

JFTC News

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2015 New Year's Reception

(January 7, 2015)



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

On Wednesday, January 7, 2015, the Japan Foreign Trade Council, Inc. (JFTC) hosted a New Year's Reception in the Tsuru Room of the New Otani Hotel. Approximately 780 people attended, including Diet

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

The reception opened with greetings from Chairman Eizo Kobayashi, followed by the introduction of award recipients of the JFTC Essay Competition 2014. This was followed by remarks by the State Minister of Economy, Trade and Industry Mr. Daishiro Yamagiwa and by a toast given by JETRO Chairman Mr. Hiroyuki Ishige. With the venue filled with pleasant conversation, the reception was brought to a successful conclusion.



2015 New Year's Reception Address by Chairman



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

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

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

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

It is a little over half a year since I took office as Chairman of the JFTC in May 2014. These have been an eventful six months. June saw the announcement of the revised Japan Revitalization Strategy, which makes up the "third arrow" of Abenomics, and currently an array of initiatives are being implemented to revitalize the Japanese economy.

In foreign relations, our ties with many nations have become still closer, thanks in large part to Prime Minister Abe's energetic schedule of overseas visits. In an area of particular interest to the JFTC, that of Economic Partnership Agreement (EPA) talks, we have seen an EPA concluded with Australia, together with steady progress in negotiating regional EPAs, such as the Trans-Pacific Partnership (TPP) and an EPA with the European Union.

In infrastructure exports, the Abe administration has set out the target of tripling the current level of project orders by 2020, for a total value of 30 trillion yen, through the concerted efforts of the government and private sector, spearheaded by personal lobbying at the prime ministerial level.

The second half of 2014 also saw major changes in the trade environment, most notably the steep depreciation of the yen and the sudden drop in crude oil prices.

Against that background, the general election called in December, following the dissolution of the

House of Representatives, affirmed the electorate's confidence in Abenomics, the core policies of the Abe administration.

As we embark on the new year amid these various developments, I anticipate that 2015 will be a major turning point for Japan in two ways.

First, I would like to urge the nation to make this the year that we engage decisively with our vision for Japan in 50 and 100 years' time. I believe it is vital, in light of the debate that has been intensifying since last year on such issues as the declining birthrate and the aging population, to take swift action to implement concrete policies on the long-term issues that face the nation.

Many of the measures required to address these long-term issues correspond to points on the Revitalization Strategy agenda. The year 2015 will be pivotal in realizing this strategy, and I am resolved to ensure the success of these reforms through cooperation between the private sector and government.

The second point concerns my hopes for globalization. In the area of EPA talks, it is anticipated that 2015 and 2016 will bring progress and a successful conclusion to negotiations for a number of mega-Free Trade Agreements (FTAs) of vital importance to Japan, including the TPP, the Regional Comprehensive Economic Partnership (RCEP), the Japan-EU EPA, and the Japan-China-Korea FTA. Nothing can be taken for granted in matters that involve negotiations, but I am hopeful that we will see a speedy conclusion to these talks.

At the same time, if Japan is to maintain growth and continue to contribute to global prosperity in the future, as a nation that is said to be in the vanguard of facing challenges which other countries will eventually also face, we must pursue globalization internally as well as externally. I believe we need to be still more proactive in this direction by, for example, encouraging inward foreign direct investment and fully utilizing foreign talent.

I envision that we at the JFTC, with our combined

expertise, will be able to further Japan's "internal globalization" by offering policy recommendations in such areas as regulatory reform and the development of human resources equipped for the global arena.

Also, the JFTC has established a nonprofit organization, "Action for a Better International Community" (ABIC), whose core members are older employees retired from Shosha, or general trading companies. ABIC currently has over 2,500 registered members with extensive experience in international business, and they are involved in numerous service projects and social action programs that make use of their know-how, including cooperation with government agencies and local government organizations, and assisting and supporting small and medium-sized enterprises in their expansion overseas. We trust that these activities will help advance Japan's globalization.

On reviewing the role of the Shosha in the era of globalization, I believe that it has become greater and more complex than ever before. In concrete terms, the Shosha play a vital role which is reflected in the JFTC's tagline "Uniting the world through a shared vision": that of creating a river flow in global value chains by making connections between upstream and downstream, suppliers and consumers in different parts of the globe. It is my hope that Shosha will create a shared vision among people all over the world not only by playing a part in physical foreign trade, but also by contributing to whole value chains.

In closing, we sincerely look forward to your continuing advice and support for the activities of the JFTC and ABIC during 2015, and earnestly hope that this will be a fruitful and prosperous year for all.

Thank you.

Award Winners of JFTC Essay Competition 2014 (January 7, 2015)



Award Ceremony of JFTC Essay Competition 2014

Back row from left: Vice Committee Chair Dr. Ito, Committee Chair Mr. Nakajima, Vice Committee Chair Mr. Abe
Front row from left: Winners Ms. Hodži, Mr. Subbaraman, JFTC Chairman Kobayashi, winners Mr. Shrestha, Mr. Matsuyama, Mr. Campbell

The JFTC who sponsors the "JFTC Essay Competition 2014" is very pleased to announce that we received a total of 195 submissions from 41 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 2014.

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

Selection Committee :

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

Vice Chairs: Mr. Junichi Abe, Managing Director, Executive Editor, Editor in Chief, CHUOKORON MAGAZINE Division, Chuokoron-Shinsha, Inc.
Dr. Keiko Ito, Professor, Faculty of Economics, Senshu University

The Grand Prize

- "Shosha: Road Map for Future Development"
Mr. Shahadave Shrestha (Nepal, age 33)

The Prize for Excellence

- "What to expect of the "SHOSHA" for the sake of Japan's genuine globalization
– For the global presence with the global mind –"
Mr. Hiroaki Matsuyama (Japan, age 49)
- "2020 - An Olympic Strategy to use Japan's Methods, Pathways and 'Wa' for the World"
Mr. Ramesh Subbaraman (U.S.A., age 58)
- "How Japan's Cultural Capital Can Enrich The World"
Mr. Simon Campbell (U.K., age 34)

The Selection Committee Chair's Special Prize

- "Japan: Insight into World's Future"
Ms. Lejla Hodžić (Bosnia and Herzegovina, age 19)

Remarks by Selection Committee Chair, Mr. Atsushi Nakajima

This year marks the 10th year of the JFTC Essay Competition. Each year, many participants, mainly from abroad, put in tremendous effort into their work and have contributed vastly to this competition. Their contributions along with the valuable efforts of the Selection Committee members and those involved from the JFTC have helped to establish this competition's stature in the world.

For the 10th annual JFTC Essay Competition, we decided to go back to our roots of this event and chose two topics: "Future of the 'SHOSHA' in the Global Economy" and "Toward Developing Japan's 'Resources' by 2020: A Strategy for Utilizing Them for the Benefit of the World." It was the first time for us to offer two topics at once, but the competition drew a total of 195 entries, which is the second largest number we have ever received. Once again, foreign nationals, led by those in their 20s, accounted for the majority, namely, 67% of the entries.

What is distinct in this year's entries is that the essays taught us about the existing "resources" in Japan that we had not fully recognized. Such examples

included “wa (harmony)” and our metropolitan city, Tokyo. Many of the essays offered recommendations and proposals on how to utilize these resources effectively. The proposals were very encouraging, and we realized that their words offered deep insight into how Japan and its economy should move forward.

Another feature to point out is how well most foreign nationals had studied the Japanese Shosha and wrote about its future role, with a thorough understanding of its facts and realities. Undoubtedly, information is easily obtained anywhere in the world owing to the internet, but we were impressed once again by the accuracy and depth of their knowledge of Japan.

As in previous years, many strong essays made it to the final round. Among these, we selected one Grand Prize, three Prizes for Excellence, and one Selection Committee Chair’s Special Prize. We would like to thank the vice chairs, the members of the Selection Committee, and the people of JFTC for their time in reviewing a large number of essays and providing constructive and fair evaluations.

The Grand Prize

Mr. Shahadave Shrestha

“Shosha: Road Map for Future Development”

After mentioning the diversity of businesses with which Shosha deal, and the fact that Shosha has adapted to the changes in the global economy, the author points out that Shosha can play a significant role during Japan’s economic slowdown. He emphasizes the importance of “innovation,” “concentration on value creation,” “search of new market opportunities,” and “human resources,” and explains that Shosha needs to work on these areas when planning future growth.

The author touches upon various aspects of the Shosha business, clearly showing his strong understanding of its functions. Also, by offering interesting ideas such as innovation prizes, reverse business innovation, and bottom of the pyramid (BOP) business, he makes persuasive arguments as well as sends out a clear message as to how Shosha should evolve specifically. Furthermore, he stresses the importance of the balance between business and social contributions, and gives the business a deeper

and broader perspective. Additionally, he refers to the enormous hydropower potential of Nepal, his home country, which shows not only his affection for his country but also his passion for the development of developing countries.

All in all, the essay is well organized, with clear points, and, by offering a perspective that is balanced on both development and stability, it is well deserving of receiving the Grand Prize.

The Prize for Excellence

Mr. Hiroaki Matsuyama

“What to expect of the “SHOSHA” for the sake of Japan’s genuine globalization

– For the global presence with the global mind –

The author argues that true globalization cannot be attained only through increases in Japanese exports and outward foreign direct investment. Increasing inward foreign direct investment, which is extremely small in Japan’s case, will promote the globalization of human resources, thereby creating a new positive cycle and leading the Japanese economy toward true globalization. He then introduces the economic model of Luxembourg, a country which has been successful in attracting foreign investment. He gives several reasons for Luxembourg’s success: institutionalization of tripartite consultations (government, labor, and management); business regulations set based on research of foreign companies’ opinions; and its strength in languages. Based on these reasons, he suggests that Shosha could play a role in Japan’s true globalization by applying its functions of facilitating foreign investment into Japan. He also mentions the idea of inviting foreign educational institutions to Japan.

It was interesting that Luxembourg was cited as a model of economic globalization to follow as its economic model is not exactly well known in Japan. Additionally, expecting Shosha to act as a contact point for inward investment, and not just making outward direct investment themselves, provides a new range of possibilities as to how to contribute to inward direct investment.

By including the argument of inviting overseas educational institutions, which strays from the

argument of the roles expected from Shosha, the essay somewhat loses its coherence, yet is still full of insight and serves as a useful reference for Japan's globalization.

Mr. Ramesh Subbaraman

"2020- An Olympic Strategy to use Japan's Methods, Pathways and 'Wa' for the World"

The writer states that Japan's resources lie in its efficient methods, pathways and the culture of wa, which is the harmony of human virtues that build peace as well as quality of life. He then points out that Japan should strategize to make use of its resources such as technology and software, along with the wa spirit, for the benefit of the world citizenry and not rely solely on exports. In addition, he provides specific methods such as selecting partnering nations and specific projects that Japan could deploy, all targeting at 2020. He calls this Japan's Global Social Responsibility (JGSR), an enlarged version of corporate social responsibility (CSR).

The idea of employing the wa spirit in the framework of Japan's contribution in the world is indeed very interesting. Also, the essay is easy to read and the arguments are very clear, therefore resulting in a piece of high quality. If there was more breadth in the argument on how the projects deployed with the wa spirit could benefit the development and revitalization of the Japanese economy, it would have made it perfect.

Mr. Simon Campbell

"How Japan's Cultural Capital Can Enrich The World"

The writer states that Japan has a rich and diversified culture, and that indeed its culture and its people are the very resources of Japan. He then points out that Japan's wealth of cultural capital is a valuable resource. He states that, for Japan, having endured the two lost decades—two decades of economic stagnation—and two devastating earthquakes, the 2020 Summer Olympic and Paralympic Games in Tokyo is the perfect opportunity to demonstrate Japan's quality of endurance, rejuvenation, innovation, and to present its cultural capital to the world. He then proposes that Japan undertake the following ideas in time for the 2020 Tokyo Olympics: holding a "kaizen contest" and setting up a shokunin craftsmanship

campaign to teach the world about Japanese culture.

It is intriguing that, after explaining the idea of "cultural capital," he argues that Japan should make use of its cultural capital as an opportunity to open up its future. Furthermore, his unique ideas are unconventional, such as holding a kaizen (improvement) contest with the Japanese cultural capital at its base. He discusses each of these ideas in depth, and although he tends to introduce a variety of ideas but that have less apparent connection, overall it is well organized and merits the Prize of Excellence.

The Selection Committee Chair's Special Prize

Ms. Lejla Hodžić

"Japan : Insight into World's Future"

The author tells that, in addition to its human resources and technology, Japan can offer the world its views on the philosophy of life, such as humbleness and gratitude, and that these resources can lead Japan to economic prosperity. Bearing that in mind, she asserts that the 2020 Summer Olympic and Paralympic Games in Tokyo would be a good opportunity for the world to look at its future, and that the future depends on what Japan has to offer, such as green technology, fast transportation, and robotics.

The essay is easy to read, and her young, candid way of writing leaves a favorable impression. More importantly, I would like to applaud the fact that, while having limited access to information from abroad, such a young person has taken interest in Japan, and through careful research has entered the contest. Although the format and depth of discussion are not on par with the other award-winning works, it is nonetheless an excellent essay for a teenager and has deservedly earned the Special Prize.

**Japan Cooperation Forum for the
Middle East**

(August 27 to 28, 2014)

**The 39th Japan Cooperation Forum for the Middle
East held from August 27 to 28**

The 39th Japan Cooperation Forum for the Middle



East was held over two days from August 27 to 28 in Istanbul, Turkey, and cohosted by the Japan Cooperation Center for the Middle East (JCCME) and the Ministry of Economy, Trade and Industry (METI).

The Forum was attended by around 350 participants from the Japanese government and government-related institutions, the Japanese embassy in Turkey, the private sector, related organizations, academic associations, and the mass media, all of whom engaged in lively discussions on the theme of “Japanese business on the flagging situation in Middle East and North Africa.” Each of the participants proactively offered views from their respective positions on what Japan can do to help bring stability and prosperity to the tumultuous Middle East and North African regions.

The JFTC has been actively attending the Japan Cooperation Forum for the Middle East since 2010 as panelist in panel discussions to report on the status of activities and initiatives directed at the business of “Shosha” operating in the Middle East and North African regions.

In 2014, Masataka Kuramoto, regional CEO for the Middle East and Africa at Marubeni Corporation (the chair company of the JFTC International Market Committee) represented the JFTC and gave a presentation on “Business chances and issues in the export of electric power infrastructure in the Middle East”, in which he



discussed the importance of demand for infrastructure in the Middle East that is projected to grow further, the role of “Shosha” in promoting the export of infrastructure, issues in the export of infrastructure, and expectations toward the Japanese government and government-related institutions.

Welcome luncheon for H.E. Mr. Narendra Modi, Prime Minister of the Republic of India (September 1, 2014)



From the left: JFTC Chairman Kobayashi, Japan Chamber of Commerce and Industry Chairman Mimura, Prime Minister Modi, Keidanren (Japan Business Federation) Chairman Sakakibara, Japan Association of Corporate Executives Chairman Hasegawa, Japan-India Business Co-operation Committee Chairman Iijima

The Prime Minister of the Republic of India, H.E. Mr. Narendra Modi, visited Japan as an official guest from August 30 to September 3, with the aim of promoting friendship and economic exchange between Japan and India. On September 1 the JFTC in conjunction with the Keidanren (Japan Business Federation), Japan Chamber of Commerce and Industry, Japan Association of Corporate Executives, and the Japan-India Business Co-operation Committee held a welcome luncheon to mark Prime Minister’s visit to Japan.

During his visit to Japan, Prime Minister Modi was received in audience by His Majesty the Emperor, and also attended a summit-meeting with Prime Minister Abe and his cabinet. The welcome luncheon was attended by around 200 people in total from both the Japanese and Indian sides. The approximately 40 attendees from India included Prime Minister Modi

and other government officials, as well as relevant parties from the private sector. Meanwhile, from the Japan side, the JFTC was represented by Chairman Eizo Kobayashi (Chairman of Itochu Corporation), Vice Chairman Jun Karube (President and CEO of Toyota Tsusho Corporation), and Vice Chairman Masami Iijima (President and CEO of Mitsui & Co., Ltd.) as Chairman of the Japan-India Business Cooperation Committee (JIBCC). Also in attendance were around 160 leaders from the business world including Sadayuki Sakakibara, Chairman of the Keidanren (Japan Business Federation), Akio Mimura, Chairman of the Japan Chamber of Commerce and Industry, and Yasuchika Hasegawa, Chairman of the Japan Association of Corporate Executives.

Prime Minister Modi emphasized the importance of further strengthening the ties between Japan and India, and outlined his plans for the rollout throughout India of the Gujarat Model from his home state, as well as establishing a Japan Help Desk as a "one-stop" location for facilitating the foray and investment of Japanese companies in India, in order to further develop the economic relations between both countries.

⋮ ⋮ ⋮

H.E. Mr. Narendra Modi, Prime Minister of the Republic of India

1950: Born in Vadnagar, Gujarat

1987: Joins the Bharatiya Janata Party (BJP: Indian People's Party) as congressional member of Gujarat

1988: Promoted to General Secretary of the BJP Gujarat unit.

1998: Promoted to General Secretary (Organization) of the BJP

2001: Selected as the Chief Minister of Gujarat

2014: Elected as Prime Minister of the Republic of India



The Republic of India is the second-most populous country in the world and the world's largest

democracy, and its economy is ranked 10th in the world in terms of nominal GDP. It comprises a part of the BRICS countries with remarkable economic growth.

The Modi Administration came to power in May 2014 when the BJP claimed an overwhelming victory at the general election, heralding the first change in government in a decade. At the Japan-India Summit Meeting held on September 1, Prime Minister Abe and Prime Minister Modi signed the "Tokyo Declaration for Japan-India Special Strategic and Global Partnership". The Declaration will bolster the relations between Japan and India in all aspects, from deepening comprehensive security and defense cooperation to doubling Japan's direct investment and the number of Japanese companies in India.

Basic Data

Area: 3,287,469 km²

Population: Approx. 1,252,100,000 (UN: 2013)

Capital: New Delhi

Language:

Hindi (Federal official language), English (Subofficial language)

Other regional languages recognized by the Constitution: 21



Religion: Hindu (80.5%),

Muslim (13.4%),

Christian (2.3%), Sikh (1.9%),

Buddhist (0.8%), Jaina (0.4%)

(Indian Government National Census: 2001)

GDP: \$1.8706 trillion (IMF 2013)

GDP per capita: \$1,504 (IMF 2013)

GDP growth rate (real): 4.7% (Indian Government data of FY2013)

Japan's trade with India in 2013

Trade amount – Exports of Japan: 823.7 billion yen

Imports to Japan: 703.1 billion yen

Main items -

Exports of Japan: Machinery, Iron and Steel, Electrical equipment, Automobiles and parts, Precision equipment

Imports to Japan: Petroleum products, Organic

compounds, Precious metals,
Seafood, Iron ore

Japan's direct investment in India

2013: 210.2 billion yen

Main bilateral agreements

Tax Treaty (June 1960)

India-Japan Comprehensive Economic Partnership
Agreement (CEPA) (August 2011)

Social Security Agreement (November 2012)

[Source: Ministry of Foreign Affairs, JETRO, IMF data, etc.]

The 52nd Australia-Japan Joint Business Conference

(October 12 to 14, 2014)

The friendly relations between Prime Minister Abe and Prime Minister Abbott have facilitated tremendous developments in Japan-Australia relations in 2014, which can be viewed as a new phase in the progress of this bilateral relationship. There has also been increased momentum in putting into effect the Japan-Australia Economic Partnership Agreement (JAEPA), which the business worlds of both countries have long sought a conclusion of. In April 2014 Prime Minister Abbott visited Japan, during which a broad consensus was reached on the JAEPA at the Japan-Australia Summit Meeting. Following on from the conclusion

of negotiations in April, Prime Minister Abe visited Australia in July and signed the JAEPA. The Agreement was then approved by the Japanese Diet in November, and entered into force on January 15, 2015.

The conclusion of an EPA with Australia is regarded as having a substantial impact on the progress of the TPP and other economic partnerships. The JAEPA has three main points in terms of its significance: **1.** Strengthening the economic partnership with Japan's strategic partner, Australia, and promoting an even closer bilateral relationship (Australia is Japan's largest trading partner among the bilateral EPA partners thus far); **2.** Ensuring the competitiveness of Japanese corporations operating in the Australian market while improving the steady supply of energy, mineral resources and food; **3.** Facilitating the creation of rules in the Asia-Pacific Region (trade, investment, intellectual property, competition, government procurement, etc.) Shosha in Japan also have great expectations for the JAEPA in serving to further expand trade and investment opportunities with Australia.

Japan-Australia Economic Partnership Agreement (JAEPA) (Overview)

Improving access to the Australian market

**Approximately 99.8% of the imports from Japan will
be made duty free**

Iron and industrial goods

- Immediate elimination of tariffs for the majority of items



Automobiles

- Immediate elimination of tariffs for approximately 75% of finished automobiles exports from Japan
- In particular, for the core item of gasoline vehicles over 1500cc and under 3000cc, the immediate elimination of all tariffs
- Elimination of tariffs over three years for the remaining finished automobiles
- Automobile parts: Principally, the elimination of tariffs within three years, including items for immediate elimination
- Iron and steel: Immediate elimination of tariffs, or elimination of tariffs over five years
- General machinery, electrical equipment (in both cases, excluding automobile parts): Immediate elimination of tariffs

Agriculture, forestry and fishery goods

- Immediate elimination of tariffs on all items

(2013 Australian Trade Statistics)

Improving access to the Japanese market

Approximately 93.7% of the imports from Australia will be made duty free

Iron and industrial goods

- Elimination of tariffs on almost all items, from immediately to over ten years

Agriculture, forestry and fishery goods (Items such as rice, wheat for food, sugar, powdered skim (nonfat) milk, and butter, etc., are exempt or will be reviewed in the future)

- Beef: Frozen...Phased reduction of tariffs to 19.5% over 18 years
Chilled...Phased reduction of tariffs to 23.5% over 15 years
*Introduction of safeguards to raise the tariff rate when import volumes exceed a set amount
- Cheese: Application of duty-free quotas, etc.
- Wheat: Items for feed will be shifted to non-governmental trade and made duty free
- Bottled wine: Elimination of tariffs over 7 years

(2013 Ministry of Finance Trade Statistics of Japan)

The 52nd Australia-Japan Joint Business Conference

The Japan-Australia Business Co-operation Committee (JABCC) and Australia Japan Business Co-operation Committee (AJBCC) held the 52nd Australia-Japan Joint Business Conference from October 12 to 14 at Darwin, Australia based on the theme of “Japan and Australia - A new era in the relationship”. The Conference was attended by many representatives from both countries (around 180 from Japan and 130 from Australia) and concluded as a great success. Representatives from the JFTC also attended, and exchanged views with relevant parties from the business worlds of the two countries.

The Summit Meeting in July produced the following outcomes: 1. Signing of the JAEPA; 2. Agreement on regular visits by leaders of both countries, which has long been requested by the JABCC and AJBCC. This Conference had an extremely positive tone, in which the two countries engaged in lively discussion focused on the future and covering topics such as bilateral economic activities and collaborative programs in third countries following the “entry into force” of the JAEPA. The agenda for the overall Conference included key themes for both Japan and Australia such as economic partnerships, foreign direct investment, energy security, food security, human resources development, and disaster recovery, etc. The Conference concluded with the adoption of a Joint Chair’s Statement by the Japan-Australia Business Co-operation Committee and Australia Japan Business Co-operation Committee calling for the early “entry into force” of the JAEPA.

Conference Programme

October 13 (Monday)

- Plenary Session 1:
“Australia and Japan – A View from Asia”
- Plenary Session 2:
“Economic Integration – Post the JAEPA and TPP”
- Plenary Session 3:
“FDI: - How to improve the investment environment?”
- Plenary Session 4:
“Energy Security – Strategies across the source spectrum”
- Plenary Session 5:
“Making the most of the Opportunities: Feeding Asia”

October 14 (Tuesday)

- Plenary Session 6:
“Preparing the future generations of leaders for their Asian Engagement”
- Plenary Session 7:
“Fire, Flood, Storm, Tsunami and Earthquake – Mitigating and Disaster Recovery”
- Plenary Session 8:
“Status reports on AJBCC and JABCC Initiatives”
Signing of the MOU between the Australian Trade Commission (Austrade) and the Japan External Trade Organisation (JETRO) (supported by JETRO for expanding exports and business to Australia)
- Plenary Session 9:
“Energy and Resources – ‘Sustainable logistics’: challenges and opportunities”

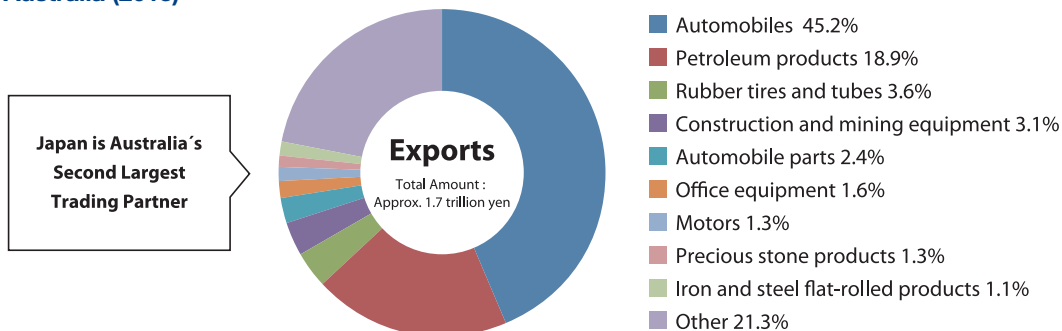
JAEPA negotiations

- 2006:
Consensus reached by a teleconference summit meeting to start JAEPA negotiations (December 12)
- 2007:
First round of negotiations (April 23-24), Second round of negotiations (August 6-10), Third round of

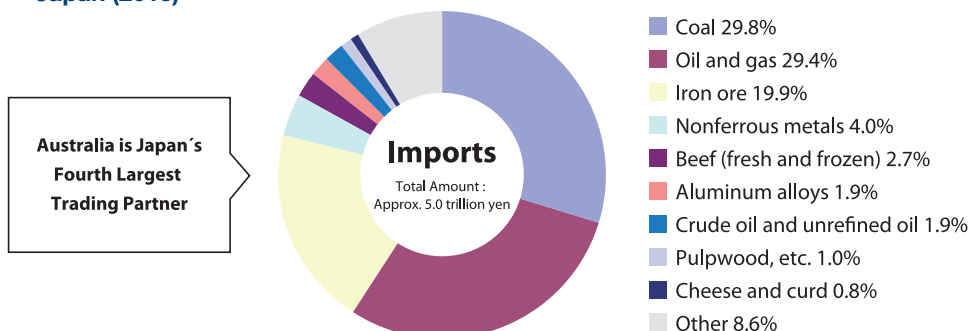
negotiations (November 5-8)

- 2008:
Fourth round of negotiations (February 25-29), Fifth round of negotiations (April 28-May 1), Sixth round of negotiations (July 28-August 1), Seventh round of negotiations (October 27-31)
- 2009:
Eighth round of negotiations (March 9-13), Ninth round of negotiations (July 27-31), Tenth round of negotiations (November 17-25)
- 2010:
Eleventh round of negotiations (April 19-22)
- 2011:
Twelfth round of negotiations (February 7-10), Thirteenth round of negotiations (December 20-21)
- 2012:
Fourteenth round of negotiations (February 14-17), Fifteenth round of negotiations (April 23-27), Sixteenth round of negotiations (June 13-15)
- 2014:
Broad consensus reached and conclusion of negotiations (April), Signing of the Agreement (July), Approval by the Diet (November), Entry into force on January 15, 2015.

Japan → Australia (2013)



Australia → Japan (2013)



[Source: Ministry of Finance Trade Statistics of Japan (2013)]

State Banquet for Their Majesties King Willem-Alexander and Queen Máxima of the Netherlands

(October 29, 2014)



Their Majesties King Willem-Alexander and Queen Máxima of the Netherlands visited Japan as state guests from October 28 to 31.

Their Majesties the Emperor and Empress of Japan hosted a state banquet at the Imperial Palace on the evening of October 29 to welcome Their Majesties King Willem-Alexander and Queen Máxima to Japan. The JFTC Chairman Kobayashi and his wife also received an invitation to attend. It has been 23 years since the visit of Queen Beatrix, the former ruler of the Netherlands, to Japan in 1991. In a warm exchange of greetings, His Majesty the Emperor and King Willem-Alexander of the Netherlands touched on the history of the close and meaningful exchanges between both countries spanning four centuries, and expressed their mutual hopes for the continued development of the friendship between Japan and the Netherlands. Around 160 guests attended the state banquet including Prime Minister Shinzo Abe and his wife, among other relevant parties from both countries. Their Imperial Highnesses Crown Prince Naruhito and Crown Princess Masako, Their Imperial Highnesses Crown Prince Akishino and Crown Princess Kiko, and other members of the Imperial family were also in attendance at the state banquet.

His Majesty King Willem-Alexander of the Netherlands

- 1967: Born in April in Utrecht
- 1980: Her Majesty Queen Beatrix of the Netherlands (then) ascends the throne, making Willem-Alexander heir apparent to the throne and bestowing on him the title Prince of Orange
- 1988: Becomes a member of the Council of the State of the Netherlands and receives the right to act on behalf of the Queen
- 1993: Graduates from Leiden University (M.A.)
- 2002: Marries Máxima Zorreguieta Cerruti in February
- 2013: Inaugurated as His Majesty King Willem-Alexander of the Netherlands in April

His Majesty King Willem-Alexander, regarded as pro-Japanese, has made over 15 official visits to Japan since his first visit in 1988, when he was Prince of Orange.

The 51st U.S.-Japan Business Conference

(November 13 to 14, 2014)



The 51st U.S.-Japan Business Conference was held from November 13 to 14 at the Imperial Hotel in Tokyo, hosted by the Japan-U.S. Business Council. The JFTC was represented by Chairman Kobayashi (Vice Chairman of the Japan-U.S. Business Council, Chairman of Itochu Corporation).

The theme for this Conference was "Shared Responsibility: Partnership for Sustainable Growth in the Asia-Pacific and Beyond" under which a range of topics were discussed such as Japan-U.S. political and economic situation, new issues on, Japan-U.S. cooperation, cultural and people-to-people ties that have been a key pillar of the alliance between the two countries, Japan-U.S. trade and economic partnerships, financial reconstruction and sustainable economic growth. Following on from a speech by Parliamentary Vice-Minister Nishimura on "Towards an early conclusion of TPP negotiations" in regards to the economic partnership between the two nations, Chairman Kobayashi gave a speech as the lead-off speaker.

He introduced the activities of the JFTC in terms of its advocating early participation in TPP negotiations since 2010, while also expressing his hope for "an early settlement of the TPP without talks going adrift"; which was also incorporated into the Joint Statement. The Conference was attended by 172 relevant parties (105 from Japan and 67 from the U.S.) from the Japan and U.S. governments and business worlds, and ended in success.

JFTC hosts the symposium "At the forefront of Shosha business – What is Shosha?"

(October 3, 2014)

On October 3 (Friday), the JFTC hosted the symposium "At the forefront of Shosha business – What is Shosha?" at the Tokyo Chamber of Commerce and Industry Hall.

The symposium was held in two parts, providing participants with the opportunity to deepen their understanding of the functions and role of Shosha, which is considered difficult to comprehend in general. Over 500 participants gathered on the day to attend the symposium, which proved to be a great success. The symposium began with an opening greeting by the JFTC Chairman Eizo Kobayashi, followed by part one "Your respective image of Shosha in which each of the three panelists described their own past, present and

future image of Shosha.

Part two "The evolving Shosha business" featured four Shosha employees working internationally, who vividly described their work in the businesses of cable television, Africa, medical and health care, and LNG, bringing a sense of "being there" to the audience. The details of the discussions on the day are listed in the December edition of the "JFTC Monthly". Please refer to the JFTC website for further information (Japanese language only).

Information on Renewal of JFTC Website Homepage



JFTC is pleased to announce that it has renewed the homepage of the JFTC website. JFTC has renewed its homepage design and layout by reorganizing the headers, global menu, key visuals, banners and other elements. As a result, the JFTC homepage is now easier to view and use. JFTC invites you to visit its renewed homepage.

 <http://www.jftc.or.jp>

FY2015 Outlook for Japan's Trade Balance and Current Account



Overview

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

- **FY2014: Exports to grow on back of weaker yen, but imports will remain flat due to the recoil in rush demand prior to the consumption tax rate hike**

Total exports are forecast to grow by 2.9% over the previous fiscal year to reach 72.898 trillion yen; specifically, a 0.3% fall in export volumes and a 3.2% rise in export values over the same period. Factors such as the increasing shift of production overseas and limitations to domestic production capacity are hampering export growth in terms of volume. However, the progressively weakening yen is bolstering export unit values, which will see total exports increase for the second consecutive year.

Meanwhile, total imports are forecast to grow by 0.1% over the previous fiscal year to reach 84.669 trillion yen; specifically, a 1.3% fall in import volumes and a 1.4% rise in import values over the same period. Although there are negative factors such as a fall in import volumes from the recoil in rush demand prior to the consumption tax rate hike and the progressively weakening yen, a decline in resource prices is expected to curb increases in import values, which will likely result in total imports remaining mostly flat.

- **FY2015: Export growth to continue backed by recovery in the global economy, while falling**

resource prices will see a slight increase in imports

Total exports are forecast to grow by 3.5% over the previous fiscal year to reach 75.427 trillion yen. The gradual recovery in the global economy should boost export volumes by 0.9%, while the continuing trend of a weaker yen will see export values rise by 2.6% over the same period.

Total imports are forecast to grow by 1.4% over the previous fiscal year to reach 85.884 trillion yen. Although the Japanese economy is slowly starting to pick up, import volumes will remain mostly flat with an only 0.4% increase forecast over the same period. The current downward movement of resource prices is expected to continue, which will partly offset the impact of the weaker yen and is likely to see a 1.0% increase in import values over the same period.

2. Outlook for the Current Account

- **FY2014: First surplus growth in four years due to a reduced trade deficit and an increase in the primary income amount surplus**

The Current Account is forecast to reach a surplus of 3.960 trillion yen, surpassing the FY2013 level of 831.2 billion yen and seeing the first surplus growth in four years.

Specifically, low-level growth in imports will reduce the trade deficit to 9.100 trillion yen, while growth in transport and travel and an increase in the receipt of royalties for patents etc., will shrink the balance of trade in services deficit to 3.337 trillion yen. Also, a rise in foreign assets and the weaker yen will boost the primary income amount surplus to 18.140 trillion yen.

- **FY2015: Further reduction in the trade deficit and a step up in the surplus size**

The Current Account is forecast to reach a surplus of 6.850 trillion yen, recording a second consecutive year of surplus growth.

Specifically, exports will outpace imports to reduce the trade deficit to 7.680 trillion yen, and a continued increase in the receipt of royalties will shrink the balance of trade in services deficit to 3.170 trillion yen. Meanwhile, the weaker yen and other factors will be favorable for the primary income amount, expanding its surplus to 19.500 trillion yen.

Summary Data

● Customs-Cleared Trade

	FY 2013 Results		FY 2014 Forecast		FY 2015 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	▲ 13,756	-5,598	▲ 11,771	+1,985	▲ 10,457	+1,314
Exports	70,857	(-10.8%)	72,898	(2.9%)	75,427	(3.5%)
Quantum Index		0.6%		-0.3%		0.9%
Unit Value		10.2%		3.2%		2.6%
Imports	84,613	(17.4%)	84,669	(0.1%)	85,884	(1.4%)
Quantum Index		2.3%		-1.3%		0.4%
Unit Value		14.6%		1.4%		1.0%

● Current Account Balance

	FY 2013 Results		FY 2014 Forecast		FY 2015 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	▲ 14,423	-4,989	▲ 12,380	+2,043	▲ 10,850	+1,530
Trade Balance	▲ 10,971	-5,724	▲ 9,010	+1,961	▲ 7,680	+1,330
Exports	69,784	(12.2%)	71,800	(2.9%)	74,290	(3.5%)
Imports	80,755	(19.7%)	80,810	(0.1%)	81,970	(1.4%)
Service Balance	▲ 3,452	+734	▲ 3,370	+82	▲ 3,170	+200
Primary Income	16,701	+2,087	18,140	+1,439	19,500	+1,360
Secondary Income	▲ 1,447	-489	▲ 1,800	-353	▲ 1,800	+0
Current Account	831	-3,392	3,960	+3,129	6,850	+2,890

Note: The monetary amounts are rounded up to the nearest billion yen.

● Preconditions

	2013	2014	2015
Global Trade (CY)	2.7%	3.3%	4.3%
Global Economy (Real growth rate/CY)	3.3%	3.2%	3.5%
USA	2.2%	2.1%	2.9%
Euro zone	▲ 0.4%	▲ 0.7%	1.0%
Emerging and Developing Asia	6.6%	6.4%	6.4%
Japanese Economy (Real growth rate/FY)	2.2%	0.5%	1.5%

Notes: In addition to the above preconditions, referring to the foreign exchange market and crude oil market during mid-November, the yen exchange rate is 108 yen/\$1USD in FY2014 and 115 yen/\$1USD in FY2015, and the CIF crude oil-price is \$98/ barrel in FY2014 and \$87/ barrel in FY2015. These will be added as preconditions.

Foreign Trade 2015

We are pleased to announce that in April 2015, the JFTC will publish "Foreign Trade 2015", with full coverage of Japan's foreign trade statistics on a customs-cleared basis for the previous year. "Foreign Trade 2015" marks the 40th 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
Printing

"Foreign Trade 2015" (¥500 including tax) will be available for purchase at large book stores and government book centers. Any Inquiries concerning this book should be addressed to chosa@jftc.or.jp (Research Group).

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ALL NIPPON AIRWAYS TRADING CO., LTD., ASSOCIATED LUMBER & TRADING CO., LTD., CBC CO., LTD., CHORI CO., LTD., D. NAGATA CO., LTD., HANWA CO., LTD., HITACHI HIGH-TECHNOLOGIES CORPORATION, INABATA & CO., LTD., ITOCHU CORPORATION, IWATANI CORPORATION, JFE SHOJI TRADE CORPORATION, KANEMATSU CORPORATION, KOWA COMPANY, LTD., KYOEI SHOJI CO., LTD., KYOKUTO BOEKI KAISHA, LTD., MARUBENI CORPORATION, MARUBENI-ITOCHU STEEL INC., MEIWA CORPORATION, METAL ONE CORPORATION, MITSUBISHI CORPORATION, MITSUI & CO., LTD., MORIMURA BROS., INC., NAGASE & CO., LTD., NIPPON STEEL & SUMIKIN BUSSAN CORPORATION, NOMURA TRADING CO., LTD., NOSAWA & CO., LTD., OKAYA & CO., LTD., SANKYO SEIKO 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.

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