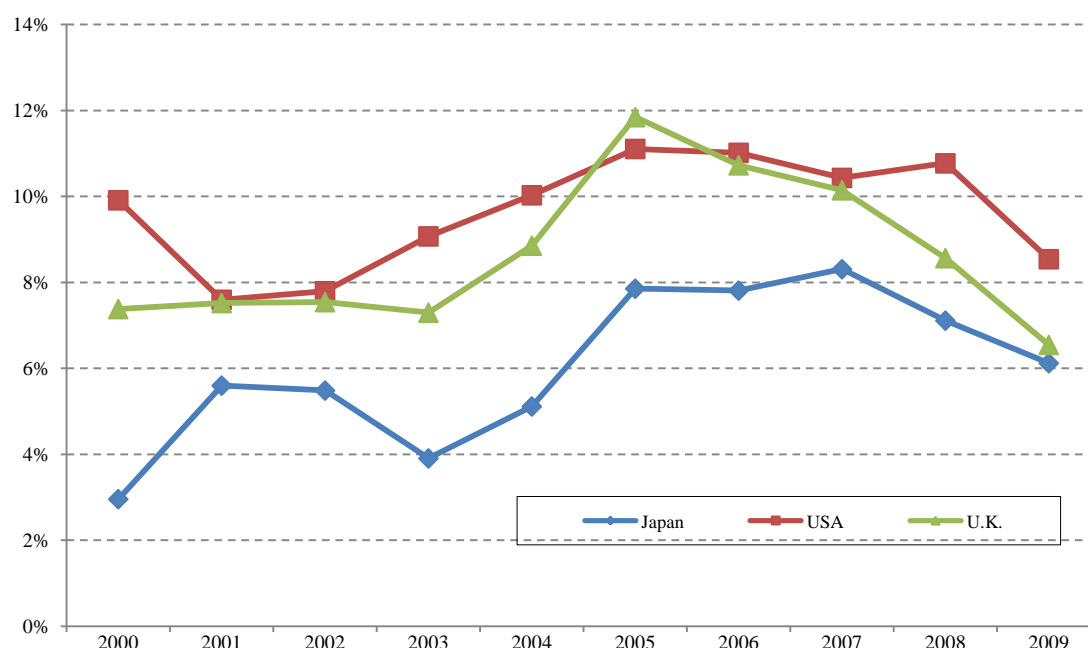
investment accounts only for over 10%. It can be said that Japanese foreign investment is too unbalanced in security investment in comparison with that of the U.S. In addition, the total direct Japanese investment is only approximately 10% that of the U.S. and approximately 30% of the UK. Judging from the economic scale of Japan, it is too little (Table 3-2-1-9). In addition, the rate of return from direct investment of Japan tends to be at a lower level than that of the U.S. and the UK (Figure 3-2-1-10).

Table 3-2-1-9 Comparison of the percentage of Japanese direct investment balance in foreign assets balance with those of Europe and the U.S.

		Japan	USA	U.K.
Constituent ratio by type of foreign assets balance (2009)		\$60 trillion	\$14.1 trillion	\$18.4 trillion
Breakdown	Direct investment balance	12.3%	22.0%	11.9%
	Security investment balance	47.2%	32.6%	21.6%
	Other investment balance	22.3%	24.1%	40.7%
	Financial derivatives (balance)	0.8%	19.1%	25.4%
	Foreign currency reserves (balance)	17.4%	2.2%	0.5%

Source: Compiled from the data of BOP IMF

Figure 3-2-1-10 Comparison of the rate of return of the direct investment of Japan with those of Europe and the U.S.



Sources: "Compiled from the data of BOP IMF

(3) Increasing direct investment for emerging countries

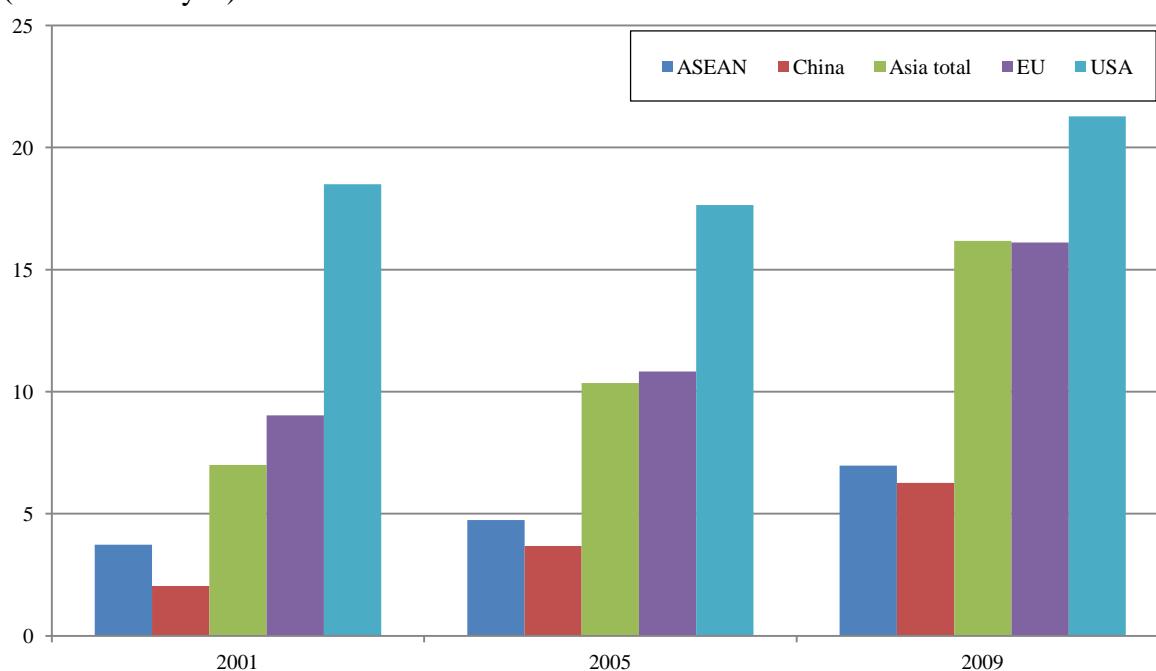
(A) Trend of the direct Japanese investment abroad for emerging countries

Based on the data of "International Trade Balance Statistics" (Kokusai Shushi Tokei" (2009), Europe and the United States held more than 50% of all the balance, but in recent years the balance

in ASEAN and China has increased rapidly, and the total balance in Asia exceeded that of the EU for the first time in 2009 (Figure 3-2-1-11). (From now on, “ASEAN” shown on the chart means “ASEAN10”, but “ASEAN4” is used, when due to the restriction on data, ASEAN4 must be used as a necessity).

Figure 3-2-1 -11 Change of Japan’s direct investment balance by country

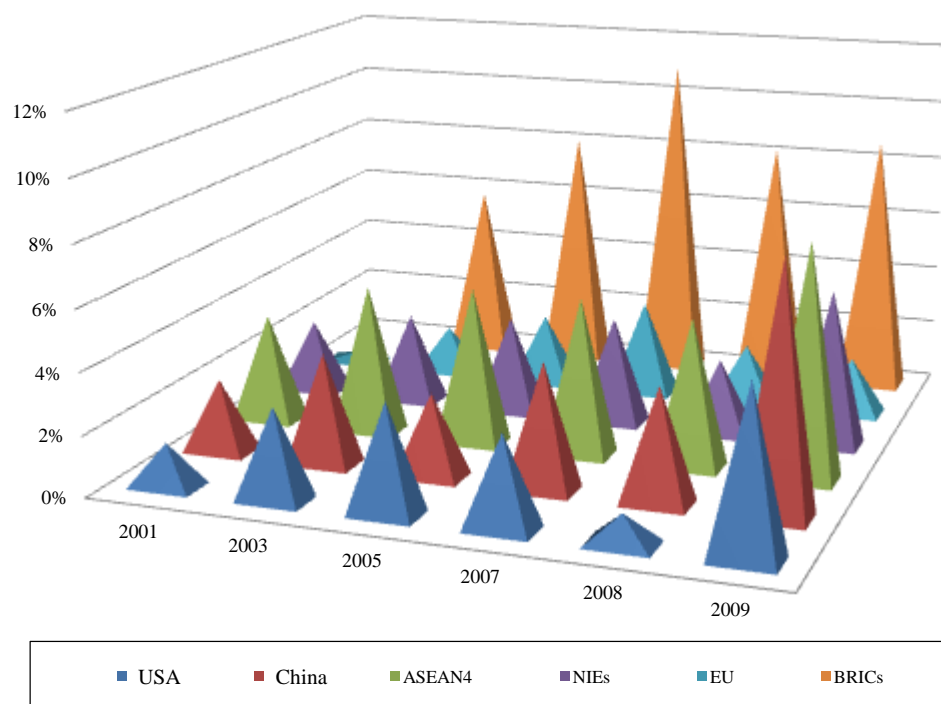
(Unit: trillion yen)



Sources: "International trade balance statistics" (Bank of Japan)

In addition, according to the “Survey on Overseas Business Activities” (2009), the operating profit on sales of Japanese overseas corporations (all industries) was higher in China and BRICs (except in 2009) than in the U.S and the EU, and especially in BRICs it has been constantly high at more than 8%. This data shows that profitability of the business in emerging countries around Asia has been generally better than in Europe and the U.S. (Figure 3-2-1-12).

Figure 3-2-1-12 Change of operating profits on sales of Japanese-owned overseas affiliated companies

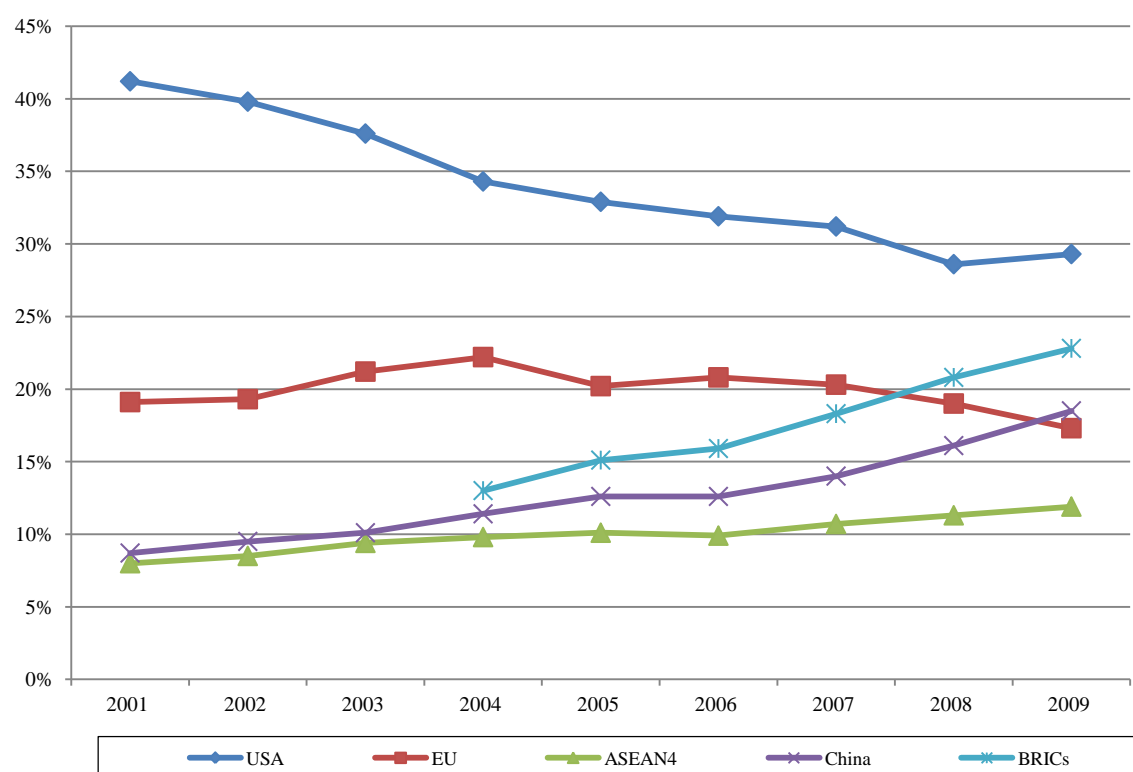


Sources: “Survey on Overseas Business Activities” (2009) (Ministry of Economy, Trade and Industry)

In addition, comparison of sales amounts and ordinary profits by region for overseas Japanese corporations (all industries) in the recent years shows that the proportion in the U.S has continuously decreased in both value, and the ratio of China and BRICs increased greatly. Also, as for the proportion of sales amounts, the U.S was still the top in 2009, and BRICs were catching up, but in terms of ordinary profit, emerging countries such as BRICs come to the top rank in proportion after 2008, and after the world financial crisis of 2008, we can see the situation that the source of profits earned by Japan-based companies largely shifted from developed nations to emerging countries (Figure 3-2-1-13).

Figure 3-2-1-13 Percentage of sales amounts and ordinary profits of the Japanese-owned overseas affiliated companies (total industry)

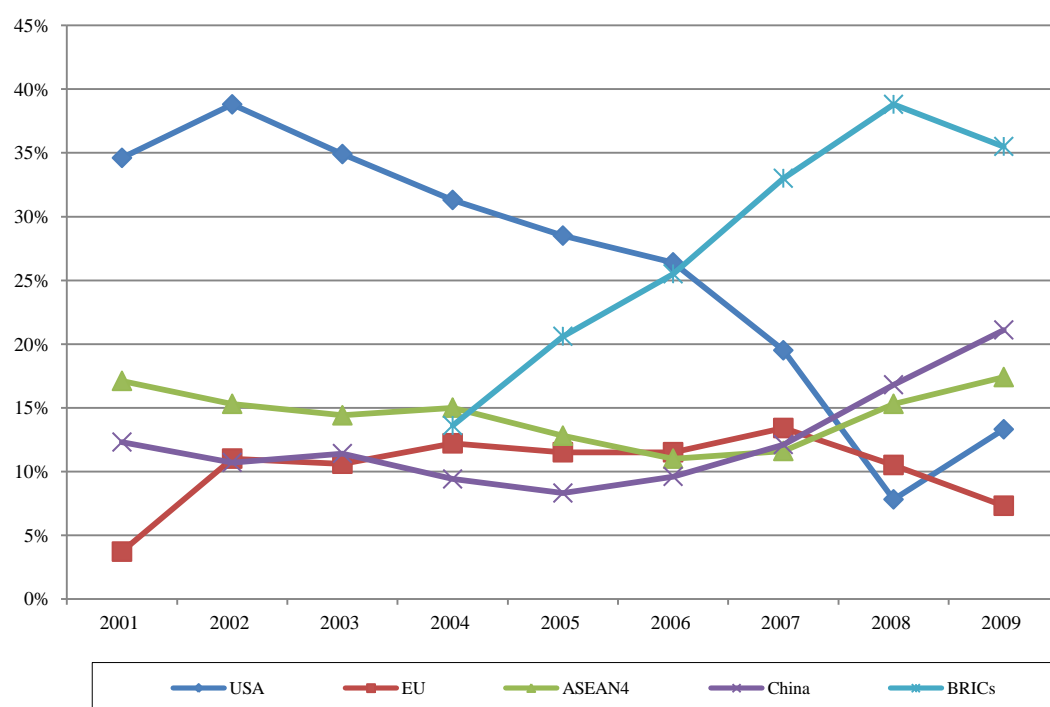
○ Percent of sales amount



Notes: BRICs surveys started from 2004; therefore the data for 2001-2003 are not available. Hong Kong is included in BRICs and China.

Sources: “Survey on Overseas Business Activities” (2009) (Ministry of Economy, Trade and Industry)

○ Percent of ordinary profit



Notes: BRICs surveys started from 2004; therefore the data for 2001-2003 are not available. Hong Kong is included in BRICs and China.

Sources: “Survey on Overseas Business Activities” (2009) (Ministry of Economy, Trade and Industry)

On the other hand, the percentage of Japanese direct investment in the major Asian countries is relatively high in Thailand or Indonesia, but in China and India, it is declining, suggesting that the presence of Japanese companies in the direct investment to Asia is not necessarily high (Table 3-2-1-14).

Table 3-2-1-14 Change of percentage of Japan in the inward direct investment of major Asian countries

	2001	2002	2003	2004	2005	2006	2007	2008	
China	9.3	7.9	9.4	9.0	9.0	6.6	4.3	3.4	Flow
India		6.7	5.7	3.7	3.1	3.9	3.5	1.5	Flow
Indonesia				-1.6	18.5	21.5	16.2	18.0	Flow
Malaysia	11.4	11.6	14.7	9.2	3.2	20.5	3.5	2.6	Flow
Thailand	38.7	55.5	44.5	55.5	45.0	24.6	30.7	33.5	Flow
Philippines	68.6	47.9	8.2	6.3	3.3	1.9	28.3	4.2	Flow
Vietnam	5.2	3.4	3.8	17.3	13.8	12.4	6.5	11.8	Flow
Singapore	13.8	14.4	13.8	13.5	13.8	12.1	10.2		Stock

Source: “Collection of direct investment statistics data of the world’s major countries” (2010) (Institute for International Trade and Investment)

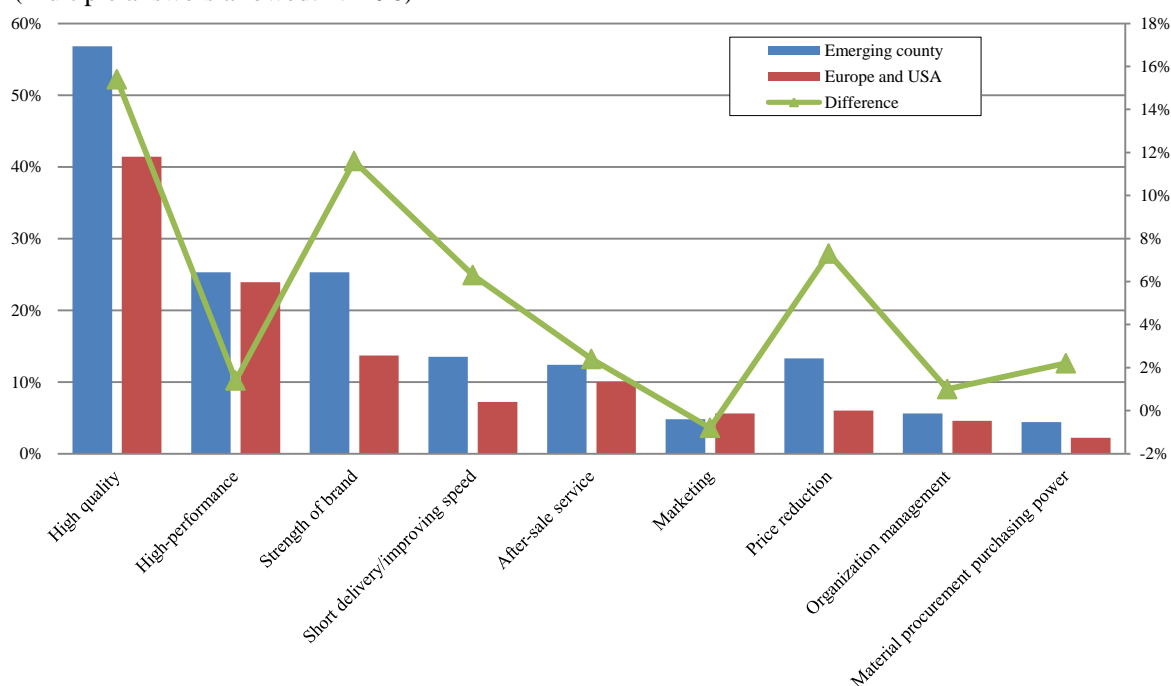
(B) Comparison of strengths and weaknesses of the Japanese companies in Europe and America with those in emerging countries

According to the survey of the Japan Economic Foundation, the advantages of Japanese companies in the emerging countries are ranked high for “high quality,” “high performance” and “quality brand products”. But for businesses in Europe and the U.S, it can be said that “high quality”, “strength of brand”, “short delivery/improving speed”, “after-sales service” are factors that determine the advantages similarly with those in emerging countries (Figure 3-2-1-15).

Figure 3-2-1-15 Comparison of advantages and weak points of Japanese companies in emerging countries and developed countries

◇ Advantage

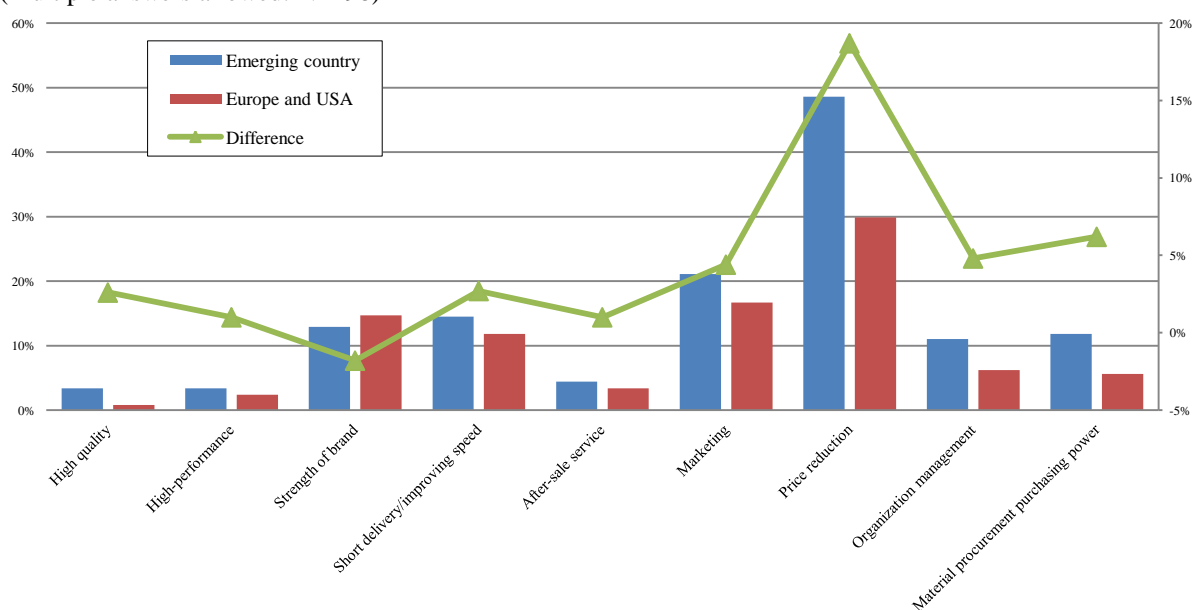
(Multiple answers allowed: N=498)



Sources: “Research about Japanese industrial competitive power enhancement corresponding to the change of the competition environment” The Japan Economic Foundation

◇ Weak points

(Multiple answers allowed: N=498)



Sources: “Research about Japanese industrial competitive power enhancement corresponding to the change of the competition environment” The Japan Economic Foundation

On the other hand, as for the weak points of the business in emerging countries, “Price reduction” and “Marketing” ranked high, but for the businesses in Europe and the U.S., it can be said that particular characteristic weaknesses are “Price reduction”, “Material procurement power”, “Organization management power”, and “Marketing power” (Figure 3-2-1-15).

In this way, as for business in emerging countries, it may be important to consider after-sales service and short delivery time/improving speed as the advantage, other than high quality, high-performance and strength of brand. Also, as for weak points, price reduction requirements and marketing difficulties are to be overcome by Japanese companies when entering into the market of the emerging countries in the future.

(C) Approaches and problems for market development in emerging countries

As already mentioned in the previous section, answering to a question in a survey by Japan Economic Foundation regarding the future direction of market development, nearly 30% of the Japanese manufacturers of goods and services in the market for emerging countries selected, “Maintaining function and quality plus price reduction”, and on the downward trend over 30% selected “High value-addition strategy through improvement of function, performance, and quality” while on the upward trend, “Maintaining quality and function plus short delivery time” was selected by over 10%, and again, with a downward trend, “Limiting function and quality plus price reduction” was selected by over 20%, and the same was with the upward trend. It is certain that price reduction is an important factor, but it is not only factor, and strategies aiming at enhancement of value-addition and the shortening of delivery times are also recognized to a certain degree (Figure 3-1-2-14).

In addition, based on the reply to the questionnaire from the companies, Japanese companies, when asked about their strategy in market development in emerging countries, listed their endeavors, for example, including factors like short time delivery measures, changing specifications for local markets, improvement of after-sales service, early model changes, timely promotion, and flexible responses to stores with increased power of negotiation. It is highlighted that measures to customize services are becoming more and more important for success. (Table 3-2-1-16, Figure 3-2-1-17).

Table 3-2-1-16 Specific example case of customizing measures

○ Measures for requirement of short time delivery

: Due to the intensifying competition in the market of LCD TVs, requirement for low prices and short delivery times is serious (electrical equipment manufacturer Company “A”).

○ Measures to change specifications suitable for local markets

: We established a research institute in an overseas country to meet a variety of market requirements (bad roads, high temperature and humidity, etc.) and customers’ requirements (external/internal packaging), and highly detailed responses are provided (auto maker Company “B”).

: The design of white goods is conducted in Thailand, Indonesia, and the Philippines. The objective is to develop the products corresponding to local needs, to reduce development costs, and to shorten the time for developing products (electrical equipment manufacturer Company “C”).

○ Timely implementation of promotion

: Policy to develop local stores in the district where the mainstream sales technique is to utilize shared territorial bonding and blood relatives (electrical equipment manufacturer Company “D”).

: The importance of promotion is rapidly increasing and we are running special promotions depending on product timing (electrical equipment manufacturer Company “E”).

○ Improvement of after-sales service

: On the occasion of selecting the store which deals with our products, we make it an essential requirement that the store can implement sales, after-sales service, and the supply of parts (car manufacturer Company “F”).

: After-sales service is extremely important to increase sales share, and because there are many islands in Indonesia, we have established service stations for quick repairs, and also we have established call centers for the implementation of detailed service. We are preparing a similar system in India (electrical equipment manufacturer Company “G”).

○ Measures against frequent model changes

: Model changes and the change in generations of PCs are very frequent, and manufacturers are required to respond quickly (electrical equipment manufacturer Company “H”).

○ Measures against the increasing negotiation power of distributors

: In India, the oligopoly in the distribution is not so advanced compared with those in developed countries, but some nationwide mass sales stores are expanding their market. The negotiation power of the distributors is increasing, and flexible responses are required (electrical equipment manufacturer Company “I”).

Figure 3-2-1-17 Survey of the current living conditions of the middle-income group in emerging countries

Enhancement of strength of the product: Survey of the current living conditions of the middle-income group



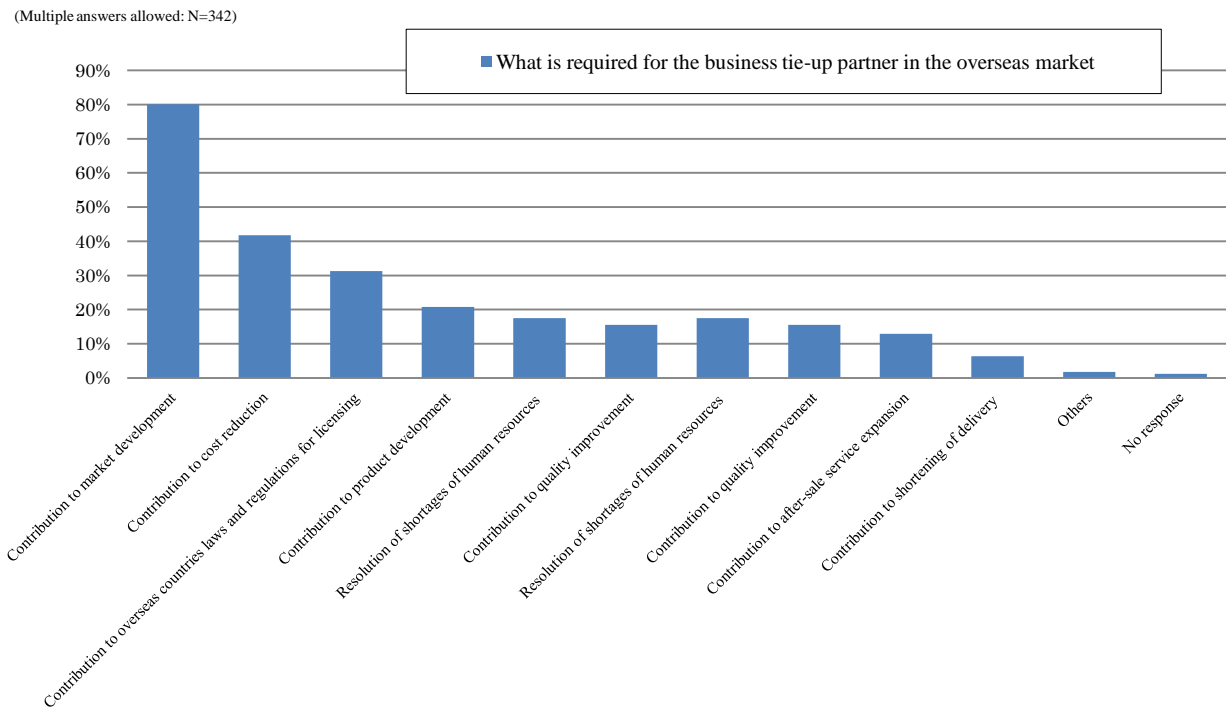
- * Family of four (husband and wife, two children)
- * One door refrigerator of 160L
- * Many fruits on a tray
- * Tap water is boiled for drinking



Source: Panasonic Corporation

And also, as we already mentioned in the foregoing paragraph that as the problems faced by Japanese manufacturing industries in market development in emerging countries, “Insufficiency of overseas manpower” and “Decline of profit by intensifying competition in price and cost” are the most frequent reported responses (Figure 3-1-2-10). Some companies intend to solve these issues in sales and costs through cooperation with business tie-up partners in overseas countries (Figure 3-2-1-18).

Figure 3-2-1-18 What is required for business tie-up partners in the overseas market



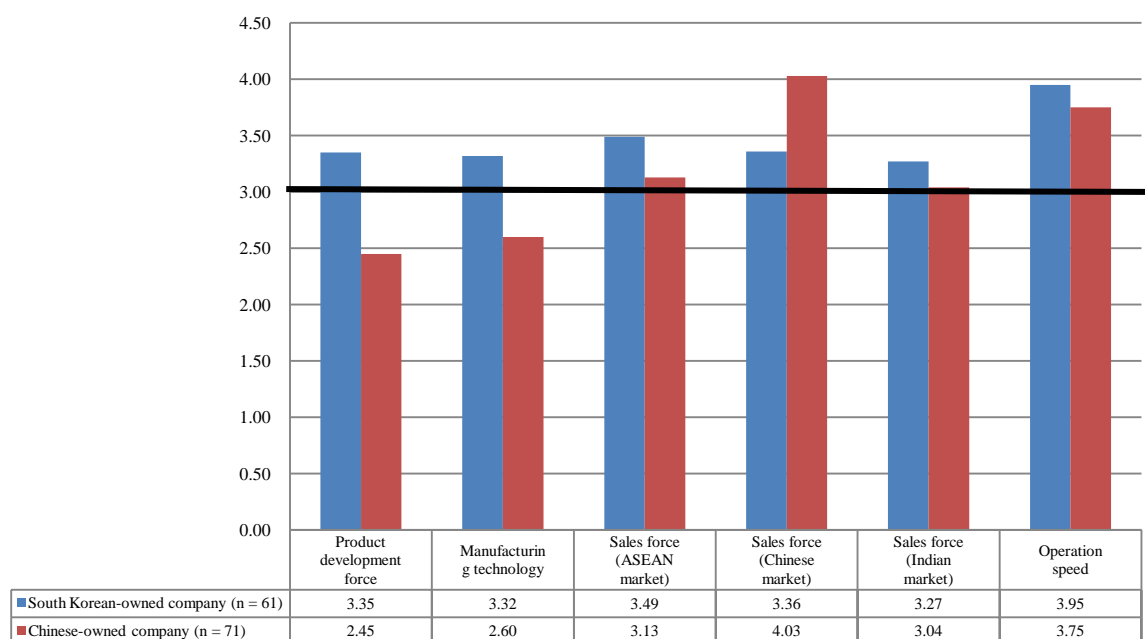
Sources: “Research on Japanese industrial competitive power enhancement corresponding to the change of the competition environment” The Japan Economic Foundation

(D) Competition in the markets of emerging economies

In the business fields of electric equipment and electronics, Korean owned companies have higher assessment standards than Japanese companies, indicating that they have an advantage particularly in “Operation speed” and “Sales power” (ASEAN market) compared with Japanese companies. And also, Chinese owned companies are not as good as the Japanese companies in product development power and production technology (less than 3), but, in other fields they have advantage (more than 3) over Japan, particularly in sales power (in the China market). As for the car industry, a similar trend is observed, but they are not so remarkable in the electrical and electronics goods fields (Figure 3-2-1-19).

Figure 3-2-1-19 Evaluation of Japanese companies compared to South Korean-owned and Chinese-owned companies

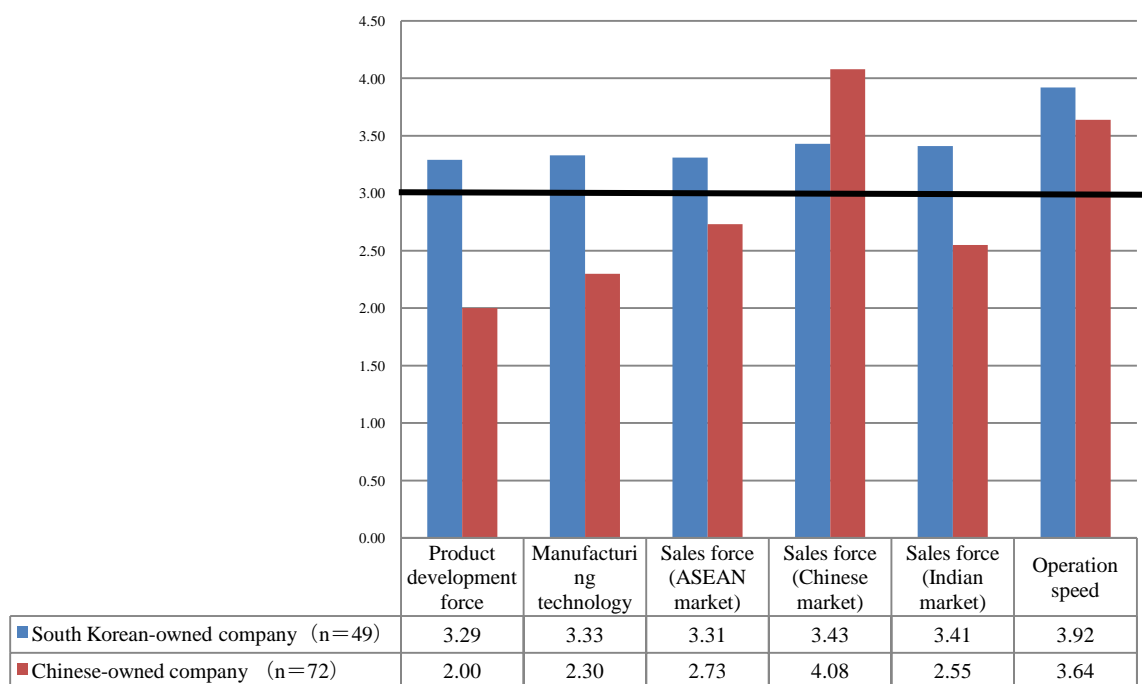
(1) Electric and electronics equipment (2010)



Notes: An evaluation point more than 3 refers to the evaluation equivalent to or more than that Japanese company.

Sources: Compiled from the data of “2010 direct overseas investing questionnaire” (JBIC)

(2) Automobiles (2010)



Notes: An Evaluation point more than 3 refers to the evaluation equivalent to or more than that Japanese company.

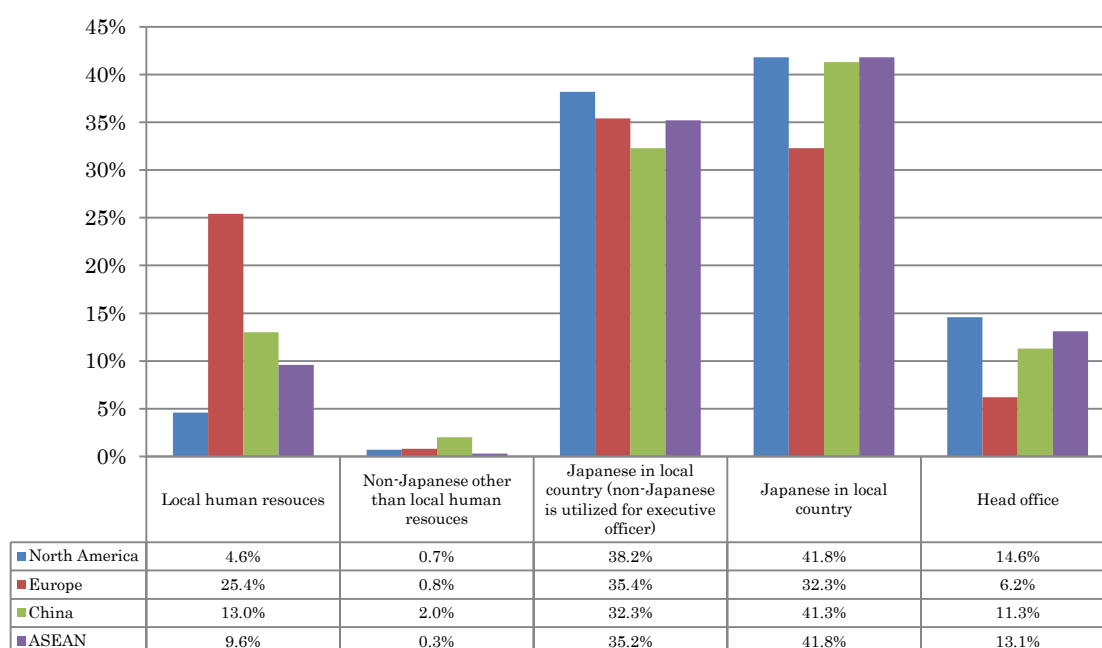
Sources: Compiled from the data of “2010 direct overseas investing questionnaire”(JBIC)

Although the opinion below is based on subjective views from Japanese companies, Japan might have fallen behind Korean owned and Chinese owned companies in competition superiority commonly in the electric equipment and car sectors, especially in “sales power” and “operation speed” in the Asian market. This suggests that the above is the most important problem facing Japan in any future competition.

(4) Conceding the power of authority to local personnel for managerial decisions in the emerging countries

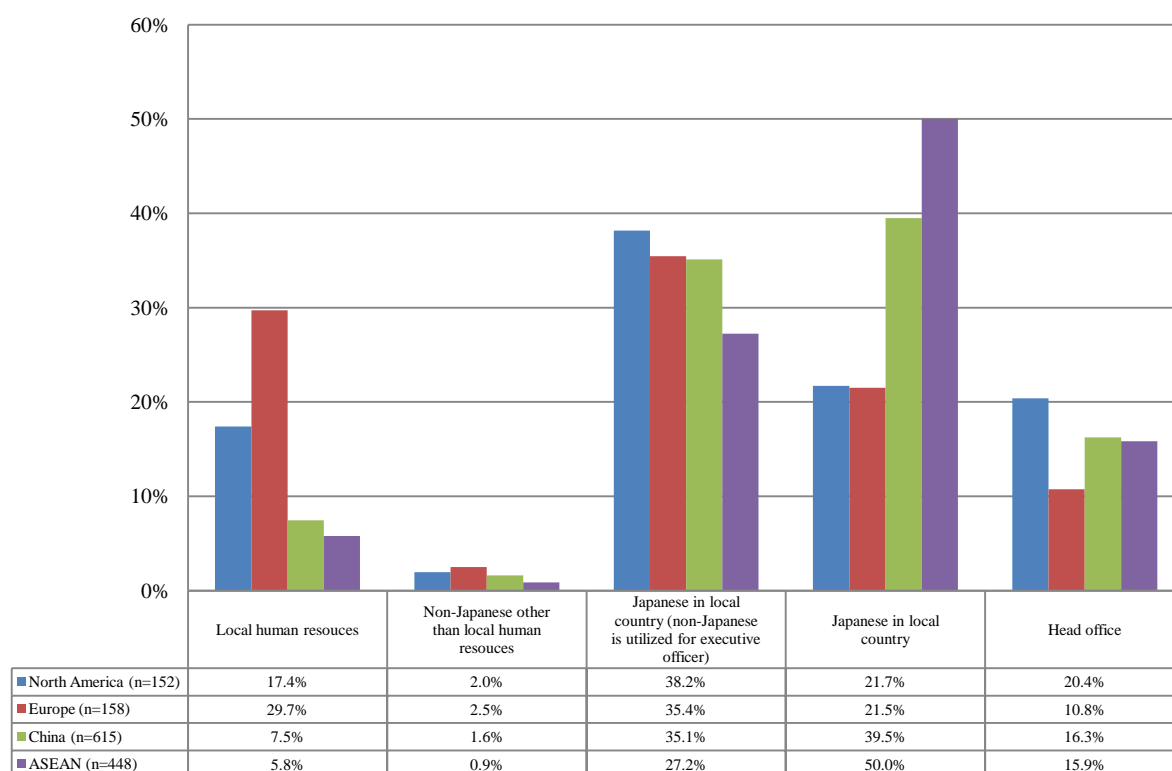
According to the “Survey on Overseas Business Activities” (2007), the data on affiliated Japanese overseas companies in the electric machine and car industries reveals the fact that, in comparison with Europe and the U.S., the ratio of entrusting managerial decisions to top local personnel or utilizing non-Japanese staff in management is generally lower in China and ASEAN countries. In most cases, the Japanese staffs in overseas countries perform all the managerial decisions. In addition, in China and ASEAN, compared with the electric equipment and machine industries, the power of authority is frequently given to local personnel mainly in the car industry. As a result, a lower percentage of managerial decisions are made in the head office in Japan (Figures 3-2-1-20, and 3-2-1-21).

Figure 3-2-1-20 Managerial decision authorization in overseas affiliated companies in the automobile industry



Sources: “Survey on Overseas Business Activities” (2007) (Ministry of Economy, Trade and Industry)

Figure 3-2-1-21 Managerial decisions authorization in overseas affiliated companies in the electrical machinery industry



Notes: The above shows the result of calculations from the total sum of information and communication machinery and electrical machinery in this survey.

Sources: “Survey on Overseas Business Activities” (2007) (Ministry of Economy, Trade and Industry)

Based on the result of the questionnaire to Japanese companies, it was stated that even in the same type of industrial field, some companies conceded the right of making managerial decisions to local staff. It was done judging from a process of running the company on a joint management basis in the beginning or it was done judging from their experience in the local region, though other companies considered that in the present situation, it would be best to transfer authority to Japanese staff in overseas locations. It is not surprising that the measures vary depending on the company (Table 3-2-1-22). Accordingly, it may not be necessarily the best policy to transfer the authority to local staff or hire many local persons as managing staff. Each company is trying to seek the best possible way to maximize profits. This is done on the basis of past experiences in overseas business operations. The consideration is also given to such factors as the process, experience, increasing the local sales ratio in the overall total sales amount, and the necessity of securing/fostering manpower in overseas countries.

Table 3-2-1-22 Detailed examples of concession of authority

(The case in which managerial decisions are transferred to local country staff)

- In India, Indian staffs take posts of not only the manager but also chairperson and president, and the needs, viewpoints, and ideas of the overseas country are incorporated in the operation. (Car manufacturer Company “A”).

(The case in which a Japanese member in an overseas country makes managerial decisions)

- The Japanese staff resides both in China and India and acts as a general manager who has the right to make decisions. Importance is placed on the speed of managerial decisions. (Car manufacturer Company “B”).

(The case in which a part of the operation is transferred to overseas staff, and the important matters are decided finally in Japan)

- In India, an Indian member of staff is appointed as the person in charge of the region concerned, and the operation of the local office is transferred to him. However, as for the outline of income and expenditure of the operation, settlement of accounts, investments, large amount of advertising, the personnel numbers for employment, Japanese management holds the final decision-making authority (electrical equipment manufacturer Company C).

(The case in which local personnel are appointed as the executive officers and operational decisions are transferred, and the Japanese leader makes managerial decisions in the head office of the group company)

- In China, a local person is appointed as the top of some group businesses and operational decisions are transferred to that person. A local person is appointed as the director in a major company. Decision rights are transferred to the Japanese leader in the head office of the group company, and the director of the head office resides there as a region representative and has the final authority for the total strategy of the companies in the region (electrical equipment manufacturer Company “D”).

2. Impact on the Japanese economy of localization in emerging countries

Localization in emerging countries tends to contribute positively to the Japanese economy, by bringing in the necessity for increased research and development activities and opportunities for capital investments in Japan, through the repatriation of profit to the home country, along with an increase of intermediate commodity exports from Japan to overseas countries and an increase in income in the form of direct investment of profits earned abroad or income from patent rights, etc. But, the increase of intermediate commodity exports and repatriation of direct investment profit to Japan will vary depending on changes of the competition environment, and therefore cannot be always sustainable. Thus, to achieve more effect, it is necessary to improve the competitiveness of the intermediate commodity exports and develop a better environment for the domestic repatriation of funds. And also, localization to emerging countries, from a macro-economic standpoint, does not always have a positive effect on domestic employment. Accordingly, due attention should be paid on the impact that localization can make on domestic employment, while the efforts for market procurement by Japanese companies in the emerging countries will progress more in the future. It is important to consider what kind of influence this action will have on the domestic employment situation, and what kind of function should be integrally expanded in the domestic business simultaneously.

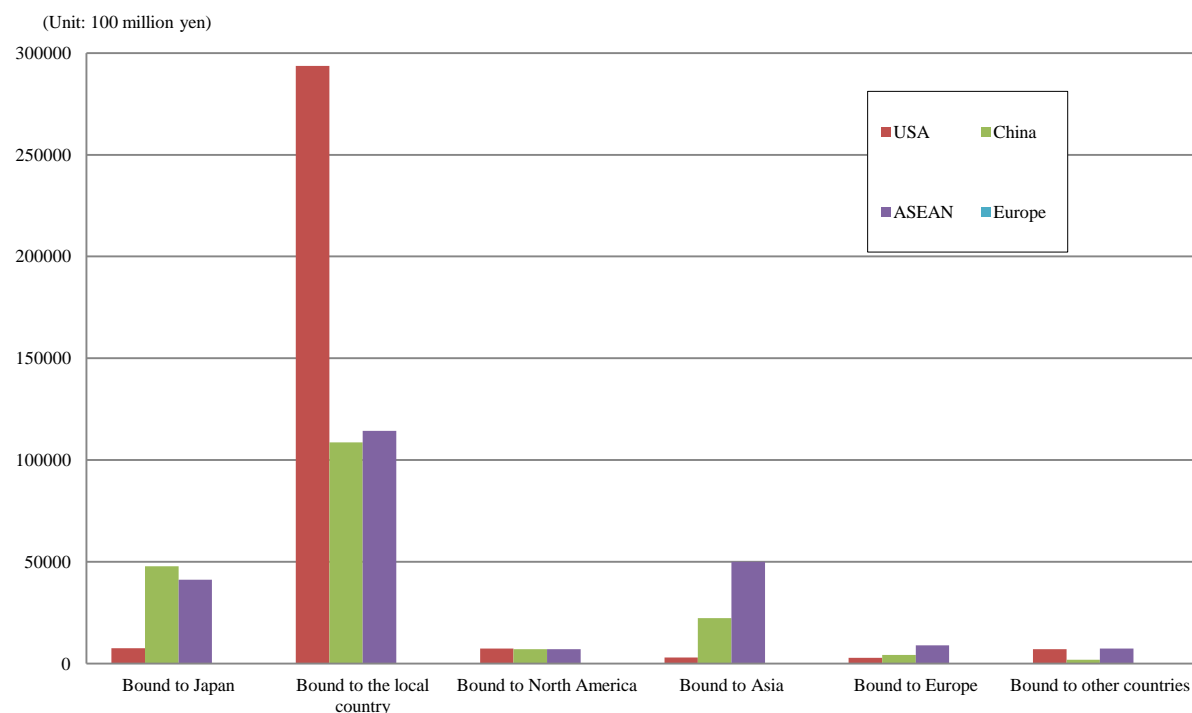
(1) Status of sales to local customers by affiliated Japanese-overseas companies

According to the “Survey on Overseas Business Activities” (2007, 2009), as for the destinations of sales of the entire manufacturing industry, in 2007, in the U.S., products for the domestic market amounted to approximately 29 trillion yen. In China and ASEAN, the amount of sales for the domestic market was approximately 11 trillion yen for both of these countries, which is only one-third of that of the U.S.

In 2009, after the world financial crisis, the amount of domestic market sales in the U.S. decreased to approximately by 14 trillion yen, while that of China and ASEAN reached the level of approximately 90% and 60% of the U.S., respectively. In terms of the sales amount to local customers of the Japanese manufacturers, the U.S. accounted for the largest proportion, while standard level of consumption in emerging countries will increase remarkably in the future, and it is expected to increase the sales to local customers further in emerging countries such as China or ASEAN (Figure 3-2-2-1).

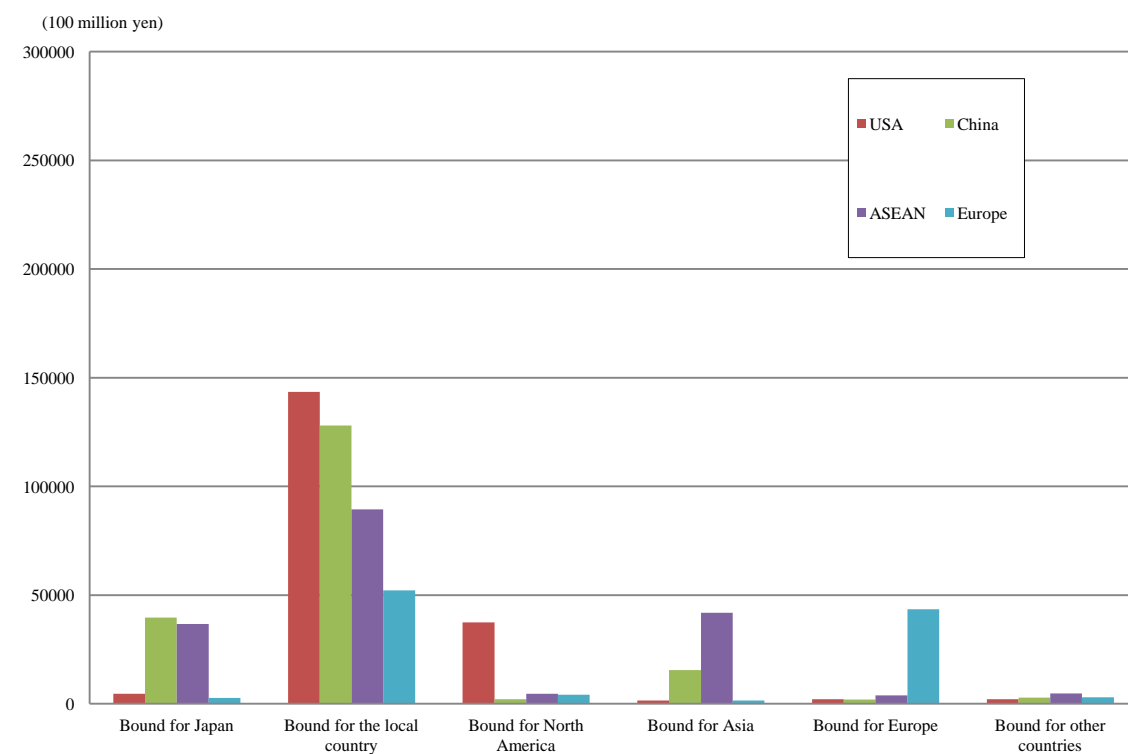
Figure 3-2-2-1 Comparison of sales by destination in Japanese-owned overseas affiliated companies (manufacturers)

○ 2007



Sources: “Survey on Overseas Business Activities” (2007) (Ministry of Economy, Trade and Industry)

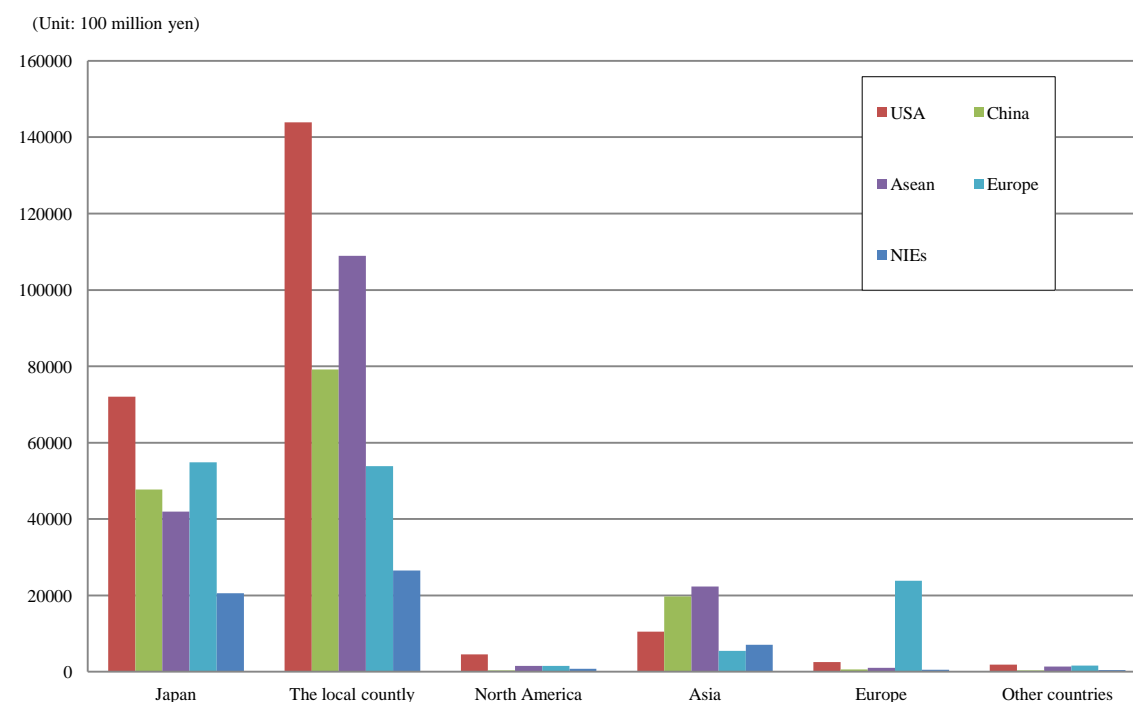
○ 2009



Sources: “Survey on Overseas Business Activities” (2009) (Ministry of Economy, Trade and Industry)

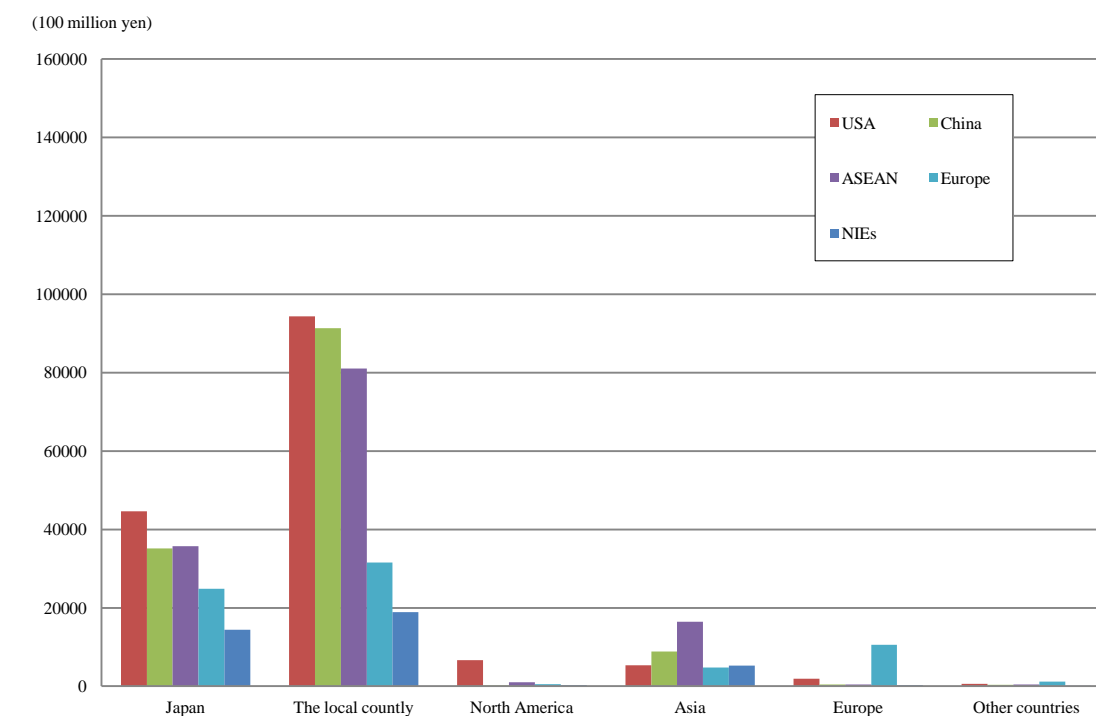
Figure 3-2-2-2 Comparison of procurement source of Japanese-owned overseas affiliated companies (manufacturers)

○ 2007



Sources: “Survey on Overseas Business Activities” (2007) (Ministry of Economy, Trade and Industry)

○ 2009

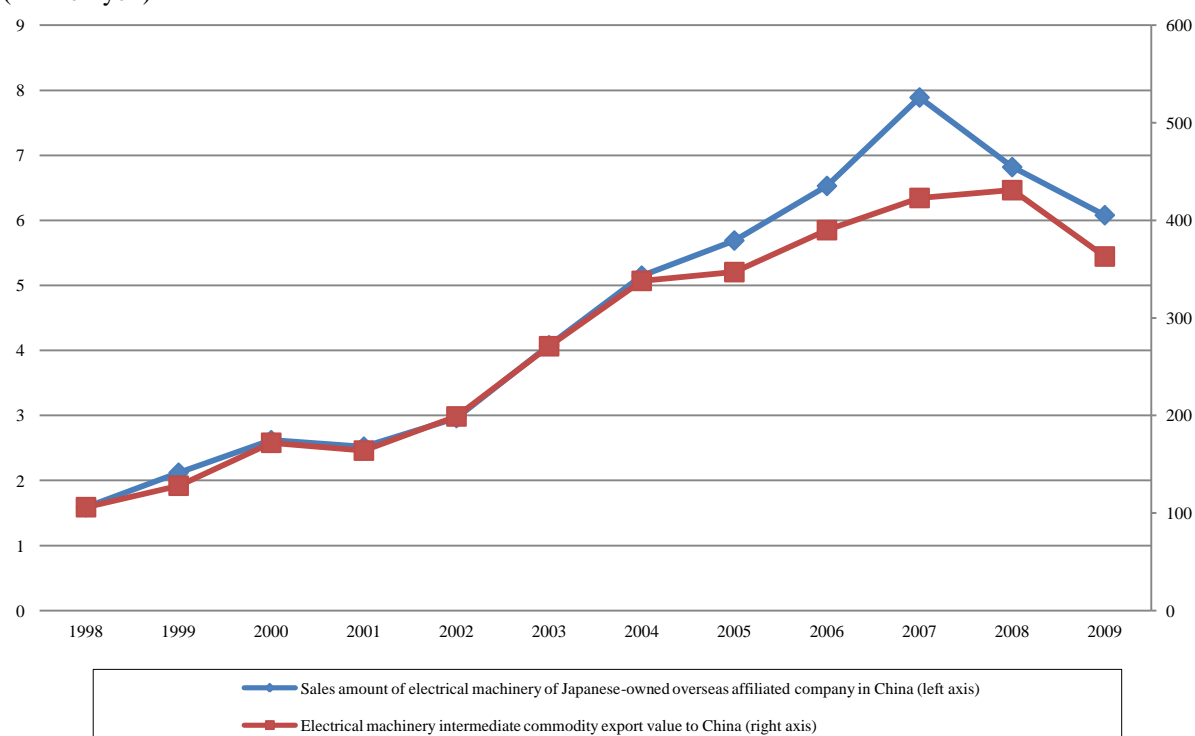


Sources: “Survey on Overseas Business Activities” (2009) (Ministry of Economy, Trade and Industry)

(2) Impact on intermediate commodity exports by increases in overseas countries' sales

While affiliated Japanese-overseas companies increase local procurement together with overseas operation, they tend to make procurements from Japan simultaneously to a certain degree. The affiliated Japanese overseas companies in the U.S. procured approximately 4 trillion yen from Japan in 2009, and companies in China and ASEAN procured approximately 3 trillion yen from Japan (Figure 3-2-2-2). Especially in China, in line with the increase of Japanese-owned overseas companies' sales (note: this is including exports from overseas countries in addition to sales to local customers), the export of intermediate commodities from Japan tended to increase (Figure 3-2-2-3). In this situation in which the proportion of the local market is increasing, it can be said that not only the amount of local procurement but also the amount of procurement from Japan increased in 2008 and 2009, it decreased due to the impact of the world financial crisis).

Figure 3-2-2-3 Relationship of increase of Japanese-owned overseas affiliated companies' sales and increases in intermediate commodity exports
(Trillion yen) (100 million dollars)

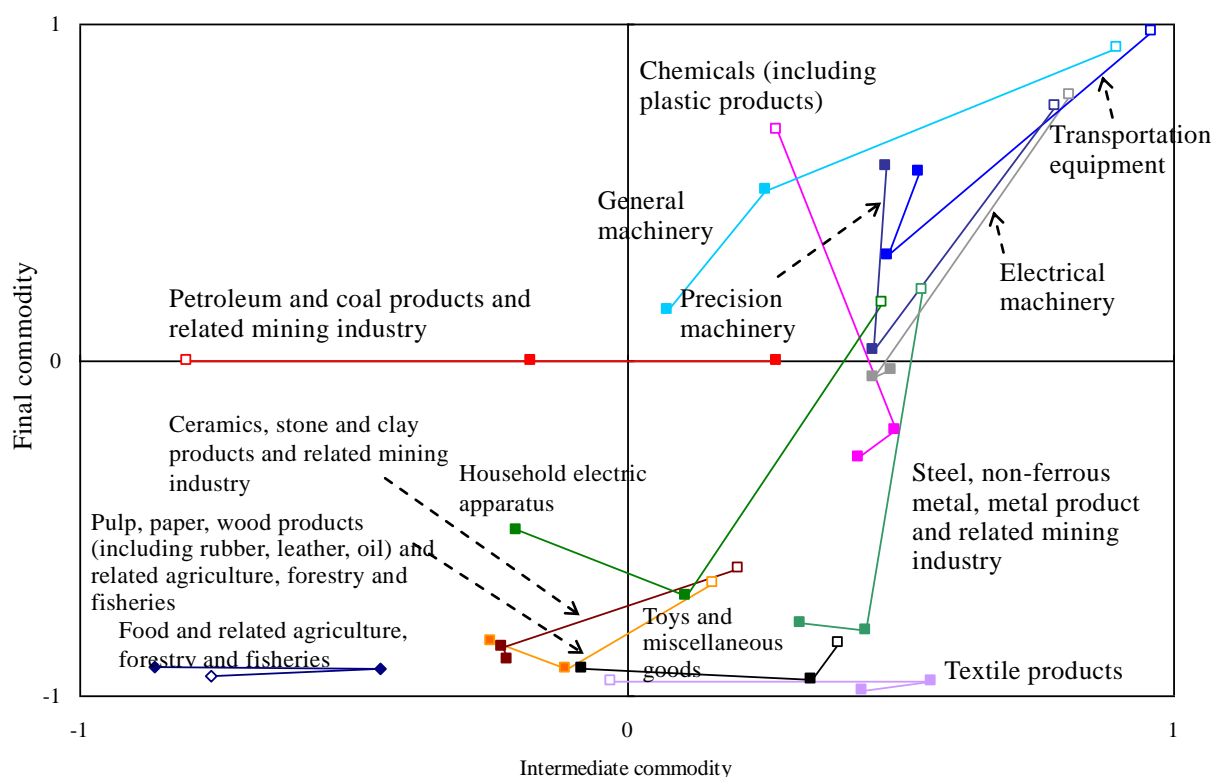


Sources: "Survey on Overseas Business Activities" (2009) (Ministry of Economy, Trade and Industry) and RIETI-TID2009

However, on the other hand, as for the trade specialization coefficient with China and Korea, in line with improved competitive power in intermediate commodities of China and Korea, the intermediate commodity export competitiveness of Japan, for instance in the electric machinery business, indicates a downward trend (the specialization coefficient line declines in the lower left of the graph) (Figure 3-2-2-4).

Figure 3-2-2-4 Change of Japanese trade specialization index by type of goods (For China, Korea)

(1) For China



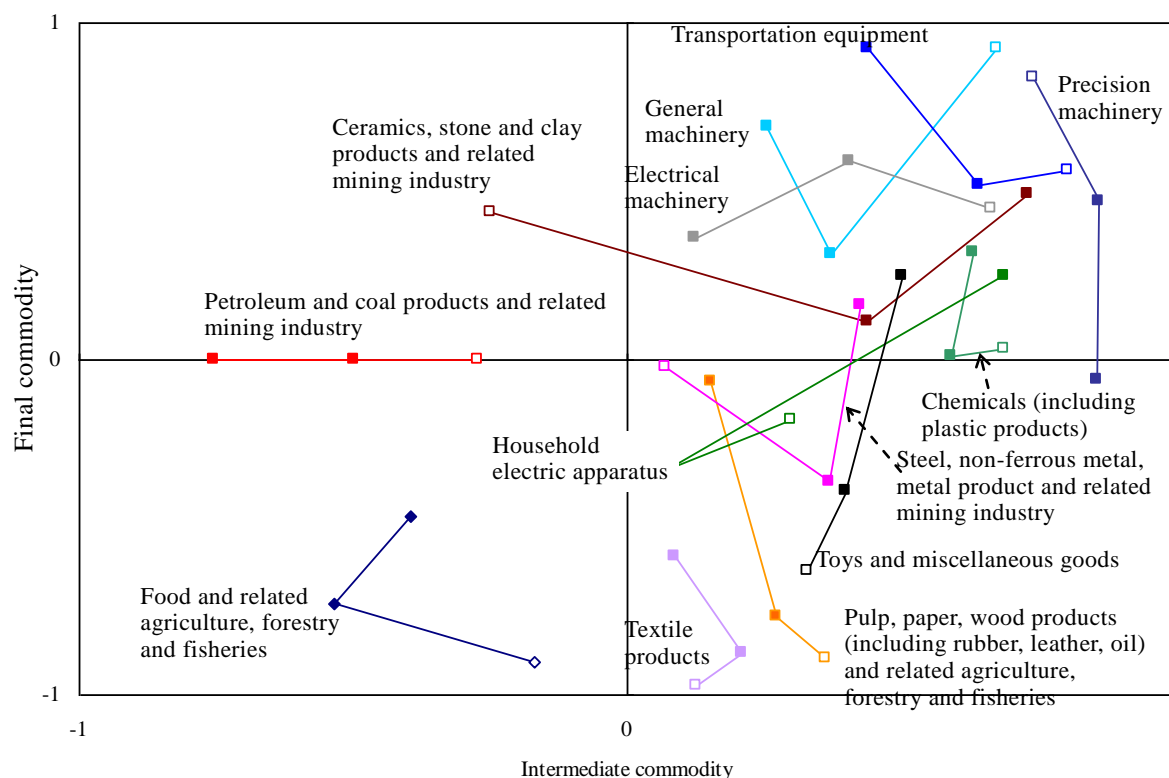
Note 1: Compiled from the data of The Research Institute of Economy, Trade and Industry "RIETI-TID2009."

Note 2: Trade specialization index = (export - import) / (export + import)

Note 3: Change in 1990, 2000, 2008 are plotted for various products. Explanatory notes in white outline character shows calculation of 1990. Figures of 1990 are average of 1989-1991, 2000 - average of 1999-2001, and 2008 average of 2006-2008.

Note 4: There is no final commodity for "petroleum and coal products and the related mining industry" in the industrial classification.

(2) For Korea



Note 1: Compiled from the data of The Research Institute of Economy, Trade and Industry "RIETI-TID2009."

Note 2: Trade specialization index = $(\text{export} - \text{import}) / (\text{export} + \text{import})$

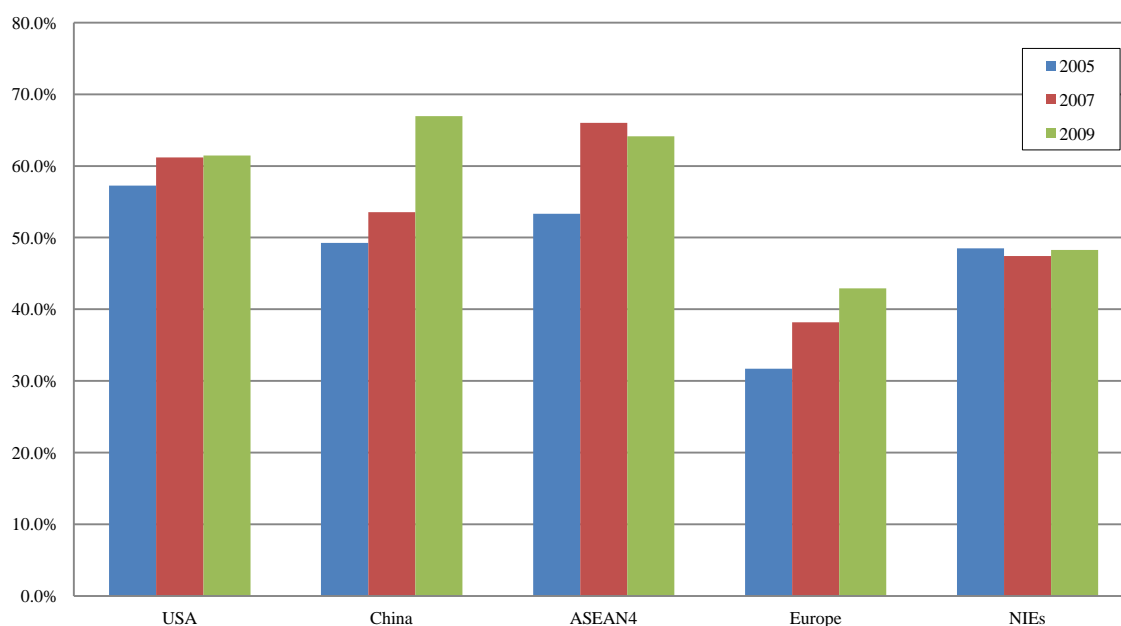
Note 3: Change in 1990, 2000, 2008 are plotted for various products. Explanatory notes in white outline character shows calculation of 1990. Figures of 1990 are average of 1989-1991, 2000 - average of 1999-2001, and 2008 average of 2006-2008.

Note 4: There is no final commodity for "petroleum and coal products and the related mining industry" in the industrial classification.

And also, in these past several years, the local content rate points to an upward trend, while on the other hand, the procurement rate from Japan displays a downward trend. Taking the increase of local content rate in accordance with the progress of technology in local countries in the future into consideration (Figure 3-2-2-5), it is not always true that intermediate commodity exports of Japan are steadily growing and extending from now onward in line with the continuous market expansion of emerging Asian countries, including China.

Figure 3-2-2-5 Comparison of Japanese-owned overseas affiliated companies' source of procurement ratio (manufacturing industry)

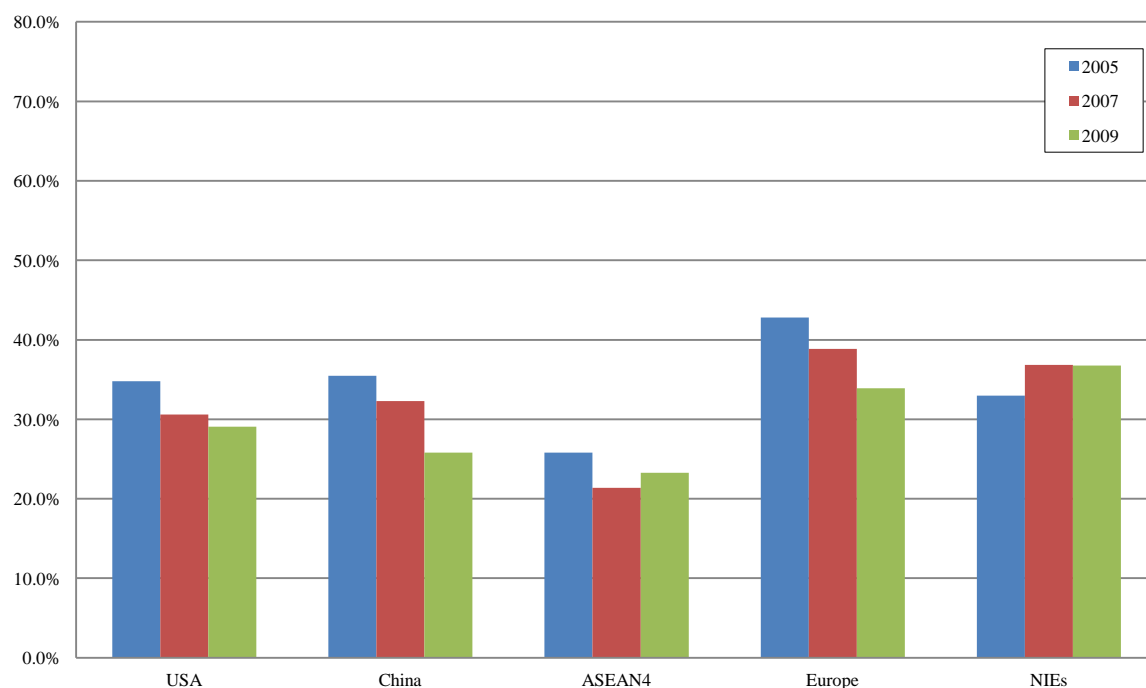
○ Change of local procurement rate



Notes: As for ASEAN, we used all ASEAN4 data from 2005 through 2009, because ASEAN10 data was not available in 2005.

Source: "Survey on Overseas Business Activities" (2005, 2007, 2009) (Ministry of Economy, Trade and Industry)

○ Change of rate of procurement from Japan



Notes: As for ASEAN, we used all ASEAN4 data from 2005 through 2009, because ASEAN10 data was not available in 2005.

Source: "Survey on Overseas Business Activities" (2005, 2007, 2009) (Ministry of Economy, Trade and Industry)

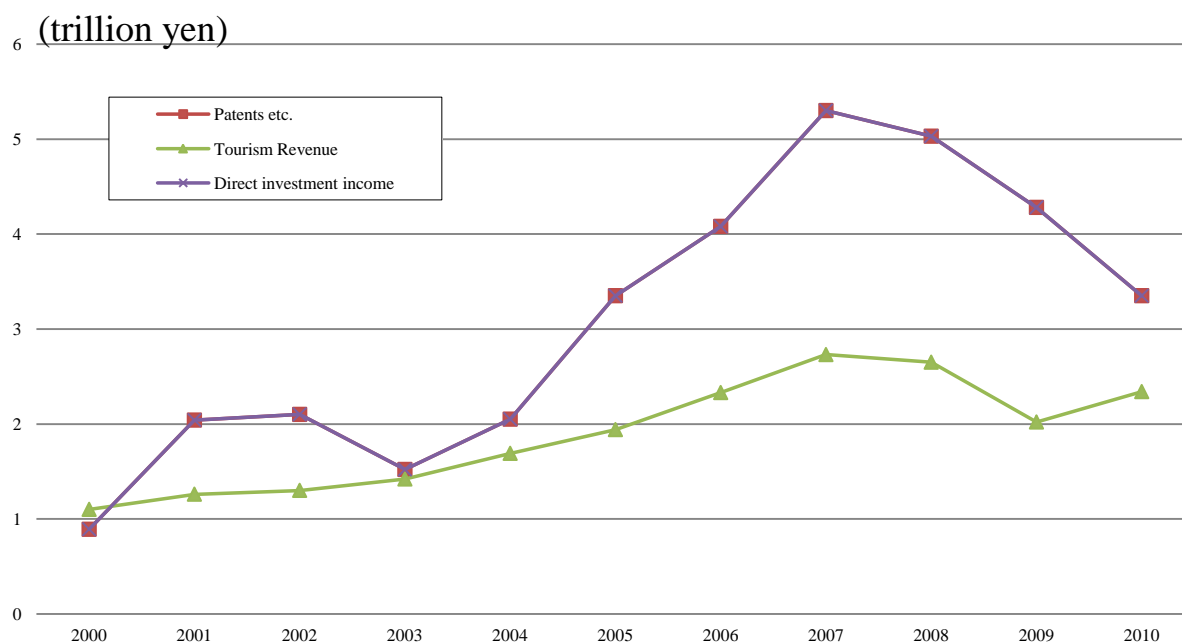
Accordingly, it is important that we support the reinforcement of the export competitiveness in intermediate commodities through the promotion of economic collaboration or support for research

and development, where emerging country markets expand.

(3) Direct investment profit and the income from patents etc.

In line with the increase of direct investment abroad, direct investment profit kept increasing, and after the amount exceeded over 5 trillion yen in 2007, it was a little over 3 trillion yen in 2010. In addition, by the increase of royalty income from overseas countries, the incomes from patents kept expanding, and in recent years it has amounted to more than 2 trillion yen (Figure 3-2-2-6).

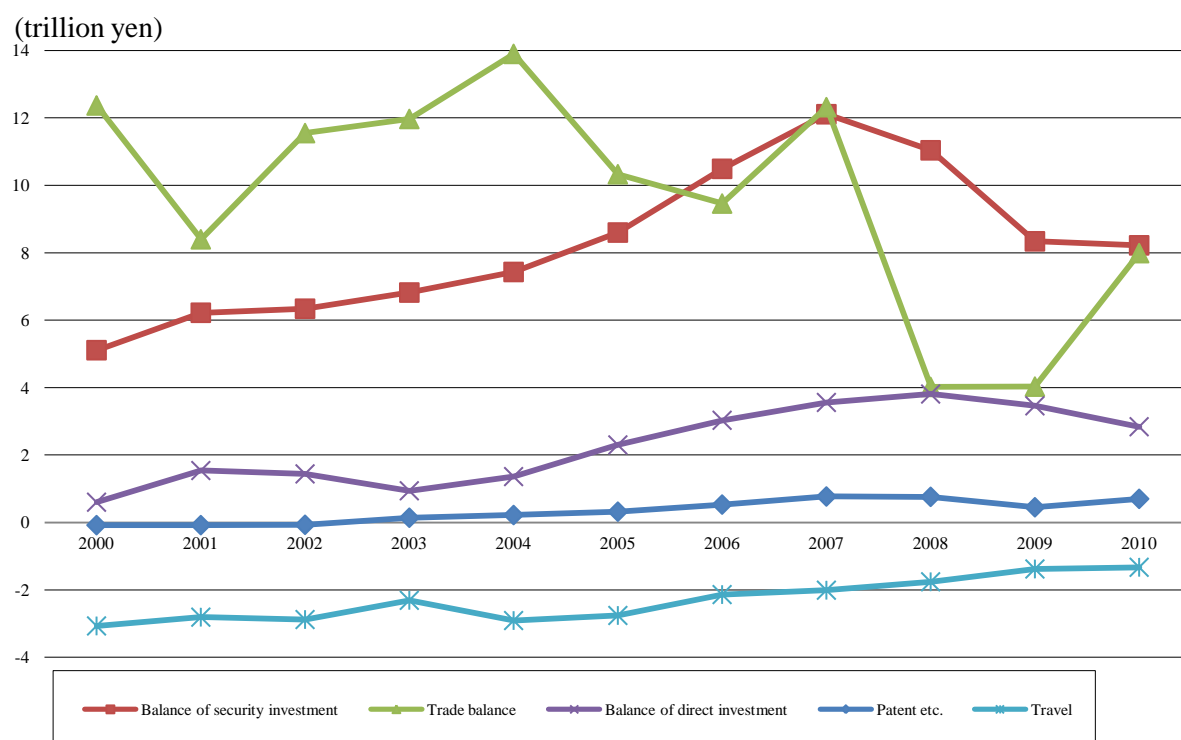
Figure 3-2-2-6 Change of Japanese direct investment income, patents etc. income and tourism revenue



Sources: “International trade balance statistics” (Bank of Japan)

In addition, when compared in terms of the balance of payments level, the balance of payments of direct investment has grown to an equal level of the trade balance for 2008, and the balance of payments of patents has also grown to 700 billion yen (Figure 3-2-2-7). Owing to an expansion of direct investment income and increase of income such as patents in line with the increase of direct investment abroad, it can be said that these incomes are now important moneymakers in the foreign income of Japan.

Figure 3-2-2-7 Change of Japanese direct investment balance, and balance of patents, etc.



Sources: "International trade balance statistics" (Bank of Japan)

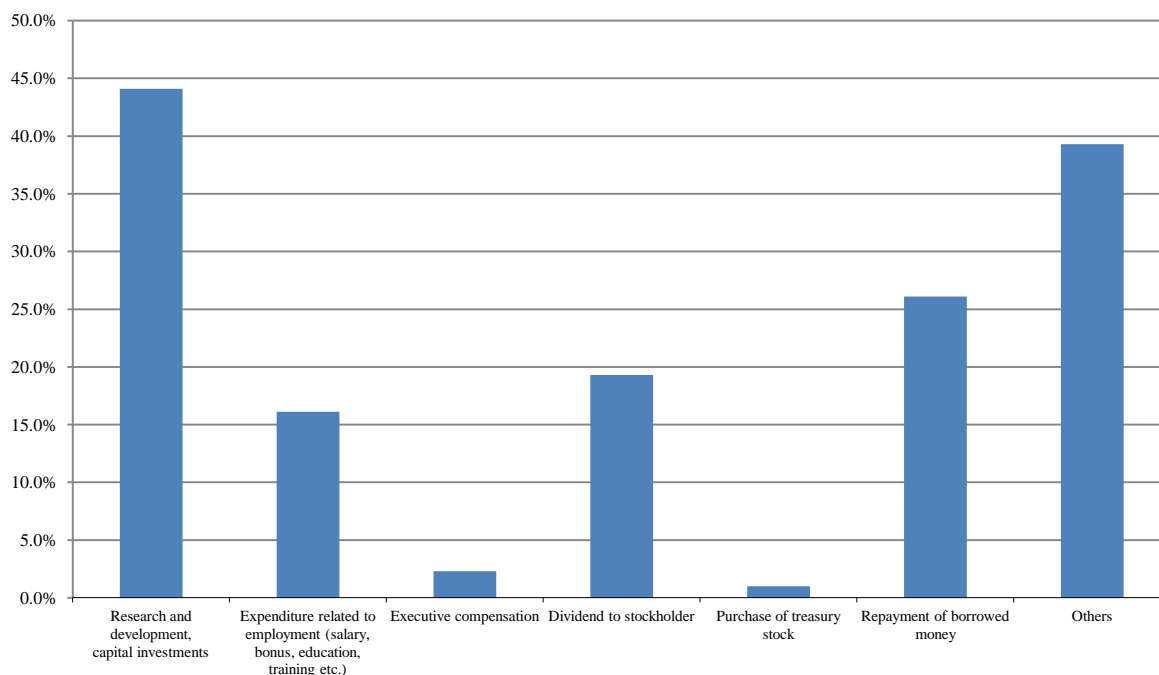
(4) The purpose of using the repatriated funds before and after introduction of the foreign dividend exemption system by Japanese-overseas affiliated companies

As already mentioned in the previous section, according to the Japan Economic Foundation survey (2011), the purpose of using overseas subsidiary profit before and after the introduction of the foreign dividend exemption system, in the manufacturing industry, the percentage of companies that reserve profits in overseas countries decreased after the introduction of the system, and the percentage of companies that returned a dividend to Japan increased, suggesting a strong trend to return overseas profits back to Japan (Figure 3-1-4-8).

And also, according to the Survey of Overseas Business Activities (2009) conducted by the Ministry of Economy, Trade and Industry, dividends from the overseas affiliated companies are spent for research and development and capital investments (44.1%), repayment of borrowed money (26.1%), dividends to stockholders (19.3%), and expenditure related to employment (16.1%) (Figure 3-2-2-8).

Figure 3-2-2-8 Purpose of use of the surplus funds repatriated to Japan

(Multiple answers allowed: N=1,887)



Sources: "40th Survey on Overseas Business Activities" Ministry of Economy, Trade and Industry

On the other hand, some emerging countries often restrict foreign companies from remitting the investment returns and the royalty income earned in that country to the home country. This might impede the effective global utilization of the profits of the enterprise. Accordingly, in advancing the economic collaboration with these countries, we must try to require the abolition of regulation for these investments.

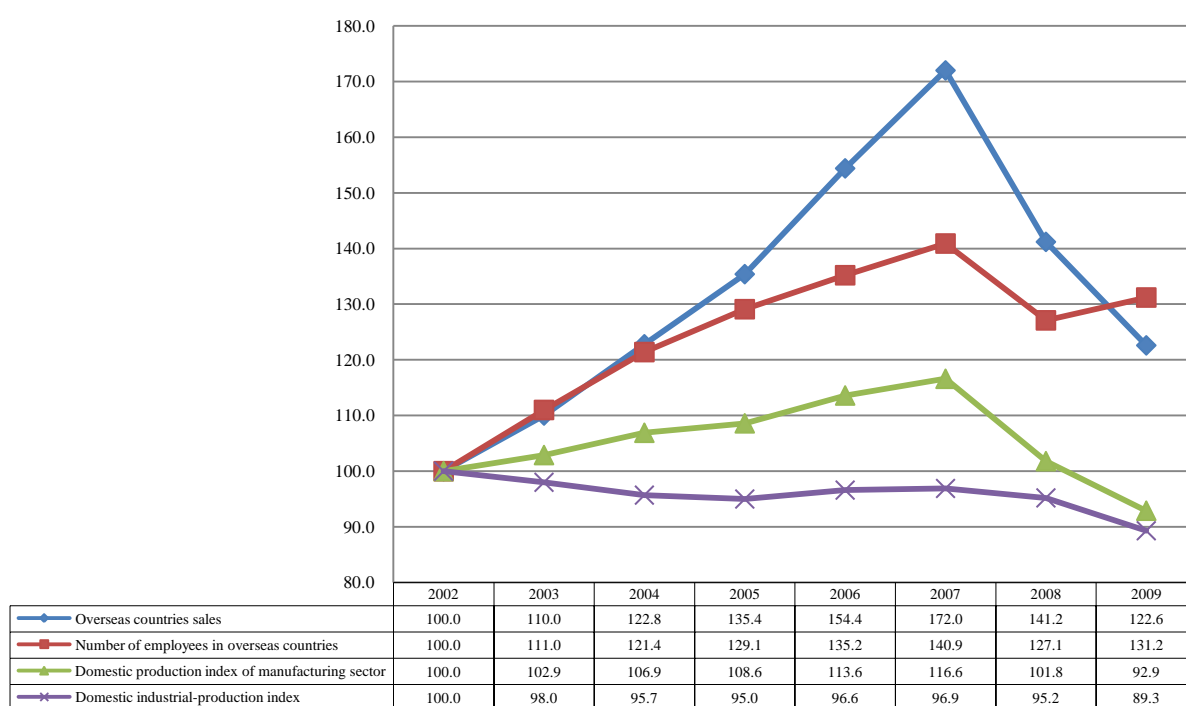
(5) Impact on domestic employment in line with the progress of localization

In line with progress of localization in emerging countries, while the number of employees of the manufacturing industry in overseas affiliated companies increased by approximately 40% from 2002 through 2007, the number of employees in the domestic manufacturing industry decreased by approximately 3% for the same period. Simply, any shifting of production overseas might be considered to have caused a decrease in domestic employment, but domestic production indexes of manufacturing sector increased approximately by 17% for the same period. In addition, in 2005 to 2007, the number of domestic employees increased by approximately 2%. Accordingly, it is difficult to conclude based on these data that the decrease of the number of employees in the manufacturing industry was caused by the progress of localization. There is a possibility that this situation might be caused by the domestic manufacturing industry's efforts to increase productivity. And also, it is after 2008 when the impact of the Lehman shock became serious and the number of domestic employees really dropped, and this does not correspond to the expanding phase (2002-2007) of overseas localization (Figure 3-2-2-9). In addition, the number of domestic employees on the basis of an all-industry evaluation keeps increasing by around 1% for the same

period, because the increase in the service industry made up for a decrease in the construction industry and the manufacturing industry, but after 2008, it turned to a decrease (Figure 3-2-2-10). In that period, the number of employees in the manufacturing industry did not decrease continuously as with the construction industry, but in 2005 to 2007, the number had increased, contributing to the increase of employees in Japan (Figure 3-2-2-10).

In any case, especially in manufacturing industries, it is necessary to pay continuous attention to the type of influence the progress of the localization in emerging countries has on the domestic employment system.

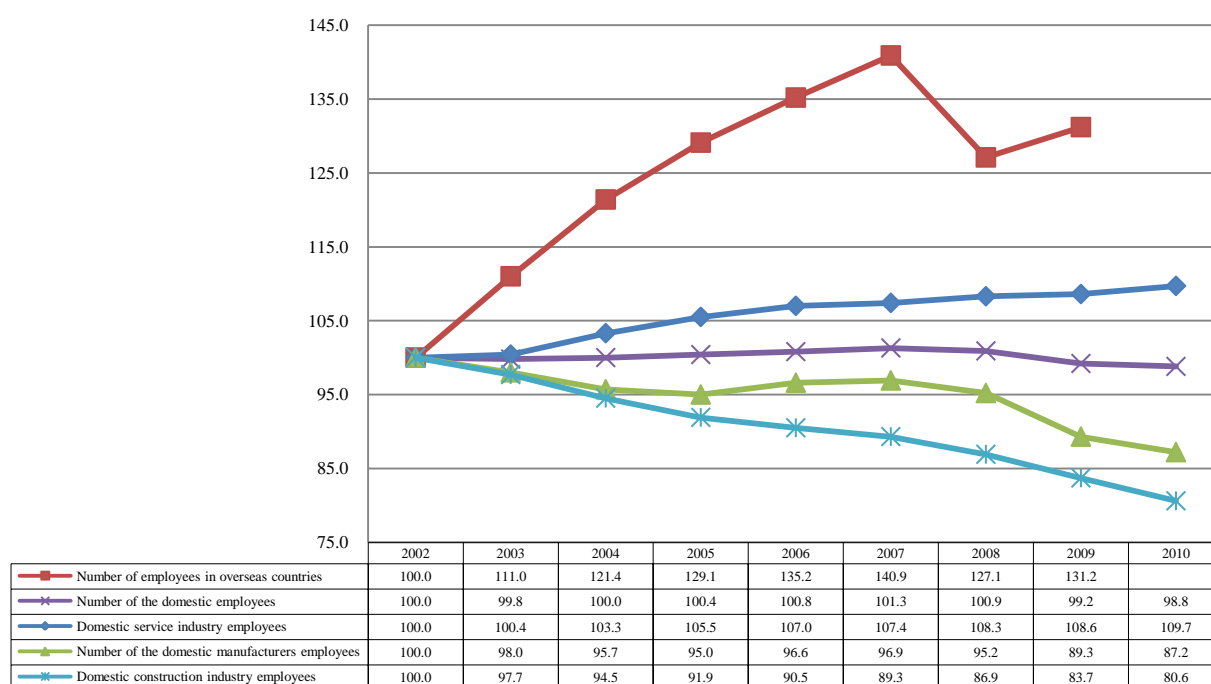
Figure 3-2-2-9 Comparison of number of employees of overseas affiliated companies and domestic corporations (1)



Notes: The above percent is the index with reference year 2002 =100. (The industrial-production index is recomputed data of the original index based on 2005 using reference year 2002 = 100).

Source: Compiled from the data of “Survey on Overseas Business Activities”, “Industrial production index” (Ministry of Economy, Trade and Industry) and "Labour force survey" (Ministry of Internal Affairs and Communications)

Figure 3-2-2-10 Comparison of number of employees of overseas affiliated companies and domestic corporations (2)



Notes: The above percent is the index with reference year 2002 =100.

Source: Compiled from the data of "Survey on Overseas Business Activities", "Industrial production index"(Ministry of Economy, Trade and Industry) and "Labour force survey" (Ministry of Internal Affairs and Communications)

(6) Relationship between localization in emerging countries and the Japanese economy

Based on the foregoing discussion, we studied the relationship between localization in emerging countries and the Japanese economy on the basis of short term, middle term and medium-and-long term business relationships (Figure 3-2-2-13).

At first, in line with progress of the localization in emerging countries, material exports from Japan may increase, but it is considered that the growth will gradually slow down in the medium term due to competition with Chinese, Korean, and Taiwanese enterprises in materials supply and also due to increases in the local content rate. On the other hand, it is also expected that final product exports from Japan will increase as domestic demand in emerging countries expands.

Accordingly, in line with economic growth in emerging countries, the items to be exported from Japan may change qualitatively from one item group, which mainly consists of intermediate commodities to an item group including a certain proportion of final products as well as intermediate commodities.

And also, in order for the Japanese economy to achieve integral growth with the overseas economy, it is desirable that localization in emerging Asian countries and the activation of domestic innovation are achieved simultaneously, and capital needs expands to growing fields in Japan. It is considered that an increased portion of the direct investment income is more likely to go to the reinvestment in overseas countries in the short term, but, if the funds are recycled in

Japan over the medium term, through facilitation of the fund repatriation by the foreign dividend exemption system and economic collaboration, the utilization of the funds in domestic research and development investment or capital investments may possibly activate innovation in Japan.

It is expected that more sophisticated final products and services are offered on a long term basis to the increasing high-income class in emerging countries through possible innovation in Japan linked to overseas demand and activation of original Japanese product development. Based on the survey by JETRO (2010), to a further question asking “What kind of function are you trying to increase?” the responses by the companies were, “We will try to increase business scale in Japan in the future”.

The top answer was sales function (approximately 70%), followed by manufacturing function of the high value added product (approximately 40%), research and development function for developing new products (approximately 40%), and the research and development function for fundamental research (approximately over 20%). Accordingly, it is important to further accumulate manufacturing, product planning, and research and development functions, focusing on high value-added final products and sophisticated parts and materials in Japan in the future (Figure 3-2-2-11). The survey mentioned above suggests that as for the research and development function, it is necessary for changes of specifications for local markets to be transferred to emerging countries to a certain extent for “localization” through customized measures, but as for functions such as fundamental research and the new product development, it is appropriate that more accumulation is achieved within Japan. For this purpose, it is necessary to improve the location environment of Japan by economic collaboration and correction of the high-cost structure etc. Through these approaches, if a high value-added function is further accumulated in Japan, the innovation linked with overseas demand will be activated, and as a result leading Japanese companies must become problem solving “integrators” in Asia, or high quality parts device suppliers essential for the global supply chain. In this case “integrators” refers to the companies that will solve the purchaser’s problem by deeply mastering technology and the market trends, and utilizing various technologies, funds, and know-how.

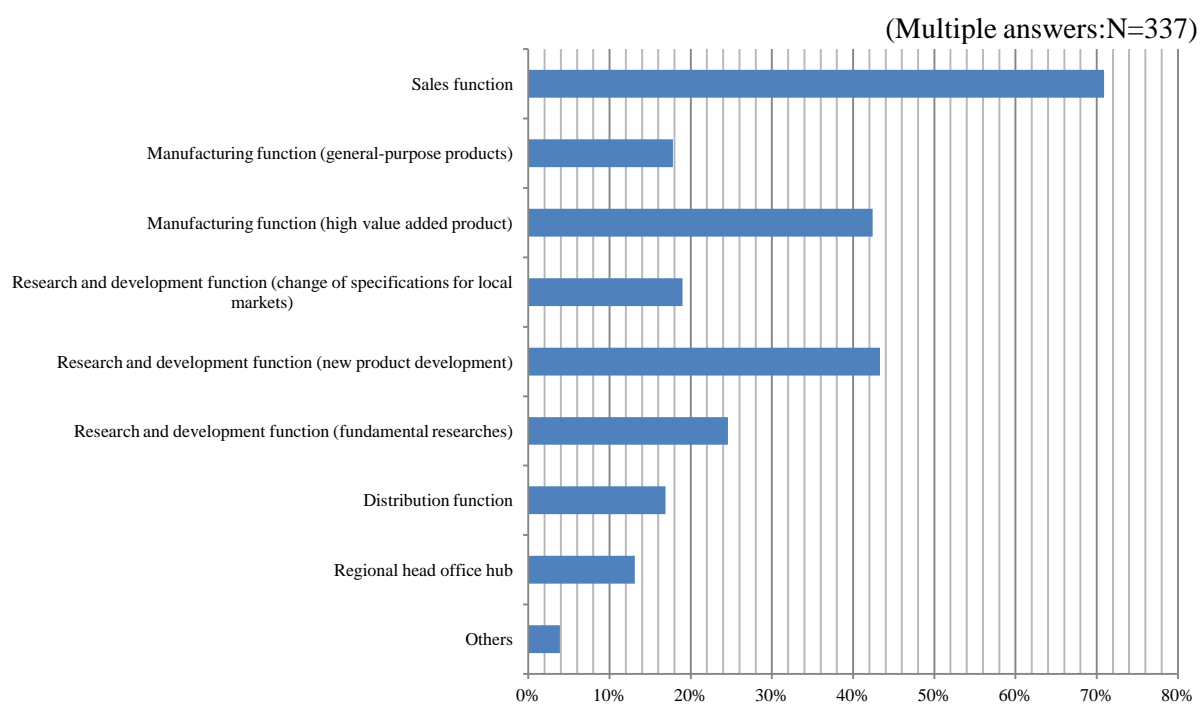
The Japanese economy can only realize economic growth continuously to a certain extent, through the benevolent cycle generated by such a situation, not only by domestic demand but also exports to emerging countries and the steady increase of investment returns, and the accompanying ripple effects on domestic demand (Figure 3-2-2-12).

In a situation where economic growth led by domestic demand is not easy, as a result of the aging population combined with the diminishing number of children, we must, more than before, more surely strengthen the ties of Japanese economy with the overseas economy, and create a benevolent cycle that produces ripple effects in both economies.

It is essential to positively support companies which are going to steadily obtain the dynamism of the emerging countries, by pushing forward localization to emerging countries simultaneously, while maintaining or enhancing a role and a function which are produced only by us within Japan. (Smaller companies tend not to export or perform direct investment, therefore in the future, regardless of size, it is important for us to improve support for SMEs that endeavor to maintain or

expand their domestic bases, and try to challenge foreign markets.) (Figure 3-2-2-13).

Figure 3-2-2-11 Functions that will increase in Japan



Source: “Survey of Overseas Business Activities” (2010) JETRO

Figure 3-2-2-12 Evolution of Japanese economy accompanying with progress of localization into emerging countries

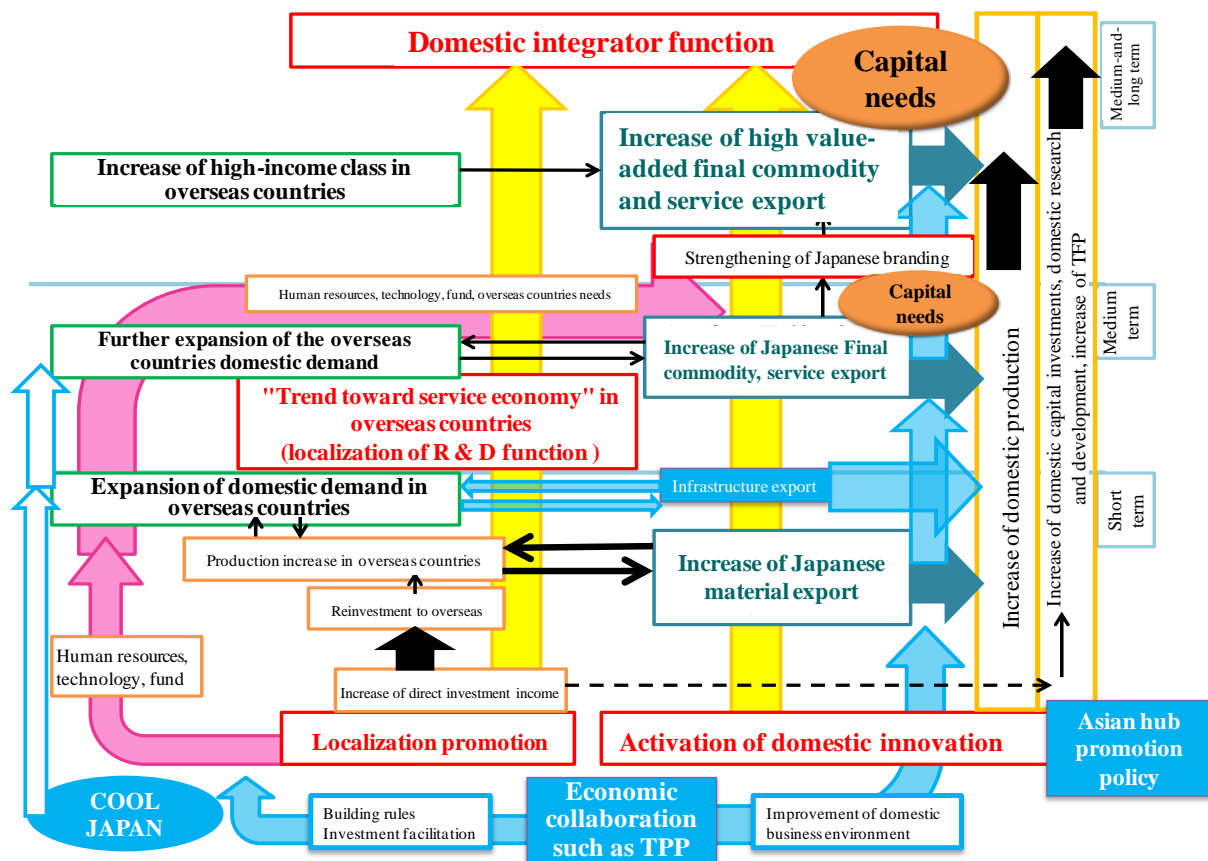
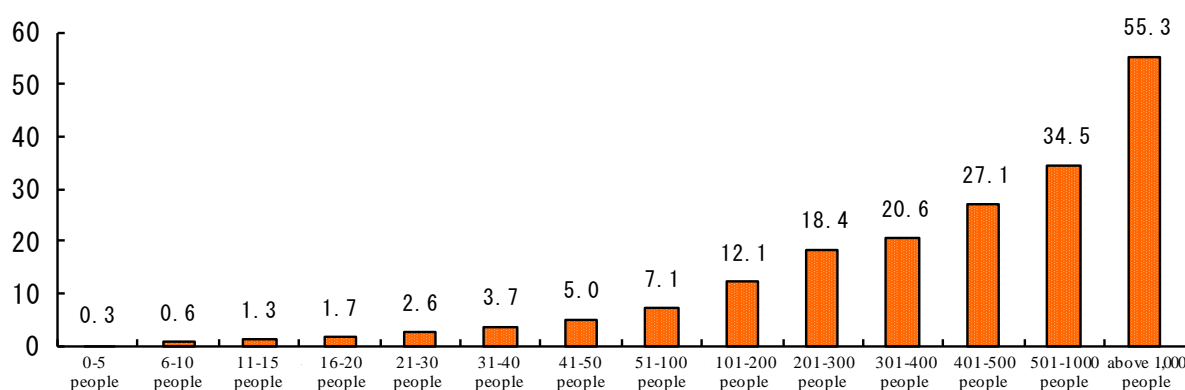


Figure 3-2-2-13 Proportion of direct investment companies and export companies by company size

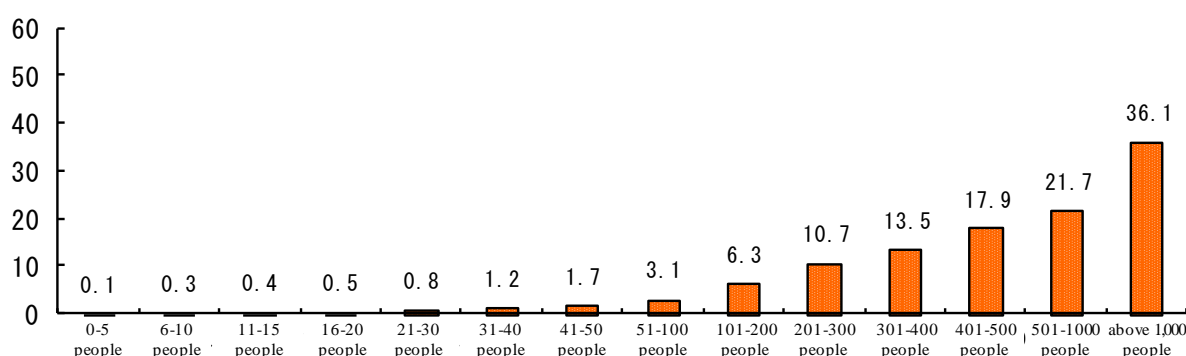
○Proportion of export company by company size (manufacturing industry)



Source: "Industry statistic chart 2007" was recompiled and processed. (Ministry of Economy, Trade and Industry)

(Notes) The industry statistic chart in 2005 was used to calculate the size of employees, and the sum of the number of employees of businesses was used as the number of employees of the company. Therefore the company which office code was changed by the merger of cities, towns and villages after 2005 are not included in the figures.

○Proportion of direct investment company by company size (all industry)



Source: "Business/Company statistics research in 2006" was recompiled and processed (Ministry of Internal Affairs and Communications)

(Notes) The small businesses are not included.

Column 5 The possibility of the BOP market for the acquisition of the next volume zone

(i) Background and significance of the BOP business support

As a new market in the world economy, competition in emerging countries markets, especially the middle-income group market (the so-called "volume zone") is becoming fiercer. In addition, as a promising market with a bigger potential, the low-income group in developing countries, the so called "BOP" (Base of the Economic Pyramid¹) group is drawing attention.

The population of the BOP group is approximately 4 billion people, approximately 72% of world population, marking an extremely huge market on a 5 trillion dollar-scale, which corresponds to a real gross domestic product of Japan in terms market size. Besides, as pointed out in the "White

¹ World Resource Institute, International Finance Corporation (2007)「The next 4 billion」.

The group's annual income is less than 3,000 dollars for purchasing power parity per person for year of 2002, Approximately 4 billion of the world's population, which accounts for 70%.

Paper on International Economy and Trade 2010²”, it will possibly grow to become the above-mentioned middle-income group in the mid-and-long term. On that account this group is also called the “next volume zone” or “the post-new market”. On the other hand, the BOP group has societal problems, such as poverty, hygiene issues and poor social infrastructure. Economic cooperation to solve these issues is strongly required.

A lot of examples are observed, i.e., for these BOP groups, European and American global companies are working positively as businesses, in cooperation with governments and aid communities and NGOs, aiming at solving various problems. On the other hand, in Japan, except for a few examples of some advanced companies, the companies working for the BOP problems are few compared with US and European countries at present.

In this situation, the Japanese government is conducting various actions for the expansion of BOP business, such as the economic cooperation and as the industrial policy for assisting overseas operations/new market procurement.

(ii) Outline of fundamental idea and support policy for the expansion of BOP business

In contrast with the active business policy measures undertaken by Europe and the U.S., the basic directions of the business promotion units of Japanese companies, that shall be emphasized in BPO business are summarized in the figure below, by taking into consideration the business sectors emphasized by support organizations in each country and their performance data, and distinction of the Japanese business sectors entering into BPO business, and the type of business sectors emphasized by official development agency (Column Figure 5-1).

² *White Paper on International Economy and Trade 2010, Chapter 3 Section 2 (A) Responding to the new global demand structure (a) Obtaining emerging markets*

Column Figure 5-1 Main promising sectors and Social issues for Japanese businesses

Three pillars	10 sectors	Objective (social issues to be solved)
1. Japan's commitment to reduce poverty	a) Education	To improve low adult literacy rate with adult and primary school enrollment rate
	b) Health and welfare	To improve high child mortality rate
	c) Water and hygiene	To improve population ratio which can get access to improved water source
	d) Agriculture, forestry and fishery	To expand income by improving efficiency of yields in agriculture, forestry and fishery
	e) Food, nutrition	To reduce famine and improve intake of nutrition
2. Japan's stronghold sectors	f) Environment and energy equipment	Electrification and network making use of energy conservation technologies
	g) Household appliances, industrial machines	To improve quality of life, to expand income by shifting to the secondary industry
3. Basic infrastructure which works as frame of the above	h) Information and communication	To develop social infrastructures that are required to realize the above a) ~g).
	i) Finance	
	j) Transportation equipment	

Source: BOP business policy research group report — Establishment of new business models in developing countries in collaboration with government-private sector (The Ministry of Industry, Trade and Economy) (March 2010)

Also, in light of its geographic proximity or prospect of business development (e.g., of a BOP population of approximately 4 billion, there are approximately 3 billion people in Asia.), etc., it is thought that developing countries shall be broadly considered, while maintaining the focus on Asia.

In addition, in consideration of support schemes of Japan, business circumstances and characteristics of the support schemes of the overseas organizations, the “BOP business policy research group” summarizes the following points required to promote entry into BOP business;

- a) Support in gathering information that are necessary for BOP business
- b) Support in establishing partnerships
- c) Support in disseminating and enhancing awareness toward local BOP groups and relevant parties
- d) Support in solving financial issues
- e) Support in promoting technology development
- f) Promoting development of business infrastructure (Hard and Soft) in developing countries
- g) Necessity of organic collaboration in various supporting measures, directivity of the countermeasures for development of BOP business promotion platform.

In consideration of this, since 2010, (a) The establishment, management, functional reinforcement of the BOP business support center, (b) support of specific business by the public-private cooperation (c) implementation of the various surveys, dissemination and clarification on business feasibility have been worked on (Column Figure 5-2).

Column Figure 5-2 Action in 2010 for promoting BOP business and future action plan

○Action of 2010 and future action plan * indicate new action (plans) in the future

<p>(a) The establishment, management, function reinforcement of the Japan Inclusive Business (BOP business) Support Center [The establishment, management, function reinforcement of the platform by collaboration of relevant ministries and agencies, support organizations, private enterprises and NGOs]</p> <ul style="list-style-type: none"> • A unified function for provision of information through a portal site • Matching (information exchange between the staff personnel, collaboration promotion) support function • Consultation office function
<p>(b) Support of specific business by the public-private cooperation [Support to solve the various problems by utilizing superior Japanese technology and service]</p> <ul style="list-style-type: none"> • Dispatching missions [JETRO] (new)* • Feasibility study support [JICA] • Proof support [METI] • Research and development support [NEDO] • Overseas countries partnership establishment support [JETRO] (new)* • Public finance support [NEXI, JBIC, JICA] • Personnel training support (example utilization of Japan Overseas Cooperation Volunteers) (P) (new)*
<p>(c) Implementation of the various surveys, dissemination and enlightenment business [base for supporting the business mentioned above]</p> <ul style="list-style-type: none"> • Various investigations into business <ul style="list-style-type: none"> - Precedent cases, potential needs - Finance related matters • Dissemination and enlightenment activities (international symposium, seminars, seminar by sector (new)* and others

(iii) BOP business support center

On October 13, 2010, the Ministry of Economy, Trade and Industry established the “BOP business support center” as an organization for supporting BOP business comprehensively.

This support center consists of members of enterprises, NGOs/NPOs, international organizations, and other support organizations, and is aiming at; (a) unified provision of information by the portal site, (b) support for matching (information exchange between the people concerned, promotion of cooperation), (c) promotion of the BOP business by Japanese companies through a consultation office (Column Figure 5-3).

Column Figure 5-3 The specific service contents of Japan Inclusive Business (BOP business) Support Center



Specific service contents

1) Unified provision of information by the portal site

Support policies/ frameworks	Support policies/ frameworks in conjunction with the BOP business by the government-affiliated organization
Support center related organizations	Name and contact address of organization offering cooperation to the support center
Matching support	Information about the partnership formation between a variety of staff personnel
Event information	Information of related events by the government-affiliated organization
Information/reports by country etc.	The information by country and related working papers (potential needs, precedent cases, F/S survey etc.)
Steering committee	Data and operation outline related to Steering committee
e-mail magazine	e-mail magazine for members

2) Support for matching (information exchange between the people concerned, promotion of cooperation)

- Information exchange between members and support of promotion of collaboration with partners such as enterprises and local countries NGOs and support organizations

3) Consultation office

- Correspond to inquiries through collaboration with support centers, JETRO, JICA etc.

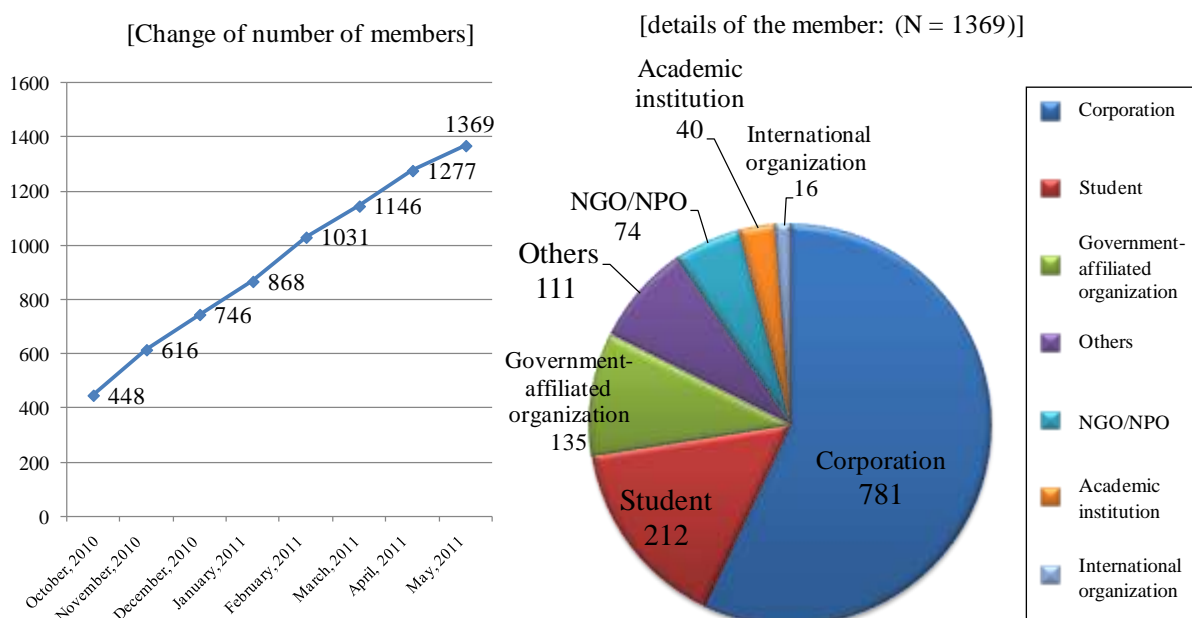
Source: Prepared by Ministry of Economy, Trade and Industry.

The members of this support center are increasing smoothly, and more than 1,300 members were registered as of May, 2011, indicating strong interest in the BOP business (Column Figure 5-4).

Column Figure 5-4 Change of number of the Japan Inclusive Business Support Center members and the details

[Change of number of members and access and the details]

○Change of number of members at May 25, 2011 and details of members are shown below (registered members 1,369)



Source: Compiled from the data of Ministry of Economy, Trade and Industry.

In addition, according to the questionnaire distributed to members, special interests are focused on Asian areas i.e. India, Bangladesh etc., and fields like education, environmental energy, equipment, water, and hygiene of the subject countries, are taken into consideration as subjects of interest (Column Figure 5-5).

(iv) Future direction of the BOP business support center

In consideration of the points to be improved that were obtained through questionnaires, consultative meetings and company sources and also the points to be newly worked on, so that in future, the following points are considered necessary and important;

- “1. Strengthening cooperation with other organizations”,
- “2. Strengthening provision for utilization of information”
- “3. Strengthening matching functions”
- “4. Promotion of awareness of the BOP business support center”

It is considered important to promote surveys focusing on gathering new information and organizing it, while putting a great deal of effort into the utilization of existing information and enhancement of cooperation with related organizations (Column Figure 5-6)

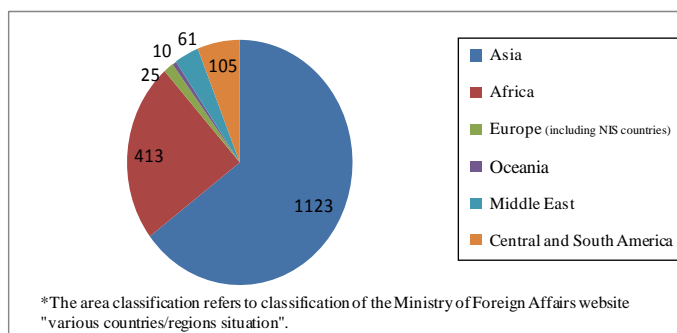
Column Figure 5-5 Subject countries and fields of BOP business of interest

[BOP business subject countries of interest] (N =1737)

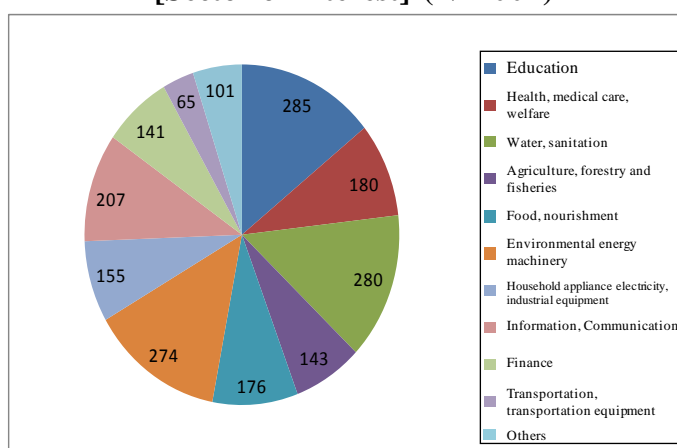
(Countries with total number more than 10 are extracted as follows)

First	India	275
Second	Bangladesh	176
Third	Indonesia	157
4th	Vietnam	108
5th	China	76
6th	Cambodia	67
7th	Kenya	64
8th	Thailand	58
9th	Philippines	53
10th	Tanzania	47
11th	Ghana	40
12th	Nigeria	39
13th	Uganda	36
14th	Brazil	35
15th	Laos	31
16th	The Republic of South Africa	27
16th	Myanmar	27
18th	Iraq	20
19th	Nepal	19
20th	Ethiopia	18
21st	Sri Lanka	17
22nd	Turkey	16
23rd	East Timor	15
23rd	Malaysia	15
25th	Iran	14
26th	Zambia	13
26th	Peru	13
26th	Rwanda	13
29th	Mozambique	12
30th	Pakistan	11
31st	Bolivia	10

[BOP business region of interest *] (N=1737)



[Sector of interest] (N=2007)



Source: Prepared by Ministry of Economy, Trade and Industry

Column Figure 5-6 The future direction of the Japan Inclusive Business Support Center (plan)

<p><u>1. Strengthening collaboration with other organization</u></p> <p>(1) Strengthening collaboration with the overseas agencies</p> <ul style="list-style-type: none"> * The enlargement of the collaboration contents with the existing collaboration organization (UNDP, IFC, USAID) * The expansion of collaboration target to UNICEF, ADB etc. <p>(2) Strengthening collaboration with domestic organizations</p> <ul style="list-style-type: none"> * The enlargement of the collaboration contents with the existing collaboration organization (JETRO, JICA, small and medium organizations) * Expansion of collaboration to the relevant ministries and agencies <p>(3) Strengthening collaboration with the organizations inside and outside the country (common subject matter)</p> <ul style="list-style-type: none"> * The request for sharing periodical report to the developing country local office * The active introduction of various organizations for applicant corporation or inquiry corporation to support system 	<p><u>2. Strengthening of the information provision function</u></p> <p>(1) Transmission of information, explanation from the viewpoint of the economic cooperation</p> <p>(2) Strengthening of the e-mail delivery function</p> <ul style="list-style-type: none"> * The delivery of timely mail for important update information (public offering information etc.) <p>(3) The improvement of contents of the portal site</p> <ul style="list-style-type: none"> * Publication of the information that was obtained by "1. Strengthening collaboration with other organizations" * The introductions of personnel training program offered in domestic and foreign support organizations <p>(4) The implementation of the detailed briefing session about system, policy</p> <p>(5) The improvement of function of the portal site</p> <ul style="list-style-type: none"> * The addition of user guide to various contents * Development of search function by item (country, sector of industry) * Development of the search function for the matching list <p>(6) Further promotion of English version portal site</p> <ul style="list-style-type: none"> * Matching page in English etc. 	<p><u>3. Strengthening of the matching function</u></p> <p>(1) Expansion of the information about the prospective business partner</p> <ul style="list-style-type: none"> * Publication of the list of prospective partners in the developing country (local corporation, NGO etc.) (Starting from the priority country step by step) * Publications of the procurement information (merchandise needs) by international organizations <p>(2) Provision of the place of information exchange and matching between companies</p> <ul style="list-style-type: none"> * Provision of the place of promoting information exchange and collaboration * Provision of the place of the matching with the prospective local partner based on the result of the overseas countries competitive show <p><u>4. Promotion of the dissemination and enlightenment of the support center</u></p> <p>(1) The holding of the dissemination and enlightenment event related to support center</p> <ul style="list-style-type: none"> * Dissemination, enlightenment of the support center business in the events held In inside and outside the country in cooperation with the related organization (JETRO, JICA, international organization etc.)
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