



A MEMBER OF
**ASIA-PACIFIC ECONOMIC
 COOPERATION (APEC) & WORLD
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Japan

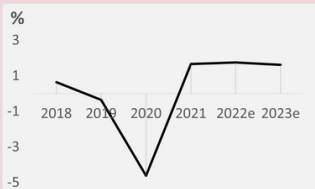
Japan is one of the most highly developed nations in the world.

It boasts a well-educated, industrious workforce and its large, affluent population makes it one of the world's biggest consumer markets. The manufacturing sector in Japan continues to remain important to its economy.

Regional Comprehensive Economic Partnership Agreement (RCEP) is the world's largest FTA. The Agreement came into force on 1 January 2022 for ten participating countries, including Japan. Click [here](#) to find out more.

Japan-Singapore Economic Partnership Agreement (JSEPA) eliminates 92.1% of tariffs for Singapore's exports to Japan. Use the [Tariff Finder](#) to see if your product is eligible to enjoy this FTA's tariff concessions. Click [here](#) for more information

GDP GROWTH IN % (2018-2023e)



GDP
US\$34,767
 PER CAPITA (2023e)

2022 & 2023 (ESTIMATED)
 (SOURCE: STATISTA)

LABOUR FORCE

(SOURCE: STATISTA, OECD)



Tertiary Educated
 (as of 2021) **65%**
 (25-34 YEARS OLD)

Average Minimum Hourly Wage (JPY)
 (as of 2022)

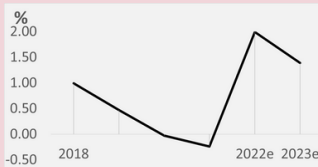
Average Age
 (as of 2022)

45-49
 YEARS OLD



961
 (APPROX. US\$7.16)

INFLATION RATE IN % (2018-2023e)



INFLATION RATE
 THE ESTIMATED INFLATION RATE FOR 2023 IS
1.4%

2022 & 2023 (ESTIMATED)
 (SOURCE: STATISTA)

RESEARCH & DEVELOPMENT

(SOURCE: STATISTA)



INWARD FOREIGN DIRECT INVESTMENT (FDI)

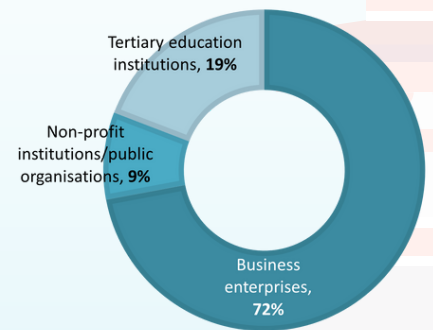


INWARD DIRECT INVESTMENT
US\$32.5 BN
 (2022)

(SOURCE: STATISTA)

R&D EXPENDITURE
 (2020)

3.6%
 of GDP



TYPE OF INSTITUTIONS
 (2021)

GLOBAL INNOVATION INDEX (GII) RANKING 2022 (SOURCE: WIPO)

Year	GII	Innovation Input	Innovation Output
2022	13th	11th	12th
2021	13th	11th	14th
2020	16th	12th	18th

- **13th** among the 132 economies featured.
- **12th** among the 48 high-income group economies.
- **4th** among the 17 economies in Southeast Asia, East Asia, and Oceania.
- Performs best in 'Business Sophistication'.
- Weakest performance is in 'Institutions and Human Capital and Research'.

SECTOR HIGHLIGHTS

(SOURCE: ASIALINK BUSINESS, JETRO, METI)

Although the GDP share of manufacturing has declined in the past few decades, Japan still has a very large manufacturing base. The economy relies on innovative product designs, maintenance of high quality standards and a world-class manufacturing workforce to remain competitive.

The Future of Japanese Manufacturing

Smart factory initiatives are gaining traction as they potentially provide solutions to the labour shortage issue. The domestic market for smart factories is expected to grow.

METI has also identified five priority areas under the **Connected Industries** initiative: automated driving and mobility services, manufacturing and robotics, bio-technologies and materials, plant/infrastructure safety management, and smart life.

(SOURCE: STATISTA)

Revenue size
(in trillion)

JPY45.2



(as of 2020)

The average household in Japan spends more than JPY60,000 on edibles per month. Home-cooking used to be the norm for Japanese consumers. However, in recent years, ready-to-eat food and eating out have been topping the list of food expense items.

Major reasons to buy ready made meals



Japan heavily relies on imports for their food, with close to one-third of imports arriving from Asia. In 2020, Singapore was among its top 10 Asian trading partner, with food imports valued at around JPY50.1 billion.

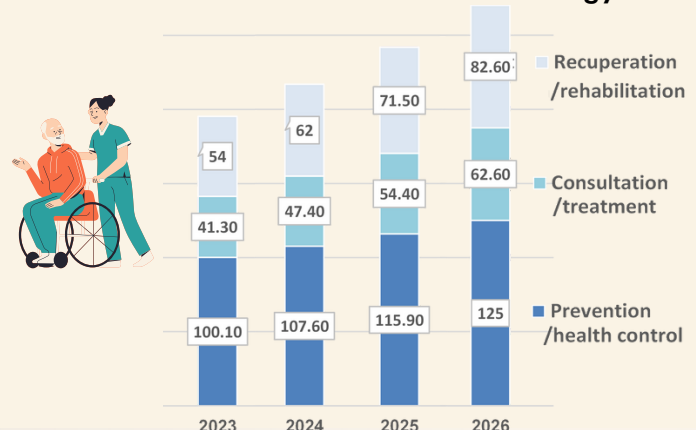
(SOURCE: STATISTA)

The Future of Ageing-Technology

It was forecast that the number of people 65 years or older would increase to around 37.2 million by 2030.

There would be higher demand for medical care, long-term care, and related services. There would also be the emergence of new businesses and services catering to the various needs and interests of senior consumers.

Forecast Value of Health Technology Market



In a [survey](#) conducted by Cabinet Office Japan, almost 40% of senior respondents 60 years and above preferred to prioritise **spending money on hobbies and leisure, followed by food and health-related products/services**. This could provide opportunities for businesses that combine hobbies and leisure with health-improvement features.

GOOD TO KNOW BEFORE SETTING UP A BUSINESS

1

PROCESS OF INCORPORATION

(SOURCE: JETRO)

Foreign companies generally establish a business presence using one of the three modes.

- **Representative Office**
- **Branch Office**
- **Subsidiary Company**

It is important to complete the required procedures stipulated by law before registration. Click [here](#) to find out more.



2

TRADEMARK REGISTRATION

(SOURCE: SMEJAPAN, STATISTA)

To gain ownership of the trademarks and be recognised by the authorities, they must be registered.

Some of the ways to classify trademarks are as follows:

- **Standard**
- **The “new-type” trademarks**
- **Protection of trademarks about retailers, etc.**

In 2021, the number of trademark registrations at JPO increased by **28.6%** over the previous year.



To prevent rejection during the application process, check with [Japan Patent Office \(JPO\)](#) to see if your trademark is unique and new.

3

CORPORATE TAXATION

(SOURCE: JETRO)

Corporate Tax Rate (excluding other taxes)

15.0% - 23.2%

There may also be the imposition of Local Corporate Tax, Corporate Inhabitant taxes (Prefectural and Municipal), Enterprise Tax, and Special Corporate Enterprise Tax, etc.

Click [here](#) to find out more.

4

MANPOWER MATTERS

(SOURCE: WAGE INDICATOR, JETRO)

- Minimum hourly wage (on average) in 2022 is **JPY961 per hour** (approx. US\$7.16). Click [here](#) to find out more about the minimum wage across different prefectures.
- Employees who work beyond the statutory working hours, on statutory days off or work late at night are entitled to overtime pay, which typically attracts a **25% to 75%** premium on normal wages.



Labour shortages can be a challenge. Japanese employees frequently prefer working for well-known Japanese companies over foreign companies, particularly start-ups. As such, it is important for companies to strategise wisely.

Did you KNOW?

- According to a [survey](#) conducted in January 2020, approximately 66% of companies in the information service industry reported a shortage of regular full-time employees. Restaurants followed closely at around 65%.

FREQUENTLY ASKED QUESTIONS



What are the requirements to start a business?

To start a business, you will have to obtain one of the required visas:

- **4-Month Business Manager Visa:** Can further apply for a 1-year extension of stay.
- **Start-up Visa:** Valid for half a year and can be extended for another 6 months.
- **Investor Visa:** Can be granted for 1, 3, or 5 years.

The duration and possibility of extension of an investor visa depend on the sustainability and performance of the company. Before applying for an investor visa, it may be a good idea to obtain a start-up visa and make all necessary preparations. Click [here](#) to find out more.

(SOURCE: SMEJAPAN)



How much is the minimum investment for a company which engages in Foreign Direct Investment (FDI)?

Direct investment by a foreign investor, under Foreign Exchange and Foreign Trade Act (FEFTA) includes:

- Acquisitions of 1% or more shares in a Japanese listed company;
- Acquisitions of any amount of shares in an unlisted company;
- Establishment of a branch, factory or any place of business (except for a liaison office) by a non-resident individual or a foreign company;
- Loans made to a Japanese company for a period exceeding one year that exceed JPY100 million, or constitutes 50% of the outstanding debts of the lender Japanese company in aggregation.



Click [here](#) to find out more.

(SOURCE: MOF, PINSET MASONS)



What are the various types of tax incentives available?

Some of the tax incentives include:

- **Special zones**, including National Strategic Special Zone, Comprehensive Special Zones and Special Zones for Reconstruction
- **Strengthening local business facilities**
- **Wage and productivity improvement**
- **Local tax incentives**

Click [here](#) to find out more about other incentives.



(SOURCE: JETRO, SANDERTRADE)



FOR MORE INFORMATION

SUPPORT SCHEMES & PROGRAMMES

- Singapore Global Enterprises initiative
- Market Readiness Assistance Grant
- Enterprise Development Grant
- Enterprise Financing Scheme

Initiatives such as **GlobalConnect@SBF**, **Scale-up SG** and **iTalent Solutions Map** enable companies in their journey towards internationalisation.

Visit [SBF Singapore Business Institute \(SBI\)](#) for the list of available training for your respective areas of interest.

CONTACTS

Global Connect@SBF

✉ globalconnect@sbf.org.sg

Please also visit our website at [GlobalConnect@SBF](#) for more information.

SBF Research & Publishing

✉ research@sbf.org.sg

Singapore Business Institute (SBI)

✉ institute@sbf.org.sg



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