

# Jetro seeks investments in pharma, IT sectors

Bangalore, Jul 10

Following a gradual shrinkage in its employable population and dearth of manpower in IT software sector, Japan today offers huge opportunities for Indian companies to invest in pharmaceutical and IT sector, Kazumasa Kuboki, director general, Japan External Trade Organisation (Jetro) said.

Faced with pressure of a fast growing aging population, and mounting medical costs, controlling pharmaceutical expenses has become a priority with the Japanese government, Kuboki said at a seminar on 'Invest in Japan' here on Thursday. The Japanese government is therefore trying to increase the generics share from 16% to 30%, in terms of volume, within five years, which offers huge opportunity for Indian companies to fully utilise their manufacturing capabilities based on low cost and experience to meet the demand, he said.

The pharmaceutical market in Japan currently is the second largest market globally, next only to the US.

The growth of senior consumers is generating new needs in medical, health and nursing care fields. The market scale of these fields is

expected to increase to 75 trillion yen by 2010, estimates Jetro, in its guide to investing in Japan.

Concerns over rising health care expenses has drawn the attention towards pharmaceuticals and biotechnology products and foods for improving health



cutting down on medical expenses for this elderly population. Current estimates are that these retired citizens would be paid more than 15 trillion yen in severance pay per year, amounting to total of 50 trillion yen.

The baby boom generation forms a fixed stratum of consumers, possessing personal financial assets totalling approximately 130 trillion yen or 10% of the total personal assets of the population, Jetro said.

The members of this generation have high level of interest in hobbies, education and travel and are expected to become key pillars of domestic consumption in the coming days.

Talking about the shrinkage in

**"The Japanese government is trying to increase the generics share from 16% to 30%, in terms of volume, within five years, which offers huge opportunity for Indian companies to fully utilise their manufacturing capabilities based on low cost and experience to meet the demand"**

employable population, Devadas Parakal, CEO DTWO Solutions, said the employable work force in Japan is decreasing fast and by 2010, 30% of the population is expected to be over 60.

From 2007, an estimated three-million members of Japan's first baby boom generations (those born between 1947 and 1949) will begin to reach retirement age, said Parakal, adding this would lead to shortage of human resources.

According to Kuboki, there is currently a shortage of manpower in the IT software sector and Indian companies could use this opportunity to offer their services and build up businesses in these sectors.

With more and more Japanese

companies going global, there is a growing demand for IT support to enable them to expand their footprint and the current domestic availability to meet this growth was limited, offering scope for Indian companies to offer their services to these companies, Parakal said.

Currently five big players controlled the IT industry in Japan leaving clients with no credible alternatives.

Over 500 firms offered offshore IT services from China while over 100 offered from India. The number, he said, could significantly go up with significant offshore opportunities that Japan offers in this sector.

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## Scope for making investments in Japan

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