

# JFTC News

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## 2016 New Year's Reception

(January 6, 2016)



From left to right; Chairman Kobayashi , Vice Chairmen, Kobayashi, Karube, Nakamura, Sato, Kokubu, Yasunaga .

On Wednesday, January 6, 2016, the Japan Foreign Trade Council, Inc. (JFTC) hosted a New Year's Reception in the Tsuru Room of the New Otani Hotel. Approximately 770 people attended, including Diet

members and government officials, ambassadors from various countries, representatives of chambers of commerce and industry based in Japan, and business leaders.

The reception opened with greetings from Chairman Eizo Kobayashi, followed by the introduction of award recipients of the JFTC Essay Competition 2015. This was followed by remarks by Minister of Economy, Trade and Industry Mr. Motoo Hayashi and by a toast given by JETRO Chairman Mr. Hiroyuki Ishige. With the venue filled with pleasant conversation, the reception was brought to a successful conclusion.



## 2016 New Year's Reception Address by Chairman



**Eizo Kobayashi**  
**Chairman, Japan Foreign Trade Council, Inc.**  
**Chairman, ITOCHU Corporation**

On behalf of the Japan Foreign Trade Council (JFTC), I extend to all my warmest wishes for a very happy new year.

Before proceeding, I would like to express my special gratitude to Japanese State Minister of Economy, Trade and Industry Motoo Hayashi, the ambassadors of numerous countries, JETRO Chairman Hiroyuki Ishige, and the other leaders of Japan's political, government, and business circles present here today at the JFTC New Year's Reception.

Thank you for joining us, and please allow me to take this opportunity to express my sincere appreciation for your continued understanding and support of JFTC's work.

Last year marked the beginning of a new era in trade as the parties to the Trans-Pacific Partnership (TPP) reached agreement in principle. This historic agreement constitutes the most important development in recent years for the Japanese trade community. I would like to convey my heartfelt gratitude to the government

negotiators who brought these tough talks to a successful conclusion.

As well as reducing or eliminating tariffs, TPP will further liberalize services trade and investment, and we can anticipate that this will do much to invigorate economic activity among participating countries. Japanese companies are also likely to experience major benefits in their import, export, and overseas investment activities, including expanded fields of business, reduced business risks, and lower costs.

Furthermore, agreement in principle on TPP will speed up other economic partnership agreement negotiations, including those for the Regional Comprehensive Economic Partnership, the Japan-EU EPA, and the Japan-China-Korea Free Trade Agreement. I hope that together with swift implementation of TPP, this year will bring progress or agreement in such EPA talks.

With regard to the global economy, the United States has performed steadily and has started to wind down its program of quantitative easing. On the other hand, challenges still remain in other countries. For example, the pace of growth in China has slowed to "new normal" levels, and some resource-producing countries have suffered severe impact from sharply declining resource prices. This year will require businesses to keep a close watch on developments, paying careful attention to such changes in the external environment and responding to them deftly by acting cautiously or boldly as circumstances demand.

Turning to Japan, Abenomics entered its second phase last year as Prime Minister Shinzo Abe announced his "three new arrows." We welcome this initiative, which places the structural issues of a falling birthrate, aging society, and declining population at the forefront of the government's agenda, and demonstrates resolve to address these problems with policies that will constitute the second and third "arrows" of Abenomics. We look forward to seeing concrete and effective policies in these areas.

Last year also saw important external relations initiatives as Japan marked the key milestone of 70 years since the end of the Second World War. Prime

Minister Abe engaged in a busy diplomatic schedule, which included addressing a joint meeting of the US Senate and Congress in April, visiting Central Asia and Mongolia in October, attending the Japan-China-Korea Trilateral Summit and the G20 Summit in Turkey in November, and visiting India in December.

At the ASEAN Business and Investment Summit in November, Prime Minister Abe also announced the "Follow-up Measures of the Partnership for Quality Infrastructure." We are highly encouraged by this government support aimed at making Japan's infrastructure exports more internationally competitive, and will do our utmost to generate new infrastructure projects.

The three new arrows of Abenomics I mentioned a moment ago include decisively pushing ahead with measures to attract foreign investment and talent to Japan. The JFTC refers to such measures as "internal globalization" and highlights the importance of promoting inward investment and enabling diverse foreign personnel to work in Japan. As part of our commitment to these aims, in October last year we established a special research project incorporating external experts to study various issues related to the promotion of internal globalization and the role of Shosha in this process. After gathering information and canvassing views, the project will issue a report in spring next year.

The JFTC has also established a nonprofit organization, Action for a Better International Community (ABIC), whose core members are older employees retired from Shosha. ABIC currently has over 2,600 members with extensive experience in international business, and they are involved in a wide range of service projects and social action programs that make use of their know-how, including cooperation with government agencies and local government organizations, and assisting and supporting small and medium-sized enterprises in their expansion overseas. We trust that these activities will help advance Japan's globalization internally as well as externally.

Turning finally to the JFTC's hopes and goals for this year, although we expect to see progress with TPP ratification and the positive effects of policies stemming from the three new arrows, the external

environment is likely to become more complex and the way forward more difficult to discern. These are precisely the kind of times when the JFTC aims to contribute to the development of the global economy and community by adopting the mindset encapsulated in its tagline "Uniting the world through a shared vision." We will pool the knowledge of the Shosha community and proactively share it in the form of proposals and recommendations.

We sincerely look forward to your continuing advice and support for the activities of the JFTC and ABIC during 2016, and earnestly hope that this will be a fruitful and prosperous year for all.

Thank you.

## Award Winners of JFTC Essay Competition 2015

(January 6, 2016)



Award Ceremony of JFTC Essay Competition 2015  
Back row from left: Vice Committee Chair Dr. Ito, Committee Chair Mr. Nakajima, Vice Committee Chair Mr. Abe  
Front row from left: Winners Mr. Hull, Mr. Sistos, JFTC Chairman Kobayashi, winner Ms. Ma

The JFTC who sponsors the "JFTC Essay Competition 2015" is very pleased to announce that we received a total of 174 submissions from 37 different nationalities for the competition this year.

After a strict screening of all the essays, the three



submissions below have been selected as the winners of the competition in 2015.

We would like to express our congratulations to the winners and thank all participants for taking part.

### Selection Committee

**Chair:** Mr. Atsushi Nakajima, Chairman, Research Institute of Economy, Trade and Industry, IAA

**Vice Chair:** Mr. Junichi Abe, Managing Director, Executive Editor, Editor in Chief, CHUOKORON MAGAZINE Division, Chuokoron-Shinsha, Inc.

**Vice Chair:** Dr. Keiko Ito, Professor, Faculty of Economics, Senshu University

### The Prize for Excellence

• *"Taking the lead : Establishing new channels providing investment yield, high wages and skills development in order to attract foreign resources"*

Mr. Kieran Hull (U.K., age 26)

• *"Globalization and Ways to Reinvigorate the Japanese Economy in the 21st Century"*

Mr. Manuel Jeffrey Sistros (Philippines, age 28)

• *"STEMming the tide : strategies for promoting globalisation in Japan"*

Ms. Shuangyu Ma (Australia, age 25)

### Remarks by Selection Committee Chair, Mr. Atsushi Nakajima

This year, we mark the 11th annual Japan Foreign Trade Council (JFTC) Essay Competition. As has been the case in past years, many applicants, mainly from abroad, have put in their optimum effort into their works and contributed to this competition. This year, we received as many as 174 essays, of which 75% or 131 were from overseas. In addition, 91 (more than half of the total) were works by people in their 20s, which indicates a growing interest among young people in our essay competition. This is something we are very proud of.

The competition's topic this year was, "Promoting Globalization within Japan: An action plan to attract overseas investment, human resources, and other resources." Global views and awareness have been

slowly sinking into the Japanese minds, and we see increases in foreign direct investment (FDI) as well as foreign labor within Japan. Both have contributed to the globalization within, however, we cannot deny that progress is slow. In the background, there is the language barrier for the Japanese and the various restrictions and living environments within Japan that do not necessarily accommodate the companies and people from abroad. These are barriers that cannot be improved overnight.

With these circumstances in mind, many of the essays give various suggestions on how to better achieve globalization within Japan. Many of them referred to the globalization of human resources through education. Some even mentioned the globalization of academic institutions.

Although there were more well-balanced, high-quality essays than usual, there seemed to be few eye-opening suggestions that grasped our attention. This reflects once again the degree of difficulty facing Japan's inner globalization, rather than the issue of the writers themselves. After all, there seems to be no clear-cut solution to Japan's inner globalization. Instead, what is most important is to be increasingly attentive to the world's movement, and for the Japanese people to make a slow but steady effort at building an economic society that is open both domestically and globally. This seems to be the overall conclusion.

This year, as in previous years, many strong essays made it to the final round. Unfortunately, there was no Grand Prize, but three were selected for Prizes for Excellence. All of them were fine essays, with clear arguments that were easy to read and logical. We would like to thank the vice chairs, the Selection Committee, and the people of JFTC for their time in reviewing a large number of essays and providing constructive and fair evaluations.

### The Prize for Excellence

Mr. Kieran Hull

**"Taking the lead : Establishing new channels providing investment yield, high wages and skills development in order to attract foreign resources"**

Referring to the low inward FDI in Japan, the author points out that Japan should appeal more strongly to foreign resources by increasing its profitability and wages and by offering skills development. With that point in mind, he says that in order to attract foreign resources, Japan needs to establish new channels besides the existing ones, and then continues to discuss three sectors: agriculture, manufacturing, and services.

In agriculture, he argues that Japan could attract foreign labor by offering skills development, and suggests agritourism, which can also take advantage of young students' "gap year." In manufacturing, he mentions the need for further implementation of corporate governance valued by investors in order to maintain its competitiveness. It is also stressed that skills development and innovation by Japanese firms will attract FDI. As for services, he points to the fact that there are many services that could be developed in Asia via Japan, such as the stock exchange and the SME Credit Risk Database. He asserts that these can become factors for inducing FDI from foreign firms.

The arguments are clear-cut, refined, and well substantiated, and deserve recognition. It is well researched, and the individual references of the sectors are unique and interesting, resulting in very rich content. On the other hand, many of the ideas were much too detailed such that the actual effect may be limited. Had there been a more comprehensive suggestion in these areas, it would have been perfect.

### **The Prize for Excellence**

**Mr. Manuel Jeffrey Sistoso**

#### **"Globalization and Ways to Reinvigorate the Japanese Economy in the 21st Century"**

Placing education, research, and innovation as the three pillars for economic revitalization, the author states that Japan should focus on these three areas that support the Japanese economy in order to achieve globalization within Japan. With that in mind, he introduces the situation surrounding the Japanese government (Ministry of Education, Culture, Sports, Science, and Technology, MEXT) Scholarship Program and examples of foreign students declining offers to study at the University of Tokyo, and continues with his suggested action plan. In this action plan,

he proposes (1) increasing the number of English-taught degree programs, (2) improving the MEXT Scholarship Program by increasing scholarship allowances, (3) increasing the number of foreigners in private companies, and (4) creating an innovation zone that imports startup ideas from East Asia, acts as an incubator for these ideas, and from which goods and services are exported to Asia.

It appears that the findings are supported by personal experience, and the issues of education and the direction in which reforms should be made are well researched and argued. The arguments are clear and proposals are specific and easy to understand, resulting in an excellent and persuasive essay.

On the other hand, it was regrettable that too much space was allocated to the description on education, and not enough reference was made to the research and companies sectors. Also, while interesting points were made on education and the innovation zone, it would have been better if there was more breadth in the action plan suggested.

### **The Prize for Excellence**

**Ms. Shuangyu Ma**

#### **"STEMming the tide : strategies for promoting globalisation in Japan"**

The author argues that for Japan's inner globalization, the key is for educational institutions and companies to attract foreign resources through STEM (Science, Technology, Engineering and Mathematics), in which Japan has a comparative advantage.

Demonstrating the low rate of foreign students registered in STEM areas in Japan's universities, and giving concrete examples in Australia, the author suggests a relaxation on language requirements for foreign students, and support for their employment and integration in Japan.

Meanwhile, on inward direct investment, the author suggests offering special incentives for foreign STEM companies to invest in Japan. She argues that in Japan, with its STEM skills and aging population, demand for pharmaceuticals and human support robotics will grow. Taking this into consideration,

together with Japan's proximity to South Korea and China whose population will also be aging, this could be an important area in the near future.

It was argued that policies aimed at attracting foreign resources should be focused on a single area, STEM, in which Japan has a comparative advantage. This single focus on STEM, reinforced by its easy-to-remember acronym, resulted in a favorable essay with a strong message. The author has carefully studied the overall Japanese situation, which deserves appraisal. Had there been a separate proposal for the mathematics area of STEM, where little explanation and reference were given, the essay would have been much more improved.

**The 40th Japan Cooperation Forum  
for the Middle East**  
(August 27-28, 2015)



The 40th Japan Cooperation Forum for the Middle East took place over two days on August 27th and 28th in Munich, Germany, hosted by the Japan Cooperation Center for the Middle East (JCCME) and the Ministry of Economy, Trade and Industry.

Roughly 300 people were in attendance at the forum, from entities including the Japanese government, government-related agencies, the local Japanese Embassy, private sector businesses, interested organizations, academic societies, and the media. They held a spirited debate on the themes of "Disarray

in the Middle East and Northern Africa, the market for crude oil and business opportunities for Japan." Opinions from various viewpoints were enthusiastically exchanged regarding what Japan can possibly do for stability and prosperity in the chaotic Middle East and Northern Africa. The JFTC has actively participated as panelists in panel discussions since 2010, reporting on how Shosha are handling business in the Middle East region, along with the status of activities in the region.



This year (2015), Shigeaki Yoshikawa, the Regional CEO for the Middle East and Central Asia of Mitsubishi Corporation which chairs the Market Committee made a presentation on the theme of "The current state and issues facing Shosha business in the field of infrastructure in the Middle East region."

as the representative of the JFTC. These included the importance of the demand for infrastructure in the Middle East which is expected to grow even more, the roles of Shosha in promoting the export of infrastructure, case examples and issues faced when exporting infrastructure along with what to expect from governments and government-related agencies. From the JFTC secretariat, Executive Managing Director Masayoshi Amano was in attendance.

**The 53rd Australia-Japan Joint  
Business Conference**  
(October 4-6, 2015)

The 53rd Australia-Japan Joint Business Conference was held by the Japan-Australia/Australia-Japan Business Cooperation Committee from October 4th to 6th in Fukuoka, Japan (at the Hilton Fukuoka Sea Hawk). This was the first conference to occur since the Japan-Australia Economic Partnership Agreement (EPA) entered into force in January, 2015. Held in

grand style with 348 government officials and business people (225 from the Japan side and 123 from the Australia side) present, it was the most attended conference to date.



Including the opening address by both chairpersons Mimura and Eddington, the reading of a message on behalf of Prime Minister Malcolm Turnbull by Australian Ambassador to Japan Bruce Miller, followed by a message from Japanese Prime Minister Shinzo Abe read by Japanese Ambassador to Australia Sumio Kusaka, the conference spanned seven plenary meetings. Highly enthusiastic discussions about the prospects for the relationship between Japan and Australia took place at each of the meetings. October 5th became a memorable day for the conference, as both countries hailed the agreement in principle reached in the TPP negotiations which they had played roles in. There were also attendees from the JFTC secretariat, who gathered information on the political and economic situation in Japan and Australia and exchanged information with people from the business world.

## The 52nd U.S.-Japan Business Conference

(December 3-4, 2015)

The 52nd U.S.-Japan Business Conference was held by the Japan-U.S. Business Council on December 3rd and 4th in Washington D.C. in the United States. JFTC Chairman Eizo Kobayashi (Vice-Chairman of the

Japan-U.S. Business Council, Chairman of ITOCHU Corporation) was in attendance to represent the JFTC.

At the conference this year, there were discussions under the theme of "The New Era of Japan-U.S. Cooperation" that touched on the need for cooperation between the Japan and the U.S. in the areas of Japan-U.S. politics, economics, and security, as well as trade, investment, the digital revolution, the aging society, energy, and tourism.

As the leadoff speaker for the 3rd plenary meeting on trade and investment corporations, Chairman Kobayashi spoke of the significance of TPP and the need for swift action by Japan so that it can quickly enter into force. His speech included a joint statement encouraging both governments to work proactively towards speedily putting TPP into effect. From the secretariat, Policy Proposal Group manager Nakamura was in attendance.



## Welcome Luncheon for Mr. Malcolm Turnbull, Prime Minister of Australia

(December 18, 2015)

On December 18th, Australian Prime Minister Malcolm Turnbull made an official business visit to Japan, his first ever visit to the country. On this occasion a welcome luncheon was held at the Imperial Hotel, hosted by the Japan – Australia Business Cooperation Committee (JABCC). It was also supported by six organizations (Keidanren- the Japan



Business Federation, the Japan Chamber of Commerce and Industry, the Japan Association of Corporate Executives, the Japan Foreign Trade Council, the Australian and New Zealand Chamber of Commerce in Japan, and the Japan External Trade Organization- JETRO). JFTC Chairman Eizo Kobayashi attended the event representing the council.



In his speech, Prime Minister Turnbull made mention of government policies for innovation in Australia, and indicated that he would like to further expand the collaborative relationship between the two countries. Nearly 200 attendees hailing from both governments and from business circles were present at the luncheon. They enjoyed an afternoon of friendly conversation.

The event was held in two parts, as an opportunity to provide a deeper understanding of the roles and functions of Shosha, which are said to be generally difficult to comprehend. Over 500 people were present for the event, and it ended on a high note.

After the opening address by Chairman Eizo Kobayashi, in part one, called “Shosha Investments - Searching for the Origins of ‘What Shoshas Are Uniquely Capable Of’” three panelists talked about the particular nature of Shosha “investments.” In part two, called “Evolving Shosha Business – Their Various Styles of Investing,” three globetrotting Shosha employees discussed what their work involves, using real case examples to illustrate the Shosha styles of investment.

We wish to express our heartfelt thanks to everyone who was in attendance. The details of the discussions are scheduled to be printed in the February edition of the monthly newsletter (in Japanese only).

## Symposium Held: “The Front Lines of Shosha Business – ‘Investments’ from Shosha to Pioneer the Future”

(October 16, 2015)



The symposium “The Front Lines of Shosha Business – ‘Investments’ from Shosha Pioneering the Future” was held at Nikkei Hall on Friday, October 16.

## About Revisions to “Supply Chain CSR Action Guidelines”

The Japan Foreign Trade Council has revised the “Supply Chain CSR Policies” that were established in 2008. Considering the strong expectations for companies to address CSR in supply chain management, the “Supply Chain CSR Action Guidelines” were established as guidance without legally binding power in 2008 based on the spirit of Shosha codes of conduct.

In 2011, as the expectations society had for the activities of corporations began to change, the United Nations adopted the “Guiding Principles on Business and Human Rights,” which request corporations to respect the human rights of all the stakeholders in their supply chains. The idea that companies and organizations should be held accountable for the effect their actions have on society and the environment has since become widespread.



With these circumstances in mind, the CSR Study Committee started by the council began deliberations in 2014, and compiled a revision proposal for the existing principles. These revisions were then approved in the Meeting of the Board of Executive Directors on November 18, 2015. These guidelines can be broadly divided into “Labor and Human Rights”, “Social Responsibility”, “The Environment”, “Ethics and Fair Trade”, and “Transparency.” For items pertaining to “Labor and Human Rights,” which forbid child labor, and “The Environment” which deal with global warming and biodiversity, the previously existing provisions were reworked into terms with clearer meaning.

In addition to sending notice of the revision and requesting that the information be made widely available in writing to the representative person at each member corporation, we have included it in press releases and posted it to the Japan Foreign Trade Council website. The Japan Foreign Trade Council will be cognizant of the importance of supply chain CSR in Shosha business activities. Rather than simply doing what is needed to comply with the law, we aim to promote wholesome, responsible business activities that are in line with societal ethics.

## **Supply Chain CSR Action Guidelines**

**Japan Foreign Trade Council, Inc.**

**Enacted: November 19, 2008**

**Revised: November 18, 2015**

### **Foreword**

In response to increasing interest in Corporate Social Responsibility (CSR) against the background of the globalization of the economy and the maturation of civil society, the Japan Foreign Trade Council, Inc. (JFTC) established the Code of Conduct for General Trading Companies in 1973, and through subsequent revisions formulated the Shosha’s Corporate Code of Conduct in 2005. In 2002, the Environmental Code of Conduct was formulated to deal with the global environmental problems addressed under “Management Philosophy” in the Shosha’s Corporate Code of Conduct. Following this, in 2008 the JFTC prepared the Supply Chain CSR Action Guidelines for member companies in line with the spirit of the Shosha’s Corporate Code of Conduct, considering the strong demands to address CSR in supply chain management.

In 2011, as the requirements placed by society on corporate activities continued to change, the United Nations adopted the Guiding Principles on Business and Human Rights, setting out the duty of companies to respect the human rights of all stakeholders in the supply chain. Further to this, the International Organization for Standardization (ISO) established ISO 26000 as a guidance standard that calls on companies and all other organizations to take responsibility for the impact their activities have on society and the environment. This passed through Japanese Industrial Standards (JIS) procedures and in 2012 was proposed as a guideline in Japan.

In view of these circumstances, we have reexamined the Supply Chain CSR Action Guidelines, and have revised the items to make the wording clearer as below.

### **Supply Chain CSR Action Guidelines**

We will respect the human rights of all stakeholders, will call on our suppliers and other business partners to understand and implement the following items, and will work to promote CSR activities with all our business partners.

1. To respect human rights, and avoid inhumane treatment including discrimination, harassment, cruelty, and child labor.
2. To respect employees’ right to organize and right of collective bargaining.
3. To prevent forced labor and unfair low-wage labor.
4. To provide employees with a safe, sanitary, and healthy work environment, to prepare emergency countermeasures for dealing with disasters and accidents, and to publicize these countermeasures so that they are known by all concerned parties.
5. To work to prevent environmental problems through measures on biodiversity and global warming.
6. To observe all domestic and foreign laws, to engage in fair business transactions, and to strive to prevent corruption.
7. To work to ensure and maintain the quality and safety of products and services.
8. To disclose information regarding the above items in a timely and appropriate manner.

## FY2016 Outlook for Japan's Trade Balance and Current Account

### Overview

#### 1. Outlook for Trade by Commodity (Customs-cleared Basis)

- FY2015: Exports to grow marginally as growth in emerging countries decelerates, but imports will decrease as resource prices decline.

Total exports are forecast to grow by 1.6% over the previous fiscal year to reach 75.861 trillion yen; specifically, a 2.2% fall in export volumes due to the decelerated growth in emerging countries and a 3.9% rise in export values over the same period. Exports to the U.S. will increase in excess of the weak yen basis. The yen will strengthen against currencies other than the U.S. dollar, cancelling out the effect of weakness against the dollar.

Meanwhile, total imports are forecast to decrease by 7.1% over the previous fiscal year to 77.855 trillion yen; specifically, a 1.5% fall in import volumes and a 5.7% fall in import values over the same period. Along with the drop in resource prices outstripping the fall in value of the yen, causing import values to fall, import volumes will also fall which will further decrease total imports.

- FY2016: Export growth to continue along with the pace of growth in the world economy, while solid domestic demand will turn imports positive

Total exports are forecast to grow by 2.0% over the previous fiscal year to reach 77.387 trillion yen; specifically, a 0.5% rise in export volumes and a 1.5% rise in export values over the same period. Volumes are expected to stay sluggish as the yen will also remain strong against Asian currencies which comprise over 50% of exports.

Total imports are forecast to grow by 1.7 % over the previous fiscal year to reach 79.150 trillion yen. Falling energy prices will increase real income, boosting

domestic demand, while import volumes also shift to a slight increase of 0.9% over the same period in anticipation of the April 2017 consumption tax increase. The decline in resource prices is expected to subside, and import values will rally to an increase of 0.8%.

#### 2. Outlook for the Current Account

- FY2015: Current Account sees the second consecutive year of surplus growth due to an decrease in the goods and services balance deficit and an increase in the primary income amount surplus.

The Current Account is forecast to reach a surplus of 17.372 trillion yen, greatly surpassing the FY2014 level of 7.931 trillion yen and seeing the second consecutive year of surplus growth. Imports will shift to a decrease leading the Trade Balance deficit to contract to 224 billion yen, the services account deficit will shrink to 1.561 trillion yen thanks to higher collections of royalties for things such as patents, and the travel balance will shift to surplus owing to the large spike in foreign tourists visiting Japan. The balance of primary income will also expand, reaching surplus of 21.124 trillion yen, posting an all-time high for the third consecutive year, as increased dividends are received from direct foreign investments.

- FY2016: Trade Balance turns to surplus and the Current Account sees the third consecutive year of surplus growth

The Current Account is forecast to reach a surplus of 18.519 trillion yen, recording the third consecutive year of surplus growth. Exports will outpace imports to turn the trade balance to a surplus of 32 billion yen for the first time in six years, and a continued increase in the receipt of royalties will shrink the balance of trade in services deficit to 1.620 trillion yen. Meanwhile, the primary income amount will continue to expand its surplus to 21.569 trillion yen.

## Summary Data

### • Customs-cleared Trade

	FY2014 Results		FY 2015 Forecast		FY2016 Forecast	
	(Billions of Yen)	Year-on-year change (rate)	(Billions of Yen)	Year-on-year change (rate)	(Billions of Yen)	Year-on-year change (rate)
Customs-cleared Trade Balance	▲ 9,144	+4,612	▲ 1,994	+7,151	▲ 1,763	+231
Exports	74,670	(5.4%)	75,861	(1.6%)	77,387	(2.0%)
Quantum Index		1.3%		-2.2%		0.5%
Unit Value		3.9%		3.9%		1.5%
Imports	83,815	(-0.9%)	77,855	(-7.1%)	79,150	(1.7%)
Quantum Index		-2.1%		-1.5%		0.9%
Unit Value		1.2%		-5.7%		0.8%

### • Current Account Balance

	FY2014 Results		FY 2015 Forecast		FY2016 Forecast	
	(Billions of Yen)	Year-on-year change (rate)	(Billions of Yen)	Year-on-year change (rate)	(Billions of Yen)	Year-on-year change (rate)
Goods and Services Balance	▲ 9,314	+5,149	▲ 1,786	+7,528	▲ 1,030	+756
Trade Balance	▲ 6,566	+4,453	▲ 224	+6,342	32	+257
Exports	75,618	(8.4%)	74,777	(-1.1%)	76,281	(2.0%)
Imports	82,184	(1.8%)	75,001	(-8.7%)	76,249	(1.7%)
Service Balance	▲ 2,748	+697	▲ 1,561	+1,187	▲ 1,062	+499
Primary Income	19,180	+1,798	21,124	+1,945	21,569	+444
Secondary Income	▲ 1,935	-488	▲ 1,967	-32	▲ 2,020	-53
Current Account	7,931	+6,460	17,372	+9,441	18,519	+1,147

Note: Due to rounding some amounts may not add up precisely to the totals provided.

### • Preconditions

	2014	2015	2016
Global Trade (CY)	3.1%	3.0%	3.4%
Global Economy (Real growth rate / CY)	3.4%	3.1%	3.4%
USA	2.4%	2.5%	2.6%
Euro zone	0.9%	1.5%	1.6%
Emerging and Developing Asia	6.8%	6.5%	6.3%
Japanese Economy (Real growth rate / FY)	▲ 0.9%	0.7%	1.3%

Notes: Emerging and Developing Asia is defined by IMF as Developing Asia.

In addition to the above preconditions, referring to the foreign exchange market and crude oil market during mid-November, the yen exchange rate is 121 yen / \$1USD in FY2015 and 122 yen / \$1USD in FY2016, and the CIF crude-oil price is \$56 / barrel in FY2015 and \$59 / barrel in FY2016. These will be added as preconditions.

## Foreign Trade 2016

We are pleased to announce that in April 2016, the JFTC will publish "Foreign Trade 2016", with full coverage of Japan's foreign trade statistics on a customs-cleared basis for the previous year.

"Foreign Trade 2016" marks the 41th edition of this publication since it was first released in 1976. Improvements have been added over the years, such as the inclusion of English for bilingual publication, the introduction of figures, and the addition of new information to the data chapter.

We hope you will find this volume useful for example, as a reader for new employee education, as a pocket reference when traveling abroad on business, or as a reference for local employees in foreign countries.

"Foreign Trade 2016" (¥500 including tax) will be available for purchase at large book stores and government book centers. Any Inquiries concerning this book should be addressed to [chosa@jftc.or.jp](mailto:chosa@jftc.or.jp) (Public Relations & Research Group).



Now  
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## Regular Members of JFTC

### ● Companies (Total 42)

ALL NIPPON AIRWAYS TRADING CO., LTD., ASSOCIATED LUMBER & TRADING CO., LTD., CBC CO., LTD., CHORI CO., LTD., D. NAGATA CO., LTD., HANWA CO., LTD., HITACHI HIGH-TECHNOLOGIES CORPORATION, INABATA & CO., LTD., ITOCHU CORPORATION, IWATANI CORPORATION, JFE SHOJI TRADE CORPORATION, KANEMATSU CORPORATION, KOWA COMPANY, LTD., KYOEI SHOJI CO., LTD., KYOKUTO BOEKI KAISHA, LTD., MARUBENI CORPORATION, MARUBENI-ITOCHU STEEL INC., MEIWA CORPORATION, METAL ONE CORPORATION, MITSUBISHI CORPORATION, MITSUI & CO., LTD., MORIMURA BROS., INC., NAGASE & CO., LTD., NIPPON STEEL & SUMIKIN BUSSAN CORPORATION, NOMURA TRADING CO., LTD., NOSAWA & CO., LTD., OKAYA & CO., LTD., SEIKA CORPORATION, SHINSHO CORPORATION, SHINYEI KAISHA, SMILE CORP., SOJITZ CORPORATION, SUMITOMO CORPORATION, T. CHATANI & CO., LTD., TEIJIN FRONTIER CO., LTD., THE TOSHO CO., LTD., TOKYO BOEKI HOLDINGS CORPORATION, TOHO BUSSAN KAISHA, LTD., TOYOTA TSUSHO CORPORATION, Y. NISHIDA & CO., LTD., YAGI TSUSHO LTD., YUASA TRADING CO., LTD.

### ● Associations (Total 19)

COSMETIC IMPORTERS ASSOCIATION OF JAPAN, FUKUOKA FOREIGN TRADE ASSOCIATION, JAPAN AUTOMOBILE IMPORTERS ASSOCIATION, THE JAPAN BANANA IMPORTERS ASSOCIATION, JAPAN CHEMICAL EXPORTERS AND IMPORTERS ASSOCIATION, JAPAN FOREIGN TRADERS ASSOCIATION, INC., JAPAN MACHINE TOOL IMPORTERS' ASSOCIATION, JAPAN MACHINERY CENTER FOR TRADE AND INVESTMENT, JAPAN OVERSEAS ROLLING STOCK ASSOCIATION, JAPAN PAPER IMPORTERS' ASSOCIATION, THE JAPAN SHEEP CASING IMPORTERS ASSOCIATION, JAPAN SHIP EXPORTERS' ASSOCIATION, JAPAN TEXTILES EXPORTERS ASSOCIATION, THE JAPAN TEXTILES IMPORTERS ASSOCIATION, JAPAN WATCH IMPORTERS' ASSOCIATION, JAPAN WINES AND SPIRITS IMPORTERS ASSOCIATION, KOBE FOREIGN TRADE ASSOCIATION, KYOTO FOREIGN TRADE ASSOCIATION, THE YOKOHAMA FOREIGN TRADE ASSOCIATION

### ● Chairman

Eizo KOBAYASHI (Chairman, ITOCHU Corporation)

### ● Honorary Chairman

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Kuniharu NAKAMURA (President and CEO, Sumitomo Corporation)  
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Fumiya KOKUBU (President and CEO, Marubeni Corporation)  
Tatsuo YASUNAGA (President and CEO, MITSUI & CO., LTD.)

### ● Executive Managing Director

Masayoshi AMANO

### ● Managing Director

Hidehisa SAITO

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