

JFTC News

Contents

- 1** The Shosha Industry, Progressing in Concert with Japanese Economic Development and Asian Growth
- 2** Their Majesties King Felipe VI, and Queen of Spain Visit Japan
- 3** Welcome Luncheon for ASEAN Economic Ministers (April 7, 2017)
- 4** Chinese Minister to Japan Song Yueming Pays Courtesy Call to Chairman Kobayashi (April 11, 2017)
- 4** Bilingual “Japan’s Foreign Trade 2017” published in April
- 7** “SHOSHA: Creating Value Globally” Shosha Handbook 2017
- 8** Regular Members of JFTC



The Shosha Industry, Progressing in Concert with Japanese Economic Development and Asian Growth

- The Japan Foreign Trade Council's 70 Years of History and Its Future -



The Japan Foreign Trade Council (JFTC), a trade industry association consisting of trading companies and trading organizations, has progressed in concert with Japanese economic development and Asian growth, and in 2017 celebrated its 70th anniversary. In the June 26 spread planned by Nikkei Inc., JFTC Chairman Eizo Kobayashi made the following reflections on these past 70 years, from the restoration following the war through the dramatic changes in the domestic and international economic environment in the intervening years, and discussed the future mission and roles of the council.

Changes in the Japanese Economic Environment and the Activities of the JFTC

The JFTC, Inc. celebrated its 70th anniversary this June. The council was established as a trans-industrial economic association before the resumption of private sector trade in 1947 through a merger of four trade promotion organizations. In 1986 it was reorganized as an association consisting of trading companies and trade-related organizations as regular members,

and has progressed hand-in-hand together with the post-war Japanese economy. Looking back, during these 70 years we were called on to boldly take on the challenges presented by the various changes in the domestic and global economic and trading environment, and to flexibly adapt to new business environments. We dedicated ourselves to responding to these changes by submitting policy proposals, issuing requests, and carrying out economic exchange promotion efforts not only to meet the needs of the trade industry, but also to contribute to the development of the Japanese economy and Asian growth. In 1951, shortly after we were founded, we were also instrumental in the founding of the Japan Export Trade Research Organization (now the Japan External Trade Organization), whose goal was the promotion of foreign trade.

Promoting economic exchange and partnership with Asian nations

During Japan's period of rapid economic growth, we worked in many ways to promote economic exchange with Asian nations. In 1975, three years after the normalization of Japan-China relations, we dispatched the first JFTC goodwill delegation to China. Following this, we worked to improve the trade environment in order to further foster the trade relationship between Japan and China through efforts such as the drafting of a Japan-China model trade contract. In 1976 the Japan-Korea Trade Expansion and Balance Committee was formed, and the JFTC Executive Managing Director was appointed the Japanese committee

chief. The committee worked to better Japan-Korea economic relations until its integration into the Japan-Korea Industry Trade Conference in 1999. During this time, the economic environment surrounding Japanese companies underwent major changes, such as the introduction of a floating foreign exchange rate system, the oil crisis, and the Asian currency crisis, and during the 1980s and 1990s Japanese companies made significant business expansions into other Asian countries. In the face of the Asian currency crisis of 1997 shosha, together with Japanese manufacturers, worked hard to halt contraction. In order to stop the deterioration of the financing environment for Japanese companies, in 1998 the JFTC issued policy proposals to the Japanese government, including requests to provide financial support to Asian countries and to assist with the restoration of Asian economies. These requests were reflected in emergency economic measures enacted in the same year, helping recover the economies of Asian nations. The 2000s brought a great deal of activity in multilateral trade negotiations, as well as bilateral and regional economic partnerships. In 2003 Japan entered its first economic partnership agreement (EPA) with Singapore. The JFTC also worked to accelerate economic partnership negotiations with Asian countries through actions such as the submission of a policy proposal in 2005 to request early commencement of EPA negotiations with the Association of Southeast Asian Nations (ASEAN). With regard to the Trans-Pacific Partnership (TPP), as well, the JFTC, together with the Keidanren (Japan Business Federation), the Japan Chamber of Commerce and Industry, and the Japan Association of Corporate Executives, submitted a request for rapid implementation of the TPP Agreement to Prime Minister Abe in 2016. The United States of America later announced that it would pull out of the TPP, but the TPP remains important as a means of accelerating trade and investment liberalization in the Asia-Pacific region and as economic cooperation that promotes Japanese growth. Eleven countries, including Japan, have begun negotiations aimed at implementing the TPP.

Striving for Sustained Growth in Japan and Asia

For Asian countries to continue to grow it will be important to implement improvements to infrastructure, such as high quality ports, roads, power, and

communications, and further strengthen intraregional economic partnerships. As economic development progresses, the demand for diverse goods and services is expected to grow, and contributions by Japanese companies, including both physical goods supply and application of the intangible business know-how, and the promotion of trade and investment liberalization through economic partnerships will be essential. In 2000 the JFTC published “The 21st Century as an Age of Advancement with the Rest of Asia,” a report discussing the roles of shosha in fostering Asian growth following the Asian currency crisis. In order to promote stronger relationships with the rest of Asia and greater understanding of shosha business, in 2003 we published “Shosha’s Challenges in a Changing China,” followed by “2015: The Future of Asia” in 2006. In anticipation of further growth within Asia and stronger economic relationships with Japan, in 2012 we submitted a policy proposal to the government regarding public finance function enhancements aimed at strengthening international competitiveness with regard to infrastructure systems exports, and in 2015 submitted a request aimed at strengthening international competitiveness with regard to high quality infrastructure systems exports. As we celebrate our 70th year, we wish to recognize again the importance of creating an environment for smooth, stable trade and investment between Japan and other Asian countries. We will coordinate and collaborate with our member companies and related parties, both in Japan and abroad, to submit policy proposals to the government, carry out economic exchange promotion efforts, and contribute to society. We appreciate your continued understanding and support for our activities.

Their Majesties King Felipe VI, and Queen of Spain Visit Japan

Their Majesties King Felipe VI and Queen Letizia of Spain visited Japan from April 4 to April 7 as state guests in order to promote friendly relations between Japan and Spain.

During their visit they were welcomed at the Imperial

Palace, where they enjoyed a state banquet, as well as attending a dinner held by Prime Minister Abe and a breakfast held by the embassy.



1. State banquet (April 5)

On April 5 their Majesties the Emperor and Empress held a welcome banquet for Their Majesties King Felipe VI and Queen Letizia of Spain at the Imperial Palace. JFTC Chairman Kobayashi and his wife also attended. This was the fourth visit to Japan by His Majesty King Felipe VI, and his first visit to Asia since his coronation as king in 2014.

In their addresses, both His Majesty the Emperor and His Majesty King Felipe VI mentioned the long history of exchange between Japan and Spain, spanning over 460 years, and discussed their hopes for further friendly relations between the two countries.

2. Embassy breakfast meeting (April 6)

On April 6 the Spanish Embassy held a breakfast meeting to commemorate the King's visit to Japan.

The informal get-together was attended by a total of 16 representatives of Japanese economic organizations and companies, such as Chairman Kobayashi, representing the JFTC, Sadayuki Sakakibara, chairman of the Keidanren (Japan Business Federation), and Mikio Sasaki, chairman of the Japan-Spain Business Cooperation Committee. They presented case examples of business projects in Spain, and discussed their expectations for the future.

His Majesty Felipe VI, King of Spain

1968	Born in Madrid
1977	Presented the title Prince of Asturias
1986	Designated as Crown Prince
1993	Graduated from the Autonomous University of Madrid
1995	Received Master's Degree from Georgetown University
2004	Married Letizia Ortiz Rocasolano
2014	Coronation

Past visits to Japan

1990	Attended Ceremony of Accession
1998	Official guest
2005	EXPO 2005 Aichi, Japan

Welcome Luncheon for ASEAN Economic Ministers

(April 7, 2017)



JFTC adviser Teruo Asada (chairman of Marubeni Corporation): front row, second from the left

From April 6 to 9, 2017, the ASEAN Economic Ministers Roadshow (AEM Roadshow) was held in Japan, bringing together economic ministers and other officials invited from ASEAN economies. They toured Japanese companies and presented at a symposium. The JFTC took this opportunity to hold a welcome luncheon on April 7 at the Tokyo Station Hotel, together with the Japan Chamber of Commerce and Industry (organizer), Keidanren (Japan Business Federation), Japan Association of Corporate Executives, and the Japan Section of the ASEAN-Japan Business Council. Approximately 90 people, both from Japan and ASEAN countries, took part in the welcome luncheon. Japanese attendees included top members of the economic world, such as Teruo Asada (chairman of Marubeni Corporation), representing the JFTC as adviser to the Japan Foreign Trade Council, Sadayuki Sakakibara, chairman of the Keidanren, Yoshimitsu Kobayashi, chairman of the Japan Association of Corporate Executives, Takashi Ueno, vice chairman of the Japan Chamber of Commerce and Industry, and Kazuo Ohmori (chairman of Sumitomo Corporation), vice chairman of the Japan Section of the ASEAN-Japan Business Council.

Chinese Minister to Japan Song Yaoming Pays Courtesy Call to Chairman Kobayashi

(April 11, 2017)



On April 11, Chinese Minister to Japan Song Yaoming, appointed to office in January 2017, paid a courtesy call to Chairman Kobayashi. Minister Song has had deep ties to Japan since joining the Ministry of Commerce (Ministry of Foreign Economic Relations and Trade) in 1985. He is deeply knowledgeable regarding Japan-China relations and fluent in Japanese. Minister Song stated that economic conditions in both countries are changing dramatically, and in order to achieve a deeper and more accurate mutual understanding he wishes to engage in more close-knit exchange. Chairman Kobayashi agreed, and stated that in 2017, the 45th anniversary of the normalization of relations between Japan and China, he wished to consider further future measures. The meeting was a relaxed one from start to end, offering an excellent opportunity for both participants to renew their mutual trust and cooperation.

Secretariat members Executive Managing Director Kawazu and Director Iwaki also attended.

Bilingual “Japan’s Foreign Trade 2017” published in April



The JFTC published “Foreign Trade 2017” in April 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 2017 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 chosa@jftc.or.jp or by fax 03-3435-5979.

Overview of Trade

1. Exports: Exports turn downward for first time in four years

In 2016, Japan’s exports turned to a decline for the first time in four years, dropping 7% to ¥70.0 trillion reflecting the impact of the appreciating yen while on a volume basis exports were flat from a year earlier (up 0.3%). By commodity category, Iron & Steel Products exports (R. Korea, USA), Motor Vehicles exports (Saudi Arabia, Oman), and exports of Organic Chemicals (China, R. Korea) went down. Exports to USA fell 7% to ¥14.1 trillion, but surpassing exports to China (down 7% to ¥12.4 trillion) for the fourth consecutive year. USA continued to be Japan’s largest export partner in 2016.

In 2016, the percentage of yen-denominated exports was 37% (up 2 percentage points from a year earlier).

2. Imports: Imports down for second consecutive year

In 2016, Japan’s imports declined for the second consecutive year, falling 16% to ¥66.0 trillion mainly because crude oil prices fell more than 20% while on a volume basis, imports were flat from a year earlier (down 0.3%). By commodity category, imports of Petroleum (Saudi Arabia, UAE), imports of LNG (Qatar,

Malaysia), and imports of Petroleum Products (R. Korea, Saudi Arabia) went down. Imports from China, Japan's largest import partner, declined for the first time in seven years, falling 12% to ¥17.0 trillion.

Imports of Mineral Fuels accounted for 18% (down 5 percentage points from a year earlier). The ratio of product imports was 66% (up 5 percentage points).

The percentage of yen-denominated imports in 2016 was 26% (up 3 percentage points from a year earlier).

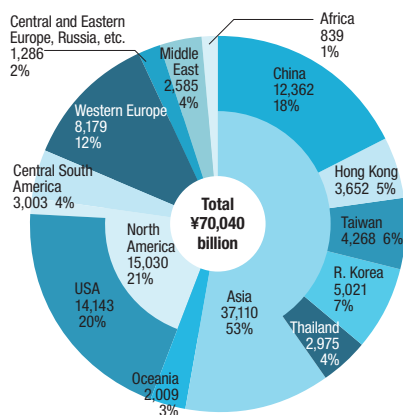
3. Total Trade Value and Trade Balance (Customs-cleared Basis): Trade balance swings to surplus for first time in six years, Total Trade Value of ¥136 trillion

In 2016, Japan's trade balance (Customs-cleared Basis) was a surplus of ¥4.1 trillion, swinging from a

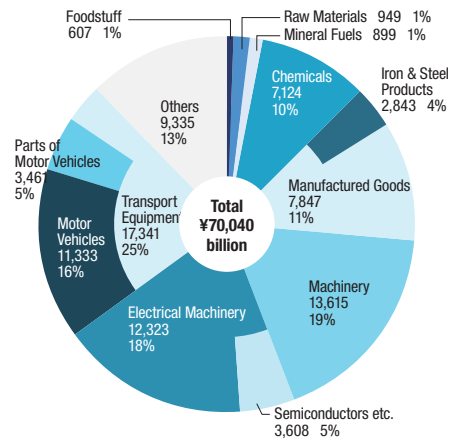
deficit to a surplus. Japan posted a trade surplus for the first time in six years since 2011 when Japan was hit by the earthquake and fell into a deficit. By area and country, Japan posted a surplus of ¥8.9 trillion with Asian NIEs (down 4%) and ¥6.8 trillion with USA (down 5%). In contrast, Japan posted a deficit of ¥3.9 trillion with Middle East (down 39%) and ¥4.7 trillion with China (down 25%).

In 2016, Japan's total trade value (total of imports plus exports) decreased for the second consecutive year, falling 12% to ¥136.0 trillion. By area, trade declined with all areas. Trade with Asia went down 11% to ¥70.3 trillion, trade with North America fell 8% to ¥23.3 trillion, trade with Middle East declined 29% to ¥9.1 trillion, and trade with Central South America decreased 11% to ¥5.7 trillion.

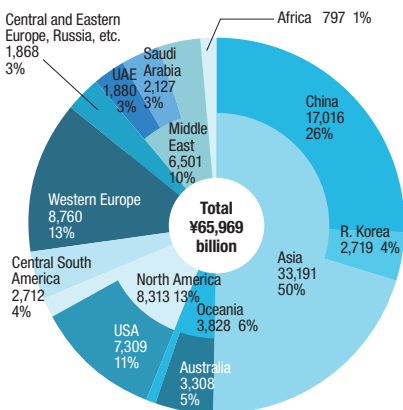
2016 Exports to world by area/country



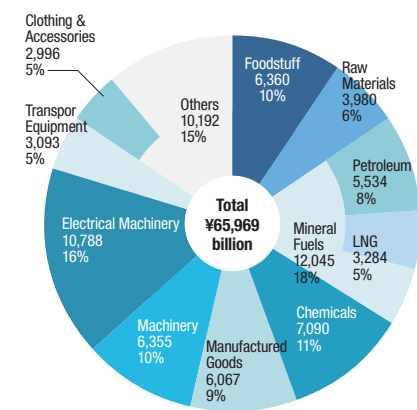
2016 Exports from world by commodity



2016 Imports from world by area/country



2016 Imports from world by commodity



Have you ever lived in Japan? Do you have 10 years coverage period under the Japanese pension system?

The Japanese pension law was changed:

From August 2017, you may be eligible for Japanese old age pension if you have 10 years or more of valid coverage periods, instead of 25 years.

What are "valid coverage periods"?

- The valid / applicable coverage periods include:
 - the periods you paid contribution to the Japanese public pension systems
 - the periods you were a member of mutual aid systems
 - the periods you lived outside of Japan (if you have Japanese nationality)
- Even if your Japanese coverage period is less than 10 years, you still may be entitled to benefits if you have coverage periods of a country with which Japan has Social Security Agreement.

You can find records and apply for benefits from overseas

For application of your pension benefit

You may download application forms and send your completed application form together with all supporting documents, to the Japan Pension Service Branch Office in charge of your last address in Japan.

You can find your pension records in "NENKIN NET"




- "NENKIN NET" is the personal online account service. You can find your pension coverage records on your computer or smartphone 24 hours a day.
- You can apply / receive your user ID from overseas as well. Information about your last address in Japan is necessary.

For inquiry, please call "NENKIN DIAL"

- From Japan  0570-05-1165
03-6700-1165
- From outside of Japan +81-3-6700-1165

Service is available in Japanese only.
Please have your Basic Pension Number ready.

Monday 8:30 - 19:00
Tuesday - Friday 8:30 - 17:15
Second Saturday 9:30 - 16:00 (Japan Time)
of the month 

Important Notes

- If you satisfy qualifying condition under this new pension law, you become eligible for benefits in August 2017. You can apply for benefits from August 2017.
- There is no change in pensionable age for old age pension.
- There is no change in qualifying condition for survivors' pension and disability pension.
- If you are currently eligible for survivors' pension or disability pension and you become eligible for old age pension this time, you may receive one of the benefits, or your benefits amount may be the same, even if you apply for old age pension.

Social Security Agreement

- Japan has concluded Social Security Agreements with other countries. Under the Agreement, it is possible to totalize contracting country's coverage period with Japanese coverage period in order to fill the gap for eligibility requirements. Please note that there are some Agreements without such totalization provisions.
- The amount of a Japanese benefit under the Agreement is calculated based on valid Japanese coverage periods including contribution-paid periods.
- You may file application for Japanese pension benefits at competent institution in a contracting country, using designated application forms.
- For details of the Agreements, please visit website of the Ministry of Health, Labour and Welfare or the Japan Pension Service.

For more information
please visit our website

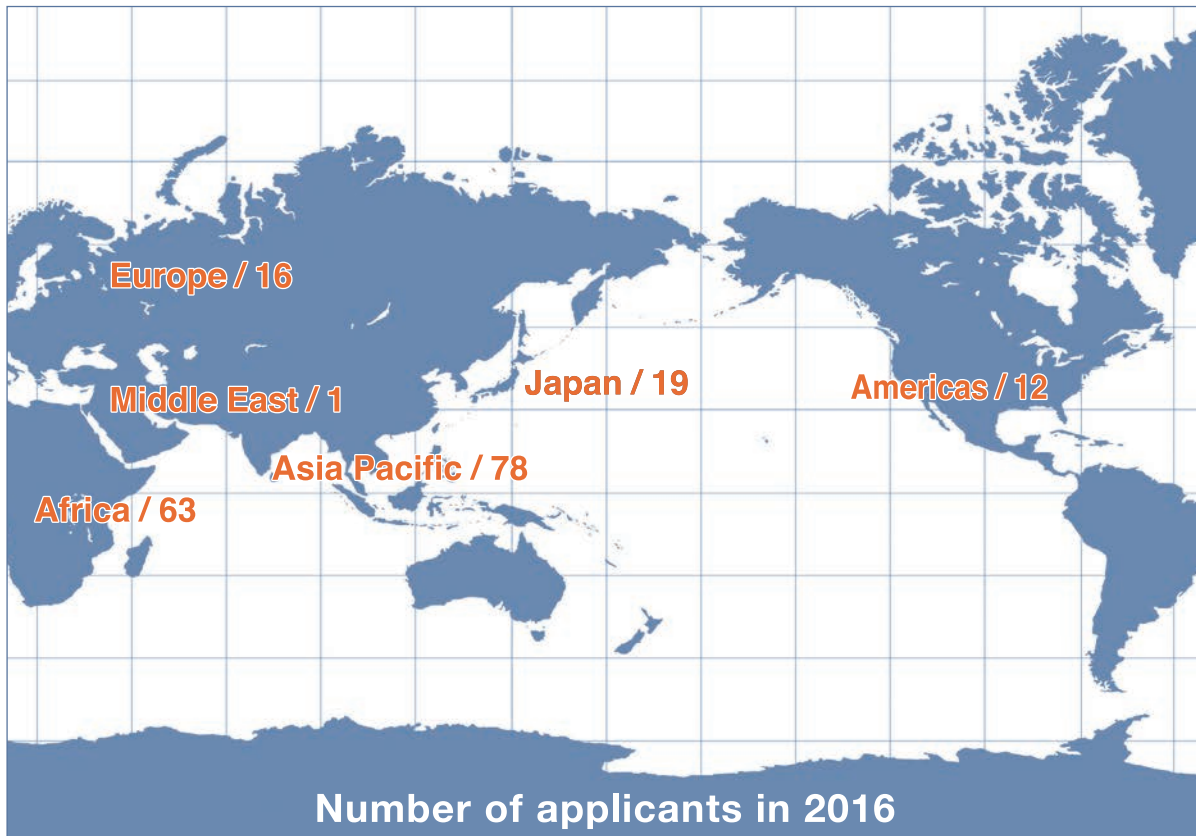
Japan Pension Service

Go

<http://www.nenkin.go.jp/>



JFTC 70th Anniversary JFTC ESSAY COMPETITION 2017



JFTC is sponsoring JFTC Essay Competition 2017 to encourage students, young researchers and business people to express their opinions on matters of national and international importance.

Theme

The Ideal Future Free Trade System — Tasks and Solutions —



**<Prize> One Grand Prize ¥1,000,000,
Three Prizes for Excellence ¥200,000 each**

<Language> English or Japanese <Deadline> Sept. 8, 2017,24:00(JST)

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

Vice-Chairs : Ms. Kaori Iida, Los Angeles Bureau Chief, NHK (Japan Broadcasting Corporation)

Dr. Keiichiro Kobayashi, Professor, Faculty of Economics, Keio University

Contact : Tel. +81-3-3435-5964 / E-mail kouhou@jftc.or.jp
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For more details, please visit our Web site

www.jftc.or.jp/english/discourse/

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“SHOSHA: Creating Value Globally” Shosha Handbook 2017

The JFTC publishes “Shosha Handbook” to foster greater understanding of the activities of shosha, which are seen as difficult to understand. We would like to announce that in July we will be publishing an English version of this “Shosha Handbook”.

The contents will be identical to those of the clear, easy to read Japanese “Shosha Handbook 2017”, published in April, with its numerous figures and photos. We hope that it serves of widespread use.

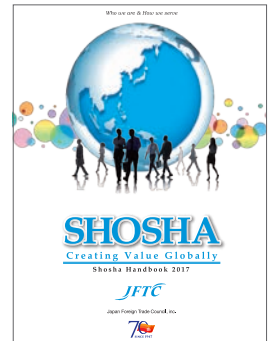
A4 format. English. Price: 500 yen (tax included). Free of charge for JFTC members.

To be published in July 2017.

Inquiries

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Regular Members of JFTC

○ Companies (Total 42)

ALL NIPPON AIRWAYS TRADING CO., LTD., CBC CO., LTD., CHORI CO., LTD., D. NAGATA CO., LTD., HANWA CO., LTD., HITACHI HIGH-TECHNOLOGIES CORPORATION, HONDA TRADING 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 20)

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, OSAKA FOREIGN TRADE ASSOCIATION, KOBE FOREIGN TRADE ASSOCIATION, KYOTO FOREIGN TRADE ASSOCIATION, THE YOKOHAMA FOREIGN TRADE ASSOCIATION

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○ Executive Managing Director

Tsukasa KAWAZU

○ Managing Director

Hirotoishi IWAKI

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