

Pestel analysis of japan economics essay



Any person wishing to import goods must declare them to the Director-General of Customs and obtain an import permit after necessary examination of the goods concerned. The formalities start with the lodging of an import declaration and end with issuance of an import permit after the necessary examination and payment of Customs duty and excise tax.

The government announced an issue of a record JPY53.5 trillion in new government bonds in FY09 which made government-debt-to-GDP ratio reach 200%.

More assertive diplomacy in the political arena participation in UN peace-keeping operations seeking permanent membership of the UN Security Council.

A policy deadlock is blocking necessary reforms, suffocating Japan's productive firms, producing ever more public debt and putting Japan's flexible governance model and strong social partnership at risk. The result is that Japan's major companies are actively seeking a new future in businesses abroad.

The first major wave of deregulation – during the late 1980s – was initiated out of necessity, to open up capital markets to international investment and to help finance the growing social security burden with the aid of a more flexible financial system.

The second attempt at major structural reforms came in 2002, after Japan's economy had become even more dependent on finance from public financial institutions and public works. By 2001, public financial institutions had

become responsible for most financial transactions and fully one-third of overall credit allocation.

Bureaucracy is widely regarded as exceptionally powerful and reaches into many areas of life. Japan has often been tagged the only functioning so International Policy Analysis on earth. But the government is not large in terms of numbers or consumption

ECONOMIC Analysis

Public debt 201% of GDP.

Revenue \$614 trillion

FDI stock \$205. 4 billion 09.

The yen (sign: ¥; code: JPY) is the currency of Japan. It is the third most-traded currency in the foreign exchange market after the Euro and the United States dollar.

Japan in Figures

2005 2006 2007 2008 2009

Real GDP Growth¹, % 1. 9 2 2. 4 -0. 68 -8. 8

Yearly CPI Inflation², % -0. 3 0. 2 0. 6 0. 4 -0. 1

Fiscal Balance³, % GDP -7. 1 – 6. 2 -5. 4 -4. 9 -6. 5

Unemployment⁴, % 4. 4 4. 3 7. 4 3 4. 4

Current Account Balance 3. 6 3. 9 4. 8 3. 2 2. 7

Unemployment rate 5. 6% in 2010.

GDP growth 0.9%.

Industries: Manufacturing, construction, distribution, real estate, services, and communication are Japan's major industries today. Agriculture makes up only about two percent of the GNP. Most important agricultural product is rice. Resources of raw materials are very limited and the mining industry rather small.

Exports: Japan's main export goods are cars, electronic devices and computers. Most important trade partners are China and the USA, followed by South Korea, Taiwan, Hong Kong, Singapore, Thailand and Germany.

Imports: Japan has a surplus in its export/import balance. The most important import goods are raw materials such as oil, foodstuffs and wood. Major supplier is China, followed by the USA, Australia, Saudi Arabia, South Korea, Indonesia and the United Arab Emirates.

The CPI fell to -2.4% yoy mainly due to price slashing campaigns like Jpy 690 jeans and Jpy280 beef-rice bowls.

Japan has achieved tremendous economic development by taking advantage of their maritime location and resources.

Japan is characterized by small farms labor intensive technologies, great use of fertilizers, and the dominance of rice. Only about 25% of the land area is suitable for agriculture. The remainder consists of forest covered mountains.

Generally, Japan is resource poor. Therefore, Japan's economic successes depended on imported raw materials

SOCIAL ANALYSIS

Japan is situated in northeastern Asia between the North Pacific and the Sea of Japan. The area of Japan is 377, 873 square kilometers, nearly equivalent to Germany and Switzerland combined or slightly smaller than California.

There is only one official language spoken in Japan, which is of course Japanese. However, many Japanese are able to understand English to a certain extent since English is the foreign language that everyone must learn as part of compulsory education.

Food Rice is the staple of the Japanese diet. They also eat seafood, beef, pork, chicken, dairy, vegetables and fruits. They have Japanese-style noodles, as well as spaghetti and bread.

Japan's population is over 126 million. Most Japanese reside in densely populated urban areas. Japan's capital city is Tokyo. The population of the Tokyo Metropolitan Area including the city, some of its suburbs and the surrounding area is approximately 12 million.

Major cities of Japan and their approximate populations

City

Population

Tokyo

12, 059, 000

Yokohama

3, 426, 000

Osaka

2, 598, 000

Nagoya

2, 171, 000

Sapporo

1, 822, 000

Kobe

1, 493, 000

Fukuoka

1, 290, 000

Sendai

1, 008, 000

5. Human development index Japan ranks 11 among the 174 countries when talking of Human development index. There were more than 100 deaths and many school trips cancelled due to H1n1 epidemics.

6, In Clothing most people ordinarily wear western-style clothes. Some schools have uniforms. The traditional clothing, called kimono (' kee-mo-no')

is worn only on special occasions, such as New Year's Day, graduations, and tea ceremonies.

Housing the traditional Japanese homes are wooden buildings with tiled roofs. However, most of the contemporary houses and apartments are western style and made of concrete.

Tourism count and Nationalities Tourism in Japan comprises both a vibrant domestic sector and over eight million entries each year by foreigners.

Religions & its share from population

Name of religion	Estimated Population	Its share from population
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Shinto		
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	106, 000, 000	
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		49. 30%
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Buddhism		
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	96, 000, 000	
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		44. 65%
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Christianity		
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	2, 000, 000	
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		0. 93%
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Islam		
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125, 000

0. 06%

Theravada

1, 500

0. 001%

Buddhism

Judaism

600

0. 0003%

Others

10, 872, 900

5. 06%

TOTAL

215, 000, 000

100%

Technological Analysis

Japan reached a level equivalent to or beyond that of the U. S. By 1987, the U. S. Department of Defense found that Japan held the lead in twelve of 24

major categories of semiconductor technology, with a 50% share of the world market, up from 30% a decade earlier.

As of 2005, one half of energy in Japan is produced from petroleum, a fifth from coal, and 14% from natural gas. Nuclear power in Japan makes a quarter of electricity production and Japan would like to double it in the next decades.

In 2008, Japan ranked third in the world in electricity production, after the United States and China, with 1. 25·10 GWh produced during that year.

Japan was the world's second largest producer of photovoltaic electricity until overtaken by Germany in 2005, a year in which it had 38% of the world supply compared to Germany's 39%..

Japan leads the world in robotics, possessing more than half (402, 200 of 742, 500) of the world's industrial robots used for manufacturing.

It has developed a series of rockets, the latest and the most powerful of which is H-IIB. H-IIA/B rockets which have the capability of carrying 8-ton payload to the GTO at maximum are now managed by the private-own company Mitsubishi Heavy Industry

Makoto Kobayashi, Toshihide Masukawa, and Yoichiro Nambu who is an American citizen when awarded, shared the physics prize and Osamu Shimomura also won the chemistry prize in 2008.

LEGAL FACTORS

Japan is a constitutional monarchy where the power of the Emperor is very limited.

Power is held chiefly by the Prime Minister of Japan and other elected members of the Diet, while sovereignty is vested in the Japanese people.

The Emperor acts as the head of state on diplomatic occasions

Japan's legislative organ is the National Diet, a bicameral parliament. The Diet consists of a House of Representatives with 480 seats

The Prime Minister of Japan is the head of government. The Prime Minister is appointed by the Emperor after being designated by the Diet from among its members.

19th century, the judicial system has been largely based on the civil law of Europe, notably Germany

Civil unsecured debt collection remedies, if a debtor has defaulted in payment of its debt, a creditor may file a motion against the debtor with a competent local court to obtain a judgment ordering the payment.

The law regarding composition proceedings has been repealed, and the law regarding corporate arrangement proceedings, while still in effect, is rarely utilized. Since the collapse of the so-called “ bubble economy” in Japan in Japan, insolvency cases have increased dramatically, and new laws were enacted to address the changed circumstances facing Japan.

ENVIRONMENTAL FACTORS

Japanese city and prefectural authorities have focused on the reduction of solid waste going to landfill. This of course is in response to the lack of affordable space available for landfill sites. Their approach relies heavily on four major factors: 1) technological advancements in incineration 2) technological advancements in plastics recycling 3) Comprehensive production-side recycle stream package labeling and 4) wide consumer-side/household participation in recycling and waste material separation (“bunbetsu”).

The Cool Biz campaign introduced under former Prime Minister of Japan Junichiro Koizumi was targeted at reducing energy use through the reduction of air conditioning use in government.

Japanese government started its whaling for research purposes the following year. This whaling program has been criticized by environmental protection groups and anti-whaling countries, who say that the program is not for scientific research.

The environmental problems related to Japan’s construction industry, and the industry’s lobbying power preventing the introduction of stricter zoning laws and other environmental protection efforts.

Japan has been treating the waste of electronic materials differently than other materials. The utilization of electronic waste resources is around 50% currently and is growing

Porter's Diamond

Potential sources of competitive advantage

Firm Strategy and Rivalry

Japan is very competitive in electronic goods in fact Japan's main export goods are cars, electronic devices and computers.

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Factor Conditions

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Demand Conditions

The demand is very stable which can be assumed by the fact of interest rates which are zero so that as much as possible money gets infused in the economy.

The limited population is another factor which again makes Japan dependent on exports for its produce. The current crisis shows how unbalanced and vulnerable Japan's economy still is. When overseas demand subsided in 2008, Japan's economy almost imploded.

The third factor is of course the incentive for suppliers which is certainly not there as currently the economy is in deflation.

Related and supported industries

Japan's Ministry of Economy, Trade and Industry (METI) is planning to develop a scheme to support Japanese companies involved in overseas smart community business projects.

Fuji Heavy Industries Japan's largest transport to financial support for the automotive industry

Summary containing key facts

Trade

International trade has been a force for economic development for centuries. The CDI measures trade barriers in rich countries against exports from developing countries. Japan ranks 20

Low agricultural subsidies (equivalent to a tariff worth 3. 2% of the value of imports; rank

Investment

Provides insurance against political risk for both domestic and foreign firms

Employs foreign tax credits to prevent double taxation of corporate profits earned abroad

Technology

High tax subsidy rate to businesses for R&D (rank: 10)

No attempt to incorporate into bilateral free trade agreements “ TRIPS

Defence

No arms exports to poor and undemocratic governments (rank by share of GDP: 1)

Migration

Large share of foreign students from developing countries

Environment

Low fishing subsidies

OTHER WEAKNESSES

Negligent in identifying bribery and corrupt practices on the part of home country firms abroad

High barriers against apparel (9. 0% of the value of imports; rank: 17)

Greenhouse gas emissions grew almost as fast as GDP in 1998-2008

(average annual growth rate/GDP, -1.4%; rank: 17)

Small financial or personnel contributions to internationally sanctioned peacekeeping and humanitarian interventions over last decade (rank by share of GDP: 21)

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