

# JFTC NEWS

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## JFTC Chairman Miyahara Requests Ambassador Baker to Conclude Agreement on Pension Immediately

Since it requested the ministries of Foreign Affairs and Welfare in September 1999 to conclude agreements on pension plans (agreements on social security) with other countries as soon as possible, Japan Foreign Trade Council, Inc. (JFTC) has been working actively towards the goal.

The economic world – including trading houses that dispatch many employees to overseas countries – makes financial contributions to their pension programs both in the nations they have been sent and in Japan.

This double payment system forces corporations to bear a large amount of operating costs, preventing economic exchanges among them from expanding any further.

To avoid such wasteful expenses, it is inevitable to reach agreements with other countries, and Japan has established such relationships with Germany and the U.K.

Japan has been negotiating with the U.S. and France concerning this issue, but these negotiations are behind schedule for some reasons.

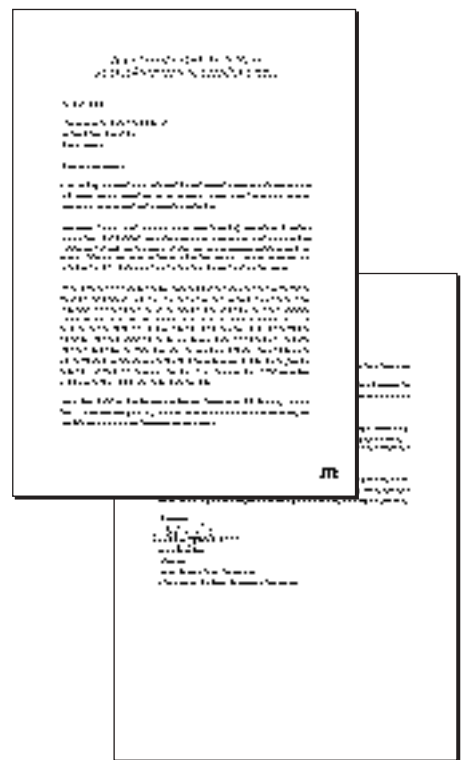
Japan is to have the third meeting with the U.S. next month.

However, concern has arisen among those who are afraid the U.S. may prefer negotiations with other countries to those with Japan.

As such, JFTC chairman Kenji Miyahara visited U.S. Ambassador to Japan Howard H. Baker, Jr. at his official residence on June 25, urging him to conclude the Japan-U.S. agreement as soon as possible.

In response to chairman Miyahara's visit, Ambassador Baker said he fully understands the importance of the agreement and that the U.S. is preparing for the August meeting, promising to deliver the JFTC's request to his country.

Chairman Miyahara called for then U.S. Ambassador to Japan Thomas S. Foley in July 2000, when negotiation between Japan and the U.S. had not been launched yet, to start the negotiation immediately.



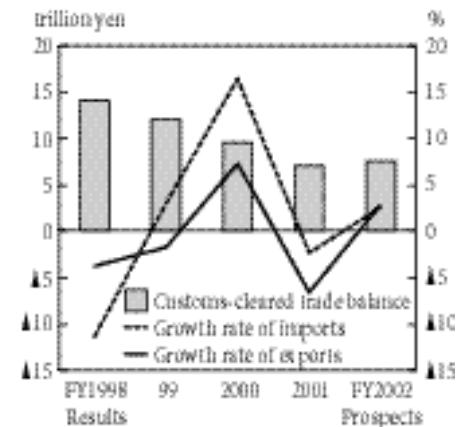
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## Revision of Prospects for Japan's Trade Balance and Current Account

JFTC in June 2002 revised its prospects for Japan's trade balance and current account for fiscal 2002 announced in December 2001, taking economic developments since then into consideration.

### Points

- JFTC anticipates the total value of Customs-cleared export shipments will reach ¥49.961 trillion, a year-on-year increase of 2.8%. The expansion in demand worldwide, triggered by the recovery of the U.S. economy, will slightly increase the number of such shipments. Export prices will grow, but it will be minute due to the intensification of global competition. Export of machinery will improve owing to the recovery in demand for information technology (IT)-related items, although those of automobiles are expected to decline.
- Customs-cleared import shipments are projected to rise 2.5% in value from a year earlier to ¥42.503 trillion. The number of imports will increase – though not significantly – because the Japanese economy is in a slump. Import prices will climb resulting chiefly from higher crude oil prices, which will also pull up mineral fuel prices. Strong demand is not anticipated domestically, but imports – particularly, those of machines, such as IT-related items – will improve slightly. On the other hand, imports of raw materials will continue to decrease, while those of foodstuffs will stay at low levels.
- The growth in exports is estimated to exceed that in imports, expanding the surplus in Japan's trade balance on a small scale. Goods and service balance surplus will also grow; however, at the same time, it is believed current transfer deficit, which decreased remarkably during the previous fiscal year, will return to normal levels. As a result, Japan's current account will level off from a year earlier.



### Prospects for Economic Developments to Consider as Assumptions

- JFTC has assumed the real year-on-year growth rate of the global economy will be 2.8%, because the recovery in the U.S. economy is forecast to have impact on the Asian economy and others.
- The Japanese economy will continue to be supported by the favorable turn of foreign economies and the bottoming out of production due to inventory reduction measures that have completed running their courses. However, personal consumption will be surge, while there will be rooms for fiscal and financial policies, which will have limited influence. For these reasons, domestic demand will continue

to be sluggish. As a result, the real and nominal growth rate of the Japanese economy will stand at ▲0.4 and ▲0.5%, respectively.

- The average exchange rate between the Japanese yen and the U.S. dollar will reach the level of ¥130/\$1, after experiencing depreciation and appreciation, while the price of crude oil will come to \$25 per barrel in average.

### [Balance of Payment (IMF) Basis]

(Reference)  
announced on Dec. 5, 2001

Item	FY2001 Results		Revised Prospects for FY2002		Original Prospects for FY2002	
	hundred million yen	growth rate	hundred million yen	growth rate	hundred million yen	growth rate
Goods and Services	38,839	▲38.9%	40,750	4.9%	28,000	8.1%
Trade Balance	89,865	▲22.2%	93,150	3.7%	83,000	5.4%
Exports	461,765	▲ 7.3%	475,850	3.1%	459,850	1.0%
Imports	371,901	▲ 2.8%	382,700	2.9%	376,850	0.1%
Services	▲51,026	▲ 1.7%	▲ 52,400	2.7%	▲55,000	4.1%
Income	86,837	24.4%	88,790	2.2%	80,000	▲ 7.0%
Current Transfers	▲ 6,210	▲33.7%	▲ 9,370	50.9%	▲10,600	3.4%
Current Account	119,465	▲ 3.7%	120,170	0.6%	97,400	▲ 4.2%

### [Customs-Cleared Basis]

Item	FY2001 Results		Revised Prospects for FY2002		Original Prospects for FY2002	
	hundred million yen	growth rate	hundred million yen	growth rate	hundred million yen	growth rate
Trade Balance	71,135	▲25.9%	74,580	4.8%	62,540	7.7%
Exports	485,931	▲ 6.6%	499,610	2.8%	480,620	1.0%
Quantum Index Unit Value		(▲ 9.9%) (3.5%)		(1.6%) (1.2%)		(0.9%) (0.1%)
Imports	414,796	▲ 2.3%	425,030	2.5%	418,080	0.1%
Quantum Index Unit Value		(▲ 4.2%) (2.1%)		(0.5%) (2.0%)		(0.2%) (▲ 0.1%)

### [Assumptions]

Item	FY2001 Results	Revised Prospects for FY2002	Original Prospects for FY2002
Global Trade (CY)	▲ 0.7 %	3.0 %	2.6 %
Global Economy (real growth rate / CY)	2.5 %	2.8 %	2.4 %
U.S. Economy (real growth rate / CY)	1.2 %	2.2 %	1.2 %
EU Economy (real growth rate / CY)	1.7 %	1.5 %	1.8 %
Asian Economy (real growth rate / CY)	5.0 %	5.7 %	4.7 %
Japanese Economy (nominal growth rate)	▲ 2.8 %	▲ 1.5 %	▲ 1.3 %
[based on the 1995 results] (real growth rate)	▲ 1.5 %	▲ 0.4 %	▲ 0.2 %
Yen Exchange Rate (against U.S. dollar)	125.13 yen	130.00 yen	122.00 yen
At-Arrival Crude Oil Price (dollar/barrel)	23.7 dollars	25.0 dollars	23.0 dollars

- (Note) 1. The growth rates in the original prospects were calculated in comparison with the prospects for fiscal 2001 announced on Dec. 5, 2001.  
 2. The nominal and real growth rate of the Japanese economy have been determined according to JFTC's results.  
 3. The performances of the global trade and economy for fiscal 2001 are based on the World Economic Outlook April 2002 published by the IMF.  
 4. The results and prospects for Asia have been summed up by JFTC, based upon those of "Asia," which has been defined by the IMF, consisting of a total of 29 nations and regions, which include 25 developing countries/regions and NIEs.  
 5. The "Quantum Index" and "Unit Value" calculated by JFTC, referring to the standard trade index for FY1995, released by the Ministry of Finance.

## Year 2001 Annual Transactions of JFTC's 48 Regular Trading Company Members

Compiling the proceeds of its official member corporations since 1986, JFTC has drawn up a report

### [Unconsolidated Base]

	FY	Total transactions of 48 companies				Total transactions of 8 companies			
		(100 million)	Change from previous year (%)	Structural percentage (%)	National percentage (%)	(100 million)	Change from previous year (%)	Structural percentage (%)	National percentage (%)
Gross	1997	961,316				815,996			
	98	961,987	0.1	100.0	18.5	819,938	0.5	100.0	15.8
	99	800,942	▲16.2	100.0	15.6	693,951	▲15.4	100.0	13.5
	2000	700,918	▲12.4	100.0	13.6	605,274	▲12.8	100.0	11.8
	2001	672,050	▲ 5.5	100.0	13.1	564,446	▲ 6.7	100.0	11.0
Domestic	1997	594,555	▲11.5	100.0	11.9	496,452	▲12.0	100.0	9.9
	98	440,457	▲ 5.1	45.8		357,109	▲ 5.2	43.6	
	99	377,545	▲13.5	47.1		313,411	▲12.2	45.2	
	2000	344,400	▲ 8.5	49.1		285,026	▲ 9.1	47.1	
	2001	323,540	▲ 8.6	48.1		254,103	▲10.8	45.0	
Foreign trade	1997	231,950	▲14.9	45.4		169,406	▲16.6	41.0	
	98	521,530	4.9	54.2		462,829	5.4	56.4	
	99	423,397	▲18.4	52.9		380,540	▲17.8	54.8	
	2000	356,518	▲15.8	50.9		320,247	▲15.8	52.9	
	2001	348,509	▲ 2.4	51.9		310,342	▲ 3.1	55.0	
Exports	2001	278,896	▲ 9.8	54.6		243,337	▲10.3	59.0	
	1997	151,784	9.9	15.8	30.4	132,614	9.2	16.2	26.6
	98	134,243	▲11.2	16.8	28.2	119,203	▲10.1	17.2	25.0
	99	108,323	▲19.2	15.5	23.2	94,551	▲20.7	15.6	20.2
	2000	104,080	▲ 4.9	15.5	20.9	88,557	▲ 6.3	15.7	17.8
Imports	2001	84,416	▲ 4.8	16.5	18.3	69,527	▲ 5.1	16.8	15.1
	1997	169,997	▲ 3.1	17.7	46.9	142,175	▲ 2.5	17.3	39.2
	98	141,204	▲16.0	17.6	44.6	121,086	▲14.8	17.4	38.2
	99	132,888	▲ 5.3	19.0	40.3	117,093	▲ 3.3	19.3	35.5
	2000	141,614	6.2	21.1	37.0	124,305	6.2	22.0	32.5
Offshore	2001	116,272	▲ 7.3	22.8	31.3	99,518	▲ 7.8	24.1	26.8
	1997	199,749	8.7	20.8		188,041	9.3	22.9	
	98	147,950	▲25.8	18.5		140,251	▲25.4	20.2	
	99	115,307	▲22.6	16.5		108,603	▲22.6	17.9	
	2000	102,815	▲10.1	15.3		97,480	▲10.2	17.3	
2001	78,208	▲17.8	15.3		74,291	▲17.6	18.0		

- (Note) 1. The number of JFTC members that report their results fluctuate, amounting to 51 companies in fiscal 1997, 48 in 1998 and 1999, 49 in 2000 and 48 in 2001.
2. The domestic and trade sales for fiscal 2001 do not necessarily make the total sales as some members submitted only their total sales.
3. The national percentage is gross as a percentage of GDP, and the import and export figures are the percentage made up by total international income and outgo base exports and imports.

on their sales for fiscal 2001 with the help of its 48 members. The results have been summed up in the table below, and the following comments are the brief explanation of their trends.

### Decrease in Sales Re-expanded

Total transactions continued to decline. The rate of decrease was improved to ▲5.5% in the fiscal 2000 results but worsened again to ▲11.5% for the latest fiscal year.

### Trade Sales Follow FY2001 Trend

Trade sales accounted for 54.6%, growing for the second consecutive year. Earnings from export and import activities respectively enlarged their ratios in the total, while those from cross-trade services leveled off.

### Export and Import Sales Decrease

Export sales went down by 4.8% year on year to ¥8.4 trillion, failing to discontinue a declining trend witnessed for the last several years and falling short of the ten trillion-yen mark. Import proceedings, which rose during the previous fiscal year, turned into a decrease of 7.3%.

### Comparison to National Total

Overall, export and import sales all declined as compared to national totals, following a tendency observed for the past few years.

#### [Consolidated Base]

	FY	Total transactions of 35 companies		Total transactions of 8 companies	
		(100 million)	Change from previous year (%)	(100 million)	Change from previous year (%)
Gross	1998	915,538		807,889	
	99	821,812	▲10.2	723,629	▲10.4
	2000	822,115	▲ 2.1	701,060	▲ 3.1
	2001	770,870	▲ 6.1	658,079	▲ 6.1

- (Note) 1. The number of JFTC official members that report consolidated business results changes every year, amounting to 32 companies in fiscal 1998 and 1999, 36 in 2000 and 35 in 2001.
2. JFTC does not compile data on consolidated export/import sales as its members go by different standards, such as those for figures summed up by their overseas affiliates.