

Improvement of Japanese Investment Environment



April, 2001

Japan's Changing FDI and Corporate Environment

Improvement of Investment Environment in Japan




- **Japan welcomes the expansion of FDI**
- **Japan is at the height of economic structural reform**
- **Economic structural reform is connected directly with the improvement of the investment environment**
- **FDI in Japan has expanded dramatically in recent years**

Corporate Governance and Transparency (1)



- **Appraisal of enterprises by global standards**
 - International Accounting Standards
 - Consolidated Accounting
 - Deferred Tax
 - Cash Flow Statement
 - Accounting for Financial Instruments

Corporate Governance and Transparency (2)




- **Effective and dynamic corporate management**
 - Review of outside director system
 - Introduction of the legal alternative to adopt the U.S. model based corporate governance system
- IT use in corporate management
 - General shareholders' meetings
 - Corporate documents such as minutes of directors' meeting and financial statements
- Improvement of stock option system

Corporate Governance and Transparency (3)




- **Improvement of transparency of administrative procedures**
 - Regulatory Reform
 - Administrative Guidance
 - Introduction of No-Action Letter

Corporate Revitalization and Restructuring (1)



- **Promotion of restructuring**
 - Simplification and rationalization of corporate merger
 - Stock-for-stock transactions
 - Corporate divestiture
- **Simplification of revitalization procedures**
 - The Civil Rehabilitation Law
 - Approval and support of international bankruptcies
 - Revision of the Corporate Reorganization Law and the Bankruptcy Law


Corporate Revitalization and Restructuring (2)



■ Securitization of assets

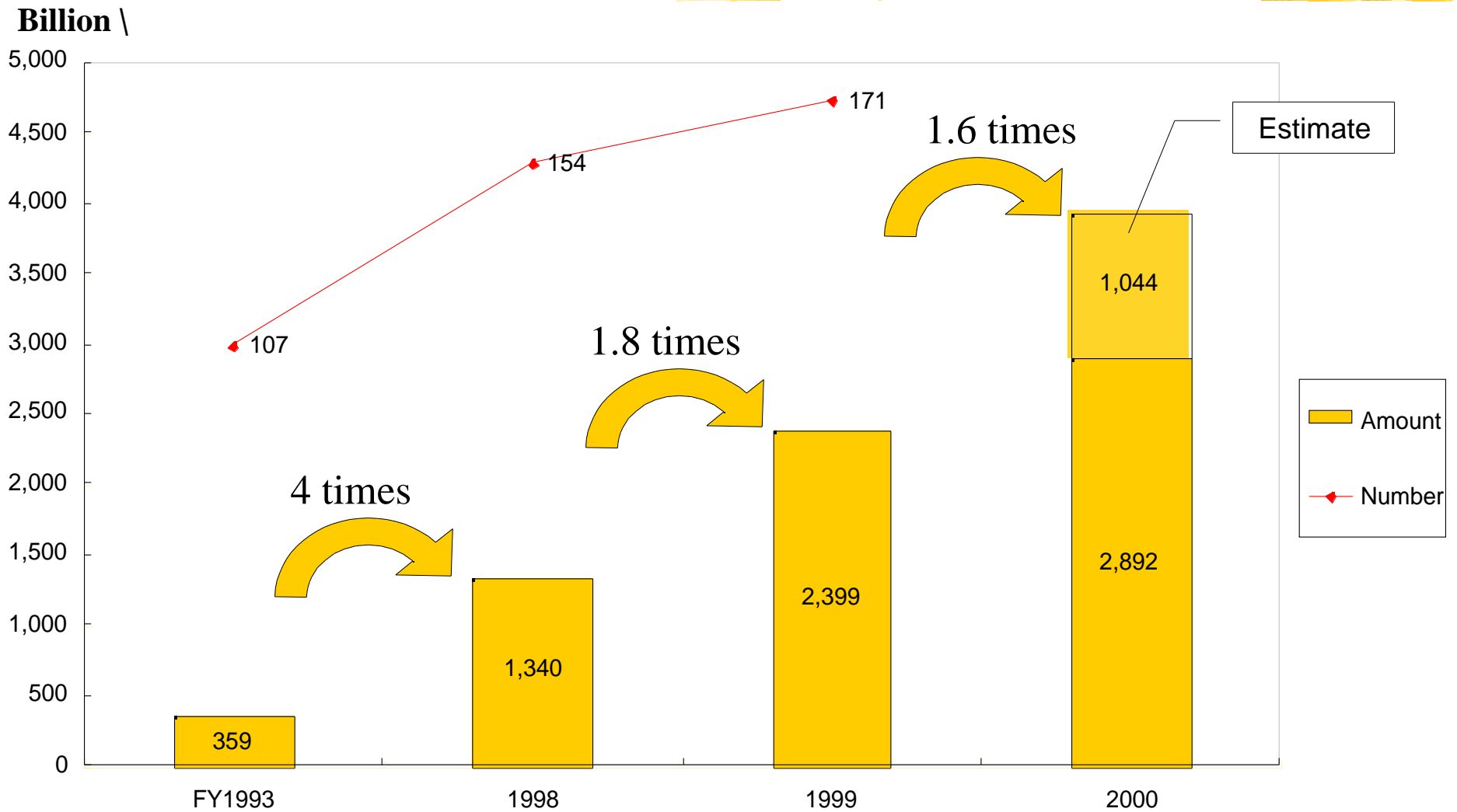
- Law on Securitization of Specified Assets by Special-Purpose Companies (SPC Law)
- Law on Securities Investment Trusts and Companies

Corporate Revitalization and Restructuring (3)

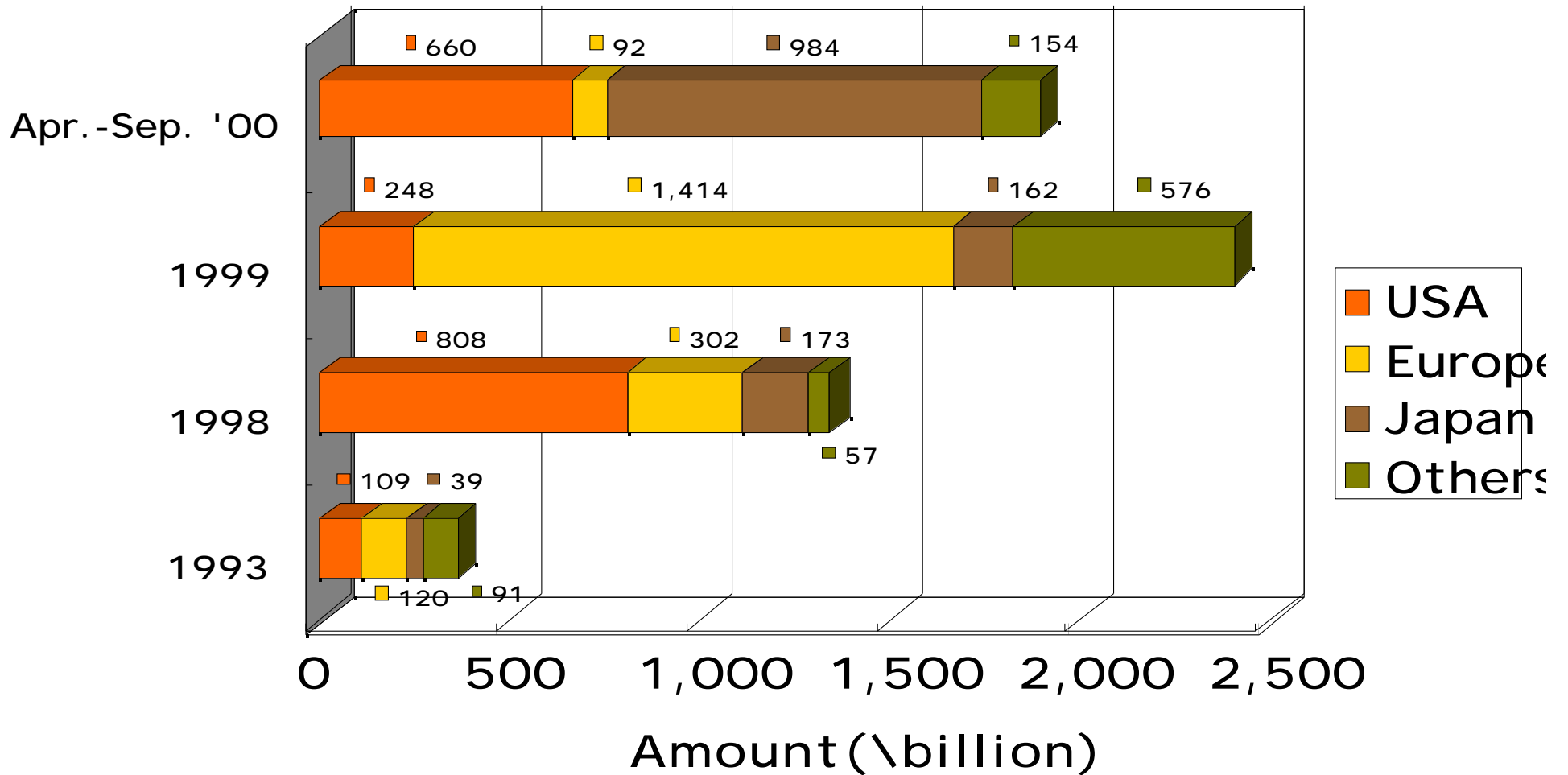


- **Activation of labor markets and facilitation of labor mobility**
 - Strengthening Worker Dispatching Undertakings
 - The Fee-charging Employment placement Project
 - Human Resources Development to Meet the Needs of Society
 - Legal Measures Concerning Labor Issues Related to the Division of Companies
 - Prompt Settlement of Labor-Management Dispute
 - Introduction of Defined Contribution Pension System

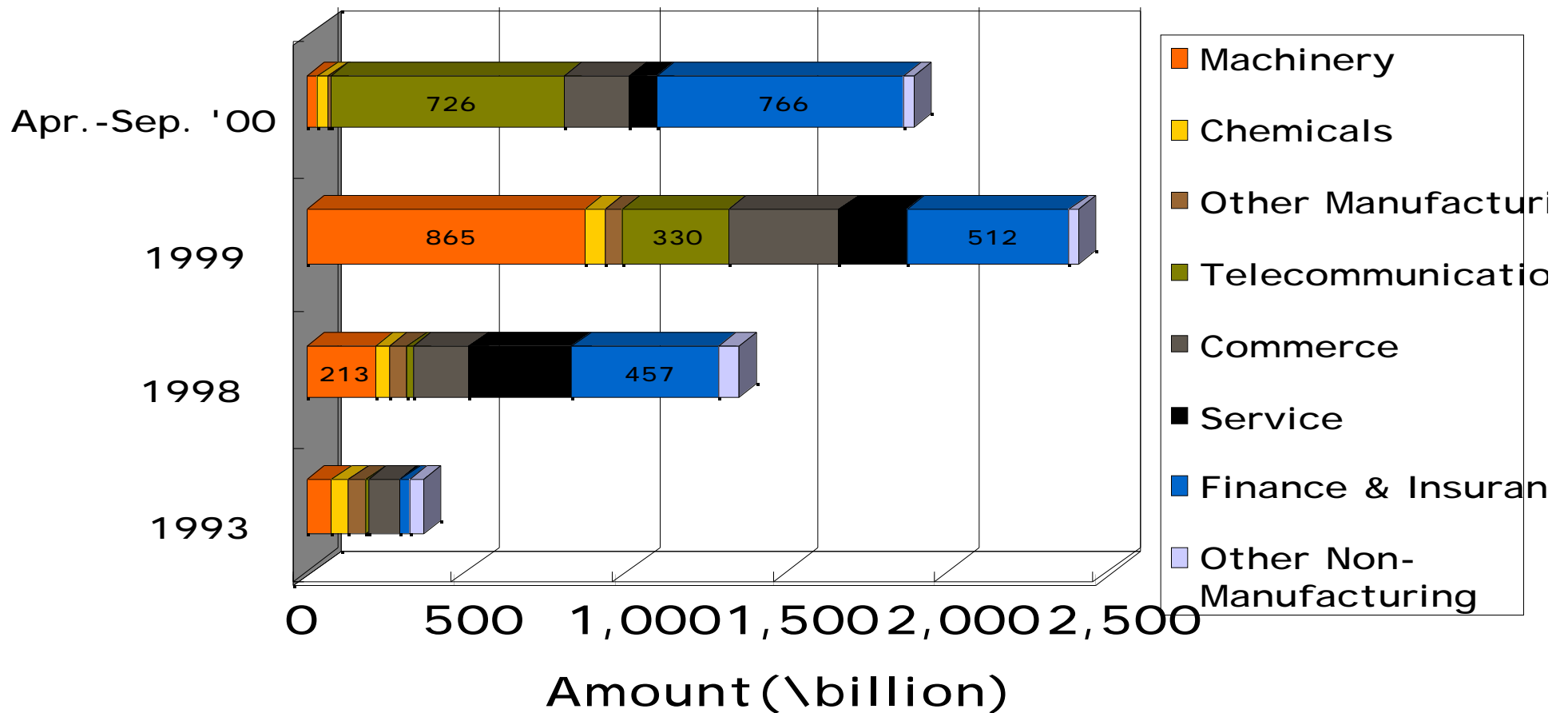
Change of FDI(1)



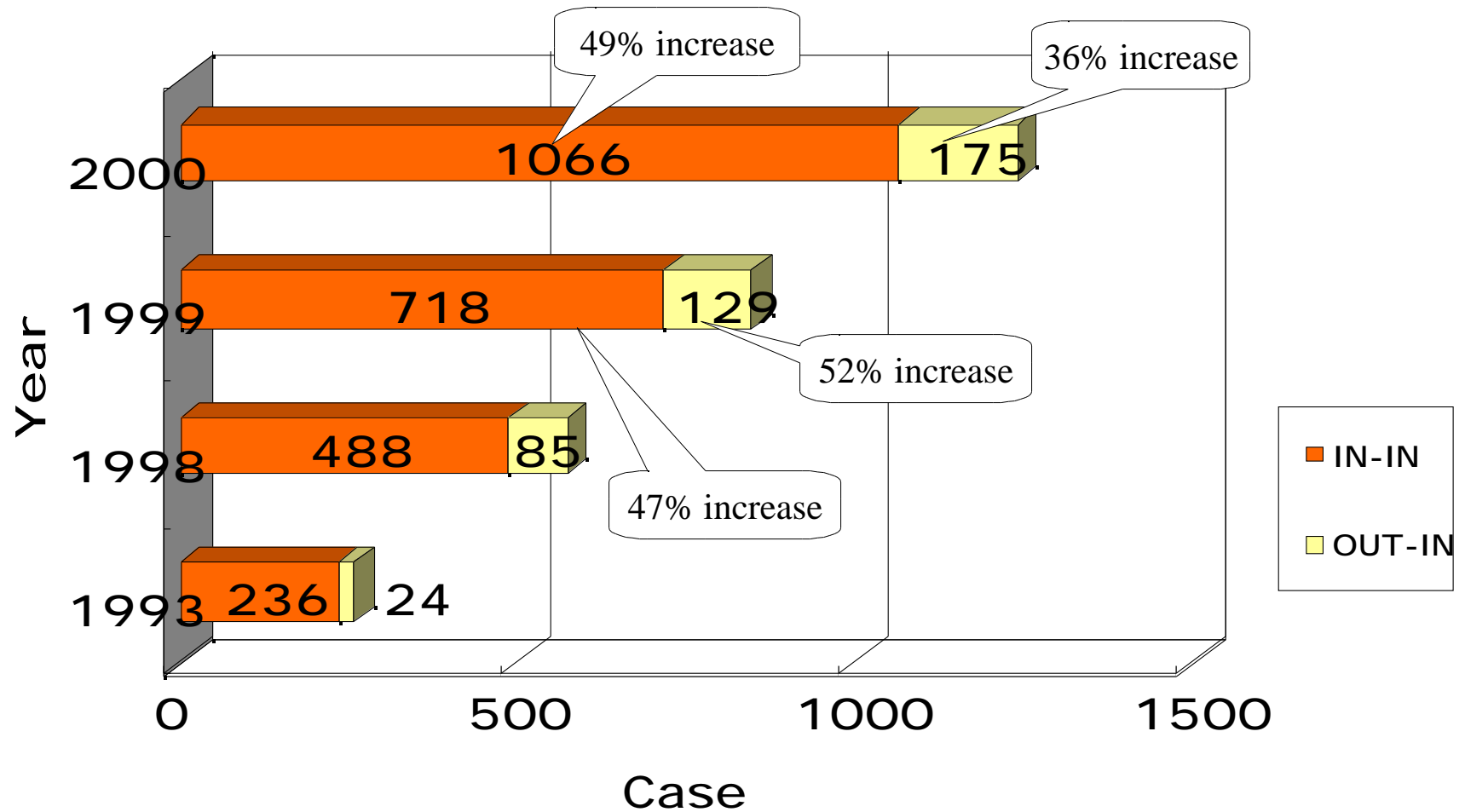
Changes in FDI (2) by region



Changes in FDI (3) by category of business



Changes in M&As



Source: Amarr by Recof

Major FDI cases (1998-2000)

	Buyer		Seller		Type
1998	GE Capital	USA	Toho Life, Lake		transfer
	Nextel Communications	USA	J-Com		capital participation
	Daimler Benz	Germany	Nissan Diesel Motor		purchase
	Travellers Group	USA	Nikko Securities		capital participation
	United Microelectronics Corp (UMC)	Taiwan	Nippon Foundry		purchase
	UBS	Switzerland	LTCB Warburg Securities		purchase
	Cargill	USA	Toushoku		purchase
	Manulife Financial	USA	Daihyaku Life Insurance		transfer
	PSI Net	USA	Tokyo Internet, Rimnet		purchase
	1999	GE Capital	USA	Japan Leasing	
Dupont		USA	Teijin		transfer
Renault		France	Nissan Motors		capital participation
BT, AT&T		UK, USA	Japan Telecom		capital participation
C&W		UK	IDC		purchase
Ripplewood Partners		USA	LTCB		purchase
Volvo		Sweden	Mitsubishi Motors		capital participation
GM		USA	Fuji Heavy Industries (Subaru)		capital participation
AXA Life Insurance		France	Nihon Dantai Life Insurance		purchase
2000	Boehringer-Ingelheim	Germany	SSP		investment expansion
	PCCW	Hong Kong	Hikari Tsushin		capital participation
	Daimler Chrysler	Germany	Mitsubishi Motors		capital participation