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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.

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.

September 2012

Takehiro FUKUI
Director-General
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Notes for Users

1. The present issue contains statistics that became available by June 30, 2012.
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 or 0.0	Less than half of unit employed
#	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 2012, 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 (2011)
(Square kilometers)

District	Area
Japan	377,955
Honshu	a) 231,118
Hokkaido	83,457
Kyushu	42,193
Shikoku	a) 18,793
Okinawa	2,276

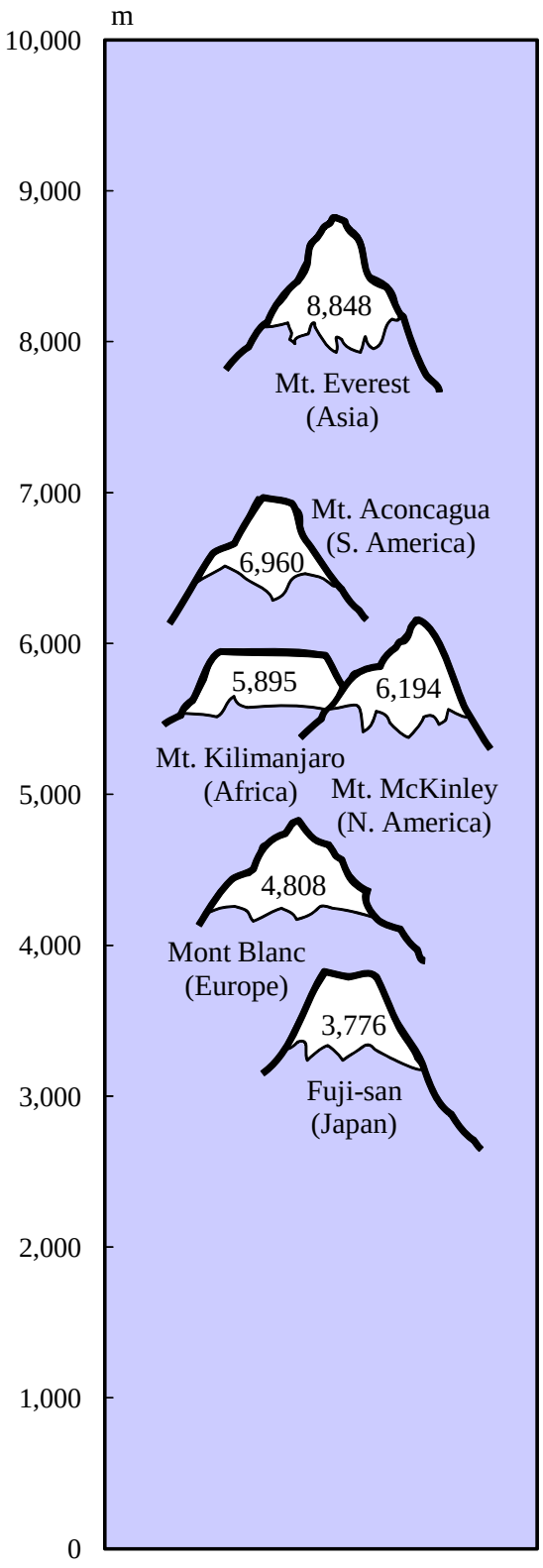
a) Excluding some areas of which boundaries are not yet fixed.
Source: Ministry of Land, Infrastructure, Transport and Tourism.

Table 1.2
Top 10 Countries According to Surface Area (2010) [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 (2011)

(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 (2011)

(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 (2011)

(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)

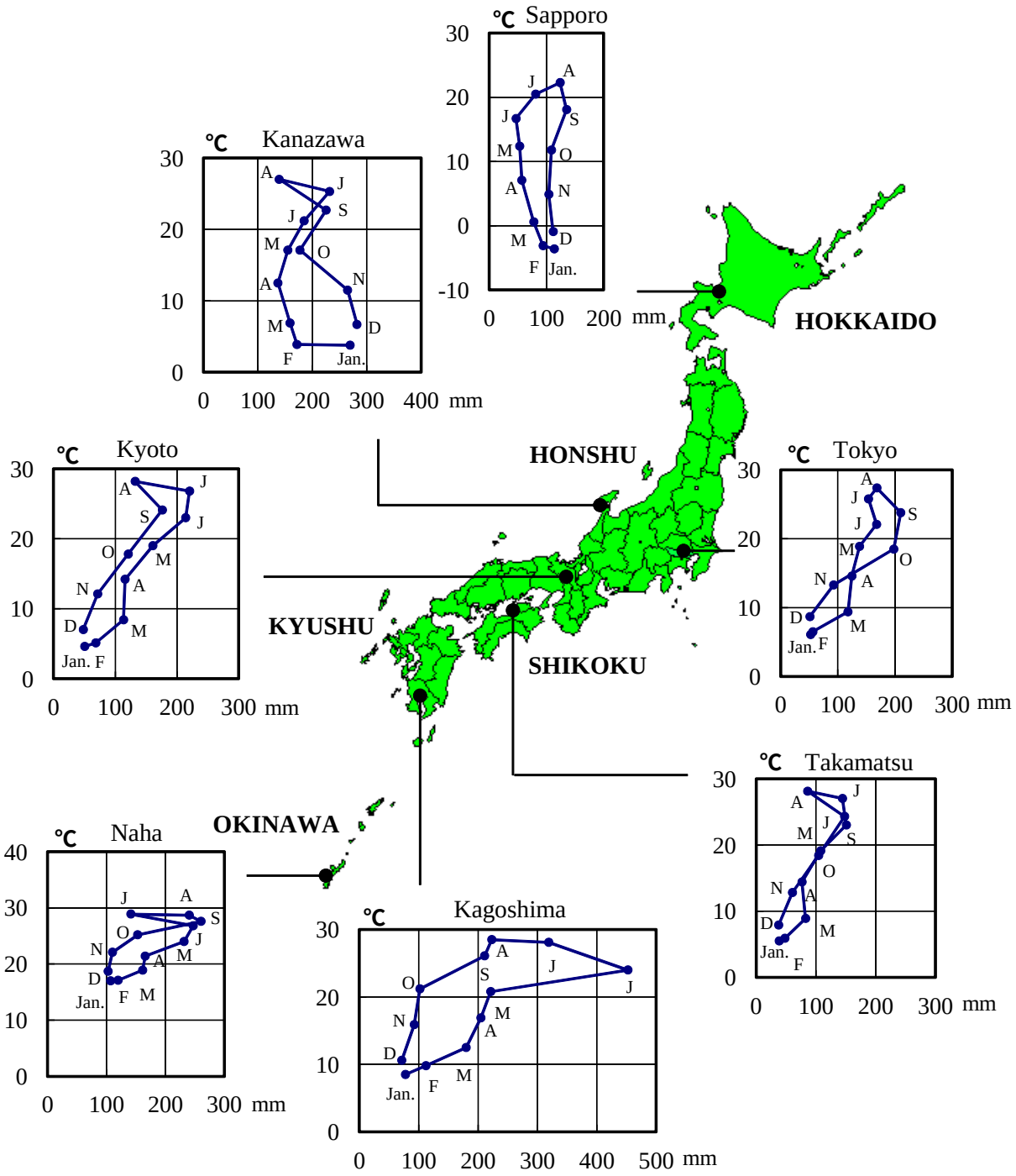
Year	Total	Forests	Farmland	Inland water	Roads [1)]	Building land [2)]	Others
1975	377.5	252.9	57.6	12.8	8.9	12.4	32.9
1985	377.8	253.0	54.8	13.0	10.7	15.0	31.3
1995	377.8	251.4	51.3	13.2	12.1	17.0	32.8
2005	377.9	251.0	47.8	13.4	13.2	18.5	34.0
(%)	(100.0)	(66.4)	(12.6)	(3.5)	(3.5)	(4.9)	(9.0)

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 Sea of Japan 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
		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
		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
		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
		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
		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
		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
		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
Dec. 26, 2004	Indonesia：Sumatra	Sumatra earthquake	9.1
Mar. 11, 2011	**Japan：Tohoku region**	**Great East Japan earthquake**	**9.0**
Nov. 4, 1952	Russia：Kamchatka	Kamchatka earthquake	9.0
Feb. 27, 2010	Chile：Maule	Chile earthquake	8.8
Jan. 31, 1906	Ecuador：Colombia	Ecuador - Colombia earthquake	8.8
Feb. 4, 1965	USA：Rat Islands	Rat Islands earthquake	8.7

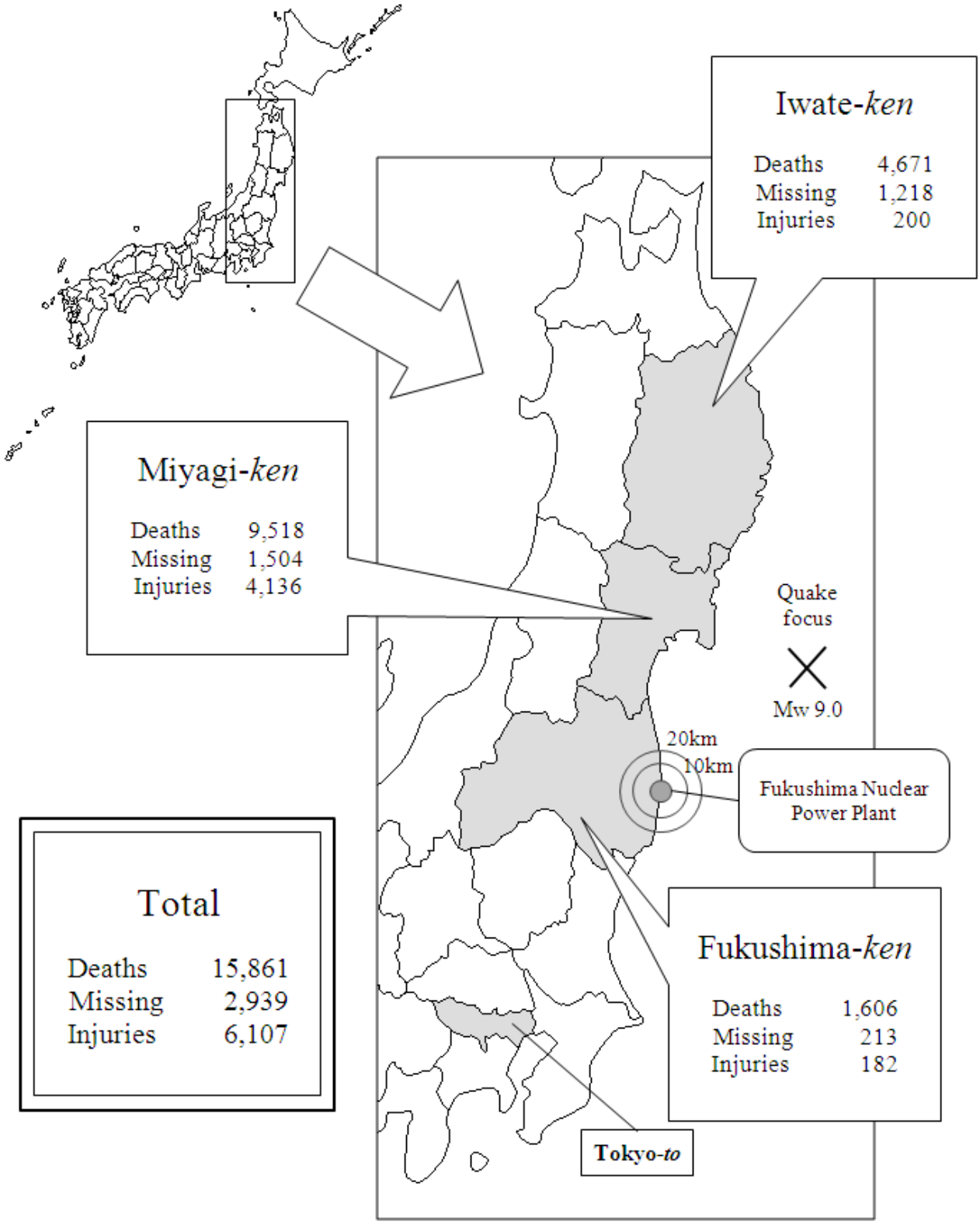
Source: Ministry of Land, Infrastructure, Transport and Tourism; National Astronomical Observatory of Japan.

Largest earthquakes by size of human toll

Date	Location	Name	Fatalities	Magnitude
Jul. 28, 1976	China：Hebei	Tangshan earthquake	242,800	7.8
Dec. 16, 1920	China：Ningxia	Haiyuan earthquake	235,502	8.5
Dec. 26, 2004	Indonesia：Sumatra	Sumatra earthquake	227,898	9.1
Jan. 12, 2010	Haiti：Port-au-Prince	Haiti earthquake	222,500	7.3
Sep. 1, 1923	Japan：Kanto region	Great Kanto earthquake	105,000	7.9
May. 12, 2008	China：Sichuan	Sichuan earthquake	87,587	8.1
Oct. 8, 2005	Pakistan：Kashmir	Kashmir earthquake	86,000	7.7
Dec. 28, 1908	Italy：Messina	Messina earthquake	82,000	7.1
Mar. 11, 2011	**Japan：Tohoku region**	**Great East Japan earthquake**	**a) 15,861**	**9.0**

a) As of June 13, 2012.
Source: Ministry of Land, Infrastructure, Transport and Tourism; National Astronomical Observatory of Japan.

Devastated area (As of June 13, 2012)
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, 2011, 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. In February 2012, the Reconstruction Agency was established, which is responsible for the planning, coordination, and implementation of national policies concerning reconstruction and support for local governments as a centralized contact.

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 June 13, 2012, the confirmed number of deaths reached 15,861 persons, with the missing 2,939 and the injuries 6,107. There were 341,235 displaced persons living in evacuation centers nearby.

Damages (As of June 13, 2012) [1)]

Prefectures	Human damages			Building damages		
	Deaths	Missing	Injuries	Total collapse	Half collapse	Partially damaged
Total	15,861	2,939	6,107	130,429	262,818	717,538
Hokkaido	1	-	3	-	4	7
Aomori-*ken*	3	1	109	306	701	835
Iwate-*ken*	4,671	1,218	200	20,189	4,688	8,225
Miyagi-*ken*	9,518	1,504	4,136	85,410	151,362	222,749
Akita-*ken*	-	-	12	-	-	3
Yamagata-*ken*	2	-	29	37	80	-
Fukushima-*ken*	1,606	213	182	20,652	68,947	156,684
Ibaraki-*ken*	24	1	709	2,738	24,506	182,540
Tochigi-*ken*	4	-	134	260	2,103	70,646
Gumma-*ken*	1	-	38	-	7	17,246
Saitama-*ken*	-	-	42	24	194	1,800
Chiba-*ken*	20	2	251	798	9,989	51,477
Tokyo-*to*	7	-	117	15	198	4,847
Kanagawa-*ken*	4	-	134	-	39	445
Niigata-*ken*	-	-	3	-	-	17
Yamanashi-*ken*	-	-	2	-	-	4
Nagano-*ken*	-	-	1	-	-	-
Shizuoka-*ken*	-	-	3	-	-	13
Mie-*ken*	-	-	1	-	-	-
Kochi-*ken*	-	-	1	-	-	-

1) Including 13 earthquakes that occurred throughout the country between April 7, 2011 and March 1, 2012.
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 30 km radius were evacuated.

Sendai Airport and Tohoku Shinkansen Line (High-speed service railway between Tokyo and Aomori), which had been closed owing to the earthquake damage, came back into full operation in September 2011. In spite of the enormous damage, recovery was accomplished in a short time.

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 May 29, 2012)

Assistance from overseas	
Offers of assistance	163 countries/regions, 43 international organizations
Rescue Teams	29 countries/regions and international organizations
Relief Supplies	63 countries/regions and international organizations
Donations	93 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.

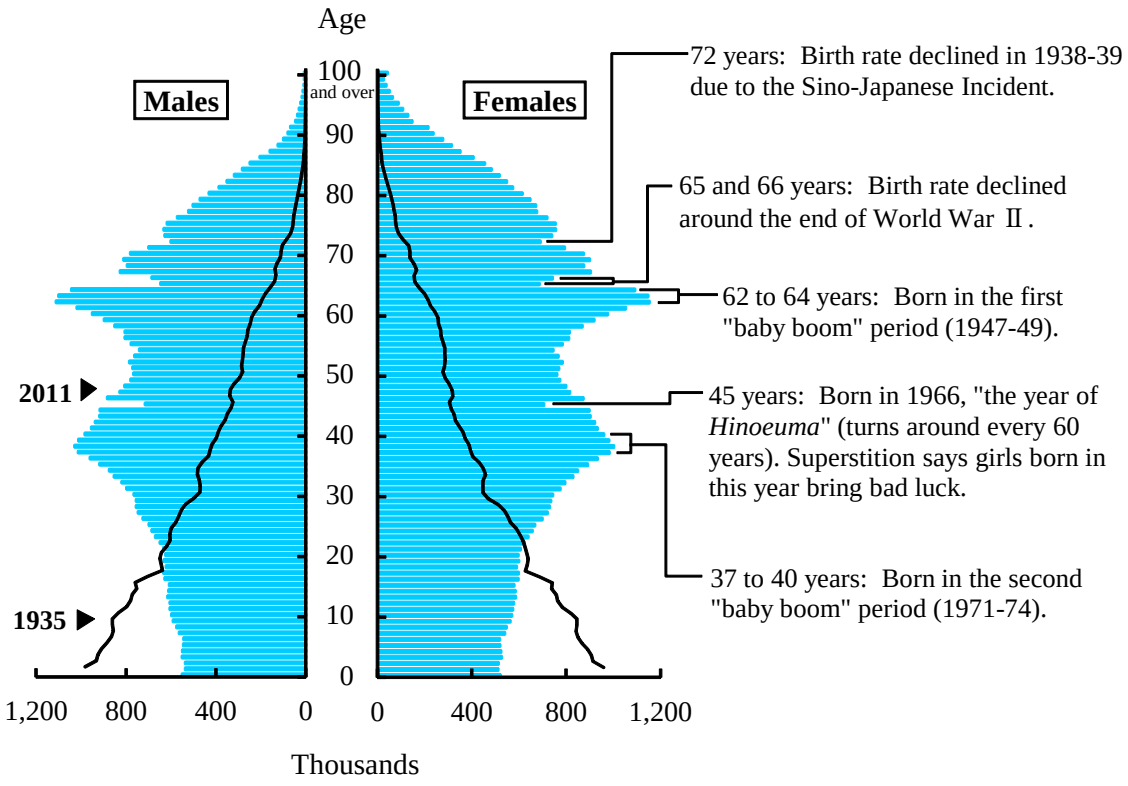
Chapter 2

Population

1. Total Population

Japan's total population in 2011 was 127.80 million. This ranked tenth in the world and made up 1.8 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.

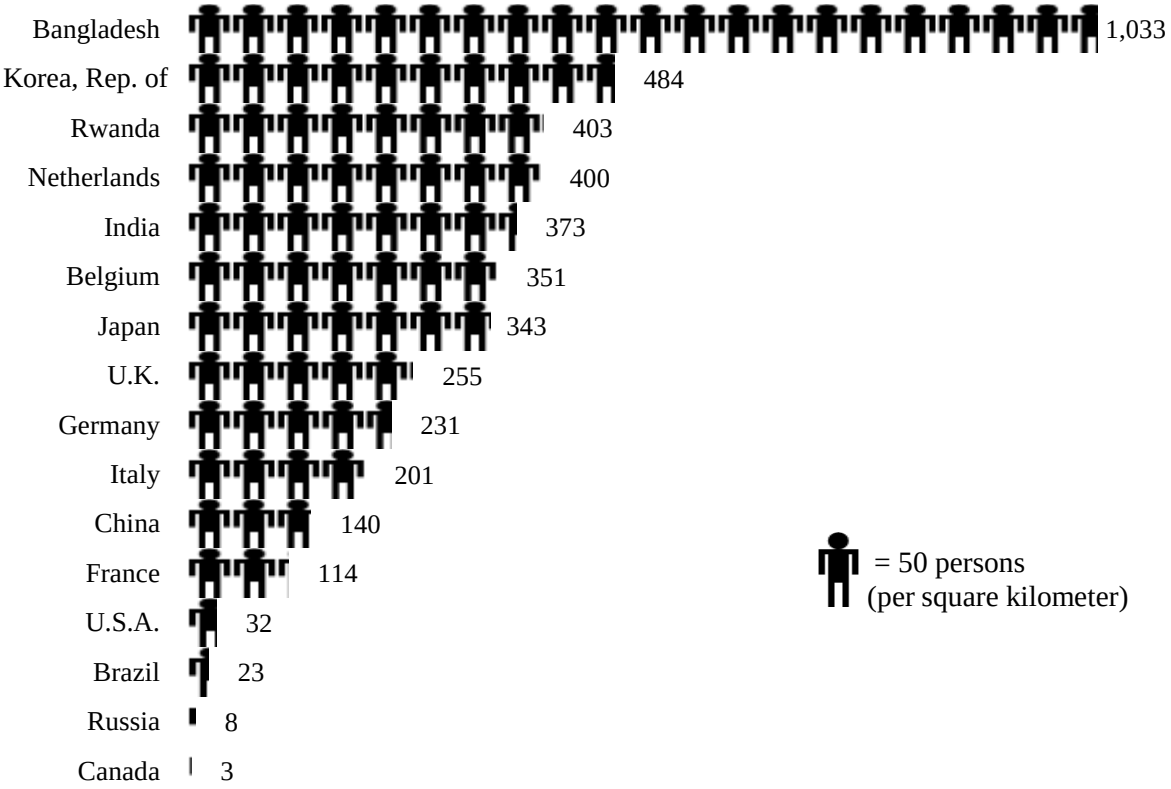
Table 2.1
Countries with a Large Population (2011)

(Millions)

Country	Population	Country	Population
World	6,974		
China	1,348	Pakistan	177
India	1,241	Nigeria	162
U.S.A.	313	Bangladesh	150
Indonesia	242	Russia	143
Brazil	197	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 2005 total population was 127.77 million, declining from the previous year (127.79 million) for the first time after World War II. In 2011, it was 127.80 million, down by 259,000 from the year before.

Table 2.2
Trends in Population (As of October 1)

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		
1872 1)	34,806	17,666	...	...	...	...	91
1900 1)	43,847	22,051	33.9	60.7	5.4	0.83	115
1910 1)	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	128,057	62,328	13.2	63.8	23.0	0.05	343
2011	127,799	62,184	13.1	63.7	23.3	-0.20	343
(Projection, January 2011)							
2020	124,100	60,146	11.7	59.2	29.1	-0.33	333
2030	116,618	56,253	10.3	58.1	31.6	-0.62	313
2040	107,276	51,583	10.0	53.9	36.1	-0.83	288
2050	97,076	46,657	9.7	51.5	38.8	-0.99	260

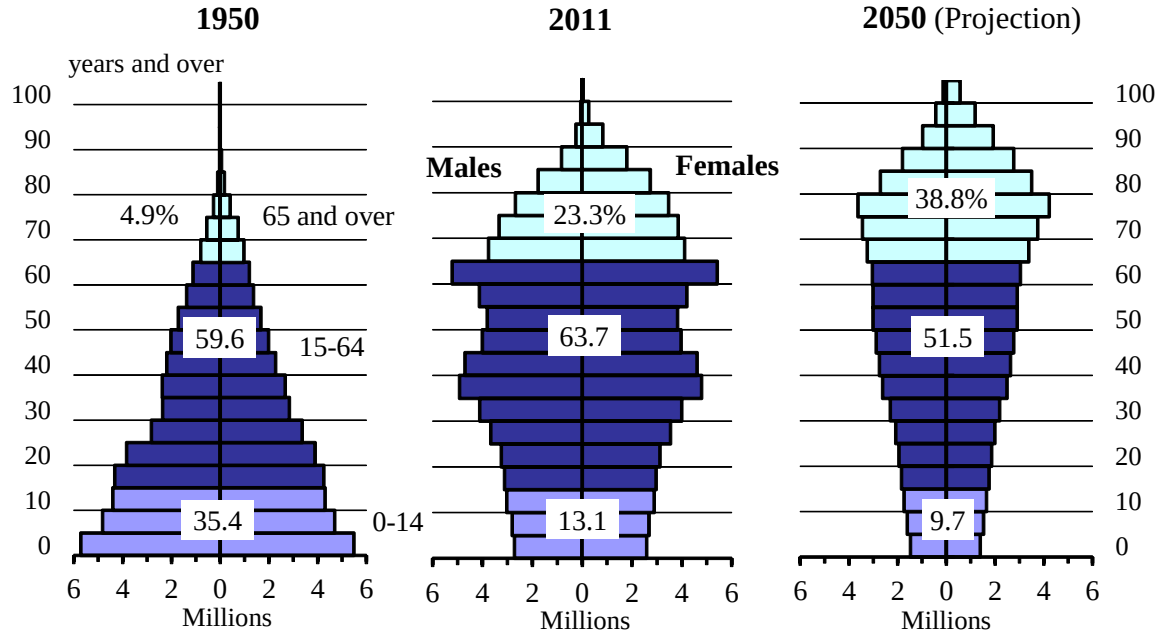
1) As of January 1.
Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare; Ministry of Land, Infrastructure, Transport and Tourism.

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 2011, aged population (65 years and over) was 29.75 million, constituting 23.3 percent of the total population and marking a record high. 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 aged population 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, in 2011, the child population in Japan (0-14 years) amounted to 16.71 million, accounting for 13.1 percent of the total population, the lowest level on record since the survey began. The production-age population (15-64 years) totaled 81.34 million. In share terms, it accounted for 63.7 percent of the entire population, continuing its decline since 1993. As a result, the ratio of the dependent population (the sum of aged and child population divided by the production-age population) was 57.1 percent. In terms of their proportion of the total population, the aged have surpassed the child group since 1997.

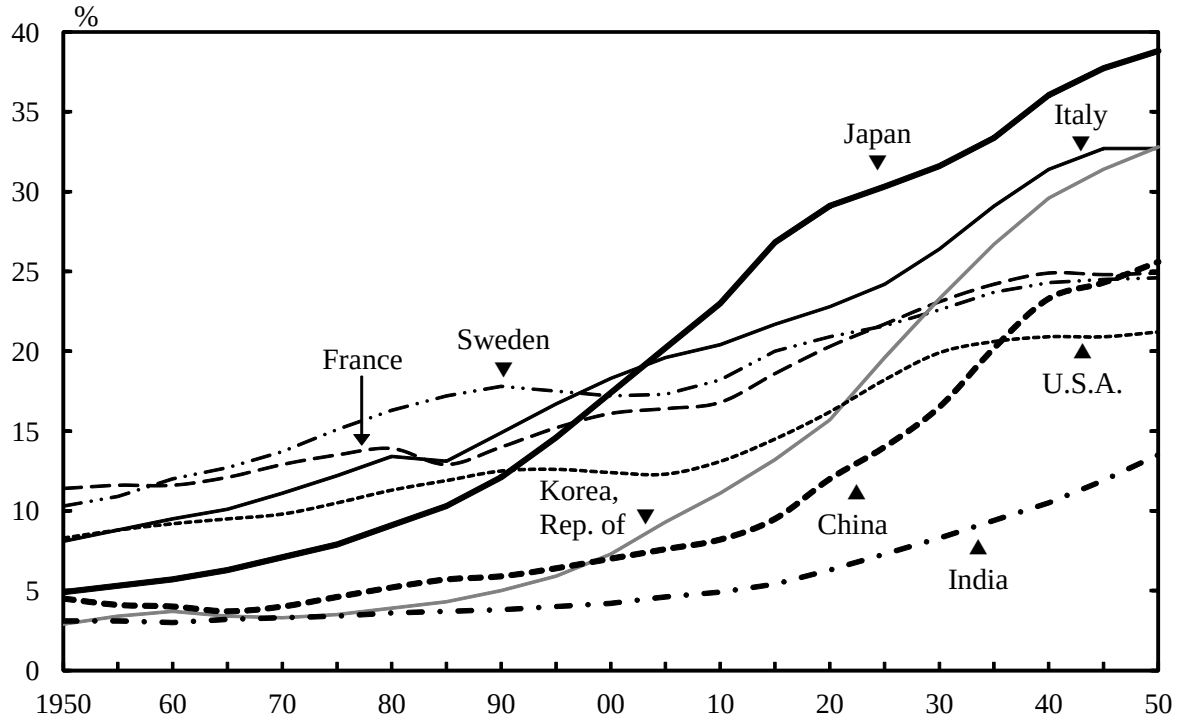
Table 2.3
Age Structure of Population by Country

(%)

Country	2010			2050 (projection)		
	0-14 years	15-64	65 and over	0-14 years	15-64	65 and over
Japan	13.2	63.8	23.0	9.7	51.5	38.8
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 -1.6 in 2011.

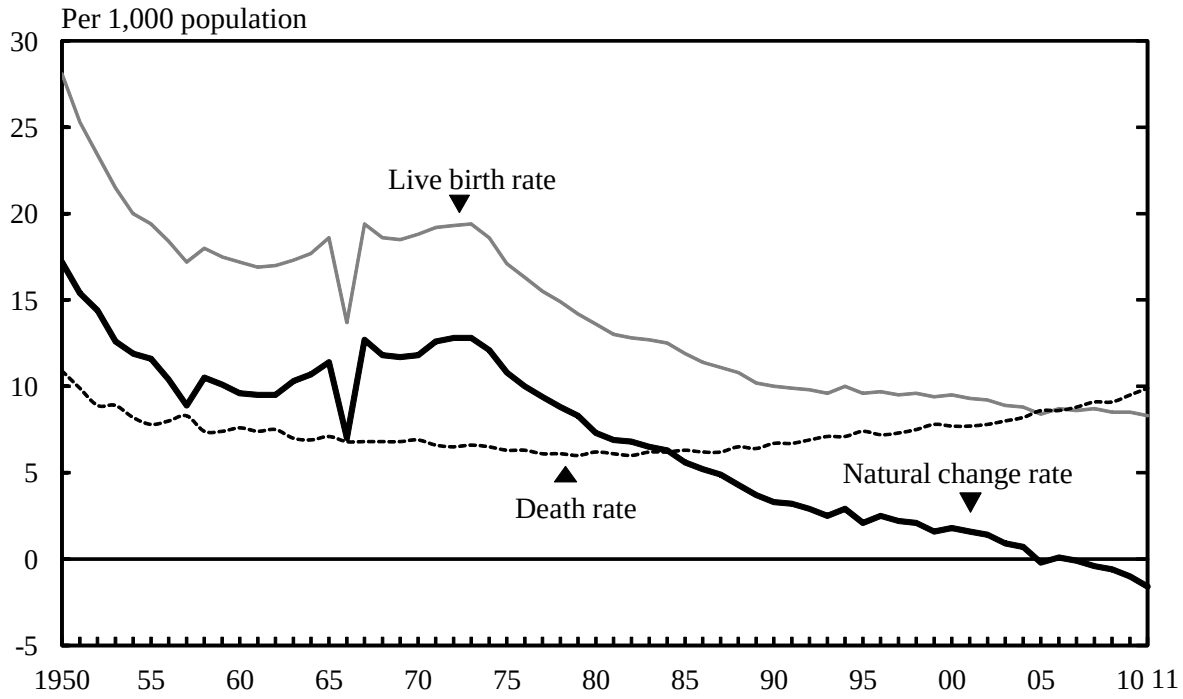
During the second baby boom, the birth rate was at a level of 19 (per 1,000 population) between 1971 and 1973. Since the late 1970s, however, it continued to drop. The rate for 2011 was 8.3.

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
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	79.55	86.30
2011	* 8.3	* 9.9	* 2.3	* -1.6	* 1.39	79.44	85.90

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 30.1 in 2011. The total fertility rate was on a downward trend after dipping below 2.00 in 1975. It marked a record low of 1.26 in 2005 and started to increase after that. The total fertility rate reached 1.39 in 2011, the same rate as that of the previous year.

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 9.9 in 2011.

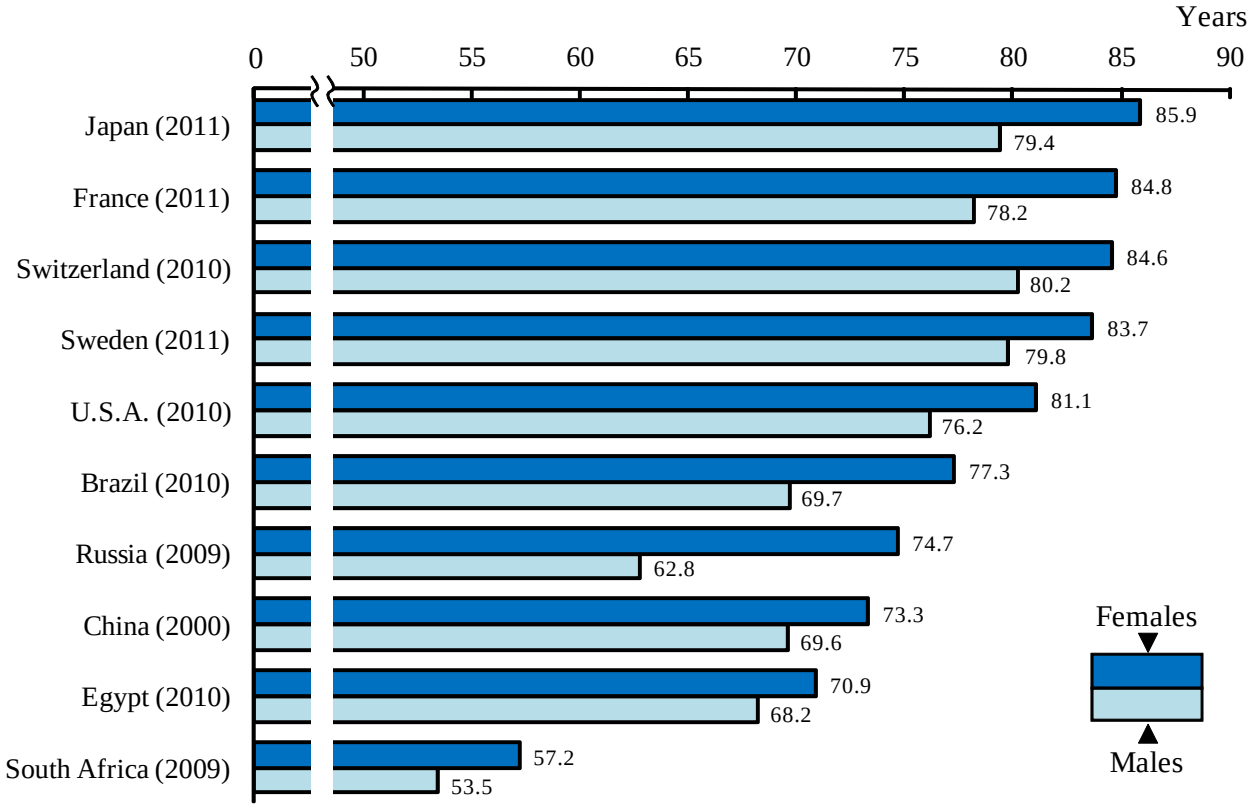
Average life expectancy in Japan climbed sharply after World War II, and is today at the highest level in the world. In 2011, life expectancy at birth was 85.9 years for women and 79.4 years for men.

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
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
2011 *	1,051	1.3	9.9	28.6	35.5	21.1	3.6	30.1

Source: Ministry of Health, Labour and Welfare.

Figure 2.6
Life Expectancy at Birth by Country



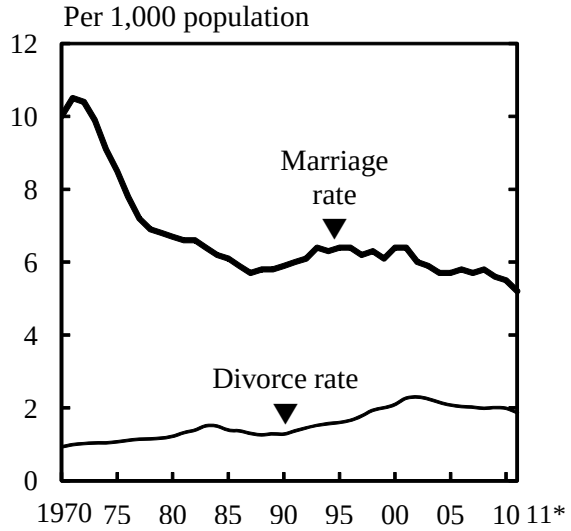
Source: Ministry of Health, Labour and Welfare.

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. In 2011, a total of 662,000 couples married and the marriage rate became 5.2 as a result, down for the third consecutive year.

The mean age of first marriage was 30.7 for men and 29.0 for women in 2011, a rise by 2.3 years and 3.0 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
2009	30.4	28.6
2010	30.5	28.8
2011 *	30.7	29.0

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 have been declining since 2003. In 2011, the number of divorces totaled 236,000, and the divorce rate (per 1,000 population) was 1.87.

5. Households

(1) Household Size and Household Composition

The Population Census shows that Japan had 51.84 million private households in 2010, going over 50 million for the first time since the Census began. Of that total, 56.4 percent were nuclear-family households, and 32.4 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 1960s, the size of household was down significantly in 1970, to 3.41 members. The size of household members continued to decline to 2.42 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.

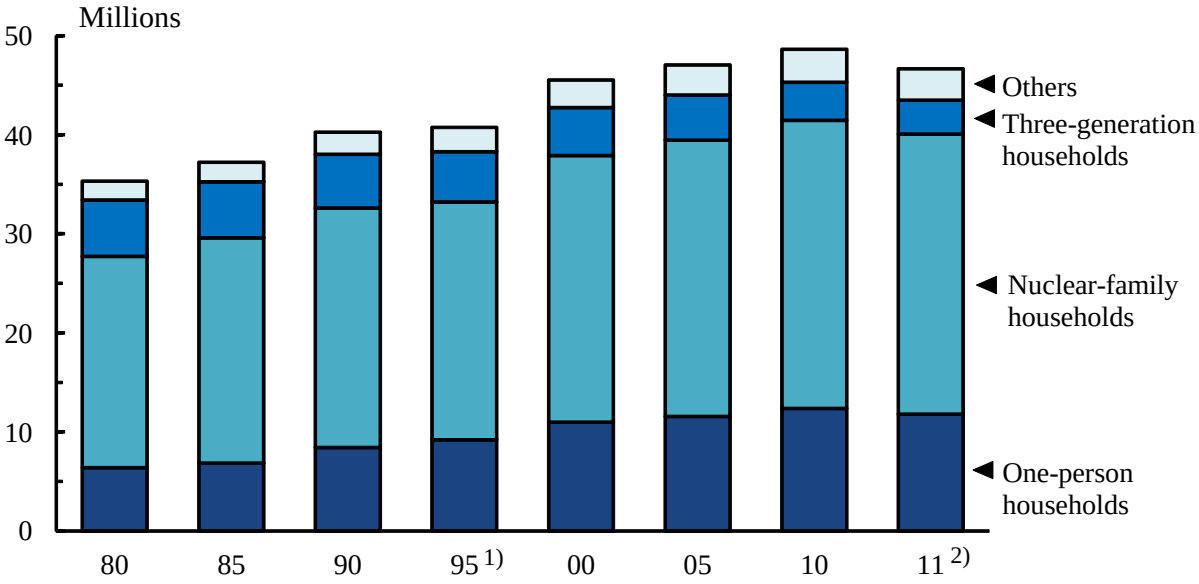
Table 2.7
Households and Household Members

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	51,842	1.11	125,546	2.42	128,057	0.05

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

According to the Comprehensive Survey of Living Conditions 2011 (excluding Iwate, Miyagi and Fukushima prefectures), regarding the structure of households, nuclear-family households accounted for the largest share of total households (60.6 percent). Then, one-person households accounted for 25.2 percent.

Figure 2.8
Changes in Household Composition



1) Excluding Hyogo prefecture. 2) Excluding Iwate, Miyagi and Fukushima prefectures.
Source: Ministry of Health, Labour and Welfare.

(2) Elderly Households

In 2011, elderly households (defined as households consisting of individuals aged 65 years or over, with or without unmarried dependents below the age of 18) numbered 9.58 million (excluding Iwate, Miyagi and Fukushima prefectures), representing 20.5 percent of the total households. The number of one-person elderly households was 4.70 million. In 2011, 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 4.60 million.

Table 2.8
Trends in Elderly Households

(Thousands)

Type of households	1980	1985	1990	1995 [1)]	2000	2005	2010	2011 [2)]
All households	35,338	37,226	40,273	40,770	45,545	47,043	48,638	46,684
Elderly households	1,684	2,192	3,113	4,390	6,261	8,349	10,207	9,581
(percentage)	4.8	5.9	7.7	10.8	13.7	17.7	21.0	20.5
One-person households ...	910	1,131	1,613	2,199	3,079	4,069	5,018	4,697
Males	192	218	295	449	682	1,010	1,420	1,303
Females	718	913	1,318	1,751	2,398	3,059	3,598	3,394
Elderly couples	722	996	1,400	2,050	2,982	4,071	4,876	4,596
Other elderly households ..	52	65	100	141	199	209	313	288

1) Excluding Hyogo prefecture. 2) Excluding Iwate, Miyagi and Fukushima prefectures.
Source: Ministry of Health, Labour and Welfare.

6. Population Density and Regional Distribution

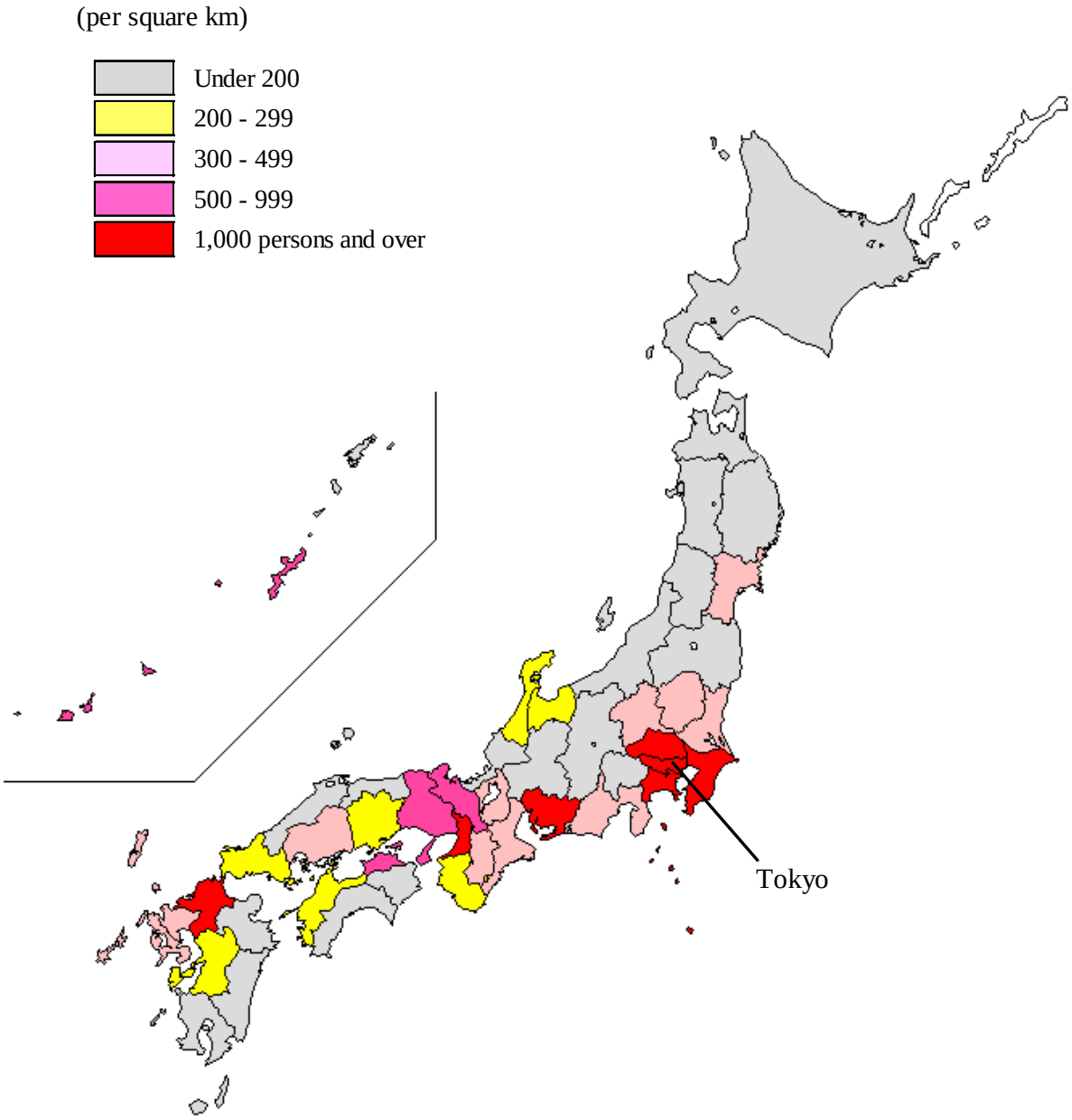
(1) Population Density

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 population.

The population density in Tokyo was the highest among Japan's prefectures, at 6,016 persons per square kilometer. This was almost 18 times the national average (343 persons 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 8.95 million citizens. It was followed in decreasing order by Yokohama-*shi* (3.69 million), Osaka-*shi* (2.67 million), and Nagoya-*shi* (2.26 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	8,946	Kyoto-*shi*	1,475	1,474
Yokohama-*shi*	3,580	3,689	Fukuoka-*shi*	1,401	1,464
Osaka-*shi*	2,629	2,665	Kawasaki-*shi*	1,327	1,426
Nagoya-*shi*	2,215	2,264	Saitama-*shi*	1,176	1,222
Sapporo-*shi*	1,881	1,914	Hiroshima-*shi*	1,154	1,174
Kobe-*shi*	1,525	1,544	Sendai-*shi*	1,025	1,046

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

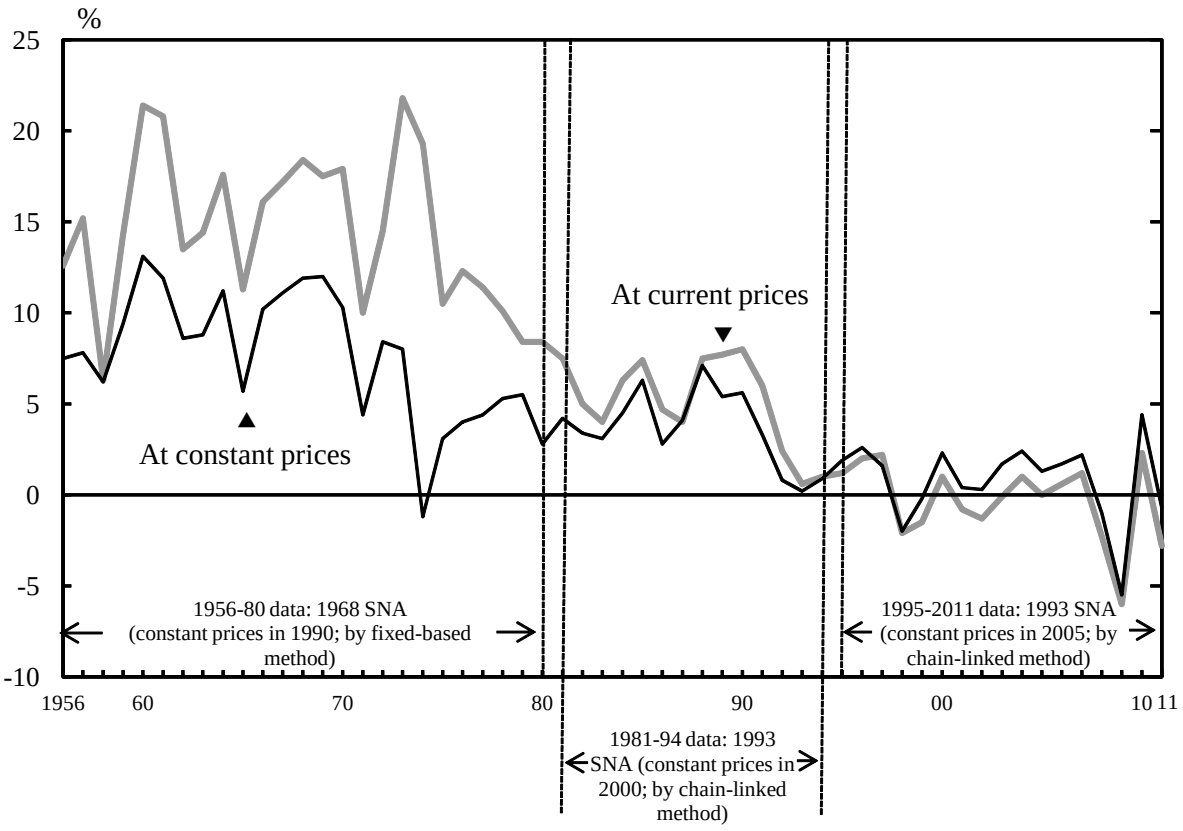
Economy

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.

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.

Figure 3.1
Economic Growth Rates 1)



1) Data after 1995 was estimated using a different method.
Source: Cabinet Office.

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.

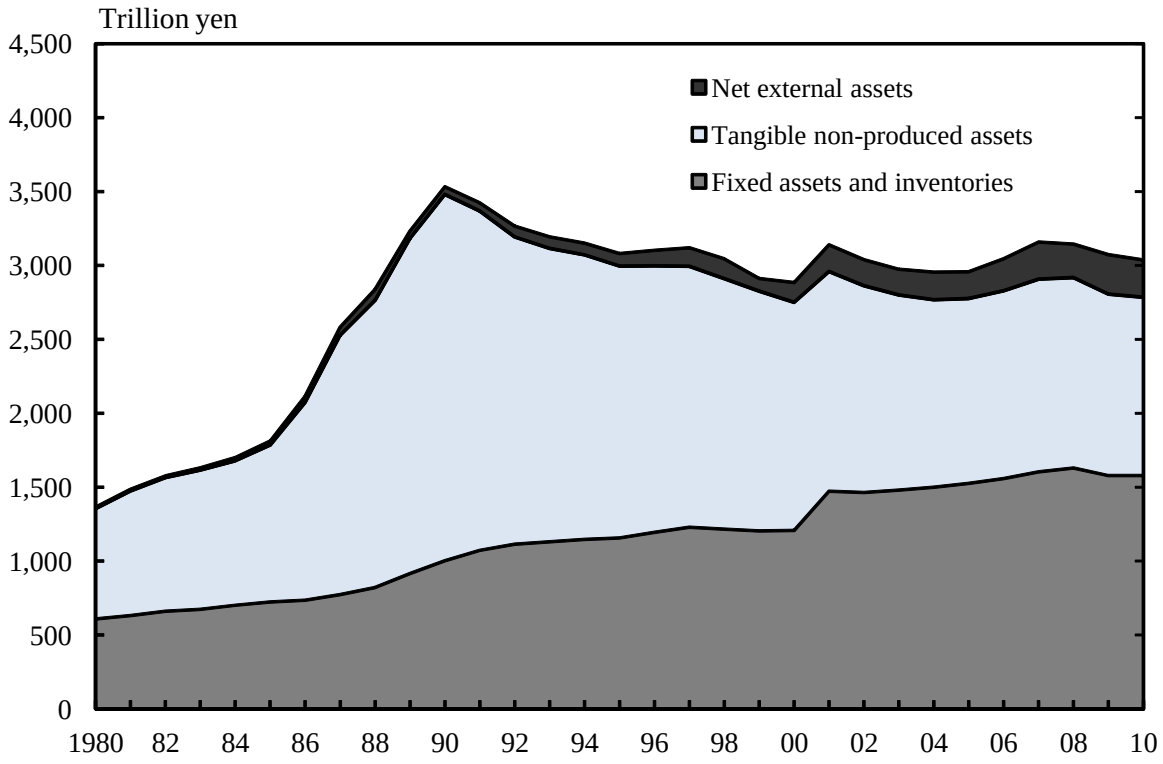
In October 1973, the fourth Middle East War led to the first oil crisis, triggering high inflation. Accordingly, Japan recorded negative economic growth in 1974 for the first time in the post-war period. Following the second oil crisis in 1978, efforts were made to change Japan's industrial structure 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 1)



1) Data after 2001 was estimated using a different method.
Source: Cabinet Office.

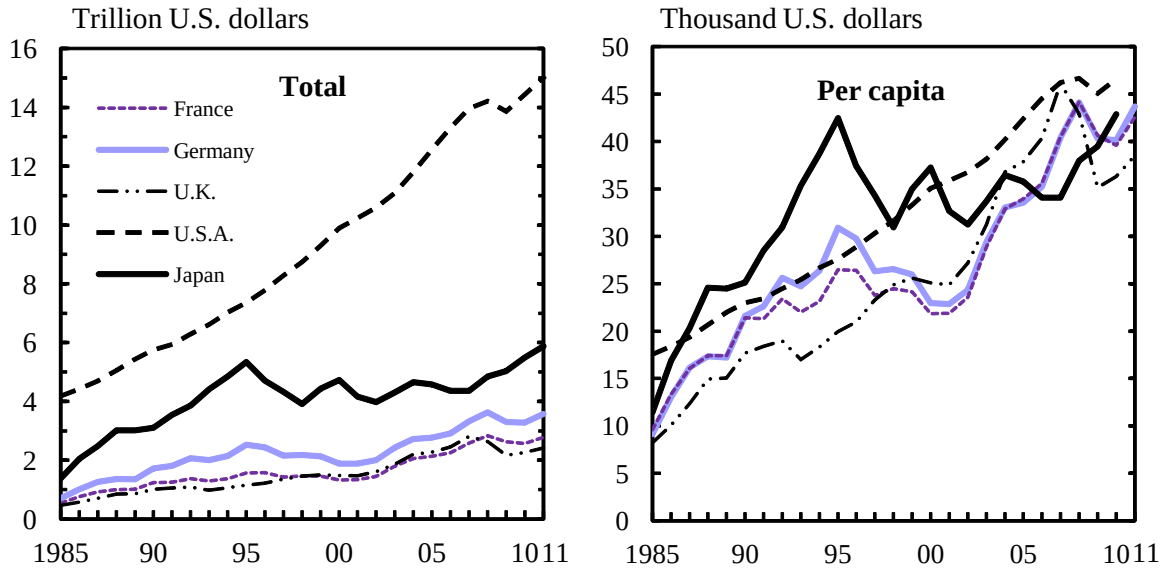
At the end of 1980, Japan's net worth (national wealth) stood at 1,363 trillion yen, 5.6 times the GDP. It then increased, reaching 3,531 trillion yen, 8.0 times the GDP, at the end of 1990, owing to increasing land and stock prices. Since then, Japan's national wealth changed to decreasing by the collapse of the bubble economy. At the end of 2010, it was 3,036 trillion yen.

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.

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 the economy continued to recover with foreign demand and economic measures after April 2009, the government defined March 2009 as 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."

Table 3.1

Gross Domestic Product (Expenditure approach) [1)]

(Billion yen)

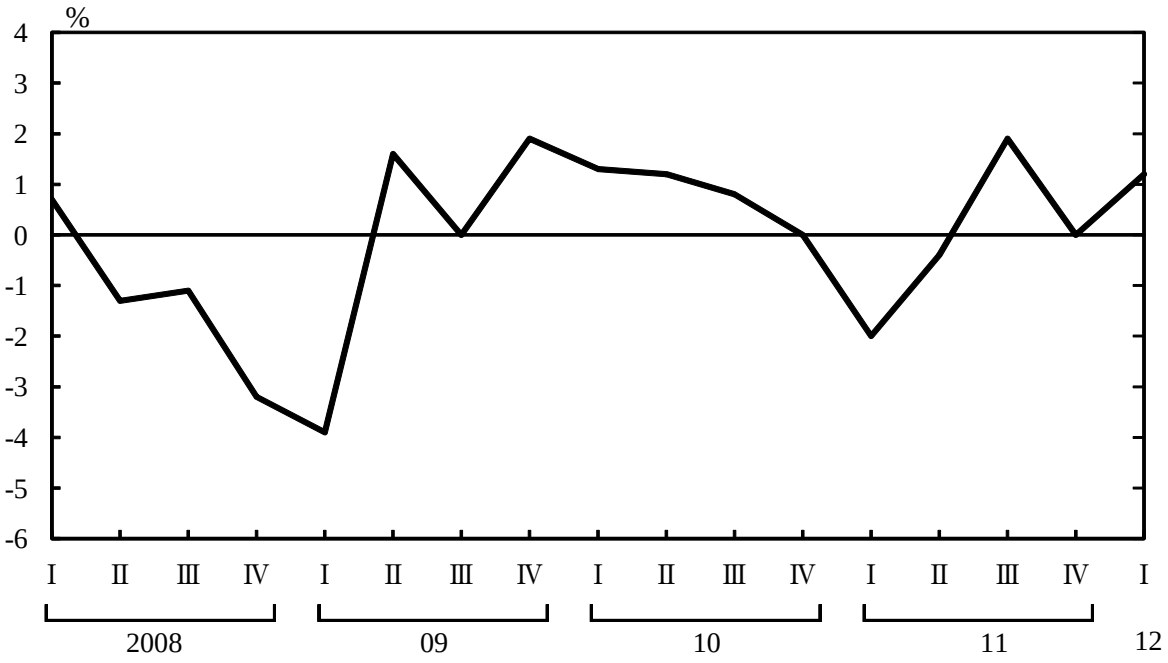
Item	2008	2009	2010	2011
Gross domestic product (GDP)	518,230.9	489,588.5	511,359.0	507,613.1
Domestic demand	500,504.1	480,471.5	493,658.8	494,201.4
Private demand	387,075.3	363,506.1	374,644.4	374,063.9
Private final consumption expenditure	294,312.8	292,341.7	299,989.7	300,329.5
Private Residential Investment	15,476.7	12,903.6	12,355.2	13,021.1
Private plant and equipment	74,507.9	63,853.6	64,186.8	64,865.2
Changes in inventories of private sector	2,739.5	-4,927.6	-1,301.9	-3,489.2
Public demand	113,430.4	116,871.7	118,941.0	120,032.9
Government final consumption expenditure	93,403.4	95,524.9	97,550.4	99,409.9
Gross capital formation by public sector	20,032.4	21,435.3	21,526.3	20,743.0
Changes in inventories of public sector	59.3	-36.7	-66.3	0.1
Net exports of goods and services	17,610.5	7,428.0	16,978.4	13,034.8
Exports of goods and services	87,405.2	66,256.9	82,308.6	82,194.1
(less) Imports of goods and services	69,794.7	58,828.9	65,330.1	69,159.3
(Reference)				
Trading gains/losses	-16,803.9	-5,638.9	-10,928.7	-17,454.7
Gross domestic income	501,427.1	483,949.5	500,430.4	490,158.4
Net income from the rest of the world	16,865.6	13,416.8	13,492.8	15,406.9
Incomes from the rest of the world	24,973.1	19,356.5	18,931.5	21,354.0
(less) Incomes to the rest of the world	8,107.6	5,939.7	5,438.6	5,947.1
Gross national income (GNI)	518,292.6	497,366.3	513,923.2	505,565.2

1) Constant prices in 2005; by chain-linked method.

Source: Cabinet Office.

From around October 2010, the economy has been at a standstill and started to recover in 2011. However, owing to the tsunami damage, supply chain disruptions, restriction of power supply, and nuclear accidents caused by the Great East Japan Earthquake on March 11, 2011, Japan fell into an economic slump and a worsening fiscal position. As of June 2012, the economy still remains in a grave condition but is moderately recovering through the demand for the reconstruction of the earthquake.

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 2005.
Source: Cabinet Office.

4. Industrial Structure

Japan's industrial structure has undergone a major transformation over the half century since the end of World War II. The chronological changes in the industrial structure during this period by industry share of employed persons and GDP show that shares in the primary industry in particular have fallen dramatically since 1970, when Japan experienced a 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 2010, the corresponding shares of these three sectors were 4.2 percent, 25.2 percent and 70.6 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 2010, these figures for the primary, secondary, and tertiary industries were 1.2 percent, 25.2 percent, and 73.6 percent, respectively.

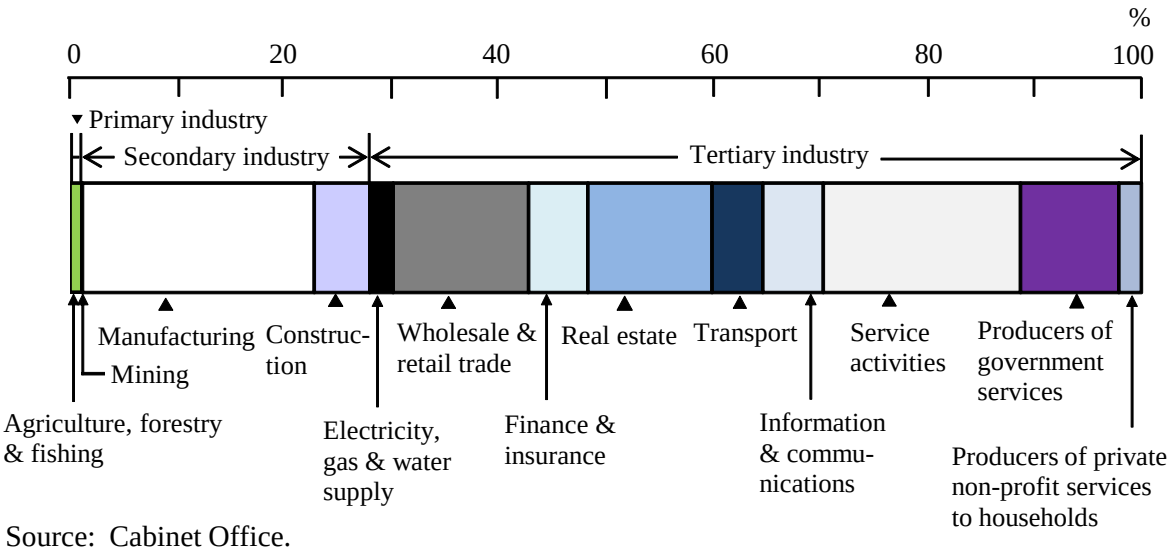
Table 3.2
Changes in Industrial Structure

(%)

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	# 31.3	# 62.7	1.8	30.4	67.8
2000	5.2	29.5	65.3	1.7	28.5	69.8
2005	4.9	26.4	68.6	# 1.2	# 25.8	# 73.0
2010	4.2	25.2	70.6	1.2	25.2	73.6

1) Due to the revision of the Japan Standard Industrial Classification, the figures from 1995 onward are not strictly consistent with those for 1990 or earlier. 2) Data from 1955 to 1979 are based on the 1968 SNA. Data from 1980 onward are based on the 1993 SNA. Data in 2005 and afterwards differs in the estimation method.
Source: Statistics Bureau, MIC; Cabinet Office.

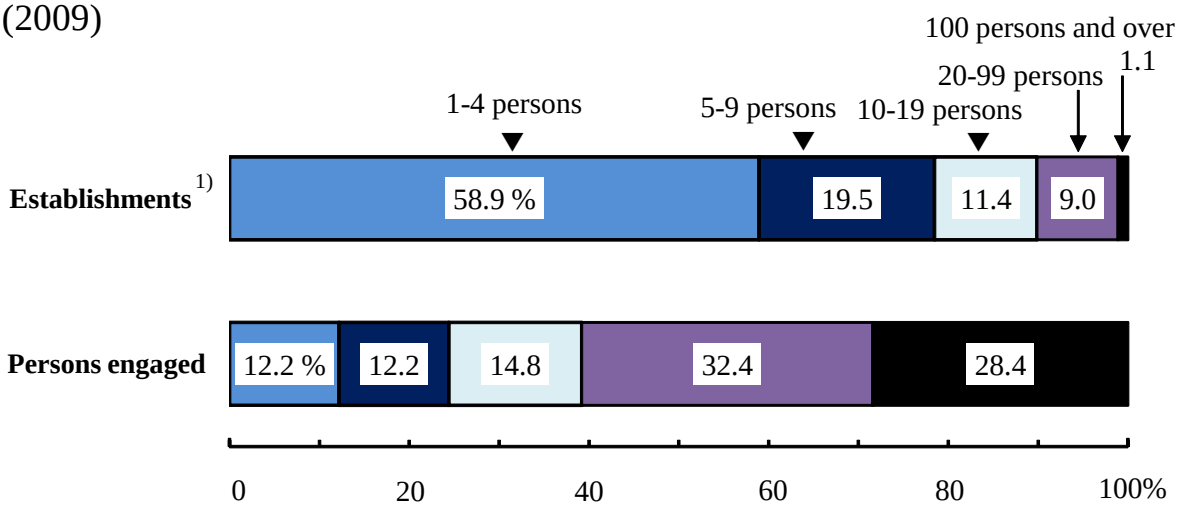
Figure 3.5
Gross Domestic Product by Type of Economic Activity (2010)
(Constant prices in 2005)



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. The establishments with less 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 establishments consisting of only dispatched employees.
Source: Statistics Bureau, MIC.

The number of establishments by the major groupings of the Japan Standard Industrial Classification was 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)

Item	Number of establishments	Number of persons engaged (persons)
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
Organizations other than corporations	30,251	130,925
National and local governments	157,107	4,418,385

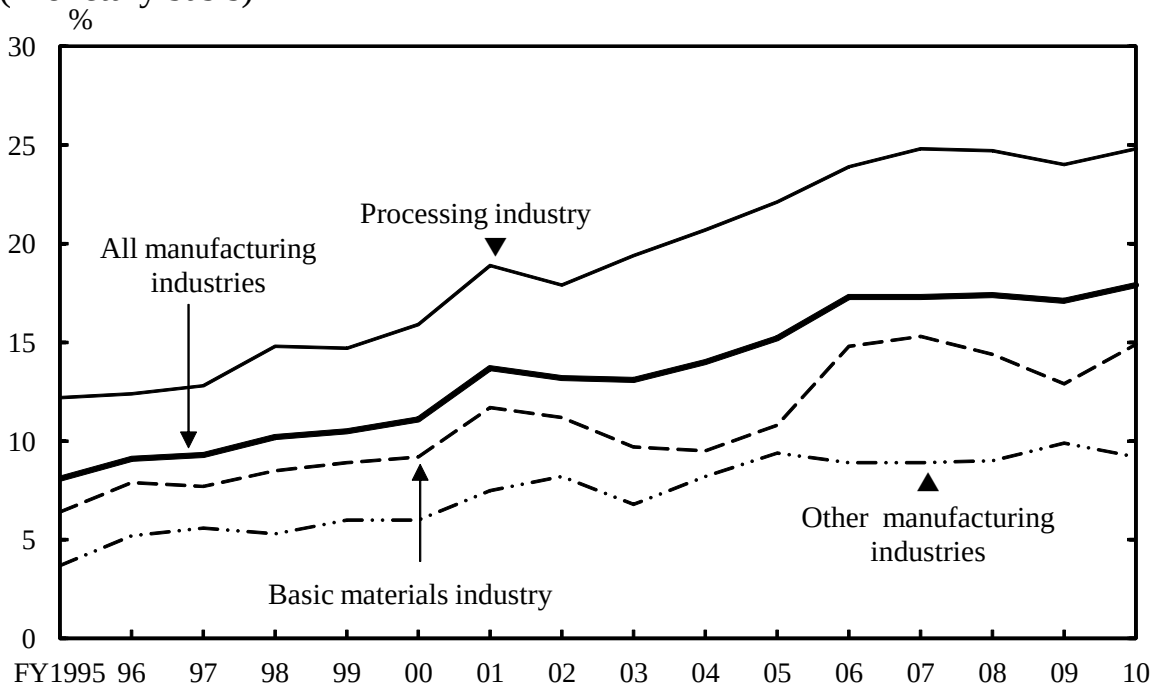
Source: Statistics Bureau, MIC.

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, the structure has surfaced where Japanese companies manufacture products in China and other Asian countries and import these products back into Japan to push down domestic prices.

The percentage of companies in the manufacturing sector that have overseas production sites was 67.6 percent in fiscal 2010, thus remaining at the fiscal 2007 level. In terms of sales proceeds, overseas production accounted for 18.1 percent in fiscal 2010 and increased by 1.1 percentage points from the previous fiscal year. By category, the percentage of overseas production was the highest in transport equipment, which was 39.2 percent, followed by 28.4 percent in information and communication electronics equipment, and 28.3 percent in general-purpose machinery. Of total overseas production output in the manufacturing sector, exports bound for Japan constituted 21.3 percent, a decrease for the third consecutive year.

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 capable operation locations are China, as well as India and Thailand. China in particular is gaining significance not only as a capable 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.

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 2012, a total of 18 special accounts have been established, including the national debt consolidation fund, the grants of allocation tax and transferred tax and the Great East Japan Earthquake recovery fund. 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, Japan Bank of International Cooperation, 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
2008	89,208	387,740	235,971	1,825
2009	107,114	377,893	246,280	1,277
2010	100,535	386,985	245,704	1,204
2011 [2)]	110,680	428,153	276,390	a) 1,843
2012 [3)]	90,334	408,395	241,043	1,913
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
2008	84,697	359,198	204,781	1,785
2009	100,973	348,060	212,710	1,530
2010	95,312	345,074	201,228	1,406
2011 [2)]	110,529	397,018	247,826	a) 2,613
2012 [3)]	90,334	394,094	228,766	2,703

1) Net total deducting duplications of the general account and special accounts.
2) Final estimates as of the end of December 2011. 3), a) Initial budget.
Source: Ministry of Finance.

In the national government finance, the revenue has continued to surpass expenditure. The difference between revenue and expenditure has been decreasing in recent years with efforts toward the economic recovery and the restoration of fiscal health. However, it started to increase again owing to the decline in tax revenue resulting from economic downturn after fiscal 2008.

The size of the general account budget for fiscal 2012 was 90.33 trillion yen, a decrease of 2.08 trillion yen (2.2 percent) from the initial budget of fiscal 2011. This is equivalent to 18.8 percent of the fiscal 2012 GDP, forecasted by the government at 479.6 trillion yen.

Table 4.2
Expenditure of General Account

(Billion yen)

Fiscal year	Total (A)+(B)+(C)	General expenditures (A)	Social security	Education and science	Pensions	National defense	Public works
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
2008	84,697	49,852	22,562	5,487	856	4,803	6,921
2009	100,973	55,704	28,716	6,158	781	4,811	8,353
2010	95,312	56,978	28,249	6,051	709	4,670	5,803
2011 1)	107,510	67,790	29,882	6,405	643	5,113	7,827
2012 2)	90,334	51,796	26,390	5,406	571	4,714	4,573

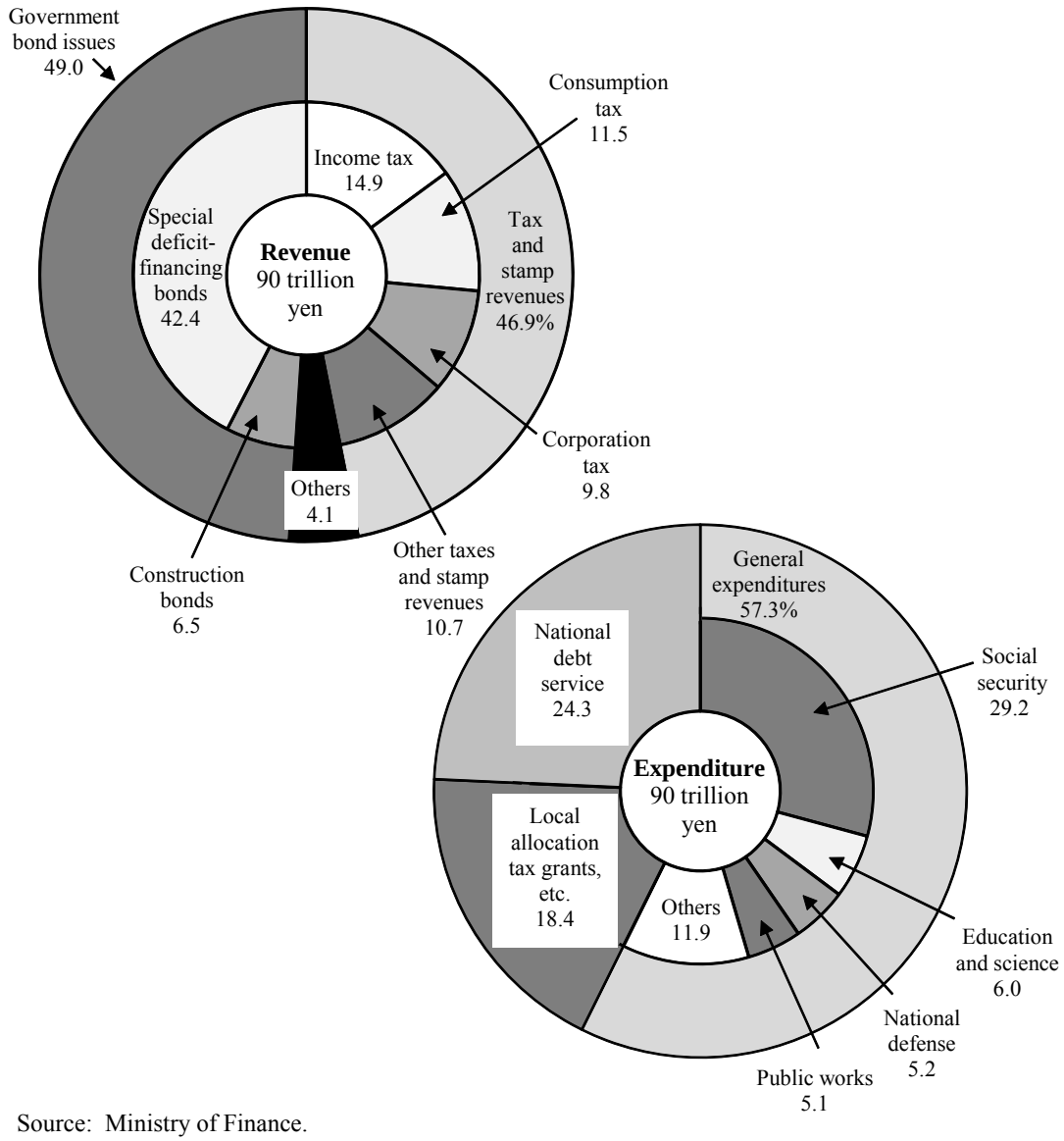
Fiscal year	Economic cooperation	Small- and medium-sized business promotion	Energy measures	Food stable supply	Others	National debt service (B)	Local allocation tax grants, etc. (C)
1995	1,034	623	708	269	7,751	12,820	12,302
2000	1,012	933	677	247	6,434	21,446	15,829
2005	784	237	493	657	6,536	18,736	17,441
2008	800	1,074	868	1,051	5,431	19,166	15,679
2009	801	2,915	994	1,036	1,139	18,445	16,573
2010	746	830	845	1,122	7,953	19,544	18,790
2011 1)	640	2,199	997	1,697	12,387	20,269	19,451
2012 2)	522	180	820	1,104	7,515	21,944	16,594

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

In fiscal 2012, major expenditures from the initial general account budget include social security (29.2 percent), national debt service (24.3 percent), local allocation tax grants, etc. (18.4 percent), education and science (6.0 percent), and national defense (5.2 percent).

With regard to revenue sources for the fiscal 2012 initial general account budget, income tax, consumption tax and corporation tax account for 36.2 percent. Even with the addition of other taxes and stamp revenues, these revenue sources only amount to 46.9 percent of the total revenue.

Figure 4.1
Composition of Revenue and Expenditure of General Account Budget
(Initial budget, FY2012)



Source: Ministry of Finance.

(2) Local Government Finance

There are two budget categories in the local government finance: the ordinary accounts 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 accounts and the latter-stage elderly medical care accounts.

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/or 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 2009 (net) revenues came from local taxes, accounting for 35.8 percent of the total. The second-largest source, 17.0 percent, was national treasury disbursements.

Table 4.3

Local Government Finance [1] (Ordinary accounts)

(Billion yen)

Item	FY2005	FY2006	FY2007	FY2008	FY2009
Revenues	92,936	91,528	91,181	92,213	98,366
Local taxes	34,804	36,506	40,267	39,559	35,183
Local allocation tax grants	16,959	15,995	15,203	15,406	15,820
Treasury disbursements	11,778	10,416	10,222	11,583	16,733
Local government bonds	10,376	9,622	9,584	9,922	12,396
Expenditures	90,697	89,211	89,148	89,691	96,106
General administration	8,737	8,618	8,906	8,920	10,718
Public welfare	15,693	16,259	16,976	17,821	19,768
Labor	317	296	276	663	919
Sanitation	5,707	5,510	5,436	5,390	5,972
Civil engineering work	14,417	13,853	13,391	12,871	13,292
Education	16,578	16,472	16,432	16,147	16,438

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 2011, the gross total of national government expenditure was 480 trillion yen, the net total was 223 trillion yen after eliminating duplications. 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 83 trillion yen. Therefore, after eliminating duplications between national and local accounts (33 trillion yen), the net total of both national and local government expenditures combined was 272 trillion yen.

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

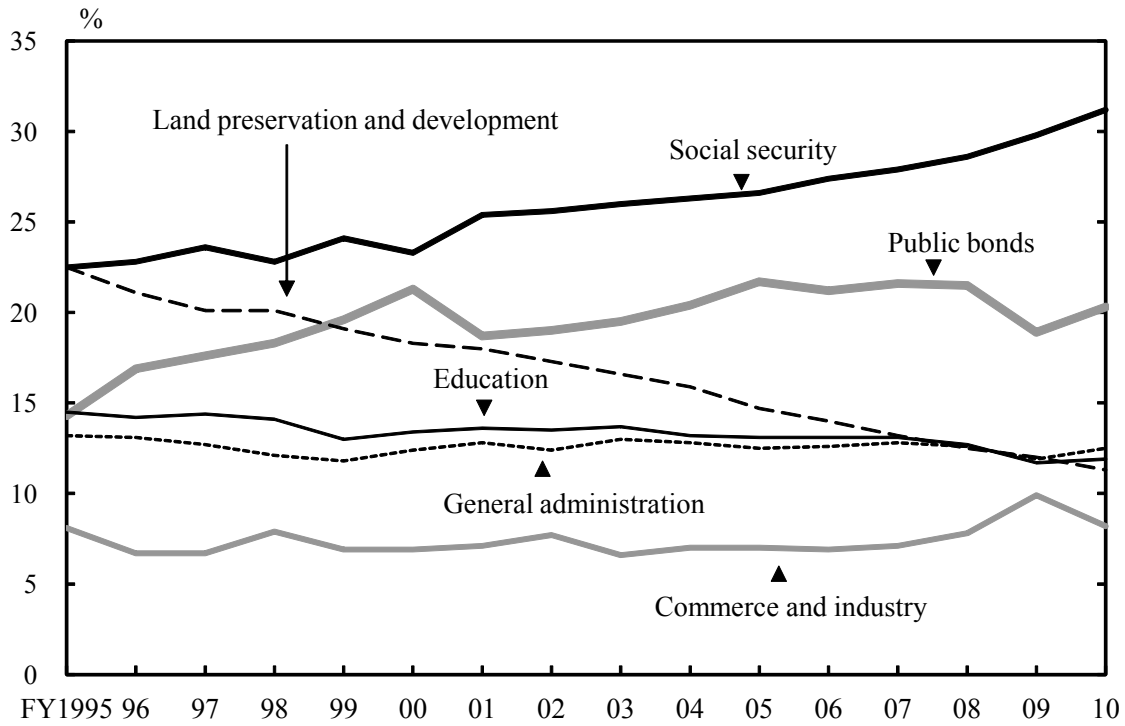
(Billion yen)

Item	Expenditures					
	FY1995	FY2000	FY2005	FY2009	FY2010	FY2011
General account	70,987	84,987	82,183	88,548	92,299	92,412
Special accounts	241,718	318,689	411,944	354,915	367,074	384,885
Government-affiliated agencies	8,086	7,661	4,678	2,126	3,135	2,613
Gross total (national)	320,792	411,337	498,805	445,589	462,508	479,910
Duplications	160,054	200,435	257,490	237,338	244,744	257,389
Net total (national)	160,738	210,902	241,316	208,251	217,764	222,521
Local public finance program	82,509	88,930	83,769	82,556	82,127	82,505
Gross total (national + local)	243,247	299,832	325,084	290,807	299,891	305,026
Duplications	32,035	37,216	32,689	29,173	31,563	32,848
Net total (national + local)	211,213	262,616	292,395	261,634	268,328	272,178

Source: Ministry of Finance.

In fiscal 2010, the net total of national and local government expenditures was 268 trillion yen, approximately 60 percent of which, net of overlaps, were expenditures "directly related to people's lives." The national government disbursed 41 percent of this amount, while the local governments disbursed 59 percent.

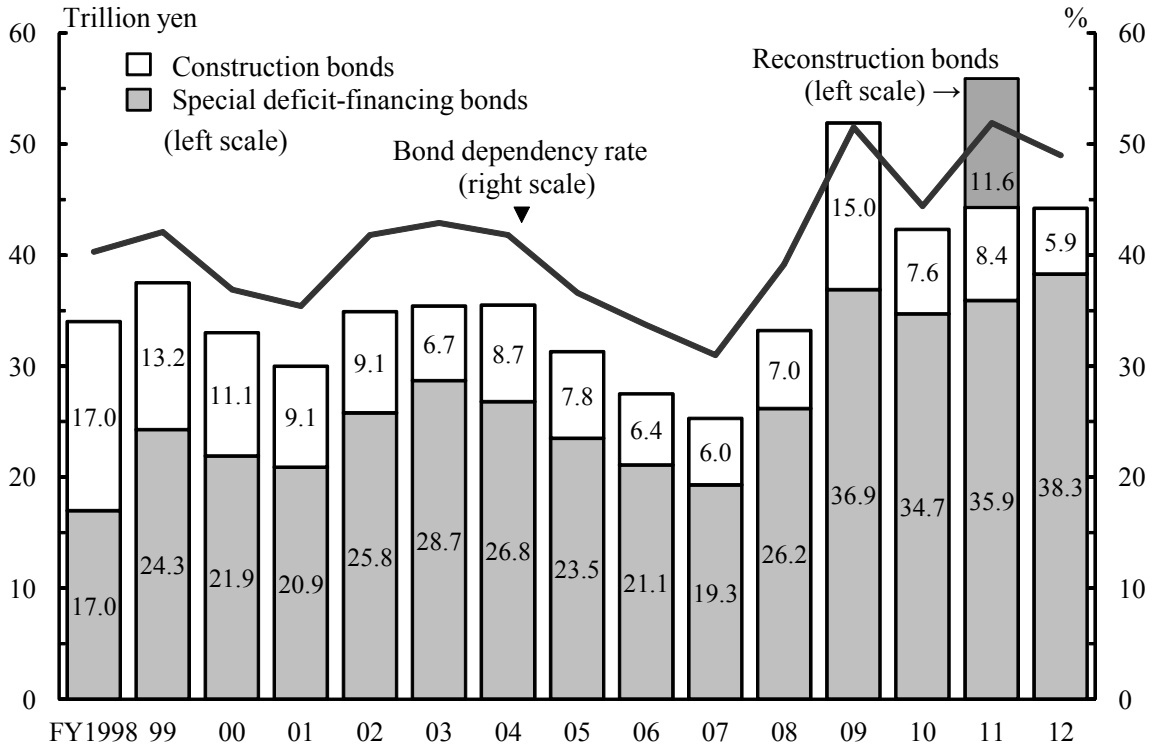
Figure 4.2
Trends in Ratio of Net Total National and Local Expenditures by Function



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 (31.2 percent), followed by public bonds (20.3 percent), general administration (12.5 percent), education (11.9 percent), and then land preservation and development (11.3 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.

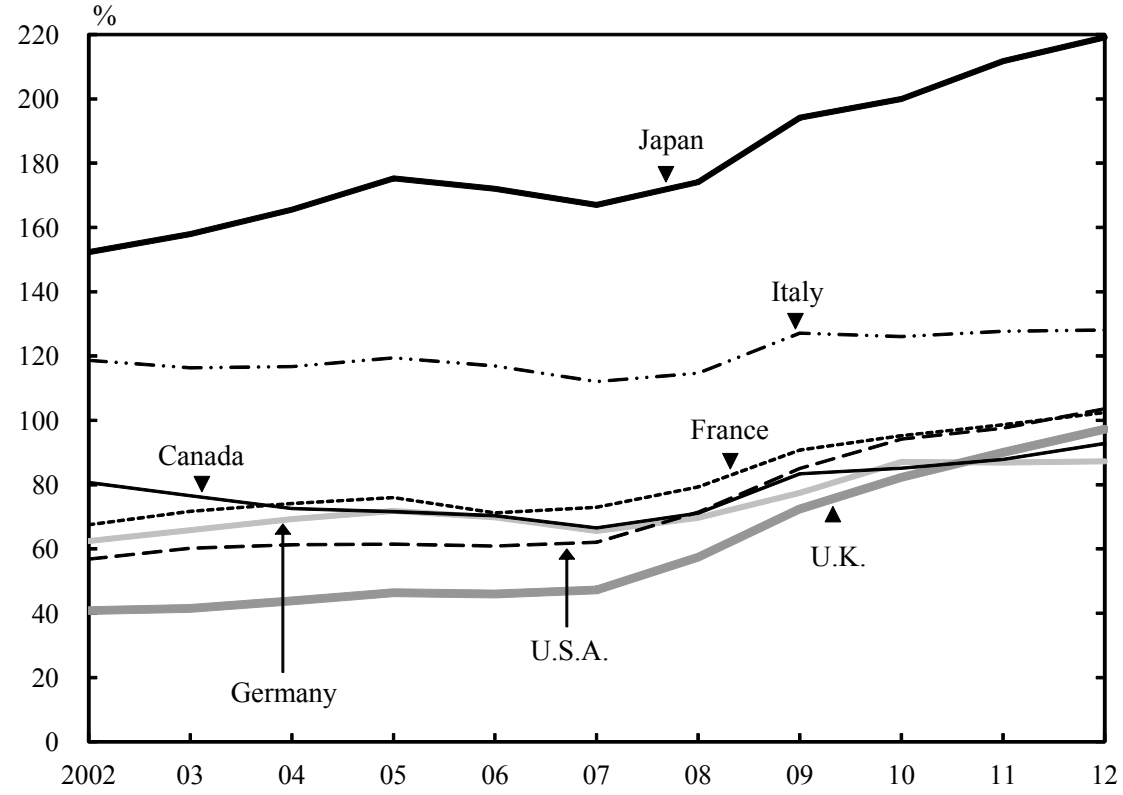
Figure 4.3
Trends in National Government Bond Issue [1)]



1) Settlement basis. FY2011 figures based on the revised budget. FY2012 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

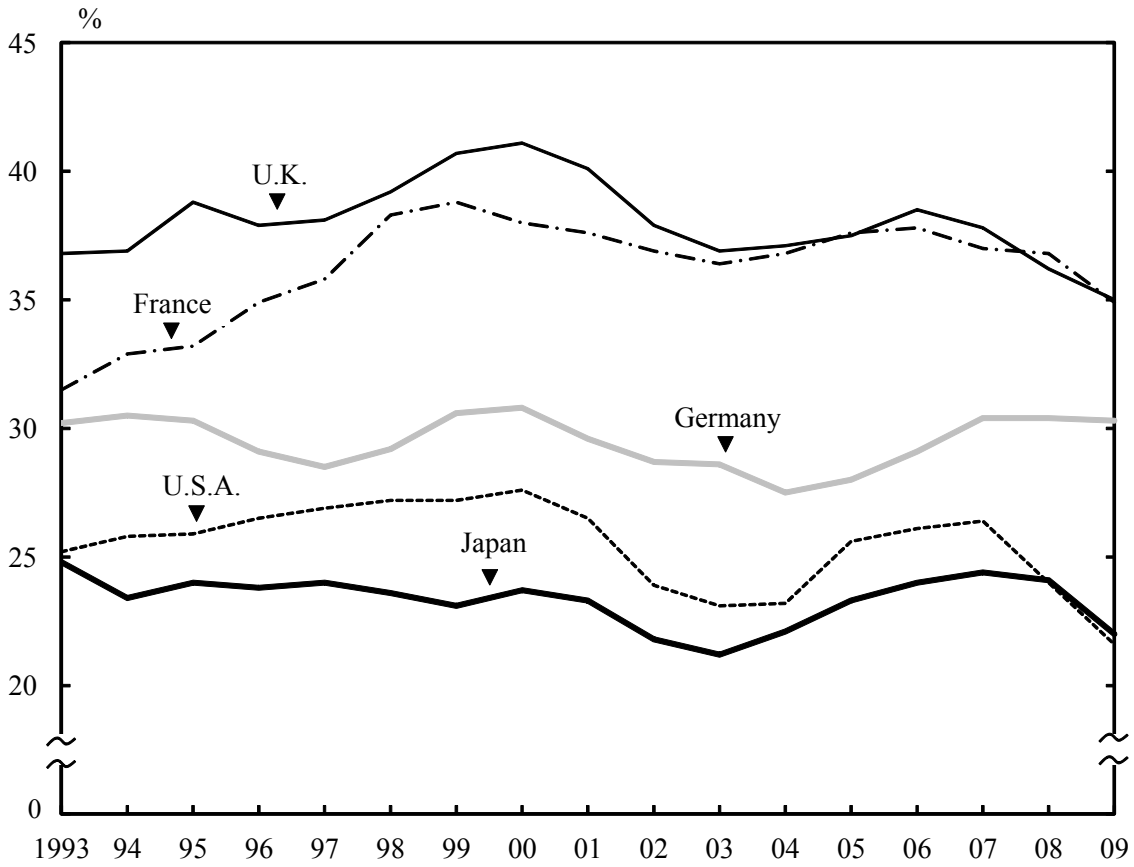


Source: Ministry of Finance.

(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 21.2 percent in fiscal 2003. In fiscal 2012, it was 22.7 percent in terms of national and local taxes combined (13.0 percent for national tax and 9.8 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 2011, currency in circulation totaled 88.55 trillion yen (84.00 trillion yen in Bank of Japan notes and 4.55 trillion yen in coins), up 1.9 percent from the year before.

Table 4.5

Currency in Circulation (Outstanding at year-end)

(Billion yen)

Year	Bank of Japan notes	Coins	Total
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
2011	83,997	4,550	88,547

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 2011 was 528 trillion yen in M1 and 807 trillion yen in M2.

Table 4.6

Money Stock [1) 2)]

(Billion yen)

Year	M2	M3	M1	Quasi-money	CDs	Broadly-defined liquidity
2007	728,558	1,033,147	486,783	523,921	22,444	1,441,743
2008	741,732	1,040,643	481,754	536,254	22,635	1,434,449
2009	764,435	1,063,518	486,667	551,163	25,687	1,453,239
2010	782,287	1,082,936	501,478	550,530	30,928	1,452,936
2011	806,988	1,111,532	528,016	552,705	30,811	1,458,130

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 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
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
2011	0.30	0.075	1.475	1.102	1.085

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 24,222 offices. This was followed by domestically licensed banks, including city banks and regional banks, with a combined total of 13,426 offices and branches. Securities companies operated at 2,195 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. Regional banks and credit depositories operating in their respective regions have been making their efforts to expand operations base through corporate mergers, but there were no major mergers recently.

Table 4.8
Number of Financial Institutions

Institutions	Reference date	Total	Head offices	Branches	Overseas offices
Domestically licensed banks					
City banks	Sep. 2011	2,514	6	2,394	114
Regional banks	Sep. 2011	7,496	63	7,418	15
Regional banks II	Sep. 2011	3,137	42	3,094	1
Trust banks	Sep. 2011	279	6	264	9
Financial institutions for small business					
Credit depositories	Feb. 2012	7,537	271	7,266	-
Credit cooperatives	Feb. 2012	1,738	158	1,580	-
Securities companies [1)]	Feb. 2012	2,195	288	1,907	-
Agricultural cooperatives	Mar. 2011	8,716	-	-	-
Post offices	Mar. 2012	24,222	-	-	-

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 Network 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 produced dramatic changes, eventually causing significant alterations in the 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 2012 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 5,794 trillion yen according to preliminary figures at the end of March 2012. Of these assets, those of the domestic nonfinancial sector were 2,925 trillion yen. The household sector (including the business funds of individual proprietorships) had assets of 1,513 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)

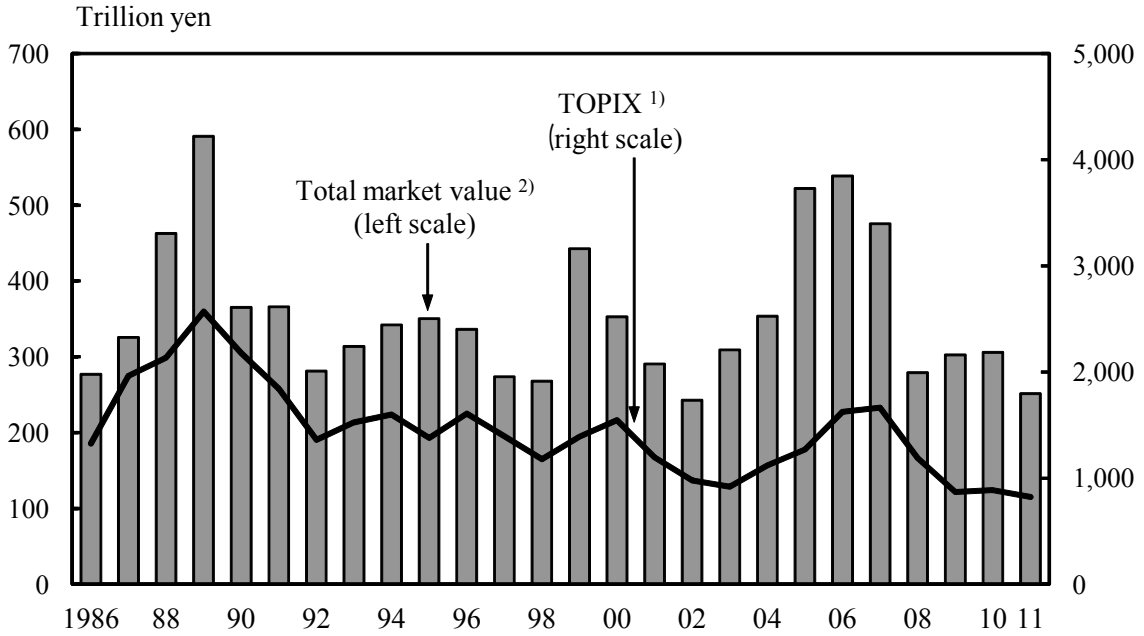
Sectors	March 2011	March 2012 *	Annual growth (%)
Financial assets			
Domestic sectors	5,707	5,794	1.5
Financial institutions	2,822	2,869	1.7
Domestic nonfinancial sector	2,886	2,925	1.4
Nonfinancial corporations	845	869	2.8
General government	485	488	0.6
Households (incl. individual proprietorships)	1,502	1,513	0.7
Private nonprofit institutions serving households	54	55	3.1
Overseas	347	380	9.6
Financial liabilities			
Domestic sectors	5,443	5,525	1.5
Financial institutions	2,805	2,831	0.9
Domestic nonfinancial sector	2,638	2,694	2.1
Nonfinancial corporations	1,199	1,207	0.7
General government	1,049	1,099	4.8
Households (incl. individual proprietorships)	371	368	-0.8
Private nonprofit institutions serving households	19	20	2.9
Overseas	605	643	6.3

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, later dipped again, and increased to 539 trillion yen at the end of 2006. The subprime mortgage problem surfaced after August 2007 and the September 2008 Lehman shock led to a fall in the total market value, which amounted to 251 trillion yen at the end of 2011.

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 2012, 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 20.4 percent. The ratio of Japanese stocks held by foreign investors (total of corporations and individuals) was 26.3 percent in value terms, decreased for the first time in three years. Records also show that Internet trading remained on a strong growth path.

A survey conducted of 279 securities firms by the Japan Securities Dealers Association (JSDA) showed that 21.5 percent of those companies offered Internet trading at the end of March 2012. Internet trading thus accounted for 20.2 percent of the total value of stock brokerage transactions from the period of October 2011 to March 2012.

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)
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		1,672	251,396	341,588	820.80	8,455.35
2012	Jan.	1,674	260,147	20,958	744.40	8,802.51
	Feb.	1,673	287,079	31,291	799.32	9,723.24
	Mar.	1,673	293,741	32,338	850.37	10,083.56
	Apr.	1,676	277,627	25,528	817.43	9,520.89

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 2.38 million in 2010 (4.2 percent), and the GDP share of the industries fell from 12.8 percent in 1960 to 1.2 percent in 2010.

Table 5.1
Agricultural, Forestry and Fishery Output

(Billion yen)

Item	2006	2007	2008	2009	2010
Total	10,370	# 10,353	10,539	10,073	10,029
Agriculture	8,332	# 8,259	8,466	8,190	8,121
Crops	5,818	# 5,720	5,820	5,590	5,513
Rice	1,815	1,790	1,901	1,795	1,552
Vegetables	2,051	2,089	2,111	2,085	2,249
Fruits and nuts	773	756	741	698	750
Livestock and its products	2,453	2,479	2,585	2,547	2,553
Beef cattle	478	485	459	482	464
Dairy cattle	748	731	748	791	773
Pigs	498	523	579	512	529
Chickens	658	676	744	709	735
Forestry	432	441	445	412	422
Fishery	1,606	1,653	1,628	1,470	1,486

Source: Ministry of Agriculture, Forestry and Fisheries.

2. Agriculture

(1) Agricultural Production

Japan's total agricultural output in 2010 was 8.12 trillion yen, down 0.8 percent from the previous year. Crops yielded 5.51 trillion yen, down 1.4 percent from the previous year. This was due partly to the growth in vegetables, fruits and nuts output, notwithstanding the lower rice output.

Table 5.2
Agricultural Production

(Thousand tons)

Products	1995	2000	2005	2009	2010
Cereal grains					
Rice	10,748	9,490	9,074	8,474	8,483
Wheat	444	688	875	674	571
Vegetables, potatoes and legumes					
Potatoes	3,365	2,898	2,752	2,459	2,290
Sweet potatoes	1,181	1,073	1,053	1,026	864
Soybeans, dried	119	235	225	230	223
Cucumbers	827	767	675	620	588
Tomatoes	753	806	759	718	691
Cabbages	1,544	1,449	1,364	1,385	1,360
Chinese cabbages	1,163	1,036	924	924	889
Onions	1,278	1,247	1,087	1,161	1,042
Lettuces	537	537	552	550	538
Japanese radishes	2,148	1,876	1,627	1,593	1,496
Carrots	725	682	615	650	596
Fruits					
Mandarin oranges	1,378	1,143	1,132	1,003	786
Apples	963	800	819	846	787
Grapes	250	238	220	202	185
Japanese pears	383	393	362	318	259
Industrial crops					
Crude tea	a) 80	a) 85	100	86	85
Sugar beets [1)]	3,813	3,673	4,201	3,649	3,090

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	2009	2010
Pork	1,322,065	1,270,685	1,244,963	1,309,910	1,292,451
Beef	600,099	529,674	498,428	515,908	514,078
Veal	806	629	1,042	1,113	881
Horse meat	8,433	7,215	7,129	5,734	5,880
Mutton and lamb	208	112	126	143	…
Goat meat	153	155	73	41	…
Broilers	1,631,060	1,551,101	1,702,001	1,826,543	1,835,091
Cow milk	8,382,162	8,497,278	8,285,215	7,910,413	7,720,456
Eggs	2,550,586	2,540,075	2,481,000	2,507,542	2,515,323

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 2010, the total income per commercial farm household was 4.66 million yen, up 2.1 percent from the previous year. Of that amount, 1.22 million yen was from farming income, 1.61 million yen from non-farming income, and 1.82 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 4.56 million hectares in 2011. In the one-year period of 2011, there were 1,900 hectares of new cultivation but also a 33,400-hectare decrease.

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)

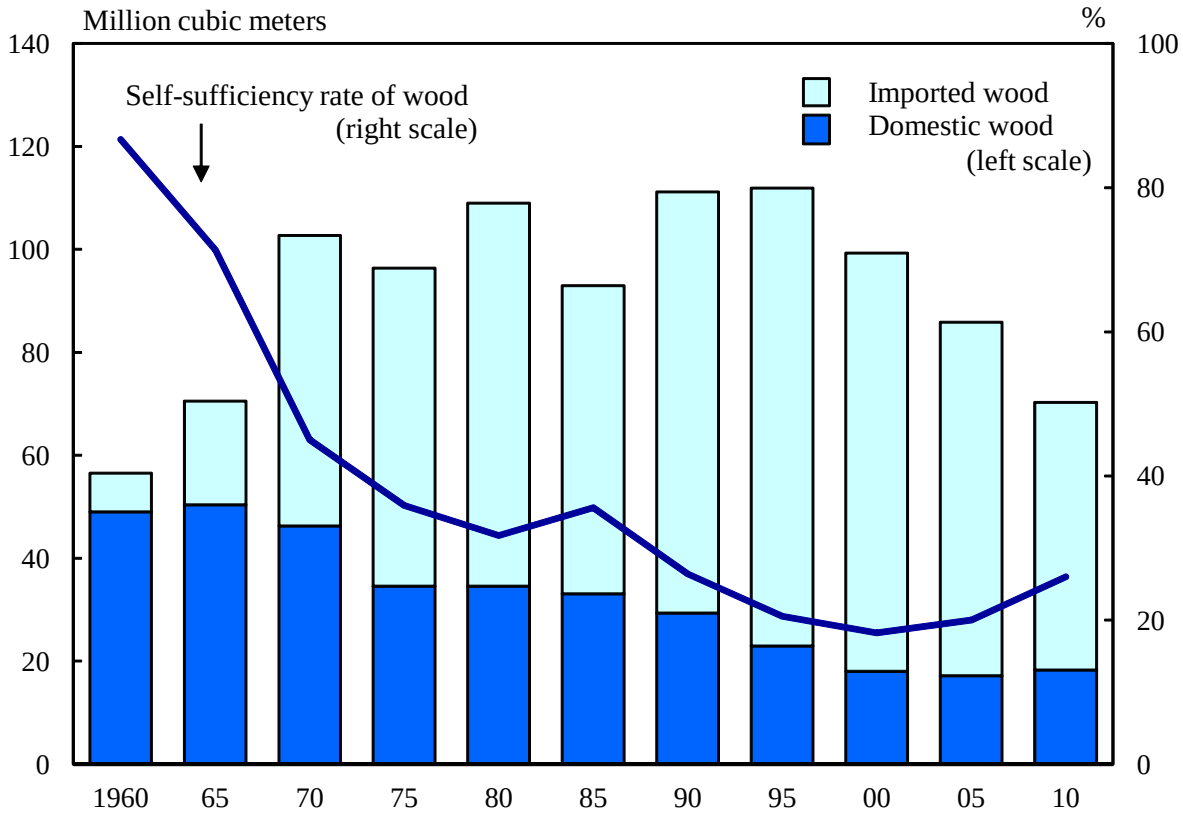
Item	Total	National forest	Non-national forest		
			Municipal	Private	Others
Forest land area (1,000 ha)	25,097	7,686	2,830	14,535	46
Forest growing stock (million m^3) ..	4,432	1,078	484	2,864	6
Planted forest					
Land area (1,000 ha)	10,347	2,364	1,247	6,724	12
Growing stock (million m^3)	2,651	424	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 18.2 million cubic meters in 2010, which is equivalent to only 34.6 percent of the peak in 1967 (52.7 million cubic meters). In 2010, Japan's self-sufficiency rate for lumber was 26.0 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 2010, there were 69,000 workers engaged in forestry, a level that represented the same number recorded ten years before. However, one out of six 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.

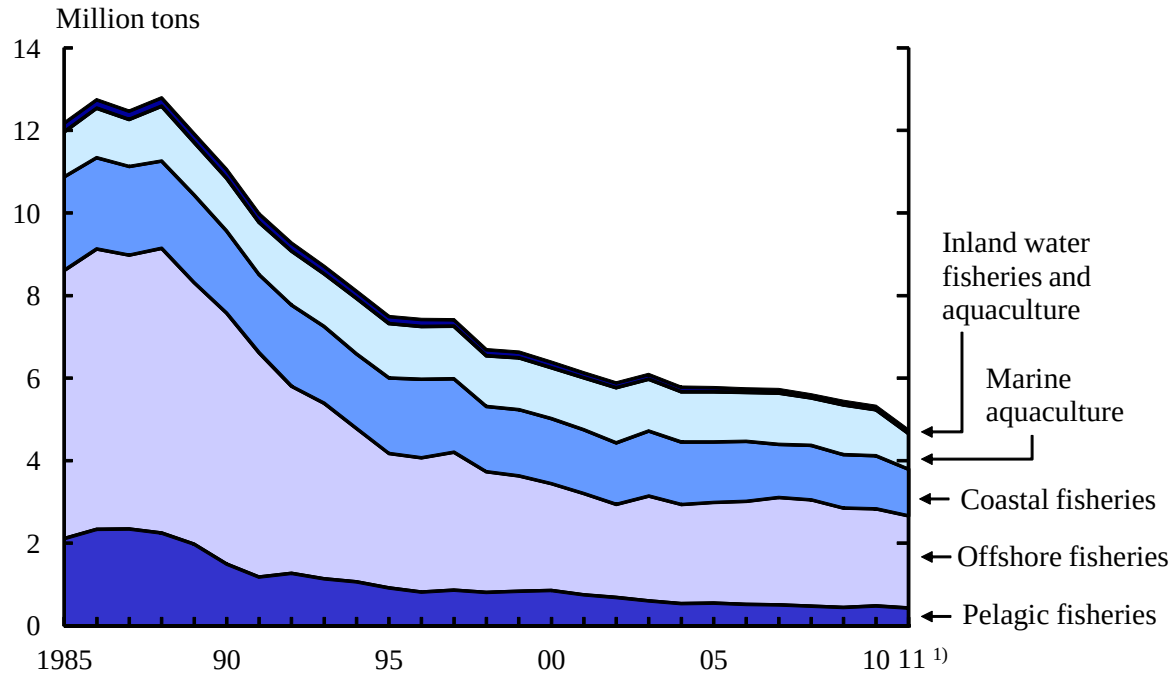
4. Fisheries

(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. On the other hand, aging of fishing boats and fishery workforce is bringing concern that fishery resources in surrounding waters in Japan are not fully utilized.

Japan's fishery output has been on the decline since 1989. Its 2011 fishery production totaled 4.73 million tons, excluding marine fishery and aquaculture production in Iwate, Miyagi, Fukushima and Ibaraki prefectures. Of this, marine fishery and aquaculture production amounted to 4.66 million tons.

Figure 5.2
Production by Type of Fishery



1) Excluding production in Iwate, Miyagi, Fukushima and Ibaraki prefectures.
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	2010	2011 * 1)
Total	7,489	6,384	5,765	5,312	4,733
Marine fisheries	6,007	5,022	4,457	4,121	3,797
Tunas	332	286	239	208	198
Bonito	309	341	370	303	264
Sardine	661	150	28	70	175
Mackerels	470	346	620	492	386
Alaska pollack	339	300	194	251	238
Crabs	57	42	34	32	30
Squids	547	624	330	267	287
Marine aquaculture	1,315	1,231	1,212	1,111	863
Yellowtails	170	137	160	139	143
Oysters	227	221	219	200	164
Laver	407	392	387	329	291
Wakame (Sea weed)	100	67	63	52	18
Pearl (tons)	63	30	29	21	20
Inland water fisheries	92	71	# 54	# 40	34
Salmons and trouts	22	17	# 19	# 14	12
Sweetfish	14	11	# 7	# 3	3
Shellfishes	28	20	# 14	# 14	13
Inland water aquaculture	75	61	# 42	39	39
Eel	29	24	20	21	22
Trouts	18	15	12	9	8
Common carp	13	11	4	4	3

1) Excluding production in Iwate, Miyagi, Fukushima and Ibaraki 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 2011, there was a 3.4 percent decrease from the previous year, bringing the count to 178,000 workers (excluding Iwate, Miyagi and Fukushima prefectures). Among male workers, the ratio of those aged 65 years and over was 35.3 percent, showing the progressive trend of an aging workforce.

Table 5.7
Number of Enterprises and Workers Engaged in the Marine Fishery/ Aquaculture Industry

Year	Enterprises			Workers		
	Total	Individual households	Corporate entities	Total	Self-employed	Hired
2000	145,930	137,690	8,240	260,200	…	…
2005	126,020	118,930	7,090	222,170	…	…
2009	107,990	102,490	5,500	211,810	134,510	77,300
2010	103,740	98,300	5,440	202,880	128,270	74,610
2011[1)]	91,170	86,150	5,020	177,870	111,960	65,910

1) Excluding Iwate, Miyagi and Fukushima prefectures.
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 39 percent in fiscal 2010. 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.

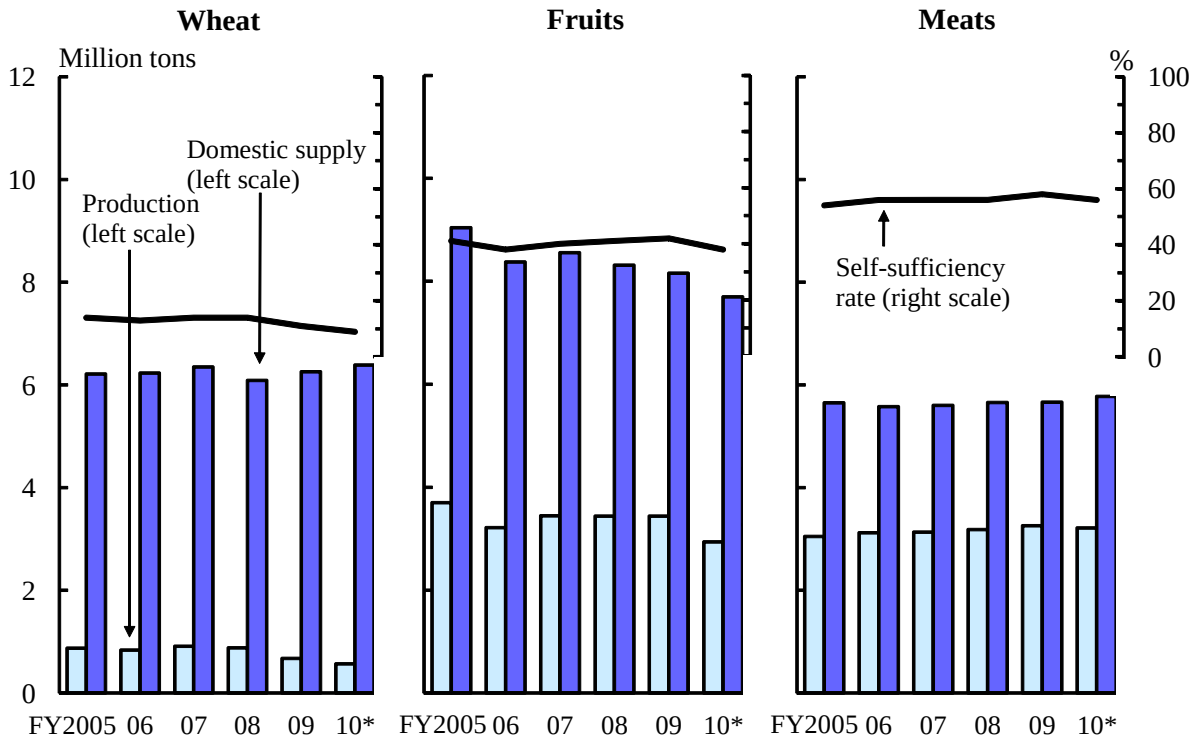
In fiscal 2010, the self-sufficiency rate (on an item-specific weight basis) was 100 percent in rice, 9 percent in wheat, 8 percent in beans, 81 percent in vegetables, 38 percent in fruits, 56 percent in meat and 60 percent in seafood. Although completely self-sufficient in rice, the staple food of its 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	8,998	5.27	978	9,222
2009	1,624	8,474	5.22	869	8,797
2010*	1,628	8,554	5.25	831	9,018
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
2009	208	674	3.24	5,354	6,528
2010*	207	571	2.76	5,473	6,384

Source: Ministry of Agriculture, Forestry and Fisheries.

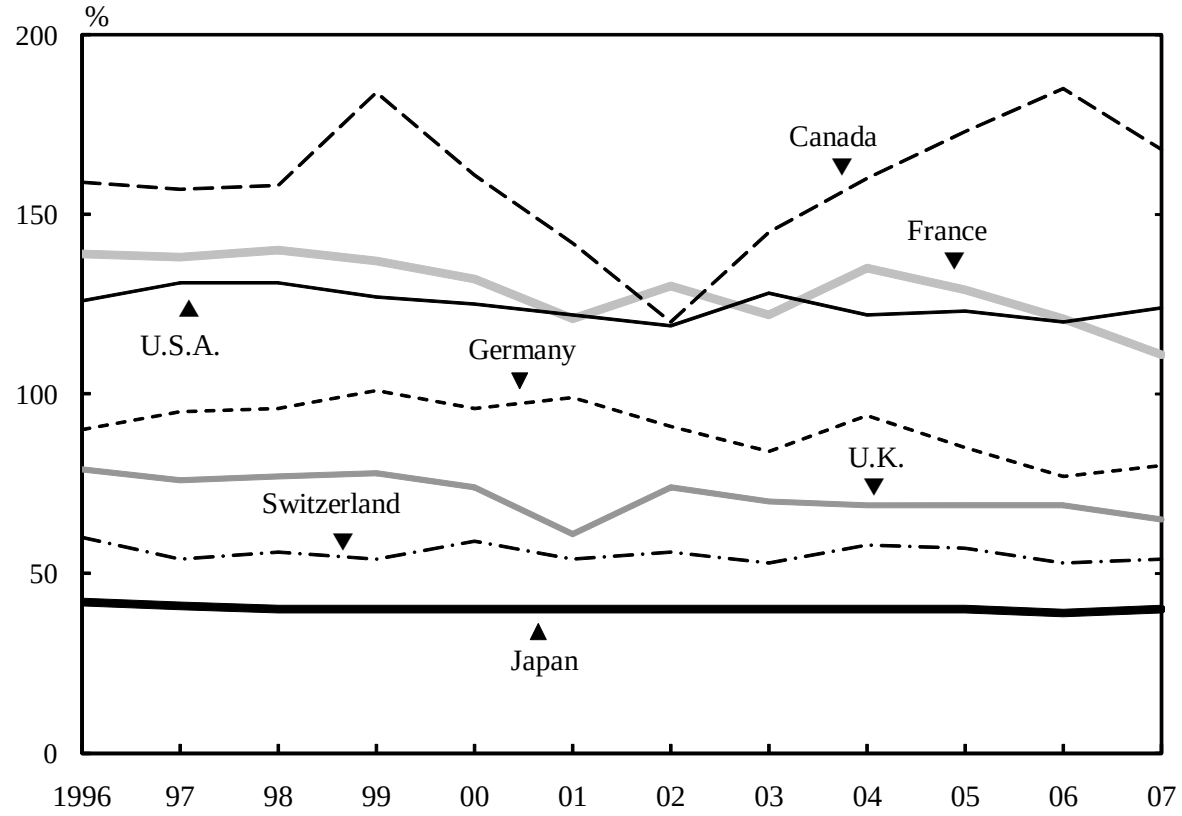
Figure 5.3
Self-Sufficiency Rates for Selected Categories of Agricultural Produce



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

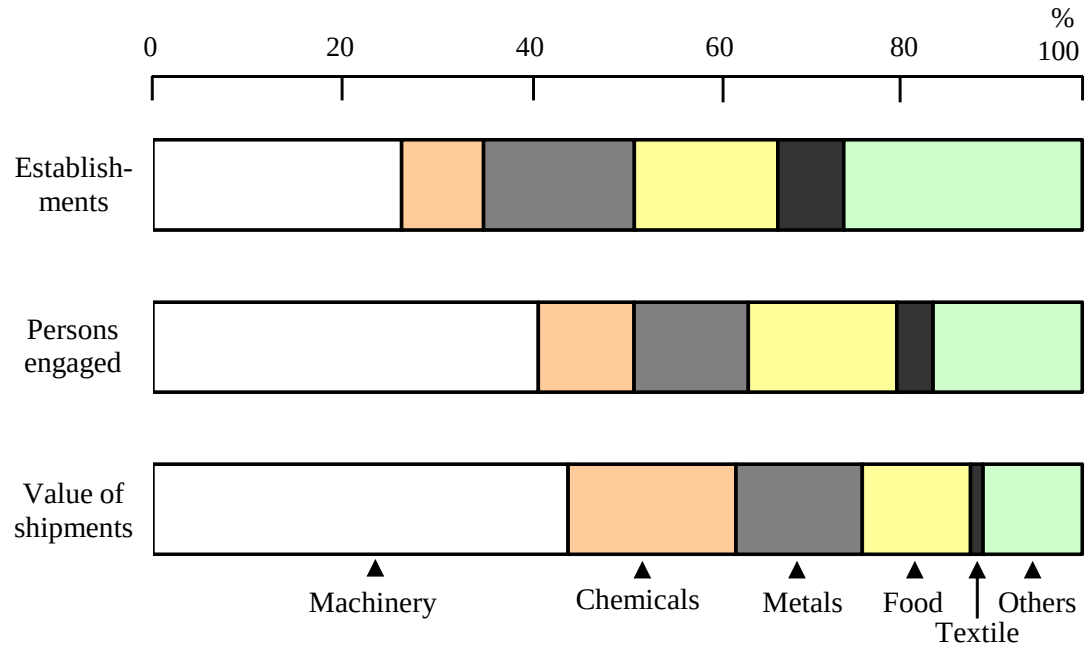
Manufacturing and Construction

1. Overview of the Manufacturing Sector

The 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, Japan suffered enormous impacts again from the Great East Japan Earthquake, which occurred in 2011. Although the country is steadily moving toward reconstruction, the situation is still highly uncertain because of the global economic slowdown and the continued strength of the yen.

Figure 6.1
Composition of Establishments, Persons Engaged and Value of Manufactured Goods Shipments by Sector [1] (2010)



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] (2010)

Industries	Number of establish-ments	Number of persons engaged (persons)	Value of manu-factured goods shipments (billion yen)
Manufacturing	224,403	7,663,847	289,108
Food	30,282	1,122,817	24,114
Beverages, tobacco and feed	4,391	102,045	9,613
Textile mill products	15,902	296,927	3,790
Lumber and wood products [2]	6,456	96,045	2,134
Furniture and fixtures	6,610	99,053	1,575
Pulp, paper and paper products	6,685	189,807	7,111
Printing and allied industries	13,914	299,038	6,045
Chemical and allied products	4,742	344,968	26,212
Petroleum and coal products	953	25,387	14,992
Plastic products [3]	14,085	420,179	10,903
Rubber products	2,782	117,176	3,029
Leather tanning, leather products and fur skins	1,688	24,761	362
Ceramic, stone and clay products	11,055	249,439	7,101
Iron and steel	4,486	219,983	18,146
Non-ferrous metals and products	2,909	143,637	8,911
Fabricated metal products	28,974	578,559	12,292
General-purpose machinery	7,714	324,636	10,100
Production machinery	20,118	543,070	13,646
Business oriented machinery	4,568	211,834	6,873
Electronic parts, devices and electronic circuits	4,907	452,731	16,633
Electrical machinery, equipment and supplies	9,673	483,979	15,120
Information and communication electronics equipment	1,984	212,466	12,585
Transport equipment	11,110	948,824	54,214
Miscellaneous manufacturing industries	8,415	156,486	3,607

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 2010, there were 224,403 establishments (with four or more persons engaged) and a total of 7.66 million persons engaged in the manufacturing sector. These establishments shipped 289.1 trillion yen worth of manufactured products, with added value amounting to 90.7 trillion yen.

Based on the Indices on Mining and Manufacturing (2005 average = 100), the production index for 2011 was 92.2, down 2.3 percent from the previous year, while shipments stood at 92.4, a decrease of 3.5 percent from the year before.

Table 6.2

Indices on Mining and Manufacturing

(Production, shipments, inventory) (2011)

(2005 average = 100)

Industries	Production [1]		Shipments		Inventory [2]		Inventory Ratio [3]	
		Annual growth (%)		Annual growth (%)		Annual growth (%)		Annual growth (%)
Mining and manufacturing ..	92.2	-2.3	92.4	-3.5	100.3	3.8	115.0	6.4
Manufacturing	92.1	-2.5	92.4	-3.5	100.3	3.8	115.0	6.5
Food and tobacco	102.0	-0.4	99.2	-1.5	70.9	-19.4	111.9	-22.6
Textile	68.3	0.6	73.8	-1.9	80.1	3.4	105.3	0.8
Pulp, paper and paper products	86.1	-3.4	87.5	-3.2	88.8	-1.8	105.3	-1.1
Chemicals	104.2	3.4	98.5	0.5	100.8	8.0	113.0	12.1
Chemicals (excl. Drugs)	89.6	-3.7	87.5	-5.1	100.8	8.0	113.0	12.1
Petroleum and coal products	85.9	-5.7	86.1	-3.6	89.4	-6.5	114.9	2.4
Plastic products	87.6	-2.4	86.1	-4.1	97.1	7.5	109.6	6.1
Ceramic, stone and clay products	84.0	-1.4	82.0	-2.7	95.0	7.3	126.6	6.5
Iron and steel	91.1	-2.9	91.6	-1.5	104.1	3.7	112.1	9.3
Non-ferrous metals	86.4	-4.5	85.4	-4.7	108.7	7.9	123.2	17.3
Fabricated metals	81.5	-1.9	81.5	-2.9	79.2	7.6	105.7	6.8
General machinery	92.1	11.2	90.1	9.9	98.5	17.0	106.3	-5.6
Electronic parts and devices	114.4	-9.4	116.8	-6.6	231.1	-2.3	222.2	44.9
Electrical machinery	94.9	0.5	97.2	-0.9	132.7	38.8	111.3	21.6
Information and communication electronics equipment	71.0	-22.5	99.1	-16.7	119.9	-4.2	112.9	20.9
Transport equipment	85.3	-9.7	86.2	-9.9	70.1	-18.8	91.8	1.0
Precision instruments	115.1	9.5	110.2	5.7	132.1	28.1	104.0	2.9
Other manufacturing	85.9	-1.2	84.3	-0.8	86.3	0.8	119.3	-1.0
Mining	90.8	0.9	104.9	2.5	103.3	-8.7	118.9	-13.6
(Reference)								
Electricity and gas	98.8	-4.1	99.0	-3.9	-	-	-	-

1) Value added weights. 2) End of the year.

3) Inventory ratio = Inventory quantity / Shipments quantity

Source: Ministry of Economy, Trade and Industry.

Table 6.3
Indices of Industrial Production [1)]

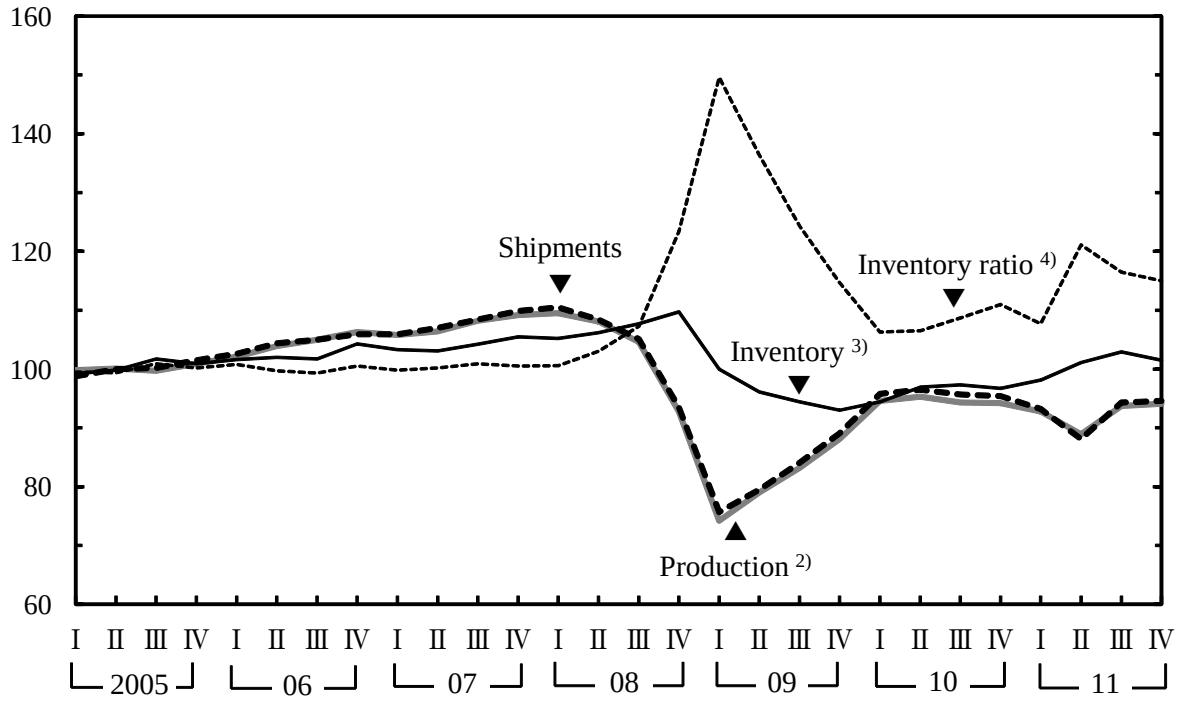
(2005 average = 100)

Industries	2008	2009	2010	2011	Annual growth (%)
Mining and manufacturing	103.8	81.1	94.4	92.2	-2.3
Manufacturing	103.8	81.0	94.5	92.1	-2.5
Food and tobacco	100.5	102.3	102.4	102.0	-0.4
Textile	82.5	67.1	67.9	68.3	0.6
Pulp, paper and paper products	99.6	85.8	89.1	86.1	-3.4
Chemicals	100.1	95.3	100.8	104.2	3.4
Chemicals (excl. Drugs)	94.9	85.3	93.0	89.6	-3.7
Petroleum and coal products	96.0	90.2	91.1	85.9	-5.7
Plastic products	97.5	82.1	89.8	87.6	-2.4
Ceramic, stone and clay products	97.2	76.8	85.2	84.0	-1.4
Iron and steel	103.7	72.5	93.8	91.1	-2.9
Non-ferrous metals	99.0	77.4	90.5	86.4	-4.5
Fabricated metals	94.8	77.9	83.1	81.5	-1.9
General machinery	100.4	60.3	82.8	92.1	11.2
Electronic parts and devices	126.3	100.0	126.3	114.4	-9.4
Electrical machinery	100.4	78.9	94.4	94.9	0.5
Information and communication electronics equipment	103.2	83.4	91.6	71.0	-22.5
Transport equipment	110.5	74.6	94.5	85.3	-9.7
Precision instruments	117.6	84.6	105.1	115.1	9.5
Other manufacturing	103.0	80.8	86.9	85.9	-1.2
Mining	103.1	93.6	90.0	90.8	0.9
(Reference)					
Electricity and gas	104.7	96.9	103.0	98.8	-4.1

1) Value added weights.

Source: Ministry of Economy, Trade and Industry.

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.

2. Principal Industries in the Manufacturing Sector

This section describes the selected four industries in the manufacturing sector in terms of shipment value. In each industry, (a) is described by the Census of Manufacturers (with four or more persons engaged), and (b) is described by the Indices on Mining and Manufacturing (2005 average = 100).

(1) Machinery Industry

(A) Transport Equipment Industry

(a) In 2010, a total of 11,110 establishments employed 948,824 persons, and shipped 54.2 trillion yen worth of products.

(b) In 2011, production and shipments decreased year-on-year by 9.7 percent and 9.9 percent, respectively. As a result, both production and shipments recorded their first decrease in two years. This was due to the decline in the production and shipments of passenger cars, motor vehicle parts, etc.

(B) Production Machinery Industry

(a) In 2010, a total of 20,118 establishments employed 543,070 persons, and shipped 13.6 trillion yen worth of products.

(b) In 2011, production and shipments increased year-on-year by 15.0 percent and 14.3 percent, respectively. As a result, both production and shipments recorded their second consecutive year of increase.

(C) Electrical Machinery, Equipment and Supplies Industry

(a) In 2010, a total of 9,673 establishments employed 483,979 persons, and shipped 15.1 trillion yen worth of products.

(b) In 2011, production increased by 0.5 percent and shipments decreased by 0.9 percent compared to the previous year. As a result, production increased for the second consecutive year and shipments recorded the first decrease in two years. Increase in the production of electrical measuring instruments resulted in the total production increase in the industry. Decrease in the total shipments was caused by the decrease in wiring devices and luminaries.

(D) Electronic Parts and Devices Industry

(a) In 2010, a total of 4,907 establishments employed 452,731 persons, and shipped 16.6 trillion yen worth of products.

(b) In 2011, production and shipments decreased by 9.4 percent and 6.6 percent, respectively, from the previous year. As a result, both production and shipments recorded their first decrease in two years.

(E) Information and Communication Electronics Equipment Industry

(a) In 2010, a total of 1,984 establishments employed 212,466 persons, and shipped 12.6 trillion yen worth of products.

(b) In 2011, production and shipments decreased by 22.5 percent and 16.7 percent, respectively, from the previous year. As a result, both production and shipments recorded their first decrease in two years.

(2) Chemical Industry

(a) In 2010, the total number of establishments (figures in brackets indicate the numbers excluding those associated with medical and pharmaceutical products) is 4,742 (3,920) employed 344,968 (248,824) persons, and shipped 26.2 (18.9) trillion yen worth of products.

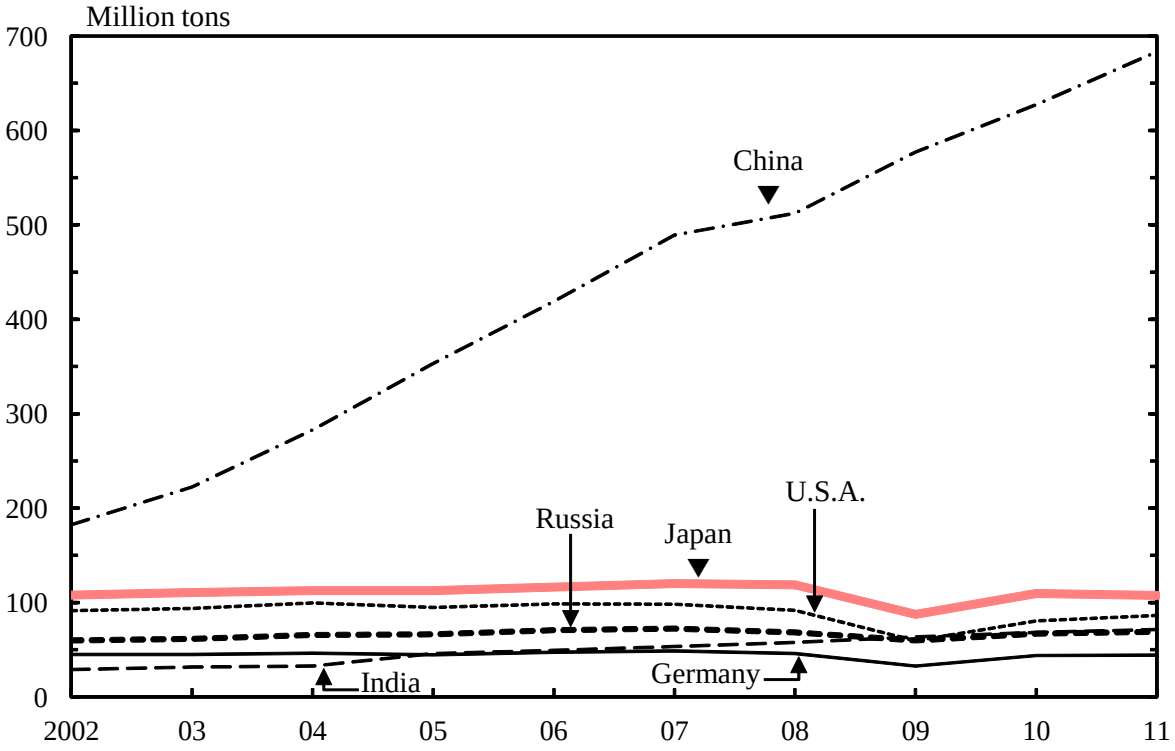
(b) In 2011, production and shipments increased by 3.4 percent and 0.5 percent, respectively, from the previous year. As a result, both production and shipments recorded their second consecutive year of increase. In 2011, production and shipments in the chemical industry (excluding medical and pharmaceutical products) decreased by 3.7 percent and 5.1 percent, respectively, from the previous year. As a result, both production and shipments recorded their first decrease in two years. This was attributable to the decline in the production and shipments of plastic, cyclic chemicals and synthetic dyes, etc.

(3) Iron and Steel Industry

(a) In 2010, a total of 4,486 establishments employed 219,983 persons, and shipped 18.1 trillion yen worth of products.

(b) In 2011, production and shipments decreased by 2.9 and by 1.5 percent compared to the previous year. As a result, both production and shipments recorded their first decrease in two years. This was attributable to the decline in the production and shipments of cold finished steel, metallic coated steel, etc.

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	2007	2008	2009	2010	2011
Pig iron	86,771	86,171	66,943	82,283	81,028
Ferroalloys	858	828	722	893	834
Crude steel	120,203	118,739	87,534	109,599	107,601
Semi-finished steel	116,941	115,358	85,359	106,960	104,594
Ordinary hot-rolled steel	86,704	84,299	63,417	77,260	74,492
Special hot-rolled steel	21,498	21,782	13,269	20,505	20,340
Steel pipes and tubes	9,895	9,722	6,172	7,690	7,804
Finished steel	105,431	103,297	74,415	94,937	92,019
Ordinary steel products	85,027	82,703	62,024	75,610	72,816
Special steel products	20,404	20,594	12,391	19,327	19,203

Source: Ministry of Economy, Trade and Industry.

(4) Fabricated Metal Products Industry

(a) In 2010, a total of 28,974 establishments employed 578,559 persons, and shipped 12.3 trillion yen worth of products.

(b) In 2011, production decreased by 1.9 percent and shipments by 2.9 percent compared to the previous year. As a result, both production and shipments recorded their first decrease in two years. This was attributable to the decline in the production and shipments of metal products for building, other metal products, etc.

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 construction investment and increasingly fierce price wars. The business environment surrounding the industry is now harsher than ever before. In fiscal 2011, the industry employed (excluding Iwate, Miyagi and Fukushima prefectures) 4.74 million persons, and investment in construction stood at approximately 42.0 trillion yen.

Table 6.5
Construction Investment (Current prices)

(Billion yen)

Item	FY2008	FY2009	FY2010*	FY2011*
Total	48,152	42,965	40,870	41,990
Building construction	28,443	22,690	22,120	23,120
Dwellings	16,922	13,402	13,500	13,750
Public sector	535	562	520	610
Private sector	16,387	12,840	12,980	13,140
Non-dwellings	11,521	9,288	8,620	9,370
Public sector	1,532	1,650	1,700	1,990
Private sector	9,989	7,638	6,920	7,380
Mining and manufacturing	2,539	1,287	…	…
Others	7,449	6,351	…	…
Civil engineering works	19,709	20,275	18,750	18,870
Public sector	14,651	15,723	14,690	14,340
Public works	12,824	13,914	12,980	12,610
Others	1,827	1,809	1,710	1,730
Private sector	5,058	4,552	4,060	4,530
Total				
Public investment	16,718	17,935	16,910	16,940
Private investment	31,434	25,030	23,960	25,050
Building construction				
Public investment	2,067	2,212	2,220	2,600
Private investment	26,376	20,479	19,900	20,520
Civil engineering works				
Public investment	14,651	15,723	14,690	14,340
Private investment	5,058	4,552	4,060	4,530

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

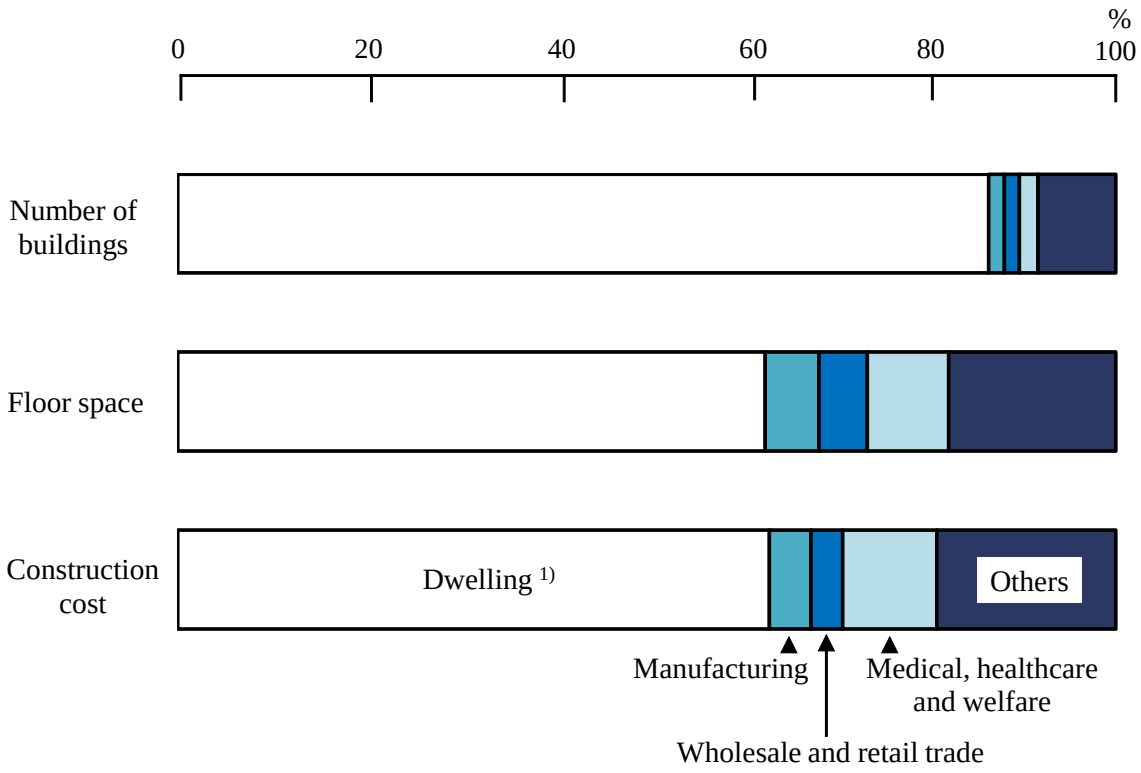
Investment in construction in fiscal 2011 showed a year-on-year increase of 2.7 percent at current prices and a year-on-year increase of 2.0 percent at constant prices, for the reference year 2005. Construction investment in fiscal 2011 was down 50.0 percent compared to fiscal 1992, when it hit a peak of approximately 84.0 trillion yen.

A breakdown of construction investment shows that building construction totaled 23.1 trillion yen (up 4.5 percent from the previous fiscal year), while civil engineering works amounted to 18.9 trillion yen (up 0.6 percent).

In terms of public and private construction investment in fiscal 2011, public investment amounted to 16.9 trillion yen (up 0.2 percent from the previous fiscal year), while private investment totaled 25.1 trillion yen (up 4.5 percent). Public investment accounted for 40.3 percent of total construction investment, while private investment accounted for 59.7 percent.

The 2011 total floor space of building starts was 126.5 million square meters, up 4.2 percent from the previous year. In particular, the floor space of buildings for medical, healthcare and welfare use increased by 46.5 percent compared to the previous year, to 10.9 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 0.83 million units. This was a 2.6-percent increase from the previous year, and increased for two fiscal years continuously.

Figure 6.4
Building Construction Started by Use Objective (2011)



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 81.0 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 43.7 percent in fiscal 2010. However, Japan is growing increasingly dependent on fossil fuels (including natural gas and coal) other than petroleum. The country therefore needs to further promote energy saving and develop and diffuse renewable energy.

In fiscal 2010, the total primary energy supply in Japan was 23,123 petajoules, up 6.3 percent from the previous fiscal year. Its breakdown was: 43.7 percent in petroleum, 21.6 percent in coal, 17.3 percent in natural gas, 10.8 percent in nuclear power, and 3.1 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

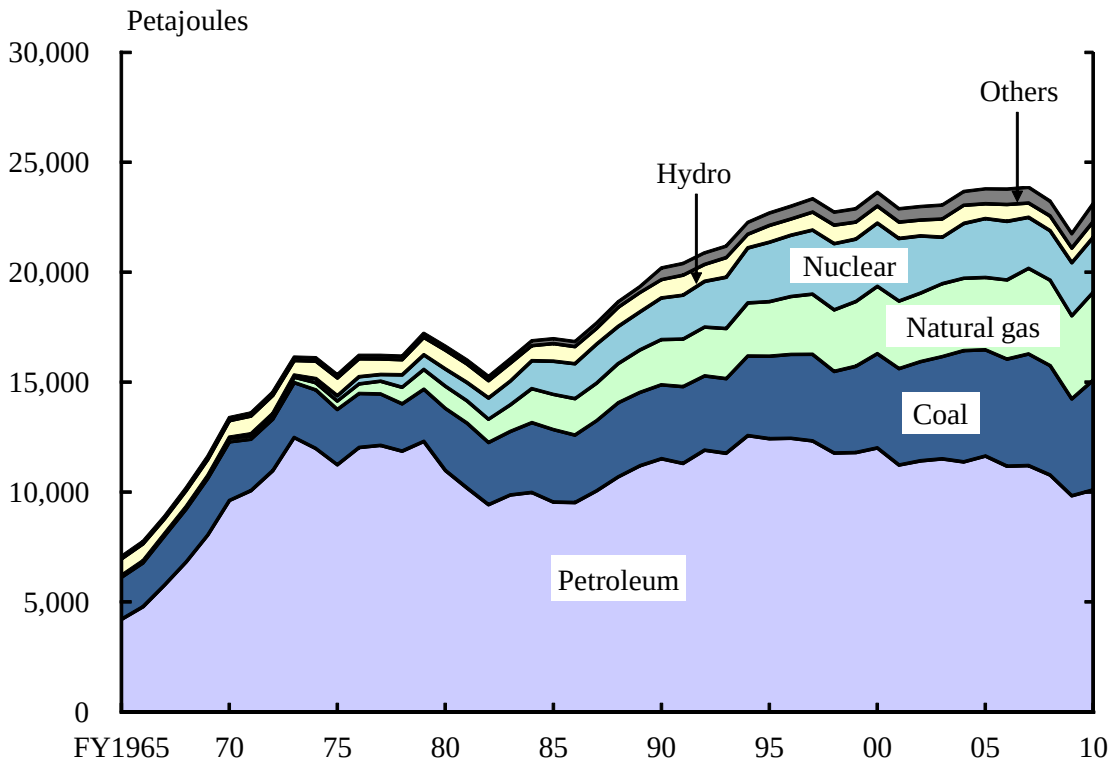
Joule (J) is employed as a common unit (International System of Units: SI) for energy across all energy sources in presenting international statistical information. The unit Petajoule (PJ: 10^{15} or quadrillion joules) is used here to reduce the number of digits. The energy of one kiloliter of petroleum 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 4.0-percent increase from the previous fiscal year was recorded for final energy consumption in fiscal 2010. 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. 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 and extending opening hours.

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.

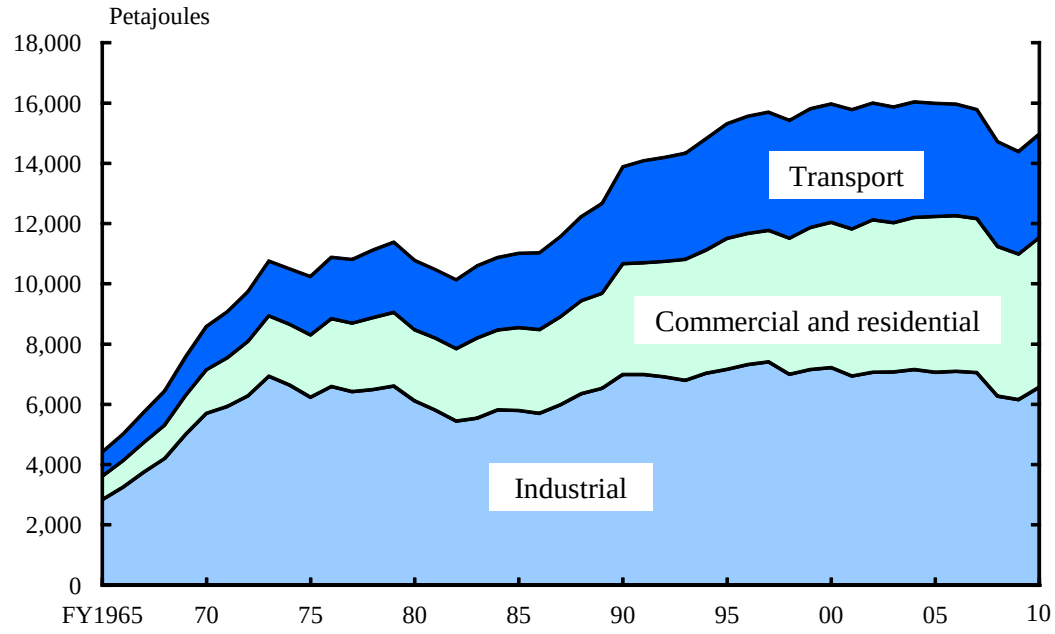
Table 7.1
Trends in Total Primary Energy Supply and Percentage by Energy Source

(Petajoules)

Item	FY1995	FY2000	FY2005	FY2009	FY2010
Total primary energy supply	22,685	23,622	23,784	21,743	23,123
Energy self-sufficiency (%) [1] ..	19.6	19.6	18.4	18.7	19.0
Petroleum	12,430	12,008	11,641	9,836	10,101
Coal	3,750	4,286	4,829	4,404	4,997
Natural gas	2,479	3,061	3,288	3,781	4,002
Nuclear	2,700	2,873	2,677	2,411	2,495
Hydro	761	778	672	663	712
Others	564	616	676	649	# 816
Percentage					
Petroleum	54.8	50.8	48.9	45.2	43.7
Coal	16.5	18.1	20.3	20.3	21.6
Natural gas	10.9	13.0	13.8	17.4	17.3
Nuclear	11.9	12.2	11.3	11.1	10.8
Hydro	3.4	3.3	2.8	3.0	3.1
Others	2.5	2.6	2.8	3.0	# 3.5

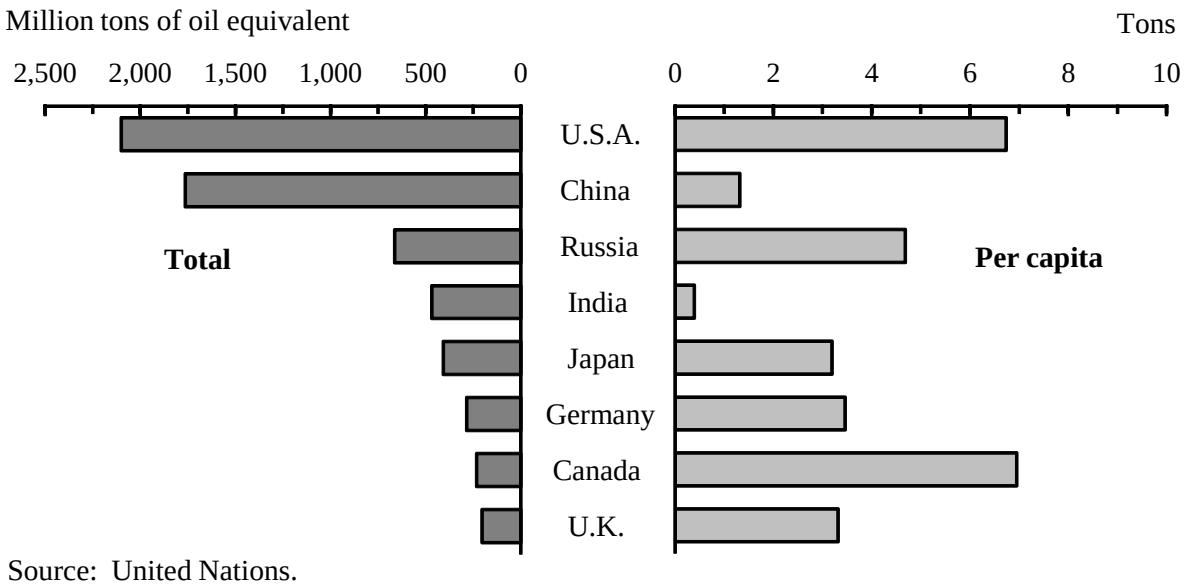
1) Domestic production of primary energy (including nuclear) / Domestic supply of primary energy × 100
Source: Ministry of Economy, Trade and Industry.

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.

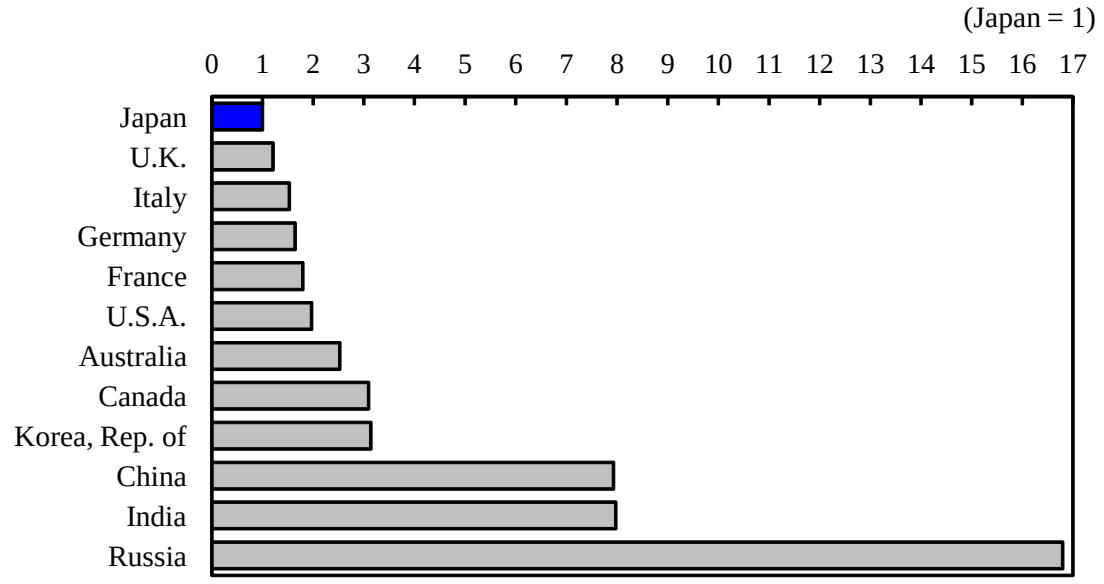
Figure 7.3
Consumption of Commercial Energy by Country (2008)



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)] (2009)



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 1,157 billion kWh in fiscal 2010, up 4.0 percent from the previous fiscal year. Of this total, thermal power accounted for 66.7 percent; nuclear power, 24.9 percent; hydro power, 7.8 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	FY2009	FY2010
Electricity Output					
Total	989,880	1,091,500	1,157,926	1,112,622	1,156,921
Thermal	604,206	669,177	761,841	742,522	771,339
Nuclear	291,254	322,050	304,755	279,750	288,230
Hydro	91,216	96,817	86,350	83,832	90,681
Others	3,204	3,456	4,980	6,518	6,671
Percentage					
Total	100.0	100.0	100.0	100.0	100.0
Thermal	61.0	61.3	65.8	66.7	66.7
Nuclear	29.4	29.5	26.3	25.1	24.9
Hydro	9.2	8.9	7.5	7.5	7.8
Others	0.3	0.3	0.4	0.6	0.6
Electric Power Consumption					
Total	881,559	982,066	1,043,800	1,003,226	1,056,498
Generated by electric power suppliers	776,511	858,078	918,265	896,668	931,059
Consumption of in-house generation	105,048	123,988	125,535	106,558	125,439

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

3. Gas

Gas production was 1,288 petajoules in fiscal 2010, up 3.7 percent from the previous fiscal year. Of this total, natural gas plus liquefied natural gas (LNG) accounted for 96.4 percent; and the remaining 3.6 percent were petroleum gases, such as volatile oil, liquefied petroleum gas, etc. Gas purchases for fiscal 2010 totaled 259 petajoules.

Gas sales for fiscal 2010 totaled 1,477 petajoules, or year-on-year growth of 4.3 percent. Of this total, 50.0 percent was sold to industry, 27.7 percent to residential use, 13.4 percent to the commercial sector, and 8.9 percent to other sources of demand.

Table 7.3

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

(Petajoules)

Item	FY2000		FY2005		FY2009		FY2010	
Production and purchases	1,061		1,394		1,472		1,547	
Production	952	(100.0)	1,235	(100.0)	1,241	(100.0)	1,288	(100.0)
Coal gases	2	(0.2)	-	(-)	-	(-)	-	(-)
Petroleum gases	111	(11.7)	67	(5.4)	41	(3.3)	46	(3.6)
Natural gas and LNG	839	(88.2)	1,168	(94.6)	1,200	(96.7)	1,241	(96.4)
Others	-	(-)	-	(-)	-	(-)	-	(-)
Purchases	109	(100.0)	159	(100.0)	230	(100.0)	259	(100.0)
Coal gases	8	(7.2)	2	(1.3)	-	(-)	-	(-)
Petroleum gases	15	(13.9)	10	(6.4)	7	(2.9)	6	(2.4)
Natural gas and LNG	86	(78.8)	147	(92.3)	224	(97.1)	253	(97.6)
Others	0	(0.0)	0	(0.0)	0	(0.0)	0	(0.0)
Sales	1,047	(100.0)	1,359	(100.0)	1,416	(100.0)	1,477	(100.0)
Residential	397	(37.9)	416	(30.6)	403	(28.5)	410	(27.7)
Commercial	170	(16.2)	205	(15.1)	193	(13.6)	198	(13.4)
Industrial	391	(37.4)	619	(45.5)	699	(49.4)	738	(50.0)
Others	89	(8.5)	120	(8.8)	121	(8.5)	131	(8.9)

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 third among major industrialized countries, following the U.S.A. and China, 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 2011 totaled 843,000. The total research and development (R&D) spending in fiscal 2010 amounted to 17.1 trillion yen, down for the third consecutive year. Relative to GDP, R&D spending down for the second consecutive year, to 3.57 percent.

Table 8.1
Trends in Research and Development

Year	Researchers [1)] (1,000)	Females (%)	Fiscal year	R&D expenditures (billion yen)	GDP (billion yen)	Ratio of R&D expenditures to GDP (%)
2002	756	10.7	2001	16,528	501,711	3.29
2003	757	11.2	2002	16,675	498,009	3.35
2004	787	11.6	2003	16,804	501,889	3.35
2005	791	11.9	2004	16,938	502,761	3.37
2006	820	11.9	2005	17,845	505,349	3.53
2007	827	12.4	2006	18,463	509,106	3.63
2008	827	13.0	2007	18,944	513,023	3.69
2009	839	13.0	2008	18,800	489,520	3.84
2010	840	13.6	2009	17,246	473,859	3.64
2011	843	13.8	2010	17,110	479,205	3.57

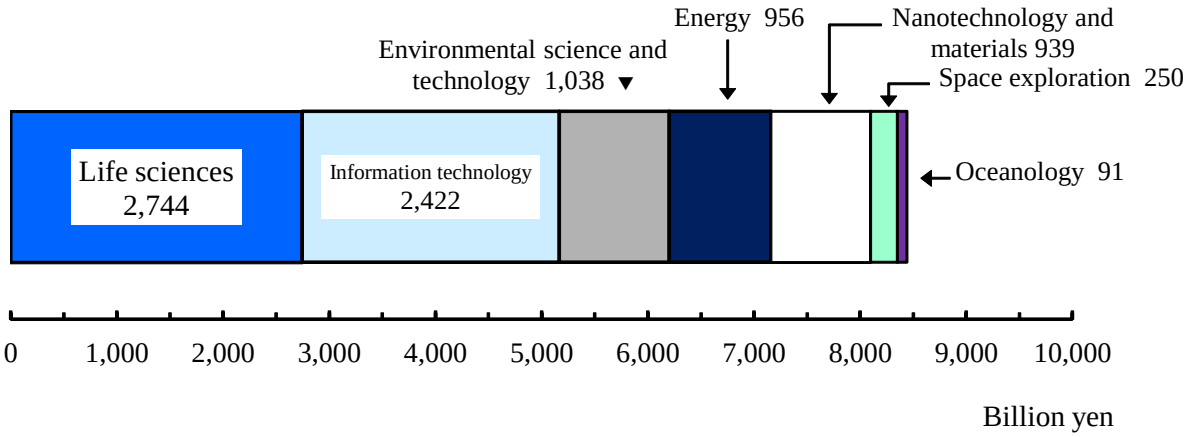
1) In full time equivalent, with the number of researchers partly engaged in R&D recalculated based on the real R&D hours consumed by them.
Source: Statistics Bureau, MIC.

As of the end of March 2011, the number of researchers in business enterprises amounted to 491,000 persons, while the number of researchers in universities and colleges was 312,000 persons. In terms of R&D expenditures in fiscal 2010, business enterprises spent 12.0 trillion yen (70.2 percent of total R&D expenditures), while universities and colleges spent 3.4 trillion yen (20.1 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.

Japan drives its science and technology policy from a long-term perspective based on the Science and Technology Basic Law, established in 1995. The Fourth Basic Plan (2011-2015), which started in August 2011, sets the restoration of the Great East Japan Earthquake that occurred in March 2011 as a priority issue and states to strengthen efforts to promote basic research and human resources development. Of the total research expenditure spent in fiscal 2010, those spent on specific purposes were for life sciences, information technology, environmental science and technology, energy and nanotechnology and materials, in order of the amount spent.

Figure 8.1
R&D Expenditures by Selected Objective (FY2010)

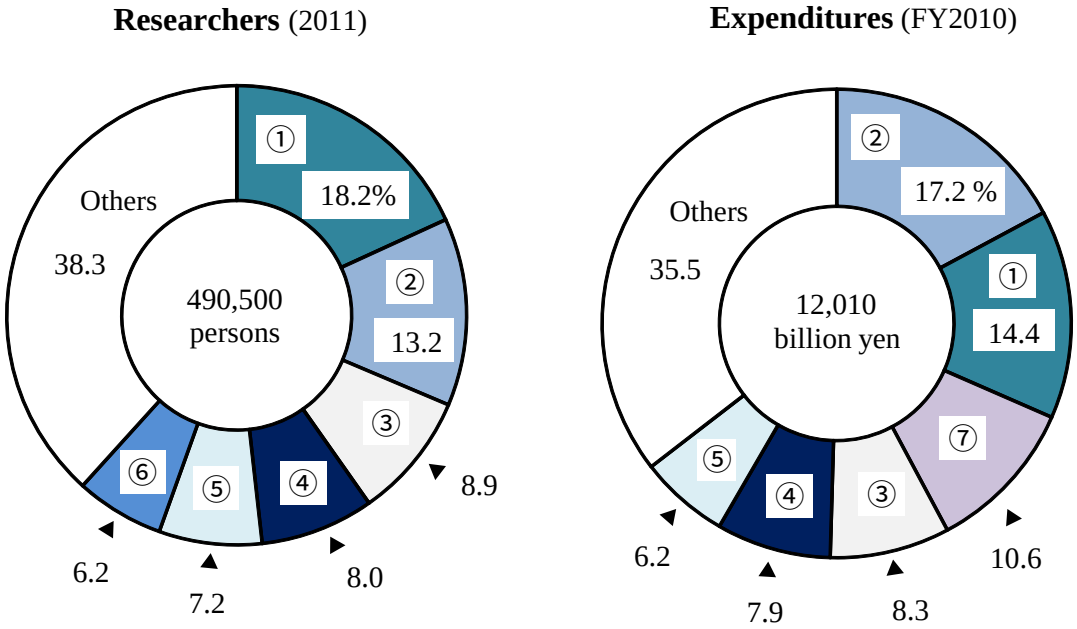


Source: Statistics Bureau, MIC.

The researchers at business enterprises totaled 491,000 persons at the end of March 2011. Approximately 90 percent of them, or 431,000 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 2010, business enterprises spent 12.0 trillion yen. Of this amount, 10.5 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 Chemical products. ⑥ Electronic parts, devices and electronic circuits. ⑦ Medical and pharmaceutical products.
Source: Statistics Bureau, MIC.

(2) Technology Trade

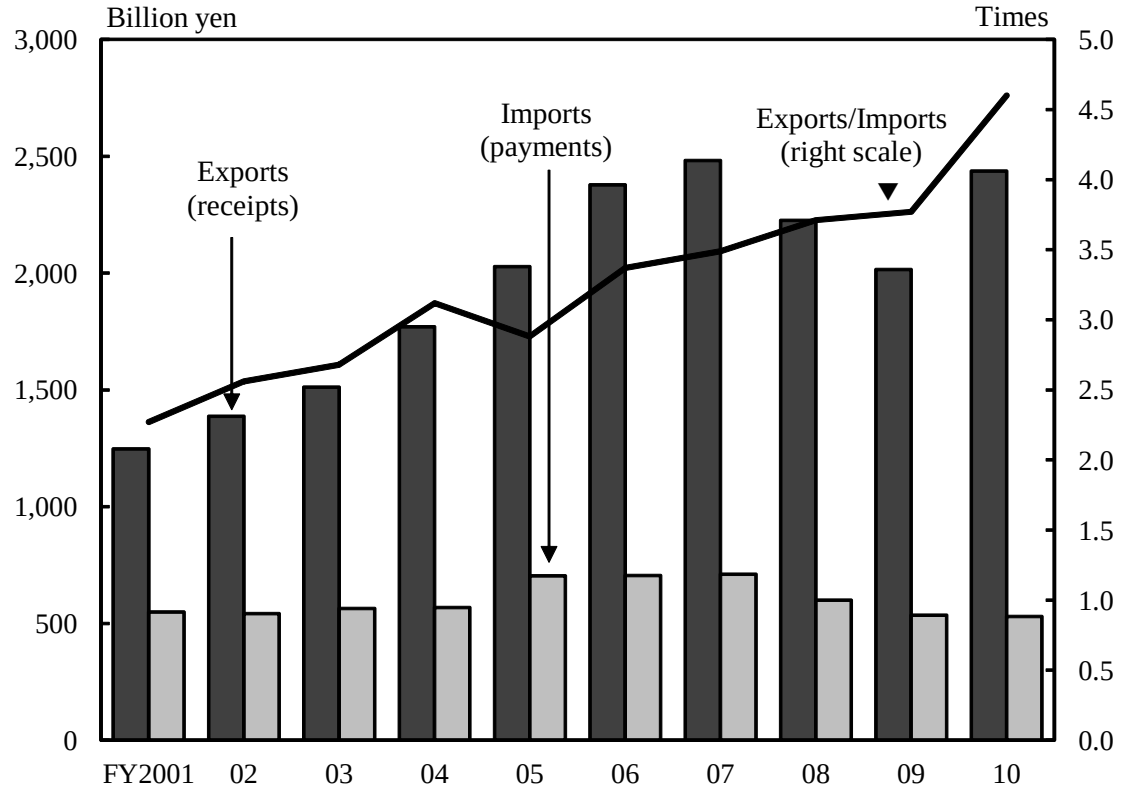
Technology trade is defined as export or import of technology by business enterprises with other countries, such as patents and expertise. In fiscal 2010, Japan earned 2,437 billion yen from technology exports, which was up 20.9 percent from the previous fiscal year; of the total receipts, 72.1 percent was from overseas parent/subsidiary companies. Meanwhile, Japan paid 530 billion yen for technology imports. This was down 0.9 percent from the previous fiscal year, marking the third consecutive year of decrease; of this figure, 23.9 percent was payments to overseas parent/subsidiary companies.

Table 8.2
Technology Trade by Business Enterprise [1)]

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
2008	2,225.5	-10.3	600.0	-15.5	3.71
2009	2,015.3	-9.4	534.9	-10.9	3.77
2010	2,436.6	20.9	530.1	-0.9	4.60

1) The survey coverage was expanded in FY1996 and FY 2001.
Source: Statistics Bureau, MIC.

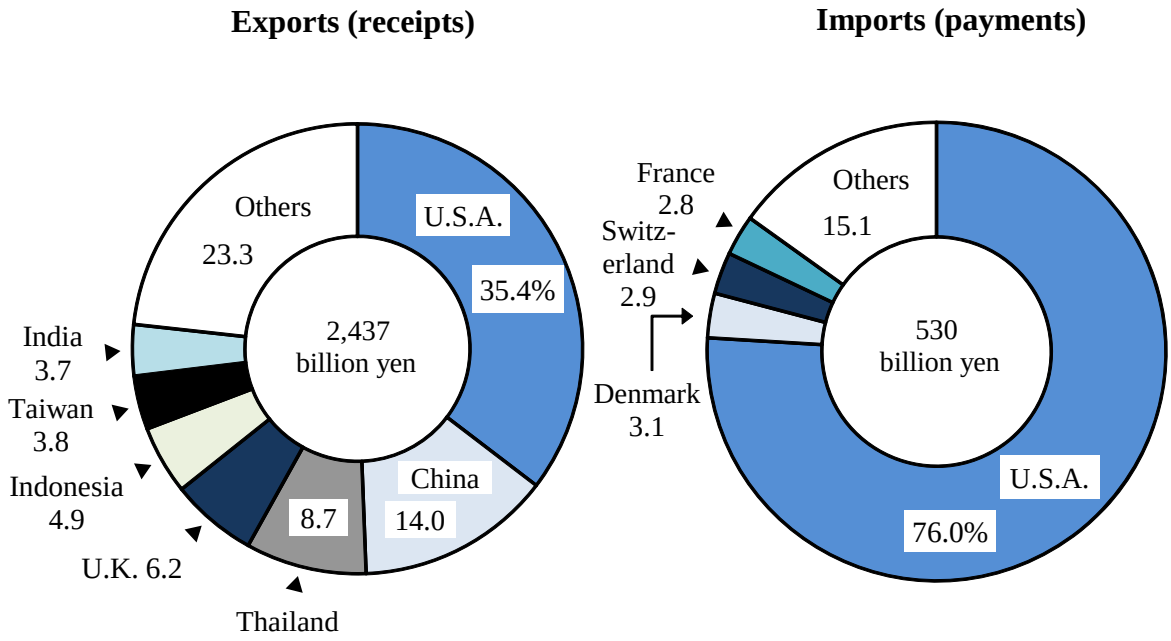
Figure 8.3
Trends in Technology Trade by Business Enterprise



Source: Statistics Bureau, MIC.

In fiscal 2010, Japan exported 2,437 billion yen of technologies; major destinations for export were: the U.S.A. (862 billion yen, or 35.4 percent of total exports), followed by China (341 billion yen), Thailand (212 billion yen), and the U.K. (151 billion yen). On the other hand, Japan imported 530 billion yen of technologies, mainly from the U.S.A. (403 billion yen, or 76.0 percent of total imports), followed by Denmark (17 billion yen), Switzerland (16 billion yen), and France (15 billion yen).

Figure 8.4
Composition of Technology Trade by Major Country/Region
(FY2010)



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 2010, there were 344,598 applications (down 1.1 percent from the previous year).

Table 8.3
Patents

(Cases)

Item	1995	2000	2005	2009	2010
Applications	369,215	436,865	427,078	348,596	344,598
Registrations	109,100	125,880	122,944	193,349	222,693
Existing vested rights	681,459	1,040,607	1,123,055	1,347,998	1,423,432

Source: Ministry of Economy, Trade and Industry.

Table 8.4
PCT International Applications by Country of Origin

(Cases)

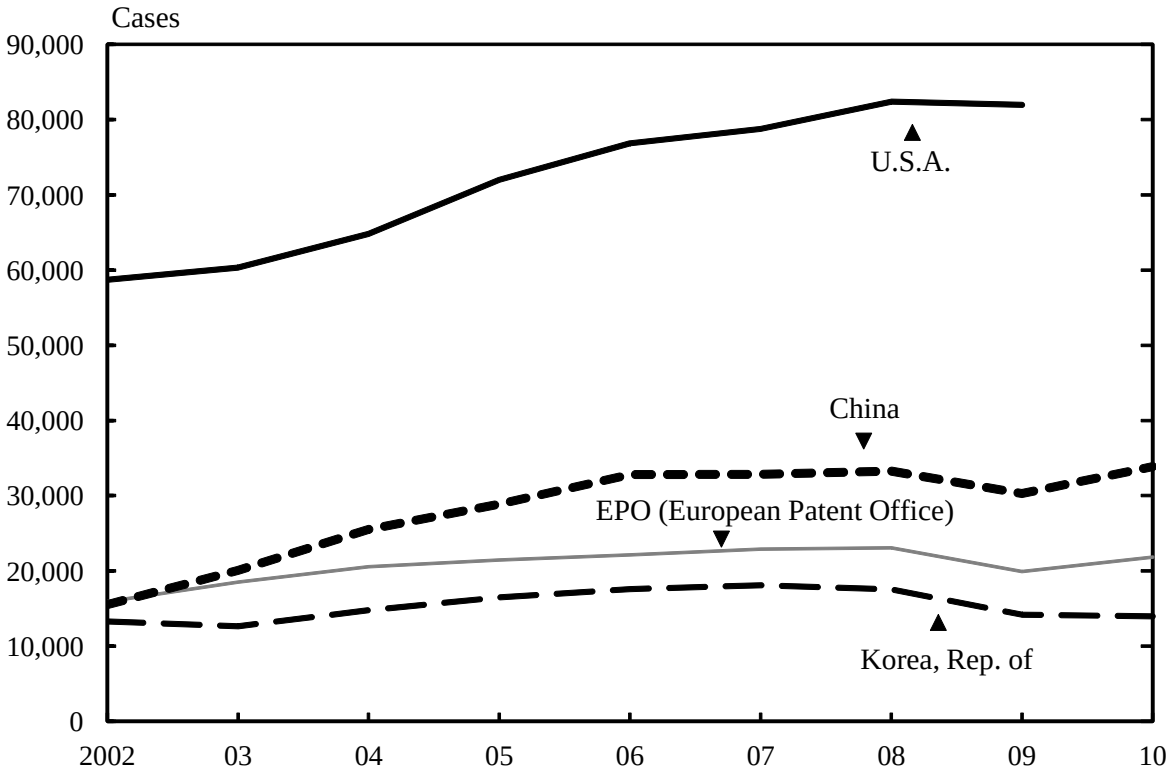
Country	2007	2008	2009	2010	2011*	Annual growth (%)
Total	159,926	163,240	155,406	164,316	181,900	10.7
U.S.A.	54,042	51,642	45,627	45,008	48,596	8.0
Japan	27,743	28,760	29,802	32,150	38,888	21.0
Germany	17,821	18,855	16,797	17,568	18,568	5.7
China	5,455	6,120	7,900	12,296	16,406	33.4
Korea, Rep. of	7,064	7,899	8,035	9,669	10,447	8.0
France	6,560	7,072	7,237	7,245	7,664	5.8
U.K.	5,542	5,467	5,044	4,891	4,844	-1.0
Switzerland	3,833	3,799	3,672	3,728	3,999	7.3
Netherlands	4,433	4,363	4,462	4,063	3,494	-14.0
Sweden	3,655	4,136	3,568	3,314	3,466	4.6

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 February 2012. In 2011, the number of international patent applications made based on the Patent Cooperation Treaty (PCT) was 182,000, of which Japan filed 38,888, an increase of 21.0 percent over the previous year.

The U.S.A. ranked first among major countries/organizations with which Japanese filed patent applications in 2009, with 81,982 filings. The number of Japanese-filed patent applications in China has been on an upward trend since 2002. It reached 33,882 in 2010, approximately double the 2002 figure of 15,511.

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



Source: Ministry of Economy, Trade and Industry.

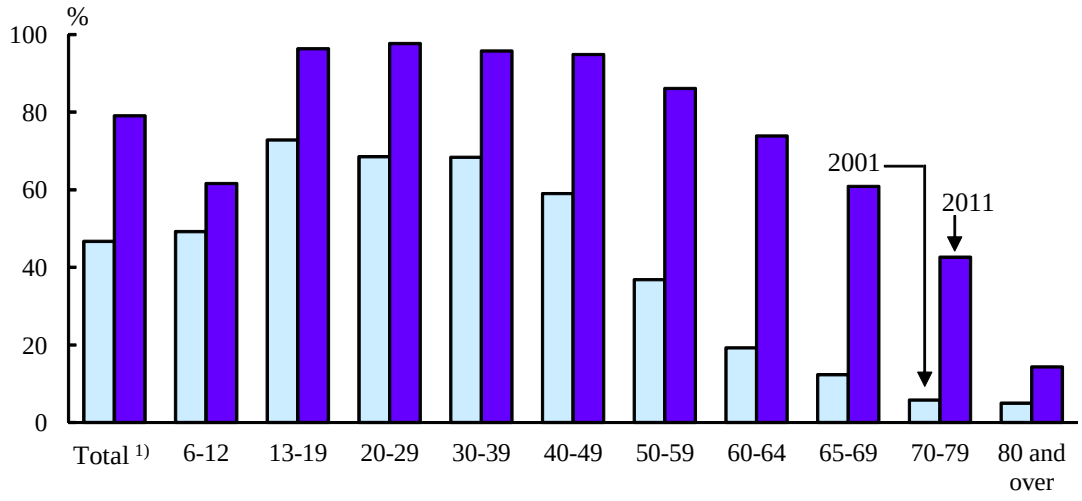
3. Information and Communication

(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 2011, 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, smartphones, tablet terminals and game machines) totaled 96.10 million, or 79.1 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.

According to the status of Internet use by terminal as of the end of 2011, the use rate of home PCs was the highest (62.6 percent), followed by cell phones (52.1 percent), PCs outside home (39.3 percent), and smartphones (16.2 percent). Changes in the rate of Internet use by terminal by age group show that approximately 80 percent of people in each age group of between 13 and 49 use home PCs. Approximately 60 to 70 percent of people in age groups between 13 and 59 use cell phones. People aged 60 and over use cell phones (33.2 percent) more than home PCs (31.1 percent). In particular, 44.9 percent of people in their 20s use smartphones.

Figure 8.6
Changes in the Rate of Internet Use by Age Group



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

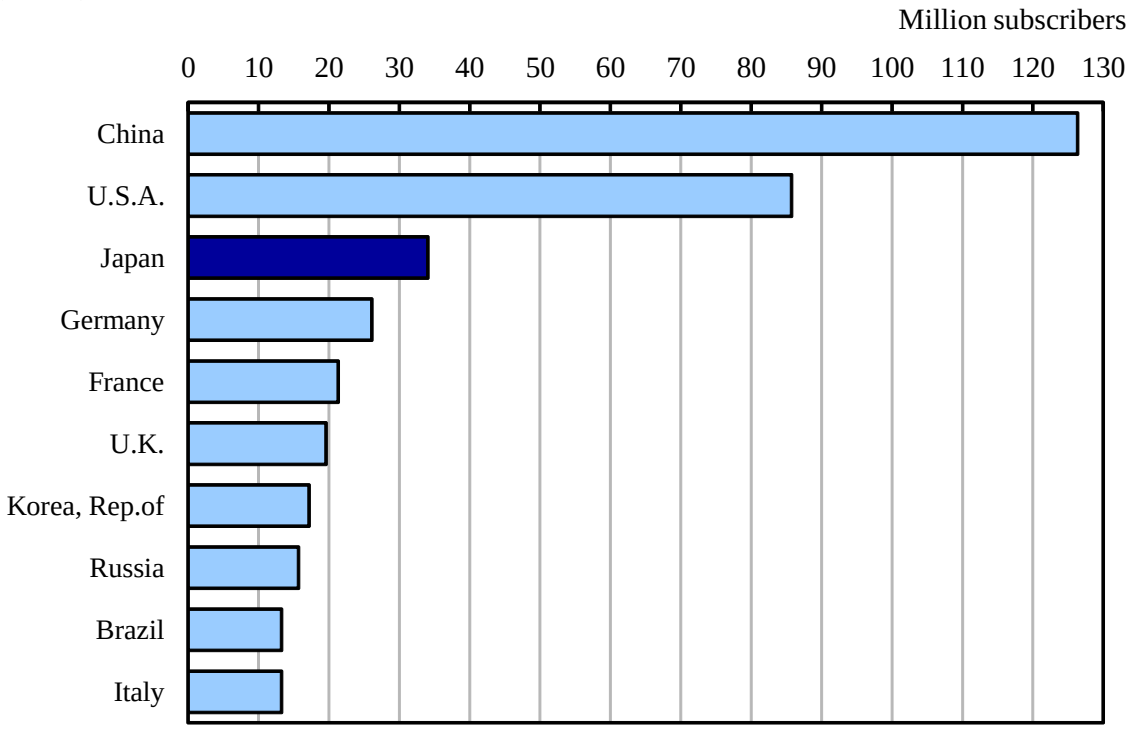
Among enterprises, the Internet user rate at the end of 2011 was 98.8 percent (same rate as the previous year).

(2) Progress of Communication Technologies

As of the end of March 2011, the contracts of broadband (connection) service subscriptions totaled 34.91 million, marking a 5.8-percent annual increase. Among broadband subscribers, the number of DSL (digital subscriber line) subscribers reached 8.20 million, accounting for 23.5 percent of the total.

The number of broadband subscribers in Japan, as an indication of the spread of its use, was 34.04 million in 2010, the third largest after China (126.34 million) and the U.S.A. (85.72 million).

Figure 8.7
Top 10 Countries/Regions with the Most Broadband Subscribers
(2010)



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 2012, the total number of IP phone subscribers was 28.48 million.

Subscribers for Internet connection service using cable television networks (cable Internet) as of the end of March 2011 totaled 5.67 million (up 6.8 percent from the previous year).

FTTH (fiber to the home) service, using optical fiber, is a service that uses an ultra-high speed network capable of communicating faster than a DSL or cable Internet connection. As of the end of March 2011, the number of FTTH (connection) subscribers was 20.22 million, marking an 13.6-percent increase over the past year. The number of DSL subscribers is decreasing, while that of FTTH is increasing. In recent years, the number of BWA (broadband wireless access) service subscribers is rapidly increasing, although the share of total is small.

(3) Telephone

The number of fixed phone subscription contracts was 31.32 million (down 9.3 percent year-on-year) at the end of March 2012. Meanwhile, the number of mobile phone subscribers (cell phones and personal handyphone systems) totaled 123.29 million at the end of March 2011, marking a rise by 7.7 percent year-on-year to 132.76 million at the end of March 2012.

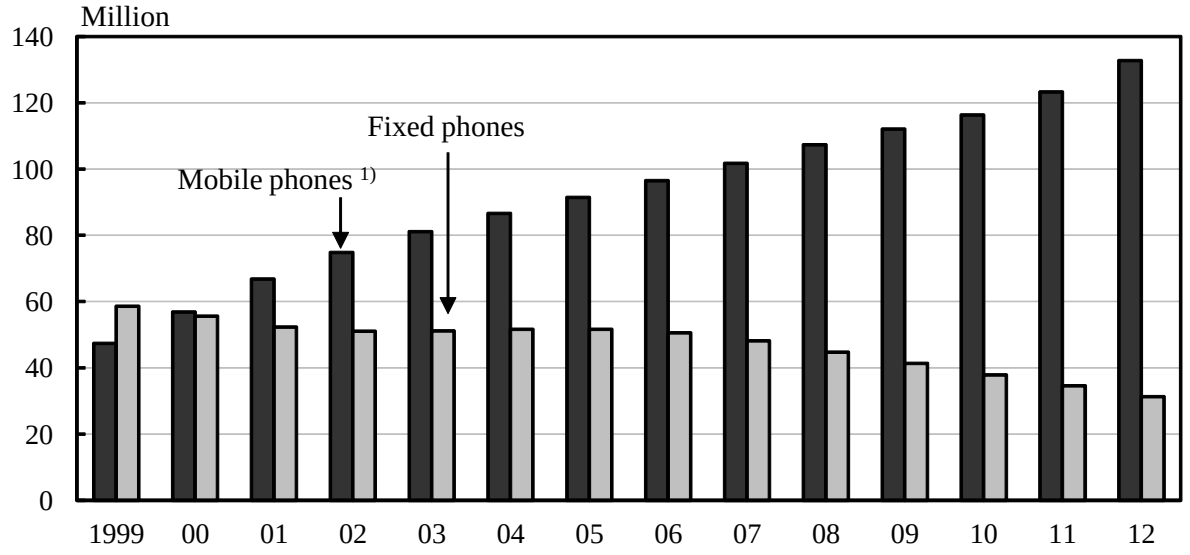
Table 8.5
Telecommunications Services

(Thousands)

Item	1995	2000	2005	2009	2010	2011
Public phones (NTT [1] only) ...	801	736	442	307	283	253
Fixed phone service subscribers	59,936	55,547	51,626	41,392	37,918	34,539
Mobile phone subscribers [2]	4,331	56,846	91,474	112,050	116,295	123,287
ISDN (Integrated Services Digital Network) subscribers ..	344	6,683	7,981	5,929	5,421	5,029
DSL (Digital Subscriber Line) subscribers	-	0	13,676	11,184	9,735	8,201
Cable Internet subscribers	-	216	2,961	4,110	5,314	5,674
FTTH (Fiber to the home) subscribers	-	-	2,890	15,021	17,802	20,218
International phone calls, sent and received	599,400	801,200	# 1,103,700	1,106,900	1,101,600	1,085,800

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 2011, there were, nationwide, 24,529 post offices run by Japan Post Network Co., Ltd. and 186,753 mailboxes set up and serviced by Japan Post Service Co., Ltd.

Japan Post Service Co., Ltd. handled 21.85 billion pieces of domestic mail (letters and parcels) in fiscal 2011 (a 1.9-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 2011 amounted to 49.5 million pieces (a decrease of 8.6 percent from the previous fiscal year), representing an enormous decrease from that of fiscal 1995 (122.8 million).

Table 8.6
Postal Services

(Millions)

Item	FY1995	FY2000	FY2005	FY2009	FY2010	FY2011
Domestic						
Letters	24,262.9	26,114.4	22,666.1	20,054.2	19,299.6	18,598.0
Parcels	400.2	310.5	2,075.0	2,804.7	2,968.4	3,255.4
International						
Sent	122.8	106.0	77.5	61.3	54.2	49.5
Letters [1)]	119.9	104.3	76.1	59.8	52.8	48.2
Parcels	2.9	1.7	1.5	1.5	1.4	1.3

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

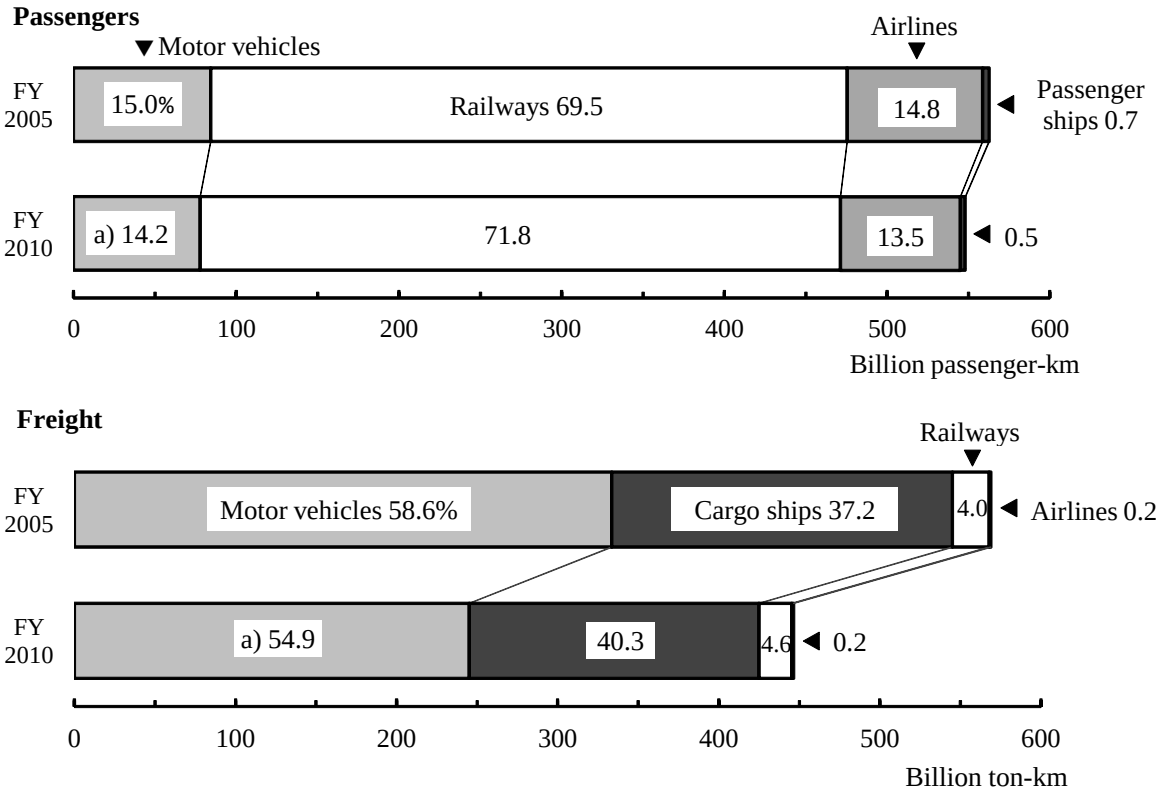
Chapter 9

Transport

1. Domestic Transport

Various modes of domestic transport are used in Japan; almost all passenger transport is by railway, while nearly all freight transport is by motor vehicle and cargo ship. The transport sector, which released 20 percent of the total CO_2 emissions in fiscal 2010, is improving the energy efficiency of cars, promoting the broader use of environmentally-friendly cars, and 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



a) Excluding March 2011 data of the Hokkaido District Transport Bureau and the Tohoku District Transport Bureau.
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 2010, the number of domestic transport passengers was 29.08 billion (down 0.8 percent from the previous fiscal year). The total volume of passenger transport was 548.02 billion passenger-kilometers (down 1.0 percent).

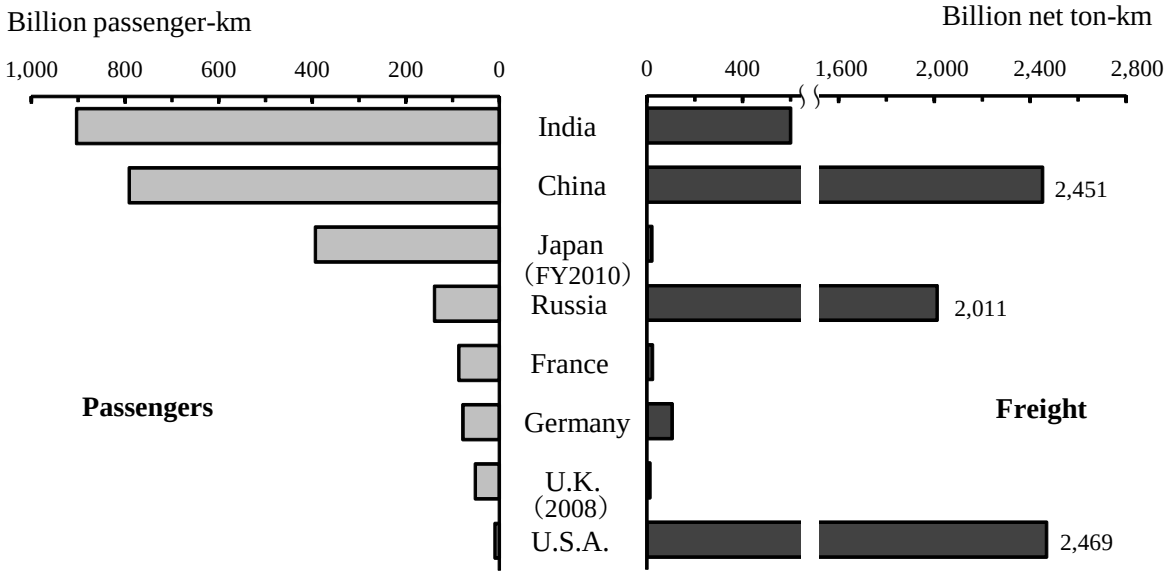
Table 9.1
Domestic Passenger Transport

Item	Passengers carried (millions)		Passenger kilometers (billions)	
	FY2009	FY2010 [1)]	FY2009	FY2010 [1)]
Total transport volume	29,325	29,078	553.40	548.02
Railways	22,724	22,669	393.77	393.47
JR (Japan Railways)	8,841	8,818	244.25	244.59
Other than JR	13,884	13,851	149.52	148.87
Motor vehicles	6,425	6,241	81.36	77.80
Buses (Commercial use)	4,476	4,458	71.21	69.96
Taxis and limousine hires	1,948	1,783	10.16	7.84
Airlines	84	82	75.20	73.75
Passenger ships	92	85	3.07	3.00

1) Excluding March 2011 data of the Hokkaido District Transport Bureau and the Tohoku District Transport Bureau.
Source: Ministry of Land, Infrastructure, Transport and Tourism.

In fiscal 2010, the Japan Railways (JR) group reported 8.82 billion passengers (down 0.3 percent from the previous fiscal year) and 244.59 billion passenger-kilometers (up 0.1 percent). Railways other than JR reported 13.85 billion passengers (down 0.2 percent) and 148.87 billion passenger-kilometers (down 0.4 percent).

Figure 9.2
Rail Transport by Country (2010)



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

Commercial buses transported 4.46 billion passengers (down 0.4 percent from the previous fiscal year) and achieved 69.96 billion passenger-kilometers (down 1.8 percent); both figures decreased in fiscal 2010. In order to encourage the use of buses, various efforts to improve their convenience have been promoted.

Taxi and limousine hire services have marked a long-term downward trend in passengers. They carried 1.78 billion passengers and reported 7.84 billion passenger-kilometers in fiscal 2010.

Table 9.2
Number of Motor Vehicles Owned

(Thousands)

Type of vehicles	FY1995	FY2000	FY2005	FY2009	FY2010
Trucks and trailers	20,235	18,065	16,707	15,533	15,138
Buses	243	236	232	228	227
Passenger cars	45,069	52,449	57,098	57,903	58,139
Special purpose vehicles	1,524	1,754	1,619	1,512	1,646
Two-wheeled vehicles [1)]	3,036	3,021	3,337	3,517	3,511

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

Fiscal 2010 air transport records show that there were 82 million passengers (down 2.0 percent from the previous fiscal year), and passenger-kilometers amounted to 73.75 billion (down 1.9 percent).

In fiscal 2010, passenger ships reported 85 million passengers (down 7.7 percent from the previous fiscal year) and 3.00 billion passenger-kilometers (down 2.2 percent).

(2) Domestic Freight Transport

In the area of domestic freight, a total of 4.99 billion metric tons (up 5.9 percent from the previous fiscal year) of freight was transported for a total of 446.41 billion ton-kilometers (down 14.5 percent) in fiscal 2010.

As for transport tonnage volume in fiscal 2010, motor vehicle transport accounted for more than 90 percent of the total. In terms of transport ton-kilometers, major items transported by motor vehicles were: foodstuffs, textiles and household equipment; and wastes and feed. The principal items transported by cargo ships were nonferrous ores and metals, petroleum products, etc.

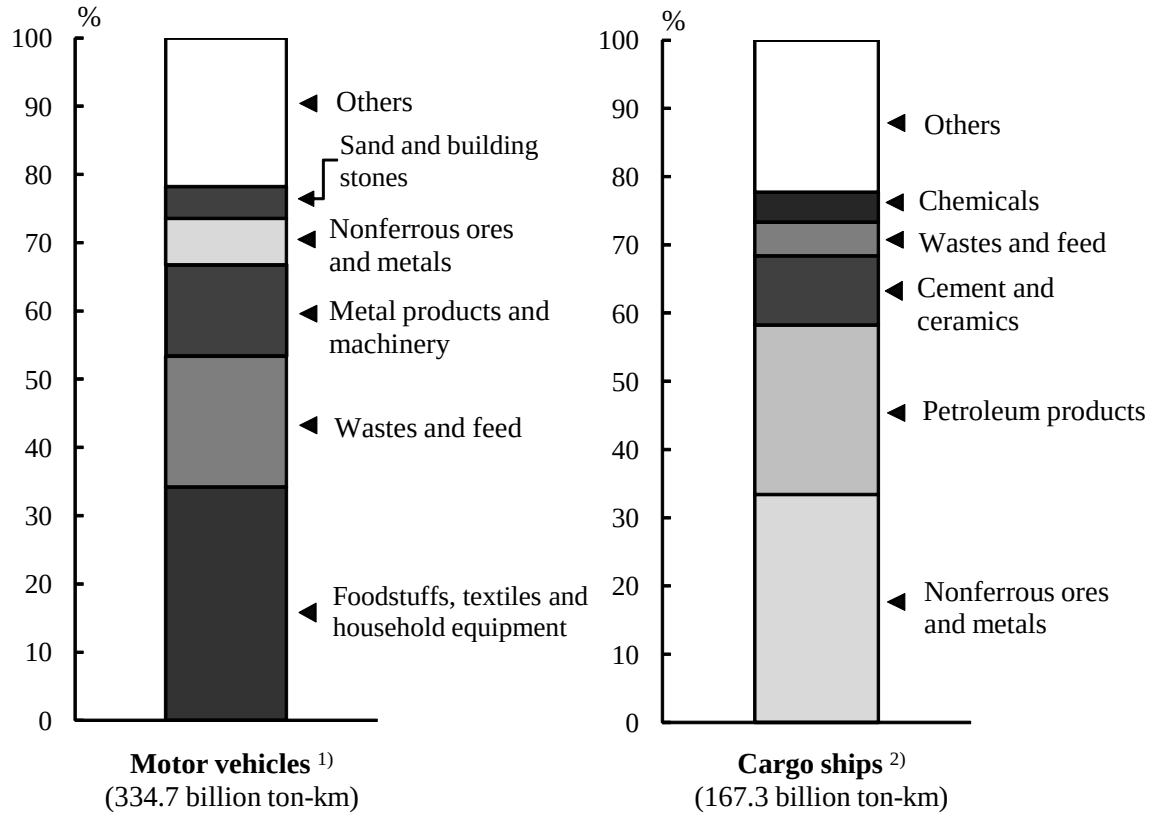
Table 9.3
Domestic Freight Transport

Item	Freight tonnage (millions)		Ton kilometers (billions)	
	FY2009	FY2010	FY2009	FY2010
Total transport volume	4,716.0	4,993.5	522.10	446.41
Railways	43.3	43.6	20.56	20.40
JR (Japan Railways)	30.8	30.8	20.40	20.23
Other than JR	12.4	12.9	0.16	0.17
Motor vehicles	4,339.5	# 4,582.1	333.18	# 254.08
Commercial use	2,686.6	# 3,119.8	293.23	# 223.43
Non-commercial use	1,653.0	# 1,462.3	39.95	# 30.65
Cargo ships	332.2	366.7	167.32	179.90
Airlines [1)]	1.0	1.0	1.04	1.03

1) Including overweight baggage and postal mail.

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

Figure 9.3
Breakdown of Freight Transport (FY2009)



1) Including light vehicles for non-commercial use. 2) Including non-commercial use.
Source: Ministry of Land, Infrastructure, Transport and Tourism.

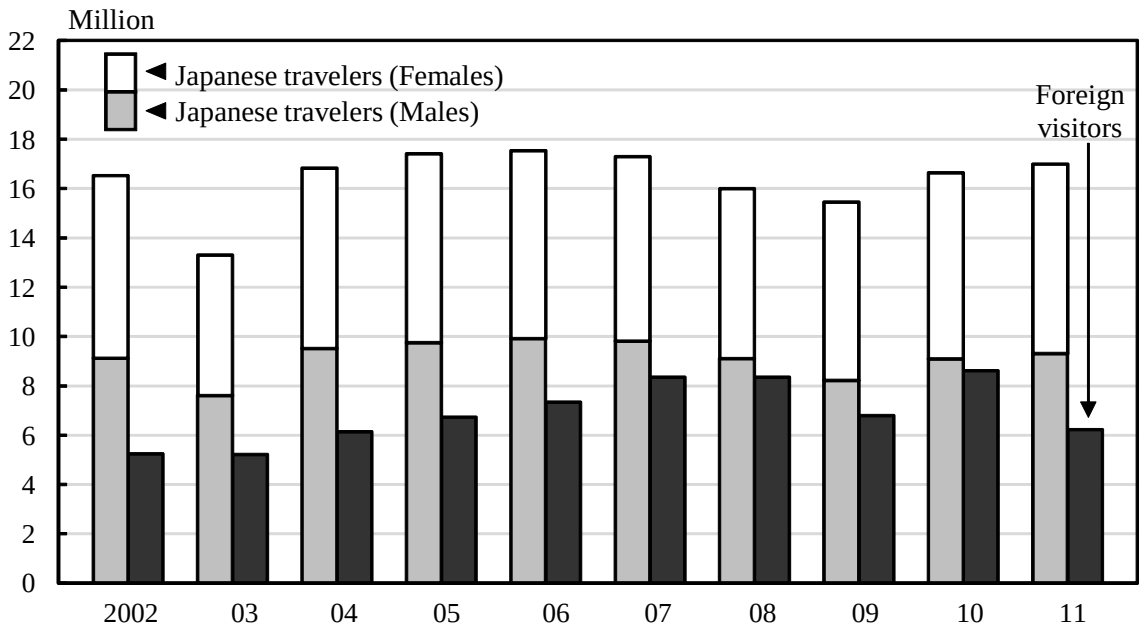
2. International Transport

(1) International Passenger Transport

The global economic downturns after September 2008 and the spread of the new influenza in early 2009 have declined international air passenger transport with Japanese airlines. In 2011, they transported 12.16 million passengers (down 16.5 percent from the previous year) on international flights, and registered 53.04 billion passenger-kilometers (down 16.3 percent).

The number of Japanese overseas travelers in 2011 rose from the previous year to 16.99 million (up 2.1 percent). According to reports on arrivals by tourist offices in countries around the world, China, Republic of Korea and the U.S.A. had many Japanese visitors in 2011.

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	2009		2010		2011	
	Number of arrivals (1,000)	Annual growth (%)	Number of arrivals (1,000)	Annual growth (%)	Number of arrivals (1,000)	Annual growth (%)
China	3,317	-3.7	3,731	12.5	3,658	-2.0
Korea, Rep. of	3,053	28.4	3,023	-1.0	3,289	8.8
U.S.A. [1]	2,918	-10.2	3,386	16.0	3,250	-4.0
Taiwan	1,001	-7.9	1,080	7.9	1,295	19.9
Hong Kong SAR	1,204	-9.1	1,317	9.3	1,284	-2.5
Germany [2]	538	-10.0	605	12.5	…	…
France	697	3.4	598	-14.2	…	…

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		2011	
	Number of arrivals (1,000)	Percent distribution	Number of arrivals (1,000)	Percent distribution	Number of arrivals (1,000)	Percent distribution
Total arrivals	6,790	100.0	8,611	100.0	6,219	100.0
Korea, Rep. of	1,587	23.4	2,440	28.3	1,658	26.7
China	1,006	14.8	1,413	16.4	1,043	16.8
Taiwan	1,024	15.1	1,268	14.7	994	16.0
U.S.A.	700	10.3	727	8.4	566	9.1
Hong Kong SAR	450	6.6	509	5.9	365	5.9
Australia	212	3.1	226	2.6	163	2.6
Thailand	178	2.6	215	2.5	145	2.3
U.K.	181	2.7	184	2.1	140	2.3
Singapore	145	2.1	181	2.1	111	1.8
Canada	153	2.2	153	1.8	101	1.6

Source: Japan National Tourism Organization.

The number of foreign visitors to Japan was 6.22 million in 2011 (down 27.8 percent from the previous year). Broken down by country/region, the number of visitors from Asian countries was highest, totaling 4.72 million persons (down 27.6 percent from the previous year). Among Asian countries, the number of visitors from Republic of Korea was highest, amounting to 1.66 million, a figure that accounted for 26.7 percent of the total number of foreign visitors to Japan.

Of the total number of foreign visitors to Japan (provisional), tourists numbered 4.06 million persons, or 65.2 percent of total foreign visitors. The highest number of tourists came from Republic of Korea with 1.20 million travelers, followed by Taiwan with 0.87 million travelers.

(2) International Freight Transport

The volume of seaborne foreign transport in 2010 was 819.1 million tons, down 0.6 percent over the previous year. Of this figure, total exports decreased by 0.5 percent to 44.8 million tons, and total imports increased by 1.7 percent to 465.9 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
2008	866,453	47,781	547,888	270,784
2009	823,851	44,963	457,996	320,892
2010	819,075	44,758	465,898	308,419

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

Air-shipped international freight in 2011 totaled 1.06 million tons in terms of volume (down 20.1 percent from the previous year) and 5.63 billion tons in terms of ton-kilometers (down 15.5 percent).

Chapter 10

Commerce

1. Wholesale and Retail

The 2009 Economic Census showed that 1.56 million wholesale and retail establishments were in operation in Japan. The number of persons engaged became 12.70 million.

(1) Wholesale Trade

The number of wholesale establishments was 402,000 in 2009. Observed by size of operation in terms of persons engaged, the establishments with less than 20 persons accounted for 89.3 percent of the total. A total of 86.6 percent was corporations, while 13.3 percent was individual proprietorships.

The number of persons engaged in wholesale was 4.13 million in 2009, of which there were 804,000 part-timers and temporary employees, 19.5 percent of the total.

Table 10.1
Establishments and Persons Engaged in the Wholesale and Retail Sector (2009)

Item	Total	Wholesale	Retail
Number of Establishments	1,555,486	402,314	1,153,172
Size of operation (persons engaged)			
1-4 persons	933,975	196,947	737,028
5-9	318,436	103,750	214,686
10-19	178,944	58,551	120,393
20-29	56,140	18,361	37,779
30-49	33,563	12,803	20,760
50-99	20,363	7,044	13,319
100 and over	9,692	3,343	6,349
Dispatched employees only	4,373	1,515	2,858
Persons engaged	12,696,990	4,125,249	8,571,741
Regular employees	10,223,518	3,479,864	6,743,654
Full-timers	5,543,778	2,801,689	2,742,089
Part-timers	4,679,740	678,175	4,001,565
Temporary employees	635,443	126,039	509,404
Dispatched employees from the separately operated establishments	253,858	113,511	140,347
Dispatched employees to the separately operated establishments	139,379	90,917	48,462

Source: Statistics Bureau, MIC.

(2) Retail Trade

The number of retail establishments in operation totaled 1.15 million in 2009. Observed by size of operation in terms of persons engaged, the establishments with less than 10 persons accounted for 82.5 percent of the total. By type of legal organization, 53.1 percent of retail establishments were corporations, while 46.7 percent were individual proprietorships. The proportion of individual proprietorships was higher in the retail sector than in the wholesale sector.

The number of persons engaged in retail was 8.57 million in 2009, of which 4.51 million part-timers and temporary employees comprised 52.6 percent of the total.

2. Eating and Drinking Places

There were 673,000 eating and drinking places establishments in operation and 4.42 million persons engaged in 2009.

Table 10.2
Eating and Drinking Places (2009)

Size of operation (persons engaged)	Establishments		Persons engaged	
	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
Dispatched employees only	464	0.1	…	…

Source: Statistics Bureau, MIC.

Chapter 11

Trade, International Balance of Payments, and International Cooperation

1. Trade

(1) Overview of Trade

Although Japan's trade surplus has continued since 1981, the trade turned to a deficit in 2011 for the first time in 31 years. This trade trend is considered to be affected by the Great East Japan Earthquake, rapid appreciation of the yen, and the slowdown in global economy. In terms of Japan's international trade on a customs clearance basis in 2011, exports (in FOB value) showed an annual decrease of 2.7 percent to 65.5 trillion yen. Imports (in CIF value) grew by 12.1 percent to 68.1 trillion yen, an increase for the second consecutive year. As a result, Japan's trade deficit was 2.6 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
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
2011	65,546	68,111	-2,565	99.8	98.4	101.5	119.6	103.7	115.4

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

Japan's 2011 exports increased by 0.2 percent from the previous year in terms of unit value index (an increase next to the preceding year), and decreased by 3.0 percent from the previous year in terms of quantum index (the first decrease in two years).

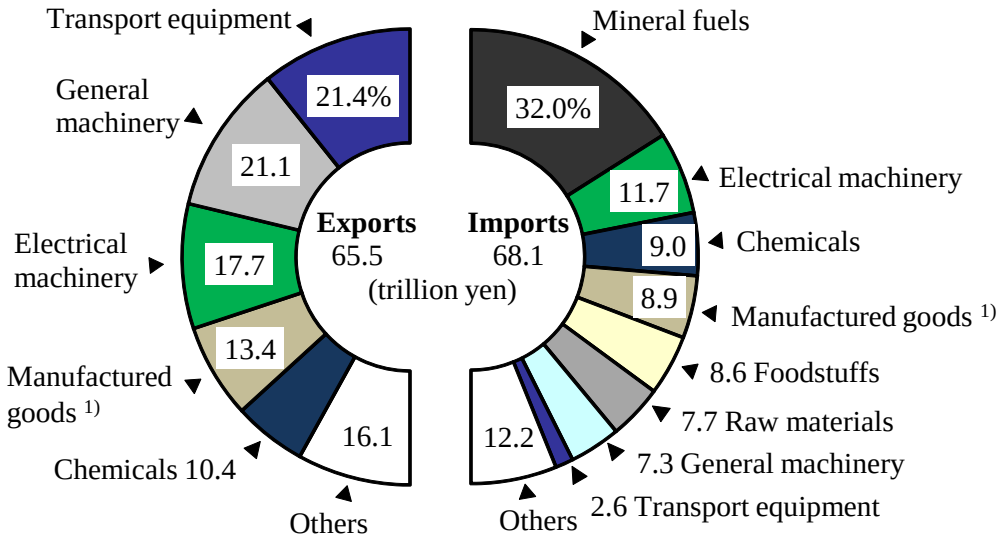
Japan's imports in 2011, unit value index and quantum index, increased by 8.7 percent and 3.2 percent compared to the previous year; both indices recorded their second consecutive year of increase.

(2) Trade by Commodity

Japan's exports in 2011 consisted of transport equipment, which accounted for the largest portion of the total export value, 21.4 percent, followed by general machinery and electrical machinery, making up 21.1 percent and 17.7 percent, respectively. Motor vehicles, which are in the transport equipment category, constituted 12.5 percent of the total export value, down 7.0 percent in quantity and 10.6 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 32.0 percent of the total value imported, followed by electrical machinery and chemicals, with 11.7 percent and 9.0 percent, respectively. Crude petroleum and partially refined petroleum, in the mineral fuels category, constituted 16.8 percent of the total import value, down 2.7 percent in quantity but up 21.4 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 (2011)



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

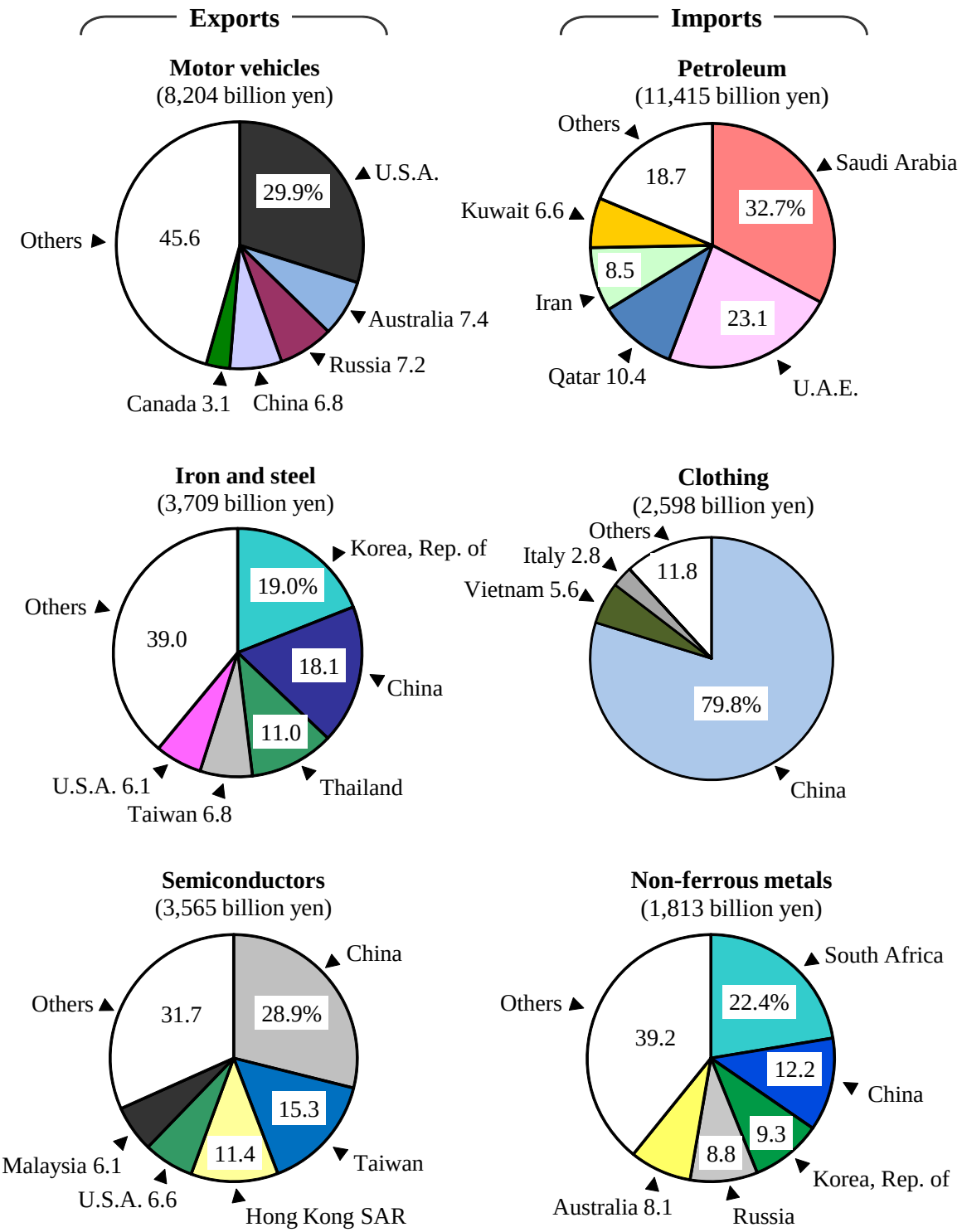
Table 11.2
Value of Exports and Imports, by Principal Commodity

(Billion yen)

Item	2008	2009	2010	2011	Annual growth (%)
Exports, total	81,018	54,171	67,400	65,546	-2.7
Foodstuffs	403	366	406	359	-11.6
Raw materials	1,054	826	946	972	2.7
Mineral fuels	1,869	948	1,105	1,247	12.9
Chemicals	7,269	5,780	6,925	6,798	-1.8
Plastics	2,232	1,844	2,336	2,188	-6.3
Manufactured goods [1)]	10,177	7,017	8,785	8,786	0.0
Iron and steel products	4,574	2,906	3,675	3,709	0.9
General machinery	15,928	9,669	13,317	13,803	3.7
Power generating machinery	2,509	1,839	2,327	2,317	-0.5
Electrical machinery	15,368	10,771	12,650	11,600	-8.3
Semiconductors and other electronic parts	4,625	3,419	4,153	3,565	-14.2
Transport equipment	20,068	11,850	15,258	14,033	-8.0
Motor vehicles	13,736	6,693	9,174	8,204	-10.6
Others	8,883	6,944	8,007	7,948	-0.7
Scientific and optical instruments	2,024	1,578	2,014	2,109	4.7
Imports, total	78,955	51,499	60,765	68,111	12.1
Foodstuffs	6,212	4,999	5,199	5,854	12.6
Fish and fish preparation	1,453	1,208	1,260	1,350	7.1
Raw materials	5,538	3,395	4,766	5,270	10.6
Mineral fuels	27,658	14,202	17,398	21,816	25.4
Petroleum, crude and partly refined	16,262	7,564	9,406	11,415	21.4
Chemicals	5,737	4,583	5,379	6,098	13.4
Medical and pharmaceutical products	1,142	1,329	1,523	1,725	13.3
Manufactured goods [1)]	7,336	4,345	5,379	6,069	12.8
Non-ferrous metals	2,531	1,013	1,606	1,813	12.9
General machinery	6,074	4,225	4,826	4,970	3.0
Electrical machinery	8,628	6,509	8,101	7,989	-1.4
Semiconductors and other electronic parts	2,479	1,758	2,136	1,762	-17.5
Transport equipment	2,316	1,501	1,681	1,738	3.3
Others	9,454	7,742	8,036	8,307	3.4
Clothing and clothing accessories	2,643	2,358	2,328	2,598	11.6

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 (2011)



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	Middle East	Oceania
Exports from Japan									
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
2011	65,546	36,686	12,902	5,269	4,058	10,018	7,619	1,955	1,778
Imports to Japan									
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
2011	68,111	30,391	14,642	3,170	1,852	5,931	6,411	12,832	4,893

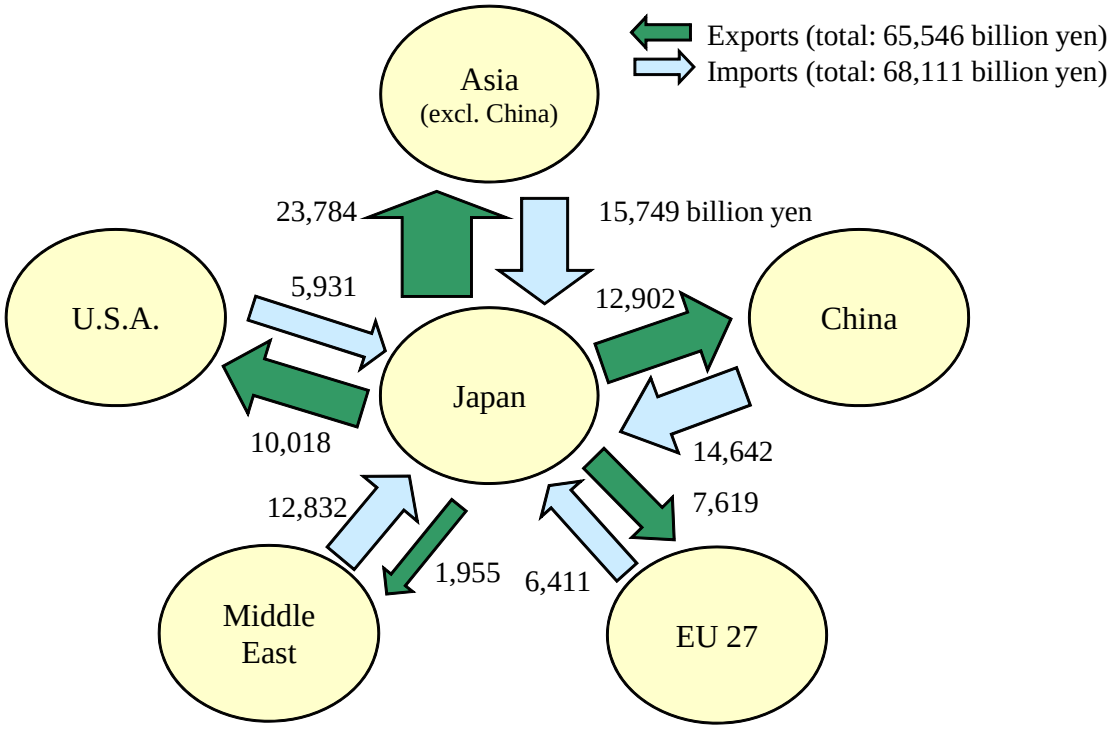
Source: Ministry of Finance.

(A) Trade with Asia

Japan's 2011 trade balance with Asia resulted in 6.3 trillion yen in surplus, the first decrease in two years (down 39.0 percent from the previous year). Exports (in FOB value) totaled 36.7 trillion yen (down 3.0 percent), marking the first decrease in two years; this was mainly due to the contributions for the decrease in electrical machinery and transport equipment. Imports (in CIF value) amounted to 30.4 trillion yen (up 10.5 percent), an increase for the second consecutive year; this was mainly attributed to the increase in mineral fuels and manufactured goods.

In 2011, Japan's trade with China amounted to 12.9 trillion yen in exports and 14.6 trillion yen in imports. Both exports and imports to China account for approximately 20 percent of Japan's total value and China is the largest trade partner of Japan.

Figure 11.4
Japan's Foreign Trade by Country/Region (2011)



Source: Ministry of Finance.

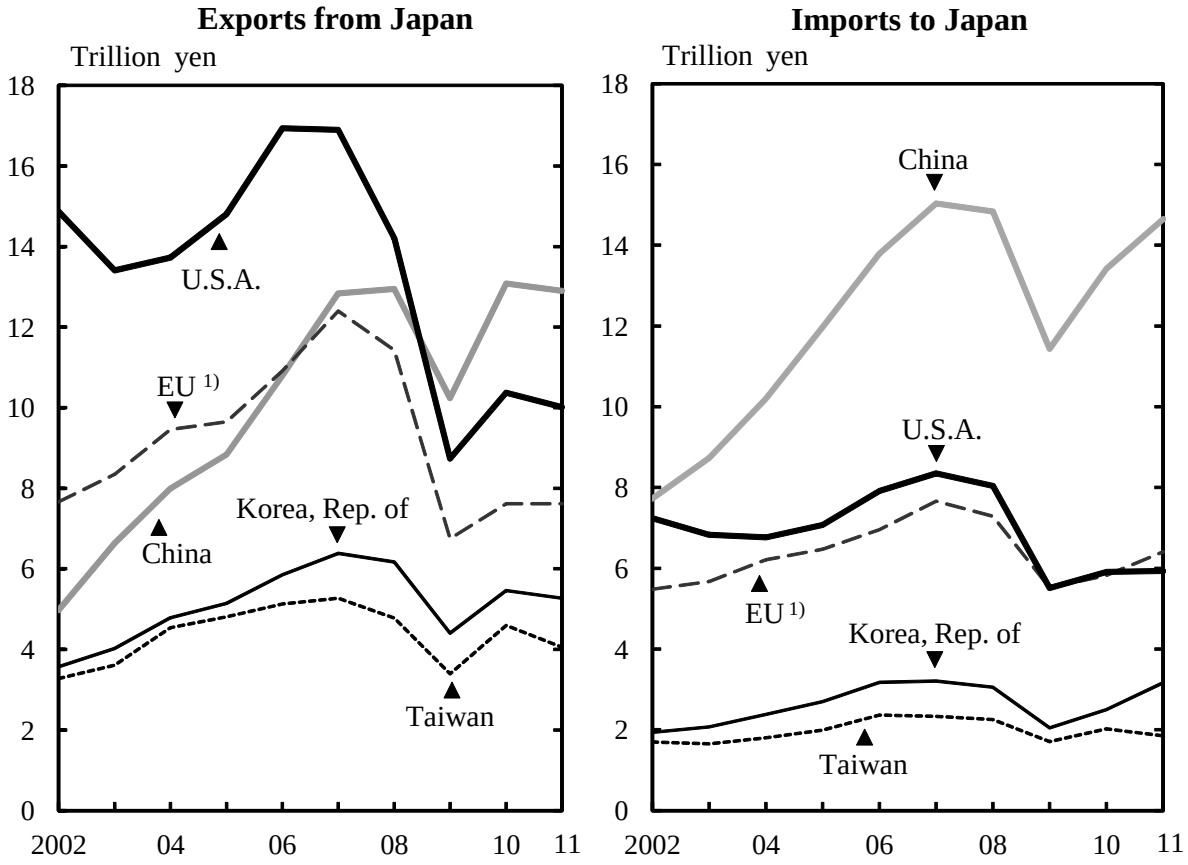
(B) Trade with U.S.A.

Japan's 2011 trade balance with the U.S.A. was 4.1 trillion yen in surplus, smaller than the previous year (down 8.4 percent from the previous year). Exports (in FOB value) amounted to 10.0 trillion yen (down 3.4 percent), the first decrease in two years; major contribution for the decrease was in transport equipment and electrical machinery. Imports (in CIF value) totaled 5.9 trillion yen (up 0.3 percent), an increase for the second consecutive year; the increase was due mainly to the contributions in foodstuffs and mineral fuels.

(C) Trade with EU

Japan's 2011 trade balance with the 27 member countries of the EU registered a narrowed surplus of 1.2 trillion yen (down 32.7 percent from the previous year). Exports (in FOB value) totaled 7.6 trillion yen, almost the same level as those of the previous year, owing mainly to the contributions for the decrease in electrical machinery and increase in general machinery. Imports (in CIF value) totaled 6.4 trillion yen (up 10.1 percent), because of contributions for the increase in chemicals and transport equipment, etc.

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



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

2. International Balance of Payments

In 2011, Japan's current account amounted to 9.6 trillion yen, down by 46.6 percent compared to that in the previous year, which resulted in a surplus shrinkage. This is mainly because Japan started to suffer a trade deficit. A breakdown of Japan's current account showed that its trade balance recorded 1.6 trillion yen in deficit, for the first time in 48 years since 1963, due to the decrease in the exports from the impact of the Great East Japan Earthquake and the increase in the imports of mineral fuels, etc. The services balance was 1.8 trillion yen in deficit, the first increase in deficit in four years. The income balance increased by 13.1 percent over the previous year to 14.0 trillion yen, marking the first increase in surplus in four years.

On the other hand, the balance of the capital and financial account registered a surplus of 6.3 trillion yen, scoring a black ink figure (excess inflow) for the first time in seven years.

Table 11.4
International Balance of Payments

(Billion yen)

Item	2008	2009	2010	2011
Current account	16,661.8	13,735.6	17,887.9	9,550.7
Goods and services	1,889.9	2,124.9	6,564.6	-3,378.1
Trade balance	4,027.8	4,038.1	7,978.9	-1,616.5
Exports	77,334.9	50,857.2	63,921.8	62,724.8
Imports	73,307.1	46,819.1	55,942.9	64,341.2
Services	-2,137.9	-1,913.2	-1,414.3	-1,761.6
Income	16,123.4	12,774.2	12,414.9	14,038.4
Current transfers	-1,351.5	-1,163.5	-1,091.7	-1,109.6
Capital and financial account [1)]	-18,389.5	-12,644.7	-11,997.7	6,265.9
Financial account	-17,831.2	-12,179.4	-11,563.6	6,237.7
Direct investment	-10,707.4	-5,872.5	-5,048.7	-9,266.5
Portfolio investment	-29,188.9	-20,505.3	-13,249.3	12,925.5
Financial derivatives	2,456.2	948.7	1,026.2	1,347.0
Other investment	19,608.9	13,249.7	5,708.3	1,231.7
Capital account	-558.3	-465.3	-434.1	28.2
Changes in reserve assets [1)]	-3,200.1	-2,526.5	-3,792.5	-13,789.7
Errors and omissions	4,927.9	1,435.6	-2,097.7	-2,026.9

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 2011 amounted to 582.0 trillion yen, while its foreign liabilities (assets held in Japan by nonresidents) were 329.0 trillion yen. As a result, Japan's net foreign assets (foreign assets minus foreign liabilities) were 253.0 trillion yen.

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

(Billion yen)

Item	2007	2008	2009	2010	2011
Assets	610,492	519,179	554,826	563,526	582,048
Liabilities	360,271	293,671	288,603	312,031	329,038
Net assets	250,221	225,508	266,223	251,495	253,010

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

Japan's foreign reserve assets remained at around 220 billion U.S. dollars during the period from 1996 to 1998. However, they started to increase from 1999, reaching 1,295.8 billion U.S. dollars at the end of 2011. This represented an increase of 199.7 billion U.S. dollars (18.21 percent) from the end of the previous year.

Table 11.6
Reserve Assets

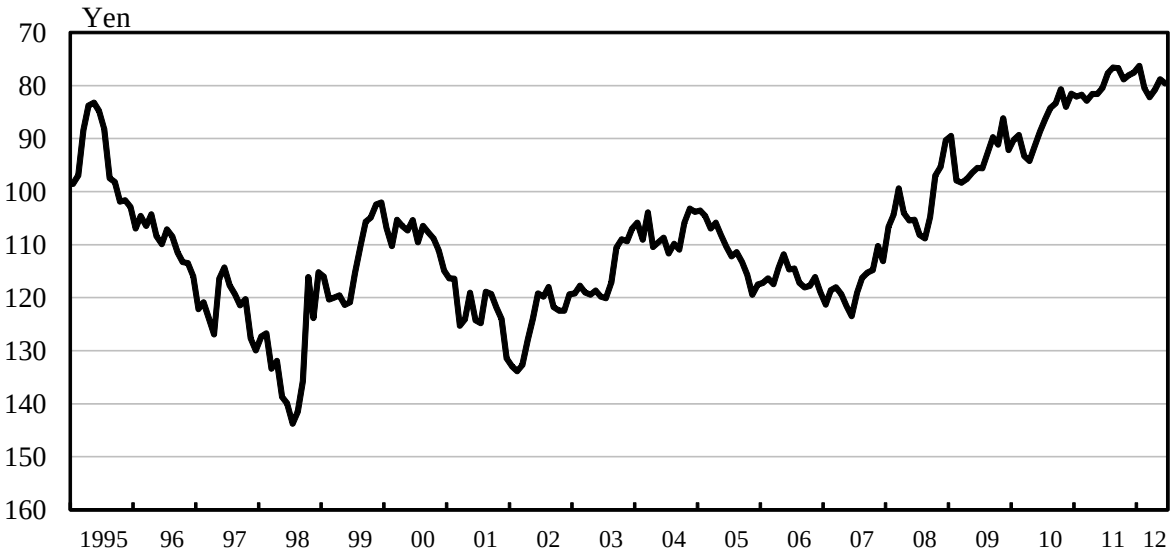
(Million U.S. dollars)

End of year	Total	Foreign currency [1)]	Reserve position in IMF	SDRs	Gold [2)]	Other reserve assets [3)]
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
2011	1,295,841	1,220,785	17,181	19,745	37,666	464

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

The yen against the U.S. dollar was 83.19 yen in May 1995. The trend subsequently shifted to a progressively weaker yen, which eventually reached 143.79 yen in July 1998. After hovering between the 100 and 140 yen ranges for the most part, the yen began appreciating sharply in late 2008 and reached 77.59 yen in July 2011. As of the end of June 2012, the rate was 79.61 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)

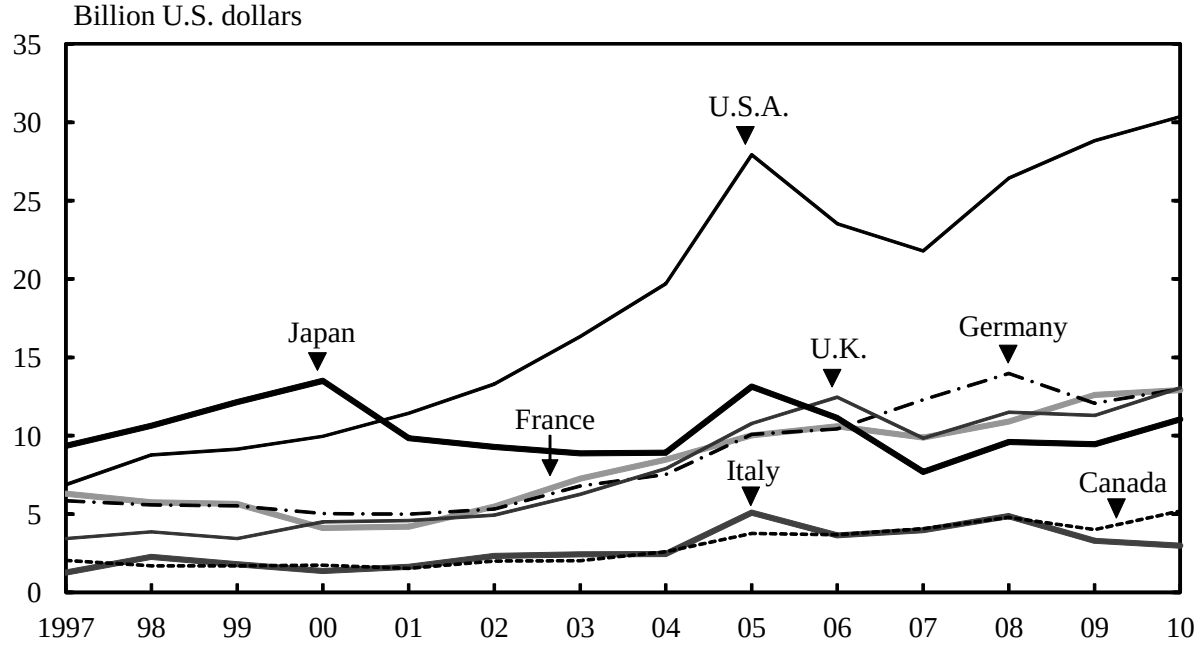
Item	1995	2000	2005	2009	2010
Total value	42,295	11,423	23,259	45,454	48,079
Official flows	20,033	8,467	10,726	17,704	14,686
Official development assistance (ODA)	14,489	13,508	13,147	9,467	11,021
Bilateral official development assistance	10,419	9,768	10,406	6,176	7,337
Grants	6,298	5,678	9,195	5,493	6,942
Grants-in-aid	2,876	2,100	6,524	2,374	3,464
Technical cooperation	3,422	3,578	2,671	3,118	3,478
Loans, etc.	4,120	4,090	1,212	684	395
Contributions to multilateral institutions, etc.	4,071	3,740	2,740	3,290	3,684
Other official flows (OOF)	5,544	-5,041	-2,421	8,237	3,665
Official export credits (over one year)	981	-1,239	-1,202	-786	-1,039
Direct investment finance, etc.	3,541	-3,709	-222	7,498	4,219
Concessional lending to multilateral institutions, etc.	1,021	-93	-997	1,525	485
Private flows at market terms (PF)	22,046	2,725	12,278	27,217	32,837
Private export credits (over one year)	3,054	-799	-3,433	-1,220	2,767
Direct investments	9,398	2,874	14,472	19,440	21,650
Bilateral investment in securities, etc.	9,543	702	1,158	7,010	7,428
Concessional lending to multilateral institutions, etc.	50	-52	81	1,987	992
Grants by private voluntary agencies	216	231	255	533	556
ODA as percentage of GNI (%)	a) 0.28	0.28	0.28	0.18	* 0.20
ODA as percentage of GNI (DAC average) (%)	a) 0.27	0.22	0.32	0.31	* 0.32

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 2010 ODA spending (on the basis of net disbursement at current prices) increased by 16.4 percent over the previous year to 11.0 billion U.S. dollars, marking the first increase in two years.

In 2010, the 23 member countries of the Development Assistance Committee (DAC) of the OECD provided 128.5 billion U.S. dollars in ODA. Of this total, Japan's ODA contribution accounted for 8.6 percent, making Japan the fifth-largest contributor behind the U.S.A., the U.K., Germany and France. The ratio of Japan's ODA to Gross National Income (GNI) was 0.20 percent, or an increase of 0.02 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 11.0 billion U.S. dollars in ODA provided by Japan in 2010, 7.3 billion U.S. dollars or 66.6 percent was bilateral ODA (up 18.8 percent year-on-year), and 3.7 billion U.S. dollars or 33.4 percent was ODA contributed through multilateral institutions (up 12.0 percent).

Bilateral ODA provided in 2010 consisted of 3.5 billion U.S. dollars in grants-in-aid, 3.5 billion U.S. dollars in technical cooperation, and 0.4 billion U.S. dollars in loans, etc.

By region, bilateral ODA (including aid to Eastern European countries and graduated countries) was distributed as follows: Asia, 34.0 percent; Sub-Saharan Africa, 23.3 percent; Middle East and North Africa, 21.4 percent; Europe, 2.4 percent; Oceania, 2.4 percent; and Latin America, -4.6 percent.

Table 11.8

Regional Distribution of Bilateral ODA 1)

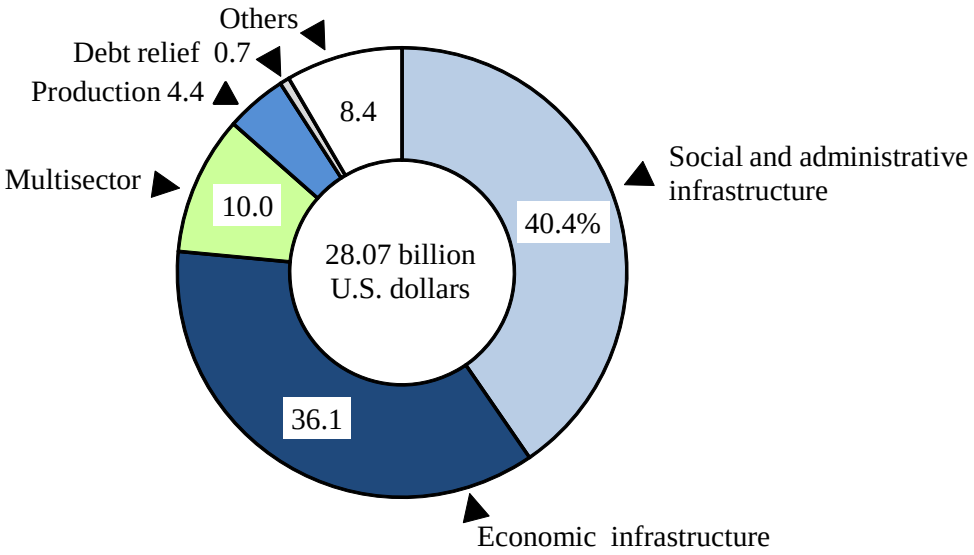
(Million U.S. dollars)

Region	1995	2000	2005	2009	2010
Total	10,557	9,640	10,464	6,081	7,428
Asia	5,745	5,284	3,841	2,218	2,528
ASEAN	2,229	3,126	1,968	882	902
Middle East	721	727	3,477	501	…
Africa	1,333	970	1,139	1,403	…
Middle East and North Africa	…	…	…	…	1,592
Sub-Saharan Africa	…	…	…	…	1,733
Latin America	1,142	800	409	143	-344
Oceania	160	151	94	112	176
Europe	153	118	309	156	181
Multiple regions, etc.	a) 1,303	1,592	1,194	1,548	1,562

1) Net disbursement at current prices. Including aid to Eastern European countries and graduated countries. Negative figures (-) show outflow of capital (an increase in assets or a decrease in liabilities). a) ODA not classifiable by region.
Source: Ministry of Foreign Affairs.

Bilateral ODA in 2010 (including aid to Eastern European countries and graduated countries) was broken down by purpose (on a commitment basis) as follows: 40.4 percent for improving the social and administrative infrastructure (including education, water supply and sanitation), followed in descending order by economic infrastructure, with 36.1 percent.

Figure 11.8
Distribution of Bilateral ODA by Purpose (2010) [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.

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

Type of cooperation	FY2000	FY2005	FY2008	FY2009	FY2010
Total	31,968	37,291	47,397	44,652	41,212
Trainees received	17,513	24,504	36,319	29,982	23,978
Dispatched					
Experts	3,381	3,488	4,597	6,659	8,296
Research team	9,428	6,862	4,624	5,788	7,046
Japan Overseas					
Cooperation Volunteers	1,370	1,804	1,365	1,708	1,459
Other volunteers	276	633	492	515	433

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

Chapter 12

Labor

As conducting the survey became temporarily difficult in Iwate, Miyagi, and Fukushima prefectures owing to the impact of the Great East Japan Earthquake that occurred in March 2011, these three prefectures are excluded from data on labor in 2011 (1. Labor Force - 3. Unemployment).

1. Labor Force

The labor force, defined as the sum of the employed and unemployed, numbered 62.61 million people in Japan in 2011, down 360,000 (0.6 percent) from the previous year.

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 birth rate and the aging population change the population composition.

The 2011 labor force participation rate (rate of the labor force to the population aged 15 years and over) was 59.3 percent (down 0.4 percentage point from the previous year). Observed by gender, the rate was 71.2 percent for men (down 0.4 percentage point) and 48.2 percent for women (down 0.3 percentage point).

Table 12.1
Population by Labor Force Status

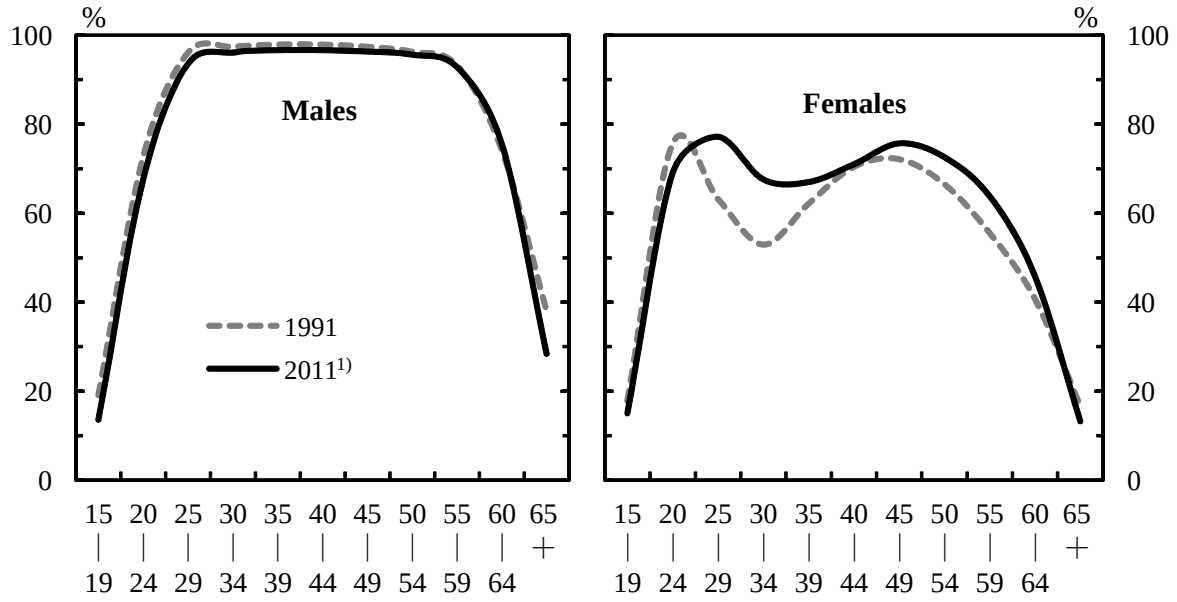
(Thousands)

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
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	62,570	3,340	44,520	5.1
2010[1)]	105,550	62,970	59,800	3,170	42,520	5.0
2011[1)]	105,520	62,610	59,770	2,840	42,870	4.5
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
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
2010[1)]	51,010	36,540	34,570	1,970	14,440	5.4
2011[1)]	50,970	36,290	34,540	1,750	14,660	4.8
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
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	26,420	1,270	29,400	4.6
2010[1)]	54,540	26,430	25,220	1,200	28,080	4.5
2011[1)]	54,550	26,320	25,230	1,090	28,210	4.1

1) Excluding Iwate, Miyagi and Fukushima prefectures.
Source: Statistics Bureau, MIC.

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 (1991) shows that, in 2011, 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 14.7 percentage points in the 30-34 age group and by 4.9 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



1) Excluding Iwate, Miyagi and Fukushima prefectures.
Source: Statistics Bureau, MIC.

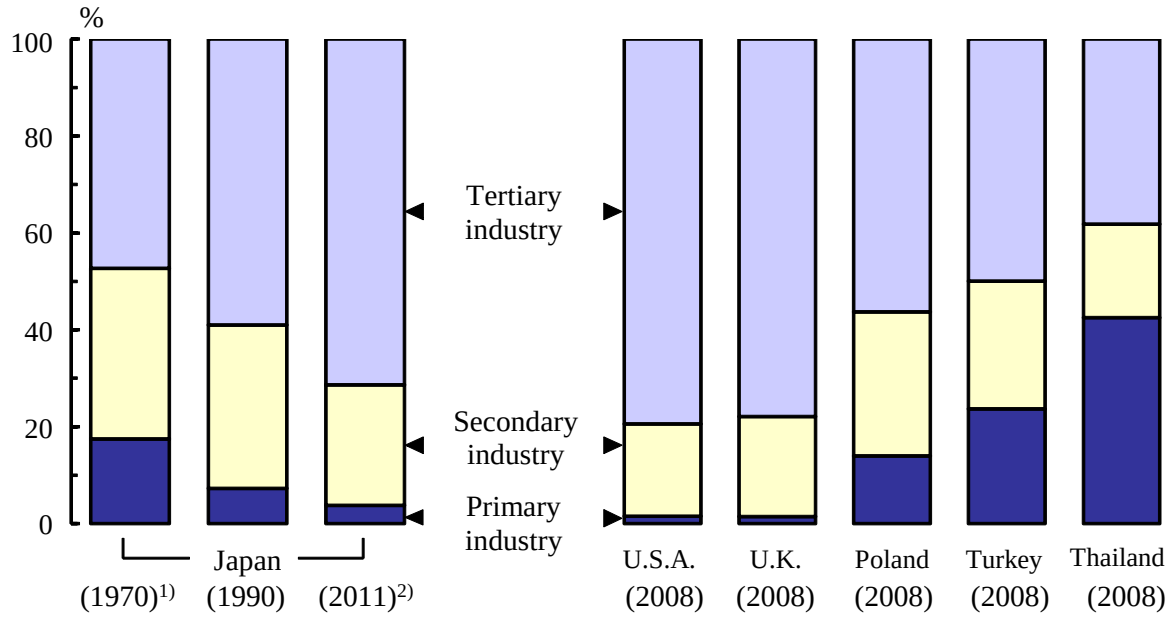
2. Employment

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 30,000 in 2011, from 59.80 million (56.7 percent of the population aged 15 years and over) in the previous year to 59.77 million (56.6 percent).

(1) Employment by Industry

In 2011, the primary industry accounted for 3.8 percent of employment; the secondary industry, 24.9 percent; and the tertiary industry, 71.4 percent.

Figure 12.2
Structure of Employment by Country



1) Excluding Okinawa prefecture. 2) Excluding Iwate, Miyagi and Fukushima prefectures.
Source: Statistics Bureau, MIC; International Labour Organization.

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.

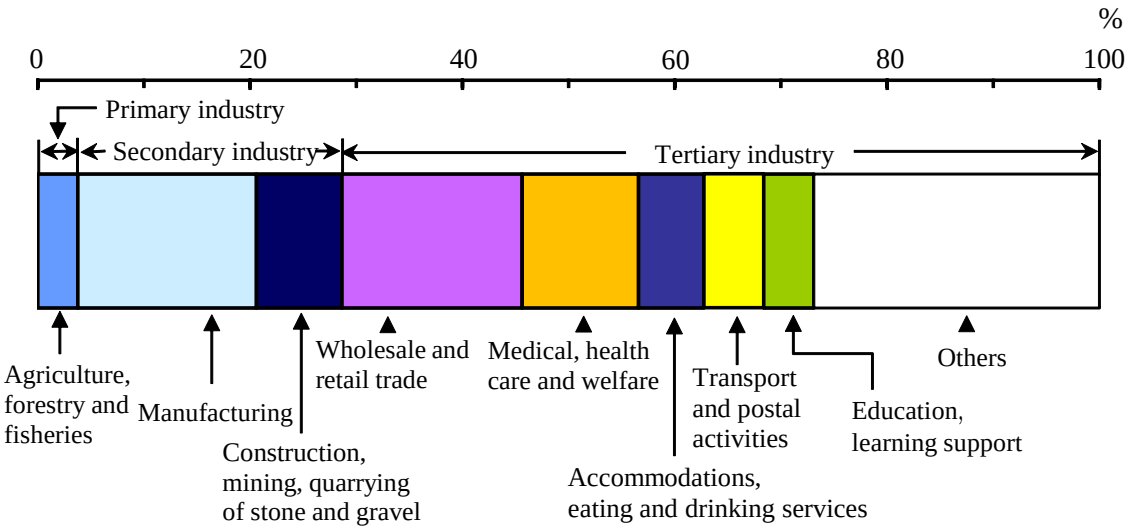
Table 12.2
Employment by Industry

(Thousands)

Industries	2009	2010	2010[1)]	2011[1)]	Percentage	
					Males	Females
Total [2)]	62,820	62,570	59,800	59,770	57.8	42.2
Primary industry	**2,620**	**2,520**	**2,280**	**2,230**	**61.0**	**39.0**
Agriculture and forestry	2,420	2,340	2,110	2,070	59.9	40.1
Fisheries	200	180	170	160	75.0	25.0
Secondary industry	**15,930**	**15,500**	**14,800**	**14,730**	**75.4**	**24.6**
Mining and quarrying of stone and gravel	30	30	30	30	66.7	33.3
Construction	5,170	4,980	4,730	4,730	86.0	14.0
Manufacturing	10,730	10,490	10,040	9,970	70.4	29.6
Tertiary industry	**43,660**	**43,950**	**42,110**	**42,250**	**51.5**	**48.5**
Electricity, gas, heat supply and water	340	340	320	290	89.7	10.3
Information and communications	1,930	1,960	1,920	1,850	74.1	25.9
Transport and postal activities	3,480	3,500	3,350	3,340	82.0	18.0
Wholesale and retail trade	10,550	10,570	10,090	10,060	49.8	50.2
Finance and insurance	1,650	1,630	1,570	1,550	48.4	51.6
Real estate and goods rental and leasing	1,100	1,100	1,060	1,080	63.0	37.0
Scientific research, professional and technical services	1,950	1,980	1,930	1,990	67.5	32.5
Accommodations, eating and drinking services	3,800	3,870	3,720	3,650	38.9	61.1
Living-related and personal services and amusement services	2,410	2,390	2,290	2,310	40.7	59.3
Education, learning support	2,870	2,880	2,740	2,800	44.3	55.7
Medical, health care and welfare	6,210	6,530	6,250	6,480	24.5	75.5
Compound services	520	450	420	400	57.5	42.5
Services, n.e.c.	4,630	4,550	4,360	4,350	58.8	41.2
Government, n.e.c.	2,220	2,200	2,090	2,100	77.1	22.9

1) Excluding Iwate, Miyagi and Fukushima prefectures. 2) Including "Industries unable to classify."
Source: Statistics Bureau, MIC.

Figure 12.3
Distribution of Employment by Industry (2011) [1)]



1) Excluding Iwate, Miyagi and Fukushima prefectures.
Source: Statistics Bureau, MIC.

In the tertiary industry, employment increased from the previous year by 230,000 in the "medical, health care and welfare" sector. Meanwhile, employment in "information and communications" and "accommodations, eating and drinking services" decreased by 70,000, respectively.

Depending on the industrial sector, a difference was seen in the employment tendency between men and women. In 2011, the percentage of male employment was highest in "electricity, gas, heat supply and water" (89.7 percent), followed by "construction" (86.0 percent) and "transport and postal activities" (82.0 percent). The percentage of female employment was highest in "medical, health care and welfare" (75.5 percent), followed by "accommodations, eating and drinking services" (61.1 percent) and "living-related and personal services and amusement services" (59.3 percent).

(2) Employment by Occupation

In terms of occupation, employment in the "manufacturing process workers" category has been declining in recent years, due to the overseas relocation of production sites and increased imports of manufactured goods. The number of "manufacturing process workers" was 8.55 million in 2011, down 1.6 percent from the previous year's 8.69 million. In contrast, the trend toward a service-oriented economy, the aging population, and improvements to the welfare services have contributed to a steady rise over the last few years in the number of "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 engineering workers."

Table 12.3
Employment by Occupation

(Thousands)

Occupation	2009	2010	2010[1)]	2011[1)]	Percentage	
					Males	Females
Total [2)]	62,820	62,570	59,800	59,770	57.8	42.2
Administrative and managerial workers	1,680	1,610	1,550	1,510	88.1	11.9
Professional and engineering workers	9,390	9,550	9,190	9,450	53.9	46.1
Clerical workers	12,400	12,300	11,820	11,770	41.0	59.0
Sales workers	8,880	8,860	8,510	8,500	58.6	41.4
Service workers	7,380	7,520	7,200	7,190	32.8	67.2
Security workers	1,210	1,230	1,180	1,180	94.9	5.1
Agricultural, forestry and fishery workers	2,600	2,500	2,260	2,200	62.7	37.3
Manufacturing process workers	9,320	9,160	8,690	8,550	71.9	28.1
Transport and machine operation workers	2,220	2,220	2,110	2,110	97.1	2.9
Construction and mining workers	3,040	2,960	2,810	2,840	98.2	1.8
Carrying, cleaning, packaging, and related workers	4,120	4,100	3,930	3,930	54.8	45.2

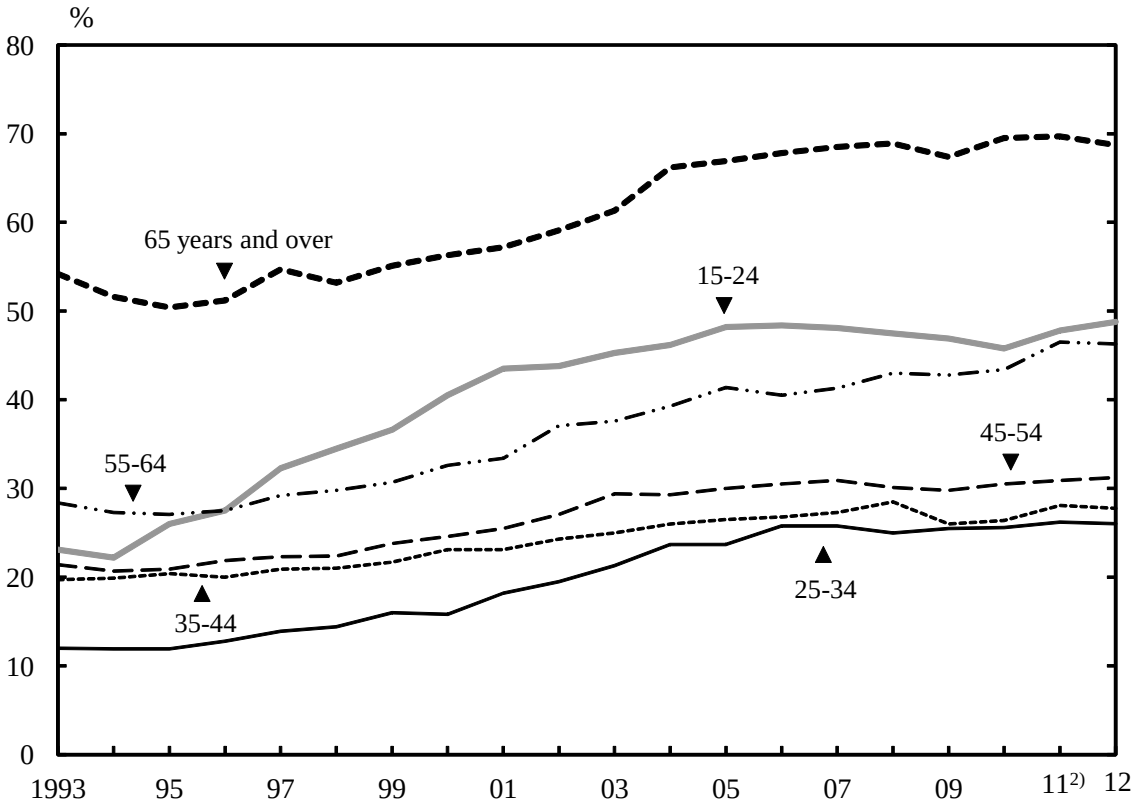
1) Excluding Iwate, Miyagi and Fukushima prefectures. 2) Including "Labor force status not reported."
Source: Statistics Bureau, MIC.

In 2011, percentages of male and female employees by occupation shows that men were particularly prominent among "construction and mining workers" (98.2 percent) and "transport and machine operation workers" (97.1 percent). Women were prominent among "service workers" (67.2 percent) and "clerical workers" (59.0 percent).

(3) Employment by Employment Pattern

An observation of employment by 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 from 1995 to 2008. It went down in 2009 due to the deteriorating economy, it started going up again in 2010.

Figure 12.4
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. Annual average.
Source: Statistics Bureau, MIC.

In 2011, there were 49.18 million employees (excluding company executives), of whom 17.33 million, or 35.2 percent, were non-regular staff members. The ratio of non-regular staff members among all male employees was 19.9 percent, while the corresponding ratio for females was 54.7 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

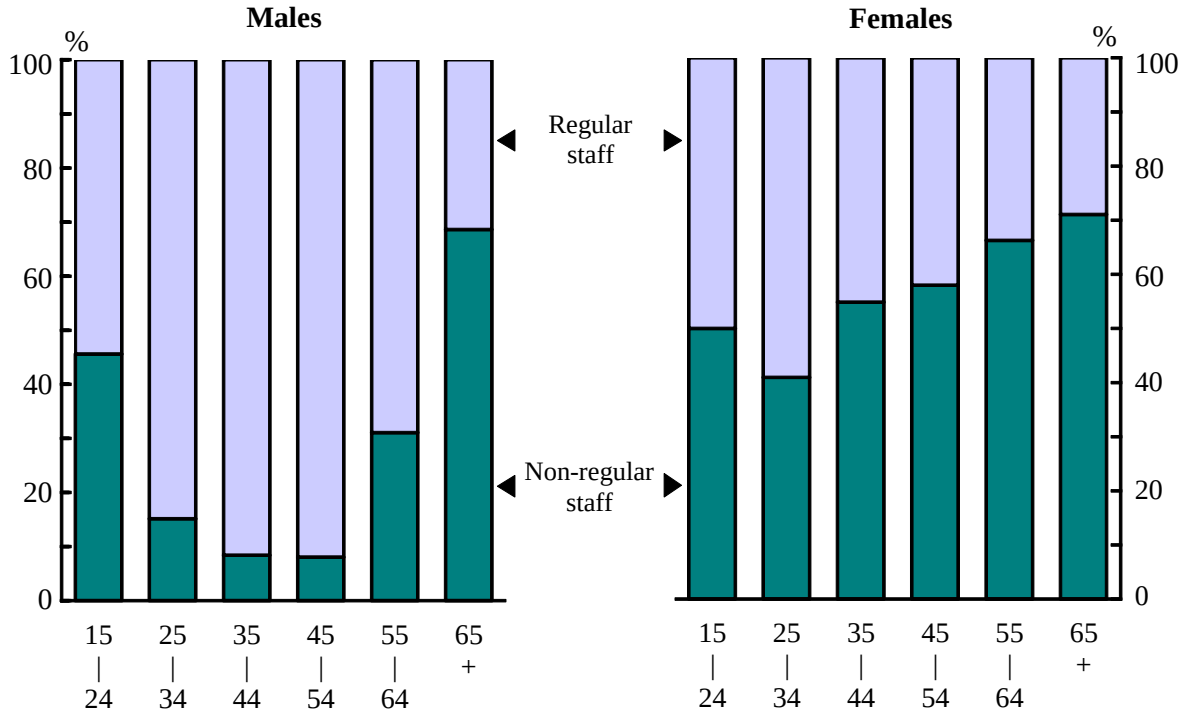
Employment by Employment Pattern (2011) [1)]

(Thousands)

	Employees[2)]	Regular staff	Percentage	Non-regular staff	Percentage
Total	49,180	31,850	64.8	17,330	35.2
Males	27,450	22,000	80.1	5,450	19.9
Females	21,730	9,850	45.3	11,880	54.7

1) Excluding Iwate, Miyagi and Fukushima prefectures. 2) Excluding company executives.
Source: Statistics Bureau, MIC.

Figure 12.5
Employment Pattern by Gender and Age (2011) [1)]



1) Excluding Iwate, Miyagi and Fukushima prefectures.
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 situation showed a sign of improvement in 2012.

3. Unemployment

In 2011 the unemployed numbered 2.84 million persons, down 10.4 percent from the previous year. The unemployment rate was 4.5 percent, down 0.5 percentage point from the previous year.

After the ratio of job offers to job seekers peaked out in 2006, it was on a falling trend in recent years. The ratio has been increasing since 2009 and is gradually recovering.

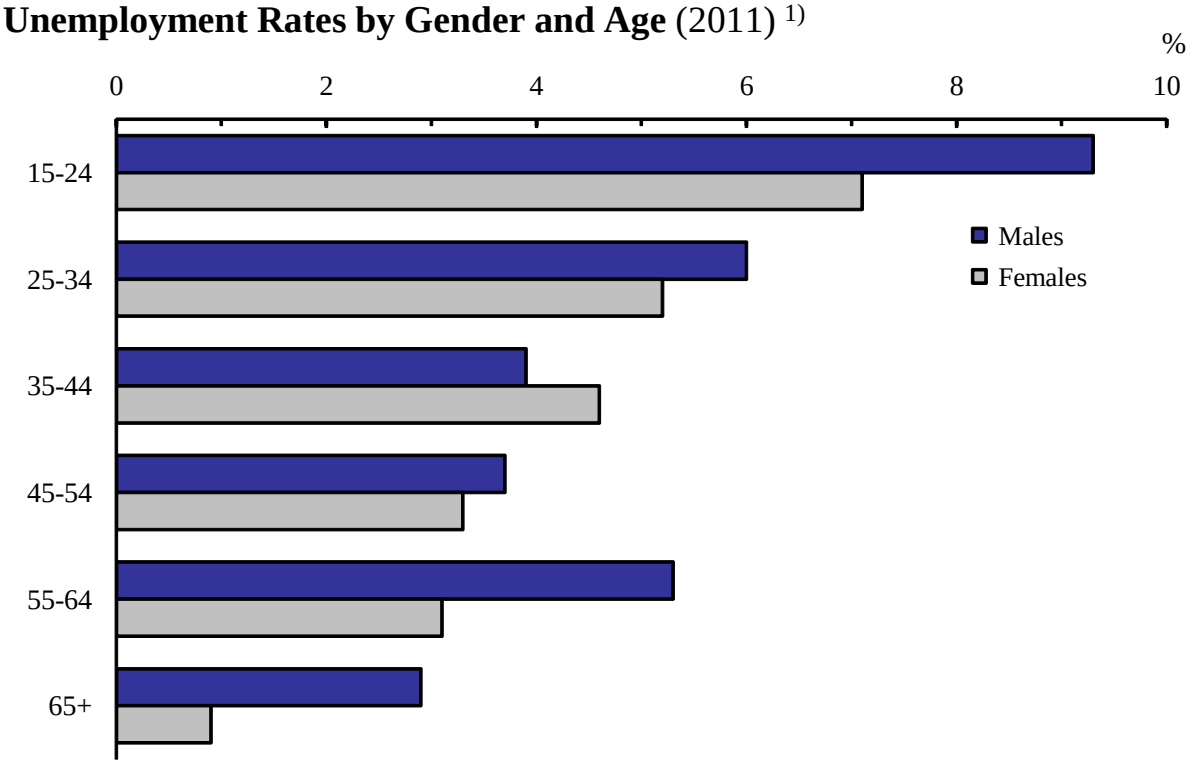
Figure 12.6
Unemployment Rate and Ratio of Job Offers to Job Seekers

1) The data for 2011 excludes Iwate, Miyagi and Fukushima prefectures.
Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare.

A breakdown by gender shows that the unemployment rate in 2011 was 4.8 percent among men, and 4.1 percent among women. The unemployment rate has been higher among men for fourteenth 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 12.7
Unemployment Rates by Gender and Age (2011) [1)]

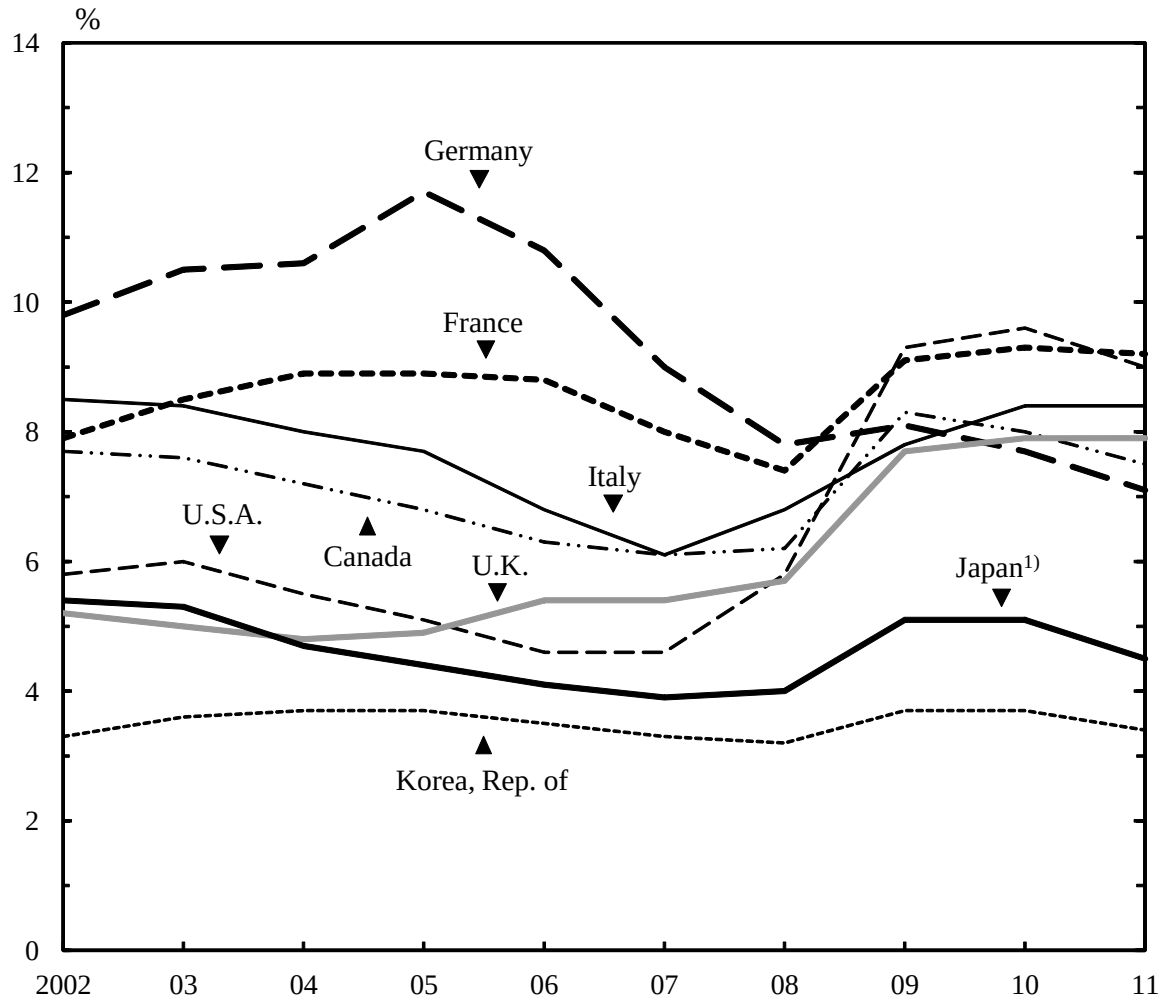


1) Excluding Iwate, Miyagi and Fukushima prefectures.
Source: Statistics Bureau, MIC.

Analyzing the total number of unemployed in 2011 (2.84 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, 1.06 million persons; (ii) voluntarily left their jobs for personal or family reasons, 0.97 million persons; (iii) new job seekers due to the necessity to earn income, 0.37 million; and (iv) new job seekers just graduated from schools, 0.15 million.

In terms of the duration of unemployment, most were unemployed for "1 year or more" (1.09 million persons), followed by "less than 3 months" (0.84 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 12.8
Unemployment Rates by Country



1) The data for 2011 excludes Iwate, Miyagi and Fukushima prefectures.
Source: Statistics Bureau, MIC; Cabinet Office.

4. Hours of Work and Wages

In 2011, the monthly average of total hours worked was 145.6 per regular employee (in establishments with five or more regular employees), down 0.4 percent from the previous year, and multiplied by 12, this amounts to an annual average of 1,747 hours.

Of the total monthly hours worked, 135.6 were scheduled working hours, representing a down of 0.4 percent from the previous year. Non-scheduled work such as overtime work averaged 10.0 hours per month, representing the same level as the previous year. Working days averaged 19.0 days per month in 2011.

In 2011, the monthly average of total cash earnings per regular employee (in establishments with five or more regular employees) was 317,000 yen. This total amount includes 262,000 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

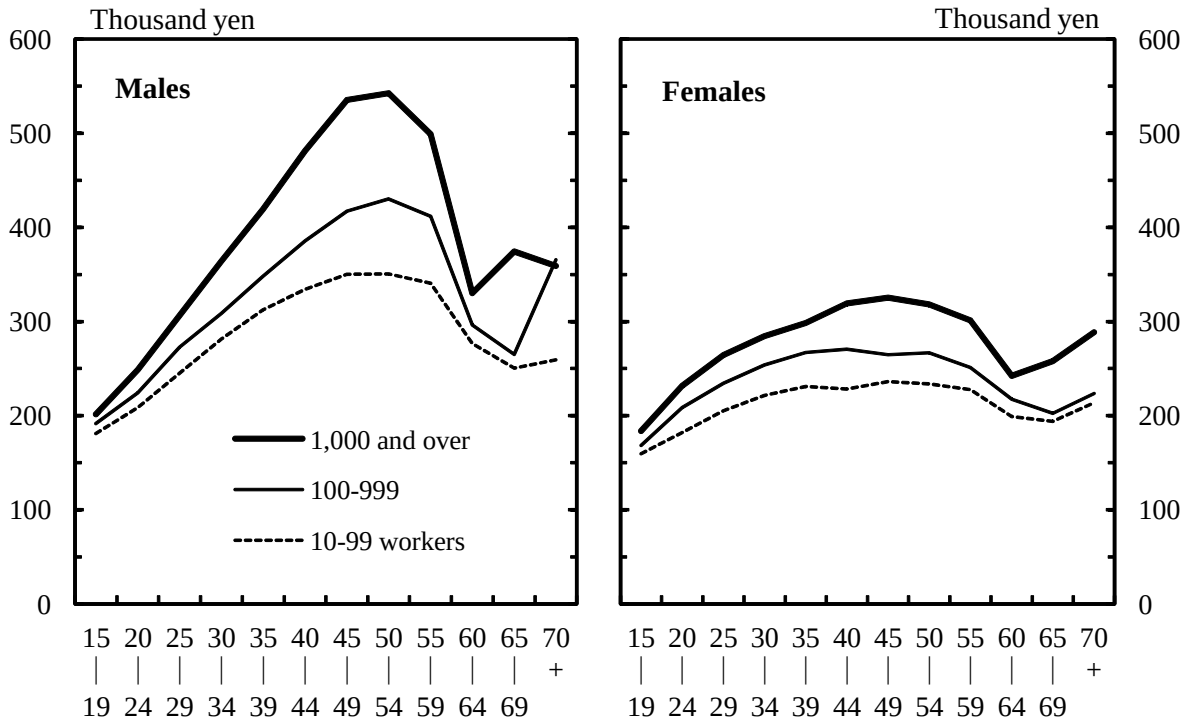
Hours of Work and Wages [1] (Monthly average)

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
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
2011	19.0	145.6	135.6	10.0	317	262	244	18	54
Annual growth (%) [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
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
2011	-	-0.4	-0.4	0.0	-0.2	-0.3	-0.4	0.9	0.7

1) Establishments with 5 or more regular employees. 2) Bonuses and other special allowances. 3) Data was recalculated 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. 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 12.9
Monthly Contractual Cash Earnings by Size of Enterprise (2011)



Source: Ministry of Health, Labour and Welfare.

Chapter 13

Family Budgets and Prices

1. Family Budgets

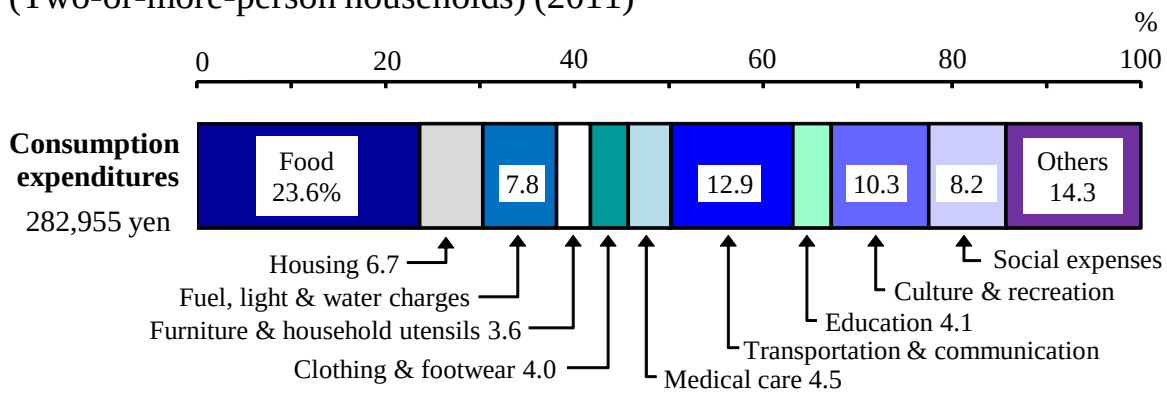
In 2010, there were approximately 52 million households in Japan, of which about 70 percent are two-or-more-person households and about 30 percent are one-person households. Family budgets vary significantly depending on the employment situation and ages of their members. In this section, family budgets in various types of households are described on the basis of the 2011 results of the Family Income and Expenditure Survey.

(1) Income and Expenditure

(A) Two-or-more-person Households

The 2011 average monthly consumption expenditures per two-or-more-person households (the average number of household members being 3.08 and the average age of the household head being 56.8 years) was 282,955 yen. Compared to the previous year, it decreased by 2.5 percent in nominal terms and decreased by 2.2 percent in real terms. The share of food expenses to the whole consumption expenditures (Engel's coefficient) was 23.6 percent.

Figure 13.1
Average Monthly Consumption Expenditures
(Two-or-more-person households) (2011)



Source: Statistics Bureau, MIC.

(a) Workers' Households

A workers' household means a households 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 3.42 and the average age of the household head being 47.3

years) was 510,117 yen in 2011, 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)

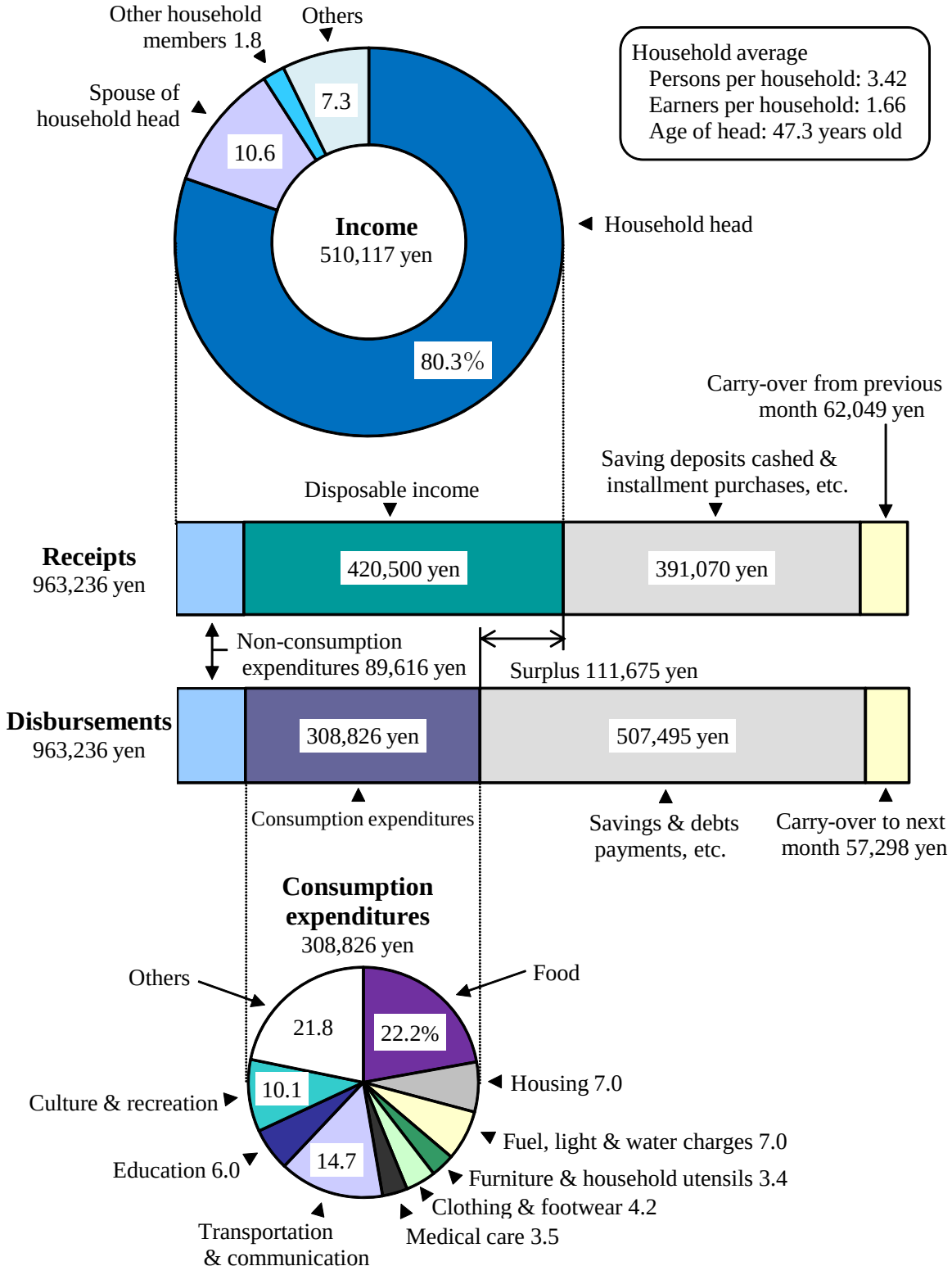
Item	2007	2008	2009	2010	2011
Income (A)	528.8	534.2	518.2	520.7	510.1
Wages and salaries	497.4	500.7	484.9	485.3	473.1
Others	31.4	33.5	33.3	35.4	37.0
Disposable income (A-C)	442.5	442.7	427.9	430.0	420.5
Expenditures	409.7	416.4	409.4	409.0	398.4
Consumption expenditures (B)	323.5	324.9	319.1	318.3	308.8
Non-consumption expenditures (C) [2]	86.3	91.5	90.3	90.7	89.6
Surplus ((A-C)-B)	119.0	117.8	108.9	111.7	111.7
Net increase in savings and insurance	80.9	81.2	69.5	76.8	76.8
Average propensity to consume (%) [3]	73.1	73.4	74.6	74.0	73.4
Ratio of net increase in savings and insurance (%) [4]	18.3	18.3	16.2	17.9	18.3
Engel's coefficient (%)	21.7	21.9	22.0	21.9	22.2
Annual rate of increase (%) (real terms)					
Disposable income	0.1	-1.5	-1.9	1.3	-1.9
Consumption expenditures	0.9	-1.1	-0.3	0.6	-2.7

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 420,500 yen. Of this disposable income, 308,826 yen was used for living expenses (consumption expenditures), such as food and housing expenses, while the remainder (surplus), totaling 111,675 yen, was applied to savings, life insurance premiums and repaying debt such as housing loans.

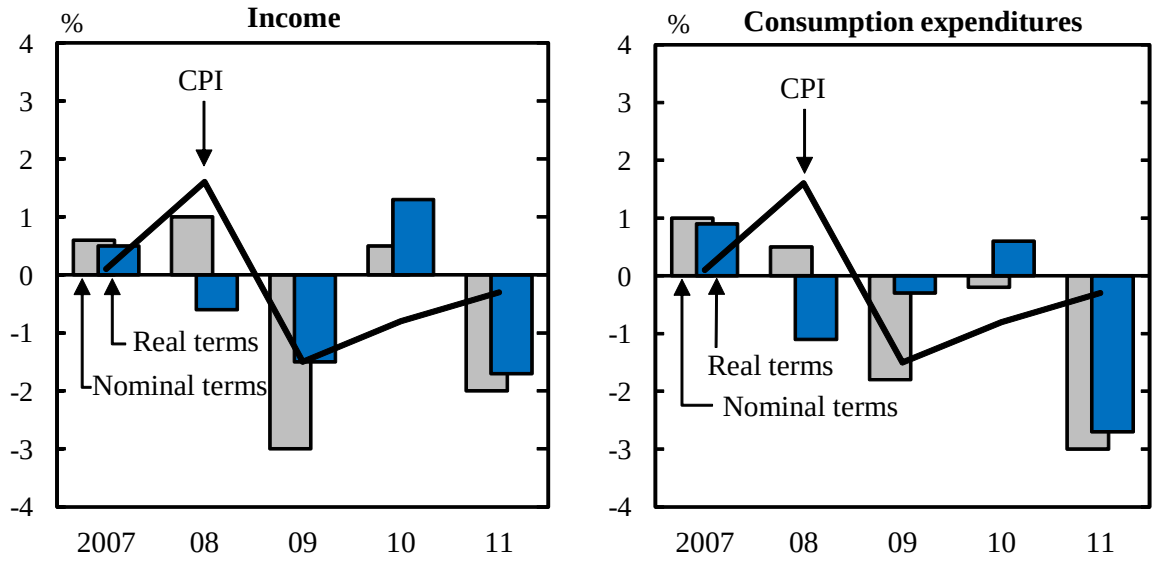
A look at consumption expenditures by category showed that some categories, including spending on "housing" and "education," increased from the previous year in real terms, while "transportation and communication," "culture and recreation" and other spending decreased in real terms.

Figure 13.2
Balance of Income and Expenditures
(Monthly average, workers' households [1]) (2011)



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

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

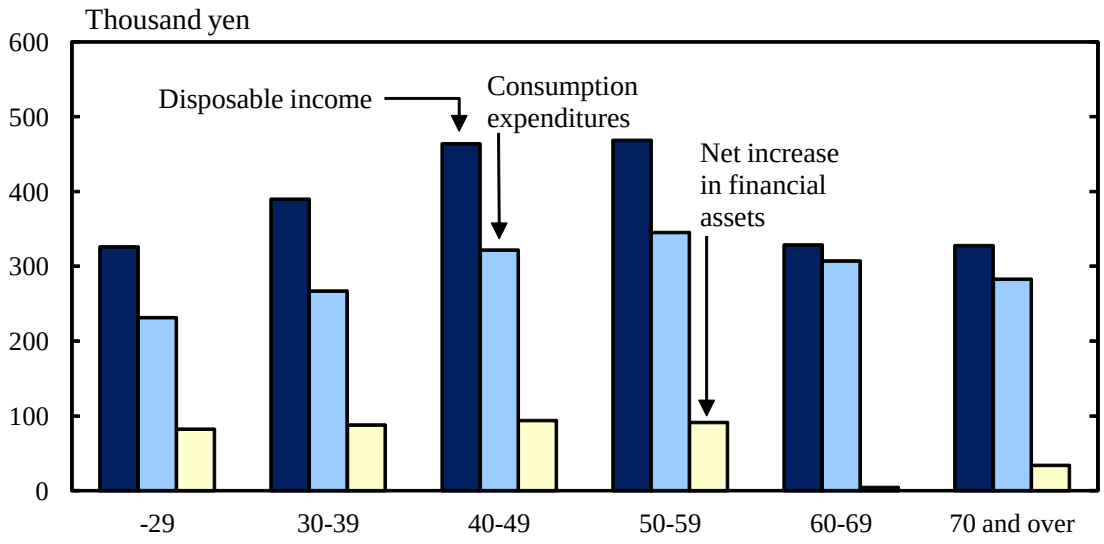


1) Two-or-more-person households.
Source: Statistics Bureau, MIC.

Family budgets differ among households according to their stages in life. Observed by age group of the household head, the 2011 average monthly disposable income of workers' households was the highest in households in the 50s group (468,331 yen), followed by those in the 40s group (463,953 yen) and the 30s group (389,732 yen).

The 2011 average propensity to consume (the ratio of consumption expenditures to disposable income) was the lowest in households in the 30s group (68.5 percent). The figure was 69.3 percent in those in the 40s group, 73.7 percent in the 50s group, and 93.5 percent in the 60s group. The percentage tends to be higher as the age goes up, except for the under-30 group (71.0 percent) and the 70-and-over group (86.3 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 50s group.

Figure 13.4
Average Monthly Family Income and Expenditures by Age Group of Household Head (Workers' households [1]) (2011)



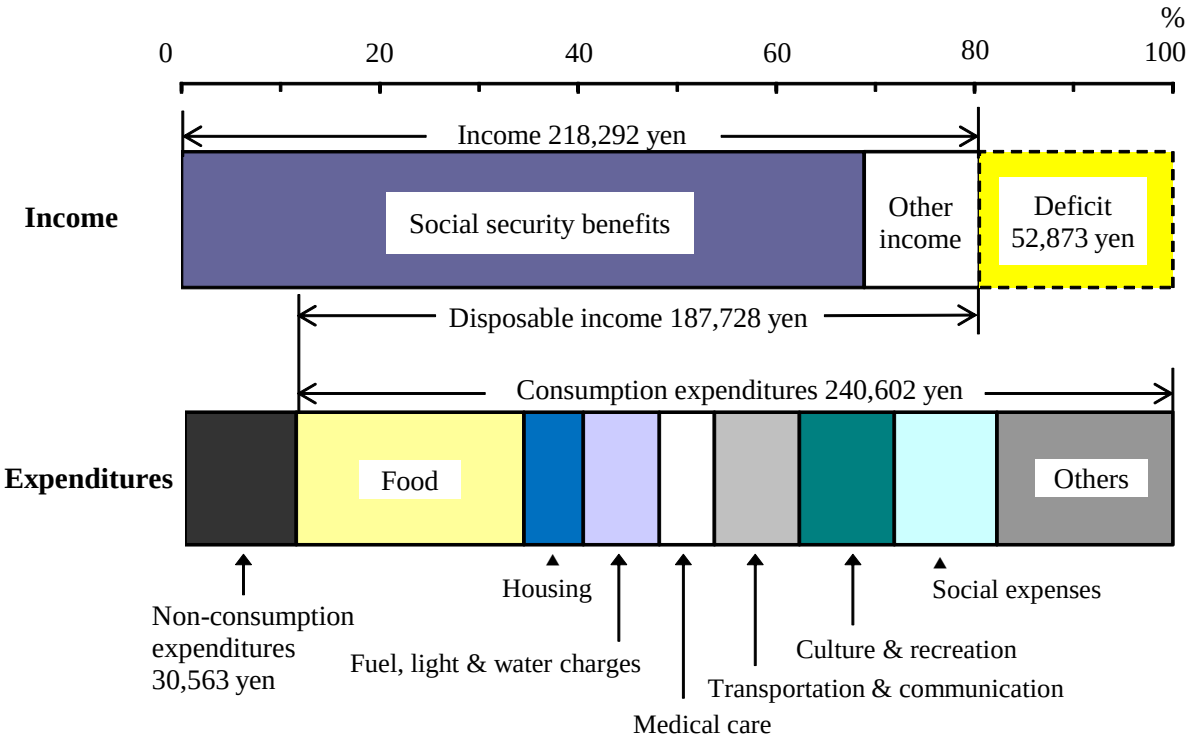
1) Two-or-more-person households.
Source: Statistics Bureau, MIC.

(b) Non-working Elderly Households

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 218,292 yen in 2011. Social security benefits amounted to 186,795 yen, thus accounting for 85.6 percent of income.

Disposable income averaged 187,728 yen, while consumption expenditures averaged 240,602 yen. The average propensity to consume in non-working elderly households was 128.2 percent, which means consumption expenditures exceeded disposable income. The deficit of disposable income to consumption expenditures (52,873 yen) decreased from that of the previous year (58,485 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]) (2011)



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

(B) One-person Households

The average monthly consumption expenditures of one-person households in 2011 was 160,902 yen, down 0.7 percent in nominal terms and down 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 down 3.0 percent for the 35-59 age group and down 2.1 percent for the 60-and-over, while there was a 8.7-percent increase 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 "transportation and communication."

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

(Yen)

	2007	2008	2009	2010	2011	Annual growth [1] (%)
Average	169,153	171,602	162,731	162,009	160,902	-0.4
Under 35 years	183,562	192,515	171,233	156,582	169,813	8.7
35-59	188,947	188,158	183,380	186,396	180,173	-3.0
60 and over	149,844	151,670	146,861	150,669	147,100	-2.1

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

(2) Savings and Debts

Two-or-more-person households in 2011 showed that the average amount of savings per workers' household was 12.33 million yen, resulting in its ratio to average yearly income (6.89 million yen) amounting to 179.0 percent. On the other hand, the average amount of debts per household was 6.47 million yen, which was 93.9 percent relative to yearly income. The portion for "housing and land" accounted for 6.01 million yen of the debts (6.47 million yen). A total of 38.3 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 (%)
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
2011	6,890	12,330	179.0	6,470	6,010	93.9	51.9

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)]) (2011)

(Million yen)

Item	Average	-29	30-39	40-49	50-59	60-69	70 and over
Yearly income	6.89	4.47	5.75	7.38	8.14	6.20	6.01
Savings	12.33	2.85	5.93	11.40	14.87	21.54	21.77
Financial institutions	11.79	2.75	5.61	10.73	14.09	21.16	21.64
Demand deposits	2.63	1.35	2.09	2.45	2.52	4.17	4.94
Time deposits	4.73	0.82	1.89	3.94	5.75	9.69	8.80
Life insurance	3.28	0.45	1.29	3.32	4.50	4.81	5.20
Securities	1.14	0.13	0.34	1.02	1.32	2.49	2.70
Non-financial institutions	0.54	0.10	0.32	0.67	0.78	0.38	0.13
Debts	6.47	3.22	8.52	8.73	5.16	2.24	1.82
Housing and land	6.01	2.83	8.12	8.23	4.57	1.98	1.47
Other than housing and land	0.29	0.20	0.25	0.30	0.40	0.17	0.31
Monthly and yearly installments	0.17	0.19	0.14	0.21	0.19	0.09	0.04

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

By yearly income group, an almost 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 declined. 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. From a long-term viewpoint, price movements are different between consumer prices and domestic corporate goods prices.

(1) Consumer Price Index (CPI)

The overall index of consumer prices (with base year 2010 = 100) was 99.7 in 2011, down 0.3 percent from the previous year. This was owing to, among other factors, a decrease in the consumption of TVs resulting from declined demands in conjunction with the shift to Digital Terrestrial Television Broadcasting.

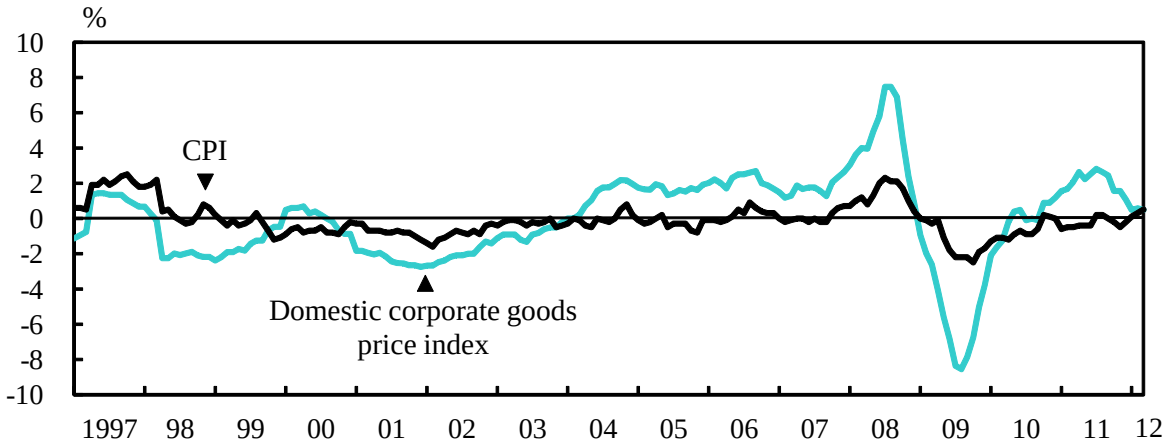
Table 13.5
CPI for Major Categories of Goods and Services

(2010=100)

Item	Weight	2000	2005	2008	2009	2011
Overall	10000	102.7	100.4	102.1	100.7	99.7
Overall, excluding imputed rent	8442	103.1	100.3	102.3	100.8	99.7
Food	2525	98.4	96.8	100.1	100.3	99.6
Housing	2122	100.9	100.6	100.6	100.4	99.8
Fuel, light and water charges	704	94.6	94.4	104.5	100.2	103.3
Furniture and household utensils	345	131.1	111.6	107.1	104.8	94.4
Clothing and footwear	405	106.3	100.2	102.1	101.2	99.7
Medical care	428	98.7	101.2	100.6	100.5	99.3
Transportation and communication	1421	103.0	101.6	104.1	99.0	101.2
Education	334	103.2	107.4	109.7	110.6	97.9
Culture and recreation	1145	118.0	107.9	104.3	101.7	96.0
Miscellaneous	569	95.4	97.1	99.1	98.7	103.8
Goods	4931	104.5	100.1	103.1	100.6	99.3
Services	5069	100.8	100.7	101.1	100.9	100.1

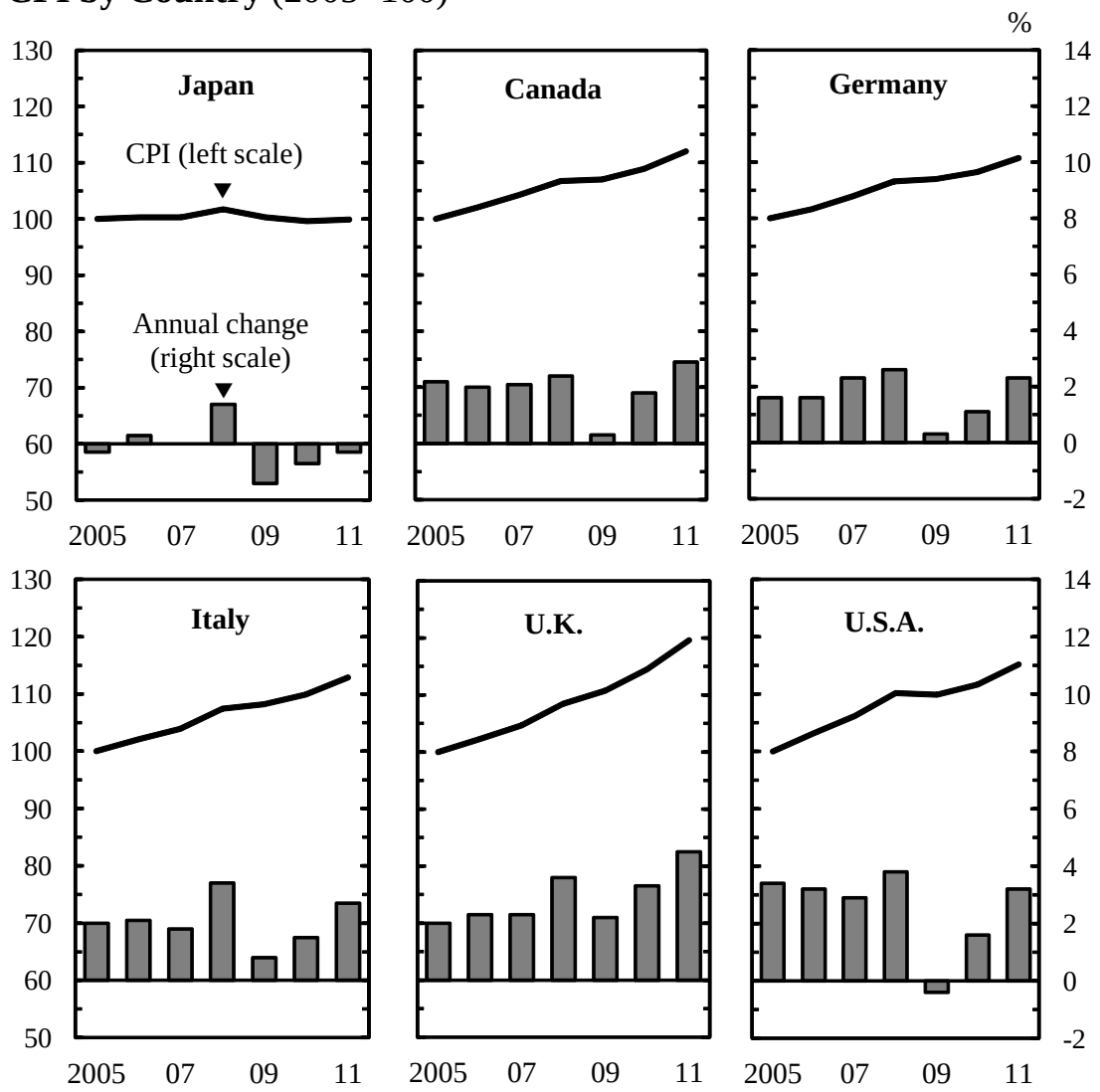
Source: Statistics Bureau, MIC.

Figure 13.6
Price Trends (Percent change from previous year)



Source: Statistics Bureau, MIC; Bank of Japan.

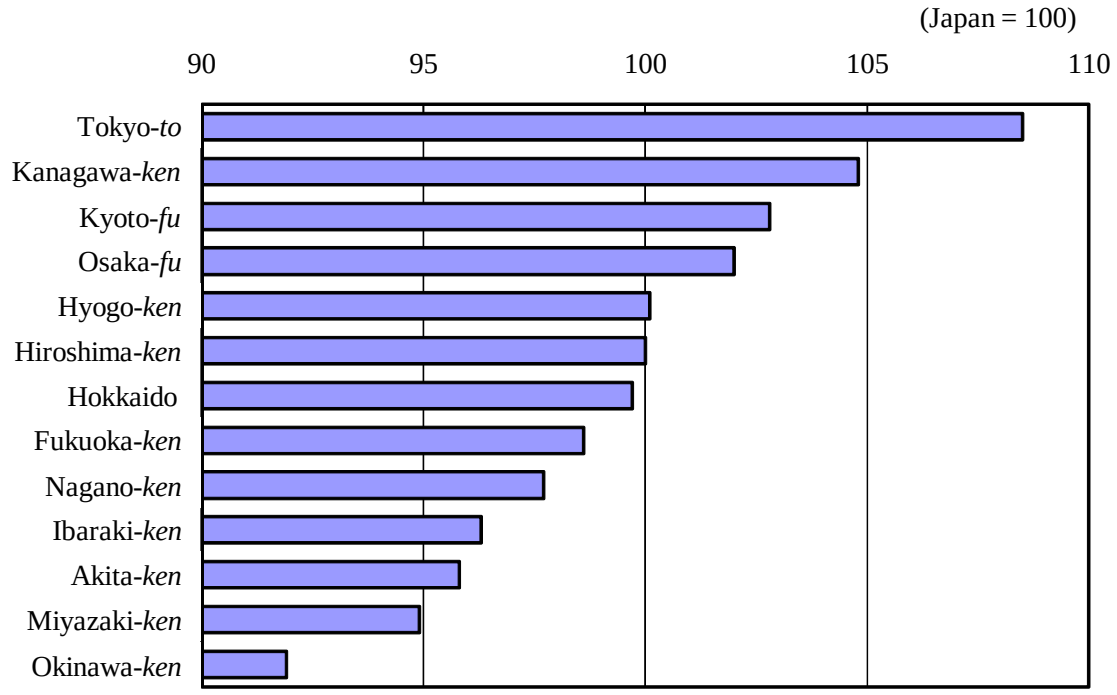
Figure 13.7
CPI by Country (2005=100)



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 2011, the domestic corporate goods price index (2005 as the base year = 100) was 105.0, up 2.0 percent from the previous year, recording an increase for the first in three years.

In 2011, the export price index increased for the second consecutive year to 104.1 on a contract currency basis (up 3.8 percent from the previous year); measured in yen, the index decreased for the fourth consecutive year to 84.3 (down 2.4 percent). Meanwhile, the import price index rose to 151.4 on a contract currency basis (up 19.0 percent from the previous year) and to 116.9 on a yen basis (up 10.0 percent), thus turning up in both contractual currency and yen terms for the second consecutive year.

The corporate services price index measures price movements of services traded between companies. In 2011, the corporate services price index (2005 as the base year = 100) was 96.2, down 0.7 percent from the previous year.

Table 13.6
Corporate Goods and Services Price Indices

(2005=100)

Item	Weight	2000	2008	2009	2010	2011
Corporate goods price index						
Domestic corporate goods price index	1000.0	102.4	108.7	103.0	102.9	105.0
Manufactured products	918.8	102.3	108.4	102.8	102.7	104.7
Export price index (yen basis)	1000.0	101.7	99.0	88.6	86.4	84.3
Import price index (yen basis)	1000.0	84.8	133.0	99.3	106.3	116.9
Corporate services price index						
All items	1000.0	107.4	100.9	98.2	96.9	96.2
Transportation	210.3	96.7	107.6	99.7	99.7	99.6
Information and communications	216.5	112.3	98.2	96.5	95.0	94.0
Advertising services	68.5	102.3	97.2	91.2	89.7	89.4
Leasing and rental	84.6	146.6	91.5	88.2	84.3	82.5

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 2010, Japan's total emission of greenhouse gases, which are a major cause of global warming, amounted to 1.26 billion tons (calculated after their conversion into carbon dioxide), representing a increase of 4.2 percent from the previous fiscal year. Carbon dioxide accounted for 95 percent of these greenhouse gases, with an emission volume of 1.19 billion tons. A breakdown of carbon dioxide emissions by sector revealed that emissions from the industrial sector accounted for 35 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)]

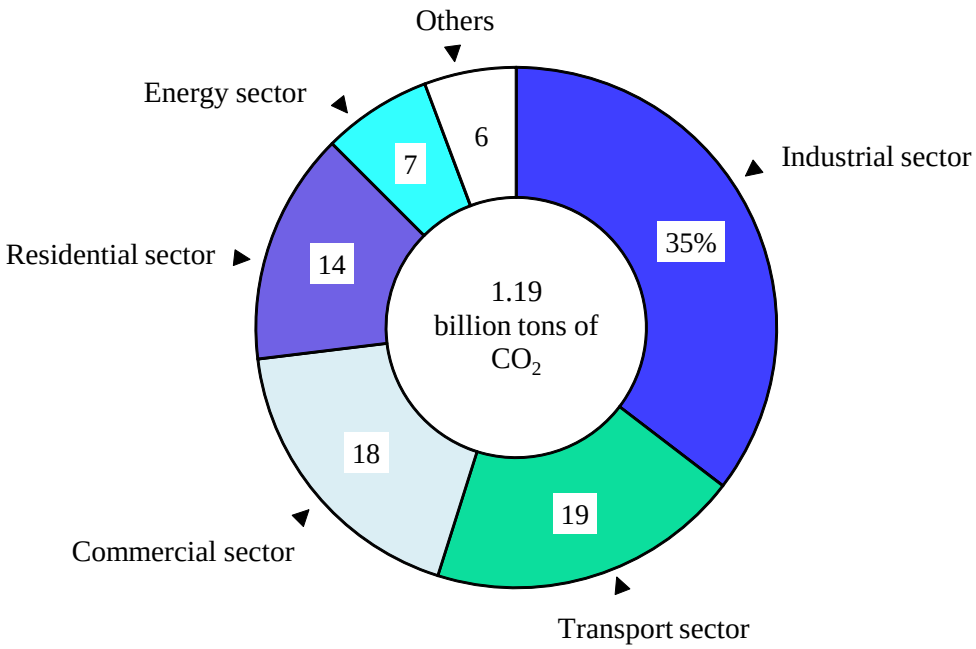
(Million tons)

Item	FY1990	FY1995	FY2000	FY2005	FY2009	FY2010
Total	1,141	1,224	1,252	1,282	1,142	1,192
Industrial sector	482	471	467	459	388	422
Transport sector	217	258	265	254	230	232
Commercial sector	164	185	206	236	216	217
Residential sector	127	148	158	174	162	172
Energy sector	68	73	71	79	80	81
Industrial processes	60	61	54	50	40	41
Waste (incineration, etc.)	22	27	31	30	27	27

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)] (FY2010)



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 on 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 dusts, are designated as "industrial waste." The fiscal 2009 nationwide industrial waste generation totaled 389.75 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 13.59 million tons in fiscal 2009.

Meanwhile, a total of 46.25 million tons of "nonindustrial waste" (household waste and also shop, office and restaurant waste) was generated in fiscal 2009. This translates to 994 grams per person per day. In terms of nonindustrial waste disposal in fiscal 2009, the total volume processed was 43.63 million tons. The total volume of recycled waste was 9.50 million tons, with the recycling rate at 20.5 percent.

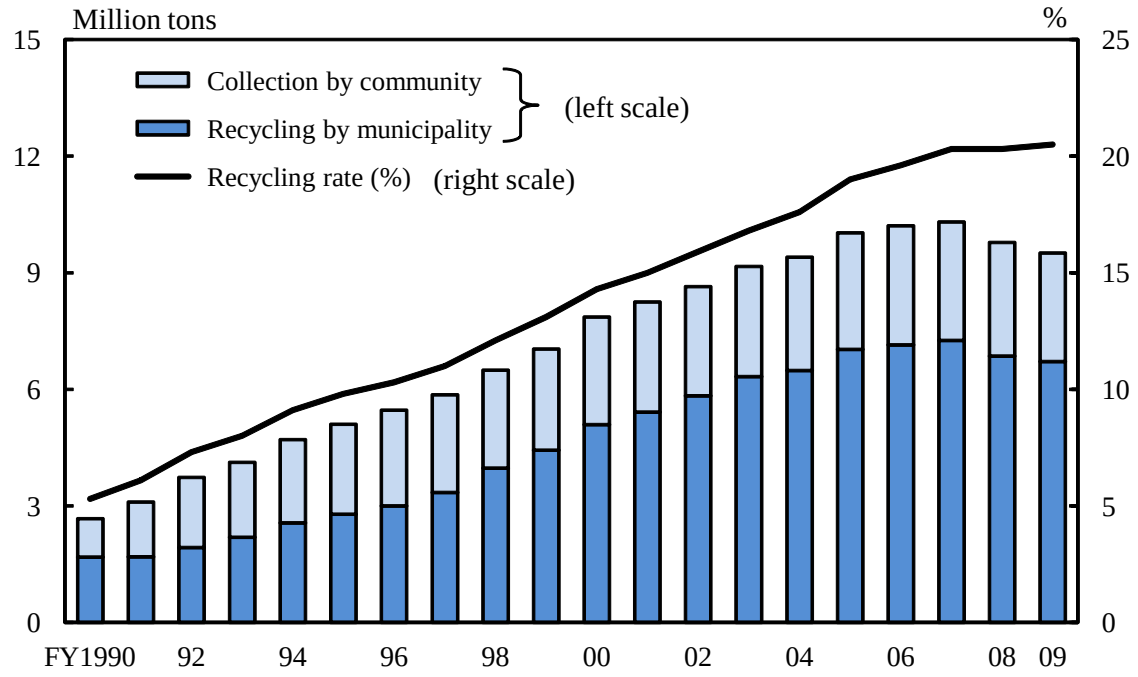
Table 14.2
Waste Generation and Disposal (Industrial and nonindustrial waste)

(Thousand tons)

Item	FY1990	FY1995	FY2000	FY2005	FY2009
Industrial waste					
Total volume of waste generation	394,736	393,812	406,037	421,677	389,746
Recycling	150,568	146,620	184,237	218,888	206,712
Treatment for waste reduction	154,443	177,941	176,933	178,560	169,443
Final disposal	89,725	69,257	44,868	24,229	13,591
Nonindustrial waste					
Total volume of waste generation	...	52,224	54,834	52,720	46,252
Municipally scheduled and collected	42,495	44,100	46,695	44,633	39,616
Directly brought to waste treatment facilities	6,776	5,806	5,373	5,090	3,845
Recyclable waste collected by community	986	2,318	2,765	2,996	2,792
Waste generated daily per person (in grams)	1,115	1,138	1,185	1,131	994
Total volume of processed waste	49,282	49,899	52,090	49,754	43,634
Direct incineration	36,192	38,048	40,304	38,486	34,517
Intermediate treatment for recycling, etc.	3,300	6,131	6,479	7,283	6,162
Direct recycling			2,224	2,541	2,238
Direct final disposal	9,790	5,721	3,084	1,444	717

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

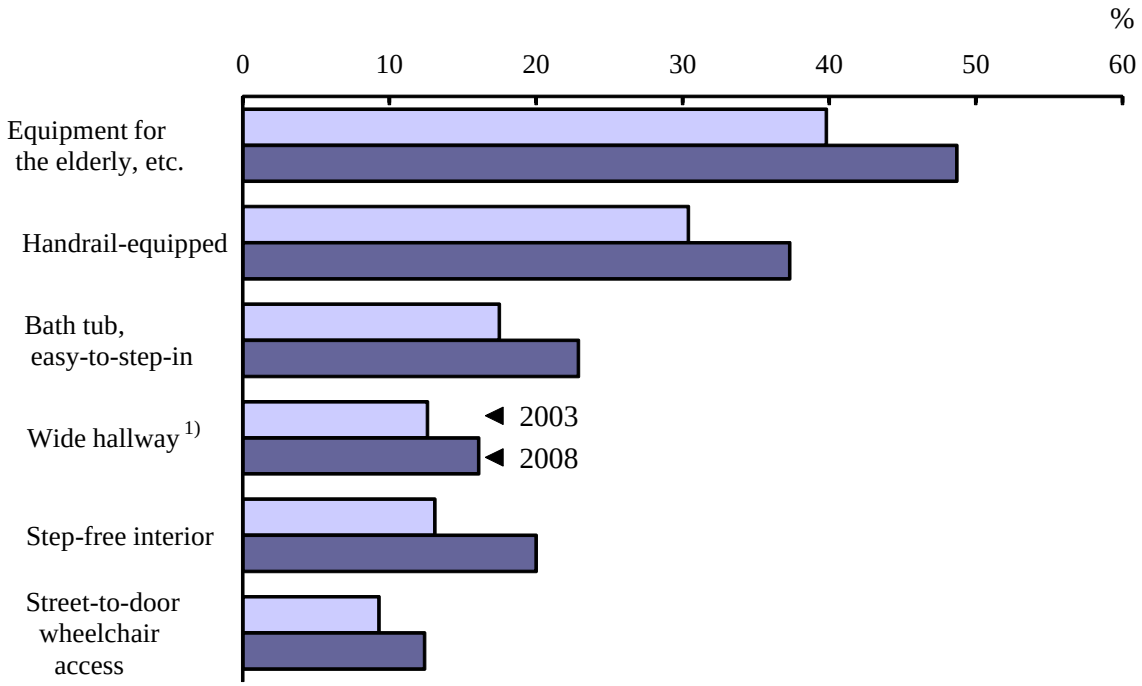
Source: Statistics Bureau, MIC.

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 4,863 in 2010, and they recorded their tenth consecutive year of decrease. This represented about one-third of that of 1970.

In 2010, traffic deaths per 100,000 population were 3.8 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	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
2009	737,474	911,108	4,914	0.6	3.9
2010	725,773	896,208	4,863	0.6	3.8

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

4. Crime

In 2011, the reported number of penal code offenses (excluding cases related to traffic accidents) was 1.48 million, a decrease of 105,091 (6.6 percent) compared to the previous year. The proportion of thefts was the highest, accounting for approximately 77 percent, or 1.13 million cases (down 6.6 percent from the previous year).

The number of persons arrested for penal code offenses was 305,631 in 2011, a decrease of 16,989 (5.3 percent) compared to the previous year, marking a seven-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 31.2 percent in 2011.

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
2010	1,585,856	497,356	322,620	31.4	1,238.0
2011	1,480,765	462,540	305,631	31.2	1,158.7

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 2011, involving the abuse of computer technology and telecommunications technology, was 5,741, down 17.2 percent from the previous year. This represented about a sixfold 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 2011, the prefectural police operated police headquarters, police schools, 1,181 police stations, 6,236 police boxes (*Koban*) and 6,798 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 birth rate 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 the fiscal 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 nursing care prevention. As of April 2011, the number of long-term care service users amounted to approximately 4.2 million.

Table 15.1
Trends in Social Security Benefit Expenditures by Institutional Scheme

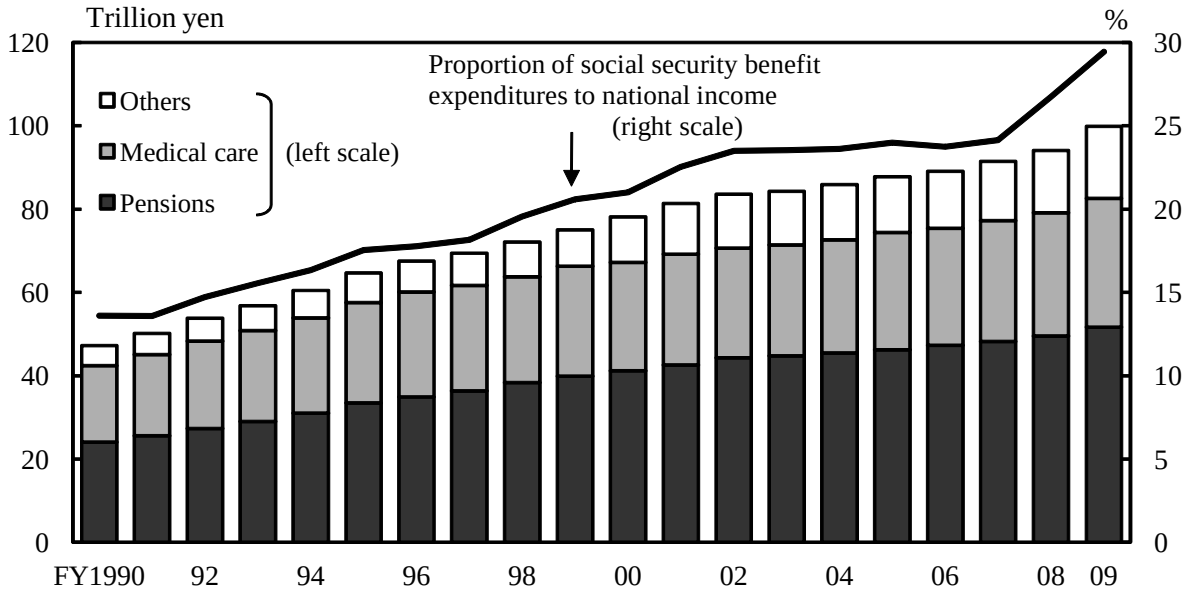
(Billion yen)

Item	FY2000	FY2005	FY2007	FY2008	FY2009
Total	78,119	87,783	91,430	94,085	99,851
Medical insurance	14,573	16,141	17,424	17,741	18,196
Health and medical services for the aged [1]	10,447	10,754	10,395	10,444	11,007
Long-term care insurance	3,252	5,823	6,305	6,596	7,051
Pension benefits	39,173	44,669	46,799	48,151	50,406
Employment insurance [2]	2,665	1,435	1,309	1,401	2,697
Workers' accident compensation insurance	1,019	953	957	946	922
Family allowance [3]	712	1,158	1,523	1,559	1,610
Public assistance	1,930	2,592	2,603	2,678	3,007
Social welfare	2,186	2,505	2,689	3,041	3,301
Public health	555	547	361	549	762
Gratuities for retired public employees	1,420	1,059	913	841	772
Aid for war victims	188	146	152	138	120

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.

In fiscal 2009, social security benefit expenditures totaled 99.9 trillion yen (up 6.1 percent from the previous fiscal year), a figure which amounted to 783,100 yen per person. The proportion of Japan's social security benefit expenditures to national income registered 29.4 percent. 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. 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.

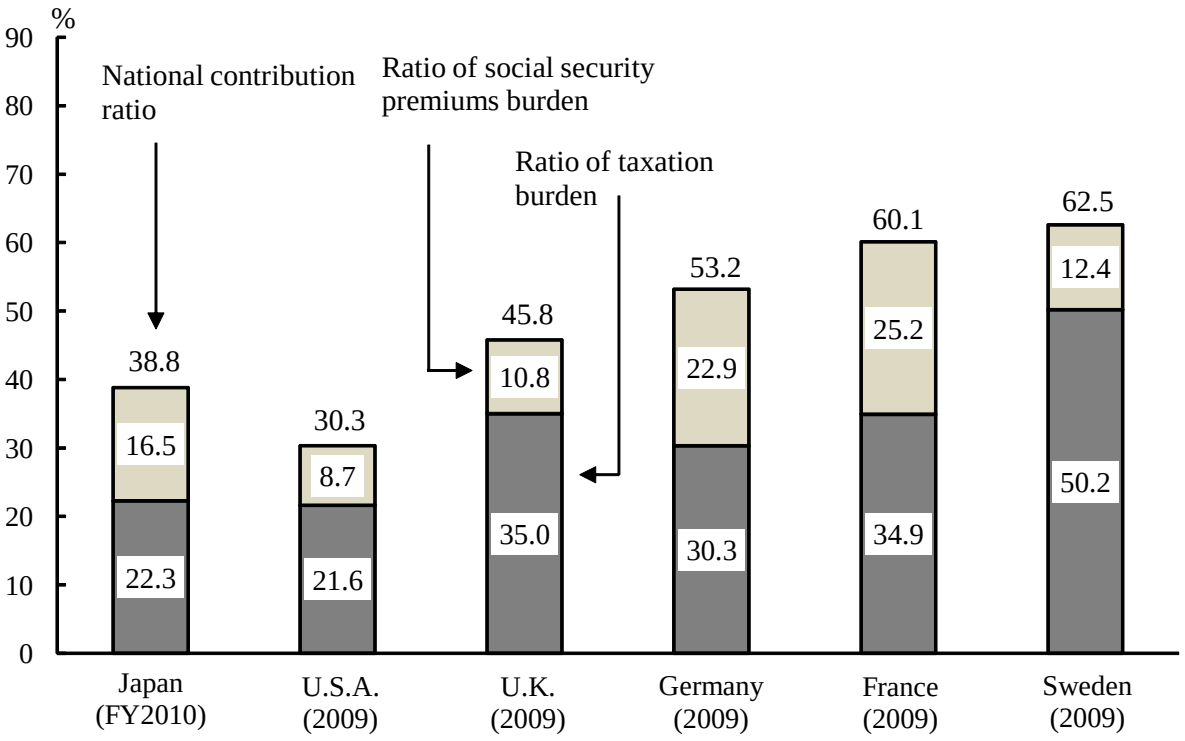
Trends in social security benefit expenditures by sector showed that the proportion of pension to the total social security benefit expenditures has recently risen. In fiscal 2009, pensions accounted for more than half (51.8 percent) of total social security benefit expenditures, while medical care accounted for 30.9 percent, and social welfare and others for 17.3 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 121.8 trillion yen in fiscal 2009. This was financed by 55.4

trillion yen from social insurance contributions, 39.2 trillion yen from taxes and 27.2 trillion yen from other sources.

The national contribution ratio (the combined ratios of taxes and social security costs to national income) was 38.8 percent in fiscal 2010 (taxation burden: 22.3 percent; social security premiums: 16.5 percent), up 0.5 percentage points from 38.3 percent in fiscal 2009. The national contribution ratio in 2009 was 30.3 percent in the U.S.A., 45.8 percent in the U.K., and 62.5 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, 2010)

Type of institutions	Institutions	Users	Workers [1]
Total	50,343	2,653,865	757,189
Institutions under the Protection Law [2]	297	19,745	6,254
Welfare for the elderly	4,858	136,230	39,935
Nursing homes	909	58,054	16,075
Welfare centers	1,985	-	6,261
Support for the physically challenged, etc.	3,764	71,162	53,334
Rehabilitation for the physically challenged	498	19,322	10,720
Rehabilitation for the mentally challenged	2,001	90,831	37,863
Rehabilitation for the mentally ill	504	9,124	2,916
Support for social participation of the physically challenged	337	...	2,854
Protection for women	47	521	383
Child welfare [3]	31,623	2,127,760	515,211
Day nurseries	21,681	2,056,845	442,703
Maternal and child welfare	63	...	316
Others [4]	6,351	179,170	87,404
Pay nursing homes for the elderly	4,144	161,625	82,165

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, and facilities for medical treatment that is free of charge or low-cost; "workers" excludes those of facilities for medical treatment that is free of charge or low-cost.
Source: Ministry of Health, Labour and Welfare.

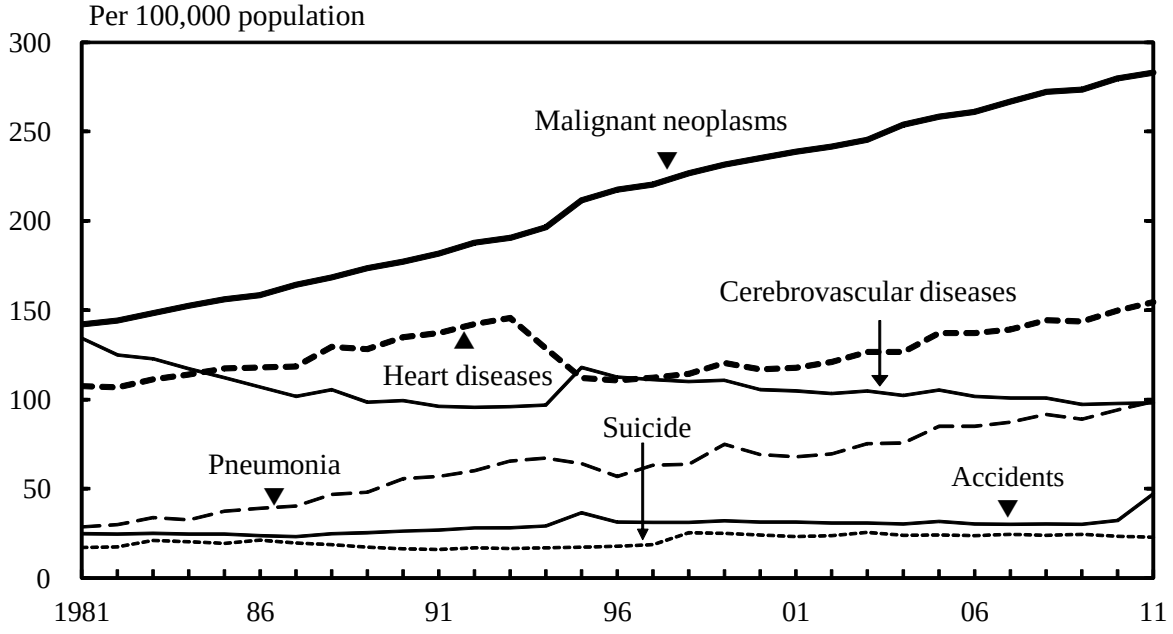
2. Health Care and Public Hygiene

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 has contributed to Japan's achieving the highest life expectancy in the world, as well as a high standard of healthcare along with improvements in the living environment and better nutrition. 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 85.9 years for women and 79.4 years for men in 2011. Japan's life expectancy remains the highest level in the world. Japan's infant mortality rate was 2.3 per 1,000 births in 2011.

Figure 15.3
Death Rates by Major Cause



Source: Ministry of Health, Labour and Welfare.

The death rate was 993.4 per 100,000 population in 2011. The leading cause of death was malignant neoplasms (283.1 per 100,000 population), followed by lifestyle diseases such as heart diseases (154.4; excluding hypertensive diseases), in which people's daily diet and behavior are

significant factors therefore, and pneumonia (98.8). Malignant neoplasms became the leading cause of death in 1981. The death rate by malignant neoplasms has continued to increase since, reaching 28.5 percent of all deaths in 2011.

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 28,874 in 2011, and had remained at the same level of around 30,000 a year since 1998, the year the figure surpassed 30,000 for the first time. Suicide became the leading cause of deaths for young people aged between 20 and 39.

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 was now in the post-pandemic period.

In terms of healthcare provision, Japan had 292,338 physicians engaged in medical care, or 228.3 physicians per 100,000 population, in 2010. 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	2002	2004	2006	2008	2010
Number					
Physicians	260,500	267,943	275,127	283,915	292,338
Dentists	91,783	94,022	95,944	98,063	100,161
Pharmacists	212,720	223,564	234,429	249,251	258,713
Nurses and Assistant nurses	1,097,326	1,146,181	1,194,121	1,252,224	1,320,871
Rates per 100,000 population					
Physicians	204.3	209.7	215.1	221.7	228.3
Dentists	72.0	73.6	75.0	76.6	78.2
Pharmacists	166.9	175.0	183.3	194.6	202.0
Nurses and Assistant nurses	860.7	896.9	933.6	977.7	1,031.5

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

The number of hospital beds in Japan (excluding those in medical clinics and dental clinics) totaled 1,244.3 per 100,000 population in 2010.

Table 15.4
Number of Medical Care Institutions and Beds

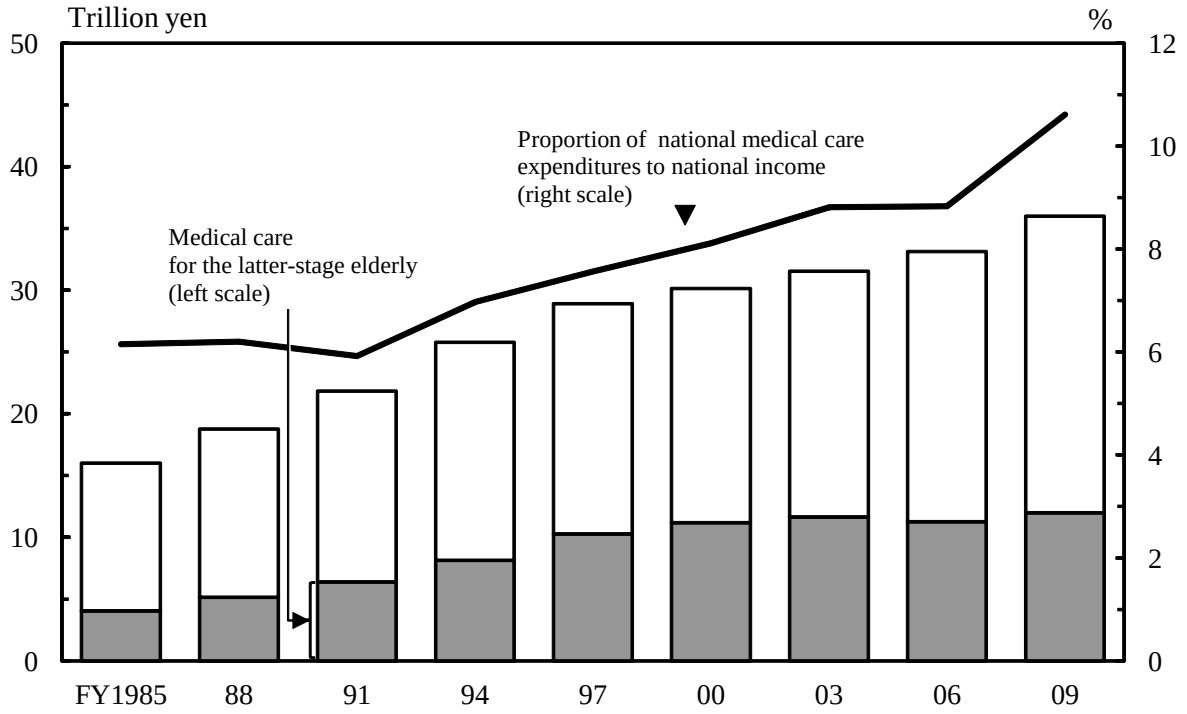
Type of Institution	2002	2005	2008	2009	2010
Institutions					
Number					
Total	169,079	173,200	175,656	176,471	176,878
Hospitals	9,187	9,026	8,794	8,739	8,670
Medical clinics	94,819	97,442	99,083	99,635	99,824
Dental clinics	65,073	66,732	67,779	68,097	68,384
Rates per 100,000 population					
Total	132.7	135.6	137.6	138.4	138.1
Hospitals	7.2	7.1	6.9	6.9	6.8
Medical clinics	74.4	76.3	77.6	78.1	78.0
Dental clinics	51.1	52.2	53.1	53.4	53.4
Beds					
Number					
Total	1,839,376	1,798,637	1,756,115	1,743,415	1,743,415
Hospitals	1,642,593	1,631,473	1,609,403	1,601,476	1,601,476
Medical clinics	196,596	167,000	146,568	141,817	141,817
Dental clinics	187	164	144	122	122
Rates per 100,000 population					
Total	1,443.4	1,407.7	1,375.3	1,367.3	1,351.2
Hospitals	1,289.0	1,276.9	1,260.4	1,256.0	1,244.3
Medical clinics	154.3	130.7	114.8	111.2	106.9
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 2009, the expenditures totaled 36.0 trillion yen or 10.61 percent of Japan's national income. The cost of medical care per person averaged 282,400 yen in fiscal 2009.

Medical costs for treating the latter-stage elderly in fiscal 2009 were 12.0 trillion yen, or about one-third of national medical care expenditure, and accounted for 3.54 percent of the national income. The per-capita cost of medical care for the latter-stage elderly averaged 882,118 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

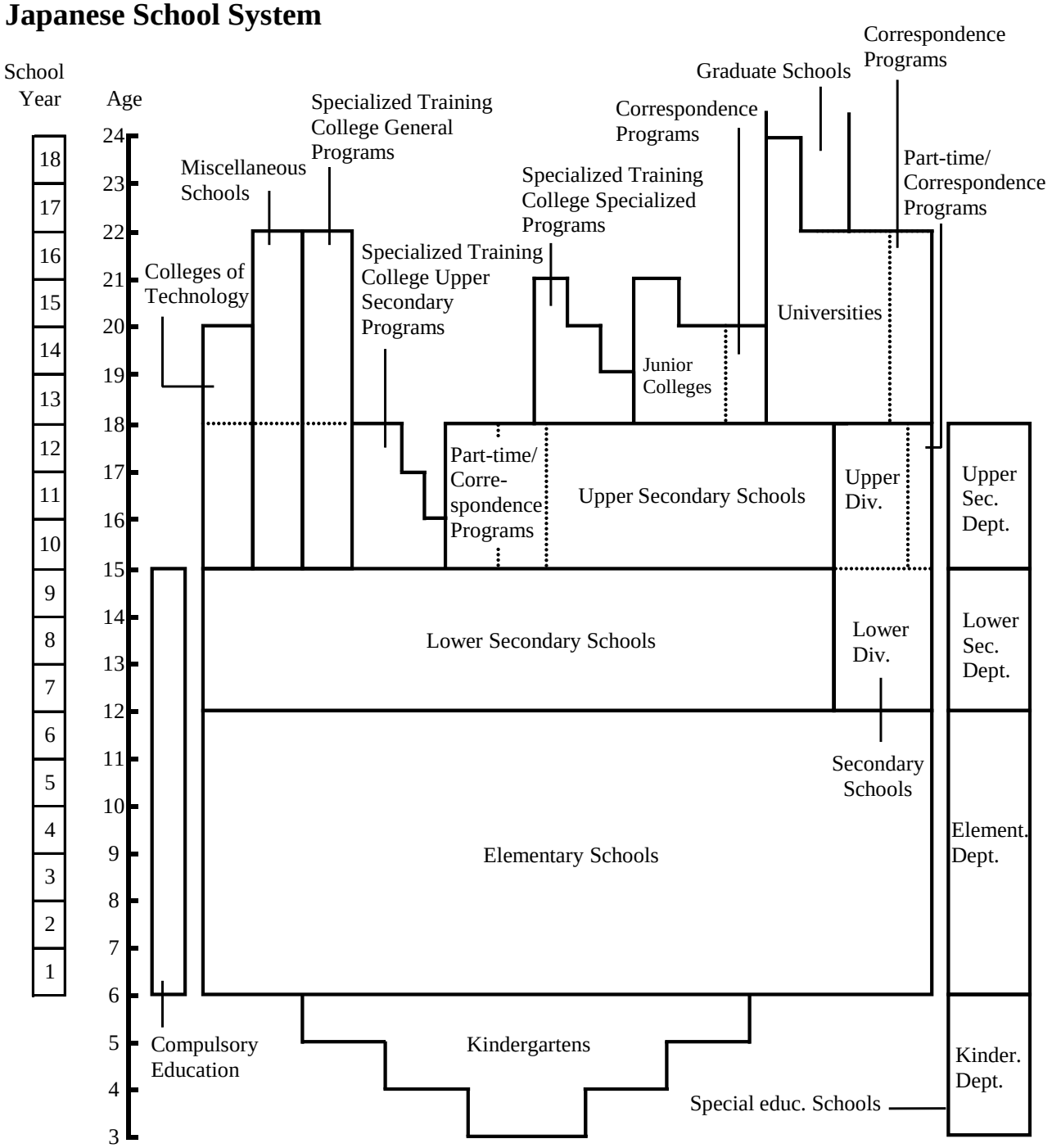
Japan's primary and secondary education is based on a 6-3-3 system: 6 years in elementary school, 3 years in lower secondary school, and 3 years in upper secondary school. The period of compulsory schooling is the 9 years at elementary and lower secondary schools. Higher education institutions are universities, 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, 2011)

Type of institution	Schools				Full-time teachers (1,000)	Students (1,000)	
	Total	National	Public	Private		Males	Females
Kindergartens	13,299	49	5,024	8,226	110	810	787
Elementary schools	21,721	74	21,431	216	419	3,525	3,362
Lower secondary schools	10,751	73	9,915	763	253	1,826	1,748
Upper secondary schools	5,060	15	3,724	1,321	238	1,691	1,658
Secondary schools	49	4	28	17	2	13	14
Special educ. schools [1)]	1,049	45	990	14	75	82	44
Colleges of technology	57	51	3	3	4	50	9
Junior colleges	387	-	24	363	9	17	133
Universities	780	86	95	599	177	1,693	1,200
Graduate schools	617	86	75	456	103	190	83
Specialized training colleges	3,266	10	200	3,056	41	293	352
Miscellaneous schools	1,426	-	9	1,417	9	62	61

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.

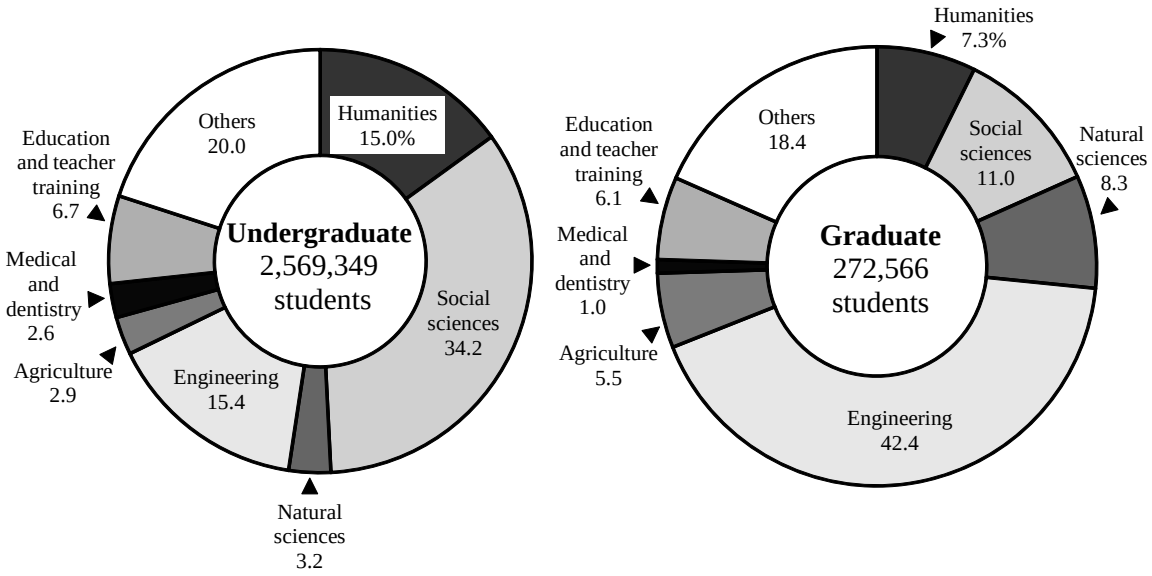
Of the March 2011 upper secondary school graduates, 53.9 percent went straight on to enter a university or junior college. The ratio of upper secondary school graduates who entered a university, junior college, etc. in 2011 was 56.7 percent (57.2 percent of male and 56.1 percent of female graduates), including graduates from previous years.

Table 16.2
Number of University Students (As of May 1, 2011)

	2000	2005	2009	2010	2011
Total	2,740,023	2,865,051	2,845,908	2,887,414	2,893,489
Undergraduate	2,471,755	2,508,088	2,527,319	2,559,191	2,569,349
Graduate schools	205,311	254,480	263,989	271,454	272,566
Others [1)]	62,957	102,483	54,600	56,769	51,574
Females	992,312	1,124,900	1,158,390	1,185,580	1,200,182
Undergraduate	913,222	1,009,217	1,053,168	1,077,782	1,094,283
Graduate schools	54,216	75,734	80,575	82,133	82,534
Others [1)]	24,874	39,949	24,647	25,665	23,365
National	624,082	627,850	621,800	625,048	623,304
Public	107,198	124,910	136,913	142,523	144,182
Private	2,008,743	2,112,291	2,087,195	2,119,843	2,126,003

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

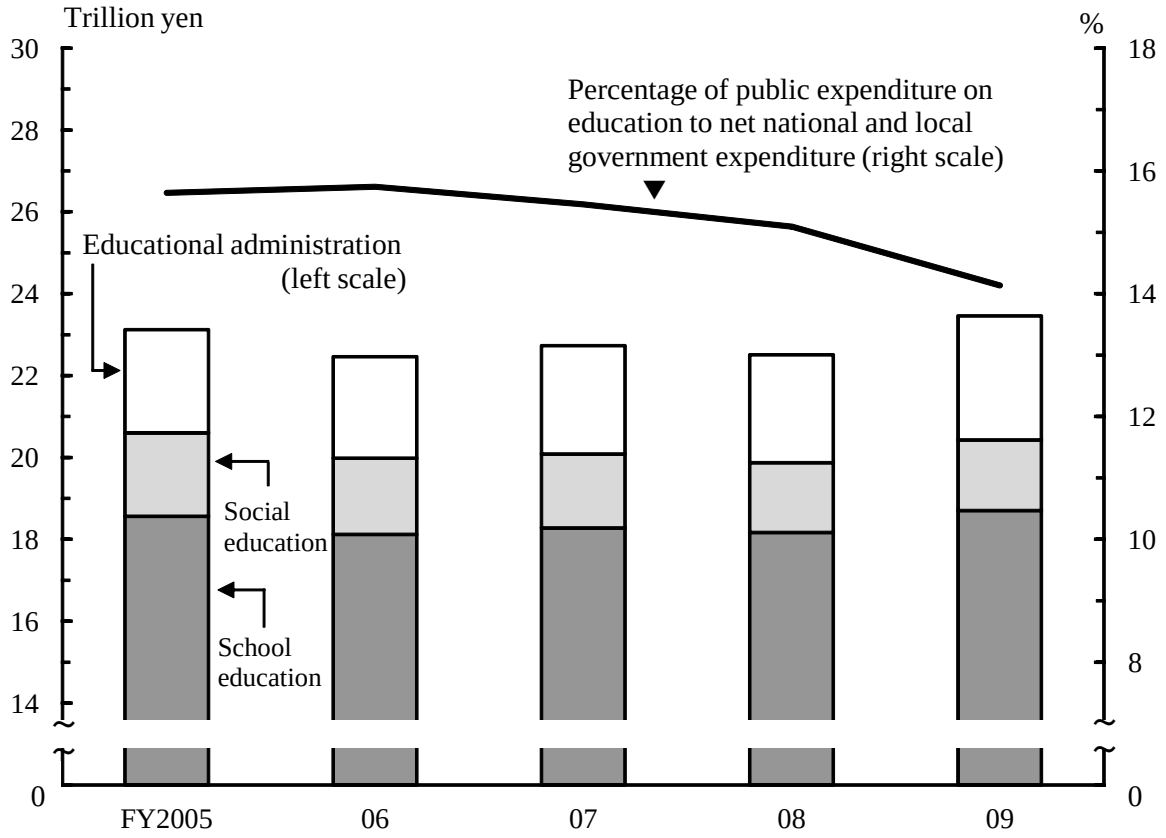
Figure 16.2
University Students by Major Subject (As of May 1, 2011)



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

Fiscal 2009 public expenditure on education in Japan was 23.5 trillion yen, which was equivalent to 14.1 percent of the net expenditure of national and local governments. Fiscal 2010 school expenditure by households with children attending public school averaged 54,929 yen per elementary school pupil, 131,501 yen per lower-secondary school student and 237,669 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, 2011, a total of 110,477 foreign students were enrolled in Japanese junior colleges, universities, and graduate schools. Of the total foreign students, 92.4 percent were from Asia, including 69,934 from China, 14,440 from the Republic of Korea and 3,023 from Taiwan.

2. Lifelong Learning

In recent years, people's demands for learning are increasing and the contents are becoming more diverse and advanced. This has raised more and more expectations over the realization of a "Lifelong Learning Society" in which people are able to utilize their learning outcomes.

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

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

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

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 develop 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.

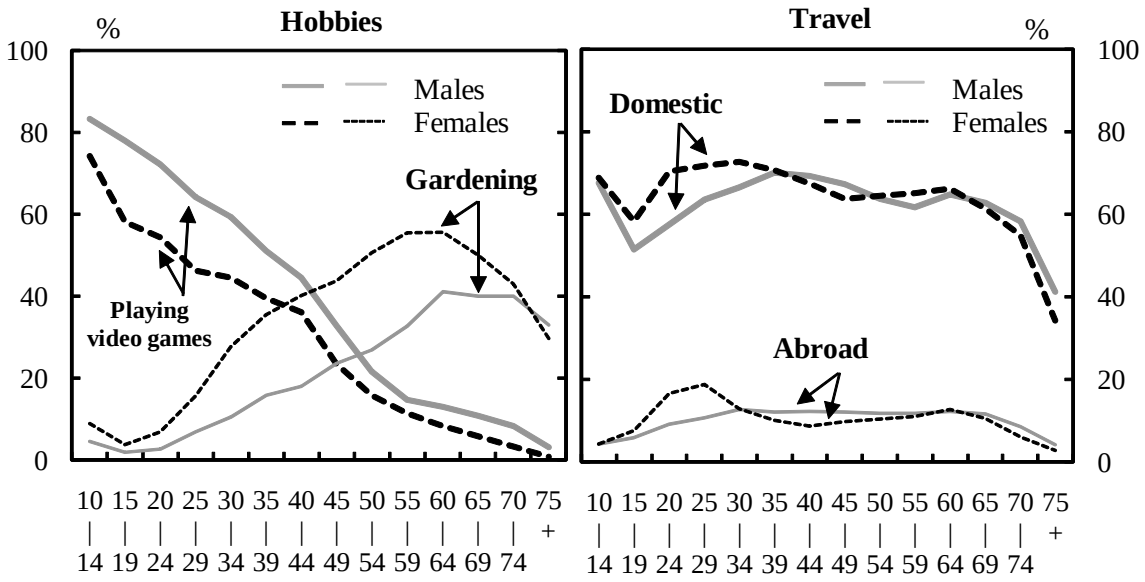
Table 16.5
Major Leisure Activities by Gender (10 years old and over) (2006)

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.

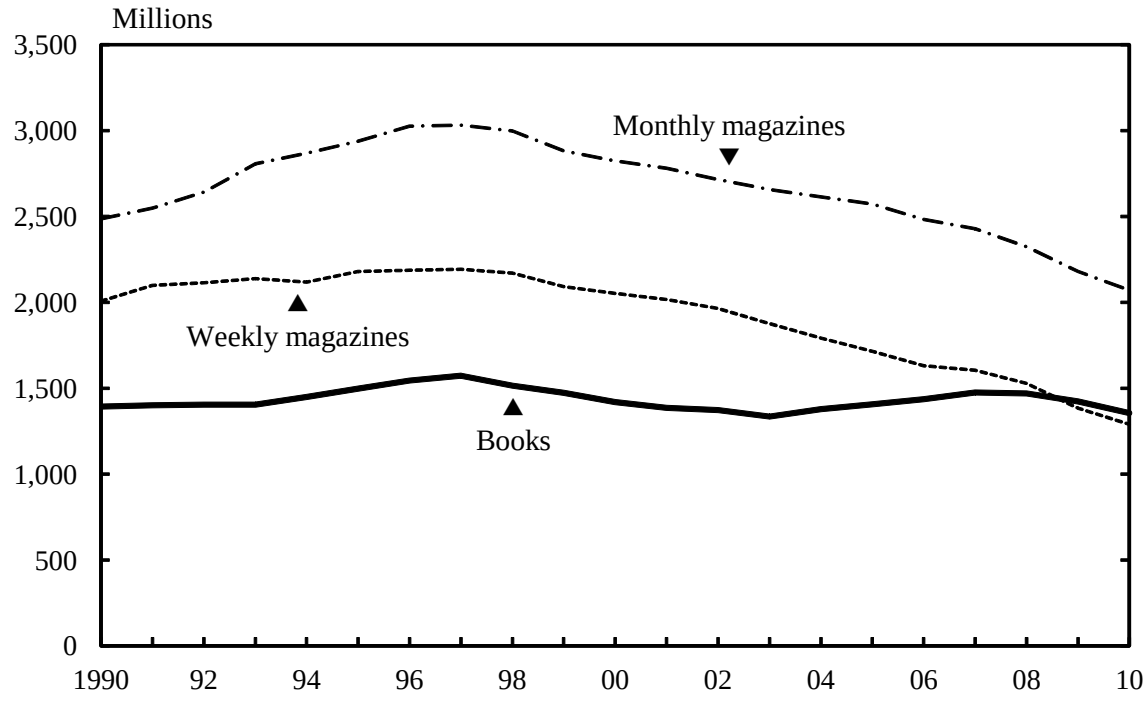
4. Publishing and Mass Media

The total number of books and magazines published in Japan during 2010 was 1.36 billion and 3.36 billion, respectively, of which 2.07 billion were monthlies and 1.29 billion were weeklies.

A total of 77,773 new book titles were released in 2010. The number of magazine titles published was 4,056 (including 2,320 monthlies and 108 weeklies) in 2010.

A total of 119 daily newspapers were in circulation, and the penetration was 0.9 newspapers per household as of October 2011.

Figure 16.5
Trends in Number of Publications



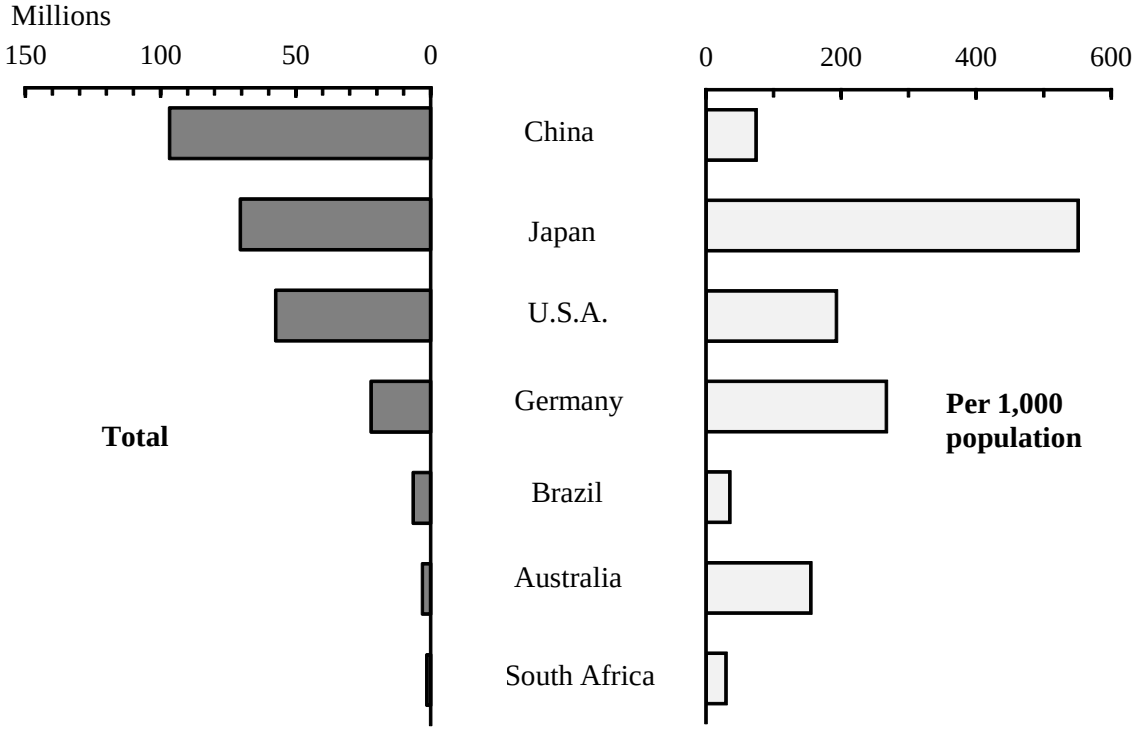
Source: Shuppan News Co., Ltd.

Table 16.6
New Publications

Subject	1995	2000	2005	2009	2010
Total	58,310	65,065	78,304	78,501	77,773
General works	2,794	2,587	2,551	2,265	2,080
Philosophy	2,731	2,997	3,763	4,344	4,381
General history	3,917	4,634	5,102	4,908	4,969
Social sciences	12,578	14,099	16,201	16,310	15,757
Natural sciences	4,460	5,218	6,226	6,797	6,780
Technology and engineering	4,774	6,105	8,104	8,669	8,499
Industry and commerce	2,160	3,000	3,337	3,435	3,478
Art	7,540	8,895	10,884	10,835	11,535
Languages	1,391	1,766	2,063	1,957	1,884
Literature	11,427	11,484	13,595	12,844	12,879
Children's books	3,510	3,334	5,064	4,813	4,675
School textbooks	1,028	946	1,414	1,324	856

Source: Shuppan News Co., Ltd.

Figure 16.6
Newspaper Circulation by Country (2004)

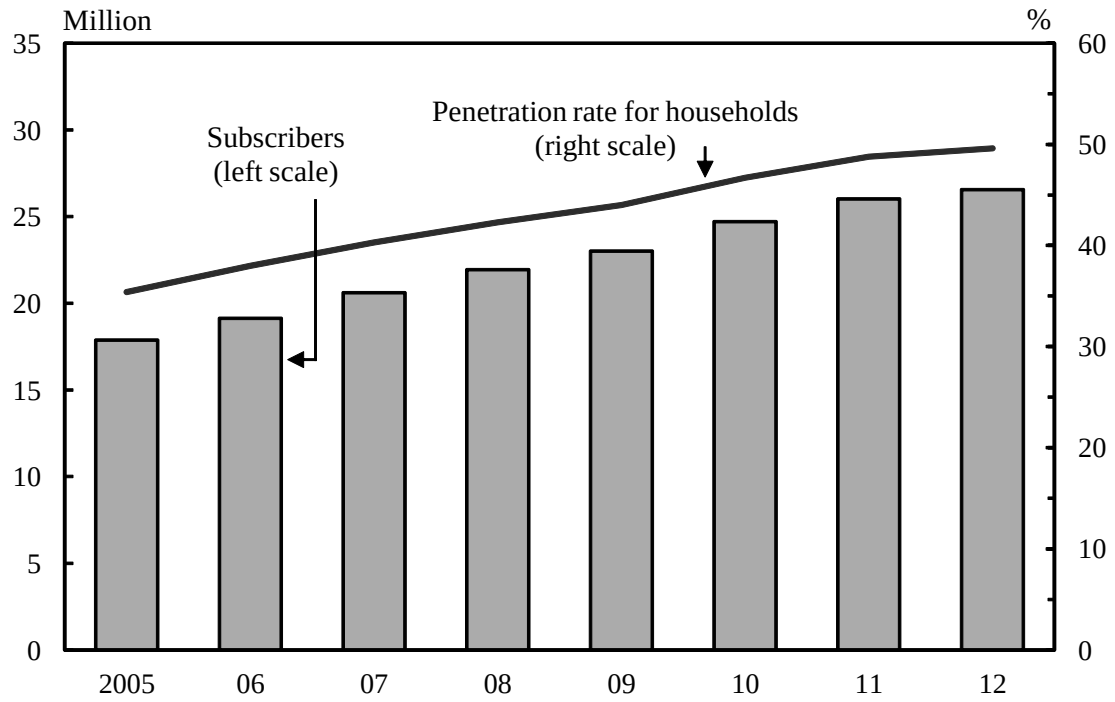


Source: UNESCO; World Association of Newspapers.

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. As of March 31, 2012, analog broadcasting ended and was completely replaced with terrestrial digital broadcasting in all parts of Japan. Satellite broadcasters offer an increasing number of channels through, for example, new digital broadcasting which began in March 2002.

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



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

Subscribers of cable television services (self-originating broadcasting using licensed facilities) have steadily increased to 26.6 million households, or 49.6 percent of all households in March 2012.

In 2011, advertising expenditures on the four major media types in Japan (newspapers, magazines, radio and television) totaled 2.7 trillion yen, dipping below those in the previous year for the seventh consecutive year. This accounted for 47.3 percent of total 2011 advertising expenditures, which were 5.7 trillion yen. Internet advertising expenditure made up 14.1 percent, up 4.1 percent from the previous year.

Table 16.7
Advertising Expenditures by Medium

Year	Total	News-papers	Maga-zines	Radio	Tele-vision	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
2010	5,842.7	639.6	273.3	129.9	1,732.1	78.4	774.7	2,214.7
2011	5,709.6	599.0	254.2	124.7	1,723.7	89.1	806.2	2,112.7
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
2010	100.0	11.0	4.7	2.2	29.6	1.3	13.3	37.9
2011	100.0	10.5	4.4	2.2	30.2	1.6	14.1	37.0

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, 2012)

Type of cultural and natural heritage	Number	
Designated important cultural properties	12,816	a) 1,082
Fine and applied arts	10,430	a) 866
Buildings	2,386	a) 216
Historic sites, places of scenic beauty and natural monuments	2,952	b) 162
Historic sites	1,668	b) 60
Places of scenic beauty	331	b) 30
Natural monuments	953	b) 72
Important tangible folk cultural properties	212	
Important intangible folk cultural properties	278	
Important intangible cultural properties		
Recognized individuals	80	
Performing arts	38	
Craft techniques	42	
Recognized holding groups	26	
Performing arts	12	
Craft techniques	14	
Traditional building preservation areas	93	

a) National treasures only. b) Specially designated places only.
Source: Ministry of Education, Culture, Sports, Science and Technology.

As of May 1, 2012, 12,816 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 2011, Japan has 20 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.

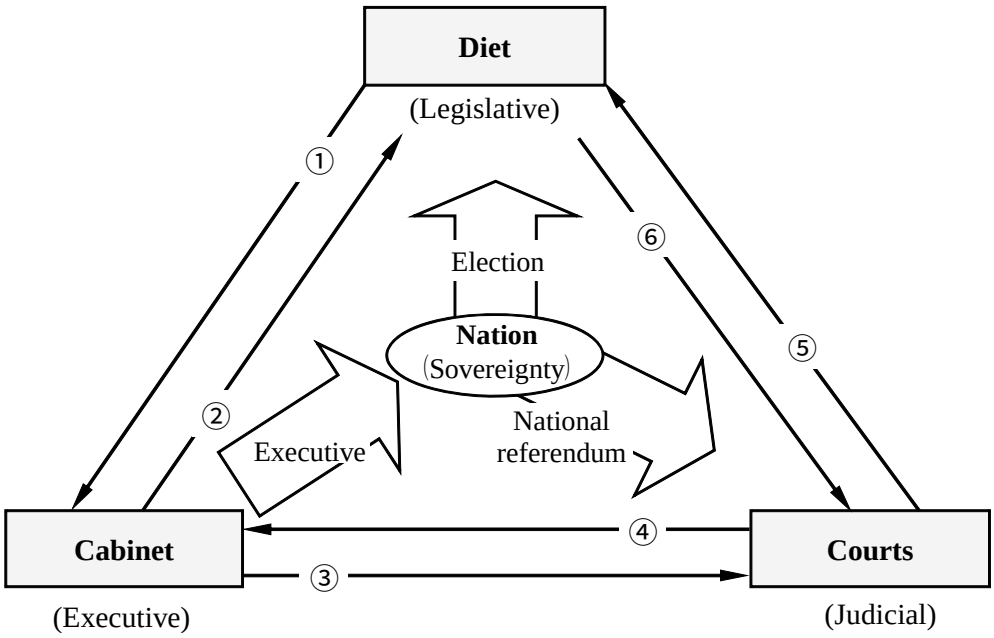
Chapter 17

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.

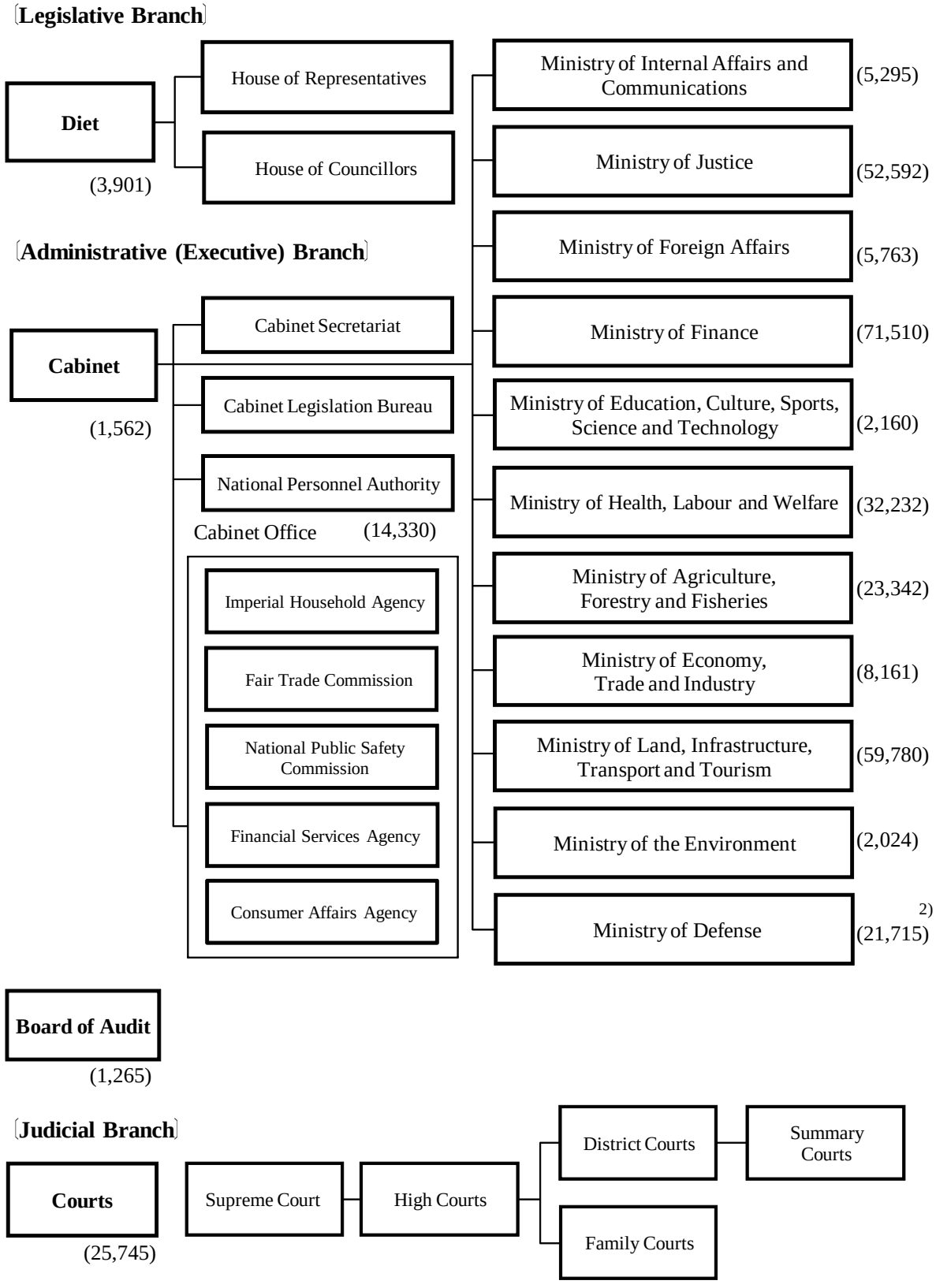
Figure 17.1
Separation of the Three Branches of Government under the Japanese Constitution



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] (FY2012)



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
Number of the Diet Members by Political Group

House of Representatives (As of May 9, 2012) Membership 480, Vacancies 1			House of Councillors (As of May 13, 2012) Membership 242, Vacancies 0		
Name	Males	Females	Name	Males	Females
Incumbents	427	52	Incumbents	198	44
The Democratic Party of Japan, and Club of Independents	252	37	The Democratic Party of Japan, and The Shin-Ryokufukai	84	20
Liberal Democratic Party	112	8	Liberal Democratic Party, The Sunrise Party of Japan and Group of Independents	70	16
New Komeito	18	3	New Komeito	16	3
Japanese Communist Party	8	1	Your Party	11	0
KIZUNA PARTY	8	1	Japanese Communist Party	4	2
Social Democratic Party	5	1	Social Democratic Party	3	1
Your Party	5	0	The People's New Party	3	0
The People's New Party	3	0	New Renaissance Party	2	0
New Party DAICHI-SHINMINSHU	3	0	New Party DAICHI-SHINMINSHU	2	0
The Sunrise Party of Japan	2	0	Independents	3	2
Independents	11	1			

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
Sep. 2, 2011	Noda, Yoshihiko	Apr. 5, 2000	Mori, Yoshiro
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

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, Japan takes a three-tiered judicial system: 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 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 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 3,173 people were tried in *saiban-in* trials held between the start of the system and December 2011.

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
2009	2,409	2,357	598	1,215	1,214	39
2010	2,179	2,241	537	1,158	1,161	36
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
2009	800	797	106	174	172	28
2010	815	815	106	165	168	25

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, 2012, Japan has 47 prefectures, within which there are 1,719 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 1,719 in April 2012, 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

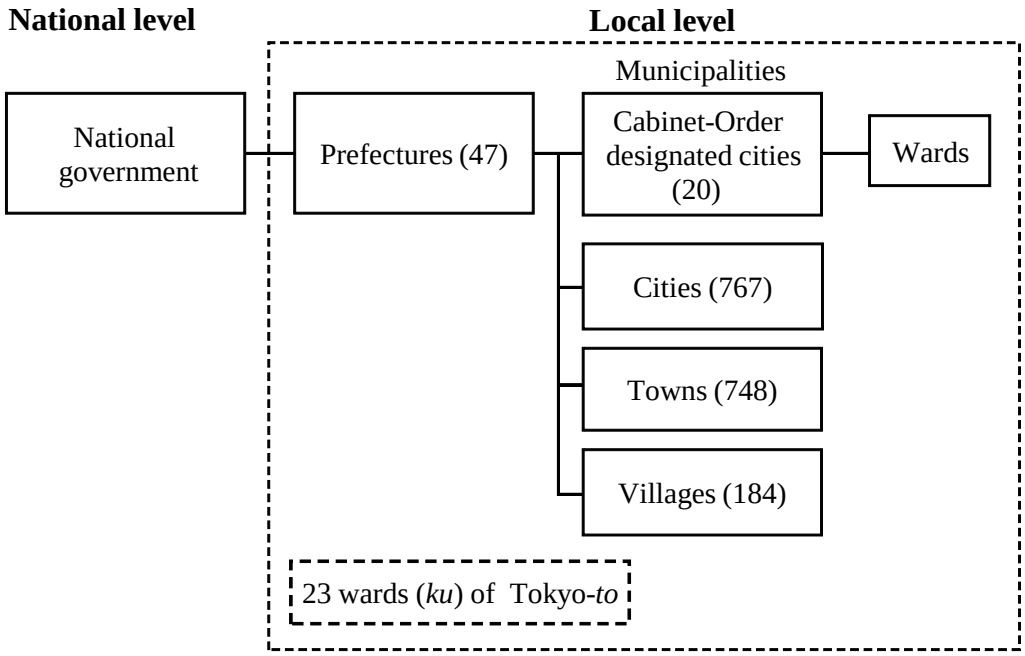
to those of prefectures. With the addition of three cities (Okayama-*shi* in April 2009, Sagamihara-*shi* in April 2010, and Kumamoto-*shi* in April 2012), there are presently 20 cities that have earned this designation. (See the map on the inside back cover.)

Table 17.4
Local Government Employees by Type of Administrative Services
(As of April 1, 2011)

Type of Services	Number
Total	2,788,989
Education	1,055,313
General administrative services	552,569
Social welfare and public hygiene	373,680
Police	282,023
Fire service	158,062
Public enterprise account sector	367,342
Hospitals	201,711
Water and sewerage	77,106
Transportation	26,922

Source: Ministry of Internal Affairs and Communications.

Figure 17.3
Government System by Level [1] (As of April 1, 2012)



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
		2010 [1]	2011 [2]	2011	2010	2010	2010
Japan		128,057	127,799	377,955	122,147	343	1,048
Hokkaido	Sapporo-*shi*	5,506	5,486	83,457	22,207	70	248
Aomori-*ken*	Aomori-*shi*	1,373	1,363	9,645	3,233	142	425
Iwate-*ken*	Morioka-*shi*	1,330	1,314	15,279	3,694	87	360
Miyagi-*ken*	Sendai-*shi*	2,348	2,327	7,286	3,145	322	747
Akita-*ken*	Akita-*shi*	1,086	1,075	11,636	3,194	93	340
Yamagata-*ken*	Yamagata-*shi*	1,169	1,161	9,323	2,855	125	409
Fukushima-*ken*	Fukushima-*shi*	2,029	1,990	13,783	4,229	147	480
Ibaraki-*ken*	Mito-*shi*	2,970	2,958	6,096	3,982	487	746
Tochigi-*ken*	Utsunomiya-*shi*	2,008	2,000	6,408	2,982	313	673
Gumma-*ken*	Maebashi-*shi*	2,008	2,001	6,362	2,301	316	873
Saitama-*ken*	Saitama-*shi*	7,195	7,207	3,798	2,574	1,894	2,795
Chiba-*ken*	Chiba-*shi*	6,216	6,214	5,157	3,532	1,206	1,760
Tokyo-*to*	Tokyo (*ku*-area)	13,159	13,196	2,189	1,391	6,016	9,461
Kanagawa-*ken*	Yokohama-*shi*	9,048	9,058	2,416	1,467	3,745	6,167
Niigata-*ken*	Niigata-*shi*	2,374	2,362	12,584	4,504	189	527
Toyama-*ken*	Toyama-*shi*	1,093	1,088	4,248	1,853	257	590
Ishikawa-*ken*	Kanazawa-*shi*	1,170	1,166	4,186	1,388	280	843
Fukui-*ken*	Fukui-*shi*	806	803	4,190	1,074	192	751
Yamanashi-*ken*	Kofu-*shi*	863	857	4,465	952	193	906
Nagano-*ken*	Nagano-*shi*	2,152	2,142	13,562	3,314	159	650
Gifu-*ken*	Gifu-*shi*	2,081	2,071	10,621	2,200	196	946
Shizuoka-*ken*	Shizuoka-*shi*	3,765	3,749	7,781	2,753	484	1,367
Aichi-*ken*	Nagoya-*shi*	7,411	7,416	5,165	2,975	1,435	2,491
Mie-*ken*	Tsu-*shi*	1,855	1,847	5,777	2,044	321	907
Shiga-*ken*	Otsu-*shi*	1,411	1,414	4,017	1,297	351	1,088
Kyoto-*fu*	Kyoto-*shi*	2,636	2,632	4,613	1,177	571	2,239
Osaka-*fu*	Osaka-*shi*	8,865	8,861	1,899	1,318	4,670	6,729
Hyogo-*ken*	Kobe-*shi*	5,588	5,582	8,396	2,775	666	2,014
Nara-*ken*	Nara-*shi*	1,401	1,396	3,691	851	380	1,645
Wakayama-*ken*	Wakayama-*shi*	1,002	995	4,726	1,096	212	915
Tottori-*ken*	Tottori-*shi*	589	585	3,507	911	168	646
Shimane-*ken*	Matsue-*shi*	717	712	6,708	1,288	107	557
Okayama-*ken*	Okayama-*shi*	1,945	1,941	7,113	2,227	274	873
Hiroshima-*ken*	Hiroshima-*shi*	2,861	2,855	8,480	2,290	337	1,249
Yamaguchi-*ken*	Yamaguchi-*shi*	1,451	1,442	6,114	1,716	237	846
Tokushima-*ken*	Tokushima-*shi*	785	780	4,147	1,024	189	767
Kagawa-*ken*	Takamatsu-*shi*	996	992	1,877	1,003	531	993
Ehime-*ken*	Matsuyama-*shi*	1,431	1,423	5,678	1,667	252	859
Kochi-*ken*	Kochi-*shi*	764	758	7,105	1,161	108	659
Fukuoka-*ken*	Fukuoka-*shi*	5,072	5,079	4,979	2,774	1,019	1,829
Saga-*ken*	Saga-*shi*	850	847	2,440	1,333	348	638
Nagasaki-*ken*	Nagasaki-*shi*	1,427	1,417	4,105	1,634	348	873
Kumamoto-*ken*	Kumamoto-*shi*	1,817	1,813	7,405	2,732	245	665
Oita-*ken*	Oita-*shi*	1,197	1,191	6,340	1,746	189	685
Miyazaki-*ken*	Miyazaki-*shi*	1,135	1,131	7,736	1,846	147	615
Kagoshima-*ken*	Kagoshima-*shi*	1,706	1,699	9,189	3,270	186	522
Okinawa-*ken*	Naha-*shi*	1,393	1,401	2,276	1,168	612	1,193

1) Population census. 2) Population estimates.

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)	2009	128.03	40.06	21.90	193.25	33.68
	2010	128.06	40.41	22.27	194.95	34.02
	2011	127.80	40.76	22.61	196.66	34.35
Projection (medium variant)	2050	97.08	50.56	31.39	222.84	43.64
Employed persons (1,000)	2008	a 62,570	b 10,304	10,740	c 90,786	17,126
Unemployed persons (1,000)	2008	a 3,340	b 883	471	c 8,060	1,119
Unemployment rates (%)	2008	a 5.1	b 7.9	4.2	c 8.2	6.1
Hours of work per week (manufacturing)	2008	a 42.0	bd 45.3	37.7	c 43.6	37.2
Industrial production index (2005=100)	2010	94.3	…	104.3	114.9	106.3
	2011	91.4	…	101.2	115.2	109.1
Gross domestic product (US$ billion)	2009	5,044	309	1,002	1,593	1,338
	2010	5,504	370	1,272	2,089	1,577
Wholesale price index (2005=100)	2010	102.9	e 173.6	f 115.3	127.6	g 105.6
	2011	105.0	e 197.5	f 119.2	139.7	g 110.5
Consumer price index (2005=100)	2010	99.6	154.3	115.8	125.7	108.9
	2011	99.9	# 168.9	119.7	134.0	112.0
Broad money						
Percent changes from the previous year (%)	End of 2010	1.9	33.1	9.4	15.4	…
	End of 2011	2.9	26.0	7.9	18.7	…
Imports, CIF (US$ billion)	2011	854.1	66.7	243.7	214.1	452.2
Exports, FOB (US$ billion)	2011	822.7	84.3	271.7	256.0	451.7
Gold and foreign exchange reserves (US$ million)	End of 2010	1,062,816	49,829	38,798	287,114	57,004
	End of 2011	1,259,494	43,333	42,922	350,415	65,657
Foreign exchange rates (national currency per U.S. dollar)		Yen	Pesos	Australian dollars	Reais	Canadian dollars
Average	2011	79.81	4.1101	0.9695	1.6728	0.9895
End of year	2011	77.57	4.2840	0.9846	1.8588	1.0210

a) 2010. 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	India
Population (millions)	2009	1,334.9	329.97	62.44	82.41	1,207.7
	2010	1,341.3	330.91	62.79	82.30	1,224.6
	2011	1,347.6	331.95	63.13	82.16	1,241.5
Projection (medium variant)	2050	1,295.6	…	72.44	74.78	1,692.0
Employed persons (1,000)	2008	774,800	…	25,913	38,880	a 368,966
Unemployed persons (1,000)	2008	b 8,860	…	2,070	3,141	a 16,634
Unemployment rates (%)	2008	b 4.2	…	7.4	7.3	a 4.3
Hours of work per week (manufacturing)	2008	b 47.9	…	36.7	38.4	c 46.9
Industrial production index (2005=100)	2010	…	97.1	92.3	104.8	151.7
	2011	…	100.5	92.9	114.2	158.9
Gross domestic product (US$ billion)	2009	5,051	…	2,625	3,299	1,353
	2010	5,739	…	2,560	3,280	1,722
Wholesale price index (2005=100)	2010	…	d 112.1	d 107.3	d 109.7	133.9
	2011	…	d 118.7	d 113.0	d 115.9	145.8
Consumer price index (2005=100)	2010	…	e 109.9	107.8	108.2	151.9
	2011	…	e 112.9	110.1	110.7	165.4
Broad money						
Percent changes from the previous year (%)	End of 2010	18.9	1.7	…	…	17.8
	End of 2011	17.3	1.7	…	…	15.9
Imports, CIF (US$ billion)	2011	1,742.1	2,185.4	702.1	1,255.4	456.7
Exports, FOB (US$ billion)	2011	1,899.2	2,255.5	581.6	1,475.5	296.9
Gold and foreign exchange reserves (US$ million)	End of 2010	2,867,905	f 318,945	60,021	68,188	276,243
	End of 2011	3,204,609	f 335,343	52,819	72,796	272,249
Foreign exchange rates (national currency per U.S. dollar)		Yuan	Euros	Euros	Euros	Rupees
Average	2011	6.4615	0.7194	0.7194	0.7194	46.670
End of year	2011	6.3009	0.7729	0.7729	0.7729	53.260

a) 2000. b) Urban areas. c) 2006. d) Producer prices. e) Harmonized CPI. f) Including European Central Bank.

Appendix 2
Main Economic Indicators of Selected Countries (Continued)

Item	Year	Indonesia	Italy	Korea, Rep. of	Mexico	Russia
Population (millions)	2009	237.41	60.25	47.96	112.03	143.06
	2010	239.87	60.55	48.18	113.42	142.96
	2011	242.33	60.79	48.39	114.79	142.84
Projection (medium variant)	2050	293.46	59.16	47.05	143.92	126.19
Employed persons (1,000)	2008	102,553	23,405	23,577	43,867	70,965
Unemployed persons (1,000)	2008	9,395	1,692	769	1,593	4,791
Unemployment rates (%)	2008	8.4	6.7	3.2	3.5	6.3
Hours of work per week (manufacturing)	2008	43.8	35.9	43.7	46.4	a 6.8
Industrial production index (2005=100)	2010	b 113.2	87.5	139.2	106	…
	2011	#b 119.5	87.9	148.8	110	…
Gross domestic product (US$ billion)	2009	539	2,111	834	879	1,222
	2010	707	2,051	1,014	1,032	1,480
Wholesale price index (2005=100)	2010	170.5	c 112.4	c 115.1	129.6	…
	2011	183.2	c 117.7	c 122.1	136.6	…
Consumer price index (2005=100)	2010	145.6	109.9	116.1	124.2	162.8
	2011	153.4	112.9	120.7	128.5	176.5
Broad money						
Percent changes from the previous year (%)	End of 2010	15.4	…	14.9	12.8	24.6
	End of 2011	16.4	…	8.9	10.0	21.1
Imports, CIF (US$ billion)	2011	176.4	556.8	524.4	368.4	354.5
Exports, FOB (US$ billion)	2011	201.5	523.0	556.6	349.6	522.0
Gold and foreign exchange reserves (US$ million)	End of 2010	93,035	51,933	291,515	120,278	444,953
	End of 2011	106,664	53,421	304,349	144,174	455,473
Foreign exchange rates (national currency per U.S. dollar)		Rupiah	Euros	Won	Pesos	Rubles
Average	2011	8,770.4	0.7194	1,108.3	12.423	29.382
End of year	2011	9,068.0	0.7729	1,151.8	13.990	32.196

a) Per day. b) Manufacturing production. c) Producer prices.

Appendix 2
Main Economic Indicators of Selected Countries (Continued)

Item	Year	Saudi Arabia	South Africa	Turkey	U.K.	U.S.A.
Population (millions)	2009	26.81	49.75	71.85	61.65	307.69
	2010	27.45	50.13	72.75	62.04	310.38
	2011	28.08	50.46	73.64	62.42	313.09
Projection (medium variant)	2050	44.94	56.76	91.62	72.82	403.10
Employed persons (1,000)	2008	7,987	13,713	21,194	29,364	145,362
Unemployed persons (1,000)	2008	428	4,075	2,611	1,751	8,924
Unemployment rates (%)	2008	5.1	22.9	11.0	5.7	5.8
Hours of work per week (manufacturing)	2008	55.6	a 175.3	52.8	b 40.9	40.8
Industrial production index (2005=100)	2010	…	101.0	116.4	90.6	97.3
	2011	…	…	…	89.5	98.5
Gross domestic product (US$ billion)	2009	373	283	615	2,171	13,864
	2010	435	364	734	2,254	14,447
Wholesale price index (2005=100)	2010	117.9	c 144.8	c 143.9	d 117.9	c 117.4
	2011	122.9	c 156.9	c 159.8	d 124.5	c 127.8
Consumer price index (2005=100)	2010	129.5	139.6	153.1	114.5	111.7
	2011	136.0	146.6	163.0	119.6	115.2
Broad money						
Percent changes from the previous year (%)	End of 2010	5.2	6.9	18.5	4.0	-2.0
	End of 2011	13.3	8.3	15.2	-4.5	7.6
Imports, CIF (US$ billion)	2011	111.7	121.6	240.8	637.1	2,265.4
Exports, FOB (US$ billion)	2011	e 251.1	96.9	135.0	480.1	1,480.4
Gold and foreign exchange reserves (US$ million)	End of 2010	445,281	38,391	80,915	68,882	135,487
	End of 2011	541,235	42,811	78,660	79,808	150,965
Foreign exchange rates (national currency per U.S. dollar)		Riyals	Rand	Liras	Pounds	U.S. dollars
Average	2011	3.7500	7.2611	1.6750	0.6236	1.0000
End of year	2011	3.7500	8.1429	1.8935	0.6468	1.0000

a) Per month. 2002. b) 2007. c) Producer prices. d) Manufacturing output. e) 2010.
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
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
2011	79.81	77.57

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)