

# Japan's Challenges and Strengths

February 2013

## I. Japan's Challenges

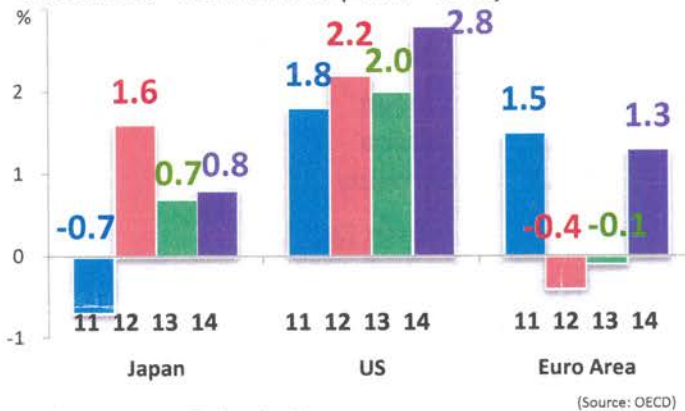
### 1. Aging Society: Population aged 65 or over (2010)



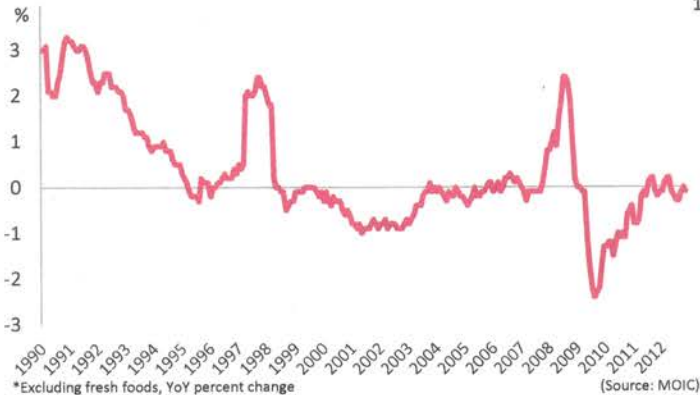
### 2. General Government Gross Debt (2012)



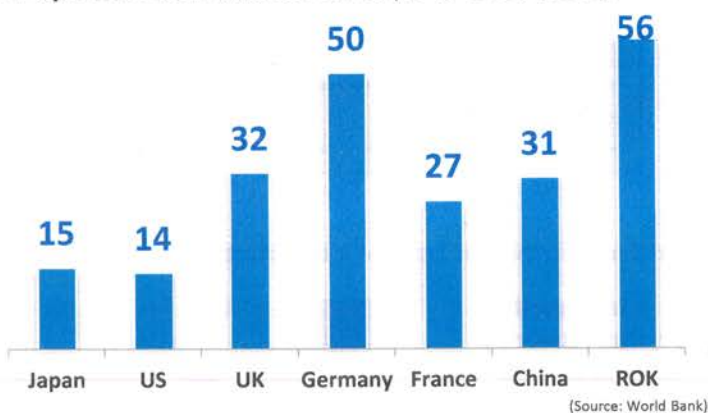
### 4. Real GDP Growth Rate (2011 – 2014)



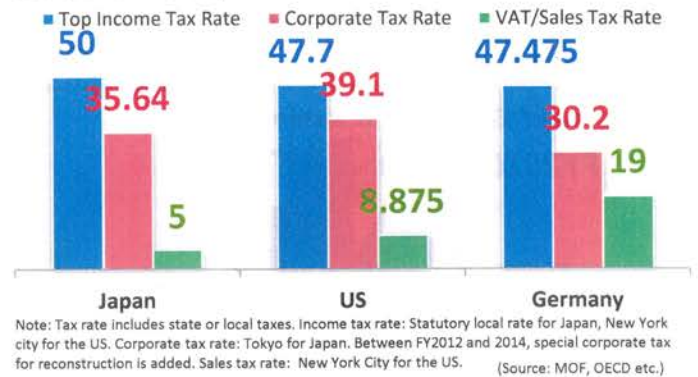
### 6. Consumer Price Index



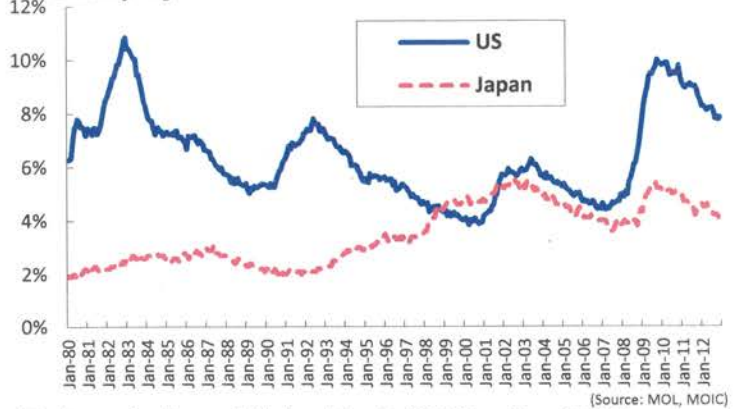
### 8. Exports Goods and Services (% of GDP) (2011)



### 3. Tax Rate Comparison



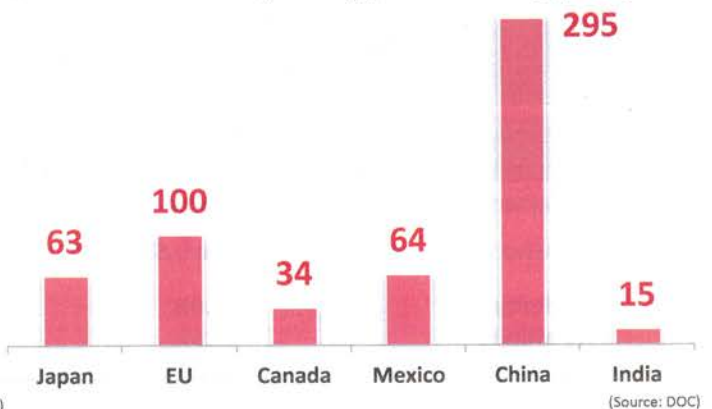
### 5. Unemployment Rate



### 7. Japan's Export Value Basis (2007 – Nov 2012)



### 9. US Trade Deficit (Goods) (USD Billions) (2011)

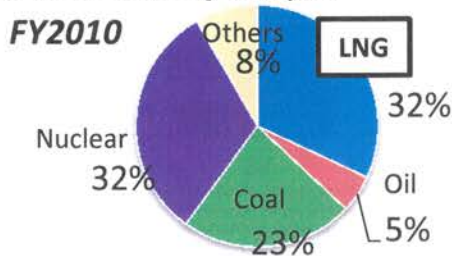


## 10. Japan's Import of Agricultural Products from US (2011)

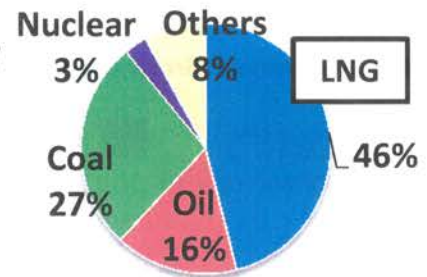
	US share in total Japan's import [rank]	Japan's share in total U.S. export [rank]
Total Ag	26% [1st]	10% [4th]
Corn	90% [1st]	28% [1st]
Wheat	56% [1st]	12% [1st]
Soybeans	66% [1st]	5% [3rd]
Pork	41% [1st]	40% [1st]

(Source: Japan's MAFF, USDA(FAS))

## 11. Source of Electricity in Japan



**September 2012**



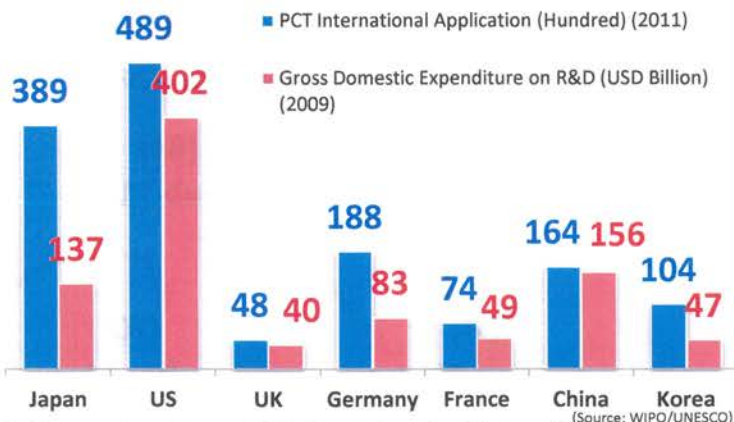
## II. Japan's Strengths

### 12. Gini Coefficient (2000-2010)



\*A measure of the inequality of a distribution from 0 (totally equal) to 100 (extremely unequal); the minimum is 16.8 (Azerbaijan) & the maximum is 74.3 (Namibia); the average among OECD countries is 31.2 (Source: UN)

### 14. Innovation: Patent Applications and Gross Domestic Expenditure (Public and Private) on R&D



### 13. Net External Assets and Debt (2011)

#### Assets (2011)

No.1	● <b>Japan</b>	3.3 (\$trillion)
No.2	<b>China</b>	1.8
No.3	<b>Germany</b>	1.2

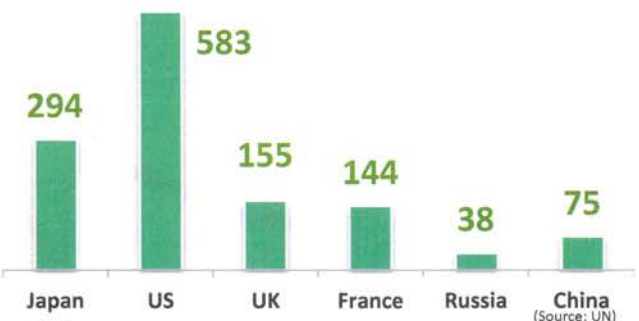
#### Debt (2011)

No.1	<b>US</b>	4.0 (\$trillion)
No.2	<b>Italy</b>	0.45
No.3	<b>UK</b>	0.31

\*Among G7 countries and China

(Source: MOF, BEA, Banque de France (Bloomberg))

### 15. UN Contribution (USD Millions) (2011)



### 16. Reconstruction of Afghanistan, Pakistan, Iraq and the Palestinians

#### Afghanistan: The 2<sup>nd</sup> largest contributor next to U.S.

\$3.3 billion disbursed since 2001, announcement of \$3 billion assistance in about five years from 2012 in Tokyo Conference on Afghanistan

#### Pakistan: The 2<sup>nd</sup> largest contributor next to U.S.

(\$1.3 billion since 2001) Pledges in Tokyo Conference (04/2009)  
U.S. : \$1 billion Japan : Up to \$1 billion

#### The Palestinians: The 2<sup>nd</sup> largest contributor next to U.S.

Japan's assistance exceeds \$1.2 billion in total since the Oslo Accords (1993)

#### Iraq: The 2<sup>nd</sup> largest contributor next to U.S.

\$5 billion (Almost all has been decided)

#### Somalia:

Deployment of two MSDF destroyers and two P-3C patrol aircraft off the Coast of Somalia and in the Gulf of Aden for anti-piracy measures since March 2009

#### South Sudan:

Deployment of up to 330 Self Defense Forces to UNMISS (South Sudan)

### 17. US vs. Japan: Respective Impressions

Japanese who feel an affinity towards the U.S. (2011)



Americans who think of Japan as a trustworthy partner (2011)



(Source: Cabinet Office, Gallup)



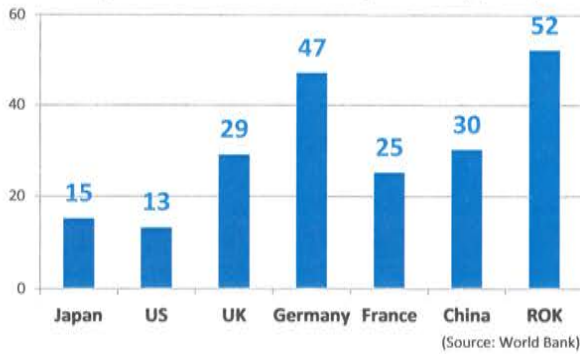
# Japan's Trade

Ver. 10.1 November 2012

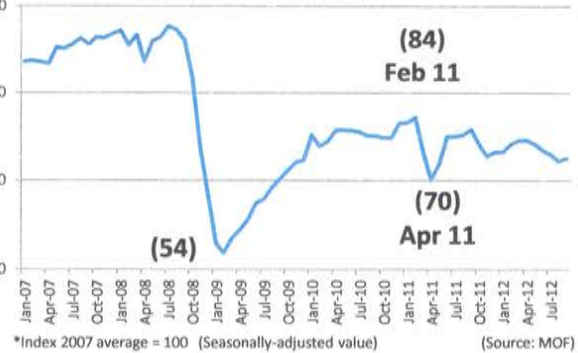
Ichiro Fujisaki

## 1. Export-driven economy?

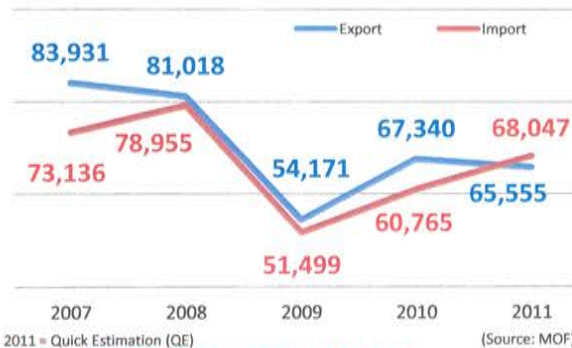
1. Exports Goods and Services (% of GDP) (2010)



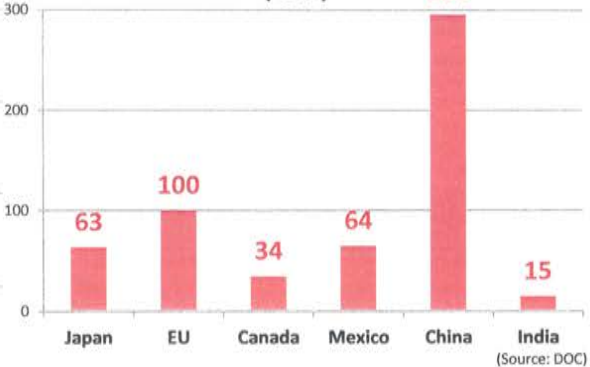
2. Japan's Export Value Basis (2007 - Sep 2012)



3. Japan's Export and Import (JPN Yen Billions)

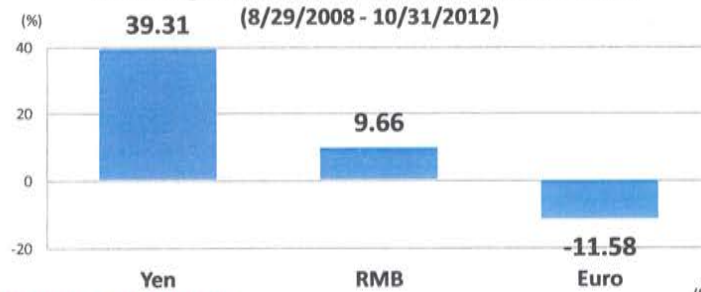


4. US Trade Deficit (Goods) (USD Billions) (2011)



## 2. Exchange rate manipulation?

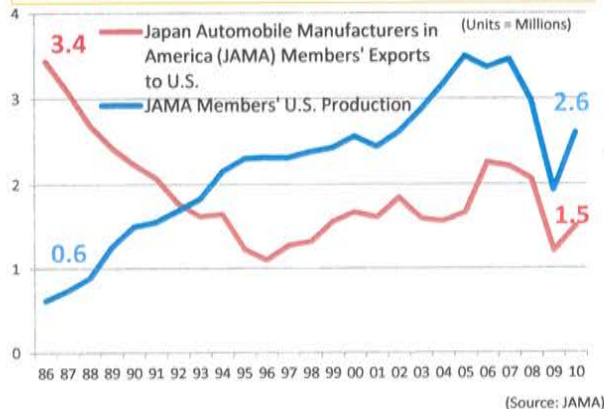
5. Exchange Rates vs. U.S. Dollar after Wall Street Crash



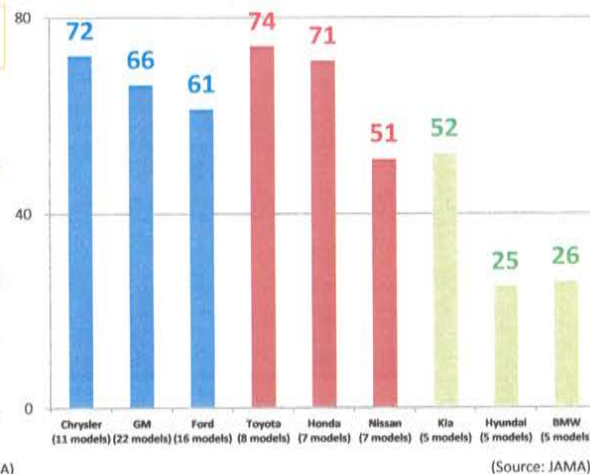
## 3. Auto Industry: Export oriented?

6. Increasing Production of Japan's Auto-makers in the U.S. (1986 - 2010)

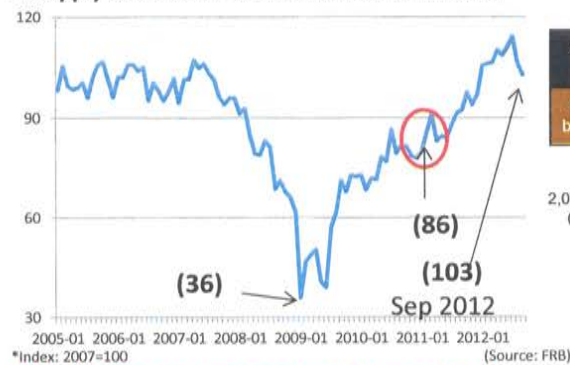
Production by Japan's Auto-makers in U.S. has increased more than four times, contributing to the creation of new jobs.



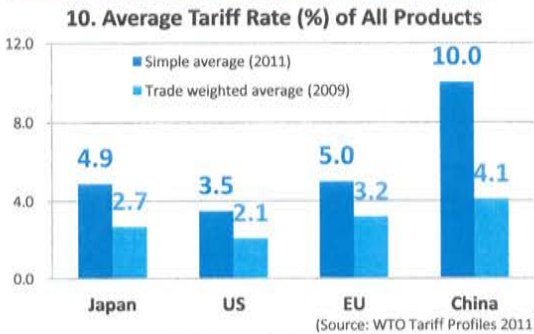
7. Average Percentage of Parts Purchased Locally for U.S. Built Vehicles (2012)



## 8. Supply Chain Issue: US Automobile Production



## 4. Is Japan an impenetrable market?



## 12. Japan's Economic Partnership Agreements (EPA) and Free Trade Agreements (FTA)



**Concluded (13):** Singapore, Mexico, Malaysia, Chile, Thailand, Indonesia, Brunei, ASEAN, Philippines, Switzerland, Vietnam, India, and Peru

**In Negotiation (4):** Australia, Gulf Cooperation Council (GCC), Mongolia, and Republic of Korea

## 5. Does Japan operate under unique rules different from global standard?

### 13. Japan's Commitment to High Standard Rules

Japan, together with the U.S., has contributed to many international groupings where high standard rules are made.

	Japan	US	Australia	NZ	Singapore	Chile	Malaysia	Peru	Vietnam	Brunei	EU	China
IPR Protection (ACTA)	●	●	●	●	●						●	
Government Procurement (WTO-GPA)	●	●			●						●	
IT Products Trade Liberalization (WTO-ITA)	●	●	●	●	●		●	●	●		●	●
Export Credits (OECD Arrangement)	●	●	●	●							●	
Anti-Bribery (OECD Convention)	●	●	●	●		●					●	
Investment Liberalization (OECD Code)	●	●	●	●		●					●	
Environmental Goods and Services Liberalization (APEC Joint Proposal)	●	●	●	●							N/A	

\*Note: In ACTA, Japan and the U.S. have jointly initiated the negotiation. In the Investment Liberalization, Japan and the U.S. also have several High Standard Bilateral Investment Treaties. In addition, in the Environmental Goods and Services Liberalization, Japan and the U.S. have jointly contributed to this liberalization effort in the framework of APEC and WTO. "EU" indicates either the European Union as a whole, or a group of major EU countries.

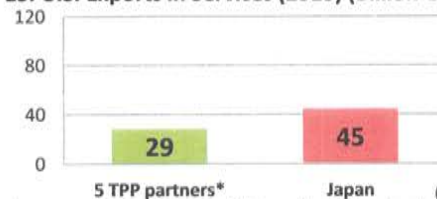
## 6. Comparison with TPP Partners

### 14. U.S. Exports in Goods (2011) (Billion US\$)



\*Note: 5 TPP partners are: Australia, Singapore, Chile, Malaysia, and NZ. For the other three countries, Brunei, Peru, and Vietnam, the data is not available.

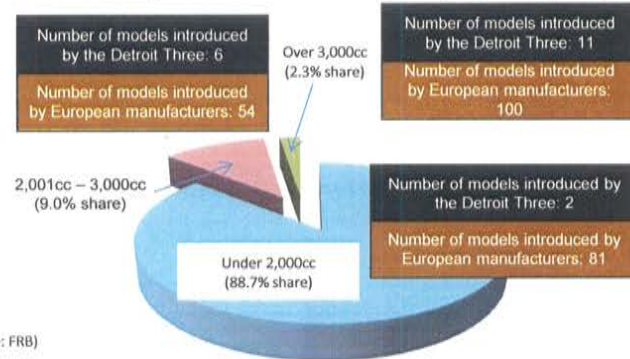
### 15. U.S. Exports in Services (2010) (Billion US\$)



(Source: DOC)

\*Please send comments to [ichirofujisaki@aol.com](mailto:ichirofujisaki@aol.com)  
Twitter: @AmbJapan2US

## 9. Passenger vehicle market in Japan by segment (2011)



## 11. Japan's Import of Agricultural Products from US (2011)

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