

ALFRED NOBEL UNIVERSITY

DEPARTMENT OF THE GLOBAL ECONOMICS

QUALIFICATION WORK OF BACHELOR

**Development and ways of implementation of the international investment
project «A restaurant business in Japan»**

**Forth year student, group IER-16 a
in specialty 292 “International economic relations”**

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ALFRED NOBEL UNIVERSITY
DEPARTMENT OF THE GLOBAL ECONOMICS

First (bachelor) level

Specialty 292 International economic relations

Approved:

Head of Department _____

(signature, last name, initials, scientific degree, academic status)

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TASKS

for qualification work

of Alina Goylo

1. Topic Development and ways of implementation of the international investment project
«A restaurant business in Japan»

2. Supervisor Supervisor Zadoia A. O. Doctor of Science, Full Professor, Head of the
Department of the Global Economics

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3. Deadline for submission of work completed by the 01.06.2020

4. Target installation and baseline data

To develop skills of practical application of theoretical knowledge gained as the study of both
special and general economic courses by writing the investment project

5. Content of the work (list of questions to be developed):

- select the country for investment
- define why the country is attractive for investment project realization
- select the investment project theme and country-partner from where the investment is
transferred;
- analysis of the real market situation in order to decide upon the form and way of investment;
- conducting the appropriate calculations based on the real numerical data analysed.

6. Date of issue of the assignment _____

7. Calendar of work execution

no	Name of the stages of qualification work	The deadline for the work stages	
		according to the plan	in fact
1	Alignment of topic	8/03/2020	
2	Preparation of the first section	5/04/2020	
3	Preparation of the second section	15/04/2020	
4	Preparation of the third section	15/052020	
5	Finishing the work	1/06/2020	
6	Preliminary defence/Defence	June, 2020	

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Summary

Goylo A. Y. Development and ways of implementation of the international investment project «A restaurant business in Japan».

At the beginning of my resume we wanted to indicate the main purpose of my bachelor thesis is “Development and ways of implementation of the international investment project «A restaurant business in Japan»”. This hypothesis was tested on the example of one of the developed economic countries - Japan.

As a result of this research in this work, we selected one object to rent it out and make restaurant business out of it. In this topic, we were offered our capital, money in a loan. It was necessary to calculate the profitability of the business and during which time it would become profitable and after the work done draw the following conclusions.

Want to start with the fact that in our world at the moment, foreign direct investment is more important for the development of the economy. In addition to attracting finance, investments contribute to the creation of new jobs, the introduction of new technologies and increased competitiveness. Generally speaking, investments lead to the development of a country's economy.

Japan is a major investor in enterprises of other countries, while this country receives a small influx of foreign investment into the domestic market from abroad.

But why was Japan taken for an example of such a hypothesis? To this seemingly difficult question, there is an easy answer. A country such as Japan is considered one of the most stable powers that has shown a real example of the formation of fiscal policy and the development of small sectors of the economy.

During the global crisis, it was relatively easy for the state to cope with problems compared to neighboring countries. Despite the fact that, geographically, Japan is one of the smallest countries in Asia, its economy shows significant results and stable growth.

Even in such a situation, how to find additional income for the budget, Japan found a way out in a rather large tax collection. Most taxes are present here, quite complex business rules, no corruption, but there is a reputation of a reliable and wealthy country in which at least once the investor dreamed about his activities. So, after making the necessary calculations for our project, it was decided that opening a restaurant business in such a big city like Tokyo is not a completely reliable idea, since first of all you will need to invest a lot of effort and not a small capital there. Having invested \$ 465,000 in the project, the investor will be able to fully recoup it in 17 years. This is provided that the investor has taken a loan. If you take into account the fact that the restaurant will be open at its own expense, the project will pay off even faster. All calculations are presented only as an idea, in order to translate it into reality, you need to think through your every step to the smallest detail and prepare in advance that the path will be long and painstaking. The increase in demand for print media leads to an annual profit growth of 5%. This is only in the first years of work. Starting from the fourth year of operation, the restaurant business owner can count on the fact that the number of new customers, as well as customers from abroad, will only increase, which means that the annual profit will increase by at least 9%. At the same time, of course, expenses will grow, but revenue covers all expenses, which means that the restaurant is efficient and profitable.

Thus, summing up all of the above, we can conclude that opening a business, namely, the restaurant business in Tokyo or in the country as a whole, is a pretty lucrative idea, but if you have enough time to maintain it, and of course your endurance. There are certain risks and obstacles, but the authorities of this country are doing everything possible to make the investor feel confident and be able to successfully conduct business, replenishing the state budget. However, the investor, for its part, must comply with all laws and not follow them. Then he will be able to turn his idea into reality, and business into permanent profit.

The set of actions described in this short report shows that the investment climate in the country has improved, making it a more desirable investment target. Based on this path, a highly developed country such as Japan allows us to actively develop many sectors important for the country, thereby moving the economy forward.

Keywords: investments, taxation, a high level of development, new technologies, investment capital and investment risk

Гойло А. Ю. «Розробка та шляхи реалізації міжнародного інвестиційного проекту» Ресторанний бізнес в Японії »».

На початку нашого резюме хотілось вказати, що основною метою цієї дисертації є «Розробка та шляхи реалізації міжнародного інвестиційного проекту» Ресторанний бізнес в Японії »». Ця гіпотеза була перевірена на прикладі однієї з розвинених економічних країн - Японії.

В результаті цих досліджень в цій роботі ми вибрали один об'єкт щоб взяти його в оренду і з нього зробити ресторанний бізнес. У цій темі нам був запропонований свій капітал та гроші в позику. Потрібно розрахувати було прибутковість бізнесу і в перебігу якого часу він стане таким, що окупається і після виконаної роботи зробити наступні висновки.

Хочу почати з того що в нашому світі на даний момент більш значущим для розвитку економіки є прямі іноземні інвестиції. Крім залучення фінансів, інвестиції сприяють створенню нових робочих місць, впровадження нових технологій і підвищення конкурентоспроможності. Взагалі кажучи, інвестиції ведуть до розвитку економіки країни.

Японія є великим інвестором на підприємствах інших країн, в той час як ця країна отримує невеликий приплив іноземних інвестицій на внутрішній ринок з-за кордону.

Але чому ж для прикладу такий гіпотези була взята саме Японія? На цей здавалося б важке питання, є легка відповідь. Така країна ,як Японія вважається однією з найстабільніших держав яка показала реальний приклад формування фіскальної політики та розвитку малих секторів економіки.

Під час світової кризи державі було відносно легко справлятися з проблемами в порівнянні з сусідніми країнами. Незважаючи на те, що географічно Японія є однією з найменших країн в Азії, її економіка показує значні результати і стабільне зростання.

Навіть в такій ситуації як знайти дохід додатковий засіб до бюджету, Японія знайшла вихід в невеликому зборі податків. Тут присутні більшість

податків, досить складні бізнес-правила, немає корупції, але існує репутація надійної і багатой країни, в якій хоча б раз інвестор мріяв про свою діяльність.

Отже, після проведення необхідних розрахунків для нашого проекту було вирішено, що відкриття ресторанного бізнесу, в такому великому місті як Токіо, є не зовсім надійної ідеєю, так як перш за все вам потрібно вкласти туди багато сил і не мальничий капітал. Вклавши в проект 465 000 доларів, інвестор зможе повністю окупити його через 17 років. Це за умови, що інвестор взяв кредит. Якщо брати в розрахунок, то що ресторан буде відкритий за свій рахунок, проект окупиться ще швидше. Всі розрахунки представлені тільки як ідея, що б її втілити в реальність, потрібно продумувати кожен свій крок до дрібниць і заздалегідь готується, що шлях буде довгим і копіткою.

Збільшення попиту на друковані ЗМІ призводить до щорічного зростання прибутку на 5%. Це тільки в перші роки роботи. Починаючи з четвертого року роботи, власник ресторанного бізнесу може розраховувати на те, що кількість нових клієнтів, а також клієнтів з-за кордону буде тільки збільшуватися, а значить, річний прибуток збільшиться як мінімум на 9%, В той же час, звичайно, витрати будуть рости, але виручка покриває всі витрати, а значить, ресторан ефективний і прибутковий.

Таким чином, підсумовуючи все вищесказане, можна зробити висновок, що відкриття бізнесу, а саме ресторанного бізнесу в Токіо або в країні в цілому, є досить прибутковою ідеєю, але якщо у вас є достатня кількість часу на його утримання ну і звичайно ж ваша витримка. Існують певні ризики і перешкоди, але влада цієї країни роблять все можливе, щоб інвестор почувався впевнено і зміг успішно вести бізнес, поповнюючи державний бюджет. Однак інвестор, зі свого боку, повинен дотримуватися всіх законів і не зважати на них. Тоді він зможе перетворити свою ідею в реальність, а бізнес в постійний прибуток.

Сукупність дій, описаних в цьому короткому звіті, показує, що інвестиційний клімат в країні покращився, що робить його більш бажаною метою для інвестицій. Ґрунтуючись на цьому шляху, така високорозвинена країна, як Японія, дозволяє нам активно розвивати багато важливих для країни сектора, тим самим просуваючи економіку вперед.

Ключові слова: інвестиції, оподаткування, високий рівень розвитку, нові технології, інвестиційного капіталу та інвестиційний ризик.

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INTRODUCTION

Japan is one of the most developed countries in the world in economic terms. But at the same time, such a powerful country attracts for some reason a small number of foreign investors. All such difficulties occur only due to the fact that countries have a completely different concept of culture, communication status and high entry barriers.

The purpose and objective of this work is to consider all possible factors that are of great importance and influence on the investment attractiveness of Japan for foreign investment.

Many authors of scientific papers are attracted by the study of the dependence of FDI volumes on various characteristics, since today there is still no consensus on what factors determine the influx of FDI. An example is Raymond Vernon's Product Life Cycle Theory. In which the assumptions are described that any product has a certain cycle, which consists of four stages. The first is implementation, followed by development, maturity and decline. According to these stages, production moves from country to country.

Since this topic of the dissertation is important and must be approached with serious thoughts and thoughtful decisions, it will be necessary to find more affordable investment methods, the creation of new investment projects and more global prospects. First of all, let's pay attention to what the country is doing and what advantages it has.

In 2009, Japan ranked second in the world (after the United States) in terms of nominal GDP, which is more than \$ 5 trillion. Which shows how a country like Japan is highly developed in the economic direction. The country has large production capacities. It houses several of the largest manufacturers of motor vehicles, electronics, machine tools, steel, ships, chemicals, textiles and food. These services make up three quarters of gross domestic product.

Japan has a large number of partners from abroad and, in addition, exports motor vehicles in considerable quantities and industrial raw materials. In addition, the Junichiro Koizumi government has implemented a series of reforms that encourage market competition, and as a result, foreign investment has grown.

Japan is a country that occupies one of the leading places in the field of scientific research and the third place in terms of means spent on science. It has a well-developed space program and takes 4th place in terms of space activities. Japan Aerospace Research Agency (JAXA) is engaged in space, planetary, aeronautical research, as well as designing rockets and satellites.

At first glance, it seems like such a small country like Japan, but still has great potential and movement towards the development of its country in all possible ways.

All of the above gives reason to just think about what and why moved Japan to such great discoveries, a huge investment, helping to achieve this progress. After all, if you compare it with other countries, then it is far ahead and has long been standing still. I always want something new, to make some discovery that will bring a very important solution to any problems in the future.

Returning to the topic of our dissertation, we are no longer beginning to understand why Japan was able and can attract foreign investors. The goal of this work is to find new workarounds that can attract even more investors. Why are we doing this? All the same answer to this question, Japan, at least at first glance, as I said, a small country, but still with great ambitions and appetite.

Many countries that want to cooperate with not and have long mutually beneficial relations, many investors want to invest their capital in a developed country, but it is not so simple at first glance.

This work involves investing your capital and taking a loan from a bank at a percentage to open your restaurant business, which will generate income and be

successful. In the future, you will be able to see how in this way we managed to do this and what methods we had to resort to.

Our goal is to find new methods and workarounds to achieve the set action. As an option, we can consider entrepreneurship in Japan, which is one of the factors of economic development of this country. In order to achieve a business presence in Japan, foreign companies are provided with three ways. It can be as a subsidiary, representative office or branch. Using the example of these three methods, we will choose one, which, in my opinion, can affect our goal and its future changes.

Representation is the easiest way to achieve our goal. On the one hand, this may not seem like a new solution to the goal, but we can consider it using the example below. So, this way can provide a foreign company with its business presence in Japan. In what way? Everything is very simple, this will require preliminary and preparatory work for a successful completion, which will create the conditions for the start of full-scale activity of a foreign company in Japan. We can compare it with a branch and a subsidiary, but since the simplest way is to start with it. In this way, Japan provides its services to foreign countries, it provides the right to engage in market research, gather information, purchase goods and services, establish public relations, conduct advertising campaigns - but not sales organization. That is, all that is required to achieve our goal.

Based on this method, it is necessary to identify everything that can affect this goal. First of all, it is worthwhile to understand what is worth adhering to and what will be required to be done to achieve the goal. This may include determination of the scope and subject to registration, certification by the Japanese consulate, verification by the legal bureau for the absence of companies with similar names and the right to register for business purposes, issuance of a certificate of registration of company information and certificate of registration of a company seal, Opening a bank account, notification of the Bank of Japan on the establishment. All these methods are of great importance, because only if you stick to them, you can reach your goal.

In words, it may seem that this is simply a way or method, but in real life and in use, it can be all much more serious and painstaking. Do not well on such a big deal as cooperation with Japan. Such a country has quite a lot of potential and further unlimited opportunities for you.

If one of these methods was provided for foreign companies, then we can conclude that all the same, they make sense and help with the goals set. You can give an example of such a global company at the moment as MkDonalds. All companies started small, like the catering corporation in previous years, which was able and opened doors for itself in almost every corner of the country. It has over 35,000 companies only abroad.

Such great success can be achieved only with great desire, diligence, and of course, not a small amount of capital to invest in your business.

SECTION 1

JAPAN ECONOMY:THE CURRENT SITUATION AND MAJOR PROBLEMS

1.1Basic information

Such a concept as investment is quite global. Some interpretations found in domestic and foreign literature do not allow us to understand the full description and global concept.

There are 2 interpretations of the investment concept: economic and financial. The financial point of view is the profitability of the organization's monetary economy, the purpose of which is to obtain benefits.

From an economic point of view, these are costs that are realized in pre-term capital investments. It can be used in agriculture, transport and industry.

An important role in the development of the country's economy is played by investments at both the macro and micro levels.

Micro level as a basis:

1. Providing all sectors of the economy;
2. Solving environmental issues;
3. Implementation of reproduction policies;
4. Improving product quality through a scientific and technical process;
5. Other.

Investments at the micro level help achieve the following goals:

1. Product quality improvement
2. Stable financial condition
3. Financial company in stable condition
4. Production expansion
5. Other.

As we can know, investments should have some of them and distinctive features. But they also have common signs.

- Temporary drugstore. While investing money and receiving profit from it, time must pass.
- The presence of risk. As always, you cannot be sure that everything can go smoothly and without loss.
- The presence of a person who makes informed decisions about investing ownership and its use.
- The presence of an object that is capable of providing some kind of benefit or income from receipt.

From all of the above, investments can be defined as long-term investments. They can be used both in funds, agriculture, and other sectors within the country. They can be used also abroad to make a profit, having some certain connections.

Investments can be placed on the classification. Financial, real, direct, portfolio and other investments. The most significant and often used are considered real.

- They are most often used in investments in objects associated with the implementation of activities that carry an economic framework (buildings, land, gray.)
- Then you can distribute financial. Financial investments are more liquid, but less protected from inflationary pressures. These are investments in various financial instruments. These can be stocks, bonds and foreign currencies.
- Direct investment means a direct investment in the ownership of an investor in a particular investment object.
- Portfolio investments are investments in passive assets.
- Other investments, investments not related to the main activity of the enterprise.

Investments are allocated for periods of investment, such as:

- 1) Short-term (one-year investments)
- 2) Medium-term (investment for a period of one year to five years)
- 3) Long-term (investments over five years)

Investments are divided into and by ownership.

- State investments, such investments which are made by public authorities.

- Private investments made by private individuals or legal entities.
- Joint investments. Investments are joint investments of a foreign state and a state that needs it.

Investments can also be distributed to domestic investments (investments by the entities of the same country in the facilities of a country that needs this too);

Foreign investment.

According to the level of risk, there are:

1. risk-free investments (investments that later may be presented in the absence without risk of loss of capital and expected income);
2. low-risk investments (investments whose risk is lower than the average market);
3. medium-risk investments (investments in certain projects whose risks are approximately equal to the average market);
4. high-risk investments (investments that can be described as risks are higher than the industry average).

Usually, the higher the risk, the higher the return. Due to the fact that there are a variety of types of investments, this allows the investor to evaluate various opportunities and ways for a profitable investment and its successful implementation.

Japan is the third largest economy in the world (its GDP for 2016 amounted to 4949 billion US dollars) and actively investing in other countries, it does not attract as many investments as it would seem. According to the report of the United Nations Conference on Trade and Development (UNCTAD) on world investments for 2017, Japan ranks fifth in popularity among multinational companies for the period 2017-2019. The inflow of foreign direct investment in 2016 amounted to \$ 11.4 billion.

In order to analyze the investment climate in Japan, you must first provide a description of the following topics: the political situation in the country, the economy, indicators of the business industry (starting a business, the number of taxes and their percentage, analysis of the labor structure in the country).

First of all, I would like to say that Japan is a leading country in the development of the economy and its improvement.

Japan has always occupied one of the leading places in the world financial system, primarily due to the specifics of development and construction of the national financial market, as well as the special position of the Japanese yen. According to the World Bank, Japan ranked 34th out of 190 countries in the Doing Report business in 2017. "

These and other factors, for their part, contribute to increasing the attractiveness of the country, including investment.

According to UNCTAD, Japan is the 5th most attractive destination for multinational companies for the period 2017-2019. Although its attractiveness in comparison with other geographical areas is very strong, efficiency in terms of foreign direct investment (FDI) flows has sometimes been weak. After slowing down growth rates due to the recent global economic and financial crisis, Japan experienced an investment decline two years in a row (in 2010 and 2011), and then in 2015. FDI inflows into the country again increased in 2016 and reached 11.4 billion dollars.

Most important in Japan are its position as a leader in advanced technology. The linguistic barrier and differences in business culture were global barriers to attracting foreign investment. The catastrophe that occurred with Japan in 2011 (the devastating earthquake and tsunami), as well as environmental and health problems associated with the situation at the Fukushima Daiichi nuclear power plant, hold back future foreign investment. But at the same time, Japan remains a key market for investors. Moreover, the Japanese economy recovered without much difficulty. Everything happened due to the excess of savings accumulated in the pre-crisis years. The growth strategies promoted by the country are aimed at doubling FDI by 2020 (compared with 2012).

It is not surprising that Japan has long been quite closed in terms of economy. Until the 1970s, investments, especially foreign ones, were tightly controlled.

Since then, almost all industries have been deregulated in order to attract investment. By industry, FDI is divided into production and (less popular) non-production. In the first category of FDI, transport equipment and metal occupy leading positions, and in the second, the services sector leads.

1.2 General information of the Japan economy over the last 15 years

As we mentioned earlier, Japan is the 3rd country in the world in terms of GDP. Such a small, but at the same time powerful country has great development in industries such as engineering, shipbuilding and automotive. Over 55% of agriculture is imported.

About 99% of small business in Japan are in the sphere of medium and small enterprises. In such a country, medium and small business functions quite well in all its spheres. The following table shows the main economic indicators for 2003-2018 (Table 1.1).

Table 1.1

The main economic indicators for 2003-2018

Year	GDP (PPP) (in billions of US dollars)	GDP per capita (PPP) (in US dollars)	GDP growth (real)	Unemployment (percent)	Unemployment (percent)	Government debt (as a percentage of GDP)
2003	▲ 3 681,4	▲ 28 843	▲ 1,5 %	▼ -0,2 %	▲ 5,2 %	▲ 162,7 %
2004	▲ 3 866,0	▲ 30 266	▲ 2,2 %	▲ 0,1 %	▼ 4,7 %	▲ 171,7 %
2005	▲ 4 056,8	▲ 31 755	▲ 1,7 %	▼ -0,3 %	▼ 4,4 %	▲ 176,8 %
2006	▲ 4 240,8	▲ 33 197	▲ 1,4 %	▲ 0,2 %	▼ 4,1 %	▼ 176,4 %
2007	▲ 4 425,6	▲ 34 641	▲ 1,7 %	▲ 0,0 %	▼ 3,8 %	▼ 175,4 %
2008	▲ 4 463,1	▲ 34 952	▼ -1,0 %	▲ 1,4 %	▲ 4,0 %	▲ 183,4 %

2009	▼ 4 253,4	▼ 33 347	▼ -5,4 %	▼ -1,4 %	▲ 5,1 %	▲ 201,0 %
2010	▲ 4 485,9	▲ 35 157	▲ 4,2 %	▼ -0,7 %	— 5,1 %	▲ 207,8 %
2011	▲ 4 573,2	▲ 35 775	▼ -0,1 %	▼ -0,3 %	▼ 4,6 %	▲ 222,1 %
2012	▲ 4 727,1	▲ 37 060	▲ 1,5 %	▼ -0,1 %	▼ 4,3 %	▲ 229,0 %
2013	▲ 4 899,5	▲ 38 478	▲ 2,0 %	▲ 0,3 %	▼ 4,0 %	▲ 232,5 %
2014	▲ 5 006,1	▲ 39 381	▲ 0,4 %	▲ 2,8 %	▼ 3,6 %	▲ 236,1 %
2015	▲ 5 128,9	▲ 40 392	▲ 1,4 %	▲ 0,8 %	▼ 3,4 %	▼ 231,3 %
2016	▲ 5 243,1	▲ 41 297	▲ 0,9 %	▼ -0,1 %	▼ 3,1 %	▲ 235,6 %
2017	▲ 5 427,1	▲ 42 818	▲ 1,9 %	▲ 0,5 %	▼ 2,9 %	▼ 235,0 %
2018	▲ 5 594,5	▲ 44 227	▲ 0,8 %	▲ 1,0 %	▼ 2,4 %	▲ 237,1 %

1. Japanese economy(January 29, 2020) [Online]

Available at: https://en.wikipedia.org/wiki/Japan_Economy

As we can see, GDP has changed in Japan over 15 years. Inflation of less than 2% is indicated by a green arrow.

The extremely low level of inflation and deflation suggests that this is one of the main features of Japan. But nevertheless, prolonged deflation negatively affects the economy of the state, all due to the fact that it increases the debt burden for borrowers, and stimulates excessive savings, rather than consumer spending and investment.

In March 2011, the earthquake and the tsunami caused by it led to significant losses for the economy. In subsequent years, the country's GDP growth rate went into a positive zone of growth, but in fact the economy is still in a state of stagnation.

Other important information, which states that the Japanese economy has come out of deflation in which it has been for more than 15 years. All this time, deflation in

Japan led to the fact that investments were declining as well as the income of the population, everything led to the fact that production ceased to work.

In order to solve this problem, Japan introduced an ultra-soft monetary policy, expanding the country's monetary base by 80 trillion yen (about 752 billion dollars at the current exchange rate) annually through the purchase of government bonds and other securities.

"Abenomika" - the withdrawal of the Japanese economy from deflation, one of the points of Prime Minister Shinzo Abe.

Japan's economy has grown thanks to rising household spending. Yet global trade tension remains a risk to exports and investment.

The country's GDP grew by 1.9% in annual terms from April to June. In the previous quarter, in annual terms, the economy contracted by 0.9%.

Compared to the previous quarter, Japan's GDP grew by 0.5%, more than double the forecasted 0.3%.

Personal consumption, which accounts for 60% of GDP, grew by 0.7% between April and June.

Capital expenditures grew by 1.3%, with a maximum since the 4th quarter of 2016. However, external demand, or exports excluding imports, reduced growth by 0.1%.(Table 1.2)

Table 1.2

KEY INDICATORS OF JAPAN'S ECONOMY

Index	Value	Period
GDP	5110 USD mlrd.	2019
Annual GDP growth rate	-0.7 %	4 quarter./19
GDP growth rate	-1.8 %	4 quarter./19
GDP per capita	48920 USD	2018

Annual inflation rate	0.4 %	March 2020
Interest rate	-0.1 %	April 2020
Unemployment rate	2.5 %	March 2020
Wage	317637 JPY/ per month 2962.203 USD/month	March 2020
Trade balance	4.95 JPY mlrd. 0.046 mlrd. USD	March 2020
Current balance	1971 JPY mlrd. 18.381 mlrd. USD	March 2020
International Currency Reserves	1368600 USD mln. 1368.6 mln. USD	April 2020

2. Economy Of Japan. Online Statistics . (2020)[Online]
Available at: <https://take-profit.org/statistics/countries/japan/>

There is a bilateral trade agreement in which President Trump is trying to persuade Japan to sign it. How to help reduce the trade deficit. However, Japan is not inferior.

1.3 Problems and prospects

Japan is the third largest economy in the world (its GDP for 2016 amounted to 4949 billion US dollars) and actively investing in other countries, it does not attract as many investments as it would seem. According to the report of the United Nations Conference on Trade and Development (UNCTAD) on world investments for 2017, Japan ranks fifth in popularity among multinational companies for the period 2017-2019. The inflow of foreign direct investment in 2016 amounted to \$ 11.4 billion.

Considering the position of Japan in the investment ratings of international rating agencies, you can see this picture(Table 1.3)

Table 1.3

Japan's investment rating according to the most famous rating agencies

Rating Agency	Rating	Characteristic
Moody`s	A1 with a stable outlook	Low risk. Debt obligations of a higher middle category.
S&P	A+ with a stable outlook	The issuer's ability to pay interest and debts is highly rated, but depends on the economic situation.
Fitch	A with a stable outlook	Low risk, high creditworthiness.

3. Newsletter on Current World Economy Trends (January 2019) Japan: in search of new growth drivers [Online] Available at:
<https://ac.gov.ru/archive/files/publication/a/20425.pdf>

It follows from the table above that the credit rating of Japan is extremely high and the risk of investment loss is low. According to all three agencies, the outlook is also stable. This makes Japan a very attractive country for investments in the eyes of investors.

SECTION 2

ANALYSIS OF THE INVESTMENT CLIMATE IN JAPAN

2.1 Foreign economic activity of the country

Nowadays, that is, in the 21st century, Japan's foreign economic activity and factors occupy an important role in building the country's economy. And these factors have a direct impact on the development of the country as a whole.

The Ministry of Commerce, Industry, and Economics regulates Japan's foreign economic activity. Its direct tasks are to find the main directions of development of foreign economic relations, ensure and procure the necessary procurement of raw materials and fuel resources, assist in the structural adjustment of industry, promote small and medium-sized businesses, and protect rights intellectual property.

Such high goals as the conquest of world markets, occurred only due to the high quality of products, as well as the use of modern technology. Japan takes fifth place in world merchandise exports and sixth place in world imports. The share of exports in Japan's GDP grew on average by 9% per year (2002-2007) and reached 16% in 2007. The contribution of exports to economic growth in 2002-2008 estimated at 50%. For one global reason, such as the global financial and economic crisis, export and import volumes decreased and the foreign trade balance surplus decreased by 2 times.

Japan also has very strong ties with East Asian countries, the development of industrial cooperation between them. That says that Japan provides directly more complex, high-tech operations. East Asian countries are the largest consumers of Japanese goods: 50% of Japanese exports of engineering products.

The country's foreign trade is no longer the only important source of funds for the current balance of payments items, because foreign trade is no longer the only important source of funds for the current balance of payments items as before.

Japan ranks 5th among countries such as the United States, Britain, Germany and France.

Financial and insurance activities, wholesale and retail trade, real estate, services, all these are the main sectors that attract the investment of Japanese companies.

During the period of economic growth, the influence of direct and portfolio foreign investments on the development of Japanese industry also increased. EU countries, North America and Asia, Central and South America are the main investors in the Japanese economy. Foreign direct investment is mainly made in the financial and insurance sectors and makes up 40% of the volume of attracted foreign direct investment in the country.

In the early 2000s. Japanese companies were in a difficult financial situation, which allowed American and Western European companies to buy up Japanese companies. Foreigners acquired Japanese companies accounted for a third of all mergers and acquisitions.

Foreign investment today plays a large and ambiguous role in the development of the global economy. The main source of financing and international cooperation in the international market reflects the whole process of division of labor, development and the relationship between economic countries and their stable relationship.

Foreign direct investment, based on the above classification, may have an explanation that implies direct control of the foreign investor over the management. As well as other assets of the recipient investment company. Direct control of the investor means such participation in the ownership of the company that directly allows him to control management.

Foreign direct investment can have both positive and negative sides. They have their advantages both for donor countries and for recipient countries.

For donor countries, this may be:

1. Production during expansion.
2. Savings on customs tariffs and transportation costs.

3. Savings on transaction costs.
4. Also, if in the recipient country there is an opportunity to save, if it has lower environmental standards.
5. Market expansion.

Due to all this, this leads to increased profits and lower costs. But also for the donor country there may be its negative sides from foreign direct investment:

- The export of capital to the country negatively affects the level of employment
- Deliberate containment of capital with one's own country while it needs it (capital flight abroad)
- Negative moments with payment on balance.

Positive aspects for recipient countries:

- Hard attempts to raise capital in this country
- Improving the baggage condition of workers, increasing and creating jobs
- Attracting employees with more experience
- Reducing costs, increasing and improving the quality of goods, hence increasing the competitiveness of goods
- Introducing the latest technology.

Thanks to all these advantages, countries attract foreign investors. But you should not forget that these same direct foreign investments have their negative sides for the recipient country.

2.2. Factors of investment climate

The investment climate has a lot of concepts. It can often be deciphered quite differently, but it is also a very difficult task, but on the other hand it can be considered from the positive aspects, because thanks to this it is the most important condition in attracting investment and economic growth.

In the literature, the investment climate can be considered from a political point of view, from the economic, social and legal norms, due to which investment capital and its economic attractiveness are determined.

Investment attractiveness and investment climate are similar only in words, but actually have a huge difference.

The investment climate is a deeper and broader concept that carries investment attractiveness over a long period of time. In addition, a term such as an investment climate can be used only with respect to the scope of investments, but not for a specific investment object.

Investment potential and investment risk can be summarized in one word as investment attractiveness. In a word, it is possible to carry out the investment process opportunities by stimulating investment in specific objects. Since investment attractiveness is a subjective assessment of an investor on such various issues as making decisions on investing funds. Investment potential has a characteristic opportunity and reflects the investment process from the point of view of it of opportunities.

When considering investment risk, it represents the greater part of the probability of financial loss. They can be expressed as loss of income or capital. Investment risk is closely interconnected with the concept of investment potential. Investment risks directly affect investment potential, and investment potential, in turn, regulates the level of investment risks. Together, these concepts can be divided into investment attractiveness.

There are several types of investment climate:

- 1) transnational (across a group of countries);
- 2) national (on a national scale);
- 3) regional (within the region);
- 4) municipal (at the municipal level);
- 5) industry (within the industry)

Most of all factors of the investment climate can be divided as far as possible on their impact on society. On the example of this case, they can be objective and subjective.

The subjective, in turn, are associated with human activity while objectively not. For example, the first factors include human management decisions. Factors can be both positively affecting the investment climate and negatively. Factors that positively affect the investment climate include:

- high rate of income;
- low level of competition;
- low cost of labor and raw materials;
- stability of the tax system;
- political stability;
- availability of guarantees and state support

There are also many other factors that determine the attractiveness of the investment climate in Japan. At these points, it is worth considering and understanding what factors can influence it, good or bad.

All these factors can be divided into several groups:

- The most significant factors are macroeconomic factors that will determine the volume of GDP, economic stability, national currency exchange rate and market capacity.
- Climatic and environmental factors are geographic, and they are very important when investing in agriculture or mining.
- Legal factors include the ratio of foreign investment on the market and the stability of legislation.
- And the last, but not so unimportant, are the entrepreneurial factors, which include the system of tax benefits, the tax policy of the country and the level of infrastructure development in the country.

2.3. Attractiveness of Japan

There are a large number of factors that positively affect it, and this:

- 1) The first and the main one in my opinion is that Japan takes the first place the harm of countries according to advanced technologies and research

- 2) The country is one of the first in purchasing power
- 3) Developed wound
- 4) Low unemployment rate
- 5) Favorable business climate
- 6) Developed infrastructure
- 7) Comfortable living conditions
- 8) Highest level of security
- 9) And other

Considering the situation in Japan, we can conclude that Japan is in a very attractive place and is a fairly developed country for foreign investors.

You can best evaluate the investment situation in Japan by looking at the chart below, showing Japan's international position.

Thanks to the international investment position, one can observe the hundred-year state of the country's external investment assets and liabilities.

Thanks to these two indicators, the chart can show how a country is investing in other countries or attracting foreign investment to the domestic market.

The dynamics of the international investment position of Japan for 2012-2017. presented in the figure below.(Figure 2.3).

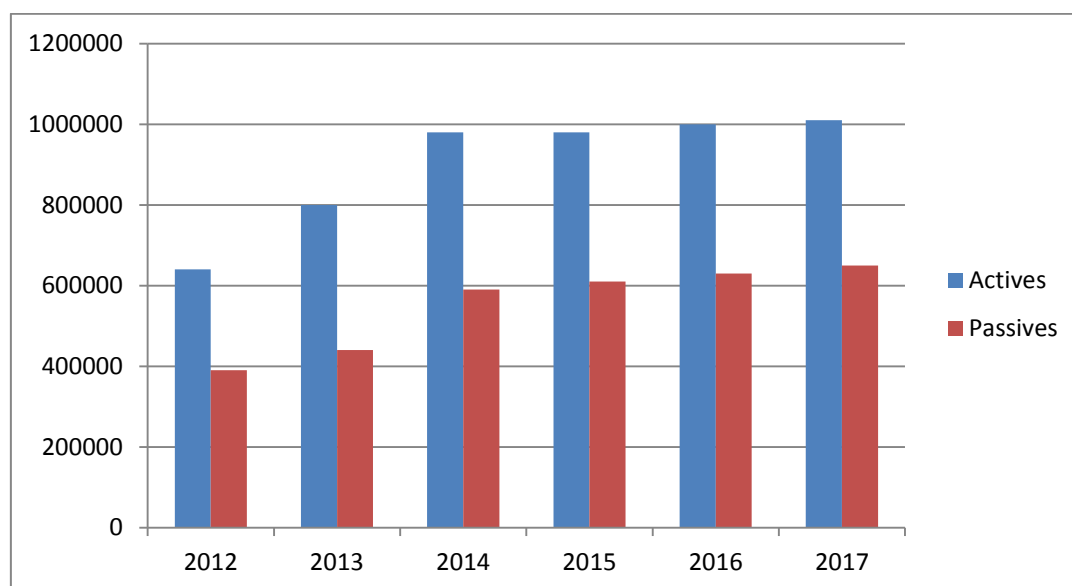


Fig. 2.3. The dynamics of the international investment position of Japan for 2012-2017

On the graph reflecting the international investment situation, it can be noted that both assets and liabilities showed stable growth in the period 2012-2017.

However, if you look deeper, you can see that Japan's assets are much higher than liabilities, which means that the country is mostly a lender, investing a lot in other countries, but attracting little foreign investment in the country.

What you need to consider if you invest in Japan?

Foreign direct investment can have both positive and negative sides. They have their advantages both for donor countries and for recipient countries.

For donor countries, this may be:

1. Production during expansion.
2. Savings on customs tariffs and transportation costs.
3. Savings on transaction costs.
4. Also, if in the recipient country there is an opportunity to save, if it has lower environmental standards.
5. Market expansion.

There are many reasons that can explain the changes in the Japanese labor market during 2010–2018. It can be noted that many arguments remain speculative.

To understand the driving forces, further research is needed, thanks to which changes are taking place in the country.

As you can see in this table, the unemployment rate in Japan is radically different from year to year. Since 2010, unemployment in Japan has not been much launched. From year to year, unemployment only decreases, for example, in 2010 it was only 5.10%, already in 2018 only 2.45% was saturated, that is, we can say that over 8 years unemployment has decreased almost 2 times. (Table 2.4)

Table 2.4

Japan Unemployment Rate - Historical Data

Japan Unemployment Rate - Historical Data		
Year	Unemployment Rate (%)	Annual Change
2018	2.45%	-0.36%
2017	2.80%	-0.30%
2016	3.10%	-0.30%
2015	3.40%	-0.20%
2014	3.60%	-0.40%
2013	4.00%	-0.30%
2012	4.30%	-0.22%
2011	4.52%	-0.58%
2010	5.10%	0.00%

4. Japan Unemployment Rate (1991-2020) [Online] Available at:
<https://www.macrotrends.net/countries/JPN/japan/unemployment-rate>

There is some interesting information that the average salary in Tokyo is higher than the national average, why so?

The average annual salary in Japan for a full-time employee is 4,339,116 yen (\$ 39,961). This is the average monthly amount of 361,593 yen (\$ 3,330).

The average salary in Tokyo is about 27% higher than the national average. Such a major city as Tokyo takes first place in the average salary among 47 prefectures in Japan.

The main reasons for Tokyo's leadership are:

- 1) A high concentration of companies in the capital
- 2) The concentration of industries that pay above average wages.

There are five prefectures in Japan where the average monthly salary is higher than the whole country. Such cities as Tokyo, Aichi, Osaka, Kanagawa and Shiga. The highest monthly salary in Tokyo. And the lowest in Shiga. Below is a table at number 4 .(Table 2.5)

Table 2.5

Average Monthly Salary by Prefecture in Japan

Average Monthly Salary by Prefecture in Japan (2018) Source: Japan Ministry of Health, Labour and Welfare			
Rank	Prefecture	Average Monthly Salary (JPY)	Difference vs. National Average
	All Japan	361,593	N/A
1	Tokyo	458,920	26.9%
2	Aichi	393,155	8.7%
3	Osaka	380,664	5.3%
4	Kanagawa	372,140	2.9%
5	Shiga	362,267	0.2%

5. What is the average salary in Tokyo?(2020)[online] Available at:
<https://resources.realestate.co.jp/living/what-is-the-average-salary-in-tokyo/>

Taxes in Japan have certain specifics related to the characteristics of the economy and mentality. Taxes in Japan can be divided into only 2 groups. The first is nationwide. The second is local, which are distributed to taxes of prefects and municipalities.

It is worth noting that taxes in Japan play a very important role. They can act as not only a source of filling state and local budgets, but they are also an important disciplining factor for citizens.

At the same time, citizens of the country are very responsible for tax payments, because they understand that in this way they provide a personal contribution to the economic and social development of the state. Also in Japan there is a fairly visible system of distribution of budget revenues. Such a system allows you to see the real results of the state using funds that are accumulated from the population. Individual income tax liabilities.

Income tax in Japan is paid by all individuals - both citizens of the given state, and persons equal in status to residents.

The total amount that the Japanese have to pay is quite significant. All due to the fact that in Japan income tax is fundamentally different from most states. The tax is levied not only at the national level, but also at the local level - deductions to the budget of prefectures and municipalities have been established. Basically, the citizen's expenses for treatment, as well as some other types of expenses, are not included in the amount of taxable income.

The higher and greater the amount of earnings, the higher the rate that applies to the payer. That is how tax is calculated in Japan on a progressive scale, depending on the total amount of income received by a person for a certain period.

The minimum national income tax rate is 10%, and the maximum is 50%. The maximum rate is set for those citizens whose total annual income exceeds 30 million yen. Also, depending on where the payer lives, he will pay an additional prefectural income tax at a rate of 2% to 4%, as well as a municipal income tax in the range of 3-12%.

The tax rates for self-assessed income tax on individual income (in the case of residents and of aggregate taxation of non-residents) are as shown below.(Table 2.6)

Table 2.6

The tax rates for self-assessed income tax on individual income

Brackets of taxable income	Tax rates
Under 1,950,000 yen	5%
Over 1,950,000 yen or under 3,300,000 yen	10%
Over 3,300,000 yen or under 6,950,000 yen	20%
Over 6,950,000 yen or under 9,000,000 yen	23%
Over 9,000,000 yen or under 18,000,000 yen	33%
Over 18,000,000 yen or under 40,000,000 yen	40%
Over 40,000,000 yen	45%

6. Taxes in Japan(19950-2020).[Online]

Available at: https://www.jetro.go.jp/en/invest/setting_up/section3/page7.html

When calculating, various types of receipts are taken into account, including:

- pensions;
- wage;
- dividends;
- income received by an individual from carrying out commercial activities;
- income from the use of real estate.

Individuals should be aware that Japanese law imposes extremely high penalties for late submission of a tax return - no later than March 15 of the year following the reporting one. In case of violation of the above period, there is an obligation to pay a fine of 15% of the total amount of tax assessed.

What do companies pay on profits?

Fiscal legislation establishes the obligation of all business entities to pay corporate tax without fail. The basis for its calculation is the net profit of the enterprise for the reporting period.

Income tax in Japan has a rather high rate - over 33% of the company's net profit. This figure is much higher than corporate tax in most European countries. But at the same time, despite such an unfavorable rate for business, the Japanese government is not going to revise it down yet.

In addition to the national tax, income tax in Japan is levied locally. Both prefects and municipalities set their own values, which must be paid, at the rates of 5% and 12.3% of the amount of state tax.

In addition to all these taxes, legal entities also pay the tax established by the prefecture on the number of people employed at the enterprise. Ultimately, according to estimates, all of the above fees absorb about half of the profits of a commercial enterprise.

What is paid with real estate?

All property owners, regardless of whether they are simply citizens or legal entities, are required to pay an annual tax on all property that they own. Such as residential or non-residential buildings, premises, land and the like. The rate is 1.4% of the value of the property owned.

SECTION 3

DEVELOPMENT OF AN INTERNATIONAL INVESTMENT PROJECT TO ESTABLISH A RESTAURANT BUSINESS IN JAPAN

3.1 Preparation of an action plan

The restaurant is located in the center of Tokyo, the capital of Japan, in which a large number of people are robbing .. The size of the leased premises reaches 1000 m2. The lease is concluded for 7 years with the possibility of extension. The room complies with all sanitary standards.

The restaurant has a room for staff, the size of the room is 100 m2. In addition to a large spacious hall, there will also be a hall for smokers, a huge kitchen, a bathroom for guests and for working staff. The price for a standard dish will be \$ 10; refined - \$ 25; sophisticated 40- dollars. The maximum capacity of the restaurant according to the number of guests is 30 people. This includes free Wi-Fi.

In the first half of the year, restaurant robots are planned that more than 2,000 guests will visit the restaurant per month, of which 700 will be regular customers. In conditions when the average buyer orders three dishes, every month the restaurant will make a discount for regular customers and not a big discount on dishes in demand. The largest increase in customers will be in the spring and summer, as during this period a large number of foreigners visit Japan and the most visited cities. In addition to all this, from the end of spring to the beginning of autumn, there will be a summer terrace outside, which will expand the capacity of guests, the period will be allocated a sum of money to improve the restaurant to attract guests.

Our restaurant will be open from 9 am to 10 pm. With lunch breaks, 7 days will be provided in case the employee is ill.

The restaurant will be equipped with: dressing room, riser for the administrator, 2 sofas and a half meters long in the lobby, tables 1 by 1 meter long and the chairs accompanying them. There will be 2 times more air conditioners in the smoking

area than in the first room. The staff area will contain a kitchenette, fridge, toilet and a place to store their belongings.

Attraction of investment capital is planned at the expense of the project investor's own funds (50,000) and borrowed capital (60 000) - a bank loan (1.6% per annum for 1 year). The loan is issued at the Central Bank of Japan, the interest rate on which is 1.6%. First you need to calculate the initial investment (Table 3.1.) And the monthly expenses of the investor during the year (Table 3.2.)

Table 3.1

Initial costs

Sphere of investment	Price,doll.
Rent space (500m ²)	5 000
Cosmetic repairs of the premises	20 000
Registration of documents, registration of the enterprise	3 000
Mandatory minimum capital	30 000
Furniture	7 000
Equipping the staff room	2 000
Purchase of goods	20 000
Marketing costs	5 000
TOTAL	92 000

We also need to calculate how much the cost of renting the premises will turn out - \$ 5,000 rent (per year), necessary redecoration of \$ 20,000, registration of documents for the premises and possession of \$ 3,000, \$ 30,000 goes to the required minimum capital, so that the bank from which money will be taken at a percentage, could know that you will be able to pay the loan. Furniture 7000

dollars, equipment of a room for personnel 2000 dollars, purchase of products for 20 000 and 5 000 marketing expenses of 5000 dollars.

The result is such a sum: $5\,000 + 20\,000 + 3\,000 + 30\,000 + 7\,000 + 2\,000 + 20\,000 + 5\,000 = 92\,000$

Table 3.2

Monthly expenses

Name	Price, doll.
Rent	5 000
Accountant	1 000
12 waiters (excluding tax)	$12 \cdot 700 = 8\,400$
10 janitors	$10 \cdot 3500 = 3500$
9 cooks	$9 \cdot 900 = 8\,100$
Advertising costs	500
Utility costs	4 000
Loan payments	1 000
Unforeseen costs	2 000
Amortization	2 500
TOTAL	36 000

In order to accurately estimate the costs, you need to consider the amount of amortization of intangible assets (Table 3.3.)

Monthly expenses will be \$ 36,000, given the fact that the salary of employees is calculated for a month, not a year.

$5\,000 + 1\,000 + 8\,400(\text{all staff}) + 3\,500(\text{all staff}) + 8\,100(\text{all staff}) + 500 + 4\,000 + 1\,000 + 2\,000 + 2\,500 = 36\,000$

Continuing the theme of expenses, it is necessary to calculate monthly expenses and then withdraw them by the annual amount. Those of them that have already

been emphasized earlier, I will not consider in detail. Here is a list of those mentioned earlier.

$$(8\,100 + 8\,400 + 3\,500 + 5\,000 + 500 + 1\,000 + 3\,000) \times 12 = 294\,000 + 2500(\text{amortization}) = 296\,500$$

The waiter's average salary is 75,072 yen (\$ 700). For cooks, the salary will be 96,521 yen (900 dollars). There will be no conditions for the waiters regarding education, only secondary education. For cooks, there is another condition, they will need to have a higher education in addition to secondary education. In addition to these employees there will also be cleaners who receive a salary of 37,536 yen (\$ 350). There will be no special requirements for them, as well as for waiters.

From this, we can subtract the annual salary as follows.

Oficiant:

$$W_{x1}/\text{yearly} = W_{x1}/\text{monthly} \times 12$$

$$W_{x1}/\text{yearly} = 700 \times 12 = 8400$$

$$\text{Thus, 12 waiters will receive during the year } 8\,400 \times 12 = 100\,800$$

Cooks:

$$W_{x2}/\text{yearly} = W_{x1}/\text{monthly} \times 12$$

$$W_{x2}/\text{yearly} = 900 \times 12 = 10800$$

$$\text{Thus, cooks will receive during the year } 10\,800 \times 12 = 129\,600$$

Janitors:

$$W_{x3}/\text{yearly} = W_{x1} / \text{monthly} \times 12$$

$$W_{x3}/\text{yearly} = 350 \times 10 = 3500$$

$$\text{Thus, janitors will receive during the year } 3500 \times 12 = 42\,000$$

We can count all this, but we still do not take into account the work of such employees as accountants, administrators, bartenders and security guards, who will only be hired over time, as we are given a small amount for the restaurant itself.

We can calculate how much the salary costs will be throughout the year.

$$W_{x1} + W_{x2} + W_{x3} = 100\,800 + 129\,600 + 42\,000 = 272\,400$$

During the year, we are going to take income from our dishes that we are going to sell at 20 servings per day of our signature dish for \$ 20, (12,000 dollars a month come out). If you count during the year, you get about 144,000 dollars. This amount is still not enough, but if you take, in addition to dishes, drinks that will be sold very often, because in the summer it is hot here, and in other seasons, a large number of tourists. On average, \$ 5 per 50 people goes out for a drink, that is, 7,500 (5 x 50) = 250 goes to month:

$$250 \times 30 = 7,500$$

$$7,500 \times 12 = 90,000$$

Small cakes and sweets will also be available in the price range of 10-1 pieces. During the day it will be possible to sell 12 pieces. Total $10 \times 12 = 120$. A month comes out $120 \times 30 = 3\,600$, and a year comes out $3\,600 \times 12 = 43\,200$

All revenue will be around

$$43,200 + 144,000 + 90,000 = 277,200$$

That is, we can understand that from our income and all initial expenses we will receive $277,200 - 288,000 = -10,800$

This means that we are close to the breakeven point, but also far from profitability.

Table 3.3

Amortization of intangible assets

Name Doll., years	1 year	2 year	3 year	4 year
Furniture 7 thousand, 4 years	$7/4=1,750$; $7-1,750=5,250$	$4-1,750=2,250$	$3-1,750=1,250$	$1,5-1,750=-0,25$
TOTAL, thousand Dollars	5 250	5 250	5 250	5 250

3.2 Calculation part

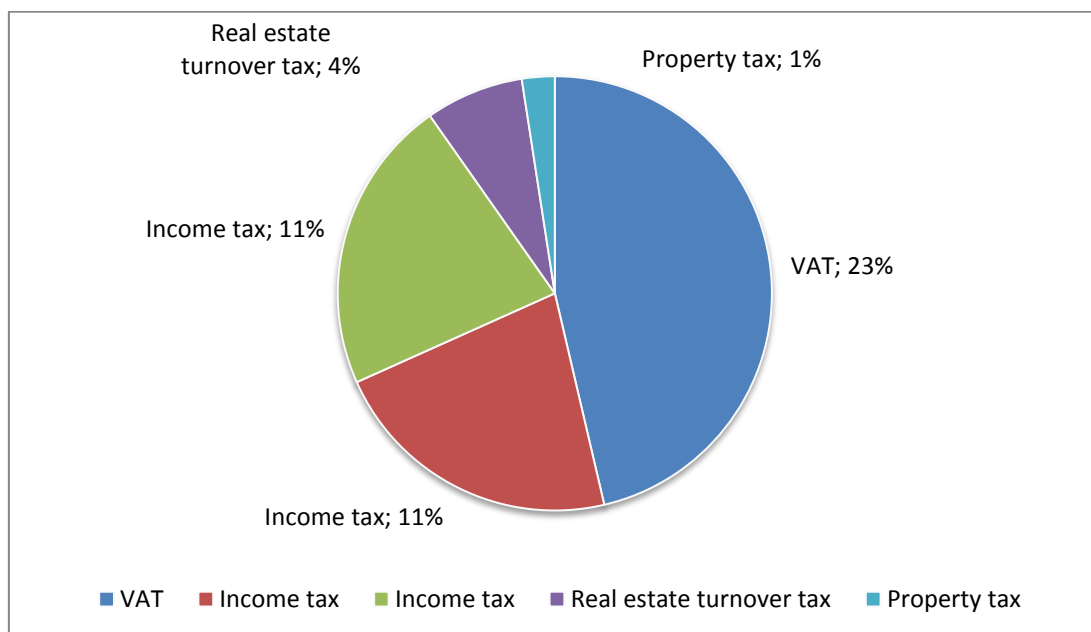
Calculation of expected income and assessment of the economic attractiveness of the investment project.

Japan has taxes for foreign investors. It also all depends on the employees you hired; in Japan, a 33% payroll tax is levied on local employees (in this case, 12 waiters, 9 cooks and 10 jaitors). Therefore, it is necessary to calculate the potential commission, including taxes (table 3.4.).

Personal Income Taxation.

As for the Japanese tax system, it is considered quite tough. Anyone has the opportunity to take advantage. For example, at the beginning of work, the company must pay 11% tax during the year.

Figure 3.2



Inflation in Japan by 2021 will be about 3.5%, and you can easily calculate it right there.

$$296\,500 \times 1,035 = 306\,877$$

From all this, we can take into account further inflation and our costs. But besides all this, we will also receive more customers from year to year, because more and more people want to see a country like Japan, and more international ones come. students. Our products will be displayed and we will serve more dishes. It seems like breakfast costs \$ 20 and lunch costs \$ 15.

As a result, we get 22 servings of breakfast and 10 servings of lunch per day.

$$20 \times 22 = 440 \text{ (per day)}$$

$$15 \times 40 = 600 \text{ (per day)}$$

$$600 + 440 = 1\,040$$

$$1\,040 \times 30 = 31\,200$$

$31\,200 \times 12 = \$ 374\,000$, will be approximately a plus during the year.

Now we can find our income next year.

$$374\,400 - 306\,877 = 67\,523$$

Now we need to determine if the project is effective. As revenue grows, expenses will also grow by 3,5%, respectively, as the costs of supplying and providing services to customers increase.

It should also be borne in mind that for the second and third years of activity, we no longer repay the loan. However, our amount (\$ 277 200) will increase by ~ 1,5% annually. We can also immediately calculate the net profit, for this you need to subtract the costs from the income (Table. 3.2).

Inflation in Japan for 2022 will be about 3%, right there you can easily calculate.

$$306\,877 \times 1,03 = 316\,083$$

From all this, we can take into account further inflation and our expenses. But besides all this, we will also receive more clients from year to year, all because more people will want to see a country like Japan, and more international ones will come. students. Our product will increase and we will serve more dishes. Home baking and home delivery will appear. Baking as a whole will cost \$ 10 apiece, and delivery costs about \$ 20 (without the order itself) to anywhere in the city.

On average, 14 baked goods and about 30 home orders throughout the day will be released per day.

$$10 \times 24 = 240 \text{ (per day)}$$

$$20 \times 60 = 1\,200 \text{ (per day)}$$

$$240 + 1\,440 = 1,680$$

$$1680 \times 30 = 50\,400$$

50 400 x 12 = 604 800 dollars, will be approximately a plus during the year.

Now we can find our income over the next year.

$$604\,800 - 316\,083 = 288\,717$$

The deposit rate in the country reaches 1.6%. The inflation rate is 3.5%. Risk

Correction 5%

We calculate the discount rate

$$(1 + 0,016) * (1 + 0,035) * (1 + 0,05) - 1 = 0,104$$

Now we need to understand whether the bid is effective.

Table. 3.2

Investment efficiency

Indicators	Year			
	0	1	2	3
Investments USD	92 000	-	-	-
Annual income USD	-	277 200	374 400	604 800
Annual costs of USD	-	296 500	306 877	316 083
Net income USD	-	- 19 300	67 523	288 717

Calculate the discount rate:

The first year: $1 / 1,104 = 0,90$;

Second year: $1 / 1,552 = 0,64$;

Third year: $1 / 1,776 = 0,56$

Cash flows (1) = depreciation + net income.

First year: $2\,500 + (-19\,300) = -16\,800$;

Second year: $2\,500 + 67\,523 = 70\,023$;

Third year: $2\,500 + 288\,717 = 291\,217$.

Discounted cash flows (2) = cash flows (1) * discount rate

The first year $-16\,800 \cdot 0,90 = -15\,120$

Second year: $70\,023 \cdot 0,64 = 44\,814$

Third year: $291\,717 \cdot 0,56 = 163\,361$

In order to determine whether a project is effective, it is necessary to calculate its net present value (NPV), payback period and profitability index.

NPV = the amount of discounted cash flows of the Investment.

$NPV = ((-15\,120) + 44\,814 + 163\,361) - 92\,000 = 101\,055$

Since $NPV > 0$, then, according to **this indicator, the project can be recommended for investment.**

Now we can calculate the profitability index (PI), which characterizes the efficiency of investment. The higher this figure, the more appropriate the project.

Profitability index is a discounted cash flow divided by investments:

$PI = 193\,055 / 92\,000 = 2,09$

$PI > 1$, therefore, this project should be accepted.

Now let's calculate the payback period of our restaurant.

Payback period (PP) = is an investment divided by the average annual discounted cash flow.

$PP = 92\,000 / (193\,055 / 2,09) = 0,99$

It means that this business will pay back even less than 1 year.

After we have done all needed calculations it is a time to say that opening restaurant business in Tokio is a very profitable and reliable project.

CONCLUSION

As a result of these research in this work, we can draw the following conclusions. A universal concept such as “investment” can be defined as the long-term investment of any funds, funds and capital in entrepreneurial activity both domestically and abroad. Due to the set goal of making a profit, in order to compensate the investor for refusing to use his own funds for consumption in this or that time.

Investments carry a very significant role in the development of the global economy. It is investments that are a powerful lever for raising the economy. In this case, they serve as the basis for expanding the country's production capabilities, helping to find a solution to a number of social problems. Which, as a whole, leads to the country's overall economic growth.

At the moment, the most significant for the development of the country's economy are foreign direct investment. In addition to attracting finance, investments contribute to the creation of new jobs, the introduction of new technologies and the improvement of competitiveness. Generally speaking, investments lead to the development of the country's economy. Foreign direct investment also contributes to the establishment of stable relations between countries.

Japan's investment climate is rather controversial. You can see a pronounced imbalance in the volume of investments exported and imported.

Japan is a major investor in enterprises of other countries, while this country receives a small influx of foreign investment into the domestic market from abroad.

A small problem lies in the fact that, on the one hand, Japan is a very attractive country for investors, which is facilitated by many factors, among them:

- the latest technology;
- low risk of loss of investments;
- high purchasing power of the population, etc.

In confirmation of the investment attractiveness of Japan, they could give high marks to international rating agencies. For example, one of them is “DoingBusiness” (34th place from 190 countries). On the other hand, the structure of the Japanese economy and society significantly complicates the influx of investments from outside, hampering the activity of foreign investors. Together, the set of actions described in this short report shows that the investment climate has improved in the country, making it a more desirable investment target. Based on this path, such a highly developed country as Japan allows us to actively develop many sectors important for the country, thereby moving the economy forward.

Investments play a very important role in the development of the global economy. It is investments that are a powerful lever for raising the economy. In this case, they serve as the basis for expanding the country's production capabilities, helping to find a solution to a number of social problems. Which as a whole leads to the overall economic growth of the country.

Japan is considered one of the most stable powers, which has shown a real example of the formation of fiscal policy and the development of small sectors of the economy. During the global crisis, it was relatively easy for the state to cope with problems compared to neighboring countries. Despite the fact that, geographically, Japan is one of the smallest countries in Asia, its economy shows significant results and stable growth.

Japan is doing everything possible to attract international investment, as this is additional funds to the budget. Most taxes are present here, quite complex business rules, no corruption, but there is a reputation of a reliable and wealthy country in which at least once the investor dreamed about his activities.

An analysis of the investment climate confirmed that Japan is a very good choice for investment, especially for such small ones as in our case. Nevertheless, the investor also makes calculations in advance, estimates possible costs and incomes and much more before investing.

So, after making the necessary calculations for our project, it was decided that opening a business such as a restaurant in Tokyo is a very reliable idea. Having invested \$ 92,000 in the project, the investor will be able to fully recoup in less than a year. This is provided that the investor has taken a loan. And if the restaurant is open at its own expense, the project will pay off even faster. The increase in demand for print media leads to an annual profit growth of 5%. This is only in the first years of work. Starting from the fourth year of operation, the restaurant business owner can count on the fact that the number of new customers, as well as customers from abroad, will only increase, which means that the annual profit will increase by at least 9%. At the same time, of course, expenses will grow, but revenue covers all expenses, which means that the restaurant is efficient and profitable.

Thus, summing up all of the above, we can conclude that opening a business, namely, the restaurant business in Tokyo or in the country as a whole, is a pretty lucrative idea. Of course, there are certain risks and obstacles, but the authorities of this country are doing everything possible to make the investor feel confident and be able to successfully conduct business, replenishing the state budget. However, the investor, for its part, must comply with all laws and not follow them. Then he will be able to turn his idea into reality, and business into permanent profit.

The set of actions described in this short report shows that the investment climate in the country has improved, making it a more desirable investment target. Based on this path, a highly developed country such as Japan allows us to actively develop many sectors important for the country, thereby moving the economy forward

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