

To Members of the Osaka Economic Press Club

(cc: Osaka Prefectural Government Press Club, Osaka Municipal Government Press Club)

**Joint release by the Osaka Prefectural Government, Osaka Municipal Government
and Osaka Chamber of Commerce and Industry (OCCI)
Osaka Business and Investment Center (O-BIC)
Achievements in FY 2017**

[Contact]

Ms. Liang and Ms. Fujita

Osaka Business and Investment Center (O-BIC)

(International Division, OCCI)

TEL: 06-6944-6298

I. About the Osaka Business and Investment Center (O-BIC)

- The Osaka Business & Investment Center (O-BIC) was established in 2001 jointly by the Osaka Prefectural Government, Osaka Municipal Government and the OCCI as a one-stop support center to promote foreign direct investment in Osaka (Secretariat: International Division, OCCI).

II. Overview of activities in FY 2017

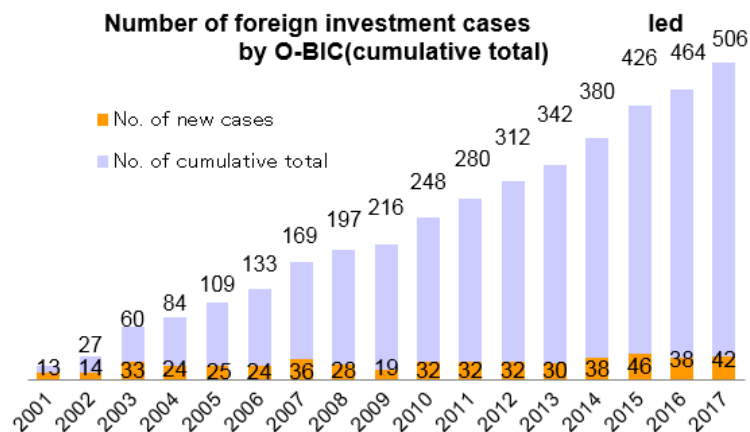
O-BIC Attracted 42 FDI cases, the second highest level on record.

(1) Inward FDI trend

FDIs from Asian countries accounted for more than 90% of the total, with more than 50% of these from China.

- The number of FDI cases totaled 42 in FY 2017, the second highest in O-BIC's history. The number has stayed at a high level, hovering from the higher end of 30 to above 40 since FY 2014. O-BIC attracted 164 FDI cases over the past four years, when the impact of inbound tourists to Japan became remarkable. The total investment amounted to ¥1,630,080,000 (excluding one large M&A case). The average investment by each company was around ¥10,000,000.
- Looking at the investors in the 42 FDI cases by country and region, the largest number of investors are from China (including Hong Kong) total of 25 cases (15 cases in FY 2016), next is South Korea's 6 cases (9 cases in FY 2016), and then 3 cases from Taiwan (6 cases in FY 2016). The number of investors in the Asian region amounted to 39 cases, making up more than 90% of the total, the same as in FY 2016. In five of the cases (six cases including one company that plans to go public), investors were listed companies in their mother countries. This clearly shows the close economic relationship between Osaka and the Asian region.

- Until 2017 O-BIC has attracted a total of 506 FDI cases over the 17 years since its establishment in 2001. China (188 cases), South Korea (86 cases), and the United States (42 cases) are ranked as the top three countries for the cumulative number of FDI cases. Meanwhile, a building material manufacturer in Russia opened its showroom in Osaka. This is the first Russian company that has made inroads into Osaka.



(2) Characteristics of inward FDI for Osaka

(i) Inbound tourist-related investment continued to grow steadily. Investors from other Asian countries arise.

- The number of inbound tourists to Japan from Asian countries, including China and South Korea, continued rising. With demand for high-quality Japanese products increasing, the amount of inbound tourist-related investment, such as investment in the tourist industry, locations for purchasing goods, distribution service agents, and real estate agents for foreigners, reached 19 cases, accounting for 45% of the total (13 cases in FY 2016).
- A feature of FDI in FY 2017 is that in addition to regular names such as China, Hong Kong, South Korea, and Taiwan, O-BIC attracted investment from other Asian countries including Thailand, Malaysia, and India. Two companies from India are travel agents. Based in Osaka, they plan to sell Japan sightseeing tour packages to Indian people.

(ii) Large Taiwanese companies continued to make inroads into Japan thanks to steady promotion activities.

- A large electrical manufacturer and the largest B2C internet retailer in Taiwan forayed into Japan. A characteristic of their investment is two-way business: marketing their goods in Japan; and introducing very popular Japanese goods to people in Taiwan.
- O-BIC has upgraded its promotion activities over several years. For example, it has actively received trade missions from Taiwan and has participated three

years in a row in the “Symposium on Investment in Japan” organized by the Japan External Trade Organization (JETRO) and held in Taiwan. Its efforts have started paying off.

(iii) Having a personal relationship with people in Osaka was a decisive factor for overseas major companies to open offices in Osaka

- Personal relationships have encouraged leading overseas companies to open bases in Osaka. These companies have selected Osaka as their first foothold in Japan by placing more weight on personal contacts and business networks in Osaka-Kansai and smooth communication. This is because they have developed a relationship of trust through transactions with companies and business partners in Osaka over many years. The personal relationships that companies and entrepreneurs in Osaka have built up have also played an important role in attracting FDI.

III. The main successful investment cases in FY 2017

■ Large Chinese companies pay attention to the high manufacturing capability

Shenzhen Senior Technology Material and Nantong Haixing Electronics aim to develop products for the global market through joint development with or capital tie-ups with companies in Osaka that have the edge in lithium-ion battery and manufacturing.



Senior Japan Osaka Research Institute (Higashinari-ku, Osaka)

Parent company: Shenzhen Senior Technology Material Co., Ltd., a listed company that manufactures lithium battery separators in China.

Business: Research and development

Support: Provision of business information and public relations



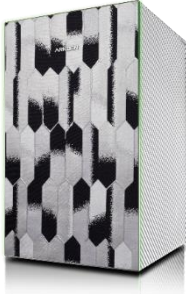
Haistar Japan Corporation (Hirano-ku, Osaka)

Parent company: Nantong Haixing Electronics Limited Liability company, a large company that manufactures and markets high-performance aluminum electrode foils in China.

Business: Investment in manufacturers that have unique technology and know-how

Support: Legal issues and the establishment of the company, introduction of tax experts, provision of information

■ **Making inroads into Osaka to seek personal relationships**



When SAMPO became a local agent for a major electric manufacturer in Osaka 80 years ago, it began to do business with Japanese companies. The Company has now grown into a listed company that manufactures and markets general home electrical appliances. Using its extensive network of Japanese companies in the field of home electrical appliances and logistics, the Company plans to expand sales of its high-end products in Japan, including air cleaners that are developed in collaboration with HOSOO, a Kyoto-based textile (Nishijin brocade) company.

SAMPO JAPAN Co., Ltd. (Chuo-ku, Osaka)
 Parent company: SAMPO Group in Taiwan, a listed company that manufactures and markets general home electrical appliances
 Business: Import and marketing of its products in Japan, export and marketing of OEM-manufactured Japanese products, export & import and marketing of daily commodities, operation of restaurants in Taiwan with a large Japanese restaurant operator
 Support: Provision of business information and public relations; people exchange with O-BIC when visiting Osaka as a member of the Third Wednesday Club, the largest economic organization in Taiwan, which has a tie-up with Osaka Chamber of Commerce and Industry

■ **High interest shown by companies in Osaka led to the first subsidiary in Osaka by a Russian company**

KARVI has its head office and plant in Sakhalin. The Company is a leading enterprise in Sakhalin that manufactures energy-saving windows using Germany technology and claims a 70% market share in the market of residential and office building windows in Sakhalin. It established its Japanese subsidiary and opened its showroom in Sapporo in 2016. Soon after, the Company began sales activities in Japan, and companies in Osaka-Kansai showed high interest. Thus, it began full-scale sales activities in western Japan by opening its showroom in ATC Imported Housing Promotion Center.



KARVI JAPAN CO., LTD. (Suminoe-ku, Osaka)
 Parent company: KARVI LLC in Russia that manufactures energy-saving windows
 Business: Marketing of energy-saving window systems
 Support: Provision of business information, cooperation for sales promotion activities, and public relations

IV. Outline of FY 2017 activities

(1) Promotional activities

- In FY 2017, O-BIC continued to attract FDI to Osaka in collaboration with the Osaka International Business Promotion Center and the Japan External Trade Organization (JETRO) Osaka.
- During FY 2017, O-BIC received 135 inquiries from foreign investors, provided information about the Japanese market and enterprise establishment procedures, and offered individual consultation.
- O-BIC conducted promotional activities by paying attention to cutting-edge fields, such as IoT and AI, which are expected to grow sharply in the future, in addition to the fields of new energy, life science, and MICE, where Osaka-Kansai has advantages. Moreover, O-BIC also focused on enhancing the name recognition of Osaka and publicizing the attractiveness of Osaka, with a campaign in mind to win the right to host the 2025 world exposition (EXPO) in Osaka.
- Specifically, in Japan, O-BIC brought in Chinese, American, European and Canadian businesses and economic organizations from various sectors to promote Osaka as an investment destination and hold business matching sessions for them and local companies in Osaka. O-BIC also interviewed representatives from foreign companies participating in trade fairs such as “Life Science World” and “Manufacturing World Japan” to find prospective investors. Outside Japan, O-BIC held seminars and participated in trade fairs in various countries and regions, such as the U.S., China, Taiwan, South Korea, Thailand, Vietnam, India, and Chile to introduce Osaka's investment environment.

O-BIC's Activities

| FY | Number of Inquiries | Number of foreign investment cases | Number of Support Program's users |
|--------------|---------------------|------------------------------------|-----------------------------------|
| 2001 | 300 | 13 | - |
| 2002 | 273 | 14 | - |
| 2003 | 164 | 33 | - |
| 2004 | 141 | 24 | - |
| 2005 | 158 | 25 | - |
| 2006 | 175 | 24 | - |
| 2007 | 139 | 36 | - |
| 2008 | 117 | 28 | 11 |
| 2009 | 137 | 19 | 12 |
| 2010 | 101 | 32 | 18 |
| 2011 | 123 | 32 | 15 |
| 2012 | 94 | 32 | 13 |
| 2013 | 97 | 30 | 14 |
| 2014 | 113 | 38 | 25 |
| 2015 | 137 | 46 | 23 |
| 2016 | 118 | 38 | 24 |
| 2017 | 135 | 42 | 23 |
| Total | 2,522 | 506 | 178 |

※Support Program :
O-BIC's unique incentive for promoting investment in Osaka by alleviating the burden through reduction of part of the costs (Ex. Registration, Visa etc.)
(Maximum support amount:¥150,000)

(2) Support for firm establishment

- O-BIC holds an Osaka Business Networking Club event twice a year to help foreign companies operating in Osaka build networks with local companies. O-BIC also informs them about various networking events hosted by OCCI and other local organizations, such as the Kansai International Meishi Exchange. In addition, O-BIC helps them with their promotional activities and introduces them to market development tools and other useful resources to help them become firmly established in Osaka.

- In FY 2017, the Osaka Business Networking Club held a lecture by the Consul General of Italy in Osaka, titled “The Benefits of World Expositions: Lessons from the Expo Milano 2015” to heighten the momentum to invite the 2025 world exposition (EXPO) to Osaka. In addition, it held a lecture by the manager of a leading restaurant chain in Osaka at a historic building designated as an important cultural property, a tour of the historic building, and a networking meeting to enhance people’s understanding of Osaka and expand exchanges with local companies. In total, 123 persons participated in the above events.

<Reference materials >

- ①A matrix of O-BIC investment cases in the Osaka region in fiscal 2017
- ②A matrix of O-BIC investment cases in the Osaka region in fiscal 2001-2017

Osaka Business and Investment Center (O-BIC)
Matrix of Investment cases in FY2017
(April, 2017–March, 2018)

Cases of New Entry : 42

※Figures in brackets () =FY16

| Country/Region | Industry | | R&D | Wholesale and Retail (Export) | Wholesale and Retail (Import) | finance and insurance | Transportation | Information and Communications | Service | Public agencies/ organizations | TOTAL |
|----------------|---------------|--------------|--------------|-------------------------------|-------------------------------|-----------------------|----------------|--------------------------------|--------------|--------------------------------|---------|
| | Manufacturing | | | | | | | | | | |
| Asia | China | (1) | 2 (1) | 5 (3) | 8 (2) | 1 | (1) | | 3 (7) | 1 | 20 (15) |
| | Hong Kong | 2 | | | 2 (1) | | | | 1 | | 5 (1) |
| | Korea | (1) | | 1 (1) | 1 (6) | | | | 4 (1) | | 6 (9) |
| | Taiwan | | | 1 | 1 (2) | | | (1) | 1 (3) | | 3 (6) |
| | India | | | | | | | | 2 | | 2 (0) |
| | Singapore | | | | | (1) | | | 1 | | 1 (1) |
| | Thailand | | | | | | | | 1 | | 1 (0) |
| | Malaysia | | | | | | | | 1 | | 1 (0) |
| | Israel | | | | | | | | | (1) | 0 (1) |
| | Macau | | | | (1) | | | | | | 0 (1) |
| | Myanmar | | | | | | | | | (1) | 0 (1) |
| | Mongolia | | | | | (1) | | | | | 0 (1) |
| | Asia/Total | 2 (2) | 2 (1) | 7 (5) | 12 (13) | 1 (0) | 0 (1) | 0 (1) | 14 (12) | 1 (1) | 39 (36) |
| Europe | Malta | | | | | 1 | | | | | 1 (0) |
| | Russia | | | | 1 | | | | | | 1 (0) |
| | Denmark | | | | 1 | | | | | | 1 (0) |
| | UK | | (1) | | | | | | | | 0 (1) |
| | Portugal | | | | | (1) | | | | | 0 (1) |
| | EU/Total | 0 (0) | 0 (1) | 0 (0) | 2 (1) | 1 (0) | 0 (0) | 0 (0) | 0 (0) | 0 (0) | 3 (2) |
| TOTAL | 2 (2) | 2 (2) | 7 (5) | 14 (14) | 2 (0) | 0 (1) | 0 (1) | 14 (12) | 1 (1) | 42 (38) | |

ACHIEVEMENTS in the last 17 years

(April 2001 - March 2018)

| Country /Region | Industry | Manufacturing | R&D | Wholesale and Retail (Export) | Wholesale and Retail (Import) | Finance and Insurance | Transportation | Information and Communications | Service | Public agencies/ organizations | Others | Total |
|----------------------------|----------|---------------|-----------|-------------------------------|-------------------------------|-----------------------|----------------|--------------------------------|------------|--------------------------------|----------|------------|
| Asia | | | | | | | | | | | | |
| China | | 2 | 5 | 38 | 65 | 2 | 13 | 10 | 32 | 16 | | 183 |
| Korea | | 1 | 1 | 9 | 41 | 2 | 1 | 9 | 19 | 3 | | 86 |
| Hong Kong | | 2 | | 6 | 8 | | | 3 | 1 | | | 20 |
| Shingapore | | | | | 5 | | 2 | 2 | 4 | | | 13 |
| India | | | | | 4 | | | 6 | 4 | | | 14 |
| Indonesia | | | | 1 | | 1 | 1 | | | | | 3 |
| Sri Lanka | | | | | 1 | | | | | | | 1 |
| Taiwan | | | 1 | 2 | 19 | | | 1 | 7 | | | 30 |
| Thailand | | | | | 1 | | | | 3 | | | 4 |
| Myanmar | | | | | 1 | | | 1 | 1 | | | 3 |
| Vietnam | | | | | 1 | | | 1 | 2 | 1 | | 5 |
| Mongolia | | | | | 1 | | | | | 2 | | 3 |
| Pakistan | | | | | | | | | | 1 | | 1 |
| Macau | | | | 1 | | | | | 1 | | | 2 |
| Malaysia | | | | | | | 1 | | 1 | | | 2 |
| Philippines | | | | 1 | | | | | | | | 1 |
| Hong Kong/Singapore | | | | | | | | | 1 | | | 1 |
| Israel | | | | | | | | | | 1 | | 1 |
| Asia/Total | | 5 | 7 | 58 | 147 | 5 | 18 | 33 | 76 | 24 | 0 | 373 |
| North America | | | | | | | | | | | | |
| Canada | | | | | 2 | 1 | | 1 | 3 | 1 | | 8 |
| USA | | 1 | 2 | 2 | 18 | | | 4 | 14 | 1 | | 42 |
| North America Total | | 1 | 2 | 2 | 20 | 1 | 0 | 5 | 17 | 2 | 0 | 50 |
| Europe | | | | | | | | | | | | |
| UK | | | 1 | | 4 | 2 | | 3 | 8 | | 1 | 19 |
| France | | 1 | 1 | | 5 | 3 | | | 2 | | | 12 |
| Germany | | 2 | 1 | | 6 | | | | 4 | | | 13 |
| Ireland | | | | | | | | 1 | | | | 1 |
| Italy | | | | | 1 | | | 1 | | 1 | | 3 |
| Switzerland | | | | | 4 | | | | 1 | | | 5 |
| Spain | | | | | 2 | | | | | | | 2 |
| Denmark | | | | | 3 | | | | | | | 3 |
| Finland | | | | | 1 | | | | | | | 1 |
| Belgium | | | | | 1 | 1 | | | | | | 2 |
| The Czech Republic | | | | | 1 | | | 1 | | | | 2 |
| Sweden | | 1 | | | 1 | | | | | | | 2 |
| Norway | | | | | | | | 1 | | | | 1 |
| Slovakia | | | | | | | | | | 1 | | 1 |
| Netherland | | | | | 1 | | | | 1 | | | 2 |
| Poland | | | | | | | | | | 1 | | 1 |
| Portugal | | | | | 2 | | | | | | | 2 |
| Malta | | | | | | 1 | | | | | | 1 |
| Russia | | | | | 1 | | | | | | | 1 |
| Europe Total | | 4 | 3 | 0 | 33 | 7 | 0 | 7 | 16 | 3 | 1 | 74 |
| Oceania | | | | | | | | | | | | |
| New Zealand | | | | | 1 | | | | | | | 1 |
| Australia | | | | | 1 | | | 3 | 3 | | | 7 |
| Oceania Total | | 0 | 0 | 0 | 2 | 0 | 0 | 3 | 3 | 0 | 0 | 8 |
| Africa | | | | | | | | | | | | |
| Cote d'Ivoire | | | | 1 | | | | | | | | 1 |
| Africa Total | | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Total | | 10 | 12 | 61 | 202 | 13 | 18 | 48 | 112 | 29 | 1 | 506 |