

TRICOR PERSPECTIVES

The Future of Trade & Investment in Japan



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Japan is undergoing an economic renaissance and has been aptly called “an outrider for the world’s economic future” by the World Economic Forum.¹ The advanced, resurgent economy—third largest in the world—is strengthened by distinct complexity and the creative, business-friendly policies being promoted by its government to prime Japan for foreign investments. Investors are taking keen notice as inbound foreign investment continues an upward climb since 2000², indicating more growth is on the horizon in the Land of the Rising Sun.

Here are some standout burgeoning trends in Japan’s economy that are expanding its sphere of global influence, setting the table for future growth and making Japan an inviting market for foreign investors now and for years to come.

Opening up the labor market

While some developed countries around the world are passing protectionist reforms to limit immigration, Japan is bucking the trend and adapting its policy on foreign workers in a

significant way that will better fortify the labor market and benefit businesses in upcoming years. Under the government’s 2018 Basic Policy on Economic and Fiscal Management and Reform, Japan is set to ease restrictions and welcome a greater number of professionals into the country on work visas.³

The initiative, translated from Japanese to be the ‘Big-Boned Policy’, sets forth a provision to create a new class of work visa for unskilled foreign labor, which will help key industries like manufacturing, agriculture and services. As a result of this new visa class and influx of workers, new opportunities within these industries will open up for those looking to invest in Japan’s economy.

Much of the public policy conversation in previous years focused on Japan’s aging population and the effect on its workforce. But this landmark opening of the labor market marks a turning point for the country. As a result, companies in Japan will enjoy a more robust labor pool of varying skill levels in upcoming years.

Nurturing a culture of entrepreneurship

Japan is also seeing some key changes to its work culture, namely when it comes to dismantling the country’s longtime tradition of lifetime employment. While this social institution was once seen as a sign of