

# Example of essay on comparison between two countries

[Finance](#), [Investment](#)



When an investor wants to make a foreign investment there are several factors which he must put into consideration before a deciding to invest in a particular country such factors will include, the cost of labor such that low cost of labor will attract an investor since it will mean better margins, availability of raw material is also another very important factor such that if the raw materials are available an investor will be motivated to invest in such location, other factors will include the business regulation framework which puts into consideration aspects such as taxation, the ease with which business licenses can be obtained and legal regulatory framework.

Of particular interest in regards to this question is the comparison of Japan and China as an investment location based on the various variables which are important in foreign investment. Concerning government regulation in regards to establishment of new foreign business in china foreign investors are allowed to invested in local business but the ownership structure should be such that the locals do own part of the company through shares meaning that a foreign company cannot fully own the company the aim being to promote the local investors, there are several business incentives in china meant to encourage foreign investments, these includes; low profit enterprises are subjected to lower interest rates, the withholding taxes on foreign investment in regards to income earned had been reduced from 20% to 10% in order to attract foreign investment in addition an investment tax credit is allowed on capital expenditure such as plant and machinery(Zeng 36). China labor cost is extremely low and readily available leaving a big margins space for foreign investors to make profits, the population of China is 1.3 billion hence a readily available target market for products and

services in addition the purchasing power of the people has tremendously gone up meaning that target customers are readily available. Japan scenario is slightly different the real estate prices are extremely high, the labor cost is moderate in addition their legal framework allows the operations of foreign investments without delay meaning that a foreign company can easily start a business in Japan without Much formality and delays. The population of Japan is approximately 127 million which is far much less than that in china meaning a smaller market, technological standards are so high in Japan hence facilitating quick business transactions in the economy, they do also control 75% of the Asian market in addition they do have high saving rates meaning that the consumer purchasing power resulting in availability of the target market. Foreign incentives do also qualify for other tax incentives such as 30% depreciation rate, tax credit of 7% and 20% corporate tax (Zeng 19)

The climatic conditions in Japan consist of rain and high humidity for China the climate is extremely diverse due to a wide coverage area, terrains and distance from the sea however most of china coverage is within the temperature belt meaning that its weather is hot tough there are some areas which are cold. Canada climatic conditions are generally cold and wet so for managers and chief executives who are relocating to either Japan or China then they have to adjust their dressing codes accordingly. The average monthly salary in china is approximately \$700 dollars translating to \$8, 400 dollars per annum in Japan tough the average monthly wage is higher an average of \$3000 dollars per month translating to \$36, 000 dollars per annum these means that the living conditions of employees in Japan is far

way up compared to their counterparts in China this translates higher purchasing power by and improved standards of living for Japanese people compared to Chinese residents (Genzberger 11). There are a lot of political concerns in China, they still claim that island of Taiwan is part of their territory and they keep on trying to control them, the freedom of speech, freedom of religion and political rights have also been restricted in these country compared to Japan which has a stable political environment . Japan also has a very active relationship with United States Of America which facilitates trade. Social and cultural issues in China are varied and include unemployment which is steadily increasing, the increase in wealth gap, rising cost of education and increased medical cost this is what has caused unrest in some parts of China in Japan the issues are different and ranges from the complex immigration policies, complicated citizenship laws and too much tax burden.

## **Work Cited**

Zeng, Huaqun. Chinese Foreign Investment Laws: Recent Developments Towards a Market Economy. Singapore [u. a.: World Scientific [u. a., 1999. Print.

Genzberger, Christine. Japan Business: The Portable Encyclopedia for Doing Business with Japan. San Rafael, Calif., USA: World Trade Press, 1994. Print.