

Special Economic Zones of Metropolitan Tokyo

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What Are the Special Economic Zones of Metropolitan Tokyo?

Currently, there are two types of Special Economic Zones that the Tokyo Metropolitan Government is working on.

The first is the Special Zone for Asian Headquarters which received designation by the national government as one of the Comprehensive Special Zones for International Competitiveness. Amongst the many cities in Asia, Tokyo stands out as having rich resource potential in business, society, and culture. But the number of foreign companies has been sharply decreasing from its peak in 2005, and the Global Power City Index is showing that the gap between Tokyo and its rival foreign cities has been shrinking. Under such circumstances, the Tokyo Metropolitan Government believes that bringing foreign human resources, information, and capital to Tokyo, and hence providing for economic development, will be pivotal for Japan's revitalization. With this premise, in 2011 Tokyo applied for and received designation as a Comprehensive Special Zone for International Competitiveness and since then Tokyo has strategically attracted foreign companies so that it may evolve as the headquarters of Asia. The Special Zone for Asian Headquarters has been strategically attracting foreign companies by combining tax systems, deregulation, and urban development. By increasing the international competitiveness of Tokyo and to lead it to further growth through attracting foreign companies to the special zone, Tokyo is targeting to attract at least 500 foreign companies, including 50 companies establishing their Asian regional headquarters or R&D centers in the city by 2016. Central Tokyo and the waterfront area, the Shinjuku Station vicinity, Shibuya Station vicinity, Shinagawa and Tamachi stations vicinity, and former Haneda Airport site have been designated as the Special Zone for Asian Headquarters ([Map](#)).

The second type is the National Strategic Special Zone which was designated by the national government, based on the perspectives of boosting the international competitiveness of industry and promoting the creation of centers of international economic activities by giving priority to advancing structural reform of the economic system. As a breakthrough for deregulation which is the foremost priority of the growth strategy of Prime Minister Shinzo Abe's government, the National Strategic Special Zones Law was enacted in December 2013. In Tokyo, nine wards – Chiyoda, Chuo, Minato, Shinjuku, Bunkyo, Koto, Shinagawa, Ota, and Shibuya – along with Kanagawa Prefecture and Narita city in Chiba Prefecture have been

designated as the Tokyo Area National Strategic Special Zone by the national government in May 2014 ([Map](#)).

The zonal policy of the Tokyo Area National Strategic Special Zone states that, “with the hosting of the Tokyo 2020 Olympic and Paralympic Games, the Special Zones aim to attract capital, human resources and companies to formulate an international business hub, and also create new and internationally competitive businesses in such fields as drug development, through start-up companies and innovation.” With this zonal policy in mind, the Tokyo Metropolitan Government is working to make Tokyo an open and global business city.

Concrete Measures & Merits of Special Economic Zones

The Special Zone for Asian Headquarters provides merits such as tax incentives, financial support, deregulation, and business and living support for foreign companies advancing operations to the special zone for the first time.

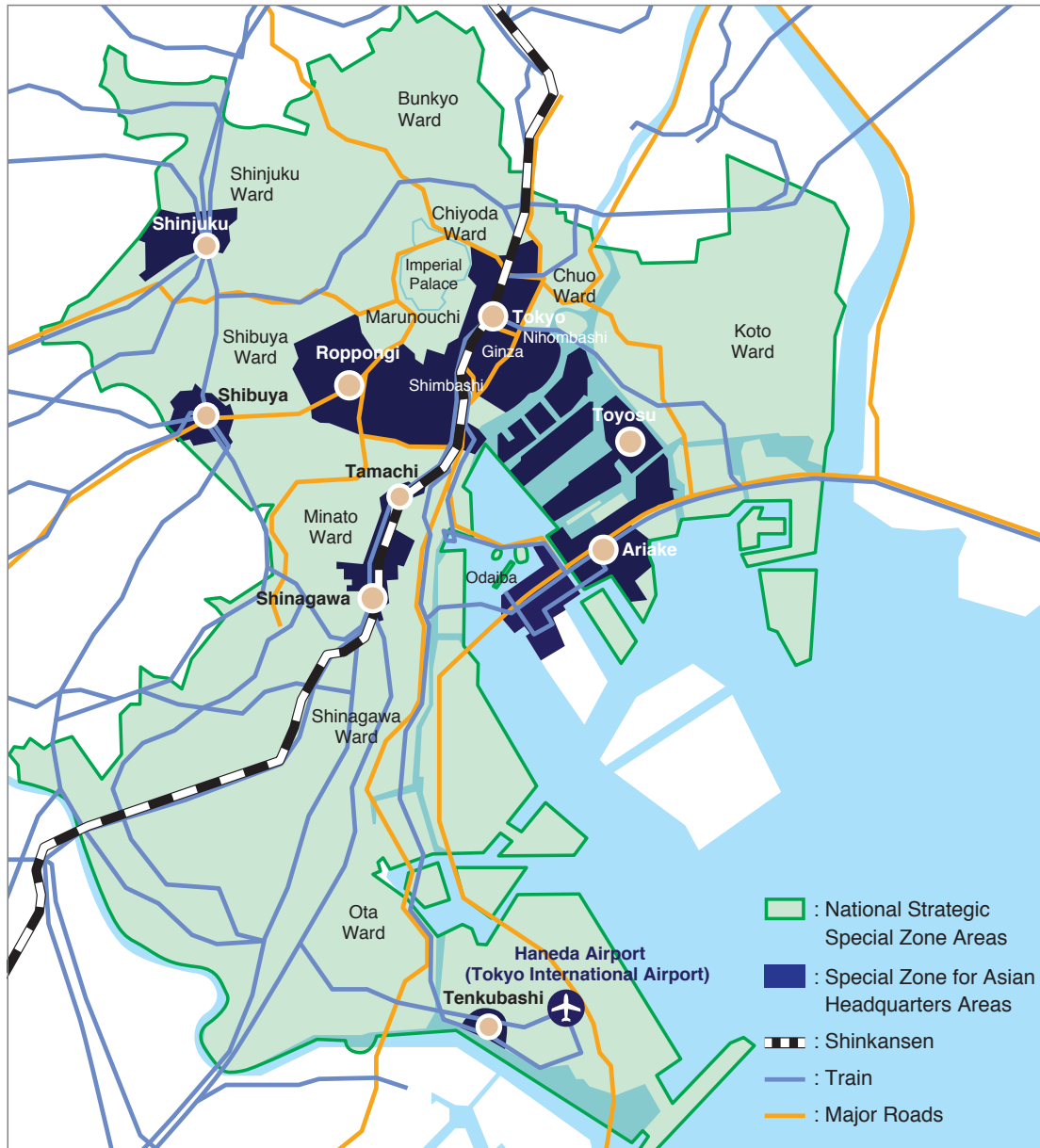
On tax incentives, the effective corporate tax rate on foreign companies establishing Asian regional headquarters or R&D centers within the Special Zone for Asian Headquarters will be lowered from the current 33.1% to 24.7%, provided the companies meet set criteria.

To support the businesses of foreign companies, deregulation such as a speedy immigration process and simplified procedures has already been introduced. The application process for the Certificate of Eligibility for the Status of Residence for foreigners hired by the foreign companies authorized by the Tokyo Metropolitan Government will be shortened to around 10 days from the current one-month to three-month examination period.

On preparations for creating an international and business-friendly environment within the National Strategic Special Zones, international business hub projects in 10 areas were selected at the area meeting last year, where the exceptions such as a flexible and bold floor space index were established. Among the planned projects are a new station on the Tokyo Metro Hibiya Line, development of a large-scale underground bus terminal, strengthening of Meeting, Incentive tour, Convention, and Exhibition (MICE) functions, and development of medical and educational support for foreigners coming to live in Tokyo. To roll out these projects promptly, the Tokyo Metropolitan Government Urban Renaissance Subcommittee

MAP

Tokyo's Special Economic Zones (as of the end of March 2015)



Source: Tokyo Metropolitan Government

was established and projects have been listed and approved under the zone plan. Things are now developing in a speedy fashion.

The International Business Hub Project uses the tax system to support project implementations. On capital investment tax cuts, when a building facility is loaned, such tax cuts did not apply to the construction companies for construction costs, but to support the development of international schools, if a building facility is loaned to an international school the tax cuts will now apply from fiscal 2015.

Through this new measure, a rich and stable education environment for the children of foreign nationals working in Japan can be expected.

Moreover, deregulation is in place to make Tokyo a center for drug development, including a swift examination process for Special or Specified Medical Care Coverage, and exceptions to the Regulation for the Number of Hospital Beds to authorize establishing or increasing hospital beds at medical institutions. Among the six

medical institutions within the Special Zone, nine cases of the use of the system have been approved by the Japanese government, and the projects continue to move forward. There are also exceptions where foreign doctors are able to practice medicine, aiming to lay the ground for a medical environment than can cater to the expected increase in the number of foreigners coming to Japan with the development of international business hub projects. Through these projects, Tokyo will grow as an international medical and pharmaceutical center.

In addition, there are various initiatives being taken in Tokyo to promote investment in Japan.

Details of Business Support

The Tokyo Metropolitan Government is managing the “Business Development Center Tokyo” (BDCT) which supports foreign businesses and foreign entrepreneurs who are planning to expand, or have already expanded, their businesses to Tokyo. The BDCT offers support for the various necessary procedures, consultation services, and other guidance in setting up corporations and market expansion. It provides support for business expansion by foreign companies, such as introducing specialized service providers that cater to the business plans of foreign companies; matching businesses between foreign and Japanese companies and providing support in networking; and providing support in business model formulation, fundraising, and intellectual property strategies. The BDCT also provides information, consultation, and support to foreign company employees and their families on how they can live comfortably in Tokyo.

In January 2015, the “Tokyo Employment Consultation Center” was established to help global companies and venture companies properly understand Japanese employment rules, and also support their smooth business expansion into Japan. Lawyers and Certified Social Insurance and Labor Consultants tend to the needs of the companies, and work to prevent labor related disputes.

Furthermore, the “Tokyo One-Stop Business Establishment Center”, which is jointly operated by the Japanese government and the Tokyo Metropolitan Government and aims to become a one-stop desk for various procedures, was established within the JETRO headquarters in April this year. To promote the opening of new businesses, both Japanese and foreign, this Center will pull together various applications, such as registration, taxation, pension and social insurance, required when establishing corporations and starting new businesses. The Center will also handle the application booth function for the issuance of the Certificate of Eligibility for Resident Status, thereby speeding up the application process. With the establishment of the “Tokyo One-Stop Business Establishment Center”, the branch office of the BDCT and the “Tokyo Employment Consultation Center” have now relocated to the same floor of the Center at the JETRO headquarters, and all of the institutions are now

able to collaborate in providing services. Foreign companies that visit to consult on establishing a corporation will now also benefit from speedy procedures, and receive advisory services on future business expansions and other plans.

Concrete Examples Attracted to the Special Zones

In fiscal 2013, 11 companies decided to establish Asian regional headquarters and R&D centers in Tokyo. The breakdown of the businesses is six companies in the medical area, two in the environment, two in information and communications technologies, and one in creative content development. These companies have original and unique technologies or advanced technologies.

For fiscal 2014, 20 companies have expressed interest in expanding businesses to Tokyo. The breakdown includes four companies in medical and health care, nine in information and communications technologies, and five in the environment. As was the case in the previous year, many of the companies own original and advanced technology. The profiles of the companies which have decided to expand to the Special Zone for Asian Headquarters in fiscal 2014 are as follows:

LinguaNext Technologies Pvt. Ltd.

Type	R&D center
Location	Central Tokyo / Waterfront Area (scheduled)
Date of Establishment	The first half of 2015 (scheduled)
Business Description	Development and marketing of solutions for efficient language localization of enterprise applications for Japanese companies operating globally and software companies planning to market their products overseas.
URL	http://www.linguanext.net/

Connect Worldwide International, Inc.

Type	R&D center
Location	Central Tokyo / Waterfront Area
Business Description	Development of consulting services for Japanese hotels/ <i>ryokan</i> including marketing and customer service methodologies suited to languages, cultures and religions found in more than 50 countries.
URL	http://cww.travel/

ReneSola Ltd.

Type	R&D center
Location	Central Tokyo / Waterfront Area

Business Description	Development of photovoltaic systems tailored to the needs of the Japanese market, such as thinner and more lightweight modules that can be effectively used on land, buildings and roofs distinctive to Japan.
URL	http://www.renecola.com/

GVS Group

Type	R&D center
Location	Area around Shinjuku Station
Business Description	Development and marketing of filtration products tailored to the needs of Japanese companies and users. These include personal protective gear that is safe and comfortable even when used for long hours, achieved through ingenuity in materials and design.
URL	http://www.gvs.com/

Jiransoft Co., Ltd.

Type	R&D center
Location	Area around Shinjuku Station
Business Description	Research and development for cloud services providing more secure storage and sending of electronic files and analysis of demand forecasts utilizing location information, which is expected to increase the operational efficiency of retail stores.
URL	http://jiransoft.com/

Pitney Bowes Inc.

Type	R&D center
Location	Area around Shinagawa / Tamachi Station (scheduled)
Date of Establishment	By March 2016 (scheduled)
Business Description	Research and development of software tailored to the needs of businesses in collaboration with Japanese companies. These include software to support more sophisticated marketing activities through the analysis of customer trends and utilization of location information and the world's first software to comprehensively support the custom procedures, risk management, and other matters concerning businesses involved in cross-border E-Commerce operations.
URL	http://www.pitneybowes.com/us

SunEdison, Inc.

Type	R&D center
Location	Central Tokyo / Waterfront Area
Business Description	Research and development of products with high power generation efficiency and of best methods for operations and management through big data analysis of the amount of electricity generated and the failure rate according to geographic characteristics such as the location of the solar power plant and the climate.
URL	http://www.sunedison.com/

Compagnie Plastic Omnium SA

Type	R&D center
Location	Central Tokyo / Waterfront Area (scheduled)
Date of Establishment	By mid-2015 (scheduled)
Business Description	Research and development in collaboration with major Japanese carmakers concerning SCR (selective catalytic reduction) systems that effectively reduce emissions of NOx (nitrogen oxides) from exhaust gases of motor vehicles.
URL	http://www.inergyautomotive.com/Pages/Home.aspx

Effects of the Special Economic Zones

Tokyo is competing against other major cities of the world and since Tokyo bears the locomotive role for the Japanese economy, it needs to win. Through the development of projects utilizing the Special Economic Zone System, Tokyo will prepare to be the best environment for businesses in the world with the hosting of the Olympic and Paralympic Games in 2020 in sight. By doing so, Tokyo can win the international inter-city competition, create new businesses, new investment and employment opportunities, and hence lead the revitalization of the Japanese economy to achieve sustainable growth.

But 2020 is not a goal. With 2020 as a takeoff platform, Tokyo will create a new movement that will pave the way for Japan's future.

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