



# The right information to evaluate Japanese companies

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# Agenda

- Japanese Market
- Context and Background
- Companies in Japan
- Regulations and Obligations
- Payment Practice
- International Business Reports with SkyMinder



# Japanese Market – General Data

## GDP

502 Trillion JPY  
(estimated 2015)

## GDP 2016

+ 1,3%  
expected

## Inflation

0,9%

## Base rate

0 – 0,1%

## Unemployment Rate

3,4%

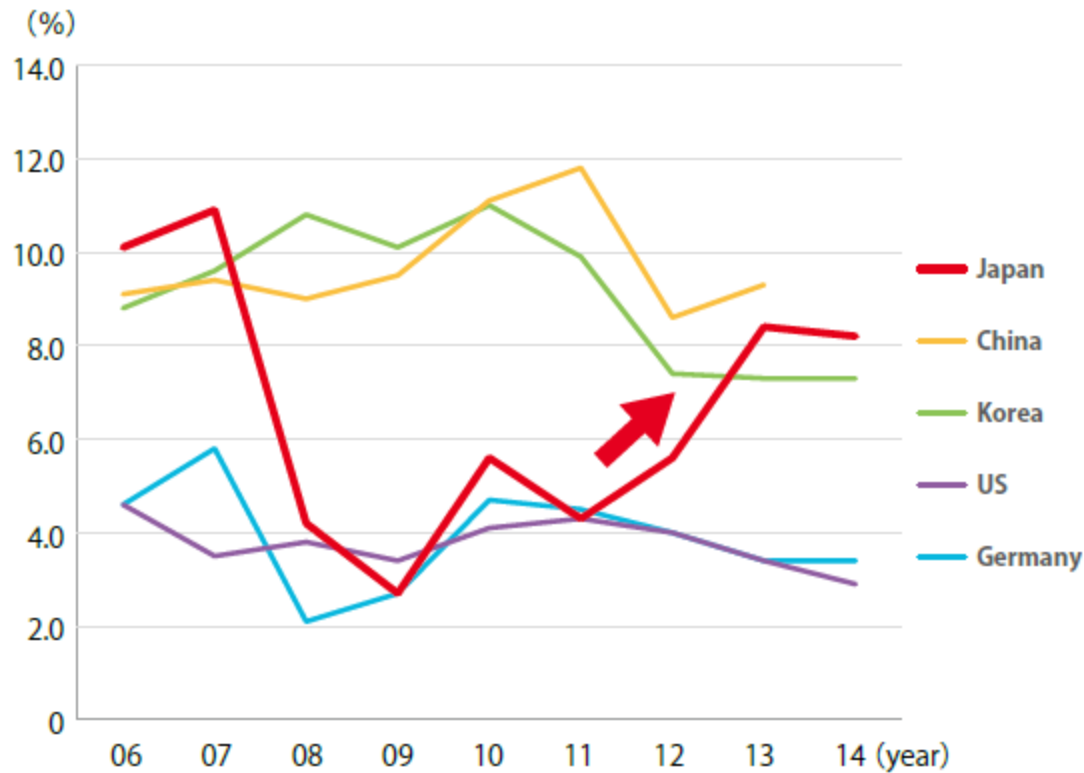
Japan is a **highly developed industrial country**. Main sectors are among other things the **automotive** and **electronic industry**. Japan is in many technological sectors **market leader** with a world market share of over **60%**.

# Japanese Market – Foreign Trade

<b>Import</b>	<b>Billion EUR</b>
China	133
<b>EU 28</b>	<b>59</b>
USA	56
Australia	29
South Korea	22

<b>Export</b>	<b>Billion EUR</b>
USA	103
China	90
<b>EU 28</b>	<b>54</b>
South Korea	37
Taiwan	30

# Japanese Market – FDI



(Note) 1) FDI ratio = This term's direct investment ratio/foreign direct investment term final balance x 100 (%)  
 2) China is until 2013

[Source] "JETRO World Trading Investment Report Ver. 2015" (JETRO)  
 Data source: "BOP, June 2015" (IMF), "Balance of Payment Statistics," "National Net International Investment Position" (Ministry of Finance, Bank of Japan)

# Context & Background

- Economic context
  - Japan is **not considered a particularly risky country** for credit management:
    - Currency Risk A
    - Banking Sector Risk A
    - Political Risk AA
    - Sovereign Risk BBB
  - Although companies insolvency rate is fallen during last years, there is a still persistent risk of bankruptcy for SMEs
  - Official classification system for the purpose of categorizing companies by certain industrial codes JSIC → NOGA Code in CH / NACE Code in IT
  - Two great issues of shortage could affect Japan for the next future: the first is in term of workers, the second in term of energy.

# Context & Background

- How to do business
  - Despite a strong anti-corruption legislation, the phenomenon of '**amakudari**' is deeply-rooted and it often brings about unfair advantages for companies involved.
  - Japanese companies are **not interested in short life relationships**.
  - All relevant parties in a company are involved in a decisioning process.  
→ Process can take a couple of years.
  - Be aware that even if in several industry sectors formal trade barriers don't exist, often informal ones are present.
  - Labor Unions are structured by companies and not industries
  - Heads of Agreement: It is a preliminary version of the final contract in which all relevant aspects are summarized.
  - In Japan legal disputes last longer than OECD's countries average.
    - No obligation to be represented in court, because attorney's fees are not part of the procedural costs

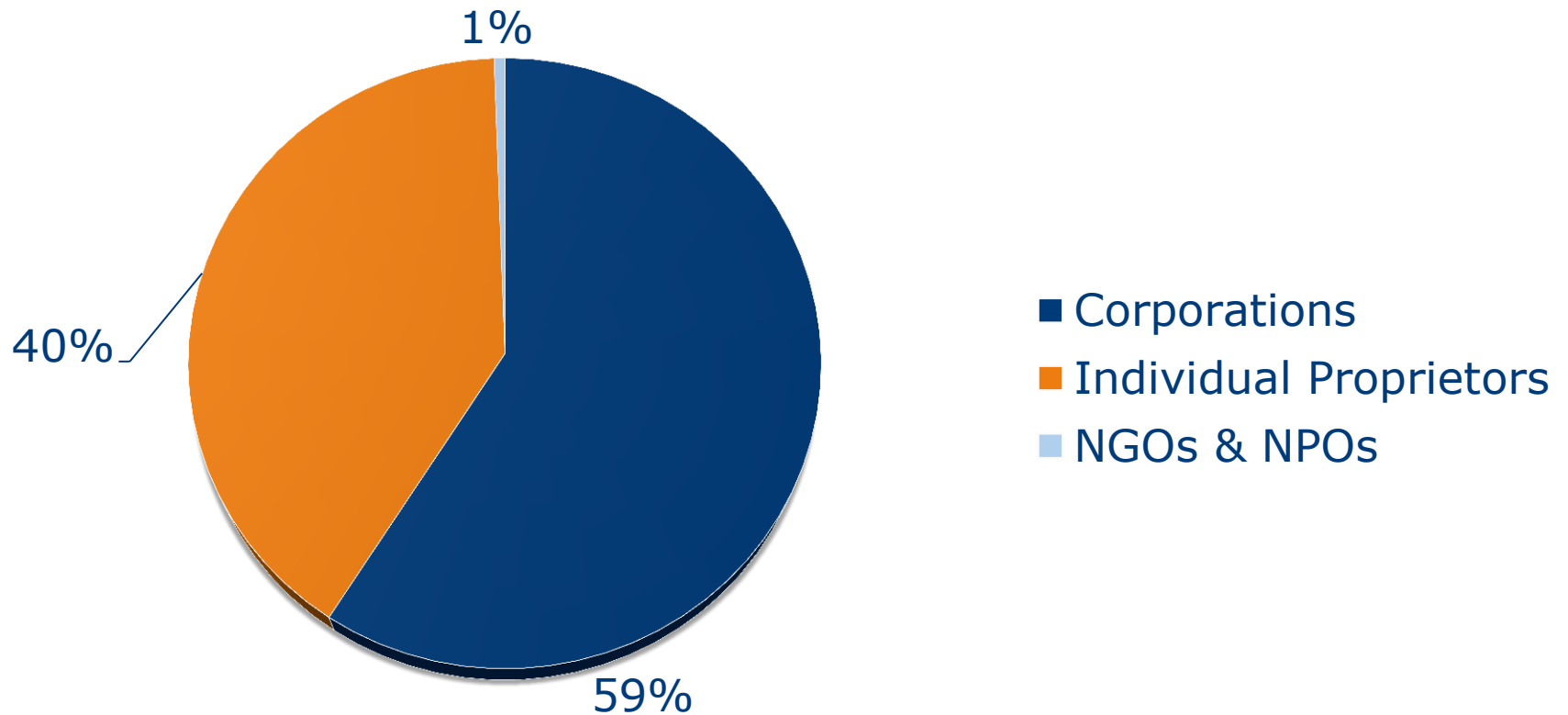
# Companies in Japan

- Japan has **5,45 million companies**
- The „Companies Act“ is replacing part of the Commercial Code. Under the Act the following forms of companies are authorized:
  - **Kabushiki Kaisha** (Stock Company)
    - most common form of corporation
    - one man foundation is possible
    - minimum initial capital of 1 JPY (=0,0088 CHF)
  - **Godo Kaisha** (Limited Liability Company)
    - new type of corporation
  - **Goshi Kaisha** (Limited Partnership)
  - **Gomei Kaisha** (Unlimited Partnership)

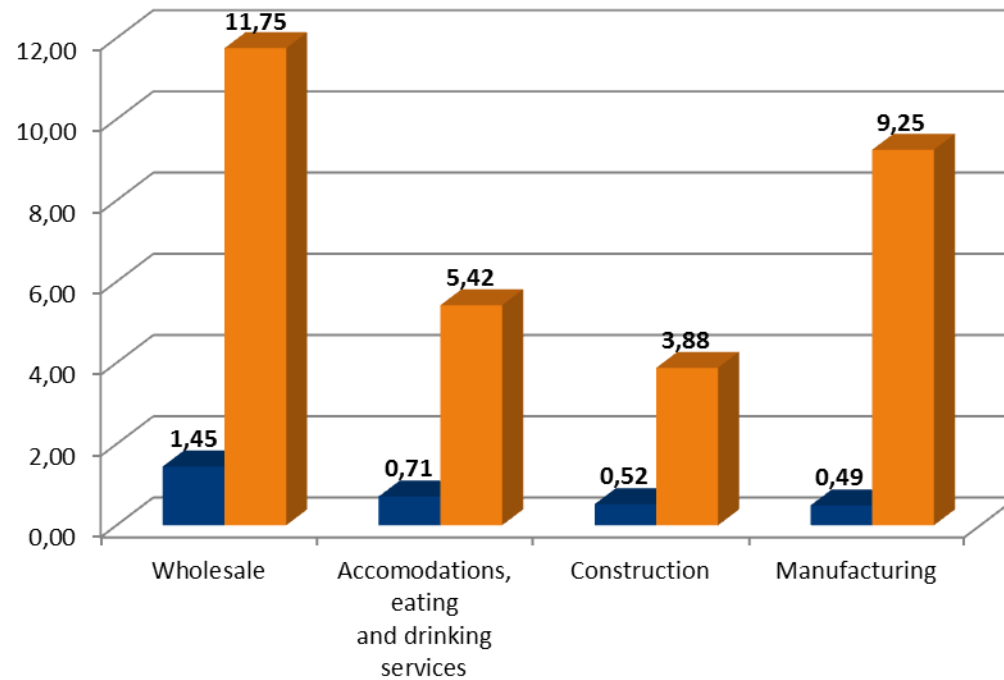


# Companies in Japan

## Legal form



# Companies in Japan

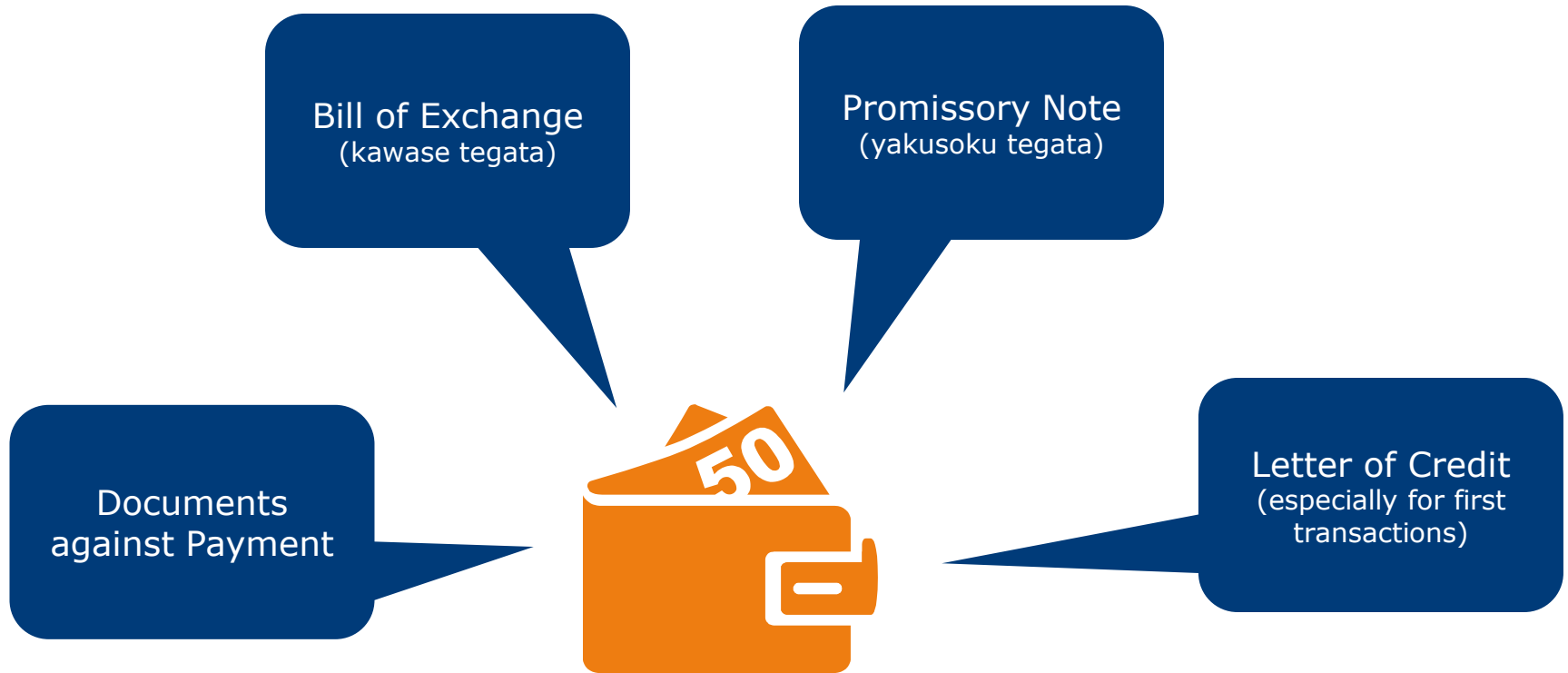


- Nr. of establishments
- Nr. of employees

# Regulations and Obligations for Companies

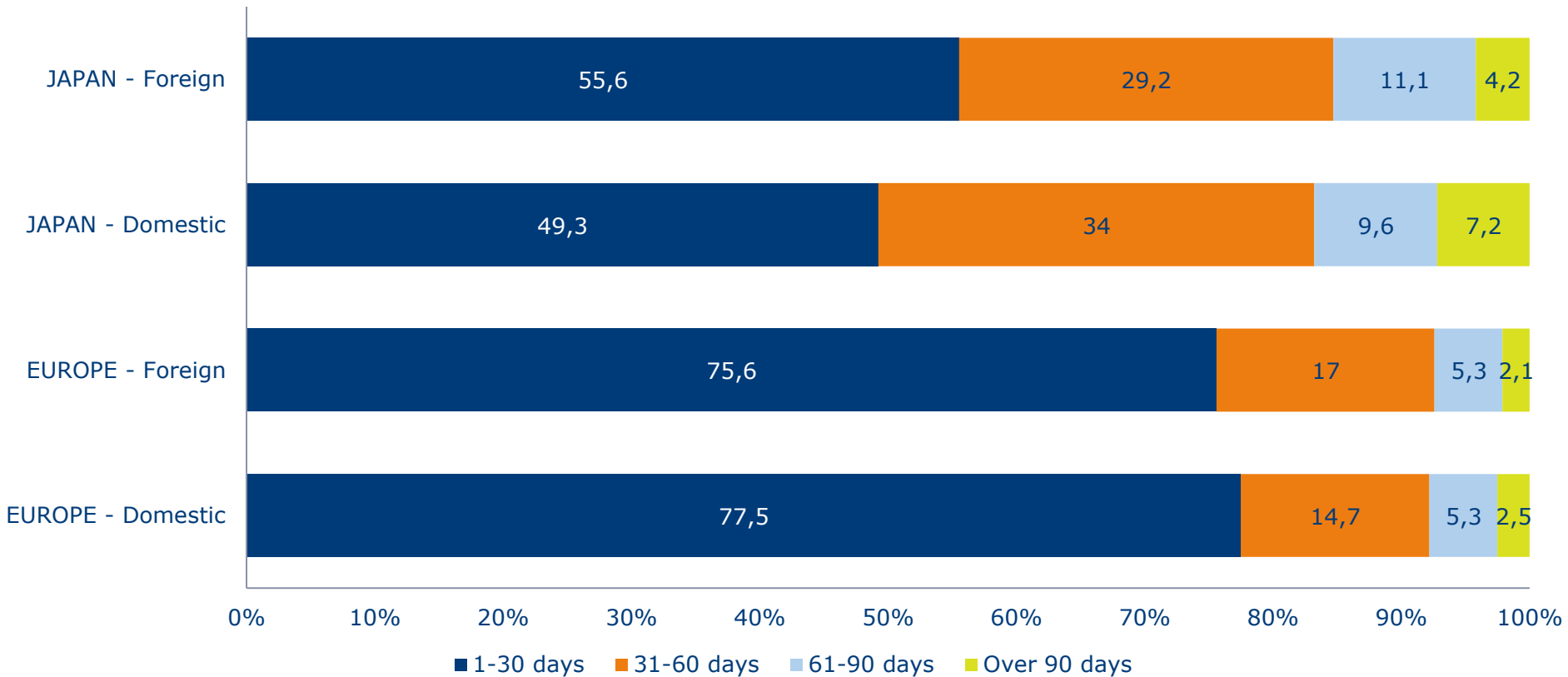
- All stock companies (kabushiki kaisha) are regulated under the „Companies Act“.
- Stock companies are obligated to deposit a business report and the following financial statements:
  - Balance Sheet
  - Income Statement
  - Statement of changes in net assets
  - Notes to non-consolidated financial statements
  - Supplementary schedules

# Payment Practice – Methods










Cheques are far less common

# Payment Practice - Terms



# SkyMinder and CRIF reports on Japan

 BUSINESS HIGHLIGHTS	 RISK ASSESSMENT	 RELEVANT EVENTS	 FINANCIAL INFORMATION	 BUSINESS MANAGEMENT	 BUSINESS RELATIONSHIPS	 ACTIVITY FEATURES
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- Who is the company?
- How is the risk assessment?
- Are there any relevant events in the past?
- How did the company perform financially last year?
- Who is part of the executive management?
- Who are the shareholders? Is the company related to any other subsidiaries or divisions?
- Do you know in which industry and markets the company is operating?



[Here](#) is a SkyMinder Japan Sample Report.

# References

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  - <http://www.jcci.or.jp/english/>
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- Japanese Institute of Certified Public Accountants
- Atradius Payment Practice Barometer October 2015
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- JETRO – Japan External Trade Organization
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- Economist Intelligence Unit
  - <http://country.eiu.com/japan>
- CRIF SkyMinder





Thank you  
for your attention

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