



## THE EEPC INDIA 'DOING BUSINESS' SERIES

# Doing Business in Japan 2012



## A leap of faith to bring countries together

Where love is deep, much will be accomplished. – Shinichi Suzuki

VENTURING into a country which is technologically far superior is a leap of faith in the best of circumstances. Trade Promotion organizations should, however, encourage such daring. EEPC India, which is one such trade and investment promotion organization dedicated to the engineering sector, does. Under the "India Show" umbrella of the Department of Commerce, Ministry of Commerce & Industry, EEPC India has been instrumental in taking a large contingent of Indian engineering companies to Turkey in February 2011 and to Canada in October 2011.

A view of Tokyo





The avowed objective was not only to promote Brand India in the engineering sector but also to encourage bilateral trade and investments since intra-industry is today the bedrock of globalization that leads to mutual welfare gains among nations.

Continuing with this unique method of joining nations together, EEPC India, which is a Trade and Investment Promotion organization under the Indian Ministry of Commerce & Industry, will be participating with its member companies at the M-Tech 2012 show in Tokyo, Japan between 20 and 22 June 2012. M-Tech is an engineering trade show that encompasses Fluid Power, Motion Technology, Tools, Fasteners, Mechanical parts, Testing & Measuring equipments, etc. This participation, is, once again, under the India Show banner and is a major move by India's engineering industry to develop synergies with its counterparts in Japan.

When entrepreneurs and corporates draw up business plans to move into newer markets and try to get underway, the first hurdles they face, among others, is the lack of adequate and reliable information with regard to aspects concerning business practices, trade agreements between the two countries or regions, laws and regulations, quality standards, social customs, business ethics and etiquettes, patterns of trade and investment flows, relevant points of trade and business contacts, language barriers, or even seemingly mundane information like hotels and restaurants, to name just a few.

Doing Business with Japan is therefore, an attempt to provide such multifaceted information in a cogent fashion in a single publication for those entrepreneurs, corporates or visitors to Japan wishing to join EEPC India at M-Tech 2012.

Japan has been a dedicated friend of India. Throughout history, India-Japan relations have been strong. For centuries, India and Japan have engaged in cultural exchanges, primarily as a result of Buddhism which spread indirectly from India to China and then to Japan. Since India's independence, it has also been the largest recipient of Official Development Assistance (ODA)

which began in 1958. Japanese companies, such as Sony, Toyota, and Honda, have manufacturing facilities in India, and with the growth of the Indian economy, India is a big market for Japanese firms. Japanese firms were, in fact, some of the first firms to invest in India. The most prominent Japanese company to have an investment in India is automobiles giant Suzuki, which is in partnership with Indian automobiles company Maruti Suzuki, the largest car manufacturer in India and a subsidiary of the Japanese company.

In December 2006, Indian Prime Minister Dr. Manmohan Singh's visit to Japan culminated in the signing of the "Joint Statement towards Japan-India Strategic and Global Partnership" and which gave a further fillip to economic co-operation between the two countries. The Comprehensive Economic Partnership Agreement signed in 2011 has given a fresh thrust to economic integration and the India Show at M-Tech 2012 in June this year will be a major initiative to activate the CEPA in a substantive manner. The India Show at M-Tech 2012 will focus on certain thrust products, where India has the potential to make a breakthrough in a comprehensive manner.

Doing Business with Japan is a mine of information for India's business and industry. We hope this publication, prepared after extensive research will give the adequate confidence level for our companies to join EEPC India at M-Tech 2012 given the tremendous prospects it has for Indian companies.

AMAN CHADHA Chairman, EEPC India

(Right) A sensoji gate in Tokyo





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## A brief profile of Japan



APAN is an island nation in East Asia. Located in the Pacific Ocean, it lies to the east of the Sea of Japan, China, North Korea, South Korea and Russia, stretching from the Sea of Okhotsk in the north to the East China Sea and Taiwan in the south. The characters that make up Japan's name mean "sunorigin", which is why Japan is sometimes referred to as the "Land of the Rising Sun".

Japan is an archipelago of 6,852 islands. The four largest islands are Honshu, Hokkaido, Kyushu and Shikoku, together accounting for ninety-seven percent of Japan's land area. Japan has the world's tenth-largest population, with over 127 million people. The Greater Tokyo Area, which includes the de facto capital city of Tokyo and several surrounding prefectures, is the largest metropolitan area in the world, with over 30 million residents.

Official Name: Japan

Capital: Tokyo

Area: 377,915 sq km

Major cities: Tokyo, Osaka-Kobe, Nagoya, Fukuoka-Kitaky-

ushu, Sapporo

#### Head of State and key figures

Emperor: Akihito

Prime Minister: Yoshihiko Noda

Deputy Prime Minister: Katsuya Okada

Minister of Economy, Trade, & Industry: Yukio Edano

Minister of Finance: Jun Azumi

Minister of Foreign Affairs: Koichiro Gemba

#### **Major universities**

- University of Tokyo
- Kyoto University
- · Osaka University
- · Tokyo Institute of Technology
- Tohoku University
- Keio University
- Kyushu University
- Nagoya University
- · Hokkaido University

- Tsukuba University
- Kobe University

Key demogra	Key demographic indicators				
Population	126,475,664 (July 2011 est.) Country comparison to the world: 10				
Age structure	0-14 years: 13.1% (male 8,521,571/female 8,076,173) 15-64 years: 64% (male 40,815,840/female 40,128,235) 65 years and over: 22.9% (male 12,275,829/female 16,658,016) (2011 est.)				
Median age (total)	44.8 years (2011 est.)				
Population growth rate	-0.278% (2011 est.)				
Literacy	99%				
Language	Japanese				

Key economi	Key economic indicators					
Inflation rate	0.4% (2011 est.)					
GDP (Official Exchange rate)	\$5.855 trillion (2011 est.)					
GDP (per capita-PPP)	\$34,300 (2011 est.)					
Exports	\$800.8 billion (2011 est.)					
Export commodities	transport equipment, motor vehicles, semiconductors, electrical machinery, chemicals					
Imports	\$794.7 billion (2011 est.)					
Import commodities	machinery and equipment, fuels, foodstuffs, chemicals, textiles, raw materials					
Exchange rate (yen– JPY–per US\$)	79.67 (2011 est.)					
Ports & terminals	Chiba, Kawasaki, Kobe, Mizushima, Moji, Nagoya, Osaka, Tokyo, Tomakomai, Yokohama					

Varies from tropical in south to cool temperate in north
Monday-Friday, 09:00 am to 05:00 pm
Japan is 3 ½ hours ahead of India

Public holidays in Japan				
January I	New Year's Day			
January 9	Coming of Age Day			
February II	National Foundation Day			
March 20	Vernal Equinox			
April 29	Showa Day			
May 3	Constitution Memorial Day			
May 4	Greenery Day			
May 5	Children's Day			
July 16	Marine Day			
September 20	Respect for the Aged Day			
September 23	Autumnal Equinox			
October 8	Sports Day			
November 3	Culture Day			
November 23	Labour Thanksgiving Day			
December 23	Birthday of the Emperor			

Air connectivity to Japa	an
Delhi – Tokyo – Delhi	Air India, Japan Airlines
Mumbai – Tokyo – Mumbai	All Nippon Airways
Bangalore – Tokyo – Bangalore	Thai Airways, Cathay Pacific, Singapore Airlines
Kolkata – Tokyo – Kolkata	Thai Airways, Singapore Airlines
Chennai – Tokyo – Chennai	Thai Airways, Cathay Pacific, Singapore Airlines

## Japanese visa regulations



#### The new Tokyo international airport

#### Short-term visa

(A stay of up to 90 days for tourism, business, attending conference, visiting friends, etc, that does not include paid activities.)

(I) Tourist visa: required documents Self-arranged visit

- I. Application with photo; 2. Passport; 3. Travel booking (travel itinerary and hotel booking); 4. Document to prove ability to pay for travel expenses (a) Latest Income Tax return; (b) Bank statements of the last six months
- (2) Visiting friends/acquaintance: Required documents

I. Application with photo; 2. Passport; 3. Travel booking (travel itinerary and hotel booking); 4. Document to prove ability to pay for travel expenses – (a) Latest Income Tax return; (b) Bank statements of the last six months

Documents to be provided from Japan

I. Letter of reason for invitation in original; 2. List of visa applicants; 3. When the gurantor is to shoulder the above mentioned travel expenses - (a) Letter of guarantee; (b) Any one of the following document: (\*) Certificate of Income, or (\*) Certificate of deposit balance, or (\*) Duplicate of final tax return, or (\*) Certificate of tax payment

Note: When the guarantor is a foreign national (non-Japanese), submit a copy of your passport (pages of status items; entry/departure and permission of residence) and copy of the certificate of alien registration (Alien card)

## (3) Business visa: Required documents: Business affairs/Market research/Conferences

I. Application with photo; 2. Passport; 3. Travel booking (travel itinerary and hotel booking); 4. Certificate of Employment/Salary Bank Statement; 5. Travel requisition by employer

Documents to be provided from Japan

- 1. Either of the following documents to explain activities in Japan
- (a) Letter of reason for invitation, or (b) A contract of transaction between companies;
- 2. Schedule of stay;
- 3. (a) When an inviting company/organization is to shoulder the above mention travel expenses, submit (i) Letter of guarantee;
- (ii) A certified copy of the incorporation register or an overview of company/organization.

**Note:** A company listed on a stock exchange does not need to submit a copy of the incorporation register or an overview of the company/organization.

(b) When an individual is extending an invitation, submit the Certificate of Employment in lieu of a copy of the incorporation register or an overview of the company/organization.

#### Visa fees

Single or multiple entry visa: Rs430

Transit visa: Rs40

(Payable at the time of collection of passport in cash)

#### **Processing time**

One full working day, excluding the day of submission. (The passport will be returned on the third working day.)

Where to apply	
	States under jurisdiction
Embassy in New Delhi	Andaman & Nicobar Islands, Arunachal Pradesh, Assam, Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Lakshadweep, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim, Tripura, Uttaranchal, Uttar Pradesh
Consulate of Japan, Bangalore	Karnataka
Consulate-General of Japan, Chennai	Andhra Pradesh, Kerala, Pondicherry, Tamil Nadu
Consulate-General of Japan, Kolkata	Bihar, Jharkhand, Orissa, West Bengal
Consulate-General of Japan, Mumbai	Chhattisgarh, Dadra & Nagar Haveli, Daman & Diu, Goa, Gujarat, Madhya Pradesh, Maharashtra

## Do's & don'ts of doing business in Japan





#### The Deming international medal for quality

#### **Business cards**

The exchange of business cards is an important custom in Japan. Offer your business card by extending it with both hands with your name facing toward the receiver. Likewise, receive others' cards with both hands, and look at the card. Also, it is especially polite to have one's business card translated in Japanese on the reverse side, as it indicates one's effort to facilitate communication with the Japanese.

#### **Exchange of gifts**

Small gifts are representative of thoughtfulness, and it is custom-

ary for visitors, in particular, to give gifts.

Bring small gifts for the business people you will meet with such as chocolates, stationery, fancy soaps, teas, or coffee, wallets, scarves, or keepsake books etc.

Gifts given to the highest-level executives or officials should be the most expensive given.

Gift-wrapping should reflect current seasonal themes or incorporate seasonal colors. Avoid all-white wrapping paper, as all-white items represent death in Japanese culture. All gifts should be gift-wrapped or in a decorative box. Be careful that the gift-wrapping is well done and that the paper is not damaged or soiled.

#### Communication

Reticence among Japanese is a trait that is traditionally admired. A quiet Japanese colleague may feel unfamiliar or unsure of his or her English abilities. Do not take quietness as an indication that an individual is not knowledgeable.

All Japanese know some English (particularly written English), which they learn starting in middle school. Therefore, do not make inappropriate comments in English with the assumption that Japanese people will not understand you. Naturally, it is important to be patient with non-native English speakers, and to not interrupt. The Japanese are apt to remain silent while they mull over what has been said or wait for others to come to conclusions. One must be patient with these silences and should not interject.

#### Etiquette at business meetings

Casual American-style attire is still uncommon in the Japanese business place. You should dress appropriately for the occasion when meeting your counterparts on business.

When sitting down to a business meeting with your counterparts, the seating arrangement will be determined by the status of the participants. Do not just sit anywhere; as the guest, you will be directed to the appropriate seat.

As a general rule, the highest ranking person from the host side will sit at the head of the table. Then, other people will take their seats starting from the seats closest to him and working to the other end of the table. Those of higher status sit closest to the "head honcho".

You should stand at your seat and wait for the top guy to tell you to be seated. Then, when the meeting is finished, wait until he has stood up before you stand up.

#### Quality standards in Japan

Quality and reliability are two attributes required for all Japanese products. Quality and reliability were assumed to be

sufficient to meet customer needs. Quality and reliability are so integral to Japan's electronics industry that they need no new emphasis. Fujitsu's slogan, "quality built-in, with cost and performance as prime consideration, "illustrates this point.

The quality movement in Japan began in 1946 with the U.S. Occupation Force's mission to revive and restructure Japan's communications equipment industry. In 1960, Deming was recognized for his contribution to Japan's reindustrialization. Deming's work has impacted industries such as those for radios and parts, transistors, cameras, binoculars, and sewing machines.

By 1968, Kaoru Ishikawa, one of the fathers of TAC in Japan, had outlined the elements of TQC management:

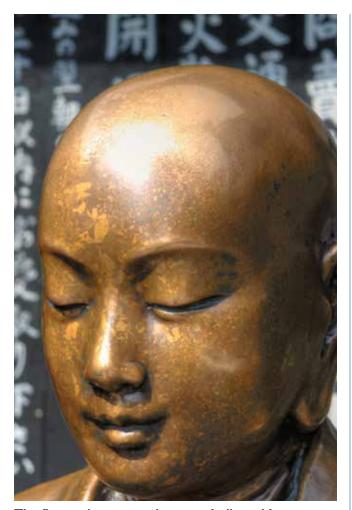
- · Quality comes first, not short-term profits
- The customer comes first, not the producer
- Customers are the next process with no organizational barriers
- Decisions are based on facts and data
- Management is participatory and respectful of all employees
- Management is driven by cross-functional committees covering product planning, product design, production planning purchasing, manufacturing, sales, and distribution.

#### ISO 9000 Standards Certification

The concept of certification and standards, however, breaks down when global competitiveness is at stake. Most recently, ISO 9000 certification has become a requirement for exports to Europe, and Japan has been forced to obtain ISO certification, not because it is a quality issue, but because it is a way of increasing market share. The Japanese companies provide some of the highest-quality products, typically using company product standards (best commercial practices) rather than external standards like QML or any U.S. military standards.

The Japan Quality Association (JQA) is responsible for ISO certification.

## **India and Japan**



The first major contact between India and Japan came through Buddhism

#### Indian population in Japan

The arrival of Indians in Japan for business and commercial interest began in the 1870s at the two major open ports of Yokohama and Kobe. The Indians began a profitable business exporting textiles and silk to India while importing cotton yarn to be manufactured in Japan which eventually made textiles one of the largest and most cheaply produced exports. More Indians entered Japan during World War I when Japanese products were sought to fill gaps in demand that war-torn Europe could not meet. As per statistics available with the Ministry of Overseas Indian Affairs, there are more than 22,000 people of Indian origin living in Japan.

#### India-Japan bilateral trade background

The Japanese economy is highly advanced, with the services sector accounting for 68% of the GDP n 2007. The industrial sector, once the engine of Japan's growth, now contributes only 30 percent of the GDP while the agricultural sector accounts for one percent. Similarly, the service sector is the largest contributor to India's GDP, accounting for 52% while agriculture and industry contribute 18% and 30% respectively. In recent years, India and Japan have strengthened bilateral ties through new initiatives and programmes ranging from economic and cultural linkages to defence and security. The year 2007 was celebrated as the Year of Friendship between the two countries. Japan gives 30 percent of its overseas development assistance to India and remained committed even during the period of the global economic slowdown. For example, Japan has granted almost US\$4 billion for the Delhi-Mumbai Industrial Corridor (DMIC).

#### Potential areas of cooperation between India & Japan

India and Japan are poised to emerge as the two major pillars of the new Asia. The economic partnership between India and

1000,000								
Year	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011			
EXPORTS								
India's Total Export	126,414.05	163,132.18	185,295.36	178,751.43	251,135.89			
India's exports to Japan	2,868.12	3,858.48	3,025.70	3,629.54	5,191.23			
Japan's %age share in India's total exports	2.27	2.37	1.63	2.03	2.07			
IMPORTS								
India's Total Import	185,735.24	251,654.01	303,696.31	288,372.88	369,769.13			
India's imports from Japan	4,599.54	6,325.92	7,886.27	6,734.18	8,632.03			
Japan's %age share in India's total imports	2.48	2.51	2.6	2.34	2.33			
	1	T(	OTAL TRADE					
India's total trade with Japan	7,467.65	10,184.40	10,911.97	10,363.72	13,823.26			
Source: DGCI&S	Source: DGCI&S							

Japan has grown in the economic field. There are immense opportunities provided by the complementarities between the two economies to expand the flow of trade, technology, investment and people to people contact between the two nations. The flow of trade and investments between the two countries has been unspectacular because Japanese companies have focused on business with China and Southeast Asia.

i) Several industries in Japan are now in the sunset phase because the current international economic environment has rendered them non-competitive. Exports from manufacturing sector in Japan have declined in the recent years. One of the possibilities could be the relocation of these industries in India where skilled labor is available at reasonable cost.

- ii) Japan acts as a bridging nation between India and the world. India should forge stronger ties with Japan which would help it to establish its presence in East Asia and get access for its exports through Japan's bilateral agreements with countries in the region. Japan and India could collaborate in:
- Biotechnology
- Nano-technology
- Information technology
- Automobile
- Aerospace
- Textiles
- Leather
- Marine products and many more

S.No	HS Code	Commodity	2009-2010	2010-2011	%Growth	%age share in
5 10	110 0000	Commodity	2007 2010	2010 2011	// Growen	India's total exports to Japan
		Total	3,629.54	5,191.23	43.03	
I	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	1,241.00	2,038.08	64.23	39.26
2	72	Iron and steel	159.48	482.73	202.70	9.30
3	23	Residues and waste from the food industries; prepared animal foder.	175.52	432.56	146.44	8.33
4	03	Fish and crustaceans, molluscs and other aquatic invertabrates.	215	297.11	38.19	5.72
5	71	Natural or cultured pearls, precious or semiprecious stones, precious metals, clad with precious metal and articles thereof; imitation. jewellery; coin.	255.9	281.11	9.85	5.42
6	29	Organic chemicals	163.33	177.32	8.56	3.42
7	26	Ores, slag and ash.	342.43	174.2	-49.13	3.36
8	62	Articles of apparel and clothing accessories, not knitted or crocheted.	121.25	124.16	2.40	2.39
9	89	Ships, boats and floating structures.	0.08	102.1	129305.07	1.97
10	84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	94.35	98.06	3.93	1.89
	Total for t	op 10 product groups	2,768.34	4,207.43	51.98	81.05

Top 10 product groups constitute more than 80% share in India's total exports to Japan. Bulk of Japan's imports from India constitutes Mineral Fuel, oil etc. \*The highlighted product groups indicate the items under the engineering sector.

Source: DGCl&S

Top t	Top ten product groups of India's imports from the country – in million US\$ (contd. next page)						
S.No	HS Code	Commodity	2009-2010	2010-2011	%Growth	%age share in India's total imports from Japan	
		Total	6,734.18	8,632.03	28.18		
1	84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	1,790.03	2,661.17	48.67	30.83	

S.No	HS Code	Commodity	2009-2010	2010-2011	%Growth	%age share in India's total imports from Japan
2	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	919.54	1,062.01	15.49	12.30
3	72	Iron and steel	756.98	1,049.42	38.63	12.16
4	87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	633.07	472.35	-25.39	5.47
5	90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. And apparatus parts and accessories thereof;	328.87	457.14	39	5.30
6	29	Organic chemicals	311.77	424.79	36.25	4.92
7	73	Articles of iron or steel	212.42	315.96	48.74	3.66
8	39	Plastic and articles thereof.	217.94	279.9	28.43	3.24
9	40	Rubber and articles thereof.	164.61	244.8	48.72	2.84
10	89	Ships, boats and floating structures.	243.95	171.77	-29.59	1.99
	Total for	top 10 product groups	5,579.18	7,139.31	27.96	82.71

Top 10 product groups constitute more than 80% share in India's total imports from Japan. Top 2 items of India's imports from Japan are machinery and mechanical appliances and electrical machinery.

The analysis of India's top 10 product groups of exports and imports from Japan reveals the India's export base is concentrated on items lying lower in the value chain like gems and jewellery, fish, articles of iron & steel and rubber. On the other hand, India's imports from Japan constitute items in the higher end of the value chain like machinery, mechanical appliances etc.

Source: DGCI&S

<sup>\*</sup>The highlighted product groups indicate the items under the engineering sector.

#### Major items of India's engineering exports to the country - in million US\$

The table below indicates the top 10 engineering items of Japan's imports from India, Japan's global imports of the items and India's %age share.

Rank	HS	Description	Japan's	imports from	Japan's imports from India			India's	%age share	
	Code		Value in 2009	Value in 2010	Value in 2011	Value in 2009	Value in 2010	Value in 2011		of the item in India's total engineering exports to Japan
	TOTAL	All products	551984.751	692620.567	855249.968	3728.11	5673.881	6799.766	0.80	
		Engineering goods	167109.268	217179.428	243905.743	349.415	662.737	789.523	0.32	
1	720230	Ferro-silico-manganese	182.04	382.107	333.601	41.947	166.349	164.126	49.20	20.79
2	720241	Ferro-chromium containing by weight more than 4% of carbon	667.599	1089.685	1107.278	43.464	148.41	93.495	8.44	11.84
3	740311	Copper cathodes and sections of cathodes unwrought	204.768	331.147	1174.551	6.653	3.421	65.912	5.61	8.35
4	760110	Aluminum unwrought, not alloyed	2304.282	3896.469	4137.468	10.056	36.954	34.6	0.84	4.38
5	854430	Ignition wiring sets & other wiring sets used in vehicles, aircraft etc	2333.414	3375.096	3441.858	6.595	10.805	24.834	0.72	3.15
6	847730	Blow molding machines for working rubber or plastics nes	31.545	43.55	68.537	10.843	16.677	19.993	29.17	2.53
7	852340	Optical media for the recording of sound or of other phenomena (excl.	825.438	914.792	994.934	9.401	19.335	19.396	1.95	2.46
8	720110	Pig iron, non-alloy, containing by weight =0.5% phosphorus in primary form</td <td>110.894</td> <td>169.197</td> <td>184.544</td> <td>0</td> <td>0</td> <td>16.025</td> <td>8.68</td> <td>2.03</td>	110.894	169.197	184.544	0	0	16.025	8.68	2.03
9	902290	Parts & accessories for app based on the use of X-rays or other radiations	379.764	497.676	578.323	15.017	10.185	13.23	2.29	1.68
10	790111	Zinc not alloyed unwrought containing by weight 99.99% or more of zinc	35.411	50.02	165.525	0w	0	12.314	7.44	1.56
Total f	or top 10 i	tems	7075.155	10749.739	12186.619	143.976	412.136	463.925	3.81	58.76
	<u> </u>	or more of zinc						463.925	3.81	58.

 $The \ top\ 10\ items\ identified\ above\ constitute\ 58.7\%\ share\ in\ Japan's\ total\ imports\ of\ engineering\ goods\ from\ India.$ 

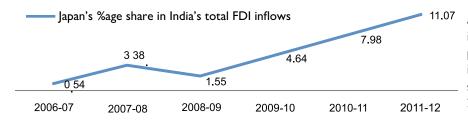
#### Major items of India's engineering imports from the country – in million US\$

The table below indicates the top 10 engineering items of Japan's exports to India, Japan's global exports of the items and India's %age share.

Rank	HS Code	Description e	Japan's exports from world		Japan's exports from India			India's %age	%age share	
			Value in 2009	Value in 2010	Value in 2011	Value in 2009	Value in 2010	Value in 2011	share in Japan's total exports	of the item in Japan's total engineering exports to India
	TOTAL	All products	580718.7	769839.4	823574.5	6338.462	9042.06	11082.2	1.345626	
		Engineering goods	419583	567547.3	601868.8	4742.612	6923.25	8648.45	1.436933	
I	870840	Transmissions for motor vehicles	9898.701	14974.7	16740.21	130.01	186.837	285.919	1.707977	3.31
2	840690	Parts of steam and vapor turbines	1029.236	1130.18	1299.444	24.727	104.24	198.082	15.2436	2.29
3	720839	Hot roll iron/steel not elsewhere specified, coil >600mm x <3mm	2022.182	2960.063	3371.776	7.789	56.871	172.612	5.11932	2.00
4	841480	Air or gas compressors, hoods	1122.182	1235.316	1525.121	6.003	100.721	165.768	10.86917	1.92
5	845710	Machining centers, for working metal	1249.975	2827.805	4497.364	59.804	150.888	160.536	3.569558	1.86
6	853710	Boards, panels, including numerical control panels, for a voltage <= 1000 V	1967.16	3283.428	3698.211	45.738	110.911	160.007	4.326605	1.85
7	870899	Motor vehicle parts nes	4823.862	6471.262	6474.53	86.212	112.863	143.611	2.218092	1.66
8	840820	Engines, diesel, for the vehicles of Chapter 87	1158.807	1774.907	2039.714	3.66	20.82	138.53	6.791638	1.60
9	847989	Machines & mechanical appliances nes having individual functions	3349.865	5978.335	6681.908	60.913	95.835	138.016	2.065518	1.60
10	840991	Parts for spark-ignition type engines nes	4111.64	5737.032	6127.074	89.615	141.736	137.349	2.241674	1.59
Total for top 10 items			30733.61	46373.03	52455.35	514.471	1081.722	1700.43	3.241671	19.66
The top 10 items identified above constitute 20% share in lanan's total exports to India							1			

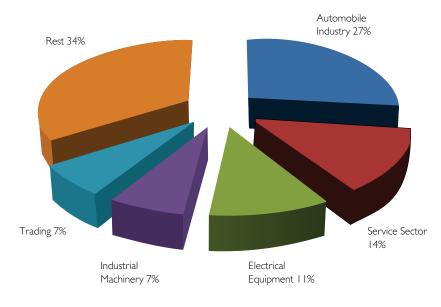
The top 10 items identified above constitute 20% share in Japan's total exports to India.

Trend in Foreign Direct Investments in India from Japan – amount in rupees in crores (US\$ in million) FDI equity inflows from Japan (Financial year wise)								
	2007-08 (April-March) 2008-09 (April-March) 2009-10 (April-March) 2010-11 (April-March) 2011-12 (April-Nov)							
Total FDI inflows	98664 (24579)	122219 (27329)	123120 (25834)	88520 (19427)	104895 (22835)			
FDI inflows from Japan	3336 (815)	1889 (405)	5670 (1183)	7063 (1562)	11617 (2489)			
Japan's %age share in India's total FDI inflows     3.38     1.55     4.64     7.98     11.07								
Source: Department of Industrial Policy & Promotion								



As per financial estimates for 2010-11, Japan is the fifth largest investor in India. For the past three years, Japan's share as investor in Indian market is consistently rising and stands at 11.07% for the April-November 2011-12.

#### Top sectors that attracted FDI equity inflows from Japan (from April 2000 to January 2011) from Japan are:



## The India-Japan CEPA

#### **Background**

The negotiations for India-Japan CEPA began in Yr. 2004 and came into effect on 1st August 2011. India-Japan CEPA is the third such agreement having concluded, the earlier ones being Singapore in 2005 and Korea in 2009. It is infact for the first time that India has signed a CEPA with any developd industrialized country. The agreement covers goods and services trade and also areas like investment, competition policy, intellectual property rights and government procurement.

#### Main features of CEPA are:

- The Agreement is most comprehensive of all the agreements concluded by India.
- so far as it covers more than 90% of trade, a vast gamut of services, investment, IPR, customs and other trade-related issues.
- Overall, about 94% of the tariffs between Japan and India will be eliminated within 10 years
- about 97% of tariffs will be eliminated by Japan on a trade value basis within 10 years.
- Japan agreed to eliminate almost all the tariffs on industrial products at the entering into force of this agreement. Under India Japan CEPA, Japan has put 87% of its tariff lines under immediate reduction of tariff to zero. A large number of these items are of India's export interest.
- Under the India- Japan CEPA only 17.4% of the tariff-lines have been offered for immediate reduction of tariff to zero % by India. Tariffs will be brought to zero in 10 years on 66.32% of tariff lines to give sufficient time to industry to adjust to the trade liberalization.

#### India's schedule of tariff reductions

In terms of granting market access opportunities, CEPA requires

India to eliminate tariffs on 17.4% of its total tariff lines immediately after the agreement comes into effect. Within a period of 10 years, India would eliminate tariffs on nearly 86% of its tariff lines. Prominent product groups that have been excluded from the tariff elimination process are agricultural commodities and a sizeable proportion of the processed products, plastic products, several categories of non-electrical machinery, and auto and auto components.

Among some of the steps that India is going to undertake is to reduce trade barriers and bring it to zero on auto parts, steel imports, electronics and machinery products gradually. India would also relax restrictions to single brand companies from Japan to have controlling stakes of 51% in local companies or set up franchisees. However, India has decided not to give any leeway to Japan on government procurement. India has also refused to part with its sensitive sectors like agricultural goods, fruits and spices.

#### Japan's schedule of tariff reductions

Japan has agreed to eliminate tariffs on 87% of its tariff lines immediately. Over the next decade, Japan would have removed import tariffs on nearly 97% of the tariff lines. Benefiting from the tariff elimination commitment made by Japan would be marine products, fruits, alcoholic beverages, and textile and clothing products. Many of these products have had higher tariffs in the past, thus impeding access to the Japanese market.

Japan has agreed to remove import tariffs on food products like pepper and tea within the next decade while at the same time allowing 'commercial presence' of working professionals to set shop in Japan. This would give a big boost to Indian professionals like musicians, accountants, architects and business consultants. The two countries would negotiate on the possibil-

ity of allowing Indian nurses from working in Japan which has its bulk population in their 60's.

India-Japan bilateral trade has raised quite insignificantly in the last few years. The total trade between the two countries has been around 10 billion USD for the last few years and has increased marginally to 13.82 billion in Yr. 2010-11. Japan which ranked 7th as a supplier of goods to Inida in Year 2001 has declined to 13th position in the current year. Similarly, India is not among the top supplier countries to Japan whereas many countries from the Asian region like China, Korea, Indonesia, Malaysia amd Thailand feature among the top 10 suppliers to Japan.

Successful implementation of the India-Japan CEPA should, therefore, be seen as the much-needed fillip for setting CEPA in motion.

#### **Implications**

Comprehensive Economic Partnership Agreement (CEPA) with Japan will remove tariffs on 94% of goods over ten years. The deal is expected to boost bilateral trade between the two countries to \$25 billion from \$13.8 billion at present. India could be a net gainer because of increased FDI inflow from Japan post the deal.

#### Non-tariff barriers imposed by Japan

Japan exercises few non-tariff barriers like import prohibitions and quantitative restrictions on imports from India. These are certification requirements for fish, standards for flowers, grapes, labeling requirements for cotton fabics and select madeups and quota on footwear. Indian exporters feel that these measures restrict the market access of these companies to Japan. Japan's justification for imposing these NTBs like licensing requirements etc could be to ensure national security, safeguard consumer health and well being etc. These are basically effecting the agricultural and marine products etc.

As far as engineering items are concerned, the major NTBs is in terms of setting up standards for goods and appliances. Japan is advanced in terms of energy conservation mainly be setting up standards, labeling requirements etc with a rating for appliances that are highly energy efficient. These are basically in use for refrigerators, freezers, air conditioners, lamps etc.

#### Agreements and treaties between India and Japan.

- Treaty of Peace (1952)
- Agreement for Air Service (1956)
- Cultural Agreement (1957)
- Agreement of Commerce (1958)
- Convention for the Avoidance of Double Taxation (1960)
- Agreement on Cooperation in the field of Science and Technology (1985)
- India-Japan CECA was signed on 16th February 2011 and came into implementation from 1st April 2011

Exhibitions in Tokyo		
Exhibition Name	Cycle	Date
Inchem Tokyo	every 2 years	16.11 - 18.11 2011
Chemical Engineering Exhibition		
Maintenance Techno Show	every 2 years	16.11 - 18.11 2011
Exhibition for Diagnostics Repair and Maintenance Equipment & Technology for Production Facilities and Infrastructures		
NDE TOKYO	every 2 years	16.11 - 18.11 2011
International Exhibition for Non-Destructive Testing, Measuring & Diagnosing Technology		
ECO-MANUFACTURE - ECOMA	once a year	16.11 - 18.11 2011
Eco-Manufacturing Show		
Convertech Japan	once a year	15.02 - 17.02 2012
Converting & Advanced Printing Machinery International Exhibition and Conference		
NANO TECH	once a year	15.02 - 17.02 2012
International Nanotechnology Exhibition & Conference		
Nano Bio Expo	once a year	15.02 - 17.02 2012
Nano & Bio Interdisciplinary Business		
ASTEC	once a year	15.02 - 17.02 2012
Advanced Surface Technology Exhibition & Conference		
FC EXPO - International Fuel Cell Expo	once a year	29.02 - 02.03 2012
International Exhibition/Conference Featuring all Kind of Technologies, Equipment & Products related to Fuel Cell		
PV Expo	once a year	29.02 - 02.03 2012
International Photovoltaic Power Generation Expo		
DSE - Data Storage Expo Tokyo	once a year	09.05 - 11.05 2012
Data Storage Expo & Conference in Tokyo		
Expo Comm Wireless Japan	once a year	30.05 - 01.06 2012
International Exhibition and Conference to target the Wireless Communications Industry		
M-Tech - Mechanical Components & Materials Technology Expo	once a year	20.06 - 22.06 2012
Largest Trade Fair in Japan for Mechanical Components & Materials		
Interphex Japan	once a year	27.06 - 29.06 2012
International Pharmaceutical, Cosmetic and Detergent Manufacturing Technology Expo and Conference		

Exhibitions in Tokyo		
Exhibition Name	Cycle	Date
Pharma Pack Japan	once a year	27.06 - 29.06 2012
International Pharmaceutical Packaging Machinery & Materials Expo		
Ofmex - International Office Machines & Equipment Expo Tokyo	once a year	04.07 - 06.07 2012
International Office Machines & Equipment Expo Tokyo		
Micromachine/MEMS	once a year	11.07 - 13.07 2012
International Exhibition and Symposium on Micro System Technologies		
MOTION ENGINEERING JAPAN	once a year	11.07 - 13.07 2012
Motion & Power Transmission Exhibition		
Motortech Japan	once a year	11.07 - 13.07 2012
Power Supply Japan	once a year	11.07 - 13.07 2012
Japan Power Supply Technology Exhibition		
Thermal Engineering	once a year	11.07 - 13.07 2012
Exhibition for Equipments, Machines, Radiators, Refrigerators and Technical Insulating		
Techno-Frontier	once a year	11.07 - 13.07 2012
Logis-Tech Tokyo	every 2 years	11.09 - 14.09 2012
International Material Handling, Storage and Distribution Exhibition		
Tokyo Pack	every 2 years	02.10 - 05.10 2012
IOFT	once a year	22.10 - 24.10 2012
Japan Medical-Optical Equipment Show		
JIMTOF	every 2 years	01.11 - 06.11 2012
Japan International Machine Tool Fair		
Electrotest Japan	once a year	Jan. 2013
Exhibition Featuring all Lines of Test, Inspection and Measurement Systems for SMT, IC Packaging and Board Manufacturing		
International Electronic Components Trade Show	once a year	Jan. 2013
International Exhibition Specialized in Conducting Business Discussions for Custom-Made, Technical Consultation and Components Procurement of all Kinds of Electronic Components and Devices		
Thermotec	every 4 years	Jul-13
International Trade Show on Industrial Furnaces, Heat Treatment and Thermal Process - International Foundry and Metallurgy Trade Show		

Exhibitions in Osaka						
Exhibition Name	Cycle	Next Date				
INTERMOLD	once a year	18.04 - 21.04 2012				
Japan International Die, Mold & Metal Working Technology Exhibition						
DMS KANSAI	once a year	03.10 - 05.10 2012				
Design Engineering & Manufacturing Solutions Expo / Conference Kansai. Trade Show and Conference on IT Solutions for the Manufacturing Industry						
M-TECH KANSAI	once a year	03.10 - 05.10 2012				
Mechanical Components & Materials Technology Expo Kansai						
MOBAC SHOW	every 2 years	06.03 - 09.03 2013				
Event dedicated to New Generation Technologies for Bakery and Confectionery related Industry						

### **Useful contacts**

#### a) Indian Embassy in Japan

Mr Alok Prasad

Ambassador of India to Japan

2-2-11 Kudan-Minami, Chiyoda-ku, Tokyo 102-0074

Tel. No: (03)3262-2391 to 97

Fax No: (03)3234-4866

E-mail: embassy@indembjp.org www.embassyofindiajapan.org/

#### Consulate General of India, Osaka-Kobe

Mr Vikas Swarup

Consul General

Semba IS Building (10th Floor),

9-26, Kyutaromachi, I-chome, Chuo-ku, Osaka 541-0056

Tel. No: (06)6261-7299 / 9299

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hoc.osakakobe@mea.gov.in cons.osakakobe@mea.gov.in

#### b) Japanese embassy in India

Mr Akitaka Saiki

Ambassador Extraordinary and Plenipotentiary

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New Delhi 110021.

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www.in.emb-japan.go.jp

#### Consulate-General of Japan, Kolkata

55, M. N. Sen Lane, Tollygunge,

Kolkata 700040.

Tel: 91-33-2421-1970

Fax: 91-33-2421-1971

#### Consulate-General of Japan, Mumbai

I, M.L. Dahanukar Marg, Cumbala Hill

Mumbai 400026

India

Tel: 91-22-2351-7101 Fax: 91-22-2351-7120

#### Consulate-General of Japan, Chennai

No.12/1, Cenetoph Road, 1st Street

Teynampet

Chennai 600018

Tel: 91-44-2432-3860, 2432-3861, 2432-3862, 2432-3863

Fax: 91-44-2432-3859

#### Consulate of Japan, Bangalore

Ist Floor, Prestige Nebula No. 8-14, Cubbon Road Bangalore 560 001

Tel: 91-80-4064-9999 Fax: 91-80-4166-0114

#### c) Major trade promotion organizations in Japan

Japan External Trade Organization (JETRO)

Economic Development Assistance Dept

2-5. Toranomon 2-chome

Minato-ku Tokyo 105

Tel: (00813) 35825770

Fax: (00813) 35827376/(00813) 35851630

Email: tdc@jetro.go.jp www.jetro.go.jp

#### Japan Foreign Trade Council, Inc. (JFTC)

World Trade Center Bldg, 6th Fl. 4-1, Hamamatsu-Cho, 2-ch, Minato-ku

Tokyo 105

Tel: (00813) 34355952

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2-8, Hommachibashi

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Japan

Tel: (00816) 69446400 Fax: (00816) 69446248 Email: intl@osaka.cci.or.jp www.osaka.cci.or.jp

#### The Japan Chamber of Commerce and Industry

International Division 3-2-2. Marunouchi

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www.jcci.or.jp/home-e.html

#### The Tokyo Chamber of Commerce and Industry

International Division 3-2-2, Marunouchi

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Email: intl-div@tokyo-cci.or.jp

www.tokyo-cci.or.jp/english/index.html

Online sources of information						
Site Name	URL	Description	Access Type	Language(s)		
Japan Yellow Pages	http://yellowpage-jp. com	Gives product and sector index, including cross-reference headings; telephone rates, area codes, administrative information. Lists government and public sector bodies; and enterprises in alphabetical order of product or service sector headings, then by city, with addresses and telephone numbers.	Free – Registration Required	English		
Japan Chamber of Commerce and Industry (JCCI)	http://www.jcci.or.jp/ home-e.html	The JCCI site provides access to an international business opportunities database (various search facilites are available) and links to other trade information resources.	Free	English, Japanese		
Statistics Bureau & Statistics Center	http://www.stat.go.jp/ english/index.htm	The site provides information about the activities of the Statistics Bureau & Statistics Center, an overview of the Japanese statistical system, comprehensive statistical data, publications and links to other statistical agencies.	Free	English, Japanese		
Japanese Standards Association (JSA)	http://www.jsa.or.jp	The site provides comprehensive information about JSA's acitvities and allows to search for and purchase local standards and technical regulations.	Free	English, Japanese		
Japan External Trade Organization (JETRO)	http://www.jetro.go.jp	A wide range of trade information services are available from the JETRO site, including press releases, business information and publications, market research reports, trade fair database, trade directory, standards and regulations, investment and procurement information.	Free	English, Japanese		
Tokyo Chamber of Commerce and Industry - International Business Opportunities (IBO)	http://www.db.tokyo-cci.or.jp/ibo	The site provides access to a searchable database of Tokyo Chamber of Commerce and Industry members looking for international business partners. Available search criteria include company name, product/service/technology, type of cooperation and industry sector.	Free	English		
Japan Customs	http://www.customs. go.jp/index_e.htm	Official site of the Japanese Customs providing customs procedures and regulations, tariffs and related links.	Free	Japanese, English		
Japan Machine Tools Importers' Association	http://www.jmtia.gr.jp/ english/index.html	The site provides information on JMIA's activities and members, as well as statistics of machinery imported to Japan; exporters can advertise their offers to be browsed by registered Japanese importers. A "Japan Machinery Importers' Directory" is available upon payment.	Partially free	English, Japanese		
export-japan.com	http://www.export- japan.com	The site provides information on trade fairs, market reports from JETRO, a database of Japanese companies searchable by product, statistics, investment opportunities, business contacts in Japan, access to Europages (European Business Directory) and useful links.	Free - Registration Required	Japanese, English		

#### Doing Business in Japan 2012

Online sources of information						
Site Name	URL	Description	Access Type	Language(s)		
Global Information Network for SMEs	http://www.gin.sme. ne.jp	The Global Information Network for SMEs was created by the Ministers of the G7 countries and Members of the European Commission during the Conference on the Information Society held in Brussels in 1995. It is aimed at contributing to develop an environment where SMEs can exchange information on products, technologies, human resources, etc. freely, overcoming obstacles of distance and borders. This network covers 15 countries and provides links to useful information including directories, SMEs support trade policies and measures, economic data, news, technology information, support organizations and local business service centres, tips on starting up an SME, information on investment and financing, etc.	Free	English, Japanese		
Japan External Trade Organization - Market Reports	http://www.jetro. go.jp/en/market/ reports/	Online database of the Japan External Trade Organization (JETRO) providing market reports including the Japanese market reports and marketing guidebooks covering the creative industries sector.	Free	English		
Japan - World Trade Directory	http://www.ktpc.or.jp/wtd	World Trade Directory offering a directory of Japanese companies searchable by product classification, type of transaction, type of business, and by country or region they are exporting to or importing from	Free	Japanese, Chinese		

## Some useful information



#### A Tokyo street during the rush hour

#### Useful phrases in Japanese

- Yes Hai (polite, sort of "yes, sir!"), Ee (polite), Un, Sou (+desu to be polite).
- No lie (polite), lya (this can also mean "hate"). Uun (very hard to tell apart from "Un" ^^; . Though the Japanese avoid saying flat out "no"s a lot. If someone asks you "do you like sushi?" instead of saying just plain "no", you might want to say "amari suki ja nai" ("I don't like it very much")
- Nice to meet you (for the first time) Hajimemashite
- Hello (good afternoon) Kon'nichi wa
- Hi Yo~
- 'Ssup! Osu!
- Good morning Ohayoo (add "~gozaimasu" at the end to be polite)
- Good evening Konban wa
- How are you? Genki? (add ''~desu ka?'' at the end to be

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polite)

- Thank you Arigato (add "~gozaimasu" at the end to be polite)
- You're welcome Doo itashimashite (accepting their thanks) or lie (saying what you did was no problem/your pleasure)
- Please... ... onegaishimasu
- Please (give me)... ...kudasai

#### Indian restaurants in Japan

Indian restaurants are very high on the popularity charts of ethnic cuisine restaurants in the city of Tokyo. There are many Indian restaurants in Tokyo. They offer very high quality of delicious food alongwith a huge variety of ethnic Indian dishes.

#### Ajanta Kojimachi

2 bancho 3-11 Chiyoda-ku

Tokyo

dine@ajanta.co.jp

http://www.ajanta.co.jp

Phone: 3264 6955

#### Ajanta Shiodome

Higashi-Shimbashi 1-8-2,

Caretta Shiodome B1F

Tokyo

Phone:6215 8860

#### Ajanta Yebisu

YGP Tower 39th floor Ebisu 4-20-3,

Ebisu Garden Place 39F

Tokyo

dine@ajanta.co.jp

http://www.ajanta.co.jp/

Phone: 5420 7033

#### Amin

JR Hamamatsucho Station Tokyo

#### Arpan

2A, Roppongi Park Building, 3-10-4,

Roppongi, Minato ku

Tokyo

order@indojin.com

Phone: 03 5786 0461

#### Ashoka

Nishi-Shinjuku 6-6-2,

Hilton Hotel BIF

Tokyo

Phone: 3344 4588

#### Ashoka Ginzi

Ginza 7-9-18 2F

Tokyo

Phone: 3572 2377

#### Asian Bistro

No.2 takano Bldg. B1 3-30-11 Shinjuku,

Shinkuku\_Ku

Tokyo

info@maharaja-group.com

http://www.maharaja-group.com

Phone: 03 3352 9455

#### Asian Palm

SH Bldg, 1F. 2-14-4 Honmachi,

Shibuya-ku

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#### **Bharat**

Nakano 5-52-15,

Nakano BRdway Sun Mall

Tokyo

Phone: 3319 7077

#### Bindi

Minami-Aoyama 7-10-10

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mehta@bindi.org

Phone: 3409 7114

#### Bombay

Omi Bldg F1, I-18-13 Nishi-Shinjuku, Shinjuku-ku

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#### Bombay Cafe Harumi

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Phone: 03 5144 8267

#### Bombay Club

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