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Preface

This handbook is designed to provide a clear and coherent overview of present-day Japan through statistics.

It provides statistical tables, figures, maps and photographs to portray conditions in modern-day Japan from a variety of perspectives, including demographics, economic and social trends, and culture. Most of the comments and statistical data for this purpose have been drawn from principal statistical publications available from government and other leading sources.

For more in-depth statistical information on Japan, readers are invited to peruse the Japan Statistical Yearbook and the Japan Monthly Statistics.

We hope that this booklet will serve as a guide in your search for knowledge about Japan. We are always happy to receive opinions or requests from readers.

You can also view the contents of this booklet on the website of the Statistics Bureau.

August 2011

Shigeru KAWASAKI
Director-General
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Japan

Notes for Users

1. The present issue contains statistics that became available by June 30, 2011.
2. Unless otherwise indicated, "year" refers to the calendar year and "fiscal year" refers to the 12 months beginning April 1 of the year stated.
3. Metric units are used in all tables and figures in which the data are measured in weight, volume, length or area.
4. Unless otherwise indicated, amounts shown are in Japanese yen. Refer to Appendix 3 for exchange rates of JPY against the U.S. dollar.
5. Statistical figures may not add up to the totals due to rounding.
6. "Billion" means a thousand million; "trillion" means a thousand billion.
7. The following symbols are used in the tables:

・・・	Data not available
―	Magnitude zero or figures not applicable
0	Less than half of unit employed
0.0	
#	Marked break in series
*	Provisional or estimate

8. Data relating to "China" generally exclude those for Hong Kong SAR, Macao SAR and Taiwan.
9. All contents of the present issue, including tables, figures, and maps, are also available on the website of the Statistics Bureau, Ministry of Internal Affairs and Communications, Japan.

   (http://www.stat.go.jp/english/data/handbook/index.htm)
10. When any contents of the present issue are to be quoted or copied in other media (print or electronic), the title is to be referred to as follows:

    Source: Statistical Handbook of Japan 2011, published by the Statistics Bureau, Ministry of Internal Affairs and Communications, Japan.

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Chapter 1

Land and Climate

1. Land

Japan is an island nation situated off the eastern seaboard of the Eurasian continent in the northern hemisphere. The islands form a crescent-shaped archipelago stretching from northeast to southwest parallel to the continental coastline with the Sea of Japan in between. The country is located between approximately 20 degrees to 45 degrees north latitude and stretches over 3,200 kilometers. It consists of the main islands of Hokkaido, Honshu, Shikoku, Kyushu and Okinawa, and more than 6,800 smaller islands of varying sizes. Its surface area totals approximately 380,000 square kilometers, a figure equivalent to 0.3 percent of the global land mass.

Since the Japanese archipelago is located in a zone of relatively young tectonic plate movement, it is particularly prone to various physiographical phenomena. Therefore, the number of earthquake occurrences is quite high there, and so is the proportion of active volcanoes. The land is full of undulations, with mountainous regions including hilly terrain accounting for about three-quarters of its total area. The mountains are generally steep and are intricately carved out by ravines. Hilly terrain extends between the mountainous regions and the plains.

Table 1.1
Surface Area of Japan (2010)
(Square kilometers)

District	Area
Japan	377,950
Honshu	a) 231,115
Hokkaido	83,457
Kyushu	42,191
Shikoku	a) 18,792
Okinawa	2,276

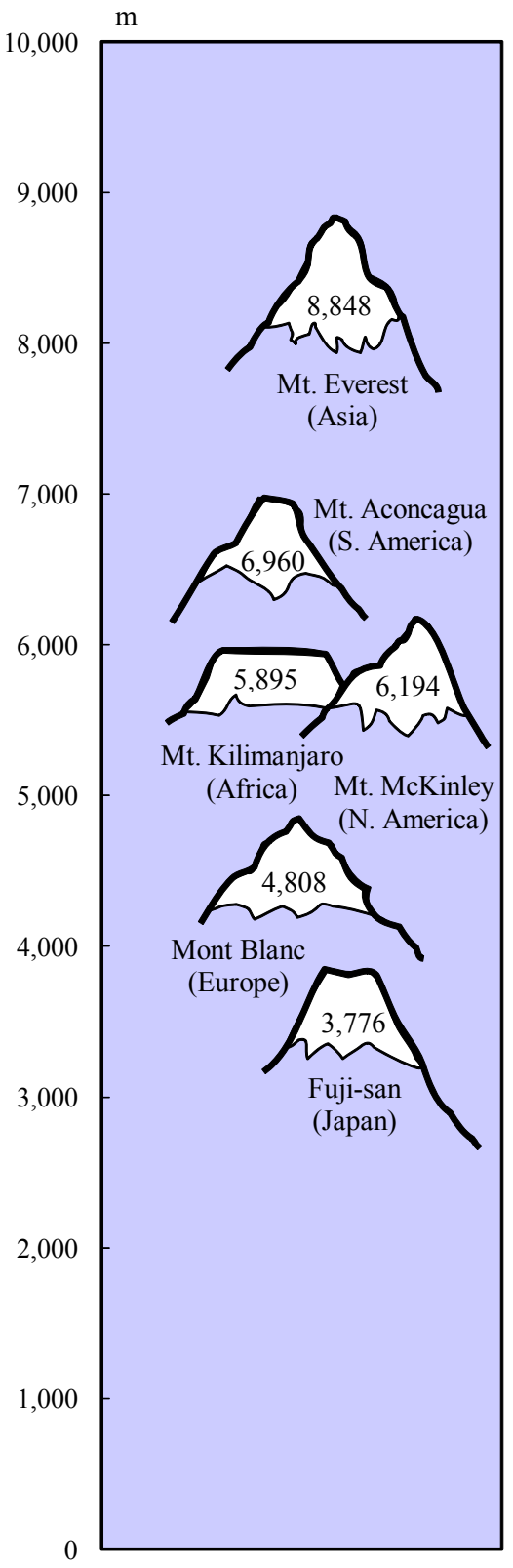
a) Excluding some areas of which boundaries are not yet fixed.
Source: Ministry of Land, Infrastructure, Transport and Tourism.

Table 1.2
Top 10 Countries According to Surface Area (2008) [1)]
(1,000 square kilometers)

Country	Area
World	136,127
Russia	17,098
Canada	9,985
U.S.A.	9,629
China	9,597
Brazil	8,515
Australia	7,692
India	3,287
Argentina	2,780
Kazakhstan	2,725
Sudan	2,506

1) Comprising land area and inland waters. Excluding polar regions and uninhabited islands.
Source: United Nations.

Figure 1.1
Famous Mountains of the World



Source: National Astronomical Observatory of Japan.

Table 1.3
Mountains (2010)

(Meters)

Name	Height
Fuji-san	3,776
Kita-dake	3,193
Okuhotaka-dake	3,190
Aino-dake	3,189
Yari-ga-take	3,180
Higashi-dake	3,141
Akaishi-dake	3,120
Karasawa-dake	3,110
Kitahotaka-dake	3,106
Obami-dake	3,101

Source: Ministry of Land, Infrastructure, Transport and Tourism.

Table 1.4
Rivers (2010)

(Kilometers)

Name	Length
Shinano-gawa	367
Tone-gawa	322
Ishikari-gawa	268
Teshio-gawa	256
Kitakami-gawa	249
Abukuma-gawa	239
Mogami-gawa	229
Kiso-gawa	229
Tenryu-gawa	213
Agano-gawa	210

Source: Ministry of Land, Infrastructure, Transport and Tourism.

Table 1.5
Lakes (2010)

(Square kilometers)

Name	Area
Biwa-ko	670.3
Kasumi-ga-ura	167.6
Saroma-ko	151.8
Inawashiro-ko	103.3
Naka-umi	86.2
Kussharo-ko	79.6
Shinji-ko	79.1
Shikotsu-ko	78.4
Toya-ko	70.7
Hamana-ko	65.0

Source: Ministry of Land, Infrastructure, Transport and Tourism.

Forests account for the largest portion of the nation's surface area. There are approximately 250,000 square kilometers (which equates to 66 percent of the nation's surface area) of forests, followed by approximately 50,000 square kilometers of farmland (13 percent). Together, forests and farmland thus cover approximately 80 percent of the nation. There are approximately 20,000 square kilometers of building land (5 percent).

Table 1.6
Surface Area by Use

(1,000 square kilometers)

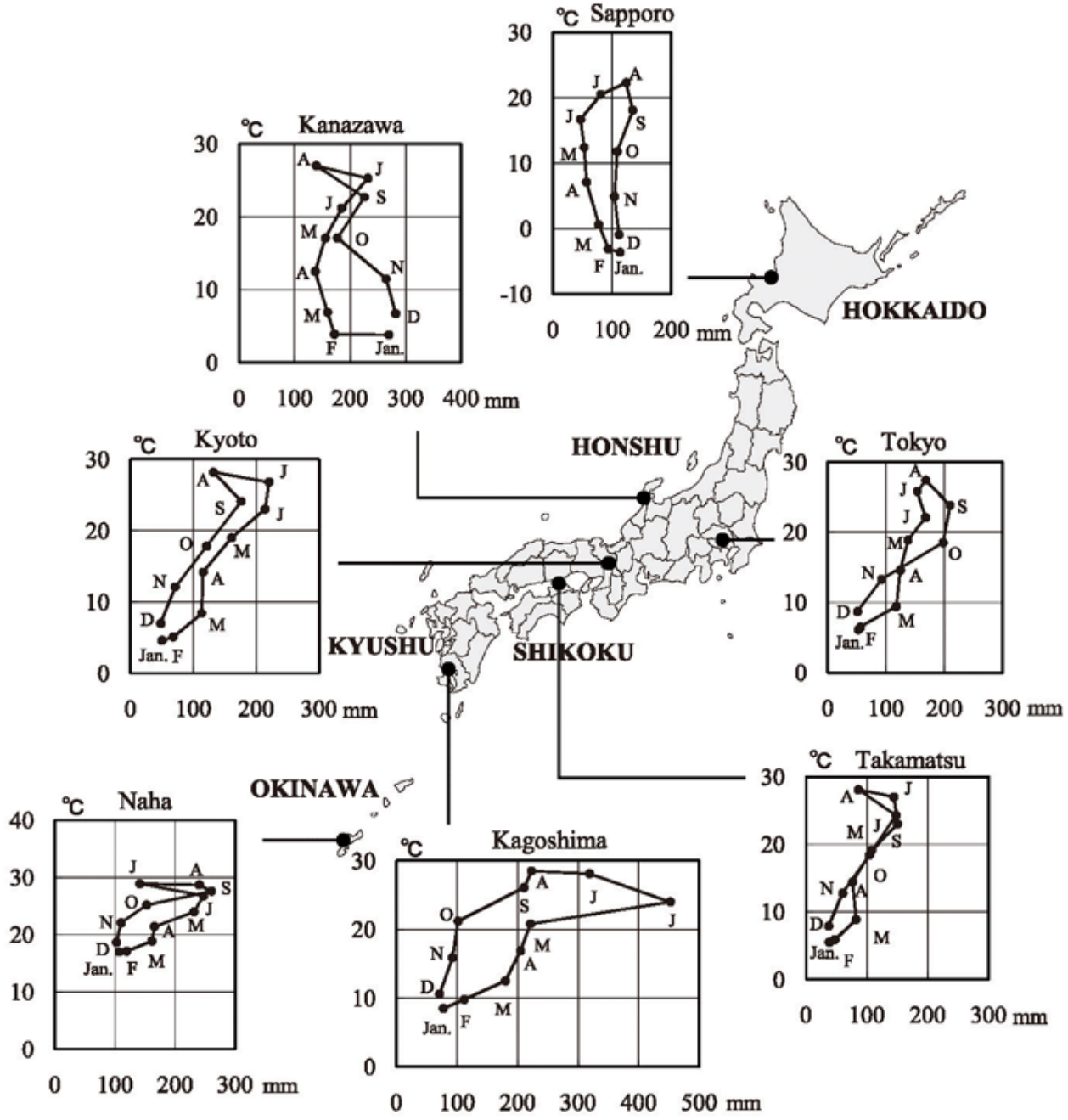
Year	Total	Forests	Farmland	Inland water	Roads [1)]	Building land [2)]	Others
1975	377.5	252.9	57.6	12.8	8.9	12.4	32.9
1985	377.8	253.0	54.8	13.0	10.7	15.0	31.3
1995	377.8	251.4	51.3	13.2	12.1	17.0	32.8
2005	377.9	251.0	47.8	13.4	13.2	18.5	34.0
(%)	(100.0)	(66.4)	(12.6)	(3.5)	(3.5)	(4.9)	(9.0)

1) Including farm roads and forest roads, etc. 2) Including industrial land and other land for buildings.
Source: Ministry of Land, Infrastructure, Transport and Tourism.

2. Climate

The Japanese archipelago has a temperate marine climate, with four distinct seasons, an annual average temperature of between 10 to 20 degrees centigrade, and annual precipitation of 1,000 to 2,500 millimeters. Japan typically experiences hot, humid summers and cold, dry winters. The topography of Honshu, however, features a series of major mountain ranges running from north to south. Because of this feature, the northwest monsoon in the winter brings humid conditions with heavy precipitation (snow) to Honshu's Japan Sea side but comparatively dry weather with low precipitation to the Pacific Ocean side. In summer, the winds blow mainly from the southeast, giving rise to hot and humid weather. Another unique characteristic of Japan's climate is that it has two long spells of rainy seasons, one in early summer when southeast monsoon begins to blow, and the other in autumn when the winds cease. From summer to autumn, tropical cyclones generated in the tropical seas develop into typhoons and hit Japan, sometimes causing storm and flood damage.

Figure 1.2
Temperature and Precipitation (Normal value)
(1981-2010 average)



Source: Japan Meteorological Agency.

Table 1.7
Temperature and Precipitation (Normal value) (1981-2010 average)

Temperature (℃) Precipitation (mm)

Observing station		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Annual [1)]
Sapporo	Temp. High	-0.6	0.1	4.0	11.5	17.3	21.5	24.9	26.4	22.4	16.2	8.5	2.1	12.9
	Temp. Low	-7.0	-6.6	-2.9	3.2	8.3	12.9	17.3	19.1	14.2	7.5	1.3	-4.1	5.3
	Prec.	114	94	78	57	53	47	81	124	135	109	104	112	1,107
Tokyo	Temp. High	9.9	10.4	13.3	18.8	22.8	25.5	29.4	31.1	27.2	21.8	16.9	12.4	20.0
	Temp. Low	2.5	2.9	5.6	10.7	15.4	19.1	23.0	24.5	21.1	15.4	9.9	5.1	13.0
	Prec.	52	56	118	125	138	168	154	168	210	198	93	51	1,529
Kanazawa	Temp. High	6.8	7.3	11.0	16.9	21.6	25.0	28.8	30.9	26.6	21.3	15.5	10.2	18.5
	Temp. Low	0.9	0.7	3.0	8.2	13.1	18.0	22.3	23.7	19.5	13.3	7.7	3.4	11.2
	Prec.	270	172	159	137	155	185	232	139	226	177	265	282	2,399
Kyoto	Temp. High	8.9	9.7	13.4	19.9	24.6	27.8	31.5	33.3	28.8	22.9	17.0	11.6	20.8
	Temp. Low	1.2	1.4	4.0	9.0	14.0	18.8	23.2	24.3	20.3	13.6	7.8	3.2	11.7
	Prec.	50	68	113	116	161	214	220	132	176	121	71	48	1,491
Takamatsu	Temp. High	9.4	10.1	13.4	19.5	24.1	27.3	31.2	32.4	28.4	22.8	17.2	12.1	20.7
	Temp. Low	1.6	1.8	4.4	9.4	14.4	19.3	23.6	24.4	20.7	14.2	8.5	3.7	12.2
	Prec.	38	48	83	76	108	151	144	86	148	104	60	37	1,082
Kagoshima	Temp. High	12.8	14.3	17.0	21.6	25.2	27.6	31.9	32.5	30.1	25.4	20.3	15.3	22.8
	Temp. Low	4.6	5.7	8.4	12.7	17.1	21.0	25.3	25.6	22.8	17.5	11.9	6.7	14.9
	Prec.	78	112	180	205	221	452	319	223	211	102	92	71	2,266
Naha	Temp. High	19.5	19.8	21.7	24.1	26.7	29.4	31.8	31.5	30.4	27.9	24.6	21.2	25.7
	Temp. Low	14.6	14.8	16.5	19.0	21.8	24.8	26.8	26.6	25.5	23.1	19.9	16.3	20.8
	Prec.	107	120	161	166	232	247	141	241	261	153	110	103	2,041

1) Annual average for temperature and annual total for precipitation.

Source: Japan Meteorological Agency.

The Great East Japan Earthquake

1. Overview

On March 11, 2011, a strong earthquake of a magnitude of 9.0 occurred in the Pacific Ocean near the coast of northeastern part of Japan at 2:46 p.m. The earthquake, which was followed by huge tsunami, devastated a wide area of Tohoku Region, or northeastern Japan, and its surrounding regions particularly in the Pacific coastal area, and took a heavy toll of lives estimated to be more than 20 thousand. In Tokyo, the intensity of the quake was observed at level 5-upper on the Japanese scale, but there were only light damages. The level of magnitude 9.0 was the largest ever among the earthquakes having occurred in Japan since measurement was started, and it was the fourth largest in the world since 1900.

Great earthquakes in the world

Largest earthquakes by magnitude

Date	Location	Name	Magnitude
May. 22, 1960	Chile : Valdivia	Valdivia earthquake	9.5
Mar. 27, 1964	USA : Alaska	Alaska earthquake	9.2
Mar. 9, 1957	USA : Andreanof Islands	Andoreanof Islands earthquake	9.1
Mar. 11, 2011	**Japan : Tohoku region**	**Great East Japan earthquake**	**9.0**
Dec. 26, 2004	Indonesia : Sumatra	Sumatra earthquake	9.0
Nov. 4, 1952	Russia : Kamchatka	Kamchatka earthquake	9.0
Jan. 31, 1906	Ecuador : Colombia	Ecuador - Colombia earthquake	8.8
Feb. 27, 2010	Chile : Maule	Chile earthquake	8.8

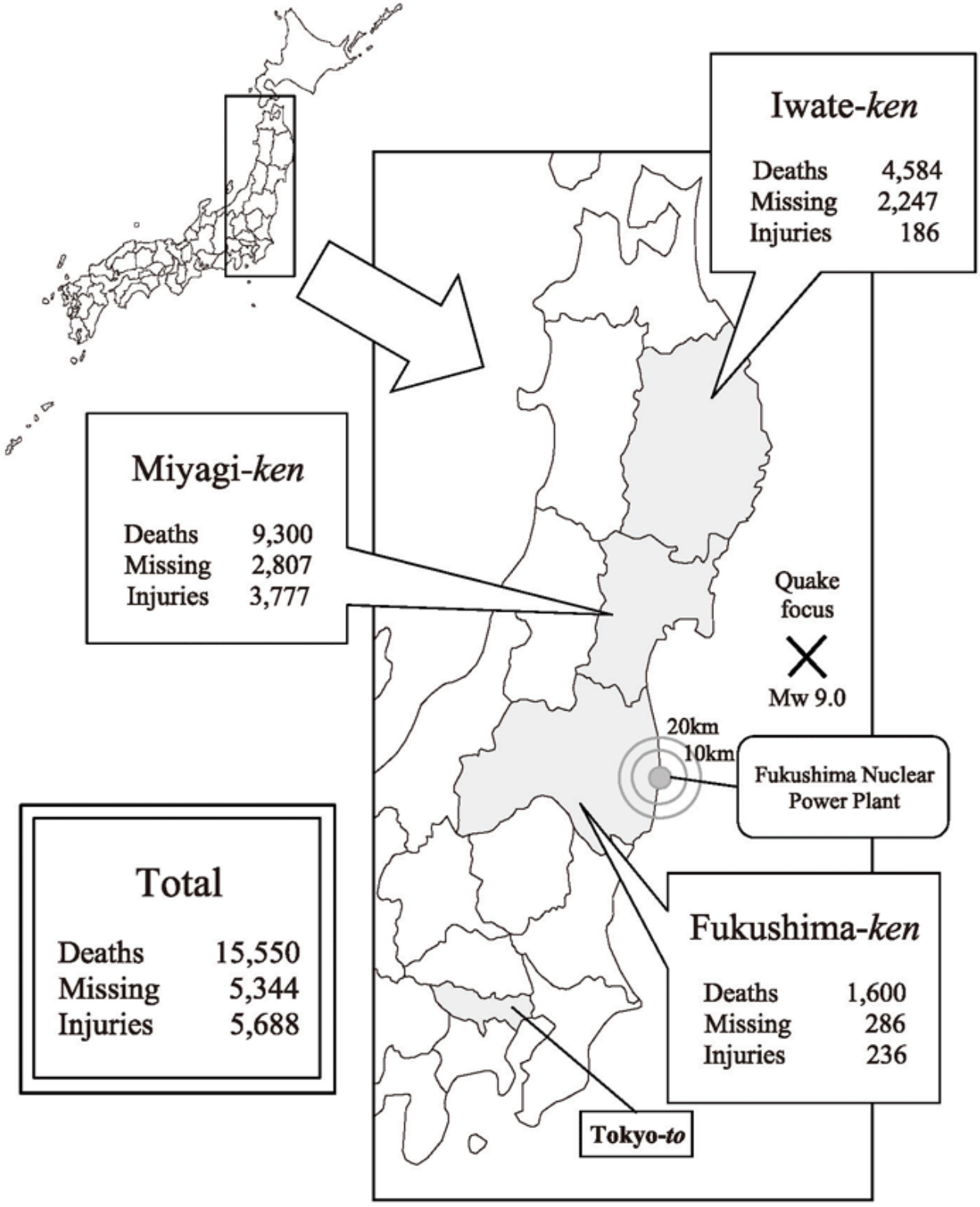
Source: National Astronomical Observatory of Japan.

Largest earthquakes by size of human toll

Date	Location	Name	Fatalities	Magnitude
Dec. 26, 2004	Indonesia : Sumatra	Sumatra earthquake	283,100	9.0
Jul. 28, 1976	China : Hebei	Tangshan earthquake	242,800	7.8
Dec. 16, 1920	China : Ningxia	Haiyuan earthquake	235,502	8.5
Jan. 12, 2010	Haiti : Port-au-Prince	Haiti earthquake	222,570	7.0
Sep. 1, 1923	Japan : Kanto region	Great Kanto earthquake	105,000	7.9
Dec. 28, 1908	Italy : Messina	Messina earthquake	82,000	7.1
Oct. 8, 2005	Pakistan : Kashmir	Kashmir earthquake	86,000	7.6
May. 12, 2008	China : Wenchuan	Wenchuan earthquake	69,227	7.9
Mar. 11, 2011	**Japan : Tohoku region**	**Great East Japan earthquake**	**a) 15,550**	**9.0**

a) As of July 11, 2011.
Source: National Astronomical Observatory of Japan.

Devastated area (As of July 11, 2011)
Main disaster zone



Source: National Police Agency.

Since the occurrence of the earthquake, the Government of Japan has been taking broad-ranging, prompt measures to recover normal life of the people in the area and to reconstruct infrastructure and socio-economic functions as soon as possible. As the first step immediately after the earthquake, the Government established the Emergency Disaster Response Headquarters headed by the Prime Minister. On March 17, the Headquarters for Special Measures to Assist the Lives of Disaster Victims was established to provide utmost support for the people struck by the disaster. On April 11, Reconstruction Design Council in Response to the Great East Japan Earthquake was organized to propose a grand reconstruction design of the future of the disaster stricken areas.

2. Damages

The earthquakes and the huge tsunami that followed caused heavy casualties and huge damages in the northeastern area and its surroundings, such as Kanto Region. As of July 11, the confirmed number of deaths reached 15,550 persons, with the missing 5,344 and the injuries 5,688. There were 99,236 displaced persons living in evacuation centers nearby.

Damages (As of July 11, 2011) [1)]

Prefectures	Human damages			Building damages		
	Deaths	Missing	Injuries	Total collapse	Half collapse	Partially damaged
Total	15,550	5,344	5,688	107,779	117,019	434,327
Hokkaido	1	-	3	-	-	5
Aomori-*ken*	3	1	61	307	854	96
Iwate-*ken*	4,584	2,247	186	21,004	3,313	2,668
Miyagi-*ken*	9,300	2,807	3,777	66,929	54,006	87,607
Akita-*ken*	-	-	12	-	-	3
Yamagata-*ken*	2	-	29	37	80	-
Fukushima-*ken*	1,600	286	236	16,198	32,458	100,881
Ibaraki-*ken*	24	1	694	2,265	15,890	138,497
Tochigi-*ken*	4	-	131	257	2,079	57,627
Gumma-*ken*	1	-	38	-	6	16,150
Saitama-*ken*	-	-	42	-	5	1,800
Chiba-*ken*	20	2	248	782	8,310	28,440
Tokyo-*to*	7	-	90	-	11	257
Kanagawa-*ken*	4	-	129	-	7	279
Niigata-*ken*	-	-	3	-	-	9
Yamanashi-*ken*	-	-	2	-	-	4
Nagano-*ken*	-	-	1	-	-	-
Shizuoka-*ken*	-	-	4	-	-	4
Mie-*ken*	-	-	1	-	-	-
Kochi-*ken*	-	-	1	-	-	-

1) Including the damages caused by the earthquake on April 7 with its epicenter off the coast of Miyagi Prefecture, the earthquakes on April 11 and 12 with its epicenter in the Hamadori area of Fukushima Prefecture and the earthquake on May 22 with its epicenter in the northeastern area of Chiba Prefecture.
Source: National Police Agency.

Lifelines of Tohoku Region were shattered in broad areas, and supplies of electricity, gas and water were halted. Infrastructure such as road, railways, and airports were also heavily damaged. In Fukushima Prefecture, accidents took place in the nuclear power plant due to the power loss of the cooling system, causing emergency situation. In consequence, people living in the surrounding of the power plant areas within approximately 20 km radius were evacuated.

Public utilities and the transport have been promptly recovered with concerted efforts of all parties. Sendai Airport came back into operation in mid-April, while Tohoku Shinkansen Line (High-speed service railway between Tokyo and Aomori) recovered its service for the entire line in late April.

3. Assistance from Overseas

The people and the Government of Japan received an enormous number of warm messages of encouragement, solidarity and condolences from citizens and governments of numerous countries, many international organizations and nongovernmental organizations all over the world. They also provided emergency supplies, rescue operations, donation funds, and various kinds of supports.

Emergency assistance from overseas (As of July, 12)

Assistance from overseas	
Offers of assistance	161 countries/regions, 43 international organizations
Rescue Teams	28 countries/regions and international organizations
Relief Supplies	61 countries/regions and international organizations
Donations	88 countries/regions and international organizations
Assistance by U.S. forces	
Ships	more than 20
Aircrafts	more than 160
Personnel	more than 20,000

Source: Prime Minister's Official Residence.

The Japanese people have been grateful to all the messages and the supports given from many parties all around the world. Taking this opportunity, the staff of the Statistics Bureau wish to express our appreciation to the peoples, governments and organizations for providing heartfelt support and friendship.

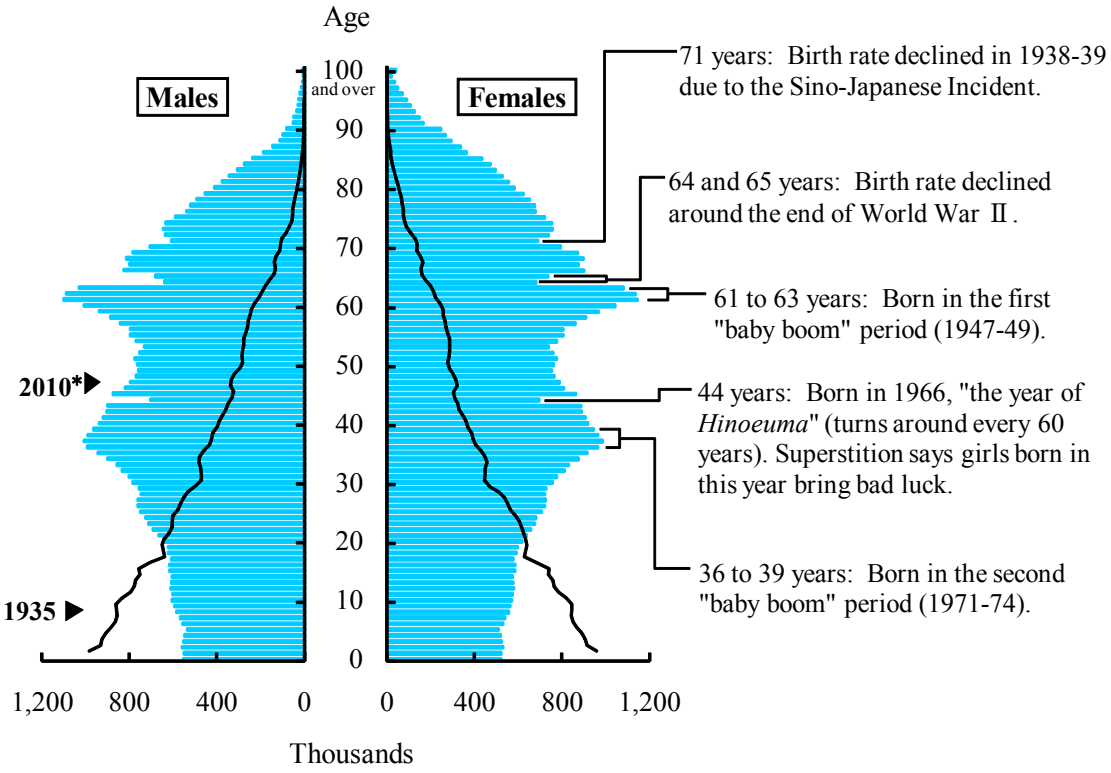
Chapter 2

Population

1. Total Population

Japan's total population (2010 Population Census of Japan Prompt sample tabulation) was 128.06 million. This ranked tenth in the world and made up 1.9 percent of the world's total. Japan's population density measured 343 persons per square kilometer in 2010, ranking seventh among countries with a population of 10 million or more.

Figure 2.1
Population Pyramid



Source: Statistics Bureau, MIC.

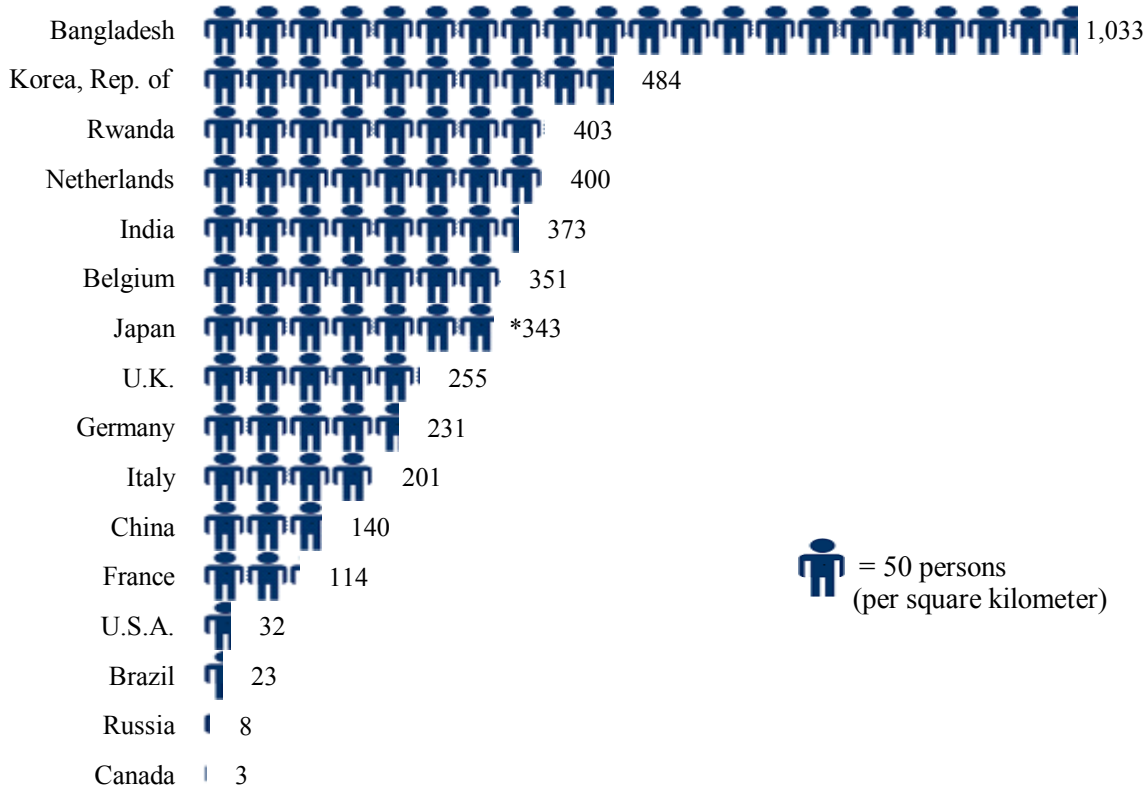
Table 2.1
Countries with a Large Population (2010)

(Millions)

Country	Population	Country	Population
World	6,896		
China	1,341	Pakistan	174
India	1,225	Nigeria	158
U.S.A.	310	Bangladesh	149
Indonesia	240	Russia	143
Brazil	195	Japan	* 128

Source: Statistics Bureau, MIC; United Nations.

Figure 2.2
Population Density by Country (2010)



Source: Statistics Bureau, MIC; United Nations.

From the eighteenth century through the first half of the nineteenth century, Japan's population remained steady at about 30 million. However, following the Meiji Restoration in 1868, it began expanding in tandem with the drive to build a modern nation-state. In 1926, it reached 60 million, and in 1967, it surpassed the 100 million mark. However, Japan's population growth has slowed in more recent years, with the annual pace of population growth averaging about one percent from the 1960s through the 1970s. Since the 1980s, it has declined sharply. Japan's total population, as shown in the 2005 Population Census, was 127.77 million, declining from the previous year for the first time after World War II. According to the 2010 Population Census, its total population was 128.06 million, thus remaining level since 2005.

Table 2.2
Trends in Population

Year	Population (1,000)		Age composition (%)			Average annual rate of increase (%)	Population density (per km^2)
		Males	0-14 years	15-64	65 and over		
As of Oct. 1 of each year [1)]							
1872	34,806	17,666	...	...	...	...	91
1900	43,847	22,051	33.9	60.7	5.4	0.83	115
1910	49,184	24,650	36.0	58.8	5.2	1.16	129
1920	55,963	28,044	36.5	58.3	5.3	1.30	147
1930	64,450	32,390	36.6	58.7	4.8	1.42	169
1940	71,933	35,387	36.7	58.5	4.8	1.10	188
1950	84,115	41,241	35.4	59.6	4.9	1.58	226
1955	90,077	44,243	33.4	61.2	5.3	1.38	242
1960	94,302	46,300	30.2	64.1	5.7	0.92	253
1965	99,209	48,692	25.7	68.0	6.3	1.02	267
1970	104,665	51,369	24.0	68.9	7.1	1.08	281
1975	111,940	55,091	24.3	67.7	7.9	1.35	300
1980	117,060	57,594	23.5	67.3	9.1	0.90	314
1985	121,049	59,497	21.5	68.2	10.3	0.67	325
1990	123,611	60,697	18.2	69.5	12.0	0.42	332
1995	125,570	61,574	15.9	69.4	14.5	0.31	337
2000	126,926	62,111	14.6	67.9	17.3	0.21	340
2005	127,768	62,349	13.7	65.8	20.1	0.13	343
2010*	128,056	62,501	13.2	63.7	23.1	0.05	343
Projection as of Dec. 2006							
2020	122,735	59,284	10.8	60.0	29.2	-0.42	329
2030	115,224	55,279	9.7	58.5	31.8	-0.63	309
2040	105,695	50,467	9.3	54.2	36.5	-0.86	283
2050	95,152	45,320	8.6	51.8	39.6	-1.05	255

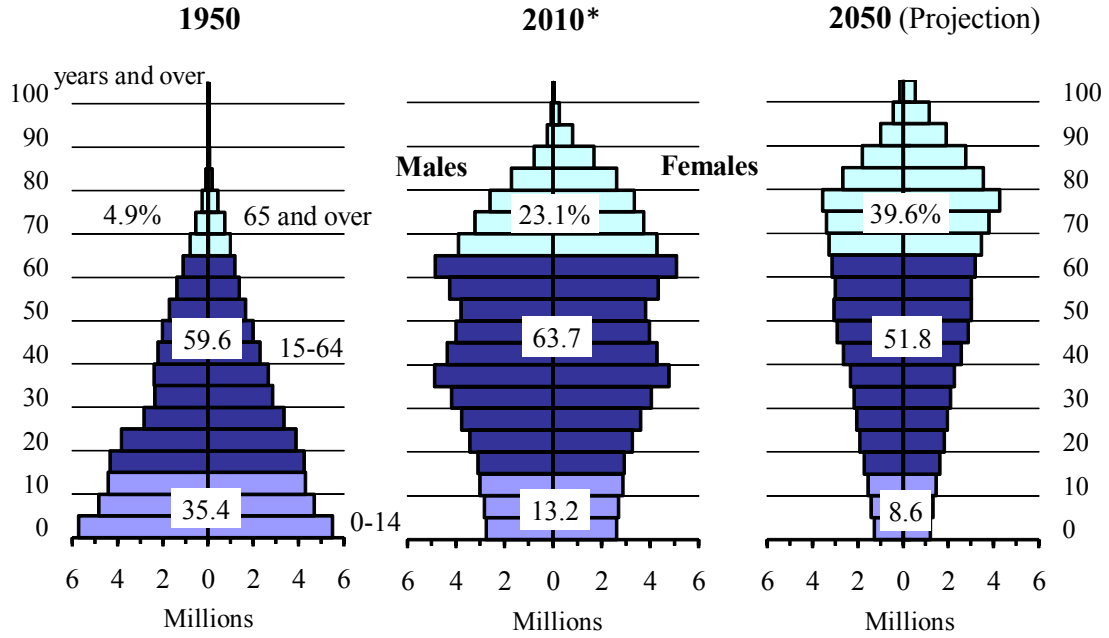
1) Figures for and before 1910 were as of January 1 of the respective years.
Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare; Ministry of Land, Infrastructure, Transport and Tourism.

2. Declining Birth Rate and Aging Population

The population pyramid of 1950 shows that Japan had a standard-shaped pyramid marked by a broad base. The shape of the pyramid, however, has changed dramatically as both the birth rate and death rate have declined. In 2010, the population of elderly citizens (65 years and over) was 29.29 million, constituting 23.1 percent of the total population and marking record highs both in terms of number and percentage. This percentage of elderly in the population is the highest in the world. The speed of aging of Japan's population is much faster than in advanced Western European

countries or the U.S.A. Although the population of the elderly in Japan accounted for only 7.1 percent of the total population in 1970, 24 years later in 1994, it had almost doubled in scale to 14.1 percent. In other countries with an aged population, it took 61 years in Italy, 85 years in Sweden, and 115 years in France for the percentage of the elderly to increase from 7 percent to 14 percent of the population. These comparisons clearly highlight the rapid progress of demographic aging in Japan.

Figure 2.3
Changes in the Population Pyramid



Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare.

On the other hand, the percentage of the younger age population in Japan (0-14 years) has been shrinking since 1982. In 2010, the younger age population amounted to 16.80 million, accounting for 13.2 percent of the total population, the lowest level on record since the Population Census began. The working-age population (15-64 years) totaled 80.73 million, continuing its decline since 1996. In share terms, it accounted for 63.7 percent of the entire population. As a result, the ratio of the dependent population (the sum of the elderly and younger age population divided by the working-age population) was 57.1 percent. In terms of their proportion of the total population, the elderly have surpassed the younger age group since 1997.

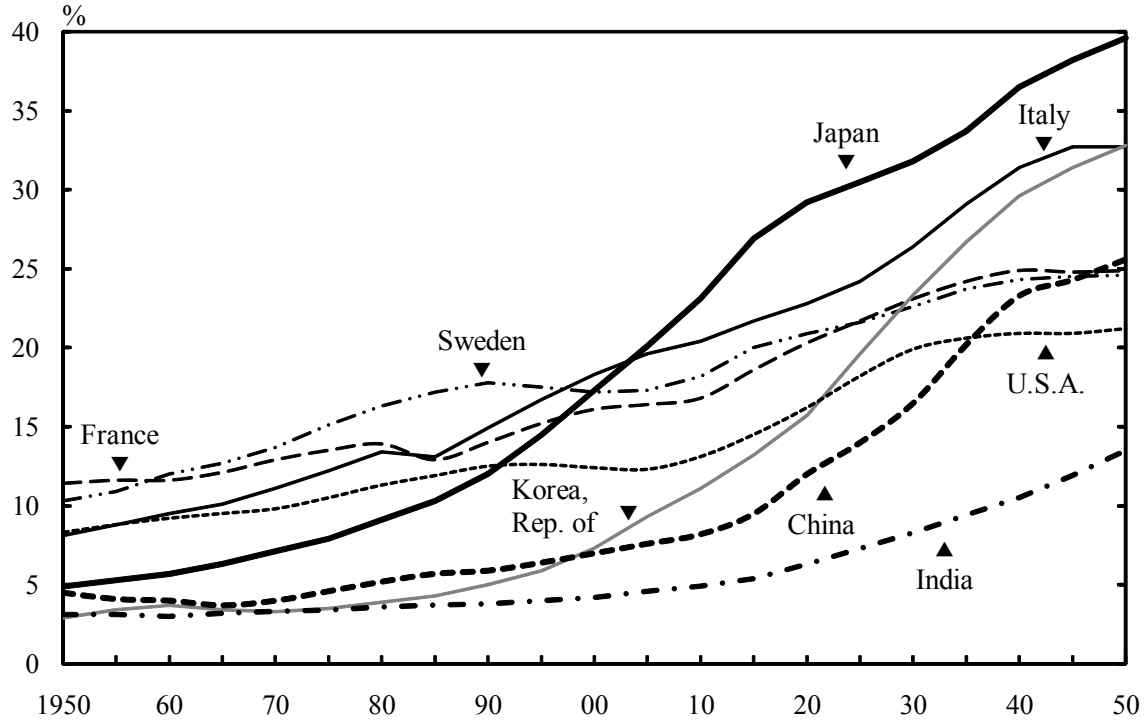
Table 2.3
Age Structure of Population by Country

(%)

Country	2010			2050 (projection)		
	0-14 years	15-64	65 and over	0-14 years	15-64	65 and over
Japan	* 13.2	* 63.7	* 23.1	8.6	51.8	39.6
Korea, Rep. of	16.4	72.4	11.1	13.2	54.0	32.8
Italy	14.1	65.6	20.4	14.3	53.0	32.7
Germany	13.5	66.1	20.4	14.5	54.6	30.9
China	19.5	72.4	8.2	13.5	61.0	25.6
France	18.4	64.8	16.8	17.6	57.5	24.9
Canada	16.4	69.5	14.1	16.2	58.9	24.9
Sweden	16.5	65.2	18.2	17.3	58.1	24.6
U.K.	17.4	66.0	16.6	17.2	59.2	23.6
Russia	15.0	72.2	12.8	16.9	60.0	23.1
Brazil	25.5	67.5	7.0	14.7	62.8	22.5
U.S.A.	20.1	66.9	13.1	18.8	60.0	21.2
India	30.6	64.5	4.9	19.0	67.6	13.5

Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare; United Nations.

Figure 2.4
Proportion of Elderly Population by Country (Aged 65 years and over)



Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare; United Nations.

3. Births and Deaths

Population growth in Japan had primarily been driven by natural increase, while social increase played only a minor part. In 2005, however, the natural change rate (per 1,000 population) turned negative for the first time since 1899; the figure was -1.0 in 2010.

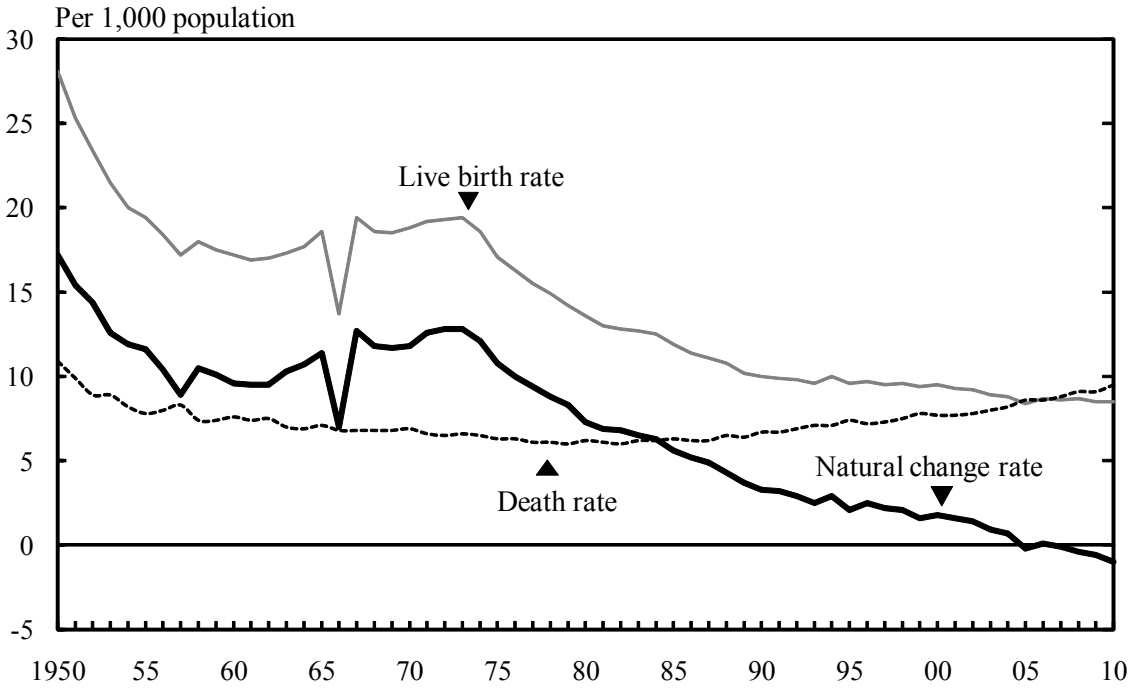
During the second baby boom, the birth rate was at a level of 19 (per 1,000 population) between 1971 and 1973. Since the late 1970s, however, it continued to drop and eventually hit a record low of 8.4 in 2005. Having subsequently repeated an up-and-down pattern, the rate for 2010 remained unchanged from the previous year at 8.5.

Table 2.4
Vital Statistics

Year	Rates per 1,000 population [1]				Total fertility rate [2]	Life expectancy at birth (years)	
	Live births	Deaths	Infant mortality	Natural change		Males	Females
1950	28.1	10.9	60.1	17.2	3.65	a) 59.57	a) 62.97
1955	19.4	7.8	39.8	11.6	2.37	63.60	67.75
1960	17.2	7.6	30.7	9.6	2.00	65.32	70.19
1965	18.6	7.1	18.5	11.4	2.14	67.74	72.92
1970	18.8	6.9	13.1	11.8	2.13	69.31	74.66
1975	17.1	6.3	10.0	10.8	1.91	71.73	76.89
1980	13.6	6.2	7.5	7.3	1.75	73.35	78.76
1985	11.9	6.3	5.5	5.6	1.76	74.78	80.48
1990	10.0	6.7	4.6	3.3	1.54	75.92	81.90
1995	9.6	7.4	4.3	2.1	1.42	76.38	82.85
2000	9.5	7.7	3.2	1.8	1.36	77.72	84.60
2005	8.4	8.6	2.8	-0.2	1.26	78.56	85.52
2008	8.7	9.1	2.6	-0.4	1.37	79.29	86.05
2009	8.5	9.1	2.4	-0.6	1.37	79.59	86.44
2010	* 8.5	* 9.5	* 2.3	* -1.0	* 1.39	79.64	86.39

1) The infant mortality rate is per 1,000 live births. 2) The average number of children that would be born alive to a hypothetical cohort of women if, throughout their reproductive years, the age-specific fertility rates for the specified year remained unchanged. a) 1950-1952 period.
Source: Ministry of Health, Labour and Welfare.

Figure 2.5
Natural Population Change



Source: Ministry of Health, Labour and Welfare.

The general decline in birth rate may partly be attributable to the rising maternal age at childbirth. The average mothers' age at first childbirth rose from 25.6 in 1970 to 29.9 in 2010. The total fertility rate was on a downward trend after dipping below 2.00 in 1975. However, it rose in 2006 for the first time in six years and continued to rise for three consecutive years until 2009, when it remained unchanged from the previous year. The figure went up again in 2010 to 1.39.

The death rate (per 1,000 population) was steady at 6.0 - 6.3 between 1975 and 1987. Since 1988, however, it has shown uptrend, reflecting the increased percentage of the elderly in the overall population. The death rate was 9.5 in 2010.

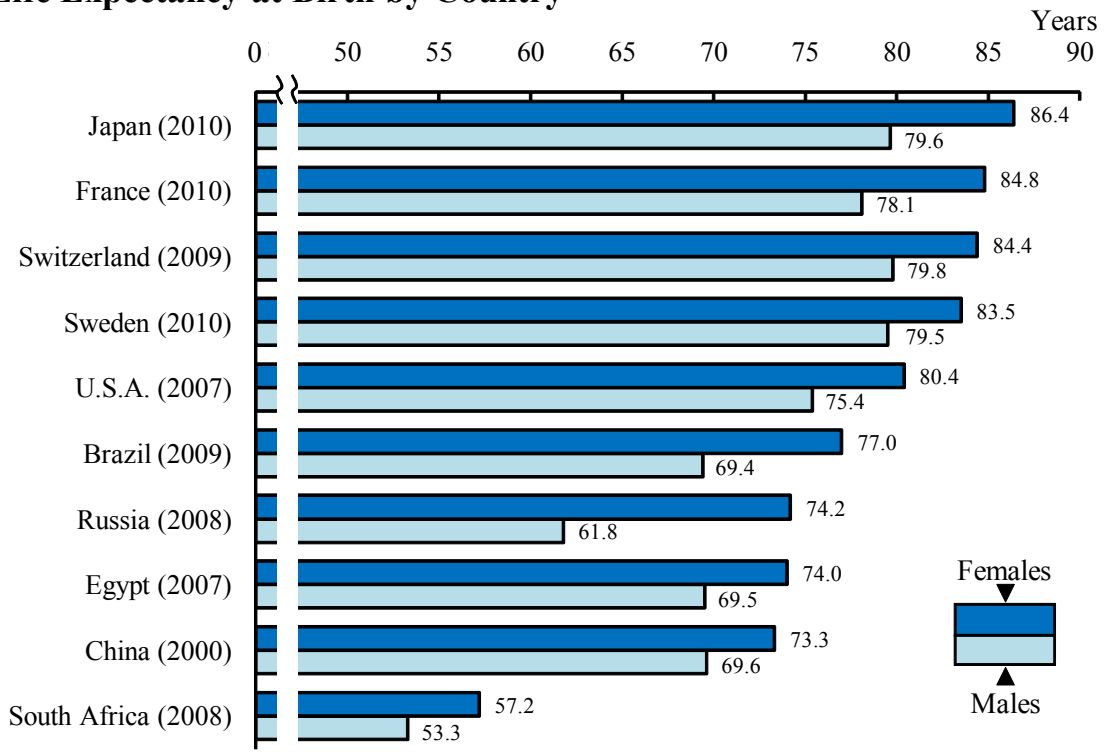
Average life expectancy in Japan climbed sharply after World War II, and is today at the highest level in the world. In 2010, life expectancy at birth was 86.4 years for women and 79.6 years for men.

Table 2.5
Changes of Mothers' Age at Childbirth

Year	Number of babies (1,000)	Distribution of mothers' age (%)						Mean age bearing first child
		-19	20-24	25-29	30-34	35-39	40 and over	
1970	1,934	1.0	26.5	49.2	18.5	4.2	0.5	25.6
1975	1,901	0.8	25.2	53.4	16.8	3.3	0.5	25.7
1980	1,577	0.9	18.8	51.4	24.7	3.7	0.5	26.4
1985	1,432	1.2	17.3	47.7	26.6	6.5	0.6	26.7
1990	1,222	1.4	15.7	45.1	29.1	7.6	1.0	27.0
1995	1,187	1.4	16.3	41.5	31.3	8.4	1.1	27.5
2000	1,191	1.7	13.6	39.5	33.3	10.6	1.3	28.0
2005	1,063	1.6	12.1	31.9	38.1	14.4	1.9	29.1
2008	1,091	1.4	11.4	29.1	37.1	18.4	2.6	29.5
2009	1,070	1.4	10.9	28.8	36.4	19.6	2.9	29.7
2010 *	1,071	1.3	10.4	28.6	35.9	20.5	3.3	29.9

Source: Ministry of Health, Labour and Welfare.

Figure 2.6
Life Expectancy at Birth by Country



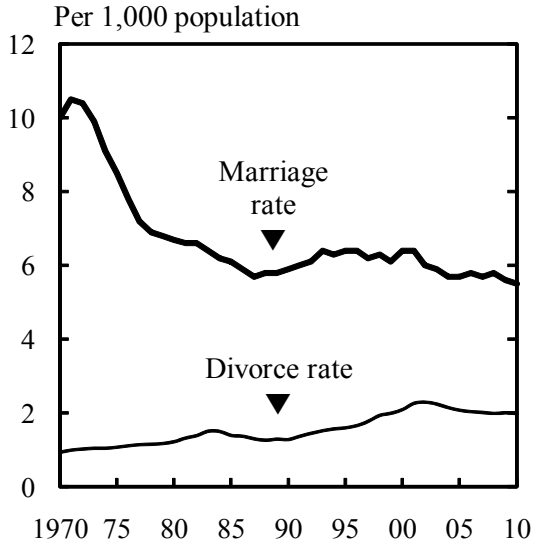
Source: Ministry of Health, Labour and Welfare.

4. Marriages and Divorces

The annual number of marriages in Japan exceeded one million in the early 1970s, which, coupled with the marriage rate (per 1,000 population) hovering over 10.0, showed an apparent marriage boom. However, both the number and rate started declining thereafter. They rose again in the late 1980s but have, though fluctuating repeatedly, essentially been unchanged in recent years. In 2010, a total of 700,000 couples married and the marriage rate became 5.5 as a result, down for the second consecutive year.

The mean age of first marriage was 30.5 for men and 28.8 for women in 2010, a rise by 2.1 years and 2.9 years, respectively, over the past twenty years. The declining marriage rate and rising marrying age in recent years as described above is one explanation for the dropping birth rate.

Figure 2.7
Changes in Marriage Rate and Divorce Rate



Source: Ministry of Health, Labour and Welfare.

Table 2.6
Mean Age of First Marriage

Year	Groom	Bride
1950	25.9	23.0
1955	26.6	23.8
1960	27.2	24.4
1965	27.2	24.5
1970	26.9	24.2
1975	27.0	24.7
1980	27.8	25.2
1985	28.2	25.5
1990	28.4	25.9
1995	28.5	26.3
2000	28.8	27.0
2005	29.8	28.0
2008	30.2	28.5
2009	30.4	28.6
2010 *	30.5	28.8

Source: Ministry of Health, Labour and Welfare.

In contrast, divorces have shown an upward trend since the 1960s, hitting a peak of 290,000 in 2002. Subsequently, both the number of divorces and the divorce rate declined for six years straight, but the trend once again turned upward in 2009. In 2010, the number of divorces totaled 251,000,

and the divorce rate (per 1,000 population) went down again to 1.99.

5. Households

(1) Household Size and Household Composition

The Population Census shows that Japan had 50.93 million households in 2010, going over 50 million for the first time since the Census began. Of that total, 57.1 percent were nuclear-family households, and 31.2 percent were one-person households.

From the 1920s to the mid-1950s, the average number of household members remained at about five. However, due to the increase in one-person households and nuclear families since the late 1950s, the size of household was down significantly in 1970, to 3.41 members. The size of household members continued to decline to 2.46 in 2010. Although the Japanese population has shifted into decline, the number of households is expected to continue to increase for some years to come, as the size of the average household will shrink further. The number of households is projected to peak in 2015 and then decrease thereafter.

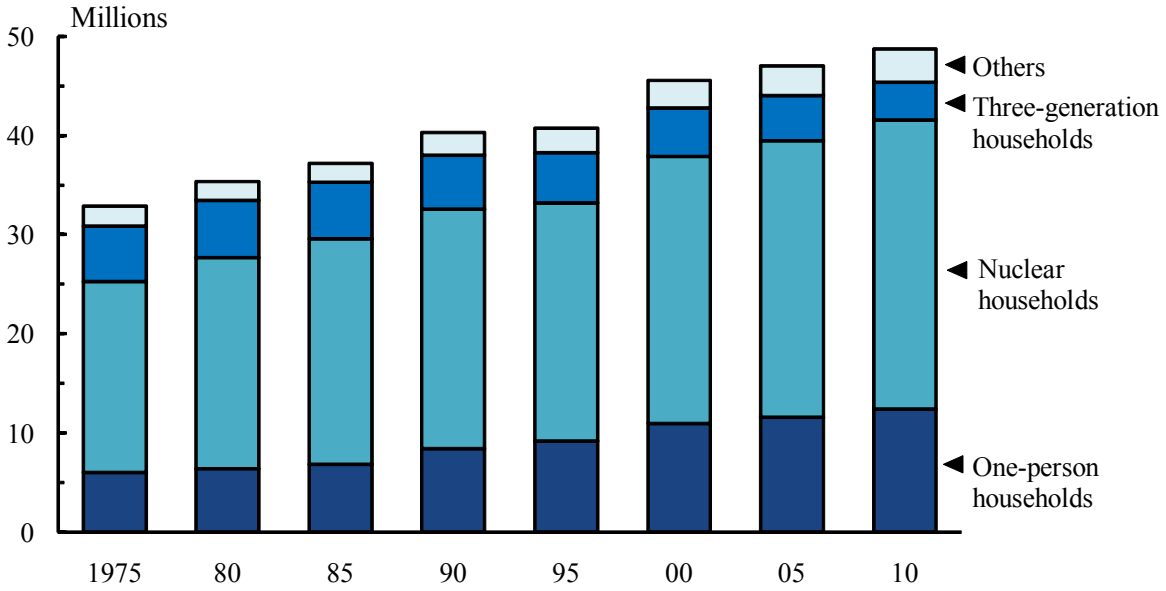
Table 2.7
Households and Household Members

Year	House-holds (1,000)	Average annual rate of increase (%)	Household members (1,000)	Members per household	Population (1,000)	Average annual rate of increase (%)
1970	30,297	a) 3.00	103,351	3.41	104,665	1.08
1975	33,596	2.09	110,338	3.28	111,940	1.35
1980	35,824	1.29	115,451	3.22	117,060	0.90
1985	37,980	1.18	119,334	3.14	121,049	0.67
1990	40,670	1.38	121,545	2.99	123,611	0.42
1995	43,900	1.54	123,646	2.82	125,570	0.31
2000	46,782	1.28	124,725	2.67	126,926	0.21
2005	49,063	0.96	124,973	2.55	127,768	0.13
2010*	50,928	0.75	125,475	2.46	128,056	0.05

a) Annual rate of increase between 1960-1970.
Source: Statistics Bureau, MIC.

According to the Comprehensive Survey of Living Conditions, in terms of household composition, nuclear families accounted for the largest share of total households. One-person households have been on the rise since 1975.

Figure 2.8
Changes in Household Composition



Source: Ministry of Health, Labour and Welfare.

(2) Elderly Households

Elderly households (defined as households consisting of individuals aged 65 years or over, with or without unmarried dependents below the age of 18) numbered 1.09 million in 1975, representing 3.3 percent of the total households for that year. By comparison, there were 10.21 million elderly households in 2010, accounting for a sharply increased share of 21.0 percent. The number of one-person elderly households increased 8.2 times between 1975 and 2010: from 611,000 to 5.02 million. In 2010, three out of four one-person elderly households were women's. The number of households consisting only of wife and husband aged 65 years or over reached 4.88 million in 2010, a 11.0-fold increase over the figure in 1975.

Table 2.8
Trends in Elderly Households

(Thousands)

Type of households	1975	1980	1985	1990	1995 [1)]	2000	2005	2009	2010
All households	32,877	35,338	37,226	40,273	40,770	45,545	47,043	48,013	48,638
Elderly households	1,089	1,684	2,192	3,113	4,390	6,261	8,349	9,623	10,207
(percentage)	3.3	4.8	5.9	7.7	10.8	13.7	17.7	20.0	21.0
One-person households	611	910	1,131	1,613	2,199	3,079	4,069	4,631	5,018
Males	138	192	218	295	449	682	1,010	1,285	1,420
Females	473	718	913	1,318	1,751	2,398	3,059	3,346	3,598
Elderly couples	443	722	996	1,400	2,050	2,982	4,071	4,678	4,876
Other elderly households	36	52	65	100	141	199	209	314	313

1) Excluding Hyogo Prefecture where the survey was canceled because of the Great Hanshin Earthquake.
Source: Ministry of Health, Labour and Welfare.

6. Population Density and Regional Distribution

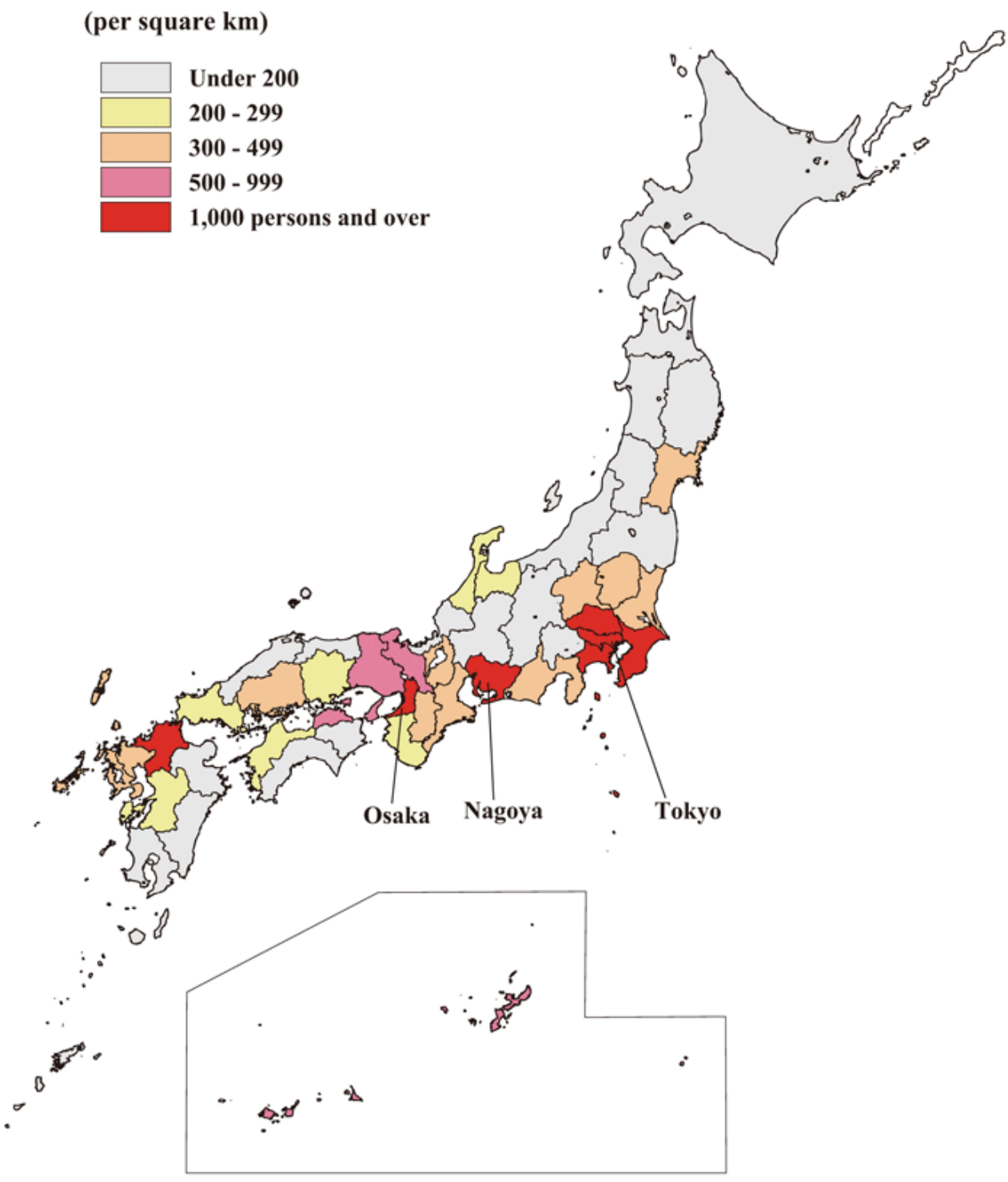
(1) Population Density

In 2010, Tokyo had the largest population of 13.16 million among Japan's 47 prefectures, followed in decreasing order by the prefectures of Kanagawa, Osaka, Aichi, and Saitama. These five prefectures each had a population of seven million or more, and together accounted for 35.7 percent of the total Japanese population.

The population density in Tokyo was the highest among Japan's prefectures, at 6,017 persons per square kilometer. This was almost 18 times the national average (343 per square kilometer).

In 2010, there were 12 cities in Japan with a population of one million or more. Their total population topped 28 million, a figure equivalent to 22.5 percent of the national total. The largest single city was the 23 wards (*ku*) of central Tokyo, with 8.91 million citizens. It was followed in decreasing order by Yokohama-*shi* (3.69 million), Osaka-*shi* (2.67 million), and Nagoya-*shi* (2.24 million).

Figure 2.9
Population Density by Prefecture (2010*)



Source: Statistics Bureau, MIC.

Table 2.9
Population of Major Cities

(Thousands)

Cities	Population		Cities	Population	
	2005	2010*		2005	2010*
Tokyo [1]	8,490	8,906	Kyoto-*shi*	1,475	1,482
Yokohama-*shi*	3,580	3,693	Fukuoka-*shi*	1,401	1,476
Osaka-*shi*	2,629	2,672	Kawasaki-*shi*	1,327	1,429
Nagoya-*shi*	2,215	2,238	Saitama-*shi*	1,176	1,226
Sapporo-*shi*	1,881	1,929	Hiroshima-*shi*	1,154	1,165
Kobe-*shi*	1,525	1,539	Sendai-*shi*	1,025	1,033

1) 23 wards (*ku*) of Tokyo-*to* .
Source: Statistics Bureau, MIC.

(2) Population Distribution

The percentage of the urban population grew since the late 1950s. In 2005, 44.9 percent of the entire national population was concentrated within a 50-kilometer radius from the centers of the three largest cities of Tokyo, Osaka and Nagoya, respectively (together comprising 6.1 percent of Japan's total land area). Population density measured 4,158 persons per square kilometer in the Tokyo area, 2,094 in the Osaka area, and 1,204 in the Nagoya area.

Table 2.10
Population of Three Major Metropolitan Areas [1]

(Thousands)

Areas	1980	1990	2000	2005
Japan	117,060	123,611	126,926	127,768
Tokyo metropolitan area	26,343	29,200	30,724	31,714
Osaka metropolitan area	15,422	16,210	16,567	16,663
Nagoya metropolitan area	7,828	8,432	8,852	9,046
Total of three major metropolitan areas	49,593	53,842	56,143	57,424
Percentage to the total population (%)	42.4	43.6	44.2	44.9

1) Areas within 50 kilometers radius from each municipal office.
Source: Statistics Bureau, MIC.

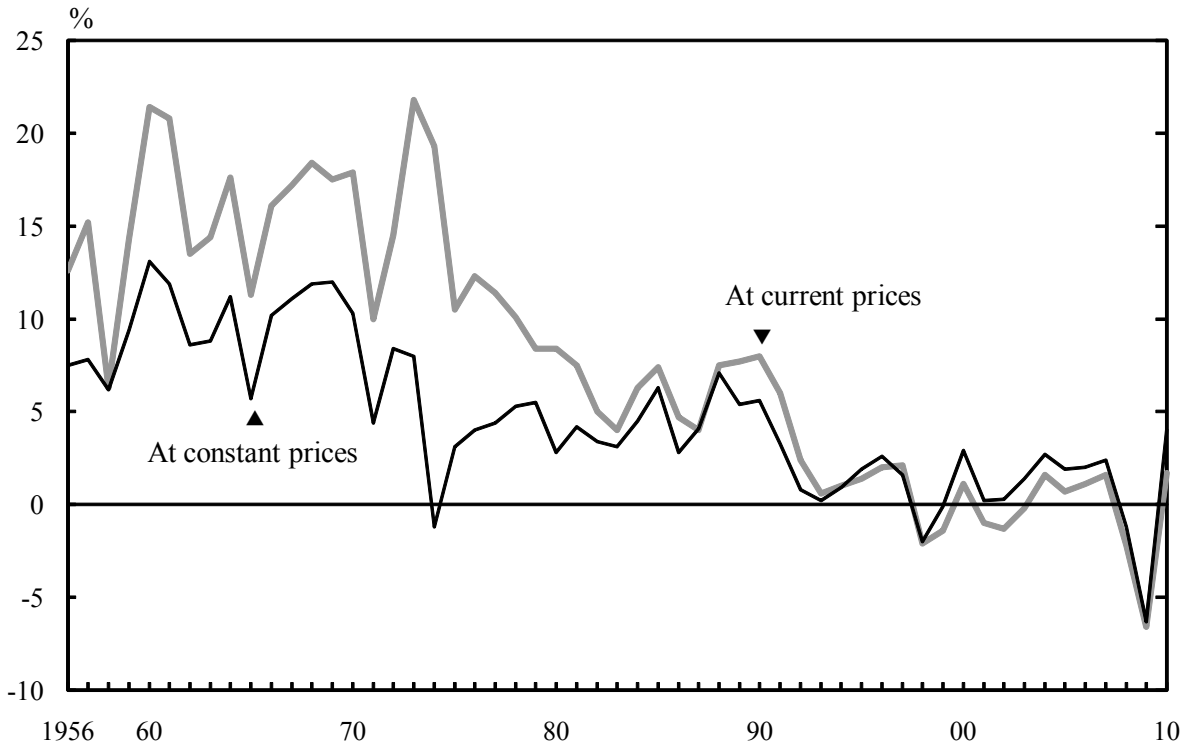
Chapter 3

Economy

1. Economic Development

After World War II, Japan underwent a period of restoration followed by high economic growth, eventually becoming the economy with the second largest GDP in the world in 1967. The following is a brief history of Japan's economic development.

Figure 3.1
Economic Growth Rates 1)



1) Data from 1955 to 1979 are based on the 1968 SNA. Data from 1980 onward are based on the 1993 SNA. Data was calculated using the fixed-based method from 1955 to 1979, and the chain-linked method from 1980 to the present date.
Source: Cabinet Office.

During the 1960s, Japan's economy grew at a rapid pace of over 10 percent per annum. This rapid economic growth was supported by: (i) expansion of private investments in plant and equipment, backed by a high rate of personal savings; (ii) a large shift in the working population from primary to secondary industries, and abundant supply of high-quality labor; and (iii) an increase in productivity brought about by adopting and improving foreign technologies.

From the late 1960s until the first half of the 1970s, new social problems emerged that reflected warps left by high economic growth. As a result, steps to tackle environmental pollution, urban issues and social security problems became the central targets of administrators, and countermeasures were taken accordingly.

In the 1970s, the sharp increase of Japan's exports of industrial products to the U.S.A. and Europe began to cause international friction. In 1971, the U.S.A. announced it would end the convertibility of the dollar into gold. In December 1971, Japan revalued the yen from 360 yen against the U.S. dollar, which had been maintained for 22 years, to 308 yen. In February 1973, Japan adopted a floating exchange-rate system.

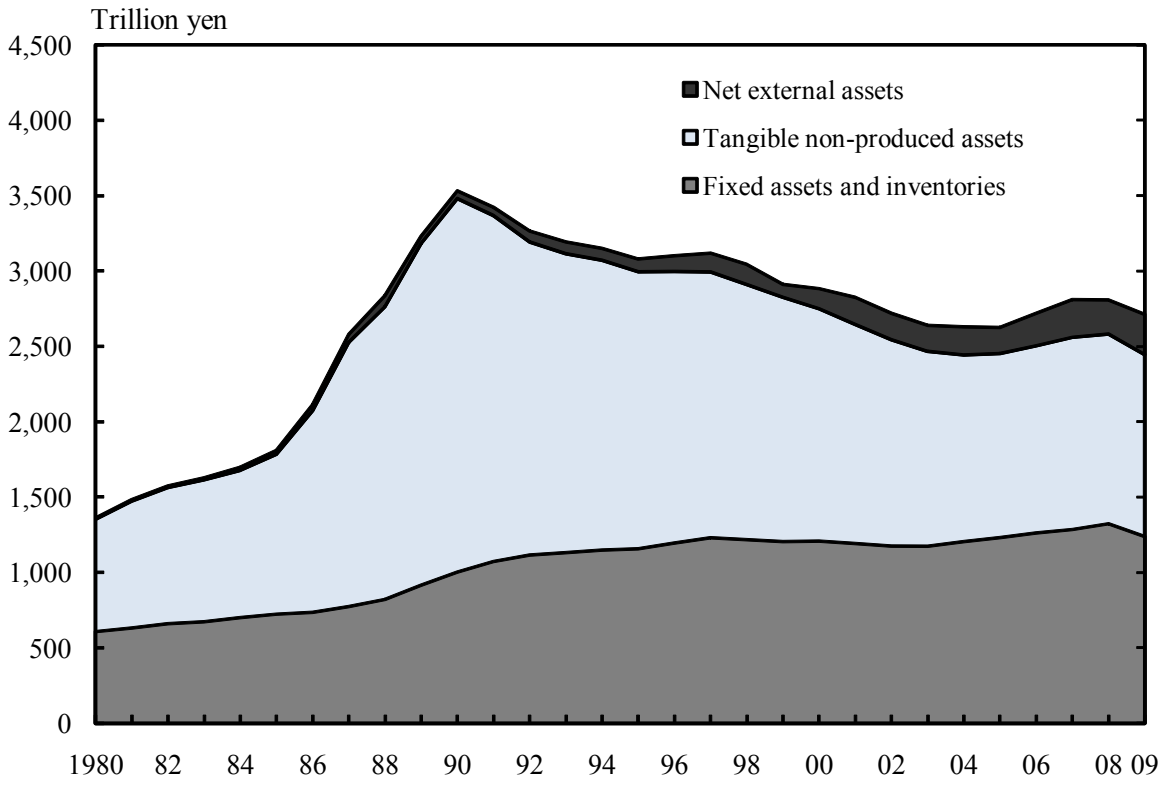
In October 1973, the fourth Middle East War led to the first oil crisis, triggering high inflation. Accordingly, Japan recorded negative economic growth in 1974 for the first time in the post-war period. Following the second oil crisis in 1978, efforts were made to change Japan's industrial structure from "energy-dependent" to "energy-saving," enabling Japan to successfully overcome inflation.

In the 1980s, the trade imbalance with advanced industrial countries expanded because of the yen's appreciation. As part of administrative and financial reforms, Japan National Railways and Nippon Telegraph and Telephone Public Corporation were privatized. As a result, domestic demand-led economic growth was achieved.

2. Bubble Economy and Its Collapse

At the end of the 1980s, Japan's economy enjoyed favorable conditions, with stable wholesale prices and a low unemployment rate. Corporate profits were at their highest level in history, and corporate failures were at their lowest level, while investments in plant and equipment for manufacturing products, such as semiconductors, were very active. Stock and land prices continued to rise rapidly, and large-scale urban developments and resort facility developments in rural areas progressed at a very fast pace. However, excessive funds flowed into the stock and real estate markets, causing abnormal increases in capital asset values (forming an economic bubble).

Figure 3.2
National Wealth



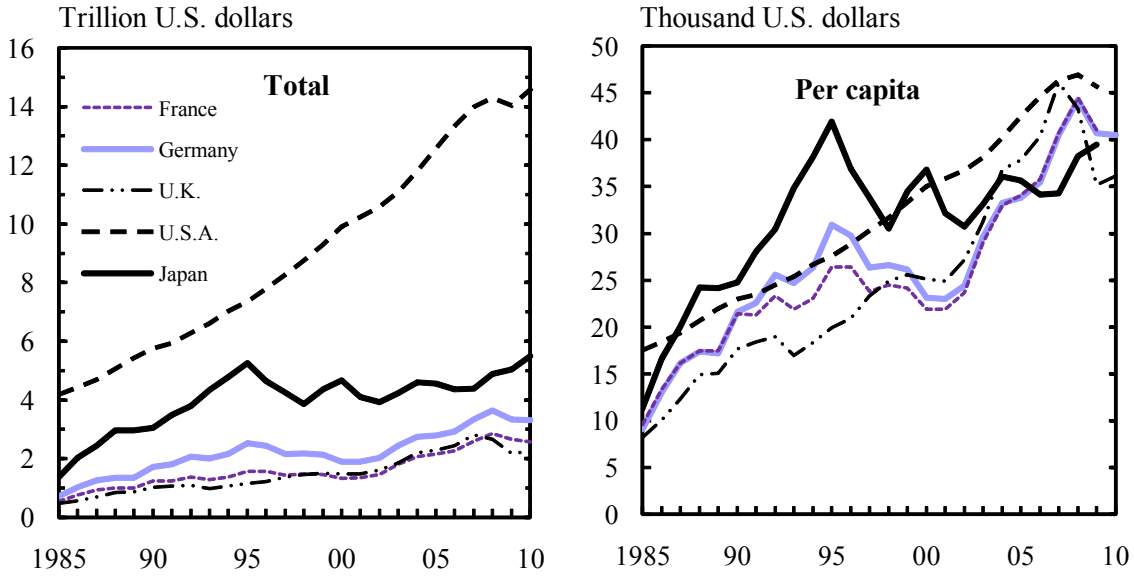
Source: Cabinet Office.

The change of Japan's net worth (national wealth) has reflected the status of its economy well. At the end of 1980, Japan's national wealth stood at 1,363 trillion yen, 5.6 times GDP. It then increased, reaching 3,531 trillion yen, 8.0 times GDP, at the end of 1990, due to increasing land and stock prices. The subsequent collapse of the bubble economy resulted in Japan's national wealth dropping to 2,712 trillion yen by the end of 2009.

At the beginning of 1990, stock prices plummeted, followed by sharp declines in land prices. This marked the start of major economic recession (collapse of the bubble economy). Japan's financial and economic systems, which were excessively dependent on land, consequently approached collapse.

Massive bad debts were created in financial institutions' loan portfolios, as corporate borrowers suffered serious losses due to declining land prices. As a result, shareholders' equity in financial institutions shrank. In 1997, large banks began to fail. In 1998 and 1999, the government injected public money into the banking sector to stabilize the financial system.

Figure 3.3
Gross Domestic Product (Current prices, converted into U.S. dollars)



Source: OECD.

The Japanese economy began to make a moderate recovery in April 1999. This, however, was only a temporary phenomenon, as investments in plant and equipment were weak and the economy was too dependent on foreign demand and information and communication technologies. With the global decline in IT demand from mid-2000, Japan's exports to Asia dropped, necessitating adjustments of excess inventory and production facilities. In line with this, the Japanese economy again entered into an economic downturn in 2001.

Following the simultaneous terrorist attacks in the U.S.A. in September 2001, further slowdown of the world economy became a matter of serious concern, resulting in greater uncertainty over the outlook for the Japanese economy. There were several reasons for the long-running stagnation of the Japanese economy. One major reason was that the huge bad debts of Japanese banks had yet to be cleaned up. Lengthy economic recessions aggravated bad debt conditions, which hindered Japan's economic growth. Another reason was that the economic structure of Japan made it impossible to deal flexibly with changes in the economic environment.

The Japanese economy maintained a long-lasting recovery since the beginning of 2002. However, the path has not been flat, given the two "soft patches (temporary softening in the market)" in the past and impairment in some parts of the economy.

The first soft patch was caused by slower export growth following economic slowdowns in the U.S.A. and the Asian region, both Japan's major export destinations, since late 2002. The second soft patch resulted from slower export growth owing to a surplus inventory of information-related producer goods in Japan as demand for IT-related goods declined worldwide since late 2004. During the phase of Japan's economic recovery from the beginning of 2002, there was a common trend where exports were showing signs of steady growth, reflecting a brisk recovery of the world economy, but then a soft patch set in and pushed exports down, resulting in sluggish growth in both production and personal spending. As exports picked up, the economy broke away from this slower period.

Table 3.1

Gross Domestic Product (Expenditure approach) [1)]

(Billion yen)

Item	2007	2008	2009	2010
Gross domestic product (GDP)	560,650.8	554,117.6	519,299.8	539,854.6
Domestic demand	533,984.0	526,473.6	501,406.3	512,178.1
Private demand	417,032.0	410,812.1	380,657.0	389,959.5
Private final consumption expenditure	309,857.0	307,629.7	301,663.6	307,218.1
Private Residential Investment	16,676.9	15,339.2	13,194.0	12,364.3
Private plant and equipment	87,258.4	86,063.7	71,686.8	73,189.1
Changes in inventories of private sector	3,818.5	2,528.0	-4,611.9	-1,448.1
Public demand	117,089.9	115,789.4	120,578.3	122,076.0
Government final consumption expenditure	96,655.3	97,094.4	99,996.1	102,236.9
Gross capital formation by public sector	20,264.7	18,529.2	20,463.8	19,764.4
Changes in inventories of public sector	250.1	338.4	196.1	225.7
Net exports of goods and services	26,202.1	27,352.0	15,516.1	26,600.1
Exports of goods and services	87,495.5	88,881.1	67,611.9	83,800.5
(less) Imports of goods and services	61,293.4	61,529.1	52,095.8	57,200.4
(Reference)				
Trading gains/losses	-18,774.5	-26,784.9	-14,094.5	-21,082.3
Gross domestic income	541,876.3	527,332.7	505,205.3	518,772.2
Net income from the rest of the world	18,207.6	17,567.5	13,825.5	13,587.2
Incomes from the rest of the world	27,794.6	25,945.5	19,896.4	19,171.6
(less) Incomes to the rest of the world	9,587.0	8,378.0	6,070.9	5,584.4
Gross national income (GNI)	560,083.8	544,900.2	519,030.8	532,359.4

1) Constant prices in 2000; by chain-linked method.

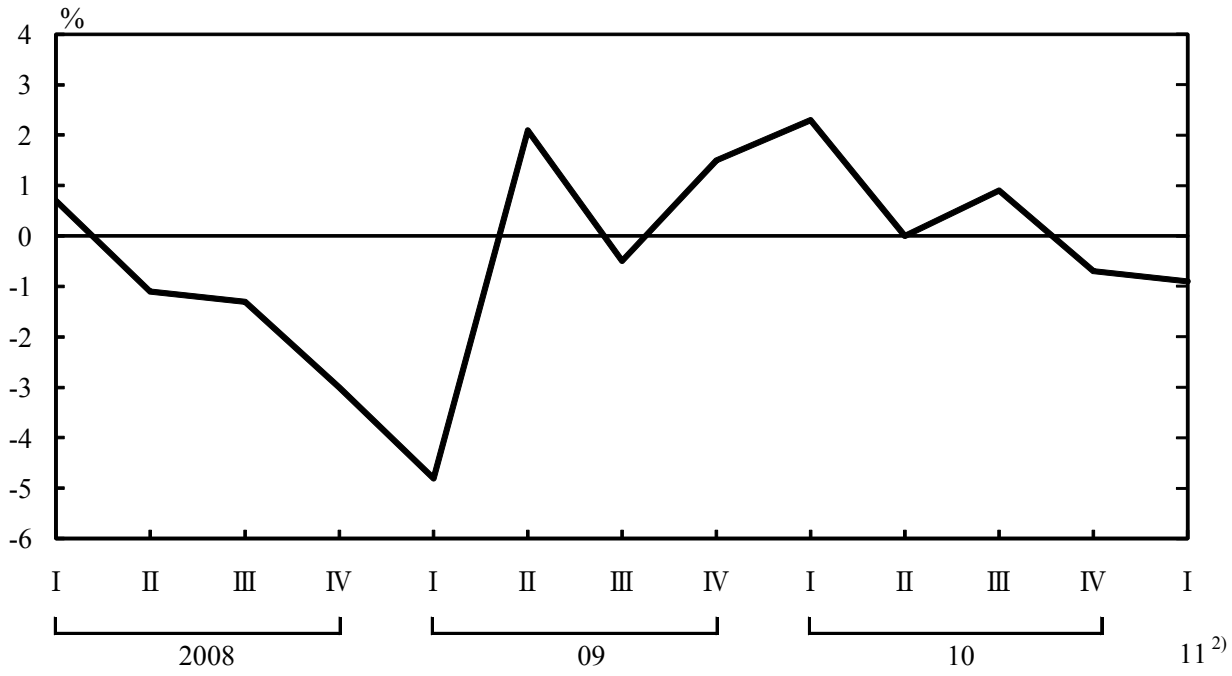
Source: Cabinet Office.

3. Recent Economic Trends

At the start of 2008, the Japanese economy was faced with a standstill in its path to recovery as private consumption and investments in plant and equipment fell flat and so did production. This occurred against the backdrop of soaring crude oil and raw material prices and repercussions from the subprime mortgage loan problems that, since mid-2007, rapidly clouded future prospects for the world economy further. Moreover, after the failure of a major American investment bank in September 2008, the situation worsened and even developed into a global financial crisis. Stock prices plummeted in Japan as well, which, combined with the sharp appreciation of the yen, further undermined business and household confidence. As signs of recovery began to appear in the economy in April 2009, the government decided to define, tentatively, March 2009 to be the trough of the economic cycle. In November 2009, the government also

summed up price movements to conclude that they were "in a state of moderate deflation."

Figure 3.4
Economic Growth Rates (Quarterly changes) [1)]



1) Data based on the 1993 SNA, calculated using the chain-linked method. Growth rates calculated using seasonally adjusted figures, based on constant prices in 2000. 2) Some regions are excluded from the survey because of the impact of the earthquake.
Source: Cabinet Office.

In 2010, the economy was picking up steadily, thanks to the driving force created by foreign demand and an economic package. However, not only was Japan faced with supply chain disruptions and power shortages resulting from the tsunami damage and nuclear plant accidents caused by the Great East Japan Earthquake on March 11, 2011, but it also found itself falling into an economic slump and a worsening fiscal position. As of June 2011, the economy still remains in a grave condition due to the impact of the earthquake but, recently, some upward signs have been seen. On a year-on-year comparison, the overall index of consumer prices (with 2005 as the base year=100) had remained unchanged from December 2010 until March 2011, but it was up 0.3 percent from the previous year in April and May 2011. Meanwhile, the average unemployment rate (a seasonally adjusted figure) was 5.1 percent in 2010, thus remaining in the 5.0-percent range for the second consecutive year. It then shifted to 4.5 percent in May 2011, down 0.2 percentage points from the previous month (excluding Iwate, Miyagi and Fukushima prefectures).

4. Industrial Structure

Japan's industrial structure has undergone a major transformation in the half-century since the end of World War II. Looking at changes in the industrial structure in terms of industry share of employed persons and GDP over time, we see those in the primary industry in particular have fallen dramatically since 1970, when Japan experienced a long-standing rapid economic growth. During the 1980s, the secondary industry's share of employed persons and GDP also began to decline gradually. On the other hand, the tertiary industry's shares of both employed persons and GDP have risen consistently.

In 1970, the primary industry accounted for 19.3 percent of employed persons, the secondary industry for 34.0 percent, and the tertiary industry for 46.6 percent. In 2005, the corresponding shares of these three sectors were 4.8 percent, 26.1 percent and 67.2 percent, respectively.

As for GDP by type of economic activity, in 1970, the primary, secondary, and tertiary industries accounted for 5.9 percent, 43.1 percent and 50.9 percent, respectively. In 2005, these figures for the primary, secondary, and tertiary industries were 1.5 percent, 26.8 percent, and 71.7 percent, respectively.

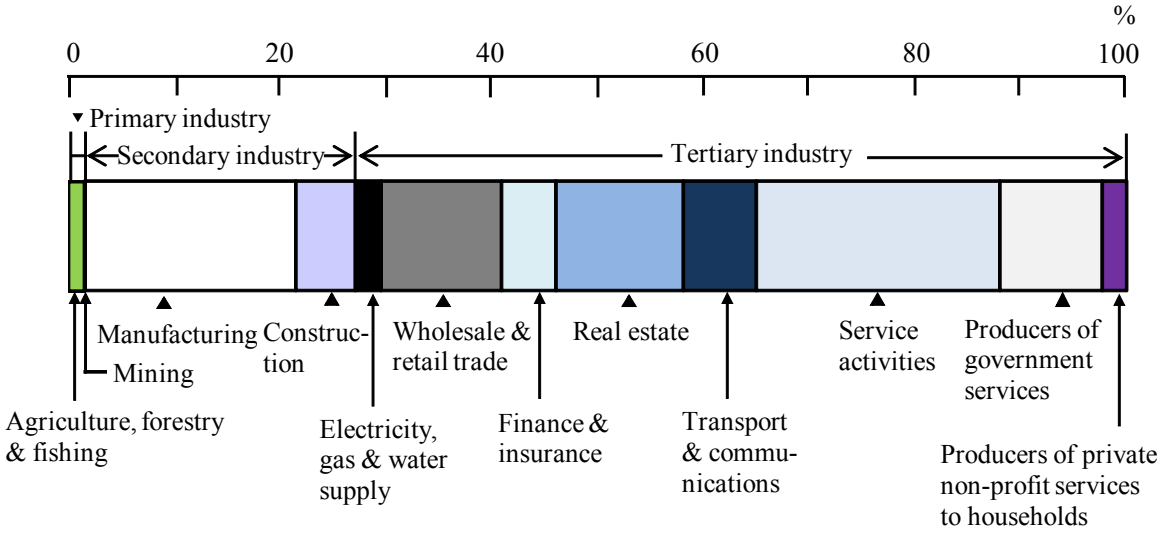
Table 3.2
Changes in Industrial Structure

(%)

Year	Employed persons [1]			Gross domestic product (GDP) [2]		
	Primary industry	Secondary industry	Tertiary industry	Primary industry	Secondary industry	Tertiary industry
1950	48.5	21.8	29.6	-	-	-
1955	41.1	23.4	35.5	19.2	33.7	47.0
1960	32.7	29.1	38.2	12.8	40.8	46.4
1965	24.7	31.5	43.7	9.5	40.1	50.3
1970	19.3	34.0	46.6	5.9	43.1	50.9
1975	13.8	34.1	51.8	5.3	38.8	55.9
1980	10.9	33.6	55.4	# 3.5	# 36.2	# 60.3
1985	9.3	33.1	57.3	3.0	34.9	62.0
1990	7.1	33.3	59.0	2.4	35.4	62.2
1995	6.0	31.6	61.8	1.8	30.4	67.8
2000	# 5.1	# 29.2	# 64.5	1.7	28.5	69.8
2005	4.8	26.1	67.2	1.5	26.8	71.7

1) Due to the revision of the Japan Standard Industrial Classification, the figures from 2000 onward are not strictly consistent with those for 1995 or earlier. 2) Data from 1955 to 1979 are based on the 1968 SNA. Data from 1980 onward are based on the 1993 SNA.
Source: Statistics Bureau, MIC; Cabinet Office.

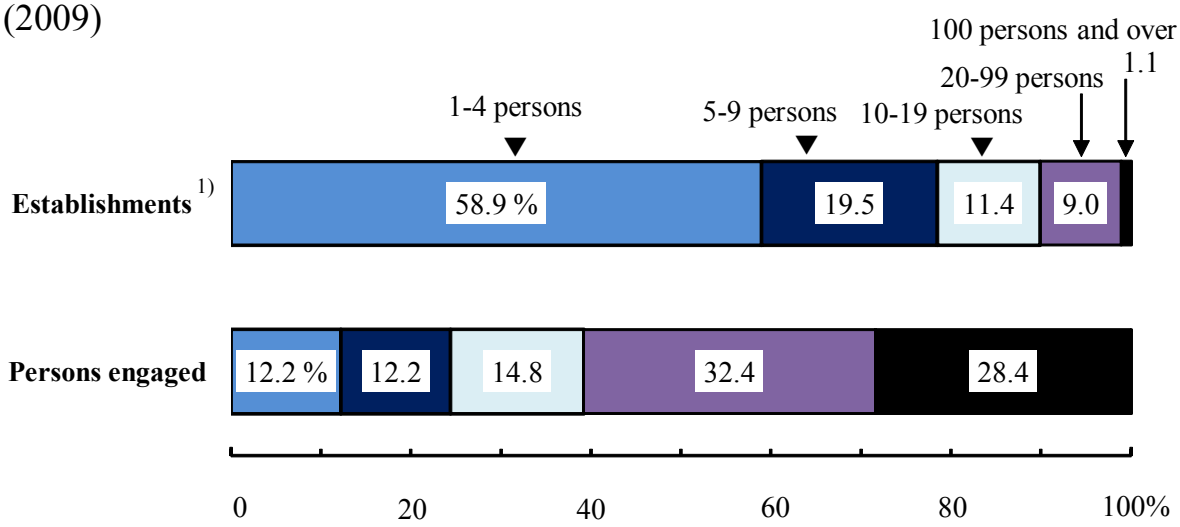
Figure 3.5
Gross Domestic Product by Type of Economic Activity (2009)
(Constant prices in 2000)



Source: Cabinet Office.

According to the 2009 Economic Census, there were 6.04 million establishments (establishments whose operation details are unknown were excluded) in Japan, at which a total of 62.86 million persons were employed. The average number of persons engaged per establishment was 10.4. Small-scale establishments employing fewer than 10 persons accounted for 78.4 percent of the total.

Figure 3.6
Shares of Establishments and Persons Engaged by Scale of Operation
(2009)



1) Excluding dispatched employees.
Source: Statistics Bureau, MIC.

Going by the major groupings of the Japan Standard Industrial Classification, establishments were the most numerous in the "Wholesale and retail trade" category, numbering 1.56 million, followed by "Accommodations, eating and drinking services" and "Construction." In terms of the number of persons engaged, establishments in the "Wholesale and retail trade" ranked first as they employed 12.70 million persons, followed by "Manufacturing" and "Medical, health care and welfare."

Table 3.3
Number of Establishments and Persons Engaged (2009)

	Number of establishments	Persons engaged
Total	6,043,300	62,860,514
By industry		
Primary industry		
Agriculture and forestry	29,917	339,315
Fisheries	3,994	48,347
Secondary industry		
Mining and quarrying of stone and gravel	2,921	30,710
Construction	583,616	4,320,444
Manufacturing	536,773	9,827,416
Tertiary industry		
Electricity, gas, heat supply and water	8,897	302,327
Information and communications	77,996	1,724,978
Transport and postal activities	148,559	3,611,602
Wholesale and retail trade	1,555,486	12,696,990
Finance and insurance	91,982	1,588,681
Real estate and goods rental and leasing	408,691	1,551,345
Scientific research, professional and technical services	244,174	1,897,680
Accommodations, eating and drinking services	781,265	5,736,967
Living-related and personal services and amusement services	514,589	2,750,705
Education, learning support	225,434	3,086,902
Medical, health care and welfare	374,737	6,386,056
Compound services	38,617	406,970
Services, n.e.c.	375,082	4,684,389
Government, n.e.c.	40,570	1,868,690
By type of legal organizations		
Privately owned	5,886,193	58,442,129
Individual proprietorship	2,465,870	7,068,207
Corporations	3,390,072	51,242,997
Companies	3,004,319	44,115,283
Unincorporated organizations	30,251	130,925
National and local governments	157,107	4,418,385

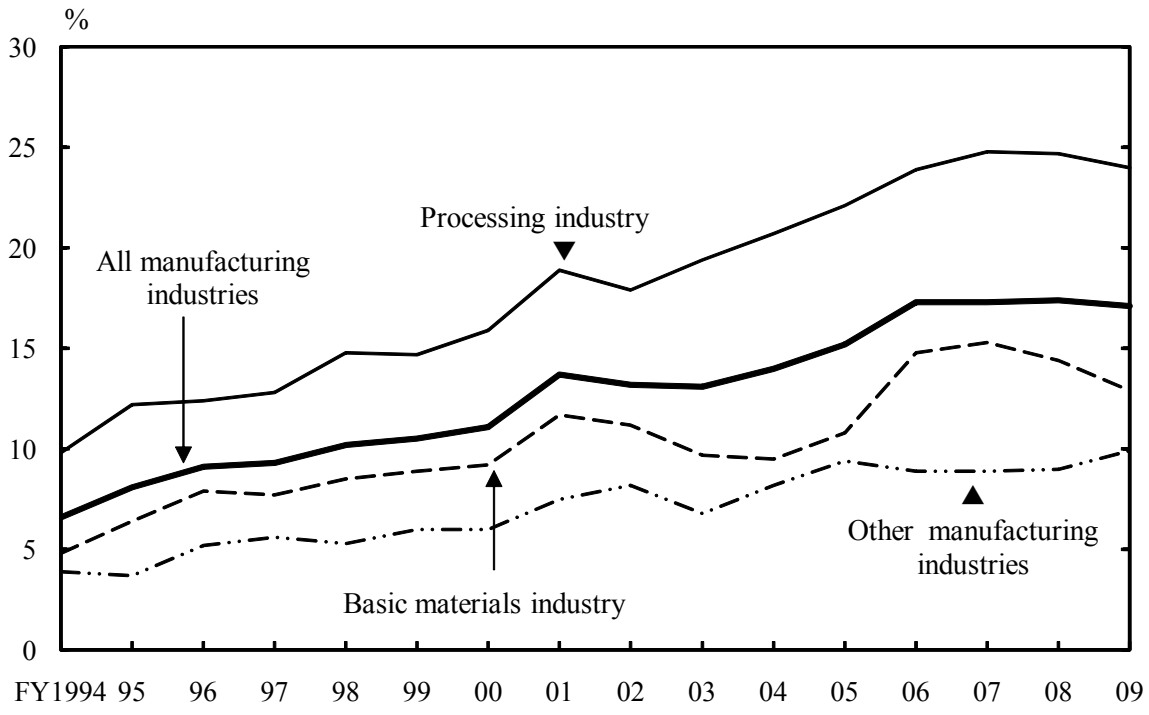
Source: Statistics Bureau, MIC.

Japan's domestic manufacturing industry has continued to shrink amidst ongoing economic globalization. Imports of textiles and consumer durable goods have increased at a rapid pace in recent years, and the share of imports from China, among other sources, has risen. Furthermore, Japanese companies have begun manufacturing products in China and other Asian countries, and increased imports of these products into Japan have elicited the effect of pushing down the prices of finished products.

The percentage of companies in the manufacturing sector that have overseas production sites was 67.1 percent in fiscal 2009, thus remaining at the fiscal 2007 level. In terms of sales proceeds, overseas production accounted for 17.2 percent in fiscal 2009 and increased by 0.2 percentage points from the previous fiscal year (the first increase in two years). By category, the percentage of overseas production was the highest in transport equipment, which was 39.3 percent, followed by 26.1 percent in information and communication electronics equipment. Of total overseas production output in the manufacturing sector, exports bound for Japan constituted 22.6 percent.

As a reason for setting up production bases overseas, many Japanese companies in the manufacturing sector cite their intention to cater to local demand for products. Other areas increasingly drawing the attention of Japanese manufacturing companies as potential operation locations are China, as well as India and Vietnam. China in particular is gaining significance not only as a potential production site and export market, but also as a competitor in the global market.

Figure 3.7
Ratio of Overseas Production in the Manufacturing Sector
(Monetary basis)



Source: Cabinet Office.

Chapter 4

Finance

1. National and Local Government Finance

(1) National Government Finance

Japan's fiscal year starts in April, and ends in March of the following year. In setting the national budget, the government submits a proposed budget for the upcoming fiscal year to the Ordinary Session of the Diet, which begins in January. The proposal is then discussed, and an initial budget is approved usually before the fiscal year begins in April. In the event that the Diet does not approve the budget by the end of March, an interim budget comes into effect. The interim budget is effective from the beginning of April until such time when the proposed budget is approved. If it becomes necessary to amend the budget in the course of a fiscal year, the government submits a supplementary budget for Diet approval. In May 2011, the government budgeted, in the form of the supplementary budget for fiscal year 2011, part of the expenditures expected to be required within the fiscal year for the purpose of prompt recovery from the Great East Japan Earthquake.

Japan's national budget consists of the general account, special accounts, and the budget for government-affiliated agencies. Using revenues from general sources such as taxes, the general account covers core national expenditures such as social security, public works, culture/education/ science and national defense. Special accounts are accounts established for the national government to carry out projects with specific objectives, and are managed and administered independent of the general account. The number and particulars of special accounts change from year to year; for fiscal 2011, a total of 17 special accounts have been established, including the national debt consolidation fund and the grants of allocation tax and transferred tax. Government-affiliated agencies are entities established by special laws and are entirely funded by the government. Currently, the Japan Finance Corporation, the Okinawa Development Finance Corporation, and the Japan International Cooperation Agency (Loan Aid Section) are operated as government-affiliated agencies.

Table 4.1
Revenue and Expenditure of National Government Finance

(Billion yen)

Fiscal year	General account	Special accounts	Net total [1)]	Government-affiliated agencies
Revenue				
1995	80,557	267,814	193,858	7,657
2000	93,361	341,146	234,670	7,019
2005	89,000	452,141	283,202	4,710
2007	84,553	395,920	247,230	2,604
2008	89,208	387,740	235,971	1,825
2009	107,114	377,893	246,280	1,277
2010 [2)]	100,669	402,426	249,962	a) 2,200
2011 [3)]	92,412	400,020	232,687	1,843
Expenditure				
1995	75,939	232,466	155,325	7,536
2000	89,321	305,776	199,466	6,988
2005	85,520	401,184	230,183	4,103
2007	81,843	353,283	203,515	2,065
2008	84,697	359,198	204,781	1,785
2009	100,973	348,060	212,710	1,530
2010 [2)]	100,531	361,591	211,646	a) 3,135
2011 [3)]	92,412	384,885	220,275	2,613

1) Net total deducting duplications of the general account and special accounts.

2) Final estimates as of the end of December 2010. 3), a) Initial budget.

Source: Ministry of Finance.

The size of the general account budget expenditure expanded to 89.32 trillion yen in fiscal 2000. This expansion was caused by the increasing costs of social security, which have been triggered by the rapidly aging society, and a series of economic measures implemented after the collapse of the bubble economy. Since then, the national government finance has been facing severe difficulties.

The size of the general account budget for fiscal 2011 was 92.41 trillion yen, an increase of 0.11 trillion yen (0.1 percent) from the initial budget of fiscal 2010. This is equivalent to 19.1 percent of the fiscal 2011 GDP, forecasted by the government at 483.8 trillion yen.

Table 4.2
Expenditure of General Account

(Billion yen)

Fiscal year	Total	General expendi-tures	Social security	Education and science	Pensions	National defense	Public works
	(A)+(B)+(C)	(A)					
1995	75,939	50,816	14,543	6,667	1,707	4,720	12,795
2000	89,321	52,046	17,636	6,872	1,418	4,907	11,910
2005	85,520	49,343	20,603	5,701	1,065	4,878	8,391
2007	81,843	47,621	21,141	5,458	941	4,758	7,257
2008	84,697	49,852	22,562	5,487	856	4,803	6,921
2009	100,973	65,955	28,716	6,158	781	4,811	8,353
2010 [1)]	96,728	57,702	28,645	5,833	714	4,800	6,359
2011 [2)]	92,412	54,078	28,708	5,510	643	4,775	4,974

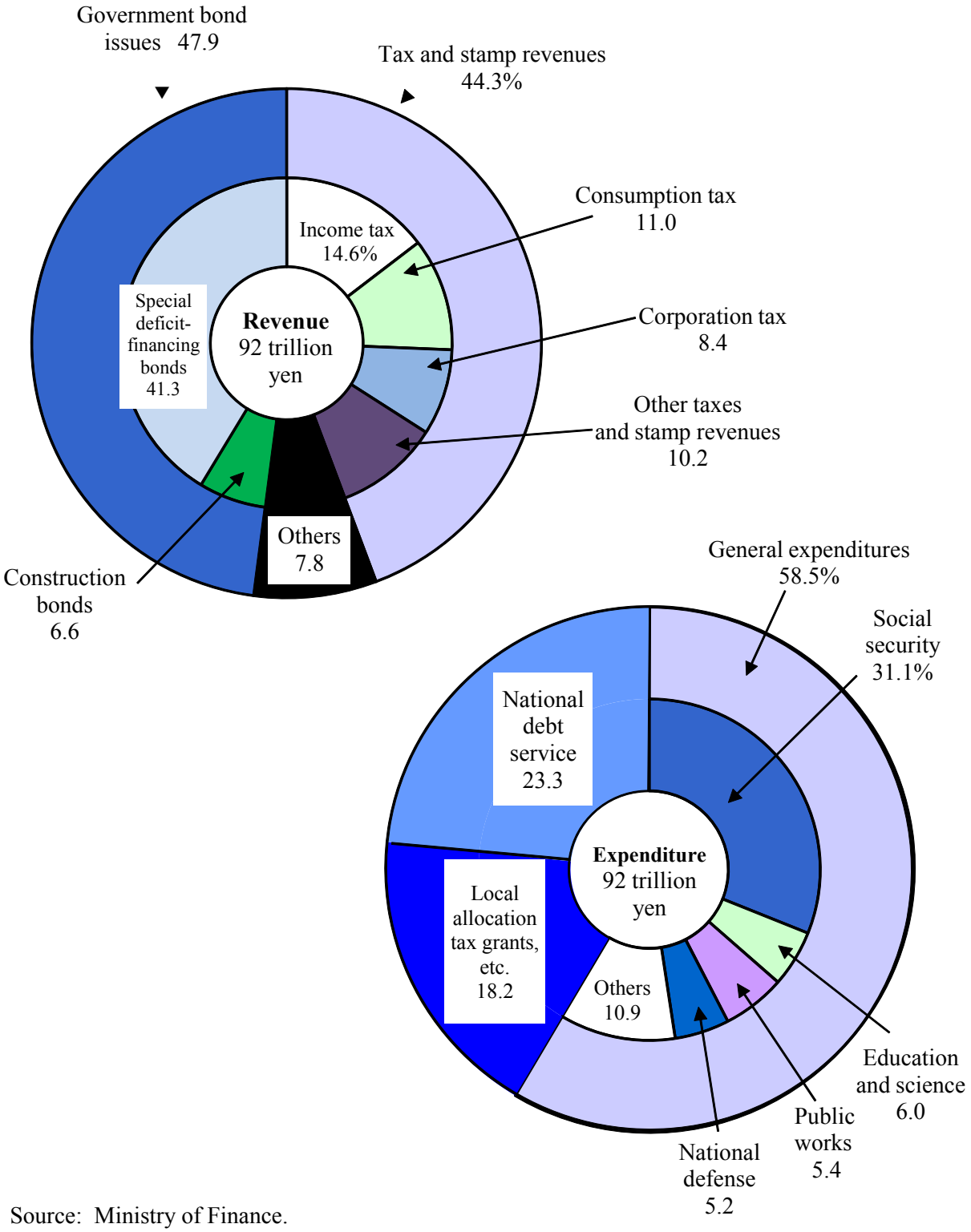
Fiscal year	Economic cooperation	Small- and medium-sized business promotion	Energy measures	Food stable supply	Others	National debt service	Local allocation tax grants, etc.
						(B)	(C)
1995	1,034	623	708	269	7,751	12,820	12,302
2000	1,012	933	677	247	6,434	21,446	15,829
2005	784	237	493	657	6,536	18,736	17,441
2007	787	418	866	674	5,321	19,290	14,932
2008	800	1,074	868	1,051	5,431	19,166	15,679
2009	801	2,915	994	1,036	11,391	18,445	16,573
2010 [1)]	726	774	844	1,194	7,814	20,236	18,790
2011 [2)]	530	197	856	1,159	6,726	21,549	16,785

1) Revised budget. 2) Initial budget.
Source: Ministry of Finance.

In fiscal 2011, major expenditures from the initial general account budget include social security (31.1 percent), national debt service (23.3 percent), local allocation tax grants, etc. (18.2 percent), education and science (6.0 percent), and public works (5.4 percent).

With regard to revenue sources for the fiscal 2011 initial general account budget, income tax, consumption tax and corporation tax account for 34.0 percent. Even with the addition of other taxes and stamp revenues, these revenue sources only amount to 44.3 percent of the total revenue.

Figure 4.1
Composition of Revenue and Expenditure of General Account Budget
(Initial budget, FY2011)



Source: Ministry of Finance.

(2) Local Government Finance

There are two budget categories in the local government finance: the ordinary account and the public business accounts. The former covers all kinds of expenses related to ordinary activities of the prefectural and municipal governments. The latter covers the budgets of independently accounted enterprises such as public enterprises (water supply and sewerage utilities, hospitals, etc.), the national health insurance account and the elderly medical care account.

While expenditures such as national defense are administered solely by the national government, a large portion of expenditures that directly relate to the people's everyday lives are disbursed chiefly through local governments. In particular, a high proportion of the following expenditures are disbursed through local governments: public hygiene and sanitation expenses, which include areas such as medical service and waste disposal; school education expenses; expenses covering judicial, police and fire services; and public welfare expenses, which cover the development and management of welfare facilities for children, the elderly and the mentally and physically challenged.

The revenue composition of local governments usually remains almost the same each fiscal year, while their budget scale and structure vary from year to year. The largest portion of fiscal 2008 (net) revenues came from local taxes, accounting for 42.9 percent of the total. The second-largest source, 16.7 percent, was local allocation tax grants, which are allocations from the national government to local governments from national tax revenues, in certain percentages of income tax, corporation tax, liquor tax, consumption tax and tobacco tax revenues, to secure financial resources for standard public services and basic social infrastructure so that they should be available to residents of all regions. Local governments with stable tax revenues do not receive local allocation tax grants, though such comprise a large proportion of revenues in financially-fragile local governments.

Table 4.3

Local Government Finance [1] (Ordinary account)

(Billion yen)

Item	FY2004	FY2005	FY2006	FY2007	FY2008
Revenue	93,442	92,936	91,528	91,181	92,213
Local taxes	33,539	34,804	36,506	40,267	39,559
Local allocation tax grants	17,020	16,959	15,995	15,203	15,406
Treasury disbursements	12,350	11,778	10,416	10,222	11,583
Local government bonds	12,375	10,376	9,622	9,584	9,922
Expenditure	91,248	90,697	89,211	89,148	89,691
General administration	8,941	8,737	8,618	8,906	8,920
Public welfare	15,132	15,693	16,259	16,976	17,821
Labor	359	317	296	276	663
Sanitation	5,785	5,707	5,510	5,436	5,390
Civil engineering work	15,235	14,417	13,853	13,391	12,871
Education	16,910	16,578	16,472	16,432	16,147

1) Settled figures of the net total of prefectural and municipal government accounts after deducting duplications.

Source: Ministry of Internal Affairs and Communications.

(3) National and Local Government Finance

The net total indicates the actual amount of governmental expenditures after eliminating duplications such as the transfer of funds between different accounts in the national budget, the local allocation tax grants and other subsidies from the national government to local governments. In the initial budget for fiscal 2010, the gross total of national government expenditure was 463 trillion yen. However, after eliminating duplications, the net total was 218 trillion yen. Furthermore, the local public finance program, which consists of the estimated sum of ordinary accounts for the following fiscal year for all local governments, amounted to 82 trillion yen. Therefore, after eliminating duplications between national and local accounts (32 trillion yen), the net total of both national and local government expenditures combined was 268 trillion yen.

Table 4.4
Expenditures of National and Local Governments (Initial budget)

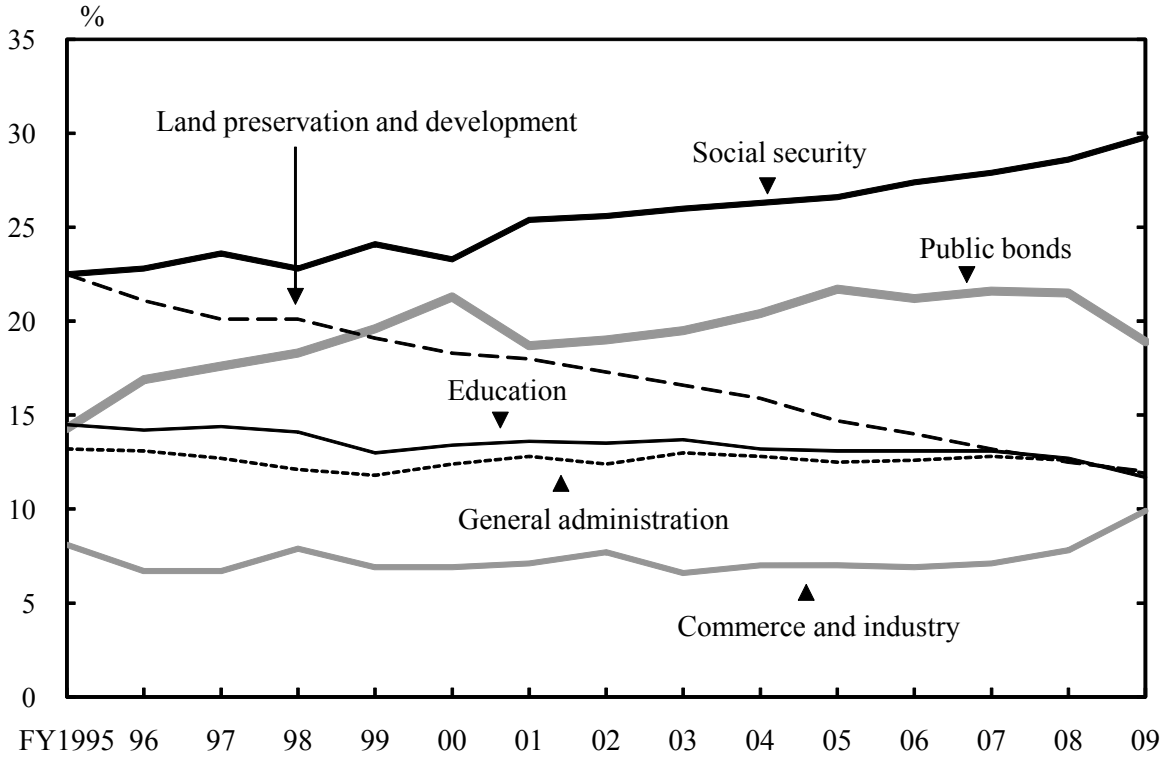
(Billion yen)

Item	Expenditures					
	FY1995	FY2000	FY2005	FY2008	FY2009	FY2010
General account	70,987	84,987	82,183	83,061	88,548	92,299
Special accounts	241,718	318,689	411,944	368,448	354,915	367,074
Government-affiliated agencies	8,086	7,661	4,678	1,956	2,126	3,135
Gross total (national)	320,792	411,337	498,805	453,465	445,589	462,508
Duplications	160,054	200,435	257,490	239,366	237,338	244,744
Net total (national)	160,738	210,902	241,316	214,099	208,251	217,764
Local public finance program	82,509	88,930	83,769	83,401	82,556	82,127
Gross total (national + local)	243,247	299,832	325,084	297,500	290,807	299,891
Duplications	32,035	37,216	32,689	27,871	29,173	31,563
Net total (national + local)	211,213	262,616	292,395	269,629	261,634	268,328

Source: Ministry of Finance.

In fiscal 2009, the net total of national and local government expenditures was 262 trillion yen, approximately 60 percent of which, net of overlaps, were expenditures "directly related to people's lives." The national government disbursed 43 percent of this amount, while the local governments disbursed 57 percent.

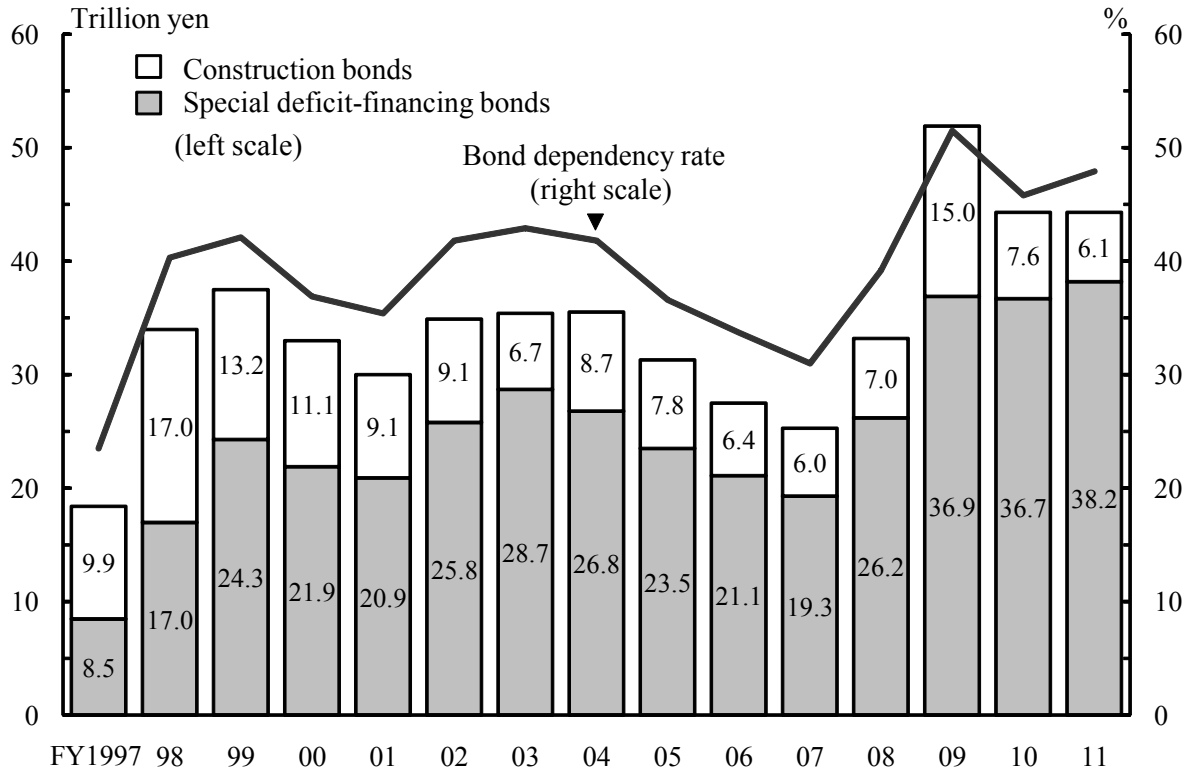
Figure 4.2
Trends in Ratio of Net Total National and Local Expenditures by Function



Source: Ministry of Internal Affairs and Communications.

A function-by-function breakdown of expenditures "directly related to people's lives" showed that social security expenditure accounted for the largest portion (29.8 percent), followed by public bonds (18.9 percent), land preservation and development (12.0 percent), and then general administration (11.9 percent). Public bonds are issued to compensate for shortages of national and local revenues. Their issue volumes have increased mainly due to, for example, economic stimulus measures and decreasing tax revenues since 1992. A rising amount of public bond redemptions, among other factors, has resulted in public bonds making up a high percentage of government expenditures net of overlaps.

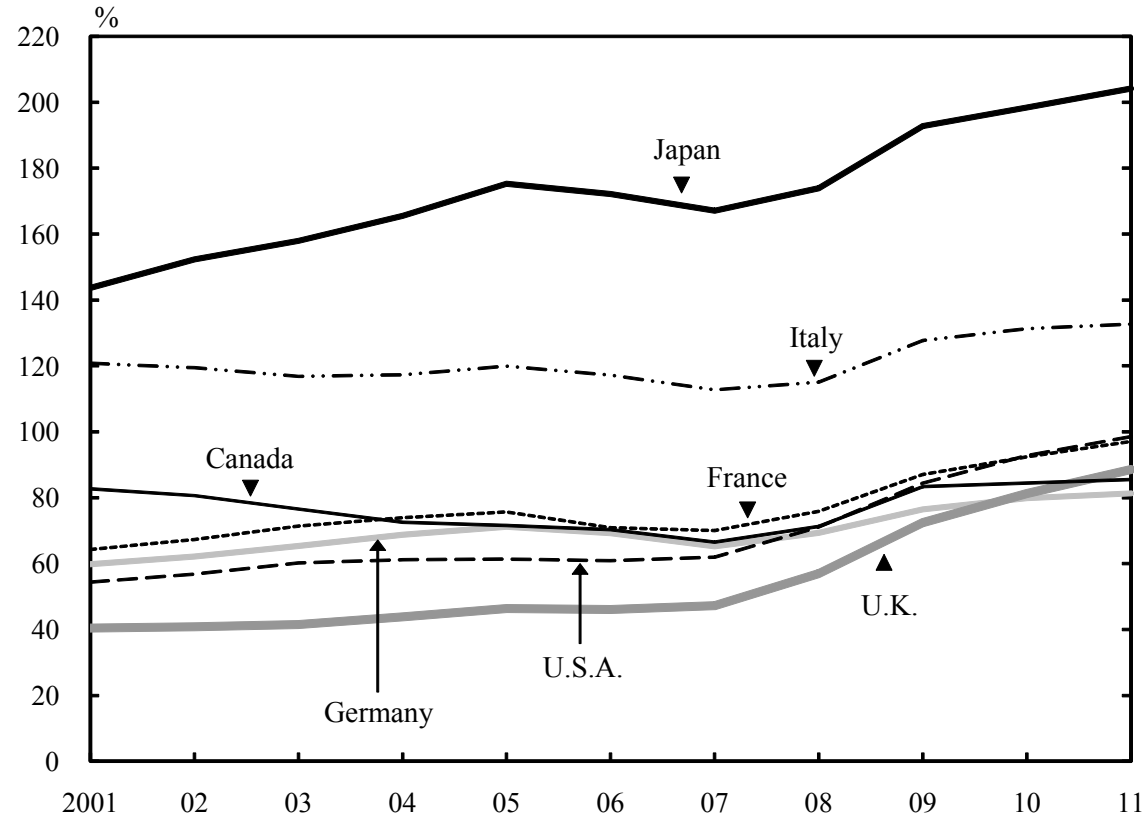
Figure 4.3
Trends in National Government Bond Issue [1)]



1) Settlement basis. FY2010 figures based on the revised budget. FY2011 figures based on the initial budget.
Source: Ministry of Finance.

Japan's ratio of outstanding general government debt to GDP, a stock measure in a fiscal context, has been deteriorating rapidly due to its public bond issues over a series of years and is now the worst among major industrial countries.

Figure 4.4
Ratio of General Government Gross Debt to GDP

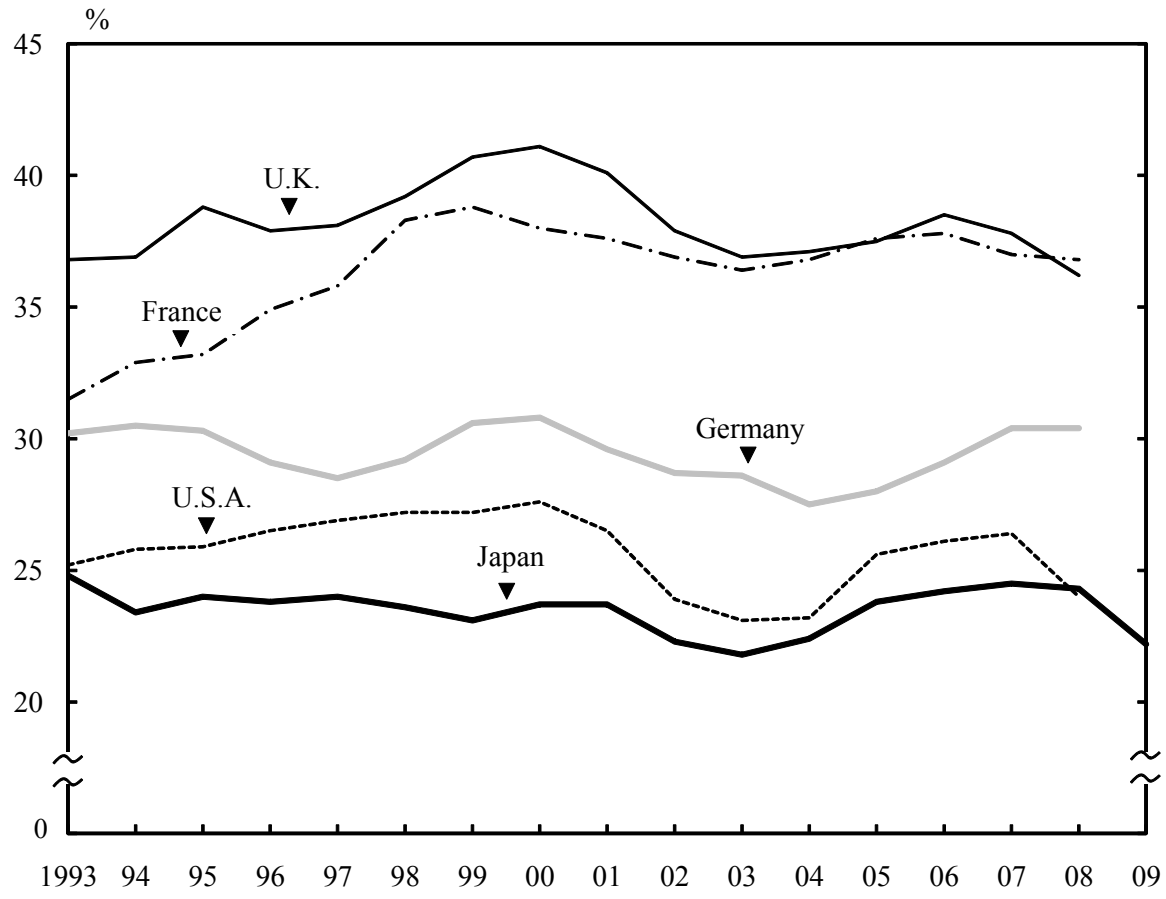


Source: Ministry of Finance.

(4) Tax

Taxes consist of national tax (income tax, corporation tax, etc.), which is paid to the national government, and local tax, which is paid to the local government of the place of residence. The ratio of taxation burden, which is the ratio of national and local taxes to national income, was 18.3 percent in fiscal 1975. This ratio gradually increased thereafter, reaching 27.7 percent in fiscal 1990. Since then, however, the ratio has decreased due to the decline in tax revenue arising from the recession that ensued after the bubble economy ended, showing 21.8 percent in fiscal 2003. In fiscal 2011, it was 22.0 percent in terms of national and local taxes combined (12.3 percent for national tax and 9.7 percent for local tax). Japan's ratio is lower in comparison with other major industrial countries. Nevertheless, there is a possibility that the taxation burden will become heavier due to an increase in welfare and pension-related spending as the population ages.

Figure 4.5
Ratio of Taxation Burden to National Income by Country 1)



1) Actual basis.
Source: Ministry of Finance.

2. Bank of Japan and Money Stock

As the central bank, the Bank of Japan (i) issues Bank of Japan notes, or the currency of Japan; (ii) manages and stores treasury funds and provide loans to the government; (iii) provides deposit and loan services to general financial institutions; and (iv) implements monetary policies by adjusting the level of money stock to promote sound development of the economy.

At the end of 2010, currency in circulation totaled 86.86 trillion yen (82.31 trillion yen in Bank of Japan notes and 4.54 trillion yen in coins), up 1.6 percent from the year before.

Table 4.5

Currency in Circulation (Outstanding at year-end)

(Billion yen)

Year	Bank of Japan notes	Coins	Total
2006	79,837	4,529	84,365
2007	81,278	4,577	85,855
2008	81,478	4,590	86,069
2009	80,954	4,556	85,511
2010	82,314	4,541	86,856

Source: Bank of Japan.

Table 4.6

Money Stock [1) 2)]

(Billion yen)

Year	M2	M3	M1	Quasi-money	CDs	Broadly-defined liquidity
2006	713,793	1,026,270	484,241	519,139	22,890	1,395,605
2007	728,538	1,033,127	486,783	523,921	22,423	1,433,201
2008	741,707	1,040,618	481,754	536,254	22,610	1,425,441
2009	764,385	1,063,751	486,937	551,176	25,637	1,443,624
2010	782,287	1,082,940	501,468	550,545	30,928	1,442,874

1) Average outstanding. December of each year. 2) "Money stock" indicates the balance of currency held by corporations, individuals, local governments, etc.
Source: Bank of Japan.

The Bank of Japan compiles and publishes statistics on the following indicators: (i) M1, or cash currency in circulation plus deposit money; (ii) M2, or cash currency in circulation plus deposits in banks, etc. in Japan; (iii) M3, or M1 plus quasi-money plus CDs (certificates of deposit); and (iv) broadly-defined liquidity, which covers a broad range of liquidity, including government securities. The average outstanding money stock as of December 2010 was 501 trillion yen in M1 and 782 trillion yen in M2.

The basic discount rate and basic loan rate (formerly referred to as the "official discount rate") is the interest rate on loans charged by the Bank of Japan to financial institutions. The rate was frozen at 0.50 percent for the period from September 1995 to February 2001. However, it was subsequently lowered gradually, reaching 0.10 percent in September 2001, and this extremely low interest rate level was maintained for several years. In view of Japan's economic recovery that followed, the rate was raised in stages, up to 0.40 percent in July 2006, and 0.75 percent in February 2007. However, the rate was cut in stages to address the rapidly deteriorating economy in the wake of the Lehman shock, down to 0.50 percent in October 2008 and then to 0.30 percent in December of the same year.

Table 4.7
Financial Markets (Interest rates, etc.)

(% per annum)

End of year	Basic discount rate and basic loan rate	Call rates [1)]	Prime lending rates [2)]	Loan contract rates [3)]	10 years' Govt. bonds yields to subscribers
2001	0.10	0.002	1.375	1.569	1.311
2002	0.10	0.002	1.375	1.525	1.007
2003	0.10	0.001	1.375	1.464	1.380
2004	0.10	0.002	1.375	1.399	1.445
2005	0.10	0.004	1.375	1.270	1.456
2006	0.40	0.275	1.625	1.450	1.634
2007	0.75	0.459	1.875	1.673	1.478
2008	0.30	0.103	1.675	1.494	1.382
2009	0.30	0.094	1.475	1.256	1.246
2010	0.30	0.079	1.475	1.187	1.189

1) Uncollateralized overnight. 2) Short-term loans.
3) Average of short-term loan contracts of domestically licensed banks.
Source: Bank of Japan.

3. Financial Institutions

In addition to the Bank of Japan, Japan's financial system is comprised of private and public financial institutions. Private financial institutions include those that accept deposits (banks, credit depositories, agricultural cooperatives, etc.) and those that do not (securities companies, insurance companies, etc.).

As to the latest number of offices, including the branches of financial institutions operated domestically, post offices handling postal savings had the largest network with 24,137 offices. This was followed by domestically licensed banks, including city banks and regional banks, with a combined total of 13,405 offices and branches. Securities companies operated at 2,218 offices including branches. In the course of the financial system reform, mergers and restructuring progressed among major banks, resulting in their being reorganized into three major financial groups. Recently, regional banks and credit depositories operating in their respective regions have been continuing their efforts to expand operations base through corporate mergers.

Table 4.8
Number of Financial Institutions

Institutions	Reference date	Total	Head offices	Branches	Overseas offices
Domestically licensed banks					
City banks	Sep. 2010	2,481	6	2,358	117
Regional banks	Sep. 2010	7,515	63	7,437	15
Regional banks II	Sep. 2010	3,134	42	3,092	-
Trust banks	Sep. 2010	275	6	260	9
Financial institutions for small business					
Credit depositories	Feb. 2011	7,585	271	7,314	-
Credit cooperatives	Feb. 2011	1,756	158	1,598	-
Securities companies [1)]	Feb. 2011	2,218	294	1,924	-
Agricultural cooperatives	Mar. 2010	8,795	-	-	-
Post offices	Mar. 2011	24,137	-	-	-

1) Excluding branch offices of foreign securities firms in Japan.
Source: Japanese Bankers Association; Shinkin Central Bank Research Institute; Community Bank Shinyo Kumiai; Japan Securities Dealers Association; The Norinchukin Bank; Japan Post Net Work Co., Ltd.

For a long time, the business role of each type of financial institution had been clearly divided and regulated by specialized systems. However, the deregulation and reform of financial systems --known as the Big Bang-- produced dramatic changes overseas, eventually causing significant alterations in the Japanese financial system. A rapid surge in asset prices from the mid-1980s and the following correction of asset prices in the 1990s created a massive expansion of loans and huge bad debts in their wake. In the financial crisis between 1997 and 1998, several large financial institutions went bankrupt. This prompted legislative enactments in 1998 that were intended to stabilize the financial system, which accelerated the implementation of measures to deal with bankrupt financial institutions, including temporary nationalization. As a result, the overdue task of addressing bad debts was finally laid to rest.

In order to lead a revival of the nation's economy by solving the bad debt problems of major banks, the government launched the Program for Financial Revival in October 2002, demanding that major banks reduce their ratio of bad debts from 8.4 percent in March 2002 to approximately half that level by March 2005. As a result, the ratio of the major banks' bad debts decreased to 2.9 percent in March 2005, meeting the government's target, and the bad debt problems have thus been settled. The ratio recorded in March 2011 was 1.8 percent.

4. Financial Assets

The Flow of Funds Accounts Statistics, which is a comprehensive set of records of financial transactions, assets and liabilities, indicates that financial assets in the domestic sectors totaled 5,656 trillion yen according to preliminary figures at the end of March 2011. Of these assets, those of the domestic nonfinancial sector were 2,842 trillion yen. The household sector (including the business funds of individual proprietorships) had assets of 1,476 trillion yen, in the forms of deposits, stocks and other financial assets. In Japan, the household sector holds more than 50 percent of its financial assets in cash or relatively secure forms of assets.

Table 4.9
Financial Assets and Liabilities of Japan

(Trillion yen)

Sectors	March 2010	March 2011 *	Annual growth (%)
Financial assets			
Domestic sectors	5,632	5,656	0.4
Financial institutions	2,785	2,814	1.0
Domestic nonfinancial sector	2,847	2,842	-0.2
Nonfinancial corporations	823	827	0.5
General government	486	485	-0.1
Households (incl. individual proprietorships)	1,485	1,476	-0.5
Private nonprofit institutions serving households	54	54	-0.4
Overseas	318	346	9.0
Financial liabilities			
Domestic sectors	5,364	5,391	0.5
Financial institutions	2,767	2,801	1.2
Domestic nonfinancial sector	2,597	2,590	-0.3
Nonfinancial corporations	1,208	1,160	-4.0
General government	1,001	1,045	4.4
Households (incl. individual proprietorships)	369	366	-0.8
Private nonprofit institutions serving households	19	18	-3.5
Overseas	581	605	4.2

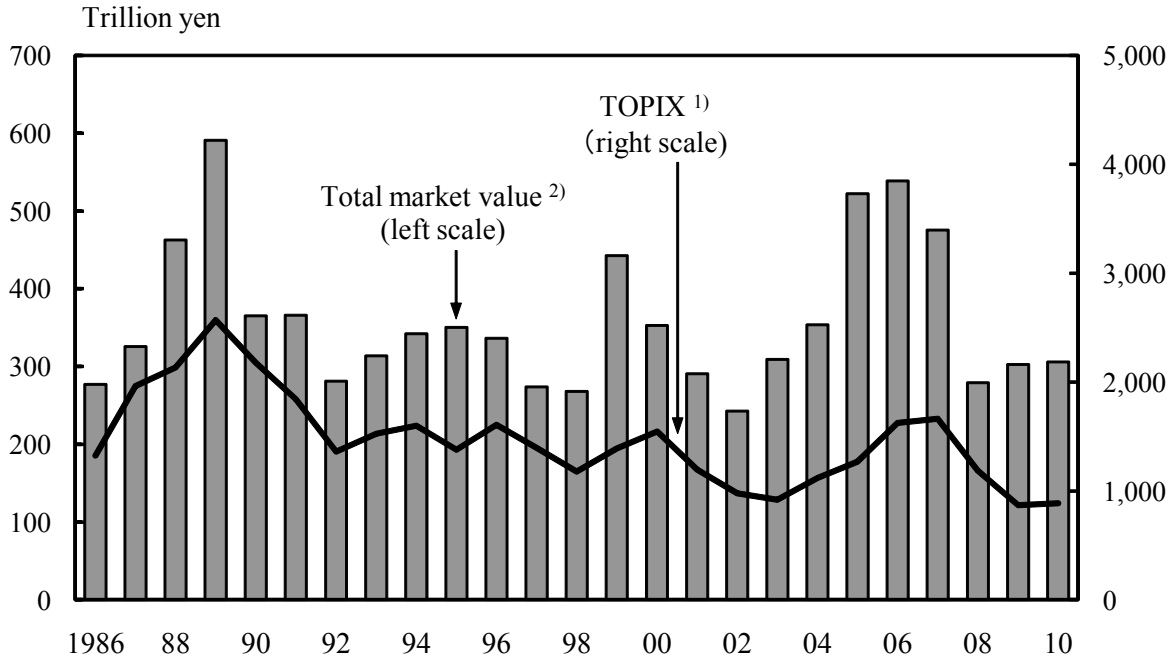
Source: Bank of Japan.

5. Stock Market

Stock prices in Japan rose sharply in the second half of the 1980s, spearheading the bubble economy. However, the stock market started to fall in 1990 ahead of land prices. At the end of 1989, the total market value of the first section of the Tokyo Stock Exchange was 591 trillion yen, but only three years later, at the end of 1992, it dropped by more than 50 percent to 281 trillion yen. The market recovered to reach 442 trillion yen at the end of 1999, but dipped again in 2000. Then in 2003, stock prices recovered reflecting improved corporate earnings and a positive turnaround in plant and equipment investment. At the end of 2006, the total market value of the first section of the Tokyo Stock Exchange reached 539 trillion yen. Since the subprime mortgage problem surfaced in August 2007, however, stock prices followed a downward path on account of growing anxiety over financial markets on a global scale. Although there was, subsequently, a sign of recovery in stock prices at one point, another

downward trend set in and then the September 2008 Lehman shock led to considerable falls in stock prices, followed by, once again, a sustained period of descent. However, the financial results of U.S. financial institutions announced in March 2009 eased apprehensions about their business, and this gave rise to signs of turnaround. At the end of 2010, the total market value amounted to 306 trillion yen.

Figure 4.6
Trends in Stock Price Index and Total Market Value
(Tokyo Stock Exchange, first section)



1) TOPIX: Index of the total market value of all stocks listed on the first section of the Tokyo Stock Exchange against a base value of 100 as of January 4, 1968. 2) End of year.
Source: Tokyo Stock Exchange.

At the end of March 2011, the total number of individual stockholders (individuals of Japanese nationality and domestic groups without corporate status) in possession of stocks listed on the Tokyo/Osaka/Nagoya/ Fukuoka/Sapporo Stock Exchanges totaled 45.9 million. In value terms, the ratio of stocks they possessed was 20.3 percent. The ratio of Japanese stocks held by foreign investors (total of corporations and individuals) was 26.7 percent in value terms, marking the second consecutive year of increase. Records also show that Internet trading remained on a strong growth path.

A survey conducted of 290 securities firms by the Japan Securities Dealers Association (JSDA) showed that 17.9 percent of those companies offered Internet trading at the end of March 2011. Internet trading thus accounted for 20.3 percent of the total value of stock brokerage transactions from the period of October 2010 to March 2011.

Table 4.10
Stock Prices (Tokyo Stock Exchange, first section)

Year		Number of listed companies [1]	Total market value [1] (billion yen)	Total trading value (billion yen)	TOPIX [2] Tokyo stock price index, average	Nikkei stock average (225 issues) [1] (yen)
1997		1,327	273,908	106,427	1,397.37	15,258.74
1998		1,340	267,784	96,001	1,178.14	13,842.17
1999		1,364	442,443	178,041	1,388.63	18,934.34
2000		1,447	352,785	242,632	1,545.22	13,785.69
2001		1,491	290,669	199,844	1,195.10	10,542.62
2002		1,495	242,939	190,870	979.49	8,578.95
2003		1,533	309,290	237,906	918.86	10,676.64
2004		1,595	353,558	323,918	1,120.07	11,488.76
2005		1,667	522,068	459,136	1,270.09	16,111.43
2006		1,715	538,630	644,309	1,625.92	17,225.83
2007		1,727	475,629	735,334	1,663.69	15,307.78
2008		1,715	278,989	568,539	1,187.82	8,859.56
2009		1,684	302,712	368,680	869.33	10,546.44
2010		1,670	305,693	354,599	885.43	10,228.92
2011	Jan.	1,669	309,780	29,981	924.36	10,237.92
	Feb.	1,673	324,193	33,693	948.61	10,624.09
	Mar.	1,676	296,474	46,315	883.59	9,755.10
	Apr.	1,675	290,751	28,864	843.89	9,849.74

1) End of year or month. 2) TOPIX: Index of the total market value of all stocks listed on the first section of the Tokyo Stock Exchange against a base value of 100 as of January 4, 1968.
Source: Nihon Keizai Shimbun, Inc.; Tokyo Stock Exchange.

Chapter 5

Agriculture, Forestry and Fisheries

1. Overview of Agriculture, Forestry and Fisheries

Over the course of Japan's economic growth, its agricultural, forestry and fishing industries employ fewer and fewer workers every year, and their GDP share has also dropped. The number of workers decreased from 14.39 million in 1960 (32.7 percent of the total workforce) to 2.97 million in 2005 (4.8 percent), and the GDP share of the industries fell from 12.8 percent in 1960 to 1.4 percent in 2005.

Table 5.1
Agricultural, Forestry and Fishery Output

(Billion yen)

Item	2005	2006	2007	2008	2009*
Total	10,529	10,371	# 10,353	10,539	9,934
Agriculture	8,512	8,332	# 8,259	8,466	8,049
Crops	5,940	5,818	# 5,720	5,820	5,485
Rice	1,947	1,815	1,790	1,901	1,795
Vegetables	2,033	2,051	2,089	2,111	2,033
Fruits and nuts	727	773	756	741	675
Livestock and its products	2,506	2,453	2,479	2,585	2,510
Beef cattle	473	478	485	459	441
Dairy cattle	783	748	731	748	804
Pigs	499	498	523	579	509
Chickens	689	658	676	744	703
Forestry	417	432	441	445	412
Fishery	1,601	1,607	1,653	1,627	1,473

Source: Ministry of Agriculture, Forestry and Fisheries.

2. Agriculture

(1) Agricultural Production

Japan's total agricultural output in 2009 was 8.05 trillion yen, down 4.9 percent from the previous year. Crops yielded 5.48 trillion yen, down 5.8 percent from the previous year. This was due partly to the growth in dairy cattle output, notwithstanding the lower rice, vegetables, fruits and nuts, and pigs output.

Table 5.2
Agricultural Production

(Thousand tons)

Products	1995	2000	2005	2008	2009
Cereal grains					
Rice	10,748	9,490	9,074	8,823	8,474
Wheat	444	688	875	881	674
Vegetables, potatoes and legumes					
Potatoes	3,365	2,898	2,752	2,743	2,459
Sweet potatoes	1,181	1,073	1,053	1,011	1,026
Soybeans, dried	119	235	225	262	230
Cucumbers	827	767	675	627	620
Tomatoes	753	806	759	733	718
Cabbages	1,544	1,449	1,364	1,389	1,385
Chinese cabbages	1,163	1,036	924	921	924
Onions	1,278	1,247	1,087	1,271	1,161
Lettuces	537	537	552	544	550
Japanese radishes	2,148	1,876	1,627	1,603	1,593
Carrots	725	682	615	657	650
Fruits					
Mandarin oranges	1,378	1,143	1,132	906	1,003
Apples	963	800	819	911	846
Grapes	250	238	220	201	202
Japanese pears	383	393	362	328	318
Industrial crops					
Crude tea	a) 80	a) 85	100	96	86
Sugar beets [1)]	3,813	3,673	4,201	4,248	3,649

1), a) Figures are total of main producing prefectures.
Source: Ministry of Agriculture, Forestry and Fisheries.

Table 5.3
Production Volumes of Meat, Milk and Eggs

(Tons)

Products	1995	2000	2005	2008	2009
Pork	1,322,065	1,270,685	1,244,963	1,248,801	1,309,910
Beef	600,099	529,674	498,428	518,704	515,868
Veal	806	629	1,042	1,175	1,113
Horse meat	8,433	7,215	7,129	6,053	5,734
Mutton and lamb	208	112	126	128	143
Goat meat	153	155	73	54	41
Broilers	1,631,060	1,551,101	1,702,001	1,787,278	1,826,543
Cow milk	8,382,162	8,497,278	8,285,215	7,982,030	7,910,413
Eggs	2,550,586	2,540,075	2,481,000	2,553,557	2,507,542

Source: Ministry of Agriculture, Forestry and Fisheries.

(2) Farmers and Farmland

In 2010, the number of farm households engaged in commercial farming (which refers to households with cultivated land under management of 0.3 hectares and over, or with annual sales of agricultural products amounting to 500,000 yen and over) was 1.63 million. Of these commercial farm households, 27.7 percent were full-time farm households, 13.8 percent were part-time farm households with farming income exceeding non-farming income, and 58.6 percent were part-time farm households with non-farming income exceeding farming income.

Of the commercial farm household members, 2.61 million people were actually engaged in farming (commercial farmers) in 2010, of whom 61.6 percent were aged 65 years and over.

In 2009, the total income per commercial farm household was 4.57 million yen, down 2.0 percent from the previous year. Of that amount, 1.04 million yen was from farming income, 1.69 million yen from non-farming income, and 1.83 million yen from pension benefits and other sources.

Table 5.4
Commercial Farm Households and Commercial Farmers

(Thousands)

Year	Commercial farm households				Commercial farmers	Aged 65 years and over (%)
	Total	Full-time	Part-time			
			Mainly farming	Mainly other job		
1990	2,971	473	521	1,977	4,819	33.1
1995	2,651	428	498	1,725	4,140	43.5
2000	2,337	426	350	1,561	3,891	52.9
2005	1,963	443	308	1,212	3,353	58.2
2010	1,631	451	225	955	2,606	61.6

Source: Ministry of Agriculture, Forestry and Fisheries.

Japan's cultivated acreage shrank year after year from 6.09 million hectares in 1961 to 4.59 million hectares in 2010. In the one-year period of 2010, there were 1,740 hectares of new cultivation but also a 17,700-hectare decrease. The most common cause for the decrease was cultivation abandonment, accounting for approximately 44.0 percent of all cases, followed by land-use conversion for residential and other lands, making up approximately 34.8 percent.

3. Forestry

Japan's forest land area is 25.1 million hectares (approximately 70 percent of its entire surface area). Of this, natural forests account for 50 percent while planted forests, most of which are conifer plantations, make up 40 percent. Meanwhile, Japan's forest growing stock is 4.4 billion cubic meters, of which 2.7 billion cubic meters are from planted forests.

Forests that were planted after World War II are now finally ready for use. The functions that forests play in soil conservation and the prevention of global warming need to be exercised in a sustainable manner by smoothly following the cycle of cutting, planting and tending planted forests.

Table 5.5
Forest Land Area and Forest Resources (2007)

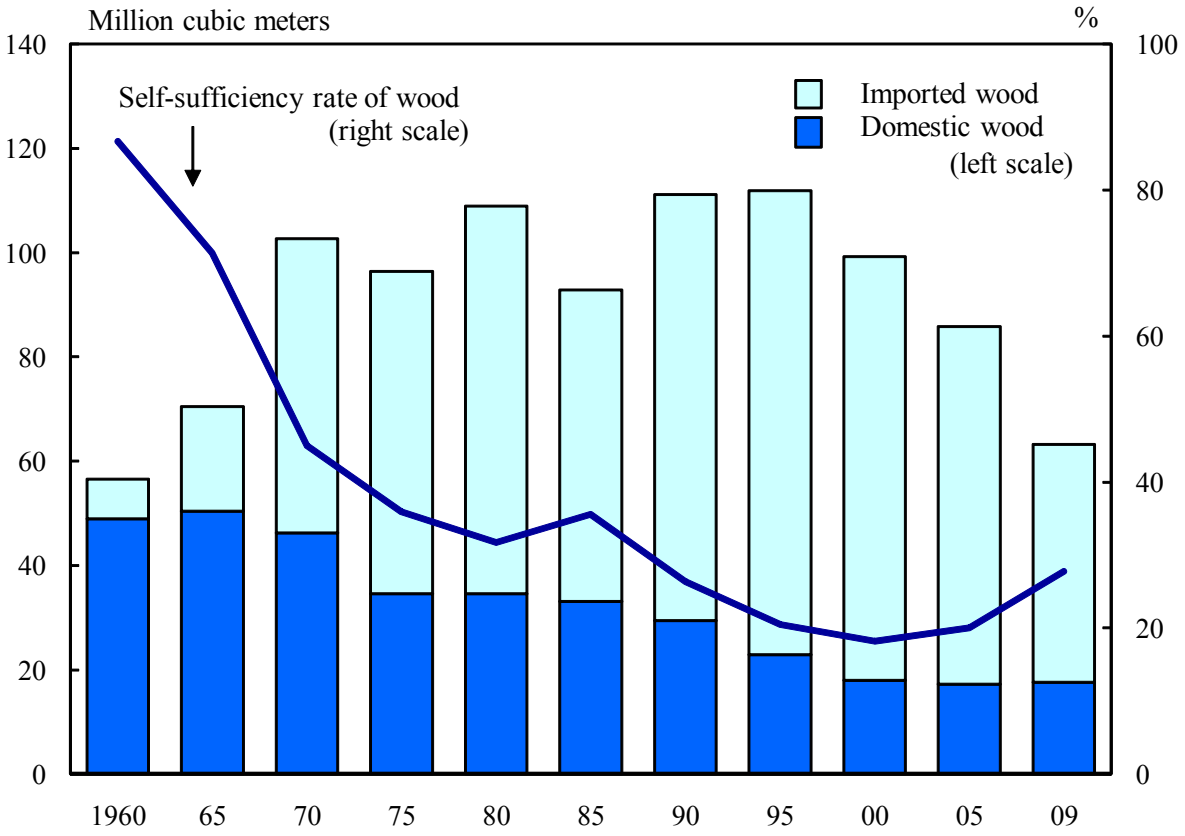
Item	Total	National forest	Non-national forest		
			Municipal	Private	Others
Forest land area (1,000 ha)	25,097	7,686	2,830	14,535	46
Forest growing stock (million m^3) ..	4,432	1,078	484	2,864	6
Planted forest					
Land area (1,000 ha)	10,347	2,364	1,247	6,724	12
Growing stock (million m^3)	2,651	424	295	1,931	2
Natural forest					
Land area (1,000 ha)	13,383	4,691	1,449	7,217	27
Growing stock (million m^3)	1,779	654	190	933	3

Source: Ministry of Agriculture, Forestry and Fisheries.

Domestic wood supply (log conversion) totaled 17.6 million cubic meters in 2009, which is equivalent to only 33.3 percent of the peak in 1967 (52.7 million cubic meters). In 2009, Japan's self-sufficiency rate for lumber was 27.8 percent. Currently, Japan depends mostly on imported lumber for pulp, woodchip and plywood material.

The slowdown in domestic lumber production activities has resulted in a decline in the number of workers engaged in forestry. In 2005, there were 47,000 workers engaged in forestry, a level which represented only 70 percent of the number recorded five years before. Also, one out of four workers was aged 65 and over, highlighting the aging of the labor force.

Figure 5.1
Industrial Wood Supply and Self-Sufficiency Rate [1)]



1) The volume in log equivalent.
Source: Ministry of Agriculture, Forestry and Fisheries.

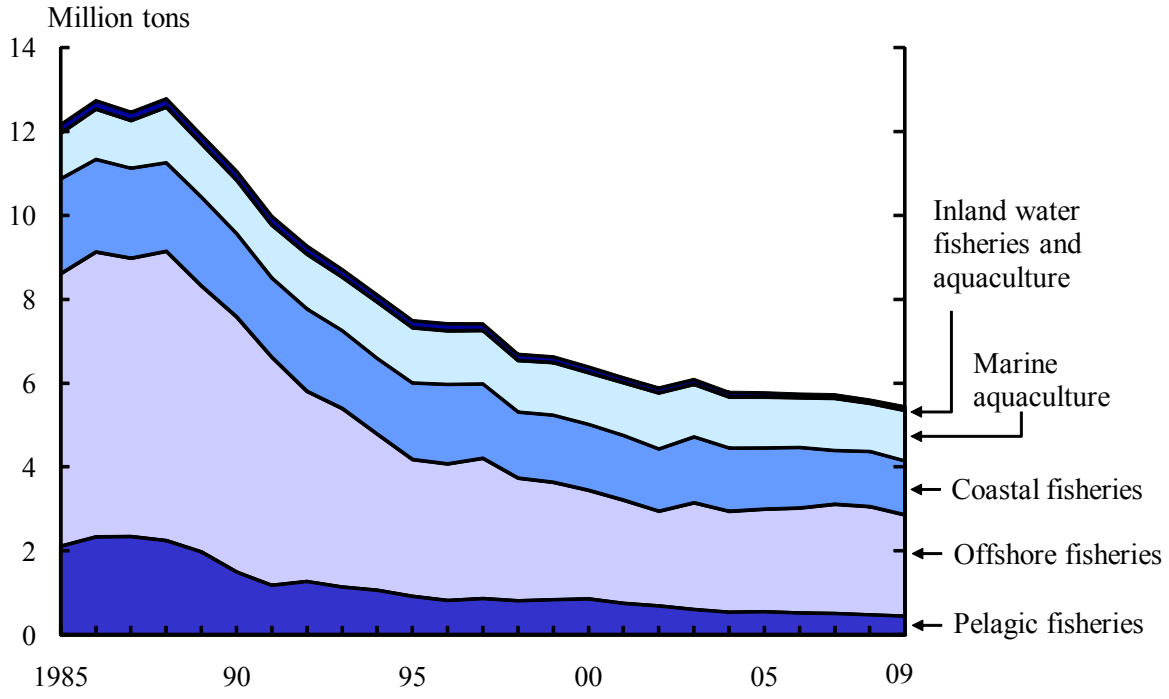
4. Fisheries

(1) Fishery Production

In Japan, a country surrounded by ocean, the fishing industry has played an important role in supplying animal protein and bringing a healthy and rich diet to the population. Recently, however, there has been a progressing "shift away from fish," particularly among the younger generations. Japan's fishing industry is also undergoing major changes. Lower fishery production, due to deteriorating resources in surrounding waters, and the declining and increasingly aging fishery workforce are among the reasons for those changes.

Japan's fishery output has been on the decline since 1989. Its 2010 fishery production totaled 4.67 million tons, excluding marine fishery and aquaculture production in Iwate, Miyagi, and Fukushima prefectures. Of this, marine fishery and aquaculture production amounted to 4.59 million tons.

Figure 5.2
Production by Type of Fishery



Source: Ministry of Agriculture, Forestry and Fisheries.

Table 5.6
Production by Fishery Type and Species

(Thousand tons)

Fishery type and species	1995	2000	2005	2009	2010*
Total	7,489	6,384	5,765	5,432	4,672
Marine fisheries	6,007	5,022	4,457	4,147	a) 3,659
Tunas	332	286	239	207	171
Bonito	309	341	370	269	274
Sardine	661	150	28	57	70
Mackerels	470	346	620	471	420
Alaska pollack	339	300	194	227	235
Crabs	57	42	34	32	31
Squids	547	624	330	296	225
Marine aquaculture	1,315	1,231	1,212	1,202	a) 934
Yellowtails	170	137	160	155	139
Oysters	227	221	219	210	149
Laver	407	392	387	343	302
Wakame (Sea weed)	100	67	63	61	13
Pearl (tons)	63	30	29	22	21
Inland water fisheries	92	71	# 54	# 42	40
Salmons and trouts	22	17	# 19	# 14	14
Sweetfish	14	11	# 7	# 4	3
Shellfishes	28	20	# 14	# 15	14
Inland water aquaculture	75	61	# 42	# 41	39
Eel	29	24	20	22	21
Trouts	18	15	12	10	9
Common carp	13	11	4	3	4

a) Excluding production in Iwate, Miyagi and Fukushima prefectures.
Source: Ministry of Agriculture, Forestry and Fisheries.

(2) Fishery Workers

The number of workers in the marine fishery industry (the workers who engage in work at sea for 30 days or more yearly) has been decreasing constantly. In 2010, there was a 4.2 percent decrease from the previous year, bringing the count to 203,000 workers. Among male workers, the ratio of those aged 65 years and over was 35.9 percent, showing the progressive trend of an aging workforce.

Table 5.7
Number of Enterprises and Workers Engaged in the Marine Fishery Industry [1)]

(Thousands)

Year	Enterprises			Workers		
	Total	Individual households	Corporate entities	Total	Self-employed	Hired
2000	190	138	…	260	194	66
2005	164	119	…	222	166	56
2008	115	109	6	# 222	141	# 81
2009	108	102	6	212	135	77
2010	104	98	5	203	128	75

1) Including marine aquaculture.
Source: Ministry of Agriculture, Forestry and Fisheries.

5. Self-Sufficiency in Food

Japan's food self-sufficiency rate, in terms of calories, dropped from 73 percent in fiscal 1965 to 40 percent in fiscal 2009. The principal cause for the major drop in the food self-sufficiency rate is the fact that a significant change in the diet of Japanese led to a lower consumption of rice, a crop in which Japan is self-sufficient, while there was an increase in consumption of animal and lipid products that domestic agricultural production alone cannot supply sufficiently.

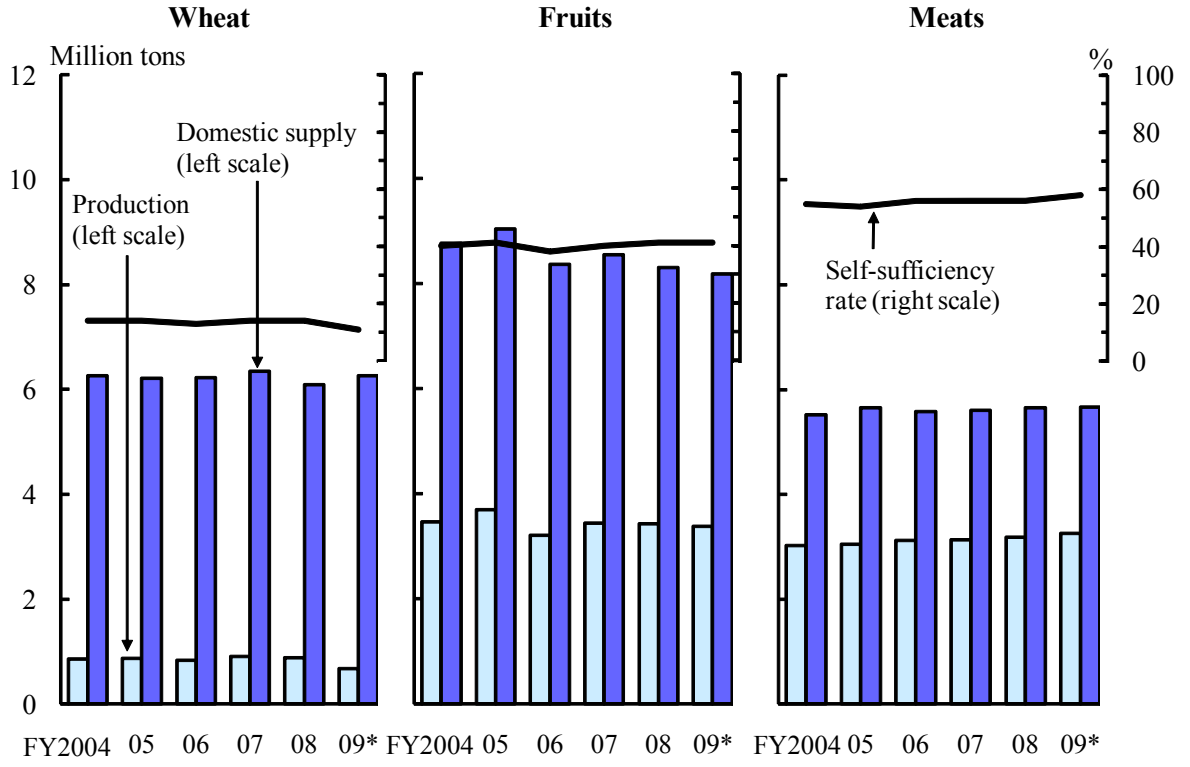
In fiscal 2009, the self-sufficiency rate (on an item-specific weight basis) was 100 percent in rice, 11 percent in wheat, 8 percent in beans, 83 percent in vegetables, 41 percent in fruits, 58 percent in meat and 62 percent in seafood. Although completely self-sufficient in rice, the staple food of its people, Japan relied almost entirely on imports for wheat and bean supply.

Table 5.8
Supply of Cereal Grains

Fiscal year	Area planted (1,000 ha)	Production (1,000 t)	Yield per hectare (t)	Imports (1,000 t)	Supplies for domestic consumption (1,000 t)
Rice					
1995	2,118	10,748	5.07	495	10,290
2000	1,770	9,490	5.36	879	9,790
2005	1,706	9,074	5.32	978	9,222
2008	1,627	8,823	5.42	841	8,883
2009*	1,624	8,474	5.22	869	8,797
Wheat					
1995	151	444	2.93	5,750	6,355
2000	183	688	3.76	5,688	6,311
2005	214	875	4.10	5,292	6,213
2008	209	881	4.22	5,186	6,086
2009*	208	674	3.24	5,354	6,528

Source: Ministry of Agriculture, Forestry and Fisheries.

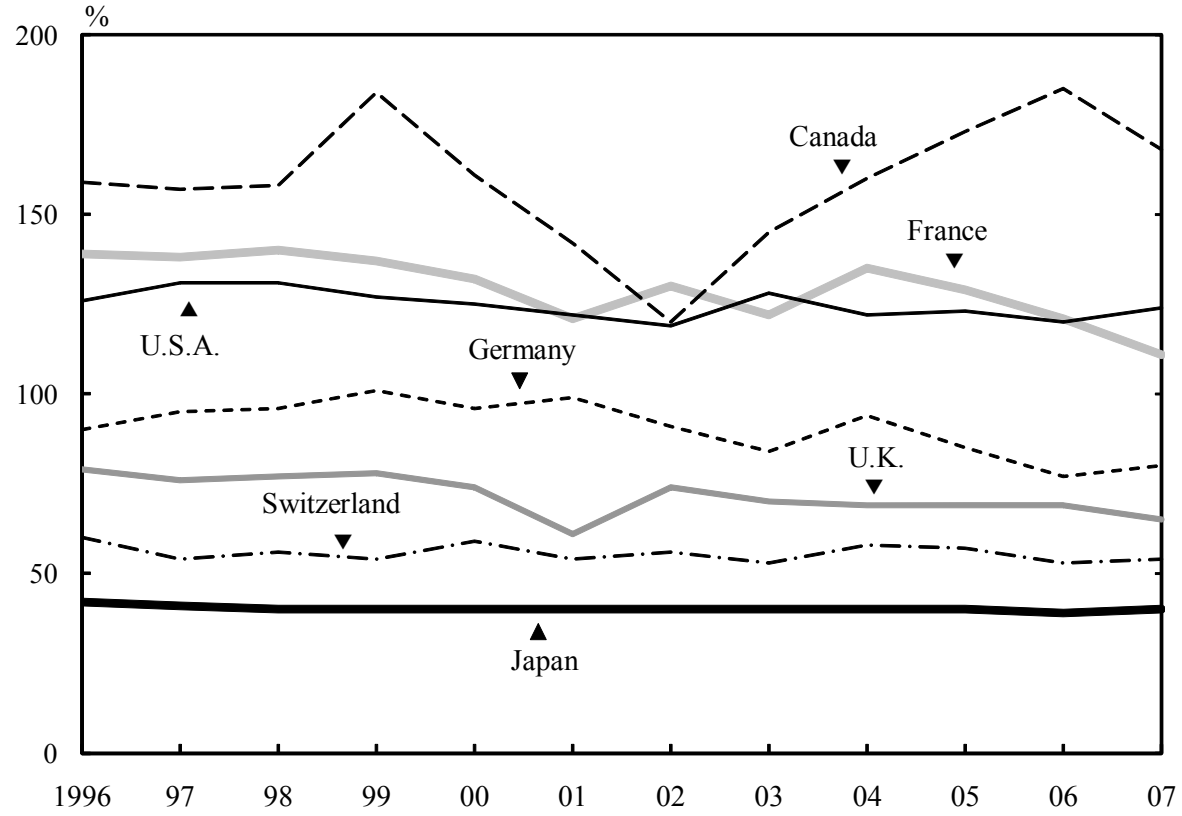
Figure 5.3
Self-Sufficiency Rates for Selected Categories of Agricultural Produce



Source: Ministry of Agriculture, Forestry and Fisheries.

Japan's present food self-sufficiency rate is the lowest among major industrialized countries, and Japan is thus the world's largest net importer of agricultural products.

Figure 5.4
Trends in Food Self-Sufficiency Rates of Major Countries
(In terms of calories)



Source: Ministry of Agriculture, Forestry and Fisheries.

Chapter 6

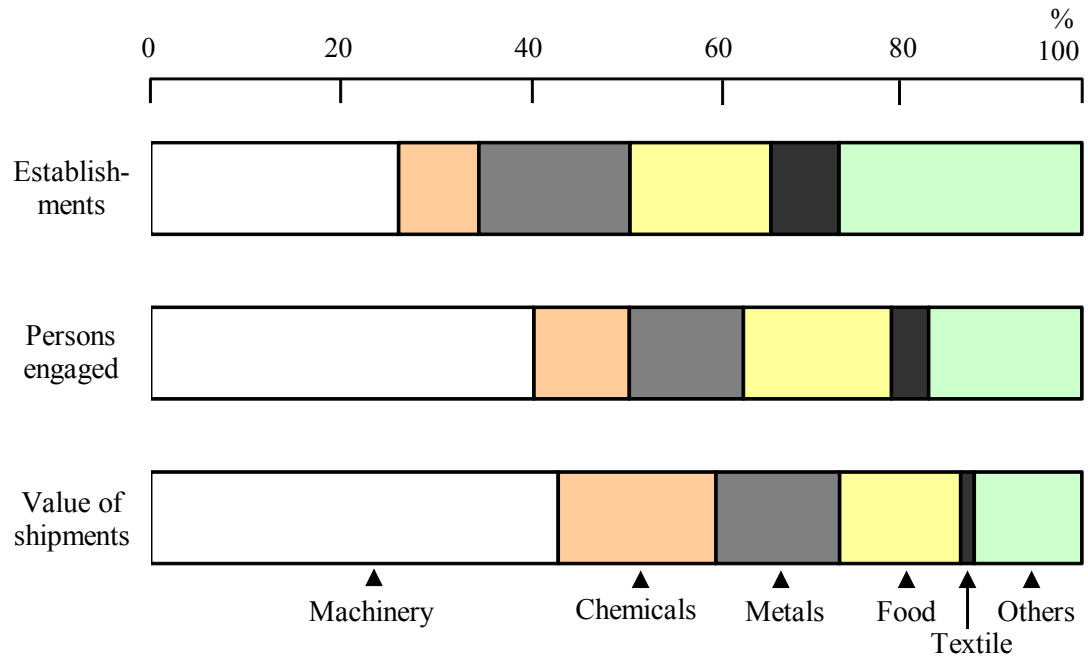
Manufacturing and Construction

1. Overview of the Manufacturing Sector

The manufacturing sector has served as a driving force for economic growth in Japan, as the labor productivity growth in the sector has been far greater than that in all sectors since the 1990s. While the proportion of added value produced in Japan's manufacturing sector to its nominal GDP has still been around 20 percent recently, the sector has a large ripple effect on other sectors.

Hit by the worldwide recession that was triggered by a financial crisis in the U.S.A., Japan's manufacturing sector has remained in an extremely challenging environment since late 2008, but signs of recovery were seen in their business from around April 2009. However, this still cannot be considered a self-sufficient recovery as it has been driven by export growth owing to demand from emerging economies, with China a leading example, as well as by increased consumer spending mainly in durable goods, such as energy-saving home appliances and cars, thanks to the effects of economic stimulus programs, including the "eco-point" program and "eco-car" tax break and subsidy program.

Figure 6.1
Composition of Establishments, Persons Engaged and Value of Manufactured Goods Shipments by Sector [1] (2009)



1) Establishments with four or more persons engaged.
Source: Ministry of Economy, Trade and Industry.

Table 6.1
Number of Establishments, Persons Engaged and Value of Manufactured Goods Shipments of the Manufacturing Industry [1] (2009)

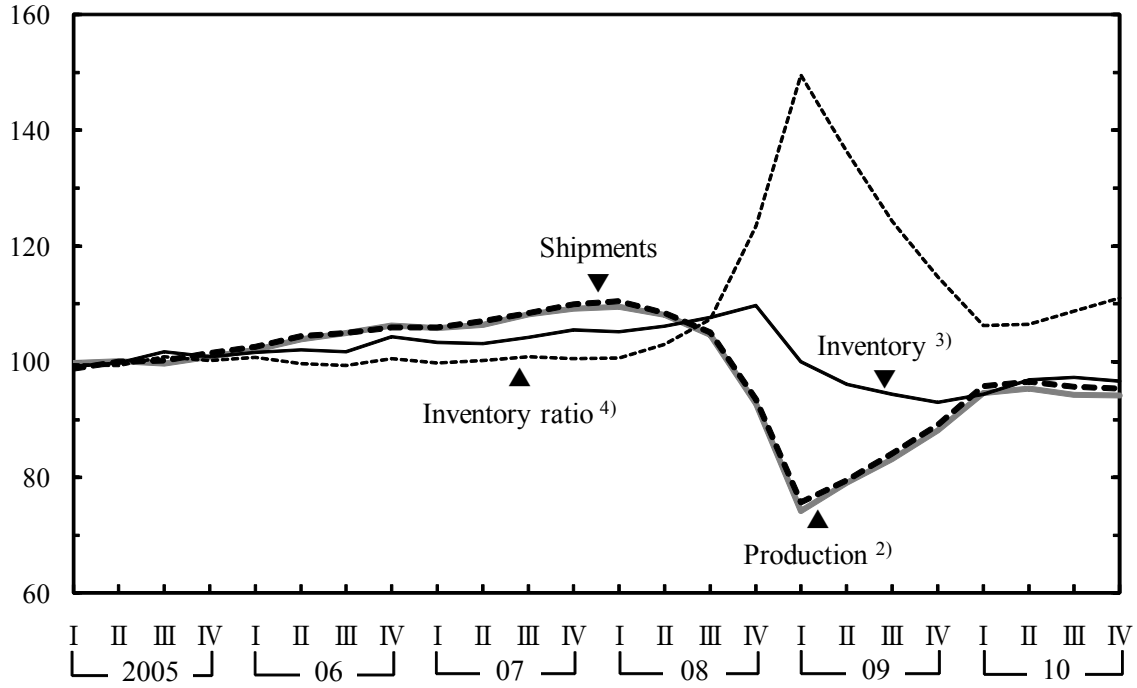
Industries	Number of establish-ments	Number of persons engaged (persons)	Value of manu-factured goods shipments (billion yen)
Manufacturing	235,817	7,735,789	265,259
Food	31,233	1,125,413	24,448
Beverages, tobacco and feed	4,549	104,328	9,993
Textile mill products	17,151	311,264	3,868
Lumber and wood products [2]	6,978	99,891	2,098
Furniture and fixtures	7,282	105,202	1,640
Pulp, paper and paper products	6,949	194,569	7,068
Printing and allied industries	14,851	308,878	6,172
Chemical and allied products	4,831	347,103	24,276
Petroleum and coal products	959	25,455	10,487
Plastic products [3]	14,590	419,936	10,057
Rubber products	2,891	116,266	2,649
Leather tanning, leather products and fur skins	1,881	26,791	392
Ceramic, stone and clay products	11,656	255,159	6,767
Iron and steel	4,588	220,518	15,988
Non-ferrous metals and products	3,010	143,214	6,940
Fabricated metal products	30,611	584,127	12,427
General-purpose machinery	8,107	323,766	9,849
Production machinery	20,917	536,630	12,015
Business oriented machinery	4,871	218,516	7,068
Electronic parts, devices and electronic circuits	5,066	462,543	14,889
Electrical machinery, equipment and supplies	10,173	476,765	13,713
Information and communication electronics equipment	2,174	217,348	11,457
Transport equipment	11,501	947,704	47,187
Miscellaneous manufacturing industries	8,998	164,403	3,810

1) Establishments with four or more persons engaged. 2) Excluding furniture. 3) Excluding plastic furniture, plastic plates, etc., which are included in other industrial classification.
Source: Ministry of Economy, Trade and Industry.

In 2009, there were 235,817 establishments (with four or more persons engaged) and a total of 7.74 million persons engaged in the manufacturing sector. These establishments shipped 265.3 trillion yen worth of manufactured products, with added value amounting to 80.3 trillion yen.

Based on the Indices on Mining and Manufacturing (2005 average = 100), the production index for 2010 was 94.4, up 16.4 percent from the previous year, while shipments stood at 95.8, an increase of 16.7 percent from the year before.

Figure 6.2
Trends in Indices on Mining and Manufacturing [1] (2005 average = 100)



1) Seasonal adjustment indices. 2) Value added weights. 3) End of the quarter.
4) Inventory ratio = Inventory quantity / Shipments quantity
Source: Ministry of Economy, Trade and Industry.

Table 6.2
Indices of Industrial Production [1)]

(2005 average = 100)

Industries	2007	2008	2009	2010	Annual growth (%)
Mining and manufacturing	107.4	103.8	81.1	94.4	16.4
Manufacturing	107.4	103.8	81.0	94.5	16.7
Food and tobacco	99.8	100.5	102.3	102.4	0.1
Textile	90.6	82.5	67.1	67.9	1.2
Pulp, paper and paper products	101.0	99.6	85.8	89.1	3.8
Chemicals	103.9	100.1	95.3	100.8	5.8
Chemicals (excl. Drugs)	101.6	94.9	85.3	93.0	9.0
Petroleum and coal products	97.6	96.0	90.1	91.1	1.0
Plastic products	101.4	97.5	82.1	89.8	9.4
Ceramic, stone and clay products	102.0	97.2	76.8	85.2	10.9
Iron and steel	105.9	103.7	72.5	93.8	29.4
Non-ferrous metals	104.4	99.0	77.4	90.5	16.9
Fabricated metals	96.8	94.8	77.9	83.1	6.7
General machinery	109.2	100.4	60.3	82.8	37.3
Electronic parts and devices	131.0	126.3	100.0	126.3	26.3
Electrical machinery	103.2	100.4	78.9	94.4	19.6
Information and communication electronics equipment	108.4	103.2	83.4	91.6	9.8
Transport equipment	111.9	110.5	74.6	94.5	26.7
Precision instruments	114.9	117.6	85.0	105.1	24.2
Other manufacturing	106.5	103.0	80.8	86.7	7.5
Mining	106.6	103.1	93.6	90.0	-3.8
(Reference)					
Electricity and gas	103.9	104.7	96.9	103.0	6.3

1) Value added weights.

Source: Ministry of Economy, Trade and Industry.

Table 6.3
Indices on Mining and Manufacturing
(Production, shipments, inventory) (2010)

(2005 average = 100)

Industries	Production [1]	Annual growth (%)	Shipments	Annual growth (%)	Inventory [2]	Annual growth (%)	Inventory Ratio [3]	Annual growth (%)
Mining and manufacturing	94.4	16.4	95.8	16.7	96.6	3.8	108.1	-17.9
Manufacturing	94.5	16.7	95.8	16.7	96.6	3.9	108.0	-17.9
Food and tobacco	102.4	0.1	100.7	-0.1	88.0	-5.3	144.6	37.5
Textile	67.9	1.2	75.2	2.5	77.5	-8.6	104.5	-17.0
Pulp, paper and paper products	89.1	3.8	90.4	3.4	90.4	-3.4	106.5	-9.2
Chemicals	100.8	5.8	98.0	5.3	93.3	0.8	100.8	-15.8
Chemicals (excl. Drugs)	93.0	9.0	92.2	7.2	93.3	0.8	100.8	-15.8
Petroleum and coal products	91.1	1.0	89.3	-0.2	95.6	4.8	112.2	-4.8
Plastic products	89.8	9.4	89.8	9.4	90.3	-1.4	103.3	-9.8
Ceramic, stone and clay products	85.2	10.9	84.3	8.6	88.5	-4.8	118.9	-12.2
Iron and steel	93.8	29.4	93.0	28.8	100.4	6.8	102.6	-21.3
Non-ferrous metals	90.5	16.9	89.6	17.4	100.7	5.3	105.0	-13.7
Fabricated metals	83.1	6.7	83.9	5.8	73.6	-2.8	99.0	-16.8
General machinery	82.8	37.3	82.0	35.3	84.2	-5.5	112.6	-47.5
Electronic parts and devices	126.3	26.3	125.0	29.1	236.5	52.8	153.3	-18.6
Electrical machinery	94.4	19.6	98.1	19.2	95.6	-9.9	91.5	-14.7
Information and communication electronics equipment	91.6	9.8	118.9	26.8	125.2	21.0	93.4	-4.3
Transport equipment	94.5	26.7	95.7	24.6	86.3	13.0	90.9	-16.1
Precision instruments	105.1	24.2	104.3	19.2	103.1	-4.6	101.1	-32.9
Other manufacturing	86.7	7.5	85.0	7.9	85.6	-3.5	120.5	-10.3
Mining	90.0	-3.8	102.3	2.0	113.1	-13.4	137.6	1.0
(Reference)								
Electricity and gas	103.0	6.3	103.0	6.3	-	-	-	-

1) Value added weights. 2) End of the year.
3) Inventory ratio = Inventory quantity / Shipments quantity
Source: Ministry of Economy, Trade and Industry.

2. Principal Industries in the Manufacturing Sector

This section describes the selected four industries in the manufacturing sector in terms of shipment value: machinery, chemicals, iron and steel, and fabricated metals. In each industry, (a) describes the number of establishments (with four or more persons engaged), persons engaged, and the value of shipments (data source: the Census of Manufacturers); and in (b), production and shipments (data source: the Indices on Mining and Manufacturing (2005 average = 100)).

(1) Machinery Industry

(A) Transport Equipment Industry

(a) In 2009, a total of 11,501 establishments employed 947,704 persons, and shipped 47.1 trillion yen worth of products.

(b) In 2010, production and shipments increased year-on-year by 26.7 percent and 24.6 percent, respectively. As a result, both production and shipments recorded their first increase in three years. This was due to the increase in the production and shipments of passenger cars, motor vehicle parts, etc.

(B) Production Machinery Industry

(a) In 2009, a total of 20,917 establishments employed 536,630 persons, and shipped 12.0 trillion yen worth of products.

(b) In 2010, production and shipments increased year-on-year by 49.3 percent and 50.4 percent, respectively. As a result, both production and shipments recorded their first increase in three years.

(C) Electrical Machinery, Equipment and Supplies Industry

(a) In 2009, a total of 10,173 establishments employed 476,765 persons, and shipped 13.7 trillion yen worth of products.

(b) In 2010, production and shipments increased by 19.6 percent and 19.2 percent compared to the previous year. As a result, both production and shipments recorded their first increase in four years.

(D) Electronic Parts and Devices Industry

(a) In 2009, a total of 5,066 establishments employed 462,543 persons, and shipped 14.9 trillion yen worth of products.

(b) In 2010, production and shipments increased by 26.3 percent and 29.1 percent, respectively, from the previous year. As a result, both production and shipments recorded their first increase in three years.

(E) Information and Communication Electronics Equipment Industry

(a) In 2009, a total of 2,174 establishments employed 217,348 persons, and shipped 11.5 trillion yen worth of products.

(b) In 2010, production and shipments increased by 9.8 percent and 26.8 percent, respectively, from the previous year. As a result, both production and shipments recorded their first increase in three years. This was attributable to the increase in the production and shipments of household electronic machinery, electronic computers, etc.

(2) Chemical Industry

(a) In 2009, the total number of establishments (figures in brackets indicate the numbers excluding those associated with medical and pharmaceutical products) is 4,831 (4,002) employed 347,103 (250,225) persons, and shipped 24.3 (16.9) trillion yen worth of products.

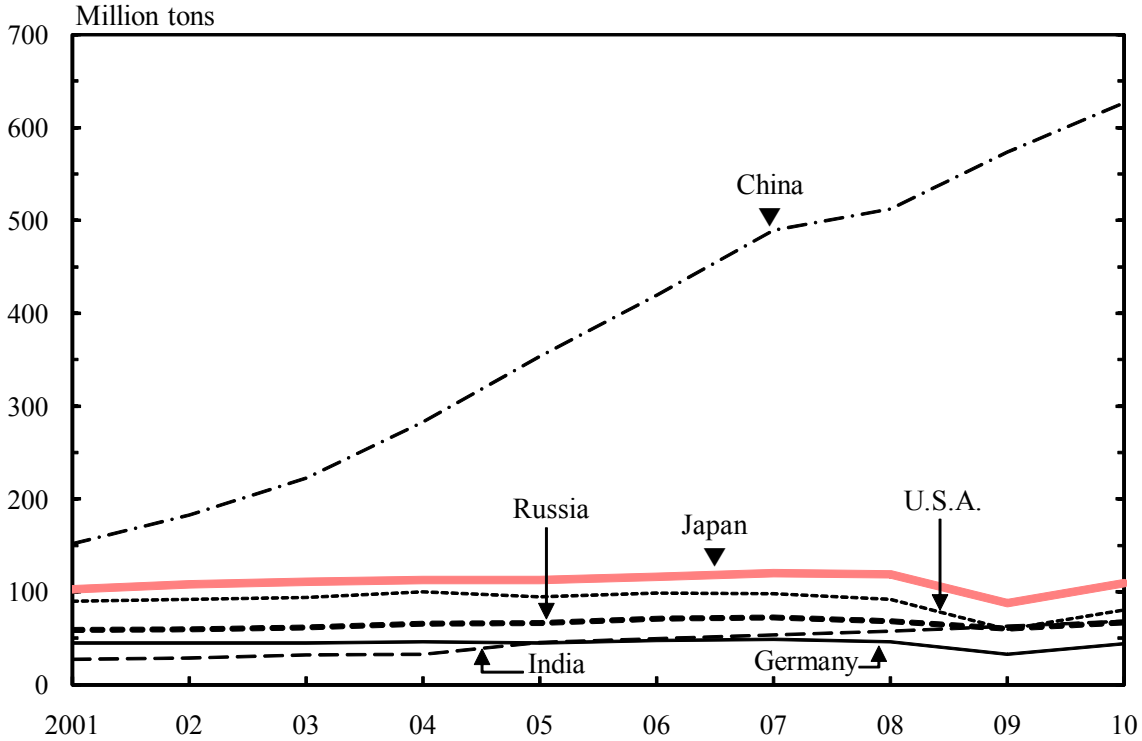
(b) In 2010, production and shipments increased by 5.8 percent and 5.3 percent, respectively, from the previous year. As a result, both production and shipments recorded their first increase in three years. In 2010, production and shipments in the chemical industry (excluding medical and pharmaceutical products) increased by 9.0 percent and 7.2 percent, respectively, from the previous year. As a result, both production and shipments recorded their first increase in three years.

(3) Iron and Steel Industry

(a) In 2009, a total of 4,588 establishments employed 220,518 persons, and shipped 16.0 trillion yen worth of products.

(b) In 2010, production and shipments increased by 29.4 and by 28.8 percent compared to the previous year. As a result, both production and shipments recorded their first increase in three years.

Figure 6.3
Crude Steel Production in Selected Countries



Source: The Japan Iron and Steel Federation; International Iron and Steel Institute.

Table 6.4
Steel Production

(Thousand tons)

Products	2006	2007	2008	2009	2010
Pig iron	84,270	86,771	86,171	66,943	82,283
Ferroalloys	834	858	828	722	893
Crude steel	116,226	120,203	118,739	87,534	109,599
Semi-finished steel	112,961	116,941	115,358	85,359	106,960
Ordinary hot-rolled steel	83,139	86,704	84,299	63,417	77,260
Special hot-rolled steel	20,982	21,498	21,782	13,269	20,505
Steel pipes and tubes	9,746	9,895	9,722	6,172	7,690
Finished steel	101,379	105,431	103,297	74,415	94,937
Ordinary steel products	81,314	85,027	82,703	62,024	75,610
Special steel products	20,065	20,404	20,594	12,391	19,327

Source: Ministry of Economy, Trade and Industry.

(4) Fabricated Metal Products Industry

(a) In 2009, a total of 30,611 establishments employed 584,127 persons, and shipped 12.4 trillion yen worth of products.

(b) In 2010, production increased by 6.7 percent and shipments by 5.8 percent compared to the previous year. This resulted in the first increase in 10 years in production and in 14 years in shipments.

3. Construction

The construction industry, accounting for about 10 percent of both GDP and all employed persons, is one of the core industries in Japan. However, it faces a series of challenges, including rapidly shrinking private construction investment and increasingly fierce price wars. The business environment surrounding the industry is now harsher than ever before, given the prospect that new public works will inevitably be limited by the restraints of a declining population, an aging society with low birth rates, and a severe fiscal setting. In fiscal 2010, the industry employed (excluding Iwate, Miyagi and Fukushima prefectures) 4.72 million persons, and investment in construction stood at approximately 41.1 trillion yen.

Table 6.5
Construction Investment (Current prices)

(Billion yen)

	FY2007	FY2008	FY2009*	FY2010*
Total	47,696	51,084	42,400	41,130
Building construction	27,719	28,443	22,690	22,270
Dwellings	17,149	16,922	13,400	12,910
Public sector	547	535	560	480
Private sector	16,602	16,387	12,840	12,430
Non-dwellings	10,570	11,521	9,290	9,360
Public sector	1,404	1,532	1,650	1,740
Private sector	9,167	9,989	7,640	7,620
Mining and manufacturing	1,968	2,539	…	…
Others	7,199	7,449	…	…
Civil engineering works	19,977	22,641	19,710	18,860
Public sector	14,996	17,583	15,160	14,360
Public works	13,260	15,757	13,390	12,680
Others	1,736	1,827	1,770	1,680
Private sector	4,981	5,058	4,550	4,500
Total				
Public investment	16,946	19,650	17,370	16,580
Private investment	30,750	31,434	25,030	24,550
Building construction				
Public investment	1,951	2,067	2,210	2,220
Private investment	25,769	26,376	20,480	20,050
Civil engineering works				
Public investment	14,996	17,583	15,160	14,360
Private investment	4,981	5,058	4,550	4,500

Source: Ministry of Land, Infrastructure, Transport and Tourism.

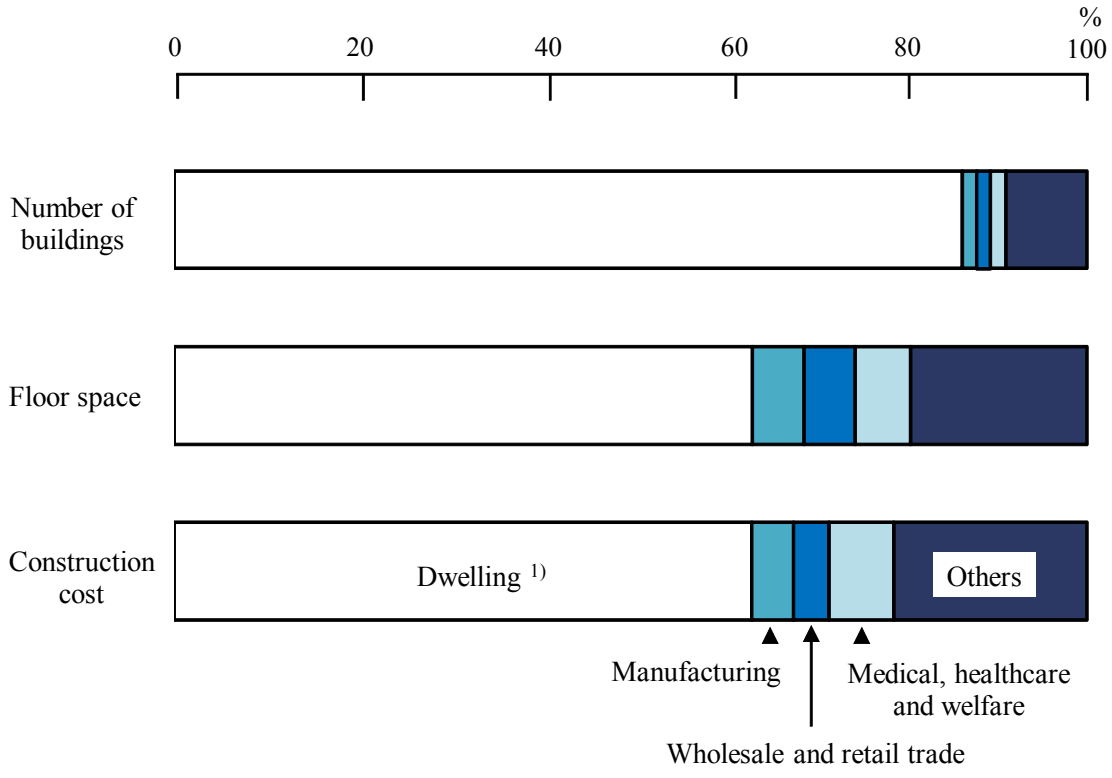
Investment in construction in fiscal 2010 showed a year-on-year decrease of 3.0 percent at current prices and a year-on-year decrease of 3.4 percent at constant prices, for the reference year 2005. Construction investment in fiscal 2010 was down 51.0 percent compared to fiscal 1992, when it hit a peak of approximately 84.0 trillion yen.

A breakdown of construction investment shows that building construction totaled 22.3 trillion yen (down 1.9 percent from the previous fiscal year), while civil engineering works amounted to 18.9 trillion yen (down 4.3 percent).

In terms of public and private construction investment in fiscal 2010, public investment amounted to 16.6 trillion yen (down 4.5 percent from the previous fiscal year), while private investment totaled 24.6 trillion yen (down 1.9 percent). Public investment accounted for 40.3 percent of total construction investment, while private investment accounted for 59.7 percent.

The 2010 total floor space of building starts was 121.5 million square meters, up 5.2 percent from the previous year. In particular, the floor space of buildings for medical, healthcare and welfare use increased by 59.0 percent compared to the previous year, to 7.4 million square meters. Meanwhile, the number of housing construction starts (in the case of an apartment building, the number of apartment units was counted) fell in rental housing but increased in owned homes and built-for-sale housing, adding up to 0.81 million units. This was a 3.1-percent increase from the previous year, thus regaining growth after the drop that had been registered last year.

Figure 6.4
Building Construction Started by Use Objective (2010)



1) Including dormitories and dormitories-industry concurrent use.
Source: Ministry of Land, Infrastructure, Transport and Tourism.

Chapter 7

Energy

1. Supply and Demand

Japan is dependent on imports for 81.2 percent of its energy supply. Since experiencing the two oil crises of the 1970s, Japan has taken measures to promote energy conservation, introduce alternatives to petroleum, and secure a stable supply of petroleum through stockpiling and other measures. As a result, its dependence on petroleum declined from 77.4 percent in fiscal 1973 to 45.2 percent in fiscal 2009. However, Japan is growing increasingly dependent on fossil fuels (including natural gas and coal) other than petroleum and this calls for steps such as the greater use of non-fossil fuel energy (renewable energy and nuclear power).

In fiscal 2009, the total primary energy supply in Japan was 21,752 petajoules, down 6.3 percent from the previous fiscal year. Its breakdown was: 45.2 percent in petroleum, 20.3 percent in coal, 17.4 percent in natural gas, 11.1 percent in nuclear power, and 3.0 percent in hydro power. Other sources were also used, though only in small quantities, including energy from waste, geothermal, and natural energy (solar energy, wind power, biomass energy, etc.).

In an effort to prevent global warming, the government has been reducing energy waste by taking such measures as energy saving and improving power generation efficiency. The government has also been promoting the introduction of methods of generating electricity that do not produce CO_2, including non-fossil fuel energy.

Energy units

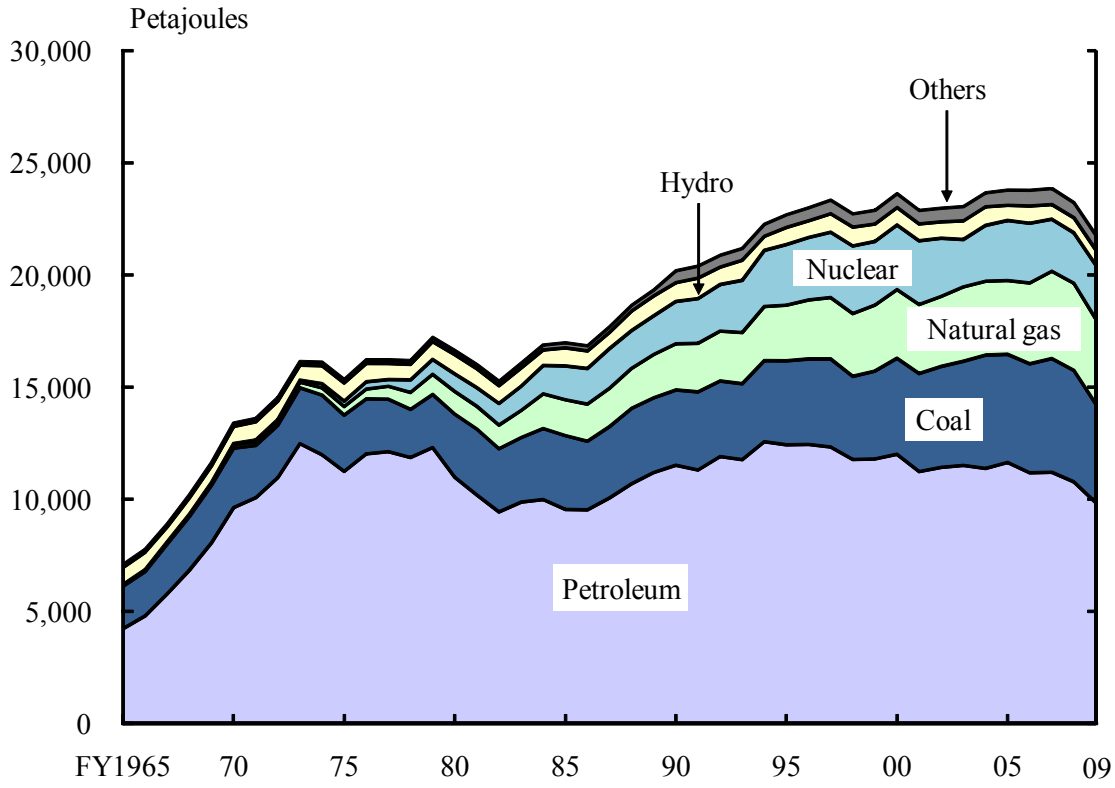
Joule (J) is employed as a common unit (International System of Units: SI) for energy across all energy sources in presenting international statistical information. The unit Petajoule (PJ: 10^{15} or quadrillion joules) is used here to reduce the number of digits. The energy of one kiloliter of petroleum is calculated using the following formulae:

1 kiloliter of petroleum = 3.87×10^{10} joules
1 petajoule = 10^{15} joules

Petroleum is traded internationally using the volume unit of barrels. One barrel equals approximately 158.987 liters.

Japan's final energy consumption was increasing almost steadily since the mid-1980s. It then turned downward in fiscal 2005, but a 3.6-percent increase, relative to 1990, was recorded for final energy consumption in fiscal 2009. While energy consumption in the industrial sector has remained mostly level, there were sharp increases in energy consumption in the commercial and residential sector and in the transport sector. The transport sector includes energy consumption for all transportation purposes, whether household or commercial. In the commercial and residential sector, energy consumption by the commercial sector in particular has risen in recent years. This has been mainly caused by (i) the rise in the total floor area of office buildings and large-scale retail stores; (ii) an increase in the amount of air conditioning equipment and lighting appliances used in those facilities; and (iii) the growth of office automation.

Figure 7.1
Total Primary Energy Supply [1)]



1) A different statistical method was used for figures of fiscal 1989 and prior.
Source: Ministry of Economy, Trade and Industry.

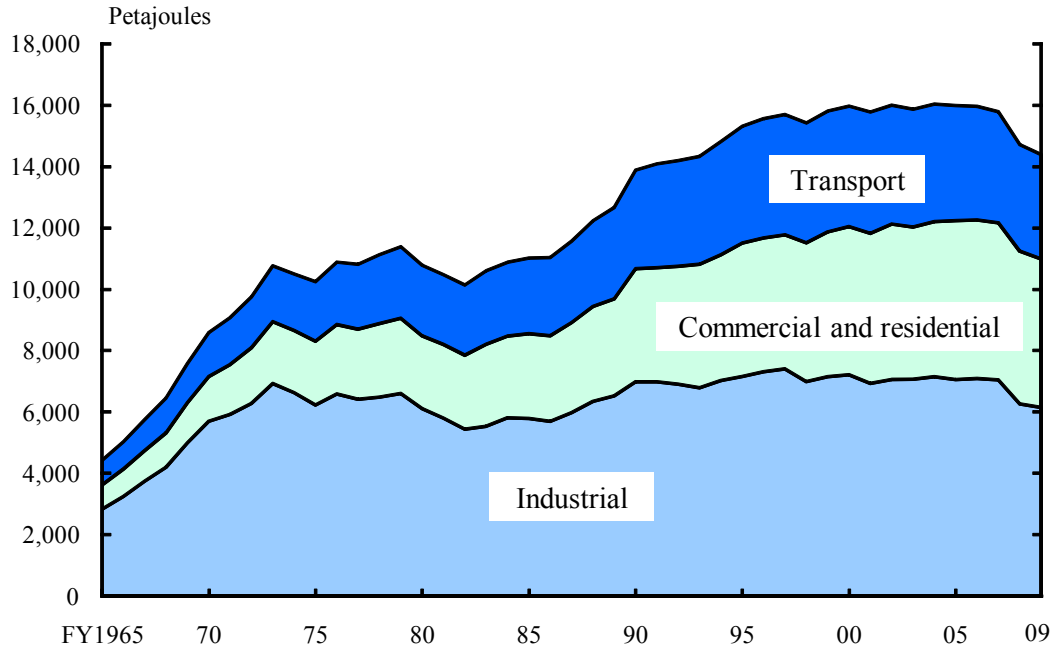
Table 7.1
Trends in Total Primary Energy Supply and Percentage by Energy Source

(Petajoules)

Item	FY1995	FY2000	FY2005	FY2008	FY2009
Total primary energy supply	22,685	23,622	23,784	23,218	21,752
Energy self-sufficiency (%) [1] ..	19.6	19.6	18.4	17.3	18.8
Petroleum	12,430	12,008	11,641	10,775	9,834
Coal	3,750	4,286	4,829	4,977	4,408
Natural gas	2,479	3,061	3,288	3,883	3,781
Nuclear	2,700	2,873	2,677	2,248	2,411
Hydro	761	778	672	666	663
Others	564	616	676	669	655
Percentage					
Petroleum	54.8	50.8	48.9	46.4	45.2
Coal	16.5	18.1	20.3	21.4	20.3
Natural gas	10.9	13.0	13.8	16.7	17.4
Nuclear	11.9	12.2	11.3	9.7	11.1
Hydro	3.4	3.3	2.8	2.9	3.0
Others	2.5	2.6	2.8	2.9	3.0

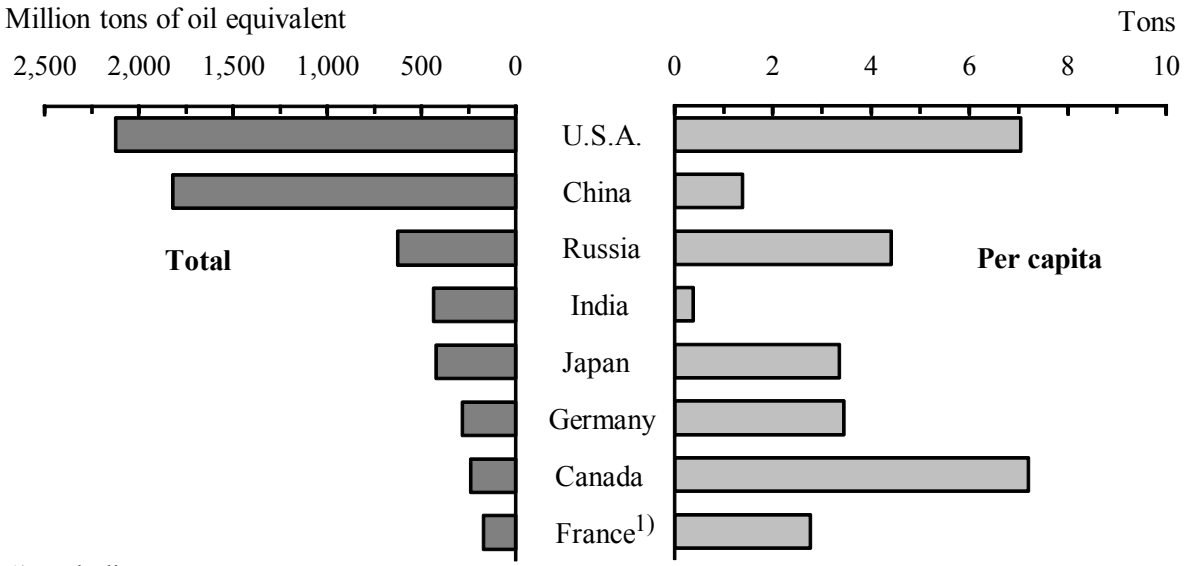
1) Domestic production of primary energy (including nuclear) / Domestic supply of primary energy × 100
Source: Ministry of Economy, Trade and Industry.

Figure 7.2
Trends in Final Energy Consumption by Sector [1]



1) A different statistical method was used for figures of fiscal 1989 and prior.
Source: Ministry of Economy, Trade and Industry.

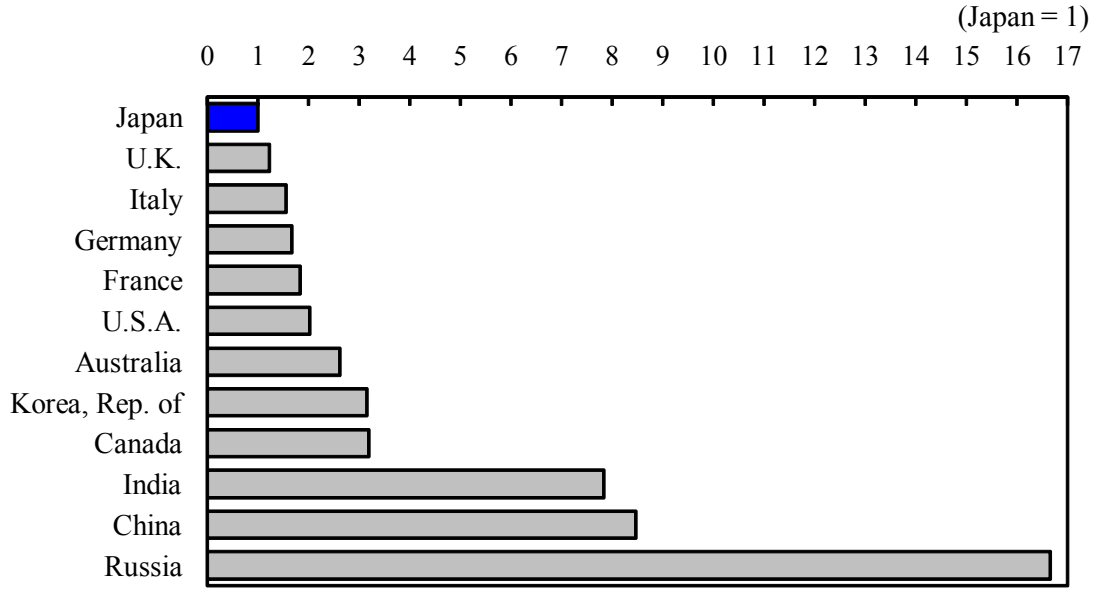
Figure 7.3
Consumption of Commercial Energy by Country (2007)



1) Including Monaco.
Source: United Nations.

Japan's energy consumption is thus expanding fairly consistently, yet the volume of primary energy required to generate the same level of GDP (primary energy supply per GDP) is lower in Japan compared to other industrialized countries. This indicates that Japan is one of the most energy-efficient countries in the world.

Figure 7.4
International Comparison of Energy/GDP Ratio [1] (2008)



1) Total primary energy supply (tons of oil equivalent) / GDP. Converted on the basis of Japan = 1.
Source: International Energy Agency.

2. Electric Power

Approximately half of Japan's primary energy supply of petroleum, coal and other energy sources is converted into electric power.

Electricity output (including in-house power generation) in Japan totaled 1,113 billion kWh in fiscal 2009, down 2.9 percent from the previous fiscal year. Of this total, thermal power accounted for 66.7 percent; nuclear power, 25.1 percent; hydro power, 7.5 percent; and other sources, 0.6 percent. In the field of thermal power generation, huge replacement has been made from petroleum to natural gas.

Table 7.2
Trends in Electricity Output and Power Consumption [1)]

(Million kWh)

Item	FY1995	FY2000	FY2005	FY2008	FY2009
Electricity Output					
Total	989,880	1,091,500	1,157,926	1,146,269	1,112,622
Thermal	604,206	669,177	761,841	798,930	742,522
Nuclear	291,254	322,050	304,755	258,128	279,750
Hydro	91,216	96,817	86,350	83,504	83,832
Others	3,204	3,456	4,980	5,707	6,518
Percentage					
Total	100.0	100.0	100.0	100.0	100.0
Thermal	61.0	61.3	65.8	69.7	66.7
Nuclear	29.4	29.5	26.3	22.5	25.1
Hydro	9.2	8.9	7.5	7.3	7.5
Others	0.3	0.3	0.4	0.5	0.6
Electric Power Consumption					
Total	881,559	982,066	1,043,800	1,035,532	1,003,226
Generated by electric power suppliers	776,511	858,078	918,265	925,503	896,668
Consumption of in-house generation	105,048	123,988	125,535	110,029	106,558

1) Including in-house generation.
Source: Ministry of Economy, Trade and Industry.

3. Gas

Gas production was 1,241 petajoules in fiscal 2009, down 2.2 percent from the previous fiscal year. Of this total, natural gas plus liquefied natural gas (LNG) accounted for 96.7 percent; and the remaining 3.3 percent were petroleum gases, such as volatile oil, liquefied petroleum gas, etc. Gas purchases for fiscal 2009 totaled 230 petajoules.

Gas sales for fiscal 2009 totaled 1,416 petajoules, or year-on-year drop of 1.9 percent. Of this total, 49.4 percent was sold to industry, 28.5 percent to residential use, 13.6 percent to the commercial sector, and 8.5 percent to other sources of demand.

Table 7.3
Trends in Production and Purchases, and Sales of Gas [1)]

(Petajoules)

Item	FY2000		FY2005		FY2008		FY2009	
Production and purchases	1,061		1,394		1,495		1,472	
Production	952	(100.0)	1,235	(100.0)	1,270	(100.0)	1,241	(100.0)
Coal gases	2	(0.2)	-	(-)	-	(-)	-	(-)
Petroleum gases	111	(11.7)	67	(5.4)	40	(3.1)	41	(3.3)
Natural gas and LNG	839	(88.2)	1,168	(94.6)	1,230	(96.9)	1,200	(96.7)
Others	-	(-)	-	(-)	-	(-)	-	(-)
Purchases	109	(100.0)	159	(100.0)	225	(100.0)	230	(100.0)
Coal gases	8	(7.2)	2	(1.3)	0	(0.0)	-	(-)
Petroleum gases	15	(13.9)	10	(6.4)	8	(3.4)	7	(2.9)
Natural gas and LNG	86	(78.8)	147	(92.3)	217	(96.5)	224	(97.1)
Others	0	(0.0)	0	(0.0)	0	(0.0)	0	(0.0)
Sales	1,047	(100.0)	1,359	(100.0)	1,444	(100.0)	1,416	(100.0)
Residential	397	(37.9)	416	(30.6)	404	(28.0)	403	(28.5)
Commercial	170	(16.2)	205	(15.1)	199	(13.8)	193	(13.6)
Industrial	391	(37.4)	619	(45.5)	722	(50.0)	699	(49.4)
Others	89	(8.5)	120	(8.8)	119	(8.3)	121	(8.5)

1) Figures in parentheses indicate percentage.
Source: Ministry of Economy, Trade and Industry.

Chapter 8

Science and Technology/

Information and Communication

1. Science and Technology

(1) Researchers and R&D Expenditures

Japan ranks second among major industrialized countries, following the U.S.A., in terms of expenditure on science and technology, and this expenditure supports its position as a technology-based country. Researchers in the fields of science and technology (including social sciences and humanities) as of the end of March 2010 totaled 840,000. The total research and development (R&D) spending in fiscal 2009 amounted to 17.2 trillion yen, down for the second consecutive year. Relative to GDP, R&D spending fell below the level of the previous fiscal year, to 3.62 percent.

Table 8.1
Trends in Research and Development

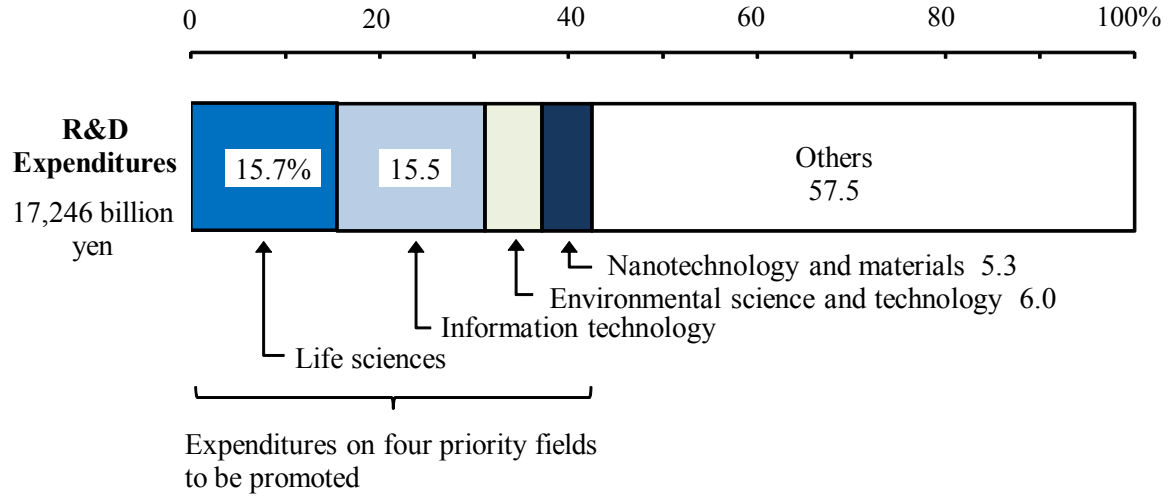
Year	Researchers [1] (1,000)	Females (%)	Fiscal year	R&D expenditures (billion yen)	GDP [2] (billion yen)	Ratio of R&D expenditures to GDP (%)
2001	751	10.9	2000	16,289	504,119	3.23
2002	a) 756	a) 10.7	2001	a) 16,528	493,645	a) 3.35
2003	757	11.2	2002	16,675	489,875	3.40
2004	787	11.6	2003	16,804	493,748	3.40
2005	791	11.9	2004	16,938	498,491	3.40
2006	820	11.9	2005	17,845	503,187	3.55
2007	827	12.4	2006	18,463	510,938	3.61
2008	827	13.0	2007	18,944	515,644	3.67
2009	839	13.0	2008	18,800	494,183	3.80
2010	840	13.6	2009	17,246	476,412	3.62

1) In full time equivalent, with the number of researchers partly engaged in R&D recalculated based on the real R&D hours consumed by them. 2) Chained 2000.
a) The survey coverage was expanded.
Source: Statistics Bureau, MIC.

As of the end of March 2010, the number of researchers in business enterprises amounted to 490,000 persons, while the number of researchers in universities and colleges was 309,000 persons. In terms of R&D expenditures in fiscal 2009, business enterprises spent 12.0 trillion yen (69.5 percent of total R&D expenditures), while universities and colleges spent 3.5 trillion yen (20.6 percent).

Universities and colleges spend more than 90 percent of their R&D expenditure on natural sciences for basic research and applied research, while business enterprises allocate over 70 percent for development purposes.

Figure 8.1
R&D Expenditures by Discipline (FY2009)



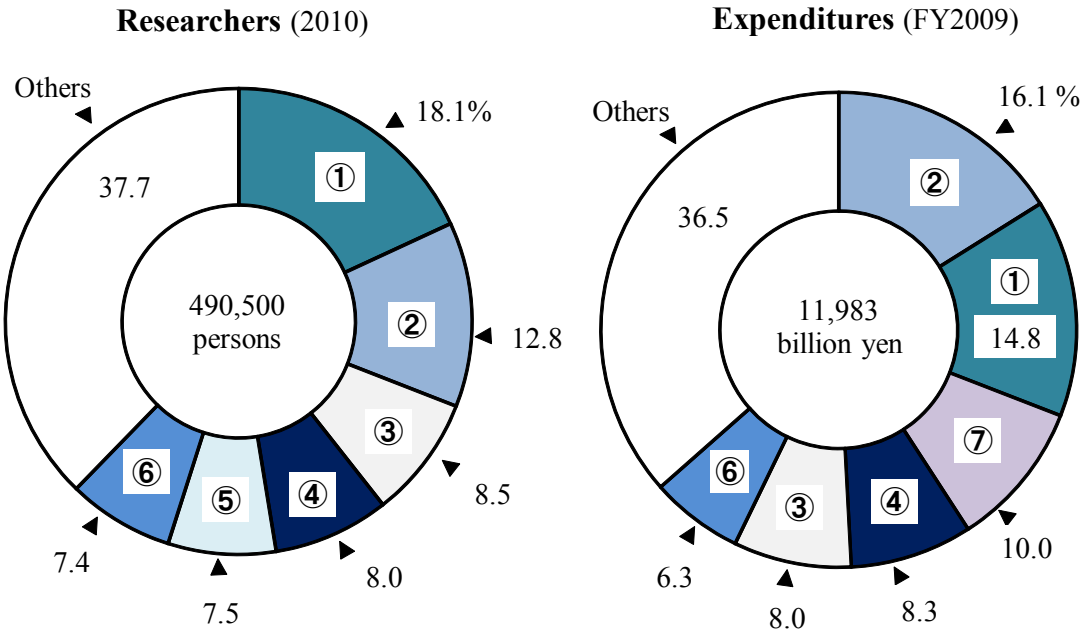
Source: Statistics Bureau, MIC.

Japan drives its science and technology policy from a long-term perspective based on the Science and Technology Basic Law, established in 1995. Now in its third phase (2006 to 2010), research is promoted in the four priority fields that were specifically so-designated. Of the total research spending in fiscal 2009, approximately 40 percent was spent in these four priority fields to be promoted: life sciences (15.7 percent), information technology (15.5 percent), environmental science and technology (6.0 percent), and nanotechnology and materials (5.3 percent).

The researchers at business enterprises totaled 490,000 persons at the end of March 2010. Approximately 90 percent of them, or 430,000 persons, were in the manufacturing industries; the largest number was in the information and communication electronics equipment industry, followed by the motor vehicle, parts and accessories industry, then by the electrical machinery, equipment and supplies industry. In terms of R&D expenditures in fiscal 2009, business enterprises spent 12.0 trillion yen. Of this amount, 10.4 trillion yen was spent by the manufacturing industries; the motor vehicle, parts and accessories industry spent the most, followed

by the information and communication electronics equipment industry, then by the medical and pharmaceutical industry.

Figure 8.2
Researchers and Expenditures by Industry (Business enterprises)



① Information and communication electronics equipment. ② Motor vehicle, parts and accessories. ③ Electrical machinery, equipment and supplies. ④ Business oriented machinery. ⑤ Electronic parts, devices and electronic circuits. ⑥ Chemical products. ⑦ Medical and pharmaceutical products.
Source: Statistics Bureau, MIC.

(2) Technology Trade

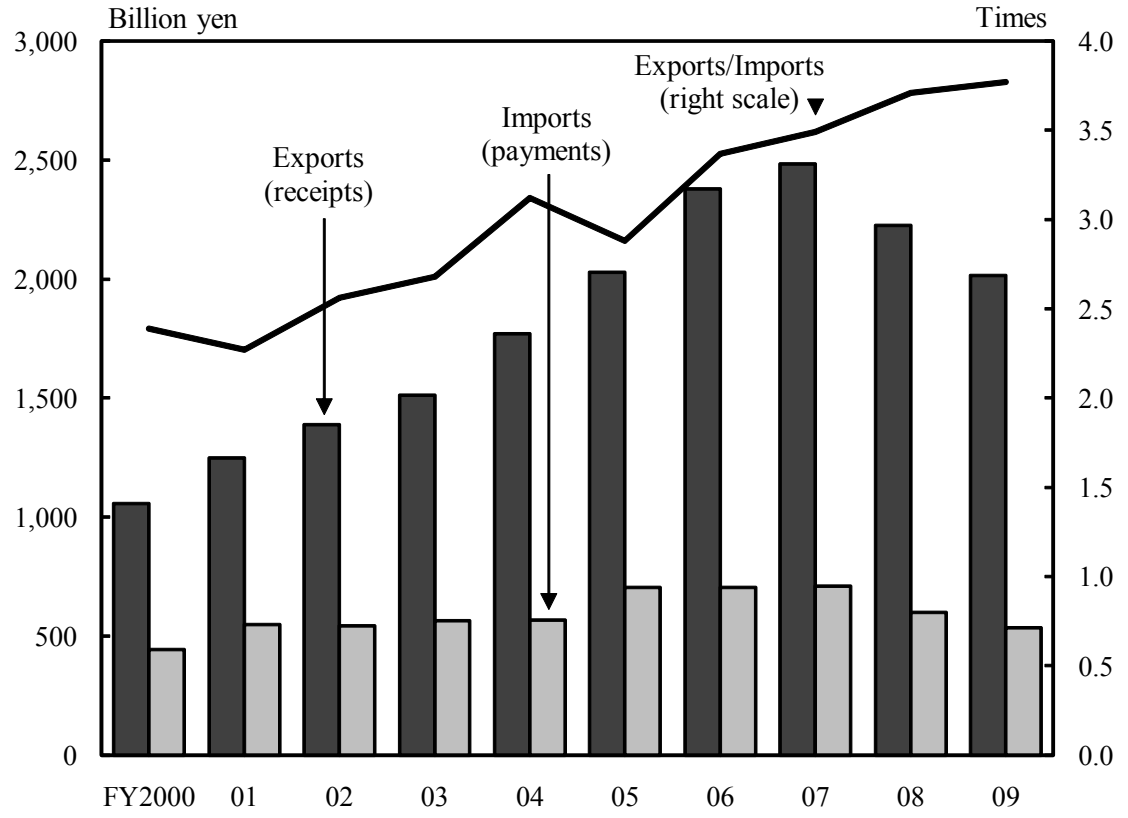
Technology trade is defined as export or import of technology by business enterprises with other countries, such as patents and expertise. In fiscal 2009, Japan earned 2,015 billion yen from technology exports, which was down 9.4 percent from the previous fiscal year, thus marking the second consecutive year of decrease; of the total receipts, 70.8 percent was from overseas parent/subsidiary companies. Meanwhile, Japan paid 535 billion yen for technology imports. This was down 10.9 percent from the previous fiscal year, marking the second consecutive year of decrease; of this figure, 13.8 percent was payments to overseas parent/subsidiary companies.

Table 8.2
Technology Trade by Business Enterprise

Fiscal year	Technology Trade				Exports value / Imports value
	Exports		Imports		
	Value (billion yen)	Annual increase rate (%)	Value (billion yen)	Annual increase rate (%)	
1990	339.4	3.0	371.9	12.7	0.91
1995	562.1	21.6	391.7	5.7	1.43
2000	1,057.9	10.1	443.3	8.0	2.39
2005	2,028.3	14.6	703.7	24.0	2.88
2007	2,482.3	4.4	710.5	0.7	3.49
2008	2,225.5	-10.3	600.0	-15.5	3.71
2009	2,015.3	-9.4	534.9	-10.9	3.77

Source: Statistics Bureau, MIC.

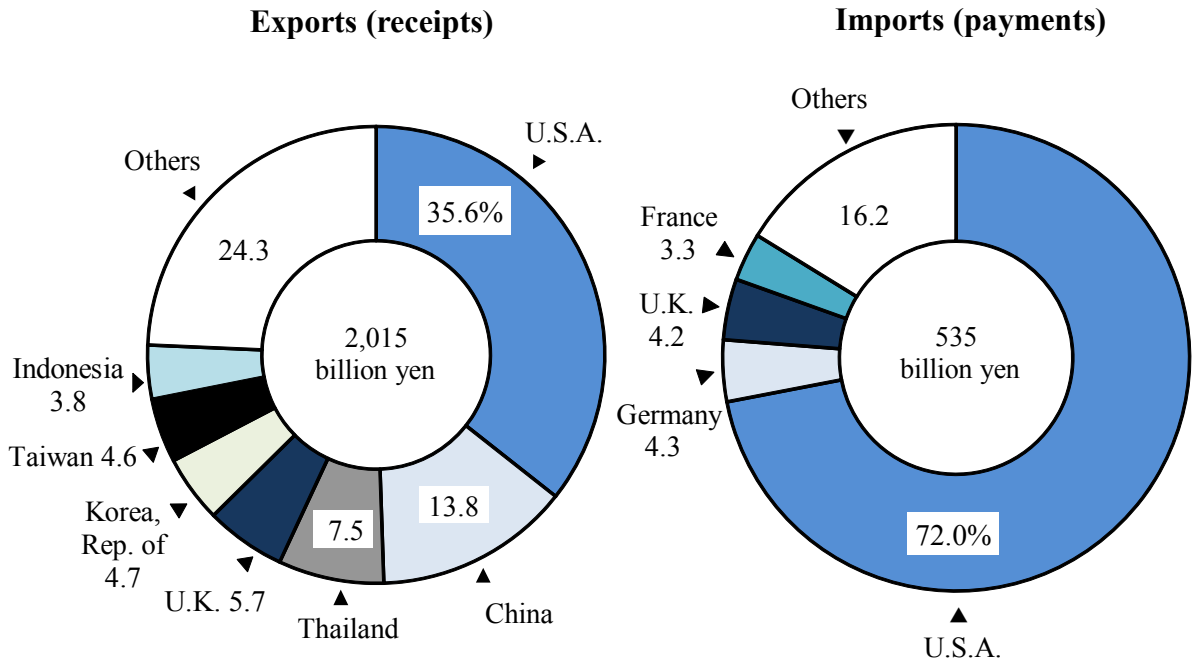
Figure 8.3
Trends in Technology Trade by Business Enterprise 1)



1) The survey coverage was expanded in FY2001.
Source: Statistics Bureau, MIC.

In fiscal 2009, Japan exported 2,015 billion yen of technologies; major destinations for export were: the U.S.A. (718 billion yen, or 35.6 percent of total exports), followed by China (279 billion yen), Thailand (151 billion yen), and the U.K. (114 billion yen). On the other hand, Japan imported 535 billion yen of technologies, mainly from the U.S.A. (385 billion yen, or 72.0 percent of total imports), followed by Germany (23 billion yen), the U.K. (23 billion yen), and France (18 billion yen).

Figure 8.4
Composition of Technology Trade by Major Country/Region
(FY2009)



Source: Statistics Bureau, MIC.

2. Patents

The total number of patent applications remained robust in and after 1998 as more than 400,000 applications were submitted every year, but a gradual drop has been seen since 2006. In 2009, there were 348,596 applications (down 10.8 percent from the previous year).

Table 8.3
Patents

(Cases)

Item	1995	2000	2005	2008	2009
Applications	369,215	436,865	427,078	391,002	348,596
Registrations	109,100	125,880	122,944	176,950	193,349
Existing vested rights	681,459	1,040,607	1,123,055	1,270,367	1,347,998

Source: Ministry of Economy, Trade and Industry.

Table 8.4
PCT International Applications by Country of Origin

(Cases)

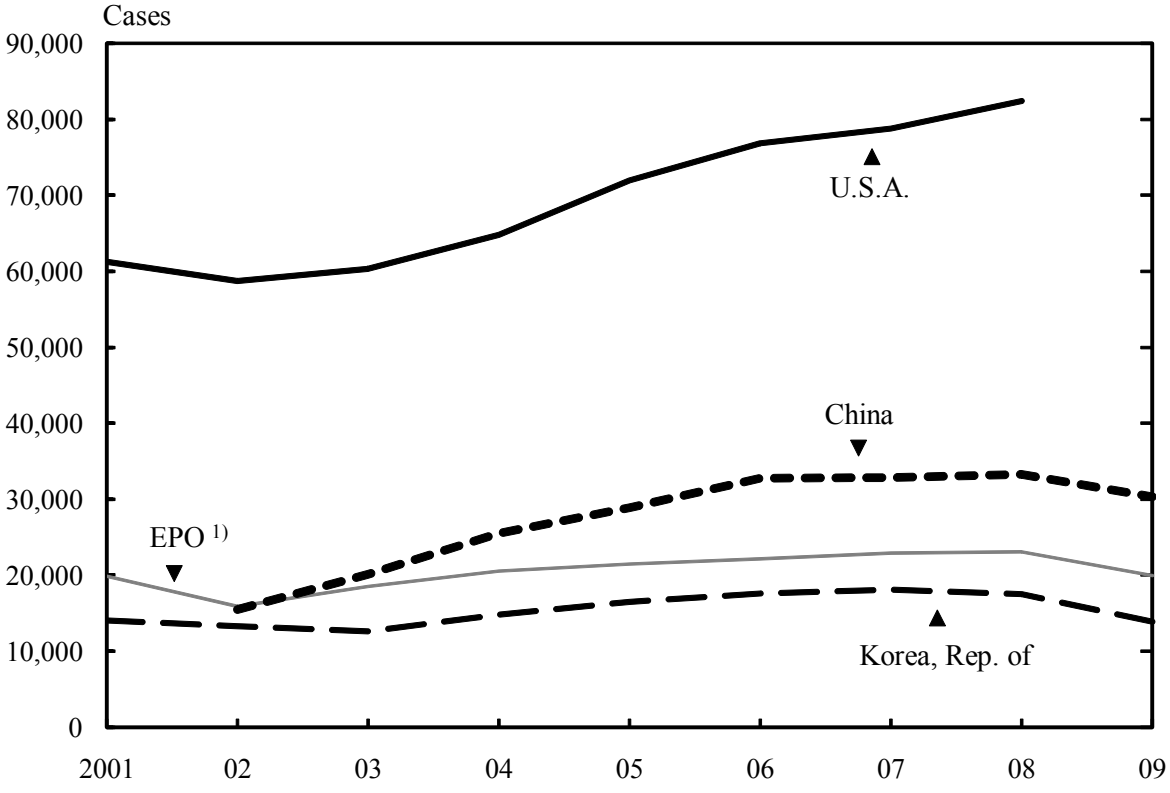
Country	2006	2007	2008	2009	2010*	Annual growth (%)
Total	149,641	159,927	163,234	155,398	162,900	...
U.S.A.	51,280	54,043	51,637	45,618	44,855	-1.7
Japan	27,025	27,743	28,760	29,802	32,156	7.9
Germany	16,736	17,821	18,855	16,797	17,171	2.2
China	3,942	5,455	6,120	7,900	12,337	56.2
Korea, Rep. of	5,945	7,064	7,899	8,035	9,686	20.5
France	6,256	6,560	7,072	7,237	7,193	-0.6
U.K.	5,097	5,542	5,466	5,044	4,857	-3.7
Netherlands	4,553	4,433	4,363	4,462	4,097	-8.2
Switzerland	3,621	3,833	3,799	3,671	3,611	-1.6
Sweden	3,336	3,655	4,137	3,567	3,152	-11.6

Source: World Intellectual Property Organization.

Approximately 140 countries, including Japan, have joined the international patent system of the World Intellectual Property Organization (WIPO) as of October 2010. In 2010, the number of international patent applications made based on the Patent Cooperation Treaty (PCT) was 163,000, of which Japan filed 32,156, an increase of 7.9 percent over the previous year.

The U.S.A. ranked first among major countries/organizations with which Japanese filed patent applications in 2008, with 82,396 filings. The number of Japanese-filed patent applications in China has been on an upward trend since 2002. It reached 30,302 in 2009, nearly double the 2002 figure of 15,511.

Figure 8.5
Number of Patent Applications Filed in Major Countries/Organizations by Japanese



1) European Patent Office.
Source: Ministry of Economy, Trade and Industry.

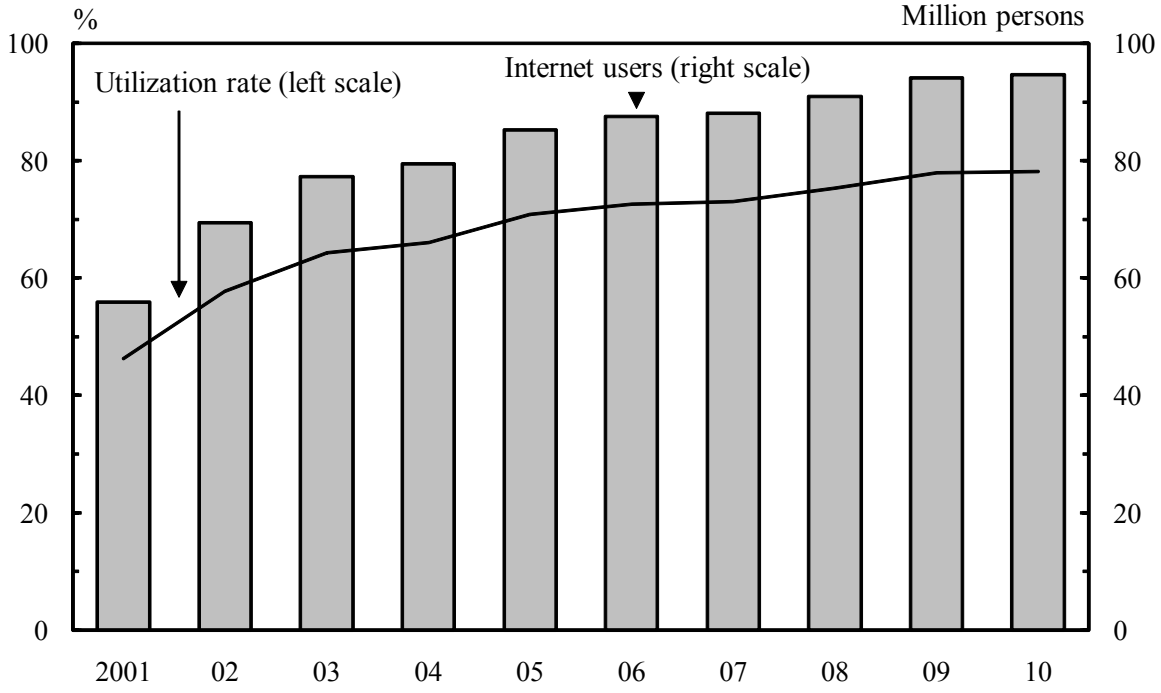
3. Information and Communication

(1) Diffusion of the Internet

The number of Internet users has been growing steadily since the start of commercial Internet use in 1993. As of the end of 2010, the number of people who had used the Internet in the past year (those aged 6 years and over; covering any and all types of Internet connection devices used, including PCs, cell phones, personal handyphone systems, mobile information terminals and game machines) totaled 94.62 million, or 78.2 percent of the population aged 6 years and over. An observation by age group showed that the individual Internet user rate exceeded 90 percent in people in their 10s to 40s, although the rate dropped as the age went up.

Currently, mobile networks are expanding. The number of people accessing the Internet via cell phones and other mobile devices at the end of 2010 was estimated to be 78.78 million, accounting for 83.8 percent of the people aged 6 years and over who have accessed the Internet.

Figure 8.6
Internet Users 1)



1) Ages 6 years and over.
Source: Ministry of Internal Affairs and Communications.

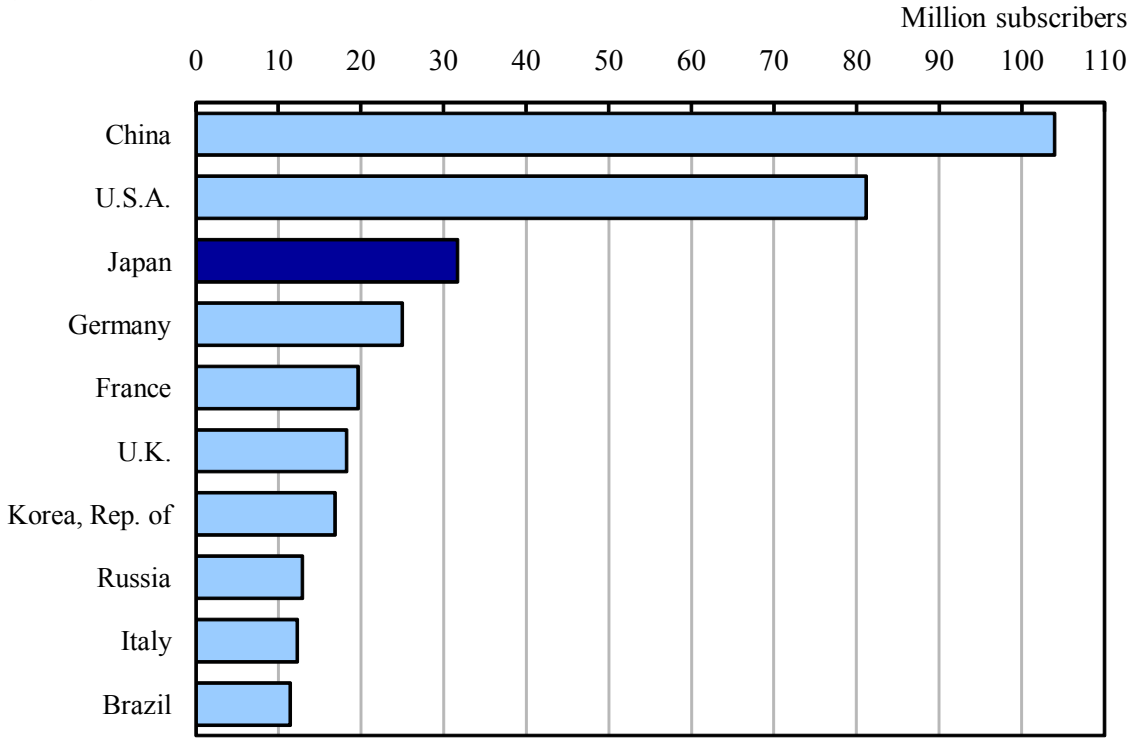
Among enterprises, the Internet user rate at the end of 2010 was 98.8 percent (down 0.7 percentage point from the previous year).

(2) Progress of Communication Technologies

As of the end of March 2010, the contracts of broadband (connection) service subscriptions totaled 33.02 million, marking an 8.9-percent annual increase. Among broadband subscribers, the number of DSL (digital subscriber line) subscribers reached 9.74 million, accounting for 29.5 percent of the total.

The number of broadband subscribers in Japan, as an indication of the spread of its use, was 31.71 million in 2009, the third largest after China (103.98 million) and the U.S.A. (81.15 million).

Figure 8.7
Top 10 Countries/Regions with the Most Broadband Subscribers
(2009)



Source: International Telecommunication Union.

Meanwhile, IP phone services (voice phone services that use Internet Protocol technology across part or all of the communication network), which use broadband circuits as access lines, entered full-scale use between 2002 and 2003. As of the end of March 2011, the total number of IP phone subscribers was 25.66 million.

Subscribers for Internet connection service using cable television networks (cable Internet) as of the end of March 2010 totaled 5.31 million (up 29.3 percent from the previous year).

FTTH (fiber to the home) service, using optical fiber, provides an ultra-high speed network capable of communicating faster than a DSL or cable Internet connection. As of the end of March 2010, the number of FTTH (connection) subscribers was 17.80 million, marking an 18.5-percent increase over the past year. Internet users currently not using it are highly interested in switching to FTTH, given its faster communication speed and falling fees. This service is therefore expected to further grow in the future.

(3) Telephone

The number of fixed phone subscription contracts was 34.54 million (down 8.9 percent year-on-year) at the end of March 2011. Meanwhile, the number of mobile phone subscribers (cell phones and personal handyphone systems) totaled 116.30 million at the end of March 2010, marking a rise by 6.0 percent year-on-year to 123.29 million at the end of March 2011.

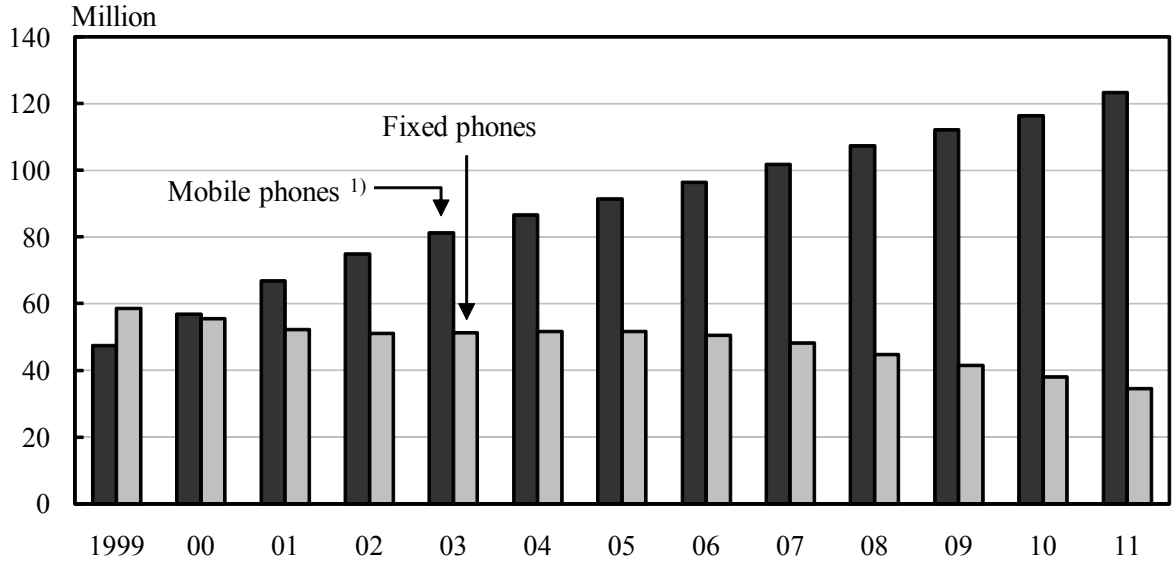
Table 8.5
Telecommunications Services

(Thousands)

Item	1995	2000	2005	2008	2009	2010
Public phones (NTT [1] only) ...	801	736	442	329	307	283
Fixed phone service subscribers	59,936	55,547	51,626	44,782	41,392	37,918
Mobile phone subscribers [2]	4,331	56,846	91,474	107,339	112,050	116,295
ISDN (Integrated Services Digital Network) subscribers ..	343	6,683	7,981	6,453	5,929	5,421
DSL (Digital Subscriber Line) subscribers	-	0	13,676	12,711	11,184	9,735
Cable Internet subscribers	-	216	2,961	3,872	4,111	5,315
FTTH (Fiber to the home) subscribers	-	-	2,890	12,155	15,020	17,802
International phone calls, sent and received	599,400	801,200	# 1,103,700	1,293,100	1,106,900	1,274,300

1) Nippon Telegraph and Telephone Corporation. 2) Subscribers of cell phones and car phones plus PHS (personal handyphone system).
Source: Ministry of Internal Affairs and Communications.

Figure 8.8
Telephone Service Subscribers



1) Subscribers of cell phones and car phones plus PHS (personal handyphone system).
Source: Ministry of Internal Affairs and Communications.

(4) Postal Service

As of the end of March 2010, there were, nationwide, 24,531 post offices run by Japan Post Network Co., Ltd. and 188,326 mailboxes set up and serviced by Japan Post Service Co., Ltd.

Japan Post Service Co., Ltd. handled 22.27 billion pieces of domestic mail (letters and parcels) in fiscal 2010 (a 2.6-percent decrease from the previous fiscal year).

Meanwhile, the total number of international mail (including letters, express mail services (EMS) and parcels) sent in fiscal 2010 amounted to 54.16 million pieces (a decrease of 11.7 percent from the previous fiscal year), representing an enormous decrease from that of fiscal 1995 (122.8 million). This decline is attributable to the shift of business mails to e-mails.

Table 8.6
Postal Services

(Millions)

Item	FY1995	FY2000	FY2005	FY2008	FY2009	FY2010
Domestic						
Letters	24,262.9	26,114.4	22,666.1	20,587.5	20,054.2	19,299.6
Parcels	400.2	310.5	2,075.0	2,702.0	2,804.7	2,968.4
International						
Sent	122.8	106.0	77.5	69.2	61.3	54.2
Letters [1)]	119.9	104.3	76.1	67.7	59.8	52.8
Parcels	2.9	1.7	1.5	1.6	1.5	1.4

1) Including express mail services (EMS).
Source: Japan Post Service Co., Ltd.

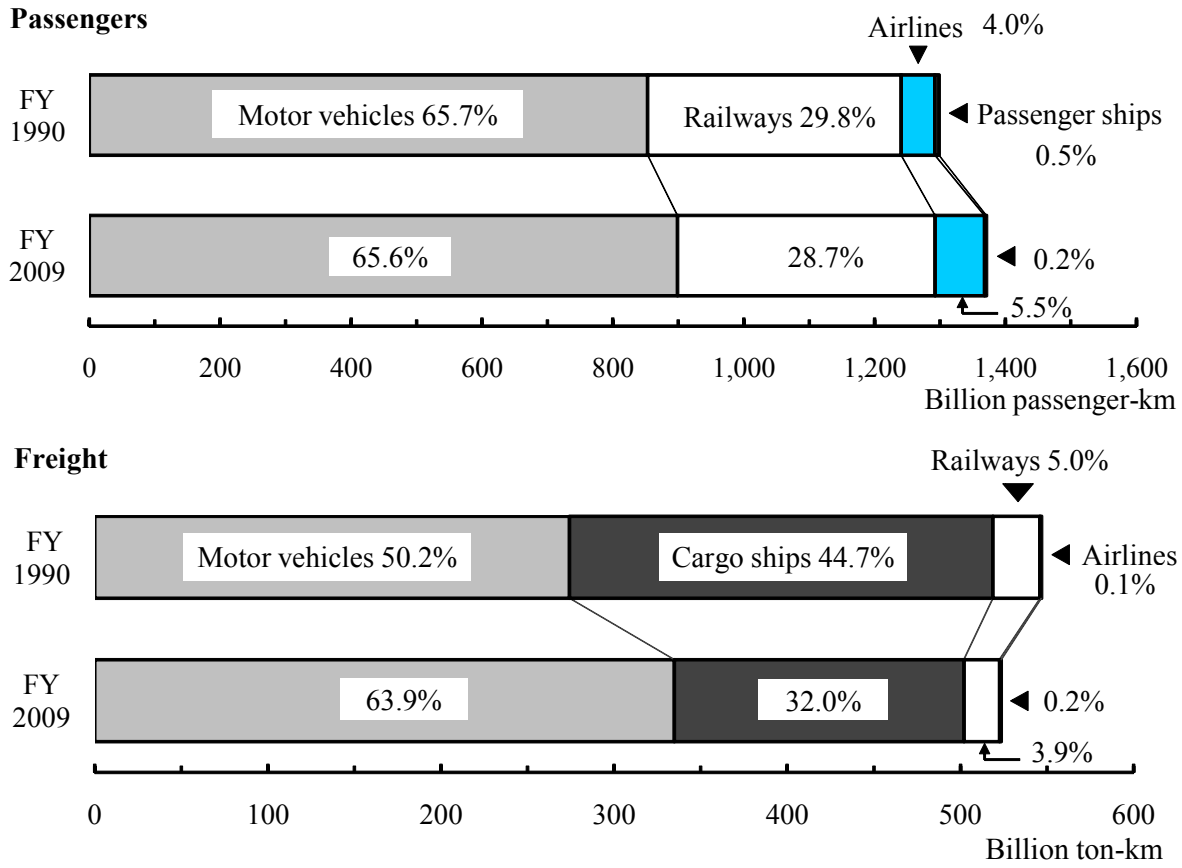
Chapter 9

Transport

1. Domestic Transport

Various modes of domestic transport are used in Japan; almost all passenger transport is by motor vehicle and railway, while nearly all freight transport is by motor vehicle and cargo ship. A comparison of data between fiscal 1990 and fiscal 2009 showed a marked growth in motor vehicle transportation for both passengers and freight. Currently, in the face of the increasing importance of CO_2 emissions reduction, a series of efforts, including improving the energy efficiency of cars and promoting the broader use of environmentally-friendly cars, resulted in Japan's transport sector recording 230 million tons in CO_2 emissions in fiscal 2009. This marked the second consecutive year of success in meeting the emissions target of 240 million to 243 million tons, which is the reference level for fiscal 2010 set in the Kyoto Protocol Target Achievement Plan. In an attempt to further reduce emissions, the government is encouraging a shift from driving to public transportation and the development of next-generation low-emission vehicles, etc.

Figure 9.1
Composition of Domestic Transport



Source: Ministry of Land, Infrastructure, Transport and Tourism.

(1) Domestic Passenger Transport

No major changes have been observed in recent years in the volume of domestic passenger transport. In public transportation, among other domains, a variety of actions have been taken to boost ridership, for example, by introducing multiple-use IC (integrated circuit) cards covering different railway/bus operators and bus location systems designed to provide bus location tracking information, as well as varying commute times to relieve road traffic jams on a city- or region-wide scale.

In fiscal 2009, the number of domestic transport passengers was 89.50 billion (down 0.5 percent from the previous fiscal year). The total volume of passenger transport was 1.37 trillion passenger-kilometers (down 1.7 percent).

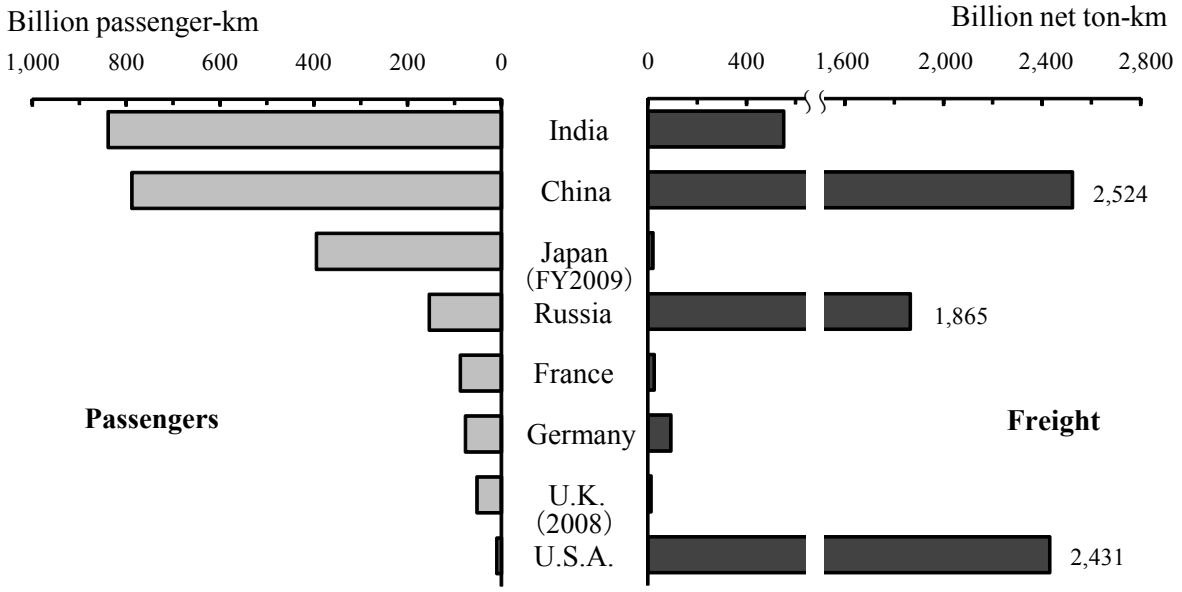
Table 9.1
Domestic Passenger Transport

Item	Passengers carried (millions)		Passenger kilometers (billions)	
	FY2008	FY2009	FY2008	FY2009
Total transport volume	89,940	89,500	1,394.83	1,370.90
Railways	22,976	22,724	404.59	393.90
JR (Japan Railways)	8,984	8,841	253.56	244.25
Other than JR	13,992	13,884	151.03	149.66
Motor vehicles	66,774	66,600	905.91	898.72
Buses	5,930	5,733	89.92	87.40
Commercial use	4,607	4,476	73.26	71.21
Non-commercial use	1,322	1,257	16.66	16.20
Passenger cars	38,049	37,673	552.88	543.65
Taxis and limousine hires	2,025	1,948	10.57	10.16
Private cars [1]	36,025	35,725	542.30	533.50
Light vehicles [2]	20,889	21,423	216.20	223.07
Trucks	1,907	1,770	46.91	44.59
Airlines	91	84	80.93	75.20
Passenger ships	99	92	3.51	3.07

1) Includes both family- and business-owned cars. 2) Cars with gasoline engine sizes under 660cc, and motorcycles.
Source: Ministry of Land, Infrastructure, Transport and Tourism.

In fiscal 2009, the Japan Railways (JR) group reported 8.84 billion passengers (down 1.6 percent from the previous fiscal year) and 244.25 billion passenger-kilometers (down 3.7 percent). Railways other than JR reported 13.88 billion passengers (down 0.8 percent) and 149.66 billion passenger-kilometers (down 0.9 percent).

Figure 9.2
Rail Transport by Country (2009)



Source: Ministry of Land, Infrastructure, Transport and Tourism; The World Bank.

In order to encourage the use of buses, various efforts to improve their convenience have been promoted. Commercial buses transported 4.48 billion passengers (down 2.8 percent from the previous fiscal year) and achieved 71.21 billion passenger-kilometers (down 2.8 percent); both figures decreased in fiscal 2009.

Taxi and limousine hire services have marked a long-term downward trend in passengers. They carried 1.95 billion passengers (down 3.8 percent from the previous fiscal year) and reported 10.16 billion passenger-kilometers (down 3.9 percent); both figures of passengers and passenger-kilometers declined in fiscal 2009. Passenger transport via private cars registered 35.73 billion passengers (down 0.8 percent) and 533.50 billion passenger-kilometers (down 1.6 percent).

Table 9.2
Number of Motor Vehicles Owned

(Thousands)

Type of vehicles	FY1995	FY2000	FY2005	FY2008	FY2009
Trucks and trailers	20,235	18,065	16,707	15,859	15,533
Buses	243	236	232	230	228
Passenger cars	45,069	52,449	57,098	57,682	57,903
Special purpose vehicles	1,524	1,754	1,619	1,528	1,512
Two-wheeled vehicles [1)]	3,036	3,021	3,337	3,502	3,517

1) Two-wheeled vehicles with engine displacement of more than 125cc.
Source: Ministry of Land, Infrastructure, Transport and Tourism.

Fiscal 2009 air transport records show that there were 84 million passengers (down 7.5 percent from the previous fiscal year), and passenger-kilometers amounted to 75.20 billion (down 7.1 percent).

In fiscal 2009, passenger ships reported 92 million passengers (down 6.9 percent from the previous fiscal year) and 3.07 billion passenger-kilometers (down 12.5 percent).

(2) Domestic Freight Transport

In the area of domestic freight, a total of 4.83 billion metric tons (down 6.1 percent from the previous fiscal year) of freight was transported for a total of 523.59 billion ton-kilometers (down 6.1 percent) in fiscal 2009.

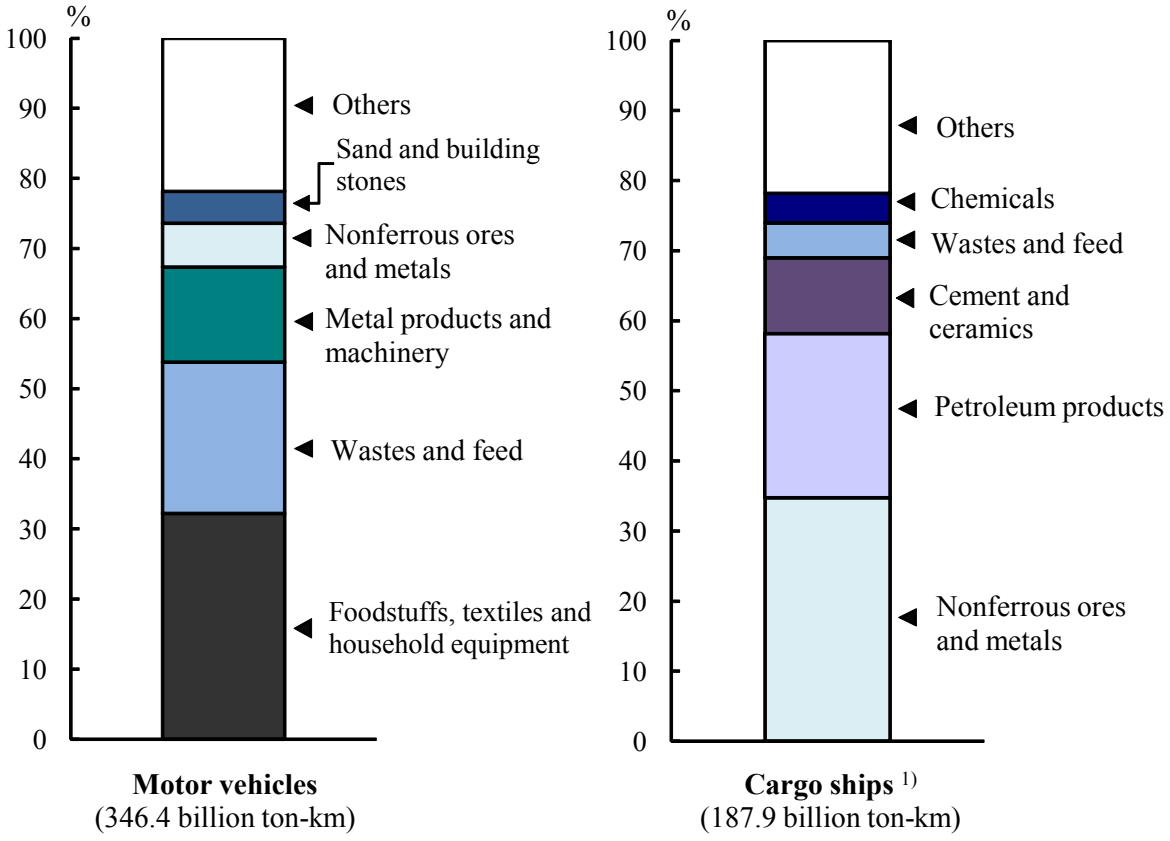
As for transport tonnage volume in fiscal 2009, motor vehicle transport accounted for more than 90 percent of the total. Major items transported by motor vehicles were: foodstuffs, textiles and household equipment; and wastes and feed. In terms of transport ton-kilometers, cargo ships, next to motor vehicles, accounted for a substantial portion of volume. The principal items transported by cargo ships were nonferrous ores and metals, petroleum products, etc.

Table 9.3
Domestic Freight Transport

Item	Freight tonnage (millions)		Ton kilometers (billions)	
	FY2008	FY2009	FY2008	FY2009
Total transport volume	5,144.3	4,830.5	557.61	523.59
Railways	46.2	43.3	22.26	20.56
JR (Japan Railways)	32.8	30.8	22.08	22.40
Other than JR	13.4	12.4	0.17	0.16
Motor vehicles	4,718.3	4,454.0	346.42	334.67
Commercial use	2,808.7	2,686.6	302.82	293.23
Non-commercial use	1,909.7	1,767.5	43.60	41.44
Cargo ships	378.7	332.2	187.86	167.32
Airlines [1]	1.1	1.0	1.08	1.04

1) Including overweight baggage and postal mail.
Source: Ministry of Land, Infrastructure, Transport and Tourism.

Figure 9.3
Breakdown of Freight Transport (FY2008)



1) Including non-commercial use.
Source: Ministry of Land, Infrastructure, Transport and Tourism.

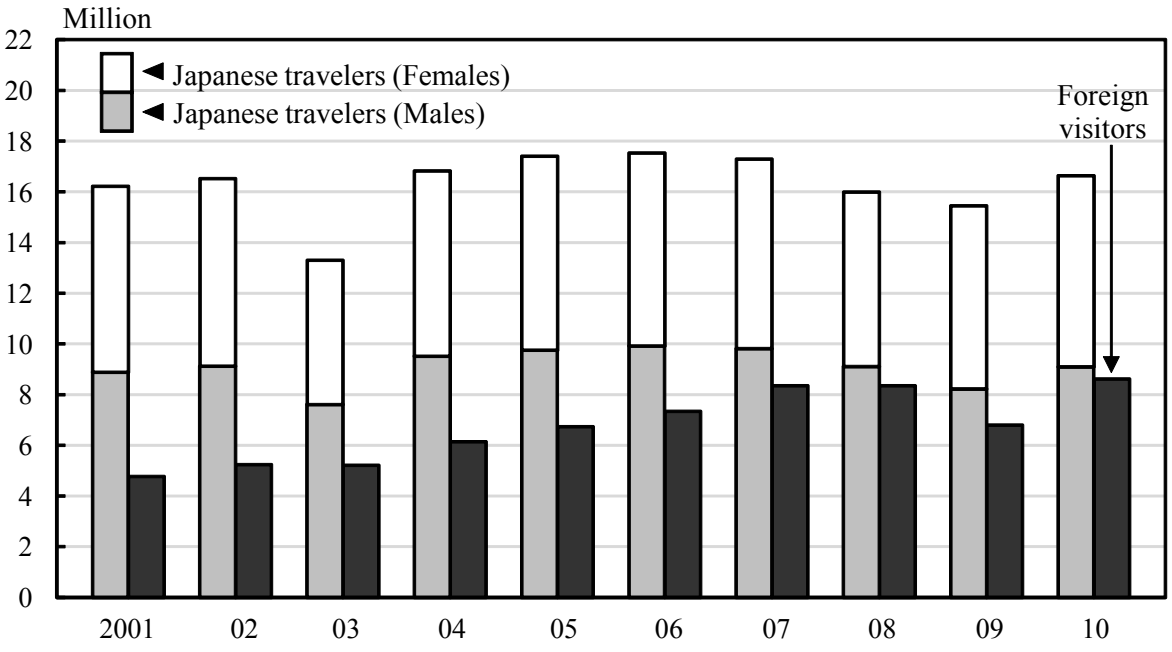
2. International Transport

(1) International Passenger Transport

Since 2008, fuel price hikes and global economic downturns have quickly shrunk demand for international air passenger transport with Japanese airlines. In 2010, they transported 14.57 million passengers (down 5.3 percent from the previous year) on international flights, and registered 63.35 billion passenger-kilometers (down 5.7 percent).

The number of Japanese overseas travelers in 2010 rose from the previous year to 16.64 million (up 7.7 percent). According to reports on arrivals by tourist offices in countries around the world, China, the U.S.A. and Republic of Korea had many Japanese visitors in 2010.

Figure 9.4
Japanese Overseas Travelers and Foreign Visitor Arrivals



Source: Ministry of Justice; Japan National Tourism Organization.

Table 9.4
Japanese Travelers

Country or area of destination	2008		2009		2010	
	Number of arrivals (1,000)	Annual growth (%)	Number of arrivals (1,000)	Annual growth (%)	Number of arrivals (1,000)	Annual growth (%)
China	3,446	-13.4	3,317	-3.7	3,731	12.5
U.S.A. [1]	3,250	-8.0	2,918	-10.2	3,386	16.0
Korea, Rep. of	2,378	6.4	3,053	28.4	3,023	-1.0
Hong Kong SAR	1,325	0.0	1,204	-9.1	1,317	9.3
Taiwan	1,087	-6.8	1,001	-7.9	1,080	7.9
France	674	-3.4	697	3.4	…	…
Germany [2]	598	-9.7	538	-10.0	605	12.5

1) Including territories and dependencies (Northern Mariana Islands, Guam, American Samoa, Puerto Rico and United States Virgin Islands, etc.). 2) Arrivals in registered tourist accommodations.
Source: Japan National Tourism Organization.

Table 9.5
Foreign Visitors

Country or area of origin	2009		2010	
	Number of arrivals (1,000)	Percent distribution	Number of arrivals (1,000)	Percent distribution
Total arrivals	6,790	100.0	8,611	100.0
Korea, Rep. of	1,587	23.4	2,440	28.3
China	1,006	14.8	1,413	16.4
Taiwan	1,024	15.1	1,268	14.7
U.S.A.	700	10.3	727	8.4
Hong Kong SAR	450	6.6	509	5.9
Australia	212	3.1	226	2.6
Thailand	178	2.6	215	2.5
U.K.	181	2.7	184	2.1
Singapore	145	2.1	181	2.1
Canada	153	2.2	153	1.8

Source: Japan National Tourism Organization.

The number of foreign visitors to Japan was 8.61 million in 2010 (up 26.8 percent from the previous year). Broken down by country/region, the number of visitors from Asian countries was highest, totaling 6.53 million persons (up 35.6 percent from the previous year). Among Asian countries, the number of visitors from Republic of Korea was highest, amounting to 2.44 million, a figure that accounted for 28.3 percent of the total number of foreign visitors to Japan.

Of the total number of foreign visitors to Japan, tourists numbered 6.36 million persons, or 73.9 percent of total foreign visitors. The highest number of tourists came from Republic of Korea with 1.96 million travelers, followed by Taiwan with 1.14 million travelers.

(2) International Freight Transport

The volume of seaborne foreign transport in 2009 was 823.85 million tons, down 4.9 percent over the previous year. Of this figure, total exports decreased by 5.9 percent to 44.96 million tons, and total imports decreased by 16.4 percent to 458.00 million tons.

Table 9.6
Seaborne Foreign Transport

(Thousand tons)

Year	Total	Exports	Imports	Cross Transport
1995	703,606	38,761	529,929	134,916
2000	739,377	34,960	538,875	165,542
2005	777,869	45,403	529,239	203,225
2007	833,217	56,702	527,467	249,048
2008	866,453	47,781	547,888	270,784
2009	823,851	44,963	457,996	320,892

Source: Ministry of Land, Infrastructure, Transport and Tourism.

Air-shipped international freight in 2010 totaled 1.32 million tons in terms of volume (up 13.5 percent from the previous year) and 6.66 billion tons in terms of ton-kilometers (up 9.8 percent).

Chapter 10

Commerce

1. Wholesale and Retail

The 2007 Census of Commerce showed that 1.47 million wholesale and retail stores were in operation in Japan, following the pattern of constant decrease, with its 1982 peak of 2.15 million. The number of persons engaged became 11.69 million, of which 11.11 million were persons regularly engaged (which means persons engaged remaining after temporary employees and workers dispatched from outside units are excluded). A total of 548 trillion yen was generated in annual sales.

Table 10.1

Trends in the Commercial Sector [1)]

(Thousands)

	1999 [2)]		2002		2004		2007 [3)]	
Stores	1,833	(-7.0)	1,680	(-8.4)	1,613	(-3.9)	1,473	(-8.7)
Wholesale	426	(-5.2)	380	(-10.9)	375	(-1.1)	335	(-10.8)
Retail	1,407	(-7.5)	1,300	(-7.6)	1,238	(-4.8)	1,138	(-8.1)
Persons engaged [4)]	13,198	(-)	12,613	(-4.4)	12,334	(-2.2)	11,685	(-5.3)
Wholesale	4,675	(-)	4,173	(-10.8)	3,957	(-5.2)	3,623	(-8.4)
Retail	8,522	(-)	8,441	(-1.0)	8,377	(-0.8)	8,062	(-3.8)
Persons regularly engaged	12,525	(-0.5)	11,975	(-4.4)	11,566	(-3.4)	11,106	(-4.0)
Wholesale	4,496	(-5.9)	4,002	(-11.0)	3,804	(-5.0)	3,526	(-7.3)
Retail	8,029	(2.6)	7,973	(-0.7)	7,762	(-2.6)	7,579	(-2.4)
Annual sales (trillion yen)	639	(-9.3)	548	(-14.2)	539	(-1.8)	548	(1.8)
Wholesale	495	(-9.7)	413	(-16.6)	405	(-1.9)	414	(2.0)
Retail	144	(-8.0)	135	(-6.1)	133	(-1.4)	135	(1.1)

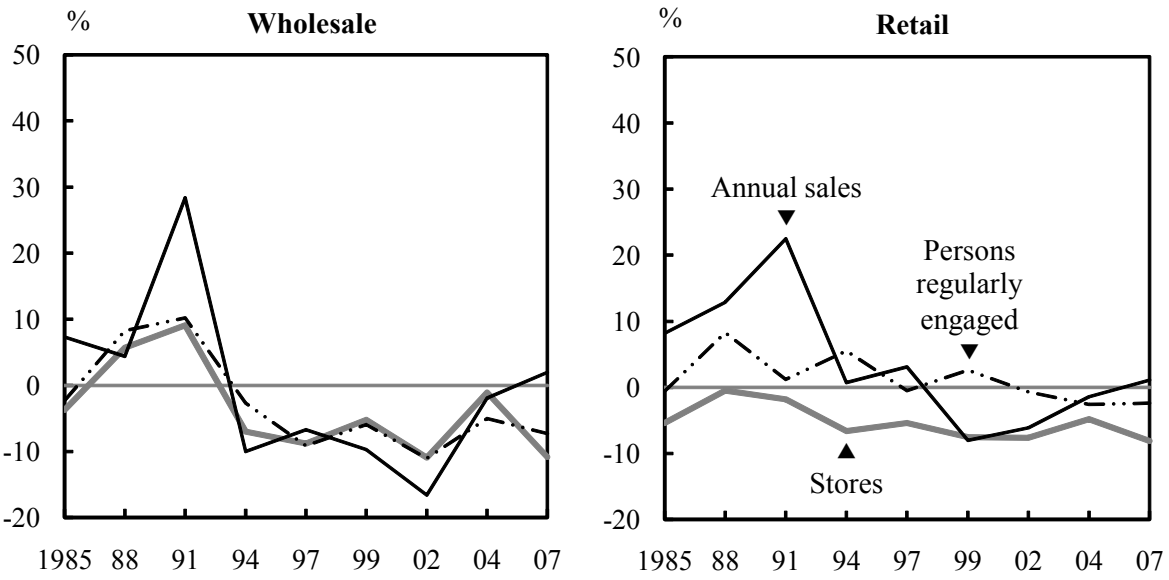
1) Figures in parentheses indicate changes in percentage over preceding figures. 2) The 1999 increase rates are calculated by using 1999 adjusted figures, which are not reported.
3) Coverage was expanded to include retail stores located within railway stations and toll road rest areas. 4) The count began in 1999. Figures for and before 2002 include persons regularly engaged and temporary employees dispatched to outside units.
Source: Ministry of Economy, Trade and Industry.

(1) Wholesale Trade

The number of wholesale stores dropped to 335,000 in 2007, from 375,000 in 2004, showing a decrease of 10.8 percent. Observed by size of operation in terms of persons engaged, approximately 90 percent of the stores were small- and medium-scale operations (with less than 20 persons). A total of 81.7 percent was incorporated establishments, while 18.3 percent individual proprietorships.

The number of persons engaged in wholesale was 3.62 million in 2007, of which there were 552,000 part-timers (15.2 percent). Annual sales in wholesale amounted to 414 trillion yen.

Figure 10.1
Trends in Wholesale and Retail Trade [1)]



1) Percent changes from the previous survey.
Source: Ministry of Economy, Trade and Industry.

Table 10.2
Stores, Persons Engaged and Annual Sales in the Commercial Sector (2007)

(Thousands)

		Total	Wholesale	Retail
Number of stores		1,473	335	1,138
Size of operation (persons engaged)				
1-2 persons		574	74	500
3-4		355	80	276
5-9		319	92	227
10-19		145	53	92
20-29		37	16	20
30-49		24	11	13
50-99		13	6	7
100 and over		5	3	3
Persons engaged [1)]		11,685	3,623	8,062
Persons regularly engaged	A	11,106	3,526	7,579
Regular employees		9,313	3,036	6,277
Full-timers		4,792	2,484	2,308
Part-timers		4,521	552	3,970
Temporary employees	B	222	59	163
Workers dispatched from outside units	C	413	80	333
Persons regularly engaged and temporary employees dispatched to outside units	D	56	42	13
Annual sales (billion yen)		548,237	413,532	134,705

1) Persons engaged = A+B+C-D.
Source: Ministry of Economy, Trade and Industry.

(2) Retail Trade

The number of retail stores in operation totaled 1.14 million in 2007, showing a continual downtrend since the 1985 Census. Observed by size of operation in terms of persons engaged, approximately 90 percent of the stores were small- and medium-scale operations (with less than 10 persons). By type of organization, 49.7 percent of retail stores were incorporated establishments, while 50.3 percent were individual proprietorships. Although the proportion of individual proprietorships was higher in the retail sector than in the wholesale sector, it has been declining since its peak (90.1 percent) in 1958.

The number of persons engaged in retail was 8.06 million in 2007, of which 3.97 million part-timers comprised 49.2 percent of the total. Annual sales in retail was 135 trillion yen.

Table 10.3
Retail Establishments by Sales Form Classification (2007)

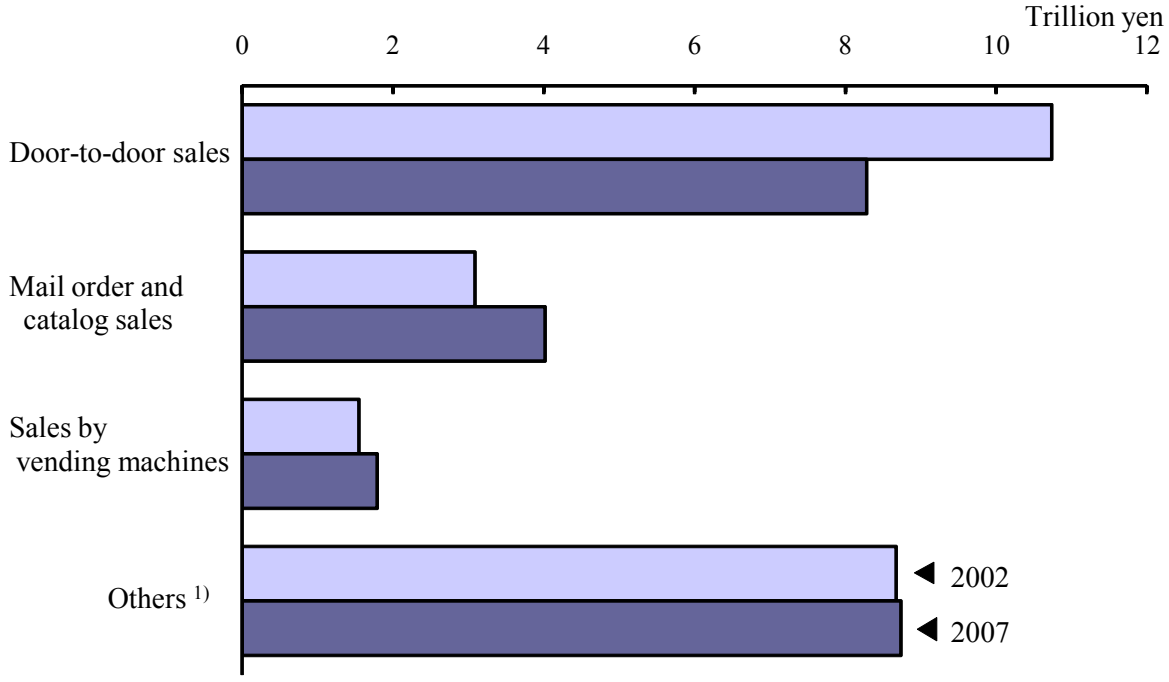
	Stores	Persons engaged	Persons regularly engaged	Annual sales	Sales floor space per store
		(1,000)	(1,000)	(Billion yen)	(m^2)
Total	1,137,859	8,062	7,579	134,705	156
Department stores	271	341	118	7,709	23,630
General merchandise supermarkets	1,585	387	378	7,447	9,403
Large-scale stores	1,380	365	357	6,947	10,443
Specialty supermarkets	35,512	1,238	1,206	23,796	1,126
Apparel	7,153	83	81	1,681	698
Food	17,865	902	879	17,106	1,075
Housing	10,494	253	245	5,009	1,506
Home centers	4,045	140	135	3,046	2,613
Convenience stores	43,684	649	635	7,007	115
24-hours operation	36,808	583	572	6,247	119
Drugstores	12,701	143	141	3,013	375
Other supermarkets	55,615	436	426	5,949	167
Specialty stores	986,650	4,858	4,667	79,631	86
Other retail stores	1,841	10	9	154	135

Source: Ministry of Economy, Trade and Industry.

The 2007 average sales floor space per retail establishment was by far the largest in department stores (23,630 square meters), followed by general merchandise supermarkets (9,403 square meters), specialty supermarkets (1,126 square meters) and drugstores (375 square meters). Store size growth was evident relative to the 2004 level, with a significant increase of 33.5 percent in drugstores serving as a major example.

Of the total annual sales at retail business establishments, roughly 80 percent were storefront sales, while about 20 percent were non-storefront sales. Compared to the 2002 survey on non-storefront sales, door-to-door sales dropped by about 20 percent, while mail order and catalog sales grew by approximately 30 percent.

Figure 10.2
Non-Storefront Sales



1) Including co-op sales, catering sales, monthly newspaper subscriptions, and milk delivery sales, etc.
Source: Ministry of Economy, Trade and Industry.

2. Food Service Establishments

According to the 2006 Establishment and Enterprise Census, there were 725,000 food service establishments in operation and 4.12 million employed persons (persons regularly or temporarily engaged). The 2009 Economic Census, newly created and conducted on July 1, 2009, showed there were 673,000 food service establishments in operation and 4.42 million employed persons (persons regularly or temporarily engaged).

Table 10.4
Food Service Establishments (2009)

Size of operation (employed persons)	Establishments		Employed persons [1)]	
	Number	Ratio (%)	Number	Ratio (%)
Total	673,458	100.0	4,421,927	100.0
1-4 persons	427,123	63.4	928,025	21.0
5-9	127,430	18.9	824,137	18.6
10-19	68,950	10.2	935,474	21.2
20-29	27,467	4.1	651,803	14.7
30 and over	22,024	3.3	1,082,488	24.5

1) Persons regularly or temporarily engaged.
Source: Statistics Bureau, MIC.

Chapter 11

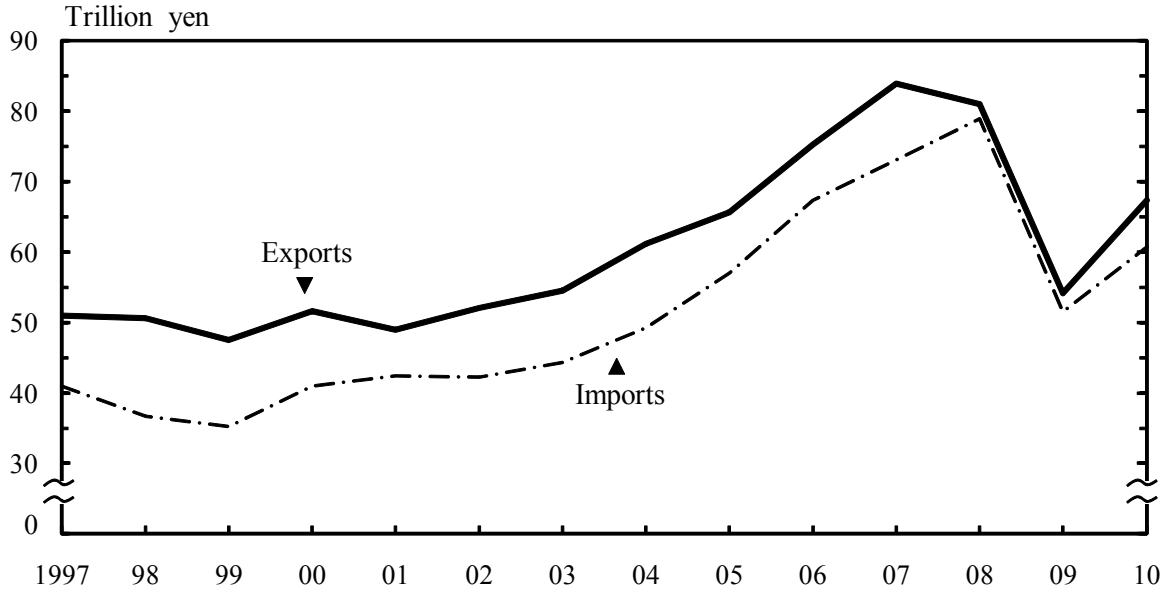
Trade, International Balance of Payments, and International Cooperation

1. Trade

(1) Overview of Trade

Japan has continued to produce a trade surplus since 1981. In terms of Japan's international trade on a customs clearance basis in 2010, exports (in FOB value) showed an annual increase of 24.4 percent to 67.4 trillion yen, the first increase in three years. Imports (in CIF value) grew by 18.0 percent to 60.8 trillion yen, the first increase in two years. As a result, Japan's trade surplus increased for the second consecutive year, growing by 148.4 percent from the previous year to 6.6 trillion yen.

Figure 11.1
Foreign Trade



Source: Ministry of Finance.

Table 11.1
Trends in Foreign Trade and Indices of Trade

Year	Value (billion yen) (Customs clearance basis)			Indices of trade (2005=100)					
				Exports			Imports		
	Exports (FOB)	Imports (CIF)	Balance	Value index	Quantum index 1)	Unit value index	Value index	Quantum index 1)	Unit value index
2001	48,979	42,416	6,564	74.6	79.2	94.2	74.5	83.2	89.6
2002	52,109	42,228	9,881	79.4	85.4	92.9	74.1	84.8	87.4
2003	54,548	44,362	10,186	83.1	89.6	92.7	77.9	90.8	85.8
2004	61,170	49,217	11,953	93.2	99.2	93.9	86.4	97.2	88.9
2005	65,657	56,949	8,707	100.0	100.0	100.0	100.0	100.0	100.0
2006	75,246	67,344	7,902	114.6	107.7	106.4	118.3	103.8	113.9
2007	83,931	73,136	10,796	127.8	112.9	113.2	128.4	103.7	123.9
2008	81,018	78,955	2,063	123.4	111.2	111.0	138.6	103.0	134.6
2009	54,171	51,499	2,671	82.5	81.6	101.1	90.4	88.2	102.5
2010	67,400	60,765	6,635	102.7	101.4	101.3	106.7	100.5	106.2

1) Quantum index = Value index / Unit value index × 100
Source: Ministry of Finance.

Japan's 2010 exports increased by 0.2 percent from the previous year in terms of unit value index (the first increase in three years), and increased by 24.3 percent from the previous year in terms of quantum index (the first increase in three years).

Japan's 2010 imports increased by 3.6 percent from the previous year in terms of unit value index (the first increase in two years), and increased by 13.9 percent from the previous year in terms of quantum index (the first increase in four years).

(2) Trade by Commodity

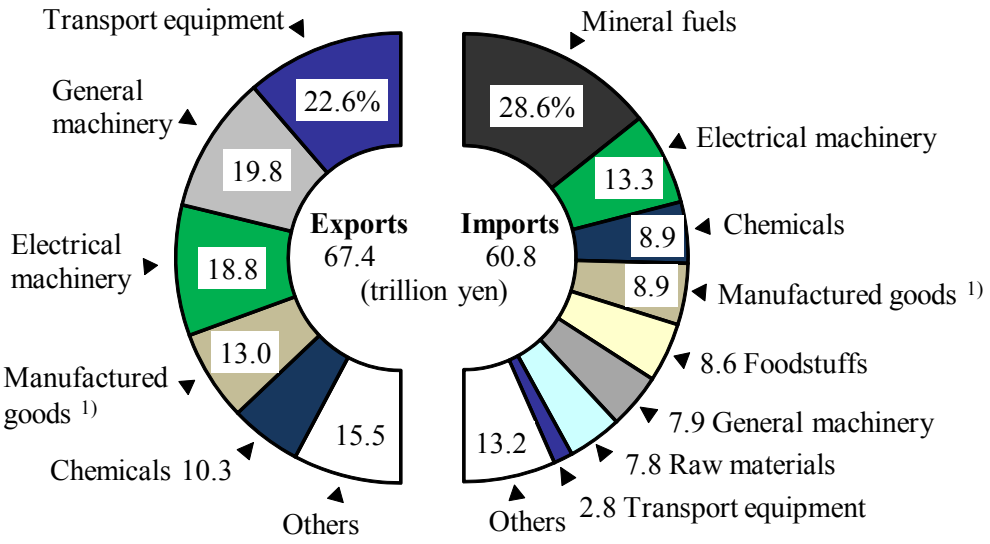
In 2010, prices of both imports and exports marked a double-digit increase, representing a recovery reaction to the sharp fall in the previous year, which had been caused by the worldwide recession.

The leading export item category was transport equipment, which accounted for 22.6 percent of the total value exported, followed by general machinery and electrical machinery, making up 19.8 percent and 18.8 percent, respectively. Motor vehicles, which are in the transport equipment category, constituted 13.6 percent of the total export value, up 31.5 percent

in quantity and 37.1 percent in value from the previous year. One characteristic of Japan's exports is an increasing proportion of high value-added products manufactured with advanced technology, such as motor vehicles, steel and integrated circuits.

The leading import item category was mineral fuels, which represented 28.6 percent of the total value imported, followed by electrical machinery and chemicals, with 13.3 percent and 8.9 percent, respectively. Crude petroleum and partially refined petroleum, both in the mineral fuels category, constituted 15.5 percent of the total import value, up 0.8 percent in quantity and 24.4 percent in value from the previous year. Japan's chief imports used to be energy resources and raw materials, though the proportion of product imports is gradually on the rise due to the further industrialization of the Asian region and overseas production relocations by Japanese companies.

Figure 11.2
Component Ratios of Foreign Trade by Commodity (2010)



1) Consisting of iron and steel products, non-ferrous metals, textile yarn and fabrics, etc.
Source: Ministry of Finance.

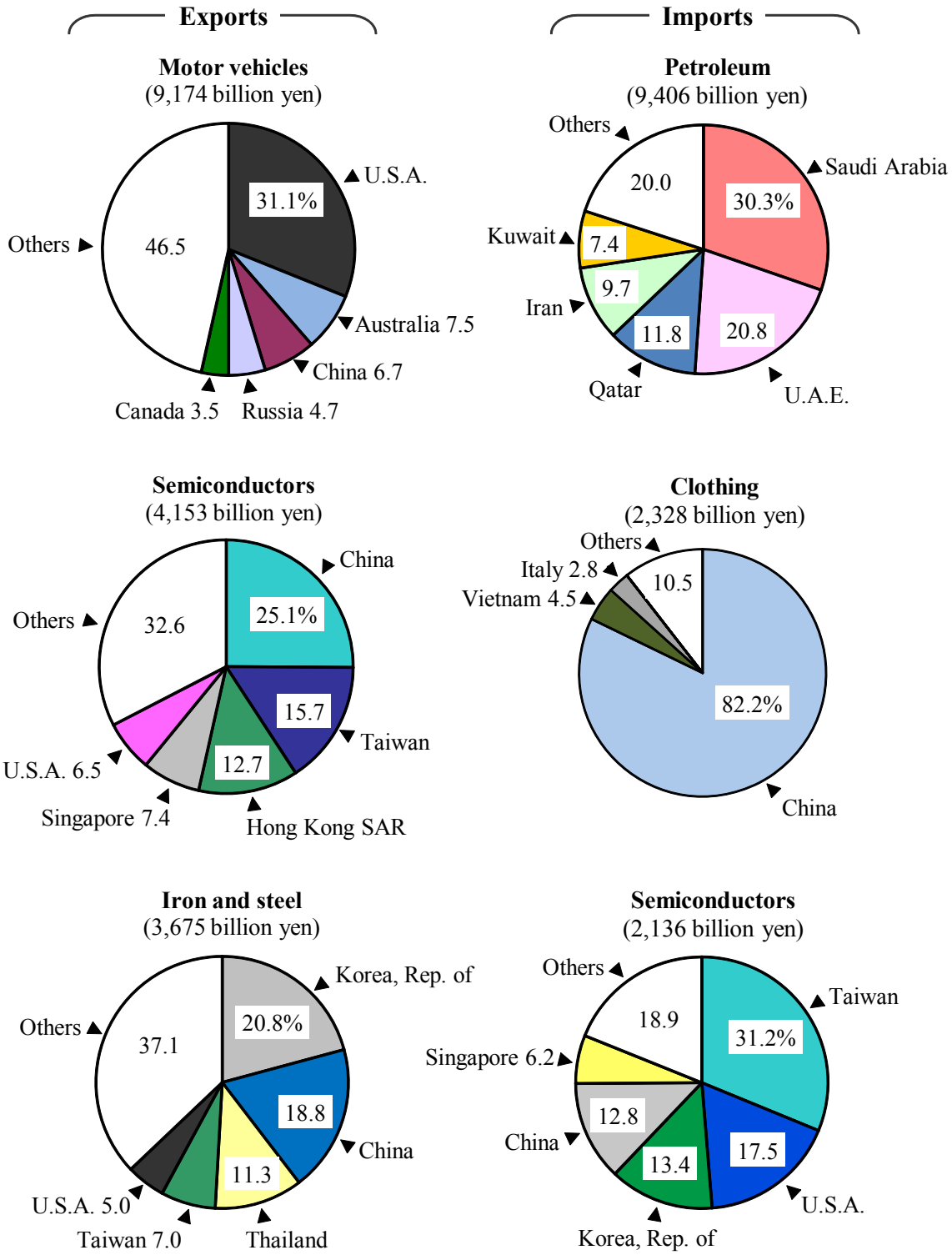
Table 11.2
Value of Exports and Imports, by Principal Commodity

(Billion yen)

Item	2007	2008	2009	2010	Annual growth (%)
Exports, total	83,931	81,018	54,171	67,400	24.4
Foodstuffs	417	403	366	406	11.1
Raw materials	1,046	1,054	826	946	14.5
Mineral fuels	1,026	1,869	948	1,105	16.5
Chemicals	7,745	7,269	5,780	6,925	19.8
Plastics	2,339	2,232	1,844	2,336	26.7
Manufactured goods [1]	9,876	10,177	7,017	8,785	25.2
Iron and steel products	4,042	4,574	2,906	3,675	26.5
General machinery	16,631	15,928	9,669	13,317	37.7
Power generating machinery	2,593	2,509	1,839	2,327	26.5
Electrical machinery	16,950	15,368	10,771	12,650	17.4
Semiconductors and other electronic parts	5,243	4,625	3,419	4,153	21.5
Transport equipment	20,839	20,068	11,850	15,258	28.8
Motor vehicles	14,317	13,736	6,693	9,174	37.1
Others	9,400	8,883	6,944	8,007	15.3
Scientific and optical instruments	2,090	2,024	1,578	2,014	27.6
Imports, total	73,136	78,955	51,499	60,765	18.0
Foodstuffs	6,041	6,212	4,999	5,199	4.0
Fish and fish preparation	1,501	1,453	1,208	1,260	4.3
Raw materials	5,670	5,538	3,395	4,766	40.4
Mineral fuels	20,206	27,658	14,202	17,398	22.5
Petroleum, crude and partly refined	12,279	16,262	7,564	9,406	24.4
Chemicals	5,471	5,737	4,583	5,379	17.4
Medical and pharmaceutical products	1,078	1,142	1,329	1,523	14.6
Manufactured goods [1]	7,409	7,336	4,345	5,379	23.8
Non-ferrous metals	2,619	2,531	1,013	1,606	58.6
General machinery	6,515	6,074	4,225	4,826	14.2
Electrical machinery	9,310	8,628	6,509	8,101	24.5
Semiconductors and other electronic parts	2,852	2,479	1,758	2,136	21.5
Transport equipment	2,534	2,316	1,501	1,681	12.0
Others	9,980	9,454	7,742	8,036	3.8
Clothing and clothing accessories	2,796	2,643	2,358	2,328	-1.3

1) Consisting of iron and steel products, non-ferrous metals, textile yarn and fabrics, etc.
Source: Ministry of Finance.

Figure 11.3
Japan's Major Export and Import Commodities (2010)



Source: Ministry of Finance.

(3) Trade by Country/Region

Japan has maintained a trade surplus with Asia, the U.S.A. and the EU, while has been in a continuous deficit with the Middle East and Oceania.

Table 11.3
Trends in Exports and Imports by Country/Region

(Billion yen)

Year	Total	Asia	China	Korea, Rep. of	Taiwan	U.S.A.	EU 27 [1)]	Middle East	Oceania
Exports from Japan									
2006	75,246	35,776	10,794	5,849	5,131	16,934	10,912	2,233	1,801
2007	83,931	40,400	12,839	6,384	5,274	16,896	# 12,398	3,078	2,104
2008	81,018	39,966	12,950	6,168	4,782	14,214	11,430	3,508	2,200
2009	54,171	29,338	10,236	4,410	3,399	8,733	6,749	2,013	1,409
2010	67,400	37,827	13,086	5,460	4,594	10,374	7,616	2,216	1,796
Imports to Japan									
2006	67,344	29,360	13,784	3,178	2,365	7,911	6,955	12,692	3,691
2007	73,136	31,564	15,035	3,210	2,334	8,349	# 7,663	13,370	4,189
2008	78,955	32,034	14,830	3,052	2,258	8,040	7,292	17,351	5,378
2009	51,499	22,989	11,436	2,051	1,711	5,512	5,518	8,640	3,542
2010	60,765	27,511	13,413	2,504	2,025	5,911	5,821	10,387	4,327

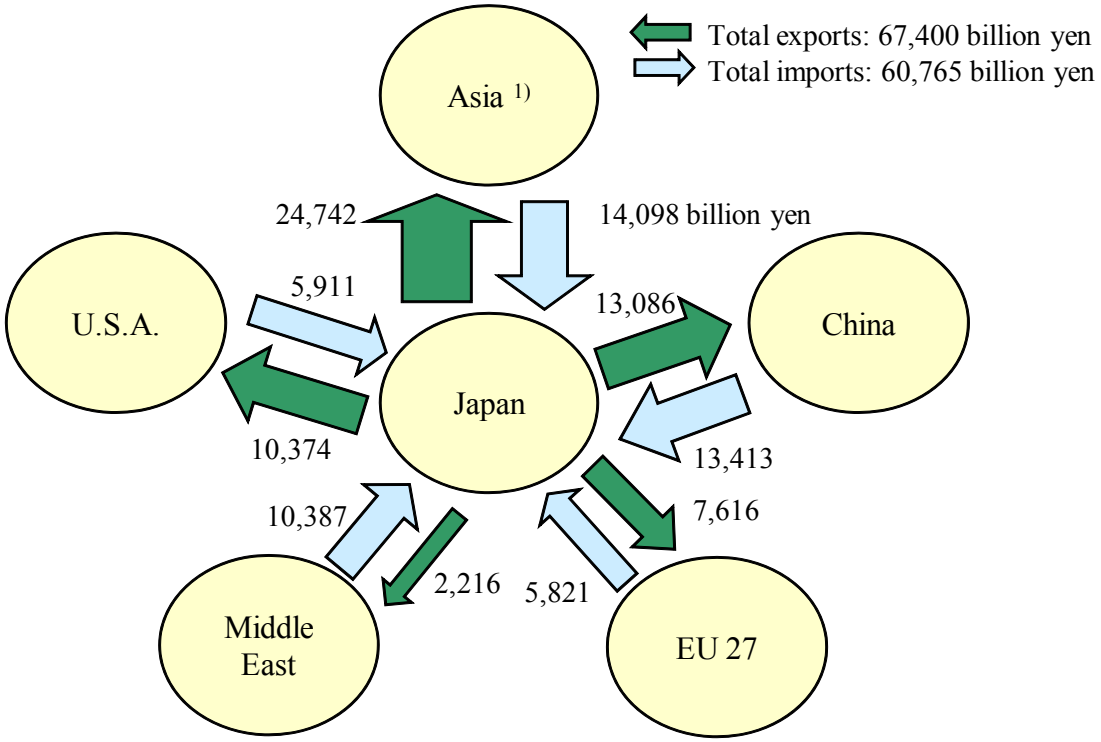
1) EU member countries were: 25, before Jan. 2007; 27, from Jan. 2007 onward.
Source: Ministry of Finance.

(A) Trade with Asia

Japan's 2010 trade balance with Asia resulted in 10.3 trillion yen in surplus, the first increase in three years (up 62.5 percent). Exports (in FOB value) totaled 37.8 trillion yen (up 28.9 percent), marking the first increase in three years; this was mainly due to the contributions for the increase in general machinery and electrical machinery. Imports (in CIF value) amounted to 27.5 trillion yen (up 19.7 percent), the first increase in two years; this was mainly attributed to the increase in electrical machinery and mineral fuels.

In recent years, mainland China has taken an increasingly greater share in imports and exports. In 2002, China outperformed the U.S.A. to become the largest source of imports to Japan. Further still, in 2009, China overtook the U.S.A. in exports as well to become the largest export destination from Japan. In 2010, Japan's trade with China amounted to 13.1 trillion yen in exports and 13.4 trillion yen in imports.

Figure 11.4
Japan's Foreign Trade by Country/Region (2010)



1) Excluding China.
Source: Ministry of Finance.

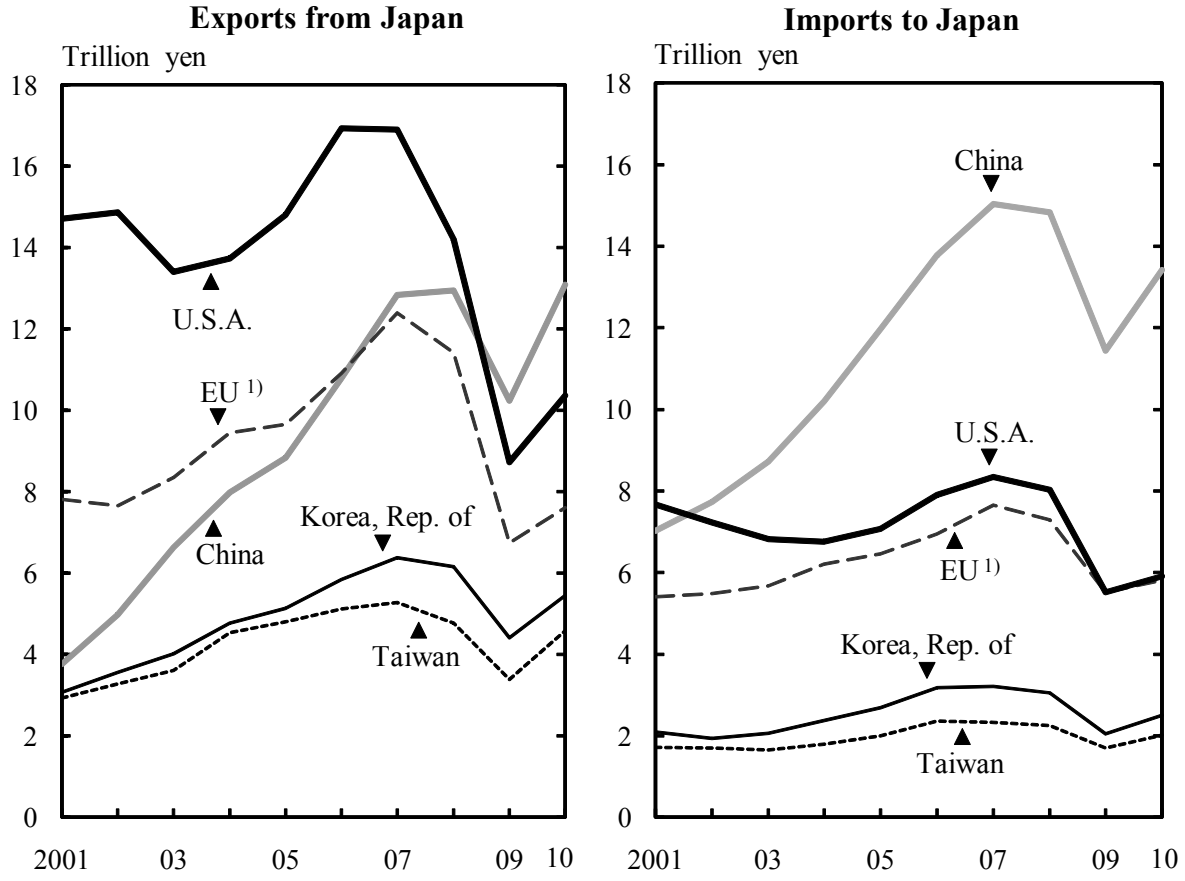
(B) Trade with U.S.A.

Japan's 2010 trade balance with the U.S.A. was 4.5 trillion yen in surplus, bigger than the previous year (up 38.5 percent from the previous year). Exports (in FOB value) amounted to 10.4 trillion yen (up 18.8 percent), the first increase in four years; major contribution for the increase was in transport equipment and general machinery. Imports (in CIF value) totaled 5.9 trillion yen (up 7.2 percent), the first increase in three years; the increase was due mainly to the contributions in chemicals and electrical machinery.

(C) Trade with EU

Japan's 2010 trade balance with the 27 member countries of the EU registered a surplus of 1.8 trillion yen (up 45.7 percent). Exports (in FOB value) totaled 7.6 trillion yen (up 12.8 percent), due mainly to the contributions for the increase in general machinery and transport equipment. Imports (in CIF value) totaled 5.8 trillion yen (up 5.5 percent), because of contributions for the increase in transport equipment and electrical machinery, etc.

Figure 11.5
Trends in Japan's Trade by Country/Region



1) EU member countries were: 15 countries, before May 2004; 25, from May 2004 to Dec. 2006; 27, from Jan. 2007 onward.
Source: Ministry of Finance.

2. International Balance of Payments

Japan's current account has consistently recorded a surplus in recent years. In 2010, the surplus enlarged for the first increase in three years to 17.2 trillion yen, up 29.2 percent from the previous year. A breakdown of Japan's current account showed that its trade balance was 8.0 trillion yen in surplus, marking a twofold increase thanks to export growth against the backdrop of the recuperating world economy. Also shown is that the services balance was 1.4 trillion yen in deficit, a reduction in the deficit for the third consecutive year. The income balance decreased by 5.1 percent over the previous year to 11.7 trillion yen, marking a decline in the surplus for the third consecutive year.

On the other hand, the balance of the capital and financial account registered the sixth consecutive year of deficit (excess outflow), being 12.0 trillion yen in the red.

Table 11.4
International Balance of Payments

(Billion yen)

Item	2007	2008	2009	2010
Current account	24,793.8	16,379.8	13,286.7	17,170.6
Goods and services	9,825.3	1,889.9	2,124.9	6,564.6
Trade balance	12,322.3	4,027.8	4,038.1	7,978.9
Exports	79,725.3	77,334.9	50,857.2	63,921.8
Imports	67,403.0	73,307.1	46,819.1	55,942.9
Services	-2,497.1	-2,137.9	-1,913.2	-1,414.3
Income	16,326.7	15,841.5	12,325.4	11,697.7
Current transfers	-1,358.1	-1,351.5	-1,163.5	-1,091.7
Capital and financial account [1)]	-22,538.3	-18,389.5	-12,644.7	-11,997.7
Financial account	-22,065.3	-17,831.2	-12,179.4	-11,563.6
Direct investment	-6,005.4	-10,707.4	-5,872.5	-5,048.7
Portfolio investment	8,251.5	-29,188.9	-20,505.3	-13,249.3
Financial derivatives	324.9	2,456.2	948.7	1,026.2
Other investment	-24,636.2	19,608.9	13,249.7	5,708.3
Capital account	-473.1	-558.3	-465.3	-434.1
Changes in reserve assets [1)]	-4,297.4	-3,200.1	-2,526.5	-3,792.5
Errors and omissions	2,041.9	5,209.8	1,884.4	-1,380.5

1) Negative figures (-) show outflow of capital (an increase in assets or a decrease in liabilities).
Source: Ministry of Finance.

Japan's foreign assets (the balance of overseas assets held by residents in Japan) as of the end of 2010 amounted to 563.5 trillion yen, while its foreign liabilities (assets held in Japan by nonresidents) were 312.0 trillion yen. As a result, Japan's net foreign assets (foreign assets minus foreign liabilities) were 251.5 trillion yen.

Table 11.5
Trends in Japan's Foreign Assets and Liabilities [1)]

(Billion yen)

Item	2006	2007	2008	2009	2010
Assets	558,106	610,492	519,179	554,826	563,526
Liabilities	343,024	360,271	293,671	288,603	312,031
Net assets	215,081	250,221	225,508	266,223	251,495

1) End of year.
Source: Ministry of Finance.

Japan's foreign reserve assets remained at around $220 billion during the period from 1996 to 1998. However, they started to increase from 1999, reaching $1,096.2 billion at the end of 2010. This represented an increase of $46.8 billion (4.5 percent) from the end of the previous year.

Table 11.6
Reserve Assets

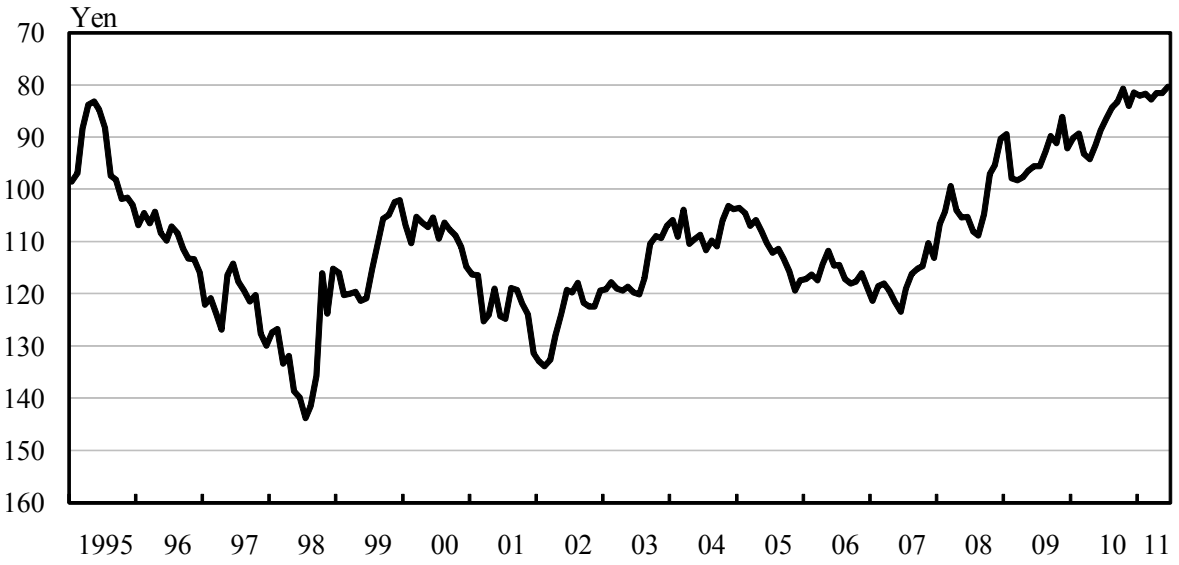
(Million U.S. dollars)

End of year	Total	Foreign currency [1)]	Reserve position in IMF	SDRs	Gold [2)]	Other reserve assets [3)]
2006	895,320	874,596	1,933	2,812	15,639	340
2007	973,365	947,987	1,395	3,034	20,580	369
2008	1,030,647	1,003,300	2,659	3,033	21,281	374
2009	1,049,397	996,552	4,313	20,968	27,161	403
2010	1,096,185	1,035,817	4,608	20,626	34,695	439

1) Including securities in market value. 2) Market value. 3) Including Asian Bond Fund.
Source: Ministry of Finance.

The yen became super-strong against the U.S. dollar in Spring 1995, hitting a high of nearly 80 yen. The trend subsequently shifted to a progressively weaker yen, which eventually reached 143.79 yen in July 1998. After hovering between the 100 and 130 yen ranges for the most part since 1999, the yen began appreciating sharply in late 2008. As of the end of June 2011, the rate was 80.42 yen.

Figure 11.6
Yen Exchange Rate against the U.S. Dollar



Source: Bank of Japan.

3. International Cooperation

International cooperation donors are becoming increasingly diverse: official development assistance (ODA) by the government, direct investments and export credits by private corporations, donations by nonprofit organizations, aid activities by NGOs and volunteer citizen groups, etc. In addition, there are various forms of assistance, including bilateral assistance and assistance through multilateral institutions.

Table 11.7

Net Flow of Development Cooperation [1)]

(Million U.S. dollars)

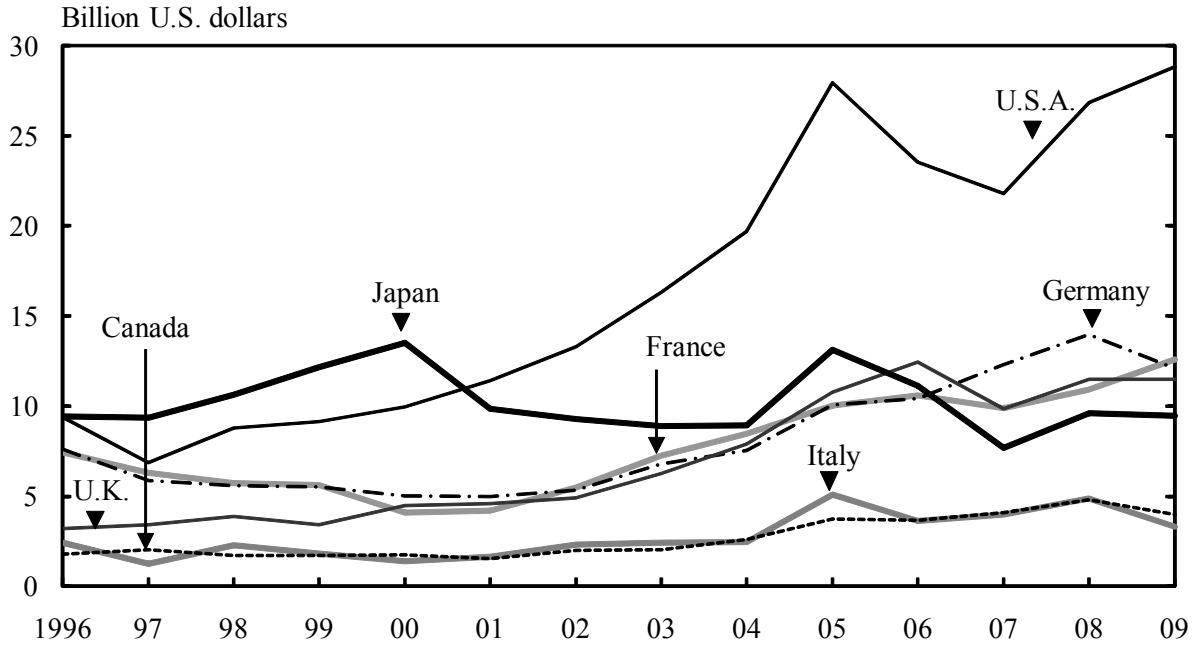
Item	1995	2000	2005	2008	2009
Total value	42,295	11,423	23,259	31,805	45,456
Official flows	20,033	8,467	10,726	7,615	17,706
Official development assistance (ODA)	14,489	13,508	13,147	9,601	9,469
Bilateral official development assistance	10,419	9,768	10,406	6,823	6,001
Grants	6,298	5,678	9,195	7,764	5,327
Grants-in-aid	2,876	2,100	6,524	4,777	2,209
Technical cooperation	3,422	3,578	2,671	2,987	3,118
Loans, etc.	4,120	4,090	1,212	-940	674
Contributions to multilateral institutions, etc.	4,071	3,740	2,740	2,777	3,467
Other official flows (OOF)	5,544	-5,041	-2,421	-1,986	8,237
Official export credits (over one year)	981	-1,239	-1,202	-629	-786
Direct investment finance, etc.	3,541	-3,709	-222	-1,952	7,498
Concessional lending to multilateral institutions, etc.	1,021	-93	-997	594	1,525
Private flows at market terms (PF)	22,046	2,725	12,278	23,738	27,217
Private export credits (over one year)	3,054	-799	-3,433	-4,878	-1,220
Direct investments	9,398	2,874	14,472	25,710	19,440
Bilateral investment in securities, etc.	9,543	702	1,158	3,952	7,010
Concessional lending to multilateral institutions, etc.	50	-52	81	-1,046	1,987
Grants by private voluntary agencies	216	231	255	452	533
ODA as percentage of GNI (%)	a) 0.28	0.28	0.28	0.19	* 0.18
ODA as percentage of GNI (DAC average) (%)	a) 0.27	0.22	0.32	0.30	* 0.31

1) Net disbursement at current prices. Negative figures (-) show outflow of capital (an increase in assets or a decrease in liabilities). a) ODA as percentage of GNP (%).
Source: Ministry of Foreign Affairs; Ministry of Finance; OECD.

In the ODA framework, Japan has contributed to the growth of developing countries as the world's number-one ODA donor for ten consecutive years up until 2000. Recently, Japan's ODA budget has been declining because of the country's severe economic and financial situation. Its 2009 ODA spending (on the basis of net disbursement at current prices) was $9.5 billion, down 1.4 percent from the previous year, decreasing for the first time in two years.

In 2009, the 23 member countries of the Development Assistance Committee (DAC) of the OECD provided $120.0 billion in ODA. Of this total, Japan's ODA contribution accounted for approximately 8 percent, making Japan the fifth-largest contributor behind the U.S.A., France, Germany and the U.K. The ratio of Japan's ODA to Gross National Income (GNI) was 0.18 percent, or a decrease of 0.01 percentage point compared with that of the previous year.

Figure 11.7
Trends in ODA by Country [1)]



1) Net disbursement at current prices.
Source: Ministry of Foreign Affairs; OECD.

Of the $9.5 billion in ODA provided by Japan in 2009, $6.0 billion or 63.4 percent was bilateral ODA (down 12.0 percent year-on-year), and $3.5 billion or 36.6 percent was ODA contributed through multilateral institutions (up 24.8 percent).

Bilateral ODA provided in 2009 consisted of $2.2 billion in grants-in-aid, $3.1 billion in technical cooperation, and $0.7 billion in loans, etc.

By region, bilateral ODA (including aid to Eastern European countries and graduated countries) was distributed as follows: Asia, 36.5 percent; Africa, 23.1 percent; Middle East, 8.2 percent; Europe, 2.6 percent; Latin America, 2.3 percent; and Oceania, 1.8 percent.

Table 11.8

Regional Distribution of Bilateral ODA 1)

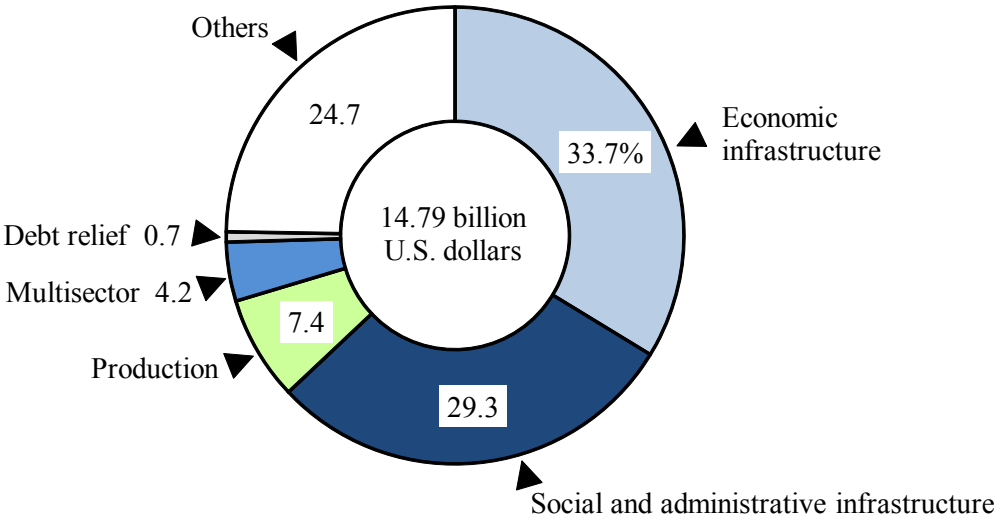
(Million U.S. dollars)

Region	1995	2000	2005	2008	2009
Total	10,557	9,640	10,464	6,939	6,081
Asia	5,745	5,284	3,841	1,074	2,218
ASEAN	2,229	3,126	1,968	-356	882
Middle East	721	727	3,477	2,372	501
Africa	1,333	970	1,139	1,396	1,403
Latin America	1,142	800	409	269	143
Oceania	160	151	94	73	112
Europe	153	118	309	150	156
Multiple regions, etc.	a) 1,303	1,592	1,194	1,605	1,548

1) Net disbursement at current prices. Including aid to Eastern European countries and graduated countries. a) ODA not classifiable by region.
Source: Ministry of Foreign Affairs.

Bilateral ODA in 2009 (including aid to Eastern European countries and graduated countries) was broken down by purpose (on a commitment basis) as follows: 33.7 percent for improving the economic infrastructure (including transport and energy), followed in descending order by social and administrative infrastructure, and then the production sector.

Figure 11.8
Distribution of Bilateral ODA by Purpose (2009) [1)]



1) Commitment basis. Including aid to Eastern European countries and graduated countries.
Source: Ministry of Foreign Affairs.

In addition to the financial assistance described above, Japan has also been active in the areas of human resources development and technology transfer, both vital to the growth of a developing country, through its ODA activities. This not only contributes to sustainable economic growth, poverty reduction and improved living standards in developing countries, but also plays an important role in deepening mutual understanding between Japan and developing countries, and it has also led to efforts to address global issues, including the economy, the environment and climate change.

Table 11.9
Number of Persons Involved in Technical Cooperation by Type and Program [1)]

Type of cooperation	FY2000	FY2005	FY2007	FY2008	FY2009
Total	31,968	37,291	34,216	47,397	44,652
Trainees received	17,513	24,504	21,280	36,319	29,982
Dispatched					
Experts	3,381	3,488	4,940	4,597	6,659
Research team	9,428	6,862	6,104	4,624	5,788
Japan Overseas Cooperation Volunteers	1,370	1,804	1,482	1,365	1,708
Other volunteers	276	633	410	492	515

1) Numbers of persons newly received/dispatched in the aforementioned fiscal year.
Source: Japan International Cooperation Agency.

Chapter 12

Labor

1. Labor Force

Japan's labor force was on a continuous decline after recording a historical high of 67.93 million people in 1998. It showed growth from 2005 due to the increased labor force participation rate of, mainly, the elderly. In 2008, however, the figure started declining again because of the employment climate worsening as a result of the economic downturn. The labor force is expected to shrink in the long run as the falling birthrate and the aging population change the population composition.

The labor force, defined as the sum of the employed and unemployed, numbered 65.90 million people in Japan in 2010, down 270,000 (0.4 percent) from the previous year and was the third consecutive year of decrease.

Table 12.1
Population by Labor Force Status

(Thousands)

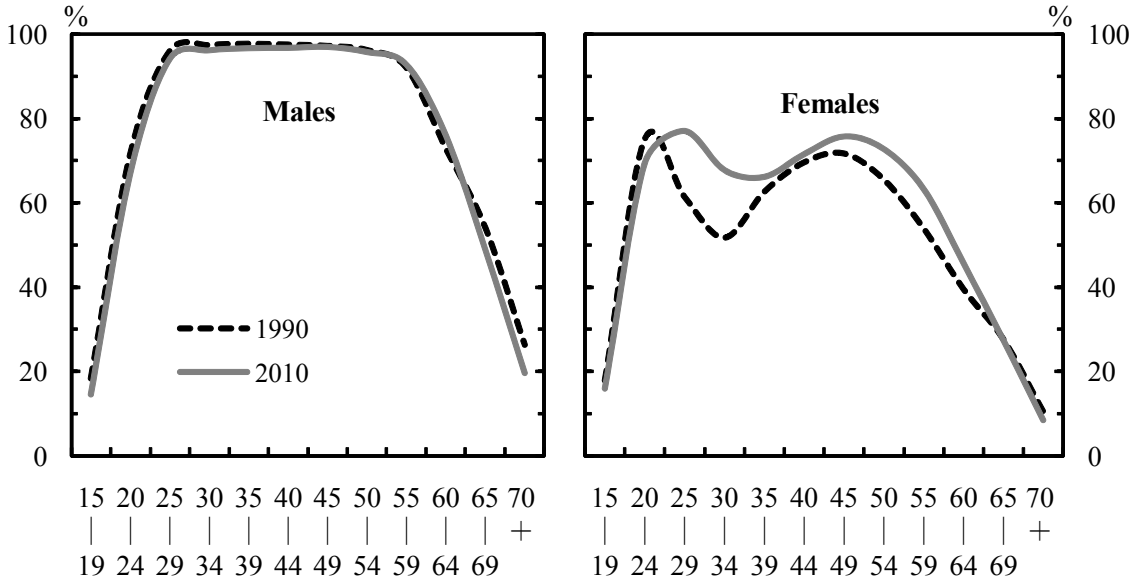
Year	Population aged 15 years and over	Labor force			Not in labor force	Unemployment rate (%)
		Total	Employed	Unemployed		
Total						
1995	105,100	66,660	64,570	2,100	38,360	3.2
2000	108,360	67,660	64,460	3,200	40,570	4.7
2005	110,070	66,500	63,560	2,940	43,460	4.4
2007	110,430	66,690	64,120	2,570	43,670	3.9
2008	110,500	66,500	63,850	2,650	43,950	4.0
2009	110,500	66,170	62,820	3,360	44,300	5.1
2010	110,490	65,900	62,560	3,340	44,530	5.1
Males						
1995	51,080	39,660	38,430	1,230	11,390	3.1
2000	52,530	40,140	38,170	1,960	12,330	4.9
2005	53,230	39,010	37,230	1,780	14,160	4.6
2007	53,420	39,060	37,530	1,540	14,320	3.9
2008	53,440	38,880	37,290	1,590	14,530	4.1
2009	53,420	38,470	36,440	2,030	14,930	5.3
2010	53,370	38,220	36,150	2,070	15,120	5.4
Females						
1995	54,020	27,010	26,140	870	26,980	3.2
2000	55,830	27,530	26,290	1,230	28,240	4.5
2005	56,840	27,500	26,330	1,160	29,290	4.2
2007	57,010	27,630	26,590	1,030	29,350	3.7
2008	57,060	27,620	26,560	1,060	29,420	3.8
2009	57,090	27,710	26,380	1,330	29,360	4.8
2010	57,120	27,680	26,410	1,270	29,410	4.6

Source: Statistics Bureau, MIC.

The 2010 labor force participation rate (rate of the labor force to the population aged 15 years and over) was 59.6 percent (down 0.3 percentage point from the previous year). Observed by gender, the rate was 71.6 percent for men (down 0.4 percentage point) and 48.5 percent for women (unchanged).

The female labor force participation rate by age group shows an M-shaped curve. This curve indicates that women leave the labor force when they get married or give birth to a child and then rejoin the labor force after their child has grown and the burden of child-rearing is reduced. A comparison with the data from twenty years ago (1990) shows that, in 2010, the 35-39 age group replaced the 30-34 age group to form the bottom of the M-shaped curve. The participation rate rose by 16.1 percentage points in the 30-34 age group and by 3.6 percentage points in the 35-39 age group, resulting in a noticeable change in the bottom of the curve: it has become flatter and more gradual.

Figure 12.1
Labor Force Participation Rate by Gender



Source: Statistics Bureau, MIC.

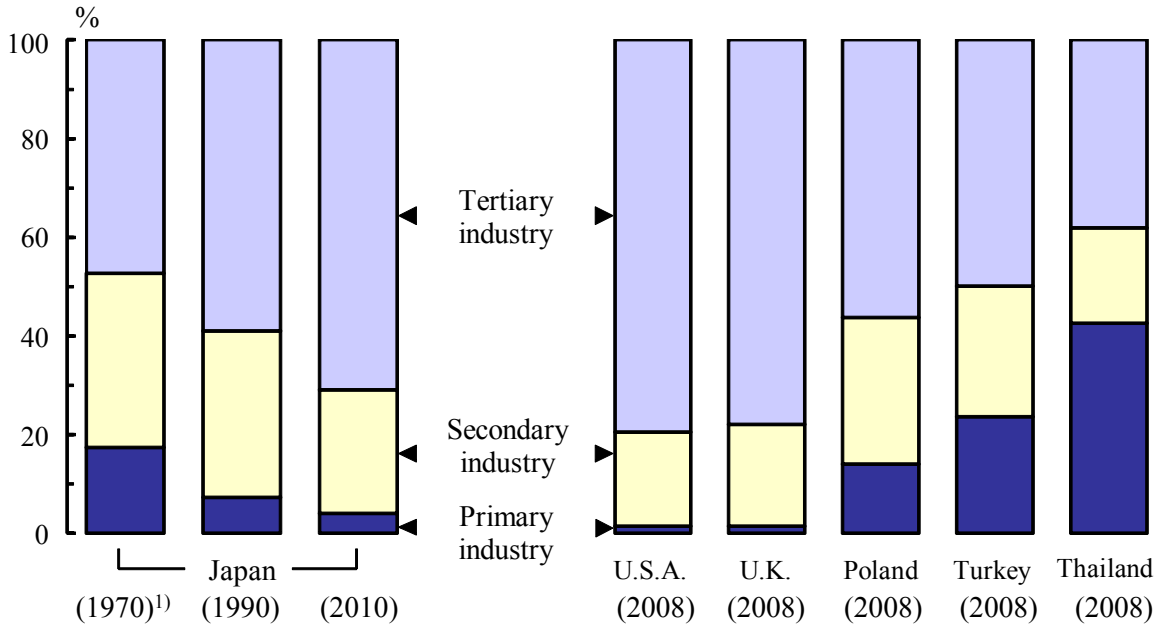
2. Employment

The number of employed persons in Japan had declined continuously since 1998, but it began to rise in 2004 and continued rising for four years in a row. However, a downward trend set in once again in 2008, which led to a decrease of 260,000 in 2010, from 62.82 million (56.9 percent of the population aged 15 years and over) in the previous year to 62.56 million (56.6 percent).

(1) Employment by Industry

In 2010, the primary industry accounted for 4.1 percent of employment; the secondary industry, 25.0 percent; and the tertiary industry, 70.9 percent.

Figure 12.2
Structure of Employment by Country



1) Excluding Okinawa Prefecture.
Source: Statistics Bureau, MIC; International Labour Organization.

Table 12.2
Employment by Industry

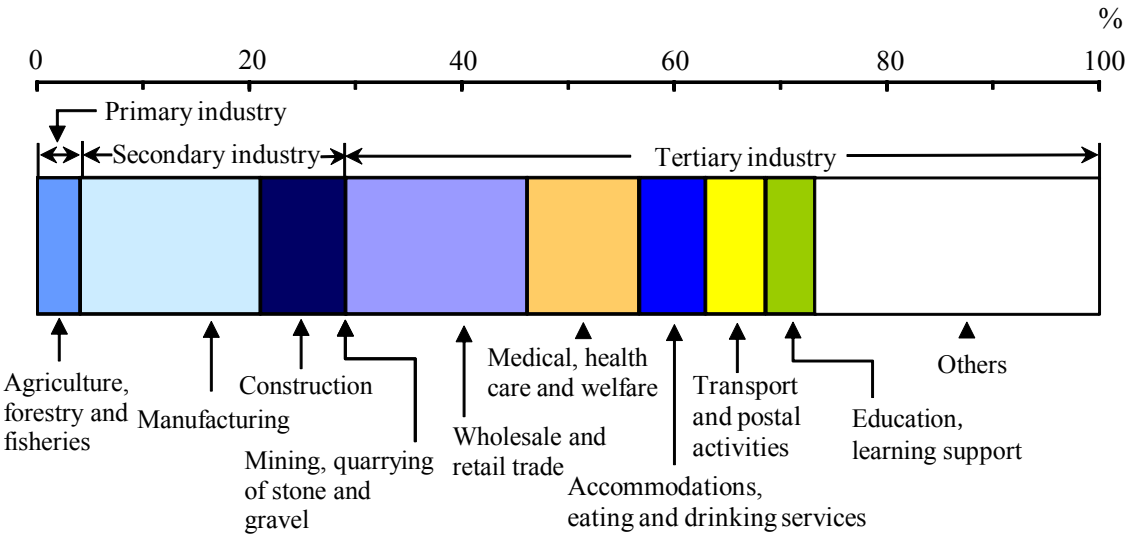
(Thousands)

Industries	2008	2009	2010	Percentage	
				Males	Females
Total [1]	63,850	62,820	62,560	57.8	42.2
Primary industry	**2,680**	**2,620**	**2,520**	**59.5**	**40.5**
Agriculture and forestry	2,450	2,420	2,340	58.5	41.5
Fisheries	230	200	180	72.2	27.8
Secondary industry	**16,840**	**15,930**	**15,490**	**75.2**	**24.8**
Mining and quarrying of stone and gravel	30	30	30	75.0	25.0
Construction	5,370	5,170	4,980	86.1	13.9
Manufacturing	11,440	10,730	10,480	70.0	30.0
Tertiary industry	**43,590**	**43,660**	**43,950**	**51.6**	**48.4**
Electricity, gas, heat supply and water	320	340	340	88.2	11.8
Information and communications	1,890	1,930	1,960	75.0	25.0
Transport and postal activities	3,420	3,480	3,500	81.1	18.9
Wholesale and retail trade	10,670	10,550	10,570	50.0	50.0
Finance and insurance	1,640	1,650	1,630	47.9	52.1
Real estate and goods rental and leasing	1,110	1,100	1,100	63.6	36.4
Scientific research, professional and technical services	2,000	1,950	1,980	66.7	33.3
Accommodations, eating and drinking services	3,730	3,800	3,870	39.5	60.5
Living-related and personal services and amusement services	2,360	2,410	2,390	40.6	59.4
Education, learning support	2,830	2,870	2,880	44.9	55.1
Medical, health care and welfare	5,980	6,210	6,530	24.2	75.8
Compound services	560	520	450	56.5	43.5
Services, n.e.c.	4,850	4,630	4,550	58.6	41.4
Government, except elsewhere classified	2,230	2,220	2,200	76.4	23.6

1) Including "Industries unable to classify."
Source: Statistics Bureau, MIC.

As the Japan Standard Industrial Classification (JSIC) was revised in 2007, a strict comparison cannot be made between the figures for 2007 and later and those for 2006 and before. Nevertheless, there was an obvious decline in the number of employed persons in the secondary industry, particularly in manufacturing. The decline continued for thirteen consecutive years from 1993 to 2005. The figure turned upward in 2006, but has been declining again since 2008.

Figure 12.3
Distribution of Employment by Industry (2010)



Source: Statistics Bureau, MIC.

In the tertiary industry, employment increased from the previous year by 320,000 in the "medical, health care and welfare" sector and by 70,000 in the sector of "accommodations, eating and drinking services." Meanwhile, employment in "services, not elsewhere classified" and "compound services" decreased by 80,000 and 70,000, respectively.

Depending on the industrial sector, a difference was seen in the employment tendency between men and women. The percentage of female employment was highest in "medical, health care and welfare" (75.8 percent), followed by "accommodations, eating and drinking services" (60.5 percent) and "living-related and personal services and amusement services" (59.4 percent).

(2) Employment by Occupation

In terms of occupation, employment in the "craftsmen and manufacturing and construction workers" category declined for seven consecutive years since 1998, due to the overseas relocation of production sites and increased imports of manufactured goods. The figure once reversed to rise in 2005, but then began to fall again in 2008, marking a drop of 280,000 from the previous year in 2010. In contrast, the trend toward a service-oriented economy, the aging population, and improvements to the welfare services have contributed to a steady rise in the number of "protective service and other service workers" such as home-care workers. At the same time, the expansion of the information industry gave a steady boost to the number of "professional and technical workers."

Table 12.3
Employment by Occupation

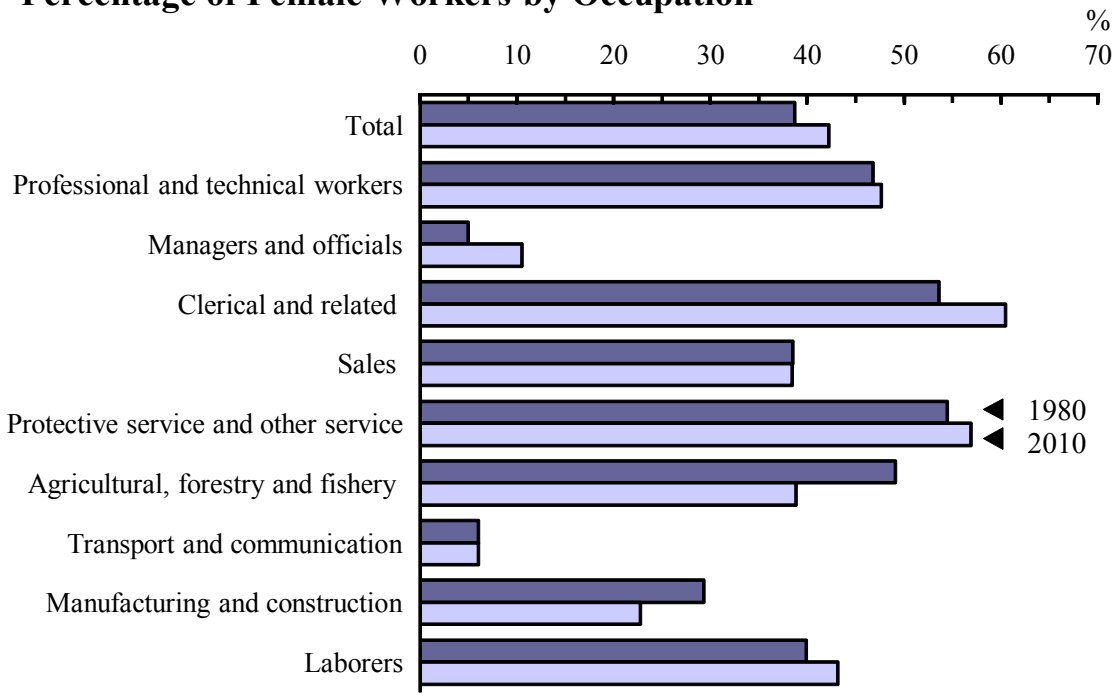
(Thousands)

Occupation	1995	2000	2005	2009	2010	Percentage	
						Males	Females
Total [1]	64,570	64,460	63,560	62,820	62,560	57.8	42.2
Professional and technical workers	7,900	8,560	9,370	9,680	9,860	52.3	47.7
Managers and officials	2,360	2,060	1,890	1,680	1,610	89.4	10.6
Clerical and related workers	12,520	12,850	12,470	12,950	12,840	39.5	60.5
Sales workers	9,450	9,110	8,920	8,570	8,560	61.6	38.4
Protective service and other service workers	6,100	6,770	7,570	8,040	8,170	43.1	56.9
Agricultural, forestry and fishery workers	3,630	3,210	2,790	2,570	2,470	61.1	38.9
Workers in transport and communication	2,370	2,210	2,040	1,980	1,990	94.0	6.0
Craftsmen and manufacturing and construction workers	16,870	15,800	14,160	13,050	12,770	77.2	22.8
Laborers	3,100	3,470	3,630	3,710	3,710	56.9	43.1

1) Including "Labor force status not reported."
Source: Statistics Bureau, MIC.

In 2010, women were particularly prominent among "clerical and related workers" (60.5 percent) and "protective service and other service workers" (56.9 percent). On the other hand, the percentage of women was particularly low among "workers in transport and communication" and "managers and officials."

Figure 12.4
Percentage of Female Workers by Occupation

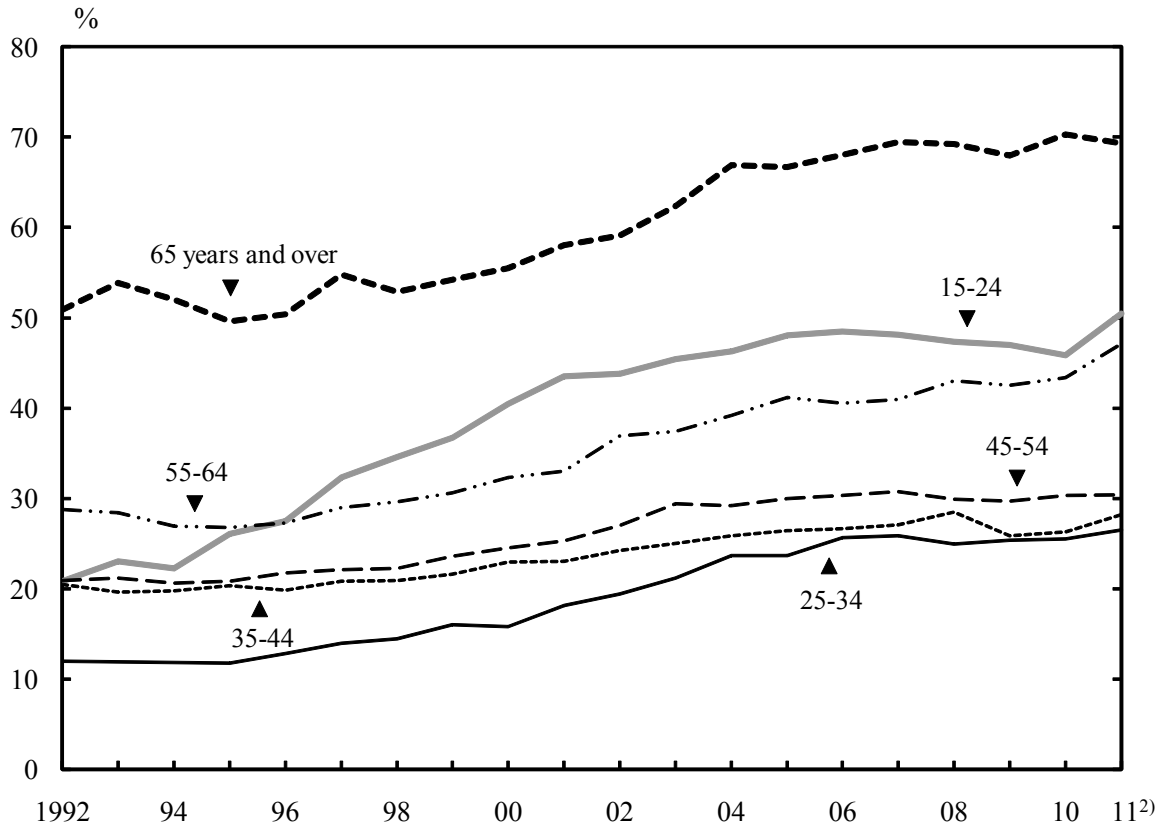


Source: Statistics Bureau, MIC.

(3) Employment by Employment Pattern

An observation of employment patterns in Japan shows that the ratio of regular staff members has been on a declining trend since the 1980s, while that of non-regular staff members, including part-time workers and agency-dispatched workers, has increased. The latter figure soared in younger age groups from the mid-1990s to the beginning of the 2000s. Although it went down in 2009 due to the deteriorating economy, it started going up again in 2010.

Figure 12.5
Percentage of Non-Regular Staff Members by Age Group [1)]



1) February figures for the respective years are used for data prior to 2002. The average of January-March figures are used for data from 2002 onward. 2) Excluding Iwate, Miyagi and Fukushima prefectures.
Source: Statistics Bureau, MIC.

In 2010, there were 51.11 million employees (excluding company executives), of whom 17.55 million, or 34.3 percent, were non-regular staff members. The ratio of non-regular staff members among all male employees was 18.9 percent, while the corresponding ratio for females was 53.8 percent, revealing a large difference between the genders.

A breakdown of non-regular staff members by age group shows that among men, many young and elderly men are employed as non-regular staff members relative to other age groups. Among women, the older the age group is, the greater the non-regular staff ratio is.

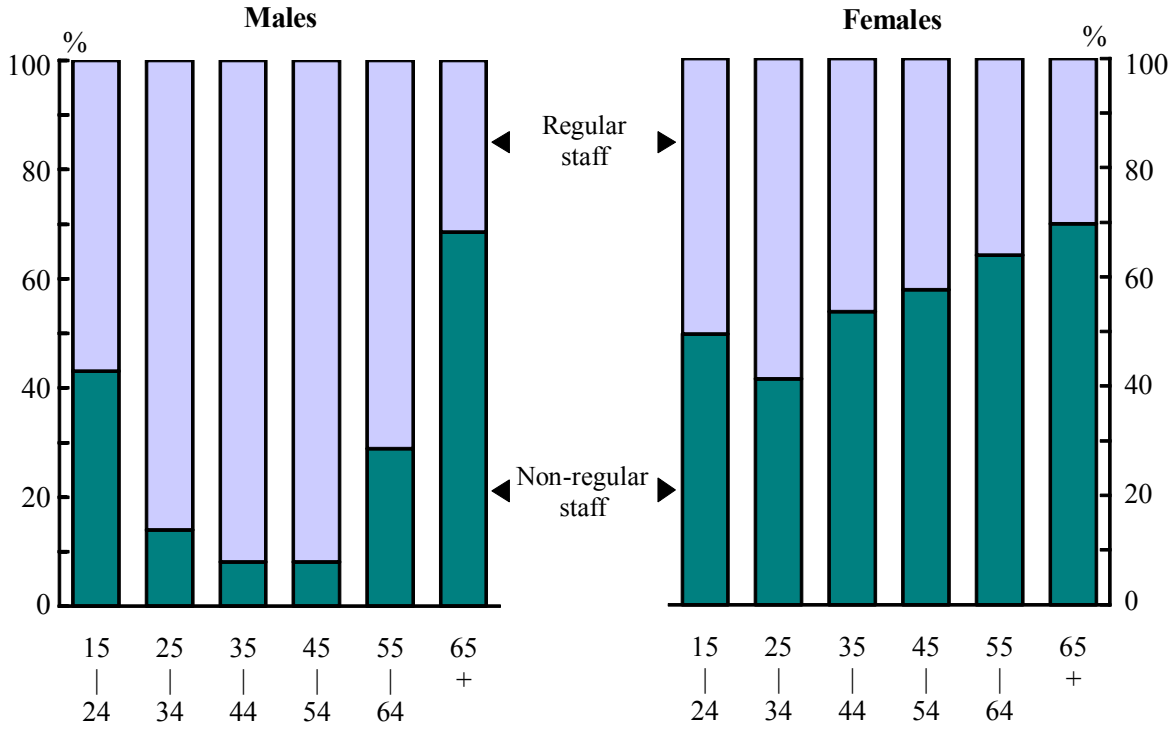
Table 12.4
Employment by Employment Pattern (2010)

(Thousands)

	Employees[1)]	Regular staff	Percentage	Non-regular staff	Percentage
Total	51,110	33,550	65.7	17,550	34.3
Males	28,480	23,090	81.1	5,390	18.9
Females	22,630	10,460	46.2	12,180	53.8

1) Excluding company executives.
Source: Statistics Bureau, MIC.

Figure 12.6
Employment Pattern by Gender and Age (2010)



Source: Statistics Bureau, MIC.

Factors behind the rise in non-regular staff members include labor cost-cutting and the trend where seeking work-ready, pre-trained workers was preferred to developing human resources by hiring new graduates. As a result, there was a change in terms of employment patterns in that non-regular staff members increased, particularly among young people.

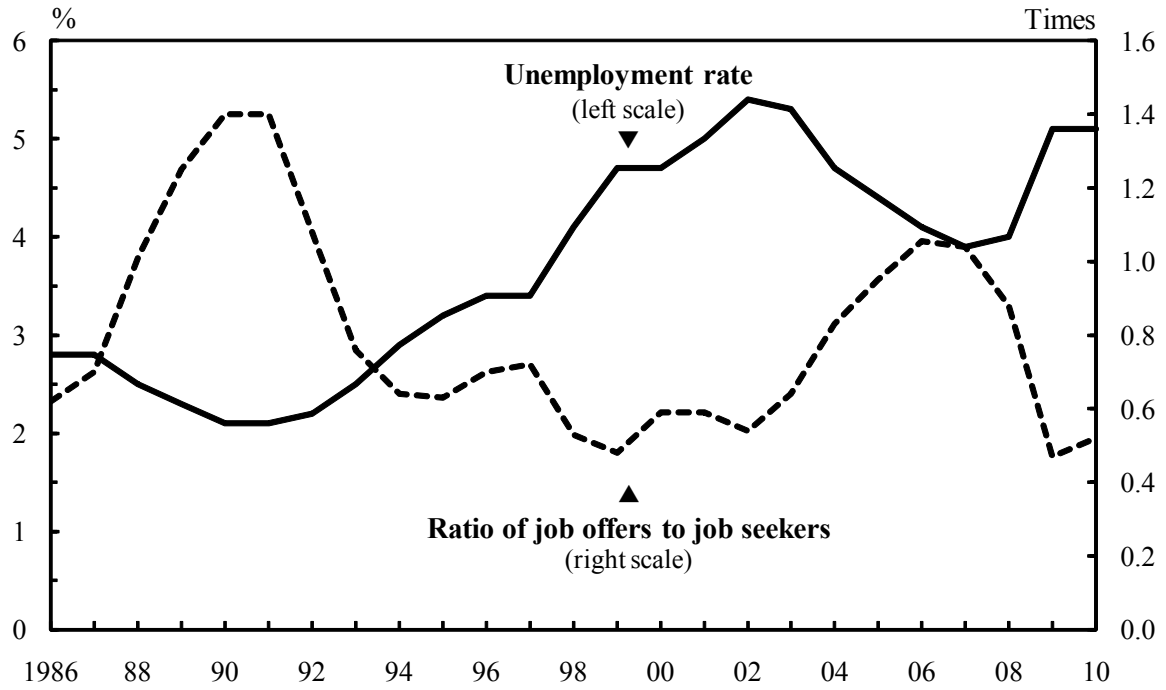
The employment rate of new graduates had been worsening as a result of the economic slowdown since 2008, but their employment picture improved slightly in 2011.

3. Unemployment

In 2010 the unemployed numbered 3.34 million persons, recording the first decrease in three years. The unemployment rate was 5.1 percent, the same as from the previous year. The unemployment rate recorded for May 2011 was 4.5 percent (a seasonally adjusted figure; the data for Iwate, Miyagi and Fukushima prefectures were excluded).

The ratio of job offers to job seekers marked 1.08 in July 2006 when it peaked out in recent years. It has been on a falling trend since then, marking 0.61 in May 2011 (a seasonally adjusted figure).

Figure 12.7
Unemployment Rate and Ratio of Job Offers to Job Seekers

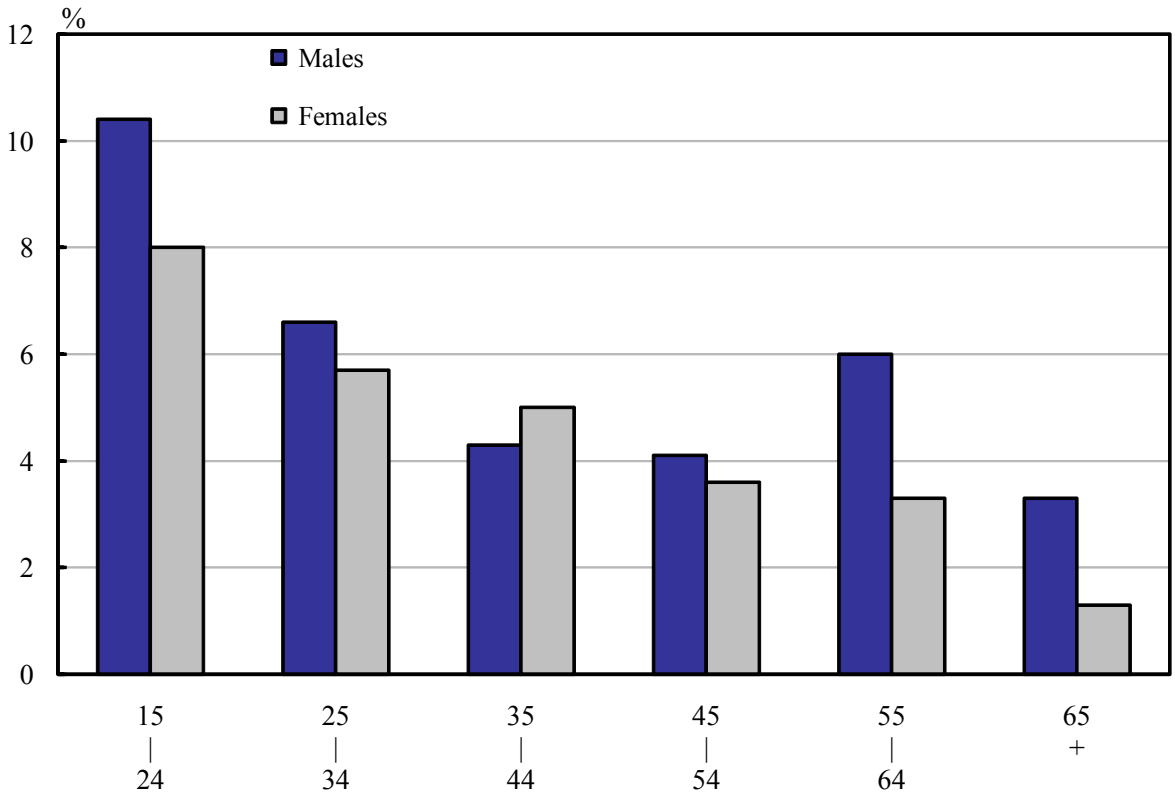


Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare.

A breakdown by gender shows that the unemployment rate in 2010 was 5.4 percent among men, and 4.6 percent among women. The unemployment rate has been higher among men for thirteen consecutive years since 1998.

The unemployment rate was seen as notably higher in younger age groups than in other age groups, in men and women alike.

Figure 12.8
Unemployment Rates by Gender and Age (2010)

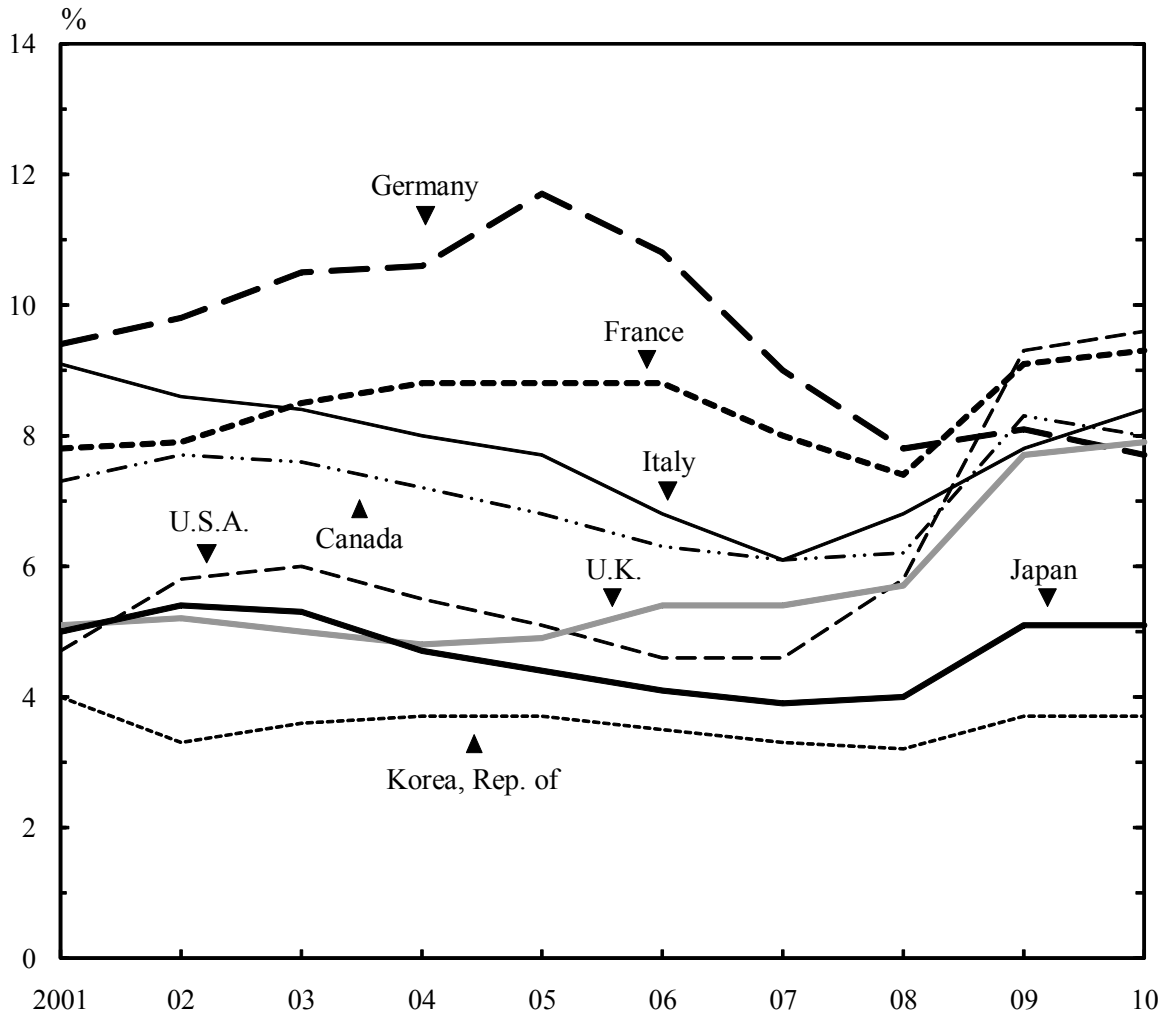


Source: Statistics Bureau, MIC.

Analyzing the total number of unemployed in 2010 (3.34 million people), by reasons for job-seeking, the major reasons were: (i) involuntarily dismissed due to corporate or business circumstances, or reaching retirement age limit, 1.37 million persons; (ii) voluntarily left their jobs for personal or family reasons, 1.04 million persons; (iii) new job seekers due to the necessity to earn income, 0.46 million; and (iv) new job seekers just graduated from schools, 0.16 million.

In terms of the duration of unemployment, most were unemployed for "1 year or more" (1.21 million persons), followed by "less than 3 months" (0.94 million persons). The younger a job seeker is, the shorter the job-seeking period tends to be; on the other hand, the older a person, the longer the job-seeking period tends to be.

Figure 12.9
Unemployment Rates by Country



Source: Statistics Bureau, MIC; Cabinet Office.

4. Hours of Work and Wages

In 2010, the monthly average of total hours worked was 146.2 per regular employee (in establishments with five or more regular employees), up 1.4 percent from the previous year, and the first increase in four years. Multiplied by 12, this amounts to an annual average of 1,754 hours.

Of the total monthly hours worked, 136.2 were scheduled working hours, representing an increase of 0.7 percent from the previous year. Non-scheduled work such as overtime work averaged 10.0 hours per month, representing an increase of 9.0 percent. Working days averaged 19.0 days per month in 2010.

In 2010, the monthly average of total cash earnings for regular employees (in establishments with five or more regular employees) was 317,000 yen. This total amount includes 263,000 yen in "contractual cash earnings" (which include "scheduled cash earnings" plus "non-scheduled cash earnings" for working overtime, on holidays and late at night, as well as other allowances), and 54,000 yen in "special cash earnings" (which include summer and year-end bonuses, payments to celebrate employees' marriages, etc.).

Table 12.5

Hours of Work and Wages [1] (Monthly average)

Year	Days worked	Hours of Work			Wages (1,000 yen)				
		Total	Scheduled	Non-scheduled	Total	Contractual	Scheduled	Non-scheduled	Special [2]
1995	20.3	159.2	149.6	9.6	363	282	264	18	81
2000	20.0	154.4	144.6	9.8	355	284	265	19	72
2005	19.5	150.2	139.8	10.4	335	273	253	19	62
2008	19.3	149.3	138.6	10.7	331	271	251	19	61
2009	18.9	144.4	135.2	9.2	315	262	246	17	53
2010	19.0	146.2	136.2	10.0	317	263	245	18	54
Increase rates (%) [3]									
1995	-	0.1	0.0	2.0	1.1	1.5	1.4	3.7	-0.4
2000	-	0.7	0.4	4.4	0.1	0.5	0.3	4.0	-1.5
2005	-	-0.6	-0.7	1.1	0.6	0.3	0.2	1.6	2.1
2008	-	-1.2	-1.1	-1.5	-0.3	-0.2	-0.1	-2.2	-0.4
2009	-	-2.9	-1.9	-15.2	-3.8	-2.1	-1.3	-13.5	-11.8
2010	-	1.4	0.7	9.0	0.6	0.3	-0.2	9.2	2.0

1) Establishments with 5 or more regular employees. 2) Bonuses and other special allowances. 3) Increase rates for "Hours of Work" and "Wages" are recalculated annually for sample adjustments.

Source: Ministry of Health, Labour and Welfare.

Generally, the average earnings (scheduled cash earnings) in Japan go up with age until roughly the 40s to mid-50s are reached and then declines. This reflects one characteristic of Japan's seniority employment system in which salaries are determined mainly on the basis of employment duration. Into the 1990s, an increasing number of enterprises reviewed their salary system, resulting in more widespread introduction of a merit-based pay system placing emphasis on performance. However, there has been a trend in recent years, particularly among large enterprises, to value the practice of long-term employment once again and attach importance to job execution skills.

Figure 12.10
Monthly Contractual Cash Earnings by Size of Enterprise (2010)

Source: Ministry of Health, Labour and Welfare.

Chapter 13

Family Budgets and Prices

1. Family Budgets

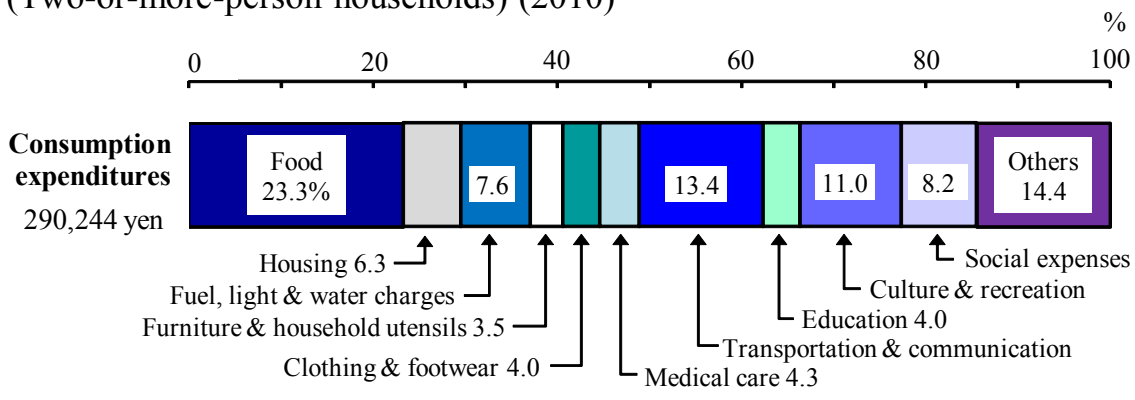
There are approximately 51 million households in Japan, of which about 70 percent are two-or-more-person households and about 30 percent are one-person households. Family budgets vary significantly depending on the employment situation and ages of their members. In this section, family budgets in various types of households are described on the basis of the 2010 results of the Family Income and Expenditure Survey.

(1) Income and Expenditure

(A) Two-or-more-person Households

The 2010 average monthly consumption expenditures per two-or-more-person households (the average number of household members being 3.09 and the average age of the household head being 56.3 years) was 290,244 yen. Compared to the previous year, it decreased by 0.5 percent in nominal terms but increased by 0.3 percent in real terms. The share of food expenses to the whole consumption expenditures (Engel's coefficient) was 23.3 percent.

Figure 13.1
Average Monthly Consumption Expenditures
(Two-or-more-person households) (2010)



Source: Statistics Bureau, MIC.

(a) Workers' Households

A workers' household means a household of which the head is employed by a company, public office, school, factory, store, etc. The average income of workers' households (the average number of household members being 3.41 and the average age of the household head being 47.3

years) was 520,692 yen in 2010, of which over 80 percent came from the household head's income.

Table 13.1

Average Monthly Income and Expenditures (Workers' households [1])

(Thousand yen)

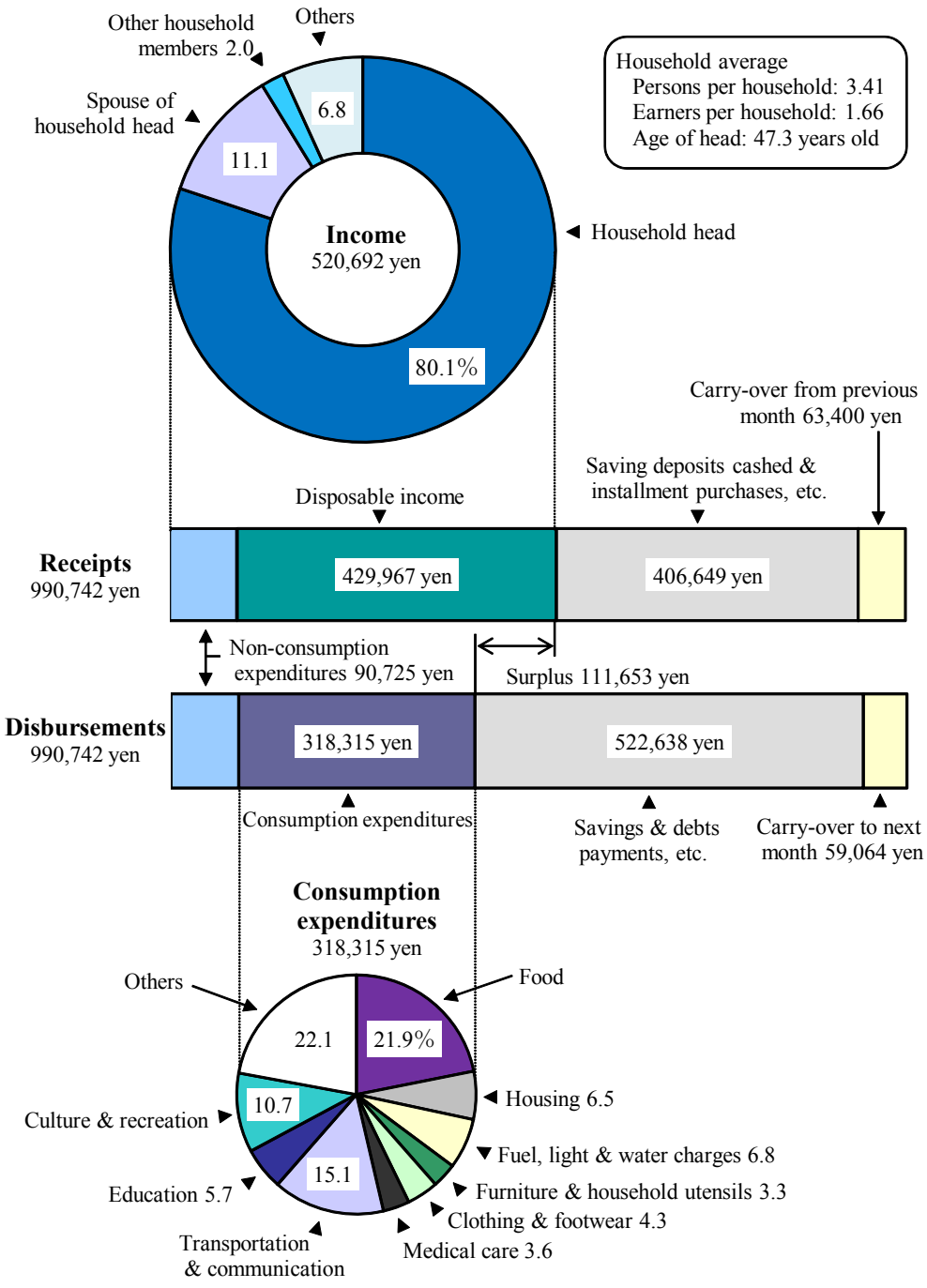
Item	2006	2007	2008	2009	2010
Income (A)	525.7	528.8	534.2	518.2	520.7
Wages and salaries	495.0	497.4	500.7	484.9	485.3
Others	30.7	31.4	33.5	33.3	35.4
Disposable income (A-C)	441.4	442.5	442.7	427.9	430.0
Expenditures	404.5	409.7	416.4	409.4	409.0
Consumption expenditures (B)	320.2	323.5	324.9	319.1	318.3
Non-consumption expenditures (C) [2]	84.3	86.3	91.5	90.3	90.7
Surplus ((A-C)-B)	121.2	119.0	117.8	108.9	111.7
Net increase in savings and insurance	82.2	80.9	81.2	69.5	76.8
Average propensity to consume (%) [3]	72.5	73.1	73.4	74.6	74.0
Ratio of net increase in savings and insurance (%) [4]	18.6	18.3	18.3	16.2	17.9
Engel's coefficient (%)	21.7	21.7	21.9	22.0	21.9
Annual rate of increase (%) (real terms)					
Disposable income	-0.2	0.1	-1.5	-1.9	1.3
Consumption expenditures	-3.1	0.9	-1.1	-0.3	0.6

1) Two-or-more-person households. 2) Direct taxes, social insurance contributions, etc.
3) Ratio of consumption expenditures to disposable income. 4) Ratio of net savings and insurance to disposable income.
Source: Statistics Bureau, MIC.

Disposable income, calculated as income minus non-consumption expenditures such as taxes and social insurance contributions, was 429,967 yen. Of this disposable income, 318,315 yen was used for living expenses (consumption expenditures), such as food and housing expenses, while the remainder (surplus), totaling 111,653 yen, was applied to savings, life insurance premiums and repaying debt such as housing loans.

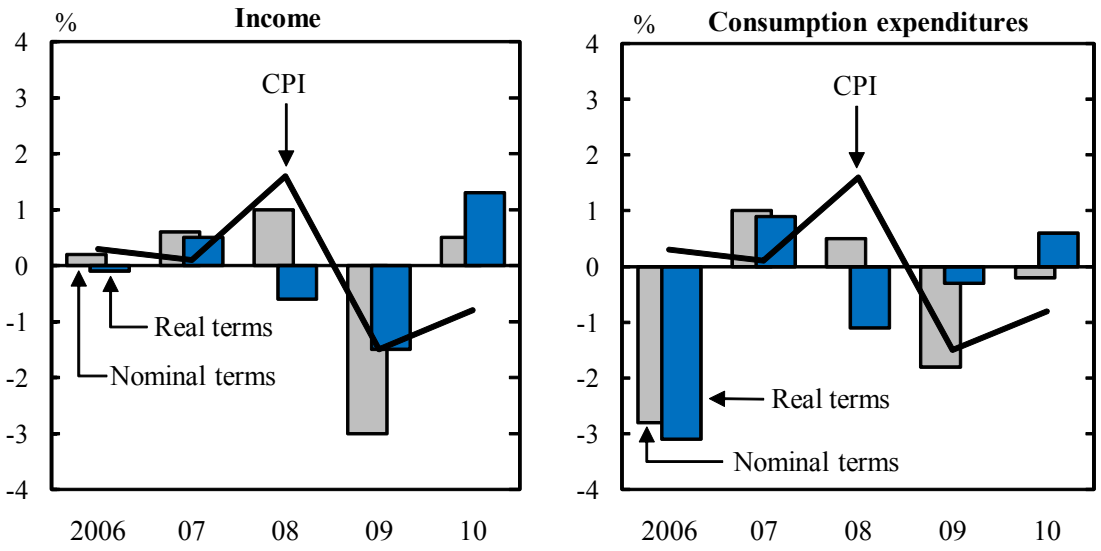
A look at consumption expenditures by category showed that some categories, including spending on "housing" and "culture and recreation," increased from the previous year in real terms, while "medical care," "food" and other spending decreased in real terms.

Figure 13.2
Balance of Income and Expenditures
(Monthly average, workers' households [1]) (2010)



1) Two-or-more-person households.
Source: Statistics Bureau, MIC.

Figure 13.3
Annual Change in Household Income and Expenditures
(Workers' households [1])

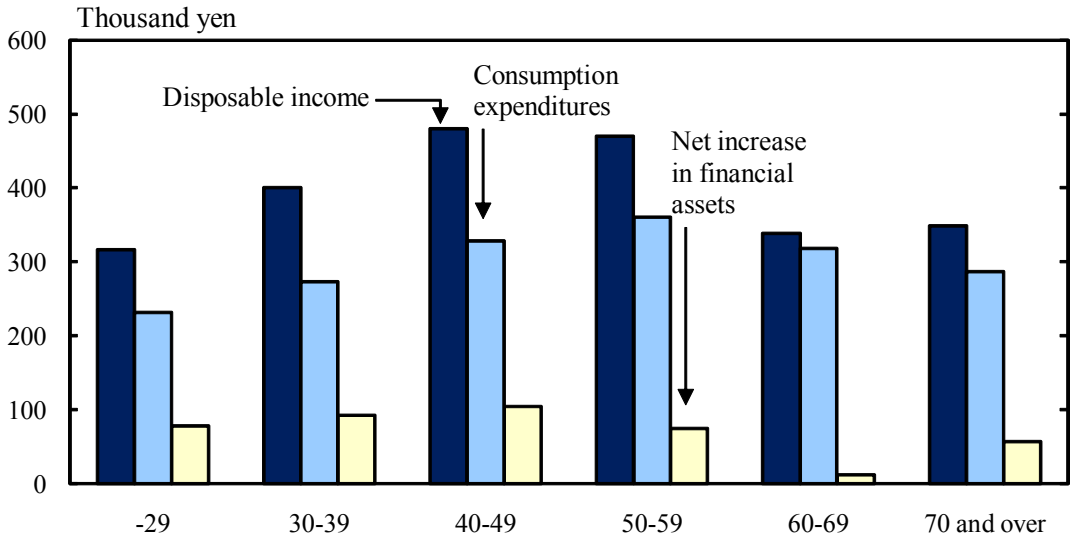


1) Two-or-more-person households.
Source: Statistics Bureau, MIC.

Family budgets differ among households according to their stages in life. Observed by age group of the household head, the 2010 average monthly disposable income of workers' households was the highest in households in the 40s group (479,799 yen), followed by those in the 50s group (470,345 yen) and the 30s group (400,310 yen).

The 2010 average propensity to consume (the ratio of consumption expenditures to disposable income) was the lowest in households in the 30s group (68.2 percent). The figure was 68.4 percent in those in the 40s group, 76.6 percent in the 50s group, and 93.9 percent in the 60s group. The percentage tends to be higher as the age goes up, except for the under-30 group (73.2 percent) and the 70-and-over group (82.2 percent). Meanwhile, a net increase in financial assets (an amount added to savings) was the highest in households in the 40s group, followed by those in the 30s group.

Figure 13.4
Average Monthly Family Income and Expenditures by Age Group of Household Head (Workers' households [1]) (2010)



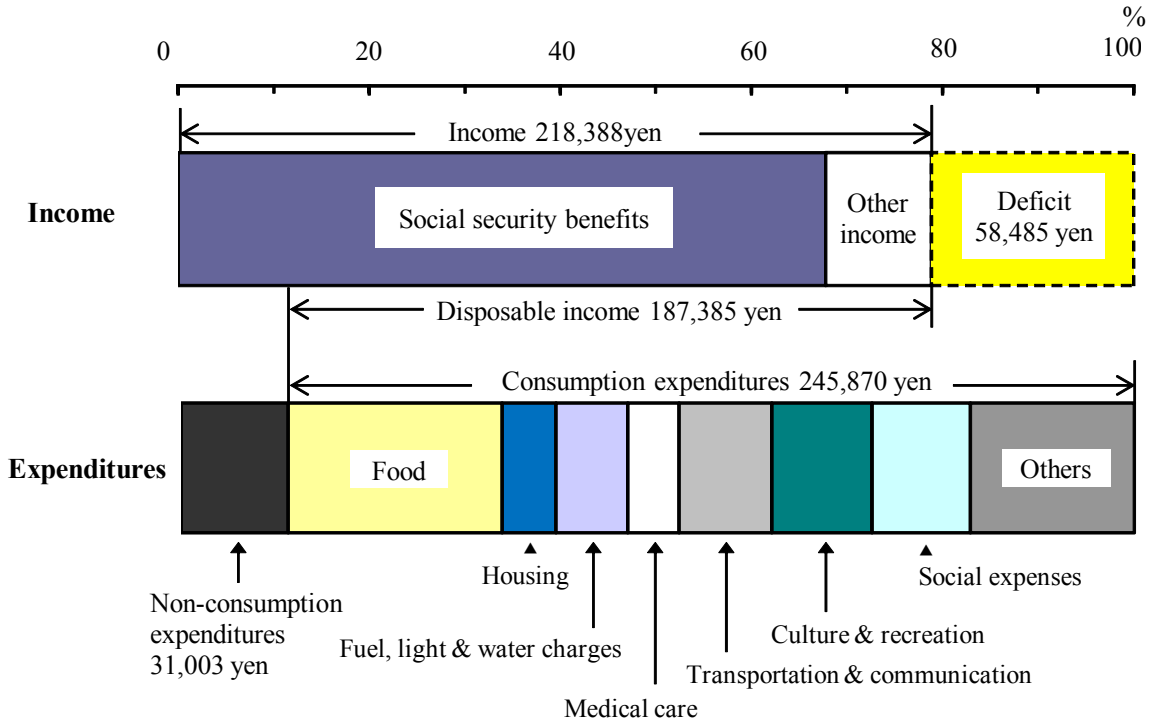
1) Two-or-more-person households.
Source: Statistics Bureau, MIC.

(b) Non-working Elderly Households

With the rapid aging of the population, the number of households consisting of elderly people is increasing. According to an analysis of the average monthly income and expenditures of non-working elderly households (two-or-more-person households where the age of the household head is 60 and over), the average income was 218,388 yen in 2010. Social security benefits amounted to 187,592 yen, thus accounting for 85.9 percent of income.

Disposable income averaged 187,385 yen, while consumption expenditures averaged 245,870 yen. The average propensity to consume in non-working elderly households was 131.2 percent, which means consumption expenditures exceeded disposable income. The deficit of disposable income to consumption expenditures (58,485 yen) increased from that of the previous year (54,225 yen). This deficit was financed by the proceeds from private and/or corporate pension insurance, and by withdrawing financial assets.

Figure 13.5
Average Monthly Income and Expenditures
(Non-working elderly households [1]) (2010)



1) Two-or-more-person households.
Source: Statistics Bureau, MIC.

(B) One-person Households

The average monthly consumption expenditures of one-person households in 2010 was 162,009 yen, down 0.4 percent in nominal terms but up 0.4 percent in real terms from the previous year. Compared on an age-group basis to the previous year, the average monthly consumption expenditures were up 2.4 percent for the 35-59 age group and up 3.4 percent for the 60-and-over, while there was a 7.9-percent decrease in the under 35-year-old group. Spending on categories such as "fuel, light and water charges," "furniture and household utensils" and "medical care" tended to be larger in older age groups. Meanwhile, older age groups were found to spend increasingly less on categories such as "housing" and "clothing and footwear."

Table 13.2
Average Monthly Consumption Expenditures of One-Person Households by Age Group

(Yen)

	2006	2007	2008	2009	2010	Annual growth [1] (%)
Average	163,699	169,153	171,602	162,731	162,009	0.4
Under 35 years	171,858	183,562	192,515	171,233	156,582	-7.9
35-59	185,371	188,947	188,158	183,380	186,396	2.4
60 and over	145,555	149,844	151,670	146,861	150,669	3.4

1) Real terms.
Source: Statistics Bureau, MIC.

(2) Savings and Debts

An observation of the savings and debts situation of two-or-more-person households in 2010 showed that the average amount of savings per workers' household was 12.44 million yen, resulting in its ratio to average yearly income (6.97 million yen) amounting to 178.5 percent. On the other hand, the average amount of debts per household was 6.79 million yen, which was 97.4 percent relative to yearly income. The portion for "housing and land" accounted for 6.29 million yen of the debts (6.79 million yen). A total of 39.1 percent of workers' households held "debts for housing and land."

Table 13.3
Average Amount of Savings and Debts (Workers' households [1])

(Thousand yen)

Year	Yearly income	Savings	Ratio of savings to yearly income (%)	Debts	Housing and land	Ratio of debts to yearly income (%)	Ratio of households holding debts (%)
2006	7,130	12,640	177.3	6,240	5,770	87.5	51.2
2007	7,180	12,680	176.6	6,640	6,140	92.5	51.3
2008	7,170	12,500	174.3	6,520	6,030	90.9	52.4
2009	7,090	12,030	169.7	6,430	5,960	90.7	52.8
2010	6,970	12,440	178.5	6,790	6,290	97.4	52.8

1) Two-or-more-person households.
Source: Statistics Bureau, MIC.

By age group of the head of the household, the average amount of savings was found to be the highest in the 70-and-over group, while debts were the highest in the 40s group.

Table 13.4
Amount of Savings and Debts by Age Group of Household Head
(Workers' households [1]) (2010)

(Million yen)

Item	Average	-29	30-39	40-49	50-59	60-69	70 and over
Yearly income	6.97	4.58	5.76	7.41	8.22	6.44	6.08
Savings	12.44	2.74	6.24	10.82	15.85	21.50	24.06
Financial institutions	11.79	2.60	5.82	10.04	14.95	21.03	24.01
Demand deposits	2.53	1.14	2.05	2.25	2.66	3.91	4.94
Time deposits	4.75	0.89	1.97	3.76	5.88	9.87	11.04
Life insurance	3.29	0.39	1.44	3.12	4.77	4.73	3.96
Securities	1.22	0.18	0.36	0.91	1.65	2.52	4.07
Non-financial institutions	0.65	0.14	0.42	0.78	0.91	0.47	0.05
Debts	6.79	3.22	8.61	9.50	5.31	2.43	1.26
Housing and land	6.29	2.83	8.25	8.88	4.75	1.97	1.14
Other than housing and land	0.30	0.23	0.14	0.41	0.34	0.28	0.04
Monthly and yearly installments	0.21	0.16	0.21	0.21	0.22	0.18	0.08

1) Two-or-more-person households.
Source: Statistics Bureau, MIC.

By yearly income group, a positive correlation was observed between yearly income and savings/debts: the higher the yearly income, the higher the amount of savings as well as debts.

2. Prices

A general overview of Japan's price movements in recent years showed that corporate goods prices were going up since 2004, reflecting the recovering economy and rising prices in raw material imports. Meanwhile, consumer prices, which had been deflationary for the past decade, changed their pattern in 2006 to later take on an upward trend in the start of 2008. However, since September 2008, corporate goods prices and consumer prices have both been on a continuous decline. This was due to falling prices of petroleum products, etc. which resulted from a global economic slowdown triggered by the failure of an American securities investment

bank in September 2008. In this section, recent trends of the two basic price indices will be examined.

(1) Consumer Price Index (CPI)

The overall index of consumer prices (with base year 2005 = 100) was 99.6 in 2010, down 0.7 percent from the previous year. This was due to, among other factors, substantial drops in public high school tuition fees as well as private high school tuition fees as a result of the "Free Tuition Fee at Public High Schools/High School Enrollment Support Fund System" being implemented as of April of that year.

The May 2011 overall index (2005 = 100) marked 100.0, up 0.1 percent from the previous month. Compared year on year, it increased by 0.3 percent. Major categories that contributed to the year-on-year difference in the overall index included cigarettes and fresh vegetables.

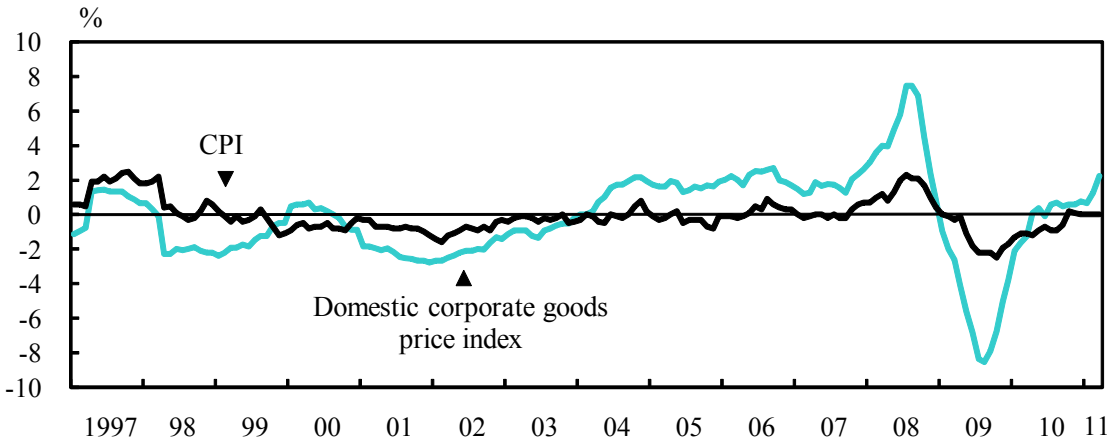
Table 13.5
CPI for Major Categories of Goods and Services

(2005=100)

Item	Weight	1995	2000	2008	2009	2010
Overall	10000	100.7	102.2	101.7	100.3	99.6
Overall, excluding imputed rent	8578	101.8	102.8	102.0	100.5	99.7
Food	2586	101.0	101.6	103.4	103.6	103.3
Housing	2039	96.7	100.3	100.0	99.8	99.4
Fuel, light and water charges	676	97.4	100.2	110.7	106.1	105.9
Furniture and household utensils	344	128.1	117.5	96.0	93.9	89.6
Clothing and footwear	464	102.5	106.0	101.9	101.0	99.8
Medical care	448	87.8	97.6	99.4	99.3	98.8
Transportation and communication	1392	103.6	101.3	102.4	97.4	98.4
Education	364	87.9	96.1	102.1	103.0	93.1
Culture and recreation	1100	110.7	109.4	96.7	94.3	92.7
Miscellaneous	586	95.1	98.2	102.1	101.7	103.0
Goods	4937	105.4	104.4	103.0	100.5	99.9
Services	5063	96.1	100.1	100.4	100.2	99.3

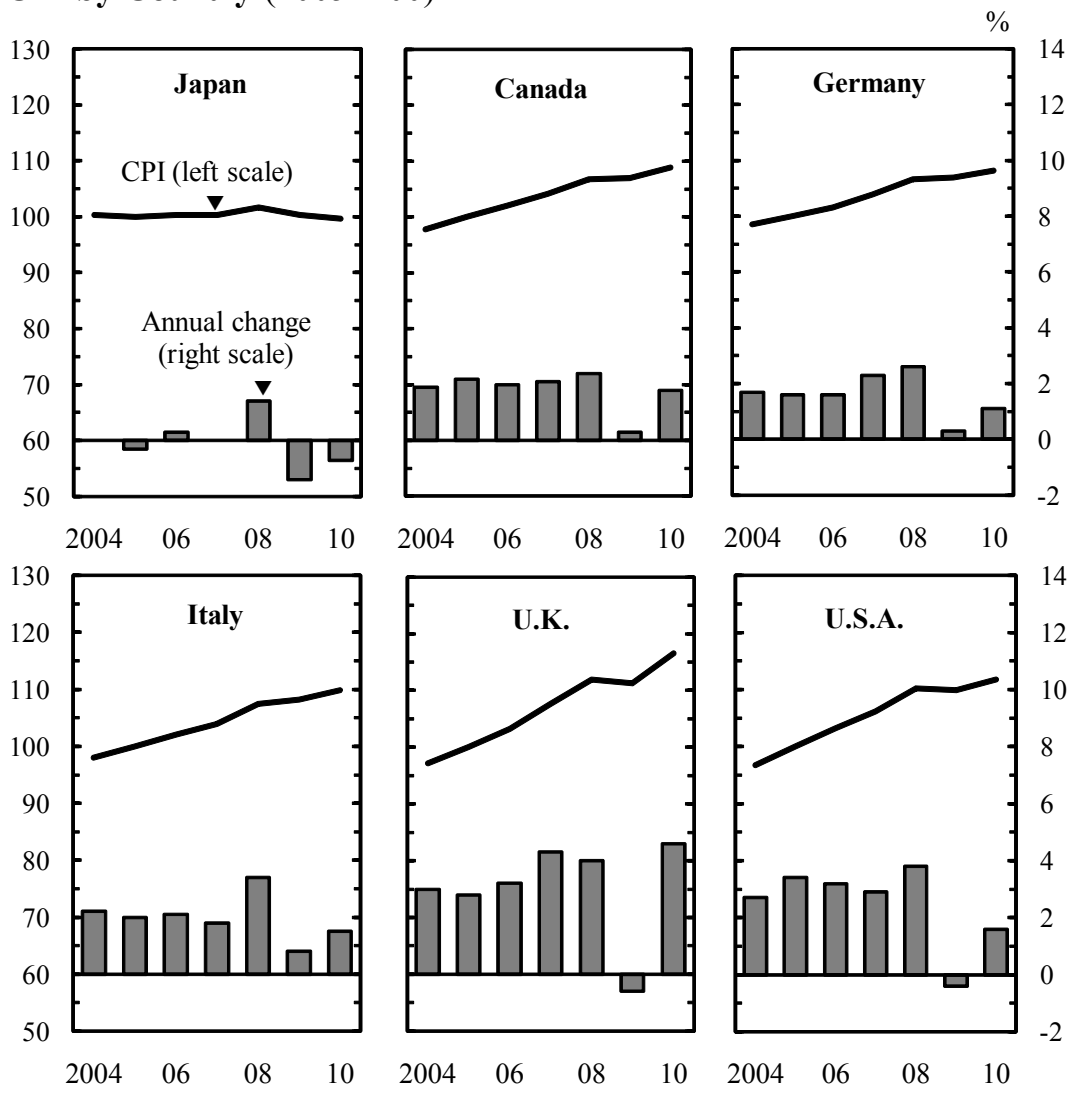
Source: Statistics Bureau, MIC.

Figure 13.6
Price Trends (Percent change from previous year)



Source: Statistics Bureau, MIC; Bank of Japan.

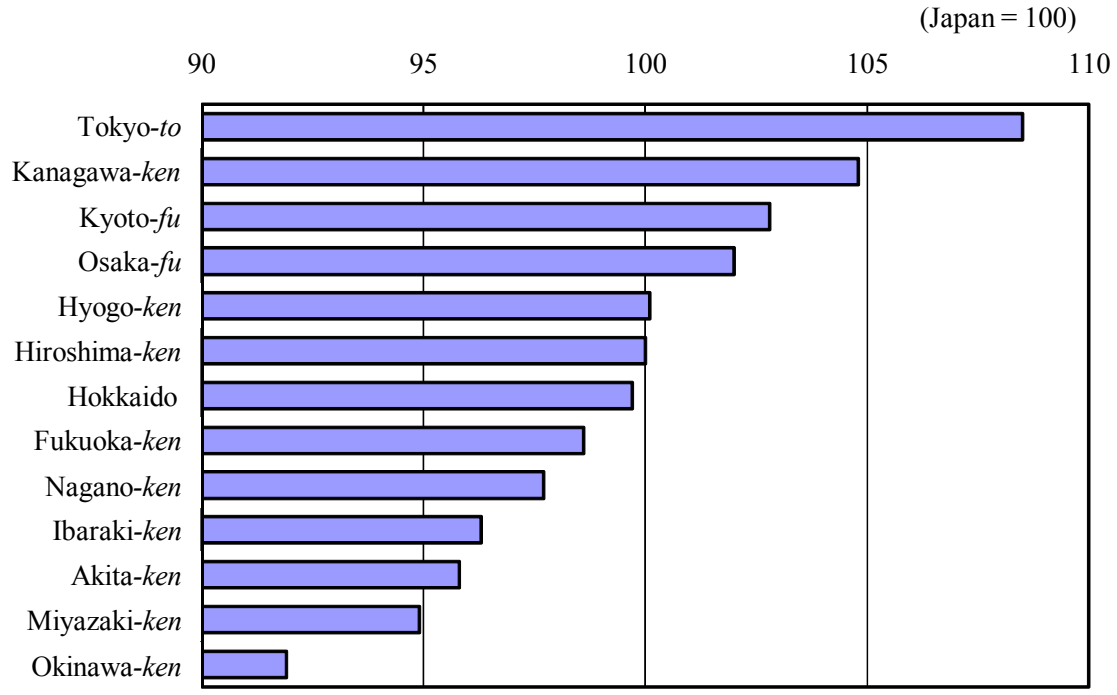
Figure 13.7
CPI by Country (2005=100)



Source: Statistics Bureau, MIC; International Monetary Fund.

According to the regional difference index of prices, which compares the difference in consumer price levels by prefecture, Tokyo-*to* had the highest score in 2007, with a figure of 108.5 against the national average set at 100. Following Tokyo-*to* were Kanagawa-*ken* (104.8) and Kyoto-*fu* (102.8). On the other hand, Okinawa-*ken* registered the lowest score at 91.9. Comparing Tokyo-*to* and Okinawa-*ken*, price index of Tokyo-*to* was 18.1 percent higher than that of Okinawa-*ken*.

Figure 13.8
Regional Difference Index of Prices by Selected Prefectures (2007)



Source: Statistics Bureau, MIC.

(2) Corporate Goods and Services Price Indices

The corporate goods price index measures the price developments of goods traded between companies. It is comprised of the domestic corporate goods price index (index of transaction prices between companies for domestic products targeted at the domestic market), the export price index, and the import price index.

In 2010, the domestic corporate goods price index (2005 as the base year = 100) was 102.8, down 0.2 percent from the previous year, recording a decrease for the second consecutive year. In May 2011, it reached 105.5, marking a 2.2-percent year-on-year increase.

In 2010, the export price index turned upwards to 100.5 on a contract currency basis (up 2.3 percent from the previous year); measured in yen, the index decreased for the third consecutive year to 86.4 (down 2.5 percent). Meanwhile, the import price index rose to 127.2 on a contract currency basis (up 13.2 percent from the previous year) and to 106.3 on a yen basis (up 7.0 percent), thus turning upwards in both contractual currency and yen terms.

The corporate services price index measures price movements of services traded between companies. In 2010, the corporate services price index (2005 as the base year = 100) was 96.9, down 1.3 percent from the previous year.

Table 13.6
Corporate Goods and Services Price Indices

(2005=100)

Item	Weight	2000	2007	2008	2009	2010
Corporate goods price index						
Domestic corporate goods price index	1000.0	102.4	104.0	108.7	103.0	102.8
Manufactured products	918.8	102.3	103.8	108.4	102.8	102.7
Export price index (yen basis)	1000.0	101.7	105.4	99.0	88.6	86.4
Import price index (yen basis)	1000.0	84.7	122.5	133.0	99.3	106.3
Corporate services price index						
All items	1000.0	107.4	100.3	100.9	98.2	96.9
Information and communications	216.5	112.3	98.6	98.2	96.5	95.0
Transportation	210.3	96.7	104.3	107.6	99.7	99.7
Leasing and rental	84.6	146.6	94.6	91.5	88.2	84.3
Advertising services	68.5	102.3	99.4	97.2	91.2	89.7

Source: Bank of Japan.

Chapter 14

Environment and Life

1. Environmental Issues

The list of environmental issues is wide-ranging, from waste management to global warming. Japan is, while pursuing regional development at home, taking the initiative in efforts to prevent global warming and conserve the natural environment to help achieve sustainable growth of the entire world.

In fiscal 2009, Japan's total emission of greenhouse gases, which are a major cause of global warming, amounted to 1.21 billion tons (calculated after their conversion into carbon dioxide), representing a decrease of 5.6 percent from the previous fiscal year. Carbon dioxide accounted for 95 percent of these greenhouse gases, with an emission volume of 1.15 billion tons. A breakdown of carbon dioxide emissions by sector revealed that emissions from the industrial sector accounted for 34 percent of the total, followed in order by emissions from the transport sector, the commercial sector (office buildings, etc.), the residential sector, and the energy sector (electric power plants, etc.).

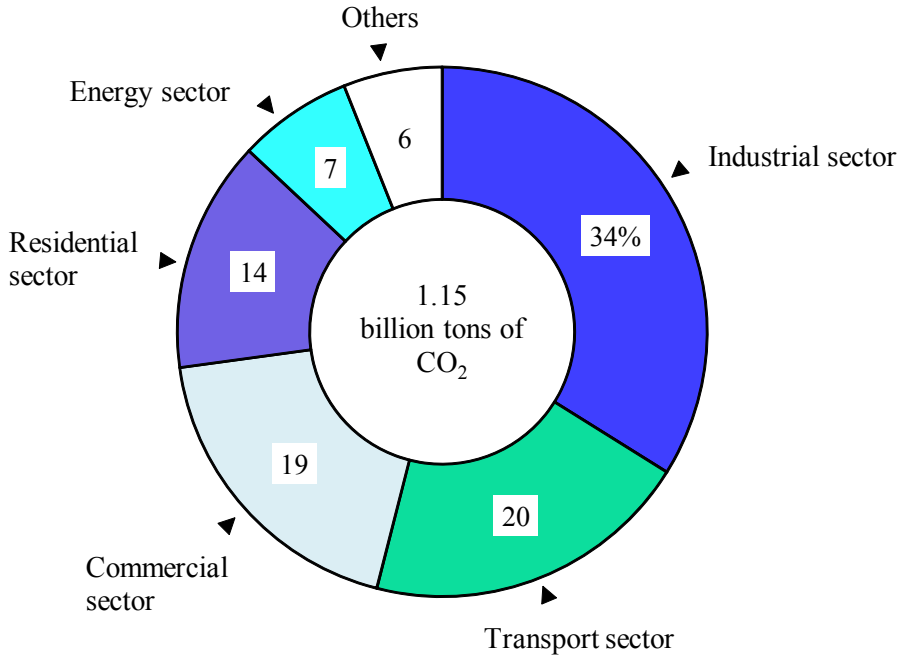
Table 14.1
Breakdown of Carbon Dioxide Emissions in Japan [1)]

(Million tons)

Item	FY1990	FY1995	FY2000	FY2005	FY2008	FY2009
Total	1,141	1,224	1,252	1,282	1,213	1,145
Industrial sector	482	471	467	459	419	388
Transport sector	217	258	265	254	235	230
Commercial sector	164	185	206	236	234	216
Residential sector	127	148	158	174	171	162
Energy sector	68	73	71	79	79	80
Industrial processes	60	61	54	50	46	40
Waste (incineration, etc.)	22	27	31	30	29	29

1) Volume of carbon dioxide after reallocation to the end-use sector.
Source: Ministry of the Environment.

Figure 14.1
Sources of Carbon Dioxide Emissions in Japan [1] (FY2009)



1) Volume of carbon dioxide after reallocation to the end-use sector.
Source: Ministry of the Environment.

The state of waste management in Japan had remained grave due to the shrinking remaining capacity of final disposal sites and increased illegal dumping. This led to the Basic Act for Establishing a Sound Material-Cycle Society (brought into force in January 2001), which defines basic principles for the creation of a sound material-cycle society. This law has established a legal framework to address issues such as waste disposal and automobile and electrical appliance recycling. Other ongoing efforts include promotion of the "3Rs" (reduce, reuse and recycle) in waste management, and research and development for the use of waste as a source of energy, with a view to generating a synergy between efforts to manage waste and tackle global warming.

Of various types of waste generated as a result of business activities, 20 of them, including sludge, waste oil, and soot and particulates, are designated as "industrial waste." The fiscal 2008 nationwide industrial waste generation totaled 403.66 million tons. Sludge, animal waste and debris, which account for approximately 80 percent of the total industrial waste, are now increasingly recycled into construction materials, organic fertilizers, and other materials. Thanks to this development, the volume of final disposal (to be put into landfills) fell from 89.73 million tons in fiscal 1990 to 16.70 million tons in fiscal 2008.

Meanwhile, a total of 48.11 million tons of "nonindustrial waste" (household waste and also shop, office and restaurant waste) was generated in fiscal 2008. This translates to 1,033 grams per person per day. In terms of nonindustrial waste disposal in fiscal 2008, the total volume processed was 45.14 million tons. The total volume of recycled waste was 9.78 million tons, with the recycling rate at 20.3 percent.

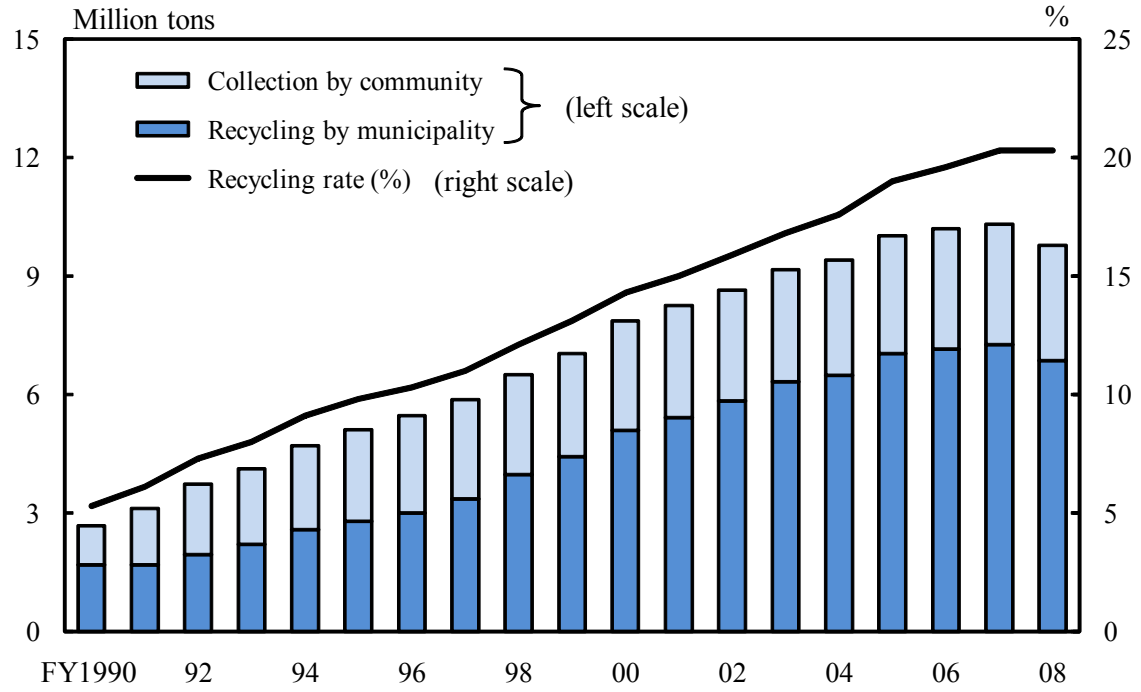
Table 14.2
Waste Generation and Disposal (Industrial and nonindustrial waste)

(Thousand tons)

Item	FY1990	FY1995	FY2000	FY2005	FY2008
Industrial waste					
Total volume of waste generation	394,736	393,812	406,037	421,677	403,661
Recycling	150,568	146,620	184,237	218,888	216,507
Treatment for waste reduction	154,443	177,941	176,933	178,560	170,453
Final disposal	89,725	69,257	44,868	24,229	16,701
Nonindustrial waste					
Total volume of waste generation	...	52,224	54,834	52,720	48,106
Municipally scheduled and collected	42,495	44,100	46,695	44,633	40,946
Directly brought to waste treatment facilities	6,776	5,806	5,373	5,090	4,234
Recyclable waste collected by community	986	2,318	2,765	2,996	2,926
Waste generated daily per person (in grams)	1,115	1,138	1,185	1,131	1,033
Total volume of processed waste	49,282	49,899	52,090	49,754	45,136
Direct incineration	36,192	38,048	40,304	38,486	35,742
Intermediate treatment for recycling, etc.	3,300	6,131	6,479	7,283	6,232
Direct recycling			2,224	2,541	2,341
Direct final disposal	9,790	5,721	3,084	1,444	821

Source: Ministry of the Environment.

Figure 14.2
Recycling of Nonindustrial Waste



$$\text{Recycling rate (\%)} = \frac{\text{Total volume of recycled waste}}{\text{Total volume of processed waste} + \text{Volume of collection by community}} \times 100$$

$$\text{Total volume of recycled waste} = \text{Volume of recycling by municipality} + \text{Volume of collection by community}$$

Source: Ministry of the Environment.

2. Housing

According to the Housing and Land Survey conducted in October 2008, the total number of dwellings (in case of apartment buildings, counting the number of component apartments) in Japan was 57.59 million, up by 3.70 million (6.9 percent) from 2003. The number of households was 49.97 million, representing the excess in number of dwellings over households by 7.61 million.

In 2008, the number of occupied dwellings (where people usually live) amounted to 49.60 million, accounting for 86.1 percent of the total number of dwellings. Of these, the number of dwellings used exclusively for living

totaled 48.28 million, accounting for 97.3 percent of the occupied dwellings.

A breakdown of occupied dwellings by class of ownership showed that owned houses totaled 30.32 million, accounting for 61.1 percent of the total, which represented a decrease of 0.1 percentage point from the figure of 61.2 percent in 2003. Rented houses, on the other hand, numbered 17.77 million, accounting for 35.8 percent of the total.

Table 14.3
Housing Conditions

(Thousands)

Year	Total households	Total number of dwellings	Occupied dwellings	Ownership		Dwellings exclusively for living	Floor space per dwelling (m^2)
				Owned	Rented		
1983	35,197	38,607	34,705	21,650	12,951	31,935	81.6
1988	37,812	42,007	37,413	22,948	14,015	34,701	85.0
1993	41,159	45,879	40,773	24,376	15,691	38,457	88.4
1998	44,360	50,246	43,922	26,468	16,730	41,744	89.6
2003	47,255	53,891	46,863	28,666	17,166	45,258	92.5
2008	49,973	57,586	49,598	30,316	17,770	48,281	92.4

Source: Statistics Bureau, MIC.

Table 14.4
Occupied Dwellings by Type of Building

(Thousands)

Year	Total	Detached houses	Tenement houses	Apartments	Others
1983	34,705	22,306	2,882	9,329	187
1988	37,413	23,311	2,490	11,409	203
1993	40,773	24,141	2,163	14,267	202
1998	43,922	25,269	1,828	16,601	224
2003	46,863	26,491	1,483	18,733	156
2008	49,598	27,450	1,330	20,684	134

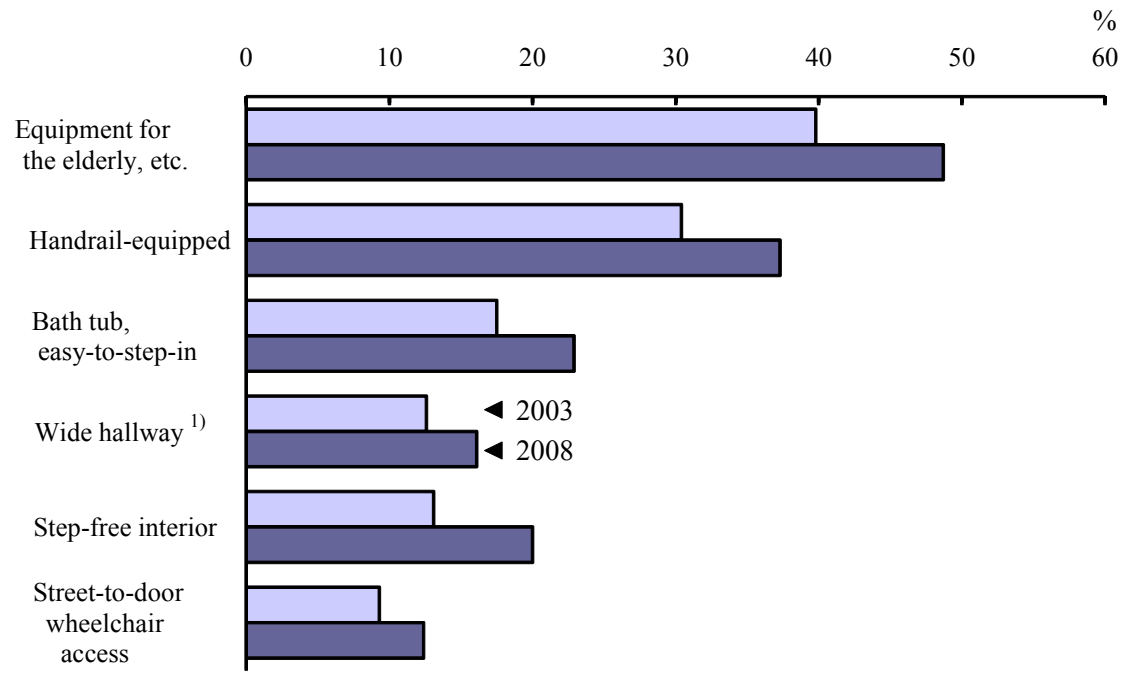
Source: Statistics Bureau, MIC.

Occupied dwellings by building type showed that 27.45 million or 55.3 percent were detached houses, and 20.68 million or 41.7 percent were apartments. The proportion of apartments has consistently increased in recent years.

In terms of construction materials, 25.42 million or 92.6 percent of the detached houses were wood-frame houses (including fire-resistant ones). On the other hand, 15.04 million or 72.7 percent of the component apartments were steel-framed concrete structures.

A study of housing with accessibility equipment for the elderly and physically challenged persons showed that the number of housing units "with equipment for the elderly, etc." was 24.15 million, or 48.7 percent of all housing, up 8.9 percentage points from 18.66 million (39.8 percent) in 2003. Housing "equipped with handrails" accounted for 37.3 percent of all housing, and housing with a "step-free interior" made up 20.0 percent. Figures increased from 2003 in all categories of equipment surveyed.

Figure 14.3
Ratio of Housing with Barrier-Free Features



1) Wheelchair-accessible hallway.
Source: Statistics Bureau, MIC.

3. Traffic Accidents

In 1970, the annual number of fatalities from traffic accidents hit a record high of 16,765, leading to the enactment of the Traffic Safety Measures Basic Law in the same year. Based on this law, the government has since promoted traffic safety measures in a comprehensive and systematic manner. As a result, the number of traffic accident fatalities declined to 4,914 in 2009, being about one third of that of 1970.

In 2009, traffic deaths per 100,000 population were 3.9 persons, while the number of persons killed per 10,000 motor vehicles was 0.6 persons.

Table 14.5
Traffic Accidents and Casualties

Year	Traffic accidents	Injuries	Deaths [1]	Traffic deaths [1]	
				per 10,000 motor vehicles	per 100,000 population
1970	718,080	981,096	16,765	9.0	16.2
1980	476,677	598,719	8,760	2.2	7.5
1990	643,097	790,295	11,227	1.9	9.1
2000	931,934	1,155,697	9,066	1.2	7.1
2005	933,828	1,156,633	6,871	0.9	5.4
2008	766,147	945,504	5,155	0.7	4.0
2009	736,668	910,115	4,914	0.6	3.9

1) Death within 24 hours of the accident.
Source: National Police Agency.

4. Crime

In 2010, the reported number of penal code offenses (excluding cases related to traffic accidents) was 1.59 million, a decrease of 117,188 (6.9 percent) compared to the previous year. The proportion of thefts was the highest, accounting for approximately 77 percent, or 1.21 million cases (down 6.6 percent from the previous year).

The number of persons arrested for penal code offenses was 322,620 in 2010, a decrease of 10,268 (3.1 percent) compared to the previous year, marking a six-consecutive-year decline.

The ratio of arrests to reported number of offenses marked a post-World War II low at 19.8 percent in 2001. Since 2002, however, it has shown signs of recovery, accounting for 31.4 percent in 2010.

Table 14.6
Trends in Crime (Penal code offenses) [1)]

Year	Reported offenses	Resultant arrests	Persons arrested	Arrest rate [2)] (%)	Crime rate per 100,000 population
1980	1,357,461	811,189	392,113	59.8	1,159.6
1985	1,607,697	1,032,879	432,250	64.2	1,328.1
1990	1,636,628	692,593	293,264	42.3	1,324.0
1995	1,782,944	753,174	293,252	42.2	1,419.9
2000	2,443,470	576,771	309,649	23.6	1,925.5
2005	2,269,293	649,503	386,955	28.6	1,775.7
2009	1,703,044	544,699	332,888	32.0	1,335.7
2010	1,585,856	497,356	322,620	31.4	1,238.0

1) Excluding traffic offenses. 2) The ratio of arrests to reported number of offenses.
Source: National Police Agency.

Various kinds of computers and computer networks are currently playing an essential role as a social foundation. In line with this, crimes utilizing computer networks are becoming increasingly diversified. The number of arrests for cybercrime in 2010, involving the abuse of computer technology and telecommunications technology, was 6,933, up 3.6 percent from the previous year. This represented about an eightfold increase from the 913 cases registered in 2000.

The police organization consists of the National Public Safety Commission and the National Police Agency, both of which are state organizations, as well as the Prefectural Public Safety Commission and prefectural police, both of which are organizations under the authority of individual prefectures. As of April 2010, the prefectural police operated police headquarters, police schools, 1,184 police stations, 6,232 police boxes (*Koban*) and 6,847 police substations in 47 prefectures.

Local police officers at their respective police boxes/substations are engaged in standing guard over their communities, patrolling, and dealing with criminal cases and accidents to prevent crimes and catch criminals.

Chapter 15

Social Security, Health Care, and Public Hygiene

1. Social Security

In Japan, where the birthrate is continuing to fall while the number of elderly people is growing, society is facing the prospect of a population decline beginning in earnest. Meanwhile, its social security system is required to address various changes in the socioeconomic environment, including the expanding deficit.

In April 2000, a long-term care insurance system was launched. This is due to the fact that the issue of elderly care, including the excessive burden of care resting on family members alone, had loomed as a social problem as the aging of society progressed. At the onset of the system (in 2000), the number of care service users was approximately 1.5 million. It subsequently jumped, coinciding with rapid rises in the aggregate long-term care insurance cost (long-term care insurance finances). Therefore, an all-round revision was made to the system in 2005, including putting greater emphasis on disease prevention. As of April 2010, the number of long-term care service users amounted to approximately 4.03 million.

Table 15.1
Trends in Social Security Benefit Expenditures by Institutional Scheme

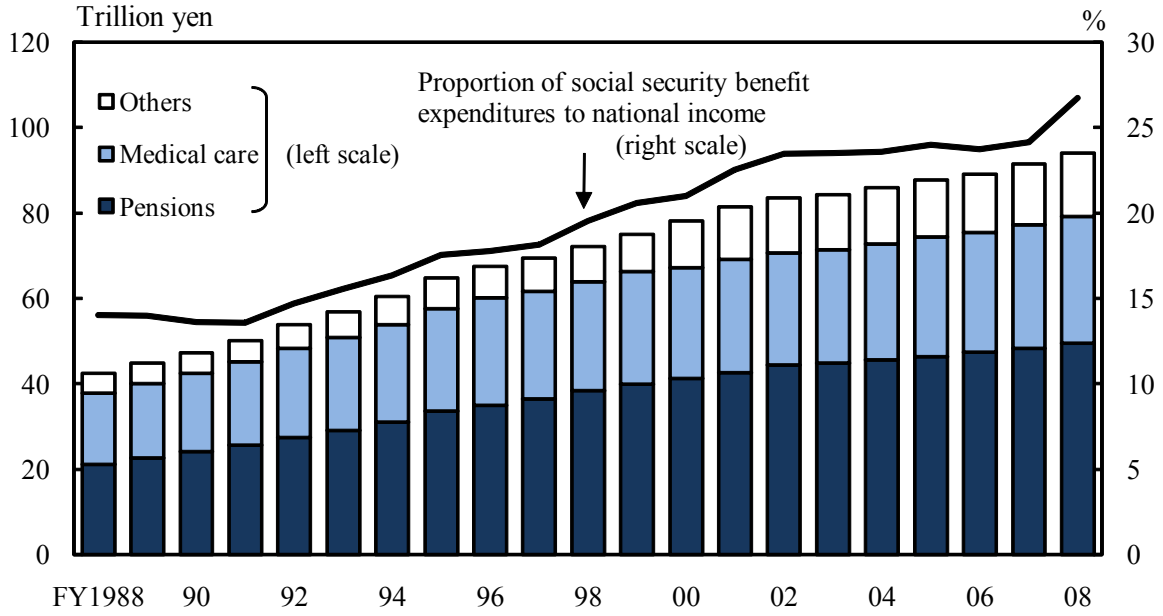
(Billion yen)

Item	FY2000	FY2005	FY2006	FY2007	FY2008
Total	78,119	87,783	89,110	91,430	94,085
Medical insurance	14,573	16,141	16,534	17,424	17,741
Health and medical services for the aged [1]	10,447	10,754	10,379	10,395	10,444
Long-term care insurance	3,252	5,823	6,000	6,305	6,596
Pension benefits	39,173	44,669	45,772	46,799	48,151
Employment insurance [2]	2,665	1,435	1,337	1,309	1,401
Workers' accident compensation insurance	1,019	953	966	957	946
Family allowance [3]	712	1,158	1,351	1,523	1,559
Public assistance	1,930	2,592	2,636	2,603	2,678
Social welfare	2,186	2,505	2,600	2,689	3,041
Public health	555	547	428	361	549
Gratuities for retired public employees	1,420	1,059	984	913	841
Aid for war victims	188	146	124	152	138

1) Including public health measures (e.g., medical check-ups and counseling, etc.).
2) Including unemployment benefits for Seamen's insurance. 3) Including income support for single parent families and families with challenged children.
Source: Ministry of Health, Labour and Welfare.

Total expenditure on social security benefits is increasing annually, thus making a review of benefits and burdens an urgent issue in order to ensure that the social security system is sustainable over the long term. In fiscal 2008, social security benefit expenditures totaled 94.1 trillion yen (up 2.9 percent from the previous fiscal year), a figure which amounted to 736,800 yen per person. The proportion of Japan's social security expenditure to national income registered 26.8 percent. Benefits for the aged accounted for approximately 70 percent of total social security benefit expenditures.

Figure 15.1
Trends in Social Security Benefit Expenditures by Sector



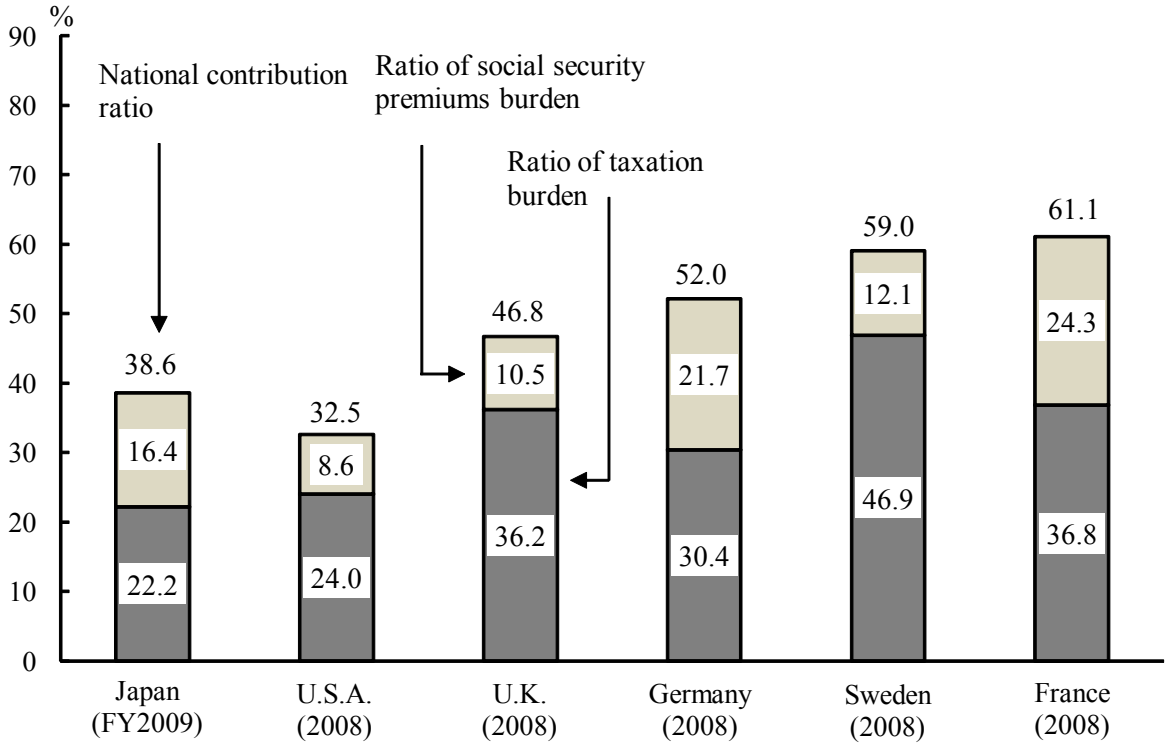
Source: Ministry of Health, Labour and Welfare.

Trends in social security benefit expenditures by sector showed that the proportion of pension to the total social security benefit expenditures has recently risen. In fiscal 2008, pensions accounted for more than half (52.7 percent) of total social security benefit expenditures, while medical care accounted for 31.5 percent, and social welfare and others for 15.9 percent. Social security benefit expenditures are forecasted to continue growing, and are projected to reach 141 trillion yen in fiscal 2025.

In accordance with the rise in social security benefit expenditures, the amount of funds necessary to cover these expenditures has also increased, reaching 101.5 trillion yen in fiscal 2008. This was financed by 57.4 trillion yen from social insurance contributions, 32.7 trillion yen from taxes and 11.4 trillion yen from other sources.

The national contribution ratio (the combined ratios of taxes and social security costs to national income) was 38.6 percent in fiscal 2009 (taxation burden: 22.2 percent; social security premiums: 16.4 percent), down 2.0 percentage points from 40.6 percent in fiscal 2008. The national contribution ratio in 2008 was 32.5 percent in the U.S.A., 46.8 percent in the U.K., and 59.0 percent in Sweden. While the ratio in Japan was higher than that of the U.S.A., it was lower than European countries.

Figure 15.2
National Contribution Ratio by Country



Source: Ministry of Finance.

The social welfare institutions shown below provide users with various services either for free or partially free.

Table 15.2
Social Welfare Institutions (As of October 1, 2009)

Type of institutions	Institutions	Users	Workers [1)]
Total	57,502	2,709,347	771,616
Institutions under the Protection Law [2)]	299	20,040	6,311
Welfare for the elderly	8,421	140,989	49,247
Nursing homes	932	60,013	16,801
Welfare centers	2,013	-	6,527
Support for the physically challenged, etc.	3,334	46,879	37,121
Rehabilitation for the physically challenged	715	29,408	16,002
Rehabilitation for the mentally challenged	2,567	119,011	49,450
Rehabilitation for the mentally ill	635	12,240	3,614
Support for social participation of the physically challenged	351	...	3,028
Protection for women	48	563	405
Child welfare [3)]	32,353	2,173,600	519,218
Day nurseries	22,250	2,100,357	446,272
Maternal and child welfare	62	...	266
Others [4)]	8,717	166,617	86,954
Pay nursing homes for the elderly	3,565	148,402	76,883

1) Full time equivalent. 2) "Users" and "workers" exclude medical care aid institutions.
3) "Users" excludes homes of living assistance for mothers and children, and maternity homes; "workers" excludes maternity homes, and children's playgrounds. 4) "Users" excludes those of homes for the visually impaired, facilities for medical treatment that is free of charge or low-cost, and recreational facilities for the elderly; "workers" excludes those of facilities for medical treatment that is free of charge or low-cost.
Source: Ministry of Health, Labour and Welfare.

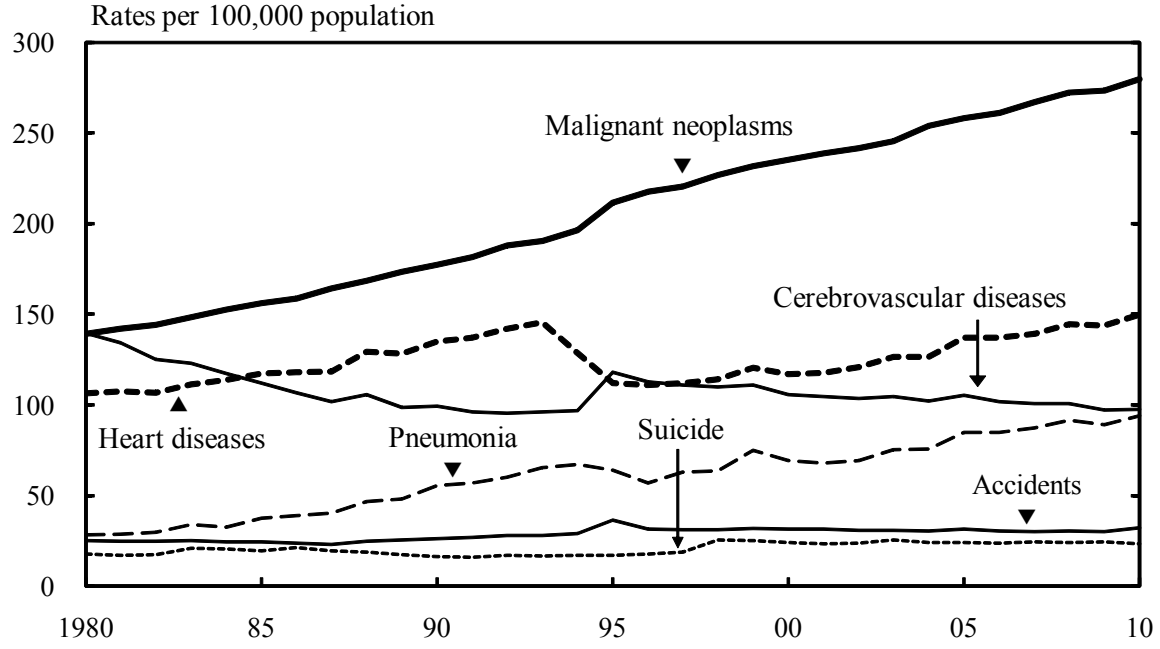
2. Health Care and Public Hygiene

Japan has a universal health insurance regime to ensure that anyone can receive necessary medical treatment. Under this regime, every citizen enters a publicly regulated medical insurance system, such as employees' health insurance or national health insurance.

This medical care system is highly regarded internationally because, along with improvements in the living environment and better nutrition, it has contributed to Japan's achieving the highest life expectancy and healthy life expectancy in the world, as well as a high standard of healthcare. Currently, reform of the whole system is being undertaken in order to sustain this medical insurance system in the future.

Life expectancy at birth was 86.39 years for women and 79.64 years for men in 2010. Japan's life expectancy remains the highest in the world. Japan's infant mortality rate fell to as little as 2.3 per 1,000 births in 2010.

Figure 15.3
Death Rates by Major Cause



Source: Ministry of Health, Labour and Welfare.

The death rate was 947.3 per 100,000 population in 2010. The leading cause of death was malignant neoplasms (279.6 per 100,000 population). Other major causes were lifestyle diseases such as heart diseases (149.7; excluding hypertensive diseases) and cerebrovascular diseases (97.6), in

which people's daily diet and behavior are significant factors therefore. Together, these causes accounted for approximately 60 percent of all deaths. Malignant neoplasms became the leading cause of death in 1981. The death rate by malignant neoplasms has continued to increase since, reaching 29.5 percent of all deaths in 2010.

Due to the increasingly complex social environment created by a highly-technological, competition-oriented society, the stress levels felt by all age groups are rising. The number of suicides in Japan was 29,524 in 2010, marking a drop, albeit slight, from the 30,000 range in which it had remained since 1998, the year the figure surpassed 30,000 for the first time. The number of suicides was particularly high for men in their 20s, 30s and 40s.

Due to the increased international movement of people and goods, and to the impact on the environment caused by land development, emerging infectious diseases and re-emerging infectious diseases, including AIDS, Influenza A (H1N1) and tuberculosis, pose a serious threat to the health of the Japanese people. In relation to Influenza A (H1N1), the WHO made a public statement on August 10, 2010 concluding that the status of its global spread was now in the post-pandemic period.

In terms of healthcare provision, Japan had 283,915 physicians engaged in medical care, or 222.3 physicians per 100,000 population, in 2008. While the number of physicians providing healthcare is increasing nationwide, their uneven distribution has become a problem due to the lack of physicians specializing in certain areas of medicine and the lack of physicians operating in regional parts of the country.

Table 15.3
Number of Medical Personnel at Work

Personnel	2000	2002	2004	2006	2008
Number					
Physicians	253,469	260,500	267,943	275,127	283,915
Dentists	89,668	91,783	94,022	95,944	98,063
Pharmacists	199,797	212,720	223,564	234,429	249,251
Nurses & Assistant nurses	1,042,468	1,097,326	1,146,181	1,194,121	1,252,224
Rates per 100,000 population					
Physicians	199.7	204.3	209.7	215.3	222.3
Dentists	70.6	72.0	73.6	75.1	76.8
Pharmacists	157.4	166.9	175.0	183.5	195.2
Nurses & Assistant nurses	821.3	860.7	896.9	934.6	980.7

Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare.

The number of hospital beds in Japan (excluding those in general clinics and dental clinics) totaled 1,256.0 per 100,000 population in 2009.

Table 15.4
Number of Medical Care Institutions and Beds

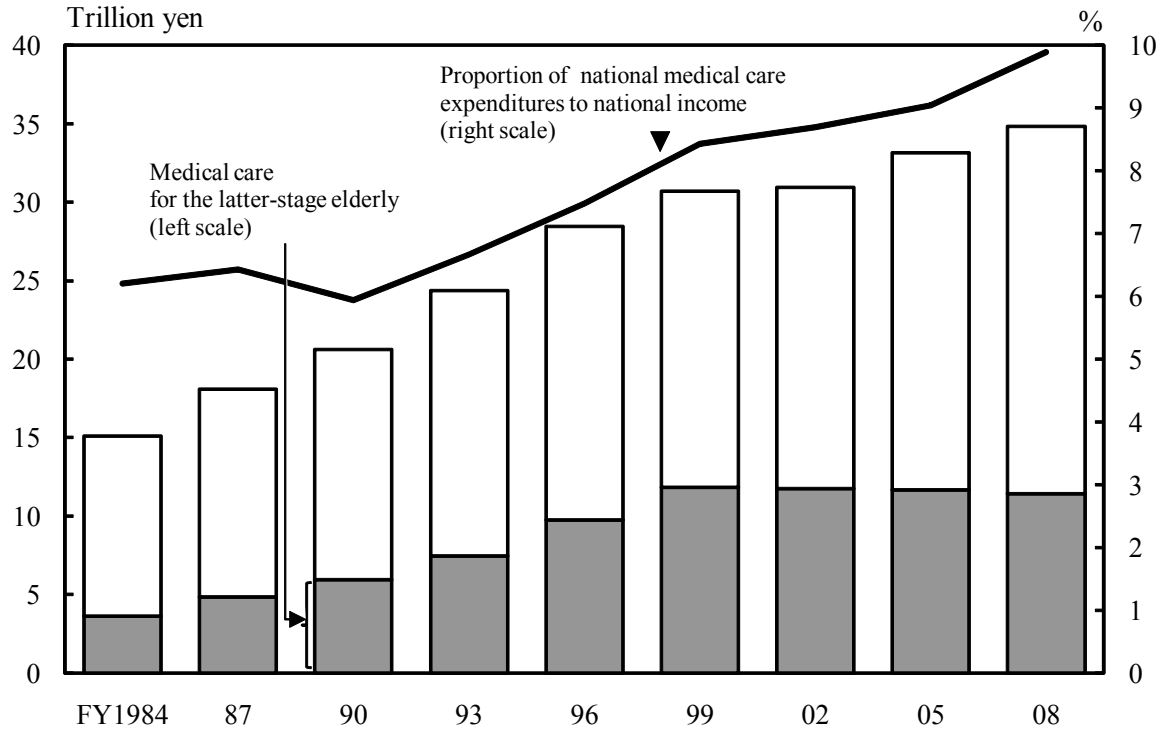
Type of Institution	1999	2002	2005	2008	2009
Institutions					
Number					
Total	163,270	169,079	173,200	175,656	176,471
Hospitals	9,286	9,187	9,026	8,794	8,739
Medical clinics	91,500	94,819	97,442	99,083	99,635
Dental clinics	62,484	65,073	66,732	67,779	68,097
Rates per 100,000 population					
Total	128.9	132.7	135.6	137.6	138.4
Hospitals	7.3	7.2	7.1	6.9	6.9
Medical clinics	72.2	74.4	76.3	77.6	78.1
Dental clinics	49.3	51.1	52.2	53.1	53.4
Beds					
Number					
Total	1,872,518	1,839,376	1,798,637	1,756,115	1,743,415
Hospitals	1,648,217	1,642,593	1,631,473	1,609,403	1,601,476
Medical clinics	224,134	196,596	167,000	146,568	141,817
Dental clinics	167	187	164	144	122
Rates per 100,000 population					
Total	1,478.1	1,443.4	1,407.7	1,375.3	1,367.3
Hospitals	1,301.0	1,289.0	1,276.9	1,260.4	1,256.0
Medical clinics	176.9	154.3	130.7	114.8	111.2
Dental clinics	0.1	0.1	0.1	0.1	0.1

Source: Ministry of Health, Labour and Welfare.

National medical care expenditures have been increasing gradually. In fiscal 2008, the expenditures totaled 34.8 trillion yen or 9.90 percent of Japan's national income. The cost of medical care per person averaged 272,600 yen in fiscal 2008.

Medical costs for treating the latter-stage elderly in fiscal 2008 were 11.4 trillion yen, or about one-third of national medical care expenditure, and accounted for 3.25 percent of the national income. The per-capita cost of medical care for the latter-stage elderly averaged 865,146 yen for the year. Rising medical costs for the latter-stage elderly, resulting from the rapidly aging population, etc., is one of the major contributors to the overall uptrend in national medical care expenditures.

Figure 15.4
Trends in Medical Care Expenditures [1)]



1) The medical care system was changed in 2000.
Source: Ministry of Health, Labour and Welfare.

Chapter 16

Education and Culture

1. School-Based Education

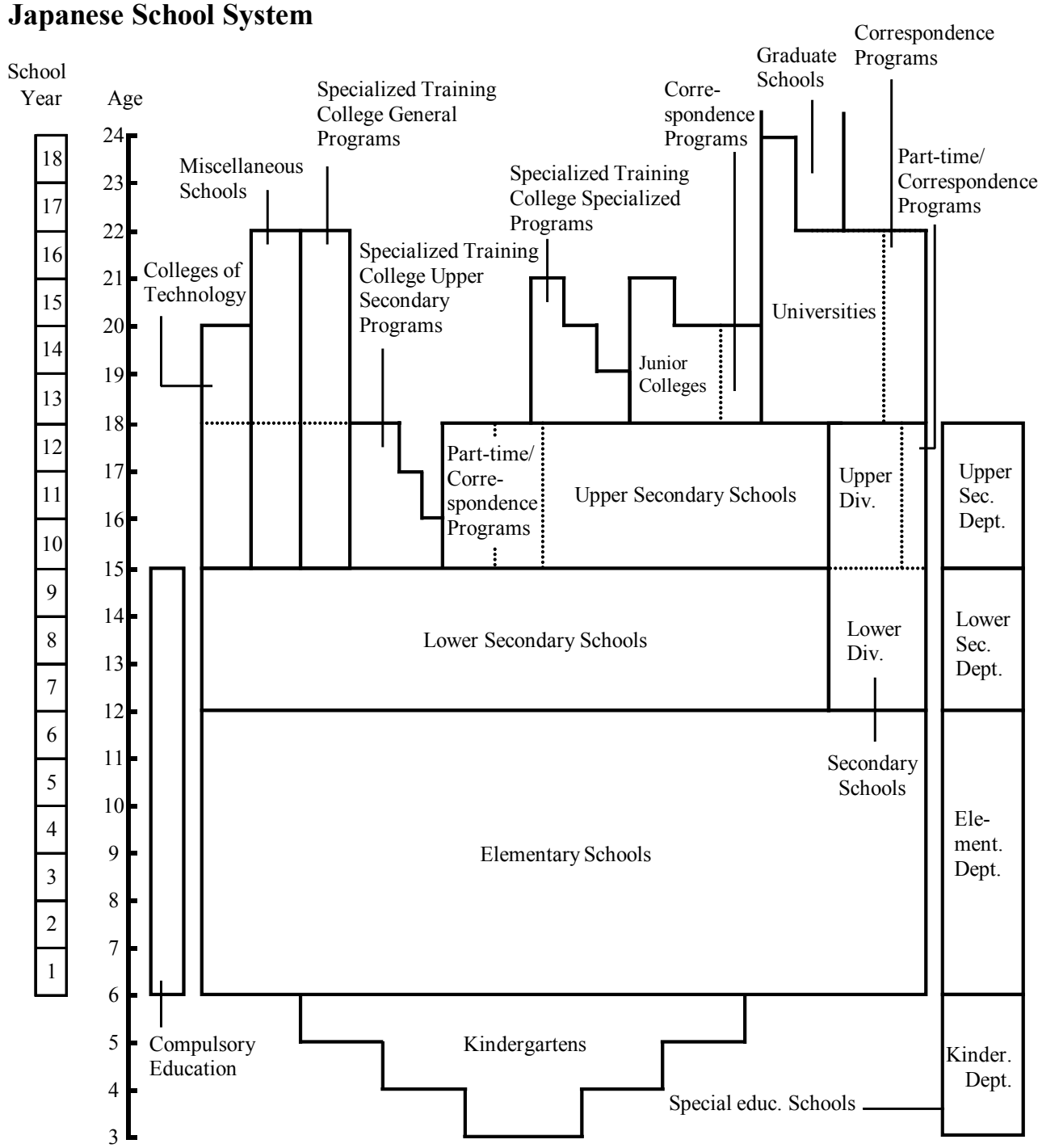
Japan's primary and secondary education is based on a 6-3-3 system: 6 years in elementary school, 3 years in lower secondary school, and 3 years in upper secondary school. The period of compulsory schooling is the 9 years at elementary and lower secondary schools. Higher education institutions are universities, junior colleges, and colleges of technology. Other education establishments include kindergartens, which provide pre-school education, and special education schools for mentally and/or physically challenged children. There are also specialized training colleges and miscellaneous schools for a wide range of vocational and other practical skills learning. Given the nearly 100-percent upper secondary school entrance rate, the School Education Law was amended in 1998 to authorize combined lower and upper secondary schooling, which began at some lower and upper secondary schools in 1999. On an additional note, school years in Japan start in April and end in March.

Table 16.1
Educational Institutions in Japan (As of May 1, 2010)

Type of institution	Schools				Full-time teachers (1,000)	Students (1,000)	
	Total	National	Public	Private		Males	Females
Kindergartens	13,392	49	5,107	8,236	111	814	792
Elementary schools	22,000	74	21,713	213	420	3,579	3,414
Lower secondary schools	10,815	75	9,982	758	251	1,817	1,741
Upper secondary schools	5,116	15	3,780	1,321	239	1,703	1,665
Secondary schools	48	4	28	16	2	12	12
Special educ. schools [1)]	1,039	45	980	14	73	79	43
Colleges of technology	58	51	4	3	4	50	9
Junior colleges	395	-	26	369	10	17	138
Universities	778	86	95	597	174	1,702	1,186
Graduate schools	616	86	80	450	101	189	82
Specialized training colleges	3,311	10	203	3,098	40	291	347
Miscellaneous schools	1,466	-	9	1,457	9	65	65

1) Schools for mentally and / or physically challenged children, inclusive of kindergarten to upper secondary school levels.
Source: Ministry of Education, Culture, Sports, Science and Technology.

Figure 16.1
Japanese School System



Source: Ministry of Education, Culture, Sports, Science and Technology.

Of the March 2010 upper secondary school graduates, 54.3 percent went straight on to enter a university or junior college. The ratio of upper secondary school graduates who entered a university, junior college, etc. in 2010 was 56.8 percent (57.7 percent of male and 56.0 percent of female graduates), including graduates from previous years.

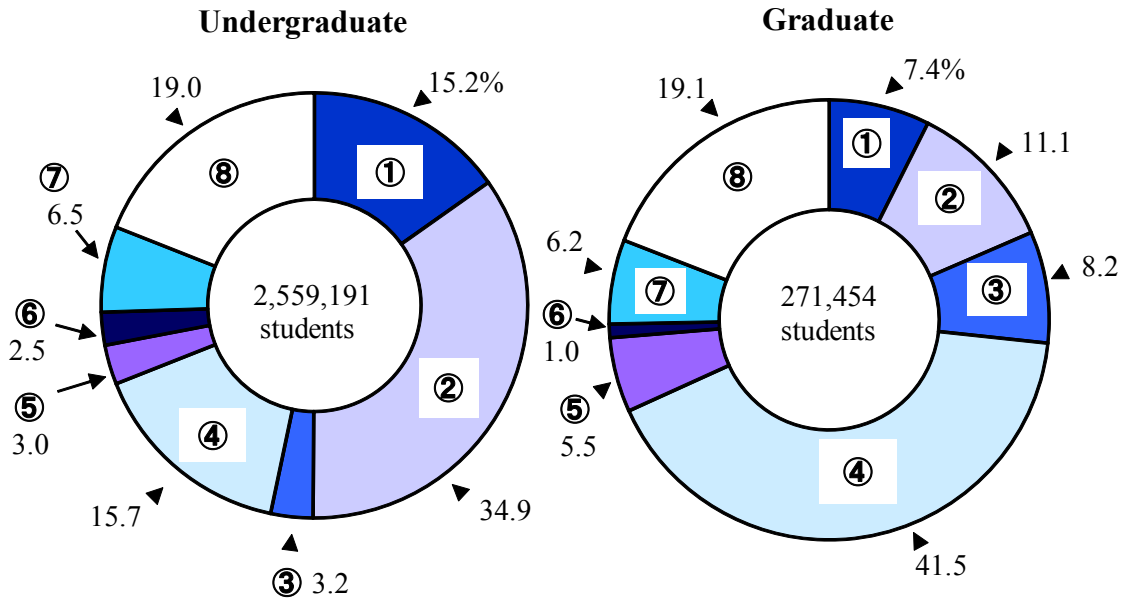
Table 16.2
Number of University Students (As of May 1, 2010)

(Thousands)

	2000	2005	2008	2009	2010
Total	2,740	2,865	2,836	2,846	2,887
Undergraduate	2,472	2,508	2,521	2,527	2,559
Graduate schools	205	254	263	264	271
Others [1]	63	102	53	55	57
Females	992	1,125	1,141	1,158	1,186
Undergraduate	913	1,009	1,037	1,053	1,078
Graduate schools	54	76	80	81	82
Others [1]	25	40	24	25	26
National	624	628	624	622	625
Public	107	125	132	137	143
Private	2,009	2,112	2,080	2,087	2,120

1) Auditing students, non-degree students, research students, etc.
Source: Ministry of Education, Culture, Sports, Science and Technology.

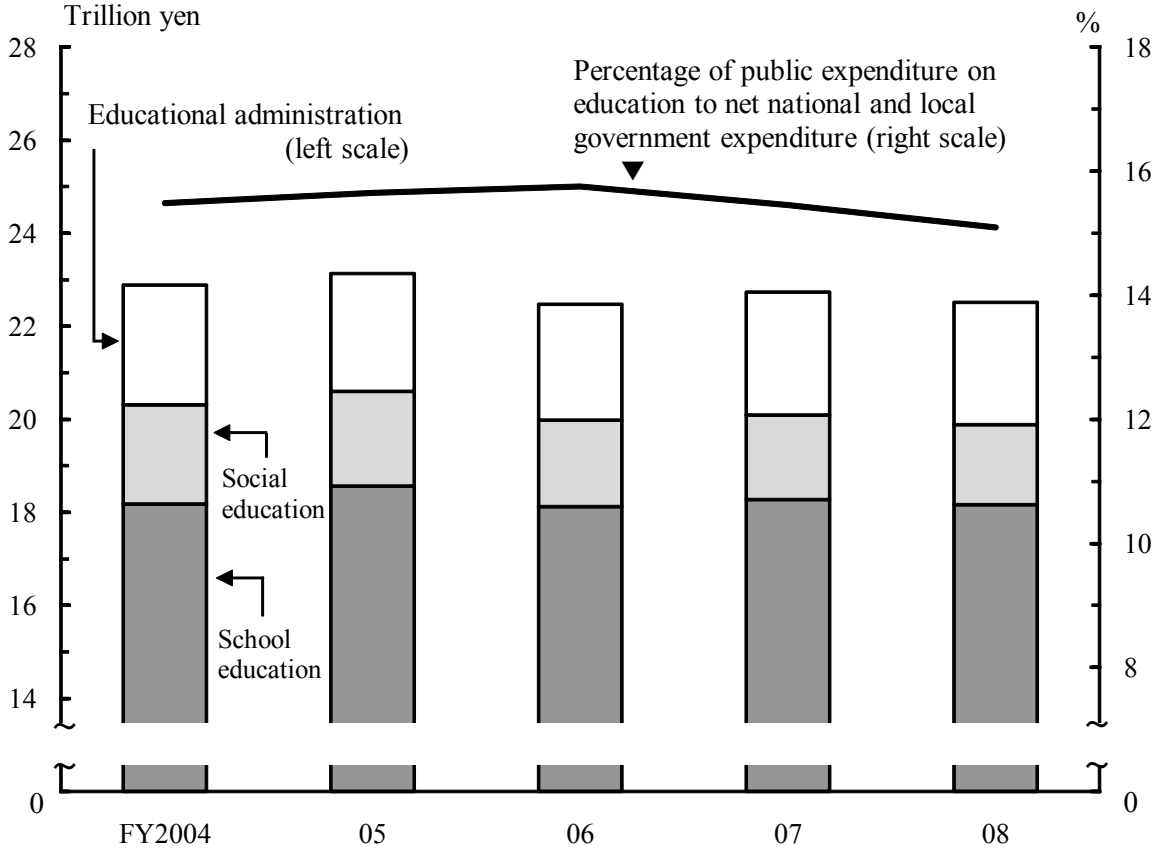
Figure 16.2
University Students by Major Subject (As of May 1, 2010)



① Humanities. ② Social sciences. ③ Natural sciences. ④ Engineering. ⑤ Agriculture. ⑥ Medicine and dentistry. ⑦ Education and teacher training. ⑧ Others.
Source: Ministry of Education, Culture, Sports, Science and Technology.

Fiscal 2008 public expenditure on education in Japan was 22.5 trillion yen, which was equivalent to 15.1 percent of the net expenditure of national and local governments. Fiscal 2008 school expenditure by households with children attending public school averaged 56,019 yen per elementary school pupil, 138,042 yen per lower-secondary school student and 356,937 yen per upper-secondary school student.

Figure 16.3
Public Expenditures on Education



Source: Ministry of Education, Culture, Sports, Science and Technology.

As of May 1, 2010, a total of 111,211 foreign students were enrolled in Japanese junior colleges, universities, and graduate schools. Of the total foreign students, 90.8 percent were from Asia, including 67,455 from China, 15,509 from the Republic of Korea and 3,373 from Taiwan.

2. Lifelong Learning

A broad range of changes are occurring in Japan in line with the maturation of society, including aging of the population, the social advancement of women, the rapid progress of informatization and the expansion of leisure time. Amidst these changes, the mindset of the Japanese people is shifting from a focus on materialistic wealth to a focus on cultural/spiritual wealth and leading a meaningful life.

Table 16.3
Social Education Facilities (As of October 1, 2008)

Facilities	Number	Facilities	Number
Citizens' public halls	15,943	Botanical gardens	11
Libraries	3,165	Zoological and botanical gardens	10
Museums	1,248	Aquariums	41
General museums	149	Centers for children and youths	1,129
Science museums	105	Women's education centers	380
Historical museums	436	Culture halls	1,893
Art museums	449	Cultural centers [1)]	698
Outdoor museums	18		
Zoological gardens	29		

1) As of November 1, 2005.
Source: Ministry of Education, Culture, Sports, Science and Technology.

Table 16.4
Sports Facilities (As of October 1, 2008)

Facilities	Public	Private	Facilities	Public	Private
Total	47,925	17,323	Tennis courts, indoor	188	323
Fields and tracks	927	16	Tennis courts, outdoor	4,965	1,026
Baseball grounds	6,240	180	Physical training gyms	1,605	1,410
Other ball game grounds	1,361	275	Dance halls	99	1,185
Playgrounds	7,106	234	Golf courses	120	2,298
Swimming pools, indoor	1,627	1,702	Golf practice ranges	28	1,802
Swimming pools, outdoor	2,257	129	Camping sites	1,636	485
Gymnasiums	6,825	380	Gate ball and croquet fields	2,127	199
Judo and *Kendo* gyms	2,416	484			

Source: Ministry of Education, Culture, Sports, Science and Technology.

Today, efforts are being made to link school education, social education, cultural activities, sports activities, recreational activities, volunteer activities, and corporate in-house education, in order to create a society where people have the freedom to continue learning throughout their lives. In providing places and opportunities for such lifelong learning, educational institutions, social education facilities (public halls, libraries, museums, etc.) and sports facilities play a vital role. Staff members of these institutions and facilities regularly consult and exchange views with prefectural boards of education, private education organizations, NPOs and business groups.

3. Leisure Activities

The results of the 2006 Survey on Time Use and Leisure Activities conducted with people aged 10 and over show that the per-day average amount of free time was 6 hours and 23 minutes, which is the time remaining after activities that are physiologically necessary (sleeping, eating, etc.) and societally essential (work, housework, etc.). It was found that 1 hour and 17 minutes of free time was spent for hobbies, sports, studies, volunteer activities, etc.

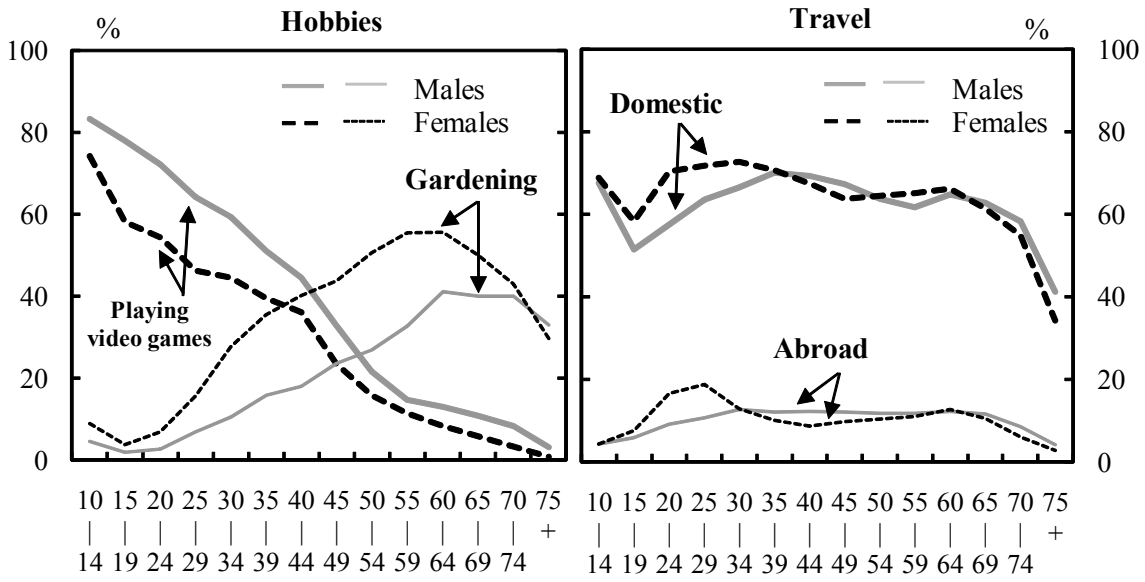
Table 16.5
Major Leisure Activities by Gender (10 years old and over) (2006)

Leisure Activities	Total	Males	Females
Free time per day (hours and minutes)	6:23	6:31	6:15
Active leisure time (hours and minutes)	1:17	1:28	1:06
Participation rate (%) [1]			
Hobbies and amusements	84.9	85.2	84.6
Sports [2]	65.3	70.4	60.5
Studies and researches [2]	35.2	34.4	36.0
Internet use [3]	59.4	62.5	56.5
Travel (domestic) [4]	62.2	62.0	62.5
Travel (abroad) [4]	10.1	10.2	10.0
Volunteer activities	26.2	25.1	27.2

1) Total participants / Population (10 years old and over) × 100 2) Excluding school and professional activity. 3) Excluding use at work or school. 4) Excluding day trips.
Source: Statistics Bureau, MIC.

The participation rate (percentage of people who engaged in the activity within the past 12 months) for "sports" was 65.3 percent. The most popular sport for both genders was "walking and light exercise" (men: 30.6 percent; women: 39.0 percent). Other popular sports for men were "bowling" (21.0 percent) and "fishing" (16.0 percent). For women, such sports were "bowling" (16.3 percent) and "swimming" (12.8 percent). The participation rate for "studies and researches (excluding school and professional activities)" was 35.2 percent. Men preferred "information processing using PCs and other related technologies" (14.6 percent) and "commercial skills and other business-related topics" (11.1 percent), while women preferred "cooking, sewing and other household management-related topics" (13.8 percent), as well as "arts and culture" (13.3 percent).

Figure 16.4
Participation Rates for Major Leisure Activities by Age Group (2006)



Source: Statistics Bureau, MIC.

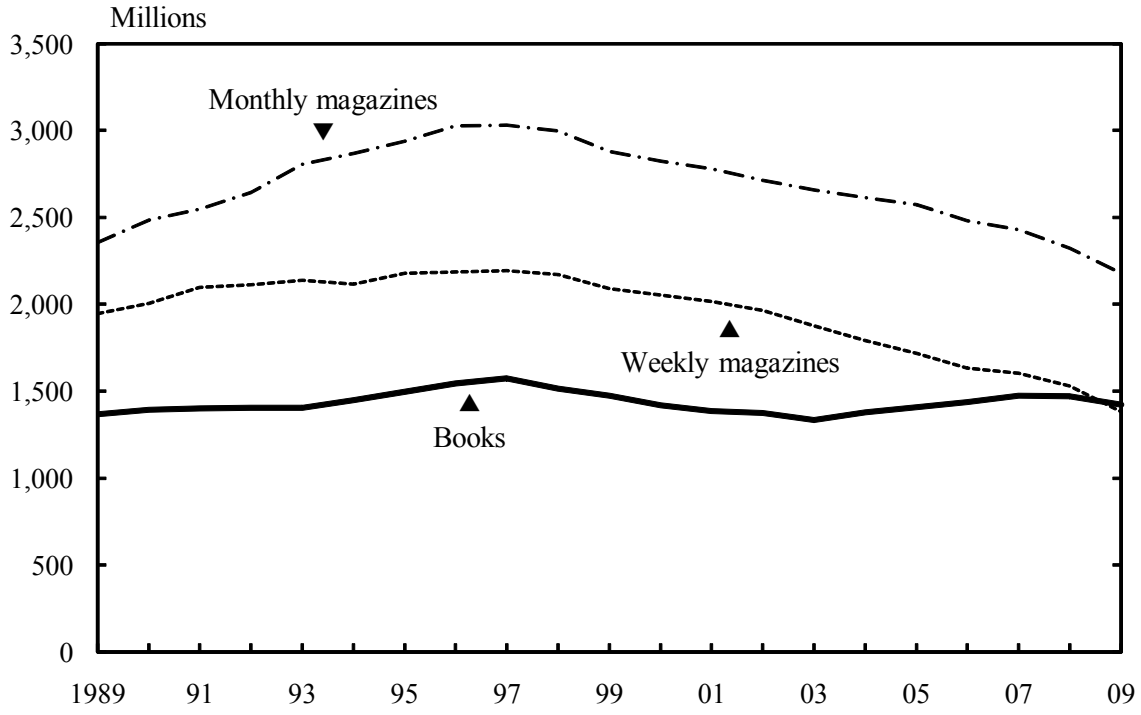
4. Publishing and Mass Media

The total number of books and magazines published in Japan during 2009 was 1.42 billion and 3.56 billion, respectively, of which 2.18 billion were monthlies and 1.38 billion were weeklies. It is estimated that 11.2 books and 27.9 magazines (17.1 monthlies and 10.8 weeklies) were printed per Japanese citizen in 2009.

A total of 78,501 new book titles were released in 2009. The number of magazine titles published was 4,215 (including 2,432 monthlies and 119 weeklies) in 2009.

A total of 120 daily newspapers were in circulation, and the penetration was 0.9 newspapers per household as of October 2010.

Figure 16.5
Trends in Number of Publications



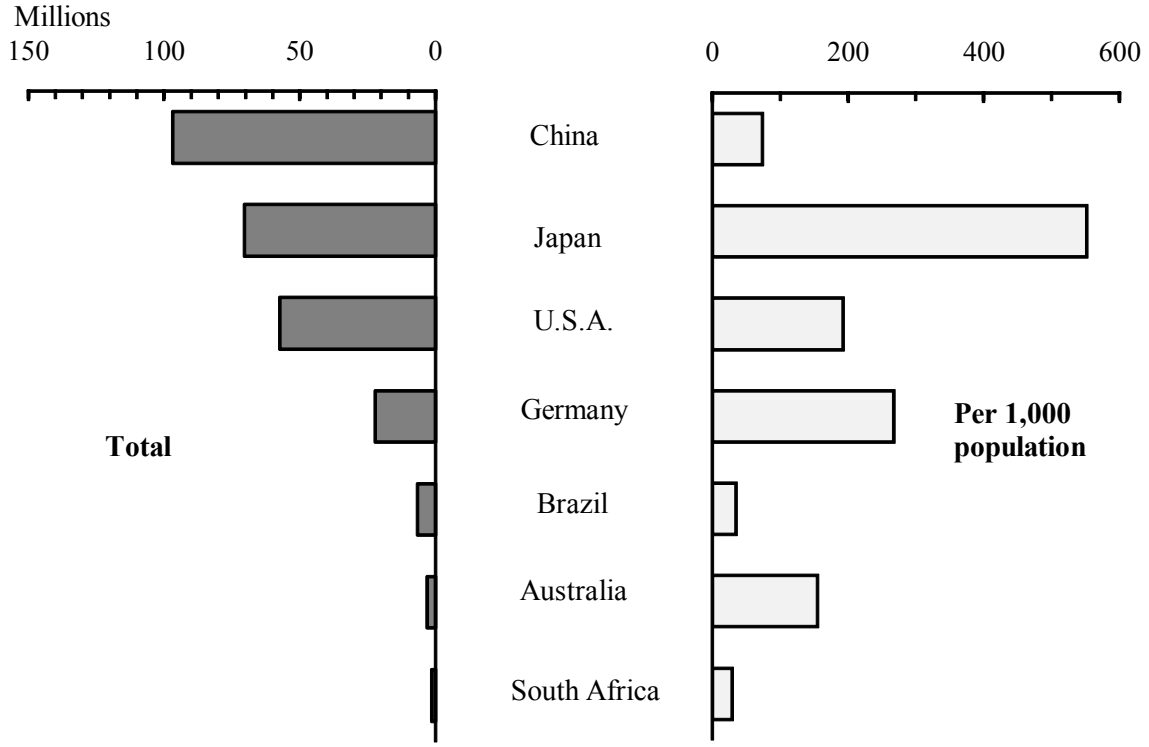
Source: Shuppan News Co., Ltd.

Table 16.6
New Publications

Subject	1995	2000	2005	2008	2009
Total	58,310	65,065	78,304	78,013	78,501
General works	2,794	2,587	2,551	2,372	2,265
Philosophy	2,731	2,997	3,763	3,933	4,344
General history	3,917	4,634	5,102	5,131	4,908
Social sciences	12,578	14,099	16,201	16,196	16,310
Natural sciences	4,460	5,218	6,226	6,563	6,797
Technology and engineering	4,774	6,105	8,104	8,623	8,669
Industry and commerce	2,160	3,000	3,337	3,500	3,435
Art	7,540	8,895	10,884	10,921	10,835
Languages	1,391	1,766	2,063	1,971	1,957
Literature	11,427	11,484	13,595	12,759	12,844
Others [1]	4,538	4,280	6,478	6,044	6,137

1) Children's books and school textbooks.
Source: Shuppan News Co., Ltd.

Figure 16.6
Newspaper Circulation by Country (2004)

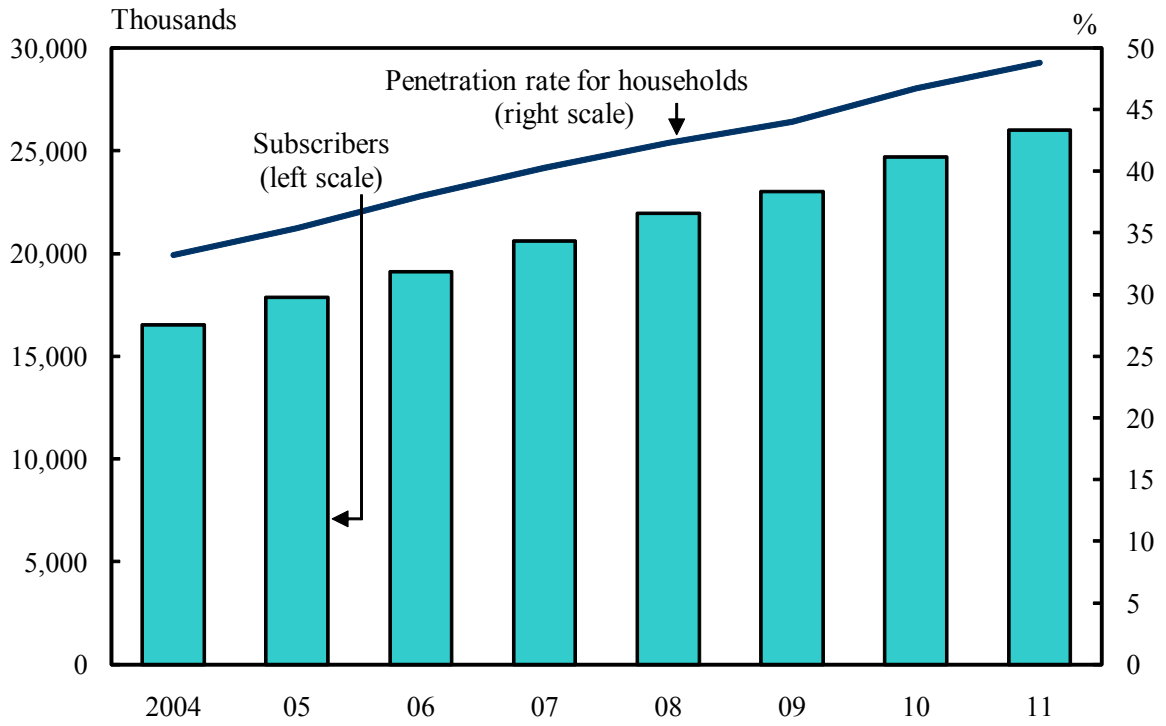


Source: UNESCO; World Association of Newspapers.

Japan has a public broadcasting network (NHK: Nippon Hoso Kyokai, or Japan Broadcasting Corporation), as well as commercial networks. NHK was the pioneer broadcasting station, and has been funded through fees paid by subscribers.

Major broadcasting services can be divided roughly into three categories: terrestrial, satellite, and cable television. Terrestrial digital broadcasting was launched in some areas of the Kanto, Kinki and Chukyo regions in December 2003 and then also in other areas, including all prefectural capitals, in December 2006. Satellite broadcasters offer an increasing number of channels through, for example, new digital broadcasting which began in March 2002. As of July 24, 2011, analog broadcasting ended and was replaced with terrestrial digital broadcasting, with the exception of some regions.

Figure 16.7
Subscribers of Cable TV Service
(Self-originating broadcasting using licensed facilities) 1)



1) As of March each year.
Source: Ministry of Internal Affairs and Communications.

Subscribers of cable TV services (self-originating broadcasting using licensed facilities) have steadily increased to 26.0 million households, or 48.8 percent of all households in March 2011.

In 2010, advertising expenditures on the four major media types in Japan (newspapers, magazines, radio and television) totaled 2.8 trillion yen, remaining unchanged from the previous year. This accounted for 47.5 percent of total 2010 advertising expenditures, which were 5.8 trillion yen. Internet advertising expenditure made up 13.3 percent, up 9.6 percent from the previous year.

Table 16.7
Advertising Expenditures by Medium

Year	Total	News-papers	Maga-zines	Radio	TV	Satellite media-related	Internet	Others
Advertising expenditures (billion yen)								
1995	5,426.3	1,165.7	374.3	208.2	1,755.3	15.8	-	1,907.0
2000	6,110.2	1,247.4	436.9	207.1	2,079.3	26.6	59.0	2,053.9
2005	6,823.5	1,037.7	484.2	177.8	2,041.1	48.7	377.7	2,656.3
2009	5,922.2	673.9	303.4	137.0	1,713.9	70.9	706.9	2,316.2
2010	5,842.7	639.6	273.3	129.9	1,732.1	78.4	774.7	2,214.7
Percentage distribution (%)								
1995	100.0	21.5	6.9	3.8	32.3	0.3	-	35.2
2000	100.0	20.4	7.2	3.4	34.0	0.4	1.0	33.6
2005	100.0	15.2	7.1	2.6	29.9	0.7	5.6	38.9
2009	100.0	11.4	5.1	2.3	29.0	1.2	11.9	39.1
2010	100.0	11.0	4.7	2.2	29.6	1.3	13.3	37.9

Source: Dentsu Inc.

5. Cultural Assets

As a country with a long history, Japan has been endowed with an abundance of valuable cultural assets, including works of art, historic landmarks, and many natural monuments. To pass on this cultural heritage to future generations, the Japanese government has accorded many of the most important assets as national treasures, designated important cultural properties, historic sites, places of scenic beauty, or natural monuments, based on the Cultural Assets Preservation Law. The government has also been engaged in efforts to preserve and repair existing cultural assets, search for and recover other buried artifacts and restore historic landmarks.

Table 16.8
Cultural Properties Designated by the National Government
(As of May 1, 2011)

Type of cultural and natural heritage	Number	
Designated important cultural properties [1]	12,761	(1,082)
Fine and applied arts [1]	10,387	(866)
Buildings [1]	2,374	(216)
Historic sites, places of scenic beauty and natural monuments [2]	2,921	(162)
Historic sites [2]	1,655	(60)
Places of scenic beauty [2]	322	(30)
Natural monuments [2]	944	(72)
Important tangible folk cultural properties	211	
Important intangible folk cultural properties	272	
Important intangible cultural properties		
Recognized individuals	82	
Performing arts	39	
Craft techniques	43	
Recognized holding groups	26	
Performing arts	12	
Craft techniques	14	
Traditional building preservation areas	88	

1) Figures in the parentheses refer to national treasures only.
2) Figures in the parentheses refer to specially designated places only.
Source: Ministry of Education, Culture, Sports, Science and Technology.

As of May 1, 2011, 12,761 items were assigned as designated important cultural properties, of which 1,082 were classified as national treasures. In addition, the government has provided support for such activities as theatrical performances, music, handicrafts and other important intangible cultural properties. It also has worked to preserve important folk-cultural properties such as annual cultural events and folk performing arts, as well as to train people to carry on such traditions.

Japan ratified the UNESCO World Heritage Convention (the Convention Concerning the Protection of the World Cultural and Natural Heritage) in 1992. In June 2011, Ogasawara Islands, Tokyo, was inscribed as the 15th World Heritage Site in Japan. Located approximately 1,000 kilometers south of the heart of Tokyo, Ogasawara Islands comprise a group of approximately 30 islands that vary in size. Every one of those islands is an oceanic island that has never been connected to any continent since its formation and is, therefore, the habitat of a great number of living creatures native to it, a fact that gave the islands the nickname "Galapagos of the Orient."

This was then followed by "Hiraizumi - Temples, Gardens and Archaeological Sites Representing the Buddhist Pure Land" being named as the 16th World Heritage Site. It consists of temples, former temple sites, gardens and other sites. All those temples were built with the involvement of the Oshu Fujiwara clan, which flourished in the Tohoku region in the 12th century throughout four generations.

In 2006, the UNESCO Convention for the safeguarding of the intangible cultural heritage entered into force. As of November 2010, Japan has 18 entries on its list, including: *noh* theater, *ningyo johruri bunraku* puppet theater and *kabuki* theater (the kind of *kabuki* performed by a traditional method of acting and directing).

Table 16.9
Heritage Sites Inscribed on the World Heritage List (As of June 29, 2011)

Year	Type of heritage	World heritage	Prefecture
1993	Cultural	Buddhist monuments in the Horyu-ji area	Nara
	Cultural	Himeji-jo (castle)	Hyogo
	Natural	Shirakami-sanchi (mountains)	Aomori, Akita
	Natural	Yakushima (island)	Kagoshima
1994	Cultural	Historic monuments of ancient Kyoto	Kyoto, Shiga
1995	Cultural	Historic villages of Shirakawa-go and Gokayama	Gifu, Toyama
1996	Cultural	Hiroshima Peace Memorial (Genbaku Dome)	Hiroshima
	Cultural	Itsukushima Shinto Shrine	Hiroshima
1998	Cultural	Historic monuments of ancient Nara	Nara
1999	Cultural	Shrines and temples of Nikko	Tochigi
2000	Cultural	Gusuku sites and related properties of the Kingdom of Ryukyu	Okinawa
2004	Cultural	Sacred sites and pilgrimage routes in the Kii mountain range	Mie, Nara, Wakayama
2005	Natural	Shiretoko (peninsula)	Hokkaido
2007	Cultural	Iwami Ginzan silver mine and its cultural landscape	Shimane
2011	Natural	Ogasawara Islands	Tokyo
	Cultural	Hiraizumi-Temples, Gardens and Archaeological Sites Representing the Buddhist Pure Land	Iwate

Source: Ministry of Education, Culture, Sports, Science and Technology.

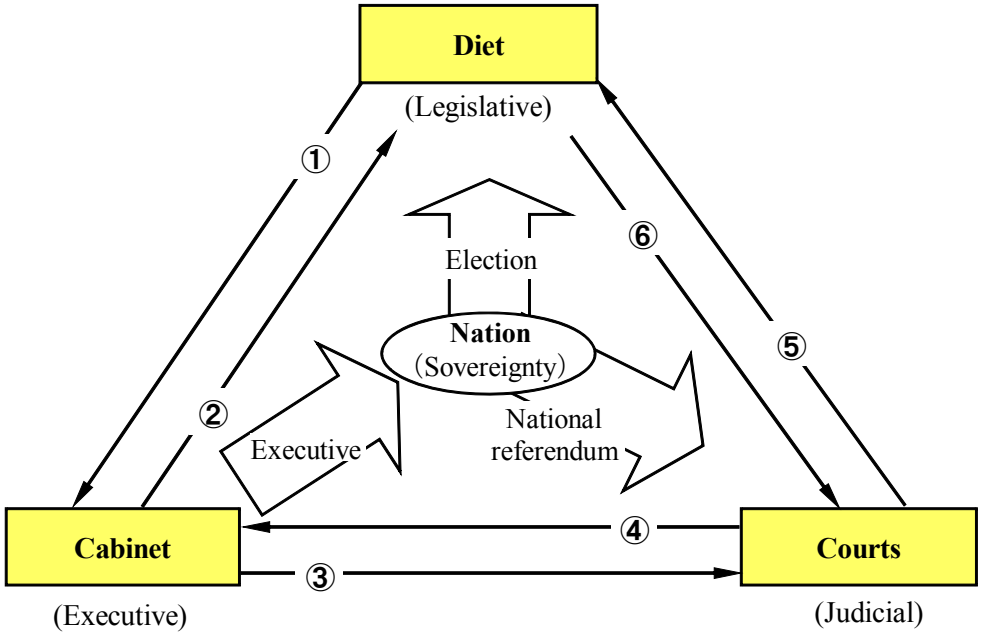
Chapter 17

Government System

1. Division of Powers

The Japanese Constitution, which went into effect on May 3, 1947, is based on three core principles: sovereignty of the people, respect for fundamental human rights and pacifism. To control governmental power effectively through checks and balances, governmental power is separated into three independent branches: legislative, executive and judicial, and each contains a separate set of agencies and personnel.

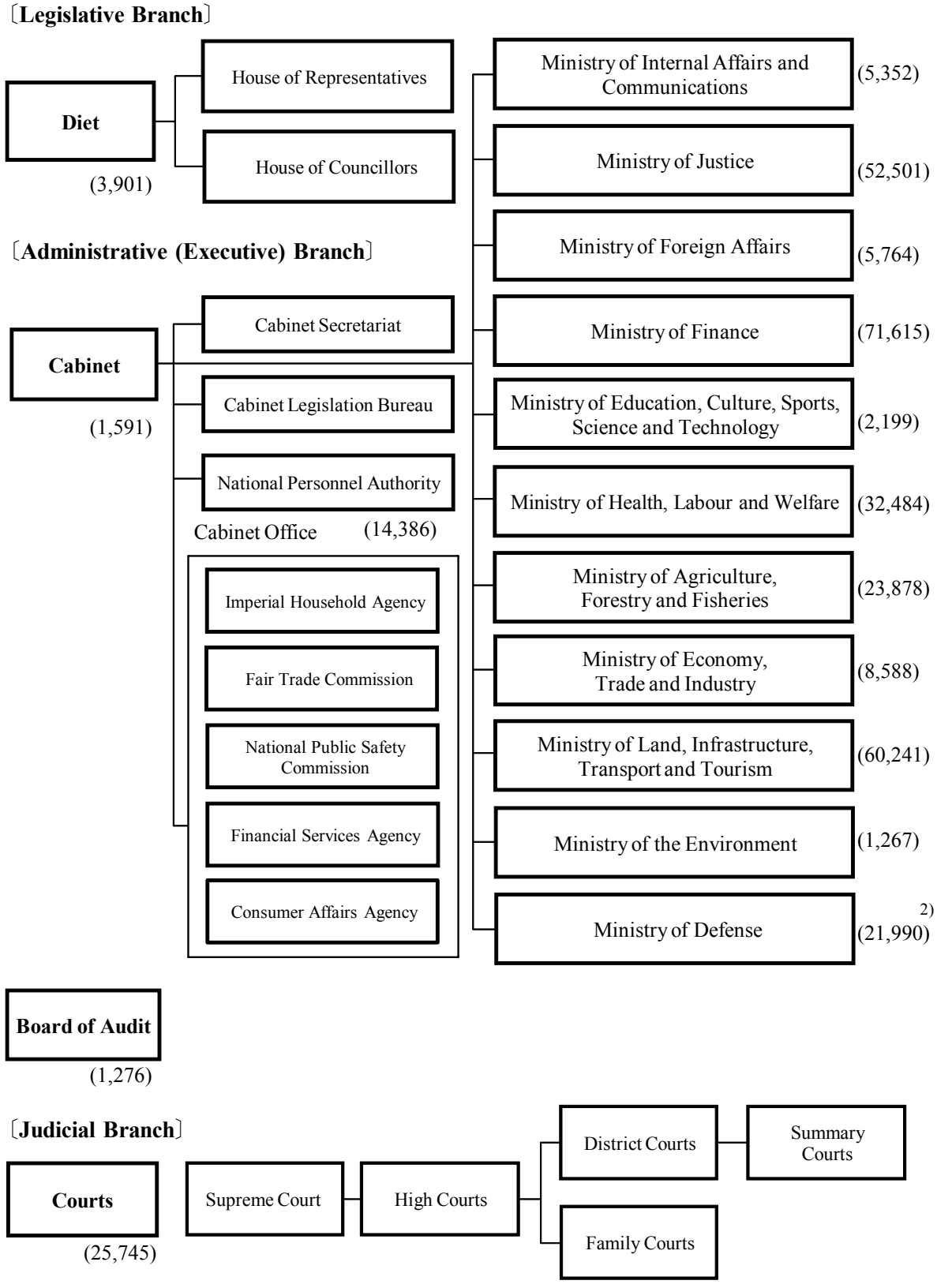
Figure 17.1
Separation of the Three Branches of Government under the Japanese Constitution



① Designation of the Prime Minister
Vote of non-confidence to the Cabinet
② Convocation of the Diet
Dissolution of the House of Representatives
③ Designation of the Chief Justice of the Supreme Court and appointment of other judges
④ Judgment on cabinet orders, regulations or administrative actions
⑤ Judgment of the constitutionality of laws
⑥ Impeachment to judges

Source: Prime Minister's Official Residence.

Figure 17.2
Government Organization of Japan [1] (FY2011)



1) Figures in parentheses refer to budgetary fixed number of national government employees.
2) Excluding the number of the personnel of the Self-Defense Forces.
Source: Ministry of Internal Affairs and Communications; Ministry of Finance.

2. The Legislative Branch

The Diet is the highest organ of state power, and is the sole law-making organ of the State.

The Diet consists of the House of Representatives and the House of Councillors. Both Houses consist of elected members, representative of all the people.

The most important responsibility of the Diet is to enact legislation. The Diet also has the authority to fulfill a number of additional functions, including the deliberation and passage of the budget and other matters of fiscal importance, the approval of treaties, the designation of the Prime Minister and the initiation of motions to amend the Constitution. Each House may conduct investigations relating to the government, and demand the presence and testimony of witnesses, and the production of records. For the Diet to pass a resolution, the agreement of both Houses of the Diet is necessary. However, when the two Houses differ in their resolutions regarding legislative bills, draft budgets, the approval of treaties or the designation of the Prime Minister, under the terms of the Constitution, decision of the House of Representatives overrides that of the House of Councillors.

The term of office for Diet members is set by the Constitution. Members of the House of Representatives serve a four-year term, while members of the House of Councillors, six years. Elections for the latter are held every three years, so that one half of the seats are contested in each election.

The House of Representatives has 480 members. Of these, 300 are elected under a single-representative constituency system, while 180 are elected under a proportional representation system in which the nation is divided into 11 regions. The last general election was held in August 2009. The House of Councillors has 242 members, of whom 96 are elected through proportional representation, and 146 are elected as representatives from the nation's 47 electoral districts, i.e. prefectures. The last regular election was held in July 2010.

All Japanese citizens, both men and women, aged 20 years or older, have the right to vote in elections for both Houses of the Diet. Furthermore, both men and women above the qualifying age are eligible to run in elections. The qualifying age for members of the House of Representatives

is 25 years or older, while the qualifying age for members of the House of Councillors is 30 years or older.

Table 17.1
Members of the Diet by Political Group

House of Representatives (As of June 3, 2011)		House of Councillors (As of May 8, 2011)	
Name	Number [1]	Name	Number [1]
Membership	480	Membership	242
Incumbents	479 (52)	Incumbents	242 (44)
The Democratic Party of Japan, and Club of Independents	303 (38)	The Democratic Party of Japan, and The Shin-Ryokufukai	106 (20)
Liberal Democratic Party	118 (8)	Liberal Democratic Party	83 (15)
New Komeito	21 (3)	New Komeito	19 (3)
Japanese Communist Party	9 (1)	Your Party	11 (0)
Social Democratic Party	6 (1)	Japanese Communist Party	6 (2)
Your Party	5 (0)	The Sunrise Party of Japan and New Renaissance Party	5 (1)
The People's New Party, and New Party Nippon	4 (0)	Social Democratic Party	4 (1)
The Sunrise Party of Japan	2 (0)	The People's New Party	3 (1)
Group for upholding the interest and life of the nation	2 (0)	Independents	5 (1)
Independents	9 (1)	Vacancies	0
Vacancies	1		

1) Figures in parentheses refer to women only.
Source: House of Representatives; House of Councillors.

3. The Executive Branch

The Cabinet exercises its executive power on the basis of the laws and budgets adopted by the Diet. The Cabinet, composed of the Prime Minister and other Ministers of State, is collectively responsible to the Diet, regarding the exercise of the executive power. The Prime Minister is elected in the Diet from among its members. The majority of the ministers of state to be appointed by the Prime Minister must be Diet members. Thus, Japan adopts the parliamentary Cabinet system, in which the organization and existence of the Cabinet rest on the confidence in the Diet.

The Cabinet's powers include the following: (i) implementing laws; (ii) engaging in foreign diplomacy; (iii) signing treaties; (iv) overseeing the operational affairs of public officers; (v) formulating a budget and submitting it to the Diet; (vi) enacting Cabinet orders; and (vii) deciding amnesty. In addition, the Cabinet powers also include naming the Chief Justice of the Supreme Court and appointing other judges. The Cabinet

also gives advice and approval to the Emperor in matters of state, and bears the responsibility for this.

Table 17.2
Successive Prime Ministers

Date [1]	Name	Date [1]	Name
Jun. 8, 2010	Kan, Naoto	Jul. 30, 1998	Obuchi, Keizo
Sep. 16, 2009	Hatoyama, Yukio	Jan. 11, 1996	Hashimoto, Ryutaro
Sep. 24, 2008	Aso, Taro	Jun. 30, 1994	Murayama, Tomiichi
Sep. 26, 2007	Fukuda, Yasuo	Apr. 28, 1994	Hata, Tsutomu
Sep. 26, 2006	Abe, Shinzo	Aug. 9, 1993	Hosokawa, Morihiro
Apr. 26, 2001	Koizumi, Junichiro	Nov. 5, 1991	Miyazawa, Kiichi
Apr. 5, 2000	Mori, Yoshiro	Aug. 10, 1989	Kaifu, Toshiki

1) Date of initial cabinet formation.
Source: Prime Minister's Official Residence.

4. The Judicial Branch

Judicial power resides in the courts and is independent from the executive branch and the legislative branch.

The Constitution provides for the establishment of the Supreme Court as the highest court with final judgment, while the Court Organization Law provides for four lower-level courts (High Court, District Court, Family Court and Summary Court). At present, there are eight High Courts, 50 District Courts, 50 Family Courts and 438 Summary Courts throughout the nation.

To ensure fair judgments, the Japanese judicial system allows a case to be heard and ruled on up to three times in principle, should either party involved in the case so desire. The first courts in the court hierarchy are the District Courts, the second being the High Courts and the highest court being the Supreme Court. The Summary Courts and Family Courts handle simple cases, domestic relations and cases involving juveniles as first instances.

The Supreme Court has the authority to deliver the final judgment on the legitimacy of any law, ordinance, regulation, or disposition. It is chaired by the Chief Justice and 14 judges.

A new *saiban-in* (lay judge) system began in May 2009. This is a system under which citizens participate in criminal trials as judges to determine,

together with professional judges, whether the defendant is guilty or not and, if found guilty, what sentence should apply. What is hoped for is that the public's participation in criminal trials will make citizens feel more involved in the justice process and make the trials easier to understand, thus leading to the public's greater trust in the justice system. A total of 1,506 people were tried in *saiban-in* trials held in 2010.

Table 17.3
Judicial Cases Newly Accepted, Settled and Pending (All courts)

(Thousands)

Year	Civil and administrative cases			Criminal cases [1]		
	Accepted	Settled	Pending	Accepted	Settled	Pending
1995	2,411	2,390	697	1,555	1,555	31
2000	3,052	3,062	780	1,638	1,636	43
2005	2,713	2,827	576	1,568	1,572	47
2008	2,252	2,219	547	1,239	1,240	38
2009	2,409	2,357	599	1,215	1,214	39
Year	Domestic cases			Juvenile cases [1]		
	Accepted	Settled	Pending	Accepted	Settled	Pending
1995	412	414	66	296	299	49
2000	561	555	78	286	288	49
2005	718	713	99	237	238	32
2008	766	764	104	176	176	26
2009	800	797	106	174	172	28

1) Persons involved.
Source: Supreme Court.

5. Local Governments

The affairs of local governments are conducted on two levels in Japan: by the prefectures and by the municipalities within each prefecture. As of April 1, 2011, Japan has 47 prefectures, within which there are 1,724 municipalities, plus the 23 wards (*ku*) in metropolitan Tokyo. In order to strengthen the administrative and fiscal foundation of the municipalities, municipal mergers were promoted by law. As a result, the number of municipalities was reduced to 1,724 in April 2011, from 3,232 at the end of March 1999.

Municipalities that satisfy certain population criteria (i.e., 500,000 people or more) are eligible for designation as "Cabinet-Order designated cities." This designation gives them administrative and fiscal authority equivalent to those of prefectures. With the addition of four cities (Niigata-*shi*,

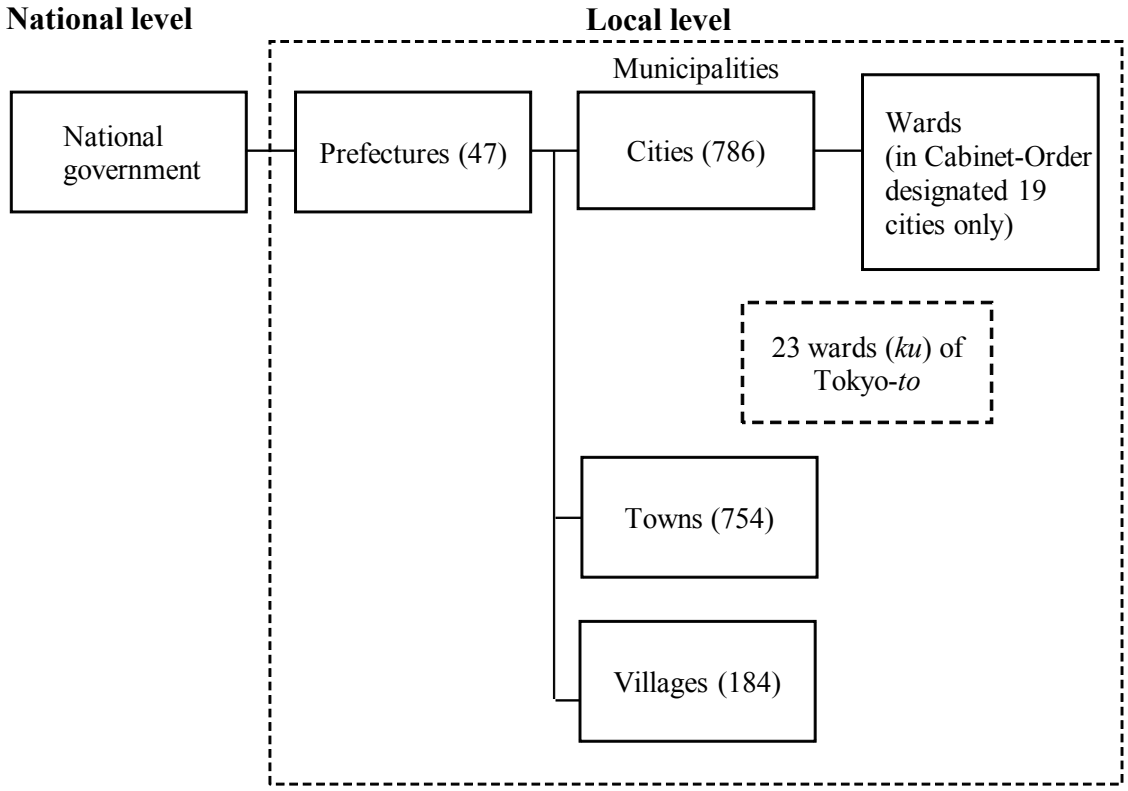
Hamamatsu-*shi* both in April 2007, Okayama-*shi* in April 2009, and Sagamihara-*shi* in April 2010), there are presently 19 cities that have earned this designation. (See the map on the inside back cover.)

Table 17.4
Local Government Employees by Type of Administrative Services
(As of April 1, 2010)

Type of Services	Number
Total	2,813,875
Education	1,064,320
General administrative services	559,785
Social welfare and public hygiene	377,166
Police	281,309
Fire service	157,754
Public enterprise account sector	373,541
Hospitals	204,181
Water and sewerage	79,456
Transportation	27,313

Source: Ministry of Internal Affairs and Communications.

Figure 17.3
Government System by Level [1] (As of April 1, 2011)



1) Figures in parentheses indicate number.
Source: Ministry of Internal Affairs and Communications.

Appendix 1
Population, Surface Area and Population Density by Prefecture

Prefectures	Prefectural capital cities	Population (1,000)		Surface area (km^2)		Population density (per km^2)	
				Total area	Inhabitable	Total area	Inhabitable
		2005 [1]	2010 [2]	2010	2009	2009	2009
Japan		127,768	128,056	377,950	121,416	342	1,050
Hokkaido	Sapporo-*shi*	5,628	5,508	83,457	21,902	70	251
Aomori-*ken*	Aomori-*shi*	1,437	1,373	9,645	3,205	143	430
Iwate-*ken*	Morioka-*shi*	1,385	1,331	15,279	3,710	88	361
Miyagi-*ken*	Sendai-*shi*	2,360	2,348	7,286	3,130	321	746
Akita-*ken*	Akita-*shi*	1,146	1,086	11,636	3,154	94	347
Yamagata-*ken*	Yamagata-*shi*	1,216	1,169	9,323	2,850	126	414
Fukushima-*ken*	Fukushima-*shi*	2,091	2,029	13,783	4,218	148	484
Ibaraki-*ken*	Mito-*shi*	2,975	2,969	6,096	3,976	486	745
Tochigi-*ken*	Utsunomiya-*shi*	2,017	2,007	6,408	2,946	313	681
Gumma-*ken*	Maebashi-*shi*	2,024	2,008	6,362	2,295	315	875
Saitama-*ken*	Saitama-*shi*	7,054	7,195	3,798	2,566	1,878	2,779
Chiba-*ken*	Chiba-*shi*	6,056	6,217	5,157	3,488	1,191	1,760
Tokyo-*to*	Tokyo (*ku*-area)	12,577	13,162	2,188	1,396	5,883	9,215
Kanagawa-*ken*	Yokohama-*shi*	8,792	9,050	2,416	1,460	3,702	6,126
Niigata-*ken*	Niigata-*shi*	2,431	2,375	12,584	4,483	189	531
Toyama-*ken*	Toyama-*shi*	1,112	1,093	4,248	1,851	258	592
Ishikawa-*ken*	Kanazawa-*shi*	1,174	1,170	4,186	1,383	278	842
Fukui-*ken*	Fukui-*shi*	822	807	4,190	1,067	193	757
Yamanashi-*ken*	Kofu-*shi*	885	863	4,465	950	194	912
Nagano-*ken*	Nagano-*shi*	2,196	2,153	13,562	3,329	159	649
Gifu-*ken*	Gifu-*shi*	2,107	2,081	10,621	2,149	197	973
Shizuoka-*ken*	Shizuoka-*shi*	3,792	3,765	7,780	2,732	487	1,388
Aichi-*ken*	Nagoya-*shi*	7,255	7,409	5,165	2,960	1,436	2,506
Mie-*ken*	Tsu-*shi*	1,867	1,855	5,777	2,023	324	925
Shiga-*ken*	Otsu-*shi*	1,380	1,410	4,017	1,289	350	1,090
Kyoto-*fu*	Kyoto-*shi*	2,648	2,637	4,613	1,155	568	2,270
Osaka-*fu*	Osaka-*shi*	8,817	8,863	1,898	1,319	4,637	6,672
Hyogo-*ken*	Kobe-*shi*	5,591	5,589	8,396	2,759	665	2,023
Nara-*ken*	Nara-*shi*	1,421	1,400	3,691	851	379	1,645
Wakayama-*ken*	Wakayama-*shi*	1,036	1,001	4,726	1,098	213	915
Tottori-*ken*	Tottori-*shi*	607	588	3,507	912	168	648
Shimane-*ken*	Matsue-*shi*	742	716	6,708	1,257	107	572
Okayama-*ken*	Okayama-*shi*	1,957	1,945	7,113	2,212	273	878
Hiroshima-*ken*	Hiroshima-*shi*	2,877	2,861	8,480	2,257	338	1,268
Yamaguchi-*ken*	Yamaguchi-*shi*	1,493	1,451	6,114	1,753	238	830
Tokushima-*ken*	Tokushima-*shi*	810	786	4,747	1,023	190	771
Kagawa-*ken*	Takamatsu-*shi*	1,012	996	1,877	992	532	1,007
Ehime-*ken*	Matsuyama-*shi*	1,468	1,431	5,678	1,672	253	859
Kochi-*ken*	Kochi-*shi*	796	765	7,105	1,169	108	656
Fukuoka-*ken*	Fukuoka-*shi*	5,050	5,073	4,977	2,743	1,015	1,842
Saga-*ken*	Saga-*shi*	866	850	2,440	1,340	349	636
Nagasaki-*ken*	Nagasaki-*shi*	1,479	1,427	4,105	1,630	348	877
Kumamoto-*ken*	Kumamoto-*shi*	1,842	1,817	7,405	2,748	245	660
Oita-*ken*	Oita-*shi*	1,210	1,196	6,340	1,771	189	675
Miyazaki-*ken*	Miyazaki-*shi*	1,153	1,135	7,736	1,835	146	617
Kagoshima-*ken*	Kagoshima-*shi*	1,753	1,706	9,189	3,245	186	526
Okinawa-*ken*	Naha-*shi*	1,362	1,393	2,276	1,164	607	1,188

1) Population census. 2) Population census (Prompt sample tabulation).

Source: Statistics Bureau, MIC; Ministry of Land, Infrastructure, Transport and Tourism.

Appendix 2
Main Economic Indicators of Selected Countries

Item	Year	Japan	Argentina	Australia	Brazil	Canada
Population (millions)	2008	127.69	39.71	21.51	191.54	33.33
	2009	127.51	40.06	21.90	193.25	33.68
	2010	128.06	40.41	22.27	194.95	34.02
Projection (medium variant)	2050	95.15	50.56	31.39	222.84	43.64
Employed persons (1,000)	2008	a 62,820	b 10,279	10,741	c 90,786	17,126
Unemployed persons (1,000)	2008	a 3,360	b 898	471	c 8,060	1,119
Unemployment rates (%)	2008	a 5.1	…	4.2	c 8.2	6.1
Hours of work per week (manufacturing)	2008	42.4	bd 45.3	37.7	c 43.6	37.2
Industrial production index (2005=100)	2009	81.7	…	101.3	104.0	102.8
	2010	94.3	…	105.6	114.9	106.4
Gross domestic product (US$ billion)	2008	4,892	328	1,051	1,639	1,499
	2009	5,042	309	1,014	1,572	1,336
Wholesale price index (2005=100)	2009	103.0	e 149.0	f 113.1	120.7	g 104.6
	2010	102.8	e 173.5	f 115.6	127.6	g 105.7
Consumer price index (2005=100)	2009	100.3	139.3	112.6	119.7	107.0
	2010	99.6	# 154.3	115.8	125.7	108.9
Broad money						
Percent changes from the previous year (%)	End of 2009	2.0	17.0	0.5	15.8	…
	End of 2010	2.0	33.1	9.4	15.4	…
Imports, CIF (US$ billion)	2010	692.4	48.0	201.6	191.5	390.5
Exports, FOB (US$ billion)	2010	769.8	64.7	212.4	201.9	386.0
Gold and foreign exchange reserves (US$ million)	End of 2009	1,023,586	46,189	39,090	237,424	54,244
	End of 2010	1,062,816	49,829	38,798	287,114	57,004
Foreign exchange rates (national currency per U.S. dollar)		Yen	Pesos	Australian dollars	Reais	Canadian dollars
Average	2010	87.78	3.8963	1.0902	1.7592	1.0302
End of year	2010	81.51	3.9560	0.9840	1.6858	1.0009

a) 2009. b) Urban agglomerations. c) 2007. d) 2005. e) Producer prices. f) Manufacturing output. g) Industry selling.

Appendix 2
Main Economic Indicators of Selected Countries (Continued)

Item	Year	China	Euro Area	France	Germany
Population (millions)	2008	1,328.3	328.49	62.10	82.48
	2009	1,334.9	329.99	62.44	82.41
	2010	1,341.3	330.93	62.79	82.30
Projection (medium variant)	2050	1,295.6	…	72.44	74.78
Employed persons (1,000)	2008	774,800	…	25,913	38,734
Unemployed persons (1,000)	2008	a 8,860	…	2,070	3,141
Unemployment rates (%)	2008	a 4.2	…	7.4	7.5
Hours of work per week (manufacturing)	2008	a 47.9	…	36.7	38.4
Industrial production	2009	…	90.8	87.3	94.0
index (2005=100)	2010	…	97.5	92.3	104.8
Gross domestic product	2008	4,416	…	2,854	3,635
(US$ billion)	2009	4,984	…	2,649	3,330
Wholesale price index	2009	…	b 109.0	b 104.1	b 108.0
(2005=100)	2010	…	b 112.1	b 107.2	b 109.7
Consumer price index	2009	…	c 108.1	106.2	107.0
(2005=100)	2010	…	c 109.9	107.8	108.2
Broad money					
Percent changes from	End of 2009	28.4	…	…	…
the previous year (%)	End of 2010	18.9	…	…	…
Imports, CIF (US$ billion)	2010	1,394.7	1,889.9	599.2	1,067.1
Exports, FOB (US$ billion)	2010	1,578.3	1,960.1	519.7	1,270.3
Gold and foreign	End of 2009	2,417,903	d 301,873	50,930	65,935
exchange reserves	End of 2010	2,867,905	d 318,945	60,021	68,188
(US$ million)					
Foreign exchange rates (national currency per U.S. dollar)		Yuan	Euros	Euros	Euros
Average	2010	6.7703	0.7550	0.7550	0.7550
End of year	2010	6.6229	0.7484	0.7484	0.7484

a) Urban areas. b) Producer prices. c) Harmonized CPI. d) Including European Central Bank.

India	Indonesia	Italy	Korea, Rep. of	Mexico	Russia	Saudi Arabia
1,190.9	234.95	59.89	47.73	110.63	143.16	26.17
1,207.7	237.41	60.25	47.96	112.03	143.06	26.81
1,224.6	239.87	60.55	48.18	113.42	142.96	27.45
1,692.0	293.46	59.16	47.05	143.92	126.19	44.94
a 368,966	102,553	23,405	23,577	43,867	70,965	7,957
a 16,634	9,395	1,692	769	1,593	4,791	418
a 4.3	8.4	6.7	3.2	3.5	6.3	5.0
b 46.9	43.8	35.9	43.7	46.4	c 6.8	56
135.1	d 108.3	83.0	118.9	99	…	…
151.6	d 113.2	87.5	138.7	106	…	…
1,281	511	2,297	931	1,086	1,668	475
1,287	540	2,113	833	872	1,231	369
121.8	165.8	e 109.2	e 110.9	124.7	…	113.0
133.2	170.9	e 112.4	e 115.1	128.7	…	117.9
135.2	140.9	108.2	112.8	119.3	152.3	122.9
151.4	150.6	109.9	116.1	# 124.2	162.8	129.5
18.0	13.0	…	12.2	11.5	17.3	10.8
17.5	…	…	14.9	12.8	24.6	5.2
323.6	132.1	486.6	425.2	316.6	273.2	97.1
216.9	157.8	447.5	466.4	298.1	400.1	f 188.5
266,166	63,692	50,096	269,958	99,605	417,794	410,263
276,243	93,035	51,933	291,515	120,276	444,953	445,281
Rupees	Rupiah	Euros	Won	Pesos	Rubles	Riyals
45.726	9,090.4	0.7550	1,156.1	12.636	30.3680	3.7500
44.810	8,991.0	0.7484	1,134.8	12.357	30.4770	3.7500

a) 2000. b) 2006. c) Per day. d) Manufacturing production. e) Producer prices. f) 2009.

Appendix 2
Main Economic Indicators of Selected Countries (Continued)

Item	Year	South Africa	Turkey	U.K.	U.S.A.
Population (millions)	2008	49.32	70.92	61.27	304.99
	2009	49.75	71.85	61.65	307.69
	2010	50.13	72.75	62.04	310.38
Projection (medium variant)	2050	56.76	91.62	72.82	403.10
Employed persons (1,000)	2008	13,713	21,194	29,475	145,362
Unemployed persons (1,000)	2008	4,075	2,611	1,643	8,924
Unemployment rates (%)	2008	22.9	11.0	5.3	5.8
Hours of work per week (manufacturing)	2008	a 175.3	52.8	b 40.9	40.8
Industrial production index (2005=100)	2009	c 96.2	103.2	87.1	92.1
	2010	c 100.9	116.4	89.0	97.3
Gross domestic product (US$ billion)	2008	276	730	2,657	14,369
	2009	286	615	2,169	14,119
Wholesale price index (2005=100)	2009	d 136.6	d 132.6	e 113.2	d 109.9
	2010	d 144.8	d 143.9	e 117.9	d 117.4
Consumer price index (2005=100)	2009	133.9	141.0	111.3	109.9
	2010	139.6	153.1	116.5	111.7
Broad money					
Percent changes from the previous year (%)	End of 2009	1.8	12.7	-	-0.7
	End of 2010	6.9	18.3	4.2	-1.9
Imports, CIF (US$ billion)	2010	f 73.2	185.5	561.7	1,968.1
Exports, FOB (US$ billion)	2010	81.8	114.0	410.3	1,227.6
Gold and foreign exchange reserves (US$ million)	End of 2009	35,458	71,079	56,250	134,067
	End of 2010	38,391	80,915	68,882	135,487
Foreign exchange rates (national currency per U.S. dollar)		Rand	Liras	Pounds	U.S. dollars
Average	2010	7.3212	1.5028	0.6468	1.0000
End of year	2010	6.6316	1.5413	0.6388	1.0000

a) Per month. 2002. b) 2007. c) Manufacturing production. d) Producer prices. e) Manufacturing output. f) 2009.

Source: Statistics Bureau, MIC; Cabinet Office; Ministry of Health, Labour and Welfare; Bank of Japan; United Nations; International Labour Organization; International Monetary Fund; EUROSTAT.

Appendix 3
Foreign Exchange Rates [1)]

(Yen against U.S. dollar)

Year	Average	End of year
1994	102.23	99.83
1995	94.06	102.91
1996	108.79	115.98
1997	121.00	129.92
1998	130.90	115.20
1999	113.91	102.08
2000	107.77	114.90
2001	121.53	131.47
2002	125.31	119.37
2003	115.93	106.97
2004	108.18	103.78
2005	110.16	117.48
2006	116.31	118.92
2007	117.76	113.12
2008	103.37	90.28
2009	93.54	92.13
2010	87.78	81.51

1) Midpoint rate in the interbank foreign exchange market in Tokyo.
Source: Bank of Japan.

Appendix 4
Conversion Factors

	Metric units	British Imperial and U.S. equivalents
Length:	1 centimeter (cm)	0.3937008 inches
	1 meter (m)	3.280840 feet 1.093613 yards
	1 kilometer (km)	0.6213712 miles
Area:	1 square meter (m^2)	10.763910 square feet 1.195990 square yards
	1 square kilometer (km^2)	0.3861022 square miles
	1 hectare (ha) 10,000 square meters (m^2)	2.471054 acres
Volume:	1 cubic meter (m^3)	35.31467 cubic feet 1.307951 cubic yards
Weight:	1 kilogram (kg)	35.27396 ounces 2.204623 pounds
	1 ton (t)	0.9842065 long tons 1.1023113 short tons
Capacity:	1 liter (ℓ)	0.8798766 imp. quarts 1.056688 U.S. liq. quarts
Temperature:	centigrade (℃)	5/9 (Fahrenheit-32)