Japan (9th), with a minor improvement in score, loses one place as a result of Hong Kong SAR’s larger improvement. The country’s overall performance is largely driven by high-quality physical and digital infrastructure (4th), a healthy and educated workforce, and a fertile innovation ecosystem. Despite these attributes, Japan’s performance is dragged down by its poor macroeconomic environment (93rd), caused mostly by a period of deflation in 2016 and persistently troubled public finances. The situation has improved slightly since last year as a result of better government budget balance and higher gross national savings. Japan also made strides in the technological readiness pillar (15th, up four) as a result of higher levels of ICT usage. A drop in the rankings in the labor market efficiency pillar, however, points to certain difficulties among firms in retaining talent.

Note: From the list of factors, respondents to the World Economic Forum’s Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them between 1 (most problematic) and 5. The score corresponds to the responses weighted according to their rankings.
The Global Competitiveness Index in detail

Japan

1st pillar: Institutions 
1.01 Property rights 
1.02 Intellectual property protection 
1.03 Diversion of public funds 
1.04 Public trust in politicians 
1.05 Irregular payments and bribes 
1.06 Judicial independency 
1.07 Favoritism in decisions of government officials 
1.08 Efficiency of government spending 
1.09 Burden of government regulation 
1.10 Efficiency of legal framework in settling disputes 
1.11 Efficiency of legal framework in challenging regulations 
1.12 Transparency of government policymaking 
1.13 Business costs of terrorism 
1.14 Business costs of crime and violence 
1.15 Organized crime 
1.16 Reliability of police services 
1.17 Ethical behavior of firms 
1.18 Strength of auditing and reporting standards 
1.19 Efficacy of corporate boards 
1.20 Protection of minority shareholders' interests 
1.21 Strength of investor protection 

2nd pillar: Infrastructure 
2.01 Quality of overall infrastructure 
2.02 Quality of roads 
2.03 Quality of railroad infrastructure 
2.04 Quality of port infrastructure 
2.05 Quality of air transport infrastructure 
2.06 Available airline seat kilometers /100 pop. 
2.07 Quality of electricity supply 
2.08 Mobile-cellular telephone subscriptions /100 pop. 
2.09 Fixed-telephonic lines /100 pop.

3rd pillar: Macroeconomic environment 
3.01 Government budget balance % GDP 
3.02 Gross national savings % GDP 
3.03 Inflation annual % change 
3.04 Government debt % GDP 
3.05 Country credit rating 0-10 (best)

4th pillar: Health and primary education 
4.01 Malaria incidence cases/100,000 pop. 
4.02 Business impact of malaria n/a 
4.03 Tuberculosis incidence cases/100,000 pop. 
4.04 Business impact of tuberculosis 
4.05 HIV prevalence % adult pop. 
4.06 Business impact of HIV/AIDS 
4.07 Infant mortality deaths/1,000 live births 
4.08 Life expectancy years 
4.09 Quality of primary education 
4.10 Primary education enrollment rate net %

5th pillar: Higher education and training 
5.01 Secondary education enrollment rate gross % 
5.02 Tertiary education enrollment rate gross % 
5.03 Quality of the education system 
5.04 Quality of math and science education 
5.05 Quality of management schools 
5.06 Internet access in schools 
5.07 Local availability of specialized training services 
5.08 Extent of staff training

6th pillar: Goods market efficiency 
6.01 Intensity of local competition 
6.02 Extent of market dominance 
6.03 Effectiveness of anti-monopoly policy 
6.04 Effect of taxation on incentives to invest 
6.05 Total tax rate % profits 
6.06 No. of procedures to start a business 
6.07 Time to start a business days 
6.08 Agricultural policy costs 
6.09 Prevalence of non-tariff barriers 
6.10 Country capacity to attract talent 
6.11 Prevalence of foreign ownership 
6.12 Business impact of rules on FDI 
6.13 Burden of customs procedures 
6.14 Imports % GDP 
6.15 Degree of customer orientation 
6.16 Buyer sophistication

7th pillar: Labor market efficiency 
7.01 Cooperation in labor-employer relations 
7.02 Flexibility of wage determination 
7.03 Hiring and firing practices 
7.04 Redundancy costs weeks of salary 
7.05 Effect of taxation on incentives to work 
7.06 Pay and productivity 
7.07 Reliance on professional management 
7.08 Country capacity to retain talent 
7.09 Business costs of crime and violence 
7.10 Female participation in the labor force ratio to men

8th pillar: Financial market development 
8.01 Availability of financial services 
8.02 Affordability of financial services 
8.03 Financing through local equity market 
8.04 Ease of access to loans 
8.05 Venture capital availability 
8.06 Soundness of banks 
8.07 Regulation of securities exchanges 
8.08 Legal rights index 0-10 (best)

9th pillar: Technological readiness 
9.01 Availability of latest technologies 
9.02 Firm-level technology absorption 
9.03 FDI and technology transfer 
9.04 Internet users % pop. 
9.05 Fixed-broadband Internet subscriptions /100 pop. 
9.06 Internet bandwidth Mbit/sec 
9.07 Mobile-broadband subscriptions /100 pop. 
9.10th pillar: Market size 
10.01 Domestic market size index 
10.02 Foreign market size index 
10.03 GDP (PPP) PPP $ billions 
10.04 Exports % GDP 

11th pillar: Business sophistication 
11.01 Local supplier quantity 
11.02 Local supplier quality 
11.03 State of cluster development 
11.04 Nature of competitive advantage 
11.05 Value chain breadth 
11.06 Control of international distribution 
11.07 Production process sophistication 
11.08 Extent of marketing 
11.09 Willingness to delegate authority

12th pillar: Innovation 
12.01 Capacity for innovation 
12.02 Quality of scientific research institutions 
12.03 Company spending on R&D 
12.04 University-industry collaboration in R&D 
12.05 Govt procurement of advanced technology products 
12.06 Availability of scientists and engineers 
12.07 PCT patents applications/million pop.

Note: Values are on a 1-10 scale unless indicated otherwise. Trend lines depict evolution in values since the 2012-2013 edition (or earliest edition available). For detailed definitions, sources, and periods, consult the interactive Economy Profiles and Rankings at http://go.weforum.org/