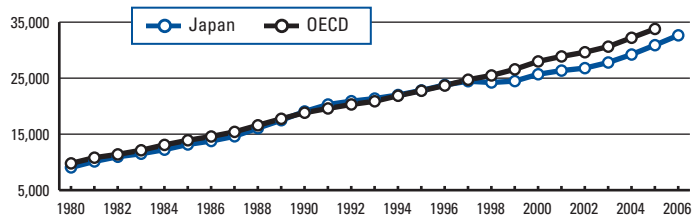


# Japan

## Key indicators

Total population (millions), 2006 .....	128.2
GDP (US\$ billions), 2006.....	4,367.5
GDP (current prices) per capita, 2006.....	34,188.0
GDP (PPP) as share (%) of world total, 2006 .....	6.30

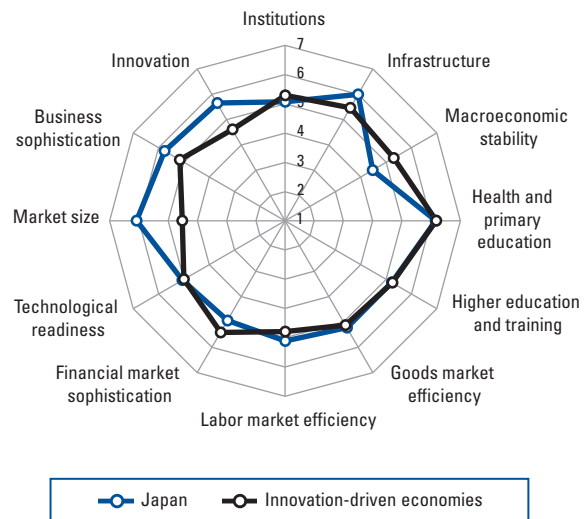
GDP (PPP US\$) per capita, 1980–2006



## Global Competitiveness Index

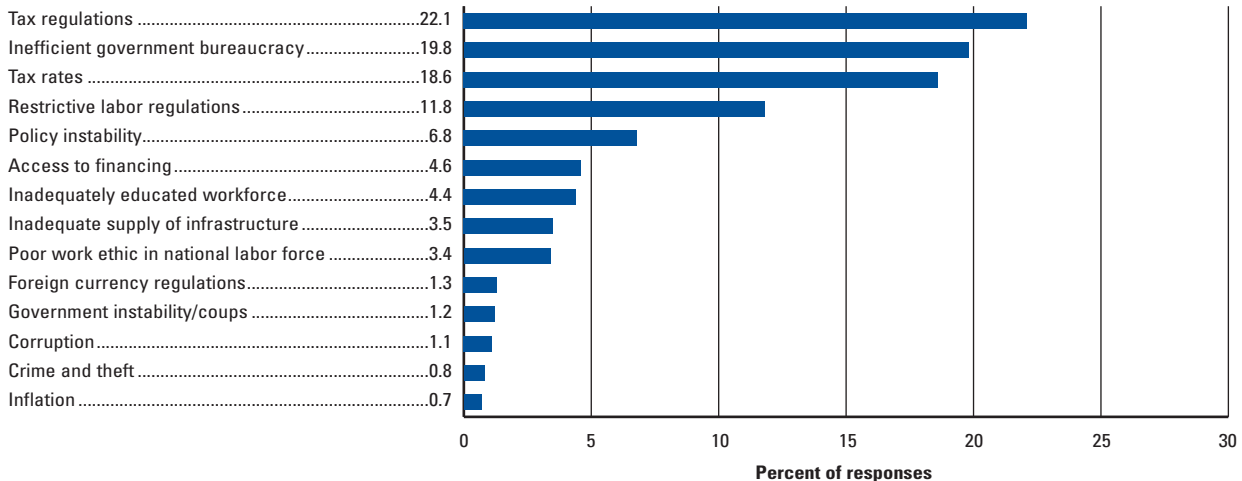
	Rank (out of 131)	Score (1–7)
<b>Global Competitiveness Index 2007–2008</b> .....	<b>8</b>	<b>5.4</b>
GCI 2006–2007 (out of 122) .....	5	5.5
<b>Basic requirements</b> .....	<b>22</b>	<b>5.4</b>
1st pillar: Institutions .....	24	5.1
2nd pillar: Infrastructure .....	9	6.0
3rd pillar: Macroeconomic stability.....	97	4.5
4th pillar: Health and primary education .....	23	6.1
<b>Efficiency enhancers</b> .....	<b>13</b>	<b>5.3</b>
5th pillar: Higher education and training .....	22	5.2
6th pillar: Goods market efficiency .....	19	5.2
7th pillar: Labor market efficiency .....	10	5.1
8th pillar: Financial market sophistication.....	36	4.9
9th pillar: Technological readiness.....	20	5.1
10th pillar: Market size.....	4	6.1
<b>Innovation and sophistication factors</b> .....	<b>2</b>	<b>5.7</b>
11th pillar: Business sophistication .....	3	5.8
12th pillar: Innovation.....	4	5.6

## Stage of development



<b>Business Competitiveness Index</b> (rank out of 127) .....	<b>10</b>
Sophistication of company operations and strategy .....	6
Quality of the national business environment.....	12

## The most problematic factors for doing business



Note: From a list of 14 factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

## The Global Competitiveness Index in detail

■ Competitive Advantage
■ Competitive Disadvantage

INDICATOR	RANK/131	INDICATOR	RANK/131
<b>1st pillar: Institutions</b>		<b>6th pillar: Goods market efficiency</b>	
1.01 Property rights .....	14	6.01 Intensity of local competition .....	3
1.02 Intellectual property protection .....	17	6.02 Extent of market dominance .....	2
1.03 Diversion of public funds .....	31	6.03 Effectiveness of anti-monopoly policy .....	17
1.04 Public trust of politicians .....	33	6.04 Extent and effect of taxation .....	66
1.05 Judicial independence .....	21	6.05 Total tax rate* .....	87
1.06 Favoritism in decisions of government officials .....	18	6.06 No. of procedures required to start a business* .....	37
1.07 Wastefulness of government spending .....	94	6.07 Time required to start a business* .....	38
1.08 Burden of government regulation .....	16	6.08 Agricultural policy costs .....	122
1.09 Efficiency of legal framework .....	15	6.09 Prevalence of trade barriers .....	59
1.10 Transparency of government policymaking .....	14	6.10 Trade-weighted tariff rate* .....	46
1.11 Business costs of terrorism .....	104	6.11 Prevalence of foreign ownership .....	90
1.12 Business costs of crime and violence .....	32	6.12 Business impact of rules on FDI .....	80
1.13 Organized crime .....	65	6.13 Burden of customs procedures .....	40
1.14 Reliability of police services .....	19	6.14 Degree of customer orientation .....	2
1.15 Ethical behavior of firms .....	20	6.15 Buyer sophistication .....	3
1.16 Strength of auditing and reporting standards .....	42		
1.17 Efficacy of corporate boards .....	31	<b>7th pillar: Labor market efficiency</b>	
1.18 Protection of minority shareholders' interests .....	38	7.01 Cooperation in labor-employer relations .....	6
		7.02 Flexibility of wage determination .....	14
<b>2nd pillar: Infrastructure</b>		7.03 Non-wage labor costs* .....	48
2.01 Quality of overall infrastructure .....	15	7.04 Rigidity of employment* .....	38
2.02 Quality of roads .....	13	7.05 Hiring and firing practices .....	85
2.03 Quality of railroad infrastructure .....	2	7.06 Firing costs* .....	11
2.04 Quality of port infrastructure .....	17	7.07 Pay and productivity .....	13
2.05 Quality of air transport infrastructure .....	32	7.08 Reliance on professional management .....	16
2.06 Available seat kilometers* .....	4	7.09 Brain drain .....	9
2.07 Quality of electricity supply .....	4	7.10 Female participation in labor force* .....	75
2.08 Telephone lines* .....	24		
		<b>8th pillar: Financial market sophistication</b>	
<b>3rd pillar: Macroeconomic stability</b>		8.01 Financial market sophistication .....	34
3.01 Government surplus/deficit* .....	111	8.02 Financing through local equity market .....	8
3.02 National savings rate* .....	35	8.03 Ease of access to loans .....	53
3.03 Inflation* .....	1	8.04 Venture capital availability .....	37
3.04 Interest rate spread* .....	2	8.05 Restriction on capital flows .....	58
3.05 Government debt* .....	120	8.06 Strength of investor protection* .....	12
		8.07 Soundness of banks .....	84
		8.08 Regulation of securities exchanges .....	38
		8.09 Legal rights index* .....	27
<b>4th pillar: Health and primary education</b>			
4.01 Business impact of malaria .....	58	<b>9th pillar: Technological readiness</b>	
4.02 Malaria incidence* .....	1	9.01 Availability of latest technologies .....	10
4.03 Business impact of tuberculosis .....	50	9.02 Firm-level technology absorption .....	3
4.04 Tuberculosis incidence* .....	46	9.03 Laws relating to ICT .....	29
4.05 Business impact of HIV/AIDS .....	50	9.04 FDI and technology transfer .....	58
4.06 HIV prevalence* .....	1	9.05 Mobile telephone subscribers* .....	45
4.07 Infant mortality* .....	3	9.06 Internet users* .....	17
4.08 Life expectancy* .....	1	9.07 Personal computers* .....	18
4.09 Quality of primary education .....	24	9.08 Broadband Internet subscribers* .....	15
4.10 Primary enrollment* .....	1		
4.11 Education expenditure* .....	86	<b>10th pillar: Market size</b>	
		10.01 Domestic market size* .....	4
<b>5th pillar: Higher education and training</b>		10.02 Foreign market size* .....	5
5.01 Secondary enrollment* .....	22		
5.02 Tertiary enrollment* .....	32	<b>11th pillar: Business sophistication</b>	
5.03 Quality of the educational system .....	28	11.01 Local supplier quantity .....	2
5.04 Quality of math and science education .....	29	11.02 Local supplier quality .....	4
5.05 Quality of management schools .....	68	11.03 State of cluster development .....	12
5.06 Internet access in schools .....	26	11.04 Nature of competitive advantage .....	4
5.07 Local availability of research and training services .....	6	11.05 Value chain breadth .....	3
5.08 Extent of staff training .....	4	11.06 Control of international distribution .....	9
		11.07 Production process sophistication .....	2
		11.08 Extent of marketing .....	15
		11.09 Willingness to delegate authority .....	15
		<b>12th pillar: Innovation</b>	
		12.01 Capacity for innovation .....	3
		12.02 Quality of scientific research institutions .....	12
		12.03 Company spending on R&D .....	3
		12.04 University-industry research collaboration .....	14
		12.05 Gov't procurement of advanced tech products .....	16
		12.06 Availability of scientists and engineers .....	2
		12.07 Utility patents* .....	2

\* Hard data

Note: For further details and explanation, please refer to the section "How to Read the Country/Economy Profiles" at the beginning of this chapter.