

## Introduction

Japan is an island nation in East Asia. Located in the Pacific Ocean, it borders China, North Korea, South Korea, Russia, Taiwan, the Sea of Japan, the Sea of Okhotsk, and the East China Sea. It is an archipelago of 6,852 islands, most of which are mountainous, and many are volcanic. The government system is a parliamentary government with a constitutional monarchy; the chief of state is the emperor, and the head of government is the prime minister. Japan has a market economy in which the prices of goods and services are determined in a free price system. Japan is a member of the Asia-Pacific Economic Cooperation (APEC) and the Trans-Pacific Partnership (TPP).



**Location:** Eastern Asia

**Capital City:** Tokyo (+9 GMT)

**Chief of State:** Emperor Naruhito

**Head of Govt.:** Prime Minister Fumio Kishida

**Currency:** Yen (JPY)

**Major Languages:** <p>Japanese</p>

**Primary Religions:** <p>Shintoism 69%, Buddhism 66.7%, Christianity 1.5%, other 6.2% (2018 est.)<br />&nbsp;</p>

**Calling Code:** 81

**Voltage:** 100

## Key Websites

Main Government Page: [japan.go.jp](http://japan.go.jp)

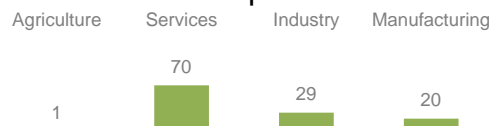
Commerce Ministry: [meti.go.jp](http://meti.go.jp)

Investment Promotion Agency: [jetro.go.jp](http://jetro.go.jp)

## Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developed
GDP, PPP (current international \$):	\$5,702.29 billion (2022)
GDP growth (annual %):	1.03% (2022)
GDP per capita, PPP (current international \$):	\$45,572.72 (2022)
Manufacturing, value added (% of GDP):	20.48% (2021)
Current account balance (BoP, current US\$):	\$90.96 billion (2022)
Inflation, consumer prices (annual %):	2.50% (2022)
Labor force, total:	68,931,322 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	2.64% (2022)
Imports of goods and services (current US\$):	\$937.98 billion (2021)
Exports of goods and services (current US\$):	\$911.09 billion (2021)

## GDP Composition %



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

## Rankings

Index	Rank
Corruption Perceptions Index	18 / 178
EY Globalization Index	43 / 60
Global Competitiveness Index	5 / 141
Global Enabling Trade Index	16 / 136
Global Manufacturing Competitiveness Index (GMCI)	4 / 40
Global Services Location Index	21 / 60
Index of Economic Freedom	31 / 176
International Logistics Performance Index (LPI)	5 / 160
Inward FDI Potential Index	24 / 139
KOF Index of Globalization	39 / 185
Networked Readiness Index (NRI)	10 / 139
Open Budget Index	31 / 114

## Risk Assessment (Provided by Coface)

**Country rating: A2** - The political and economic situation is good. A basically stable and efficient business environment nonetheless leaves room for improvement. Corporate default probability is low on average.

**Business Climate rating: A1** - The business environment is very good. Corporate financial information is available and reliable. Debt collection is efficient. Institutional quality is very good. Intercompany transactions run smoothly in environments rated A1.

### Strengths

- Privileged location in a dynamic region
- High national savings rate (around 25% of GDP)
- Public debt is over 90%-owned by local investors
- Advanced technology products and diversified industrial sector
- Trade agreement with the EU and Transpacific Partnership
- Regional trade agreements (RCEP, CPTPP)
- Excellent corporate payment behaviour
- A comfortable current account surplus

### Weaknesses

- Rapidly ageing population
- Shrinking workforce and low immigration contribution, and increasing share of precarious workers
- Difficulty in fiscal consolidation
- Low growth potential, low productivity of SMEs
- Japan-China-Russia tensions over disputed islands
- Rising risks of political instability as long-ruling party loses majority

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