

ALFRED NOBEL UNIVERSITY
DEPARTMENT OF GLOBAL ECONOMICS

Bachelor's Thesis

Development and implementation of an international investment project
'Event-agency 'Help Yourself' in Japan

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Group: MEB-17a

Specialty: 292 International economic relations

Supervisor: PhD in Economics, Associate Professor, Iryna Shkura

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ALFRED NOBEL UNIVERSITY
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The Bachelor's Thesis Assignment

by Anna Shylova

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4. This paper aims to examine Japan's environment in order to develop and implement an international investment project there within the framework of developing skills of practical application.
5. Thesis outline (list of issues to be developed):
 - select the country for investment
 - examine the economic and social climate
 - determine whether the country is attractive for investment project realization
 - select the investment project theme
 - analyze the real situation in the market of selected project in order to decide on the form of investment
 - conduct required calculations based on the real numerical data
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		Schedule date	Actual date
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Abstract

Shylova A.P. Development and implementation of international investment project 'Event agency 'Help Yourself' in Japan.

In Bachelor thesis, Japan's socio-economic overview as part of investment attractiveness investigation is presented. The area of this paper covers a series of administrative units in Japan that assisted in determining the most interesting option for project implementation. The country happens to experience a rapid ageing population that has been influencing all the economic and social aspects. But still, Japan has depicted a marvelous case of economic stability over the years which proves the capability of attracting investment. The international investment project is developed on the cash source provided by an investment 'angel' which has the most favorable conditions with minimal risks. In addition, the key efficiency indicators (such as net present value, profitability index, and payback period) are considered to outline whether the project is worth adoption.

Keywords: Japanese economy, global market, ageing population, investment attractiveness, event-agency, project

Анотація

Шилова А.П. Розробка та реалізація міжнародного інвестиційного проекту «Івент-агенція 'Help Yourself'» в Японії.

У цій бакалаврській роботі представлений соціально-економічний огляд Японії як частина дослідження інвестиційної привабливості. Сфера цієї статті охоплює низку адміністративних одиниць в Японії, які допомогли визначити найбільш цікавий варіант реалізації проекту. У країні спостерігається стрімке старіння населення, яке впливало на всі економічні та соціальні аспекти. Але все-таки Японія протягом багатьох років продемонструвала дивовижний випадок економічної стабільності, який доводить можливість залучення інвестицій. Міжнародний інвестиційний проект, джерелом фінансування якого запропоновано кошти інвестиційного «ангела», який має найвигідніші умови з мінімальними ризиками. Окрім того, вважається, що ключові показники ефективності (такі як чиста теперішня вартість, індекс рентабельності та термін окупності) визначають, чи варто реалізувати проект.

Ключові слова: японська економіка, світовий ринок, старіюче населення, інвестиційна привабливість, івент-агенція, проект

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INTRODUCTION

Japan is a relatively small island nation located on the eastern side of the map. In the modern world, one can hardly meet a person who has never heard of this country. Japan occupies high positions in many ranks, and from the point of view of many experts - an economically and socially favorable business environment.

This work primarily aims at developing an investment project in Japan relying on the investment climate assessment. This paper's relevance is of a high significance as the current data of economic indicators is taken for examination from the major sources such as The World Bank, UNCTAD and the International Monetary Fund, which provide numerical part for consideration.

The thesis aims to examine Japan's environment in order to develop and implement an international investment project there within the framework of developing skills of practical application. In order to accomplish this aim, the paper will cover:

- 1) critical analysis of main socio-economic and political basis for Japan;
- 2) map attractiveness of investment climate for determining the preliminary effectiveness of investment process on the whole;
- 3) draw SWOT-matrix in order to illustrate Japan's environment;
- 4) calculations for international investment project such as basic requirements, possible occurring costs and generated profits with adjustment to the risk level and
- 5) project conclusions based on the efficiency indicators, like Net Present Value (NPV), Profitability Index (PI), and Payback Period (PP).

The object of the research is socio-economic climate in Japan; the subject of the research – international investment project 'Event-agency 'Help Yourself'.

The work is divided into three chapters, where the first one will look over Japan's economic and social background, forming a base for considering the auspiciousness degree for this project. This part will be devoted to an economic indicators description, highlighting tendencies for last 15 years. Due regard will be paid to social aspects that will depict the effect on economic component as vital part of analysis.

The second chapter will carefully examine international trade relations with a specific focus on export and import activities. Next, this part will encompass main investment indicators, including necessary information for investment flows. In addition, the second chapter will generate SWOT-analysis based on gathered data and it will outline other essential information such as investment flows and attractiveness, or minor issues that may occur while project implementation.

The third chapter will describe the investment project itself, specifically paying due regard to the concept clarification and providing other general information about the business's advantage in the market. Additionally, this part will examine the future market of operation and highlight main competitors. The risks will be also suggested, but they will refer to the market and the business operational activity. Also, this chapter focuses on calculations required for developing and implementing a business in Japan. This part will overview required investment and operating expenditures. Finally, an effectiveness and efficiency estimate will lead to drawing conclusions about the project.

The thesis's base employs theoretical methods of research. This research attempts to highlight the socio-economic parameters supported with illustrations and table presentation. It happens to be a rational way to present the data with numerical basis in it.

Certain information presented in this paper is published in the university conference digest 'Трансформація економічних систем та інститутів у нових геостратегічних реаліях' (Transformatsiia ekonomichnykh system ta instytutiv u novykh heostrategichnykh realiiakh), dated April 20, 2021. Moreover, it is possible to familiarize with research result of the first chapter in the monography, formed by Alfred Nobel University, on the topic 'Національні економіки у глобальному світі' (Natsionalni ekonomiky u hlobalnomu sviti).

This paper creates a solid base for further studies of investment project implementation methods by Ukrainian and foreign investors.

CHAPTER 1

SOCIO-ECONOMIC ENVIRONMENT OF JAPAN

1.1. Current economic profile of Japan

In this chapter, Japan will be considered from two sides: economic and social ones; then, this data will be applied to outline possible tendencies. The goal of this economic investigation is to review the current socio-economic position of Japan on the whole.

As it is widely known, Japan is one of the developed countries in the world with high annual performances. Its economic expansion has been the longest so far in comparison to many other countries. Surprisingly enough, the economic growth reached its peak, and currently, Japan is facing long-term challenges. It is considered essential to mention that a great lot of recent events may depict Japan as a country with decreased growth rates, while another part of people would dispute and claim the opposite.

The fact that Japan dramatically relies on its government resources and automobile export cannot be excluded; the country also holds a low bank discount rate that provides the expectation of prices going down and a significant deflationary environment. Moreover, Japan has a massive debt-to-GDP ratio which means that the country cannot pay its external debt with its current revenues. These facts are the results of the US-China trade conflict, COVID-19 pandemic, aging population issue, and a need for reforms (Amadeo, 2021).

Nevertheless, on the other hand, along with rising economic and social issues, Japan is a shining example of stability in many economic terms, primarily due to Abenomics policies implemented by Shinzo Abe, the Prime Minister of Japan, in 2012. The primary goal of Abenomics is to achieve sustainable development of Japan's economy. There are three prominent 'arrows' that determine the economy's growth: bold monetary policy, flexible fiscal policy, and growth strategy to involve private investment. However, that as it may, from 2012 and until 2017, there was no 'magic jump' but rather a gradual shrinking, when in 2017, Shinzo Abe was elected as a Prime Minister for the third term bringing other economic changes and flourishing outcomes as it was supposed

to (JapanGov, 2020; Kenton, n.d.). Henceforth, most of the economic indicators presented later will depict two-part of the economic story with the reasons provided: downturn from 2012 to 2017 and expansion from 2017 and up to dreary events of 2020.

In the first place, the economic situation of the country should be considered. Over the last several years, with no exception in 2020, Japan took third place among the most meaningful world economies with a total estimated GDP of \$4.97 trillion, staying behind the US and China (Japan and the IMF, n.d.). Concerning the peak in 2012, and up to now, Japan has lost one-third of GDP. Such a volatile figure in GDP changes is overviewed due to continuous yen devaluation on the global market, decreased government spending, the protracted trading conflict between the US and China (which are the major export destinations of Japan), and the downturn in purchasing capacities of the population. Despite having positive GDP tendencies, another crucial indicator contradicts the fact. Real GDP growth rates fluctuated for the last several years, with a massive crash down to -5.3% in 2020, compared to the average growth of 2.2% showing optimistic tendencies (Economic and Financial Data for Japan, n.d.). The government claims this to happen due to the export weakening, which, in turn, led to the economic recession, also taking into account the pandemic situation crashing the economy worldwide. The following graph presents the visual support of the idea (Fig. 1.1).

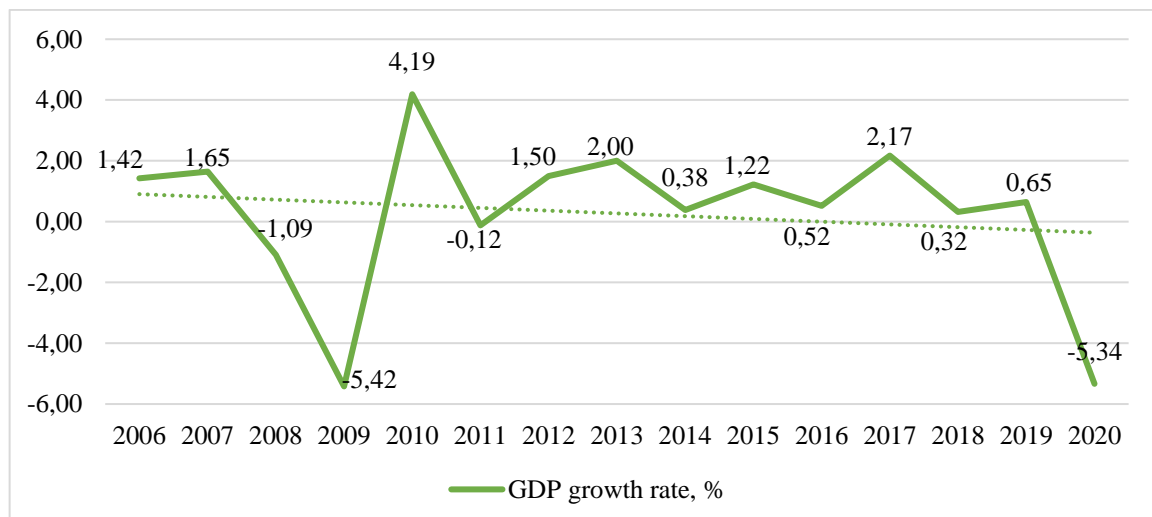


Fig. 1.1. GDP growth rate in percentage, 2006-2020.

Source: based on the data by International Monetary Fund, 2021

At the same time, three major sectors form the economy: primary (agriculture), secondary (industry and manufacture), and tertiary (service) ones. The GDP calculating methodology also implies counting the country's wealth, as well as its advancement. As shown in figure 1.2, the Japanese economy composition has remained stable over a decade which is considered a positive point. The highest share of GDP consists of the service sector with such leading activities as real estate, insurance, retailing, and telecommunication, and in figural terms, it takes two-thirds of the total GDP performance. The contribution to other economic sectors highlights the significance of the tertiary sector in the economic development of Japan as it stimulates industrialization and maintains agriculture. The industrial component performs a little bit less than 30% of total GDP production. The key areas adding to the industry are mechanical engineering (especially automotive manufacturing), electronics, and petroleum extraction. Finally, the agricultural sector accumulates slightly more than 1% throughout modern history, mainly due to Japan's natural lack of resources. However, since 2014 an inconsiderate growth of agriculture is observed. It happens because of a land-use expansion that is a result of technological development (Sawe, 2019; Hantal, n.d.).

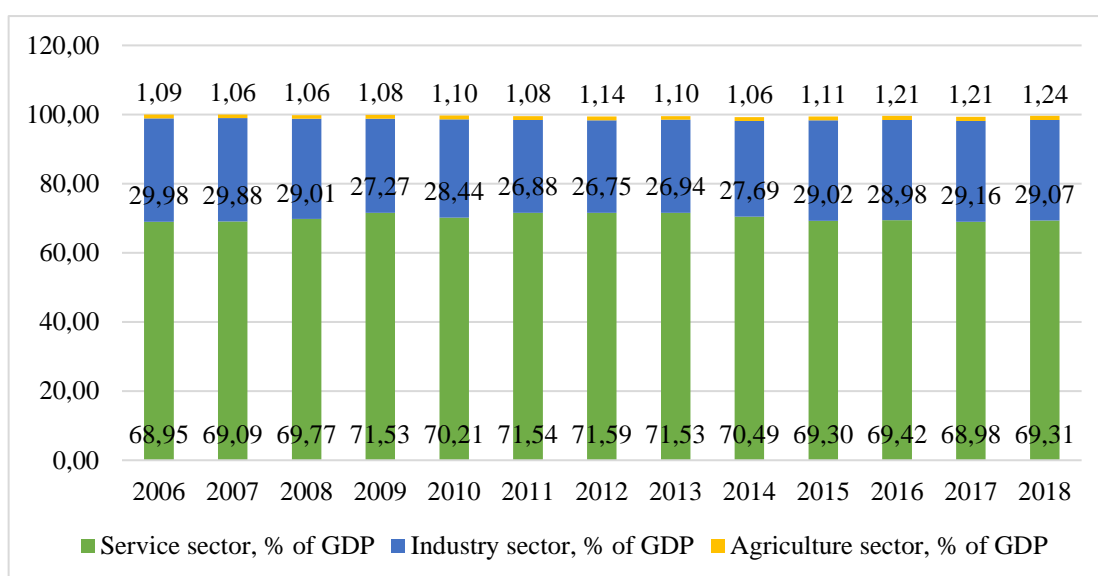


Fig. 1.2. Distribution of GDP by economic sectors, 2006-2018

Source: based on the data by The World Bank, 2021, and Statista, 2020

Not less important is GDP per capita that directly reflects the living standard of the Japanese population. Having quite a fluctuating GDP per capita over the years, it can be

assumed that Japan has been still increasing its figure, following Abenomics. As mentioned before, Abenomics' goal is to increase Japan's GDP, consequently increasing GDP per capita. On the contrast, there is a strong correlation between GDP per capita and population: rich countries with lower population happens to be more prosperous. One of the eminent advantages that Japan could take is that with the aging population and constant GDP growth, the GDP per capita would rise and rank the country up. With this regard, we could consider the current situation of GDP per capita due to the increase. In reality, with a pretty stable population number, higher rates for GDP per capita mean that the country is technologically progressed and is raising its living standard.

Another side of view on the situation is GDP (PPP) per capita, which is a different situation of gradual growth and exceeds the whole period. This case is a sign of the US dollar having more purchasing power than the Japanese currency and means that import goods and services are more expensive than domestically produced (Venkatraghvan, 2012). Thus, the conclusion may be that, unfortunately, the Japanese yen is losing its economic and purchasing power. Figure 1.3 below illustrates GDP per capita at the current prices, including the downturn from 2013 to 2017, alongside the continuous growth of GDP per capita based on PPP.

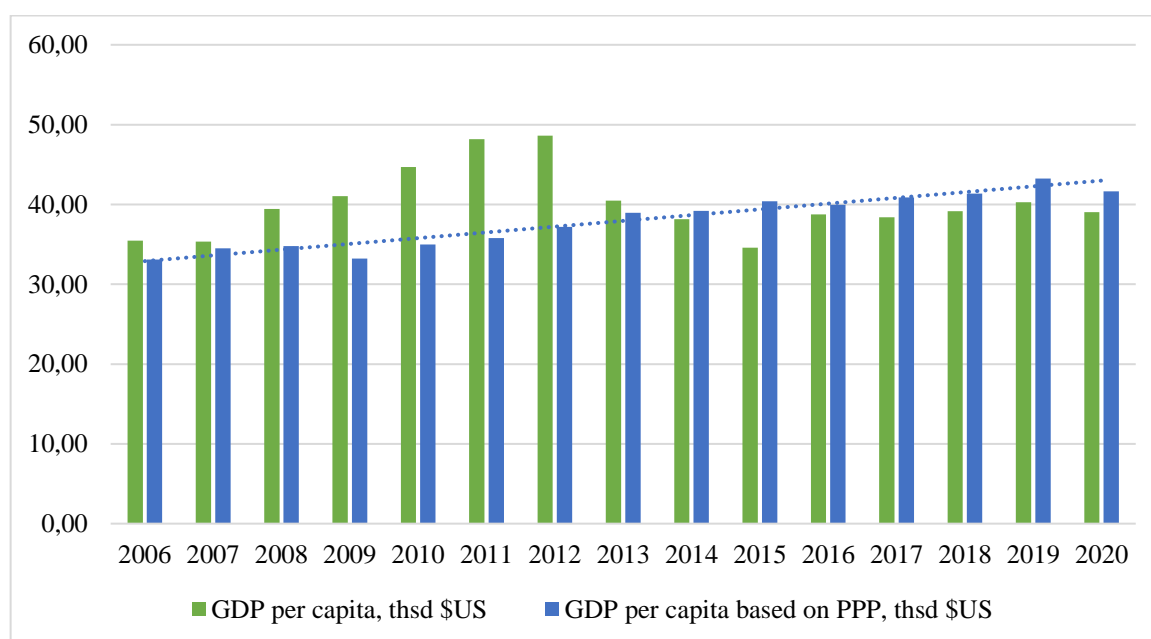


Fig. 1.3. GDP per capita compared to GDP per capita based on PPP, 2006-2020

Source: based on data by International Monetary Fund, 2021, and The World Bank, 2021

As the research proceeds, a significant slowdown was observed over previous years. The economic growth rate of Japan was far below the perfect 2-3% of annual increase, reaching the bottom of 1.1% in 2019. This case can be explained by slow global demand, sharp shrink of both export and import that enhanced the bottom. On the other hand, analyzing the graph, the conclusion is that GDP growth rate (or economic growth rate) has been volatile over many years, which may be the indicator of economic fall or anticipation of instability.

The inflation rate completes the picture of the vital economic indicators. As for Japan, the inflation rate has not exceeded 3% since 1991, with only a peak of 2.76% in 2014. However, demonstrating a stable inflation rate of a bit lower than 1% annually from 2014 on and implies the stable supply of money within the country. Once stable, the CPI is not likely to increase drastically over time. However, such low rates lie in the aging population, which tends to save money 'for better days', reducing the money power in its natural turnover. These contradict the Abenomics policy to increase the money supply and turnover within the country in order to make it more economically attractive. Therefore, the country is suffering from little motivation for investment activity. One more obvious outcome that pursues is a low natural interest rate (Harding and Giles, 2020). On the contrary, the stability in purchasing power signifies the certainty in the slight future economic changes, which could be an appealing climate for a business environment. The figure below represents inflation rates since 2006, including the experts' estimate of the future projection until 2025 (Fig. 1.4).

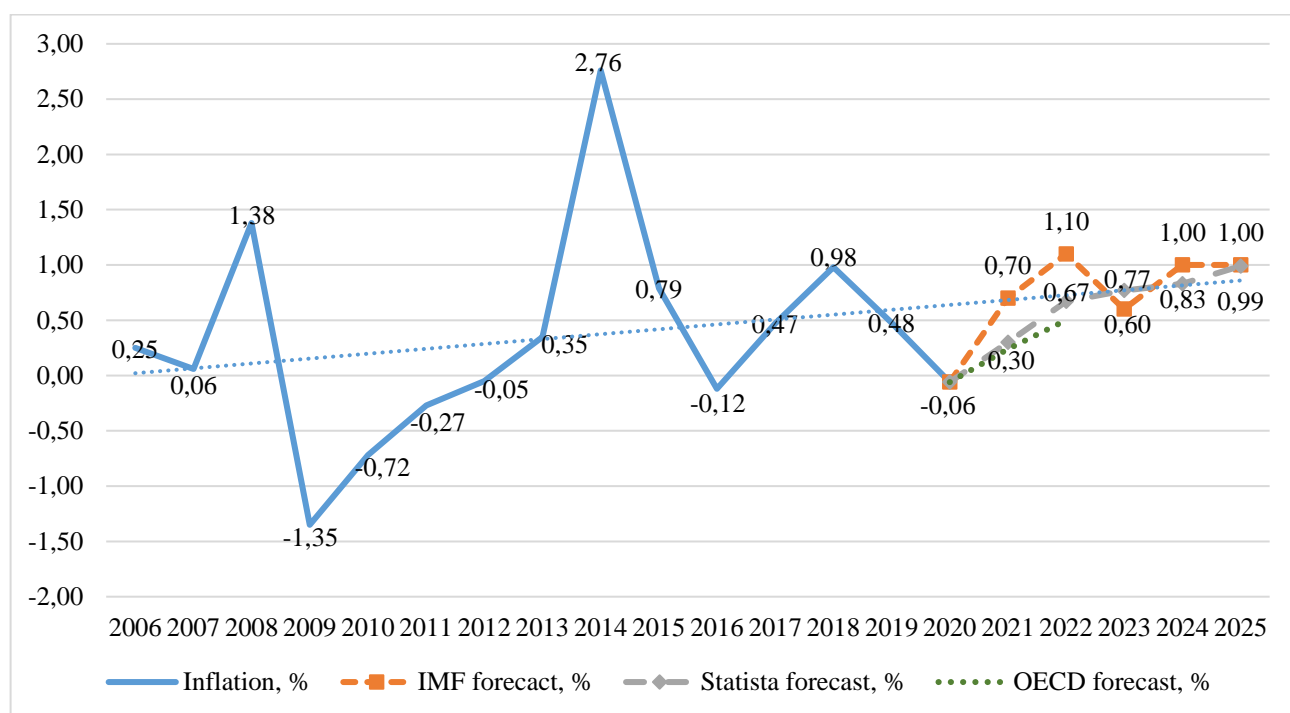


Fig. 1.4. Inflation rate for 2006-2020 with forecast to 2025

Source: based on the data by International Monetary Fund, 2021, Statista, 2020, and OECD, 2020

As the aging population is mentioned as one of the obstacles to economic flourish, the unemployment rate for Japan should be considered. Looking at the figure below, the only positive point that had worked straight after Abenomics implementation is halving unemployment. Per contra, Abenomics policies facilitated the migration process, allowing some perks, with prospects of employment. In turn, it opened an opportunity for domestic employers to fire ineffective and inefficient workers. The total unemployment rate shows a diminishing effect while the number of employed people is continuously increasing, making NAIRU reach its historical bottom (Fig. 1.5). Here it can be presumed that the higher the employment rate is, the more expanded GDP becomes.

As we can observe, there has been roughly 60% of the constantly employed population since 2006, the unemployment rate has halved, and another percentage of the working-age population has been considered inactive due to disability or unwillingness to become employed (Statistics Bureau, n.d.; Estevez, 2020).

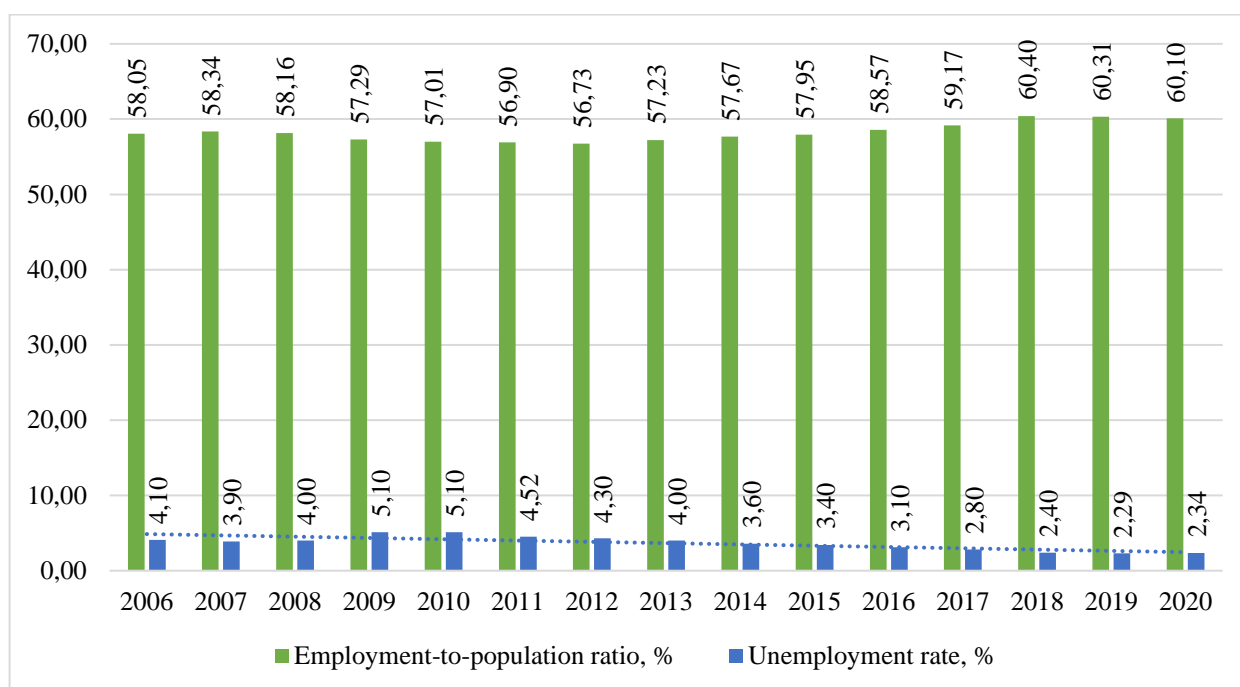


Fig. 1.5. Employment-population ratio and unemployment rate, 2006-2020

Source: based on the data by The World Bank, 2021; The OECD, 2019; IMF, 2021

1.2. Socio-demographic background

Presently, Japan faces plenty of social issues, so the social perspective provides valuable insight to understand the complete picture of the country's profile.

While considering the Japanese socio-demographic situation, it is possible to outline that the country is currently facing a demographic slowdown, but it seems to be quite a favorable condition for achieving high economic performances. Throughout history, Japan has been a 'secluded archipelago' fighting for its place in the world. Nonetheless, currently, it performs as well as other economic giants, proving that, despite having little resources, it is the most favorable option for positive economic implications.

Speaking of Japan's social situation, the first indicator to be overviewed is HDI, or Human-Development Index, which explains people's capabilities and summarizes long-term achievements in critical dimensions. Broadly speaking, this index presents the well-being of the country based on such indicators as GDP per capita, life expectancy, and education level. According to UNDP, the HDI has shown an upward trend reaching the number of 0.919 in 2020, compared to the world average of 0.737 (Human Development

Reports, 2021). This case signals about the living standard that is higher than the world average. Table 1.1 below presents the HDI growth and its fundamental factors for the period of 2006-2020.

Table 1.1

Indicators that define HDI in key areas

Year	HDI	Life expectancy, years	Expected years of school	GNI PPP per capita, current \$US
2006	0.879	82.3	14.6	33,960
2010	0.887	82.8	15.03	35,890
2014	0.906	83.6	15.21	40,590
2018	0.912	84.2	15.23	42,850
2019	0.917	84.5	15.23	44,870
2020	0.919	84.6	15.23	n.a.

Source: based on the data by UNDP, 2021

Without any delay, the age aspects of Japan should be considered. One obvious and the most discussed issue of the Japanese demographics is a constantly aging population. It happened due to numerous cultural and economic-political reasons. Firstly, the natural cause of the declining population is the fertility rate drop compared to the mortality rate. This happens due to lifestyle changes, later age of marriage, and economic insecurities. Table 1.2 represents the population growth rates based on fertility and mortality rates.

Table 1.2

Changes in population growth, taking into account the rate of natural increase

Year	Population growth, %	Fertility rate (per 1 woman)	Birth rate (per 1000 people)	Death rate (per 1000 people)	Natural increase, %
2006	0.06	1.32	8.763	8.421	0.034
2008	0.05	1.37	8.675	8.770	-0.009
2010	0.02	1.39	8.565	9.139	-0.057

Tab. 1.2 Continued

2013	-0.14	1.43	8.401	9.828	-0.143
2018	-0.20	1.42	7.493	10.427	-0.293
2019	-0.21	1.37	7.397	10.646	-0.325
2020	-0.30	1.37	7.301	10.865	-0.356

Source: based on the data by The World Bank, 2021

As to conclude from the data given, the birth rate depicts a diminishing case while the mortality rate increases over the years. This difference results in a natural decrease in population, making population growth even lower. However, the natural decrease is not the only reason for the population decline by insensible degrees. Such a tendency is also a consequence of both internal and external migration processes. Needless to mention that a population drop has a range of economic effects, for instance, GDP per capita reduction that displays a quality of living, the rise of old-aged dependency ratio, moreover, it leads to an extreme labor shortage.

The aging population encompasses the demographic structure changes, displaying the elderly share soar over the last 16 years (from 20.18% in 2006 to 27.58% of the total population in 2018). Interestingly enough, the overall male-female ratio has not switched from rounded 0.95 while observing the inconsiderate gap among people aged 65 or older (from 5.48% in 2006 to 5.88% in 2018). The age dependency ratio is 68.28 per 100 labor force (est. 2019), which means that there are 1.46 productive people per 1 person under age 15 or 65 and older. In common perception, this figure is relatively favorable for the economy (World Population Prospects, 2019). Meanwhile, figures 1.6 and 1.7 represent the overviewed tendencies of shifts in demography in 2005 and 2020.

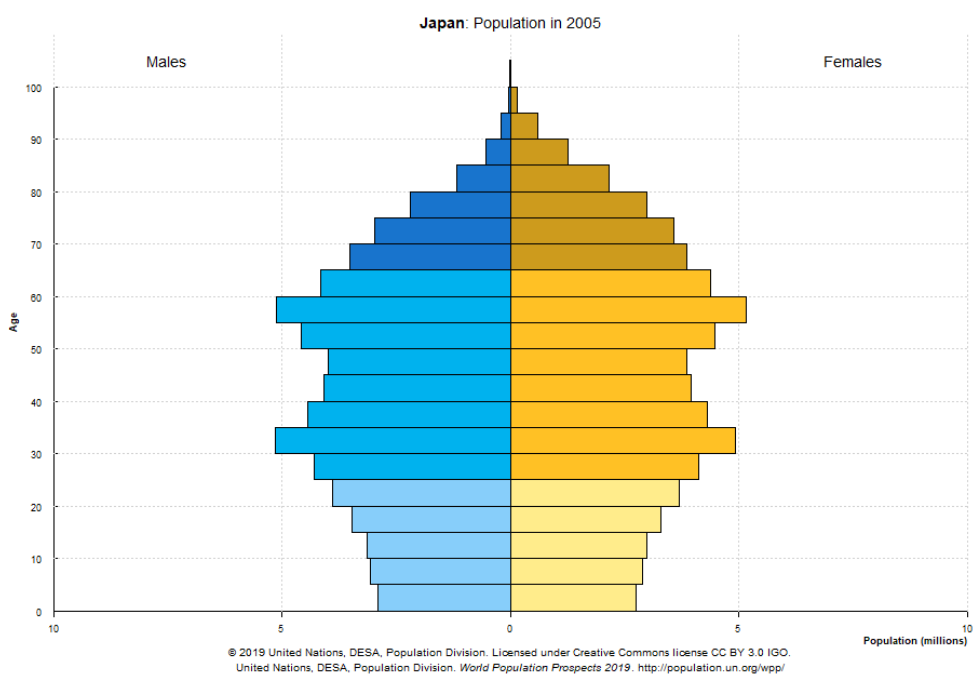


Fig. 1.6. The demographic pyramid of the Japanese population in 2005
Source: World Population Prospects, (modelled UN estimate), 2020

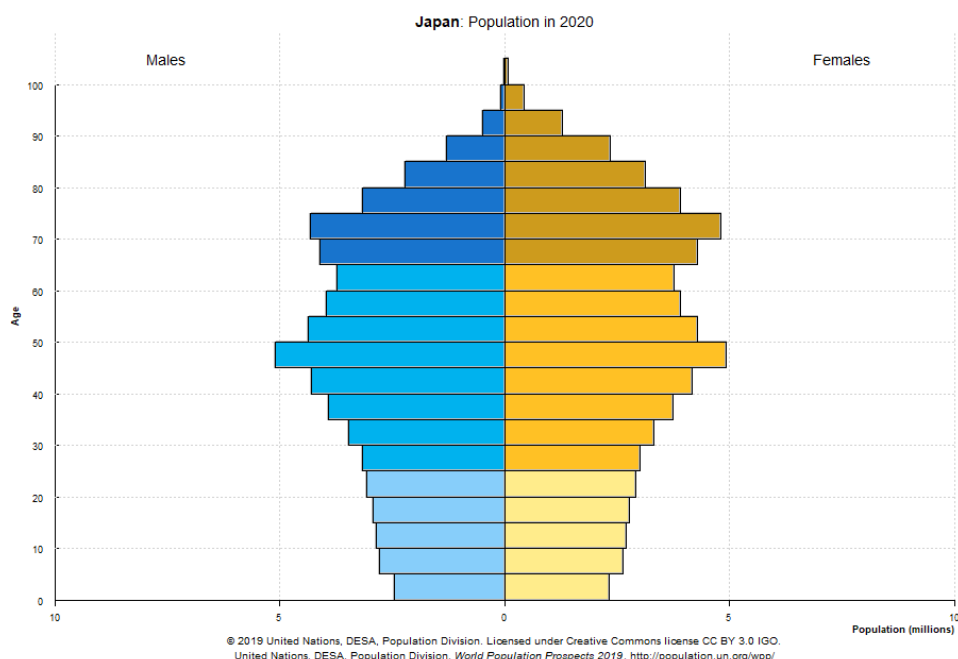


Fig. 1.7. The demographic pyramid of the Japanese population in 2020
Source: World Population Prospects, (modelled UN estimate), 2020

Another concerning matter is the urbanization processes of Japan. Excessive urbanization over the years contributed to the aging population, and density rates change. Due to these facts, a fair share of the Japanese population is distributed unevenly around

major cities of Tokyo, Osaka, and Nagoya. According to UNDP, the share of the urbanized population is 91.7% (est. 2019), and this figure is constantly increasing while the total number of people living in the cities is going down. The population density gauges 333 people per km² (est. 2020), ranking it 11th in the general ranking of independent states (MIAC, n.d.). Consequently, high-density are more likely to become affluent due to better economic communication, exchange, and learning processes that enable the economy to operate more effectively, which smaller areas cannot achieve. Besides, as the country becomes more urbanized, income grows. Figure 1.8 introduces the correlation between population density in some prefectures of Japan and average wage level, 2019 estimated (High-Density Cities Hold the Key to Transforming Economic Geography, 2017).

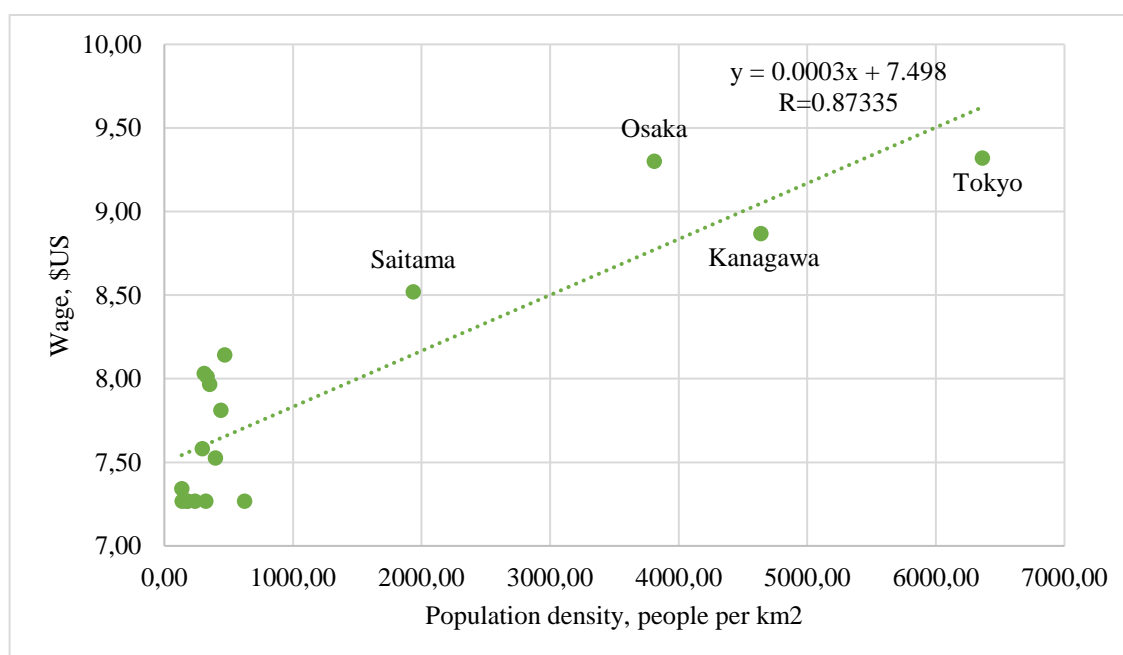


Fig. 1.8. The correlation between the population density and the wage, 2020

Source: based on the data by Statistics Bureau of Japan, 2020

The observation shows a direct interdependence between the prefecture population density and its residents' annual income. Thus, the lower the population density, the higher income (Minimum Wage - Japan, 2019). Based on this, there is a reasonable explanation why prime prefectures like Tokyo, Kanagawa, and Osaka are more developed than, for instance, Nagasaki or Okinawa. It leads to enormous internal migration into

locations that seem financially attractive to the Japanese residents, enhancing the former even greater. As a result, the high-density prefectures observe living standards rise.

While the general socio-demographic pattern is quite positive, the most recent government expenditures support this fact. Figure 1.9 describes the government's health expenditures (rising from approximately 7.8% in 2006 to almost 11% in 2018) while spending on education remains relatively at the same level (around 3.5% annually). As Japan is considered a high-income and affluent country with one of the world's biggest consumer markets and the government, residents tend to spend higher volumes of money on their health, raising the total health expenditures level. Therefore, investing in the health of the country's residents leads to better health performances and contributes to creating new jobs, stimulating innovation, and increases the country's economic productivity (Sasmaz, Ozturk and Yayla, 2019). Coupled with spending on education, Japan demonstrates an excellent instance for developed countries to enlarge powerful and high-qualified labor force.

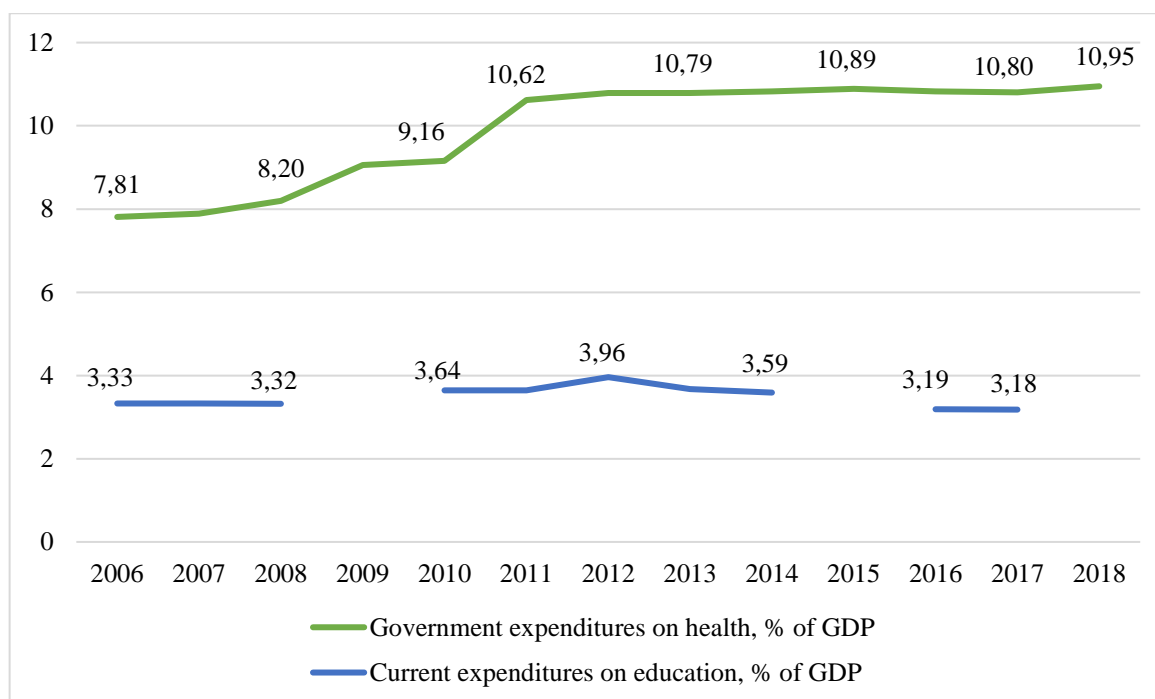


Fig. 1.9. Government expenditures on health and education, 2006-2018

Source: based on the data by The World Bank, 2021

Government spending distribution makes it possible to conclude general social indicators. The Japanese residents' literacy reaches 99% of the total population over the

last decades, almost no increase in the figure. This figure states that almost all the population at the age of over 15 can count, read and write. Here comes the issue of education. Getting a school education lasts 16 years, including the general higher education of 5-6 years. After all, the labor market enriches the labor force with advanced qualifications, accounting for 79.09% of the total working-age population.

Japan ranks 3rd on the Human Capital Index (HCI) list with a total of 0.84 (est. 2018). This index manifests the human potential as a labor force in the frame of satisfying their own need and the economy's need. The methodology of HCI bases on the health and educational systems development level and, eventually, shapes the possible outcomes of the future labor force. Concluding out of this indicator, Japan has been employing effective practices in education. For instance, while going through the program of professional education, i.e., at university or college, students are provided with up-to-date knowledge to apply in their professional field of future occupation. Thus, the majority of graduates are capable of completing their duties at work after obtaining their diplomas, certificates, or licenses. Meanwhile, the HCI also encompasses health implications. As mentioned multiple times in this paper, the Japanese have a cutting-edge medical care system to which most of the population has access. It results in higher longevity and better physical performance. Unfortunately, this index does not extend to psychological studies of the examined society. Thus, it may be a stumbling-stone of to accurately estimating the labor potential (The changing nature of work, 2019).

The last but not the least important point that should be mentioned while contemplating the social situation in Japan is tolerance level to such issues as religion and political views and sexual status. Considering that most Japanese people are conservative in their political and religious views, the upcoming difference does not create a conflict environment in society that treats all the views as they have the place to exist, even if other people do not accept them. The situation occurs the same with sexual status coming out, which appears to be the most debating topic worldwide. Thus, Japanese society is claimed to be one the most socially attractive, considering the tolerance level and maintaining the notion of nation clearness (Salvato, 2019).

1.3. Tendencies for Japan's economic and socio-demographic components

As for the overview, there is every chance for the Japanese economy to maintain its economic expansion, but due regard must be paid to socio-demographic components in the first place.

Japan has entered the period of population decline formed by changes in demographic age composition, leaving more room for the aging population. This room also has its impact on natural increase rates and other concerns about the labor force. According to the Population Census 2015 report, Japan's population is likely to decrease by approximately 32% in the next 50 years. As anticipated, there are two possible scenarios. Following the positive-case scenario, the working-age segment will not shrink drastically, consequently decreasing the dependency ratio and population density. Thus, the labor market will experience lower unemployment rates along with increasing wages and possibly inflation. On the contrary, the worst-case scenario implies the working-age population shortage, which means the shrink of the labor force. There is a definite possibility to lose the driving economic force, in turn, ending up with low inflationary implications and even beat the severe economic stagnation (Kyodo, 2020; Tsuya, 2012).

Highly concerned with a dreadful fall of birth rates in 2019 and at the outset of 2020, The Cabinet of Japan agreed on implementing a new policy towards encouraging birth rates in the country. Not only it pursues politics to change the lifestyle of residents, but it also starts budgeting the birth of children, ensuring more financial stability. According to The Cabinet, the policy will come into force till 2025, which is considered a reasonable period to track changes in birth rates and determine tendencies. Before, the authorities claimed to fail to spend a sufficient amount on growing generations, focusing on the grey-haired population crisis. The crucial point to be taken is, by all means, the necessity of investing in youth well-being, as it holds the paramount interest in the first place. While creating a better financial environment for women and children, it was also mentioned to switch from women's cultural habits of maternity leave to men dedicating more hours to household maintenance. Thus, securing the female fertile-age population by financial and care means (Ingber, 2018).

Arising from the demographic crisis, the population density is bound to loosen in both scenarios and, as a result, there will most possibly be a labor shortage, but in its defense, the employment rate could remain sustainable. Simply speaking, the production and spending will eventually drop, causing GDP performances to slip back. Not to mention the pace and size of economic growth had been volatile in the past decade due to different stages of the state's development through which it has been moving. In the flow of modern trends, the overall economic activity has improved. Many other non-demographic factors, such as environmental conditions, the older age bands share, and the COVID-19 pandemic situation, form the prospect for GDP growth. On the contrary, the positive outcome is temporarily possible due to increasing or steady employment rates and high annualized growth rates. These assume that the economy will recover at an exceptionally rapid pace, returning its former strength.

It is crucial to emphasize the opportunities for future economic prosperity by describing migration processes are intensifying. Japan has been on the top rates by a sufficiently attractive destination to migrate. Despite its preferential migration policy, Japan's ability to attract a high-skilled labor force is surprisingly competitive. Having immigrants and the descendants of the Latin-America migrants group formed last century could complete the market gap of the labor force (Shimotomai, 2020). Hereof, the immigrant population layer contributes significantly to increasing wage rates. The only barriers to overcome are the Japanese language and the notion of 'clear nation', but be that as it may, the latter can dissolve in a newly formed nationality structure with a less share of native Japanese.

As for the human capital, being evaluated at 0.84 by HCI, Japan performs to enhance its capital within the next generation coming to work, which might be interpreted as higher outcome performances for the economy. The future graduates' education level and the latest technologies used for their work define one of the possible forecasts. Such human capital development tendencies will likely switch to another field of work, including re-qualification, mainly due to at least a 5% chance of being replaced by a robot or another automated machine. However, it will not have any implication on the

unemployment level but rather on the population advancement in the production area or service provision (The changing nature of work, 2019).

The final aspect to add to the tendencies of Japan is the forthcoming housing oversupply. As already mentioned, the population crisis contributed to the fact that numerous houses have become empty in rural areas in specific. It happened due to improbable urbanization, especially of those in the working-age bands. According to the Ministry of Infrastructure, Land, and Transportation, nearly 13 percent of Japan's total dwellings are vacant. The degree of urbanization processes has enormously affected financial health. However, it is not causing any damage to the current price level for land and accommodation. According to IMF reports, since the beginning of Abenomics, there was only a slight increase of 0.7% (Japan: Demographic Shift Opens Door to Reforms, 2020; Japan: Selected Issues, 2020). Regarding the prospect of immigrant increase and native population decline, such a 'housing' environment is likely to become quite favorable for employment performances.

To conclude this part, the Japanese economy can flourish even by encountering all the obstacles. The current government of Japan is implementing modernizing policies to enhance the economy and prevent it from the downturn trend. Similarly, Japanese authorities are switching the focus to socio-demographic issues to advance the living standard. All things considered, there are all the chances that Japan will recover itself within the following decades.

CHAPTER 2

JAPAN AS A MEMBER OF INTERNATIONAL TRADE RELATIONS

2.1. External trade as a key element of economic prosperity

Looking deeper into history will reveal that Japan maintained a relatively closed foreign trade state for a long time until 1998, when the official trade policy contributed to trade openness and liberalization. In the present climate, the openness trade policy plays a principal role in maintaining the trade balance at a minimum safe level. In turn, the foreign economic policy does not expose very severe pressure on the import and export of goods from the country. According to Japan Customs' Summary of Procedures, the procedure for export-import activities registration is quite simple: a declaration is submitted to the customs, with all the required attachments, including a written request. Fortunately, the customs duty is not applied to the export of goods but only to imports (Japan Customs, 2021). There is a simplified classification of goods available for import supposes the following groups: alcoholic beverages, pasty products, vegetables and fruit, coffee and tea (except for black tea), leather goods, houseware, materials, and goods of other types.

However, Japan is no exception to applying MFN tariffs, setting import duties at one of the lowest globally: general – 4%, agricultural products – 15.7%, other goods – 2.5%. Several additional attention-grabbing customs tariffs include the WTO rate and the EPA rate (Economic Partnership Agreement). The WTO rate is 12% and is applied if Japan has not entered into a bilateral agreement with another country, and on the second condition, the other country is not a member of the WTO. Another rate, i.e., the EPA rate, is imposed when importing goods from member countries of the agreement. They are Chile, Mexico, Switzerland, India, Peru, Australia, Mongolia, and all ASEAN members (Types of Tariffs: Japan Customs, 2021).

Furthermore, customs impose a consumption tax at the rate of 8% or 10% (depending on the product group) on all types of imported goods.

The last critical component of the trade policy, established by the Customs and Tariff Bureau of Japan's Ministry of Finance, is the articles of goods banned from the import of the following groups of goods: narcotic and psychotropic substances, weapons and ammunition, explosives, raw materials for chemical weapons, germs, counterfeit money, and a number of immoral materials (Goods with Prohibitions: Japan Customs, 2021).

As for another action to protect the country's economy, there are anti-dumping duties established according to the Special Tariff System of Japan and applied in case goods that fall under the definition of unfair trade are imported into the country. In figure terms, the recommended level for this duty is 62.5%. The number of investigation cases easily scales such anti-dumping measures effectiveness, which over the past 30 years counted no more than 10 in Japan (Customs Tariff Act, 2021; Anti-Dumping Duty - Overview, n.d.).

Proceeding the topic of the above aspects of the trade policy, it is reasonable to assume that Japan sets relatively low import duties. Thus, goods imported into the country are only hindered by the correct execution of documents and strict verification of goods at the Japanese customs border. Nevertheless, despite such a low level of customs duties, Japan's activity in international trade relations proves the country's economic protection from dumping, import of items that threaten national security, or goods and services that undermine the material condition of Japanese enterprises.

Exports and imports are undoubtedly the two main components of international economic relations. Firstly, the economic complexity index (ECI) must be paid due regard. For many years, Japan has been showing the highest ECI globally, reaching the figure of 2.268 in 2019. This index suggests that the country is prone to exporting high-tech and more diversified goods and services than those from the primary or secondary sectors (Economic Complexity Rankings, n.d.). This index can also apply to a rough estimate of the labor intensity level of production. Hence, the higher the ECI, the more automated and robotic production processes.

To further support this idea, figures 2.1 and 2.2 exhibit the largest exported goods groups as of 2018. Among them are cars, extra parts for other vehicles, and optical

equipment. Along with these goods, the most demanded services for export are royalty fees and licensing, which compose almost 1/4 of the total export of services (Japan Exports, Imports, and Trade Partners, n.d.).

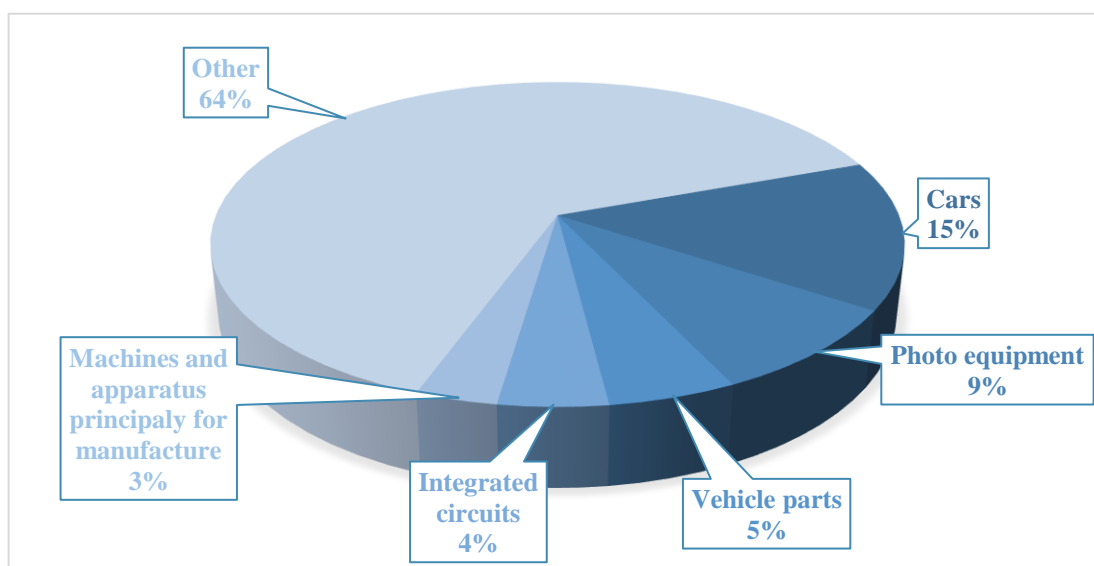


Fig. 2.1. Main goods exported from Japan in the percentage of total exports of goods, 2018

Source: based on the data from the OEC, 2018

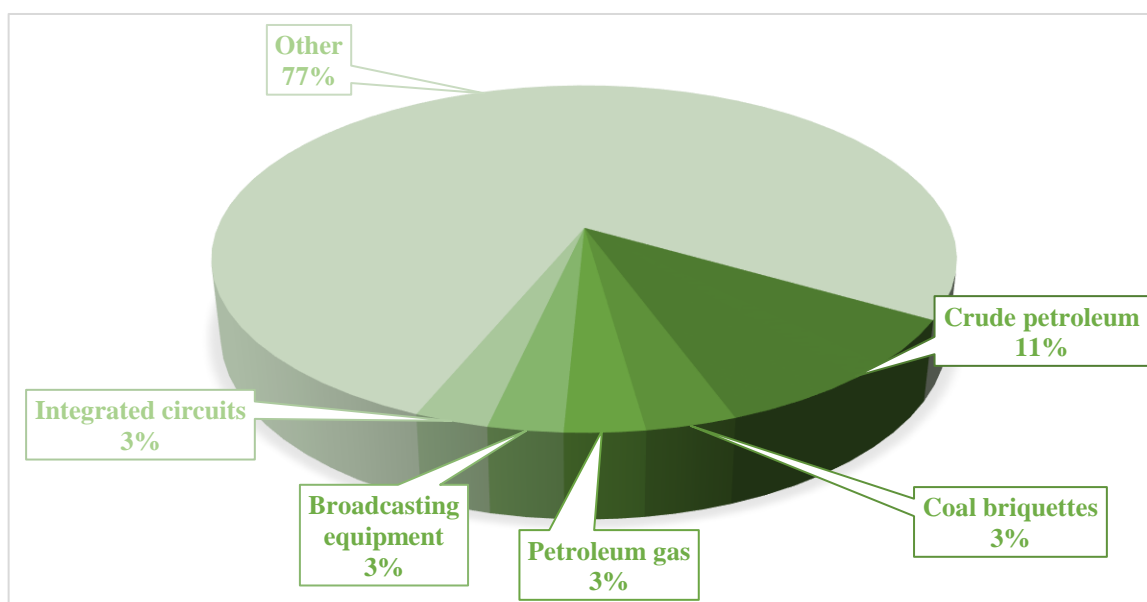


Fig. 2.2. Main goods imported from Japan in the percentage of total imports of goods, 2018

Source: based on the data from the OEC, 2018

Due to the geographical location, Japan's main trading partners are China and the United States, each with approximately 20% share of total exports, as well as 2 out of 4 Asian tigers (South Korea and Hong Kong). From the opposite trading perspective, the share of importing countries is strikingly different: Japanese residents prefer Chinese goods, and by a large margin, American ones making up 23.8% and 11.2% respectively.

Viewing the results of the export-import activity analysis of Japan, one should proceed to general trends. The graph below shows the percentage of exports and imports to the country's total GDP, as well as the trade balance throughout 2006-2018. Since the end of the 2009 global crisis, the country's exports have been increasing at a slow pace, with some 'downward hills', while imports have been on a more rapid trend until 2016. Fortunately for Japan, the trade balance has indicated positive numbers over the past few years, meaning that exports achieve a surplus and accumulate GDP (Fig. 2.3).

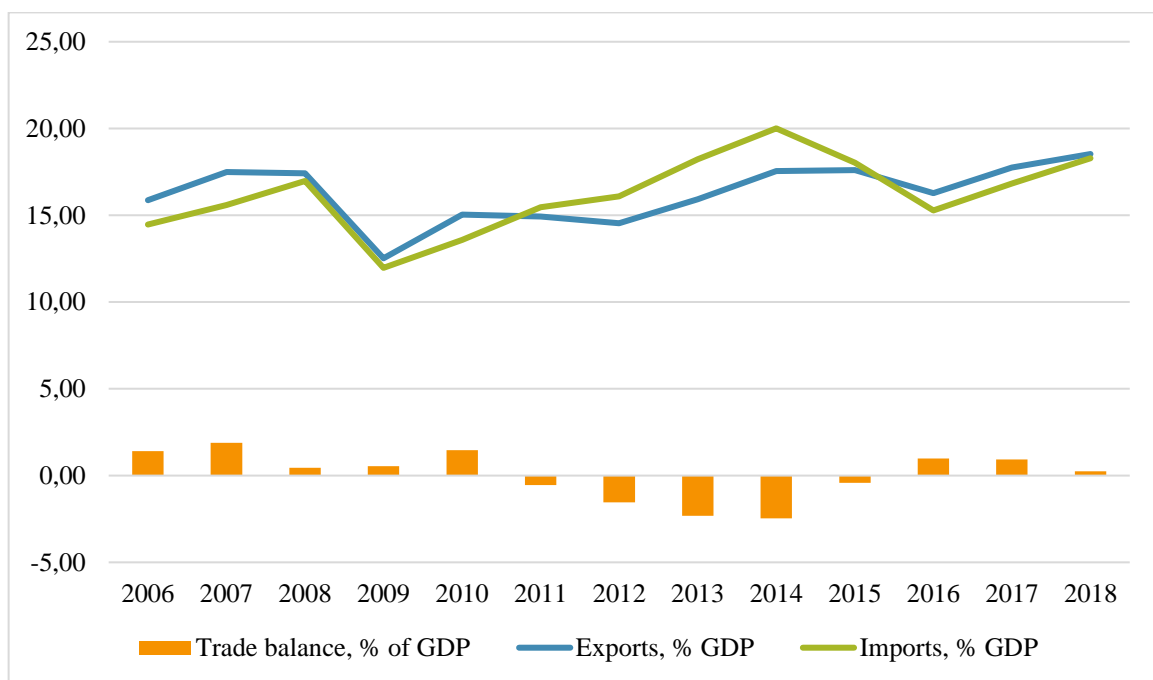


Fig. 2.3. Total amount of exports and imports, and the trade balance as the percentage of GDP, 2006-2018

Source: based on the data from The World Bank, 2021

Moreover, turning back to the Abenomics, it is possible to outline the conclusion that within the service of Shinzo Abe, two upward points link with the start of the new servicing terms, i.e., in 2012 (with the implementation of Abenomics) and 2017 (the

outset of the last service terms of the Prime Minister). In the framework of the implemented trade policies, which impacted the competitive results of the Japanese companies alongside stimulated investment resulting in such elevated figures (Grabowiecki and Dąbrowski, 2017).

Speaking of international trade, the trade-to-GDP ratio can also be viewed as the level of trade openness, taking into account the current tariff and non-tariff barriers. For Japan, the trade-to-GDP ratio is 36.82% of total GDP (est. 2018), and this value has tripled over the past decade. A low trade-to-GDP ratio does not always mean that the economy is closed to international cooperation. Considering the relatively moderate customs duties, we can conclude that most likely the reason lies in other factors, for instance, the country's geographic location. Besides, this island state has built itself almost self-sufficient so that welfare does not depend on foreign trade. Therefore, the economy is unlikely to suffer considerably in crisis conditions.

2.2. SWOT-analysis of Japan's external and internal actions

To conduct a proper analysis of Japan's state in the international arena, its international cooperation issue and the membership in various organizations and agreements are entirely critical to pay due regard.

Since the post-war state, the Japanese state has begun active participation in international organizations such as the United Nations, the World Bank, and other organizations. Furthermore, such a series of organizations gives Japan an advantage in the international arena in establishing bilateral relations with other states and benefit from effective cooperation with those.

There are also several areas of international cooperation, such as the Japanese-American one, relations with the states of the Pacific and Asian regions, and, most newly, but currently - the most prosperous, Japanese-African cooperation. Each area bases on different development priorities. For instance, long-term economic and political relations link Japan and the United States based on the 1951 bilateral security treaty. Moreover, these two states hold more than 40% of the world GDP, which indicates a reasonably

substantial overall economic impact on the global economy. If to conclude, the United States, being not only the patron of Japan's security but also a powerful ally in many respects (U.S. Relations with Japan - United States Department of State, 2020).

On the other side of the water border is China, which, as already mentioned several times in this work, is another major partner of Japan due to many historical and geographical features. These two states are closely connected economically, trying to mend the economic relations undermined in the last century. Over the past few decades, Japan has made significant investments in China. For illustration, FDI as of 2019 was \$ 14.4 billion (1.3 billion less than in Singapore), putting China in second place in prioritizing capital. In turn, China allows locating manufacturing facilities on its territory. As for political relations, both states make every effort to adhere to neutrality and not to jeopardize their deep economic relations (Singh, 2021).

As mentioned a little earlier, Japan-Africa cooperation is one of the youngest in the history of Japan's foreign relations. Previously, Japan has positioned itself as a donor in technology, expertise, skilled labor, etc. Presently, the country has decided to change its course towards establishing partnerships, especially with African states. Today, Japan offers the experience exchange in the education direction, namely the exchange of skills in manufacturing and construction (Sambira, n.d.). One of the high-profile projects in this relationship was the Dream Scholarship, established in 2017, and enabling the best African students to obtain post-degrees in various technical areas (Japan Africa Dream Scholarship (JADS) Program, 2021).

Supporting the international activities topic, since December 1956, Japan has been a member state of the United Nations, and the state has dramatically contributed to world peace from that moment. This country's role is tightly connected with various challenges such as resolving conflicts of different nature, such as human rights issues, sustainable growth, climate, natural issues. On top of that, in the framework of Prime Minister Abe servicing, Japan has committed a great deal of effort into reaching a new level of fighting against nuclear testing and other similar military issues through the UN. Besides, Prime Minister hosted the Japan-Pacific Islands Leaders Meeting, where the cooperation between Japan and Pacific Island countries has been affirmed with the common aim to

call for the issuance of the rule of law at sea. In this meeting, in his speech, Prime Minister Abe announced his initiative to enhance bilateral relations with the Middle East and East European countries (Diplomatic Bluebook, 2017).

An honored place in Japan's international relations is the World Bank, which the country joined in 1952. In the present climate, the government actively contributes capital to the World Bank, being the second-largest investor in the world. On top of that, Japan has granted a fair share of human capital development, and the most extensive program the country is currently promoting with the World Bank is the Scholarship Program and Joint Research on Learning from Mega Disasters. Recalling the latter, since 2012, namely the Great East Japan Earthquake and Tsunami, which happened in 2011, Japan has been making a bountiful part of efforts to support the affected states and, in the future, to avoid similar natural disasters around the world, combining their forces with the World Bank (Overview, 2020).

The subsequent cooperation that is worth mentioning is Japan-ASEAN one. For more than 30 years, this partnership has promoted peace, stability, advancement, and prosperity in 10 countries of Southeast Asia, building close relationships. Their integration has already led to the progress of trade relations, including trade policy facilitation described earlier in this chapter and the joint efforts on creating new workplaces within the states of ASEAN. Furthermore, the 2018 summit condemned the development gap elimination of the regions participating in this association, which Japan actively supports by setting the most favorable trade barriers (Sato, 2014).

Another crucial player in the international arena is APEC, which Japan joined in 1989. The most mattering point of their cooperation is a common goal in the market liberalization field and simplification of trade processes between the member states. The partnership additionally encompasses several improvements in support of small and medium-sized enterprises, investments in human capital improvement, and increased labor mobility between states. It is worth noting that Japan has an undeniable advantage in the accumulated experience form in all of the above areas, making its membership a significant drive of the APEC member states' overall development (Takahashi, 2018).

That is the overview of international activity in terms of cooperation with multinational organizations, with a further reference to the SWOT analysis. Concerning the following part of this chapter, it is essential to highlight the principal issues of the environment examination, which the PEST analysis contains. Therefore, Japan will be considered in different projections.

Japan is a constitutional monarchy, where the emperor, now Naruhito, son of Akihito, has primarily only ceremonial duties since 2019. At the exact moment, Prime Minister Yoshihide Suga governs the state, elected in 2020, after three terms of Shinzo Abe's service. At the moment, the governing body of the state consists of 5 parties: Democratic Party of Japan, The People's New Party, Liberal Democratic Party, The Social Democratic Party, The New Clean Government Party.

Objectively, these parties have already established themselves as stable and long-term, the Liberal Democratic Party, which composes about $\frac{1}{3}$ in the House of Representatives. Thus, having these five major parties as the principal governing body, Japan has successfully declared transparent policies. Likewise, in defense of the Japanese political environment, Abenomics should be included. Abenomics directly refers to the economy and various policies related to structural reforms, for instance, policies in favor of domestic entrepreneurs, changes in trade policy in agriculture, fiscal system reform, and so on.

According to experts, it is one of the most stable for decades in the light of the economic environment. At least, Japan is still at the top of the list of the most economically powerful states. Even when looking at the 2009 crisis, Japan appears to be the least affected country. After that, this island state presented, albeit insignificant, but successes in improving the economic environment. Such improvements were observed in the fairly steadily declining unemployment rate, GDP per capita growth (both nominal and in PPP), and one more significant indicator: the absence of inflation surges. Besides, active support for business and lifetime employment holds exceptional promise for boosting the Japanese economy.

The social factor for Japan is the strongest and most reliable since the country has a highly developed human capital. This condition would not be possible without sufficient

social support in the form of insurance and employment. Another advantage is a robust middle class, but this is difficult to analyze since the state does not broadcast information about the extreme poverty level. However, on the other hand, it is a fact that there are not many rich people in Japan. Among the factors that are pulling Japan down in the HDI ranking, one can notice negative population growth and a rapidly aging nation previously investigated in this work. Although if to reframe this fact, the state has taken actions to improve the health care level (Frue, 2018).

The final aspect in this description will be the technological environment of Japan, which hardly any other country in the world can compete. This aspect can be viewed from three sides, impacting different levels: through the eyes of an ordinary Japanese, more profoundly - from the scientific sector, and the production side. One can observe that the first on this list can use only a tiny part of technologies. For example, many work processes are automated, and almost every Japanese can use gadgets and the Internet, which significantly enhances e-commerce. In addition, the Japanese distinguished themselves by the fact that robots can be encountered literally at every corner where a person could previously work. Referring to a relatively recent article explaining the technological environment, it can be noted that this automation of processes directly influenced the archipelago in the economic and environmental spheres improvements (Here's how Japan has become a leading technological power, 2021).

On the other hand, there is the scientific sector, which includes agriculture and medicine. The country actively promotes the Society 5.0 project to enable the population to access the needed information or enable them to store and process it to accomplish more accurate results. These include medical and chemical advancement, improved transportation (especially in underpopulated locations), as well as digitalization of agricultural sectors that will impact sustainable farming sector growth.

The last area can take quite a long time to specify what progress Japan has reached over the past few decades. This small state has cutting-edge production technologies at this stage of human development and actively implements smart maintenance without stopping the process, introducing new technologies for metal processing, and spreading biofuel to the most key living areas (Innovation Japan, n.d.).

In the final part of this subsection, in order to make the most effective conclusion from all of the above, it is possible to draw up a SWOT matrix that will describe the principal aspects of Japan's position in the international arena (Table 2.1).

Table 2.1

SWOT-analysis of the Japan's internal and external action

Strengths	Weaknesses
<ul style="list-style-type: none"> • World 3rd largest economy with stable economic indicators which is attractive for long-term relations; • Strong relations with Asian countries, participation in many multinational agreements; • Developed trade relations with many countries and the highest ECI; • Advanced technologies that boost many areas of the state, including external trade; • Enhanced service sector which is beneficial internally and externally; • Transparent trade policies and great clarification due to Abenomics 	<ul style="list-style-type: none"> • Deaccelerated economic growth; • Rapidly aging population that causes labor shortage, and it turn, lower rates of production; • Low export and import performances, compared to other developed economies; • Underdeveloped relations with the EU, as a huge trade partner, due to geographical location.
Opportunities	Threats
<ul style="list-style-type: none"> • Establishment of relations with a series of African countries, as well as, many European countries; • Increase of export performances, based on the quality and advancement of products, owing to e-commerce; • Expertise exchange partnership with Asian and Middle East countries; • Favorable forecast for economic growth. 	<ul style="list-style-type: none"> • Undermined trade US-China relations that directly influence Japan's trade; • Switch of the focus from donor to exchange partnership direction leading to pooling Japan with low-level expertise • A chance of long-term recovery from the international economic relations downturn due to COVID-19 pandemic; • High risks of Japan's doubt rise in multinational agreement effectiveness.

Source: developed by the author

2.3. Assessment of investment climate of Japan

Speaking about the investment climate, first things first, it is crucial to understand what this concept means. The investment climate is a set of characteristics necessary to assess the economic and political development level and determine the feasibility of investments. The investment climate, on the whole, determines the investment attractiveness, i.e., assessment of all possible risks that may occur, encompasses a wide range of policies implemented to either facilitate or strain investment flows, the regulatory framework, and other indicators that may influence investment flows both internally and externally.

Before immersing in details of investment climate attractiveness, it is a great option to mention the FDI Confidence Index. This index is based on the FDI flow anticipation to the most attractive for these countries by investor expertise. As for Japan, it held sixth place until 2019, when it boosted to the fourth position with an overall score of 2.14 (est. 2020). Alongside the reasoning provided later, the FDI Confidence Index suggests the economic indicators improved in the three-year time, making the climate more favorable (Kearney Foreign Direct Investment Confidence Index, 2021).

For over three decades, Japan has been one of the leading investing countries in the world. Japan's overseas investment strategy is to build international production networks through FDI. Since the country itself does not have the necessary production forces, with a small territory and somewhat limited resources, investing in its production facilities abroad is a fundamental aspect of this small state's success. Figure 2.4 reveals Japan's FDI inflows and outflows, further proving that Japan is a net investor in terms of FDI. In addition, such a low inflow of foreign investment can explain the low levels of economic development: compared to developed economies, Japan, unfortunately, has faced a period of a certain stagnation over the past decade. On the other hand, in the current period of volatility and unpredictability of the economic climate, such stability can be quite favorable for investors that will be an attractive prospect for notable investments in the future. In defense of the low level of FDI inflows, the fact is that the economy does not

depend on them, and in a crisis or pre-crisis situation, the economy will not undergo sharp repatriation of capital (Invest Japan Report, 2019).

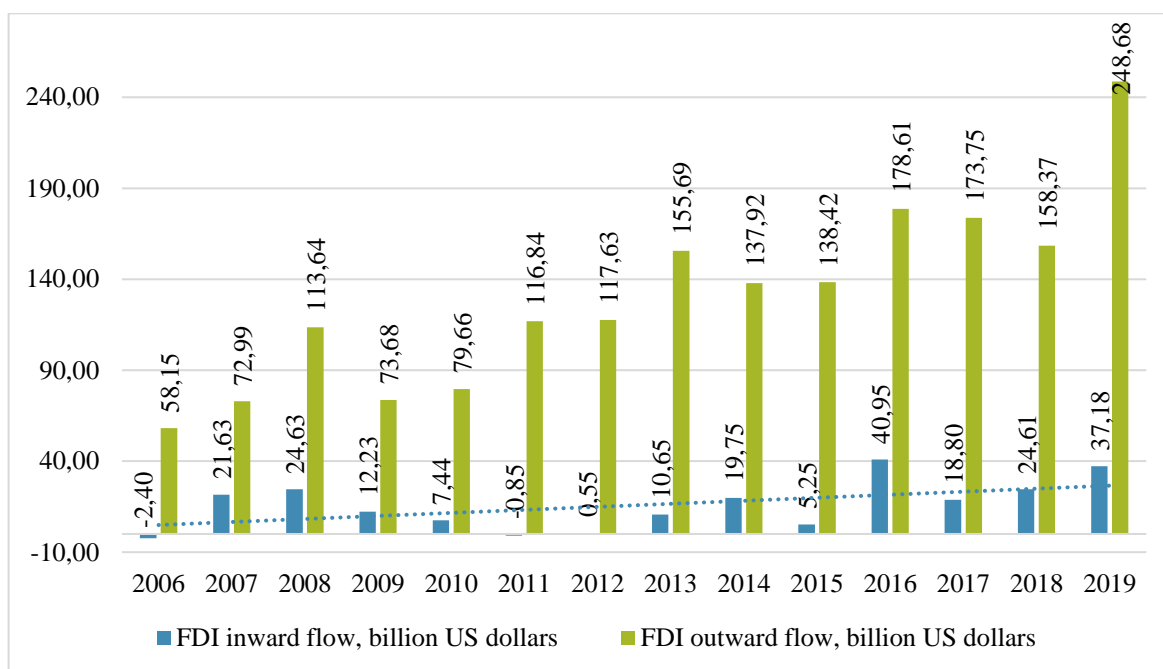


Fig. 2.4. The flow of foreign direct investment of Japan, 2006-2019

Source: based on the data from The World Bank, 2021

Japan's international investment ties lean on 35 bilateral investment cooperation agreements (29 of which are active - are in force) with the following countries: Australia, India, Switzerland, Malaysia, Philippines, Singapore, ASEAN countries, and a membership agreement in the Trans-Pacific Partnership. Moreover, according to the Japanese External Trade Association (JETRO), the largest recipients of the Japanese FDI are China, the United States, Thailand, the United Kingdom, and the Netherlands. From the opposite perspective, the following table 2.2 and figure 2.5 show Japan's FDI inflow directions by region and industry.

Table 2.2

FDI inflow by country of origin and by industry invested, est. 2019

Rank	Country	Share of FDI
1	US	21.3%
2	Netherlands	15.1%
3	France	12.2%
4	Singapore	8.6%
5	UK	8.5%

Source: based on the data from JETRO, 2019

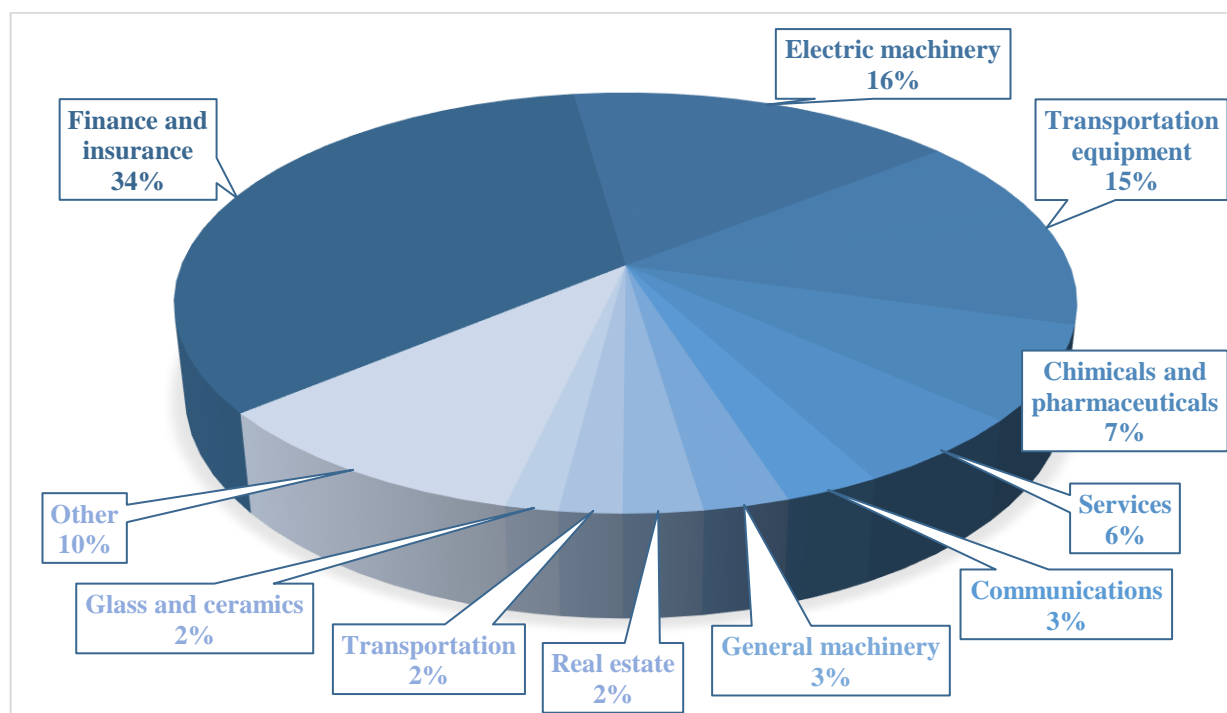


Fig. 2.5. FDI inflow by industry invested in the share, 2019

Source: based on the data from JETRO, 2019

It is also worth mentioning the primary laws and orders of the Cabinet of Japan, which directly regulate actions related to the inflow and outflow of FDI. The first document is the Foreign Exchange and Foreign Trade Act, last amended in 2019. In this act, Article 26 on FDI inflows defines the persons who can invest in the country, namely

private and public organizations, private investors, and other investors willing to invest. There are also favorable amendments for investors investing in Japan that the main requirement is only ex post facto submission of a document confirming investment in the country, except for certain investors groups referred to in Article 25 (Investment Climate Statements: Japan, 2020).

Another document, which regulates FDI and the rights of companies-investors or private individuals-investors, states that the voting rights number is determined by the share of the invested capital and must equal 50% or more.

Luckily for foreign investors, the Foreign Exchange and Foreign Trade Act only regulates investment in specific industries. For illustration, this act prohibits investing in order to obtain a share of ownership in the land-line telephone operator Nippon Telegraph of more than 33%, as well as more than 20% in some other national broadcasting enterprises. The FEFTA also regulates investment flows to several more listed companies deemed to have implications for the state's national security and economic and political stability. So in case, the investor inquires about having shares more than 1% in such an enterprise, he obliges to obtain approval from the Ministry of Finance. Among the companies mentioned are firearms and nuclear weapons manufacturing, agriculture and forestry, oil, utilities, and leather. By referring to the GDP composition by sectors, the restrictions on investment are outlined in the primary sector, partial restrictions on the industrial sector, and the only restriction on the services sector (Investment Climate Statements: Japan, 2020).

Along with the issues examined, capital repatriation takes place. According to the Bureau of Economic and Business Affairs' 2020 Investment Climate Statements, all international foreign exchange transactions, including capital repatriation, are freely permitted. The only condition is to submit post facto reports to the relevant regulatory department (Investment Climate Statements: Japan, 2020).

The last subsection covers a wide range of indicators and indices, but many refer to Doing Business Report 2020, which describes almost all the necessary data for investors in adequate detail. Speaking of the Doing Business report itself, Japan took a

respected 29th position among 190 overviewed economies with an overall DB score of 78.0.

The first thing worth pondering is the business registration procedure, and, unfortunately, Japan is not famous for the fastest processes. According to this report, it takes eleven days to establish a local limited liability company in Japan and ranks 109th. Even though the Japanese prefer to submit documents in paper form, it has been officially welcomed to submit documents online since 2004. A facilitating condition is a fact that there is no paid-in capital required.

The next point important for investors is the possibility of obtaining loans for the enterprise. Regrettably, the credit protection index is only five out of 12, and this is due to the inflexibility of many lending factors. In contrast, the credit information availability index is almost the highest for Japan, which means that the rules and practices related to the availability of credit information are highly effective. These types of information can be obtained moderately easily from the credit registry or credit bureaus. Thus, Japan remains at a relatively low position of 94. The deposit rate is also indicative, which is worth including in assessing the investment climate in Japan. According to the latest available data, it is 0.003%, significantly below the long-term average of 2.99%. In this way, the bank tries to encourage borrowing, spending, and investment. Conversely, the bank lowers deposit rates when it faces immense external debt, where low rates make payments simpler (Bank of Japan, 2021).

Moving on, the protection of minority investors is essential, with a coefficient that puts Japan 57th in the rankings. Most of the indexes in this direction are over half. For example, the index of the level of information disclosure is seven out of ten, which means that the board of directors can and should disclose all the information, interest, or conflict issue. The responsibility level of the director is quite serious, since the latter bears most of it in case of success and failure, as well as causing damage. When it comes to selling a stake in a company, the highest stake (50% or more) shall be discussed and approved by the board of directors (Economy Profile of Japan, Doing Business 2020, 2020).

Last but not most undersized index is the index of solving insolvency ranks Japan the third in the 190 countries list. The payback rate is 91.8 cents per dollar for just over

half a year, leaving Norway ahead. However, such a process is that the company continues to operate, thanks to an effective regulatory framework. This indicator may seem extremely attractive to investors investing in Japan since, in the event of bankruptcy, the state and the county make all the effort to keep the company afloat.

Among other subtle topics related to the assessment of the investment climate, there is the tax system. The fiscal year in Japan starts on April 1st and ends on March 31st of the following year. During this year, the Japanese company makes 19 payments of various taxes. Below is a table of corporate taxes effective for fiscal 2020. To calculate the tax, the enterprise has to assess the taxable income level for the whole fiscal year, afterward dividing it into several groups. Each of these groups must be levied separately, and the final tax amount will be the sum of all those figures (Overview of corporate income taxes, 2020). Table 2.3 does not include personal income taxes, as those are separately paid.

Table 2.3

Classification of corporate taxes, effected 2020

Type of tax	Income under 4 mln yen	Income over 4 mln yen, but under 8 mln yen	Income over 8 mln yen
Corporate tax	15.00%	15.00%	23.20%
Local corporate tax	1.55%	1.55%	2.39%
Prefectural corporate tax	0.15%	0.15%	0.23%
Municipal corporate tax	0.90%	0.90%	1.39%
Enterprise tax	3.50%	5.30%	7.00%
Special corporate enterprise tax	1.30%	1.96%	2.59%
Total tax rate	22.40%	24.86%	36.80%

Source: JETRO

In the context of investment market analysis and labor market analytics, the wage level is an integral part. Referring to statistics from the Labor Ministry of Japan, the average minimum wage in Japan is 902 yen per hour (or approximately \$8.3).

Interestingly enough, the average minimum hourly rate varies from prefecture to prefecture. Table 2.4 below presents the minimum wages in selected prefectures, rounded off using exchange rates as of March 12th, 2021 (Minimum Wage - Japan, 2020).

Table 2.4

The average wage in Japan and in selected prefecture, effected October 2020

Area	Wage, yen/hour	Wage, \$US/hour
Japan	902	8.26
Tokyo	1013	9.28
Kanagawa	1011	9.26
Osaka	964	8.83

Source: based on the data from Labor Ministry of Japan, 2020, and Minimum Wage – Japan, 2020

For the type of business discussed later in this work, it is also necessary to find premises for the personnel functioning. However, for personal reasons, web application development was a more efficient way to start and grow a business, thus, eliminating many environmental and health risks. The cost of developing such an online platform can start from \$12 500, depending on the project complexity and the development team. However, as for a start-up, it will be enough to develop a web application of minimal complexity. Additionally, the costs will need to include the cost of the server on which the platform will operate, store and process all information. Annual rent of a server and hosting will cost the company an additional \$900 per year, i.e., roughly \$70 per month.

The concluding part of this section will focus on the risks associated with starting a business in Japan. In turn, risks are divided into several types: political, socio-economic, legal, and criminogenic.

As mentioned above, Japan is a constitutional monarchy in its structure, where the emperor's power is narrowed only to ceremonial duties nowadays. Therefore, the main governing body is now the Cabinet of Japan and all subordinate institutions. Tracing the Abenomics policies to conclude that controversial administrative actions that could lead

to political instability have not been identified in this state. Due to their cultural differences, the Japanese do not tend to rallies or organize revolutions, coups, or wars (Overseas Business Risk - Japan, 2019).

Among the economic risks, one can single out only a low propensity level to stagnate the economy, caused by a rapidly aging population, exports below favorable level, and low inflation rate levels. On the other hand, many agreeable factors, such as a focus on trade agreements, increased cash flows, and economic clarification reforms, mitigate many risks in the economic activity area.

Speaking of legal risks, the only significant can be charged in the country's fiscal system as taxes change annually, though generally at an insignificant level. On the part of the Japanese government, they make the legal environment as favorable as possible for work by establishing clear regulations for the activities of foreign investors. In general terms, the country has a transparent regulatory system that reduces all legal risks to the lowest possible level. Likewise, it should include the risks associated with criminal activities such as bribery, which is 26 out of 100 of the Corruption Index. Nevertheless, there is no need to worry about other risks, such as fraud or theft, because in these indicators, Japan occupies a leading position in the security rank (Corruption in Japan, 2020).

From this, we can conclude that Japan's investment climate is highly supportive of foreign investors in many respects, mainly due to Abenomics, which has improved the state of the Japanese economy over the past decade.

CHAPTER 3

DEVELOPMENT AND IMPLEMENTATION OF AN INTERNATIONAL INVESTMENT PROJECT ‘EVENT AGENCY ‘HELP YOURSELF’ IN JAPAN

3.1. General outline of the business concept

The central part of this work is an investment project development in Japan, after a direct assessment of the selected country's investment climate. As stated earlier in this paper, Japan's climate is favorable enough to establish a business within the country for several reasons indicated in the previous sections.

The name of the project 'Help Yourself' has a double meaning. The first one partly relates to cultural background, as the Japanese tend to work about 100 hours a month, and the project will help the citizens organize their leisure time, and this phrase also has its direct meaning. The purpose of this business is to organize events in different directions. The company will provide services on a business-to-customer and business-to-business basis, but for small businesses where the number of employees does not exceed 50. The classification of events divides them into two groups: the number of people and the event's location. The maximum number of people for which the company can organize an event is 50 people, within the city or with the possibility of traveling to the suburbs. The critical function of employees is to organize the event based on customer preferences. For example, such events can be family events (anniversaries, birthdays, or other significant events), offsite events (organizing entertainment in the suburbs, small ceremonies), and corporate events for small businesses (company anniversary, training, presentations, corporate parties, teambuilding).

The 'Help Yourself' business will provide four types of events, all differing in essential criteria. Table 3.1 below demonstrates these service sets and their features.

Table 3.1

Types of events proposed by 'Help Yourself'

Name	Mini event	Standard event	Kampai! event	Corporate event
N of people	>15	16-30	>50	negotiable
Places	indoors within the city	+ outdoors within the city	+ in the country	negotiable

Source: developed by the author

The organizational structure includes two levels: top management and ordinary workers totaling ten people. These are five junior employees who conduct mini and standard events, three organizers who are responsible for *kampai!* and corporate event planning, one system administrator, and one coordinator who will also be the business's head. Except for the system administrator, each employee will be attracted as freelancers, not considering that Japanese workers are prone to overwork. The system administrator's schedule is five working days and two days off, and the coordinator's schedule is flexible, but the total number of working hours per week must be at least 40 hours. Also, in the initial period of the company's existence, it will require a headhunter to select an excellent team for a certain period. Likewise, we should hire a social media manager (SMM) who will provide their promotion services primarily via Twitter and Instagram, and other social networks such as Facebook, LinkedIn, Pinterest, etc.

The entire workflow will take place on a platform designed specifically for 'Help Yourself' work. In a global epidemic, this option was the safest for both sides – employees and customers. Depending on the employee, they will have a personal account with all the required functionality for full-fledged work: receiving and processing applications, video communication with a client, a schedule and a list of tasks, a contact database of clients and other businesses (with which cooperation may be favorable), a common graphic platform to create and visualize events, and a cloud for the archive. The platform will work for both employees and clients, where it will be possible to arrange an appointment with the event manager, find out about the work stage, add wishes or notes, make payments, etc. It will be an MVP (or minimum viable product), which will collect

the necessary feedback from employees and customers on functionality at the early launch stages and adjust the platform to the needs as conveniently as possible (MVP development, n.d.). This option will help to avoid sudden costs in future stages of the platform. In addition, a website will be created from where it will be possible to read about the company, view photos, learn about the features of work, and get other general information.

After developing the business concept, it is crucial to understand how long it will take to implement the project, and here it is worth referring to the duration of the various processes involved in the development stage. The main difficulties are the development of the platform, followed by the company's website. A full-fledged platform takes at least seven months to develop from an idea to a functioning platform and approximately four months to develop a website (Erikson, 2019). The recruitment will take another month, including training in using the platform. To summarize, the period of full commissioning of the project will take at least six months, considering that the platform might become usable earlier.

Likewise, let us shed light on the promotion campaign. Since the project does not have a physical location, including all the communication done through the platform, social media will be a great variant to raise awareness. Twitter is the most common option for people to search for new products and services, with Instagram taking second place. In case the advertising campaign goes smoothly, the business will attract Japanese celebrities and influencers to participate in an endorsement. Besides, it is vital to create a trustworthy rapport with clients as there is a tendency to address the companies with deep social and cultural values, persuading people to cooperate long-term.

Setting a project goal is a significant thing for every investor. Among them, it is possible to designate the achievement of economic goals, such as creating jobs, attracting investments in the organizing events industry, and making a profit from this activity.

Without any delay, let us move on to money. The investment currency will be the national one – the Japanese yen. Compared to the dollar, the yen will be much more stable, deserving of its name 'safe heaven'. There are several reasons for this, among which it is worth highlighting the level of financing of this currency: as history has shown, when the

situation in the financial market becomes tense and reaches a peak of uncertainty, the value of the yen exceeds the value of the US dollar and the euro (Stenfors, 2020). Besides, in Japan, there is a practice of buying bonds that other countries' government issues, and when there is a panic in the market, these bonds are written off, converted back into currency, and returned to Japan, thereby increasing the demand and value of the currency itself.

When it comes to investment sources, the most favorable is the 'angel' found on the Angel Investment Network. Unfortunately, this network does not yet have the opportunity to invest directly from Japan, but there can find an investor from the Asia and Pacific region who will agree to invest in another country. This method is most favorable for a small enterprise as an event agency because there is an opportunity to receive a relatively small amount of funding in exchange for its share. The 'angel' will also bring his previous management and communication experience to the company, vital in the initial stages of project development. It should not be ruled out that such an 'angel' can become a reliable business partner in the future.

Other ways of money sourcing may prove to be more problematic for investing in Japan. For example, there is an opportunity to obtain a financial institution loan only if the interest rate is 2%, which is less profitable than opening a deposit account.

The process of investing money in order to start a business in Japan is pretty facilitated. According to Japanese law, there are several simple conditions, following which one can obtain a visa and the status of 'investor / business manager': the initial capital must be at least five million yen (specifically, this level considered by the Japanese government as pleasant for attracting investments into the country), transferred from - overseas, at least five employees of Japanese origin must also be hired. A high level of Japanese language proficiency is not a prerequisite, but its presence will positively affect the decision to issue an investor visa.

Moreover, the last question, which remains extremely important for the project's development, is how the money will enter the country for investment. According to Japanese regulations, in order to obtain a visa and establish a company, it is enough to transfer personal or investor funds to an account in a Japanese bank and present it at the

embassy. It is also possible to open a personal bank account in Japan even without a visa, Resident Card, or any other document confirming residence in the state (Morimoto et al., 2020). Large banks such as Citibank or Shinsei Bank only require a signature in the agreement between the banking institution and the client, and the latter is considered the friendliest to foreigners (Opening A Bank Account In Japan, n.d.).

3.2. Analysis of the competition environment

The next part of the project development is devoted to analyzing how the company will carry out its future market activities. It is possible to note such important indicators as the market's competition level, the main competitors, the competitive advantage, and what risks or changes in the event market can be expected shortly.

Speaking about competitors in the field of event production, the entire Japanese market is divided into three so-called 'layers': corporate (on business-to-business and business-to-customer cooperation purposes), private (on recreational purposes), and charity events. The first on this list have a wide range of events depending on the scale, for example, it can be a large exhibition or presentation, or a small corporate party (Types of Events: The Ultimate Guide with Examples, n.d.).

For larger-scale events, there is an Event & Amusement Expo that is held in Tokyo annually. There is a chance to encounter around 300 event production companies on more than 30 different topics. However, the presented events are considered large-scale, not to mention that some may even be produced internationally (Events & Amusement Expo TOKYO, 2021). For this reason, the small agency 'Help Yourself' is more likely to be attributed to a considerable number of small-scale event production, in the market of which it is much more difficult to find similar competitors.

In reality, there is a small likelihood to encounter an event agency online, considering even those on social media. Among the researched companies, K2 Japan and Flip Production are as close as possible to the selected project concept. Companies on the market such as Juice Co., which are engaged in medium-size event production, and Monzeme, which have successfully established themselves in the market with the concept

of online events. However, in order to learn more, it requires more profound physical research in the area of expertise in the event production field.

In the same way, the competitive advantage of the project takes place. While the idea of running an online business is far from new, there is only one event organization in Japan that offers 3D project modeling for clients. 'Help Yourself' will also have this advantage, but with a few more features. In the event production process, the client will monitor the event production stages and leave the feedback conveniently. This way eliminates the delay in receiving information and improves communication efficiency between the business and the client. The client will also have the opportunity to make an appointment at any convenient time from those offered in the calendar, i.e., which the manager himself opens for video meetings with the client.

A vital issue that concerns everyone, including the Japanese, is the pandemic and quarantine restrictions. As Spain's experience with the concert has shown, the safest option for residents and employees would be to provide a COVID-19 test as admission to the event. Fortunately, or not, although such a measure is forced, it also guarantees safety from epidemiological consequences. In support of such measures, the online platform, as the primary mode of communication, is also as safe as possible for both parties' health. These highly believe to be attractive for those eager to arrange an event within quarantine restrictions.

During the pandemic, the event business suffered primarily due to strict quarantine restrictions. Thus, the platform development will help platform development avoid unnecessary physical contact between employees and customers while maintaining the maximum level of customer involvement in using personal account tools. This project will be convenient regarding the customer's communication efficiency level and all the necessary tools available in the personal account from the employees' side.

On the inside, the opportunity to experience a new product customized as much as possible for needs can attract employees. Additionally, in order to sustain the creativity of the staff, brainstorming sessions will be held with a certain regularity in order to generate new ideas for potential clients. It will help save a little time by offering the client a ready-made event theme in exceptional cases.

However, all of the above points do not describe possible changes in the market forthwith. Despite the quarantine restrictions associated with the COVID-19 pandemic, Japanese society's digitalization level has drastically increased over the past year. That has happened due to the transition from office work towards work at home, requiring the ability to use technology. For the project, this can be beneficial as people will tend to find out about the company through the Internet (How is Japan's business event industry adapting to Covid-19?, 2020).

Even though the Japanese generally prefer spending time away from home, given the current climate, the amount of such time has been significantly reduced. As can be expected that having learned about the possibility of having 'safe' time with relatives, colleagues, or friends, there will be a positive shift in the event market, of course, at the micro-level. A particularly increased level of activity will be seen with the weakening of quarantine restrictions, and then a boost in the growth of active 'consumers' of events is expected.

In the light of certain recent events linked to the UN's activity, it is crucial to highlight Japan's necessity to reduce the waste into the environment. This can turn out an advantage for future event production, interpreting it right. People are likely to appreciate if the event is organized in an eco-friendly manner, still taking into account their preferences. Following this way, it may be considered a solid point to focus on the future event market to the business more attractive.

Estimating the risks is a pretty complicated task for each project to conduct. Such an estimation requires a great deal of expertise to step in and examine the market through field or table research. However, it is possible to trace several of the most common risks related to the event market and then, assuming the general risk rate for the project considered. Risks are divided into two major groups: internal and external. The business's operation implications may be determined as internal risks, like structural risks or management ones. A basic one here is a marketing risk as overlooking one tiny detail may crash the market's whole campaign. On the other side, it is much easier to protect the project from such risks by monitoring the processes regularly. External risks cover a broader spectrum of factors. These are economic and political risks in the first place. On

the downside, Japan is not the country to anticipate those. One should point to the risk of environmental disasters that Japan is highly susceptible to but has been coping with them so far. Equivalently important, the risks of the economic microclimate of the entering market. Cultural peculiarities should be carefully analyzed and followed, as well as adjusted to the locals (i.e., in Tokyo). For instance, at some point, the poor reaction should be expected poor reaction on the advertising. To summarize, approximately 10% of the estimated risk should be taken, which is entirely appropriate for choosing the project to adopt.

3.3. Financial plan of the project

The finale pursues to providing calculations for the project that are estimated based on described structure. It will include all sorts of expenditures, revenues, and investment effectiveness and efficiency.

When assessing a project's cost, it matters to pay sufficient attention to its financial requirements. First of all, the platform's cost will be around ¥ 1,370,831, including the development team's cost, and this is an approximate cost if the development will take place with European developers (Calculating MVP Price in 2021, 2021). It also adds the average cost of a server that will host this platform and provide a stream of information, which comes out at an additional ¥ 98,000 per year. Further among the technical requirements is website development, quality, and usability, which should be at a high level of attractiveness. Since there is still a perception among the Japanese that Japanese websites created by local developers have poor navigation or low-quality design, it is worth allocating a little more than the average amount to create a user-friendly one, costing about ¥49,350, and about ¥17,000 in a year for maintaining the site. Additionally, all the workers will be supplied with corporate Apple iPhones SE at the investment costs, ¥49,820 each, as they are preferential for the Japanese. Last but not least, the company's registration at the corresponding authority with registering the seal will total ¥70,740. Table 3.2 below exhibits the investment requirements for the project.

Table 3.2

Calculation of investment requirements for the project ‘Help Yourself’

Name	Price per unit	Units	Total
Online platform	¥1,370,831	1	¥1,370,831
Website	¥49,350	1	¥49,350
Corporate phone	¥49,820	10	¥498,200
Company's registration	¥60,000	1	¥60,000
Company's seal	¥10,450	1	¥10,450
Total requirements			¥1,988,831

Source: developed by the author

As mentioned before, eight event planners in total initially work as freelancers. They have to be paid; however, there are several possible ways to estimate a payroll: flat fee, percentage of expenses, hourly rate, percentage of expenses plus an hourly rate, commissionable rates (Hard, 2021). As for the most significant part, the approximate event time estimation is not apparent, and the flat rate for the event happens to be a way out. Table 3.3 presents the introductory rates for event planning based on the type of event. Meanwhile, table 3.4 will demonstrate other employees who will have salaries based on hourly payment, including 25% of overtime payments for 40 hours of work a month (Overtime pay of employees, n.d.).

Table 3.3

Flat rates for event planning by the type of event

Name	Payment	Total per month	Total annual	Total 2022	Total 2023
Payment for mini event	¥40,000	53	¥2,120,000.00	¥2,226,000.00	¥2,359,560.00
Payment for standard event	¥50,000	34	¥1,700,000.00	¥1,785,000.00	¥1,892,100.00
Payment for kampai! event	¥65,000	23	¥1,495,000.00	¥1,569,750.00	¥1,663,935.00
Payment for corporation event	¥90,000	13	¥1,170,000.00	¥1,228,500.00	¥1,302,210.00

Source: developed by the author

Table 3.4

Hourly rates for other employees with estimated annual future income

	Payment per hour	Overtime pay (25%)	Total per month	Annual	Total 2022	Total 2023
System administrator (wage)	¥1,050.00	¥52,500.00	¥220,500.00	¥2,646,000.00	¥2,778,300.00	¥2,944,998.00
Headhunter services	-	-	¥300,000.00	¥300,000.00	-	-
SMM (wage)	¥1,100.00	-	¥44,000.00	¥528,000.00	¥554,400.00	¥587,664.00

Source: developed by the author

Essentially, operating expenses should be estimated as well. Salary, PCR tests for employees, platform and website maintenance server, mobile carrier payments, and depreciation can be related to this part. Table 3.5 summarizes the abovementioned expenditures for this project.

Table 3.5

Estimated total operating expenses occurring during the period of 2021-2023

Name	Price	2021	2022	2023
Salary		¥9,959,000.00	¥10,141,950.00	¥10,750,467.00
PCR test (8 per month)	¥3,200.00	¥307,200.00	¥322,560.00	¥341,913.60
Mobile carrier	¥3,000.00	¥360,000.00	¥378,000.00	¥400,680.00
Depreciation*	¥9,964.00	¥99,640.00	¥99,640.00	¥99,640.00
Server	¥9,538.00	¥114,456.00	¥120,178.80	¥127,389.53
Total operating expenses		¥10,840,296.00	¥11,062,328.80	¥11,720,090.13

Source: developed by the author

*Depreciation is based on 5 years of service.

Having this stage of the project summarized and estimated, it is possible to proceed to the revenue calculation (Tab. 3.6). The formula for calculating the cost of the event includes:

1. Event flat rate.
2. A day of server maintenance.
3. Cost of one PCR test for the employee before the physical event production.

4. System administrator's payroll divided by the average number of events a month.
5. 80% of mobile carrier payment (i.e., total mobile carrier payment divided on the estimated average number of events for a month).
6. Margin.

Table 3.6

Estimated revenue for the period 2021-2023

Name	Cost of event	Expected N of events	Revenue 2021	Revenue 2022	Revenue 2023
Mini event	¥95,000.00	53	¥5,035,000.00	¥5,337,100.00	¥5,710,697.00
Standard event	¥104,000.00	34	¥3,536,000.00	¥3,748,160.00	¥4,010,531.20
Kampai! event	¥122,000.00	23	¥2,806,000.00	¥2,974,360.00	¥3,182,565.20
Corporate event	¥152,000.00	13	¥1,976,000.00	¥2,094,560.00	¥2,241,179.20
Total		123	¥13,353,000.00	¥14,154,180.00	¥15,144,972.60

Source: developed by the author

The following step is to estimate the investment effectiveness. Additionally, this part of project figures estimation requires the total corporate taxation, which is 22.4% of taxable income (in the category of income below 4 million yen), and consumption tax (which is practically the same as VAT in other countries). Table 3.7 highlights the results of this step.

Table 3.7

Investment effectiveness of the project 'Help Yourself'

Name	2021	2022	2023
Revenue	¥13,353,000.00	¥14,154,180.00	¥15,144,972.60
Consumption tax, 10%	¥1,335,300.00	¥1,415,418.00	¥1,514,497.26
Revenue after tax	¥12,017,700.00	¥12,738,762.00	¥13,630,475.34
Expenditures	¥10,840,296.00	¥11,062,328.80	¥11,720,090.13
Profit before tax	¥1,177,404.00	¥1,676,433.20	¥1,910,385.21
Tax 22.4%	¥263,738.50	¥375,521.04	¥427,926.29
Profit after tax	¥913,665.50	¥1,300,912.16	¥1,482,458.92
Net profit	¥913,665.50	¥1,300,912.16	¥1,482,458.92

Source: developed by the author

The last part focuses on the project efficiency and such vital indicators as Net Present Value (NPV), Profitability Index (PI), and Payback Period (PP). Before immersing in those calculations, it is crucial to emphasize the inflation rate, risks, and deposit rates. In order to provide a more accurate estimation, the inflation rate forecast by International Monetary Fund is chosen, which is 0.70% for 2021, 1.10% for 2022, and 0.77% for 2023. As for risk, it was taken as 10%, and the deposit rate is 0.003% annually. Using the obtained data, discount rate and discount index are calculated, which are essential for working out the project efficiency indicators. The following formulas and calculations present the idea:

$$\text{Discount rate } (i_n) = (1 + \text{inflation rate}) * (1 + \text{risk rate}) * (1 + \text{deposit rate})$$

$$\text{Discount index for 2021} = 1 / (1+i_{2021})$$

$$\text{Discount index for 2022} = 1 / ((1+i_{2021}) * (1+i_{2022}))$$

$$\text{Discount index for 2023} = 1 / ((1+i_{2021}) * (1+i_{2022}) * (1+i_{2023}))$$

Thus, the calculations of these indicators will be as such:

$$i_{2021} = 1.007 * 1.1 * 1.00003 - 1 = 0.108$$

$$i_{2022} = 1.011 * 1.1 * 1.00003 - 1 = 0.112$$

$$i_{2023} = 1.0077 * 1.1 * 1.00003 - 1 = 0.109$$

The discount rates for the whole period will be the following:

$$\text{Discount index for 2021} = 1 / (1+0.108) = 0.903$$

$$\text{Discount index for 2022} = 1 / ((1+0.108) * (1+0.112)) = 0.812$$

$$\text{Discount index for 2023} = 1 / ((1+0.108) * (1+0.112) * (1+0.109)) = 0.732$$

Eventually, it is possible to create a table that will estimate discounted cash flow needed for efficiency indicators (Tab. 3.8).

Table 3.8

Calculation of discounted cash flow for 2021-2023

Year	Investment	Net profit	Depreciation	Cash flow	Discount index	Investment	DCF
0	¥1,988,831.00					¥1,988,831.00	
2021		¥913,665.50	¥99,640.00	¥1,013,305.50	0.903		¥914,755.90
2022		¥1,300,912.16	¥99,640.00	¥1,400,552.16	0.812		¥1,136,860.65
2023		¥1,482,458.92	¥99,640.00	¥1,582,098.92	0.732		¥1,158,522.86
Total						¥1,988,831.00	¥3,210,139.41

Source: developed by the author

Ultimately, having all the previous calculations conducted, investment efficiency takes place. Table 3.9 manifests fundamental indicators for the project 'Help Yourself'.

Table 3.9

Investment efficiency for the project 'Help Yourself'

NPV	¥1,221,308.41
PI	1.61
PP	1.86 years

Source: developed by the author

Analyzing the obtained data, the project 'Help Yourself' happens to be efficient with a reasonable payback period and net present value. Since NPV has a positive value, it can be concluded that the project will be profitable after the three years of operations and will bring considerable profit as much as 62% of total investment. Concerning the payback period, the preference for this to be less than three years, and the figure of fewer than two years is a desirable indicator (in specific, it is 1 year 10 months and 10 days). Therefore, the project 'Event-agency 'Help Yourself'' should be considered for adoption in Japan.

CONCLUSIONS AND RECOMMENDATIONS

From this we can conclude that Japan's investment climate is highly supportive of foreign investors in many respects, largely due to Abenomics, which has improved the state of the Japanese economy over the past decade. Stable holistic economic climate that does not anticipate sharp surges in inflation or lower levels of economic development. Japan also participates in numerous international agreements that manifests the economic openness level. In turn, it stimulated inward FDI flow into the country and practically it led to the absence of many labor force migration barriers. Moreover, the state has a stable political environment which does not supply any prerequisites for medium or serious risks, complemented by a remarkably low legal and crime risks that could hinder investments.

Narrowing down to the microeconomic level, the Japanese market has a well-developed service sector which is a driving force for a great deal of companies. Besides, it is constantly by internal and external investment flows. There is high consumer demand in the context of low unemployment which was impacted by the COVID-19 pandemic inconsiderately. Japan provides favorable conditions for registration of an LLC, such as the speed of registration of an enterprise, a good credit base, and an effective regulatory framework that makes it possible to avoid bankruptcy and related losses.

Concerning the project 'Event-agency 'Help Yourself'', the aim of the paper was accomplished by providing description and complementary calculations. The ultimate purpose was to estimate the investment project's effectiveness and efficiency, which was fulfilled. The project figurative part proved the ability to generate profits considering the current epidemical situation and it suggests being reasonably worth implementing with a future prospect to continue operating. A potential investor should find this event agency's outcome auspicious to regard due to its profitability index alongside short payback period.

More accurate calculations could be done within conducting a field research and gathering information directly from the city of choice – Tokyo. This would bring more quality analysis of the given data to form a strategy that could suit for the Japanese market perfectly. Thus, due to a lack of information, given calculations are estimations.

Associating the investment attractiveness results with the project ‘Event-agency ‘Help Yourself’, it is possible to emphasize the general socio-economic climate compliance with the project outcome. One should note the favorableness for commissioning the project specifically in Japanese market as soon as it does supply fundamental conditions for its fortunate long-term operation.

In case the idea is considered in a long-term prospective, there will be certain adjustments in calculation and marketing strategies to match market’s real situation. For instance, employing effective cooperation with venues and restaurants long-term could benefit from having guarantees and possible discounts. Another example is integrating advertising campaign as much attractive culturally as it could be perceived as a domestic business.

Bringing up rear, the project meets all the necessary requirements in numerical terms as well as it has a stable base of location to be established.

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