

## JFTC News

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## Decision on Candidate to Be the Next JFTC Chairman

Chairman and Vice Chairmen’s Meeting was held on Friday March 7, 2008. As former Chairman Mikio Sasaki (Chairman of the Board of Mitsubishi Corporation) intended to step down as Chairman of Japan Foreign Trade Council, Inc. (JFTC) at the end of May this year when his second term of office expired (each term of office being two years), it was decided at the meeting to recommend Vice Chairman Nobuo Katsumata (Chairman and Member of the Board of Marubeni Corporation) as the candidate to succeed Mr. Sasaki as chairman.

The new chairman was formally elected at the 84th ordinary meeting of the general assembly on Friday May 30.



Left: Mr. Sasaki Right: Mr. Katsumata

## Bilingual “Japan’s Foreign Trade 2008” published on March 28th

JFTC published “Foreign Trade 2008” (Nihon Boeki no Genjo) on 28th of March this year. A series of this handy booklet, a kind of the “Small-White Paper on Trade” has been widely used among those interested in Japanese economy and trade since first edition in 1976.

Foreign Trade 2008 is written bilingually in Japanese and English. Booklet (¥500 including tax) is available for purchase at large book stores and government book centers. Inquiry for mail order should be addressed to [iar@jftc.or.jp](mailto:iar@jftc.or.jp) or by fax 03-3435-5979.



### — Introduction —

World trade is expanding with the increasing interdependence of the global economy, accompanied by the advancement of globalization. On an export basis, value of world trade has doubled in the last five years from \$6.1 trillion in 2001 to \$12 trillion in 2006, with expected growth to 7% in 2007 according to IMF predictions. In this period, Japanese exports, continuing a shift to

high value-added products, also increased in value slightly over 50%, leading the Japanese economic expansion that began in early 2002.

Japanese trade in 2007 saw exports increase for the sixth consecutive year to ¥83.9 trillion (up 12% on last year) and imports increase for the fifth consecutive year to ¥73.1 trillion (up 9%). This resulted in a trade surplus of ¥10.8 trillion (up 37%) and a shift to growth for the first time in three years. These figures were fairly consistent with the trade balance forecast issued by JFTC in December 2006 (¥10.9 trillion surplus on a fiscal year basis. Meanwhile exports were forecast at ¥81.0 trillion and imports at ¥70.0 trillion).

The main features of Japanese trade in 2007 were as follows.

First, there was expansion of trade with China. Total trade value with China (excluding Hong Kong) reached ¥27.9 trillion to exceed the U.S., at ¥25.3 trillion, for the first time. Furthermore, including Hong Kong, exports reached ¥17.4 trillion to exceed the U.S. for the first time with exports reaching ¥16.9 trillion, a shift into decline after an interval of four years.

Second, there was a large-scale increase of exports to emerging nations and resource-rich nations, which continue to grow rapidly. Exports to BRIC countries (Brazil, Russia, India and China) grew 20% to reach ¥15.3 trillion, centered on Transport Equipment (Motor Vehicles) and Machinery (plant related), and exports to the Middle East grew by 40% to reach ¥3.1 trillion.

Third, there was a steep price rise in imports due to rising costs of energy and primary products, symbolized by crude oil and grain. Although import volume shifted into decline due to the effect of domestic demand concerns for the first time in six years the price of imports climbed 10%, resulting in an increase of the total import value.

Japan is deepening its cooperation with East Asia, the world growth center, and working to incorporate vitality while undergoing economic growth together. Needless to say, the importance of the U.S. as the ultimate consumption region should continuously be recognized. It is hoped that by reading this report, a deeper understanding will be gained of actual trade trends by country, region, and product.

In “Forecasts for Japan’s Trade Balance and Current Account in FY2008,” released by JFTC on December 5 last year (printed at the end of the book), the 2008 trade balance is forecast to reach a new record high of ¥16 trillion. Furthermore, in “Toward a New Foreign Trade Country” (a report by the “Medium-Term Vision for Trade and Investment” Special Research Committee) published on January 9th this year, analysis suggests that surplus on Japan’s current account will continue at a high level into the future. Together, it is hoped these will serve as a reference when exploring the current status of trade and investigating future trends.

(Both “Forecasts for Japan’s Trade Balance and Current Account FY2008” and “Toward a New Foreign Trade Country” can be downloaded in Japanese only from JFTC website.)

## Toward a New Foreign Trade Country

### A Report of JFTC Special Research Committee on “The Medium Term Vision for Trade and Investment”

JFTC was established on June 25, 1947, and celebrated its 60<sup>th</sup> anniversary last year. As one of the events to commemorate this milestone, JFTC launched a Special Research Committee on “The Medium Term Vision for Trade and Investment”. The Committee engaged in surveys and research from the perspective of securing and strengthening



### The report published

was published on January 10, 2008.

Also, January 21, a symposium was held in the International Conference Room of Keidanren Kaikan to commemorate the publication of the report inviting five panelists from the government, academia, manufacturing as well as trading industries.

The report represents the result of research, analysis, and discussion among economists from the member trading companies, who focused on the high potential and adaptive abilities of Japanese companies and the Japanese economy, and conducted analysis centered on Japan's trade and investment relations with overseas economies to answer the question: What must be done to achieve a bright and prosperous future for Japan? The report aims at a medium term perspective, over the next five to ten years.

The Special Research Committee was headed by Professor Fukunari Kimura of the Faculty of Economics of Keio University and met a total of 21 times over the course of 17 months between June 2006 and October 2007. In addition to the energetic debate among Special Research Committee members, leading figures and experts from academia and other industries were invited for interviews and exchanges of opinions, thus advancing the research and study of the Committee.

Japan's position in the global economy and boosting the vitality of the Japanese economy at the same time, with the goal of identifying structural and institutional obstacles to external economic exchange and presenting a direction for solving such issues. The report

The starting point for our discussions was an intuitive questioning of the pessimistic future image of Japan that is generally accepted, namely "Japan's vitality will decline in the face of a declining birthrate, aging society and mature economy."

The report identifies a large number of issues facing Japan and Japanese companies, including surging prices of natural resources and energy coupled with the emergence of resource-based nationalism, increasingly serious environmental problems, as well as the rapid aging of society and falling birthrates. It goes on to assert that if Japan and Japanese companies can harness their potential and put their highly adaptive abilities to the fore in overcoming the various challenges that are faced, it will be possible to establish Japan as a foreign trade country at a new level, or in other words a "new foreign trade country" and therefore create a midterm vision for a bright and prosperous future for Japan.

An outline of each chapter of the report is described below.

### **Chapter 1 : Japan's "current account balance": robust trade surplus expansion set to continue**

The expansion of Japan's "trade surplus," which has been hidden in the shadow of surging oil prices, has been a source of real strength for Japanese companies and the economy, and exports not only of completed products, but also of materials are increasing. Following the active expansion of Japanese companies overseas, an upward trend of the "income surpluses" has been witnessed in addition to manufacturing-related trade surpluses, and thanks to the increase of income from tourism and patent revenue, "service income deficits" are steadily declining. For the foreseeable future, it is expected that the accumulative trend in the current account surplus will definitely continue.

## **Chapter 2 : Importance of regional strategy and Asia**

Japanese companies have expanded their businesses in East Asia through an effective combination of production network development in the region, coupled with the dynamism of the region and the technology, management know-how, and business models that Japanese companies possess. East Asia has seen progress of so-called “de facto” economic integration based on the region’s production networks, and now a stage has been reached where further moves are to be made towards “de jure” economic integration. These structural changes form the base for free-trade agreements (FTA) and economic partnership agreements (EPA) that are being promoted by the Japanese government.

## **Chapter 3 : Addressing serious issues of resources, energy, and environment**

In recent years, issues pertaining to natural resources, energy, and the environment have emerged as significant factors for concern. However, Japan has the capacity and ability to lead the world in utilization of energy conservation and environment-friendly technologies that it has developed over the course of many years and this can be expected to lead to improvement in Japan’s strength and competitiveness.

## **Chapter 4 : Toward enhanced competitiveness for Japanese companies**

Analysis and discussion on Japan’s current situation and role of government policy focused on labor input, capital input, and total factor production that are the three main factors of economic growth.

Although there are many challenges, in the midterm, the driving power will come from the production and logistics networks of East Asia, from which it will be possible to create a vision for the Japanese economy brimming with vitality. Japan will move toward a transformation from being a conventional “foreign trade country” largely dependent on imports of materials and

exports of goods, to a “new foreign trade country” built upon international investment and the mutual exchange of human resources, goods, capital, and information.

## **Chapter 5 : Conclusion and recommendations**

In the conclusion of this special research, it is asserted that if Japanese companies and the Japanese government engage diligently and firmly in the activities that are required of them, then Japanese companies will be considerably strengthened and Japan will be able to attain the goal of establishing itself as a new foreign trade country. The report sets out recommendations towards the realization of a “new foreign trade country” for three parties: “for trading companies,” “for Japanese companies,” and “for the Japanese government.”

## **Holding of “Shosha Environment Month”**

As part of JFTC’s efforts to address environmental issues, through its Global Environment Committee it has prepared a voluntary action plan for the environment and engages in activities such as the holding of courses on the environment at universities.

Concern about environmental problems has been mounting both within Japan and overseas, and factors such as the start of the Kyoto Protocol’s first commitment period have been casting the environment in an increasingly important light. In view of this, JFTC has designated June to be “Shosha Environment Month” from this year onward. June 5 is “World Environment Day” and has also been designated to be “Environment Day” in Japan under the “Basic Environment Law”, and as a result of the advocacy of the former Environment Agency, since 1991 the month of June has been called “Environment Month,” a period during which a variety of environment-related activities have been undertaken.

The following are the two main activities scheduled to be undertaken during “Shosha Environment Month” this fiscal year.

### **1. Exhibiting at the Integrated Exhibition of the Environment in Celebration of the Hokkaido Toyako Summit**

The Integrated Exhibition of the Environment in Celebration of the Hokkaido Toyako Summit will be held in Sapporo, Hokkaido, in June, in anticipation of the G8 Summit to be held in July. Its purpose is to enable Hokkaido to tell the world about the initiatives being undertaken to address environmental problems by the industrial community and others at the forefront of efforts to tackle this global issue.

JFTC will exhibit at the exhibition in order to tell the world about what the shosha industry is doing about the environment, namely about shoshas’ environment-conscious business activities and their activities aimed at contributing to society in the environmental field. In addition, JFTC is also cooperating by acting as sponsors of the exhibition.

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Dates: June 19–21, 2008

Venue: Sapporo Dome, Sapporo, Hokkaido

<http://www.do-summit.jp/kankyouten2008/> (in Japanese)

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### **2. Holding an environment seminar**

JFTC will hold a seminar to raise the awareness of regular employees of member companies about environmental problems. Experts will give talks on the subjects of water and of forests, two aspects of the environment that are familiar to regular employees and of interest to them.

On the subject of water, Makoto Murase, secretary general of the nonprofit organization People for Rainwater, will talk on the subject of “Sky water projects as a sustainable water

strategy.” He will talk about environmental problems such as droughts and floods resulting from climate change, and salt damage in coastal regions, presenting case studies from Japan and overseas relating to the use of rainwater to remedy problems.

With regard to forests, Dr. Akira Miyawaki, professor emeritus of Yokohama National University, will talk on the subject of “Forests with their own life force that coexist with corporate development: Conveying Japan’s experience to the world.” He will talk about the creation of genuine woodlands based on potential natural vegetation for the purpose of helping citizens and companies to enjoy long lives and to thrive, and what the results have been.

## **Issue of Statement of Opinion on the Desirable Form of Japan’s International Cooperation**

In recent years the strategic use of official development assistance (ODA) has been a focus of debate. In addition, the nature of ODA and its expected role have changed, and it has become necessary to undertake it from an angle essentially different from conventional aid policy. Reflecting this change in the situation, in January 2008 the Advisory Council on International Cooperation of the Ministry of Foreign Affairs issued its interim report, stimulating further discussion on collaboration between the government and private sector. Meanwhile, the Tokyo International Conference on African Development (TICAD IV) is to be held in May 2008, followed by the Hokkaido Toyako Summit in July, and the establishment of the new Japan International Cooperation Agency (JICA) is slated for October. In view of this, during the 2007 fiscal year JFTC’s Economic Cooperation Committee reviewed its proposal on the desirable

form of Japan's overseas economic cooperation issued in November 2006, and that committee's statement of opinion on the problems affecting all of Japan's ODA was compiled in March 2008.

The four essential elements of that statement of opinion were (1) the assurance of a level of ODA appropriate to Japan's national power, (2) the effective and strategic use of budgets, (3) effective public-private collaboration, and (4) expectations for the new JICA. In April it was submitted to the Ministry of Economy, Trade and Industry, the Ministry of Foreign Affairs, the Ministry of Finance, JICA, and the Japan Bank for International Cooperation (JBIC).

## Petition for the Acceleration of the Conclusion of Investment Agreements

JFTC advocates and calls for the conclusion of social security agreements and tax treaties with other countries for the purpose of developing and enhancing the business environment, and to date it has achieved a measure of success.

Japan has entered into investment agreements with 21 countries, though that remains a very small number relative to the hundred or so such agreements concluded by countries such as Germany, China, the United Kingdom, and France. Given that agreements of this kind serve to mitigate the risk of conducting business operations overseas, and constitute essential system infrastructure for facilitating investment, the JFTC's International Market Committee has been discussing the importance of promoting the conclusion of such agreements and has compiled a list of requests. This has been filed as a petition with the Ministry of Economy, Trade and Industry and the Ministry of Foreign Affairs.

### 1. Key elements of the petition

- The fact that, as evidenced by the increases in the balance of Japan's outgoing foreign direct investment and the income account, the development of operations overseas by private-sector companies has been growing increasingly active in recent years.
- The recognition of the importance of addressing not only business risk but also country risk, for example regarding the abandonment of business operations as a result of the nationalization of business assets by investee countries or of the sudden tightening of regulations.
- A request to accelerate the conclusion of investment agreements for the purpose of alleviating risk when operating overseas and of facilitating investment still further.

### 2. Investment agreements concluded by Japan, and the global situation

Japan has concluded investment agreements with 21 countries: (1) traditional investment protection agreements with 9 countries, (2) recent investment agreements, including rules applied to regulations on foreign investment (investment liberalization), with 4 countries, and (3) economic partnership agreements (including sections that address investment) with 8 countries.

On the other hand the number of bilateral agreements worldwide totaled 385 at the end of 1989 but increased rapidly during the 1990s, reaching a total of 2,573 by the end of 2006. Among major countries that have inked investment agreements, Germany ranks first with 135, followed by China with 120, Switzerland with 111, the United Kingdom with 102, France with 98, and the United States with 49 (as of June 2006).

### 3. The merits of concluding investment agreements

The conclusion of investment agreements can bring about improvements to a certain extent in such areas as the following with regard to business activities in other countries: (1) disadvantageous measures, (2) conditions imposed on investment approvals (performance requirements), (3) discriminatory treatment relative to that accorded to foreign competitors other than those locally owned in investee countries (most-favored-nation treatment), and (4) discriminatory treatment relative to that accorded to locally owned competitors in investee countries (national treatment).

## Contributing to Society with Human Resources

### — Action for a Better International Community (ABIC) —

Action for a Better International Community (ABIC) is a nonprofit organization (NPO) established in April 2000 by JFTC. ABIC has already solidified its foundation as an NPO and is now working to ensure further development toward the future.

Currently with about 1,800 registered members, who are mostly trading-firm retirees, ABIC makes it its mission to contribute to society internationally and domestically, in principle, by utilizing human resources with linguistic skills and global business experience. At the request of a company or organization, whether it is at home or abroad, ABIC can introduce them to an expert best suited to their specific needs, for foreign language ability, functional skills, merchandise knowledge and other fields. Such experts provide the client with professional services at very reasonable prices.

ABIC members are engaged in various activities internationally and domestically. With regard to those of outside Japan, many ABIC members have been dispatched to developing countries as

business advisers in connection with the programs of JICA, the Japan External Trade Organization (JETRO), Ministry of Foreign Affairs or the like. Also, in response to requests from Japanese NGOs/NPOs operating in developing countries, ABIC has been providing them with personnel who can support their social contribution efforts there as a local manager or representative. Further, several members are working for a companies in Southeast Asia and North America as a superintendent.

When it comes to activities at home, at the request of small and medium-sized enterprises (SMEs) mainly through municipal governments in Japan since most of the governments have a public support system for the local SMEs to promote their business, ABIC has been introducing many personnel to them who intend to expand and/or open up their market in the metropolitan area, expand their business with foreign companies or plan to branch out into overseas markets. The SMEs' lack of their own such staff especially for international businesses is compensated by the ABIC experts with global and domestic business experience, and linguistic ability.

Regarding activities related to foreign corporations, ABIC is helping them succeed in doing business with Japanese companies. For example, ABIC makes arrangements for interpreters for overseas exhibitors participating in trade shows held in Japan. Chosen from those with professional knowledge about each client's products and industry, the interpreters can serve concurrently as a business adviser. They are called, therefore, "bilingual business adviser" rather than mere "interpreter".

Meanwhile, ABIC sends many lecturers to various courses offered by universities, open colleges and other organizations. Included in the subjects for the lectures are foreign trade practices, international business and the global situation, corporate strategy for advancing into overseas markets, and much more. Also, to support educational programs for international

understanding, ABIC members give class lectures at elementary schools as well as at junior and senior high schools. Each lecturer talks about a topic of a foreign country where they have resided. Further, ABIC offers charge-free Japanese language and Japanese culture classes to foreign students and their families.

Of course, ABIC members work as volunteers. On the occasion of the international events such as “2002 FIFA World Cup Soccer”, “11<sup>th</sup> IAAF World Championships in Athletics (Osaka 2007)” and “International Skills Festival for All, Japan 2007 (Shizuoka)”, many ABIC members worked behind the scenes, making the most of the English, Spanish, French and other languages which they had mastered during their stay in the respective countries on business.

Although its activity to introduce capable human resources is appreciated by society, ABIC is not necessarily satisfied with the present situation. In the course of expanding its activities in the future, it wishes to add new functions in addition to introducing human resources, so that it can further strengthen both the quality and quantity of its contribution to society.

ABIC welcomes any inquiry or question. Please e-mail ABIC at [mail@abic.or.jp](mailto:mail@abic.or.jp) .

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## Japanese Language Education for Middle Schools in Danang, Vietnam

**Nobuhiro Ito**

**(Former employee of Sumitomo Corporation)**

I am currently in the city of Danang, in Vietnam, a seaside town in the central part of the country that served as a U.S. military base during the Vietnam War. As part of its corporate philanthropy activities, Sumitomo Corporation started a course called, “Japanese Language-Oriented Cross-Cultural Education Program for Vietnamese Children” two years ago. The company contacted the nonprofit organization, Action for a Better International Community (ABIC), to look for a Japanese teacher and they appointed me.

Behind this was the fact that the Vietnamese government, with the help of the Japanese government, introduced Japanese language courses in middle schools on a trial basis four years ago, and Sumitomo Corporation decided to begin its project in line with these efforts by the two governments. Given that Danang is projected to experience an influx of Japanese companies and achieve rapid development, it was decided to begin classes in Danang.



Teaching “Ayatori” to Vietnamese pupils



Four middle schools in central Vietnam (two in Danang and two in Hue) have introduced Japanese language courses, but Sumitomo Corporation's classes were started to form part of extracurricular activities for pupils at middle schools without such courses. At present there are around 85 children studying in these classes in two grades. The age of the pupils cover a wide range, from the equivalent of 6th grade at Japanese elementary schools to 3rd grade at junior highs.

There's great enthusiasm for the Japanese language here in Danang, with about three times as many applicants as there are places available. There is also a high level of interest in Japan, particularly as an industrial country, and feelings towards Japan are positive. Given the Vietnamese national character, coupled with the fact that this is a provincial city, the people here exude a kind of warmth that faded away long ago in Japan, and the warmth is especially evident in the genuineness of the children.

In addition, as this is not a society awash with material goods I am moved by the emotions of the children when they encounter things, and by the candid words they use to express them. When seeing a scene such as this, someone with teaching experience in Japan commented that "They show such pleasure when given even a single sheet of origami; something that would be unthinkable in Japan. When I see that kind

of reaction, I just feel to do something more for them.." I am delighted to say that I have that kind of experience everyday.

I am assisted by a lecturer at the University of Danang's Japanese language course (a member of the first class to graduate last year) and a fourth-year student in the course, and in addition three third-year students act as assistants in the origami classes. For my part, I help them to convey Japanese language and culture at their levels, and am delighted to contribute in that way to the ongoing introduction of Japanese culture to other people in the future. Being able to teach Japanese in an environment such as this, and to convey knowledge of Japanese culture to others little by little, is a huge blessing for me.

A long-held view of mine since my days as a sogo-shosha employee is that around half of Japan's Official Development Assistance should be earmarked for education about Japan and the Japanese language. This is because, as we enter an age of internationalization and thus an age in which we depend to a certain extent on foreign labor, this is the most fruitful method of building understanding of Japan, and in particular, it is very effective when people are invited to come to Japan. I hope that not only Japanese public institutions but also private organizations will give more thought to this.



Gathering at writer's house in summer holidays

Finally, as I am sure the people at ABIC know only too well already, I would comment that Vietnam is a Mahayana Buddhist country that was under Chinese rule for around a thousand years, and Chinese culture has left a deep imprint even today. Vietnam used Chinese characters in its writing system until about a hundred years ago.

## Financial Results of Shoshas for the year ended March 31, 2008

(Unit : Millions of Yen, Percentage : changes from the previous year)

| Consolidated<br>Financial Results                   | ITOCHU<br>CORPORATION |         | MARUBENI<br>CORPORATION |         | MITSUBISHI<br>CORPORATION |          | MITSUI &<br>CO.,LTD. |          | SOJITZ<br>CORPORATION |          | SUMITOMO<br>CORPORATION |          | TOYOTA<br>TSUSHO<br>CORPORATION |          |
|---|-----------------------|---------|-------------------------|---------|---------------------------|----------|----------------------|----------|-----------------------|----------|-------------------------|----------|---------------------------------|----------|
|   |                       |         |                         |         |                           |          |                      |          |                       |          |                         |          |                                 |          |
| <b>Total Assets</b>                                 | 5,255,420             | (-0.3%) | 5,207,225               | (6.9%)  | 11,754,439                | (2.3%)   | 9,690,879            | (-1.2%)  | 2,669,352             | (1.9%)   | 7,571,399               | (-10.2%) | 2,603,206                       | (5.7%)   |
| <b>Liabilities</b>                                  | 4,131,331             | (-2.4%) | 4,346,644               | (7.3%)  | 8,546,717                 | (3.8%)   | 7,263,243            | (-2.7%)  | 2,149,024             | (2.9%)   | 5,948,710               | (-13.3%) | 1,963,476                       | (7.0%)   |
| <b>Shareholders' Equity</b>                         | 202,241               | (0.0%)  | 262,686                 | (0.0%)  | 201,825                   | (1.3%)   | 337,544              | (4.4%)   | 160,339               | (30.6%)  | 219,279                 | (0.0%)   | 64,936                          | (0.0%)   |
| <b>Total Shareholders' Equity</b>                   | 1,124,089             | (8.2%)  | 860,581                 | (4.8%)  | 3,207,722                 | (-1.8%)  | 2,427,636            | (3.3%)   | 520,327               | (-2.1%)  | 1,622,689               | (3.4%)   | 639,730                         | (2.1%)   |
| <b>Trading Transactions</b>                         | 12,412,456            | (7.2%)  | 10,631,616              | (11.3%) | 23,103,043                | (12.6%)  | 17,009,056           | (10.8%)  | 5,771,028             | (10.6%)  | 11,484,585              | (9.1%)   | 7,000,352                       | (12.7%)  |
| <b>Gross Trading Profit</b>                         | 995,904               | (9.6%)  | 596,916                 | (12.4%) | 1,172,222                 | (2.3%)   | 988,077              | (9.3%)   | 277,732               | (9.1%)   | 934,542                 | (9.0%)   | 369,523                         | (12.5%)  |
| <b>Gross Trading Profit Ratio</b>                   | 8.02%                 | -       | 5.61%                   | -       | 5.07%                     | -        | 5.81%                | -        | 4.81%                 | -        | 8.14%                   | -        | 5.28%                           | -        |
| <b>Selling, General and Administrative Expenses</b> | 723,403               | (13.2%) | 393,367                 | (7.7%)  | 821,026                   | (11.9%)  | 605,176              | (4.1%)   | 185,368               | (5.0%)   | 669,364                 | (9.7%)   | 237,852                         | (8.9%)   |
| <b>Operating Income</b>                             | 266,524               | (0.7%)  | 200,153                 | (21.3%) | 355,105                   | (-13.5%) | 374,828              | (16.3%)  | 92,363                | (18.5%)  | 254,101                 | (6.0%)   | 131,671                         | (19.7%)  |
| <b>Financial Balance</b>                            | -7,709                | (2.0%)  | -19,623                 | (63.2%) | 122,984                   | (-0.1%)  | 1,170                | (-85.9%) | -14,565               | (-16.2%) | -27,578                 | (20.0%)  | -2,268                          | (-50.6%) |
| <b>Net Income</b>                                   | 218,585               | (23.5%) | 147,249                 | (23.4%) | 462,788                   | (11.4%)  | 410,061              | (36.0%)  | 62,693                | (6.7%)   | 238,928                 | (13.2%)  | 67,506                          | (-12.6%) |

| Non<br>Consolidated<br>Financial Results            | ITOCHU<br>CORPORATION |          | MARUBENI<br>CORPORATION |          | MITSUBISHI<br>CORPORATION |          | MITSUI &<br>CO.,LTD. |          | SOJITZ<br>CORPORATION |          | SUMITOMO<br>CORPORATION |          | TOYOTA<br>TSUSHO<br>CORPORATION |          |
|---|-----------------------|----------|-------------------------|----------|---------------------------|----------|----------------------|----------|-----------------------|----------|-------------------------|----------|---------------------------------|----------|
|   |                       |          |                         |          |                           |          |                      |          |                       |          |                         |          |                                 |          |
| <b>Trading Transactions</b>                         | 5,625,287             | (-5.2%)  | 6,193,597               | (-1.5%)  | 10,832,868                | (-0.5%)  | 12,291,218           | (7.7%)   | 3,480,490             | (22.8%)  | 6,388,976               | (11.5%)  | 4,862,155                       | (15.9%)  |
| <b>Gross Trading Profit</b>                         | 162,913               | (3.2%)   | 141,524                 | (14.6%)  | 195,549                   | (2.3%)   | 211,903              | (-0.6%)  | 76,297                | (17.2%)  | 194,771                 | (1.6%)   | 124,583                         | (8.1%)   |
| <b>Gross Trading Profit Ratio</b>                   | 2.90%                 | -        | 2.29%                   | -        | 1.81%                     | -        | 1.72%                | -        | 2.19%                 | -        | 3.05%                   | -        | 2.56%                           | -        |
| <b>Selling, General and Administrative Expenses</b> | 123,031               | (5.3%)   | 110,735                 | (7.5%)   | -182,871                  | (3.2%)   | 201,533              | (1.8%)   | 60,072                | (4.3%)   | 170,728                 | (2.2%)   | 101,224                         | (1.4%)   |
| <b>Operating Income</b>                             | 39,217                | (4.9%)   | 30,789                  | (50.8%)  | 12,678                    | (-9.1%)  | 10,370               | (-31.2%) | 16,224                | (115.7%) | 24,043                  | (-2.2%)  | 23,359                          | (50.8%)  |
| <b>Financial Balance</b>                            | 105,618               | (50.7%)  | 48,934                  | (-34.4%) | 260,919                   | (-22.8%) | 247,610              | (81.2%)  | 22,840                | (-46.6%) | 39,294                  | (15.7%)  | 33,028                          | (35.5%)  |
| <b>Ordinary Profit</b>                              | 148,968               | (36.8%)  | 79,723                  | (-16.1%) | 267,306                   | (-23.3%) | 253,859              | (77.4%)  | 33,980                | (-38.6%) | 61,682                  | (2.6%)   | 58,340                          | (49.9%)  |
| <b>Income Taxes</b>                                 | 32,493                | -        | 2,357                   | (-89.4%) | 37,202                    | (-57.3%) | 93,153               | (125.1%) | -9,804                | -        | 8,300                   | (-70.7%) | -30,235                         | -        |
| <b>Net Income</b>                                   | 78,338                | (-17.2%) | 53,025                  | (15.6%)  | 235,288                   | (-26.6%) | 157,905              | (33.2%)  | 31,523                | (50.0%)  | 79,220                  | (12.7%)  | 3,598                           | (-89.3%) |
| <b>Cash Dividends</b>                               | 18.0 yen              | -        | 13.0 yen                | -        | 56.0 yen                  | -        | 46.0 yen             | -        | 8.0 yen               | -        | 38.0 yen                | -        | 36.0 yen                        | -        |

| Consolidated<br>Financial Results                   | CHORI<br>CO.,LTD. |          | HANWA<br>CO.,LTD. |         | HITACHI HIGH-<br>TECHNOLOGIES<br>CORPORATION |         | INABATA &<br>CO.,LTD. |          | IWATANI<br>INTERNATIONAL<br>CORPORATION |         | JFE SHOJI<br>HOLDINGS, INC. |         | KANEMATSU<br>CORPORATION |          | NAGASE &<br>CO.,LTD. |          | SUMIKIN<br>BUSSAN<br>CORPORATION |         |
|---|-------------------|----------|-------------------|---------|--|---------|-----------------------|----------|---|---------|-----------------------------|---------|--------------------------|----------|----------------------|----------|----------------------------------|---------|
|   |                   |          |                   |         |  |         |                       |          |   |         |                             |         |                          |          |                      |          |                                  |         |
| <b>Total Assets</b>                                 | 72,632            | (-3.7%)  | 482,014           | (1.2%)  | 504,873                                      | (5.1%)  | 284,637               | (-1.1%)  | 404,817                                 | (-0.9%) | 656,379                     | (4.7%)  | 503,456                  | (-10.6%) | 419,869              | (-0.7%)  | 402,047                          | (-6.1%) |
| <b>Liabilities</b>                                  | 55,352            | (6.8%)   | 381,088           | (0.8%)  | 269,769                                      | (4.2%)  | 206,473               | (1.3%)   | 339,720                                 | (-1.2%) | 539,135                     | (3.4%)  | 441,217                  | (-14.2%) | 211,492              | (0.1%)   | 352,216                          | (-8.1%) |
| <b>Shareholders' Equity</b>                         | 6,800             | (0.0%)   | 45,651            | (0.0%)  | 7,938  | (0.0%)  | 9,364                 | (1.1%)   | 20,096                                  | (0.0%)  | 20,000                      | (0.0%)  | 27,781                   | (0.0%)   | 9,699                | (0.0%)   | 12,335                           | (0.0%)  |
| <b>Total Shareholders' Equity</b>                   | 17,280            | (-26.7%) | 100,926           | (2.7%)  | 235,104                                      | (6.2%)  | 78,163                | (-6.8%)  | 65,096                                  | (0.5%)  | 117,244                     | (11.2%) | 62,239                   | (27.6%)  | 208,377              | (-1.6%)  | 49,831                           | (11.4%) |
| <b>Trading Transactions</b>                         | 252,097           | (8.6%)   | 1,507,509         | (14.2%) | 943,124                                      | (-0.9%) | 500,019               | (7.3%)   | 748,967                                 | (8.6%)  | 2,404,659                   | (8.5%)  | 1,244,020                | (-2.9%)  | 764,755              | (9.0%)   | 1,314,974                        | (11.7%) |
| <b>Gross Trading Profit</b>                         | 21,708            | (4.9%)   | 50,881            | (7.1%)  | 145,842                                      | (2.4%)  | 32,065                | (3.7%)   | 138,829                                 | (7.8%)  | 91,318                      | (8.6%)  | 90,327                   | (-12.9%) | 80,506               | (9.3%)   | 72,385                           | (4.1%)  |
| <b>Gross Trading Profit Ratio</b>                   | 8.61%             | -        | 3.38%             | -       | 15.46%                                       | -       | 6.41%                 | -        | 18.54%                                  | -       | 3.80%                       | -       | 7.26%                    | -        | 10.53%               | -        | 5.50%                            | -       |
| <b>Selling, General and Administrative Expenses</b> | 15,513            | (1.7%)   | 27,176            | (2.1%)  | 96,701                                       | (-0.7%) | 24,406                | (4.7%)   | 120,435                                 | (4.6%)  | 53,874                      | (4.5%)  | 67,721                   | (-17.4%) | 57,443               | (10.5%)  | 49,664                           | (0.3%)  |
| <b>Operating Income</b>                             | 6,194             | (13.8%)  | 23,704            | (13.6%) | 49,141                                       | (9.1%)  | 7,659                 | (0.7%)   | 18,393                                  | (35.8%) | 37,443                      | (15.3%) | 22,605                   | (4.1%)   | 23,063               | (6.4%)   | 22,721                           | (13.7%) |
| <b>Financial Balance</b>                            | -84               | (-62.7%) | -2,437            | (43.8%) | 1,489  | (-2.6%) | -499                  | (-20.7%) | -2,580                                  | (19.1%) | -830                        | (54.9%) | -4,127                   | (-23.9%) | 477                  | (-24.2%) | -2,574                           | (12.3%) |
| <b>Net Income</b>                                   | 2,883             | (-19.7%) | 13,117            | (14.8%) | 26,932                                       | (3.2%)  | 2,922                 | (-36.1%) | 5,244                                   | (-5.1%) | 23,426                      | (33.9%) | 19,016                   | (153.3%) | 10,005               | (-26.3%) | 10,930                           | (15.5%) |

| Non Consolidated<br>Financial Results               | CHORI<br>CO.,LTD. |          | HANWA<br>CO.,LTD. |         | HITACHI HIGH-<br>TECHNOLOGIES<br>CORPORATION |         | INABATA &<br>CO.,LTD. |          | IWATANI<br>INTERNATIONAL<br>CORPORATION |          | JFE SHOJI<br>HOLDINGS, INC. |          | KANEMATSU<br>CORPORATION |          | NAGASE &<br>CO.,LTD. |          | SUMIKIN<br>BUSSAN<br>CORPORATION |         |
|---|-------------------|----------|-------------------|---------|--|---------|-----------------------|----------|---|----------|-----------------------------|----------|--------------------------|----------|----------------------|----------|----------------------------------|---------|
|   |                   |          |                   |         |  |         |                       |          |   |          |                             |          |                          |          |                      |          |                                  |         |
| <b>Trading Transactions</b>                         | 230,640           | (7.6%)   | 1,472,411         | (14.4%) | 741,203                                      | (5.4%)  | 327,071               | (5.6%)   | 580,000                                 | (6.5%)   | 13,607                      | (8.4%)   | 564,100                  | (4.2%)   | 522,260              | (5.1%)   | 1,164,497                        | (11.8%) |
| <b>Gross Trading Profit</b>                         | 17,257            | (4.7%)   | 46,035            | (9.6%)  | 102,049                                      | (7.4%)  | 13,806                | (0.7%)   | 69,032                                  | (10.2%)  | 13,607                      | (8.4%)   | 23,286                   | (4.0%)   | 33,827               | (5.7%)   | 41,211                           | (4.4%)  |
| <b>Gross Trading Profit Ratio</b>                   | 7.48%             | -        | 3.13%             | -       | 13.77%                                       | -       | 4.22%                 | -        | 11.90%                                  | -        | 100.00%                     | -        | 4.13%                    | -        | 6.48%                | -        | 3.54%                            | -       |
| <b>Selling, General and Administrative Expenses</b> | 11,789            | (3.2%)   | 23,369            | (2.1%)  | 67,749                                       | (6.7%)  | 10,369                | (3.7%)   | 57,983                                  | (3.2%)   | 664                         | (3.8%)   | 16,876                   | (3.2%)   | 26,534               | (11.7%)  | 24,546                           | (0.5%)  |
| <b>Operating Income</b>                             | 5,468             | (8.2%)   | 22,665            | (18.6%) | 34,300                                       | (8.8%)  | 3,437                 | (-7.2%)  | 11,049                                  | (71.3%)  | 12,942                      | (8.6%)   | 6,409                    | (6.0%)   | 7,292                | (-11.6%) | 16,665                           | (10.8%) |
| <b>Financial Balance</b>                            | -88               | (-61.2%) | -3,147            | (54.7%) | 3,712  | (52.6%) | 1,204                 | (152.4%) | 186                                     | (-62.1%) | 105                         | (303.8%) | 640                      | (-66.1%) | 4,028                | (5.7%)   | -892                             | (33.1%) |
| <b>Ordinary Profit</b>                              | 4,886             | (9.7%)   | 20,584            | (17.3%) | 36,838                                       | (7.5%)  | 4,884                 | (18.1%)  | 10,709                                  | (59.4%)  | 13,055                      | (9.3%)   | 7,505                    | (-20.3%) | 12,294               | (-4.5%)  | 14,861                           | (5.0%)  |
| <b>Income Taxes</b>                                 | 1,789             | -        | 8,405             | (18.3%) | 14,541                                       | (19.6%) | 1,693                 | (14.3%)  | 3,150                                   | (37.5%)  | 71                          | (82.1%)  | -310                     | (-75.8%) | 4,725                | (3.3%)   | 6,606                            | (2.9%)  |
| <b>Net Income</b>                                   | 2,309             | (-29.9%) | 12,620            | (20.8%) | 27,730                                       | (-9.6%) | 1,673                 | (105.5%) | 4,430                                   | (34.3%)  | 12,970                      | (52.5%)  | 13,557                   | (318.4%) | 2,728                | (-64.9%) | 7,951                            | (0.5%)  |
| <b>Cash Dividends</b>                               | 0.0 yen           | -        | 12.0 yen          | -       | 30.0 yen                                     | -       | 10.0 yen              | -        | 5.0 yen                                 | -        | 10.0 yen                    | -        | 0.0 yen                  | -        | 17.0 yen             | -        | 11.0 yen                         | -       |

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 THE JAPAN BANANA IMPORTERS ASSOCIATION, JAPAN CHEMICAL EXPORTERS' ASSOCIATION, JAPAN CHEMICAL IMPORTERS' ASSOCIATION,  
 JAPAN EEL IMPORTERS ASSOCIATION, JAPAN ELECTRONIC PRODUCTS IMPORTERS ASSOCIATION, JAPAN FISH TRADERS ASSOCIATION,  
 JAPAN FOREIGN TRADERS ASSOCIATION, INC., JAPAN MACHINE TOOL IMPORTERS' ASSOCIATION, JAPAN MACHINERY EXPORTERS' ASSOCIATION,  
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 JAPAN SHIP EXPORTERS' ASSOCIATION, JAPAN TEXTILE EXPORTERS ASSOCIATION, THE JAPAN TEXTILES IMPORTERS ASSOCIATION,  
 JAPAN WATCH IMPORTERS' ASSOCIATION, JAPAN WINES AND SPIRITS IMPORTERS ASSOCIATION, KOBE FOREIGN TRADE ASSOCIATION,  
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