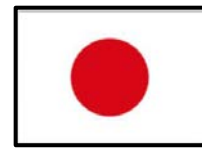


# Japan



Profile	Key Facts and Economic Indicators
<ul style="list-style-type: none"> <li>* <b>Currency:</b> Japanese Yen</li> <li>* <b>Population:</b> 127,338,621 (July 2014 est.)</li> <li>* <b>GDP:</b> \$5.007 trillion (2013 est.) 3<sup>rd</sup> largest economy</li> <li>* <b>Budget:</b> revenues: \$1.739 trillion Expenditures: \$2.149 trillion (2013 est.)</li> <li>* <b>Inflation Rate (Consumer Price):</b> 0.2% (2013 est.)</li> <li>* <b>GDP (Real Growth rate):</b> 2% (2013 est.)</li> <li>* <b>Investment (Gross fixed):</b> 21.6% of GDP (2013 est.)</li> <li>* <b>Tax and other revenues:</b> 34.7% of GDP (2013 est.)</li> <li>* <b>Industrial Production Growth Rate:</b> 1% (2013 est.)</li> </ul>	<p><b>Total Exports:</b> \$697 billion (2013 est.)</p> <ul style="list-style-type: none"> <li>* <b>Export Commodities:</b> motor vehicles 13.6%; semiconductors 6.2%; iron and steel products 5.5%; auto parts 4.6%; plastic materials 3.5%; power generating machinery 3.5%</li> <li>* <b>Export partners</b> - China 18.1%, US 17.8%, South Korea 7.7%, Thailand 5.5%, Hong Kong 5.1%</li> </ul> <p><b>Total Imports:</b> \$776.6 billion (2013 est.)</p> <ul style="list-style-type: none"> <li>* <b>Import Commodities:</b> petroleum 15.5%; liquid natural gas 5.7%; clothing 3.9%; semiconductors 3.5%; coal 3.5%; audio and visual apparatus 2.7%</li> <li>* <b>Import Partners:</b> China 21.3%, US 8.8%, Australia 6.4%, Saudi Arabia 6.2%, UAE 5%, South Korea 4.6%, Qatar 4%</li> </ul>

Source: Central Intelligence Agency (CIA) World fact Book

Japanese Initiatives to Foster Investment & Trade		
TAX	Rate	
Corporate Income Tax Rate(%)	25.5	
Capital Gains Tax Rate (%)	25.5	
Branch Tax Rate (%)	25.5	
Withholding Tax (%)		
Dividends	20	
Interest	15/20	
Royalties from Patents and Know-hows	20	
Branch Remittance Tax	0	
<b>Net Operating Losses (Years)</b>		
Carryback	1	
Carryforward	9	
Incentive Type	Provisions	
<b>Incentives for Promoting Asian Site Location</b>	The Japanese government will take support measures for certified global companies, including tax breaks and patent fee exemption, in order to motivate global companies to locate their R&D facilities or regional headquarters in Japan.	
<b>Incentives regarding Special Zones</b>	Special regulatory measures, tax reduction, etc. are available for companies with business plans in designated 7zones Special regulatory measures, tax reduction, etc. are available for companies with business plans in disaster afflicted areas. Disaster afflicted areas are stipulated in the Act on Special Provisions of Article 3 of the Public Finance Act	
<b>Immigration Treatment Incentive</b>	Under the points-based system, foreign professionals who earn 70 points or more will be recognized as "highly skilled foreign professionals" and will be given preferential immigration treatment.	

Source: The 2013 Worldwide Corporate Tax Guide

Bilateral Trade Between India and China	
	<ul style="list-style-type: none"> <li>* <b>India's Exports to Japan (2013)</b> : US\$ 6.814 billion</li> <li>* <b>India's Imports from Japan (2013)</b>: US\$ 9.480 billion</li> <li>* <b>Total Trade between India and Japan (2013)</b>: US\$ 16.294 billion</li> </ul>

Source: Department of Commerce, Ministry of Commerce & Industry, GoI

## FDI Inflows from Japan to India

### Japanese FDI to India

- Total FDI equity inflows from Japan: \$15.97 billion
- Japan ranks 4<sup>th</sup>
- Percentage share of Japan in total FDI inflows: 7.46%

### Top Sectors that attracted Japanese equity FDI inflows

- Drugs & Pharmaceuticals
- Automobile Industry
- Services Sector
- Metallurgical Industries
- Electrical Equipment

Source: DIPP, Ministry of Commerce & Industry, GOI

## Potential sectors for investments

- Infrastructure
- Energy
- Automobiles
- Pharmaceuticals
- Textiles and Apparel Products
- Agriculture and Food Processing

### Major Indian Companies in Japan

- HCL Technologies, Japan Ltd
- Infosys Technologies, Ltd
- Larsen & Toubro Infotech Limited
- Mind Tree Consulting Pvt. Ltd.
- Motorola India Electronics Ltd
- Tata Consultancy Services
- Wipro Limited
- State Bank of India
- Larsen and Toubro Limited
- Bank of India
- Dr. Reddy's Lab
- Orchid Pharma Japan KK
- Dishman Japan Ltd
- Aurobindo Pharma Japan KK
- Shasun Chemicals & Drugs Ltd
- Zydus Pharma Japan Co. Ltd

### Major Japanese Companies in India

- Bridgestone India Pvt. Ltd.
- Canon India Pvt. Ltd.
- Casio India Co., Private Limited
- Daiichi Sankyo India Pharma Pvt. Ltd.
- FUJIFILM India Pvt. Ltd. HQ
- Fujitsu India Ltd.
- Hitachi Construction Machinery
- Honda Motor India Pvt. Ltd. (HMI) Office
- Honda Suel Cars India Ltd.
- IFFCO TOKIO GENERAL INSURANCE CO. LTD.
- Kawasaki Heavy Industries, Ltd.
- Maruti Suzuki India Limited
- Mitsubishi Corporation
- Nikon India Private Limited
- Nissan Motor India Pvt. Ltd.
- Nippon Life Insurance Company
- Nomura Research Institute India Pvt. Ltd.
- Panasonic Electric Works Co Ltd
- Renault Nissan Automobile India Private Limited
- Suzuki Motor Co
- Toshiba India Private Limited.
- Toyota Kirloskar Motor Pvt Ltd
- Yamaha Motor Co Ltd

## Bilateral Agreements Between India and Japan

- **Bilateral Swap Arrangement (BSA)** between the Reserve Bank of India and the Bank of Japan – December 4, 2012 enabling both countries to swap their local currencies Either Japanese yen or Indian rupee against US dollar for an amount up to \$15 billion. "The arrangement aims at addressing short-term liquidity difficulties and supplementing the existing international financial arrangements, as one of the efforts in strengthening mutual cooperation between Japan and India
- **Memorandum of Cooperation on Production and Export of Rare Earths – November 16, 2012** On November 16, 2012, Mr. Nobuhiko Sasaki, Vice-Minister for International Affairs, Ministry of Economy, Trade and Industry and Ms. Deepa Gopalan Wadhwa, Ambassador of India to Japan, signed the intergovernmental memorandum with regard to joint production and export of rare earths by companies of both countries
- **Comprehensive Economic Partnership Agreement (CEPA)** - Agreement was signed in February 2011 and came into force from 1st August 2011 Link: [www.commerce.nic.in/trade/IJCEPA\\_Basic\\_Agreement.pdf](http://www.commerce.nic.in/trade/IJCEPA_Basic_Agreement.pdf)

Source: Ministry of Commerce

### Political Scenario of Japan

#### Political Parties & Leaders- LDP and DPJ

- \* Prime Minister is Mr. Shinzo Abe since 2012

- \* **Government type:** : a parliamentary government with a constitutional monarchy
- \* **Legal System:** civil law system based on German model; system also reflects Anglo-American influence and Japanese traditions; judicial review of legislative acts in the Supreme Court

### Current Updates

Current updates between India and Japan

- **Tokyo Declaration For India-Japan Special Strategic and Global Partnership (September 2014)**- During Prime Minister Modi's visit to Japan in September 2014, both the countries signed the Tokyo Declaration and pledged increased economic cooperation in a wide range of areas. Some of these included partnerships in areas of politics, defence and security, global peace and security, civil nuclear energy, non-proliferation and export control, science, innovation and technology.