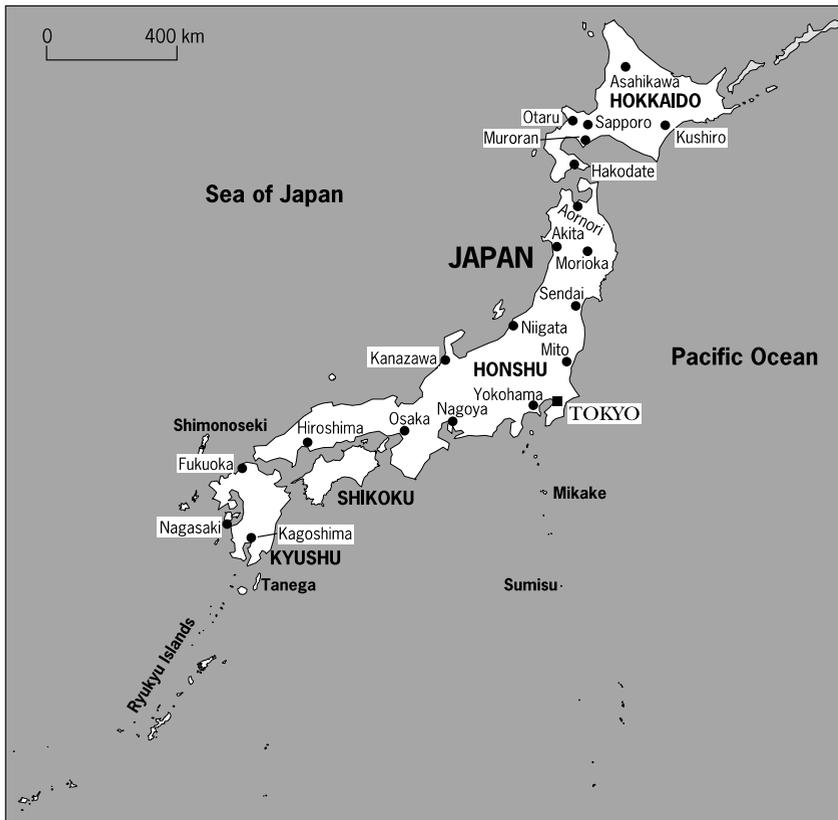


Japan



In December 2012, Shinzo Abe became Japan's prime minister for the second time (his first stint had been from September 2006–September 2007) after his Liberal Democratic Party–New Komeito Party (LDP–NKP) coalition had trounced the out-going Democratic Party of Japan (DPJ) group by 325 seats to 57. He immediately embarked on an ambitious economic revival programme designed to galvanise what had become, over the previous two decades, a moribund economy.

In mid-2013, Mr Abe's LDP–NKP coalition looked certain to win the 21 July elections for Japan's House of Councillors (the upper house), a victory which would give him complete parliamentary control. Not that Mr Abe faced fierce opposition – quite the contrary. The opposition had fallen into something resembling meltdown. And indeed the results showed that the DPJ could only muster 18 of the 121

seats contested in the upper house election, an all-time low. This sorry result triggered internal disputes and risked casting the DPJ into the political long grass. The LDP coalition managed 25 seats, giving the party a total of 135, 20 ahead of the DPJ.

Able Abe

Saviour or snake-oil salesman, if many Japanese welcomed Mr Abe as the comeback kid, few, if any, of them could really understand quite how his re-birth had come about. His first period in office had not been distinguished by savvy news management and subtle diplomatic footwork. Some observers attributed his reincarnation to his having experienced the peculiarly Japanese process of shame and embarrassment, and so he had set about correcting his earlier mistakes. Politics, however, are in Mr Abe's bloodstream.

KEY FACTS

Official name: Nippon or Nihon (Japan)

Head of State: Emperor Tsegu no Miya Akihito (since 1989)

Head of government: Prime Minister Shinzo Abe (LDP) (from 16 Dec 2012)

Ruling party: Liberal Democratic Party–New Komeito Party (LDP–NKP coalition) from 16 Dec 2012)

Area: 377,728 square km (3,900 small islands)

Population: 127.61 million (2012) (128,056,000; 2010, census)

Capital: Tokyo

Official language: Japanese

Currency: Yen (¥)

Exchange rate: ¥98.06 per US\$ (Jul 2013)

GDP per capita: US\$46,736 (2012)*

GDP real growth: 2.00% (2012)*

GDP: US\$596.40 billion (2012)*

Labour force: 65.45 million (2012)*

Unemployment: 4.35% (2012)*

Inflation: -0.04% (2012)*

Balance of trade: -US\$5.35 billion (2012)*

* estimated figure

His grandfather, Nobusuke Kishi had served as conservative, nationalist Japanese prime minister from February 1957 to July 1960. Before World War II he had worn a colonialist hat as the architect of Japan's invasion of Manchuria (China). Mr Abe's conservative credentials were strengthened by his regular allusions to patriotism and periods of Japan's past that he describes as 'beautiful'. But while still casting backward glances, Mr Abe redux had begun to look forward, no longer interested in any historical diversions. But above all, in the absence of military opportunities, in his second term he focussed on his country's economic weakness. This concern sat alongside Japanese fears that China was fast leaving it behind in the economic stakes. In 2010 China had overtaken Japan as the world's second-largest economic power. At the same time, Japanese national pride had been dented by Chinese pinprick intrusions in the waters surrounding the Senkaku (in Japanese)/Diaoyu (in Chinese) islands in the South China Sea.

DPJ weaknesses

China and South Korea were understandably concerned that Mr Abe would seek to change Japan's pacific post World War II stance through an amendment to Article 9 of the Japanese Constitution, which prohibited military interventions. Mr Abe's July 2013 landslide election victory meant that he was close to achieving the two-thirds majority vote in each house of parliament necessary to amend the constitution. But not all Japanese were

convinced that Mr Abe's political success was more than smoke and mirrors. The previous (DPJ) government's signal disappointment had been its failure to overcome widespread public mistrust, a political phenomenon that could just as easily afflict Mr Abe and the LDP as well. The DPJ's period in office was coloured by a series of gaffes, the most notable of which was its apparent inability to cope with the subtleties of Japanese foreign policy. This was on top of its perceived inadequacy in dealing with the Fukushima disaster when the nuclear power plant was over run by the *tsunami* after the earthquake of 11 March 2011. However, given the scale and nature of the disaster, it was unlikely that Mr Abe's administration would have handled matters any more successfully.

Many of the difficulties could trace their origins back to years of LDP government. However, in 2013 there did not seem to exist any coherent political alternative to the current LDP-NKP coalition administration. Despite the DPJ's electoral losses, it seemed that the public had not completely lost faith in Japan's opposition. Many Japanese felt the need for a more plausible opposition, if only to question Mr Abe's ambitious agenda. Mr Abe's high popularity ratings were largely based on the promise of economic reform.

Islands in the spotlight

Were this strategy to fall apart, or be seen to be deficient, such has been the volatility of twenty-first century Japanese politics, a DPJ resurgence could not be ruled out.

When the DPJ came to power in 2009, optimists had briefly hoped that an above board, competitive party system had at last arrived with the end of the LDP's monopoly on power. Hopes were raised for a less politically paralytic (and often corrupt) as well as economically stagnant Japan. For its part, the LDP gave undertakings to make its policies more 'people-oriented' and increase Japanese focus on the Asia region, particularly on China and South Korea, and less dependent on the United States. However, prospects of closer and improved relations with China were seriously prejudiced when, in mid-August 2012 a group of Hong Kong-based activists landed on the uninhabited, but disputed (between China and Japan), island of Uotsuri, the largest island of the Senkaku chain of islands. The group of protestors were promptly arrested and subsequently deported by the Japanese authorities. The Japanese action provoked predictably disproportionate protests throughout China, which were exacerbated by the later tit for tat landing by a Japanese group which included a number of Tokyo city assembly members. Japan's chief cabinet spokesman, Osama Fujimura, stated that the Japanese landing was an 'internal matter' and that China had no right to interfere. Although the Chinese government refrained from comment, comment by the state controlled press reflected extreme nationalistic positions.

The extent of the Chinese protests over the so-called invasion of the islands is not so much a reflection of the intrinsic importance of the islands to China, as of the historic tension that exists between China and Japan. For long periods the islands were generally accepted to be Chinese, but were taken by the Japanese during the Sino-Japanese war of 1894–95. The Japanese went on to take over large areas of Chinese territory, with high profile military actions such as the capture of Nanking, in which – according to Chinese sources – some 300,000 perished. China has yet to forgive Japan for the excesses committed at the time and it is fair to say that Japan has done little to seek forgiveness. Given the nature of the protagonists, this dispute, ranks far behind that over the Diaoyu in importance. If anything, the shifting economic rivalry between China and Japan heightens sensitivities when raw territorial nerves such as the Diaoyu and the Spratleys are exposed. Whether the high profile dispute over the islands will call into question the

KEY INDICATORS

Japan

	Unit	2008	2009	2010	2011	2012
Population	m	127.69	127.55	128.06	*127.82	*127.61
Gross domestic product (GDP)	US\$bn	4,887.00	5,068.10	5,458.90	5,869.50	*596.40
GDP per capita	US\$	39,731	39,731	42,850	45,920	*46,736
GDP real growth	%	-1.0	-5.5	4.4	-0.7	*2.0
Inflation	%	1.4	-1.1	-0.7	-0.3	*0.0
Unemployment	%	4.0	5.1	5.1	4.5	*4.3
Coal output	mtoe	0.7	2.8	0.5	0.7	0.7
Exports (fob) (goods)	US\$m	746,470	545,280	730,080	789,950	*776,640
Imports (fob) (goods)	US\$m	708,340	501,650	639,100	794,420	*830,120
Balance of trade	US\$m	38,130	43,630	90,970	-4,470	*-5,348
Current account	US\$m	157,079	141,190	195,754	119,060	*58,963
Total reserves minus gold	US\$m	1,009,365	1,022,236	1,061,490	1,110,795	*1,227,147
Foreign exchange	US\$m	1,003,674	996,955	1,036,256	1,071,993	*1,193,578
Exchange rate	per US\$	103.36	93.57	87.78	81.63	*81.11

* estimated figure

implementation of the China-Japan-South Korea free trade agreement remains to be seen.

The economy

In the view of the Paris based Organisation for Economic Co-operation and Development (OECD) in its 2013 survey of the Japanese economy, ‘stopping and reversing the rise in Japan’s debt-to-GDP ratio is crucial. Stabilising the public debt ratio by 2020 may require, depending on the evolution of gross domestic product (GDP) and interest rates, an improvement of the primary fiscal balance from a deficit of 9 per cent of GDP in 2012 to a surplus as high as 4 per cent by 2020’. Expenditure, control, particularly relating to social security liabilities in the face of rapid population ageing, is critical in the view of the OECD. The government is faced with substantial tax increases, which will inevitably have a negative impact on growth. Given the scale of the fiscal consolidation, Japan faces the risk of a marked rise in interest rates, in turn placing at risk a banking system that is over-exposed to Japanese government debt.

The OECD considered ending 15 years of deflation to be a priority. The upgraded commitment by the Nippon Ginko (Bank of Japan) (BOJ) to a 2 per cent inflation target and ‘quantitative and qualitative monetary easing’ was welcomed by the OECD. The proposed doubling of the monetary base, through expanded purchases of government bonds with longer maturities and private assets was aimed at achieving the inflation target in a two year period. It was hoped that this aggressive monetary easing would boost both growth and inflation, in part through a weaker yen. The OECD noted, however, that Japan was not targeting the exchange rate. Japan’s initially haphazard reconstruction efforts after the 2011 earthquake disaster revealed the scale of the structural reform challenges facing Japan. The OECD considered the reform of the agricultural sector to be a priority. The high level and distortionary nature of Japan’s support for its agricultural sector imposes heavy burdens both on consumers and taxpayers, undermining the dynamism of the farming sector, complicating Japan’s participation in comprehensive bilateral and regional trade agreements (see below) and entailing environmental costs. The reduced role of nuclear power following the Fukushima accident will require the development of renewable energy over the long run. This could be facilitated by a fundamental reform of the electricity

sector to reduce the negative impact of integrated, regional monopolies and the lack of an effective price mechanism.

The OECD also suggested that boosting Japan’s labour force participation and its productivity are essential. Japan’s working-age population is projected to fall by 40 per cent by 2050, meaning that measures are needed to make the most of Japan’s human resources, including women, older persons and youth. Japan’s tax and social security systems and inadequate childcare facilities create work disincentives for secondary earners, primarily women. The OECD also noted that for older workers, the mandatory retirement at age 60 ends careers prematurely, especially as Japan has the highest life expectancy in the world. Educational reforms are needed to help boost productivity, beginning with more investment in pre-primary education. Japanese universities fail to rank high in international comparisons in many respects, including in their contribution to innovation. The proposed fiscal consolidation could adversely affect inequality and poverty. Both these had risen in the years following the global financial crisis, with Japan’s relative poverty rate in 2013 the sixth highest in the OECD. The redistributive powers of the tax and benefit systems are weak in Japan, while the high share of low-paid, non-regular workers contributes to inequality. Labour market dualism is driven in part by higher employment protection for regular workers, encouraging firms to hire non-regular workers to enhance employment flexibility and by the lower labour cost of non-regular workers.

The three arrows

Mr Abe’s economic policy is described in populist terms as consisting of the ‘three arrows’ of aggressive monetary easing, flexible fiscal policy and in third place a less clearly defined cluster of growth strategies. As part of a general Japanese renaissance, these are aimed at reversing Japan’s entrenched deflation and stagnation to the characteristics of a more prosperous economy, with two per cent inflation and strong growth in place. Mr Abe’s first arrow was perhaps the easiest to position. The Bank of Japan announced bold ‘quantitative and qualitative easing’ measures in April 2013, doubling both the volume of long-term bond purchases per month and the average maturity of government bonds. Between the Diet’s dissolution, from 15 November 2012 to mid-April 2013, the yen depreciated against the US dollar by 20 per cent and

on the back of widespread ‘Abenomics’ enthusiasm, stock prices rose by an impressive 50 per cent. Consumption also grew in the first and second quarters and exporting companies reported rising profitability, which in turn boosted share prices.

The second element – or ‘arrow’ – of the Abe package, increased government spending, was incorporated into the supplementary budget of the 2012 fiscal year. Targeting the second quarter of 2013, it was only introduced as a short-term stimulus. Japan’s debt-to-GDP ratio, at over 200 per cent, is the worst of all the OECD member countries, with annual fiscal deficits hovering around eight per cent since 2009. The controversial aspect of this second element was that of sharp – and possibly deflationary – rises in Japan’s consumption (or sales) tax rate – from 5 to 8 per cent in April 2014 and subsequently to 10 per cent in October 2015.

In mid-September 2013 Prime Minister Abe told the Group of 20 summit in St Petersburg that Japan hoped to achieve both economic growth and fiscal reform through its pro-growth policy agenda. Mr Abe confirmed that Japan would aim to halve its budget deficit by the fiscal year to March 2016 and would also aim to achieve a surplus by March 2021. Mr Abe avoided any reference to the ‘hot potato’ issue of doubling the sales tax over the next two years, as stipulated by a law passed in 2013. The question of the sales tax increase has become the high point of the fiscal debate in Japan. Japan’s public debt is around twice the size of its US\$5 trillion economy, just about the worst ratio among industrial countries. Mr Abe’s hopes are pinned on his Abenomics strategy of monetary easing, fiscal stimulus and radical pro-growth plans. The strategy’s eventual success also hinges on addressing Japan’s frightening debt levels. Referring to the sales tax increase, Mr Abe has repeatedly said that he would make a decision on whether to implement the tax rise taking into account Japan’s economic indicators to see whether the economy would withstand its impact. Were the tax rise to be increased, the sales tax would be raised to 8 per cent from 5 per cent in April 2014 and to 10 per cent in October 2015, increases considered crucial in funding ballooning welfare costs and at the same time beginning to resolve Japan’s disastrous fiscal situation. Any likely long-term success of Mr Abe’s economic policies will also depend on injecting some sort of ‘feelgood’ factor back into a long-suffering Japanese electorate.

Reservations?

Numerous observers consider that Mr Abe would need to increase his economic stimulus measures to get Japan on to a sustainable recovery path. A survey by Mizuho Securities of more than 400 non-profit foundations, suggested that they were more likely to invest in foreign stocks while planning to cut holdings in Japanese investment trusts (*toshin*). In the Mizuho survey, 55 per cent of over 400 foundations polled did not expect Japan's inflation rate to reach 2 per cent within two years, a policy goal that the BOJ had set when it unveiled its massive two-year stimulus plan. Only 28 per cent expected the inflation objective to be met. In July 2013 Japan's consumer price rose by 0.7 per cent, ostensibly in line with the BOJ's policy objectives, although this rise was driven mostly by energy price rises rather than by stronger domestic demand. Of the foundations surveyed, 49 per cent expected Japan to have to increase the stimulus as Mr Abe's policies would not boost the economy as much as hoped; 21 per cent said the Japanese economy was on a sustainable recovery path.

Another uncertain economic initiative is Japan's possible membership of the Trans-Pacific Partnership (TPP) which was founded in 2005 as, essentially, a free trade agreement between Brunei, Chile, New Zealand and Singapore. Since 2010, negotiations have been taking place to widen the TPP's scope by including as members Australia, Canada, Malaysia, Mexico, Peru, the United States, Vietnam, South Korea and... Japan. The membership negotiations have drawn criticism and protest from many quarters for their secrecy, the expansive scope of the agreement and a number of controversial clauses contained in the drafts leaked to the public. None the less, in the unlikely event that membership materialises as hoped, the TPP free-trade agreement would bring together a dozen countries, two-fifths of the world economy and one-third of all trade. However, to most neutral observers, meeting the 2013 deadline (that of 2012 had not been met) seemed unlikely.

Energy

In the period after the Fukushima accident, which led to the closure of virtually all Japanese nuclear power stations, nuclear policy and the security of energy supplies has become paramount. Japan has few domestic energy resources and is only 16 per cent energy self-sufficient. It

is the third largest oil consumer in the world behind the United States and China and the third-largest net importer of crude oil. It is the world's largest importer of liquefied natural gas (LNG) and second largest importer of coal. In the light of Japan's lack of sufficient domestic hydrocarbon resources, Japanese energy companies have actively pursued participation in upstream oil and natural gas projects overseas and provide engineering, construction, financial and project management services for energy projects around the world. Japan is one of the major exporters of energy-sector capital equipment and has a strong energy research and development (R&D) programme supported by the government, which pursues energy efficiency measures domestically in order to increase the country's energy security and reduce carbon dioxide emissions.

The March 2011 9.0 magnitude earthquake which struck off the coast of Sendai, triggered a large *tsunami*. The earthquake and ensuing damage resulted in an immediate shutdown of 12,000MW of electric generating capacity at four nuclear power stations. Other energy infrastructures such as the electrical grid, refineries and gas and oil-fired power plants were also affected by the earthquake, though some of these facilities have been restored. Between the 2011 earthquake and May 2012, Japan lost all of its nuclear capacity due to scheduled maintenance and the challenge facilities faced in gaining government approval to return to operation. Japan substituted the loss of nuclear fuel for the power sector with additional natural gas, low-sulphur crude oil and fuel oil.

The US government Energy Information Administration (EIA) considered that in the wake of the Fukushima nuclear incident, Japan's energy fuel mix looked likely to change as natural gas, oil and renewable energy began to take larger slices of the market and supplant some of the nuclear fuel. Oil was the largest energy resource of fuel consumption in Japan, although its share of total energy consumption had declined from about 80 per cent in the 1970s to 42 per cent in 2010. Coal continued to account for a significant share of total energy consumption, although natural gas was increasingly important as a fuel source and is currently the preferred fuel-of-choice for the shortfall in nuclear capacity. Before the 2011 earthquake, Japan was the third largest consumer of nuclear power in the world, after the US and France, and nuclear

power accounted for about 13 per cent of total energy in 2010. Hydroelectric power and renewable energy comprise a relatively small percentage of total energy consumption in the country.

Japan has very limited domestic oil reserves, amounting to 44 million barrels as of January 2012, according to the *Oil and Gas Journal* (OGJ), down from the 58 million barrels reported by the OGJ in 2007. Japan's domestic oil reserves are concentrated primarily along the country's western coastline. Offshore areas surrounding Japan, such as the East China Sea, also contain oil and gas deposits; however, development of these zones is held up by competing territorial claims with China. While a preliminary accord was reached between the two governments in May 2008 over two fields – Chunxiao/Shirakaba and Longjing/Asunaro – in September 2010, Japan urged China to implement the agreement as tensions rose over the contested area. Consequently, Japan relies heavily on imports to meet its consumption needs. Japan maintains government-controlled oil stocks to ensure against a supply interruption. Total strategic oil stocks in Japan were 589 million barrels at the end of December 2011, with 55 per cent being government stocks and 45 per cent commercial stocks.

Japan consumed an estimated 4.5 million barrels per day (bpd) of oil in 2011, making it the third largest petroleum consumer in the world, behind the United States and China. However, oil demand in Japan has declined overall since 2000 by nearly 20 per cent. This decline stems from structural factors, such as fuel substitution, an aging population and government-mandated energy efficiency targets. In addition to the shift to natural gas in the industrial sector, fuel substitution is occurring in the residential sector as high prices have decreased demand for kerosene in home heating. Japan consumes most of its oil in the transportation and industrial sectors. Japan is also highly dependent on naphtha and low sulphur fuel oil imports. Demand for naphtha is falling as ethylene production is gradually being displaced by petrochemical production in other Asian countries. However, demand for low-sulphur fuel oil is increasing as it replaces nuclear electric power generation.

The EIA noted that Japan's oil consumption rose slightly in 2011 by 30,000bpd over 2010 due to some post-disaster reconstruction works and the substitution of crude oil and low sulphur fuel oil

for the suspended nuclear power after the Fukushima incident. The EIA assumed that net total oil consumption would rise by another 80,000bpd in 2012 assuming no nuclear capacity were to come back online.

As part of its revised energy policy plan, Japan has been trying to encourage a greater use of renewable energy, from sources such as solar, wind, geothermal, hydropower and biomass, for power generation. Non-nuclear renewable energy made up about 4 per cent of Japan's total energy consumption and about 2 per cent of the country's electricity generation in 2010. The Japanese legislature approved an act, originally scheduled to be official in July 2012, compelling electric utilities to purchase electricity generated by renewable fuel sources, except for nuclear, at fixed feed-in tariff prices. The costs were to be shared by government subsidies and the end users, though details of the act, particularly the tariff price, are not entirely defined.

Risk assessment

Economy	Poor
Politics	Fair
Regional stability	Fair

COUNTRY PROFILE

Historical profile

1600 The unification of Japan began in the Tokugawa period (1600–1868), during which a national administrative hierarchy was formed.

1868 The restoration of the imperial family from political obscurity ended the Tokugawa Shogunate and began the Meiji era. Key reforms were initiated to orient Japan to the West and end centuries of isolation.

1894 Japan defeated imperial China in a brief war.

1895 China ceded Taiwan to Japan and allowed Japan to trade in China.

1904–05 Japan went to war with Russia and won.

1910 After three years of fighting, Japan annexed Korea.

1914–19 Japan had limited participation in the First World War on the side of Britain and the allies. The Treaty of Versailles gave Japan some territory in the Pacific.

1920–32 Since the late 1920s, extreme nationalism had increased. In 1931, Japan invaded Manchuria (northern China), renaming it and installing a puppet regime. The Japanese prime minister was assassinated in 1932 by ultra-nationalists. The military held increasing influence in the country.

1938–41 Japanese forces occupied large parts of China and south-east Asia, forcing the British out of Singapore, Malaysia and Hong Kong.

1945 Following its defeat in the Second World War, the subsequent armistice ceded control over many of Japan's outer islands, and the country was placed under US military occupation.

1947 Under direction and influence of the US occupying administration a new democratic constitution was enacted, with many aspects based on the US constitution. Foremost of which had Japan renouncing all military activity outside Japan and the Emperor being stripped of all political power; women were enfranchised and civil liberties were enshrined in law.

1951 Following the signing of the peace treaty, Japan regained its sovereignty. Sovereignty over the Tokara Archipelago and the Amami islands were also restored.

1955 The Liberal Democratic Party (LDP, also known as Jiminto) was formed by a coalition of centre-right groups; it remained in power until its first defeat in 1993.

1956 Japan joined the UN.

1964 Prime Minister Hayato Ikeda was succeeded by Eisaku Sato, who was to become the longest-serving prime minister in Japanese history, remaining in office until 1972.

1972 The Bonin Islands and the remainder of the Ryukyu Islands (including Okinawa), which had been under US administration since 1945, were finally returned to Japan. Kakuei Tanaka became prime minister; he resigned in 1974.

1976 Kakuei Tanaka was arrested on charges of accepting bribes. The scandal damaged the LDP, which, in the elections, lost its overall majority for the first time.

1983 Following seven years of judicial proceedings, Tanaka was found guilty of accepting bribes. He began appeal proceedings and refused to resign his legislative seat, forcing a premature general election.

1986 The LDP recovered its absolute majority in the Diet

1987 The high court upheld the 1983 decision, finding Tanaka guilty of accepting bribes.

1989 The Showa era ended with the death of Emperor Hirohito, who had reigned since 1926. He was succeeded by his son, Akihito, beginning the Heisei era.

1993 The LDP lost its majority in the lower house in the national elections and a coalition government was formed.

1994 Tomiichi Murayama, leader of the Social Democratic Party of Japan (SDPJ), became Japan's fourth prime minister in a year.

1997 Ryutaro Hashimoto of the LDP were elected for a second term. The economy entered a severe recession.

1998 Keizo Obuchi succeeded Hashimoto.

2000 Obuchi died and was replaced by Yoshiro Mori. The LDP lost its parliamentary majority, forcing Mori to rely on coalition partners.

2001 Mori, rocked by scandals and an unpopular image, resigned as prime minister and party leader. Junichiro Koizumi became prime minister and leader of the LDP. He helped turn around the fortunes of the LDP.

2002 Koizumi's opinion poll ratings plummeted as his 'reform' agenda prove unpopular.

2003 The LDP was re-elected in the parliamentary elections.

2004 The opposition won the upper house partial elections; however, the LDP-led coalition retained its majority in both houses. Japanese non-combat troops were sent to Iraq. Huge earthquakes killed 30 people in the north.

2005 Early elections were called after the prime minister's proposal to privatise Japan Post was defeated in the upper house. The LDP won an increased majority in the Diet (parliament). Relations with China were strained as a result of controversial Japanese textbooks, Koizumi's visits to a war shrine commemorating war criminals and China's exploration of disputed areas of the East China Sea.

2006 Shinzo Abe won the LDP's party presidency. Koizumi resigned from the premiership and was replaced by Abe. The Japan Defence Agency became the Ministry of Defence.

2007 Satsuki Eda (Democratic Party of Japan) (DPJ) became the first opposition politician to be president of the upper house. Shinzo Abe resigned as prime minister and Yasuo Fukuda (LDP), was appointed as his successor.

2008 Indigenous people of the northern island of Hokkaido, the Ainu, were granted full recognition. A four-year bilateral dispute was settled when Japan and China agreed to the joint development of a gas field in the East China Sea. Fukuda resigned as prime minister and was replaced by Taro Aso.

2009 Following a decisive defeat for LDP in local elections, Prime Minister Aso called early general elections for 30 August, in which the opposition DPJ won a solid victory with 42.4 per cent of the vote (308 seats of 480). Yukio Hatoyama (DPJ) was elected prime minister.

2010 Japan Airlines (JAL) filed for bankruptcy; it was the largest corporate failure in Japan's business history. However, the government decided to revitalise JAL with US\$3.3 billion in reorganisation, US\$8

billion in debt waivers and a line of credit of over US\$6.5 billion. Prime Minister Yukio Hatoyama resigned, following his inability to close the unpopular US military base in Okinawa, which had been an election campaign pledge, and a funding scandal involving government aides. Parliament elected Naoto Kan (DPJ) as prime minister. The state-funded deposit insurance agency announced that only the first US\$120 million of depositor's money in the insolvent Incubator Bank of Japan (IBJ) was guaranteed to be refunded, while around US\$130 million of 3,423 depositor's money was uninsured. The IBJ was a private lender to small businesses and the first bank failure since 2003.

2011 A massive earthquake, of magnitude 8.9 (the biggest since 1871) struck offshore of the north-eastern coast of Honshu in March. A tsunami that followed caused extensive damage onshore, not only killing thousands of people and leaving hundreds of thousands homeless, but also causing explosions in the Fukushima nuclear power station. Another earthquake of 7.1-magnitude hit in April, causing localised damage. The severity rating of the nuclear crisis for the Fukushima nuclear plant was raised to the highest level for such accidents (seven) in April. However officials said radiation leakage were a tenth of that from the 1986 Chernobyl disaster. The government made it illegal to enter a 20km evacuation zone around the stricken Fukushima nuclear reactor. An emergency budget of ¥4 trillion (US\$48.9 billion) was proposed in April. Monies intended for pension funds, child allowances and reducing highway tolls were diverted to the emergency budget. Analysts estimated that the final cost to the economy of the disaster could be US\$309 billion. By the beginning of May, 14,704 people were confirmed dead and 10,969 people were still missing and tens of thousands of people were in need of re-housing. The disaster was estimated to have cost the equivalent of 6 per cent of its 2010 economic output and forced the economy to fall back into recession in the first quarter of 2011. In July, children that were living in Fukushima City (60km from the damaged Fukushima nuclear power plant) tested positive for trace amounts of radioactive substances. The sluggish economy and slow clean-up and recovery undermined the authority of Prime Minister Kan, who resigned in August; he was replaced by Yoshihiko Noda (DPJ). Japan confirmed in early October that it would be sending its whaling fleet fishing back to the Antarctic. The move was condemned by the New Zealand government while the anti-whaling campaigning group, Sea Shepherd, said they would continue to hassle the boats.

2012 Emperor Akihito underwent successful heart by-pass surgery in a Tokyo hospital on 18 February. Japan's trade surplus rose to a record ¥32.9 trillion (\$394 billion) in February, following on a deficit of ¥1.5 trillion (US\$17.9 billion) in January. In April the governments of the US and Japan reached an agreement whereby around 9,000 US marines will be relocated outside Japan, leaving a force of 10,000 on the island of Okinawa. The final date of closure of the USAF Futenma airbase (Okinawa) remains to be decided. On 1 July, the Fukushima nuclear reactor was reactivated, despite local protests. On 11 July, a new political party called Kokumin no Seikatsu ga Daiichi (KSD) (Putting People's Lives First) was founded by 48 members defecting from the DPJ. They opposed the doubling of the consumption tax (to 10 per cent), as imposed by the DPJ. On 15 July devastating floods, which followed torrential rains, caused the evacuation of 250,000 persons and the deaths of 26 from the southern island of Kyushu. On 23 September, China cancelled diplomatic events celebrating 40 years of normalised relations with Japan, due to a dispute over ownership of the Senkaku (known in China as Diaoyu) Islands. On 25 October, Shintaro Ishihara, governor of Tokyo, resigned to form a new political party to contest the 2013 elections. He stated his motivation was that Japan's pacifist post-war constitution needed reforming. Parliament was dissolved on 16 November and early general elections were held on 16 December in which the opposition coalition of two parties led by LDP won a total of 67.7 per cent (325 seats, out of 480) and the ruling coalition of eight parties led by the DPJ (plus other representatives) won 31.3 per cent (150 seats). Shinzo Abe, leader of the LDP, became prime minister designate.

2013 In August officials reported that some 300 tonnes of radioactive water may be leaking daily from the damaged Fukushima nuclear plant. The prime minister pledged action on a rapid clean-up. Cabinet ministers visited the Yasukuni shrine on 15 August, the anniversary of Japan's surrender in World War II. Although Prime Minister Abe did not join them, the Chinese government summoned the Japanese ambassador to register a complaint. Although the government has said it would like talks with China on the future of the disputed East China Sea islands, deputy foreign minister Li Baodong has said that China is not in favour of a meeting at the G20 meeting in early September. The government announced on 2 September that it was allocating US\$473 million to fix the leaking tanks at the Fukushima

nuclear plant. Tokyo was announced as the venue for the 2020 Olympic Games on 7 September. Japan's last nuclear reactor, Reactor 4 at Ohi in western Japan, was shut down on 16 September.

Political structure

Constitution

The Japanese constitution came into force in 1947. It may be amended only if the proposed alteration is passed with a two-thirds majority by the Diet (parliament) and then submitted to the people for ratification, either in a referendum or by election. Religion and state are constitutionally separate.

The imperial succession crisis caused by the lack of any male heir being born for over 40 years was eased following the birth of Prince Hisahito in 2006 (son of the Emperor's cousin and third in line to the throne, Prince Akishino). Since 2005 there has been much discussion about amending the constitution to allow equal primogeniture so that the Emperor's daughter Princess Aiko can ascend to the imperial throne.

Form of state

Constitutional monarchy

The executive

Executive power is vested in the cabinet, which consists of the prime minister and not more than 20 ministers of state (including ministers without portfolio and the chief cabinet secretary) and is collectively responsible to the Diet.

By convention, the chosen president of the majority party becomes prime minister; the Emperor appoints the prime minister, who must already have been approved by the Diet. The prime minister appoints the cabinet, the majority of whom must be members of the Diet; the cabinet remains collectively responsible to the Diet. The Emperor is the head of state under the constitution, but is primarily a national figurehead

National legislature

The bicameral Kokkai (National Diet) (parliament) is the highest organ of state power and the sole lawmaking authority, comprising two chambers, both directly elected by independent and separate voting systems. The Sangi-in (House of Representatives) (lower house), has 480 members, of which 300 members are directly elected in single-seat constituencies and 180 are elected by proportional representation within 11 multi-member constituencies; all members serve for four-year terms.

The Shugi-in (House of Councillors) (upper house) has 242 members, of which 96 are elected by proportional representation in a single nationwide electoral district. The remaining 146 are elected in 47 constituencies each returning 2–10

members. All candidates must be aged at least 30 years and voters must be aged at least 20 years, although discussions have been going on for a several years to lower the age to 18. All members serve for a fixed six-year term, with an alternate half the number elected every three years. This chamber cannot be dissolved by the prime minister.

Both houses must be in agreement for legislation to be enacted, although when the Diet is in deadlock the lower house takes precedence.

Legal system

The judiciary is independent, but the role of bureaucratic interpretation and the reluctance of the Japanese to get involved in litigation mean that judges are less influential than in Western democracies. All judicial power is vested in the Supreme Court and four types of inferior court – High, District, Family and Summary Courts.

The judges of the Supreme Court, except the chief judge, who is appointed by the Emperor, are appointed by the cabinet. The judges of inferior courts are also appointed by the cabinet, but only from a list of persons nominated by the Supreme Court.

Last elections

16 December 2012 (parliamentary, lower house); 21 July 2013 (parliament: upper house)

Results: Parliamentary (lower house): Prospective (Liberal Democratic Party-New Komeito Party) (LDP-NKP coalition) won 67.7 per cent of total vote (325 seats, out of 480); coalition of eight parties (plus other representatives), won 31.3 per cent (150 seats) (led by Democratic Party of Japan (DPJ) 11.9 per cent (54) and Japanese Restoration Party (JRP) (11.3 per cent (54)). Turnout was 59.3 per cent.

Parliamentary (upper house – 50 per cent of membership): the coalition of LDP, NKP and New Renaissance Party (NRP) won 105 seats overall (out of 242 in house); LDP won 51 seats (to achieve an overall 84); the NKP nine (19 overall), NRP 1 (2 overall), the coalition of DJP, PNP and New Party Nippon won 44, out of 110 overall (out of total 242 in house) DPJ 44 overall, PNP nil (three overall), NPN nil (one overall); Your Party (YP) 10 (11 overall), JCP three (six overall), SDP two (four overall), Sunrise Party of Japan (SPJ) one (three overall), Happiness Realisation Party one (one overall), independents two (two overall). Turnout was between 48–73 per cent.

Next elections

2013 (parliamentary: 50 per cent of upper house); December 2016 (parliamentary, lower house)

Political parties

Ruling party

Liberal Democratic Party-New Komeito Party (LDP-NKP coalition) from 16 Dec 2012)

Main opposition party

Liberal-Democratic Party (L-DP)

Population

127.61 million (2012) (128,056,000; 2010, census)

Approximately 80 per cent of the population live on the northern island of Honshu, and the density in the major cities (Tokyo, Osaka, Nagoya) is high. Approximately five million Japanese live outside Japan.

Last census: 1 October 2010: 128,056,000

Population density: 337 inhabitants per square km. Urban population 67 per cent (2010 Unicef).

Annual growth rate: 0.2 per cent, 1990–2010 (Unicef).

Ethnic make-up

Japan is generally recognised to be racially homogenous, however there are small numbers of Ainu (indigenous people) and almost one million Koreans. The 1980s saw an influx of illegal immigrants into Japan, notably from the Philippines. Immigration levels have remained low relative to other industrialised countries, with non-Japanese making up only 2 per cent of the population.

Religions

Shintoism and Buddhism (majority), Christianity (minority). Many people profess both Shintoism and Buddhism, observing Shinto rites for birth and marriage and Buddhism for funerals. Both religions continue to play a significant role in cultural, philosophical and even business and political spheres. There are approximately 1.7 million Christians.

Education

Japan follows the American educational cycle of 6-3-3-4 years, where the six, elementary (primary) years and three junior high school years are free of charge and mandatory.

Even though competition is fierce, 97 per cent of students enrol for non-compulsory high school at aged 15. Valued places in prestigious high schools virtually guarantee a direct path into universities and other institutes of higher education. High school lasts for three years. There are a number of private international schools. At 62.6 per cent, Japan has the highest rate, of any industrialised country, for students going into higher education. There are three types of institutes of higher education: university, junior college and technical college.

There are also kindergartens for pre-school children, and miscellaneous schools for vocational and practical

training, and special education schools for the physically and mentally handicapped.

Admission is highly competitive at every stage of schooling and there have been many critics who question whether the intensive school curriculum enables students to confront a dynamic, modern world. Changes have been introduced to encourage a greater flexibility in both teaching and learning. The academic year has been amended to five days a week and 210 days a year.

Public expenditure on education typically amounts to 3.6 per cent of annual gross national income.

Compulsory years: Six to 15

Enrolment rate: 101 per cent gross primary enrolment, 103 gross secondary enrolment; of the relevant age groups (including repeater) (World Bank).

Pupils per teacher: 19 in primary schools

Health

Medical facilities in Japan are excellent, with around 97 per cent of all medical services covered by plans such as National Health Insurance, which is also available to foreigners with residence or work visas.

Japan has a low fertility rate reflecting trends in all developed countries as its population ages rapidly. In a 2005 study the recorded number of Japanese men fell by 0.01 per cent, as the population rose by 0.05 per cent, these figures are the smallest seen (apart from the war years when statistics of military deaths were withheld) since records began in 1920. The fall in the number of men could be explained by many working abroad, however what is sure is the number of Japanese aged over 65, in 2004, reached a record high of 19.5 per cent, as those aged under 14 fell to an all-time low of 13.9 per cent. The concerns in the changing demographics has prompted reform of the state pension where amendments implemented in 2004 steadily reduce benefits, as premiums increase.

HIV/Aids

There are signs that the sexual behaviour of youth in Japan could be changing significantly and putting this group at greater risk of HIV infection.

HIV prevalence: 0.1 per cent aged 15–49 in 2003 (World Bank)

Life expectancy: 82 years, 2004 (WHO 2006)

Fertility rate/Maternal mortality rate: 1.4 births per woman, 2010 (Unicef); maternal mortality eight per 100,000 live births (World Bank)

Birth rate/Death rate: 1.26. In 2007 forecasters said the population could fall by 20 per cent by 2050.

Child (under 5 years) mortality rate

(per 1,000): 3 per 1,000 live births (WHO 2012)

Head of population per physician:

1.98 physicians per 1,000 people, 2002 (WHO 2006)

Welfare

Japan's social security system is divided into five parts: public assistance, welfare services, social insurance (medical care, pensions, child allowances, unemployment insurance and workers' accident compensation), public health, public service pensions and assistance for war victims.

There are some 26,000 social welfare institutions (excluding day nursery facilities), of which around 16,600 are public and 9,400 private.

Pensions

The falling birth rate and ageing population has increased the pressure on the pension scheme, which relies on contributions paid by those working, too many of whom have opted out.

The welfare ministry estimates that social security costs will increase fourfold by 2025, from ¥65 trillion (US\$608 billion) in 1995 to ¥274 trillion (US\$2.6 trillion) in 2025. To compound the problem, the stagnating economy in the 1990s resulted in a huge pension liabilities gap – underfunded pension liabilities are thought to total ¥419 trillion (US\$3.9 trillion). To fill the gap, the government has raised corporate taxes and scaled back the benefits.

The pension reform bill was opposed by those who claimed that the underlying assumptions on which it was based were flawed. About 40 per cent of self-employed workers are said to have failed to pay contributions, many believe they would be unlikely to see any retirement benefits. Without a unified pension, which covers all workers, the funding remains problematic, although a sales tax has been proposed to add to the funding.

Family support

A social security reform bill was passed in June 2004, in which corporate tax will be increased gradually from 13.58 per cent in 2004 to 18.3 per cent in 2017, while benefits will be reduced, with payments at only 50 per cent of the average take-home pay. Opposition say increased tax will encourage employers to hire part-time workers who are covered by another scheme.

Main cities

Tokyo, (capital, estimated population 8.9 million (m) in 2012); Yokohama, (3.8m), Osaka (2.7m), Nagoya, (2.3m), Sapporo (1.9m), Kobe (1.6m), Fukuoka (1.5m), Kyoto (1.5m), Kawasaki (1.4m), Hiroshima (1.2m).

Languages spoken

It is hard to operate in Japan without some knowledge of Japanese or the services of an interpreter.

Pupils are taught English in school for seven years but this involves a formal grammatical knowledge rather than spoken English.

Official language/s

Japanese

Media

Press

Around 80 per cent of the population read a daily newspaper, of which there are over 120 to choose from, with a combined publish run of around 70 million. In the largest markets, such as Tokyo, there can be three editions published per day. Nevertheless, the number of subscribers is declining and this trend is expected to continue.

Dailies: In Japanese (with English online editions) the major nationals include *Yomiuri Shimbun* (www.yomiuri.co.jp/dy), the leading newspaper with a circulation of around 10 million and is affiliated to Nippon TV, *Asahi Shimbun* (www.asahi.com/english) is affiliated to Asahi TV and *Mainichi Shimbun* (<http://mdn.mainichi.jp>) is affiliated to TBS. Other major newspapers are regionally based including *Hokkaido Shimbun* (www.hokkaido-np.co.jp), *The Kyoto Shimbun* (www.kyoto-np.co.jp) and *Sankei Shimbun* (www.sankei-kansai.com) from Osaka.

The *Japan Times* (www.japantimes.co.jp) is the only exclusively English language newspaper published, while *Japan Today* (www.japantoday.com) is a comprehensive online publication.

Weeklies: Some Japanese newspapers publish an English weekly edition. The *Tokyo Journal* (www.tokyo.to), *Tokyo Weekender* (www.weekender.co.jp) and *Metropolis* (www.metropolis.co.jp), are published for foreigners living in Japan, and in particular the capital.

There are weekend or Sunday editions of daily newspapers, including *Aera* (www3.asahi.com) and *Sekai* (www.iwanami.co.jp).

Business: In Japanese, the *Nikkan Kogyo Shimbun* (www.nikkan.co.jp) and *Nihon Keizai Shimbun* (www.nikkei.co.jp) are leading financial newspapers from Tokyo of which *The Nikkei Weekly* (www.nikkei4946.com) is the English-language weekly edition of the latter. All quality newspapers cover business and economic news.

A trade-press of 7–8,000 publications covers most aspects of business and the economy.

The Japan Economic Institute of America (www.jei.org) publishes articles and

analysis of the business environment from a US perspective.

Periodicals: Japanese Anime and Manga magazines featuring illustrative, cartoon stories are very popular and cater for all ages.

Broadcasting

NHK (Nippon Hoso Kyokai) (www.nhk.or.jp) is only one of five national terrestrial broadcasters all of which compete strenuously for audiences. TBS (www.tbs.co.jp) provides national radio and television services.

Radio: NHK (www.nhk.or.jp) has a network of three stations, Radio 1 for news a talk radio, Radio 2 for cultural and educational programmes and FM Radio for classical music. It also operates an external network, Radio Japan; the First Services broadcasts in Japanese and English to Asia and the Second Service which broadcasts in 20 other languages throughout Asia. There are numerous commercial radio stations located regionally including Tokyo FM (www.tfm.co.jp) TBS Radio (www.tbs.co.jp/radio), FM Cocolo (www.cocolo.co.jp) from Osaka, Zip FM (<http://zip-fm.co.jp>) from Nagoya and FMii (www.fmii.co.jp) from Morioka. The American Forces Network (AFN) operates from US military bases, offering English-language programmes from Yokota Air Base (www.yokota.af.mil/afn). Digital radio services are available, provided by all major broadcasters.

Television: NHK (www.nhk.or.jp) is the only public TV service, funded largely by a licence fee. It is at the forefront in providing new technological transmissions and analogue signals will be completely replaced by digital signals by 2011. Japan was the first country to introduce high definition (HD) TV services and NHK has a channel exclusively for these transmissions. Of the other major national TV networks all are commercial, including Nippon Television Network (NTV) (www.ntv.co.jp), the Tokyo Broadcasting System (TBS) (www.tbs.co.jp), Fuji Television (www.fujitv.co.jp) and TV Asahi (www.tv-asahi.co.jp).

Locally produced TV programmes dominate the schedules and foreign shows may have an influence on production although they do not get screened.

Millions of viewers subscribe to cable and satellite TV.

Other news agencies: Jiji Press (in Japanese): www.jiji.com
Kyodo News: <http://home.kyodo.co.jp>
Nikkei Net (business and stock market news): www.nni.nikkei.co.jp

Economy

Japan's economy is the third largest in the world (after the US and China). It is an advanced industry-led economy,

dependent on exports to remain expansionary. Between 2002, when it came out of a decade-long recession, and late 2007 the economy grew steadily. However the shock of the global financial crisis of 2008–09 left it in a precarious state, with a return to negative GDP growth of -1.0 per cent in 2008; in 2009 growth contracted further falling to -5.5 per cent, before pulling out of recession in 2010, with a growth rate of 4.4 per cent, as global trade picked up.

An earthquake, the biggest since 1871, with a magnitude of 8.9, struck offshore of the north-eastern coast of Honshu Island on 11 March 2011, followed by a massive *tsunami* that caused extensive damage onshore, not only killed 14,704 people with 10,969 people missing and tens of thousands of people in need of re-housing, but also leading to explosions in the Fukushima nuclear power station. In response, the government announced an emergency budget of 4 trillion yen (US\$48.9 billion) on 22 April. Monies intended for pension funds, child allowances and reducing highway tolls were diverted to the emergency budget. On 21 March, the World Bank estimated that Japan may need up to five years to recover from the earthquake and *tsunami* that damaged industrial output, wrecking ports, steel works and vehicle parts and electronic manufacturing.

The disaster was estimated to have cost Japan the equivalent of 6 per cent of its 2010 economic output and forced the economy to fall back into recession estimated at -0.7 per cent in 2011. On 24 October 2011, the government approved a ¥12.1 trillion (US\$157 billion) budget for the reconstruction of the area devastated by the March earthquake and *tsunami* and to decontaminate the damaged Fukushima nuclear power station. This was the third supplementary budget (and the second largest ever to be presented to parliament). The economy rebounded in the third quarter of 2011, recording GDP growth of 1.5 per cent after the previous three-quarters of contraction.

As reconstruction of the earthquake and *tsunami* damage began the effect on the economy was positive with the prospect that the economy will experience a solid recovery in 2012, despite a dampening of demand due to the European debt crisis. However by the second quarter of 2012, industrial output had dropped by 1.2 per cent and manufacturing output was at its lowest since the earthquake of 2011, plus Japan's annual inflationary target of 1 per cent was virtually unattainable, so the likelihood is that Japan's growth will stay in negative growth in 2012.

Inflation matched the growth trend, falling from 1.4 per cent in 2008 to -1.1 per

cent in 2009. The government, in concert with other G8 countries, committed US\$100 billion in a fiscal stimulus plan to fight deflation. The package followed three months of the fastest ever contraction in the economy, with the trade deficit in January (US\$9.9 billion) the worst since records began in 1980; exports of automobiles fell by 69 per cent (Toyota, the world's largest vehicle manufacturer, made its worst annual loss in 2008/09, losing a net US\$4.4 billion, compared to record profits in 2007/08; as a result production was cut across a number of its manufacturing sites both in Japan and overseas). Exports in general dropped by 45.7 per cent. Industrial production fell by 10 per cent in January 2009, the fourth consecutive monthly drop in factory output. By August 2009 the economy had begun to pick up and GDP growth rose to 0.9 per cent in the second quarter. Deflation continued in 2010, at -0.7 per cent and, before the earthquake in March 2011, was expected to continue this trend. The Bank of Japan reacted to the global economic crisis by implementing measures to reduce interest rates, ensure stability in financial markets and engender corporate financing, as well as buying up stocks held by banks and providing subordinate loans to banks.

On 26 January 2011, the international rating agency, Standard & Poor's, downgraded Japan from AA to AA-. The 2010/11 debt was almost twice the annual economic output and has been rising steadily since the mid-1990s.

The trend in unemployment continued to rise during 2008–09 with the annual average rate of 4.0 per cent in 2008 rising to 5.1 per cent in 2009 and remaining constant in 2010. However, as global trade has picked up the rate was forecast to fall to 4.9 per cent by 2011. There has been a corresponding change in work patterns, from long-term, full-time employment, to part-time, casual or contract employment. An emergency social safety net was introduced in 2009 to help alleviate the plight of newly unemployed workers, including measures to cover pensions, medical services and re-employment.

In March 2012, Japan and China agreed to swap the equivalent of US\$339 billion in each of their currencies in a measure intended to safeguard them during another global economic crisis and strengthen trade ties. Both central banks will be able to exchange each other's currency (up to the US\$339 billion) without consideration to fluctuation in the money markets. Despite this apparent burst of co-operation, tension rose between the two countries in September over disputed islands (known as Senkaku in Japan and Diaoyu in China) in the East China Sea.

There were a number of anti-Japan demonstrations throughout China and a number of Japanese factories, including Toyota, closed temporarily.

External trade

Japan is a member of the Asia-Pacific Economic Co-operation (Apec) which is a forum for discussing regional economic, investment and trade matters. It does not belong to any free trade zone but does have bilateral trade agreements with several countries and regional blocs worldwide.

The open market economy is predicated on external trade, which provides around 25 per cent of GDP, allowing for the purchase of the raw materials that Japan does not produce; the majority of exports are finished goods. Japan is highly dependent on imported energy and minerals.

Japan has the world's largest fishing fleet which accounts for around 15 per cent of the global catch; the Japanese consume more seafood than any other nation. Japan is the second largest producer of paper (after the US).

On 16 February 2011, Japan and India signed a free trade agreement (FTA), which will cut tariffs on 94 per cent of goods by 2020. Among the goods to benefit textiles, pharmaceuticals and vehicles, as well as services, are prominent.

Imports

Principal imports are fuels, industrial raw materials, machinery and equipment, textiles, foodstuffs – rice, other grains, fish products, meat products, chemicals and non-ferrous ores and ash.

Main sources: China (21.3 per cent total in 2012), US (8.6 per cent), Australia (6.4 per cent).

Exports

Principal exports are vehicles and transport equipment, semiconductors, electronic and electrical machinery, optical and measuring equipment.

Main destinations: China (18.1 per cent total in 2012), US (17.5 per cent), South Korea (7.7 per cent).

Agriculture

The agricultural sector accounts for approximately 1.5 per cent of GDP and employs around 7 per cent of the workforce (down from 50 per cent at the end of the Second World War). Most people in farm employment supplement their income with non-farm employment.

Only about 15 per cent of the land area is available for agriculture and stock-rearing and this is constantly in demand for residential use. Agriculture is highly intensive, making considerable use of technology and capital investment.

Wet cultivation of rice is the main activity (virtually self-sufficient), with a trend

toward production of beef, citrus fruits and tobacco. Wheat, barley, soya beans, potatoes, sweet potatoes, vegetables, fruit, tea and silkworms are also produced.

The price of rice has declined and it is difficult for the paddy farmers to make a profit. In addition, consumers' tastes have changed and they are eating more potatoes, bread, pasta and noodles instead of rice.

Japanese farming is heavily protected by government subsidies and high import tariffs, despite the fact that Japan is dependent on food imports. The political influence of farmers has frequently stalled free trade negotiations with other countries which are deemed as competitors to the Japanese farming sector.

Japan is one of the world's great fishing nations and there are some 3,000 fishing ports dotted around its coasts. Its methods of driftnet fishing, which drags up sea fauna indiscriminately from the ocean, have been criticised throughout the world. The establishment of 200-mile economic zones at sea by a number of countries has meant that Japan has had to go further afield for fishing grounds: half the catch now comes from outside Japanese waters and Japanese boats have increasingly been accused of predatory practices. Fishing contributes substantially to domestic food supply and export earnings. Japanese fishermen catch pollack, pilchards, cod, salmon, mackerel and other fish throughout the north and central Pacific, and are second only to the former USSR in whaling. The total annual marine catch can be up to seven million tonnes per year, with a further 5 per cent of demand imported. Aquaculture is well developed and there are inshore fisheries for squid, clams, crustaceans, shallow-water fish and dolphins.

Japan remains a whaling nation and has been criticised for using overseas aid to manipulate countries into voting in favour of maintaining whaling in international waters. The typical import value of aquatic mammals amount to over US\$176 million yearly, while total fish imports average over US\$2 billion.

The Japanese whaling fleet set sail in 2007, with a quota to kill up to 1,000 whales. There was considerable international condemnation, especially from the US, Australia and New Zealand, of the inclusion of humpback and fin whales in the numbers to be killed. There had been a moratorium on commercial whaling since 1986, and on the killing of humpback whales 1963. The Japanese maintain that they are whaling in the name scientific research. By April 2008, the fleet had failed to reach its quota due to interference by

anti-whaling activists, who took direct action to disrupt whaling.

Following the annual meeting of the Commission for the Conservation of Southern Bluefin Tuna (CCSBT), held on Cheju Island, South Korea, all members agreed to a 20 per cent cut in the roughly 17,000 tonnes in 2009 bluefin tuna catches from 2010. Scientists had warned that without a cut fish stocks could crash as numbers had become dangerously low.

Japan is heavily forested, with forests covering around 66 per cent of the total land area. The variation in climate across Japan means that the country enjoys a diverse range of forests. Plantations account for around 44 per cent of total forested area. About 42 per cent of forests are in public ownership.

Japan is a major consumer of wood and paper products. Despite being heavily forested, Japan is one of the world's largest importers of forest products and by far the largest importer of tropical logs and wood products. The production costs involved in the extraction of Japanese wood are high, so the country is forced to rely on imports.

Industry and manufacturing

The industrial sector contributes approximately 40 per cent of GDP. Manufacturing employs nearly 24 per cent of the workforce, compared to 16 per cent in the US and an average of 18 per cent in OECD countries. In the past, industry has benefited from innovative technology and, in some less competitive sectors such as chemicals, aircraft and software, from considerable financial backing from the government. Japan has also traditionally led the world in automated production processes, which has helped to reduce the industrial workforce and redeploy workers into the tertiary sector.

Factory production shrank by 2 per cent in January 2008, from a 1.6 per cent growth in 2007. The recession in the US and a slower demand for electronics in Asia and Europe were blamed for the fall. Japan's export driven economy could suffer further from falling global demand, which may result in a fall in wage growth and less domestic consumption.

One of the main long-term problems in Japanese industry is its productivity. The Nikkei-300 non-financial companies have typically had a return on equity of just 4 per cent, compared to 20 per cent in the US. Since the mid-1990s, Japanese industry has failed to produce a positive spread between cost of capital and return on capital.

Part of the root cause of inefficiency is the prevailing culture. The Japanese are admired for their discipline and patience, but these qualities have not resulted in

increased productivity; and whereas Japanese product innovation and development is excellent, sales and marketing have lagged behind. In uncompetitive, protected sectors, firms have paced their development to keep step with the slowest. Although the government, as well as companies themselves, is coming round to seeing the benefit of alliances with foreign firms in order to compete on the international stage, the process is slow. Moreover, communication issues surrounding Japan's complex corporate culture can act as something of a barrier to merger and acquisition activities between Japanese and foreign firms. Nevertheless, as the cross-holding structure typical of Japan's famous *keiretsu* groups (business networks which own stakes in one another as a means of mutual security) unravels, Japanese firms in general are coming under pressure to prioritise profits over their traditional relationships. Firms kept alive by their banks after they have lost all hope of financial viability – often termed the 'zombies' by Asian business journalists – will need to be closed or merged in order to restore investor confidence in the industrial sector.

The world's largest vehicle manufacturer, Toyota, made its worst annual loss in 2008/09, losing a net US\$4.4 billion, compared to record profits in 2007/08. Production was cut across a number of its manufacturing sites both in Japan and overseas. However, Nintendo, the video games manufacturer, recorded its biggest profits in 2008/09 of US\$2.79 billion, following the introduction of its successful Wii interactive console.

Tourism

Boarding the Shinkansen (bullet train) that takes visitors from one city to another through a landscape that may not have changed in millennia typifies Japan's appeal. Japan has a reputation for its respect of the environment and historic monuments as well as an ancient culture that coexists with modernity. Visitors are drawn as much to the well preserved temples, castles and historic villages as they are to the neon-bright cities with all the latest technology on show. Japan has 16 sites included on Unesco's World Heritage List, some dating back into pre-history but also including the Hiroshima Peace Memorial (Genbaku Dome) at the site of the first atomic bomb dropped on an inhabited city. Japan also has a world renowned cuisine and love of most foods from the sea.

Travel and tourism is an important component of the economy and has typically constituted 6.8 per cent of GDP since 2006. It also provided 7.2 per cent of total employment (4.6 million jobs) in

2010, a figure which has remained fairly constant since 2006.

In the latest published government statistics, there were 15.3 million air arrivals in 2009, of which 6.8 million were international visitors. The greatest number were from South Korea (1.6 million), followed by China and Taiwan (one million each), US (700,000) and from Hong Kong (500,000). Within the total number, 4.8 million visited for tourism and 1.2 million for business reasons. There were over 500,000 cruise passenger arrivals and departures, although more arrived and subsequently left by air than departed by sea.

Domestic tourism is an important sector of the industry with domestic flights totalling 84 million in 2009.

The Japanese National Tourism Organisation (JNTO) offers international travellers a website to inform, schedule and book trips to and throughout Japan.

Mining

Mining accounts for 0.5 per cent of GDP and 1 per cent of total employment. There are few exploitable mineral resources. Molybdenum, manganese, zinc, copper and iron are mined on a small scale. Japan is self-sufficient in sulphur and limestone.

Hydrocarbons

Japan has virtually no domestic hydrocarbon reserves and must rely on imports for its needs; it is the world's third highest oil consumer (after the US and China) at 5.0 million barrels per day in 2007. Most of Japan's oil is sourced from the Middle East, however as this area is politically volatile and supplies may be subject to outside interference, Japan has been looking elsewhere for supplies. It entered into negotiations with Russia to buy Russian oil, via the as yet incomplete East Siberian-Pacific Ocean (ESPO) pipeline. An agreement for buying this oil would have included investment in completing the pipeline, but during the 2008–09 financial crisis, when Japan's economy contracted, China jumped in and signed a deal, on 18 February 2009, whereby the pipeline will be routed from its Russian terminal in Yakutia and south into China. In June 2012, Qatargas agreed to a long-term contract to supply one million tonnes of liquefied natural gas (LNG) per year to Tepco, beginning in 2012. This agreement, combined with an earlier arrangement, will bring the total supply of LNG from Qatar to one million tonnes per year.

In 2008, Japan and China agreed to jointly develop and share the profits of gas fields in the East China Sea, when production was 17.7 million cubic metres per day. Japan imported almost 89 billion

cubic metres of liquefied natural gas from 13 different countries in 2007, the bulk of which was from other Asian countries. All of Japan's coalmines are closed; there are reserves of 355 million tonnes of black coal. Coal imports account for 25 per cent of the country's electricity generation and most of it is imported from Australia.

Energy

Japan has a total generating capacity of around 238GW, producing over 1 trillion kilowatt hours (kWh). Around 60 per cent of total generation is produced by conventional thermal plants, 20 per cent by nuclear reactors, 19 per cent by hydro-electric dams and the rest from geothermal, solar and wind power. With 53 nuclear power plants, Japan is the world's third largest nuclear power consumer but plans to increase the number of reactors were suspended following public opposition, radiation leaks and faults found following an earthquake at Kashiqazaki, the major plant close to the capital. Following the earthquake of 11 March 2011 and subsequent damage to the Fukushima nuclear power plant, its owners, Tokyo Electric Power (Tepco), announced on 30 March that it would decommission reactors 1–4, due to harmful levels of radioactivity detected in the power plant's location.

On 7 May 2012, Japan's last working nuclear reactor (the third reactor at the Tomari plant) was shut for routine maintenance. The shutdown removes a major source of electricity from Japan's energy mix – until the 2011 *tsunami* Japan had 30 per cent of its energy from its nuclear power stations. Although the shutdown is said to be for 'routine maintenance', marchers in Tokyo, waved banners to celebrate what they hoped would be the end of nuclear power in Japan.

Liquefied natural gas (LNG) is also likely to become an important source of energy for electricity generation in the long-term. Japan's electricity prices are among the highest in the world, but prices are falling due to cuts in capital investment. The country is served by 10 vertically integrated utility companies which have monopolies over different regions; Japan has no national grid. The regional organisation of grids has a limited number of inter-connections. The utilities market has been de-regularised and made more efficient, leading to significant price cuts. The Japanese government signed the Kyoto Protocol on reducing greenhouse gases and is committed to energy efficiency.

In July 2011 electricity supply was cut to large businesses in Tokyo by 15 per cent of their 2010 consumption, due to the fall

in energy supply following damage to the Fukushima nuclear power plant.

Financial markets

Stock exchange

Tokyo Shoken Torihikisho (Tokyo Stock Exchange) (TSE)

Commodity exchange

The Tokyo Grain Exchange

Banking and insurance

In the 1990s the bubble burst in the Japanese economy and banks were the major casualties. They became burdened with huge amounts of non-performing loans (NPL) and bad debt.

In efforts to bounce back and also to prevent future risk, a series of mergers and takeovers took place in the banking sector. The fifteen banks that had existed during the financial crash were reduced to four. The biggest bank, Mizuho Bank, was created when Dai-Ichi Kangyo Bank, Fuji Bank and the Industrial Bank of Japan merged. The other three are: Mitsubishi Tokyo Financial Group, Sumitomo Mitsui Banking and the United Financial of Japan Group (UFG). However, the biggest 'bank' in the world is the Japanese post office, which is in the process of privatisation.

The Bank of Japan (BoJ) was granted independence from the government in 1998. However, in 2005 the government applied acute pressure to the BoJ to ensure that it did not raise interest rates above zero before economic growth was proven to be steady. The finance ministry reacted to the BoJ's reluctance by threatening to rescind its independence. The government's distrust of the Bank's monetary policy stems from 2000 when the Bank prematurely raised interest rates against the will of domestic finance officials and the IMF.

Central bank

Nippon Ginko (Bank of Japan).

Main financial centre

Tokyo, Osaka and Nagoya.

Time

GMT plus nine hours

Geography

Japan lies off the north-east coast of Asia and consists of four main islands – Hokkaido, Honshu, Shikoku and Kyushu – and thousands of smaller islands running in an arc from north (latitude 45 33'N) to south (latitude 24 25'N). Japan is mainly mountainous with only 29 per cent of the national land area consisting of plains and basins. It has about 10 per cent of the world's active volcanoes and its highest mountain, Mount Fuji (3,776 metres), is a dormant volcano. Japan occupies less than 0.3 per cent of the earth's total land area: it is only 4 per cent of the size of the

United States and one and a half times bigger than the United Kingdom.

Hemisphere

Northern

Climate

The general climate is temperate, except for part of Hokkaido in the north and some of the southernmost islands. Spring is March–May, with average temperatures of 6 degrees Celsius (C) (minimum) and 21 degrees C (maximum). The rainy season is mid-June–mid-July. Summer is June–August, with temperatures between 20 degrees C and 28 degrees C. Autumn is September–November, with temperatures ranging from 10 degrees C to 24 degrees C. Rainfall is heaviest June and August–September. Winter is December–February, with temperatures from minus 5.1 degrees C to 16 degrees C. Annual rainfall is 1,000–2,500mm. South and central Japan can be subject to typhoons in late summer and early autumn.

Dress codes

In modern Japan, dark business suits and Western dress are the normal rule. Traditional Japanese dress consisted of kimonos for both men and women. On for formal occasions women often wear kimonos, while men usually wear morning dress, but occasionally also wear kimonos for weddings etc.

Entry requirements

Passports

Required by all. Passports must be valid for the duration of stay.

Visa

No visa requirements for citizens of most of Europe, the Americas, Australasia and some Asian countries, visiting for up to 90 days. For a full list, and application form, plus further information for those citizens not included on the list of visa-free travel, see www.mofa.go.jp/i_info/visit/visa/index.html.

Business travel is allowed for those enjoying visa-free travel for the minimum period. Those who do not must provide business letters, itinerary and invitations from Japanese hosts.

Foreigners arriving in Japan (both visitors and residents) are fingerprinted and photographed. The move was introduced in November 2007 as an anti-terrorist measure.

Currency advice/regulations

There are no restrictions on currency import or export. However, amounts in excess of ¥1 million (or equivalent) must be declared. All money exchanged must be through authorised banks and money changers. The money exchange counter at Narita airport is open from 0900–2300.

Travellers cheques are accepted in larger bank branches, hotels and duty-free shops. To avoid extra exchange fee, US dollars and Japanese yen are best.

Customs

Personal effects duty-free. Visitors may purchase souvenir items (pearls, cameras, transistor radios) free of sales tax at designated shops, but they must be taken out of the country within six months.

Prohibited imports

Firearms, ammunition, illegal drugs, pornography including films. Counterfeit or altered currencies. Animal, plant/soil and food products.

Health (for visitors)

There are no mandatory precautions. Japan has extensive health facilities with high standards, although medical services are expensive and insurance is essential. The International Association of Medical Assistance to Travellers provide English speaking doctors.

Advisable precautions

Inoculations may be useful for the occasional occurrence of typhoid hepatitis A and C and TB.

Hotels

Hotels should be booked well in advance. Service charges and taxes are added to the bill, and tipping is not customary. In addition to Western-style hotels, there are traditional Japanese-style inns (*ryokan*) in Tokyo and Osaka.

Credit cards

International credit and charge cards are widely accepted. ATMs, may not accept foreign cards, although Citibank ATMs do and are open 24 hours.

Public holidays (national)

Fixed dates

31 Dec–3 Jan (New Year holidays), 11 Feb (Foundation Day), 29 Apr (Greenery Day), 3–5 May (Constitution Day/Citizens' Day of Rest/Children's Day), 20 Jul (Marine Day), 15 Sep (Respect for the Aged Day), 23 Sep (Autumnal Equinox), 3 Nov (Culture Day), 23 Nov (Labour Thanksgiving Day), 23 Dec (Emperor's Birthday).

With the exception of New Year's Day, if a holiday falls on a Sunday, the following day is treated as a holiday instead. When there is a single day between two national holidays, it is also taken as a holiday.

Avoid visits during Golden Week (Apr–May) and the Obon festive season (late Jul–third week in Aug), when everywhere is very crowded.

Variable dates

Coming of Age Day (Seijin-no-hi) (Jan), Vernal Equinox (Shunbun-no-hi) (Mar), Physical Fitness Day (Oct).

Working hours

Banking

Mon–Fri: 0900–1500.

Business

Mon–Fri: 0900–1700; Sat: 0900–1200 (most companies close on Saturdays).

Government

Mon–Fri: 1000–1700; Sat: 1000–1200.

Shops

1000–1900 (many closed on Wed or Thu).

Telecommunications

Mobile/cell phones

3G services are available in most cities.

Electricity supply

100V AC, 60 cycles in west Japan (Osaka) and 100V AC, 50 cycles in east Japan (Tokyo), with flat two-pin plug fittings.

Weights and measures

Metric system

Social customs/useful tips

The Japanese are a polite and reserved people. They do not expect overseas visitors to understand or adopt their customs – but they do value courtesy and friendliness and efforts to follow their customs are appreciated. The suffix *san* is added to the surname (ie Suzuki-san instead of Mr Suzuki) in polite conversation.

In most Japanese homes, in Japanese-style inns and frequently in traditional restaurants, it is taboo to wear outdoor shoes; instead slippers are provided. It is considered bad etiquette to step on the door sill or the borders of the *tatami* mats.

Japan has become thoroughly Westernised on the surface but the people still celebrate numerous traditional festivals.

These range from the informal – cherry blossom viewing in the spring and kite flying – to formal festivals such as celebrating a person's coming of age.

The Japanese insist on punctuality and punctiliousness in business behaviour. It is essential to carry *meishi* or name cards (preferably with your name in Japanese on the reverse). When receiving name cards at formal meetings, the correct procedure is to study them carefully and then place them in front of you on the table. Seating arrangements are particularly important in Japan. The place of honour is generally that furthest from the door.

Gift giving is a pleasant Japanese custom and for Japanese businessmen the exchange of gifts at New Year is very important. Ideally, gifts should consist of something personal, and be given, unopened, at the start of meetings. Whisky is now so widely sold and discounted in Japan that it is not a particularly attractive gift. When receiving gifts the Japanese practice is to treat them as objects of

great reverence, but never to open them in front of the donor.

Late night business entertainment is common, but being invited to a Japanese home is rare. Restaurants are the usual venue for private social entertaining. Drinking has its own rituals: it is bad manners for a visitor to pour a drink for himself. It is impolite to blow your nose in public. Kissing in public, standing too close to someone while talking and eating while walking down the street are also considered impolite. Do not point with your index finger – use the whole hand, palm turned upwards, in a flowing movement.

Security

Japanese cities are safe despite recent increases in crime. Burglaries are uncommon. Late night travel is usually perfectly safe, even for unaccompanied women, though drunks are to be avoided.

Getting there

Air

National airline: Japan Airlines (JAL); Japan Air System (JAS); All Nippon Airways (ANA)

International airport/s: Tokyo International, Narita (NRT), 60km east of Tokyo, with duty-free shops, bank/bureau de change (0900–2300), car hire, restaurants and tourist information centres with multilingual staff. There is a free shuttle bus connecting the two terminals. Osaka Kansai International (KIX), 50km south-west of city; duty-free shops, car hire, banks/bureaux de change, tourist information (0900–2100) and bar/restaurant. Travel time by Nankai Express to Nama station in central Osaka 29 minutes. Tickets for trains, which connect with the Shinkansen Bullet train network, must be pre-booked.

Fukuoka, Itazuke (FUK), 10km from city; Nagoya, Komaki (NGO), 18km from city; Kagoshima (KOJ), 6km from city; Kumamoto (KMJ), 8km from city; Okinawa (OKA) 3km from Naha; Osaka International (OSA); Kobe; Kyoto.

Limousine bus services link Kansai International Airport with Osaka city centre and various other points including Kobe, Hikone and Nara.

Other airport/s: Haneda (HND), the former international airport, serves largely as a domestic airport, 19km south of Tokyo. China Airlines flights from Taipei, Taiwan, arrive here.

Airport tax: Tokyo Narita International Airport levies a tax of ¥2,040, which is usually included in the ticket price.

Getting about

National transport

Air: Most domestic flights from Tokyo to Osaka and other Japanese cities are from

Haneda, 19km from Tokyo. Extensive air services provided by a number of local airlines link all main cities and provincial towns. Tickets can be purchased by automatic machines at Tokyo and Osaka International Airports' domestic departure counters.

Road: Road transport is the main form of domestic access. The network consists of 1.2 million km of road. There are good motorways linking Tokyo, Osaka, Kobe, Hiroshima, Yamaguchi, Shimonoseki, Moji, Fukuoka, Kumamoto and Morioka. Tolls are payable on certain roads.

Long-distance travel by road is not recommended (travel time from Tokyo to Nagasaki by car is 18 hours, by train 9 hours and by plane less than 2 hours), road signs are in Japanese and roads are frequently very crowded outside main cities.

Buses: An extensive network of frequent coach services link main centres via express motorways, but visitors are advised against coach travel in view of language difficulties and the complexity and number of routes available.

Rail: Japan Railways run national routes from the terminal located beneath the airport.

It is easy to travel by rail to all regions. Express and limited express trains are best for intercity travel with very frequent services run on the main routes. *Shinkansen*, the *Bullet Trains*, are the fastest, with compartments for wheelchair passengers, diners and buffet facilities. Supplements are payable on the three classes of express train and in green (first-class) cars of principal trains, for which reservations must be made well in advance; two pieces of ordinary luggage may be carried free, but there are restrictions on size and weight. Other types of train include *Tokkyu* (Limited Express), *Kyuko* (Express), *Kaisoku* (Rapid Train) and *Futsu* (Local Train). For short-distance trains, tickets can only be bought at vending machines outside train stations.

Long-distance one-way tickets generally do not permit stopovers and ticket refunds are not made after the time of the planned journey. Foreign visitors can make considerable savings by buying a Japan Rail exchange voucher, which is sold only outside Japan.

All Japan Railways (JR) stations display station names in both Japanese and Roman letters. The station's name is at the top centre of the signboard, in large letters; the names of the previous station and the next station are at the bottom of the signboard, in smaller letters.

Water: Jetfoil services to Kobe. There is also a jetfoil from Kansai International Airport to Osaka Port, with a journey time of around 40 minutes.

City transport

Taxis: Metered taxis can be easily hired in large cities at hotel entrances or by flagging them down in the street, but do not try to open or close the driver-controlled passenger door. Tipping is not required. Journey times: from Narita International Airport to Tokyo city centre around 90 minutes; from Kansai International Airport to Osaka city centre about 60 minutes. There is a surcharge after 2200 and an additional time charge is levied for traffic jams. Taxis are five times more expensive than trains.

Few taxi drivers understand foreign languages or read Roman lettering, so it is advisable to have your destination, including the name of a nearby landmark, written down in Japanese, along with the telephone number if possible. Hotels can often help with this. A map showing the location of the destination is also helpful.

Buses, trams & metro: Limousine buses depart several times an hour from Narita airport to city-centre hotels; journey time is about two hours. There is also a bus to the Tokyo City Air Terminal (TCAT). Tickets for all services can be bought in the terminals.

Buses can be confusing and are best used with someone who knows the system. Efficient underground railway services operate in Tokyo, Yokohama, Osaka, Kyoto, Kobe, Nagoya, Sapporo and Fukuoka, with station names displayed in Roman as well as Japanese lettering.

Trains: JR and Keisei railway lines provide frequent services from Narita airport to the city centre, journey time 60–90 minutes.

Car hire

An international driving licence is required. Driving is on the left. Chauffeur-driven cars are often recommended for visitors without command of Japanese and knowledge of the area, as traffic and navigation can be difficult. Symbolic road signs have the expected international meanings, but few signs are written in the Roman alphabet. A red triangle with white script means 'stop', while a white triangle with a red border and blue script means 'proceed slowly'.

BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes

The international direct dialling (IDD) code for Japan is +81, followed by area code and subscriber's number:

Fukuoka	92	Nagoya	52
Hiroshima	82	Okayama	862
Kawasaki	44	Osaka	66
Kobe	78	Sapparo	11
Kyoto	75	Tokyo	3
Nagasaki	958	Yokohama	45

Useful telephone numbers

Emergency

Police: 110.

Ambulance/Fire: 119

Overseas calls

Tokyo to south-east Asia: 3211-4211.

Tokyo operator: 0051.

Tokyo telegraph office: 3211-5588.

Nagoya telegraph office: 203-3311.

Osaka telegraph office: 228-2151.

Chambers of Commerce

American Chamber of Commerce in Japan, Masonic 39 MT Building, 2-4-5 Azabudai, Minato-ku, Tokyo 106-0041 (tel: 3433-5381; fax: 3433-8454; e-mail: info@accj.or.jp).

British Chamber of Commerce in Japan, Kenkyusha Eigo Centre Building, 1-2, Kagurazaka, Shinjuku-ku, Tokyo 162-0825 (tel: 3267-1901; fax: 3267-1903; e-mail: info@bccjapan.com).

Fukuoka Chamber of Commerce and Industry, 2-9-28 Hakata-ekimae, Hakata-ku, Fukuoka 812-8505 (tel: 441-1110; fax: 474-3200; e-mail: fksomu@fukunet.or.jp).

Kobe Chamber of Commerce and Industry, 6-1 Minato-jima Naka-machi, Chuo-ku, Kobe 650-8543 (tel: 303-5801; fax: 303-2312; e-mail: info@kcci-iic.ne.jp).

Nagoya Chamber of Commerce and Industry, 2-10-19 Sakae, Naka-ku, Nagoya (tel: 223-5611; fax: 231-6768; e-mail: info@nagoya-cci.or.jp).

Yokohama Chamber of Commerce and Industry, 2 Yamashita-cho, Naka-ku, Yokohama 231-8524 (tel: 671-7400; fax: 671-7410; e-mail: info@yokohama-cci.or.jp).

Banking

Mitsubishi Tokyo Financial Group, 1-3-2 Nihonbashi-Hongkucho, Chuo-ku, Tokyo (tel: 3245-1111; fax: 3246-1708); 7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo 100 (tel: 3240-1111; fax: 3211-6645).

Mizuho Bank, 1-1-5 Uchisaiwaicho, Chiyoda-ku, Tokyo 100 (tel: 3596-111).

Sumitomo Mitsui Banking Corporation, 1-2 Yurakucho, 1-chome, Chiyoda-ku, Tokyo 100-0006 (tel: 2501-1111).

Central bank

Bank of Japan (Nippon Ginko), 2-1-1 Nihonbashi-Hongokucho, Chuo-ku, Tokyo 103 (tel: 3279-1111; fax: 3277-1473).

Stock exchange

Tokyo Shoken Torihikisho (Tokyo Stock Exchange) (TSE), www.tse.or.jp

Kabushiki-gaisha Osaka Shoken Torihikijo (Osaka Securities Exchange) (OSE), www.ose.or.jp

Nagoya Shoken Torihikijo (Nagoya Securities Exchange) (NSE), www.nse.or.jp

JASDAQ (Jasudakku Shoken Torihikisho), www.jasdaq.co.jp

Commodity exchange

The Tokyo Grain Exchange, www.tge.or.jp

Tokyo Commodity Exchange (Tocom), www.tocom.or.jp

Central Japan Commodity Exchange (C-Com), www.c-com.or.jp

Kansai Commodities Exchange (Kanex), http://kanex.or.jp

Travel information

Japan Airlines (JAL), Tokyo Building, Marunouchi 2-7-3, Chiyoda-ku, Tokyo 100 (tel: 3284-2610; fax: 3284-2659; internet site: http://www.spin.ad.jp/jal/home-e.html).

Japan Automobile Federation, Shiba-Koen, 3-5-8 Minato-ku, Tokyo 105 (tel: 3436-2811).

Tourist Information Centre, 1-6-6 Yurakucho 1-chome, Chiyoda-Ku, Tokyo 100 (tel: 3502-1461); Kyoto Tower Building, Higashi-Shiokojicho, Shimogyo-ku, Kyoto 600 (tel: 371-5649).

Japan Travel Phone is a nationwide telephone service for English-language assistance and travel information. Available from 0900-1700 daily, the service is toll-free from outside Tokyo or Kyoto: information on eastern Japan: 0088-222-800 (or 0120-222-800); information on western Japan: 0088-22-4800 (or 0120-444-800). Tokyo: 3503-4400. Kyoto: 371-5649. Tokyo; French-language assistance: 3503-2926.

Tokyo: Japan Railways (JR) English-language information service, (Mon-Fri, except holidays) 1000-1800; reservations cannot be accepted by telephone service: 3423-0111. (Narita Express has a free phone connection to this service).

National tourist organisation offices

Japan National Tourist Organisation, 2-10-1 Yuraku-cho, Chiyodaku, Tokyo (tel: 3201-3331; fax: 3201-3347; internet: www.jnto.go.jp).

Ministries

Ministry of Agriculture, Forestry and Fisheries, 1-2-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8950 (tel: 3502-8111; fax: 3592-7697; e-mail: white56@maff.go.jp).

Ministry of Education, Culture, Sports, Science and Technology, 3-2-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8959 (tel: 3581-4211; fax: 3595-2017).

Ministry of the Environment, 1-2-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8975 (tel: 3581-3351; e-mail: MOE@eanet.go.jp).

Ministry of Foreign Affairs, 2-2-1, Kasumigaseki, Chiyoda-ku, Tokyo 100-8919 (tel: 3580-3311; fax: 3581-2667; e-mail: webmaster@mofa.go.jp).

Ministry of Health, Labour and Welfare, 1-2-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8916 (tel: 5253-1111; fax: 3501-2532).

Ministry of Justice, 1-1-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8977 (tel: 3580-4111; fax: 3592-7011; e-mail: webmaster@moj.go.jp).

Ministry of Land, Infrastructure and Transport, 2-1-3 Kasumigaseki, Chiyoda-ku, Tokyo 100-8918 (tel: 5253-8111; fax: 3580-7982; e-mail: webmaster@mlit.go.jp).

Ministry of Public Management, Home Affairs, Posts and Telecommunications, 2-1-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8926 (tel: 5253-5111; fax: 3504-0265; e-mail: feed-back@mpt.go.jp).

Defence Agency, 5-1 Ichigaya, Honmura-cho, Shinjuku-ku, Tokyo 162-8801 (tel: 3268-3111; e-mail: info@jda.go.jp).

National Public Safety Commission, 2-1-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8974 (tel: 3581-0141).

Prime Minister's Office, 1-6-1, Nagata-cho, Chiyoda-ku, Tokyo 100-8914 (tel: 3581-2361; fax: 3593-1784).

Other useful addresses

Asian Development Bank, Japanese Representative Office, Second Floor, Yamato Seimei Building, 1-7 Uchisaiwaicho 1-Chome, Chiyoda-ku, Tokyo 100 (tel: 3504-3160; fax: 3504-3165; E-mail: adbpro@mail.asiandevbank.org).

Association for the Promotion of International Trade, Nihon Building, 6-2 Otemachi 2-chome, Chiyoda-ku, Tokyo (tel: 3245-1561).

British Embassy, No 1 Ichiban-cho, Chiyoda-ku, Tokyo 102 (tel: 3265-6340; fax: 5275-0346).

Council of All-Japan Exporters' Association, Kikai Shinko Kaikan Building, 5-8 Shibakaen 3-chome, Minato-ku, Tokyo.

Defence Agency, 9-7-45 Akasaka, Minato-ku, Tokyo 107-0052 (tel: 3408-5211; fax: 3408-6480).

Economic Planning Agency, 3-1-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013 (tel: 3581-0261; fax: 3581-0838).

Environment Agency, 1-2-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013 (tel: 3581-3351; fax: 3502-0308).

Fair Trade Commission, 2-2-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013 (tel: 3581-5471; fax: 3581-1963).

Federation of Economic Organisations (Keidanren), 9-4 Othe-machi 1-chome, Chiyoda-ku 100, Tokyo (tel: 3279-1411; fax: 5255-6250).

Hokkaido Development Agency, 3-1-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8922 (tel: 3581-9111; fax: 3581-1208; e-mail: info1@had.go.jp).

House of Councillors, 1-7-1 Nagata-cho, Chiyoda-ku, Tokyo 100-0014 (tel: 3581-3111; fax: 3581-2900).

House of Representatives, 1-7-1 Nagata-cho, Chiyoda-ku, Tokyo 100-0014 (tel: 3581-5111; fax: 3581-2900).

Imperial Household Agency, 1-1 Chiyoda, Chiyoda-ku, Tokyo 100-0001 (tel: 3213-1111; fax: 3282-1407).

Japan Commercial Arbitration Association, Tosho Building, 2-2 Marunouchi 3-chome, Chiyoda-ku, Tokyo (tel: 3214-0641).

Japan Committee for Economic Development, Kogo Club Building 4-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo (tel: 3211-1271).

Japan External Trade Organisation (JETRO), 2-5 Toranomon 2-chome, Minato-ku 105, Tokyo (tel: 3582-5511).

Japan Federation of Economic Organisations (Keidanren), 9-4 Otemachi 1-chome, Chiyoda-ku, Tokyo (tel: 3279-1411).

Japan Federation of Importers' Organisation, Nihombashi Daiwa Building, 1-6-1 Nihombashi Hon-Cho, Chuo-ku, Tokyo (tel: 3270-2020).

Japan Federation of Smaller Enterprise Organisation, 8-4 Nihonbashi Kayaba-cho 2-chome, Chuo-ku 103, Tokyo (tel: 3669-6862; fax: 3668-2957).

Japan Foreign Trade Council, World Trade Centre Building, 4-1 Hamamatsu-cho 2-chome, Minato-ku 105, Tokyo (tel: 3435-5952; fax: 3435-5979).

Japan Guide Association (interpreter and translation services), Shin Kokusai Building, 4-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo (tel: 213-2706).

Japan International Co-operation System, 5th Floor, Shinjuku Sanshin Bldg, 4-9 Yoyogi 2-chome, Shibuya-ku, Tokyo 151 (tel: 5981-5988; fax: 5981-5994).

Japan Productivity Centre, 1-1 Shibuya 3-chome, Shibuya-ku 150, Tokyo (tel: 3409-1111; fax: 3409-4128).

Japan Securities Dealers Association, 5-8 Nihombashi Kayabacho 1-chome, Chuo-ku, Tokyo (tel: 3667-8459; fax: 3666-8009).

Japanese Embassy (USA), 2520 Massachusetts Avenue, NW, Washington DC 20008 (tel: (+1-202) 238-6700; fax: (+1-202) 328-2187).

Kansai Economic Federation, Nakanoshima Centre Bldg, 2-27 Nakanoshima 6-chome, Kita-ku, Osaka 530 (tel: 253-2351; 253-1678).

Management and Co-ordination Agency, 3-1-1 Kasumigaseki Chiyoda-ku, Tokyo 100-0013 (tel: 3581-6361; fax: 3593-1620).

Okinawa Development Agency, 1-6-1 Nagata-cho, Chiyoda-ku, Tokyo 100-0014 (tel: 3581-2361; fax: 3581-4783).

Science and Technology Agency, 2-2-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-8966 (tel: 3581-5271; fax: 3593-1371; e-mail: www@sta.go.jp).

Statistics Bureau & Statistics Centre Management & Coordination Agency, 19-1 Wakamatsu-cho, Shinjuku-ku, Tokyo 162 (tel: 3202-1111; fax: 5273-1180).

Supreme Court, 4-2 Hayabusa-cho, Chiyoda-ku, Tokyo 102-0092 (tel: 3264-8111; fax: 3221-8975).

Tokyo International Trade Fair Commission, 7-24 Harumi 4-chome, Chuo-ku, Tokyo 103 (tel: 3666-0141, 3531-3371; fax: 3663-0625).

Tokyo Stock Exchange, 2-1 Nihombashi Kabutocho 1-chome, Chuo-ku, Tokyo (tel: 3666-0141; fax: 3663-0625, 3666-0141; internet site: <http://www.tse.or.jp>).

West Japan Railway Company, 4-24 Shibata 2-chome, Kita-ku, Osaka 530-8341 (tel: 375-8981; fax: 375-8919).

World Trade Centre of Japan, 4-1 2-chome Hamamatsu-cho, Minato-ku, Tokyo (tel: 3435-5651).

Other news agencies: Jiji Press (in Japanese): www.jiji.com

Kyodo News: <http://home.kyodo.co.jp>

Nikkei Net (business and stock market news): www.nni.nikkei.co.jp

Internet sites

Asahi Shimbun: www.adv.asahi.com/english

Japan access: www.keidanren.or.jp/A2J/index.html

Japan Company Record: www.japancompanyrecord.com/

Japan Hotel Association: www.j-hotel.or.jp

Japan Information Network: <http://jin.jcic.or.jp>

Japan Statistics: www.stat.go.jp/1.htm

JETRO Homepage (Japanese Trade Promotion): www.jetro.go.jp

Sanwa Bank: www.sanwabank.co.jp