Current Economic Situation

Economically isolated for over 200 years, Japan opened its doors in 1854 with the Treaty of Kanagawa. In the 1950’s, Japan became a democratic state, with the next 50 years marked by rapid economic growth. Despite a lack of natural resources, Japan is the third largest economy in the world and has a highly developed service industry, which makes up 68 percent of GDP. It also operates a current account surplus, credited to its major exports of transportation equipment, motor vehicles and semiconductors.

The 2008 global economic downturn had an adverse effect on Japanese economy. Stimulus packages implemented by the government mitigated the effects of the recession. However, the economy is still experiencing deflation and negative GDP growth rate.

On March 11, 2011, Japan was hit by a devastating 8.9-magnitude earthquake and ensuing tsunami. As of April 4, 12,157 people have been confirmed dead and another 15,496 are still missing following the disasters. Moreover, the earthquake severely damaged Fukushima Daiichi nuclear-power plant resulting in several hydrogen explosions and significant amounts of radiation. Prime Minister Naoto Kan remains optimistic that Japan will overcome this catastrophe.

Nearly 1 million people live in or around Sendai, the city hit hard by the earthquake and tsunami. But it’s relatively isolated from metropolitan Tokyo, which is Japan’s economic center.

APEC Relations

As the third largest economy within APEC and the world, Japan is a heavy-weight; its exports and imports with APEC members total $573.9 billion and $473.7 billion, respectively. In other words, 73 percent of Japan’s exports went to APEC countries, while 61 percent of its imports came from APEC countries. Japan’s biggest trading partners are also within APEC, with China, U.S., and Korea claiming the top three spots. Japan is also a member of the ASEAN Plus Three group, which includes the Association of Southeast Asian Nations, Japan, Korea, and China.

Japan holds much influence within APEC, with its leaders serving in key positions, including the Chair of the Economic Committee and the Health Working Group, and vice chair for the Telecommunications and Information Working Group. Within the Committee on Trade and Investment, Japan is Chair of the Automotive Dialogue Group and Convener of the Investment Experts’ Group and the Market Access Group. In addition, Japan serves as Chair for several task forces, the Anti-Corruption and Transparency Experts’ Task Force, the Gender Focal Point Network, and the Counter Terrorism task force. Japan also organizes the APEC Finance Ministers’ Process forum and coordinates the APEC Study Centers Consortium, which is a network among members’ universities and research institutions.

Energy and Environmental Policy

Japan aims to create 1.4 million jobs in green innovation, through the creation of a feed-in-tariff system to increase renewable energy and to create “future cities,” as well as through a forest revitalization plan.