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**JETRO**

**Japanese Market**

**Report** –Regulations & Practices–

**Assistive Technology Devices**

## Introduction

In Japan, due to the rapid aging of the population, the number of persons needing care has increased, and the need for long-term care continues to grow. Additionally, as a result of declining birthrates, the share of long-term care costs is increasing, and the role of assistive devices and “kyoyo-hin<sup>1</sup>” in contributing to decreasing the share of long-term care costs is gaining importance daily.

Further, as well as promoting independence in society of disabled persons and the elderly, from the viewpoint of the supply of higher quality assistive devices and kyoyo-hin leading to the advancement of the assistive devices industry, great hopes are being placed in the development and promotion of high-quality assistive devices.

As a result of these circumstances, in recent years, interest from overseas companies in the Japanese welfare goods market has increased dramatically. In particular, there is a great deal of interest in forming business-partner relationships with Japanese companies, and relationships between companies are becoming stronger than ever.

In this report, with the ever-growing interest in investing in Japan as a background, we aim to give an overview of market trends, examples of entry into the market and related legal-systems, etc., as well as providing information on investment in Japan by overseas companies and a guide for investment.

The target area of this survey is as follows.

### Survey Target Area for Assistive Devices

“Assistive Devices” as referred to in this survey is “assistive devices” as taken in the narrow definition issued by the Ministry of Economy, Trade and Industry, and kyoyo-hin, along with further additions where deemed necessary. The target area for assistive devices (narrow definition) is as detailed below.

- (1) Home-use medical equipment
- (2) Prosthetics (prosthetics, wigs, dentures)
- (3) In-home care related products (personal-care related products, mobility devices, furniture, buildings, etc.)
  - a. Personal care related products:  
diapers, bath products, waste-treatment products, etc.
  - b. Mobility devices:  
canes, walking frames, manual / electric wheelchairs, welfare vehicles, floor / roof

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<sup>1</sup> The Kyoyo-Hin Foundation defines kyoyo-hin (common use products) as “products / services which are accessible for persons with and without disabilities alike”.

running lifts, etc.

c. Furniture, buildings:

manual / electric beds, home elevators, seating systems, stair lifts, handrails, etc.

d. Communication devices:

spectacles, hearing aids, others.

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**Appendix**

## Yen-US Dollar Exchange Rates

End of Year	Yen/US\$
1998	129.2
1999	102.1
2000	114.9
2001	131.5
2002	119.4

Note : Mean value between offer and bid in the inter-bank foreign exchange market in Tokyo.

Source: Bank of Japan, "Financial and Economic Statistics Monthly"

## **Summary**

### **Market Trends in the Assistive Devices Industry**

In harsh economic conditions, the assistive devices (narrow definition) market increased from ¥773 billion in FY1993 to ¥1,138 billion in FY2000. The market for kyoyo-hin increased from ¥1,022 billion in FY1996 to ¥2,254 billion in growth in FY2000. Even the assistive devices market which had previously shown steady growth had its first minus growth in FY2000, but this does not necessarily mean that the market has come to a standstill, and in fact, the assistive devices industry which has sustained steady growth in the difficult economic conditions of the past ten years is an industry in which the formation of new markets can be expected.

### **Introduction of the Long-Term Care Insurance System and New Business Models**

With the introduction of the Long-Term Care Insurance System in April 2000, the Japanese assistive devices market changed greatly. Under unprecedented harsh economic conditions, a wide range of initiatives including tie-ups with overseas companies aimed at streamlining and rationalization have begun to gain momentum. International transactions such as procurement of parts from East Asian countries, promotion of tie-ups through OEM and imports of European and American products are such examples. In such transactions, new business styles have been born. Cases where rental operations are formed by joint ventures between companies from different industries, and creation of new networks using existing agent stores have been seen. Also, we are beginning to see innovative business models including provision of overseas products using distribution networks for other industries, and creation of sales networks using the Internet, etc.

### **Business Practices Peculiar to Japan**

It is expected that there will be an increase in successful examples of market entry by overseas firms in the future, but for overseas firms, understanding the Japanese market which has large differences in culture, history, language, etc. is difficult. The existence of traditional systems including customs, complex industrial structure, lack of personnel including coordinators, etc. will be problems faced by overseas companies trying to enter the Japanese market. Further, dealing with systems that have been built up over a number of years such as existing distribution routes is also a difficult issue to be faced. It is important to recognize the fact that many gaps in systems, culture, business sense, consumption exist, and when necessary approaches must be taken that are not held back by conventional systems.

### **Market Entry Advice**

It cannot be said that the number of examples of overseas company's entry into the Japanese assistive devices market is large. Methods of market entry by overseas firms include export, business / agency tie-ups with Japanese firms, establishing a joint venture company with a Japanese firm, or direct investment.

In order to enter the Japanese market, understanding the market structure and the Long-Term Care Insurance System, assessment of the market field to allow your products to show off their full potential, creation and implementation of a system to make use of your technology and know-how, provision of products made for Japanese sizes, awareness of the importance of maintenance and after service, clarification of business strategy, securing an effective coordinator and provision of products with a new concept for the Japanese market are necessary. In order to be able to provide your own products and technology / know-how to the Japanese market, it is necessary to create an original strategy, and develop the best method of making use of the attributes of your products and services.



## **I. Trends in Aging in Japan**

### **A. Japan's Rapid Aging**

In the year 2000, the World's total population reached approximately 6 billion, and the percentage of this population aged over 65 years old was 6.9% (over 400 million) <sup>2</sup>.

The WHO (World Health Organization) describes societies with a ratio of persons aged over 65 higher than 7% as an "aging society", over 14% as an "aged society" and over 20% as a "highly aged society".

The world taken as a whole is itself on the verge of becoming an "aging society". Based on predictions of world population, the ration of persons aged over 65 throughout the world is expected to surpass 14% by 2040, and with it bring the arrival of the world as an "aged society". Dealing with aged society is an issue for many advanced countries, but in the future it will also become an issue for which global measures will be necessary.

In line with worldwide trends, aging of society is also progressing rapidly in Japan. Japan became an "aging society" in 1970 when the ration of persons over 65 passed 7%, and then in 1994 the same ration passed 14% and Japan became an "aged society". As of October 1<sup>st</sup> 2001, the total population of Japan was estimated<sup>3</sup> as 127,290,000, and the ration of persons aged over 65 was 18% (approximately 22, 870,000 people).

According to "Estimates of Japan's Future Populations (January 2002, median projection)"<sup>3</sup>; it is estimated that Japan's population will peak at 127,740,000 in the year 2006, and then begin to decrease as a result of the declining birthrate. As a result, the aging of society will further accelerate, and it is estimated that by 2014 one in four persons will be elderly, and by 2040, one in three.

In 1997 the population over 65 outstripped those under 15. It is expected that by 2014 the population over 65 will be 32 million, and by 2040, 36.3 million.

### **B. Comparisons between Aging in Japan and other Countries**

In contrast to the slowly progression of the aging of the population in other foreign countries, the aging of society in Japan is progressing rapidly. In particular, due to the acceleration in the aging of society since 1990, it can be said almost for certain that the elderly welfare market will increase in size (Figure 1).

Along with the aging of society, the elderly population continues to increase. Elderly

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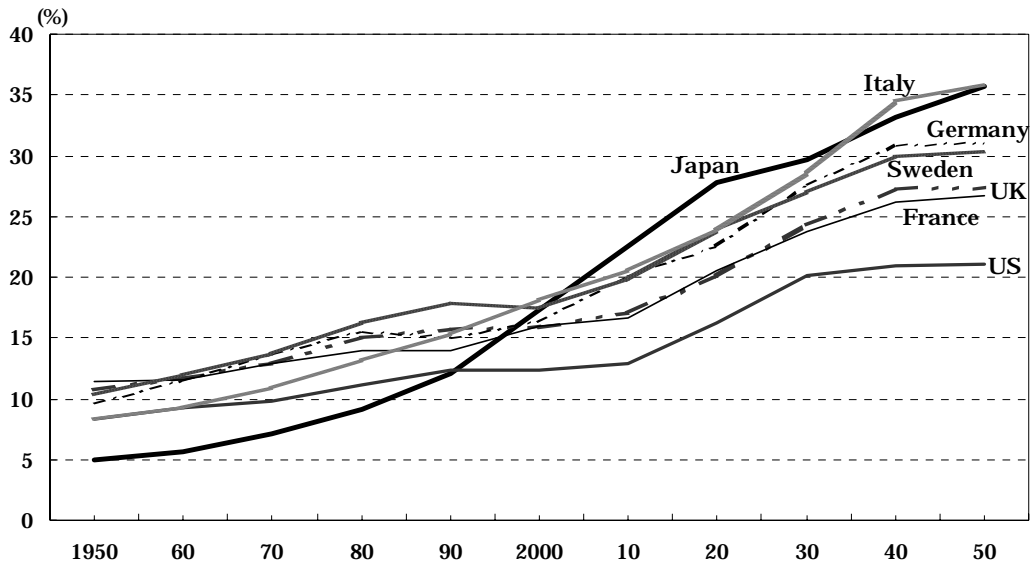
<sup>2</sup> Source: United Nations, World Population Prospects, The 2000 Revision, Volume 1

<sup>3</sup> Source: National Institute of Population and Social Security Research

accounted for 18% of the total population as of October 1<sup>st</sup> 2001, 22,870,000 out of a total population of 127,290,000. Compared to this, the population over 65 in other major countries is approximately 35 million in the US (aged ratio of 12.3%), 12 million in Germany (16.4%), 10 million in Italy (18.1%) and 9.4 million in the UK (15.8%) (Figure 2).

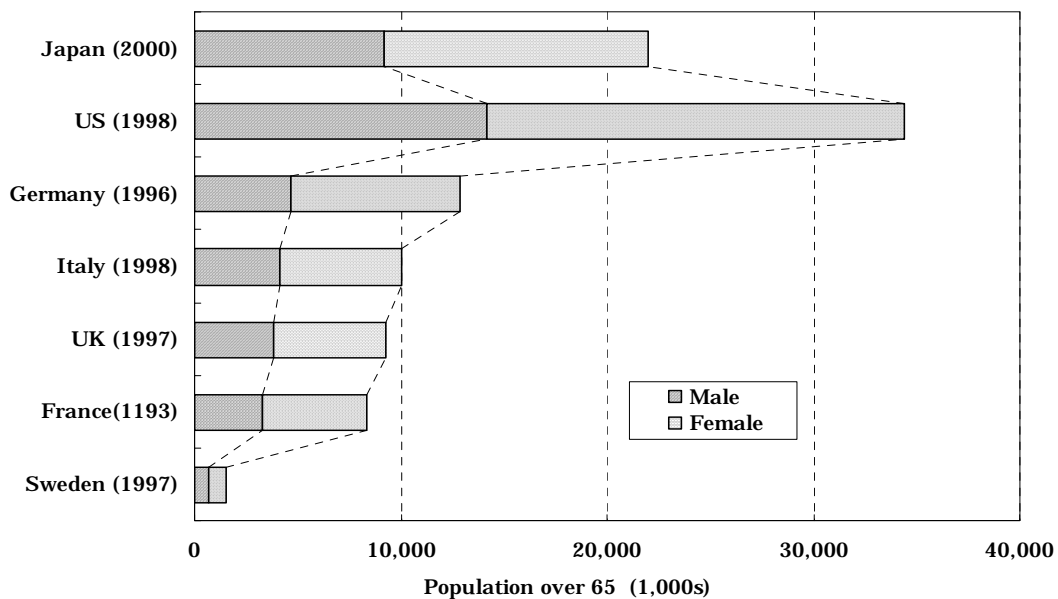
In this manner, from the fact that both the ration of population over 65 and the elderly population are increasing in Japan, it can be said with certainty that the Japanese welfare-related market will increase in the future.

Figure 1. Changes in the Ration of Elderly Population in Major Countries



Source: Created based on United Nations, World Population Prospects, The 2000 Revision, Volume 1

Figure 2. Total Population over 65 in Major Countries



Source: Created based on United Nations, Demographic Yearbook 1999

## **II. Market Overview**

### **A. Changes in Market Environment**

#### **1. Market Environment before Introduction of the Long-Term Care Insurance System**

Before the introduction of the Long-Term Care Insurance System in April 2000, almost all assistive devices in Japan was distributed to the market under public supply programs<sup>4</sup>. Public supply programs can be roughly divided into those aimed at the elderly (programs for supplying equipment for assisting the daily life of the aged), and those aimed at disabled persons (programs for supply and repair of prosthetics, programs for assisting the daily life of the severely disabled). However, offices and types of benefits differed for each system, and as a whole the scheme was very complex.

The national government set down guidelines on the types of assistive devices that was distributed under these schemes, but actual choice of product, including item, type, function and performance was carried out by the individual agencies (local government).

The public supply programs were run on subsidies from individual local governments and the national government, and as such, low priced and simply-functioned equipment was distributed often, and there was very little room for choice by the user. Further, limits were in place on beneficiary's income, and those with income over a certain limit were not able to receive benefits in certain cases.

It was under these circumstances that with the enactment of the "Law Concerning Promotion of Research and Development of Assistive and Homecare Products" on October 1<sup>st</sup> 1993, activities aimed at starting assistive devices businesses gained momentum. Under the above law, assistive devices are defined as "devices aimed at increasing convenience in daily life for the elderly who have difficulty in everyday life due to deterioration in bodily function and disabled persons, devices for functional training of such persons and prosthetics".

Taking this opportunity, efforts towards development of an industrial base for the assistive devices industry, evaluation / standardization, and upgrading of distribution systems proceeded, and the assistive devices business began to take shape.

#### **2. Overview and Practices of the Long-Term Care Insurance System**

##### **a. Structure of the Long-Term Care Insurance System**

The structure of the Long-Term Care Insurance System that was introduced in April 2000 in place of the systems for elderly welfare and elderly medical care is essentially the same as that of the Health Care Insurance Program.

Elderly persons that have been designated as "needing support" or "needing care" may receive

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<sup>4</sup> There were some systems run by under health insurance and worker's compensation insurance.

the long-term care services that they need. Further, they are able to choose their service provider. 90% of the service costs are covered with the Long-Term Care Insurance, and the beneficiary covers the remaining 10%. In Japan, all citizens aged over 40 pay Long-Term Care Insurance Premiums.

The user of the Long-Term Care Insurance System (the insured person) makes an application to their local government, and they are then assessed by a visit from the authority, computer and the certification committee, and are then certified with a certain required care level. Users that have received certification may then create a care-plan and receive services based on the plan. Users may create their own care-plan or they may also request a professional such as care-manager to create a plan for them. Users can choose their service provider freely and may make complaints, and as such the system is one established with the beneficiary in mind. Care level certification is reviewed approximately every six months.

#### b. Outline of services provided under the Long-Term Care Insurance System

Long-term care services provided under the Long-Term Care Insurance System can be roughly divided into “in-home long-term care services” and “facility long-term care services”. Amongst these, a service that qualifies as assistive devices rental service is the “lending of assistive devices” which is carried out as a part of in-home long-term care services.

As well as the services detailed below, purchases of assistive devices and accommodation renovation are also subject to payments under Long-Term Care Insurance (Amounts and conditions differ accordingly).

##### (1) In-home long-term care services:

Visiting and outpatient services (Visiting care, visiting bathing care, visiting nursing care, visiting rehabilitation, outpatient care, outpatient rehabilitation, lending of assistive devices), short-term inpatient services (short-term inpatient daily-life care, short-term inpatient rehabilitation care (facility or hospital), in-home rehabilitation management and guidance, community care for persons with dementia, daily-life care in special facilities, support for in-home care)

##### (2) Facility long-term care services:

Long-term care welfare facility services, long-term care insurance facilities, long-term care rehabilitation services, meal provision costs (all facilities)

#### c. Rental and Purchasing of Assistive devices

Limits on assistive devices products that may be rented or purchased and covered under the long-term care insurance system are set down.

As in Table 1, for rental of assistive devices, 12 products<sup>5</sup> are covered, and for purchasing

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<sup>5</sup> Defined in the Ministry of Health, Labor and Welfare Notification “Items related to the rental of welfare equipment”.

assistive devices, 5 products<sup>6</sup> are covered.

Table 1. Rental and Purchase Items Covered by the Long-Term Care Insurance System

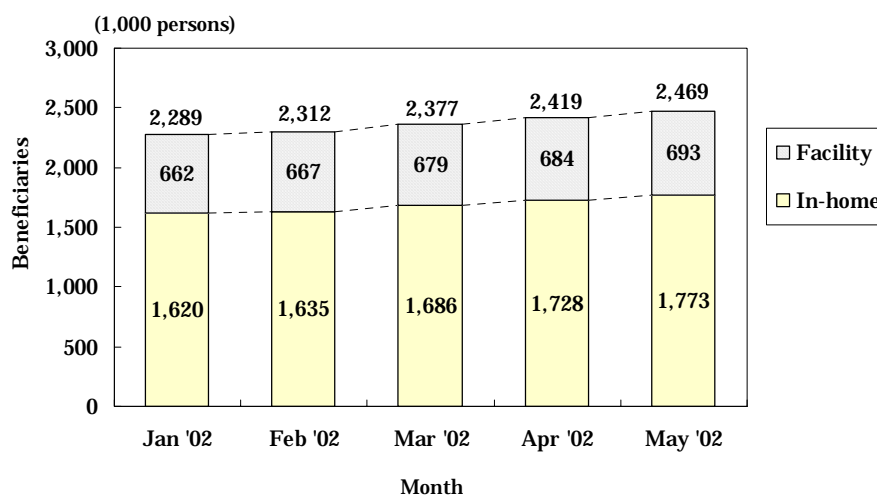
Rental assistive devices items (12 items)	wheelchairs, wheelchair accessories, nursing beds, nursing bed accessories, bed sore prevention devices, body turning aids, handrails, ramps, walking frames, walking canes, monitoring system for senile dementia, mobile lifts.
Purchase welfare rental equipment items (5 items)	toilet seats, special urinary devices, bathing assistance devices, portable bathtubs, slings for mobile lifts

d. State of Beneficiaries

As of May 2002, there were 2.47 million beneficiaries under the Long-Term Care Insurance System. In line with the aging of the population, it is expected that the gradual increase in the number of beneficiaries will continue (Figure 3).

As of April 2002, there were 23.31 million persons aged over 65<sup>7</sup>, and the ratio of beneficiaries is approximately 10%.

Figure 3. Number of Beneficiaries under the Long-Term Care Insurance System



Note : Individual figures have been rounded, so they are cases where totals do not match.

Source: Created based on Ministry of Health, Labour and Welfare “Monthly Report on Long-Term Care Benefit Payments (KAIGO KYUFU HI JITAI CHOSA GEPPOU)”

e. Condition of Levels of Care Necessary

Under the Long-Term Care Insurance System, long-term care insurance users are certified

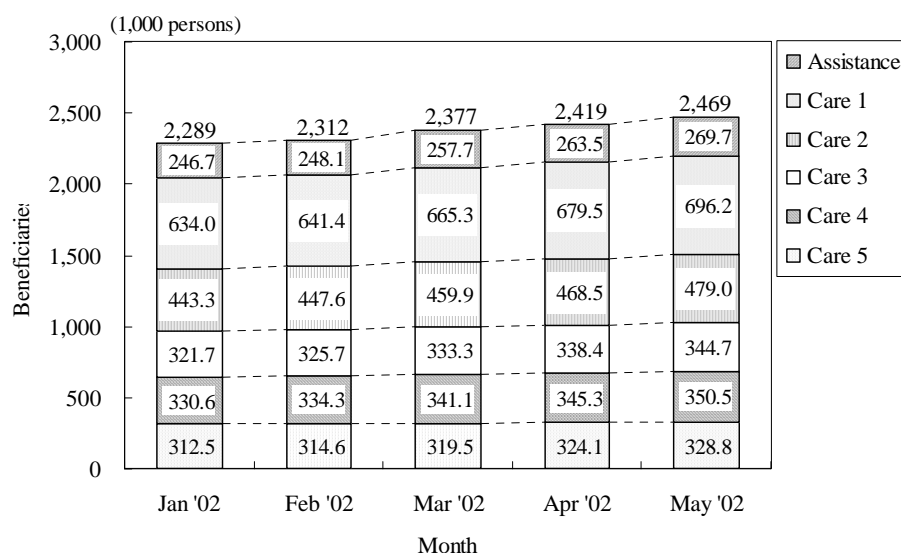
<sup>6</sup> Defined in the Ministry of Health, Labor and Welfare Notification “Items related to the payment of purchase costs for in-home welfare equipment”.

<sup>7</sup> From the Ministry of Public Management, Home Affairs, Posts and Telecommunications homepage

with a level of long-term care necessary rating, based on their physical condition. The certification of level of long-term care necessary is, based on an application by the user, first carried out by a visiting examination of the user (by public health nurses, case workers or care-managers, etc.) and finally decided at an examination committee for care needs assessment comprised of experts in the health, medical and welfare fields.

The level of long-term care necessary is one of six levels, from requiring assistance, to requiring care level 1 ~ 5, and is based on the user’s physical condition. “Requiring Assistance” is the lightest level, and “Requiring Care Level 5” is the most severe level. Insurance benefits are based on this level. Long-term care services including the use of assistive devices are provided taking into account the level of care necessary and the user’s lifestyle and life-environment.

Figure 4. Beneficiaries by Level of Requiring Care



Note : Individual figures have been rounded, so they are cases where totals do not match.

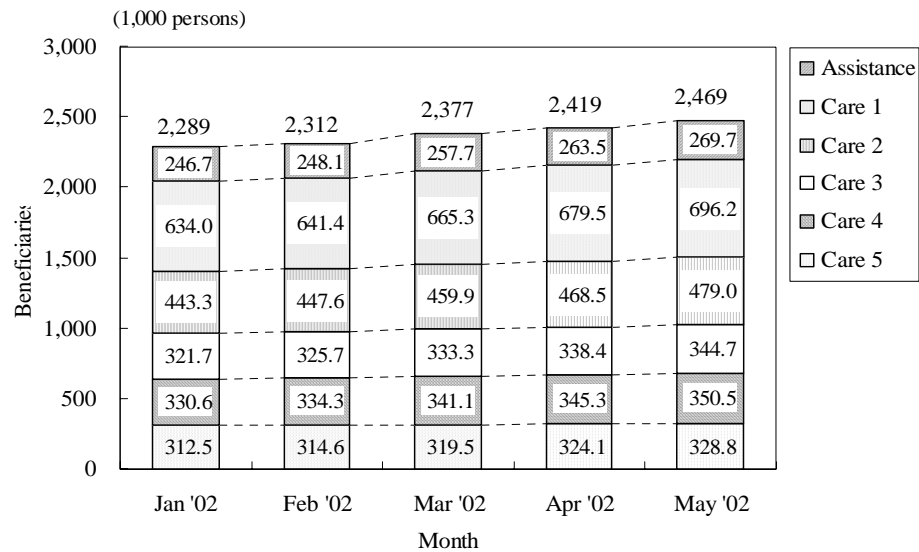
Source: Created based on Ministry of Health, Labour and Welfare “Monthly Report on Long-Term Care Benefit Payments (*KAIGO KYUFU HI JITTAI CHOSA GEPPOU*)”

#### f. Condition of Rental Assistive devices

Immediately after the introduction of Long-Term Care Insurance, there was very little rental of assistive devices, but at present use continues to increase steadily at a rate of approximately 5% per month. As of May 2002, the total expenditure on rental assistive devices was approximately 7.6 billion yen (Figure 5).

The average expenditure per month is about 7 billion yen in Figure 5, and this equates to a yearly figure of 84 billion yen. The market rental assistive devices continues to expand steadily, and it is viewed as having the potential to increase to a market size of 100 ~ 200 billion yen.

Figure 5. Expenditure on Rental of Assistive Devices



Note 1: Individual figures have been rounded, so they are cases where totals do not match.

Note 2: Figures are the total of insurance payment amounts, public funds and personal payments.

Source: Created based on Ministry of Health, Labour and Welfare “Monthly Report on Long-Term Care Benefit Payments (*KAIGO KYUFU HI JITAI CHOSA GEPPOU*)”

### 3. Changes in the Market Environment due to the introduction of the Long-Term Care Insurance System

#### a. Changes in User Awareness

Until the introduction of the Long-Term Care Insurance System, welfare programs such as elderly care were carried out by public administration. When it was determined that the user was in need of equipment for daily life, such equipment was provided without charge. On the part of the user, there was a way of thinking that “as it was free”, even though the product’s usability and design were poor, users continued to try to use them, and there were some cases where in the end users gave up on using products.

However, with the introduction of the Long-Term Care Insurance System, persons over 40 years old became required to pay Long-Term Care Insurance premiums and even when receiving services covered under Long-Term Care Insurance, the user became required to cover 10% of the total costs. This individual payment brought about large changes in user’s awareness. The increase in the number of questions, consultations, and complaints from users compared with before the introduction of the scheme shows that users’ interest in assistive devices has increased.

It is hoped that frameworks centered on the user that discover new needs and provide new products and services, appropriately responding to changes in user awareness will continue to be built.

#### b. Changes in Distribution System

Assistive devices are very closely related to the lives of the users. Accordingly, the distributors that provide equipment must continue to respond to user’s needs and provide detailed

services such as fitting and maintenance of equipment. For this reason, a distribution system comprised of distributors closely linked to the community has been developed. At present, there are more than 1000 long-term care shops and specialist stores in operation, and they perform the role of wholesalers mediating between manufacturers and distributors.

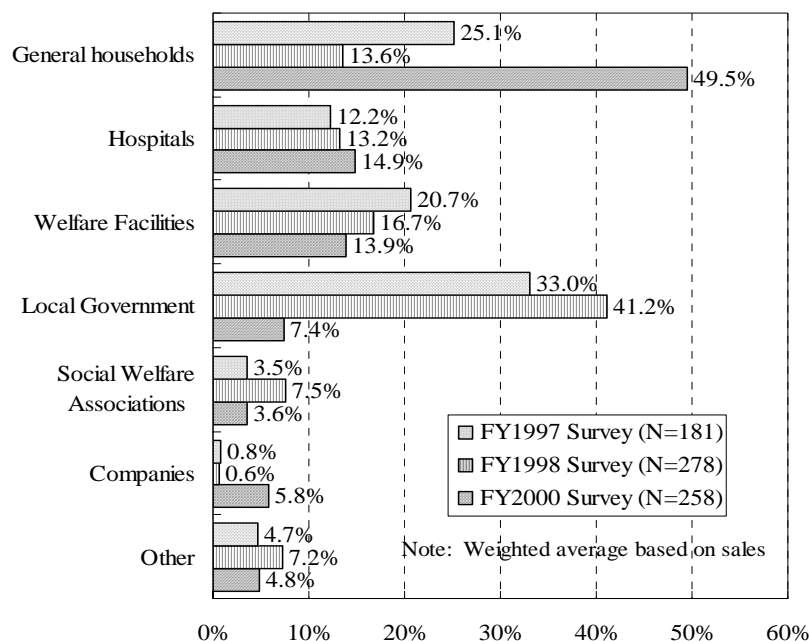
Further, with the introduction of the Long-Term Care Insurance System, rental of assistive devices began, and this brought about larger changes in the established system (See Figure 10 for details). In order to respond to changes in the distribution system, a new type of operation known as a rental wholesaler has been established, and movements towards new tie-ups with retail stores are underway.

### c. Changes in Purchasers of Assistive devices

As a result of changes in the distribution system, there have also been changes in purchasers of assistive devices (Figure 6). In the established public supply system, local governments and public organizations were the major purchasers. However, with the introduction of the user-centric Long-Term Care Insurance System, the user themselves became the major purchasers of assistive devices. The traditional purchasers such as welfare facilities, medical facilities and local governments are still active as purchasers but they do not account for as much of the purchases as the users.

Further, with the market entry of other types of enterprises, development of new forms of information provision and new marketing outlets has proceeded, and this has led to an increase in choices for the user (Users are able to directly choose their provider). Competition between distributors is also intensifying. Establishment of new distribution systems aimed at further development is underway at present.

Figure 6. Changes in Purchasers of Assistive Devices



Note : Figures are only estimates based on questionnaires and should only be used for reference.

Source: Ministry of Economy, Trade and Industry “Survey Report on Assistive Devices Industrial Infrastructure (FUKUSHI YOUNGU SANGYO KIBAN TOU CHOSA HOUKOKUSYO)” (March 2002)



## B. Market Size and Trends

Even in the difficult economic conditions facing Japan, the assistive devices (narrow definition) market continued to expand steadily from 1993 to 1999, however, in FY2000, the market size decreased for the first time, by 0.3% compared to the previous year. The market size for FY2000 was ¥1,138 billion (Table 2).

On the other hand, the kyoyo-hin market that was ¥1,022 billion in FY1996 had reached ¥2,254 billion by FY2000 (increase of 21.6% on the previous year).

Looking at individual areas in the market, compared with artificial limbs / prostheses (wide definition) and communication equipment, the field for products related to in-home equipment has grown largely, from ¥253 billion in FY1993 to ¥493 billion in FY2000.

Even the assistive devices market that had previously shown steady growth had its first minus growth in FY2000, but judging from previous market trends, the minus growth in FY2000 does not necessarily mean that the market has come to a standstill.

In fact, the assistive devices industry that has sustained steady growth in the difficult economic conditions of the past ten years can be described as an industry in which the formation of new markets can be expected.

Table 2. Assistive Devices Market Size

Category	Market Size (¥100 million)							
	FY1993	FY1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000
Assistive Devices (Narrow Definition)	7,731	8,047	8,641	9,428	10,409	10,690	11,425	11,389
Home use medical equipment	1,021	1,061	1,113	1,236	1,327	1,320	1,279	1,071
Prosthetics (Wide definition)	1,415	1,592	1,757	1,829	1,958	2,001	2,161	2,271
Prosthetics (Narrow definition)	296	312	327	343	342	339	343	347
Hair pieces	643	700	760	836	916	1,023	1,046	1,079
Dentures	480	580	670	650	700	639	772	845
In-home care	2,534	2,821	3,174	3,721	4,211	4,192	4,961	4,933
Personal care	1,416	1,583	1,758	2,013	2,319	2,233	2,538	2,539
Mobility devices	304	325	380	505	594	678	1,004	997
Furniture / buildings, etc.	400	490	608	765	857	844	931	906
Other	414	423	428	438	441	437	488	491
Communication devices	2,697	2,497	2,489	2,538	2,826	3,050	2,900	2,959
Spectacles	2,521	2,305	2,283	2,293	2,534	2,730	2,568	2,606
Hearing aids	156	166	173	193	209	223	245	258
Other	20	26	33	52	83	97	87	95
Other	30	40	50	51	20	38	43	34
Welfare Facility Equipment/ Systems, etc	18	22	27	30	31	41	44	77
Devices for participation in society	16	14	31	23	36	48	37	44
Kyoyo-hin	-	-	-	10,227	11,201	14,694	18,548	22,549
Assistive Devices (Wide definition)	-	-	-	18,364	20,215	24,118	28,549	32,421

Note 1 : Certain items are included in both the narrow and wide definitions of assistive devices and they have been excluded appropriately.

Note 2 : All figures are estimates, and some totals may not agree.

Source: Compiled based on Ministry of Economy, Trade and Industry Materials (March 2002)

## 1. Recent Market Trends

In order to more clearly illustrate recent trends in the size of the market for assistive devices, we analyze the conditions in 1999 and 2000 in more detail.

In FY1999, the market for assistive devices was ¥1,142 billion. Further, the market for products in the wide definition of assistive devices including kyoyo-hin was ¥2,854 billion.

First, we look at market trends by product (refer to the appendix, table). Businesses renting assistive devices and rental wholesalers acted in anticipation of an expansion of the market following the introduction of the Long Term Care Instance System, and the markets for beds (¥56.5 billion, 28% percent over the previous year) and wheelchairs (¥32.5 billion, 16% over the previous year) which are covered under the System both increased greatly. Also, the markets for welfare vehicles (¥59.2 billion, 90% increase over the previous year) and diapers (¥85.5 billion, 15% increase over the previous year) maintained a high growth rate, backed by a background of the continuing aging of the market and an increase in users.

On the other hand, in FY2000, the market for assistive devices (narrows definition) showed negative growth for the first time; with a market size of ¥1,138 billion (decrease of 0.3% over the previous year). However, the market for assistive devices (broad definition) including kyoyo-hin was ¥3,242 billion, and increase on 13.6% over the previous year.

Looking at trends by product, the markets for beds (¥53.3 billion, 5.7% decrease on the previous year) and manual wheelchairs (¥21.4 billion, 6.6% percent decrease on the previous year), which are the major products provided for under the Long-Term Care Insurance System, showed a decrease over the previous year. This is due to a combination of the factors, including the fact that operators renting assistive devices and assistive devices rental wholesalers increased their product stock in the previous year, and the fact that the System had only recently been introduced.

The markets for welfare vehicles (¥58.2 billion, decrease of 1.7% on the previous year) and home elevators (¥13.1 billion, decrease of 1.5% over the previous year) that have close counterparts in the standard products markets were not able to overcome the influence of the weak economy and did not increase.

While only accounting for a small percentage of the assistive devices (narrow definition) market in monetary terms, the market for electric vehicles used for getting around by the elderly continues to expand, backed by an increase in users even among fairly active elderly persons. Also, with the November 2000 enactment of the Barrier-Free Transportation Law, progress has been made in creating barrier-free stations, and the market for stair lifts continues to expand (¥5.3 billion, 23.3% increase over the previous year).

## 2. Market Trends by Item

Table 3 shows number of products and market size for the major assistive devices products (shipping base). From 1999, for the major products that comprise the assistive devices industry not

only monetary data, but also data on number of products shipped has been published. By looking at the relationship between market size and number of products in this data, the harsh reality of the market can be seen where an increase in products shipped from 1999 to 2000 does not always lead to an increase in market size.

From the fact that an increase in number of products shipped is not leading to an increase in market size, it follows that the average price for the major assistive devices products is falling. If the price of a product falls while its function remains the same, there is a resultant benefit for the user. However, for the manufacturers, it is difficult to judge as to whether the flow towards low prices will result in an increase in the market size, or merely induce an escalated price war. Watching the market carefully to anticipate in which way it will expand is an extremely important task for manufacturers.

Table 3. Major Assistive Devices: Number of Products and Market Size (Shipping Base)

	Number of Items Shipped		Market Size (¥100 million)	
	FY1999	FY2000	FY1999	FY2000
Diapers (Adult use)	2,303,000	2,317,000	855	860
Portable toilets	343,000	309,000	26	25
Walking frames	73,000	76,000	12	12
Shopping carts	299,000	329,000	34	31
Manual wheelchairs	428,000	409,000	229	214
Electric wheelchairs	6,000	9,000	19	21
Electric carts	24,000	32,000	54	72
Welfare vehicles	22,000	26,000	592	582
Lifts (Ceiling, bath, etc.)	7,000	9,000	24	23
Beds	350,000	391,000	565	533
Home elevators	9,000	10,000	133	131
Stair lifts	4,000	5,000	32	39
Hearing aids	414,000	427,000	245	258

Note 1: Market sizes in the table are “shipping base” and not “sales base”.

Note 2: Figure for number of products in the table are estimates based on survey investigations.

Source: Compiled based on Ministry of Economy, Trade and Industry Materials (March 2002)

### C. State of Imports and Exports in the Japanese Market

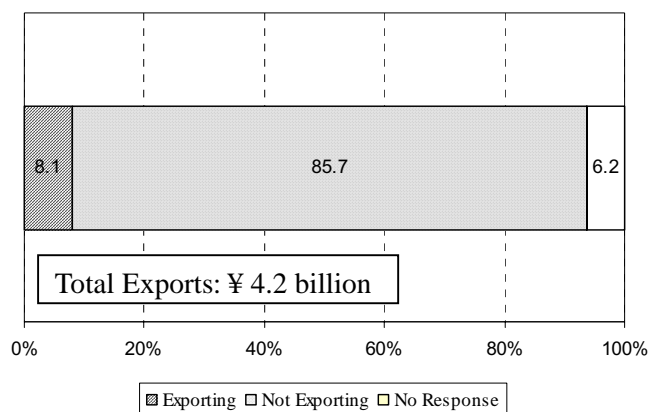
Until recently, it was said the percentage of domestically-produced products was high for assistive devices. However, with the difficult economic conditions as a background, market involvement from the East Asia, Europe, and North America has increased. Manual/electric wheelchairs from Taiwan, and walking frames as well as care lifts and stair lifts from Europe and

North America have been imported in large numbers.

On the other hand, compared with the market size, exports of assistive devices from Japan have been relatively few. However, in recent years, exports of Japanese-made assistive devices are gradually increasing, and it can be expected that exports will continue to increase.

Using the Ministry of Economy, Trade and Industry report “Report on the Investigative Study into Technical Trends in Assistive Devices” (March 2002), we will summarize the state of imports and exports for assistive devices. Looking at the trends in exports for FY2000, it can be seen that only 8% of all companies were exporting products, and more than 90% of companies were not exporting assistive devices at all. According the results of the survey, the export total for FY2000 was ¥4.2 billion (Figure 7).

Figure 7. Exporting Manufacturers

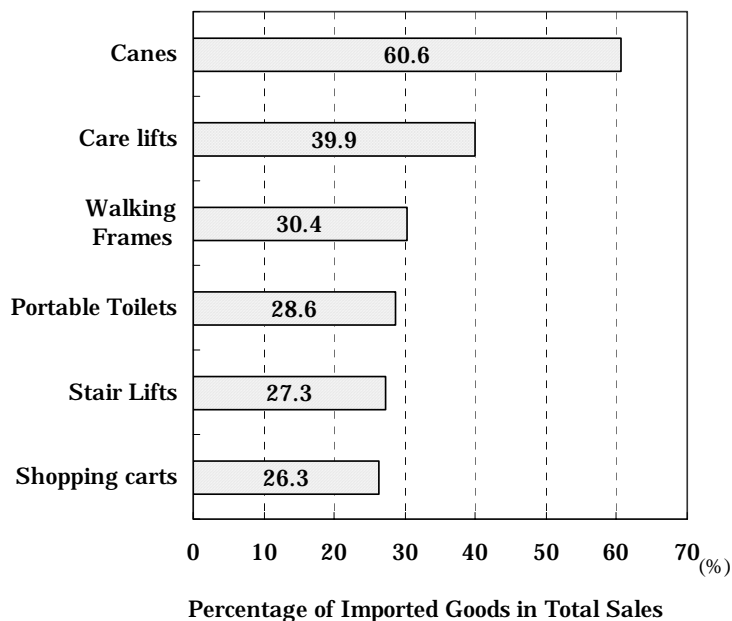


Note : Figures are based on the results of a questionnaire survey and may not show the real percentage in the market place.  
 Source : Ministry of Economy, Trade and Industry “Survey Report on Technical Trends in Assistive Devices (FUKUSHI YOUNG GIJYUTSU DOUKOU CHOSA KENKYU HOUKOKUSYO)”, March 2002

Looking at imports, amongst assistive devices items imported in FY2000, those products for which imported items accounted for a large percentage of total sales included canes, care lifts, stair lifts, walking frames and portable toilets (Figure 8).

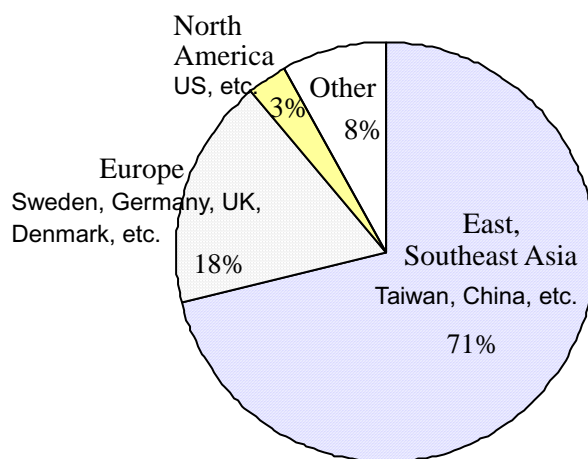
Regions that account for import are, in order, East Asia (Taiwan and China), Europe (Sweden, Germany, UK, Denmark, etc.) and then North America (US, etc.) (Figure 9).

Figure 8. Import Products as a Percentage of Sales for Major Import Items



Note : Figures are based on the results of a questionnaire survey and may not show the real percentage in the market place  
 Source : Ministry of Economy, Trade and Industry “Survey Report on Technical Trends in Assistive Devices (FUKUSHI YOUNGU GIJYUTSU DOUKOU CHOSA KENKYU HOUKOKUSYO)”, March 2002

Figure 9. Import Sales Total by Region



Note 1: Figures are based on the results of a questionnaire survey and may not show the real percentage in the market place.

Note 2: Percentage of imports by country of origin

Source: Ministry of Economy, Trade and Industry “Survey Report on Technical Trends in Assistive Devices (FUKUSHI YOUNGU GIJYUTSU DOUKOU CHOSA KENKYU HOUKOKUSYO)”, March 2002

Many overseas companies had displays at the 29<sup>th</sup> Home Care and Rehabilitation

Exhibition (held from Sep. 10 to 12, 2002), Japan's largest international exhibition for assistive devices. In the 2002 exhibition, of 617 companies, 81 were from overseas. The break down was 52 companies from Europe (Denmark, Germany, Netherlands, Norway, UK, etc.), 20 companies from North America (US and Canada), 7 companies from Asia (Taiwan) and the others. Looking at the item breakdown of displays, displays for manual /electric wheelchairs and lifts accounted for approximately 30% of displays. Other popular items were walking frames, bath related products, stair lifts and information related devices<sup>8</sup>.

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<sup>8</sup> Information on exhibitors was taken from the Home Care and Rehabilitation homepage (<http://www.hcr.or.jp/>)

### III. Laws Related to Investment

Most programs related to the assistive devices industry are aimed at research and development of equipment, aid for practical application of research and promotion of use of assistive devices, and there are few systems that support single fields such as IT, bio-technology, nano-technology, etc.

We will give an introduction of the major investment-related programs aimed at assistive devices. Investment-related programs include categories such as assistance and subsidies, commission and collaborative research, tax incentives, financing, debt guarantee, etc., but at present there are only two independent systems for assistive devices, the “Subsidy Program on Assistive and Homecare Product Practical Application Development” and the “Subsidy Enterprise for Assistive Devices Research and Development”.

For contact information for government offices, please refer to the “Related Organization List”; section C of Chapter VII.

#### A. Assistance Programs for Assistive Devices

[Subsidies]

Name	Subsidy Program on Assistive and Homecare Product Practical Application Development <sup>9</sup>
Description	Support for development of practical assistive devices that has a high level of technical expertise and ingenuity. Any one carrying out research and development related to practical application of assistive devices may apply. Successful applicants are selected based on novelty, technical development factors, user needs, economic efficiency, and market size, etc. Applications for subsidies should be submitted during the application period.
Conditions	Subsidy amount : Up to ¥10 million / year Subsidy rate : Less than 2/3 Development period : Less than 3 years
Operator	New Energy and Industrial Technology Development Organization (NEDO), Health and Welfare Technical Department

Name	Subsidy Enterprise for Assistive Devices Research and Development
Description	Receives grants from social welfare and medical organizations for the purpose of contributing to promoting independence among the elderly and disabled. Gives subsidies to those that “carry out research and development related to assistive devices, and those who work to promote the use of assistive devices”.
Conditions	Subsidy amount : Equipment development, up to ¥40 million (up to ¥60 million for large-scale equipment for facility) Investigative research on equipment : Up to ¥4 million Subsidy period: Less than 2 years
Operator	Association for Technical Aids

<sup>9</sup> Used to supplement research and development costs for practical application of assistive devices.

[Commission and collaborative research]

Name	Proposal-Based New Industry Creative Type Technology Research and Development Promotion Program
Description	Support for universities, national labs and companies that are pursuing fundamental and original research, with the aim of creating new industries (welfare industry, etc.) related to future industrial technologies. “Welfare device technology” is certified as one of the technical areas included in the industrial, scientific and technical areas.
Conditions	Subsidy rate: 10/10 (Commission) Commission amount: Up to ¥100 million (1 to 3 year total) Support period: 1 to 3 years
Operator	New Energy and Industrial Technology Development Organization (NEDO), Research Funding and Fellowship Department, Research Grant Division

[Finance]

Name	Finance System for the Promotion of Welfare Devices
Description	Financing for enterprises carrying out development / manufacture / display / supplementation / sales and rental and lease of welfare devices that contribute to an increase in the living standard of the elderly and disabled or functional training for the elderly and disabled.
Conditions	Lending interest rate: Policy Interest Rate I (lending period of 10 years: 1.65%, 15years: 2.1%, 30 years: 2.4%) Finance Rate: 30%
Operator	Development Bank of Japan, International Department

## B. Laws relating to import / export, distribution / sales and labeling

[Import and Export]

Law	Pharmaceutical Affairs Law
Regulated products	Pharmaceuticals, quasi-pharmaceuticals, cosmetics, medical equipment, etc.
Regulations	Import and sales permission, per-product authorization at time of import, sales labeling, etc.
Dept. with Jurisdiction	General Affairs Division, Evaluation and Licensing Division, Compliance and Narcotics Division, Pharmaceutical and Food Safety Bureau, Ministry of Health, Labour and Welfare

[Domestic Distribution and Sales]

Law	Electrical Appliance and Material Safety Law
Regulated products	Home electrical appliances, etc.
Regulations	Import enterprise notification, accident verification under safety standards and display in court, creation of inspection records, storage requirements (specified electric goods 13 items, other electric goods 343 items, total 456 items), inspection and verification of these items by a third party in place of self-verification.
Dept. with Jurisdiction	Product Safety Division, Consumer Affairs Department, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry



Note : In line with the Electrical Appliance and Material Control Law amendment of April 1, 2001, the Electrical Appliance and Material Safety Law was enacted. It was a change for the previous pre / prior-event regulations to post-event centered regulations. Changes made included a switch from regulation of enterprises by registration to notification, changes to safety-mark display regulations, relaxation of inspection organizations for approval / certification, etc. Also, when technical standards are not met, provisions were included for prohibiting display / or distribution, product recall etc. Articles providing for fines of companies were also included.

[Display]

Law	Household Goods Quality Labeling Law
Regulated products	Household electrical appliances, clothing, plastic goods, etc.
Regulations	Labeling Requirements
Dept. with Jurisdiction	Consumer Protection Division, Consumer Affairs Department, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry

Law	Consumer Products Safety Law
Regulated products	127 items including climbing ropes, home-use pots / pressure pots, vehicle helmets (specific products 3 items), baby cots and laser pointers (special specific products 2 items); products aimed at the elderly (wheelchairs, canes etc. 7 items). As of August 2000.
Regulations	Import enterprise notification, self-verification of safety standards and specified labeling (PS Mark), creation of inspection records, storage requirements (special specific products), also inspection and verification by approved inspection organizations (third party) is required.
Dept. with Jurisdiction	Product Safety Division, Consumer Affairs Department, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry

Law	Industrial Standardization Law
Regulated products	Industrial Products
Regulations	Domestic uniform standards (JIS Mark label: optional)
Dept. with Jurisdiction	Standards Development and Planning Division, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry

[Other]

Law	Product Liability Law
Regulated products	General manufactured items
Regulations	Liability without fault of manufacturers for defects in manufactured items.
Dept. with Jurisdiction	Product Safety Division, Consumer Affairs Department, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry

## IV. Current State of the Assistive Devices Industry and Business Models

### A. Current State of the Assistive Devices Industry

#### 1. Development of an International Division of Labour

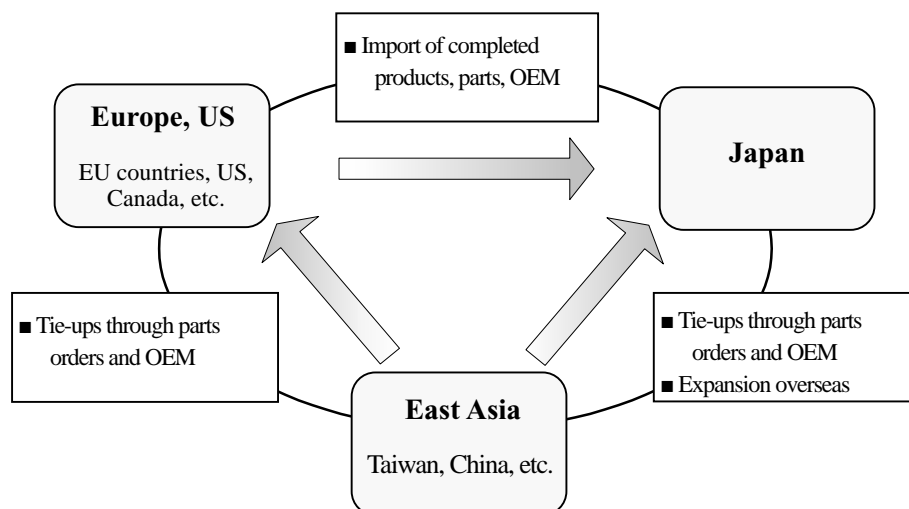
Until recently, in the Japanese assistive devices market, the demand and supply of most products was met by the domestic market. However, with the unprecedented harsh economic conditions, tie-ups with overseas companies aimed at streamlining and rationalization have begun to gain momentum.

As an example, international transactions such as direct procurement of parts from East Asian countries such as Taiwan and China, efforts to make tie-ups through OEM, etc have become more common.

Most transactions between Japan and East Asia have been centered on procurement of parts, but OEM is also increasing, and ventures by Japanese firms into East Asia have been seen. In transactions between Japan and the US /Europe, rather than parts, import of complete products is most common. In this manner, links between Japanese companies and overseas companies are expanding rapidly. Links between the US/Europe and East Asia are also strong, and there are cases where for some types of equipment, European products are assembled in East Asia and then exported to Japan.

Accordingly, more effective division of labour between Japan and East Asia is beginning to take shape, and a mutual supply relationship is beginning to take shape between Japan and the US / Europe (Figure 9). It is expected that these transaction relationships will further advance in the future.

Figure 9. International Division of Labour in the Assistive Devices Market (Image)



## **2. Distribution System**

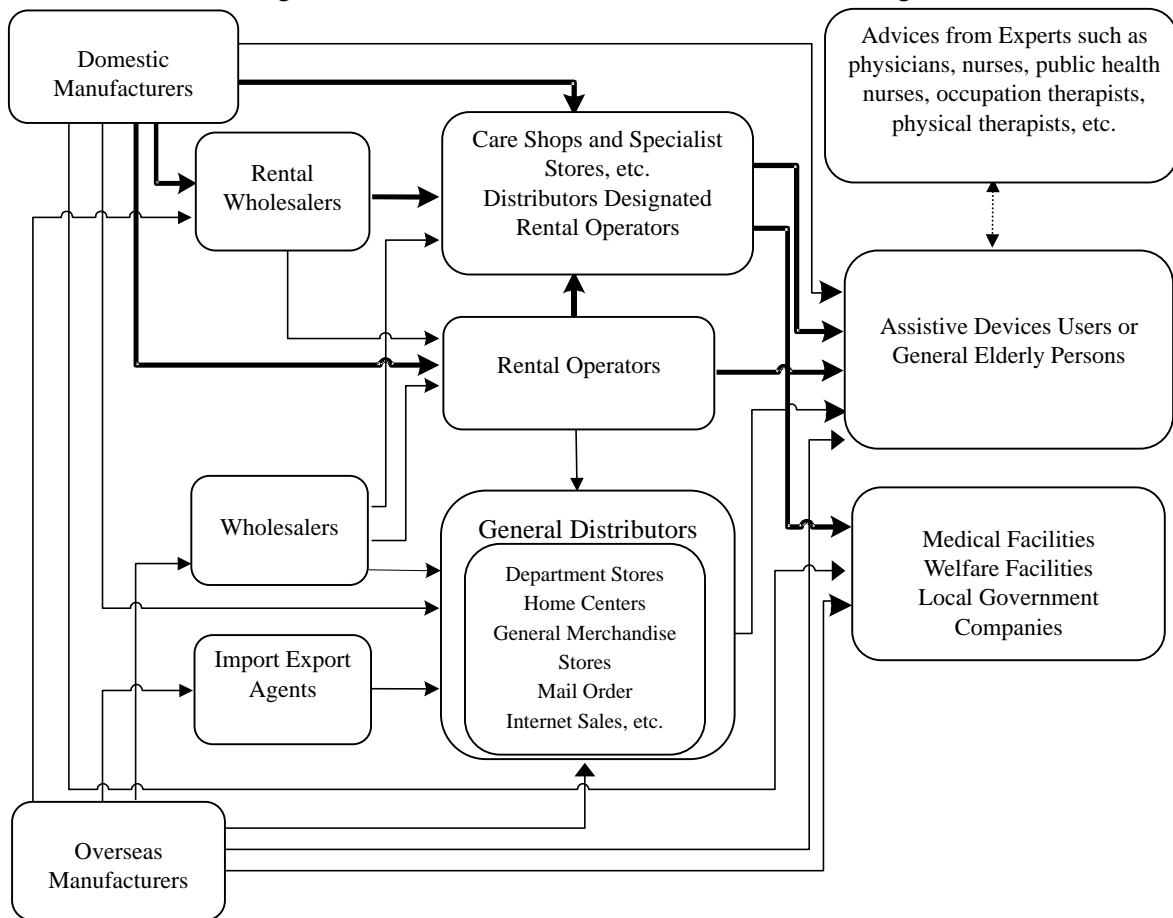
With the introduction of the Long-Term Care Insurance System in April 2000, the distribution system for assistive devices changed greatly. The Long-Term Care Insurance System changed not only distribution routes but also user awareness. In particular, it is said that the voices of users became more clearly heard by distributors and manufacturers, and there is a need for a matching increase in quality of client services such as maintenance and after-service.

Under the Long-Term Care Insurance System, many assistive devices items are distributed as rental items, and accordingly the new business form, rental wholesaler has developed. Distribution systems that deliver equipment from wholesalers via retail shops to users and systems that allow the channel from the rental operator to the user to be chosen are in the process of being developed. However, there remains the fact that the merit that these systems bring is not being fully utilized by users.

In general, it is said that rental wholesalers supply goods to their allied shops at a price equivalent to 70 to 80% of the retail price. Retail shops are involved in such activities as sales and provision of services, but there are many retail shops operating at a loss due to the large amount of work necessary under the Long-Term Care Insurance System and the fact that computerization is not advanced. It can be expected that retail stores will improve computerization with the aim of streamlining and rationalization, and try to better meet the needs of users by improving product line-ups and providing new services, etc.

On the other hand, the number of stores in the general distribution business (department stores and home centers, etc.) that are handling assistive devices is increasing. These stores are mainly focusing on sales of equipment. There are stores that stock a wide range of products using general distribution routes, stores that opt to become specialists by stocking a wide range of a certain type of products, and as stores adopt their own-style expansion, the choices offered to users will expand.

Figure 10. Distribution State of Assistive Devices (Image)



Note 1: Lines within the figure are meant as a general image of the actual flow of distribution channels, and real channels are much more diversified.

Note 2: Bold lines in the figure are major distribution channels.

## B. Business Models

In this section, we introduce recent business models that are in place in the assistive devices industry in Japan.

### 1. Expansion into the Rental Business using Joint Investment from Other Industries

In anticipation of large changes in the assistive devices industry and its distribution system due to the introduction of the Long-Term Care Insurance System, a new distribution style, the assistive devices rental business was created. Rental wholesalers were established by tie-ups between companies from a wide range of industries: joint-investment by trading firms and manufacturers and tie-ups between major medical management companies and distributors, etc. Rental wholesalers have formed business tie-ups with care shops throughout the country and have created rental

networks. At present, several networks are competing against each other, and progress towards expansion of the market is being made.

## **2. Development of New Service Networks Utilizing Existing Agents**

Home fixture manufacturers, etc. have utilized networks of existing agents, and created tie-ups with local specialist stores, in order to create a system that provides services closely tied to the community that meet a wide range of users needs. Companies closely linked to the community with ongoing relationships with clients and tie-up companies are well equipped to expand into the assistive devices business. The further expansion of companies closely linked to the community that can meet client needs even more exactly is expected.

## **3. Provision of Overseas Products using Distribution Networks of Other Industries**

There is mechanism in place that allows overseas manufacturers to sell, place and provide after service for products by forming tie-ups with Japanese companies (transport companies, etc.) and using their distribution networks. Also, overseas manufacturers and Japanese firms have formed joint venture companies and are aiming at providing appropriate and prompt maintenance of products and after service in an efficient manner.

## **4. Creation of Sales Networks Utilizing the Internet**

In order to meet client needs, marketing companies funded by leading manufacturers have tied-up with trading firms and have established Internet-based retail systems. Retail channels using the Internet are increasing in size in Japan. However, in this sales form, the major issue becomes how to perform maintenance and after service. It is hoped that companies will find a way to respond to this challenge.

# **C. Issues and Prospects**

## **1. Creation of an Efficient System under the Long-Term Care Insurance System**

As of 2002, it has been two years since the introduction of the Long-Term Care Insurance System. While operation of the System has stabilized, new issues have arisen such as fitting problems in the rental system, expansion of products covered under the system, and increase in the burden of office work, etc. Response to these issues can be expected through the review of the system that will be carried out in the near future, and an easier to use system will be created.

## **2. Creating a System to Provide the Needed Information to the People Needing it**

Users' interest in assistive devices increased rapidly with the introduction of the

Long-Term Care Insurance System.

When users use / choose assistive devices, they make the decision not by themselves, but also consult with care managers and equipment consultants. However, even then, the reality is that there is not enough information reaching users. Accordingly, there is a need for a system to be created that provides the needed information to the people needing it.

### **3. Expansion of the Market Aimed at Active Elderly Persons**

Areas that have until now focused solely on user needed assistance and long-term care are now trying to expand into health maintenance / health promotion and disease prevention / care prevention. User interest in health and disease prevention is extremely high. To lead to practical application and promotion of products aimed at this kind of users needs, it is expected that technology and expertise that has been accumulated in the product development of assistive devices will be utilized in fields such as health promotion and disease prevention, care prevention, etc.

As mentioned in previous sections, amongst the population over 65 in Japan of 233.1 million, there are approximately 24.7 million people requiring long-term care, and accordingly it can be deduced that there are more than 20 million health elderly persons in Japan. It is hoped that new markets will be expand through development of products and software that will be expected by these users.

## **V. Examples of Market Entry by Overseas Companies**

### **A. Market Entry Models**

In this section, we introduce actual cases where overseas firms have entered the Japanese market; and their characteristics by market type.

#### **1. Export to Japan**

Export is one of the first methods of entering the Japanese market. When the company on the Japanese side is a manufacturer, imports are usually in the form of direct import or OEM, and in the case of trading firms or wholesalers, usually products are imported. In the assistive devices industry, cases where companies play both the role of manufacturer and distributor are not uncommon.

Leading rental and retail enterprise “A” imports and sells manual / electric wheelchairs, walking frames, self-help products, etc. Its product line-up is centered on products covered under the Long-Term Care Insurance System.

Sanitary material manufacturer “B” imports and retails stationary ceiling lifts. This product does not require any renovations to install, can be installed in one day, and with version improvements, has been on sale for more than ten years.

However, both companies say that there have been a number of occasions where they have been unsure how to deal with their overseas import supplier in terms of language / culture and historical background.

#### **2. Business Tie-up / Agency Tie-up with Japanese Companies**

The Japanese company with which business tie-up / agency tie-ups are formed is not necessarily a company with a strong relationship with the assistive devices industry (trading firm, wholesaler, transport agency, internet retailer, etc.). When forming tie-ups the domestic network that the prospective partner has in Japan is emphasized.

When overseas firm “C” retails its own beds in Japan, it first carries out training for the employees of its Japanese partner firm, training them in the characteristics and maintenance of its products, and then allows them to sell and perform maintenance of its products.

Japanese Trading firm “D” is involved in the assistive devices business as an agent for a overseas company. It is not uncommon for trading firms and leading wholesalers to directly import products from overseas and sell them as agents.

Overseas firm “E” has formed a tie-up with a Japanese company, and retails form-fitted sole inserts for shoes at the rate of approximately 300 a month. The measurement data for products is sent to its home country; products are then manufactured there in 10 to days, and then exported in

Japan. In its home country, these products are classified as medical equipment, but in Japan they are products outside the standards for medical equipment. This firm says that in order to build this type of relationship with its partner Japanese firm, it spent a lot of time together outside of the business environment.

### **3. Establishing a Joint Venture with a Japanese Firm**

There are cases where overseas firms jointly invest in establishing a Japanese firm, and enter the Japanese market in a full-scale manner. By establishing business points in Japan, it is possible for firms to deal directly with domestic Japanese firms and to establish their own sales routes and networks.

Hygiene Material Manufacturer “F” established a joint-venture company with a overseas firm, and supplies paper diapers and electric beds to the market.

### **4. Establishing a Japanese Firm**

There are cases where overseas firm directly establish a Japanese subsidiary, and enter the Japanese market in a full-scale manner. These overseas firms adjust their business know-how to the Japanese market and meet consumer needs for after service, etc.

Otto Bock Japan K.K. that has its parent company in Germany is in the market with the aim of providing equipment and services to better meet user needs and allows users to have better quality of life; and does this by providing German-grown technology and a consistent system to utilize that technology. Otto Bock mainly handles prostheses, wheelchairs and shoes, and with the aim of improving the quality and promoting personnel who can provide this kind of technology and product, it opens workshops and training sessions.

Otto Bock says that it took the step of directly establishing a Japanese firm in order to be able to provide products and services with a high added-benefit factor by providing a consistent system for utilizing its technology and know-how. If the purpose is only to sell products, then it can be said that there is little need to establish a Japanese firm, and export and retail through Japanese trading firms, etc. is sufficient.

### **5. Entry through Tie-ups with Government and Local Bodies**

“The Finnish Well-being Center Project” that is currently being undertaken by local government in Sendai, the central city in the Tohoku region, can be given as an example of the new method of market entry in which tie-ups are formed with Government or local bodies. As of October 2002, construction of facilities is under way, and the center is scheduled to be completed in FY2004. When the center is completed, it is planned that 16 companies involved in the health and welfare market in Finland will begin to conduct business in Japan in tie-ups with Japanese firms.

This center has three purposes. The first is “to provide a special recuperative rest-home for



elderly requiring long-term care and act as a monitor for newly developed welfare devices”, the second is “to provide research and development facilities, implement industrial tie-ups not only between Sendai firms and Finnish firms, but also between local universities and the University of Oulu, and promote development of health and welfare devices that utilize IT and advanced technologies”, and the third is “to provide office space for Finnish companies to enter and create a base for mutual exchange and research and development / sales.”

A future issue faced by this project will be securing personnel for the position of manager to take charge of roles both as a “coordinator” coordinating opinions on both sides, and a “business manager” knowledgeable about the welfare market and able to give business support such as creation of new sales routes. If this, the first attempt of its kind in Japan, succeeds, it can be expected to provide a new industrial model for the concerned industries.

## **B. Points for Success as Seen in Examples of Market Entry**

The examples of market entry that we have introduced above are only a small percentage of the actual cases. It is expected that there will be an increase in successful examples of market entry in the future. In this section, in addition to the examples that we have already introduced, we will give examples of cases where market entry was difficult as a result of the influence of the structure of the Japanese market and business practices, and an introduction to the points that are necessary in order to overcome the particularities of the Japanese market (culture, history, awareness, trade practices, etc.).

### **1. Understanding of the Japanese Market and Accepting Differences from Home Country Perception**

Line of thought concerning welfare differs greatly depending on the culture and history, national characteristics in individual countries. Differences in understanding by the public have a large impact on which assistive devices items users need, what purpose they use them for, and how they use them. In addition, with the introduction of the Long-Term Care Insurance System, the Japanese market is undergoing changes, and devising a method to assess the market will prove to be a key for market entry.

In fact, there are cases where differences in perception of the Japanese market result in misunderstandings. Overseas firm “G” says that as it gathered more and more information and tried to learn about the market, the more difficult it found the market to understand. In order to enter the Japanese market, it is important to deepen understanding of the market, and to have an awareness willing to accept the characteristics of the market.

The assistive devices made by overseas firm “H” are popular in Western countries. It began to take an interest in the Japanese market after a Japanese medical team purchased its products.

However, when the firm tried to enter the market, several factors served to make market entry difficult including the existence of traditional systems (trade practices, etc.), the difficult to understand nature of the welfare system, the large market share of existing leading firms and a lack of user knowledge about assistive devices. It can be said that there are many points that overseas firms need to pay attention to, including differences in way of looking at things and way of thinking.

First of all, there is a need to recognize the fact that many gaps in systems, culture, business sense, consumption exist stemming from different cultures and histories, and there is a need to understand the current distribution channels and existing business practices in Japan.

## **2. Securing Personnel to Link Different Cultures and Environments**

Accordingly, as there are many cases where the level of understanding on the part of overseas firms of the Japanese market, and differences in systems become difficulties to entry, along with creating opportunities to further mutual understanding, it is important to secure coordinators that understand the characteristics of both systems. While there are not many people that can meet these needs, by gaining assistance from these persons able to play a neutral role, opportunities may arise to create new business relationships.

## **VI. Advice for Entry into the Japanese Market**

### **A. Requirements for Entry**

#### **1. Understanding of the Japanese Market Structure and the Long-Term Care Insurance System**

There is a need to understand the Japanese assistive devices market, and understand the characteristics of the Long-Term Care Insurance System such as its system, related personnel and organizations and also unrelated markets. Methods for business expansion are different in each business type. There is a need to fully understand the characteristics of the Japanese market and clearly lay out a business plan.

When trying to enter the market with the confines of the public system that is the Long-Term Care Insurance System, there is need to follows the rules set down by the System, and obtain approval as a designated operator. Also, there are limits on items (12 rental items and 5 purchase items) and methods of use under the System. For this reason, in the current market conditions, it would be difficult to enter the market independently within the confines of the System. The most realistic choice is forming a business tie-up with a Japanese firm. There are moves in the Japanese market to provide items under the Long-Term Care Insurance System through business tie-ups between Japanese rental operators and European manufacturers.

#### **2. Assessment of the Correct Market to Make Full Use of the Characteristics of Your Company's own Products**

There is a wide range and variety of Japanese-produced assistive devices available, and manufacturers are striving to increase the quality of their product in a very competitive environment. If taking into account transportation cost and export procedures, if the function of a product is the same, a big difference arises between the competitiveness of Japanese and overseas items. Accordingly, assessing in which market field (popular selling products and services, etc.) the characteristics of your own products can be best utilized, and researching which type of equipment is common in the Japanese market is essential.

At present (2002), on a distribution-base, popular rental products under the Long-Term Care Insurance System are beds and wheelchairs, and products for purchase are portable toilets and shower chairs. The market for home renovation has also reached a considerable size. There is a need for appropriate matching of the current market situation in Japan with your own products / technology / know-how.

### **3. Creating and Putting into Practice a System to Make Full Use of Your Company's Technology and Know-How**

Due to the historical and cultural background that exists as mentioned previously, it takes a long time for overseas companies to understand the true nature of the Japanese market. However, while coming to understand these factors is important, on the other hand there are cases where in fact, overseas companies have more success in following their own strategy, entering the market in a form incorporating added-value through their own products and know-how, and not being bound by existing systems. As well as increasing understanding of market trends and systems, formulating your own company's specific strategy is also important. However, when not forming business tie-ups with Japanese firms, creation of new clients and establishing trust becomes a major issue.

### **4. Provision of Products Taking into Account Physical Characteristics of the Japanese**

Assistive devices are used in such a manner that it becomes an integral part of the user's life. Accordingly, consideration of the physical requirements of the user is indispensable. In particular, there is a large difference between the physical characteristics (build, etc.) of Japanese and Europeans, and providing equipment that meets the physical requirements of Japanese users is essential. In particular, difference in average sizes is something that must be checked before expanding into the Japanese market.

In the case of equipment items that do not need to take into account physical characteristics, there is little need to change specifications, and businesses can be developed using such products as a first step. After knowledge of the market and a chance to enter the market has been gained, full-scale entry into the market can be attempted; this type of gradual market entry can at times be effective.

Detailed physical information on the Japanese may be obtained from the Research Institute of Human Engineering for Quality Life (HQL) (Please refer to the "Assistive Devices Organization List"; section C of Chapter VII).

### **5. Awareness of the Importance of Maintenance and After Service**

Users have come to place importance on freedom to choose high quality equipment, and continuous provision of detailed maintenance and after service as conditions for purchase.

In order to meet these users' needs, it is necessary to directly enter the Japanese market, but this is not easy. For that reason, many overseas firms provide products through a tie-up with a Japanese firm. In this case, establishment of a system to increase users' satisfaction with maintenance and after service is indispensable.

For example, proper maintenance and after service can be carried out by implementing training about technology and product characteristics for local personnel. In addition, from the product design stage, by increasing maintenance efficiency through unitization of parts and adding

functions to automatically sense malfunctioning parts, etc., labour can be kept to a minimum, and the provision of easy to handle, easy to maintain products is possible.

## **6. Clarification of Business Strategy and Finding Appropriate Personnel**

In order to maintain relationships with Japanese firms, the presence of a neutral coordinator able to fully grasp the attitude and intent of both parties is a large strength. With diversification of businesses, it can be expected that demand for this kind of personnel will increase in the future. It is extremely meaningful, if this type of asset can be discovered, and a range of opinions gained in the process of developing a business.

There is no requirement for this type of personnel to be Japanese. However, in the assistive devices industry, personnel capable of performing the role of coordinator are still scarce, and finding an effective coordinator is not easy. First, putting effort into increasing personnel capability through personnel exchange with Japanese companies being pursued as tie-up partners, and sending personnel to local sites, etc., can be seen as the key to creating a valuable business relationship.

## **7. Providing Products with a Concept New to Japan**

In overseas countries there are many equipment and tool items that have been created in a cultural and historical setting different than that of Japan. It is believed that there is an opportunity to breathe a wind of change into the Japanese market if products meeting the need of well-being elderly persons in Japan and services to allow such products to be utilized fully can be provided. Such products are unlikely to be affected by welfare related systems and existing business practices. Also, there is a large population in the age group that buys such products, and this is a field in which market growth can be expected.

## **8. Understanding of the Characteristics of Purchasers of Assistive Devices**

Table 4 introduces the major purchasers of in the Japanese market and their characteristics. In order to be able to carry out business smoothly in Japan, it is important to understand characteristics of the purchasers of products and the products they handle in advance, and provide products that meet those characteristics. When in business with a Japanese tie-up firm, there is a need to consult well, and clarify business strategy including what products would be most effectively sold to which purchaser.

Table 4. Characteristics of the Major Purchasers of Assistive Devices in Japan

Purchaser	Characteristics	Major products handled
Rental wholesalers	Business that wholesales rental products to long-term care stores, and in many cases they carry out full services from shipping of rental products, maintenance to sterilization.	Mainly handles the 12 rental items covered under the Long-Term Care Insurance System. Also handles a wide range of related products such as wheelchairs and special beds (care beds).
Long-term care stores	Specialist store closely linked to the community, mainly small and medium enterprises. Purchases equipment from domestic manufacturers and wholesalers. Offers a wide range of service, not only rental and retail but also home renovation and long-term care services. More than 1,000 stores exist nationwide as of 2002.	Many are designated Long-Term Care Insurance System businesses and carry out rental and retail of equipment. Deal with a wide range of long-term care products including not only the 12 items covered for rental and the 5 items for purchase (portable toilets and bathing assistance equipment), but also consumables such as paper diapers.
Department stores and home centers	Assistive devices are sold in the same way as general merchandise. Stock a wide range of products keeping the health tendencies of Japanese firmly in mind including not only assistive devices but also health devices and kyoyo-hin.	Mainly carries out sales of products, and while there are products that are covered under the Long-Term Care Insurance System, there are few cases where sales are restricted to these products. Each store has its own individual product line-up including items such as hearing aids and health devices.
Medical and Welfare Facilities	Medical and welfare facilities have demand for the assistive devices they use. Demand in medical facilities is for items such as medical beds and wheelchairs, and in welfare facilities the demand is for care beds, wheelchairs, lifts and bathing equipment, etc.	In medical facilities, beds, wheelchairs, canes, walking frames, etc. necessary for medical care and rehabilitation are used. In welfare facilities, care beds, wheelchairs and lifts are used, and in spaces where people can relax, there are many interior products such as tables and chairs. In both medical and welfare facilities there is high use of handrails and ramps.

## **B. Advice for Each Type of Market Entry**

### **1. Entry under the Long-Term Care Insurance System**

As shown in Table 1, there are 12 rental items and 5 items for purchase covered under the Long-Term Care Insurance System, and these items are widely distributed at present. Further, distribution channels where products go via rental wholesalers, wholesalers and importers to distributors and rental operators and then passed on the users have been formed. In the case of rental products, there are numerous requirements including durability, low-cost, weight-saving, simple structure and support network. It is necessary for overseas companies to tie-up with rental wholesalers, wholesalers and rental operators and develop and select products that are likely to sell.

### **2. Entry into the Market Aimed at Active Elderly Persons**

The market aimed at active persons is just starting to be focused on in Japan, and a clear definition is yet to be set down, but it is a market in which solid growth can be expected. For example, it is hoped that new markets will be formed that provide products and services meeting generation needs and market circumstances for a wide range of users from active elderly persons to the younger generation with an interest in health.

Examples of lifestyle products aimed at the active elderly generation include pillows allowing for good sleep and electric bicycles that are convenient for traveling short distances. Products of this manner can be provided through general distribution networks.

### **3. Market Entry through Provision of Products Meeting Needs at a Personal Level**

In many product areas the Japanese market has matured, and in the future it is expected that markets based on personal-level evaluation will be formed, taking into account selection based on values such as personal tastes, selection of personal services, aspirations of added-value, etc.

In the future, there will be a requirement to provide products that meet needs at a personal level through not only changes to product quality and characteristics, but by providing high quality combinations of additional services with the products.

## VII. Appendices

### A. Market Size of the Assistive Devices Industry

Table Changes in Market Size of the Assistive Devices Industry

(Unit: ¥100 million)

Classification	FY1993	FY1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	2000/1999
<b>Assistive Devices (Narrow Definition)</b>	<b>7,731</b>	<b>8,047</b>	<b>8,641</b>	<b>9,428</b>	<b>10,409</b>	<b>10,690</b>	<b>11,425</b>	<b>11,389</b>	99.7
Category A	<b>7,697</b>	<b>8,011</b>	<b>8,583</b>	<b>9,375</b>	<b>10,342</b>	<b>10,601</b>	<b>11,344</b>	<b>11,268</b>	99.3
Home medical equipment	1,021	1,061	1,113	1,236	1,327	1,320	1,279	1,071	83.7
Prosthetics (wide definition)	1,415	1,592	1,757	1,829	1,958	2,001	2,161	2,271	105.1
Prosthetics (narrow definition)	296	312	327	343	342	339	343	347	101.2
Hair pieces	643	700	760	836	916	1,023	1,046	1,079	103.2
Dentures	480	580	670	650	700	639	(1) 772	845	109.5
Personal care products	1,416	1,583	1,758	2,013	2,319	2,233	2,538	2,539	100.0
Diapers	256	290	328	445	612	746	855	860	100.6
Bathing	103	133	187	218	208	217	242	231	95.5
Bathing goods	-	-	-	-	-	90	105	107	101.9
Bathing devices for welfare facilities	-	-	-	-	-	127	137	124	90.5
Toilet products	901	1,028	1,108	1,252	1,355	1,164	1,288	1,285	99.8
Portable toilets	-	-	-	-	25	26	26	25	96.2
Toilets with bidet functions	-	-	-	1,152	1,244	1,024	1,110	1,137	102.4
Stoma care equipment	-	-	-	-	69	77	84	89	106.0
Other toilet related	-	-	-	-	17	37	68	34	50.0
Other	156	132	135	98	144	106	153	163	106.5
Mobility devices	304	325	380	505	594	678	1,004	997	99.3
Canes / walking frames	17	20	27	34	55	59	60	58	98.3
Canes	-	-	-	-	12	15	14	(2) 15	107.1
Walking frames	-	-	-	-	12	13	12	12	100.0
Shopping carts	-	-	-	-	31	31	34	31	91.2
Wheelchairs	175	189	226	267	270	281	325	331	101.8
Manual wheelchairs	-	-	-	-	193	193	229	214	93.4
Electric wheelchairs	-	-	-	-	17	18	19	21	110.5
Electric vehicles	-	-	-	-	46	49	54	72	133.3
Wheelchair equipment	-	-	-	-	14	21	23	24	104.3
Welfare vehicles	72	86	108	183	241	311	592	582	98.3
Vehicles (movable seats)	-	-	2	9	17	122	181	249	137.6
Other	40	30	19	21	28	27	27	26	96.3
Lifts	-	-	-	-	23	23	24	23	95.8
Other	-	-	-	-	5	4	3	3	100.0
Furniture / construction	400	490	608	765	857	844	931	906	97.3
Beds	270	317	414	470	474	442	565	533	94.3
Home elevators	60	70	91	130	134	120	133	131	98.5
Other	70	103	103	165	249	282	233	242	103.9
Chairs, seating systems	-	-	-	-	18	24	24	29	120.8
Stair lifts	-	-	-	-	41	43	43	53	123.3
Angled lifts	-	-	-	-	-	9	11	14	127.3
Seated stair lifts	-	-	-	-	-	34	32	39	121.9
Mini ramps	-	-	-	-	7	13	14	11	78.6
Rails	-	-	-	-	78	92	95	77	81.1
Other	-	-	-	-	105	110	57	72	126.3
Communication devices	2,697	2,497	2,489	2,538	2,826	3,050	2,900	2,959	102.0
Spectacles	2,521	2,305	2,283	2,293	2,534	2,730	(3) 2,568	2,606	101.5
Hearing aids	156	166	173	193	209	223	245	258	105.3
Other	20	26	33	52	83	97	87	95	109.2
Computer related devices, software	-	-	-	-	10	10	11	11	100.0
Alarm system	-	-	-	-	45	41	43	47	109.3
Other	-	-	-	-	28	46	33	37	112.1
In-home care related products	414	423	428	438	441	437	488	491	100.6
Bed sore prevention devices, etc.	-	-	-	-	54	53	62	72	116.1
Other	-	-	-	-	387	384	426	419	98.4
Other	30	40	50	51	20	38	43	34	79.1
Category B (Welfare facility equipment and systems) (4)	18	22	27	30	31	41	44	77	175.0
Category C (Devices for participation in society, etc.) (5)	16	14	31	23	36	48	37	44	118.9
<b>Kyoyo-hin (6)</b>	-	-	<b>4,869</b>	<b>10,227</b>	<b>11,201</b>	<b>14,694</b>	<b>18,548</b>	<b>22,549</b>	121.6
<b>Kyoyo-hin (reference) (6)</b>	-	-	-	6,351	8,699	11,852	14,692	18,435	125.5
<b>Assistive Devices (Wide Definition) (7)</b>	-	-	<b>13,508</b>	<b>18,364</b>	<b>20,215</b>	<b>24,118</b>	<b>28,549</b>	<b>32,421</b>	113.6
<b>Assistive Devices (Wide Definition) (reference) (7)</b>	-	-	-	15,770	19,091	22,420	25,936	29,575	114.0



[Notes for the table]

- 1) Dentures: Data was released that was not available when estimates were made of the market size in FY1999, and accordingly the estimated market size for FY1999 was corrected as follows.  
Market size for FY1999 ¥65.1 billion yen → ¥77.2 billion yen
- 2) Walking canes: This survey is based on a questionnaire targeted mainly at assistive devices manufacturers, and data from cases where retail stores are importing products individually has not been added, and accordingly there is a chance that the actual total is higher.
- 3) Spectacles, etc.: Data was released that was not available when estimates were made of the market size in FY1999, and accordingly the estimated market size for FY1999 was corrected as follows.  
Market size for FY1999 ¥276.1 billion yen → ¥256.8 billion yen
- 4) Category B: Includes such products as
  - Industrial kitchen appliances, washing machines
  - Facility administration computer systems
  - Care-plan creation systems
  - Other facility systems
- 5) Category C: Includes such products as
  - Common-use transport systems
  - Facilities in publicly constructed buildings
  - Facilities to guide visually impaired persons
  - Other devices / facilities to encourage participation in society
  - Braille books and newspapers
  - Large print books and books on tape
- 6) Kyoyo-hin: Estimates for market size for kyoyo-hin are figures that have had the number of target items increased each year, and data for FY1996 was surveyed in both FY1997 and FY1998, and this has led to there being several methods of totaling market size for kyoyo-hin (table below). In making estimates for assistive devices (wide definition), market size including products added every year is used, but figures show market size based only on products included in the FY1997 survey are shown for reference. Note that market sizes for kyoyo-hin have been retroactively corrected as necessary.

[Various market size totals for kyoyo-hin]

Year	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000
(3) Assistive devices (narrow definition)	8,641	9,428	10,409	10,690	11,425	11,389
Toilets with bidet functions	–	1,152	1,244	1,024	1,110	1,137
Vehicles (movable seats)	2	9	17	122	181	249
Home elevators	91	130	134	120	133	131
(1) Kyoyo-hin	4,869	10,227	11,201	14,694	18,548	22,549
Items overlapping with assistive devices (narrow definition)	(v)	(t), (v), (h)	(t), (v), (h)	(t), (v), (h)	(t), (v), (h)	(t), (v), (h)
(4) Value amount of items overlapping with assistive devices (narrow definition)	2	1,291	1,395	1,266	1,424	1,517
(2) Kyoyo-hin (reference)	–	6,351	8,699	11,852	14,692	18,435
Items overlapping with assistive devices (narrow definition)	–	(v)	(v)	(v)	(v)	(v)
(5) Value amount of items overlapping with C (narrow definition)	0	9	17	122	181	249
Assistive devices (wide definition) (3) + (1) – (4)	13,508	18,364	20,215	24,118	28,549	32,421
Assistive devices (wide definition) reference (3) + (2) – (5)	–	15,770	19,091	22,420	25,936	29,575

\* Items are as follows: (t) toilets with bidet functions, (v) vehicles (movable seats), (h) home elevators

Source: Survey Report on Kyoyo-hin Market Size, the Kyoyo-hin Foundation

- 7) Assistive devices (wide definition): Assistive devices (wide definition) is the combination of assistive devices (narrow definition) and kyoyo-hin. However, toilets with bidet functions, vehicles (movable seats) and home elevators are included in both the statistics for assistive devices (narrow definition) and kyoyo-hin, and in order to add these totals, they have been deducted as in the table below.

[Calculating market size of assistive devices (wide definition)]

Market Size Year	FY1995	FY1996		FY1997	FY1998	FY1999	FY2000
(Year surveyed)	FY1997	FY1997	FY1998	FY1998	FY1999	FY2000	FY2001
Market Size (100 million yen)							
In 1997 survey item terms	4,869	6,351	8,231	8,699	11,852	14,692	18,435
In 1998 survey item terms	-	-	10,227	11,201	14,603	18,449	22,460
In 99/00/01 survey item terms	-	-	-	-	14,694	18,548	22,549
(1) Kyoyo-hin (100 million yen)	4,869	10,227		11,201	14,694	18,548	22,549
(1) Kyoyo-hin (reference) (100 million yen)		6,351		8,699	11,852	14,692	18,435

Source: Excerpt from Ministry of Economy, Trade and Industry Materials (March 2002)

## B. Trade Fairs and Exhibitions

### • Trade Fairs and Exhibitions for Assistive Devices (Regular)

#### Home Care and Rehabilitation Exhibition (H.C.R.)

Host : Japanese Council of Social Welfare / Health and Welfare Information Association  
 Date : Yearly (September 10 ~ 12, 2002)  
 Location : Tokyo Big Sight  
 Content : General exhibition of the world's newest welfare devices aimed at independence and care of the elderly and disabled persons.  
 Size : 617 exhibitors, 51,380 m<sup>2</sup>  
 Attendance : 137,112 (actual)  
 Contact : Health and Welfare Information Association, H.C.R. Organizer's Office  
 New Kasumigaseki Bldg, 3-3-2 Kasumigaseki, Chiyoda-ku, Tokyo 110-8980  
 TEL: 03-3580-3052 FAX: 03-5512-9798  
<http://www.hcr.or.jp/>

#### Senior Life Exhibition

Host : Elderly Service Providers Association  
 Date : Yearly (March 14 ~ 16, 2002)  
 Location : Sunshine City , Ikebukuro, Tokyo  
 Content : Products / services / information in the hobby, life and care fields aimed at making senior life richer. General exhibition of the world's newest welfare devices aimed at independence and care of the elderly and disabled persons.  
 Size : 141 exhibitors, 294 booths  
 Attendance : 50,351 (actual)  
 Contact : Elderly Service Providers Association  
 Fonte Aoyama Bldg 506, Minami-Aoyama 2-22-14, Minato-ku, Tokyo 107-0062  
 TEL: 03-5770-5860 FAX: 03-5570-5890  
<http://www.espa.or.jp/> (Japanese Only)

### **International Modern Hospital Show**

Host : Japan Hospital Association / Nippon Omni-Management Association  
Date : Yearly (July 17 ~ 19, 2002)  
Location : Tokyo Big Sight  
Content : "Health medicine and welfare in the new century - in search of peace of mind and trust"  
Size : 301 exhibitors 5,500 m<sup>2</sup>  
Attendance : 60,900 (actual)  
Contact : Nippon Omni-Management Association, the secretariat of Hospital Show  
Sendagaya 3-11-8, Shibuya-ku, Tokyo 151-8538  
TEL: 03-3403-8615 FAX: 03-3403-5716  
<http://www.noma.or.jp/hs/index-e.html>

### **HOSPEX JAPAN**

Host : Healthcare Engineering Association of Japan / Management Association  
Date : Yearly (November 12 ~ 15, 2002)  
Location : Tokyo Big Sight  
Content : General exhibition of facilities and equipment for medical and welfare facilities  
Size : 231 exhibitors, 661 booths  
Attendance : 38,492 (actual)  
Contact : Japan Management Association, Convention Division, the secretariat of HOSPEX Japan  
Shiba-koen 3-1-22, Minato-ku, Toyo 105-8522  
TEL: 03-3434-1377 FAX: 03-3434-8076  
<http://www.jma.or.jp/HOSPEX/en/index.html>

## C. List of Related Organizations

### Government Organizations

Name	Address/Tel/Fax/URL/E-mail
Ministry of Health, Labour and Welfare, Pharmaceutical and Food Safety Bureau, General Affairs Division	1-2-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8916 TEL: 03-5253-1111 FAX: 03-3503-9044 <a href="http://www.mhlw.go.jp/english/index.html">http://www.mhlw.go.jp/english/index.html</a>
Ministry of Health, Labour and Welfare, Social Welfare and War Victims' Relief Bureau, Department of Health and Welfare for Persons with Disabilities, Policy Planning Division	1-2-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8916 TEL: 03-5253-1111 FAX: 03-3503-1237 <a href="http://www.mhlw.go.jp/english/index.html">http://www.mhlw.go.jp/english/index.html</a>
Ministry of Health, Labour and Welfare, Health and Welfare Bureau for the Elderly, Long-Term Care Insurance Division	1-2-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8916 TEL: 03-5253-1111 FAX: 03-3503-2167 <a href="http://www.mhlw.go.jp/english/index.html">http://www.mhlw.go.jp/english/index.html</a>
Ministry of Health, Labour and Welfare, Health and Welfare Bureau for the Elderly, Promotion Division	1-2-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8916 TEL: 03-5253-1111 FAX: 03-3503-7894 <a href="http://www.mhlw.go.jp/english/index.html">http://www.mhlw.go.jp/english/index.html</a>
Ministry of Economy, Trade and Industry, Industrial Science and Technology Policy and Environment Bureau, Standards Development and Planning Division	1-3-1 Kasumigaseki, Chiyoda-ku, Tokyo 110-8901 TEL: 03-3501-9245 FAX: 03-3580-8625 <a href="http://www.meti.go.jp/english/index.html">http://www.meti.go.jp/english/index.html</a> E-mail: <a href="mailto:webmaster@meti.go.jp">webmaster@meti.go.jp</a>
Ministry of Economy, Trade and Industry, Commerce and Information Policy Bureau, Service Industries Division, Medical and Assistive Device Industries Office	1-3-1 Kasumigaseki, Chiyoda-ku, Tokyo 110-8901 TEL: 03-3501-1562 FAX: 03-3501-0315 <a href="http://www.meti.go.jp/english/index.html">http://www.meti.go.jp/english/index.html</a> E-mail: <a href="mailto:webmaster@meti.go.jp">webmaster@meti.go.jp</a>
Ministry of Economy, Trade and Industry, Commerce and Information Policy Bureau, Consumer Affairs Department, Consumer Protection Division	1-3-1 Kasumigaseki, Chiyoda-ku, Tokyo 110-8901 TEL: 03-3501-1228 FAX: 03-3580-6407 <a href="http://www.meti.go.jp/english/index.html">http://www.meti.go.jp/english/index.html</a> E-mail: <a href="mailto:webmaster@meti.go.jp">webmaster@meti.go.jp</a>
Ministry of Economy, Trade and Industry, Commerce and Information Policy Bureau, Consumer Affairs Department, Product Safety Division	1-3-1 Kasumigaseki, Chiyoda-ku, Tokyo 110-8901 TEL: 03-3501-4707 FAX: 03-3501-6201 <a href="http://www.meti.go.jp/english/index.html">http://www.meti.go.jp/english/index.html</a> E-mail: <a href="mailto:webmaster@meti.go.jp">webmaster@meti.go.jp</a>
Development Bank of Japan, International Department	1-9-1 Otemachi, Chiyoda-ku, Tokyo 100-0004 TEL: 03-3244-1938 FAX: 03-3245-1938 <a href="http://www.dbj.go.jp/english/index.html">http://www.dbj.go.jp/english/index.html</a>

**Research and Development Organizations / Academic Organizations etc.**

Name	Address/Tel/Fax/URL/E-mail
National Institute of Technology and Evaluation	Nishihara 2-49-10, Shibuya-ku, Tokyo 151-0066 TEL: 03-3481-1921 FAX: 03-3481-1920 <a href="http://www.nite.go.jp/index-e.htm">http://www.nite.go.jp/index-e.htm</a> E-mail: <a href="mailto:webmaster@nite.go.jp">webmaster@nite.go.jp</a>
National Institute of Advanced Industrial Science and Technology	10 <sup>th</sup> Floor Ministry of Economy, Trade and Industry Annex, 1-3-1 Kasumigaseki, Chiyoda-ku, Tokyo 110-8921 TEL: 03-5501-0900 <a href="http://www.aist.go.jp/index_en.html">http://www.aist.go.jp/index_en.html</a> E-mail: <a href="mailto:webmaster@aist.go.jp">webmaster@aist.go.jp</a>
Research Institute of Human Engineering for Quality Life (HQL)	3 <sup>rd</sup> Floor Kowa-awashin Bldg., 3-3-7 Awaji-machi, Chuo-ku, Osaka City, Osaka 541-0047 TEL: 06-6221-1660 FAX: 06-6221-1705 <a href="http://www.hql.or.jp/">http://www.hql.or.jp/</a> E-mail: <a href="mailto:www@hql.jp">www@hql.jp</a>
Technical Research Association of Medical and Welfare Apparatus	3-5-8 Shibakohen, Minato-ku, Tokyo 105-0011 TEL: 03-3459-9584 FAX: 03-3459-6887
Rehabilitation Engineering Society of Japan (RESJA)	C/O Laboratory of Adaptive and Assistive Engineering Department of Ecosystem Engineering, Graduate School of Engineering The University of Tokushima, 2-1 Minami-josajima-cho, Tokushima, 770-8506 TEL: 088-611-1615 FAX: 088-611-1734 <a href="http://www.resja.gr.jp/English.htm">http://www.resja.gr.jp/English.htm</a> E-mail: <a href="mailto:a_honma@eco.tokushima-u.ac.jp">a_honma@eco.tokushima-u.ac.jp</a>
Japanese Society for Wellbeing Science and Assistive Technology	C/O Tokyo Denki University, School of Engineering, Dept. of Information Systems and Multimedia Design, Kawasumi Lab, 2-2 KandaNishiki-cho, Chiyoda-ku, Tokyo 101-8457 TEL: 03-5280-3326 FAX: 03-5280-3326 <a href="http://www.jswsat.org/">http://www.jswsat.org/</a> (Japanese Only) E-mail: <a href="mailto:webmaster@jswsat.org">webmaster@jswsat.org</a>

## Related Organizations

Name	Address/Tel/Fax/URL/Email
New Energy and Industrial Technology Development Organization (NEDO), Medical, Welfare and Ergonomics Technology Development Department	Sunshine 60 Bldg, 3-1-1 Higashi Ikebukuro, Toshima-ku, Tokyo 170-6028 TEL: 03-3987-9353      FAX: 03-5992-0044 <a href="http://www.nedo.go.jp/english/index.html">http://www.nedo.go.jp/english/index.html</a> E-mail: <a href="mailto:qiry@nedo.go.jp">qiry@nedo.go.jp</a>
New Energy and Industrial Technology Development Organization (NEDO), Research Funding and Fellowship Department, Research Grant Division	Sunshine 60 Bldg, 3-1-1 Higashi Ikebukuro, Toshima-ku, Tokyo 170-6028 TEL: 03-5952-0071      FAX: 03-5952-0081 <a href="http://www.nedo.go.jp/english/index.html">http://www.nedo.go.jp/english/index.html</a> E-mail: <a href="mailto:qinf@nedo.go.jp">qinf@nedo.go.jp</a>
Association for Technical Aids	4 <sup>th</sup> Floor Surugadai-Yagi Bldg, 3-8-5 Kandaogawa-cho, Chiyoda-ku, Tokyo 101-0052 TEL: 03-3219-8211      FAX: 03-3219-8213 <a href="http://www.techno-aids.or.jp/">http://www.techno-aids.or.jp/</a> (Japanese Only) E-mail: <a href="mailto:tais@techno-aids.or.jp">tais@techno-aids.or.jp</a>
Japan Wellness and Welfare Industry Association (JWA)	9 <sup>th</sup> Floor Toranomom No. 9 Mori Bldg, 1-2-2 Atago, Minato-ku, Tokyo 105-0002 TEL: 03-3437-2623      FAX: 03-3437-2624 <a href="http://www.jwa.gr.jp/">http://www.jwa.gr.jp/</a> E-mail: <a href="mailto:webmaster@jwa.gr.jp">webmaster@jwa.gr.jp</a>
The Association of Care Goods Providers	Teramoto Bldg, 3-6-13 Misaki-cho, Chiyoda-ku, Tokyo 101-0061 TEL: 03-3234-8281      FAX: 03-3288-3077 <a href="http://www.fukushiyogu.or.jp/">http://www.fukushiyogu.or.jp/</a> (Japanese Only) E-mail: <a href="mailto:jimukyoku@fukushiyogu.or.jp">jimukyoku@fukushiyogu.or.jp</a>
Japanese Association of Home Care and Rehabilitation Manufacturers (JHM)	307 Ato Bldg, 1-2-7 Shiba-daimon, Minato-ku, Tokyo 105-0012 TEL: 03-3431-9210      FAX: 03-3431-9207 <a href="http://www.jhm.jp/">http://www.jhm.jp/</a> (Japanese Only) E-mail: <a href="mailto:jhm@lares.dti.ne.jp">jhm@lares.dti.ne.jp</a>
Welfare And Medical Service (WAM)	9 <sup>th</sup> Floor Shuwa-Kamiyacho Bldg, 4-3-13 Toranomom, Minato-ku Tokyo 105-8486 TEL: 03-3438-0211      FAX: 03-3438-9949 <a href="http://www.wam.go.jp/">http://www.wam.go.jp/</a> (Japanese Only) E-mail: <a href="mailto:webmaster2@wamnet.wam.go.jp">webmaster2@wamnet.wam.go.jp</a>
Elderly Service Providers Association	3 <sup>rd</sup> Floor Izumiya-Tokyo-ten Bldg, 3-1 Kojimachi, Chiyoda-ku, Tokyo 102-0083 TEL: 03-5276-1600      FAX: 03-5276-1601 <a href="http://www.espa.or.jp/">http://www.espa.or.jp/</a> (Japanese Only) E-mail: <a href="mailto:jimukyoku@espa.or.jp">jimukyoku@espa.or.jp</a>

Consumer Product Safety Association	7 <sup>th</sup> Floor Kyodo Bldg, 1-5-9 Nihonbashi-honmachi, Chuo-ku, Tokyo 103-0023 TEL: 03-3517-5831 FAX: 03-3517-5831 <a href="http://www.sg-mark.org/index-english.htm">http://www.sg-mark.org/index-english.htm</a> E-mail: <a href="mailto:mail@sg-mark.org">mail@sg-mark.org</a>
Wheelchairs and Positioning Aids Association	604 Iidabashi-Pompian-Heights, 4-4-5 Iidabashi, Chiyoda-ku, Tokyo 102-0072 TEL: 03-3237-5268 FAX: 03-5215-1956 <a href="http://www.jawp.org/">http://www.jawp.org/</a> (Japanese Only) E-mail: <a href="mailto:suzuki@jawp.org">suzuki@jawp.org</a>
Bed Manufacturers Association of Japan	4 <sup>th</sup> Floor Kojima Bldg, 3-20-8 Ueno, Daito-ku, Tokyo 110-0005 TEL: 03-3832-7833 FAX: 03-3832-7878
Japan Orthotics Prosthetics Association	5-20-1 Hongo, Bunkyo-ku, Tokyo 113-0033 TEL: 03-3811-0697 FAX: 03-3814-5250 <a href="http://www.j-opa.or.jp/">http://www.j-opa.or.jp/</a> (Japanese Only) E-mail: <a href="mailto:info@j-opa.or.jp">info@j-opa.or.jp</a>
Japan Hearing Instruments Manufacturers Association (JHIMA)	C/O Rion Co., Ltd. , 3-20-41 Higashi-motomachi, Kokubunji City, Tokyo 185-8533 TEL: 042-322-1137 FAX: 042-322-1174 <a href="http://www.jhima.org/">http://www.jhima.org/</a> (Japanese Only) E-mail: <a href="mailto:secre@jhima.org">secre@jhima.org</a>
Japanese Association of Rehabilitation for the Visually Impaired	C/O Kansai Guide Dogs For The Blind Association, 2-6 Tokiwa-dannoue-cho, Ukyo-ku, Kyoto City, Kyoto 616-8226 TEL: 075-881-5632 FAX: 075-881-5632 <a href="http://www.jarvi.org/">http://www.jarvi.org/</a> (Japanese Only) E-mail: <a href="mailto:info@jarvi.org">info@jarvi.org</a>
Japan Hygiene Products Industry Association	3-36-12 Takada, Toshima-ku, Tokyo 171-0033 TEL: 03-3971-0452 FAX: 03-3983-3403 <a href="http://www.jhpia.or.jp/english/e_index.html">http://www.jhpia.or.jp/english/e_index.html</a> E-mail: <a href="mailto:info@jhpia.or.jp">info@jhpia.or.jp</a>
Japan Automobile Manufacturers Association, Inc. (JAMA)	2 <sup>nd</sup> Floor Otemachi Bldg, 1-6-1 Otemachi, Chiyoda-ku, Tokyo 100-0004 TEL: 03-5219-6655 FAX: 03-3287-2073 <a href="http://www.jama.or.jp/eng/">http://www.jama.or.jp/eng/</a>
The Kyoyo-hin Foundation	2 <sup>nd</sup> Floor OGA Bldg, 2-5-4 Sarugaku-cho, Chiyoda-ku, Tokyo 101-0064 TEL: 03-5280-0020 FAX: 03-5280-2373 <a href="http://www.kyoyohin.org/eng/index.html">http://www.kyoyohin.org/eng/index.html</a> E-mail: <a href="mailto:jimukyoku@kyoyohin.org">jimukyoku@kyoyohin.org</a>
Japan Universal Fashion Association	9 <sup>th</sup> Floor Aoyagi Bldg, 8-8-15 Ginza, Chuo-ku, Tokyo 104-0061 TEL: 03-5537-3192 FAX: 03-5537-3193 <a href="http://www.unifa.jp/">http://www.unifa.jp/</a> (Japanese Only) E-mail: <a href="mailto:info@unifa.jp">info@unifa.jp</a>

## D. List of Major Companies

### Major Companies

Name	Address/Tel/Fax/URL/Email	Industry
Cape Co., Ltd.	2-7 Heisei-cho, Yokosuka City, Kanagawa 238-0013 TEL: 0468-21-5511 FAX: 0468-21-5522 <a href="http://www.cape.co.jp/e01.html">http://www.cape.co.jp/e01.html</a> E-mail: <a href="mailto:purchase@cape.co.jp">purchase@cape.co.jp</a>	Manufacturing / Import / Wholesale Retail / Retail / Rental
Care-Medics Co., Ltd.	2 <sup>nd</sup> Floor Tenjin Iyasaka Kosan Bldg, 3-23-1 Yushima, Bunkyo-ku, Tokyo 113-0034 TEL: 03-3837-0551 FAX: 03-3837-0554 <a href="http://www.caremed.co.jp/">http://www.caremed.co.jp/</a> (Japanese Only) E-mail: <a href="mailto:info@caremed.co.jp">info@caremed.co.jp</a>	OEM Retail / Import / Wholesale Retail
Francebed Medical Service Co., Ltd.	1-25-1 Hyakunin-cho, Shinjuku-ku, Tokyo 169-0073 TEL: 03-3363-2255 FAX: 03-3363-2892 <a href="http://www.homecare.ne.jp/">http://www.homecare.ne.jp/</a> (Japanese Only) E-mail: <a href="mailto:fbms@homecare.ne.jp">fbms@homecare.ne.jp</a>	Import / Wholesale Retail / Retail / Rental
Hakujuji Co., Ltd.	3-23-12 Takada, Toshima-ku, Tokyo 171-8552 TEL: 03-3987-6111 FAX: 03-3987-3381 <a href="http://www.hakujuji.co.jp/">http://www.hakujuji.co.jp/</a> (Japanese Only)	Manufacturing
Home Care Japan Co., Ltd.	Co-op Nomura, 1-43-9 Kameido, Koto-ku, Tokyo 136-0071 TEL: 03-3636-1197 FAX: 03-3636-1168	Retail / Rental
Japan Abilities Inc.	Nishi-Shinjuku Matsuya Bldg. 4-31-6 Yoyogi, Shibuya-ku, Tokyo 151-0053 TEL: 03-5388-7200 FAX: 03-5388-7502 <a href="http://www.japan-abilities.com/">http://www.japan-abilities.com/</a> (Japanese Only) E-mail: <a href="mailto:jai@ja-inc.co.jp">jai@ja-inc.co.jp</a>	Import / Wholesale Retail / Retail / Rental
Japan Consumers' Co-operative Union (JCCU)	Co-op Plaza, 3-29-8 Shibuya, Shibuya-ku, Tokyo 150-8913 TEL: 03-5778-8107 FAX: 03-5778-8108 <a href="http://www.co-op.or.jp/jccu/English_here/">http://www.co-op.or.jp/jccu/English_here/</a> E-mail: <a href="mailto:yasuhiro.ozaki@jccu.coop">yasuhiro.ozaki@jccu.coop</a>	Retail
JCI Co., Ltd.	5-3-38 Ougi-machi, Miyagino-ku, Sendai City, Miyagi 983-0034 TEL: 022-782-6838 FAX: 022-782-6839 <a href="http://www.joho-miyagi.or.jp/member/jci1/">http://www.joho-miyagi.or.jp/member/jci1/</a> (Japanese Only)	Manufacturing / Retail / Rental
Matsunaga Manufactory Co., Ltd.	484 Ohba, Yoro-cho, Yoro-gun, Gifu 503-1272 TEL: 0584-35-1180 FAX: 0584-35-1270 <a href="http://www.matsunaga-w.co.jp/">http://www.matsunaga-w.co.jp/</a> (Japanese Only) E-mail: <a href="mailto:info@matsunaga-w.co.jp">info@matsunaga-w.co.jp</a>	Manufacturing / Retail / Wholesale
Meiden Kohsan Co., Ltd.	1 <sup>st</sup> Floor Meiko Bldg, 5-5-5 Osaki, Shinagawa-ku, Tokyo 141-8616 TEL: 03-3493-8641 FAX: 03-3493-8660 <a href="http://www.meidenkohsan.co.jp/">http://www.meidenkohsan.co.jp/</a> (Japanese Only) E-mail: <a href="mailto:webmaster@meidenkohsan.co.jp">webmaster@meidenkohsan.co.jp</a>	Manufacturing / OEM Retail / Import / Wholesale Retail / Rental



Mikuni Co., Ltd.	6-13-11 Mikuni Bldg, Sotokanda, Chiyoda-ku, Tokyo 101-0021 TEL: 03-3833-9548 FAX: 03-3833-2819 <a href="http://www.mikuni.co.jp/e/index.html">http://www.mikuni.co.jp/e/index.html</a> E-mail: fukushi@mikuni.co.jp	Manufacturing
Nippon Care Supply Co., Ltd.	8 <sup>th</sup> Floor 8 <sup>th</sup> Toyo-Kaiji Bldg, 1-5-13 Nishi-Shimbashi, Minato-ku, Tokyo 105-0003 TEL: 03-5251-3151 FAX: 03-5251-3152 <a href="http://www.caresupply.co.jp/">http://www.caresupply.co.jp/</a> (Japanese Only)	Wholesale
Nissin Medical Industries Co., Ltd.	35-2 Gongen, Okimura-aza, Nishiharucho-oaza, NishiKasugai-gun, Aichi 481-0043 TEL: 0568-21-0635 FAX: 0568-23-2787 <a href="http://www.wheelchair.co.jp/">http://www.wheelchair.co.jp/</a> (Japanese Only)	Manufacturing / Import
Otto Bock Japan K.K.	2 <sup>nd</sup> Floor Oak Minami-Azabu Bldg, 3-19-23 Minami-Azabu, Minato-ku, Tokyo 106-0047 TEL: 03-5447-1511 FAX: 03-5447-1512 <a href="http://www.ottobock.co.jp/">http://www.ottobock.co.jp/</a> (Japanese Only)	Import / Wholesale Retail
Pacific Supply Co., Ltd.	1-21-1 Goryo, Daito City, Osaka 574-0064 TEL: 072-875-8013 FAX: 072-875-8017 <a href="http://www.p-supply.co.jp/">http://www.p-supply.co.jp/</a> (Japanese Only) E-mail: master@p-supply.co.jp	Import / Wholesale Retail
Paramount Bed Co., Ltd.	2-14-5 Higashisuna, Koto-ku, Tokyo 136-8670 TEL: 03-3648-1111 FAX: 03-3648-3662 <a href="http://www.paramount.co.jp/english/index.html">http://www.paramount.co.jp/english/index.html</a>	Manufacturing / OEM Retail / Import
Tahira Co., Ltd.	2-5-19 Maruyama, Nakano-ku, Tokyo 165-0021 TEL: 03-5373-6711 FAX: 03-5373-0266 <a href="http://www.tahira.co.jp/">http://www.tahira.co.jp/</a> (Japanese Only) E-mail: eigyoubu@pop12.odn.ne.jp	Manufacturing / Retail
Taketora Co., Ltd.	3-18-7 Minami-Oi, Shinagawa-ku, Tokyo 140-8558 TEL: 03-3762-2686 FAX: 03-3762-3718 <a href="http://www.taketora-web.com/e/index.html">http://www.taketora-web.com/e/index.html</a> E-mail: info@taketora-web.com	Manufacturing / Retail
Yamashita Corporation	8 <sup>th</sup> Floor Hamamatsucho S.S Bldg, Shiba daimon, Minato-ku, Tokyo 105-0012 TEL: 03-3459-6000 FAX: 03-3459-6030 <a href="http://www.yco.co.jp/">http://www.yco.co.jp/</a> (Japanese Only) E-mail: info@yco.co.jp	Retail / Rental

Note : Contact by telephone would best be carried out in Japanese. When making contact in English, please use FAX or E-mail.

## Procedures for Investing in Japan

### A. Introduction

This appendix reviews the procedures that foreign companies should consider when investing in Japan. (For an overview of these procedures, including the order in which they should be carried out, please refer to Figure 1.) The reader should note that this appendix is merely a general summary. For the details of each procedure, such as specific documents to be submitted and where to submit them, the foreign investor is highly recommended to consult relevant professional and government offices (see list in Section B), as well as review JETRO's related publications and go to JETRO's "Invest Japan!" website at <http://www.jetro.go.jp/investjapan/index.html>.

### 1. Establishing a Physical Presence in Japan

#### a. Legal entities

Table 1. shows the possible types of legal entities with which a foreign investor can establish a physical presence in Japan. The three most common choices are joint-stock company (*kabushiki kaisha*), limited liability company (*yugen kaisha*), or branch (*shiten*) of the parent company overseas.

A joint-stock company is the most popular choice, because it limits the liability of its owners, has high credibility, and enjoys certain advantages in obtaining financing. However, since a joint-stock company requires at least ten million yen in capital, small and medium-sized enterprises sometimes choose to establish a limited liability company (*yugen kaisha*), which require a minimum of three million yen, or even a branch, which has no capital requirement<sup>1</sup>.

A joint-stock company can be established either through a promotive incorporation, where the promoters acquire all issued shares or a subscripive incorporation, where shares are offered through a public offering. The two methods require different procedures and documents. Table 1. shows the details of a promotive incorporation, as this is the more common choice among foreign

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<sup>1</sup> The recently enacted Law for Assisting SMEs in the Challenges (provisional translation of *Chushou Kigyou Chousen Shien Hou*), which represents a partial revision of the Law for Facilitating the Creation of New Business, essentially abolishes certain requirements for minimum capitalization of new firms. As a result, joint-stock and limited-liability companies can be established with capital of as little as one yen (¥1) under the following conditions: 1) the company need a confirmation of the local office of the Bureau of Economy, Trade and Industry, which territory it will be actually established in, in advance, 2) the company will be changed or liquidated if it cannot fulfill its normal minimum capital requirements within five years of incorporation, 3) the company will not be recognized any distribution to stockholders while claiming the exemption and 4) the company makes full, public disclosure of its financial status while claiming the exemption. The law, which will remain in effect until March 31, 2008, is under the jurisdiction of the Office for New Business, Economic and Industrial Policy Bureau in the Ministry of Economy, Trade and Industry.

investors.

Table 1. Legal Entities and Requirements

Start-up type	Commercial activities	Registering	Minimum capital	Directors	Internal auditor(s)	Taxation
Representative office	Not allowed	None	None	None	No	-
Branch ( <i>shiten</i> )	Allowed	Required	None	None	No	No tax
Joint-stock company ( <i>kabushiki kaisha: K.K.</i> )	Allowed	Required	10 mil. yen	At least three	Yes	Profits, dividends & royalties taxed
Limited liability company ( <i>yugen kaisha</i> )	Allowed	Required	3 mil. yen	At least one	No	Profits, dividends & royalties taxed

#### b. Registering a corporation

Since the procedures of registering a company and applying for the certificate of eligibility for status of residence can be complicated, foreign companies normally commission such tasks to qualified professionals, such as lawyers and public accountants, who can do business in English<sup>2</sup>. It should be noted, however, that few lawyers or public accountants provide one-stop services in Japan, so some tasks are subcontracted to judicial/administrative scriveners, professionals who perform document filings and other paralegal work under a system common neither in Europe or North America.

When a registration is filed, it is necessary to include a certificate verifying the representative director's official seal. Unlike in most other countries where a person's signature suffices, most formal matters in Japan require the use of a registered seal (roughly the size of a stick of lipstick). If the promoter or representative director of a joint-stock company is a non-Japanese and does not possess an alien registration certificate, they will not be able to obtain a seal-verification certificate, and thus must register their signature. In the course of doing business, however, each time a signature is required in a formal matter, the signatory must attach a signature-verification certificate issued by a notary public in the person's home country, which is obviously a great burden. For this reason, it is highly recommended that immediate steps be taken to obtain and register one's seal.

## **2. Investment laws and regulations**

Key investment-related laws and regulations include the Foreign Exchange and Foreign Trade Control Law, the Commercial Code (Corporate Law), and the Antimonopoly Act. In addition,

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<sup>2</sup> Please refer to "Directory for Setting Up Enterprises in Japan 2000" (by JETRO, 4,000 yen) for information on how to contact selected professionals and other business-support companies operating in Japan.

regulations under the Labour Law and the Intellectual Property Rights Law should be examined carefully before starting a business. Depending on the type of legal entity to be established, it may be necessary to obtain a license or approval from a competent authority, in accordance with applicable laws and regulations.

a. Foreign Exchange and Foreign Trade Control Law (Foreign Exchange Law)

This law stipulates rules for proper management of foreign trade based on the principle of freedom of foreign trade. When a foreign company makes a direct investment in Japan, it must follow a series of procedures based on the principle of ex post facto reporting in principle, prior notification in part.

b. Commercial Code (Corporate Law)

The Commercial Code defines three types of companies, excluding a limited liability company (*yugen kaisha*)<sup>3</sup>. In recent years, the law has been extensively to promote more flexible restructuring of companies. These include simplification and rationalization of M&A laws and regulations, introduction of legislation for stock-swap and stock-transfer systems, establishment of legislation on company split-offs, and adoption of a consolidated accounting system that complies with internationally accepted standards.

c. Antimonopoly Act

The Antimonopoly Act promotes free and fair competition in Japan by restricting private monopolies and unfair trade. In recent years, however, deregulation has led to a lifting of the Act's ban on holding companies and simplification of requirements to report M&A activities.

### **3. Preferential treatment for investment**

a. Import and Inward Investment Promotion Law (FAZ Law)

Foreign companies that invest in designated Foreign Access Zones (FAZ) and meet certain requirements are eligible to receive the following preferential treatment (applications have been extended to May 2006):

- Operating losses may be carried forward 7 years (usually 5) from start up.
- Industrial Structure Improvement Fund (ISIF) guarantees up to 95% of loans for equipment purchases and working capital.
- Loan guarantees by the Credit Guarantee Corporation.

Japan had 22 FAZs as of October 2002. For information about each FAZ, please go to the

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<sup>3</sup> Rules and regulations related to limited liability companies (*yugen kaisha*) are stipulated in the Limited Liability Company Law (*Yugen Kaisha Hou*).

JETRO website (<http://www.jetro.go.jp/ov/e/faz/index.html>).

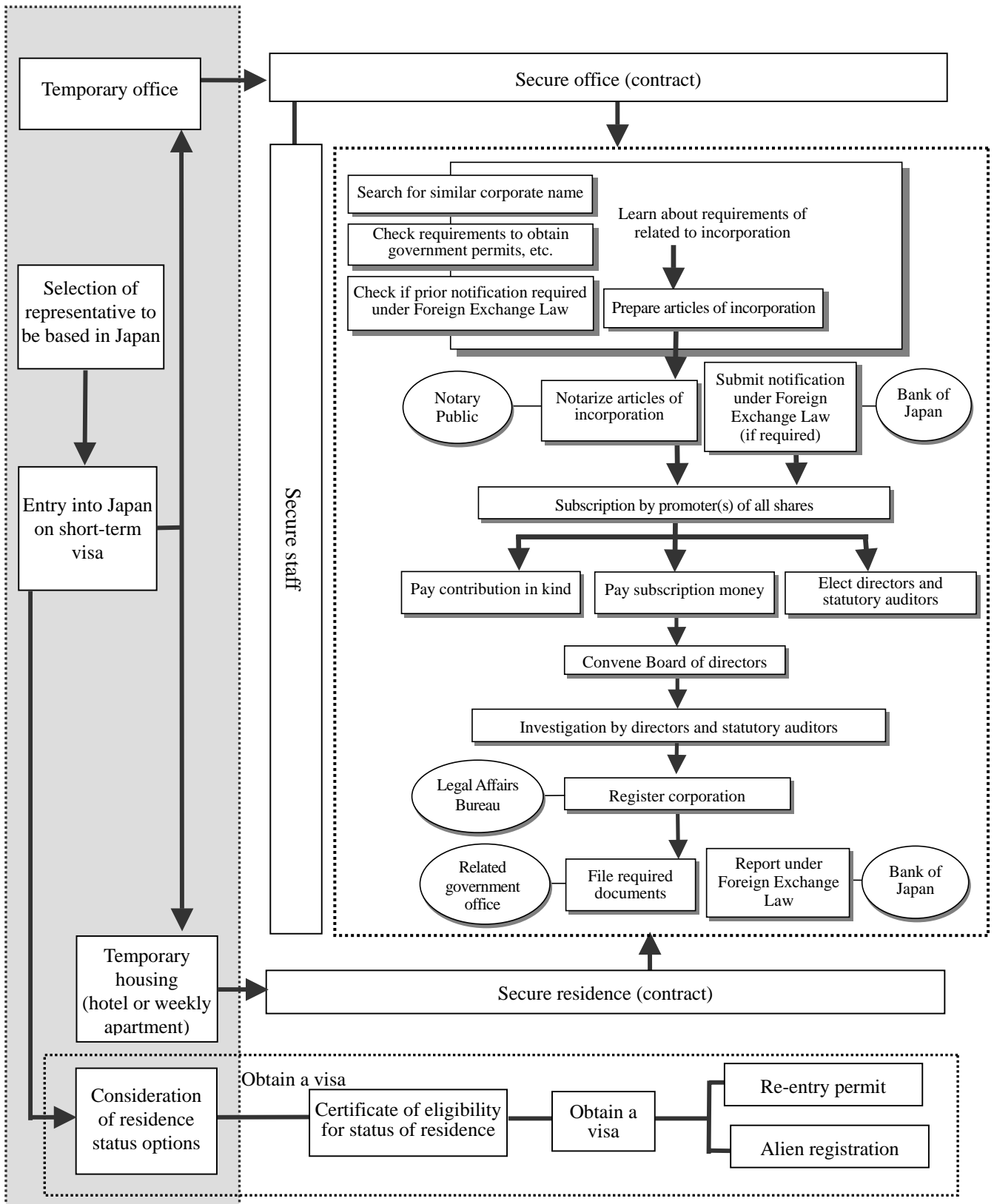
b. Low-interest loans by Development Bank of Japan (DBJ)

The Development Bank of Japan (DBJ) offers low-interest, long-term loans to foreign companies for first-time, full-scale investments in Japan, or for investments that are expected to help strengthen Japanese industrial structure, create new industries, or increase employment.

c. Subsidies, tax exemptions and low-interest loans by prefectural governments

Prefectural governments offer various forms of support to foreign investors. Measures differ in each prefecture, so please contact the relevant prefectural government or JETRO Trade Information Center for further information. Contact points for each center are given at [http://www.jetro.go.jp/ov/e/domestic\\_offices.html](http://www.jetro.go.jp/ov/e/domestic_offices.html).

Figure 1. Setting Up a Base in Japan



Note 1: Application for certificate of eligibility for statue of residence certificate and opening of a bank account should be made after establishing an office or place of residence (i.e. after signing lease contract for office or residence).

Note 2: For more information about incorporation and visas, please refer to Section B.

Source: "Setting Up Enterprises in Japan," JETRO (1995) and "The Japan Start-up Handbook: Procedures and Costs for Foreign Companies Establishing a Japanese Base," JETRO (1999).

## B. Information on Investment in Japan

Law/Regulation	Organization	Division	Contact	Website
Foreign Exchange and Foreign Trade Law	Bank of Japan	Balance of Payment Division, International Department	03-3277-2107 (direct) prd@info.boj.or.jp	<a href="http://www.boj.or.jp/about/tame/ta-meindex.htm">http://www.boj.or.jp/about/tame/ta-meindex.htm</a> (Japanese Only)
Commercial Code	Ministry of Justice	Commercial and Corporation Registration and Deposit Division, Civil Affairs Bureau	03-3580-4111 (main) webmaster@moj.go.jp	<a href="http://www.moj.go.jp">http://www.moj.go.jp</a> (Japanese) <a href="http://www.moj.go.jp/ENGLISH/CIAB/ciab-01.html">http://www.moj.go.jp/ENGLISH/CIAB/ciab-01.html</a> (Civil Affairs Bureau only, English)
Antimonopoly Act	Japan Fair Trade Commission		03-3581-5471 (main) intnldiv@jftc.go.jp	<a href="http://www.jftc.go.jp/e-page/f_home.htm">http://www.jftc.go.jp/e-page/f_home.htm</a>
Preferential Treatment for Investors				
Law for Facilitating the Creation of New Business Law for Assisting SMEs in the Challenges ( <i>Chusho Kigyou Chosen Shien Hou</i> )	Ministry of Economy, Trade and Industry	Office for New Business, Economic and Industrial Policy Bureau	03-3501-1569 (direct)	<a href="http://www.meti.go.jp/policy/mincap/index.html">http://www.meti.go.jp/policy/mincap/index.html</a> (Japanese Only)
Same as above	Same as above	Regional Bureaus of Economy, Trade and Industry	webmail@meti.go.jp	<a href="http://www.meti.go.jp/english/policy/index_tradeinformation.html">http://www.meti.go.jp/english/policy/index_tradeinformation.html</a>
Law on Extraordinary Measures for the Promotion of Import and the Facilitation of Foreign Direct Investment in Japan	The Industrial Structure Improvement Fund		03-3241-6357 webmaster@isif.go.jp	<a href="http://www.isif.go.jp/english/frames_e/f_yunyue.html">http://www.isif.go.jp/english/frames_e/f_yunyue.html</a>
Same as above	Ministry of Economy, Trade and Industry	Regional Bureaus of Economy, Trade and Industry	webmail@meti.go.jp	<a href="http://www.meti.go.jp/english/policy/index_tradeinformation.html">http://www.meti.go.jp/english/policy/index_tradeinformation.html</a>
Special loan program for the promotion of direct investment in Japan	Development Bank of Japan	International Department	03-3244-1770	<a href="http://www.dbj.go.jp/english/foreign/index.html">http://www.dbj.go.jp/english/foreign/index.html</a>
Procedures for Incorporation				
Incorporation procedures (registration of joint-stock company, acquisition of company registration certificate & certificate verifying rep. director's registered seal)	Regional Legal Affairs Bureau and Registry Office (in each regional area)			<a href="http://www.moj.go.jp/MINJI/minji16.html">http://www.moj.go.jp/MINJI/minji16.html</a> (registration info provided by Ministry of Justice in Japanese)

Procedures after Incorporation				
Procedures after incorporation (notifications of incorporation, consumption tax payment, etc.)	Taxation Office (in each area* <sup>1</sup> )			<a href="http://www.nta.go.jp/category/yousiki/yousiki.htm">http://www.nta.go.jp/category/yousiki/yousiki.htm</a> (info on notification incorporation provided by Tokyo Regional Taxation Bureau in Japanese)
Filing notifications related to incorporation	Local taxation Office (in each area)			<a href="http://www.metro.tokyo.jp/ANNAL/TOCHO/MADOGUCHI/tozei.htm">http://www.metro.tokyo.jp/ANNAL/TOCHO/MADOGUCHI/tozei.htm</a> (list of desks in each area, in Japanese)
Guidebook on metropolitan taxation in English, Chinese, and Korean (free, excluding postage)	Bureau of Taxation, Tokyo Government Office	General Affairs Division, General Affairs Department	03-5388-2927 (main) tax@section.metro.tokyo.jp	<a href="http://www.tax.metro.tokyo.jp/oshirase/2002/200208c.htm">http://www.tax.metro.tokyo.jp/oshirase/2002/200208c.htm</a> (info, in Japanese, about receiving guidebook)
Procedures for Social Insurance				
Procedures related to labor insurance (business report, employment policy, labor insurance notifications)	Labour Standards Bureau			<a href="http://www.roudoukyoku.go.jp/secondpage/2/conttop.htm">http://www.roudoukyoku.go.jp/secondpage/2/conttop.htm</a> (procedures for industrial insurance provided by Labor Standards Bureau in Japanese)
Notification of relationship between insurer/insured under labor and employment insurance system	Public Employment Security Office (in each area)			Same as above
Procedures on health insurance and social security pension	Social Insurance office (in each area)			<a href="http://www.sia.go.jp/outline/index.htm">http://www.sia.go.jp/outline/index.htm</a> (info on health insurance and social security pension, provided by Social Insurance Agency in Japanese)
Other useful sources of Information				
Telephone numbers and addresses	Town Page (telephone directory)			<a href="http://english.itp.ne.jp">http://english.itp.ne.jp</a>
Investment in Japan	Japan External Trade Organization (JETRO)		03-3582-5511 (main) webmaster@jetro.go.jp	<a href="http://www.jetro.go.jp">http://www.jetro.go.jp</a>

Note: The Tokyo Taxation Bureau operates an info desk specifically for non-Japanese (03-3821-9070).



## **C. JETRO Services**

### **1. Making introductions**

#### **a. Invest in Japan Individual Program (IJIP)**

Foreign companies with well-developed plans for investing in Japan are invited to visit the country and explore the feasibility of their plans. While in Japan, JETRO introduces them to companies that provide professional services, such as law firms, accountant offices and realties. It also helps set meetings with local governments and potential joint-venture partners, and arranges inspection tours of sites, facilities and so on. For further information, please contact the nearest JETRO office ([http://www.jetro.go.jp/it/e/profile\\_network/worldmap.html](http://www.jetro.go.jp/it/e/profile_network/worldmap.html)), or the Investment in Japan Division of Investment Promotion Department (IVC@jetro.go.jp).

#### **b. Trade Tie-up Promotion Program (TTPP)**

The TTPP is a web-based database that matches Japanese and foreign companies as business partners (<http://www3.jetro.go.jp/tppoas/index.html>).

#### **c. Introducing supportive companies and arranging visits**

JETRO introduces agent that can provide support for setting up a base in Japan, including recruiting companies, realties and others. JETRO also works with local governments to gather information on potential business sites, arranges visits to view these properties, and set up meetings with the local government where the site is located. For further information, please contact the nearest JETRO office ([http://www.jetro.go.jp/it/e/profile\\_network/worldmap.html](http://www.jetro.go.jp/it/e/profile_network/worldmap.html)), or the Investment in Japan Division of Investment Promotion Department (IVC@jetro.go.jp).

### **2. Investment information**

#### **a. “Invest Japan!”**

JETRO’s “Invest Japan!” website (<http://www.jetro.go.jp/investjapan/index.html>) provides comprehensive information and data on the investment environment in Japan. This includes Japanese macro economic data, laws and regulations, and examples of foreign companies that are operating in Japan.

#### **b. Publications**

JETRO publishes many books that summarize laws and procedures concerning investment in Japan. For example:

- Setting Up Enterprises in Japan
- Human Resource Management Guidebook -- Q&As; for managers of foreign affiliates
- Directory for Setting Up Enterprises in Japan

For further information, please visit <http://www.jetro.go.jp/it/e/pub/index.html>.

#### c. Library

You can read various materials on trade and investment in many countries, as well as JETRO publications, in the JETRO Library (<http://www.jetro.go.jp/li/e/index.html>).

#### d. Investment Seminar

JETRO organizes seminars and individual consultations in various countries in order to provide information about investing in Japan, such as trends in the Japanese market, regional investment climate, and laws and procedures.

### **3. Others**

#### a. Business Support Centers(BSC)

JETRO offers office facilities in Japan free of charge to foreign companies that are interested in investing in Japan (<http://www.jetro.go.jp/ip/e/bsc/index.html>). For further information and applications, please contact the nearest JETRO office ([http://www.jetro.go.jp/it/e/profile\\_network/worldmap.html](http://www.jetro.go.jp/it/e/profile_network/worldmap.html)).

#### b. Investment advisors

Some JETRO overseas offices, as well as JETRO's Tokyo and Osaka Offices, are staffed with investment advisors who provide information and consultation regarding direct investment in Japan.