

Japan

An overview on economy and business environment



Japan is the third largest economy in the world after the United States and the People's Republic of China. Its role in the international community is significant as the country is a key member of the international trade system.

Since the end of the II World War, a solid government-industry cooperation, an effective work ethic and a high technology proficiency have helped Japan develop a dynamic and profitable evolved economy. However, two of the main pillars of the post-World War II economic development, the keiretsu (interconnected networks of companies characterized by strong alliances and cross-shareholding) and the guarantee of lifetime employment for a major part of the urban workforce, have significantly decreased and weakened due to global competition and domestic demographic change as Japan's rapidly aging and declining population is significantly affecting the local economy.

As for most countries, the Covid-19 pandemic has had a big impact on the Japanese economy, but despite being the first of the world's top three economies to officially fall into recession, the Japanese economy appears to be recovering well, while the Japanese industry's reputation for innovation remains considerable.



Japan's political response to the pandemic has been exceptionally strong, helping mitigate the losses. Thanks to this powerful and timely policy support, Japan's economy rebounded in the final three months of 2021 and it is expected to accelerate to 3.3 percent in 2022 even if the uncertainty around the pandemic cannot exclude downside risks. New variants could mean new strict containment measures. Also a global economic slowdown, including the effects of the current Ukraine situation, could affect Japan's economic recovery.

Being world's third largest economy, its three main economic sectors are technologically advanced.

Agriculture represents the smallest economic sector of Japan due also to the lack of farming land. It mostly consists of rice, sugar beets, vegetables, fruits, pork, poultry, dairy products, eggs and fish. However, most food is imported. Since the country is not rich in critical natural resources, it has long been dependent on imported energy and raw materials too.

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On the contrary, industry and manufacturing are highly advanced and they have played a key role in the development of the Japanese economy. This sector is highly diversified as products range from basic ones (metals, paper, etc) to state-of-the-art goods. Most trade surpluses result from advanced technology products that attract many foreign markets.

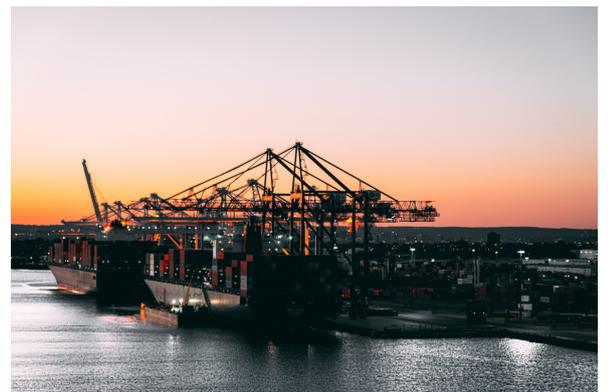


Japan is one of the most technologically advanced producer of motor vehicles, robotics, electronic equipment, biotechnology, nanotechnology, machine tools, steel and other metals, ships, chemicals, textiles, and processed foods. However, Japan's manufacturing costs are very high because the country depends heavily on imported raw materials and the labour costs are high, that's why the country encourages manufacturing abroad.

The service sector is the largest economic one; it includes finance, retail, tourism, and transportation. The financial system and retail services in Japan are highly regulated by the government.

Japan's top export countries are the United States, China, South Korea and Taiwan. The main exported goods are cars and vehicle parts, integrated circuits, personal appliances, ships.

With regard to import, Japan mostly import from China, United States, Australia, Saudi Arabia and UAE. The top imported commodities and material are crude petroleum, natural gas, coal, integrated circuits and broadcasting equipment.



In today's global uncertain climate, in order to establish profitable and steady business relationships with Japanese companies it is very important to know the local context and to make use of local business information sources.

Thanks to SkyMinder, it is possible to obtain the most reliable and complete full reports on all Japanese business entities compiled by the most expert local sources.

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Although Japan is one of most developed countries in the world, the availability of data on companies at the company registry is very low. This is due to the fact that the Japanese company registry does not oblige companies to disclose or file shareholders, financials and other data (except for companies listed at the stock exchange).

In addition to this information available at the Company Registry is only in Japanese and need to be translated. For these reasons, in order to collect complete details on companies it is mandatory to rely on the most trustworthy and expert local business information providers.



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SkyMinder locals suppliers - thanks to their expert and skilled analysts - in addition to retrieve information on companies from official sources like the Company Registry, try to gather key information from direct interviews.

Most businesses operating in the B2B market are used to disclose information to the local credit reporting agencies, while small businesses or companies not working in the B2B can be still reluctant. In Japan there are four main types of companies: Limited liability company (Godo Kaisha), the Stock company (Kabushiki Kaisha): this is the most used business form in the country, the General partnership (Gomei Kaisha) and the Limited partnership (Goshi Kaisha).

A Japanese corporation selects its fiscal year when it begins operations in Japan—the tax year may be the calendar year or another period not exceeding 12 months, but financial accounts are not public. They are only obliged to file Company name, Head office location (not verified by the company registry), Date of establishment, Purpose of work, Total number of shares, Capital amount; Matters concerning officers, Branch office.



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Thanks to the expertise of its local credit information providers, SkyMinder will always try to enrich above information with additional information and our Full Reports, depending on the company type and on the availability, usually include the following data:

- Company contact details
- Registry details
- Credit rating and credit limit
- Payment information
- Sanctions and legal actions
- Company history at the company registry
- Financial accounts (only if listed on the stock exchange or if disclosed when contacted by the provider)
- Shareholders and affiliates
- Company status, employees
- Activity code and description
- Import/export information



In addition to the Full Report including all complete details on Japanese companies, on SkyMinder it is possible to order other type of reports depending on your specific needs:

- Slim Report which include synthetic information about the company credit situation.
- Verification Report focusing on the shareholding structure of a company.
- Compliance Check Report and Extended Check Report: Through SkyMinder you can access the Lexis Nexis Risk Solutions platform and check if a business partner is involved in financial crimes, bribery, corruption and money laundering actions.
- Patent Due Diligence Report: a report with an in-depth analysis of the patents owned by a company
- Cyber Risk Report: thanks to the test performed to a company website and related domains and emails, you can understand in advance if a partner or potential partner is vulnerable to a cyber-attack.

Sources: <https://www.imf.org/> , <https://asialinkbusiness.com.au/japan;> www.reuters.com ; [www.nytimes.com;](http://www.nytimes.com) [https://www.cia.gov/;](https://www.cia.gov/) [www.pwc.com;](http://www.pwc.com) www.bbc.com