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## Japan: Wirtschaftsbericht 2018 – Update

### Zusammenfassung

- **Japans Wirtschaft** – mit einem BIP von knapp 5'000 Milliarden USD die drittgrösste der Welt – ist **2017 mit 1.7% solide gewachsen**. Die **Entwicklung im 2018 war unsteter**. Es wird ein Jahreswert um 1.0% erwartet, und für 2019 eine weitere leichte Abschwächung.
- **Sechs Jahre „Abenomics“** – die Wachstumsstrategie der Regierung von Premierminister Shinzo Abe – haben die japanische Wirtschaft **aus einer langen Stagnation geführt**. Eine **nachhaltige Belebung der Binnenkonjunktur** – namentlich der Lohnentwicklung und des Privatkonsums – ist **bisher aber ausgeblieben**. Die extrem expansive Geldpolitik der Zentralbank zeigt zunehmend unerwünschte Nebenwirkungen.
- Die **Staatsverschuldung von rund 240%** des BIP ist die höchste der entwickelten Welt. Sie stellt längerfristig eines der grössten Risiken für die japanische Wirtschaft dar. Anläufe zur Schuldenkonsolidierung sind bisher nicht weit gediehen. Eine für Oktober 2019 vorgesehene Erhöhung der Verbrauchssteuer von 8 auf 10% wird einen bescheidenen Beitrag dazu leisten.
- Der fortschreitende **Bevölkerungsrückgang** und die **Alterung der japanischen Gesellschaft** stellen enorme, neuartige Herausforderungen dar. Bei einer Gesamtbevölkerung von 126 Millionen beträgt die jährliche Abnahme derzeit rund 300'000.
- Um den **angespannten Arbeitsmarkt** zu entlasten, ist bisher einer stärkeren Integration weiblicher und älterer einheimischer Personen Priorität gegeben worden. Ende 2018 beschloss das japanische Parlament **erstmals ein grösseres Programm zur Rekrutierung ausländischer Arbeitskräfte**. Über die kommenden fünf Jahre sollen maximal 345'000 AusländerInnen Sektoren mit besonders grossem Arbeitskräftemangel zugeführt werden.
- **Grosse Fortschritte** hat Japan in jüngster Zeit im Bereich der **Freihandelsabkommen** erzielt. Das Trans-Pazifische Partnerschaftsabkommen "ohne USA" (CPTPP / TPP-11) und das Partnerschaftsabkommen mit der EU wurden 2018 unterzeichnet und treten Ende Dezember 2018 bzw. Anfang Februar 2019 in Kraft.
- Gleichzeitig bedeuten der **Handelskonflikt** zwischen den USA und China – Japans zwei wichtigste Handelspartner – und die Anfang 2019 beginnenden **bilateralen Verhandlungen mit den USA** für die exportabhängige japanische Wirtschaft neue Risiken und Unsicherheiten.
- Eine Herausforderung bleibt auch Japans **Energiepolitik**. Nach der Fukushima-Katastrophe 2011 waren alle Atomkraftwerke heruntergefahren worden. Seit 2015 sind trotz Widerständen in der Bevölkerung 9 von insgesamt 42 funktionstüchtigen Reaktoren wieder ans Netz gegangen. Reformen des Elektrizitäts- und Gasmarktes werden umgesetzt, während der Anteil erneuerbarer Energien relativ langsam zunimmt.
- Um der japanischen Wirtschaft ein nachhaltiges Wirtschaftswachstum zu ermöglichen, sind **weitere, tiefgreifende Strukturreformen nötig**. Die Wahl von Premierminister Abe im Herbst 2018 für eine weitere (und letzte) dreijährige Amtszeit bietet seiner Regierung Gelegenheit, Nägel mit Köpfen zu machen, etwa bei den Sozialversicherungen.
- Von den **Olympischen Spielen 2020 in Tokyo** und der **Weltausstellung 2025 in Osaka** erwartet die japanische Regierung bedeutende wirtschaftliche Impulse.
- **Für die Schweiz** bleibt Japan der **zweitwichtigste Exportmarkt in Asien** (2.5% der gesamten Ausfuhren), ein **bedeutender Investitionsstandort** (Rang 4 bzw. 7 unter den ausländischen Investoren in Japan, je nach Methode) und ein gewichtiger **«like-minded» Partner**.
- Für 2019 steht – auf Einladung des japanischen Vorsitzes – die **Teilnahme am G20 Finance Track**, und etwas längerfristig die **Anpassung des bilateralen Freihandelsabkommens**, im Vordergrund.

# 1. Wirtschaftliche Probleme und Herausforderungen

## Wirtschaftsdaten

Japan's economy, the world's third largest, enjoyed **solid growth in 2017**. Real GDP expanded 1.7%, considerably above its potential growth rate<sup>1</sup>. The economy strengthened for eight straight quarters until the end of 2017, the **longest period of expansion in 28 years**. Thanks to global economic dynamics and a weaker yen, exports contributed most to this rise. Private capital investment has also gained momentum. However, private consumption, which accounts for about 60% of Japan's GDP and is seen as key for putting the economy on a more durable growth path, remained subdued at a modest increase of 1.0% in 2017.

In the **first three quarters of 2018**, the Japanese economy has gone through **ups and downs**. It shrank 1.3% in the January-March period before a 2.8% rise in the following quarter. GDP growth then again marked a contraction of 2.5% in July-September as several natural disasters weighed on activity. The IMF, in its October World Economic Outlook, projects that Japan's economy will grow 1.1% overall in 2018, before slowing somewhat to 0.9% in 2019.

Meanwhile, **labor market conditions** have **kept tightening** in a context of an aging and declining population. The unemployment rate dropped from 3.1% in 2016 to 2.8% by the end of 2017 and to 2.4% in August 2018, the lowest level in 25 years. While these developments have translated into higher wages in some sectors, particularly since the beginning of 2018, overall wage pressure has continued to be weak. This is notably due to the fact that job growth is mainly coming from lower-paid, so-called "non-regular" jobs, which now account for 37% of overall employment. On average, Japanese workers saw a pay rise of a mere 0.4% in 2017.

The **consumer price index** (CPI; all items) **gained 0.5% in 2017**, after falling 0.1% in 2016, mainly due to higher oil prices. Core inflation, which excludes fresh food and energy, rose by just 0.1% in 2017. By September 2018, core consumer prices were up 0.4% from a year ago. The IMF projects the CPI (all items) to increase 1.1% in 2018, still quite far from the Bank of Japan's 2.0% target.

## Abenomics

**Six years after the launch of Abenomics**, Prime Minister Shinzo Abe's policy mix focusing on ending deflation and revitalizing the economy, the Japanese economy thus **continues to strengthen at a moderate pace**.

This has largely been enabled by an **ultra-easy monetary policy**. Initially in 2012, the Bank of Japan (BoJ) had promised to buy 50 trillion yen (ca. 450 billion CHF) of Japanese government bonds annually. However, after a hike of the consumption tax from 5% to 8% in 2014, the BoJ responded to economic weakening by further expanding its monetary stimulus to around 80 trillion yen a year (ca. 720 billion CHF). In January 2016, as the yen strengthened in the wake of market turbulence, the BoJ introduced a negative interest rate policy, aimed at keeping the short-term interest rate at minus 0.1%. In order to alleviate undesirable side-effects, the Bank introduced a yield curve control in September 2016, by capping the 10-year bond yields at around zero.

With still very low core inflation expectations, Japan's **monetary policy is anticipated to remain highly accommodative** going forward, albeit with slightly more restraint. The BoJ is estimated to now hold more than 40% of outstanding government bonds, and its balance sheet in mid-2018 for the first time exceeded the size of Japan's GDP. Together with negative interest rates, this policy increasingly shows detrimental side effects, in particular on the profitability of financial institutions and on the efficiency of the bond market.

Against this background, the **overall policy focus continues to shift from monetary to fiscal policy**. In 2016, the government started to accelerate fiscal spending. In October 2017, a snap election of the parliament's Lower House brought a comprehensive victory for Prime Minister Abe's ruling Liberal-Democratic Party (LDP) on promises to use a postponed consumption tax hike (from 8% to 10% in October 2019) to improve social security programs, education and child care.

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<sup>1</sup> Potential growth rate is estimated to be in the range of 0.5-1.0% by the Bank of Japan (BoJ).

However, in order to turn *Abenomics* into a more sustainable success, **structural reforms** (the so-called “third arrow” of *Abenomics*) **need to be accelerated and broadened**. Some progress has been achieved, notably regarding the corporate tax rate, corporate governance, labor market reform including an expansion of the female workforce, the energy market and agricultural liberalization. Two major trade agreements – the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (TPP11) and the *Japan-EU Economic Partnership Agreement* – have been completed and are about to enter into force at the end of December 2018 and on 1 February 2019, respectively. Meanwhile, the government’s sixth growth strategy, which was announced in June 2018 and focuses on flagship projects in the digital economy, falls short of a more comprehensive reform push the country would need.

**Prime Minister Abe’s** re-election to the presidency of his ruling LDP in September 2018, which extends his **time in office by another three years until 2021**, offers an opportunity for more wide-ranging policy changes. He already announced a major overhaul of Japan’s social security system as well as a focus on the labor market in 2019, before turning to pressing pension and medical care issues from 2020.

### Herausforderungen und Chancen

One of Japan’s main challenges is its **rapidly aging and shrinking population**. Since a peak of 128 million reached in 2010, the decline in the number of residents has been accelerating. Currently, Japan’s population is decreasing by more than 300’000 persons a year, in spite of one of the world’s highest life expectancies. The main reasons for this trend are a low fertility rate (1.43 in 2017) and a traditionally very restrictive immigration regime. Without major changes in these areas, Japan’s population is anticipated to drop to 119 million by 2030 and to fall below the 100 million mark by the early 2050s<sup>2</sup>.

The **government’s response has so far** focused on **encouraging women and seniors to more actively take part in the labor market**. By supporting the compatibility of work and family duties, the government also hopes to encourage Japanese women to have more children. Some progress has been made, e.g. by considerably increasing the capacity of day-care facilities for children. The employment rate of women rose from 61% in 2012 to 67% in 2017. However, most of that increase has been driven by “non-regular”, often poorly paid part-time jobs. More will need to be done to make it attractive for women to stay and advance in the labor market.

Addressing labor market shortages by allowing for increased **immigration remains a highly sensitive topic** in Japan. In 2012, a system facilitating the immigration of “highly skilled” professionals was established. Until the end of 2017, the government recognized a modest 10,600 individuals under that scheme, with an aim to reach 20,000 by 2022. Otherwise, foreigners entering the Japanese labor market have essentially done so under limited special regimes (such as for nurses from Indonesia, the Philippines and Vietnam), as part-time employees under student or technical trainees visa, and through marriage to a Japanese national.

However, in an unprecedented policy move in June 2018, the Abe government submitted a new qualification system to parliament aimed at **allowing more foreigners to work in in a restricted number of sectors with severe labor shortages**, such as health care, construction and agriculture. Two types of resident status are foreseen: one for low-skilled professionals, which will be valid for up to five years; and another for foreigners with higher-level skills, which will be renewable indefinitely. Workers in the second category will also be allowed to bring family members to Japan. Following approval by parliament in December 2018, the **new residence status for foreign workers will become effective in April 2019**. Under the scheme, a maximum of 345,000 work permits are foreseen to be granted in 14 designated sectors over the next five years.

Another risk factor is **Japan’s government debt of about 240% of GDP<sup>3</sup>**, the highest among developed nations. With the major part being held domestically, and as the BoJ keeps buying government bonds on a massive scale, long-term interest rates have remained extremely low. While the government keeps reaffirming its commitment to improving fiscal health, a fiscal consolidation plan announced in

<sup>2</sup> Projections published by the National Institute of Population and Social Security Research in April 2017. Figures are based on the medium-fertility (1.445) and medium-mortality (male: 84.959 years, female: 91.35 years) assumption.

<sup>3</sup> Source: IMF

June 2018 pushed back the goal of achieving a primary surplus to 2025. Even that target does not appear to be realistic without wide-ranging spending cuts and social security reforms<sup>4</sup>. In reality, the Abe government is rather moving towards more economic stimulus measures in the 2019-2020 budget to offset negative impacts on domestic demand of the upcoming consumption tax hike than to more fiscal restraint.

**International trade tensions** are a more recent, yet potentially **considerable risk for the Japanese economy**. Not only are the United States and China – the principal antagonists in the current “trade war” – Japan’s largest trading partners<sup>5</sup>. Japanese companies are also strongly exposed to international value chains, and Japan’s economic expansion in recent years relied heavily on exports. Furthermore, negotiations on a bilateral trade agreement between Japan and the US, set to start in early 2019, are expected to add pressure on some key Japanese industries, particularly the automobile sector. Deteriorating *terms of trade*, both globally and in Japan’s bilateral exchanges, may thus affect the growth prospects for the Japanese economy going forward.

**Japan’s energy policy** continues to be challenging. After a shutdown of all nuclear plants following the Fukushima disaster of 2011, the first reactor was restarted in 2015. Out of 14 reactors which have met heightened safety requirements<sup>6</sup> since, nine have actually been restarted. However, concerns among the Japanese public remain widespread. In its energy plan of June 2018, the government maintains a target of generating 20-22% of the country's total electricity by nuclear plants in 2030. To achieve such share, 30 reactors would need to become operational again, which from a current perspective does not seem likely.

The latest energy policy also maintains a **goal of expanding renewable energies to 22-24%** of the overall mix **by 2030**, from about 15% at present. A swifter expansion of renewables has been held back by high costs so far. Full liberalization of the retail electricity market was achieved in April 2016. Since then, consumers have had a choice among more than 400 companies selling power, rather than the previous ten regional utilities groups. Liberalization of the city gas market followed in April 2017, and the number of households that switched to new electricity suppliers has increased to 11% by mid-2018.

Japan bears substantial **economic risks related to natural disasters**. Earthquakes have the highest potential for disruptions, due to Japan’s geographical position at the crossroad of four tectonic plates. According to government estimates, a magnitude 8-plus earthquake along the so-called *Nankai Trough* off central and western Japan is to be expected at a 50% probability in the next 20 years, at 70% in the next 30 years and 90% in the next 50 years, with potentially huge losses. A magnitude 7 earthquake in Kumamoto prefecture in southern Japan in 2016 led to economic damages estimated at 40 billion CHF. In September 2018, a magnitude 6.7 quake hit the northern island of Hokkaido, killing 40 people and causing yet to be determined economic damages. Also in 2018, several typhoons led to major disruptions notably in the Kansai region around Osaka, Japan’s second largest metropolitan area.

Considerable hopes for **positive economic impacts** are being pinned on **the 2020 Tokyo Olympic Games** and the **2025 Osaka World Exhibition**. However, the preparations for the Olympics have also seen a number of challenges, including the scrapping of plans for a new National Stadium and rising costs.

## 2. Internationale und regionale Wirtschaftsabkommen

### 2.1. Politik und Prioritäten des Landes

#### Handelspolitik

After strictly prioritizing the multilateral trading system for a long time, Japan has massively **stepped up efforts to conclude preferential trade agreements** over the past ten years, in particular since Shinzo Abe became Prime Minister in 2012. The 15 free trade agreements (FTAs)<sup>7</sup> which were in effect

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<sup>4</sup> Due to the rapidly aging population, social security spending, which accounts for 30% of total expenditures, has been and will be increasing by 1 trillion yen every year, if no steps to control spending are taken.

<sup>5</sup> See below, 3.1.

<sup>6</sup> The Nuclear Regulation Authority (NRA) has accepted applications for the restart of 26 reactors.

<sup>7</sup> Japan concluded FTAs/EPAs (signed and in effect) with ASEAN, Australia, Brunei, Chile, India, Indonesia, Malaysia, Mexico, Mongolia, Peru, the Philippines, Singapore, Switzerland, Thailand and Vietnam,

by mid-2018 cover 23% of Japan's total merchandise trade – a relatively modest part compared to, e.g., Switzerland's 75%. However, with two "mega-regional" agreements entering into force at the end of 2018, respectively in early 2019, with ten Pacific partners and with the EU, that figure is rising to 37%. It would reach 64% in case the *Regional Comprehensive Economic Partnership* (RCEP) were to be concluded. With respect to the WTO, Japan actively supports several reform projects, including a trilateral initiative with the US and the EU and a Canadian-led initiative of 13 WTO members strongly supportive of the multilateral trading system.

#### *Von TPP zu CPTPP*

In 2013, Japan was a **latecomer to the negotiations on a *Trans-Pacific Partnership* (TPP)**. Led by the US, the project aimed at establishing high standards for trade and investment while countering China's rapidly growing influence in the Asia-Pacific region. By joining the TPP project, the Abe government was seeking to strengthen economic ties and opportunities with several of its main strategic partners, and to push structural reforms domestically, particularly in protected sectors such as agriculture. The signing of the original TPP in February 2016 among 12 countries<sup>8</sup> thus constituted a major achievement for the Abe government.

However, the withdrawal of the US from the TPP by President Trump in January 2017 forced Tokyo to reconsider its strategy. In May 2017, on Japan's initiative, ministers from the remaining 11 TPP countries agreed to pursue their efforts and adapt the pact as quickly as possible. An agreement was reached by November 2017 and the now ***Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (CPTPP) was signed in March 2018** in Chile. In the revised agreement, most key provisions were left unchanged, including on e-commerce and data flows. At the same time, some elements were suspended until the US would return to the pact. The CPTPP covers 13% of global GDP and 15% of world trade (compared with 37% and 26%, respectively, had the US remained a party). With six signatories, including Japan, having completed domestic ratification procedures by November 2018, the CPTPP enters into force on 30 December 2018.

From Japan's perspective, the CPTPP is not only designed to allow for a future return to the pact by the US. It is also seen to be open for other interested countries to join. In particular, Prime Minister Abe repeatedly expressed a wish to see the UK becoming a CPTPP party after completion of Brexit. In that sense, the pact has a **potential to expand beyond its geographical origin** and to become a more global "high standards" agreement. A meeting of CPTPP ministers in early 2019 is foreseen to discuss options for expanding the pact beyond its current 11 participants.

#### *Japan-EU EPA*

Shortly after reaching an agreement in principle on the CPTPP, Japan and the EU finalized their negotiations on an *Economic Partnership Agreement* (JEEPA) in December 2017, following a decision to leave aside provisions on investment protection. The deal was signed in July 2018 and, after ratifications on both sides completed in December, will **become effective on 1 February 2019**.

For quite some time after their launch in 2013, the JEEPA negotiations had not been a top priority on either side. Fresh impetus came in 2016 from the UK's decision to leave the European Union and from Donald Trump's election as US President. Japan and the EU became more eager to demonstrate their ongoing commitment to free trade.

The EU and Japan together account for about **30% of the world's GDP**, making the JEEPA the largest regional trade pact at the moment. Japan is the EU's sixth largest export market, while the EU ranks third for Japan. Customs duties on 94% of goods imported from the EU will be eliminated, and 99% of Japan's merchandise exports to the EU will become duty-free. In the area of agricultural products, tariffs on about 82% of European exports to Japan will be removed over time, including on cheese and wine. In return, EU tariffs on imported Japanese cars and automobile parts will be dismantled eventually. Japan has also agreed to adjust a number of internal regulations to align to European and international standards – a development which will also benefit other trading partners.

#### *Handelsbeziehungen Japan-USA*

Following the withdrawal by the US from the TPP and in line with the Trump administration's preference for bilateral trade deals, the two countries launched a ***US-Japan Economic Dialogue* in 2017**. Held

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<sup>8</sup> Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

twice under the leadership of Vice-President Pence and Japanese Deputy Prime Minister Aso, that format allowed Japan to temporarily avoid bilateral trade negotiations while maintaining its preference for a return of the US to the CPTPP.

However, in the course of 2018, US pressure on Japan, which runs a large bilateral trade surplus, increased. In March, the Trump administration imposed new import tariffs on steel and aluminum for national security reasons. Unlike some other traditional allies such as Australia and South Korea, Japan was not exempted from those tariffs. In April, at a meeting with President Trump, Premier Minister Abe agreed to upgrade the bilateral talks to a “free, fair and reciprocal trade dialogue”. In May, the US President announced the launch of a so-called “Section 232” investigation into possible new tariffs on automobiles, Japan’s top US-bound export.

Finally, at the end of September 2018, Abe accepted the **launch of bilateral trade negotiations**, in exchange for a relief from the threat of auto tariffs as long as the negotiation process is underway. In a joint declaration, Japan also obtained assurances that market access for agricultural products would not exceed levels it has granted in preceding economic partnership agreements. Such limitation has, however, been questioned since by US government representatives, just as Japan’s assumption that the talks would focus of trade in goods at least in a first phase. The negotiations are expected to formally start in early 2019, with automobiles, agricultural products as well as monetary policy among the main challenges from a Japanese perspective.

### *RCEP und CJK*

The **Regional Comprehensive Economic Partnership (RCEP)** negotiations, officially led by ASEAN, were launched in 2013. Apart from the ten ASEAN members, Australia, China, India, Japan, New Zealand and South Korea are participants in the project. An RCEP agreement would cover half of the world’s population and about 30% of global GDP. However, progress in the negotiations has been hampered by diverging ambitions so far – particularly between Japan, China and India. In the course of 2018, the talks accelerated, and RCEP leaders, at a summit in November, announced their objective to reach an agreement in 2019.

Concerning the negotiations on a trilateral trade agreement between **China, Japan and South (CJK FTA)**, progress has been slow since the launch in 2012. The latest round was held in April 2017. At a summit in Tokyo in May 2018, leaders of the three neighboring countries confirmed their commitment to the process. However, that declaration has yet to be translated into significant follow-up actions.

### Steuerpolitik

In Steuerfragen unterstützt Japan die wichtigsten internationalen Initiativen. Namentlich wird das **BEPS (Base Erosion and Profit Sharing)** Projekt der OECD durch die Regierung Abe voll mitgetragen, und das dafür zuständige Fiskalkomitee der OECD steht unter japanischer Leitung. Auch hat sich Japan zum **automatischen Informationsaustausch zu Steuerzwecken (AIA)** bekannt.

### 2.2. Aussichten für die Schweiz

Die Schweiz und Japan verfügen über eine **gut ausgebaute Palette bilateraler Abkommen** und Vereinbarungen zur Förderung der wirtschaftlichen Beziehungen. Dazu gehören insbesondere das Freihandels- und wirtschaftliche Partnerschaftsabkommen (FHWPA) von 2009, das revidierte Doppelbesteuerungsabkommen (DBA, in Kraft seit 2011), das Sozialversicherungsabkommen von 2012 sowie das *Open Sky* Abkommen (in Kraft seit 2014). Weiter haben die Schweiz und Japan im Januar 2016 eine gemeinsame Erklärung zur Einführung des gegenseitigen AIA in Steuersachen unterzeichnet. Die entsprechenden Daten werden seit Januar 2017 auf beiden Seiten erhoben.

Grundsätzlich alle eineinhalb Jahre findet ein **Finanzdialog** zwischen der Schweiz und Japan statt – zuletzt im August 2017. Dieser Rahmen wird dazu genutzt, das gegenseitige Verständnis unter den Finanzplätzen zu verbessern, schweizerische Positionen zu internationalen Finanzfragen einzubringen und Probleme beim Marktzugang von Finanzdienstleistern aufzunehmen. Bei einem Besuch in Japan im April 2018 führte Bundesrat Maurer Gespräche mit dem japanischen Finanzminister Aso und anderen Akteuren aus dem Finanzbereich. Bei dieser Gelegenheit wurde auch ein **Memorandum of Understanding im Fintech-Bereich** zwischen der FINMA und der japanischen *Financial Services Agency* unterzeichnet. Auch warb Bundesrat Maurer für eine erneute **Teilnahme der Schweiz am Finance**

**Track der G20**, die 2019 von Japan präsiert wird. Im Dezember 2018 hat die Schweiz eine entsprechende, offizielle Einladung erhalten. Zum *Finance Track* unter japanischem Vorsitz werden insbesondere Finanzministertreffen im März in Washington und im Juni in Fukuoka, Japan gehören.

Unter den von Japan ausgehandelten **Freihandelsabkommen** ist der im Februar 2019 in Kraft tretende Pakt mit der EU für die Schweiz von besonderer Relevanz. In Bereichen, in denen das JEEPA über das Freihandels- und wirtschaftliche Partnerschaftsabkommen Schweiz-Japan (FHWPA) hinausgeht – wie beim Zollabbau für Landwirtschaftsprodukte –, ist eine **Anpassung des FHWPA wünschenswert**. Dieses Anliegen wurde 2018 bei mehreren hochrangigen Treffen – insbesondere dem Besuch von Bundespräsident Berset bei Premierminister Abe im April – platziert.

### 3. Aussenhandel

#### 3.1. Übersicht

##### Japans Warenhandel

After a first surplus in overall merchandise trade in six years registered in 2016, Japan marked another **positive trade balance in 2017**.<sup>9</sup> Its 2017 surplus amounted to 2.9 trillion yen (ca. 26 billion CHF or 0.5% of GDP), as global economic growth boosted Japanese exports to the second-highest level on record. The **value of Japanese exports** increased by 12% to 78 trillion yen (ca. 700 billion CHF) in 2017<sup>10</sup>, driven notably by semiconductor manufacturing equipment (up 32%) and integrated circuits (up 15%). Meanwhile, **the value of imports** increased by 14% to 75 trillion yen (ca. 670 billion CHF), primarily due to a surge in the value of energy imports. Crude oil imports jumped 29%, while imports of liquefied natural gas and coal increased by 19% and 54%, respectively.

**By country**, the US remained Japan's biggest export market with a share of 19.3%. Shipments to the US increased by 7% to 15 trillion yen (135 billion CHF), while imports rose 10% to 8 trillion yen (73 billion CHF). Japan's bilateral trade surplus with the US expanded to 7 trillion yen (63 billion CHF), with automobiles and car parts playing a major part. Japan's exports to China, now almost equivalent to those to the US with a share of 19.0%, rose sharply by 20% to a record 15 trillion yen (133 billion CHF). Imports from China to Japan also gained 8% to reach 18.5 trillion yen (165 billion CHF), leaving Japan's trade deficit with China at 3.6 trillion yen (32 billion CHF). In terms of total trade (exports and imports combined), China thus has become Japan's biggest trade partner. In trade with the EU, both Japanese exports and imports increased around 8% to 8.7 trillion yen (78 billion CHF). As individual EU members, Germany is Japan's eighth biggest export market and the sixth biggest import partner.

##### Japans Dienstleistungshandel

Japan's balance of payment statistics show a **deficit in the services balance** of 706 billion yen (ca. 6.3 billion CHF) in 2017, shrinking from 1.15 trillion yen in the previous year. Thanks to a continuing surge in the number of foreign visitors, the surplus of the travel services balance reached a new record level of 1.7 trillion yen (16 billion CHF). 28 million foreign tourists came to Japan in 2017, led by travelers from China, and the 30 million mark is expected to be passed for the first time in 2018. The Japanese government aims to further increase that figure to 40 million in 2020 and to 60 million by 2030. A significant surplus also resulted from intellectual property royalties, which expanded to 2.4 trillion yen (21.3 billion CHF).

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<sup>9</sup> Following the 2011 Fukushima nuclear disaster, Japan's trade balance turned to a deficit from 2011 to 2015, the main reason being that the post-Fukushima shutdown of nuclear reactors forced Japan to import more fossil fuels.

<sup>10</sup> Source: Ministry of Finance (MoF)

## Bilateraler Handel Schweiz–Japan

### *Warenhandel*

In 2017, **Japan** remained **Switzerland's sixth largest export market** (after the EU counted as one, the US, China, India and Hong Kong).<sup>11</sup> Merchandise exports to Japan accounted for 2.5% of overall Swiss exports at a value of 7.47 billion CHF, after having surged to a record 7.51 billion the previous year. Meanwhile, Swiss imports from Japan surged by 52% to 6 billion CHF, following a 14% rise in 2016. As a result, Switzerland saw its trade surplus with Japan shrink sharply to 1.47 billion CHF from 3.56 billion CHF a year earlier. The strong increase in imports was largely attributable to precious metals, particularly gold. If gold bars and other precious metals are excluded from the data, Switzerland's bilateral trade surplus stood at 3.73 billion CHF, with imports rising by 15% to 3.59 billion CHF and exports by 1% to 7.33 billion CHF.

Leaving precious metals aside, **pharmaceutical products**, with a share of 41%, once again were the **leading Swiss export to Japan** in 2017. Their value remained virtually unchanged from 2016, after having surged by 30% in that year. Exports of watches dropped by 2.6%, as once-buoyant demand from Chinese tourists in Japan cooled down. At 16.5% of overall Swiss exports to Japan, watches maintained the second spot, albeit considerably below their peak of 21% marked in 2014. Exports of machinery (up 8%) and agricultural products (up 4%) enjoyed solid growth, while those of medical devices (-6%) and chemicals (-1%) declined. Among Switzerland's imports from Japan, pharmaceutical products (up 54%) as well as machinery (up 15%) registered strong increases, whereas automobiles – Japan's leading export category to Switzerland apart from precious metals – rose a modest 4.5%.

### *Dienstleistungshandel*

In 2017, **Japan** ran a **services trade deficit of 70 billion yen** (ca. 610 million CHF) **with Switzerland**.<sup>12</sup> Its exports to Switzerland fell by 4% to 450 billion yen, while services imports from Switzerland saw an increase of 14% to 520 billion yen.

## **4. Direktinvestitionen**

### Übersicht

**Japan's inward foreign direct investment (FDI) stock** was worth 28.6 trillion yen (257 billion CHF) at the end of 2017, reaching a new **record high for the fourth consecutive year**.<sup>13</sup> However, the pace of growth decelerated from 12% in 2016 to only 1%. By country, the US is Japan's largest foreign investor at 6.67 trillion yen (ca. 60 billion CHF), accounting for 23% of total inward FDI, followed by the Netherlands (16%) and France (12%). In comparative terms, Japan's level of inward direct investment remains **very low among developed countries**. As a percentage of GDP, FDI stocks in Japan accounted for 3.8% in 2016, compared to 45% in the UK, 34% in the US and 22% for Germany<sup>14</sup>. In spite of efforts by the Abe government to attract more foreign businesses to Japan, *inter alia* through a corporate tax rate cut to below 30%, a long way still lies ahead in view of catching up with other nations.

Meanwhile, Japan's **outward FDI remained robust**, expanding 10% to another record high of 174 trillion yen (ca. 1.6 trillion CHF) at the end of 2017. In fact, many Japanese companies rather invest in overseas markets than at home, where the population is shrinking and growth prospects are limited. By country, the US is Japan's top destination, accounting for 32% of overall outward FDI stocks. The UK came second in 2017, with a share of 10%, followed by the Netherlands (8.3%) and China (7.6%). According to UNCTAD data, the value of Japan's outward FDI stood at 28.4% of GDP in 2016, compared with 14.6% in 2010. Still, this ratio remains below the average of 44.8% for developed economies.

### Bilateral Investment

**In Japan, Switzerland** is the **seventh largest foreign investor**, with 1.26 trillion yen (11.3 billion CHF) in 2017, representing 4.4% of all FDI stocks.<sup>15</sup> While this rank is down by one point from the previous

<sup>11</sup> Source: Federal Customs Administration

<sup>12</sup> Source: MoF

<sup>13</sup> Source: MoF

<sup>14</sup> Source: UNCTAD World Investment Report 2017.

<sup>15</sup> Source: MoF and BoJ



year, Switzerland remained the third largest European source country (after the Netherlands and France). In new statistics based on an “ultimate beneficial owner basis”, released by the Bank of Japan in mid-2018, Switzerland even ranks fourth investor in Japan, after the US, France and the Netherlands.

A breakdown by industry<sup>16</sup> shows that Swiss FDI in the manufacturing sector amounted to about 525 billion yen (4.7 billion CHF) in 2017, with **chemicals and pharmaceuticals companies** accounting for the **lion's share** (474 billion yen; 4.3 billion CHF). On the other hand, the non-manufacturing sector registered a sharp drop from 680 billion yen in 2016 to about 225 billion (2 billion CHF), largely due to developments in the wholesale and retail sectors. Finance and insurance companies remained the main Swiss services investors in Japan.

Japan de-investierte rund 420 Millionen CHF in der Schweiz im Jahr 2016, nach Nettozuflüssen von 520 Millionen im Vorjahr<sup>17</sup>. Der Kapitalbestand japanischer Investoren in der Schweiz, erhoben nach unmittelbaren Investoren, betrug 5.3 Milliarden CHF. Allerdings zeigt diese Methode nur bedingt die effektiven Herkunftsländer der Investoren, da japanische Unternehmen Investitionen in der Schweiz oft via ausländische Tochtergesellschaften tätigen. Auf der Basis der letztlich Berechtigten betrug der Kapitalbestand japanischer Investoren in der Schweiz Ende 2016 insgesamt 9.36 Milliarden CHF, d.h. 0.97% des gesamten FDI-Stocks<sup>18</sup>. Dies entsprach **209 japanischen Tochterunternehmen** mit insgesamt 9'388 Mitarbeitern<sup>19</sup>. Ende 2018 gab ABB und den Verkauf der Elektrizitäts-Übertragungssparte an Hitachi für rund 8 Milliarden CHF bekannt.

Direktinvestitionen aus Japan in der Schweiz stagnierten lange Zeit, bis 2011 eine aktivere Periode einsetzte. Globalisierung, ein relativ schwacher Binnenmarkt und eine starke Währung haben Übernahmen und Verlagerungen ins Ausland gefördert. Mehrere Neuansiedlungen japanischer Firmen in der Schweiz sind via den *Swiss Business Hub in Japan* (SBHJ) erfolgt. 2017 wurden durch den SBHJ, zusammen mit den interessierten Kantonen, sieben Firmen mit konkreten Investitionsprojekten betreut.

## 5. Handels-, Wirtschafts- und Tourismusförderung der Schweiz in Japan

Der *Swiss Business Hub in Japan* nimmt seit 2001 als Netzwerkpartner von *Switzerland Global Enterprise* die Aufgaben der Exportförderung – und seit 2008 auch jene der Standortförderung – wahr. Der SBHJ ist in die Schweizer Botschaft in Tokio integriert und mit sieben Stellen dotiert.

### Exportförderung

Der Bereich **Export Promotion** des SBHJ bietet grösstenteils kostenpflichtige Dienstleistungen für Schweizer und Liechtensteinische Unternehmen an, die im japanischen Markt tätig werden wollen. Die meisten Mandate betreffen Marktabklärungen (Marktforschung, Bonitätsprüfung, Prüfung von Import- und Distributionsbestimmungen), Suche von Distributoren und Geschäftspartnern, Rechtsberatung und Personalsuche. Diese Projekte werden meist mithilfe externer, als Pool organisierter Experten realisiert.

Die Anzahl der vom SBHJ betreuten Handelsförderungs-Projekte ist 2017 gegenüber dem Vorjahr leicht zurückgegangen. Für 2018 zeichnet sich wieder eine deutliche Zunahme ab, allerdings vorwiegend mit kleineren Unternehmen. Der SBHJ arbeitet eng mit relevanten schweizerischen und japanischen Stellen zusammen, wie mit der *Swiss Chamber of Commerce and Industry in Japan* (SCCIJ) und mit JETRO (*Japan External Trade and Investment Organization*), mit welcher ein *Memorandum of Understanding* aus dem Jahr 2014 besteht.

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<sup>16</sup> Figures for direct investment by industry are compiled according to the Direct Principle. Thus, the figures are different from those of direct investments in the Balance of Payments which are compiled according to the Asset and Liability Principle on a gross basis.

<sup>17</sup> Schweizerische Nationalbank (2016): Ausländische Direktinvestitionen in der Schweiz. Kapitaltransaktionen – Länder und Ländergruppen. Abgerufen von: [\(https://data.snb.ch/de/topics/aube#!/cube/fdichtlanda?fromDate=2006&toDate=2015&dim-Sel=D0\(T0,T1,B3,T2,T3,T4,JP\)](https://data.snb.ch/de/topics/aube#!/cube/fdichtlanda?fromDate=2006&toDate=2015&dim-Sel=D0(T0,T1,B3,T2,T3,T4,JP)) (16.6.2018)

<sup>18</sup> Schweizerische Nationalbank (2016): Ausländische Direktinvestitionen in der Schweiz. Kapitalbestand – Länder und Ländergruppen. Abgerufen von: [\(https://data.snb.ch/de/topics/aube#!/cube/fdichbinvla?fromDate=2006&toDate=2015&dim-Sel=D0\(D0\\_0,D0\\_1\),D1\(T0,T1,B3,T2,T3,T4,JP\)](https://data.snb.ch/de/topics/aube#!/cube/fdichbinvla?fromDate=2006&toDate=2015&dim-Sel=D0(D0_0,D0_1),D1(T0,T1,B3,T2,T3,T4,JP)) (16.6.2018)

<sup>19</sup> Schweizerische Nationalbank (2016): Operative Angaben zu ausländischen Tochterunternehmen in der Schweiz – Quellen, Länder und Ländergruppen. Abgerufen von: [\(https://data.snb.ch/de/topics/aube#!/cube/opanmunchpland?fromDate=2006&toDate=2015&dim-Sel=D0\(D0\\_0,D0\\_1,D0\\_2\),D1\(T0,T1,B3,T2,T3,T4,JP\)](https://data.snb.ch/de/topics/aube#!/cube/opanmunchpland?fromDate=2006&toDate=2015&dim-Sel=D0(D0_0,D0_1,D0_2),D1(T0,T1,B3,T2,T3,T4,JP)) (09.05.2017)

## Standortförderung

Die Abteilung **Investment Promotion** des SBHJ betreibt aktives Marketing in Japan für den Unternehmensstandort Schweiz. Investoren werden umfassend betreut und nutzen den Hub als „one-stop-shop“, vom ersten Kontakt bis zur Ansiedlung und darüber hinaus. Der SBHJ arbeitet dabei eng mit den kantonalen Standortförderern zusammen. Als komparative **Standortvorteile** kann die Schweiz japanischen Unternehmen namentlich hohe Innovationskraft und Produktivität, ausgezeichnetes Forschungsumfeld (ETH, Universitäten, Science Parks), gut ausgebildete Arbeitskräfte, exzellente Infrastruktur, tiefe Steuern, eine wirtschaftsfreundliche Administration, politische Stabilität und hohe Lebensqualität bieten. Neben dem Freihandelsabkommen erweisen sich die Abkommen über Doppelbesteuerung und Sozialversicherungsfragen als hilfreiche Instrumente.

Allerdings steht die Schweiz bei der Standortpromotion in starker Konkurrenz zu anderen europäischen (wie Deutschland, Niederlande, Luxemburg, Irland) und aussereuropäischen Staaten (wie USA, Singapur und Hong Kong). Dem Vereinigten Königreich – traditionell die führende Destination für japanische Direktinvestitionen in Europa – wird im Kontext des Brexit derzeit eher mit Vorsicht begegnet. Die Attraktivität der Schweiz schmälern namentlich offene Fragen im Verhältnis zur EU (Arbeitsmarkt; weitere Entwicklung des bilateralen Verhältnisses), Immigrationsthemen und die hängige Revision des Unternehmenssteuerrechts. Die Stärke des Schweizer Frankens und hohe Lebenshaltungs- und Lohnkosten tragen zum Hochpreis-Image unseres Landes bei. Seit mehreren Jahren beklagen sich japanische Investoren in der Schweiz auch über restriktive Praktiken bei der Vergabe von Niederlassungs- und Arbeitsbewilligungen an Nicht-EWR-Bürger.

Während der europäische Markt für japanische Direktinvestitionen als Ganzes eine gewisse Sättigung erreicht hat, bestehen in verschiedenen Bereichen weiterhin gute Chancen. So hat in jüngster Zeit etwa das Interesse japanischer Fintech-Unternehmen an der Schweiz zugenommen.

## Tourismus

**Switzerland Tourism** (ST) established an office in Tokyo in 1976. Since November 2017, it has been located at the Swiss Embassy with three staff members. In order to promote Switzerland in Japan as an attractive destination for leisure and business travel, the team is working closely with tourism partners in Switzerland and with the Japanese travel industry and media.

For Japanese travelers, Switzerland continues to be a **summer destination**, with 70% of business taking place between June and August. ST Japan is seeking to increase travel in other seasons by highlighting unique features of the country, notably related to nature. Once a positive image of a region or a destination has been established, it tends to remain strong among the Japanese public. For many years, Switzerland has ranked among the top five “dream destination” countries compiled by Japan Tourism Marketing.

In 2017, the Swiss hotel industry registered 408'000 **overnight stays** of Japanese visitors, **up 13%** from the previous year. Tourists from Japan continue to rank **among the highest spenders** in Switzerland at around CHF 300 per day, with a focus on quality. Their annual direct economic impact is estimated to be around CHF 190 million.

At the same time, Switzerland as a tourist destination continues to face **challenges** in the conservative Japanese market. These include the very limited holiday entitlements of Japanese employees and the strength of the Swiss franc. Europe as whole has seen diminishing numbers of Japanese visitors in recent years, notably in reaction to incidents of terrorism. Meanwhile, Japan continues to experience a boom of inbound tourism, tending to make airfares more expensive also for Japanese visiting Europe.

## Stakeholders in Japan

### *Swiss Chamber of Commerce and Industry in Japan (SCCIJ)*

The SCCIJ, founded in 1981, supports Swiss companies in Japan as well as Japanese enterprises interested in conducting business in Switzerland. With about 140 corporate and 60 individual members, it is among the most active chambers in Japan, organizing frequent events to facilitate business contacts. It actively contributes to bilateral relations between Switzerland and Japan, including on the occasion of official visits, such as by the President of Swiss Confederation, Alain Berset, and by Andrea

Maechler, member of the Board of the Swiss National Bank, in 2018. In March 2018, the Swiss Embassy, the SCCIJ and the International Institute for Management Development (IMD) in Lausanne jointly organized the first *Switzerland-Japan Economic Forum*, held at the leading Imperial Hotel in Tokyo. The same partners are preparing a second edition of the *Forum* in 2019. The SCCIJ is also a valued partner in other high-profile events, notably the *Swiss Year-End Party* and a *Japan-Swiss Spring Ball*, each held in Tokyo with around 200 distinguished guests.

#### *Japan-Switzerland Economic Council (JSEC)*

The JSEC was established in 2014, when Switzerland and Japan celebrated 150 years of diplomatic relations. The JSEC focuses on information for, and contacts among, Japanese companies with direct investments in Switzerland.

#### *World Economic Forum (WEF) Japan*

Japan traditionally has been represented with a strong delegation at the WEF's Annual Meeting in Davos. The WEF's Japan office, in cooperation with the Swiss Embassy, holds a seminar every year to discuss key issues from the Davos gathering.

#### *St. Gallen Club (ISC) Japan*

The ISC Japan, established in 2003, aims to promote the yearly St. Gallen Symposium and contributes to recruiting participants from Japan. Its board is composed of distinguished Japanese personalities from business, government and academia. An annual meeting is held at the Swiss Ambassador's residence, Honorary President of the Club.

## Annex 1

### Structure of Japan's Economy

	2011	2016
<b>Distribution of Nominal GDP (%)</b>		
Agriculture, forestry and fishing	1.1	1.2
Mining, Construction & Manufacturing	24.8	26.8
of which Manufacturing	19.8	21.2
Services	74.2	72.0
of which public administration	5.4	5.0
Total	100.0	100.0
<b>Distribution of Labor (%)</b>		
Agriculture, forestry and fishing	4.4	3.9
Mining, Construction & Manufacturing	24.0	22.7
of which Manufacturing	16.2	15.2
Services	71.6	73.5
of which general government	6.1	5.9
Total	100.0	100.0

Sources:

Distribution of Nominal GDP

"Gross Domestic Product (Expenditure approach), Calendar Year"

Economic and Social Research Institute, Cabinet Office

[http://www.esri.cao.go.jp/en/sna/data/kakuhou/files/2016/2016annual\\_report\\_e.html](http://www.esri.cao.go.jp/en/sna/data/kakuhou/files/2016/2016annual_report_e.html)

Distribution of Labor

"Employed Persons, Employees and Hours Worked classified by Economic Activities"

Economic and Social Research Institute, Cabinet Office

[http://www.esri.cao.go.jp/en/sna/data/kakuhou/files/2016/2016annual\\_report\\_e.html](http://www.esri.cao.go.jp/en/sna/data/kakuhou/files/2016/2016annual_report_e.html)

## Annex 2

### Japan: Essential Economic Data

	2015	2016	2017	2018	Switzerland 2017
GDP (Nominal, Yen billion)	531'986	538'533	546'608	557'006	
GDP (Nominal, USD billion)	4'395	4'950	4'873	5'071	679
GDP per capita (Nominal, USD)	34'612	38'989	38'449	40'106	80'637
GDP growth rate (real, %)	1.4	1.0	1.7	1.1	1.7
CPI Inflation (All items, average of the period)	0.8	-0.1	0.5	1.2	0.5
Population (million persons)	127.0	127.0	126.7	126.4	8.4
Unemployment rate (%)	3.4	3.1	2.9	2.9	3.2
General government net lending/borrowing (% of GDP)	-3.8	-3.7	-4.3	-3.7	0.4
General government gross debt (% of GDP)	231.3	235.6	236.4	236.0	41.8
General government net debt interest payment (% of GDI)	0.4	0.5	0.4	0.2	0.2
Current account balance (% of GDP)	3.1	3.9	4.0	3.6	9.8
Average exchange rate (Yen/USD)	121.0	108.8	112.2	109.8	

figures for 2018 are estimates

Sources:

International Monetary Fund, World Economic Outlook Database, October 2018

<https://www.imf.org/external/pubs/ft/weo/2018/02/weodata/index.aspx>

OECD, OECD Economic Outlook

<http://www.oecd.org/eco/outlook/economic-outlook/>

## Annex 3

### Japan: Trade by Countries

(2017, in million dollars)

#### Exports

			share %	chgs %
1	USA	134'595	19.3	3.5
2	China	132'651	19.0	16.5
3	South Korea	53'206	7.6	15.1
4	Taiwan	40'588	5.8	3.2
5	Hong Kong	35'399	5.1	5.2
6	Thailand	29'395	4.2	7.3
7	Singapore	22'611	3.2	14.2
8	Germany	18'923	2.7	7.3
9	Australia	15'993	2.3	13.0
10	Vietnam	15'039	2.2	15.6
	EU (28)	77'108	11.1	5.1
	Switzerland	5'082	0.7	61.5
	Total	697'221	100.0	8.2

#### Imports

			share %	chgs %
1	China	164'256	24.5	5.0
2	USA	72'038	10.7	6.9
3	Australia	38'865	5.8	27.3
4	South Korea	28'060	4.2	12.1
5	Saudi Arabia	27'698	4.1	41.6
6	Taiwan	25'360	3.8	10.6
7	Germany	23'406	3.5	6.3
8	Thailand	22'706	3.4	12.8
9	UAE	20'722	3.1	19.8
10	Indonesia	19'854	3.0	8.8
	EU (28)	77'984	11.6	4.1
	Switzerland	7'811	1.2	2.3
	Total	670'971	100.0	10.5

Source: JETRO created by JETRO based on MoF's trade statistics

<https://www.jetro.go.jp/en/reports/statistics/>

## Annex 4

### Bilateral trade

#### Swiss Exports / Imports to Japan

Period	Exports		Imports		Surplus/ Deficit	Total trade	
	(mil. CHF)	% chg	(mil. CHF)	% chg		(mil. CHF)	% chg
2005	5'892	3.0	2'918	-4.2	2'974	8'810	0.5
2006	6'726	14.2	3'105	6.4	3'622	9'831	11.6
2007	6'730	0.0	3'503	12.8	3'226	10'233	4.1
2008	7'058	4.9	4'170	19.0	2'888	11'228	9.7
2009	7'147	1.3	3'597	-13.7	3'551	10'744	-4.3
2010	6'735	-5.8	3'681	2.3	3'054	10'416	-3.1
2011	6'658	-1.1	4'144	12.6	2'514	10'802	3.7
2012	7'171	7.7	4'731	14.2	2'440	11'901	10.2
2013	6'425	-10.4	3'753	-20.7	2'582	10'179	-14.5
2014	6'394	-0.5	3'660	-2.5	2'735	10'054	-1.2
2015	6'592	3.1	3'483	-4.8	3'109	10'075	0.2
2016	7'511	13.9	3'954	13.5	3'557	11'465	13.8
2017	7'467	-0.6	5'995	51.6	1'473	13'462	17.4
2017 (Total 1)*	7'326	0.7	3'593	15.3	3'733	10'919	4.9

Source: The Federal Customs Administration

The Swiss Customs Administration made changes to the way it calculates imports and exports as of 1 January 2012. Since then, comparisons between 2012 and the previous years have no longer been possible.

General total, with gold bars and other precious metals, coin, precious stones and gems as well as works of art and antiques.

\*Total 1 : without gold bars and other precious metals, coins, precious stones and gems, works of art and antiques

### Bilateral Trade

#### Switzerland - Japan by major items

Exports to Japan (Jan-Dec.)	2017			2016		Imports from Japan (Jan-Dec.)	2017			2016	
	Million CHF	% of Total	change% 2016/2017	Million CHF	% of Total		Million CHF	% of Total	change % 2016/2017	Million CHF	% of Total
Pharmaceutical (HS30)	3'094	41.4%	0.7%	3'072	40.9%	Precious metals (HS71)	2'993	49.9%	120.4%	1'358	34.3%
Watches (HS91)	1'229	16.5%	-2.6%	1'262	16.8%	Vehicles (HS86-89)	704	11.7%	4.5%	674	17.0%
Precious metals (HS71)	763	10.2%	-8.0%	829	11.0%	Pharmaceutical (HS30)	637	10.6%	53.9%	414	10.5%
Medical devices (HS90)	612	8.2%	-5.6%	648	8.6%	Machinery (HS84)	456	7.6%	14.2%	400	10.1%
Machinery (HS84)	497	6.7%	8.0%	460	6.1%	Machinery, electric (HS85)	307	5.1%	15.0%	267	6.7%
Chemicals (HS28-29)	344	4.6%	-1.4%	348	4.6%	Medical devices (HS90)	196	3.3%	9.5%	179	4.5%
Agricultural Products (HS01-24)	328	4.4%	4.4%	314	4.2%	Chemicals (HS28-29)	184	3.1%	3.8%	177	4.5%
Others	602	8.1%	4.1%	578	7.7%	Others	518	8.6%	6.5%	487	12.3%
Total	7'467	100.0%	-0.6%	7'511	100.0%	Total	5'995	100.0%	51.6%	3'954	100.0%

Source: Swiss Customs Administration

## Annex 5

### Main investing countries

#### Foreign Direct Investment to Japan (Outstanding, billion JPY)

##### Foreign Direct Investment (Inward)

Rank	Country	FDI 2017	Share% 2017	Chg%
1	U.S.A.	6'670	23.4	-6.1
2	Netherlands	4'595	16.1	19.1
3	France	3'500	12.3	3.6
4	Singapore	2'542	8.9	7.4
5	U.K.	1'721	6.0	-21.9
6	Cayman Isl.	1'414	5.0	17.9
7	Switzerland	1'259	4.4	-2.7
8	Hong Kong	960	3.4	-13.9
9	Germany	894	3.1	-1.3
10	Luxembourg	857	3.0	-1.3
	EU	12'736	44.6	3.0
	Switzerland	1'259	4.4	-2.7
	Total	28'555	100.0	1.1
	in million US\$	253'480		5.1

Rank	Country	2016	Share% 2016
1	U.S.A.	7'103	25.2
2	Netherlands	3'858	13.7
3	France	3'377	12.0
4	Singapore	2'368	8.4
5	U.K.	2'203	7.8
6	Switzerland	1'294	4.6
7	Cayman Isl.	1'199	4.2
8	Hong Kong	1'115	3.9
9	Germany	906	3.2
10	Luxembourg	868	3.1
	EU	12'363	43.8
	Switzerland	1'294	4.6
	Total	28'232	100.0
	in million US\$	241'071	

Source:

MoF, Bank of Japan; Balance of Payment Statistics