

Team Questionnaire - Japan

1. What are the rough dimensions of the country in miles?
Total land area: 377,865 km squared (145,894 square miles). The islands are over 1000 miles long and are generally 200-300 miles wide.
2. What is the population? What percentage live in the 3 largest cities?
Total population: 127 million ('99), 43.9% in 3 largest urban areas (Tokyo, Osaka, Nagoya)
3. What is the predominant language? How widely used is English in business?
Japanese. English used widely in companies that deal with import/export of goods overseas.
4. In the last three years have there been any instances of political instability?
Peaceful changeovers of Prime Minister are frequent.
5. What is the currency? What is the exchange rate to US dollars? How has it changed in the past two years?
Currency: Yen. Exchange rate to \$US: roughly 130 yen / \$. The Yen has fluctuated between 110 – 120 for about the last 2 years until the most recent few months, when it has rapidly depreciated to the current exchange rate.
6. What time zones exist in this country? What time is it in the capital when it is noon in Cambridge, MA?
One time zone exists. Depending on whether daylight savings is in effect or not, it is either 1 AM or 2 AM in Tokyo (13 or 14 hours ahead of EST).
7. What unique requirements exist for products sold in this country? (e.g. testing, packaging, language, safety, etc.)
Japan has unique regulatory protocols for most products sold in the country. Many are similar to the US, but several are more stringent. Furthermore, acquiring regulatory approval for many products, especially agricultural or medicinal products can be very difficult and time consuming. Packaging is a critical issue in Japan where storage space is generally limited.
8. What regulations or limitations exist regarding freight transport?
Regulations are rapidly changing as the Department of Ministry has liberalized many industry regulations, particularly in the railway sector. For example, railroad freight forwarders were once required to operate their own fleet of trucks, thus making it difficult to enter this business.

However, tests and regulations can be significant impediments, and it is often the case that the Japanese will not accept test data supplied by the foreign company. The inspection process of imported goods can take months.

9. Are there saltwater ports which can handle large ships? How far are the major population centers from those ports?

Yes. There are several. The busiest are in Yokohama and Nagoya. They are both very close to major population centers.

10. What business terms and financial instruments are typically used for import commercial transactions?

Japanese culture favors the use of long-term contracts and partnerships in business agreements. Also, the complexity of distribution within the country encourages stable relationships with a distributor or an agent.

Most import trade is completed in US\$. However, the Japanese yen has a history of volatile exchange rates versus the US\$ and so many carriers choose to complete transactions in whatever currency they incur the bulk of their costs, so as to minimize risk from these fluctuations.

11. How large is a typical supermarket or retail food store (square feet or meters)?

“Large-scale” supermarkets are: 12,557 sq meters (1460 nationwide)

“medium-scale” supermarkets are: 973 sq meters (209 nationwide)

“specialty” supermarkets are: 12,669 sq meters (18,708 nationwide)

12. Do any of the large US discount retailers (Wal-Mart, K-Mart, Toys ‘R Us) have stores in this country?

Toys ‘R US has one store.

13. Describe the highway and rail infrastructure. Are they: extensive, moderate, or primitive nationwide?

Both highway and rail infrastructure are extensive. In particular, the rail system is extremely extensive and efficient, but it is also very complex.

14. How bad is the traffic congestion in the major cities?

Traffic congestion is very bad in major cities.

15. Which countries are the primary trading partners? For each partner, in which direction is the balance of trade (import or export)?

US (export), China (import), South Korea (export), Taiwan (export), Hong Kong (export), Germany (export), Australia (import)

16. Is security an issue in logistics? Why?

Security is an issue in Japan to a lesser extent than in the US, and to a much lesser extent than in other countries where theft is rampant. Japanese laws regarding theft and vandalism are strict, thus discouraging such activity (although there is a significant presence of organized crime). Terrorism has not been perceived as a major threat in Japan, although this could be changing.

17. How reliable is the phone system? How long for a consumer to get a phone line installed? How extensive is the mobile phone network?

Phone system is extremely reliable. Phone line installation is rapid (1-2 wks). 60M telephone lines installed (1997). Mobile phone network is one of the most extensive in the world (roughly 100M users by 2001).

18. How many people have internet access?

47.08 million in 2000 - 37.23 M users accessed the Internet from their personal computers, and 23.64 M Japanese logged onto the Internet from their Mobile phones (numbers don't add up because of overlap).

19. What is the price of regular gasoline, \$ per gallon?

Roughly \$2.8 / gallon (at 130 yen / \$)

20. What trade restrictions exist? What are the highest import duties – which products and countries of origin? What embargoes exist, if any?

There are few prohibitions about what can be imported into Japan. For the most part, the prohibitions apply to items covered by the General Agreement on Tariffs and Trade (GATT). Most of these items fall under public health, morality, national security, and state-trading provisions. There are also restrictions on imported rice and endangered sea turtles.

Japanese tariff rates are considered among the lowest in the world. The rates for agricultural products, however, are extremely high, averaging 12 percent. Japan has agreed to lower the tariffs on certain agricultural products, and some lower rates have already gone into effect.

21. What customs documents are required for an import shipment? For export?

Invoice

- a. **Bill of lading**
- b. **Certificate of origin where WTO rate is applicable.**
- c. **Generalized system of preferences, certificates of origin (Form A) where a preferential rate is applicable.**
- d. **Packing lists, freight accounts, insurance certificates**
- e. **Licenses, certificates required by laws and regulations other than the Customs Law (ex. Importation of certain restricted goods)**

- f. **Detailed statement on reductions of, or exemption from Customs duty and excise tax**
- g. **Customs duty payment slips when goods are dutiable.**

Export:

- a. **Export Declaration (Customs form C-5010)**
- b. **Invoice**
- c. **Other documents: certifications, permits or approvals required by other laws and regulations**

22. How common is “bribery” (US definition) in trade transactions? (normal, infrequent, very rare). What are the legal ramifications?

Bribery is presumed to be very rare, even though the potential exists due to the many layers of government involvement in trade regulations. The legal system treats bribery as a criminal activity with harsh penalties.

23. How strong are the unions? In what industries are they an important factor? Are they predominantly national or local? What impact do they have on logistics?

Unions are corporate based, not industry based. Impact on logistics is probably limited to raising costs via salary demands of workers.