



FCIJ Foreign Chambers
in Japan



FCIJ Business Confidence Survey

Fall 2009

With commentary by Dr. William Schrade, Adjunct Faculty, University of Maryland University College: Asia Division

Survey idea and technical implementation by the Finnish Chamber of Commerce in Japan



FCIJ Business Confidence Survey – Fall 2009

Executive Summary

The Foreign Chambers in Japan (FCIJ) has been conducting Business Confidence surveys online twice a year since 2002 among foreign-affiliated companies in Japan. This, the sixteenth, survey was conducted between October 13 and 23, 2009, and received 435 valid responses.

Although the reported sales and profitability figures for the past six months were still in the red (although less than in the previous survey – Spring 2009), this survey shows that the surveyed companies see some positive developments, both regarding the state of the Japanese economy and their own performance.

The economy for the next 6 months is expected to move into black, +0.25 (compared to -0.44 in spring 2009), and looking 12 months ahead, the companies see a continued turn for the better - the index shows +0.66 (+0.21 in the previous survey). Even more importantly, the forecasts for the coming six months for sales and profitability both show a notable growth. The sales forecast index was +0.47 (previous survey +0.15) and that for profitability +0.40 (+0.13). Only 3% expect a further strong decline in sales and only 4% profitability, while 62% and 55% respectively see strong or some improvement.

Concerning the strategies of the foreign-affiliated companies in Japan, most of them continue to be rather bullish despite experiencing tough times in the last year or so. Two-thirds (66% - same as in the Spring survey) are looking for further growth and 26% expecting to sustain their current level. 6% are planning to downsize, but only 1% (four companies out of the surveyed 435) are considering withdrawing from the market. These results were very much in line with the findings in the previous survey.

This time the two alternating questions were regarding the currency rates (EUR/JPY for Europeans, USD/JPY for the others) and Nikkei index in 6 months time. The average estimate for USD was 91.7 and for the EUR 133.6. Nikkei index is predicted to be at 10,539.

The next survey will be conducted in April 2010.

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About the Foreign Chambers in Japan (FCIJ)

The Foreign Chambers in Japan (FCIJ) is an informal organization comprised of foreign chambers of commerce and business groups in Japan mainly for the purpose of information exchange and enhancement of the activities of the component organizations.

The group started out as the Foreign Chambers Information Group (FCIG) and it was set up in the mid-1980's. The original goal was to help the smaller chambers by meeting with the larger more experienced ones. In 2004 the name was changed to Foreign Chambers in Japan (FCIJ).

The FCIJ conducted its first Business Confidence survey in April 2002, based on a format developed by the Finnish Chamber of Commerce in Japan (FCCJ). This survey, conducted twice a year, has become an important barometer of foreign business in Japan.

The survey is headed by a task force consisting of representatives from the ACCJ, BCCJ and FCCJ. It is run and processed on behalf of all the chambers by the FCCJ.

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About the Survey

Purpose of the survey

1. Provide chambers with significant trend information on the foreign and foreign-affiliated business community's business outlook and outlook on the current state of the Japanese economy, noting challenges and the context of current market trends;
2. Reveal how foreign companies view the Japanese market;
3. Enable comparisons between the sentiments of participating chambers and between North American and European companies; and
4. Obtain reliable data on how foreign and foreign-affiliated businesses perform in Japan to dispel misconceptions about Japan in the home countries of the chamber members.

Survey period *October 13 – 23, 2009*

Survey method *online only*

Survey population *2,100 companies*

Survey questions *2 questions on economy*
4 on company performance
1 on reasons behind changes
1 on strategies in Japan
JPY/USD and JPY/EUR rates
Nikkei index
Company profile
Contact information

Notes

One main objective of the survey is to be simple to understand and easy to complete.

Providing contact information is optional to encourage as many individuals as possible to submit the form without privacy concerns. However, 65% gave contact information in the latest survey.

Although all questions were marked compulsory in the survey, we did not apply any error checking in the online form so as not to discourage respondents with messages like "You forgot to fill in question 2, please go back to the form." Because of this, each question does not have the same number of responses.

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Participating Organizations



The American Chamber
of Commerce in Japan



The Australia-New Zealand
Chamber of Commerce in Japan



Austrian Business Council



The British Chamber of
Commerce in Japan



The Brazilian Chamber
of Commerce in Japan



The Belgium-Luxembourg
Chamber of Commerce in Japan



The Canadian Chamber
of Commerce in Japan



The Danish Chamber of
Commerce in Japan



The Finnish Chamber of
Commerce in Japan



The French Chamber of
Commerce and Industry in Japan



The German Chamber of
Commerce and Industry in Japan



The ICELANDIC CHAMBER of COMMERCE in JAPAN

The Icelandic Chamber of
Commerce in Japan



The Ireland Japan
Chamber of Commerce



The Italian Chamber
of Commerce in Japan

The Italian Chamber of
Commerce in Japan



The Netherlands Chamber
of Commerce in Japan



The Norwegian Chamber of
Commerce in Japan



The South Africa Chamber
of Commerce in Japan



The Swedish Chamber of
Commerce and Industry in Japan



The Swiss Chamber of Commerce
and Industry in Japan

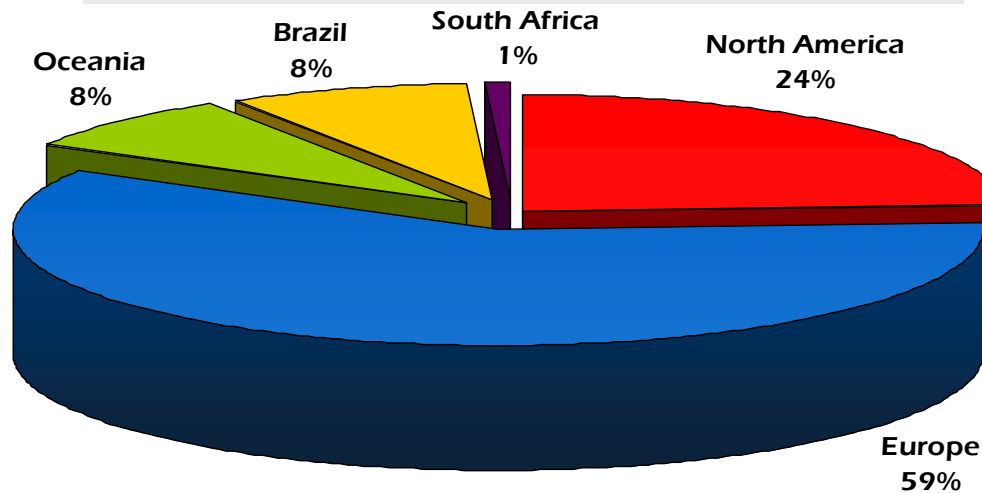
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Survey Responses

Total number of responses: 435

Response rate: ca 22%

Shares of total responses - by area



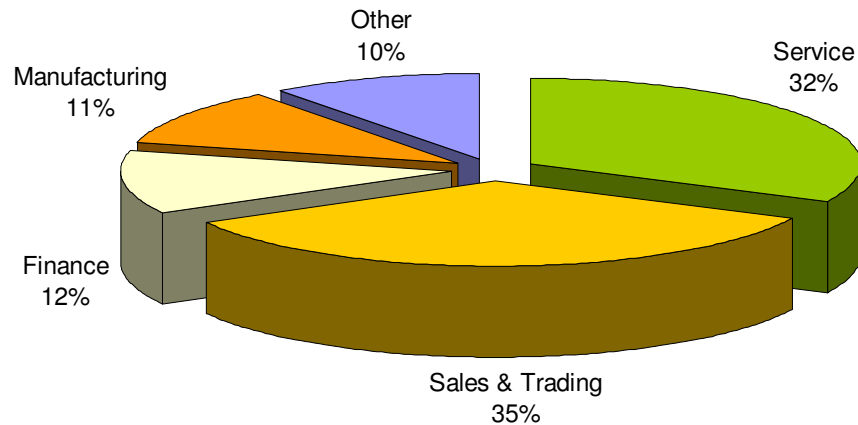
Responses by chamber

American Chamber	91	Finnish Chamber	19
German Chamber	59	Swedish Chamber	17
French Chamber	44	Canadian Chamber	15
British Chamber	35	Austrian Business Council	15
Australia & NZ Chamber	34	Dutch Chamber	14
Brazilian Chamber	34	Others	59

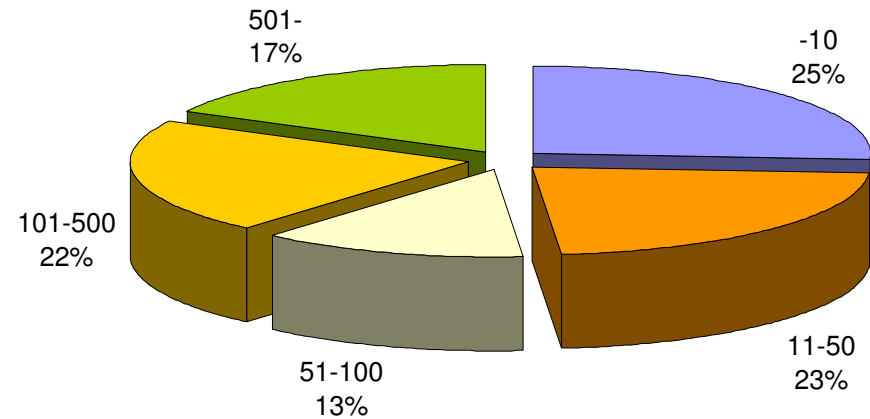
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Respondent Company Demographics

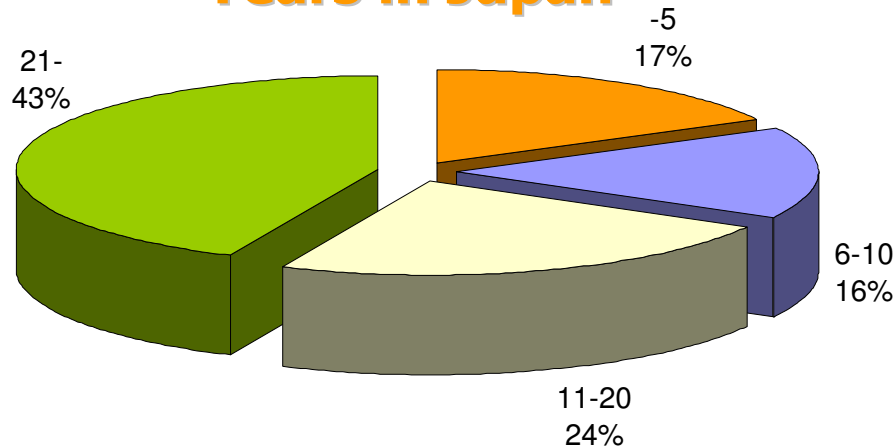
Type of business



Number of employees



Years in Japan



A typical respondent company

has been in Japan for over 18 years, has 57 employees and is involved in service or sales and trading industry.






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Survey Analysis Methods

Questions

- 1.1. Japan's economic situation next **6** months
- 1.2. Japan's economic situation next **12** months
- 2.1. Sales during the **past** 6 months
- 2.2. Sales forecast for the **next** 6 months
- 3.1. Profitability during the **past** 6 months
- 3.2. Profitability forecast for the **next** 6 months
4. Reasons behind changes
5. Strategies in Japan
6. JPY/USD and JPY/EUR exchange
7. Nikkei Index
8. Comments

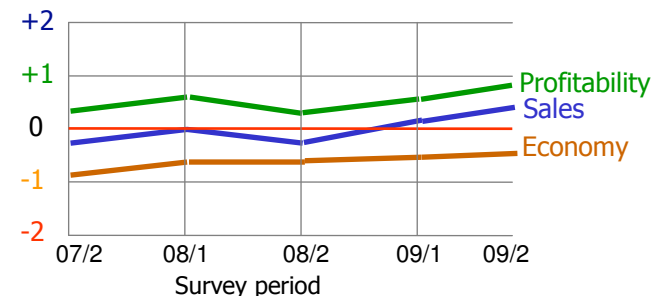
Legend

- | | | |
|-----------------------|------|---|
| A. Strong improvement | = +2 |  |
| B. Some improvement | = +1 |  |
| C. No change | = 0 |  |
| D. Some decline | = -1 |  |
| E. Strong decline | = -2 |  |

$$\text{INDEX} = (A_n * 2 + B_n * 1 + D_n * -1 + E_n * -2) / \text{TOTAL}$$

The index makes it possible to compare results from consecutive surveys and to create graphs on how the sentiments change over time.

EXAMPLE

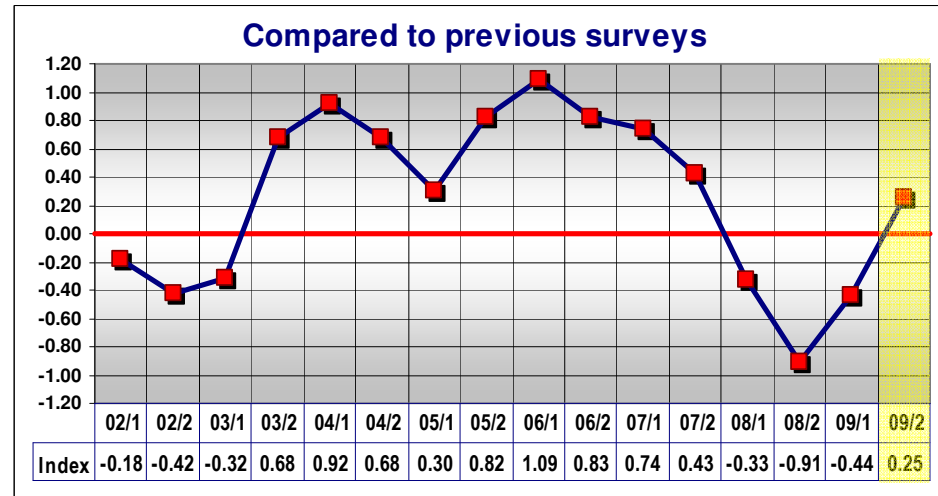
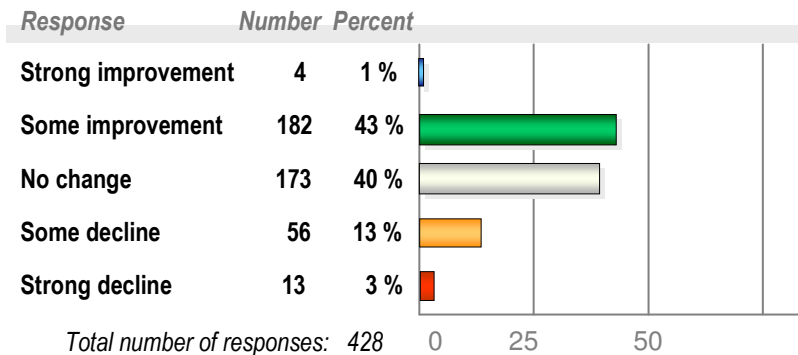


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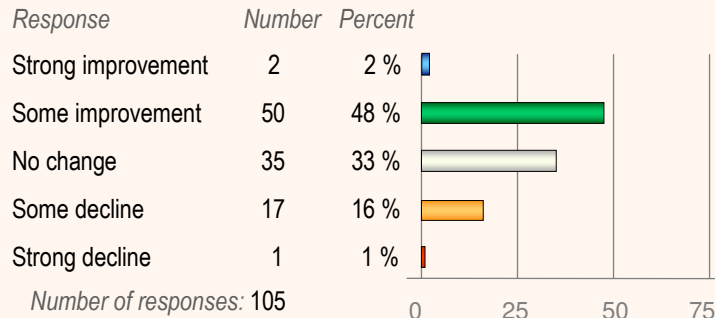
1.1. Japan's economic situation for the next 6 months

TOTAL FOR SURVEY

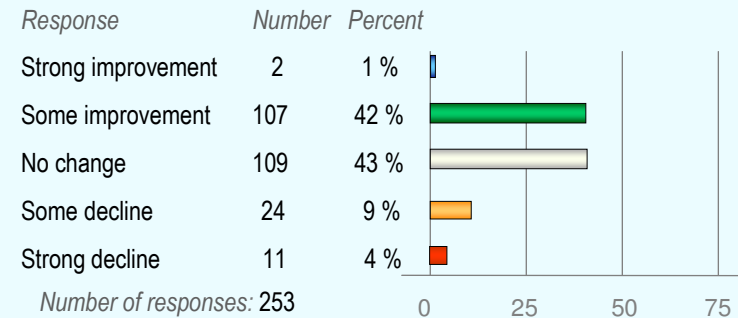
INDEX +0.25 (previous survey -0.44)



North American companies +0.33 (-0.22)



European companies +0.26 (-0.45)



Australia/New Zealand: +0.12 (-0.90)

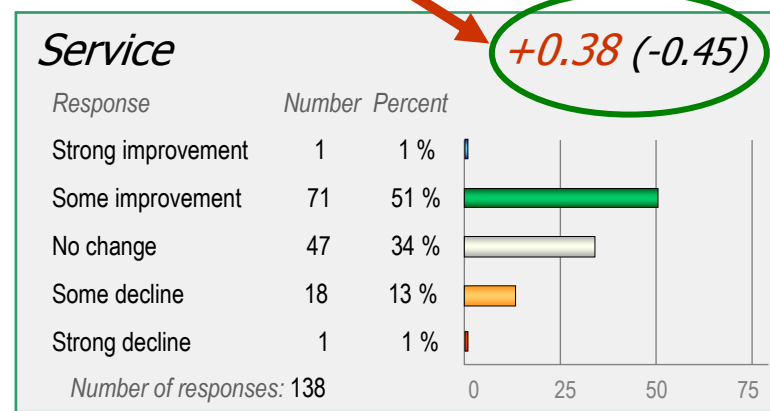
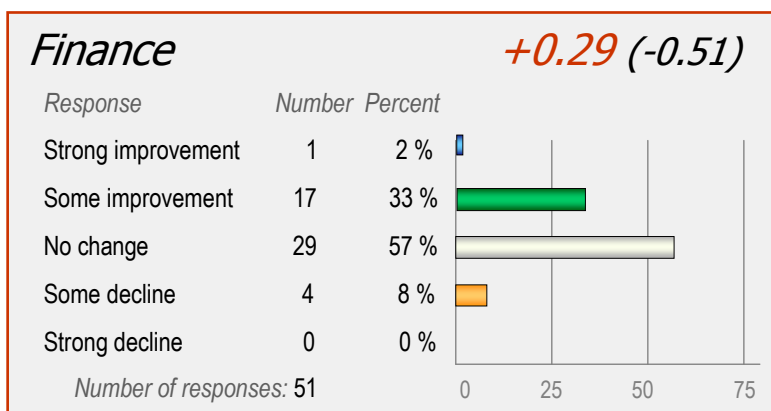
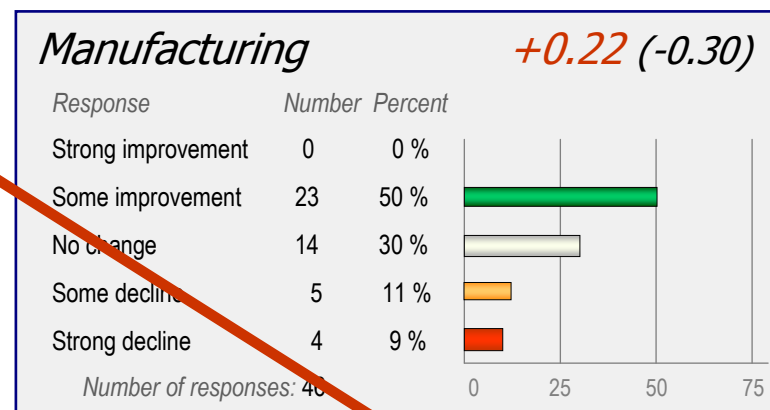
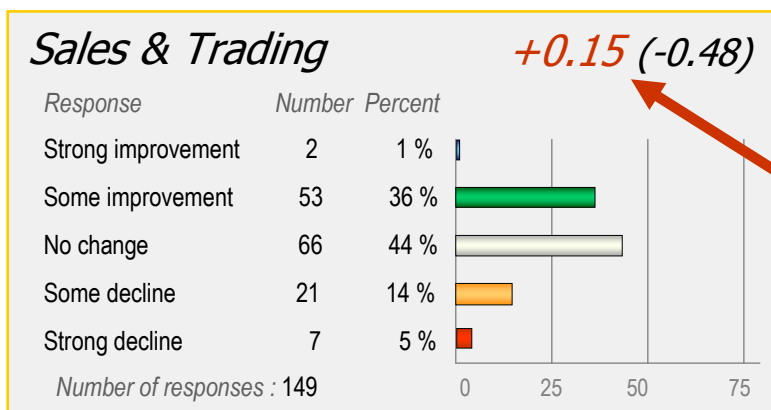
Brazil: +0.18 (-0.29)

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1.1. Japan's economic situation for the next 6 months (2)

By type of business

OVERALL INDEX **+0.25**



NOTES:



Notable changes



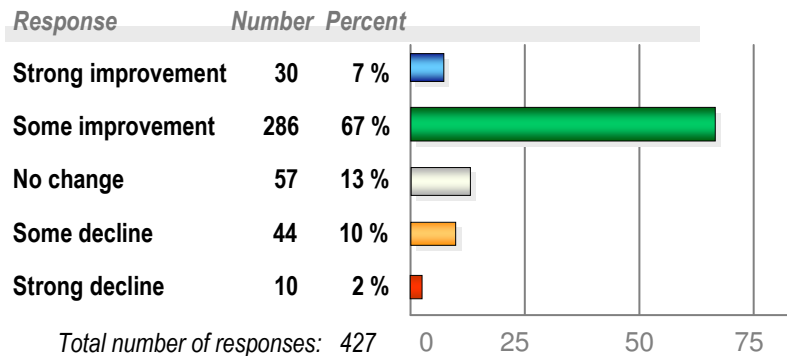
Highest-lowest

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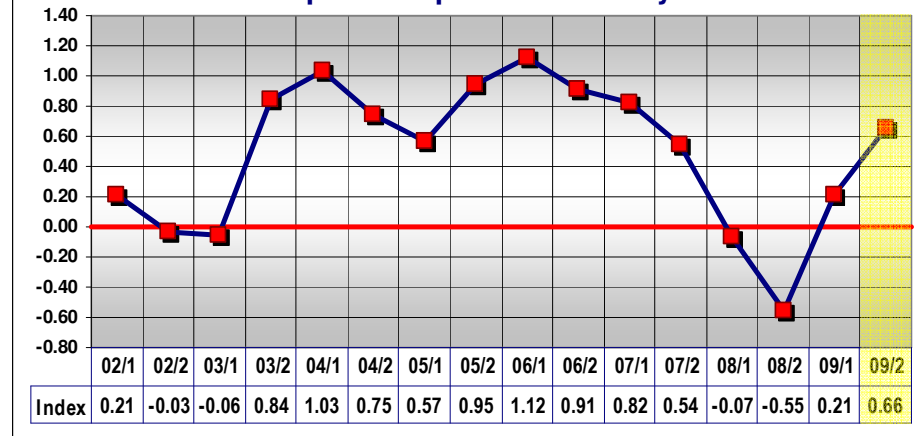
1.2. Japan's economic situation for the next 12 months

TOTAL FOR SURVEY

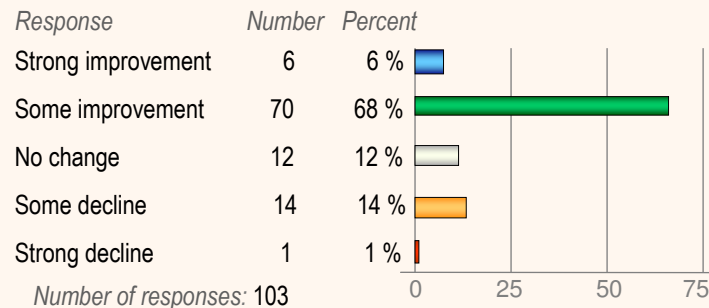
INDEX +0.66 (+0.21)



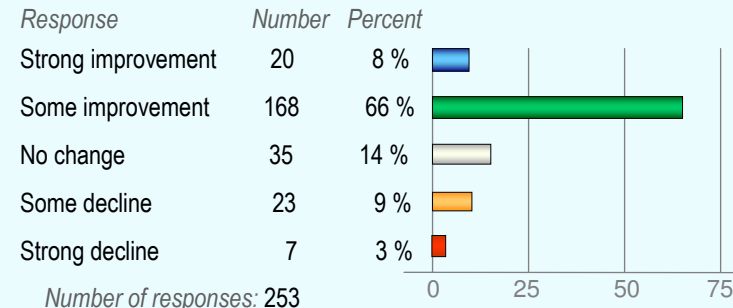
Compared to previous surveys



North American companies +0.64 (+0.39)



European companies +0.68 (+0.21)



Australia/New Zealand: +0.68 (-0.19)

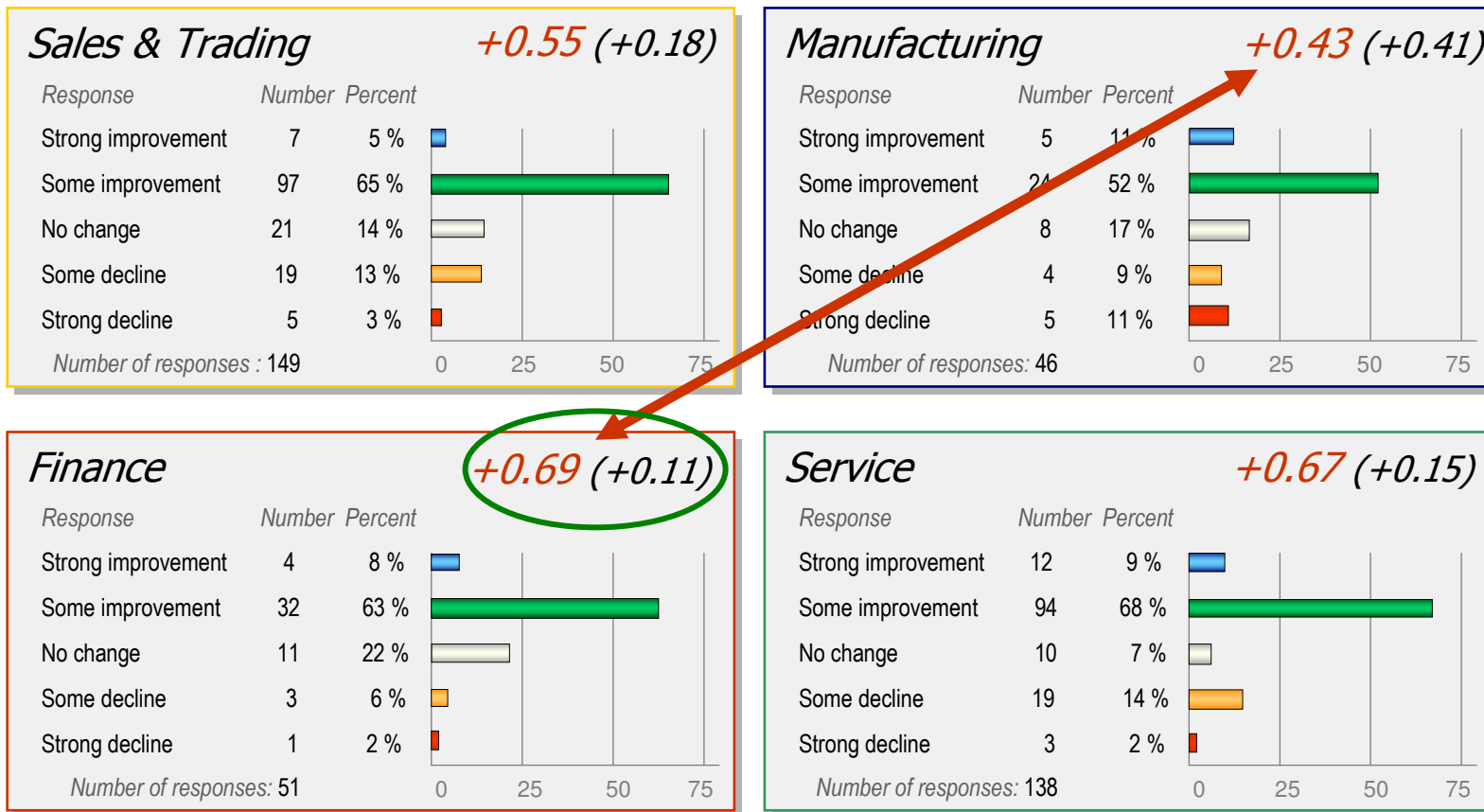
Brazil +0.58 (+0.36)

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1.2. Japan's economic situation for the next 12 months (2)

By type of business

OVERALL INDEX **+0.66**

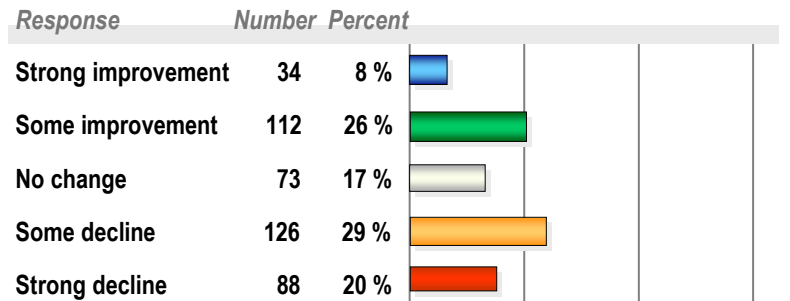


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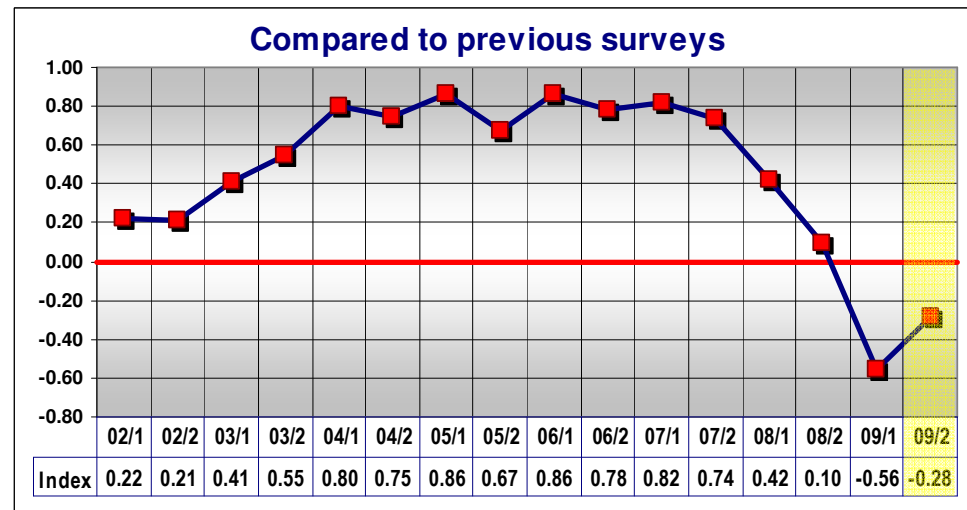
2.1. Sales performance during the **past** 6 months

TOTAL FOR SURVEY

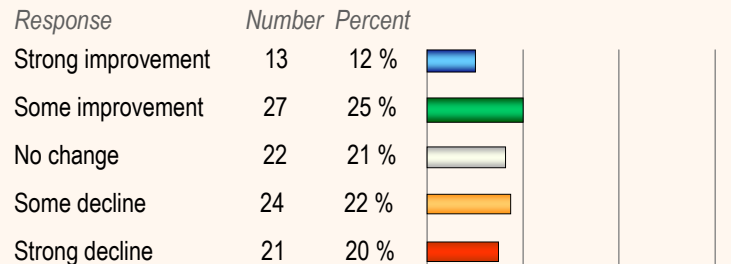
INDEX -0.28 (-0.56)



Total number of responses: 433

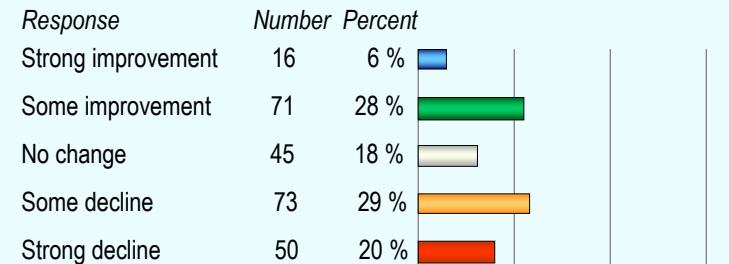


North American companies -0.12 (-0.28)



Number of responses: 107

European companies -0.27 (-0.66)



Number of responses: 255

Australia/New Zealand: -0.39 (-0.67)

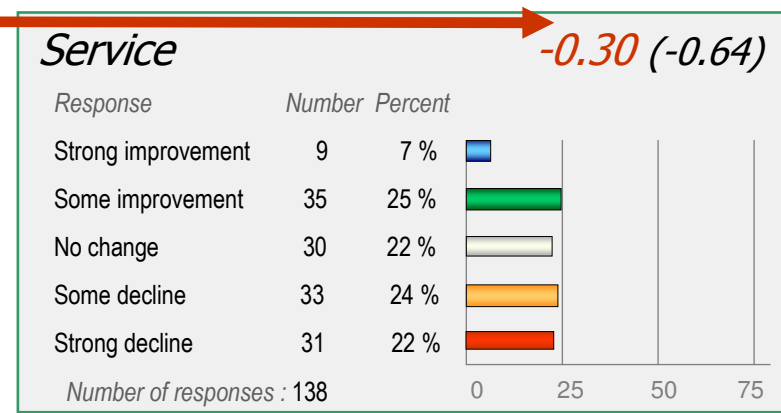
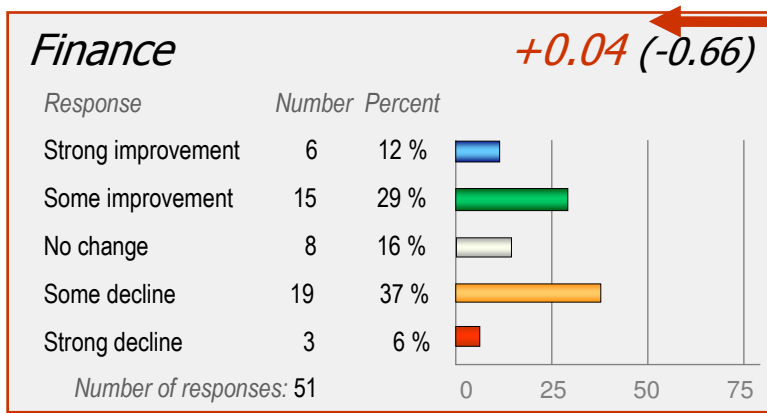
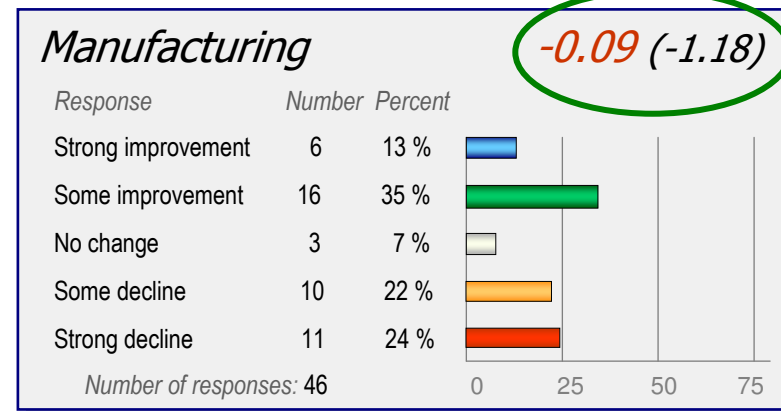
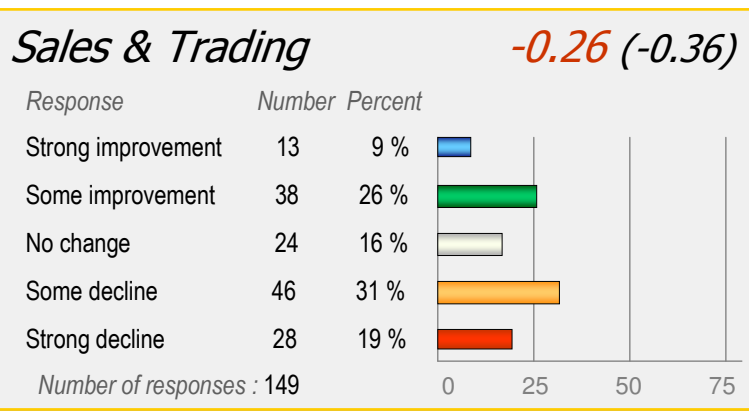
Brazil -0.74 (-0.68)

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2.1. Sales performance during the **past** 6 months (2)

By type of business

OVERALL INDEX **-0.28**

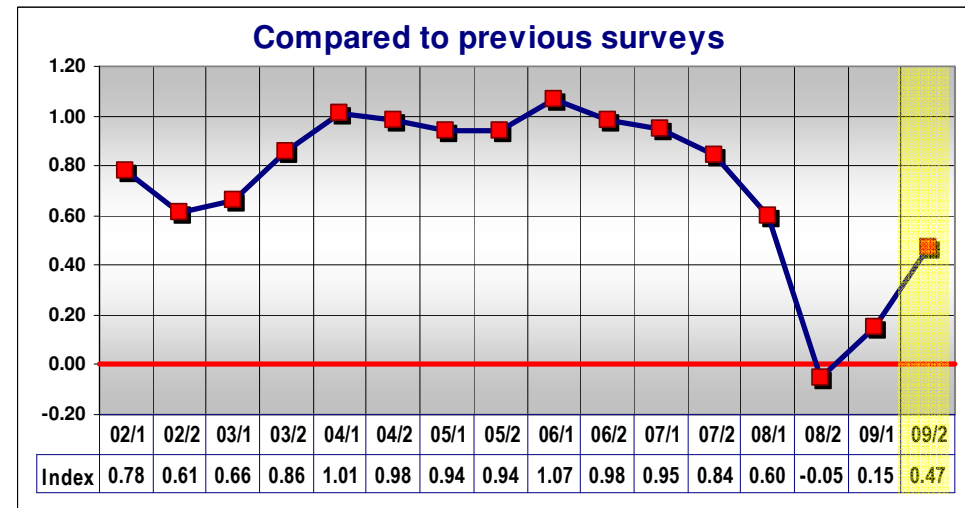
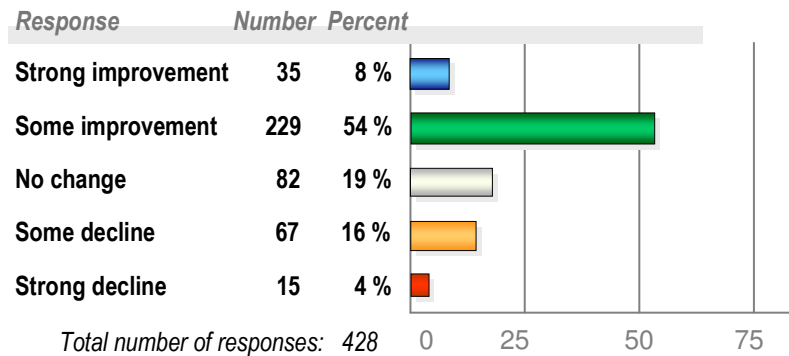


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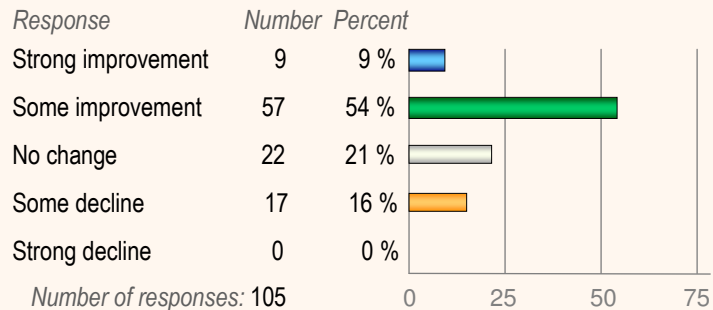
2.2. Sales forecast for the **next** 6 months

TOTAL FOR SURVEY

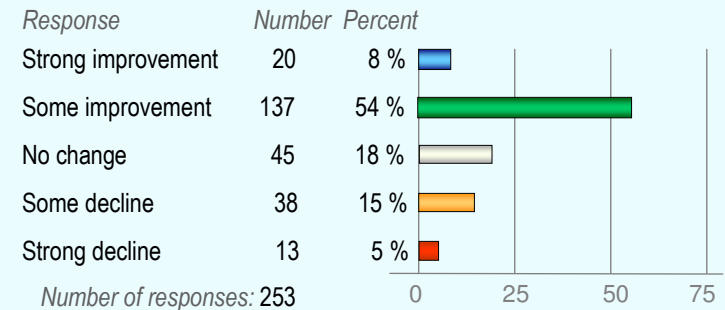
INDEX +0.47 (+0.15)



North American companies +0.55 (+0.42)



European companies +0.45 (+0.05)



Australia/New Zealand: +0.56 (+0.14)

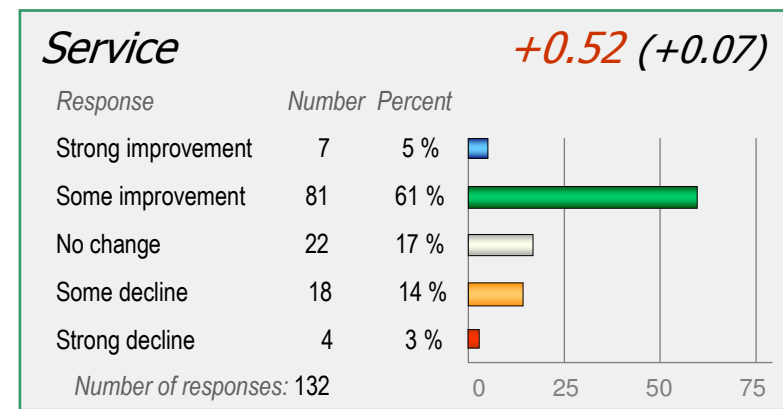
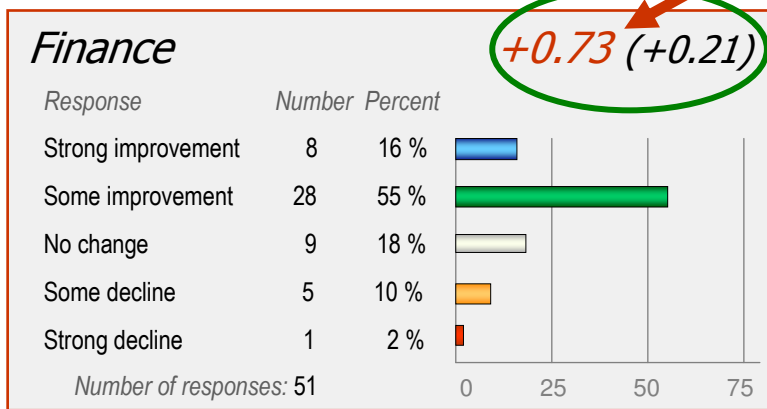
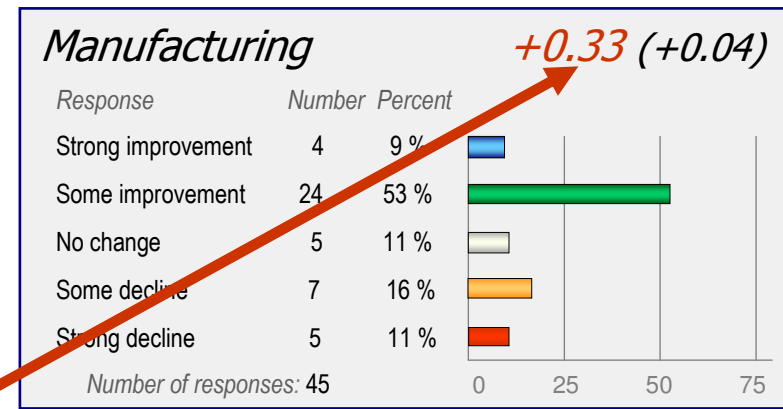
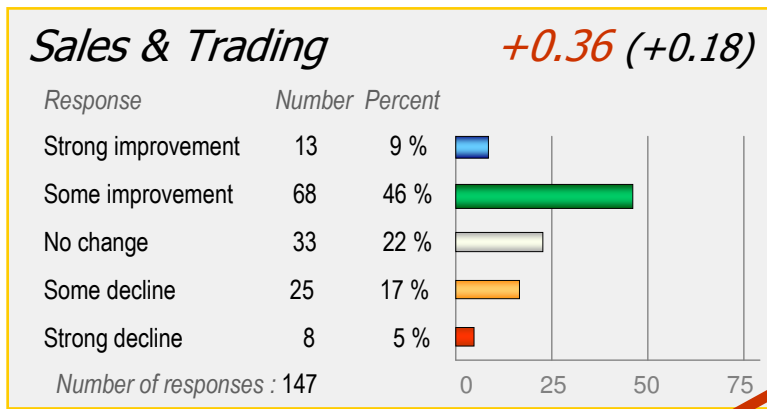
Brazil +0.31 (+0.04)

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2.2. Sales forecast for the **next** 6 months (2)

By type of business

OVERALL INDEX **+0.47**

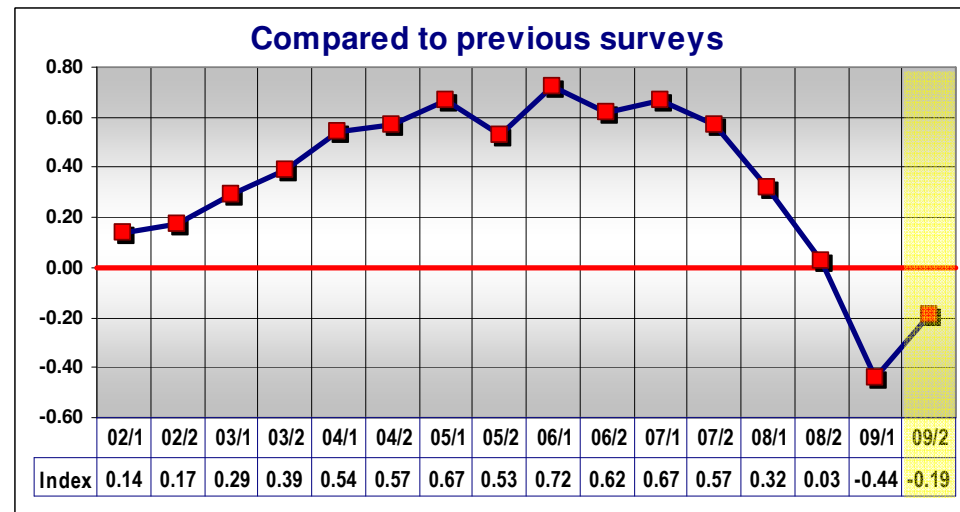
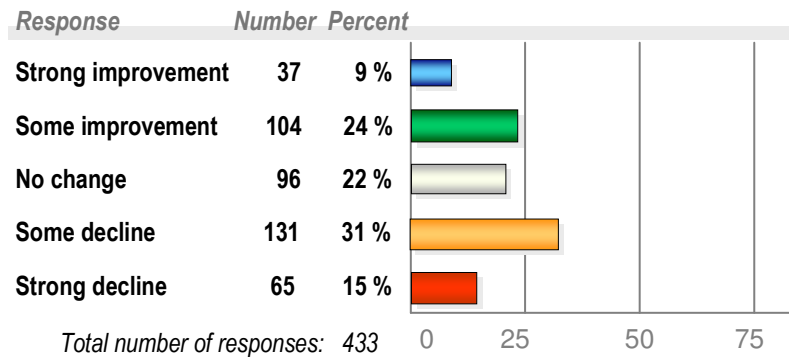


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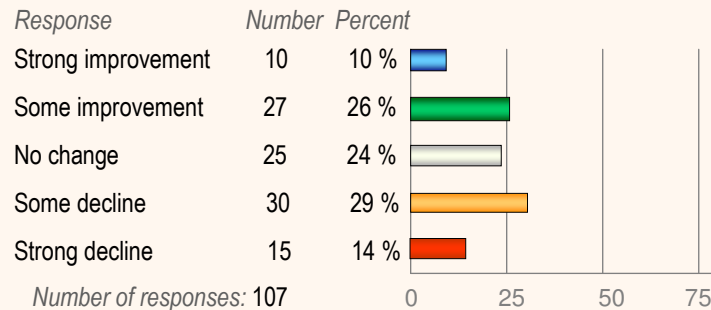
3.1. Profitability performance during the **past** 6 months

TOTAL FOR SURVEY

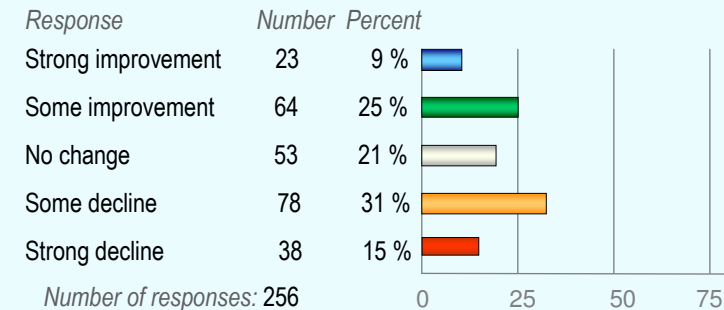
INDEX -0.19 (-0.44)



North American companies -0.12 (-0.26)



European companies -0.17 (-0.45)



Australia/New Zealand: -0.15 (-0.59)

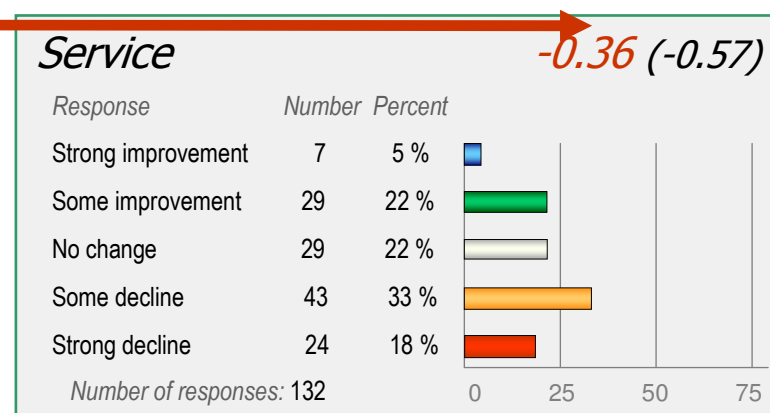
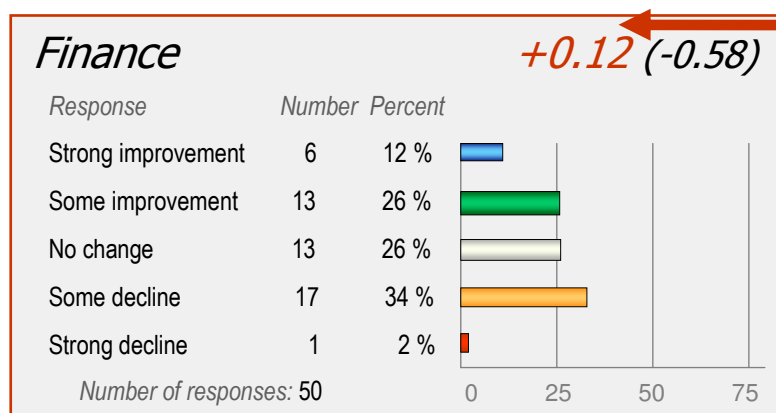
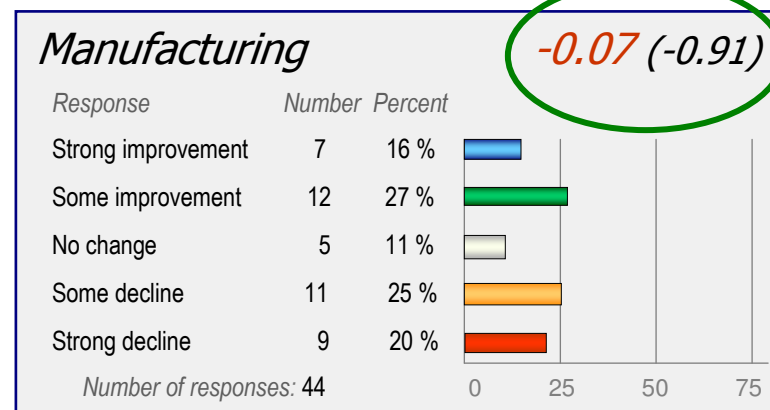
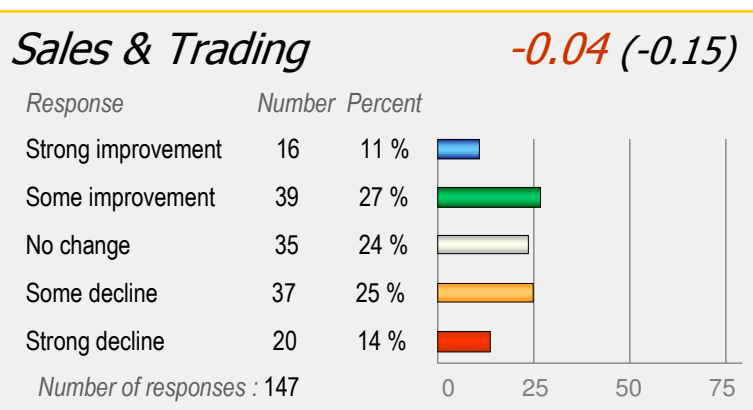
Brazil -0.58 (-0.77)

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3.1. Profitability performance during the **past** 6 months (2)

By type of business

OVERALL INDEX **-0.19**

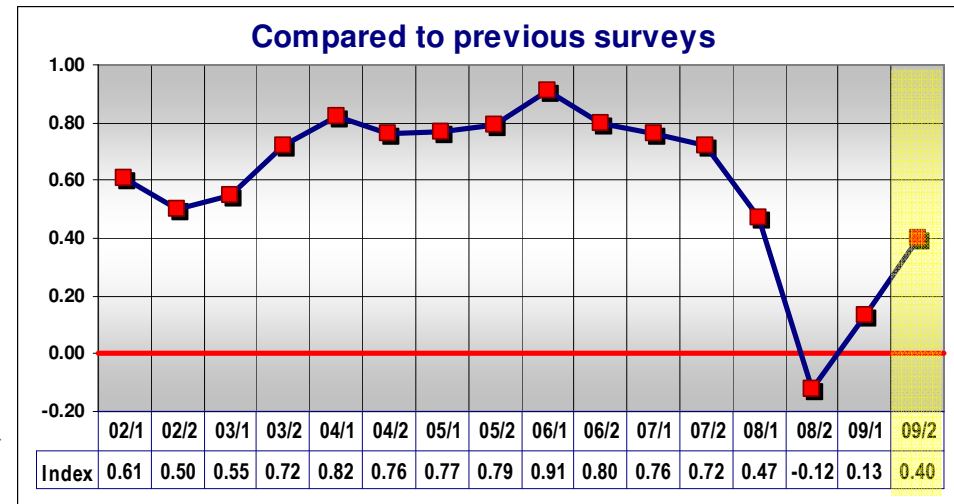
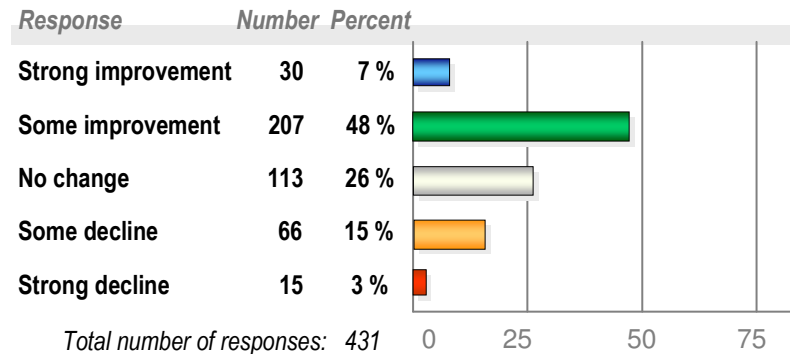


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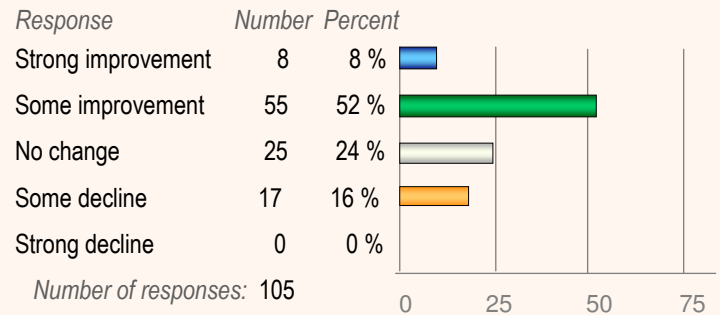
3.2. Profitability forecast for the **next** 6 months

TOTAL FOR SURVEY

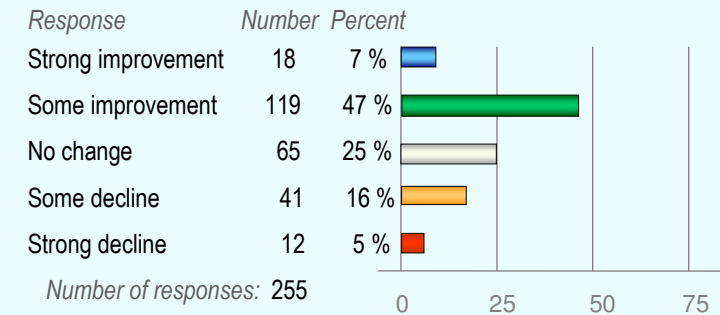
INDEX +0.40 (+0.13)



North American companies +0.51 (+0.32)



European companies +0.35 (+0.06)



Australia/New Zealand: +0.47 (+0.12)

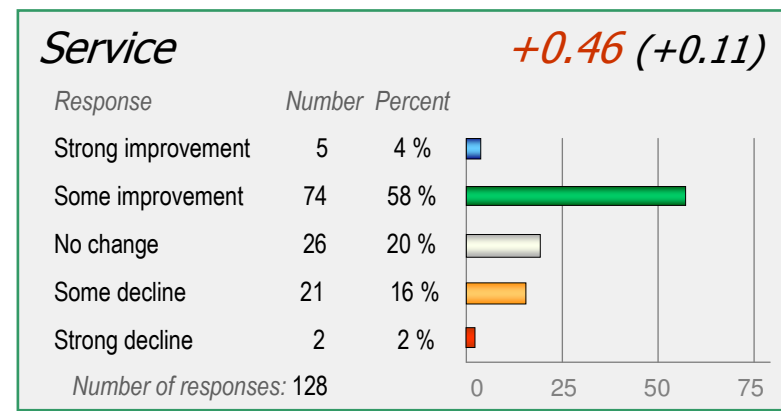
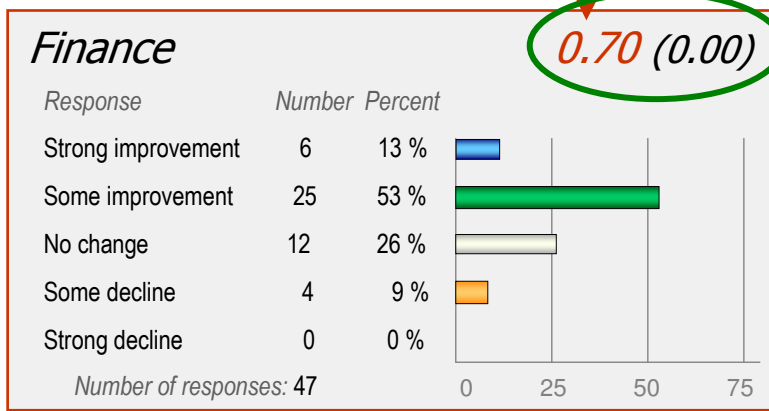
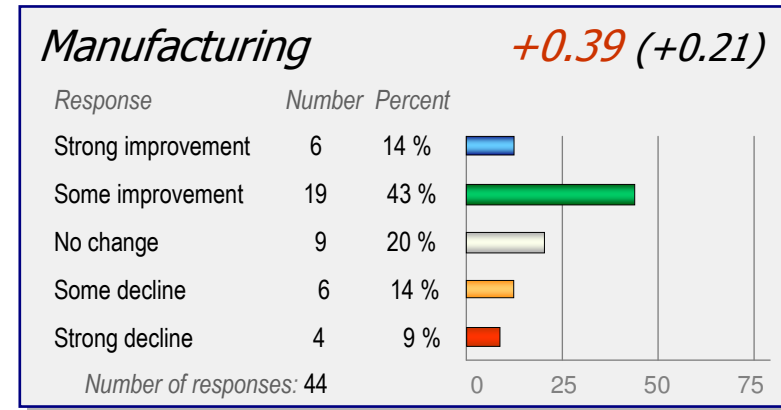
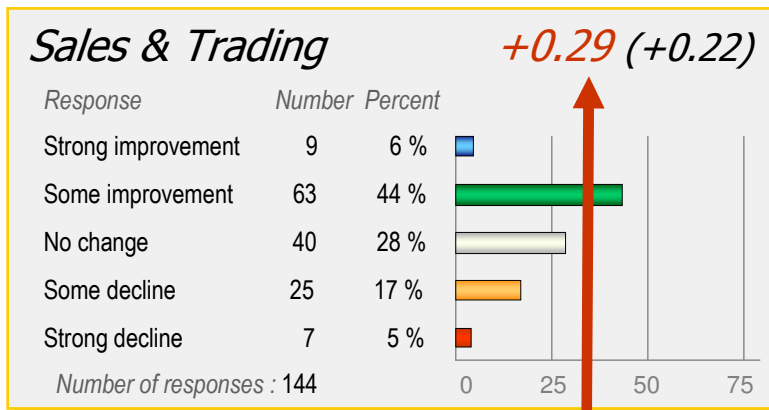
Brazil: +0.30 (0.0)

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3.2. Profitability forecast for the **next** 6 months (2)

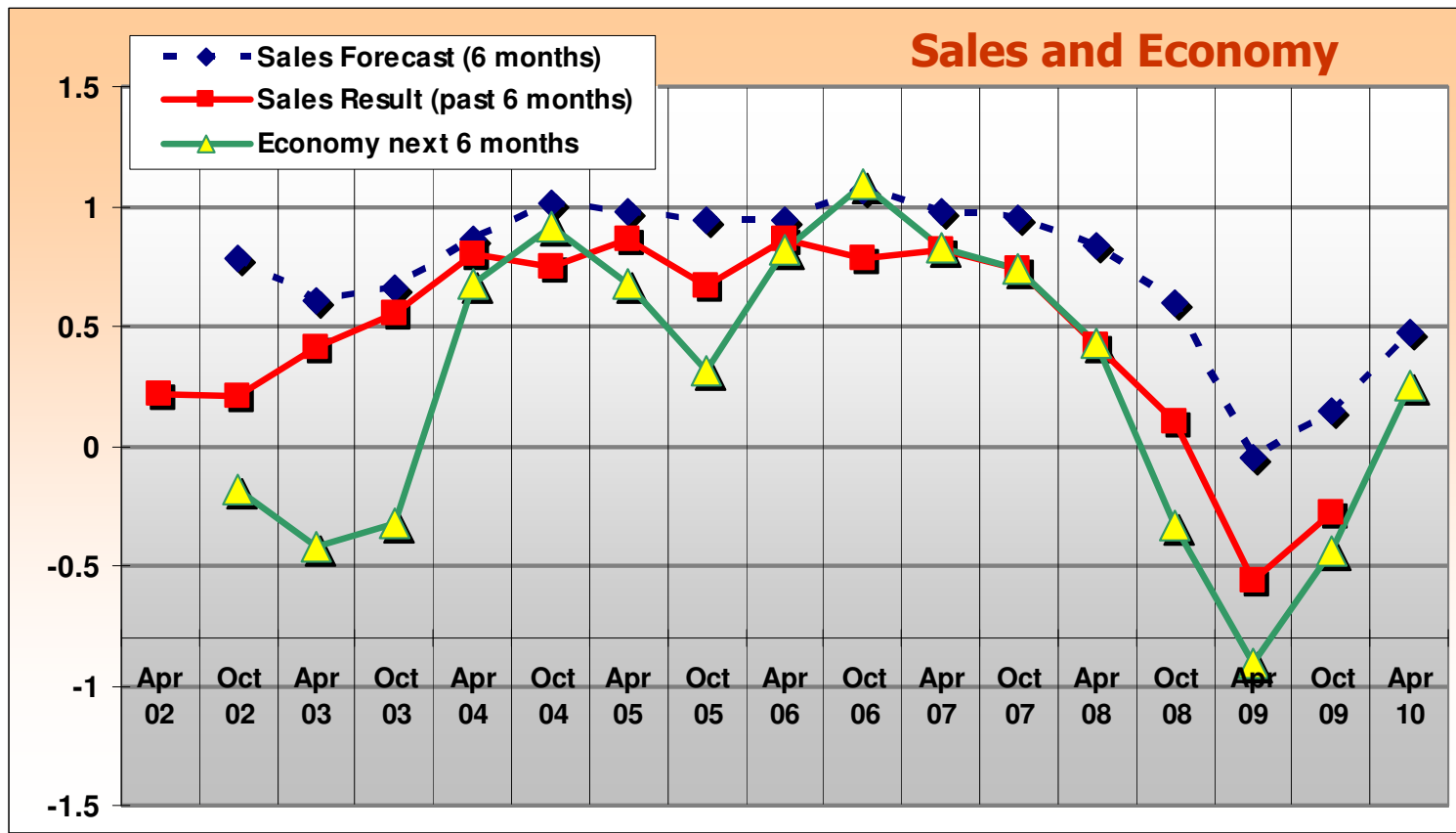
By type of business

OVERALL INDEX **+0.40**



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A Comparison (1)

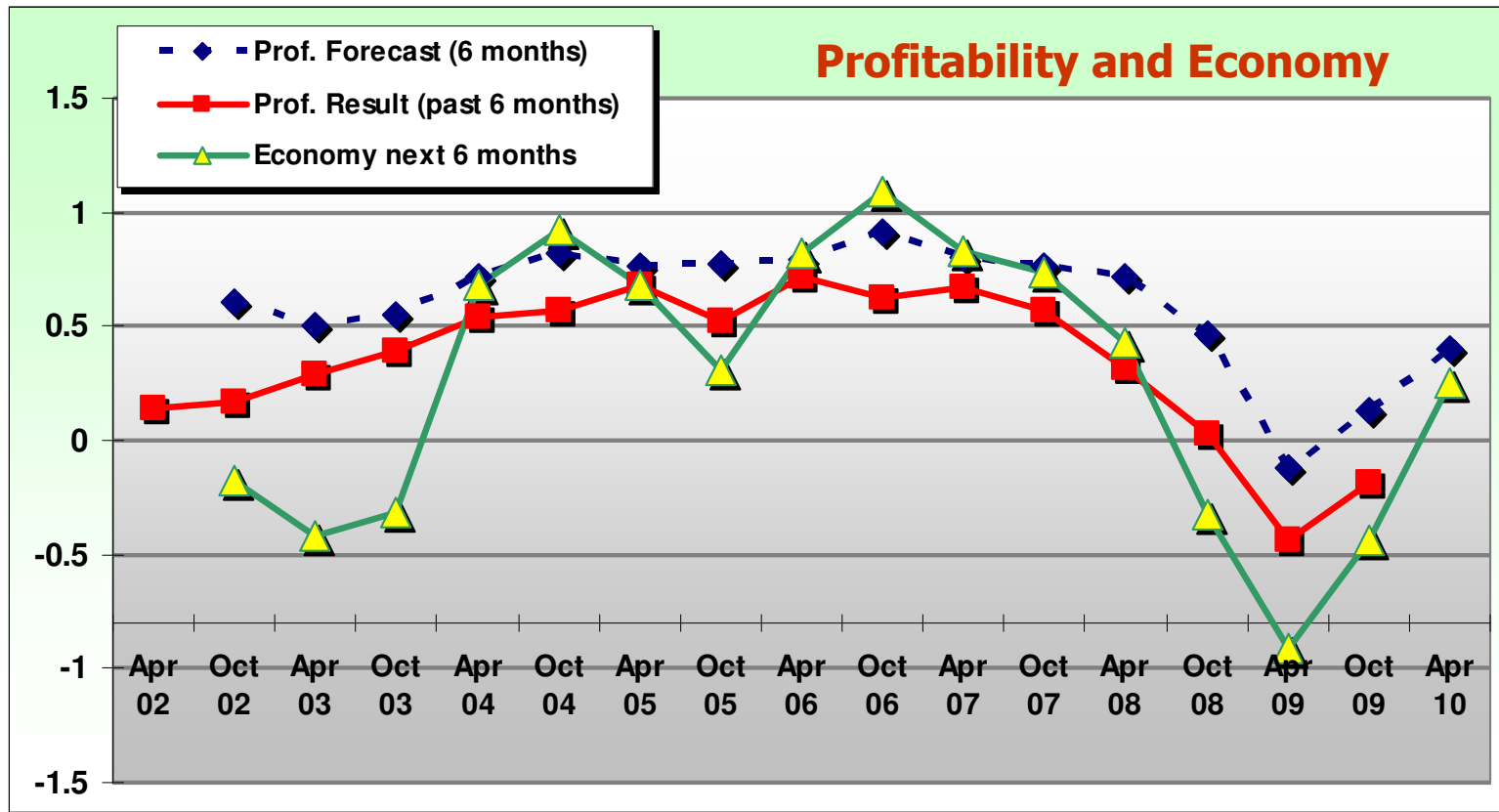


Conclusions:

- (1) The companies' views on the economy and their sales forecasts go hand-in-hand.
- (2) Sales result past 6 months was better than the downtrend forecasted for the economy.

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A Comparison (2)

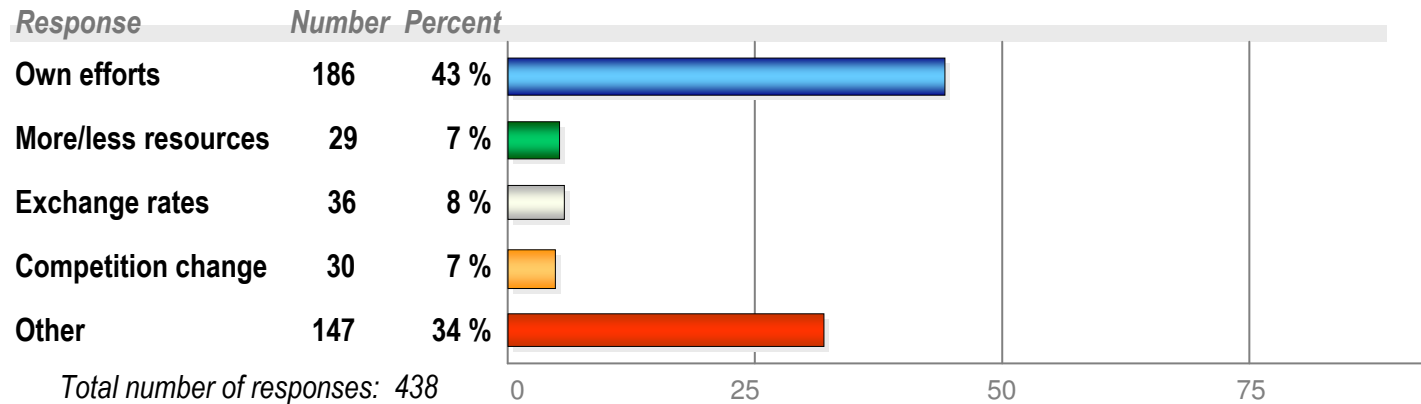


Conclusions:

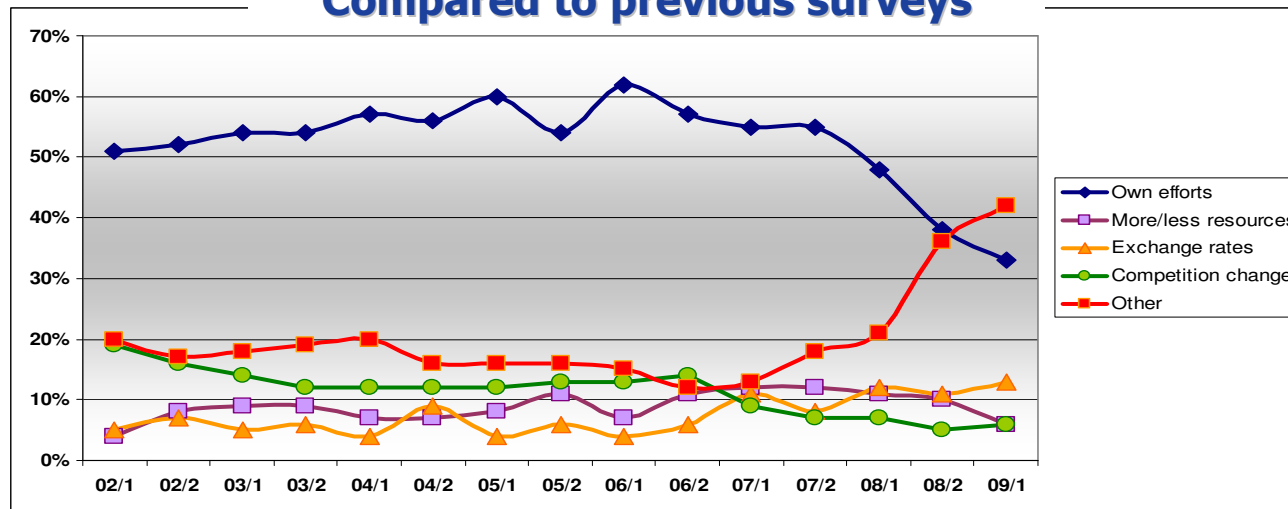
- (1) Changes in profitability are smaller than changes in sales and views on economy.
- (2) The predicted profitability improvement for next six months is in line with the views on economy.

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4. Reasons behind the changes in business performance



Compared to previous surveys



Noteworthy:

The further increase in 'Other' reasons for change, which started two surveys ago, indicates how clearly the bad global business climate is perceived as affecting the business performance.

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4. Reasons behind the changes – Other reasons

(All comments are available on the website)

About 40 comments relating to the global economic crisis

Customers taking more time to consider their purchases. Bank loan screening also.

35% downturn in the market for new housing / buildings.

Own efforts and improving financial markets

Because of the new ecological product.

Gradual Increase in Customer Confidence

Growth in our key industries.

Demand development + successful cost and financial management

Legal requirement changes from FSA

Postponement and cancelation of orders

Customers building (minimum) stocks again

Inactive real estate investment market

H1N1 and Global economy crisis

Sales was suspended for the time being

Customers taking more time to consider their purchases. Bank loan screening also.

Crash of automotive industries.

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4. Reasons behind the changes – Comments

(All comments are available on the website)

Corporations both in Japan and abroad have slashed budgets in many areas, and we are a service supplier to corporations (mainly "gaishikei").

Customers have seen their own revenues and profits under pressure over the past six months and so have cut costs and reduced capital investment. However, some improvement in the situation is now being seen.

Fallout from the financial crisis has created some opportunities and more challenges.

Improved market conditions have helped create revenue opportunities, meanwhile we are leaner following some cost cutting exercises.

in the crisis surviving was the name of the game. Even long term initiatives had to be sacrificed, like it or not. But strong financial management now proves to allow us to position ourselves for new growth again.

Introduced a new and focused Management team to drive change and introduce products relevant for the market and suited to these economic conditions.

Japanese Automotive industry has entered into the era of investment for development for new car for 2013. So their budget is increasing.

Market is bullish and profits are on the rise, combined with cost cutting and activity reorganization.

Our customers are used to use more money for keeping Japanese quality. They are now trying how they can save money like international standard.

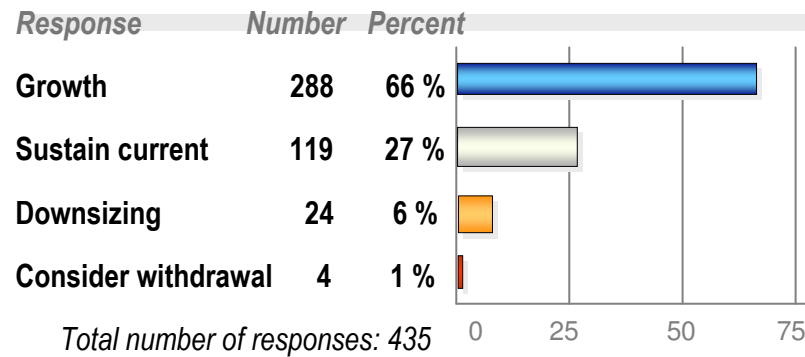
Poor economy translates into reduced consumer interest in luxury products.

We have been able to maintain profitability thru the downturn so far, by our own efforts. Profitability is set now to decline because there is nothing left to cut...we are down to the bone. Further cuts would be equivalent to amputation...cutting off a viable member, and action that would result not only in reducing costs but also in further reducing profits.

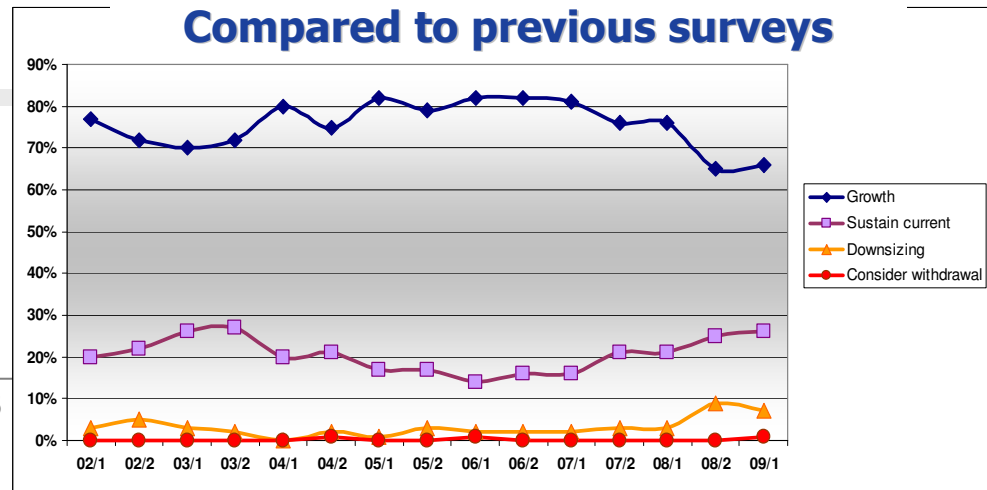
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5. Strategies in Japan

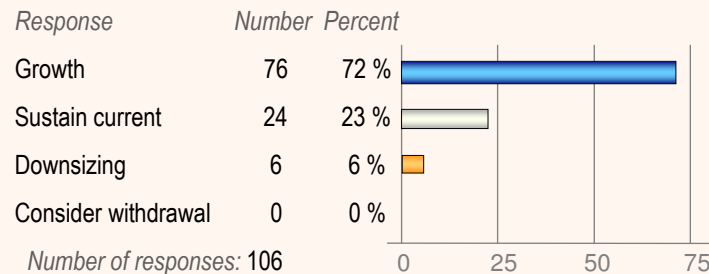
TOTAL FOR SURVEY



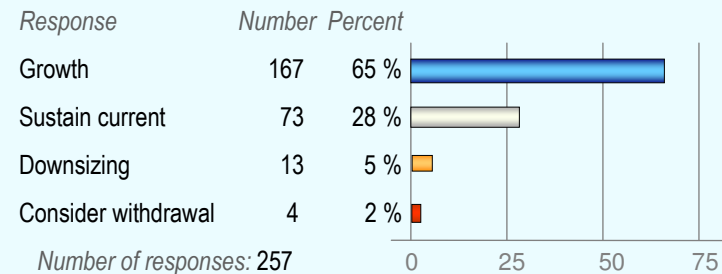
Compared to previous surveys



North American companies



European companies



Australia/New Zealand: Growth: 74%, Sustain current: 23%, Downsizing:3%, Consider withdrawal: 0%

Brazil: Growth: 52%, Sustain current: 36%, Downsizing:12%, Consider withdrawal: 0%

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5. Strategies in Japan - Comments

(All comments are available on the website)

Expecting change of telecommunication market to global internet society when LTE comes, then there may be big potential for us business of reentry to Japan market. "Never give up!"

Growth is not the question; whether to seek to maintain the business, downsize or withdraw will all be considered in the next 3 to 6 months.

Maintain current profit level for now; sales & profit expansion next year

Need to meet the appropriate level for business opportunity and growth. Flat market requires business efficiencies.

New fields of applications and increased requirements on our material in particular to the electronic industry.

No longer a global priority. Head office open to opportunities proposed by Japanese organization.

Remain committed to the market, remain committed to providing our services, and hopefully remain afloat until things improve.

Reorganization of activity: withdrawal from risky activities and seeking growth in profitable and less risky business

Take advantage of the economic downturn to introduce relevant product offerings that drive cost savings for customer

Try to sustain level of sales but increase profitability through a tight control of operational expenses + downsizing of the sales network

We are a very small office with a lot of potential to increase activity with BC, but we will need more resources to do so. Our company would also like the capacity to take on other clients

We are fighting to avoid localization of our production in China, Thailand and keep profitable businesses in Japan

We have been doing business here for 20 years, and we will sustain operations without layoffs during this difficult time. We have no intention of leaving or "giving up!"

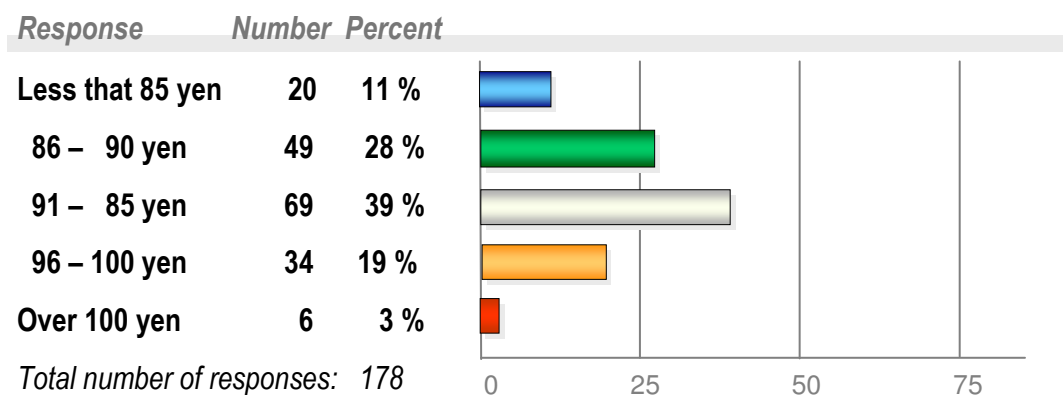
We have used the economic downturn to expand our product portfolio and market presence through acquisition at advantageous prices.

We remain confident about Japan future but we will adjust investment timing to recovery signs in specific given industries

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6. Exchange rates in 6 months time

USD/JPY rate (North American, Australia/New Zealand, Brazil and South Africa chamber members)



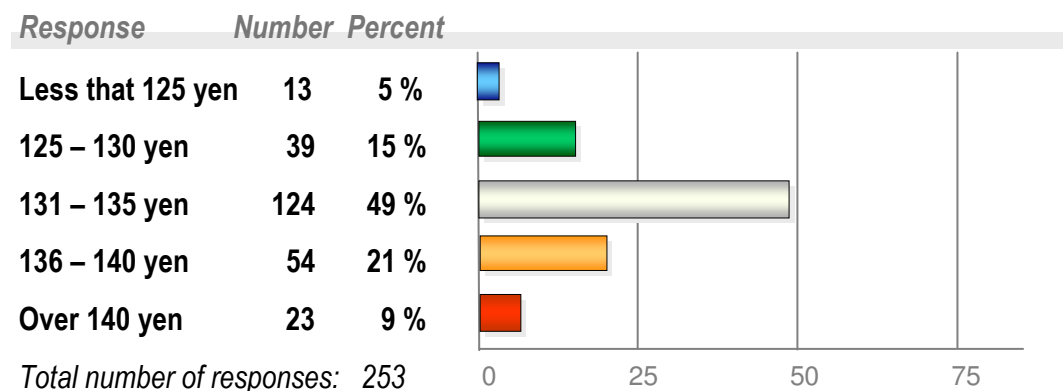
Average:

91.7

Rate during the survey period:

90.0 - 91.3

EUR/JPY rate (asked from European chamber members)



Average:

133.6

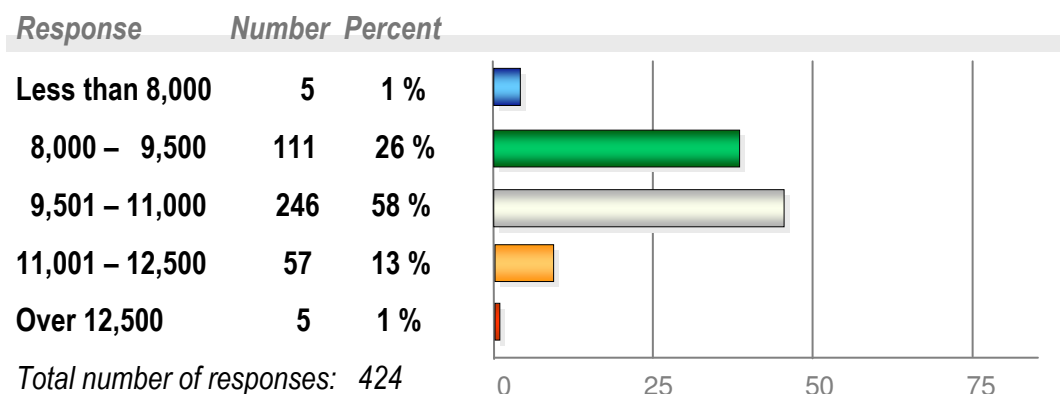
Rate during the survey period:

132.7 – 136.9

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7. Nikkei index in 6 months time

TOTAL FOR SURVEY



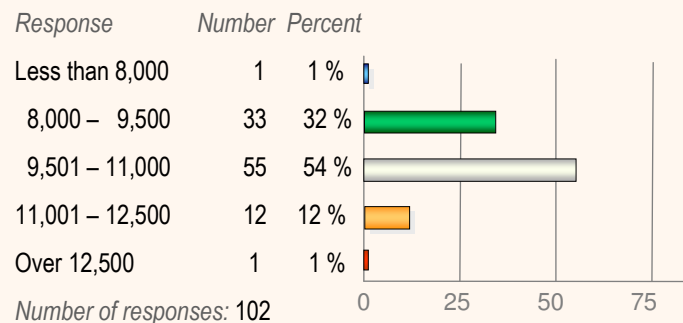
Average:

10,071

Index during the survey period:

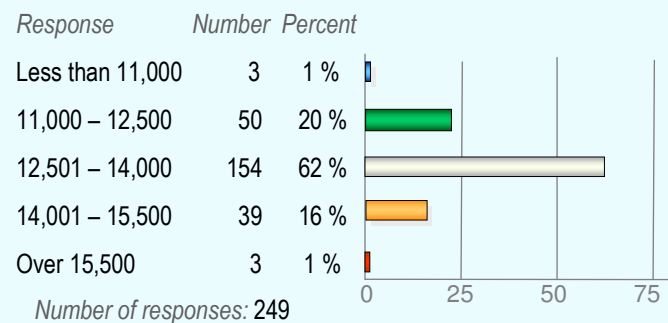
10,016 – 10,364

North American companies



Average: 9.866

European companies



Average: 10,196

Australia/New Zealand: 10,022 Brazil: 9.926

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General Verbal Comments

(All comments are available on the website)

Because business is expanding I would like to know what financing is available in Japan to cover cash flows primarily.

Clients seem to be willing to overcome licensing hurdles (by hiring intermediary services) in order to have access to a good product. When there is a will there is a way, and clients still seem to be willing to pay extra for good performance.

First the IT/net created efficiencies for corporations and now that it is firmly established industries servicing the large companies now must change their service model. Many companies were unaware of the magnitude of the shift, have been too slow change and/or caught off guard by the speed of shift due to the economic downturn over the past year.

It would be good to see some regulations introduced for the adventure tourism industry.

Japan's competitiveness in export markets remain a great concern, high yen, rising social costs in Japan, generally high cost.

Labor law too strong. Not easy to remove incompetent employees

Labor laws regarding downsizing in some domains while investing in new areas?

Lack of free movement for permanent visa holders. We would like to see the re-entry visa requirement be permanent for these visa holders.

No coordinated efforts in areas environment and energy savings, must do more.

No significant progress in the approval of the list of food additives submitted by the EBC (need of political pressure from European institutions).

Recently formed committee at ACCJ focusing on ethics and standards within the recruitment industry

taxation of software imports in Japan is still an unclear issue with tax authorities.

The Japanese market is still very closed in the railway industry by many outdated regulations.

We hope ACCJ will invite more DPJ key personnel so that we can have better understanding of DPJ policies and strategies.

Will the new Japan Government discriminate against foreign owned companies bidding for public projects?

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Summary

Economy in the next 6 months: back into positive territory expected

- ❑ The global economic uncertainties seem to have eased and the economic outlook for Japan in for the next 6 months moved into positive after two surveys deep in the red. The index shows now +0.25 compared to -0.44 in the Spring 2009 survey. This time 44% expect strong or some improvement while 40% expect no change and 17% of the respondents some or strong decline.
- ❑ Australia/New Zealand affiliates are less positive (+0.12) than North Americans and Europeans (+0.33 and +0.26).
- ❑ By type of business, the differences were small, the service sector is most positive (+0.38) while sales & trading sector is least optimistic (+0.15) .

Economy in the next 12 months: increased growth in sight

- ❑ The respondents saw an increased upturn in the economy within 12 months, and a significant change from previous survey, now +0.60 (compared to +0.21 in Spring 2009), now 74% expect strong or some growth, while only 12% see a decline.
- ❑ By area the differences were minor with European and Australia/New Zealand companies predicted highest (+0.68) whilst the North Americans (+0.64) and Brazilian (+0.58) were only slightly lower.
- ❑ By type of business, finance sector is most optimistic (+0.69) while the manufacturing sector see the next 12 months least favorably (+0.43).

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Summary (2)

Sales Performance

Past 6 months...

- ❑ Although the index is still in the red (-0.28), it represents a significantly less steep downward development compared to the Spring 2009 survey when it was -0.56. While 34% had seen an improvement in sales, still 49% had experienced further decline.
- ❑ The North American affiliates reported a less worse sales performance (-0.12) than the European (-0.27) , ANZ (-0.39) and Brazilian (-0.74) affiliates.
- ❑ By sector, the finance reported positive (+0.04) development, service largest decline at -0.30.

Next 6 months...

- ❑ Looking ahead, respondents forecast the sales to improve significantly, now the index was +0.47, while it was +0.15 in the April 2009 survey. 62% expect sales increase while only 20% see a further decline.
- ❑ ANZ and North Americans were highest with +0.56 and +0.55 respectively with Europeans and Brazilian companies lower; +0.45 and +0.32.
- ❑ By sector, manufacturing expects the least positive development, +0.33, while finance and service the most positive at +0.73 and +0.52.

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Summary (3)

Profitability, the past 6 months...

- ❑ The reported profitability continued to be in the negative territory, although less. Now -0.19 when it was -0.44 in the Spring survey. 46% of the respondents saw a strong or some decline.
- ❑ North American, European and ANZ affiliates reported similar performance (-0.12, -0.17 and -0.15), while Brazil were clearly worst at -0.58.
- ❑ By sector, finance reported positive development (+0.12) while service sector was clearly worst at -0.36.

And the coming six months?

- ❑ As with sales, also profitability is expected to show a positive development in the coming 6 months, the index was now +0.40 compared to +0.13 in the Spring survey; 55% of the respondents forecast strong or some improvement in profitability; only 18% a decline.
- ❑ North American and ANZ affiliates were most positive (+0.51 and +0.47). Europeans and Brazilian less so, +0.35 and +0.30.
- ❑ By sector, finance was clearly most positive (+0.70) while trading and manufacturing are most pessimistic at +0.29 and +0.39 respectively.

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Summary (4)

Strategies in Japan

- ❑ Despite the negative views on the economy in the short term and also very negative performance figures, the respondents continue to see Japan as a market with room to expand in the long term — 66% (65 % in the previous survey) are looking for further growth and 26% (25%) expecting to sustain their current level. The share of companies planning to downsize was now 7% when it was 9% in the previous survey. This survey had the highest number of companies that are considering withdrawing from the market, but it was still only 1% (four respondents out of 51) .
- ❑ Notable is that the North American companies were more optimistic than their counterparts, European and ANZ, with 75% aiming for further growth (only 66% for European and 62% for ANZ).

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Commentary by Dr. William Schrade (1)

- This fall 2009 Survey predicts three general trends over the next 6 months. First, Japanese real GDP will grow below trend for the next 6 months (BOJ has used 2% Real GDP as the trend); second, growth will increase in late 2010; and thirdly, the Yen will continue at near recent averages of 91 and 132 yen per dollar and Euro respectively (survey's prediction 91.7 and 133.6). Thirdly, very significant is 39 percent in the survey predict the dollar will go lower than 90 yen. How do these predictions square with current economic data?
- Regarding the first and second prediction, the data from several major economies have reported positive Real GDP growth. Japan's cabinet office reported 3.7 percent growth in real GDP for the 2nd quarter 2009. Major export market, the US, just reported a 3.5 percentage growth rate for Real GDP in the 3rd quarter. China has reported an 8 % plus growth rate which continues to impress the news media and themselves. These three "success" stories are the result of government stimulus efforts. Unfortunately, such GDP growth requires the stimulus to continue or the growth it causes will disappear. Moreover, there is nothing in macroeconomic theory beyond the multiplier effect which would explain any positive linkage between government spending and the creation of new, organic demand in the private sector. In all three cases, China's, Japan's and the US's stimulus packages are running out. Japan cannot expect that this external demand from government stimulus will be the source of its growth. Especially in the case of the US, the trend for private consumption is on a downward trend. Traditionally consumption made up two thirds of US GDP. Recently this has risen to 70 percent fed by the rapid growth of home equity and security prices. But the collapse of home and security prices with its negative wealth effect wealth appears to be driving US consumption back to a lower percentage of GDP. This means consumption will be a drag on US GDP until the new trend in consumption settles down. Addition to that the massive job loss in the US and US economy will not be the source of new export demand.

FCIJ Business Confidence Survey – Fall 2009

Commentary by Dr. William Schrade (2)

- The third prediction, the appreciated Yen, means Japanese exports will continue to suffer. Japan's competitors have benefited. The Yen (and exports) will not provide its traditional contribution to growth until US monetary policy decouples from its zero interest rate policy allowing the "traditional" zero interest policy of BOJ to depreciate the yen through the "carry trade". Given the fear of a possible double-dip recession, the Federal Reserve will not increase interest rates until a trend of steady GDP growth and employment is confirmed. How many quarters are required to confirm this fact? At least two more solidly positive quarters are necessary. There were too many doubtful questions about the last quarterly US GDP figures.
- Looking at the other domestic component of Japanese GDP, we see, at best, that Japanese fiscal stimulus measures can continue to support the current tepid growth. Private investment will continue to be subpar as profits suffer. And finally, the Japanese consumer will contribute less and less as wages, salaries and employment take a toll on consumption expenditures.
- It appears the survey's conclusion of modest growth fits currently available data.
- Finally, one very troubling fact further clouds this modestly optimistic picture and for economists presents an intriguing theoretical puzzle. It is Japanese Nominal GDP. Nominal GDP is GDP in terms of the actual value of transactions that were made. Real GDP adjusts for price changes from the previous time period. Inflation reduces nominal GDP and deflation increases it. If we look at the Japanese historical high in Nominal GDP, we see that it occurred in 2007 Nominal GDP with 515.8 trillion yen. Nominal GDP in 1997 was 515.6 trillion yen. It took Japan 10 years to overtake to this 1997 high! In 2008 Nominal GDP fell to 507.6 trillion yen. This year, even assuming nominal GDP grows at 10 percent for the next 2 quarters, nominal GDP will be below last year's 507 trillion. Realistically it will probably be 490-500 trillion which matches Nominal GDP 2003 -2005! The domestic burden of Japanese denominated debt both nationally and individually will play havoc on future growth. At the same time, the Japanese cabinet Office has reported that Real GDP for 2007 was 571.6 trillion yen. From 1997 to 2007, physical output of goods and services increased 14 percent. The money income from these products remained constant. This occurred with an extremely expansionary monetary policy. This is not a monetary phenomenon. This must be the result of real factors unique to Japan.

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The Survey Report and additional comments from respondents
are available in pdf format at:

<http://www.fcc.or.jp/fcij/bcs.html>

The next survey will be conducted in April 2010.

This survey has been supported by:



<http://www.asiantigers-japan.com/>