

JFTC News

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Contents

● Interview with New Chairman Utsuda “Pioneering a New Frontier of Global Trade”	P.1
● Looking Ahead to This Year’s APEC Summit	P.5
● Luncheon Reception for Malaysian Prime Minister Najib bin Tun Haji Abdul Razak April 20	P.6
● “Japan’s Foreign Trade 2010” published in March	P.7
● Financial Results of Shoshas for the year ended March 31, 2010	P.8
● JFTC ESSAY COMPETITION 2010	P.10

Interview with New Chairman Utsuda

“Pioneering a New Frontier of Global Trade”

At the 86th General Assembly of the Japan Foreign Trade Council, Inc. (JFTC) held on May 31, Mr. Shoei Utsuda, chairman of Mitsui & Co., Ltd., assumed office as the 10th chairman of the JFTC. JFTC secretariat asked him about subjects such as the thinking that infuses his new slogan “Pioneering a New Frontier of Global Trade,” the present economic environment, and the expected role of *Shosha* (trading companies).

— What meaning and expectation do you imply to your slogan “Pioneering a New Frontier of Global Trade”?

When Mr. Tatsuzo Mizukami (former chairman of Mitsui & Co., Ltd.) held office as the third chairman of the JFTC, he always based his thinking on the spirit of Japan being “a nation based on global trade” and the spirit of “free trade,” and he had high aspirations to contribute both to Japan and to the advancement of the world economy through the balanced development of exports and imports and economic cooperation.

In the slogan “Pioneering a New Frontier of

Global Trade,” I took the philosophy of Mr. Mizukami and added the aspiration to foster the development of the global and Japanese economies in tandem through the strengthening of this exchange of people, goods, finance, and information.

Amid progressive economic globalization, Japanese companies should not be satisfied with their thinking simply to generating earnings and to paying corporate taxes. Companies that are



Shoei Utsuda
Chairman, Japan Foreign Trade Council, Inc.
(Chairman, Mitsui & Co., Ltd.)

respected worldwide need to think through the kind of contribution they should make to society, so in my view it is important to delve very deeply into the “new” aspect of what I refer to as “a New Frontier of Global Trade.”

I think it's important that, rather than the conventional concept of “From Japan, To Japan,” on the trade businesses, we recognize the world from a somewhat broader perspective. This will enable us to identify the path that *Shosha* should be advancing along, and the frontiers.

As illustrated by the existence of the socioeconomic stratum known as the “Base Of the economic Pyramid” (BOP), there remain many people in the world who still do not enjoy the benefits of technological progress or economic development. Although these people do not have a great deal of purchasing power, there are certainly groups of products and services that they need. By adopting their local perspectives, having a strong desire to contribute something for the people, believing that we should be able to do something by means of hard work, I think what *Shosha* can actually accomplish could be seen.

– What is your assessment of the current economic environment for the international trade and investment?

Trading companies are particularly heavily impacted by the state of the global economy, even companies headquartered in Japan. A mixture of factors are at work, for example, the favorable state of the economies of emerging nations and the uncertainties in the U.S. and European economies. But it is natural to find both favorable and unfavorable situations in different regions. Given this, in my view it is important not to be needlessly pessimistic, but instead to make judgments calmly and to do, in a resolute manner, what needs to be done.

There is concern that protectionism will emerge depending on how the world economy recovers.

What is important above all, I believe, is to take a comprehensive view of trends worldwide and think in a broad, forward-looking way about how to overcome the present difficulties by means of free trade and international cooperation.

We are also seeing changes in the main players in the world economy. In addition to China and India, which have already been achieving remarkable economic advancement, a variety of other developments are in prospect, for example, as regards South Africa, where the FIFA World Cup is being held, and Brazil, the first-ever South American host country of the Olympics, both illustrating how such countries are making their presence felt more prominently in the world economy. This paradigm shift, which is arguably of a magnitude that figuratively speaking is shifting the “earth's axis”, is likely to persist for some time to come. We should understand that in the world of the future this change will be the norm.

– What kind of policy proposals are you considering making?

One of the ways in which JFTC differs from other organizations of its kind is the preponderance of its overseas business activities. In view of this, I intend to draft and provide policy proposals by looking at Japan from the overseas perspectives. The Strengthening of the free trade system on the WTO and steps to promote the conclusion of bilateral and inter-regional FTAs and EPAs that supplement the WTO are core elements of the JFTC's proposals, but in addition to these I would like to be more vigorous in making proposals on issues such as the desirable forms of future economic cooperation and the creation of new global systems and rules.

For example, the fields in which there are strong needs overseas and in which Japan could contribute are infrastructure projects — such as railways, electric power generation, and water supply and drainage — and environmental business, including projects in the spheres of nuclear power

Looking Ahead to This Year's APEC Summit

Japan's role

This year's summit meeting of the Asia-Pacific Economic Cooperation (APEC) forum is to be held in Yokohama this November. As the chair of this conference, Japan will be expected to demonstrate leadership in actively promoting the liberalization and expansion of trade and investment among the APEC member economies. Liberalization of trade and investment is the fountainhead of innovation and economic growth, and in a global economy where ties of mutual dependence are deepening, it is essential not only to strengthen the system of surveillance against protectionism but also to seek the commitment of the APEC members to trade and investment liberalization.

APEC also offers a valuable opportunity, as a multilateral table with numerous participants from both the industrialized and newly industrializing economies, in connection with the World Trade Organization's Doha Round, which is having rough going as participants seek to reach an agreement by the end of 2010. Japan should use the APEC conference as a forum for pushing the WTO negotiations forward.

Hopes for APEC

In March this year Japan Foreign Trade Council, Inc., issued a document titled "Toward the Contention of the 2010 Asia-Pacific Economic Cooperation (APEC) Conference" in which we summed up the issues in such areas as (1) implementation of economic integration, (2) further liberalization in the service sector, and (3) encouragement of improvement in the business environment.

Japan has concluded economic partnership agreements with members of the Association of Southeast Asian Nations and with ASEAN as a whole, and it has also come out with ideas for EPAs encompassing ASEAN+3, which includes China, Japan, and South Korea, and ASEAN+6, which adds Australia, India, and New Zealand. These ideas center on cooperation with East Asia, with which Japan has deep economic and industrial links, but

economic activities are not complete just within this region. Bonds with the Pacific Rim, to which East Asia is linked, are highly extensible because of the nature of this sea-connected region, and they are generating great synergy. Considering the possibility of and frameworks for economic integration in the broader Asia-Pacific region is also extremely effective in connection with the promotion of economic cooperation within East Asia.

For example, taking an active lead in service-sector liberalization through Asia-Pacific economic cooperation is essential for Japan in pursuit of the government's "New Growth Strategy," which includes such elements as an Asian economic strategy, a vision of Japan as a "tourism-oriented nation," a strategy for Japan as a "science-and-technology-oriented nation," and employment and human resources strategies. This sort of initiative is important for the sake of the overseas advance of Japan's service industries and should also give a push to the Doha Round negotiations. Progress in liberalization within the region is sought in particular for the service sector in connection with such fields as energy and the environment, transport, finance, logistics, and the movement of people.

Also, with respect to improvement of the business environment, using APEC as a forum for the deepening of discussions about such matters as study of a multilateral framework for investment, facilitation of trade and achievement of greater efficiency in the business environment, consideration of the formation of rules and an order for energy and resources markets, and efforts for protection of intellectual property can lead to the encouragement of direct investment within the region, the facilitation of intra-regional trade, stabilization of the supply of resources and energy and resource security, and facilitation of technology transfers and the movement of human resources.

Turning agriculture into a growth industry and strengthening Japan-US cooperation

Meanwhile, there are issues for Japan to address in connection with the promotion of Asia-Pacific economic cooperation. Japan's agricultural sector (including fisheries and forestry) has long been said to lack international competitive strength, but in

Financial Results of Shoshas for the year ended March 31, 2010

[Unit : Millions of Yen, Percentage changes from the previous year]

Consolidated Financial Results	ITOCHU CORPORATION		MARUBENI CORPORATION		MITSUBISHI CORPORATION		MITSUI & CO.,LTD.		SOJITZ CORPORATION		SUMITOMO CORPORATION		TOYOTA TSUSHO CORPORATION	
Total Assets	5,476,847	(5.5%)	4,586,572	(-2.6%)	10,891,275	(-0.2%)	8,368,984	(0.1%)	2,160,918	(-6.6%)	7,137,798	(1.7%)	2,274,547	(6.8%)
Liabilities	4,165,494	(0.3%)	3,786,826	(-7.3%)	7,624,501	(-7.4%)	5,939,178	(-5.0%)	1,783,514	(-8.9%)	5,443,140	(-2.1%)	1,624,331	(5.3%)
Shareholders' Equity	202,241	(0.0%)	262,686	(0.0%)	203,228	(0.2%)	341,482	(0.5%)	160,339	(0.0%)	219,279	(0.0%)	64,936	(0.0%)
Total Shareholders' Equity	1,311,353	(26.4%)	799,746	(28.3%)	3,266,774	(21.5%)	2,429,806	(15.1%)	377,404	(6.2%)	1,694,658	(16.2%)	650,215	(10.8%)
Trading Transactions	10,306,799	(-14.6%)	7,965,055	(-23.9%)	17,098,705	(-23.6%)	9,358,379	(-28.7%)	3,844,418	(-25.6%)	7,767,163	(-27.7%)	5,102,261	(-18.8%)
Gross Trading Profit	924,366	(-12.8%)	491,673	(-23.7%)	1,016,683	(-30.5%)	701,961	(-29.8%)	178,203	(-24.4%)	779,512	(-16.7%)	280,790	(-14.0%)
Gross Trading Profit Ratio	8.97%	-	6.17%	-	5.95%	-	7.50%	-	4.64%	-	10.04%	-	5.50%	-
Selling, General and Administrative Expenses	769,907	(0.2%)	366,922	(-10.3%)	830,506	(-4.0%)	546,221	(-8.8%)	162,074	(-11.7%)	639,240	(-2.3%)	225,199	(-4.4%)
Operating Income	147,414	(-46.5%)	118,926	(-49.2%)	181,447	(-69.2%)	144,513	(-62.2%)	16,128	(-69.0%)	120,517	(-57.1%)	55,591	(-38.9%)
Financial Balance	3,562	-	744	-	78,889	-	27,284	-	-16,314	-	-12,773	-	-1,857	-
Net Income	128,153	(-22.5%)	95,312	(-14.3%)	273,147	(-26.2%)	149,719	(-15.7%)	8,794	(-53.7%)	155,199	(-27.8%)	27,339	(-32.0%)

Non-Consolidated Financial Results	ITOCHU CORPORATION		MARUBENI CORPORATION		MITSUBISHI CORPORATION		MITSUI & CO.,LTD.		SOJITZ CORPORATION		SUMITOMO CORPORATION		TOYOTA TSUSHO CORPORATION	
Trading Transactions	3,842,717	(-23.6%)	4,478,405	(-22.9%)	8,236,241	(-24.3%)	4,196,335	(-62.3%)	2,389,381	(-25.7%)	3,737,483	(-35.6%)	3,218,804	(-24.3%)
Gross Trading Profit	114,239	(-16.9%)	108,282	(-13.8%)	153,013	(-17.2%)	120,659	(-29.2%)	45,967	(-2.9%)	129,275	(-29.1%)	84,403	(-19.7%)
Gross Trading Profit Ratio	2.97%	-	2.42%	-	1.86%	-	2.88%	-	1.92%	-	3.46%	-	2.62%	-
Selling, General and Administrative Expenses	132,157	(-6.1%)	108,258	(-4.7%)	214,044	(9.8%)	197,198	(0.5%)	56,230	(-10.0%)	173,395	(3.8%)	95,544	(-9.1%)
Operating Income	-17,918	(450.0%)	24	(-99.8%)	-61,030	(504.1%)	-76,538	(195.4%)	-10,262	(-32.3%)	-44,120	(-387.2%)	-11,141	(-29418.4%)
Financial Balance	128,782	-	64,238	-	367,826	-	184,765	-	22,177	-	63,941	-	28,733	-
Ordinary Profit	112,856	(4.4%)	64,262	(-18.5%)	304,278	(27.8%)	111,666	(115.2%)	11,407	(-31.9%)	20,176	(-70.4%)	20,841	(-48.6%)
Income Taxes	23,538	(-247.7%)	12,334	(43.7%)	13,960	(-5.8%)	14,801	(-199.9%)	438	(-207.4%)	55,500	(-1890.3%)	8,192	(-45.7%)
Net Income	63,497	(-1.4%)	19,896	(198860.0%)	256,840	(119.3%)	64,067	(-179.8%)	7,469	(-66.1%)	79,566	(4.0%)	1,369	(-90.4%)
Cash Dividends	15.0 yen	-	8.5 yen	-	38.0 yen	-	18.0 yen	-	2.5 yen	-	24.0 yen	-	16.0 yen	-

Consolidated Financial Results	CHORI CO.,LTD.		HANWA CO.,LTD.		HITACHI HIGH-TECHNOLOGIES CORPORATION		INABATA & CO.,LTD.		IWATANI CORPORATION		JFE SHOJI HOLDINGS, INC.		KANEMATSU CORPORATION		NAGASE & CO.,LTD.		SUMIKIN BUSSAN CORPORATION	
Total Assets	57,103	(5.0%)	443,444	(-7.5%)	411,049	(-3.9%)	229,964	(6.8%)	366,110	(-0.1%)	526,788	(-17.1%)	398,629	(-3.9%)	368,088	(8.0%)	324,054	(-11.4%)
Liabilities	35,513	(0.2%)	336,589	(-12.5%)	181,650	(-6.0%)	161,500	(6.5%)	298,111	(-2.3%)	419,727	(-19.4%)	352,824	(-5.4%)	165,098	(10.8%)	269,386	(-14.5%)
Shareholders' Equity	6,800	(0.0%)	45,651	(0.0%)	7,938	(0.0%)	9,364	(0.0%)	20,096	(0.0%)	20,000	(0.0%)	27,781	(0.0%)	9,699	(0.0%)	12,335	(0.0%)
Total Shareholders' Equity	21,590	(14.0%)	106,855	(12.6%)	229,399	(-2.1%)	68,463	(7.6%)	67,999	(11.2%)	107,060	(-6.6%)	45,804	(9.0%)	202,990	(5.8%)	54,668	(8.4%)
Trading Transactions	191,149	(-14.3%)	1,116,628	(-27.5%)	616,877	(-20.4%)	410,782	(-7.2%)	555,477	(-18.5%)	1,811,887	(-33.1%)	861,277	(-24.4%)	603,949	(-15.6%)	757,185	(-41.4%)
Gross Trading Profit	18,267	(-8.5%)	40,589	(-14.9%)	79,183	(-24.0%)	27,568	(3.4%)	133,204	(0.7%)	64,939	(-32.9%)	74,104	(-14.1%)	65,415	(-8.5%)	55,313	(-17.8%)
Gross Trading Profit Ratio	9.56%	-	3.63%	-	12.84%	-	6.71%	-	23.98%	-	3.58%	-	8.60%	-	10.83%	-	7.31%	-
Selling, General and Administrative Expenses	13,576	(-3.8%)	29,169	(-3.6%)	80,809	(-9.5%)	22,058	(-4.4%)	119,472	(-2.5%)	49,798	(-11.6%)	61,918	(-7.9%)	52,286	(-11.4%)	46,517	(-6.5%)
Operating Income	4,690	(-19.7%)	11,420	(-34.6%)	-1,626	(-110.9%)	5,510	(54.1%)	13,732	(41.1%)	15,140	(-62.4%)	12,186	(-36.0%)	13,128	(4.8%)	8,796	(-49.8%)
Financial Balance	-37	-	-2,220	-	435	-	155	-	-2,094	-	-1,203	-	-2,963	-	388	-	-1,038	-
Net Income	2,918	(-9.7%)	11,579	(93.1%)	-2,827	(-140.0%)	1,762	(-18.5%)	5,539	(115.7%)	7,506	(-62.2%)	3,528	(-127.6%)	7,537	(29.8%)	4,591	(-26.7%)

Non-Consolidated Financial Results	CHORI CO.,LTD.		HANWA CO.,LTD.		HITACHI HIGH-TECHNOLOGIES CORPORATION		INABATA & CO.,LTD.		IWATANI CORPORATION		JFE SHOJI HOLDINGS, INC.		KANEMATSU CORPORATION		NAGASE & CO.,LTD.		SUMIKIN BUSSAN CORPORATION	
Trading Transactions	176,368	(-14.0%)	1,081,796	(-28.3%)	469,337	(-22.0%)	265,117	(-6.5%)	408,967	(-18.8%)	3,089	(-82.0%)	370,858	(-31.4%)	414,657	(-9.4%)	639,910	(-43.8%)
Gross Trading Profit	15,051	(-8.3%)	35,927	(-15.7%)	47,748	(-91.0%)	12,330	(1.9%)	58,742	(4.1%)	3,089	(-82.0%)	17,013	(-17.6%)	27,764	(-7.1%)	31,360	(-17.2%)
Gross Trading Profit Ratio	8.53%	-	3.32%	-	10.17%	-	4.65%	-	14.36%	-	100.00%	-	4.59%	-	6.70%	-	4.90%	-
Selling, General and Administrative Expenses	10,988	(-1.1%)	25,152	(-4.2%)	55,676	(-20.0%)	9,933	(-5.7%)	52,173	(-5.5%)	648	(-4.7%)	14,904	(-11.3%)	24,850	(-9.0%)	23,244	(-6.1%)
Operating Income	4,063	(-23.3%)	10,775	(-34.3%)	-7,928	(-112.9%)	2,397	(52.4%)	6,568	(440.6%)	2,440	(-85.2%)	2,109	(-45.3%)	2,913	(13.2%)	8,115	(-38.1%)
Financial Balance	59	-	-1,827	-	5,110	-	1,008	-	822	-	135	-	1,815	-	3,099	-	1,218	-
Ordinary Profit	4,212	(-21.8%)	9,149	(-35.5%)	-2,327	(-115.3%)	3,669	(6.6%)	7,596	(298.7%)	2,599	(-84.4%)	4,237	(8.8%)	7,203	(-6.6%)	9,400	(-24.9%)
Income Taxes	1,772	(-12.1%)	-5,859	(-216.2%)	-3,295	(-187.8%)	960	(-52.8%)	3,023	(213.9%)	94	(-13.0%)	-408	(-107.4%)	2,536	(29.3%)	2,475	(-44.7%)
Net Income	2,539	(-12.7%)	11,738	(111.3%)	-3,355	(-180.3%)	2,015	(114.1%)	2,762	(163.3%)	2,505	(-84.9%)	5,373	(-129.3%)	4,852	(5.0%)	4,693	(159.3%)
Cash Dividends	2.0 yen	-	12.0 yen	-	15.0 yen	-	10.0 yen	-	8.0 yen	-	5.0 yen	-	0.0 yen	-	16.0 yen	-	5.0 yen	-

REGULAR MEMBERS OF JFTC

Companies (Total 42)

ASSOCIATED LUMBER & TRADING CO., LTD., CHORI CO., LTD., CBC CO., LTD., D. NAGATA CO., LTD., HANWA CO., LTD., HITACHI HIGH-TECHNOLOGIES CORPORATION, INABATA & CO., LTD., ITOCHU CORPORATION, IWATANI CORPORATION, JFE SHOJI HOLDINGS, INC., 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 TRADING CO., LTD., N. I. TEIJIN SHOJI CO., LTD., NOMURA TRADING CO., LTD., NOSAWA & CO., LTD., OKAYA & CO., LTD., SANKYO SEIKO CO., LTD., SEIKA CORPORATION, SHINYEI KAISHA, SMILE CORP., SOJITZ CORPORATION, SUMIKIN BUSSAN CORPORATION, SUMITOMO CORPORATION, T. CHATANI & CO., LTD., THE TOSHO CO., LTD., TOKYO BOEKI LTD., TOHO BUSSAN KAISHA, LTD., TOYOTA TSUSHO CORPORATION, Y. NISHIDA & CO., LTD., YAGI TSUSHO LTD., YUASA TRADING CO., LTD.

Associations (Total 23)

COSMETIC IMPORTERS ASSOCIATION OF JAPAN, FUKUOKA FOREIGN TRADE ASSOCIATION, INTERNATIONAL DEVELOPMENT ASSOCIATION OF THE FURNITURE INDUSTRY OF JAPAN, JAPAN AUTOMOBILE IMPORTERS ASSOCIATION, THE JAPAN BANANA IMPORTERS ASSOCIATION, JAPAN CHEMICAL EXPORTERS AND 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 CENTER FOR TRADE AND INVESTMENT, JAPAN OVERSEAS ROLLING STOCK ASSOCIATION, JAPAN PAPER IMPORTERS' ASSOCIATION, JAPAN SHEEP CASING IMPORTERS ASSOCIATION, 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, KYOTO FOREIGN TRADE ASSOCIATION, THE YOKOHAMA FOREIGN TRADE ASSOCIATION

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MANAGING DIRECTOR

Yasuo Ichimura

JFTC ESSAY COMPETITION 2010

JFTC is sponsoring JFTC Essay Competition 2010 to encourage students, young researchers and business people to express their opinions on matters of national and international importance.

The subject of the Essay

“Reconstruction of Japan: Prescription to Transcend a Downsized Japan”

Awards: One Grand Prize of 1,000,000 yen and three Prizes for Excellence of 200,000 yen each

Language: English or Japanese

Length: No more than 4,000 words (in English) or 10,000 characters (in Japanese)

Deadline: Sept. 15, 2010

Judges Chair: Dr. Iwao Nakatani, Director of Research, Mitsubishi UFJ Research and Consulting Co., Ltd. and Chairman of Fushiki-an

Vice Chairs: Professor Yoko Wake, Faculty of Business and Commerce, Keio University
Mr. Kazuo Mori, Senior Staff Writer, NIKKEI INC.

For details of the competition and submission of your essay, please visit our web site: www.jftc.or.jp

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