

JFTC News

Contents

- 1 2013 New Year's Reception
- 2 New Year's Address by Chairman
- 4 Awards Winners of JFTC Essay Competition 2012
- 5 Visit to Japan of His Majesty The Yang di-Pertuan Agong of Malaysia XIV and Her Majesty The Raja Permaisuri Agong XIV
- 7 Cooperation for Tokyo's 2020 Olympic and Paralympic Games Candidacy
- 8 The 37th Japan Cooperation Forum for the Middle East
- 9 50th Anniversary Japan-Australia Joint Business Conference
- 10 FY2013 Outlook for Japan's Trade Balance and Current Account
- 12 What's SHOSHA? SHOSHA Activities - "Challenging New Business Fields"
- 14 Foreign Trade 2013
- 14 Regular Members of JFTC



2013 New Year's Reception

(January 8, 2013)



From left to right Chairman Utsuda; Vice Chairmen Asada, Okafuji, Kobayashi, Karube, Nakamura, Sato

On Tuesday, January 8, 2013, the Japan Foreign Trade Council, Inc. (JFTC) hosted a New Year's Reception in the Tsuru Room of the New Otani Hotel. Approximately 640 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 Shoei Utsuda, followed by the introduction of award recipients of the JFTC Essay Competition 2012. This was followed by remarks by the Minister of Economy, Trade and Industry Mr. Toshimitsu Motegi and by a toast given by JETRO Chairman and CEO Mr. Hiroyuki Ishige. With the venue filled with pleasant conversation, the reception was brought to a successful conclusion.



New Year's Address by Chairman Utsuda



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

On behalf of the JFTC, I extend to all my warmest greetings for a happy New Year.

Before proceeding, I would like to express my special gratitude to the Minister of Economy, Trade and Industry Mr. Toshimitsu Motegi, the ambassadors of numerous countries, JETRO Chairman Mr. Hiroyuki Ishige, and the other leaders of Japan's political, government, and business circles present today.

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 the work of the JFTC.

Looking back on last year, we see that conditions surrounding the world economy became even more severe during 2012. The European fiscal and financial crisis cast a dark shadow on real economic activities, and emerging economies experienced a slowdown as import and export trade slumped.

Last year was also referred to as the "year of elections," a period of change and reelection of leaders in many major countries.

In Europe, the spring of 2012 was marked by the Greek general election and the election of a new president in France. This proved to be a turning point from the previous policy stance of fiscal austerity to a new one that places greater emphasis on a balanced

approach to fiscal reform and economic growth. As a result, a robust framework was created for responding to the crisis. Although the problems of Europe remain serious, it appears that the situation has been considerably stabilized compared to a year ago.

In the United States, President Obama was reelected in November, indicating that the path that has emerged over the past four years will be continued. With the passage by Congress of a bill to avert the "fiscal cliff," the United States has managed to prevent the worst case scenario regarding this pressing matter; however, the handling of other key issues outside of taxation has been delayed across the board. As President Obama himself said in a statement, the passage of the bill is just one step. It is hoped that the US government will continue to promote radical fiscal reform and, based on that, will implement policies designed to revitalize its industries and to contribute to the rebuilding of the international order.

In China, the new administration of Xi Jinping is setting sail. In recent months, the Chinese economy has lost some of its previous momentum. Thus, the new administration will face the challenge of maintaining the pace of economic growth while transitioning to a sustainable pattern of consumption-led growth.

Other parts of the world, such as Russia and South Korea, also witnessed the birth of new administrations during 2012. Turning our eyes forward to the year before us, parliamentary elections are scheduled in Italy and Germany. The impression we receive is that many of the new leaders who will be setting the future course of the global community are now taking their place on the world stage.

During the busy closing weeks of 2012, Japan also witnessed the emergence of a new coalition government formed of the Liberal Democratic Party and the New Komeito Party, following the dissolution of the House of Representatives and a general election that saw a landslide victory for the LDP. Until now, recovery and reconstruction efforts in the areas hit by the disaster of 2011 have not moved forward at a satisfactory pace. Progress on the economic front has also been slow due to the "politics of indecision." This

has affected Japan's response to the Trans-Pacific Partnership (TPP) negotiations and other economic partnership initiatives, as well as its formulation of new energy policies. It is our earnest hope that the new administration of Prime Minister Shinzo Abe will break free of this impasse and will implement effective policies for revitalizing the society and economy of Japan.

Be that as it may, corporate executives cannot pin all their hopes on politicians and their policies. In all industrial fields, we see that Japanese businesses are facing an extremely difficult environment, and the challenge continues to be how Japan can benefit from global economic growth. Indeed, there has been no change in the urgency of this challenge. While many companies transfer production overseas, the importance of reviewing the international division of production processes is increasing. Thus, Japanese companies find themselves in a position where they must rethink and rebuild their business models from this perspective.

Japan should not be satisfied with its own narrow domestic framework, but should adopt a broader perspective that goes far beyond its borders to find a wider range of options and possibilities. Standing in this global arena, Japan must make the best possible decisions and act boldly and with determination to implement these decisions. It is my belief that this is the most pressing requirement for Japan today, a requirement that applies equally to politicians, bureaucrats, and business leaders.

Japan's Shosha, which were originally known as trading companies and are now involved in a wider range of business, also experienced a period of trial and tribulations. Critics were saying that Shosha were no longer necessary and that they were on the way out. But we stood up to the challenge and implemented bold changes in our businesses. In this way, we were able to respond to the changing needs of the new age.

No matter how harsh the business environment, Shosha have constantly asked themselves these two questions. What can Shosha do, and what should Shosha do? In our quest for answers, we have fully capitalized on the flexibility that characterizes Japan's

Shosha and taken on the challenge of finding new possibilities that have never been tried before. This we have done with a positive and audacious spirit that does not shy away from the unknown. We look forward to always standing at the vanguard, ready to take on new challenges and to contribute to energizing the economies of both Japan and the world.

With this mission in mind, the JFTC has adopted the slogan of "Pioneering a New Frontier of Global Trade." Under this slogan, we will continue to pursue activities aimed at promoting transformation through the mutual exchange of people, goods, money, and information as a step toward achieving sustained economic growth. The JFTC will further exercise its can-do spirit and play an active role in the trade industry to pioneer a "new frontier."

Before closing, I would like to briefly touch on "Action for a Better International Community," a nonprofit organization we have established at the JFTC.

Commonly referred to as ABIC, this program is aimed at contributing to society by making use of the know-how of people with extensive international business experience.

I am very pleased to say that the long-standing goal of establishing an independent ABIC office was finally accomplished last year. The ABIC initiative is now entering its 13th year of activity and currently boasts about 2,200 registered members, most of whom are former Shosha employees. Every year, ABIC is involved in about 1,400 service projects. Since its founding, a cumulative total of about 10,000 people have shared their time and know-how through ABIC.

At the JFTC, it is our earnest desire to contribute to "fostering global human resources" and to overcoming new challenges through these activities.

We sincerely look forward to your continuing advice and support for the activities of the JFTC and ABIC during 2013, and earnestly hope that this will be a fruitful and prosperous year for all.

Thank you.

Awards Winners of JFTC Essay Competition 2012

(January 8, 2013)

The JFTC who sponsors the "JFTC Essay Competition 2012" is very pleased to announce that we received a total of 216 submissions from 50 different nationalities for the competition this year.

After a strict screening of all the essays, the four submissions below have been selected as the winners of the competition in 2012.

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

Selection Committee :

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.



Awarding Ceremony of JFTC Essay Competition 2012

From left to right: Selection Committee Vice Chair Wake, Chair Nakatani, Prize recipients Mr. Sullivan, Ms. Metspalu, Mr. Nirody, Mr. Asano, JFTC Chairman Utsuda, Selection Committee Vice Chair Mori

Grand Prize of 1,000,000 yen

- "Strategies for a Depopulating Japan"
A British Model and a Japanese Legacy
Mr. Michael SULLIVAN (The United Kingdom, age 30)



Prize for Excellence of 200,000 yen

- "Strategies for a Depopulating Japan—Towards a More Inclusive and Happier Japan"
Ms. Kadri METSPALU (Estonia, age 27)
- "Japan's Declining Population : The Need for a Comprehensive Approach to Reversing the Trend"
Mr. Anil NIRODY (The United State, age 69)
- "Building a New Social Structure: Work and Employment Model of "Covering and Sharing"
Mr. Takashi ASANO (Japan, age 44)

Remarks by Selection Committee Chair, Dr. Iwao Nakatani

It is my honor to inform you that a record-breaking 216 essays were submitted from all over the world for JFTC Essay Competition 2012. The topic for the essay was "Strategies for a Depopulating Japan", which, I believe, Japan's future is depending on greatly. Out of 216 essays, 142 were written in English from many different countries while only 74 were in Japanese. I am very pleased as this proves again in 2012 that JFTC Essay Competition remains truly international in nature.

What struck me was that so many people have shown genuine interest in Japan as well as deep knowledge on the situation this country is facing. I would like to express my sincere gratitude for their earnest suggestions on how Japan can overcome the problems derived from depopulation.

Finally, I would like to thank all of the selection committee members for their time and efforts for reading through 216 essays to make this tough decision on selecting the best ones. In 2012, one essay for The Grand Prize and three essays for The Prize for Excellence have been selected.

The followings are the summaries of these prize winning essays.

The Grand Prize

Mr. Michael Sullivan

“Strategies for a Depopulating Japan”

A British Model and a Japanese Legacy

In his essay, Mr. Sullivan made inspiring suggestions based on the experience of the UK. He explains how we can overcome our sense of stagnation in a shrinking nation and what we should do now to resolve the problems and make the start of a new legacy for the future. His suggestions including measures to provide comprehensive support for financially struggling couples who have no choice but to give up having children as well as possible ways to encourage young people who are studying Japanese for the love of this country to immigrate into Japan are so convincing that majority of committee members voted for his essay as the best. What is insightful is his criticism towards the misguided ideas and direction of Japanese universities that, for the sake of so-called internationalization, teach undergraduate and graduate programs only in English so that non-Japanese students don't have to study Japanese language to graduate.

The Prizes for Excellence

Ms. Kadri Metspalu

Strategies for a Depopulating Japan – Towards a More Inclusive and Happier Japan

In her essay, Ms. Metspalu presented us comprehensive measures against the problems derived from depopulation including rebuilding the social structure for women to be able to pursue her career without sacrificing her choice to raise children and for elderlies to be able to utilize their knowledge and experiences, securing employment stability, and changing immigration policies. She foresees future Japan to be more engaged with the rest of the world without losing its heritage. We found her essay quite well-balanced.

Mr. Anil Nirody

Japan's Declining Population:

The Need for a Comprehensive Approach to Reversing the Trend

Mr. Nirody is a 69-year old American retired engineer. His essay is very clearly written and all-encompassing, just as one would expect from an engineer, and is filled with various useful measures to combat the problems derived from depopulation. Especially, his view that increasing number of young people who cannot find full-time job and are forced to work part-time is one of the major reasons for declining birth rate is quite insightful.

Mr. Takashi Asano

Building a New Social Structure:

Work and Employment Model of “Covering and Sharing”

The focal point of Mr. Asano's essay is that depopulation is progressing along with rapid aging of the society. Therefore, in order to be able to sustain the existing social security system, each one must “play both defense and offence”. In other words, by sharing the same work with others and covering each other, everyone can play his role in the society. We found his suggestions quite interesting.

These are the summaries of the prize winning essays. I sincerely hope that JFTC will continue to host this essay competition into the future as it has captured the interest of people from all over the world since the very beginning of the contest.

**Visit to Japan of His Majesty The
Yang di-Pertuan Agong of Malaysia XIV and
Her Majesty The Raja Permaisuri Agong XIV
(October 1-5, 2012)**

**His Majesty Almu'tasimu Billahi Muhibbuddin
Tuanku Alhaj Abdul Halim Mu'adzam Shah ibni
Almarhum Sultan Badlishah, the Yang di-Pertuan
Agong of Malaysia XIV and Her Majesty Tuanku
Hajah Haminah Binti Haji Hamidun, The Raja
Permaisuri Agong XIV made an official state visit to
Japan with his retinue from October 1-5 to promote
economic exchange and friendship between Japan**

and Malaysia. In addition to a welcoming event and state banquet held during this visit at the Imperial Palace to welcome the royal couple, economic organizations held a welcoming luncheon.

1. Welcoming Luncheon Hosted by Economic Organizations



From Left: Japan Foreign Trade Council, Inc. Vice Chairman Asada, Japan Association of Corporate Executives Chairman Hasegawa, Japan Chamber of Commerce and Industry Chairman Okamura, His Majesty the Yang di-Pertuan Agong of Malaysia XIV, Keidanren Chairman Yonekura, Japan-Malaysia Economic Association Chairman Sasaki

On October 2, the JFTC co-hosted a welcoming luncheon at the New Otani Hotel for His Majesty Almu'tasimu Billahi Muhibbuddin Tuanku Alhaj Abdul Halim Mu'adzam Shah ibni Almarhum Sultan Badlishah, the Yang di-Pertuan Agong of Malaysia XIV during his visit to Japan. Other hosting organizations included the Japan Chamber of Commerce and Industry, Keidanren (Japan Business Federation), the Japan Association of Corporate Executives and the Japan-Malaysia Economic Association. Approximately ten persons attended on the Malaysian side, including His Majesty the Yang di-Pertuan Agong of Malaysia XIV and several accompanying officials. The Japanese side saw the attendance of approximately 80 members of the business leaders.

2. State Banquet in Honor of Their Majesties the King and Queen of Malaysia

On October 3, a state banquet was held at the Imperial Palace, hosted by Their Majesties the Emperor and Empress of Japan. Chairman Utsuda of our organization and his wife received an invitation and attended this event.

The Emperor expressed words of welcome to Their Majesties the King and Queen of Malaysia, and thanked them for the warm kindness given by Malaysia

during the time of the Great East Japan Earthquake. A friendly relationship has existed between Japan and Malaysia since the establishment of diplomatic relations in 1957, and was particularly cultivated by the Look East Policy. It is our hope that this state visit by Their Majesties the King and Queen of Malaysia will further strengthen this relationship.

⋮ ⋮ ⋮

His Majesty Almu'tasimu Billahi Muhibbuddin Tuanku Alhaj Abdul Halim Mu'adzam Shah ibni Almarhum Sultan Badlishah, the Yang di-Pertuan Agong of Malaysia XIV

Born in November 1927

September 1970: 5th King of Malaysia

December 2011: 14th King of Malaysia

*Kings are appointed for five year terms by rotating through the nine hereditary sultans of the Malay states.



Malaysia Basic Data

Area: Approx. 330,000 km²

Population: 28.6 million

Language: Malay, Chinese, Tamil, English

Religion: Islam, Buddhism, Others

Government: Constitutional Monarchy

Parliament: Bicameral legislature

Total GDP: \$278.7 Billion

Per Capita GDP: Approx. \$9,700

Japanese Trade with Malaysia (2011)

Trade Figures:

Exports to Malaysia: 1,496.6 Billion Yen

Imports from Malaysia: 2,425.7 Billion Yen

Major Items:

Exports: Electrical Machinery, Machinery, Motor Vehicles, Iron & Steel Products

Imports: Mineral Fuels (LNG, etc.), Electrical Machinery, Wood, etc.

Japanese Direct Investment in Malaysia (2011)

\$3.177 Billion

[Data Source: Ministry of Foreign Affairs]

Cooperation for Tokyo's 2020 Olympic and Paralympic Games Candidacy



The JFTC is cooperating in a number of ways with bid activities heading into Tokyo's 2020 Olympic and Paralympic Games candidacy. Chairman Utsuda is serving as a member of the Tokyo 2020 Bid Committee Council. In addition to his participation in bid activities, the Shosha Industry has contributed through financial donations.

Japanese Olympic Committee President Takeda attended the 336th Meeting of the Board of Executive Directors of the JFTC held in November 2012. President Takeda provided explanations regarding the scheduling and current status of bid activities.

The International Phase of the campaign was opened, and the Shosha Industry will continue to offer its cooperation.

Discover Tomorrow: Celebrate Sport with Tokyo in 2020

As the decision on who will host the 2020 Olympic and Paralympic Games gets closer, the three cities in the running – Tokyo, Madrid and Istanbul -- are each putting their best foot forward. Last month, the international phase of the campaign was opened, with Tokyo holding a series of events in Japan and Europe designed to attract attention to our Bid. Our capital city's goal is simple: to secure the honour of hosting the 2020 Games. The decision will be made in September at the IOC Session in Buenos Aires.

The Olympic Games are no mere event – they have significant meaning when it comes to the future of the world in which we live. So, they are a blessing with special significance for any city. We are energised by the desire to contribute to the Olympic Movement as a host city.

Our vision for the Games is captured by the phrase 'Discover Tomorrow'. In a nutshell, Tokyo 2020 will bring together dynamic innovation and global inspiration. We will unite the power of the Games with the unique values of the Japanese people and the excitement of a city that sets global trends.

Ours will be a unique celebration that will help reinforce and renew the Olympic Values for the new generation. And will contribute to more young people, worldwide, sharing the dreams, hopes and benefits of sport.



Tokyo has positioned our Games on three key foundations – Delivery, Celebration, and Innovation. Tokyo will provide guaranteed quality and maximum benefits. Certainty in delivery will be assured by the financial strength, world-leading infrastructure and hosting experience of one of the world's safest and most welcoming cities. Since we know we can deliver the must-haves early, we will be able to focus on the crucial 'extra' elements that will help set Tokyo's celebration apart - and take the Games forward for the future.

Celebration: Tokyo will be great hosts of a wonderful party. We will stage an exciting and welcoming celebration that will inspire youth around the world. The Games will take place in the very heart of a truly dynamic global capital, fully-integrated with the life of its 35 million people. Every session, in every venue, will see cheering and friendly fans, supporting the competitors in a true spirit of Olympism.

Innovation: Tokyo will infuse all the creativity of the world's most forward-thinking city in the 2020 Games. At a time of rapid global change, Tokyo will host the Games in a city that is the home of technology, the heart of innovation and the capital of the future – the city that continually sets global trends in everything from fashion to technology. As the JFTC well knows, bringing the 2020 Olympic and Paralympic Games to Tokyo will contribute in further fostering international exchange and global business occasions.

The 37th Japan Cooperation Forum for the Middle East

(August 27-28, 2012)



The 37th Japan Cooperation Forum for the Middle East

The 37th Japan Cooperation Forum for the Middle East was held on August 27 and 28 in Doha, Qatar, and was hosted by the Ministry of Economy, Trade and Industry and the Japan Cooperation Center for the Middle East.

Approximately 300 persons were in attendance at the Forum, including representatives from the Japanese government, Japanese government-related institutions, local Japanese embassies, private enterprises, related organizations, academic associations, and the media. Lively debate was conducted under the theme of "Transformation of Business and Industrial Cooperation between the MENA (Middle East and North Africa) Region and Japan."

Attendees proactively expressed opinions from various standpoints regarding the structure of cooperative relations between Japan and the Middle East and North Africa region, as well as on varied approaches for making this structure concrete.

The JFTC organization has been proactively participating in the Japan Cooperation Forum for the Middle East since 2010. This year Director of Board, International Affairs Group attended and exchanged of views with stationed personnel regarding the various policies for strengthening competitiveness in the area of infrastructure system exportation, a subject on which our organization has presented a petition in June 2012.

50th Anniversary Japan-Australia Joint Business Conference

(October 8-9, 2012)



50th Anniversary Japan-Australia Joint Business Conference

The 50th Anniversary Japan-Australia Joint Business Conference was held in Sydney, Australia on October 8 and 9. This landmark 50th anniversary meeting gave attendees an opportunity to reflect on 50 years of relations between Japan and Australia, as well look forward to the future of bilateral relations between our two countries and survey the structure of the Japan Australia and Australia Japan Business Co-operation Committees.

The attendance of industrial representatives and others from both countries was recorded, with approximately 360 persons participating (approximately 170 Japanese and 190 Australians). It was a magnificent Joint Conference worthy of the 50th anniversary of the establishment of the Australia-Japan and Japan-Australia Business Co-operation Committees. A representative from the JFTC secretariat was also in attendance, working to exchange information and expand personal relationships with persons involved in Japanese-Australian relations and others.

The general meeting began with a keynote lecture by Australian National University Emeritus Professor Peter Drysdale AM, and a panel discussion between successive generations of individuals with experience at having been chairmen. This discussion provided listeners with an opportunity to witness once again the boldness and foresight of those predecessors

that created the foundation of economic relations between our two countries, and stressed as essential the conclusion of the Japan –Australia Economic Partnership Agreement (EPA) for the future strengthening of relations between the two countries. Additionally the second half had the themes of “Asia’s Changing Demographic” and “Development of Innovative Futures,” and keynote lectures, panel discussions, and other activities were conducted related to future business opportunities for enterprises in both countries and possibilities for cooperation.

To conclude the discussions that took place over the course of the two days, at the final general meeting the topics of future Japan-Australia relations and the structure of the committees were discussed. There was a common perception regarding the achievement, within the Asian Century, of an evolution within Japan-Australian relations from the “complementary” relationship that has existed until now to a “collaborative” one, and many people expressed the opinion that both committees should further expand their activities to correspond to this. Finally, it was unanimously decided to issue a joint statement requesting both governments to conclude the Japan–Australia Economic Partnership Agreement during this landmark year.

At this conference a number of commemorative events were held simultaneously, including the Japan Australia Joint Business Conference 50th Anniversary Essay Contest Awards Ceremony, an event that has received support and assistance from the JFTC. Additionally, an impressive turnout of 440 individuals involved in Japan-Australia relations attended a dinner banquet at which Prime Minister Gillard was guest.



Prime Minister Julia Gillard

FY2013 Outlook for Japan's Trade Balance and Current Account

The JFTC released on December 6, 2012 the "FY 2013 Outlook for Japan's Trade Balance and Current Account". One of the most unique features of the JFTC Outlook is the methodology employed for the forecast. The Outlook was conducted by compiling trade forecast of major categories of commodities which were gathered and analyzed by hearing with industry specialists. The Trade Research Committee of the JFTC has been working on forecast of trade balance and current account since 1974. The full document (in Japanese) can be downloaded from the JFTC website (<http://www.jftc.or.jp>).

Overview

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

- **FY 2012: Exports decline due to world economy slow down and strong yen, Imports flatten out due to domestic economic stagnation**

Total exports will in comparison with the previous fiscal year decrease by 3.2% to 63,180 billion yen. This will be the second consecutive year of contraction following last year (3.7% reduction during that period), which experienced reductions resulting from natural disasters including the Great East Japan Earthquake and flooding in Thailand. The effects of the slowing world economy and strong yen will lead to this contraction. Breaking the figures down, export volumes will decrease by 3.4% in comparison to the previous fiscal year and export values will increase by 0.2% during the same period.

Total imports will in comparison with the previous fiscal year increase by 0.4% to 70,010 billion yen. Import volumes will increase by 0.6% in comparison with the previous fiscal year, and import values will decrease by 0.2% during the same period. Import values showed a sharp increase of 9.1% last year as a result of elevated international commodity market conditions, but FY 2012 will see a modest decrease in values due to a decline in international commodity market conditions, excluding foodstuffs.

- **FY 2013: Exports rise for the first time in three years due to a recovery in the world economy, Imports slightly increase for domestic economic recovery**

Total exports will increase by 1.3% over the previous fiscal year to 64,001 billion yen, the first increase in three years. During the same period, export volumes will increase by 1.0% and export values will increase by 0.3%.

Total imports will increase by 1.1% over the previous fiscal year to 70,791 billion yen. Adding to the domestic economic recovery, a rush of imports is forecast in the latter half of the fiscal year preceding the increase in the consumption tax. While slight, this will be a fourth consecutive year of expansion. During the same period, import volumes will increase by 0.9% and import values will increase by 0.2%.

2. Outlook for the Current Account

- **FY 2012: Current account sees a second consecutive year of surplus reductions due to an expansion in the goods and service balance deficit**

The Current Account will see a surplus of 4,768 billion yen. As the deficits in the balance of trade in goods and services will both increase, the surplus will be reduced in comparison to the previous fiscal year.

The balance of trade in goods will see a deficit of 5,779 billion yen, with the primary factor being the reduction in exports. The balance of trade in services deficit will be at 2,826 billion yen, expanding to a deficit level not seen in eight years. The balance of trade in goods and services will see a deficit of 8,605 billion yen. The income amount surplus will expand to 14,438 billion yen due to an increase in foreign assets. As a result, current account will see a second consecutive year of surpluses at 4,768 billion yen, but the surplus will be greatly reduced.

- **FY 2013: Current Account see its first surplus expansion in three years, but the level will be 1/3 that of FY 2010**

The Current Account will see a surplus of 5,307 billion yen. The balance of trade in goods, balance of trade in services, and income amount will all improve, but only slightly. The expansion of the current account surplus will also be slight.

The balance of trade in goods will see increases in both imports and exports, and the deficit will

decrease slightly to 5,732 billion yen. The balance of trade in services will see a deficit of 2,560 billion yen, and the balance of trade in goods and services is forecast to see a deficit of 8,292 billion yen. The income amount will maintain a high surplus level of

14,681 billion yen with increased foreign assets and a mild weakening of the yen in the background. As a result, at 5,307 billion yen, the current account will see its first surplus expansion in three years, but the level will be 1/3 that of FY 2010.

Summary Data

● Customs-Cleared Trade

	FY 2011 Results		FY 2012 Forecast		FY 2013 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	▲ 4,419	-9,751	▲ 6,830	-2,411	▲ 6,790	+40
Exports	65,281	(-3.7%)	63,180	(-3.2%)	64,001	(1.3%)
Volume		-4.3%		-3.4%		1.0%
Value		0.6%		0.2%		0.3%
Imports	69,700	(11.6%)	70,010	(0.4%)	70,791	(1.1%)
Volume		2.2%		0.6%		0.9%
Value		9.1%		-0.2%		0.2%

● Current Account Balance

	FY 2011 Results		FY 2012 Forecast		FY 2013 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	▲ 5,296	-10,519	▲ 8,605	-3,308	▲ 8,292	+313
Trade Balance	▲ 3,470	-9,965	▲ 5,779	-2,309	▲ 5,732	+47
Exports	62,628	(-2.8%)	60,612	(-3.2%)	61,399	(1.3%)
Imports	66,097	(14.0%)	66,391	(0.4%)	67,131	(1.1%)
Service Balance	▲ 1,827	-554	▲ 2,826	-999	▲ 2,560	+266
Income	14,007	+1,395	14,438	+431	14,681	+243
Current Transfers	▲ 1,093	+82	▲ 1,066	+27	▲ 1,082	-16
Current Account	7,618	-9,042	4,768	-2,850	5,307	+539

● Assumptions

	FY 2011 Results	FY 2012 Forecast	FY 2013 Forecast
Global Trade (CY)	6.3%	3.3%	4.6%
Global Economy (Real growth rate/CY)	3.8%	3.2%	3.5%
United States	1.8%	2.1%	2.1%
Eurozone	1.4%	▲ 0.5%	0.1%
Asia	7.3%	6.1%	6.7%
Japanese Economy (Real growth rate/FY)	0.0%	0.9%	1.5%

Notes

- "Asia" is defined here, in accordance with IMF definitions, as 26 developing Asian economies plus the 4 NIEs, totaling 30 economies.
- In addition to the assumptions above, the following assumptions are also factored in on the basis of developments in foreign exchange markets and the crude-oil market in mid-November: Yen/dollar exchange rate of 79yen/US\$1 in FY 2012 and 81yen/US\$1 in FY 2013; a CIF crude-oil price of US\$111/barrel in FY 2012 and US\$110/barrel in FY 2013.

What's SHOSHA?

SHOSHA Activities

Challenging New Business Fields



Since the early 1990s, there have been dynamic changes in the economic circumstances surrounding the Shosha institution, triggered by;

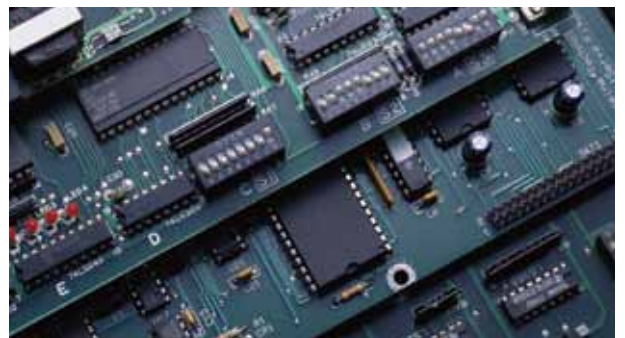
1) accelerated globalization, 2) a new wave of technological innovation led by ICT, and bio- and nano-technology, 3) growing concerns over environmental issues, 4) a power shift from a producer-centered society to a customer-centered society, 5) a wave of deregulation and privatization, notably in the financial and telecommunication fields, and 6) a falling birth rate and the Japan's aging population.

Amid these changes, Shosha are taking a positive approach to create new businesses. In particular, the spirit of taking on the challenge of innovation and development of new business frontiers is unique to and descendant from Shosha, which have a history of thriving in the face of adversity – times that were historically referred to as the "passing of Shosha" or the "winter of Shosha" - and have always been spared by their dynamic development of creative functions and incursions into new business domains.

Today's Shosha, with their integrated capabilities in the form of IT (information technology), FT (financial technology), LT (logistics technology) and MT (marketing technology) functionally, are actively involved in such new growth fields as ICT, bio- and nano-technology, healthcare, retailing, finance and environmental-related fields.

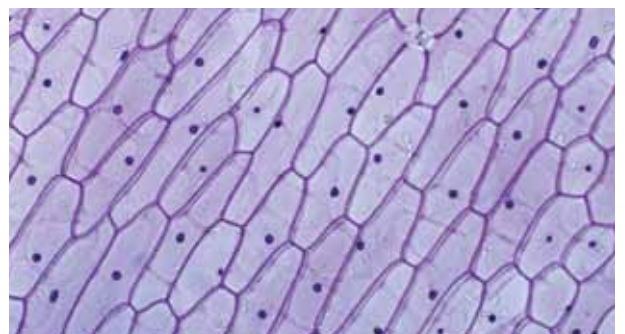
ICT

E-conversion of existing business; introduction of IC tags in retailing; e-procurement in various industries; organizing SCM (supply chain management); operation of web shopping malls; broadband communication services and contents supply; e-conversion of IT, FT, LT services; IT solutions system engineering and supply of related software and hardware.



Bio-and Nano-Technology

Genetic analysis; genome sequence analysis; genome-based drug discovery; genetic diagnosis and treatment; bio-informatics; biomass; fullerenes; carbon nanotubes; micro electro-mechanical systems



Health Care

Technical development of bio-pharmaceuticals; outsourcing medical trials; managing hospitals and medical malls; distribution of drugs; operation and management of pharmacies, drug store chains, fitness clubs, elderly care goods stores and facilities for the elderly.



Retailing

Supermarkets; convenience stores; department stores; food service industries; non-shop sales (e-shopping, TV shopping, mail order shopping); apparel brand businesses; comprehensive retail support; distribution centers



Financing

Network banking, settlement; securities trading, and insurance undertakings; investment consulting and advising; securities trading; M&A support; venture capital funds; buy-out funds



Environment

Recycling and reuse of refuse such as PET bottles and other plastic products, electrical appliances, automobiles, personal computers; prevention of global warming through reforestation, carbon emissions trading, development of such clean energy resources as wind power, biomass energy, fuel cell power generation and bio- ethanol, etc.



»»» to be continued.



Please refer to our website

<http://www.jftc.or.jp/shosha/english/index.html>

Foreign Trade 2013

We are pleased to announce that in March 2013, the JFTC will publish "Foreign Trade 2013", with full coverage of Japan's foreign trade statistics on a customs-cleared basis for the previous year.

"Foreign Trade 2013" marks the 38th 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.



Now
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"Foreign Trade 2013" (¥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 iar@jftc.or.jp (Research Group).

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