

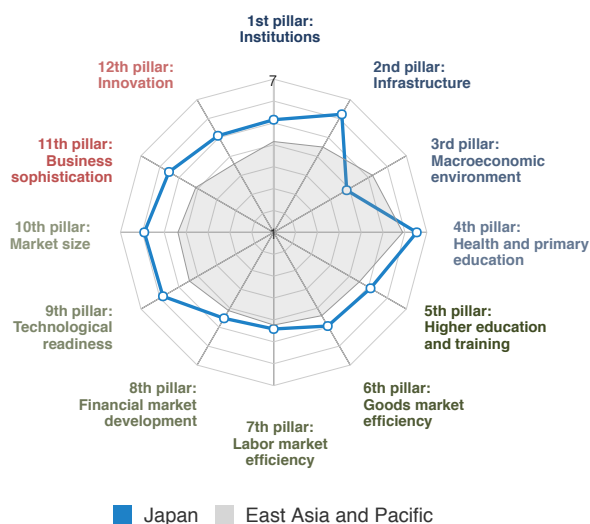
## Key indicators, 2016

Source: International Monetary Fund; World Economic Outlook Database (April 2017)

<b>Population</b> millions	126.9	<b>GDP per capita</b> US\$	38,917.3
<b>GDP</b> US\$ billions	4,938.6	<b>GDP (PPP)</b> % world GDP	4.37

## Performance overview

Index Component	Rank/137	Score (1-7)	Trend	Distance from best	Edition	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Global Competitiveness Index</b>	<b>9</b>	<b>5.5</b>			Rank	<b>10 / 144</b>	<b>9 / 148</b>	<b>6 / 144</b>	<b>6 / 140</b>	<b>8 / 138</b>	<b>9 / 137</b>
Subindex A: Basic requirements	21	5.7			Score	5.4	5.4	5.5	5.5	5.5	5.5
<b>1st pillar: Institutions</b>	17	5.4									
<b>2nd pillar: Infrastructure</b>	4	6.3									
<b>3rd pillar: Macroeconomic environment</b>	93	4.3									
<b>4th pillar: Health and primary education</b>	7	6.6									
Subindex B: Efficiency enhancers	10	5.4									
<b>5th pillar: Higher education and training</b>	23	5.4									
<b>6th pillar: Goods market efficiency</b>	13	5.2									
<b>7th pillar: Labor market efficiency</b>	22	4.8									
<b>8th pillar: Financial market development</b>	20	4.9									
<b>9th pillar: Technological readiness</b>	15	6.0									
<b>10th pillar: Market size</b>	4	6.1									
Subindex C: Innovation and sophistication factors	6	5.6									
<b>11th pillar: Business sophistication</b>	3	5.7									
<b>12th pillar: Innovation</b>	8	5.4									

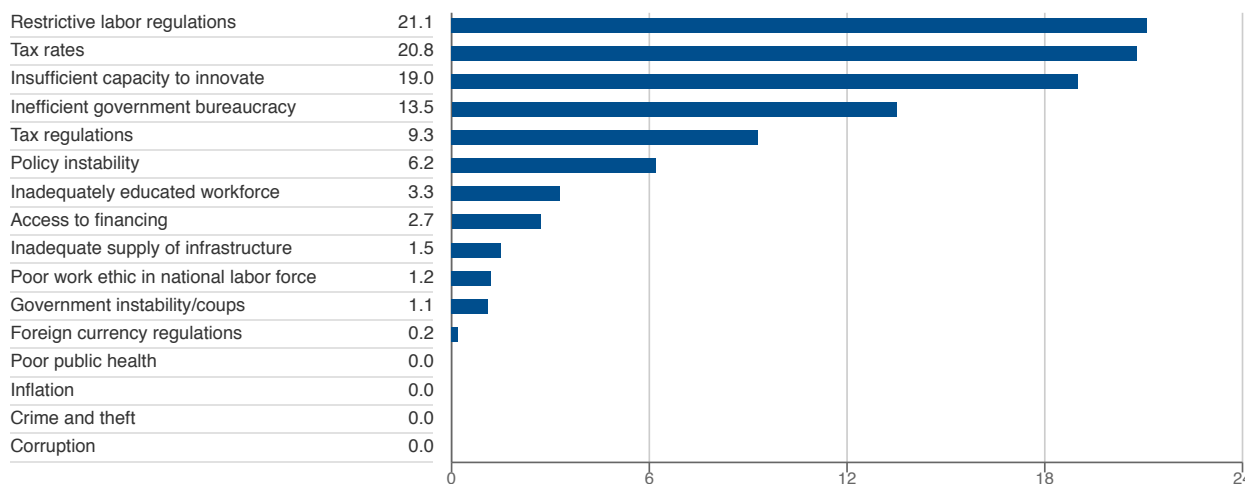


Japan (9th), with a minor improvement in score, loses one place as a result of Hong Kong SAR's larger improvement. The country's overall performance is largely driven by high-quality physical and digital infrastructure (4th), a healthy and educated workforce, and a fertile innovation ecosystem. Despite 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.

## Most problematic factors for doing business

Source: World Economic Forum, Executive Opinion Survey 2017



**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.

Index Component	Rank/137	Value	Trend	Index Component	Rank/137	Value	Trend
<b>1st pillar: Institutions</b>	<b>17</b>	<b>5.4</b>		<b>6th pillar: Goods market efficiency</b>	<b>13</b>	<b>5.2</b>	
1.01 Property rights	10	6.1		6.01 Intensity of local competition	1	6.2	
1.02 Intellectual property protection	18	5.8		6.02 Extent of market dominance	2	5.9	
1.03 Diversion of public funds	19	5.3		6.03 Effectiveness of anti-monopoly policy	5	5.5	
1.04 Public trust in politicians	26	4.5		6.04 Effect of taxation on incentives to invest	45	4.0	
1.05 Irregular payments and bribes	15	6.1		6.05 Total tax rate % profits	105	48.9	
1.06 Judicial independence	15	6.0		6.06 No. of procedures to start a business	91	8	
1.07 Favoritism in decisions of government officials	15	4.8		6.07 Time to start a business days	71	11.2	
1.08 Efficiency of government spending	29	4.1		6.08 Agricultural policy costs	100	3.4	
1.09 Burden of government regulation	59	3.6		6.09 Prevalence of non-tariff barriers	59	4.5	
1.10 Efficiency of legal framework in settling disputes	16	5.2		6.10 Trade tariffs % duty	36	1.9	
1.11 Efficiency of legal framework in challenging regulations	20	4.5		6.11 Prevalence of foreign ownership	20	5.4	
1.12 Transparency of government policymaking	13	5.6		6.12 Business impact of rules on FDI	27	5.2	
1.13 Business costs of terrorism	66	5.1		6.13 Burden of customs procedures	29	5.0	
1.14 Business costs of crime and violence	20	5.4		6.14 Imports % GDP	131	16.0	
1.15 Organized crime	35	5.4		6.15 Degree of customer orientation	1	6.2	
1.16 Reliability of police services	16	6.2		6.16 Buyer sophistication	7	4.9	
1.17 Ethical behavior of firms	12	5.7		<b>7th pillar: Labor market efficiency</b>	<b>22</b>	<b>4.8</b>	
1.18 Strength of auditing and reporting standards	18	5.8		7.01 Cooperation in labor-employer relations	7	5.7	
1.19 Efficacy of corporate boards	18	5.8		7.02 Flexibility of wage determination	15	5.8	
1.20 Protection of minority shareholders' interests	14	5.3		7.03 Hiring and firing practices	113	3.2	
1.21 Strength of investor protection 0-10 (best)	51	6.0		7.04 Redundancy costs weeks of salary	9	4.3	
<b>2nd pillar: Infrastructure</b>	<b>4</b>	<b>6.3</b>		7.05 Effect of taxation on incentives to work	37	4.3	
2.01 Quality of overall infrastructure	6	6.2		7.06 Pay and productivity	40	4.4	
2.02 Quality of roads	6	6.1		7.07 Reliance on professional management	16	5.7	
2.03 Quality of railroad infrastructure	2	6.6		7.08 Country capacity to retain talent	44	3.9	
2.04 Quality of port infrastructure	21	5.3		7.09 Country capacity to attract talent	73	3.3	
2.05 Quality of air transport infrastructure	26	5.6		7.10 Female participation in the labor force ratio to men	77	0.78	
2.06 Available airline seat kilometers millions/week	5	5,975.3		<b>8th pillar: Financial market development</b>	<b>20</b>	<b>4.9</b>	
2.07 Quality of electricity supply	10	6.7		8.01 Availability of financial services	19	5.2	
2.08 Mobile-cellular telephone subscriptions /100 pop.	42	129.8		8.02 Affordability of financial services	4	5.5	
2.09 Fixed-telephone lines /100 pop.	9	50.6		8.03 Financing through local equity market	15	5.1	
<b>3rd pillar: Macroeconomic environment</b>	<b>93</b>	<b>4.3</b>		8.04 Ease of access to loans	8	5.2	
3.01 Government budget balance % GDP	93	-4.2		8.05 Venture capital availability	28	3.6	
3.02 Gross national savings % GDP	37	27.2		8.06 Soundness of banks	21	5.8	
3.03 Inflation annual % change	63	-0.1		8.07 Regulation of securities exchanges	12	5.8	
3.04 Government debt % GDP	137	239.2		8.08 Legal rights index 0-10 (best)	85	4	
3.05 Country credit rating 0-100 (best)	19	82.0		<b>9th pillar: Technological readiness</b>	<b>15</b>	<b>6.0</b>	
<b>4th pillar: Health and primary education</b>	<b>7</b>	<b>6.6</b>		9.01 Availability of latest technologies	11	6.3	
4.01 Malaria incidence cases/100,000 pop.	n/a	s.l.		9.02 Firm-level technology absorption	15	5.5	
4.02 Business impact of malaria	n/a	6.4		9.03 FDI and technology transfer	25	5.1	
4.03 Tuberculosis incidence cases/100,000 pop.	41	17.0		9.04 Internet users % pop.	9	92.0	
4.04 Business impact of tuberculosis	38	6.2		9.05 Fixed-broadband Internet subscriptions /100 pop.	21	31.5	
4.05 HIV prevalence % adult pop.	1	<0.1		9.06 Internet bandwidth kb/s/user	52	83.0	
4.06 Business impact of HIV/AIDS	42	5.9		9.07 Mobile-broadband subscriptions /100 pop.	5	131.9	
4.07 Infant mortality deaths/1,000 live births	5	2.0		<b>10th pillar: Market size</b>	<b>4</b>	<b>6.1</b>	
4.08 Life expectancy years	2	83.8		10.01 Domestic market size index	4	6.1	
4.09 Quality of primary education	14	5.4		10.02 Foreign market size index	7	6.1	
4.10 Primary education enrollment rate net %	3	100.0		10.03 GDP (PPP) PPP \$ billions	4	5,237.8	
<b>5th pillar: Higher education and training</b>	<b>23</b>	<b>5.4</b>		10.04 Exports % GDP	117	16.5	
5.01 Secondary education enrollment rate gross %	41	101.7		<b>11th pillar: Business sophistication</b>	<b>3</b>	<b>5.7</b>	
5.02 Tertiary education enrollment rate gross %	39	63.4		11.01 Local supplier quantity	1	6.2	
5.03 Quality of the education system	36	4.4		11.02 Local supplier quality	2	6.1	
5.04 Quality of math and science education	22	5.1		11.03 State of cluster development	11	5.1	
5.05 Quality of management schools	59	4.3		11.04 Nature of competitive advantage	2	6.4	
5.06 Internet access in schools	29	5.2		11.05 Value chain breadth	1	6.1	
5.07 Local availability of specialized training services	25	5.3		11.06 Control of international distribution	5	5.4	
5.08 Extent of staff training	13	5.2		11.07 Production process sophistication	2	6.4	
				11.08 Extent of marketing	22	5.1	
				11.09 Willingness to delegate authority	31	4.9	
				<b>12th pillar: Innovation</b>	<b>8</b>	<b>5.4</b>	
				12.01 Capacity for innovation	21	5.1	
				12.02 Quality of scientific research institutions	14	5.7	
				12.03 Company spending on R&D	5	5.6	
				12.04 University-industry collaboration in R&D	23	4.7	
				12.05 Gov't procurement of advanced technology products	23	4.0	
				12.06 Availability of scientists and engineers	8	5.3	
				12.07 PCT patents applications/million pop.	1	332.4	

**Note:** Values are on a 1-to-7 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://gcr.weforum.org/>