COUNTRY PROFILE

JAPAN
WORLD COMPETITIVENESS RANKING 2019

All data are available from the World Competitiveness Online.

Visit our eShop
BASIC FACTS

<table>
<thead>
<tr>
<th>Capital</th>
<th>Tokyo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land area (square km '000)</td>
<td>378</td>
</tr>
<tr>
<td>Exchange Rate (per $)</td>
<td>0.110</td>
</tr>
<tr>
<td>Population - market size (millions)</td>
<td>126.53</td>
</tr>
<tr>
<td>Gross Domestic Product (GDP) (US$ billions)</td>
<td>4,967.2</td>
</tr>
<tr>
<td>GDP (PPP) per capita (US$)</td>
<td>44,215</td>
</tr>
<tr>
<td>Real GDP growth (%)</td>
<td>0.7</td>
</tr>
<tr>
<td>Consumer price inflation (%)</td>
<td>0.98</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>2.40</td>
</tr>
<tr>
<td>Labor force (millions)</td>
<td>68.30</td>
</tr>
<tr>
<td>Current account balance (% of GDP)</td>
<td>3.48</td>
</tr>
<tr>
<td>Direct investment stocks inward ($bn)</td>
<td>207.5</td>
</tr>
<tr>
<td>Direct investment flows inward (% of GDP)</td>
<td>0.51</td>
</tr>
</tbody>
</table>

CHALLENGES IN 2019

- Work-style reform and human resources development for raising productivity.
- Reforming the socio-economic system with a view to creating a 100-year life society.
- Resolve social challenges by incorporating the innovations of the fourth industrial revolution.
- Establish global cooperation that encourages business, innovation, and growth.
- Promote FDI into Japan to make Japan a Global Hub.

Provided by:
Mitsubishi Research Institute Inc., Tokyo
COMPETITIVENESS EVOLUTION

The criteria below highlight the 15 biggest Improvements and the 15 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one yearbook to the next.

### IMPROVEMENTS

<table>
<thead>
<tr>
<th>Criteria</th>
<th>WCY 2018</th>
<th>WCY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate stability</td>
<td>0.082</td>
<td>0.034</td>
</tr>
<tr>
<td>Effective personal income tax rate</td>
<td>19.61</td>
<td>14.33</td>
</tr>
<tr>
<td>Government budget surplus/deficit (%)</td>
<td>-4.23</td>
<td>-3.21</td>
</tr>
<tr>
<td>Immigration laws</td>
<td>3.85</td>
<td>4.52</td>
</tr>
<tr>
<td>Real personal taxes</td>
<td>4.14</td>
<td>4.75</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>2.80</td>
<td>2.40</td>
</tr>
<tr>
<td>Venture capital</td>
<td>4.45</td>
<td>5.04</td>
</tr>
<tr>
<td>Tourism receipts</td>
<td>0.62</td>
<td>0.70</td>
</tr>
<tr>
<td>Start-up procedures</td>
<td>9.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Trade to GDP ratio</td>
<td>16.20</td>
<td>17.89</td>
</tr>
<tr>
<td>Cost of capital</td>
<td>5.80</td>
<td>6.39</td>
</tr>
<tr>
<td>Energy intensity</td>
<td>66</td>
<td>60</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>4.03</td>
<td>4.42</td>
</tr>
<tr>
<td>Government subsidies</td>
<td>0.60</td>
<td>0.55</td>
</tr>
<tr>
<td>Labor regulations</td>
<td>4.89</td>
<td>5.32</td>
</tr>
</tbody>
</table>

### DECLINES

<table>
<thead>
<tr>
<th>Criteria</th>
<th>WCY 2018</th>
<th>WCY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer price inflation</td>
<td>0.47</td>
<td>0.98</td>
</tr>
<tr>
<td>Population - growth</td>
<td>-0.11</td>
<td>-0.20</td>
</tr>
<tr>
<td>Real GDP growth</td>
<td>1.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Gross fixed capital formation - real growth</td>
<td>2.55</td>
<td>1.16</td>
</tr>
<tr>
<td>Real GDP growth per capita</td>
<td>1.82</td>
<td>1.02</td>
</tr>
<tr>
<td>International experience</td>
<td>3.67</td>
<td>2.49</td>
</tr>
<tr>
<td>Competent senior managers</td>
<td>4.22</td>
<td>3.11</td>
</tr>
<tr>
<td>Brain drain</td>
<td>5.20</td>
<td>4.13</td>
</tr>
<tr>
<td>Digital/Technological skills</td>
<td>6.17</td>
<td>4.99</td>
</tr>
<tr>
<td>Resilience of the economy</td>
<td>5.27</td>
<td>4.34</td>
</tr>
<tr>
<td>Stock market capitalization (%)</td>
<td>128.26</td>
<td>106.23</td>
</tr>
<tr>
<td>Large corporations</td>
<td>5.22</td>
<td>4.41</td>
</tr>
<tr>
<td>High-tech exports (%)</td>
<td>16.22</td>
<td>13.81</td>
</tr>
<tr>
<td>Digital transformation in companies</td>
<td>5.57</td>
<td>4.75</td>
</tr>
<tr>
<td>National culture</td>
<td>5.50</td>
<td>4.70</td>
</tr>
</tbody>
</table>

### KEY ATTRACTIVENESS INDICATORS

From a list of 15 indicators, respondents of the Executive Opinion Survey were asked to select 5 that they perceived as the key attractiveness factors of their economy. The chart shows the percentage of responses per indicator from the highest number of responses to the lowest.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliable infrastructure</td>
<td>80.3%</td>
</tr>
<tr>
<td>High educational level</td>
<td>79.5%</td>
</tr>
<tr>
<td>Skilled workforce</td>
<td>69.7%</td>
</tr>
<tr>
<td>Policy stability &amp; predictability</td>
<td>62.3%</td>
</tr>
<tr>
<td>Strong R&amp;D culture</td>
<td>45.1%</td>
</tr>
<tr>
<td>Effective labor relations</td>
<td>32.8%</td>
</tr>
<tr>
<td>Access to financing</td>
<td>28.7%</td>
</tr>
<tr>
<td>Quality of corporate governance</td>
<td>19.7%</td>
</tr>
<tr>
<td>Effective legal environment</td>
<td>18.9%</td>
</tr>
<tr>
<td>Dynamism of the economy</td>
<td>17.2%</td>
</tr>
<tr>
<td>Business-friendly environment</td>
<td>11.5%</td>
</tr>
<tr>
<td>Open and positive attitudes</td>
<td>9.0%</td>
</tr>
<tr>
<td>Cost competitiveness</td>
<td>7.4%</td>
</tr>
<tr>
<td>Competency of government</td>
<td>5.7%</td>
</tr>
<tr>
<td>Competitive tax regime</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
2019 release: 24th September

WORLD COMPETITIVENESS DIGITAL RANKING 2018

All data are available from the World Competitiveness Online.

Visit our eShop
OVERALL PERFORMANCE (63 countries)

OVERALL & FACTORS - 5 years

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>OVERALL</td>
<td>20</td>
<td>23</td>
<td>23</td>
<td>27</td>
<td>22</td>
</tr>
<tr>
<td>Knowledge</td>
<td>20</td>
<td>24</td>
<td>23</td>
<td>29</td>
<td>18</td>
</tr>
<tr>
<td>Technology</td>
<td>16</td>
<td>21</td>
<td>19</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Future readiness</td>
<td>19</td>
<td>22</td>
<td>23</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

COMPETITIVENESS & DIGITAL RANKINGS

PEER GROUPS RANKINGS

ASIA - PACIFIC (14 countries)

POPULATIONS > 20 MILLION (29 countries)
FACTORS BREAKDOWN - STRENGTHS AND WEAKNESSES

JAPAN

KNOWLEDGE

Subfactors | 2014 | 2015 | 2016 | 2017 | 2018
---|---|---|---|---|---
Talent | | | | | |
Training & education | | | | | |
Scientific concentration | | | | | |
Talent | Rank | | | | |
Educational assessment PISA - Math | 4 | | | | |
International experience | 62 | | | | |
Foreign highly-skilled personnel | 50 | | | | |
Management of cities | 6 | | | | |
Digital/Technological skills | 48 | | | | |
Net flow of international students | 25 | | | | |
Training & education | Rank | | | | |
Employee training | 6 | | | | |
Total public expenditure on education | 57 | | | | |
Higher education achievement | 7 | | | | |
Pupil-teacher ratio (tertiary education) | 1 | | | | |
Graduates in Sciences | 39 | | | | |
Women with degrees | 9 | | | | |
Scientific concentration | Rank | | | | |
Total expenditure on R&D (%) | 6 | | | | |
Total R&D personnel per capita | 19 | | | | |
Female researchers | 53 | | | | |
R&D productivity by publication | 16 | | | | |
Scientific and technical employment | 35 | | | | |
High-tech patent grants | 3 | | | | |

TECHNOLOGY

Subfactors | 2014 | 2015 | 2016 | 2017 | 2018
---|---|---|---|---|---
Regulatory framework | | | | | |
Capital | | | | | |
Technological framework | | | | | |
Regulatory framework | Rank | | | | |
Starting a business | 50 | | | | |
Enforcing contracts | 37 | | | | |
Immigration laws | 60 | | | | |
Development and app. of technology | 30 | | | | |
Scientific research legislation | 30 | | | | |
Intellectual property rights | 21 | | | | |
Capital | Rank | | | | |
IT & media stock market capitalization | 13 | | | | |
Funding for technological development | 24 | | | | |
Banking and financial services | 36 | | | | |
Investment risk | 28 | | | | |
Venture capital | 42 | | | | |
Investment in Telecommunications | 56 | | | | |
Technological framework | Rank | | | | |
Communications technology | 26 | | | | |
Mobile Broadband subscribers | 1 | | | | |
Wireless broadband | 5 | | | | |
Internet users | 5 | | | | |
Internet bandwidth speed | 8 | | | | |
High-tech exports (%) | 19 | | | | |

FUTURE READINESS

Subfactors | 2014 | 2015 | 2016 | 2017 | 2018
---|---|---|---|---|---
Adaptive attitudes | | | | | |
Business agility | | | | | |
IT integration | | | | | |
Adaptive attitudes | Rank | | | | |
E-Participation | 2 | | | | |
Internet retailing | 14 | | | | |
Tablet possession | 24 | | | | |
Smartphone possession | 20 | | | | |
Attitudes toward globalization | 32 | | | | |
Business agility | Rank | | | | |
Opportunities and threats | 62 | | | | |
Innovative firms | 29 | | | | |
Agility of companies | 63 | | | | |
Use of big data and analytics | 56 | | | | |
Knowledge transfer | 28 | | | | |
IT integration | Rank | | | | |
E-Government | 11 | | | | |
Public-private partnerships | 25 | | | | |
Cyber security | 31 | | | | |
Software piracy | 2 | | | | |
WORLD TALENT RANKING 2018

All data are available from the World Competitiveness Online.

Visit our eShop
JAPAN

OVERALL PERFORMANCE (63 countries)

The direction of the triangle indicates the performance change from the last year:
△ improved or stable
○ declined

Investment & Development

- Total public expenditure on education: 3.3% of GDP (2018 Rank: 57)
- Government expenditure on education per student: 3.9% of GDP per capita (2018 Rank: 16)
- Pupil-teacher ratio (primary education): 16.91 (2018 Rank: 42)
- Pupil-teacher ratio (secondary education): 12.72 (2018 Rank: 33)
- Apprenticeships: sufficiently implemented (2018 Rank: 10)
- Employee training: high priority in companies (2018 Rank: 6)
- Female labor force: 43.70% (2018 Rank: 45)
- Health infrastructure: meets the needs of society (2018 Rank: 12)

Appeal

- Cost-of-living index: 109.60 (2018 Rank: 60)
- Attracting and retaining talents: high priority in companies (2018 Rank: 9)
- Worker motivation: high in companies (2018 Rank: 15)
- Brain drain: (well-educated and skilled people) do not hinder competitiveness in your economy (2018 Rank: 27)
- Quality of life: is high (2018 Rank: 26)
- Foreign highly-skilled personnel: attracted to country’s business environment (2018 Rank: 50)
- Remuneration in services professions: gross annual income including supplements such as bonuses, US$48,177 (2018 Rank: 7)
- Effective personal income tax rate: percentage of an income equal to GDP per capita 19.61% (2018 Rank: 34)
- Personal security and private property rights: are adequately protected (2018 Rank: 24)

Readiness

- Labor force growth: percentage change 0.70% (2018 Rank: 33)
- Skilled labor: readily available 5.68 (2018 Rank: 30)
- Finance skills: readily available 5.70 (2018 Rank: 45)
- International experience: of senior managers is generally significant 3.67 (2018 Rank: 62)
- Competent senior managers: readily available 4.22 (2018 Rank: 55)
- Educational system: meets the needs of a competitive economy 6.25 (2018 Rank: 28)
- Science in schools: sufficiently emphasized 6.38 (2018 Rank: 16)
- University education: meets the needs of a competitive economy 5.10 (2018 Rank: 45)
- Management education: meets the needs of the business community 4.70 (2018 Rank: 53)
- Language skills: are meeting the needs of enterprises 3.24 (2018 Rank: 61)
- Student mobility inbound: foreign tertiary-level students per 1000 inhabitants 1.04 (2018 Rank: 47)
IMD is ranked 1st in open programs worldwide – 7 years in a row.

Financial Times 2012 – 2018

Developing leaders
Transforming organizations
Impacting your future

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