This is your quick guide to help you connect with customers and businesses across Japan. It's here to help you understand the local culture, shipping requirements, regulations and key commercial opportunities to expand your business.
Japan Overview
> Find out the most important facts about the markets to help you assess the potential for your business.

Economic Potential
> Learn about what sells where and the most popular exports and imports that may be relevant to your sector.

Business Culture
> Pointers on how to build successful relationships with local businesses and consumers.

Tips and Advice
> Useful information and directory to help you ship to and from Japan.

Connecting with UPS
> A quick overview of UPS capabilities and experience and how we can help connect your business with customers across Japan.
Japan Overview

Open your new trade route to Japan.

The only Asian member of the G-7, Japan is an economic and demographic trend-setter among the world’s advanced countries. It is a technology and manufacturing powerhouse that plays a leading role in the global economy and global supply chains. Japan is among the world’s largest and most advanced producers of motor vehicles, electronic equipment, machine tools, steel and non-ferrous metals, ships, chemicals, textiles and processed foods.

National facts and figures

<table>
<thead>
<tr>
<th>Japan</th>
<th></th>
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<tbody>
<tr>
<td>Capital</td>
<td>Tokyo</td>
</tr>
<tr>
<td>Population</td>
<td>126,702,133 (2016)</td>
</tr>
<tr>
<td>Land Area</td>
<td>364,485 sq. km</td>
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<tr>
<td>Major Urban Centres &amp; Population</td>
<td>93.5% Urbanized (2015)</td>
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<tr>
<td></td>
<td>Tokyo: 13.5M (23 Wards: 9.3M)</td>
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<tr>
<td></td>
<td>Kanagawa (prefecture): 9.1M (capital Yokohama: 3.7M)</td>
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<tr>
<td></td>
<td>Osaka: 8.8M (Osaka: 2.7M)</td>
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<tr>
<td></td>
<td>Hyogo: 5.5M (Kobe: 1.5M)</td>
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<tr>
<td></td>
<td>Aichi: 7.5M (Nagoya: 2.3M)</td>
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<tr>
<td></td>
<td>Fukuoka: 5.1M (Kitakyushu: 1.0M)</td>
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<tr>
<td></td>
<td>Shizuoka: 3.7M (Hamamatsu: 0.8M)</td>
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<td></td>
<td>Hokkaido: 5.3M (Sapporo: 2M)</td>
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<tr>
<td>Language</td>
<td>Japanese</td>
</tr>
</tbody>
</table>

Japan – one of the world’s largest economies

One of the world’s largest economies with its mastery of manufacturing and unparalleled investment infrastructure. All signs point to continued success in these markets in the future.

Japan has a strong manufacturing industry

- Consumer electronics (Televisions, Mp3 players, DVD players)
- Automobile Manufacturing
- Semiconductor Manufacturing
- Optical Fibers
- Optoelectronics
- Optical Media
- Copy Machines

Japan’s largest imports:

Raw materials for production; oil to fuel machinery and vehicles; food, meat and wheat, which are vital because of Japan’s lack of suitable agricultural land.

A strong demand for Chinese imports

Chinese imports account for as much as 25.8% of all imported goods. This is followed by: the U.S. (11.1%), Australia (5.0%), South Korea (4.1%), Taiwan (3.8%), Germany (3.6%), Thailand (3.3%), Saudi Arabia (3.2%) (2016).

Japan exports a great deal of products

The largest exports are automobiles and consumer electronics. Japan’s largest export partners are the United States (US$ 132 billion) and China (US$ 116 billion) in 2016.

* The special wards are 23 municipalities that together make up the core and the most populous part of Tokyo, Japan.
Unlocking your potential.

Japan is the world’s third largest economy and is an economic and demographic trend-setter among the world’s advanced countries. It has fostered innovation and high levels of labor productivity. Its large middle class demands a variety of consumer goods and services, creating a strong consumer economy.

Businesses aspiring for growth overseas are looking to Japan. Japan’s favorable economic climate is very attractive to companies wishing to establish or expand its global footprint. In fact, Japan’s aim is to become the most business-friendly country in the world. Economic freedom in Japan is reinforced by political stability and a well maintained rule of law.

What makes Japan’s economy so attractive?

Foreign Investment
Japan welcomes foreign investment and has eliminated most formal restrictions governing FDI (foreign direct investment). The Ministry of Economy, Trade and Industry (METI) and the Japan External Trade Organization (JETRO) assist foreign firms wishing to invest under the aegis of the cabinet coordinated InvestJapan program and many prefectural and city governments have active programs to attract foreign investors.

Limited investment risk
Japan remains a large, wealthy and sophisticated market with world class corporations, research facilities and technologies. Risks associated with investment in many other countries, such as expropriation and nationalization, are not a concern. Japan has an independent judiciary, consistently applied commercial law, and strong intellectual property protections.

Ease of Doing Business
In the 2017 Ease of Doing Business Report, Japan discussed making progress to streamline areas such as the submission and processing of export and import documents electronically.

Japan offers a favorable environment for foreign companies and investors to form partnerships with local businesses both in terms of an increasingly relaxed business administration and easy access to all necessary facilities.

Japanese consumers are well known for being early adopters, and are a prime testing ground for innovative and novel products looking to enter the Asian market for the first time.

Trade potential in key sectors
Industry sectors with significant import and export potential have shown growth. These include: Automobile Manufacturing, Consumer Electronics (Televisions, Mp3 players, DVD players), Semiconductor Manufacturing, Optical Fibers, Optoelectronics, Optical media, Copy Machines.

Government sponsored five-point action plan to encourage foreign direct investment:
• Allow purchase of products in foreign languages at department stores
• Free and easy connection to public wireless LAN for foreign visitors to Japan
• Encourage overseas companies to make Japan a business or research and development base.
• Enable all regional airports to receive business jets with a short advance notice
• Set up a system to make it easy for the foreign businesses to consult the government
Japanese consumers used to be rather reluctant to buy foreign products. Today this behaviour is changing dramatically. Japanese are more open than ever to the purchase of western brands and products from other Asian countries. There is a change in the purchasing trends - what they buy and how they buy.

**Purchasing trends**

- Novelty seeking.
- High quality standards and service expectations.
- High regard for product information, packaging and advertising.
- Brand orientation is important as it conveys a message of social status and insurance of quality.
- Premium prices for luxury purchases are accepted; consumers expect to pay for “extra” like quality standards and service.
- Imported goods carry a positive “exotic” appeal simply because they are not Japanese.
- As one of the world’s healthiest societies, the Japanese are increasingly conscious of their health. Drugstores are among the fastest-growing and popular retail channels.
- Preference for products with a low environmental impact: reducing energy consumption and waste, using environmentally-conscious or “green” design.

Japan consumer spending hit an all time high in the first quarter of 2017 and reached 297.9 trillion Yen. Japan has the second highest median age in the world. Its large middle class demands a variety of consumer goods and services, driving consumption that powers the national economy.
### The future economy fuelled by eCommerce (and mCommerce).

Japanese shop more and more online. In a consensus-driven society, the ability to browse products, compare prices and make purchases relatively anonymously is creating new attitudes among “liberated” consumers.

Japan is the world’s fourth biggest B2C eCommerce market and fastest growing in the world with around 10% of all retail transactions now online. Japan’s online sales reached US$ 89.55 billion in 2015 and is expected to rise to US$ 122.46 billion by 2018.

Revenue in the eCommerce market amounts to US$ 84,533 million in 2017. TechNavio’s analysts forecast the B2C eCommerce market in Japan to grow at a CAGR of 5.79% over the period 2013-2018. Some of the fastest growing eCommerce sectors are fashion, food and beverages. This is reflected in numerous fashion retail eCommerce sites (one of them, Zozo Town, has 5 million fashion shoppers), online supermarkets and mobile app platforms.

Mobile is also key to driving economic growth at nearly 50% of all retail eCommerce transactions in Japan taking place on a mobile device.

Japan enjoys the second-highest Internet penetration rate in Asia at 90.6%, behind South Korea which is at 92.3%. With 91% of the population using the Internet, 70% of Japanese adults shop online.

14% of online sales are made through mobile and 54% of the population uses a smartphone.

Japanese, like the rest the world, experience increased digital commerce activity through social media. According to the Ministry of Economy, Trade and Industry, a significant number of consumers purchase desired products and services based on information gathered online and through social media sources, underscoring the importance of a strong, favorable web presence.
Key Business Sectors in Japan

Here are some examples of key business sectors and areas of activity across the various regions of Japan.

**Kansai**
- World-famous electronics companies
- Top-level academic institutions
- Kansai accounts for 16.3% of Japan's total GDP

**Chugoku**
- State-of-the-art technology and fundamental technology (utilized in machinery, metal processing and resin molding compound)
- Automotive-related industries
- Chugoku accounts for 5.6% of Japan's total GDP

**Shikoku**
- Food, beverage, tobacco and feed industry
- Its ratio of basic material and lifestyle related products is higher than the national average
- Shikoku accounts for 2.7% of Japan's total GDP

**Kyushu & Okinawa**
- Okinawa is a business hub that connects Asia and Japan, in particular Korea, China, and the rest of East Asia
- Automotive (Kyushu)
- Semiconductor (Kyushu)
- Tourism (Okinawa)
- IT (Okinawa)
- Kyushu accounts for 8.4% of Japan's total GDP
- Okinawa accounts for 0.8% of Japan's total GDP

**Hokkaido**
- Highest levels of production for agriculture and fisheries
- Food processing industry
- IT
- Automotive
- Hokkaido accounts for 3.6% of Japan's total GDP

**Tohoku**
- Information and communications electronics equipment (electronic parts, devices and electronic circuits)
- Food industry
- 73% of all export trading partners of the region are from Asia (China and South Korea) and North America.
- Main trading partners of all imports to Tohoku are from Asia, Middle East and Oceania.
- Tohoku accounts for 6.3% of Japan's total GDP

**Kanto (with Tokyo)**
- Computers
- Launch pad for new businesses and industries
- Concentration of larger companies
- Top level scientific technology/R&D
- Advanced manufacturing technology
- Kanto accounts for 44.7% of Japan's total GDP

**Chubu**
- Chubu accounts for 21.5% of the nationwide share of shipments of manufactured goods
- Processing and assembly for the transport sector (automobiles, aircraft, general machinery for metalwork, electrical machinery)
- Local industries: textile and ceramic ware
- Chubu accounts for 11.7% of Japan's total GDP
Understanding local business culture is the foundation of your success.

Meetings
- Business meetings in Japan tend to be more formal.
- Always arrive early to meetings and notify the clients at least an hour in advance of your impending arrival regardless of whether you will be late.
- At the first meeting, be expected to correctly present and receive business cards, a custom of paramount importance in Japan.
- Meetings are often preceded by long, non-business polite conversation which could cover such topics as mutual contacts, the merits of your company, Japanese food, etc. It is an essential element of the relationship-building process.
- Business cards should be double sided with kanji characters on the front and romanized Japanese or English characters on the back. The most prominent feature on a business card should be the company name, followed by your job title and your name. When presenting a business card hold the card by the top corners. The recipient will take the card by the bottom corners. He will examine the card, thank you, and then bow.

Business Culture
- Because of all historical, geographical and social factors, decision-making in Japan is a more group-oriented activity and Japanese businessmen are interested in preserving group harmony. Brokering a deal is different from "dealing" in western societies. In Japan, a deal is a firm commitment which must be honoured.
- Japanese business protocol is quite similar to general business procedure. Politeness, sensitivity and good manners are key.
- In order to successfully build a network of Japanese partners, proper observance of Japanese business protocol is vital. One significant faux pas could offend prospective business partners and cost a lucrative business opportunity.

Customer Service
- A Japanese proverb says that the customer is God. In fact, even the word customer (Okyakusama) expresses respect and veneration, as it means "honored guest". The customer expects to be treated as an "honored guest".
- Customer service is based on the principle of "ichi - go ichi - e" ("one time, one meeting") which highlights the importance of making each encounter the best it can possibly be.
- The service culture of Japan is founded on the principal of over-delivering.

Holidays
- The Japanese are not in the habit of taking long periods of annual leave. However, there are a few national, government-recognized public holidays per year where they will take additional days of leave to be with their families or take part in festivities which are likely to impact business operations:
  - New Year's Day (1st January Businesses can be closed from 29th December to 3rd January)
  - Coming of Age Day (Second Monday of January)
  - National Foundation Day (11th February)
  - Vernal Equinox Day (19th, 20th or 21st April)
  - Showa Day (29th April)
  - Constitution Memorial Day (3rd May)
  - Greenery Day (4th May)
  - Children's Day (5th May)
  - Marine Day (Third Monday of July)
  - Respect for the Aged Day (Third Monday of September)
  - Autumnal Equinox Day (22nd, 23rd or 24th September)
  - Health and Sports Day (Second Monday of October)
  - Culture Day (3rd November)
  - Labor Thanksgiving Day (23rd November)
  - Birthday of Emperor Akihito (23rd December)

Japan's unique and ritualized business culture is often considered to be the biggest obstacle for foreign businesses seeking to establish themselves in the Japanese market. This is because the Japanese highly value etiquette and protocol during any type of business meetings. However, Japanese are often forgiving if there's an indication of respect and interest in their culture and practices.
Useful things to remember when shipping to and from Japan.

If you are thinking of shipping to or from Japan, help is at hand. Wherever you are, visit UPS.com to get detailed help on everything you need to know about sending export and import shipments. You’ll find guidance on determining exporting costs; how to prepare for an export shipment; how to book and track shipments and how to process payments and deal with returns. Below are some important rules, tools and support resources to get you started.

### Ship to Japan tips

Any person wishing to import goods must obtain an import permit. The process starts with import declaration and ends with issuance of an import permit.

Some imported goods may have a negative effect on Japanese industry, economy and hygiene, or on public safety and morals. Such goods fall under the “import restrictions” category.

Products which are controlled by the Food Sanitation Act such as food and tableware for individual use can be exempted from submitting the “Notification Form for Importation of Food” if the net weight is under 10kgs. However, quarantine may be required.

With the exception of certain items imported goods with a total customs value of 10,000 Yen or less are exempted from taxation of customs duty and consumption tax.

When multiple declarations are made for one invoice, the total amount of customs value of all the articles belonging to the invoice should not exceed 10,000 Yen.

Gift shipments must be from an individual to an individual and marked as “Gift Shipment”. Without the full paperwork (including description of gifts, quantity and value of each item), they will be subject to inspection.

For more details about Japan import regulations, click here.

### Ship from Japan Checklist

- Exporters must declare the nature of the goods as well as the quantity, price, destination of cargo and name (or appellation) and address or place of residence of the consignor.
- Customs decides whether the goods have to be physically examined for correctness and compliance. Examinations are conducted at a Customs examination zone or where the goods are stored.
- The exporter is requested to submit two copies of the export report. One is for statistics and the other is kept at Customs for needs such as export certification.
- The Commercial Invoice applies to all shipments containing non-documents. It is used for export control, valuation and duty determination and it assists the customs authorities in processing your shipment more efficiently.
- Other documents that may be required by Japanese Customs: certifications, permits, or approvals. Certain destinations such as the U.S. and China require additional documentation either at the origin or destination.

For more details about Japan export procedures, click here.

### Online Tools

A range of tools is available from UPS that can help you with your shipping needs. Visit www.ups.com for these tools.

- **Calculate Time and Cost**: Find delivery dates, time and shipping costs for UPS services.
- **Import/Export Country Regulations**: Click here for country-specific facts and requirements that may impact your international shipment.
- **Days of Operation**: Find UPS-observed holidays in Japan.
- **UPS Import Control**: Take control of your inbound international shipments.
- **UPS Paperless Invoice**: Electronic commercial invoices speed data to customs.
- **UPS TradeAbility**: A suite of Web-based tools to help manage and track international trade.
- **Flex Global View**: Supply-chain visibility for enterprises with a global reach.
- **Quantum View Manage**: Get up-to-date information about shipments you send, or those you’re expecting, from one Web-based tool that is easily customizable.
Useful links and reference information.

Useful Links

- EU-Japan Centre for Industrial Cooperation
- Japan External Trade Organization (JETRO)
- Keidanren – Japan Business Federation
- Manufactured Imports and Investment Promotion Organization (MIPRO)
- Ministry of Economy, Trade and Industry (METI)
- Eurobiz Japan
- Foreign Correspondents’ Club of Japan (FCCJ)
- Highlighting Japan (online magazine published by the Japanese government)

Sources & References

- Trade Statistics of Japan Ministry of Finance
- Cabinet Office Japan
- BBC News
- Focus Economics
- IndexMundi
- Economy Watch
- Web Japan
- U.S. Bureau of Economic Analysis
- Wikipedia
- Japan Specialist
- Japan Guide
- Japanese Business Resource
- Japan Talk
- Office of the United States Trade Representative
- United States Census Bureau
- The Observatory of Economic Complexity
- Gateway to Japan
- Japan Macro Advisors
- European Country of Origin Information Network
- Tohoku Bureau of Economy, Trade and Industry
Delivery commitment from Japan

*Based on the earliest delivery times by UPS Worldwide Express service and may vary by origin and destination postal codes. Time-in-transit can be subject to change without prior notice. Please visit ups.com for guarantee details, service availability and commitments before shipping. Certain commodities and high-value shipments may require additional transit time for customs clearance. The above information is updated as of July 2017.

For more details, visit UPS.com.
Delivery commitment to Japan

UPS network connects you with your customers in Japan with more than 30 weekly flights operating in Narita and Kansai International Airports.

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