



- 1 Logistics Infrastructure that Supports Asian Development and the Roles of Shosha
- 2 Fourth Japan-Arab Economic Forum(May 4-5, 2016)
- 3 “Handbook of SHOSHA” 2015 Version Publication Announcement
- 4 Bilingual “Japan’s Foreign Trade 2016” published in April
- 6 Launch of the Japan Foreign Trade Council's Official YouTube Channel
- 7 JFTC ESSAY COMPETITION 2016
- 8 Regular Members of JFTC

Logistics Infrastructure that Supports Asian Development and the Roles of Shosha

Substantive agreement and signing of the Trans-Pacific Partnership (TPP) agreement have raised expectations for the economic expansion of the Asia-Pacific region.

Middle class population in the region is growing, accelerating market growth. The products and services the market desires are diversifying, and demand for them is booming.

In Asia, especially, swiftly increasing consumption demand is creating a need for rapid improvements to logistics infrastructure to enable it to reliably respond to this demand and advances in various areas throughout the region.

JFTC released the following message in the Nikkei Newspaper on June 13th.

The Economic Environment of the Asia-Pacific Region

Many developments have cast their shadow on the growth of the global economy, such as slowed economic growth in China, falling resource prices, and threats of terrorism. However, the latent growth potential of the Asia-Pacific region, which is indicated by its growing middle class population, rising infrastructure demand, and increasing purchasing

power, is poised to eclipse these negative factors.

2015 will be remembered as the year in which the groundwork was performed for the creation of a new economic activity framework for the Asia-Pacific region.

Japan and the USA took the lead in Trans-Pacific Partnership (TPP) agreement negotiations, and it was not long ago that 12 involved countries reached and signed a substantive agreement regarding multifaceted regional economic collaboration which will liberalize trading and investment within the region.

There are other countries, in addition to these 12, which are considering joining the TPP, and the economic collaboration within the Asia-Pacific region can be seen as a stepping stone in the future formation of “ Free Trade Area of the Asia-Pacific ” (FTAAP) with the TPP as its core.

The Importance of Logistics Infrastructure

These changes in the economic environment of the Asia-Pacific region are also prompting changes in the strategies of Japanese companies.

In addition to the domestic market, the foundation for growth of Japanese companies is also expanding to Asian-Pacific countries with rapidly growing middle class populations, focused on achieving greater penetration of Japanese brands throughout the region.

Because of this there is a rise in activities aimed at creating so-called "global supply chains" by optimizing the segmentation of various activities, from resource procurement to production and sales, across national borders.

In many industries there are moves to optimize procurement, production, and sales supply chains by keeping high value-added fields within Japan, increasing the amount of overseas production, and treating the entire Asia-Pacific region as a single block.

The establishment and improvement of logistics infrastructure facilities (roads, industrial parks, railroads, ports, airports, etc.) which act as the arteries of economic activities are an essential part of the creation of these global supply chains.

According to the Asian Development Bank, growth within Asia will create demand for approximately \$8 trillion of investment in social infrastructure facilities, including logistics, by 2020.

The Japanese government has also positioned the Asia-Pacific region as a growth center that leads the global economy, and in order to meet infrastructure facility demand, the government has announced that it intends to work with the Asian Development Bank (ADB) and carry out a "high quality infrastructure partnership," investing approximately \$110 billion over the next five years.

Building logistics infrastructure have a significant societal benefit, directly linking to the enrichment of societal infrastructure and making lives more convenient and comfortable for local people.

Shosha and the Building of Logistics Infrastructure

Major investment and long-term commitment are essential for building of logistics infrastructure. The key to successful implementation of large-scale, long-term projects is close cooperation between the government and private sector and each needs to perform own roles.

Shosha have actively engaged in business in many core logistics infrastructure fields, such as the port, industrial park, warehouse, and transportation fields, but going forwards they will attempt to contribute to society by leveraging their comprehensive strengths. Merely building logistics infrastructure is not enough. It is only when this infrastructure is actually used to transport goods that it provides value.

Shosha have infrastructure construction functions as well as trading and logistics functions for moving goods. As global supply chains expand, hopes are high for the creation of new business through the integration and coordination of these functions.

Shosha have developed long-term relationships with

governments and local companies in Asia, and, through collaboration with a wide range of local partners, they have created and improved logistics infrastructure and exchanged goods by using this infrastructure.

Shosha plan to engage in logistics infrastructure related businesses, which provide the foundation for industrial activity, in many regions, while paying attention to changes in Asia's economic environment.

"Uniting the World through a Shared Vision" – Contributing to the World through New Knowledge -

Japan Foreign Trade Council, an trade association of Shosha and trading organizations, under its banner of "Uniting the World through a Shared Vision," strives to contribute to the world through new knowledge, refusing to be held back by conventional approaches.

Creating and improving logistics infrastructure is a global business activity which links regions and industries beyond national borders. It is an extremely valuable activity which helps the JFTC's ideal world become a reality.

JFTC and its member companies will continue to contribute to the development of local economies through the establishment and usage of logistics infrastructure within the Asia-Pacific region, thereby helping make the lives of people as comfortable as possible.

Fourth Japan-Arab Economic Forum

(May 4-5, 2016)

From May 4 to May 5 the Ministry of Economy, Trade and Industry, Ministry of Foreign Affairs, and Arab League held the Fourth Japan-Arab Economic Forum in Casablanca, the Kingdom of Morocco

A total of 800 people from Japan and Arab League member states participated (260 people from Japan, 540 people from the Arab League). Japanese participants included Motoo Hayashi, Minister of Economy, Trade and Industry, Yoji Muto, State Minister for Foreign Affairs, and other government officials, members of government-related institutions, private sector members, and organization members.

Arab League participants included Mohammed Al-Twajri, Assistant Secretary General of the Arab League, Moulay Hafid Elalami, Morocco's Minister of Industry, Trade, & New Technologies, the heads of international organizations, and cabinet ministers from member countries. Participants engaged in a vigorous exchange of ideas in order to strengthen economic relations between Japan and Arabic countries.

JFTC has collaborated with each forum, starting with the First Japan-Arab Economic Forum (December 2009), and given presentations at cabinet-level meetings on topics such as the functions and roles of Shosha, and initiatives in Arabic countries.

ITOCHU Corporation Executive Vice Chairman Yoichi Kobayashi attended this year's forum, and during his presentation on "Energy, the Environment, and Infrastructure," he discussed the importance of the Middle East and North Africa regions, the roles of Shosha in infrastructure business and trade, case examples of initiatives in Arabic countries, the contributions of Shosha to the development of Arabic countries.

During the forum, consensus was reached regarding future collaborations between Japan and Arabic countries, the promotion of signing of investment treaties, human resources development, the promotion of investment in the energy sector, the creation and improvement of high quality infrastructure, and more, and a joint statement that centers on these was issued.

Regarding investment treaties, the joint statement indicated that both sides intend to increase the number of Arab countries with which Japan will have concluded negotiation on bilateral investment treaty to more than 10 countries by 2020 (currently there are investment treaties with five of the 21 Arab League countries). Regarding the energy sector, both sides recognized that sustained upstream investments are important for sustaining a long-term energy supply and economic growth. Regarding high-quality infrastructure, the Arab countries welcomed cooperation with Japanese companies in the development of high-quality infrastructure projects, and Japan expressed an intention to make efforts to implement projects worth over 40 billion USD in which Japanese companies are interested.

“Handbook of SHOSHA” 2015 Version Publication Announcement

Japan Foreign Trade Council, Inc. has been publishing the “Handbook of SHOSHA,” a brief summary on SHOSHA, featuring “What’s SHOSHA?” “Outline of SHOSHA’s Transactions,” “Wide Range of Business Fields of SHOSHA,” and “Earnings Structure of SHOSHA.” The latest 2015 version of the handbook which reflects the shift to the international accounting standards is now available on JFTC website .

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

We hope the handbook will be widely used for you.

- Publication Date: October 1, 2015
- Language: Japanese along with English
- Size: A4, 31 pages
- Price: Free



- Contents:
 - What’s SHOSHA?
 - Outline of SHOSHA’s Transactions
 - Wide Range of Business Fields of SHOSHA
 - Earnings Structure of SHOSHA
 - Appendix Table:
 - The World Economy and Development of SHOSHA
 - Financial Results of SHOSHAs
 - Regular Members of JFTC

Inquiries: Public and Research Group

E-mail chosa@jftc.or.jp

Tel: 03 (3435) 5959

Bilingual “Japan’s Foreign Trade 2016” published in April



The JFTC published “Foreign Trade 2016” in April this year. A series of this handy booklet, a kind of the “Small-White Paper on Trade” has been widely used among those interested in Japanese economy and trade since first edition in 1976.

Foreign Trade 2016 is written bilingually in Japanese and English. Booklet (¥500 including tax) is available for purchase at large book stores and government book centers. Inquiry for mail order should be addressed to chosa@jftc.or.jp or by fax 03-3435-5979.

-Introduction-

In 2015, the global economy in general was slow mainly due to the slowing Chinese economy and sluggish growth among emerging economies regardless of ongoing slow but steady economic expansion in USA. In Japan, the economy picked up slowly but steadily despite some signs of weakness that began surfacing around the fall of 2015.

Under such circumstances, Japan's foreign trade during 2015 can be summarized as follows:

Exports: ¥75.6 trillion Exports increased 4% (year on year); an increase for the third consecutive year.

Imports: ¥78.5 trillion Imports decreased 9% (year on year); a decrease for the first time in six years.

Trade Balance: Deficit of ¥2.8 trillion, down 78% (year on year); a decrease for the first time since 2011 when a series of deficits began.

Exports increased on a value basis as the depreciating yen pushed prices up while exports were sluggish on a volume basis mainly because Japanese manufacturers have already transferred their manufacturing bases to outside of Japan in addition to stagnant growth among the emerging economies. Imports decreased mainly due to falling

prices of natural resources such as crude oil. As a result, Japan's trade deficit, which began in 2011 when the Great East Japan Earthquake hit Japan and kept growing, contracted for the first time since then.

As for Japan's current account, current-account surplus increased to ¥16.4 trillion, growing for the second consecutive year as, on top of the decreased trade deficit, the surplus in the primary income was the largest on record (¥20.8 trillion) fueled by the increased income from foreign direct investment by the Japanese corporate sector.

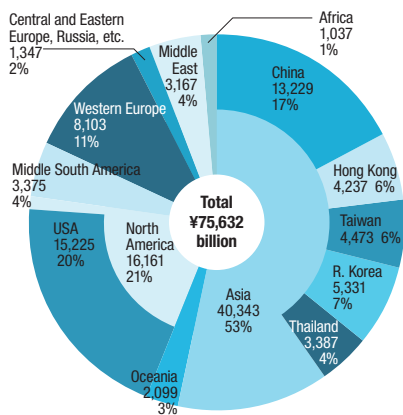
Japan's current account is likely to continue improving for contracting trade deficit and growing surplus in the primary income in FY2015. In “FY2016 Outlook for Japan's Trade Balance and Current Account”, which The Trade Trend Research Committee of Japan Foreign Trade Council, Inc. released in December 2015, it is explained that “In FY2015, exports will grow marginally as growth in emerging countries decelerates, but imports will decrease as resource prices decline. As a result, trade deficit is expected to contract substantially. Furthermore, there are some major factors such as receipt of increased dividends from direct foreign investments, higher collections of royalties for things such as patents, and expected travel balance surplus reflecting the large spike in foreign tourists visiting Japan that will make a significant contribution to the increase of current-account surplus”. For your reference, aforementioned Outlook is included in the Data Chapter.

As Japan's balance of trade is attracting a high level of interest, we will continue to keep a close eye on the direction to which Japan's exports and imports will step forward.

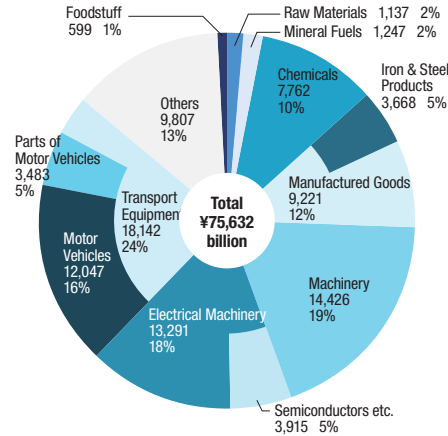
Foreign Trade 2016 marks the 41st edition since it was first released in 1976. In this edition, a new chapter was added to further clarify the positioning of Japan in the world trade by analyzing the trade data of USA, China and Japan on a US dollar basis.

We hope you will find this volume useful for various purposes, for example, as a reference and for education of new employees (including those at operating companies), and for local employees in foreign countries.

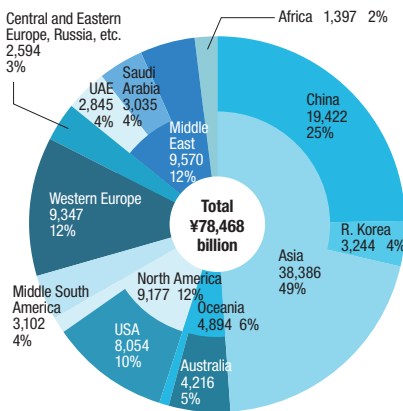
2015 Exports to world by country / area



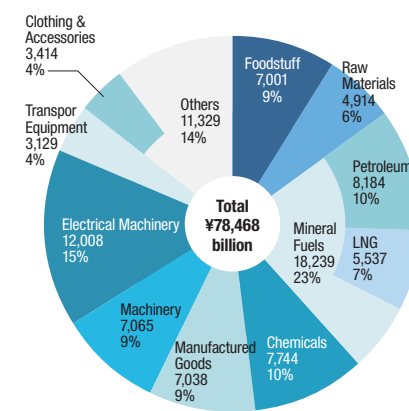
2015 Exports to world by commodity



2015 Imports from world by country / area



2015 Imports from world by commodity



Top 10 Trade Partners

(Exports)

(¥10 billion %)

	2000			2005			2010			2015		
	Country	Value	Share	Country	Value	Share	Country	Value	Share	Country	Value	Share
1	USA	1,536	29.7	USA	1,481	22.5	China	1,309	19.4	USA	1,523	20.1
2	Taiwan	387	7.5	China	884	13.5	USA	1,037	15.4	China	1,323	17.5
3	R. Korea	331	6.4	R. Korea	515	7.8	R. Korea	546	8.1	R. Korea	533	7.0
4	China	327	6.3	Taiwan	481	7.3	Taiwan	459	6.8	Taiwan	447	5.9
5	Hong Kong	293	5.7	Hong Kong	397	6.0	Hong Kong	370	5.5	Hong Kong	424	5.6
6	Singapore	224	4.3	Thailand	248	3.8	Thailand	299	4.4	Thailand	339	4.5
7	Germany	216	4.2	Germany	206	3.1	Singapore	221	3.3	Singapore	240	3.2
8	UK	160	3.1	Singapore	203	3.1	Germany	178	2.6	Germany	196	2.6
9	Malaysia	150	2.9	UK	166	2.5	Malaysia	154	2.3	Australia	156	2.1
10	Thailand	147	2.8	Netherlands	145	2.2	Netherlands	143	2.1	Malaysia	145	1.9
	top 10	3,771	73.0	top 10	4,725	72.0	top 10	4,717	70.0	top 10	5,326	70.4
	Grand Total	5,165	100.0	Grand Total	6,586	100.0	Grand Total	6,740	100.0	Grand Total	7,563	100.0

(Imports)

(¥10 billion %)

	2000			2005			2010			2015		
	Country	Value	Share	Country	Value	Share	Country	Value	Share	Country	Value	Share
1	USA	778	19.0	China	1,198	21.0	China	1,341	22.1	China	1,942	24.8
2	China	594	14.5	USA	707	12.4	USA	591	9.7	USA	805	10.3
3	R. Korea	220	5.4	Saudi Arabia	317	5.6	Australia	395	6.5	Australia	422	5.4
4	Taiwan	193	4.7	UAE	280	4.9	Saudi Arabia	315	5.2	R. Korea	324	4.1
5	Indonesia	177	4.3	Australia	271	4.8	UAE	257	4.2	Saudi Arabia	304	3.9
6	UAE	160	3.9	R. Korea	270	4.7	R. Korea	250	4.1	UAE	285	3.6
7	Australia	160	3.9	Indonesia	230	4.0	Indonesia	248	4.1	Taiwan	282	3.6
8	Malaysia	156	3.8	Taiwan	199	3.5	Taiwan	202	3.3	Malaysia	261	3.3
9	Saudi Arabia	153	3.7	Germany	197	3.5	Malaysia	199	3.3	Thailand	247	3.1
10	Germany	137	3.4	Thailand	172	3.0	Thailand	184	3.0	Germany	245	3.1
	top 10	2,728	66.6	top 10	3,839	67.4	top 10	3,982	65.5	top 10	5,117	65.2
	Grand Total	4,094	100.0	Grand Total	5,695	100.0	Grand Total	6,076	100.0	Grand Total	7,847	100.0

Source: Compiled from MOF's Trade Statistics on a Customs - Cleared Basis

Top 10 Trade Commodities

(Exports)

(%)

	2000		2005		2010		2015	
	Commodity	share	Commodity	share	Commodity	share	Commodity	share
1	Motor Vehicles	13.4	Motor Vehicles	15.1	Motor Vehicles	13.6	Motor Vehicles	15.9
2	Semiconductors etc.	8.9	Semiconductors etc.	6.7	Semiconductors etc.	6.2	Semiconductors etc.	5.2
3	Office Machines	6.0	Iron & Steel Products	4.6	Iron & Steel Products	5.5	Iron & Steel Products	4.9
4	Scientific, Optical Inst	5.1	Parts of Motor Vehicles	4.3	Parts of Motor Vehicles	4.6	Parts of Motor Vehicles	4.6
5	Parts of Motor Vehicles	3.6	Scientific, Optical Inst	3.8	Plastic Materials	3.5	Power Generating Machine	3.4
6	Power Generating Machine	3.2	Power Generating Machine	3.3	Power Generating Machine	3.5	Plastic Materials	3.2
7	Iron & Steel Products	3.1	Organic Chemicals	2.9	Ships	3.3	Scientific, Optical Inst	3.1
8	Visual Apparatus	2.7	Visual Apparatus	2.7	Scientific, Optical Inst	3.0	Organic Chemicals	2.8
9	Organic Chemicals	2.3	Plastic Materials	2.6	Organic Chemicals	2.8	Electrical Apparatus	2.5
10	Plastic Materials	2.0	Electrical Apparatus	2.6	Electrical Apparatus	2.6	Electrical Measuring	1.9

(Exports)

(%)

	2000		2005		2010		2015	
	Commodity	share	Commodity	share	Commodity	share	Commodity	share
1	Petroleum	11.8	Petroleum	15.5	Petroleum	15.5	Petroleum	10.4
2	Office Machines	7.1	Clothing & Accessories	4.3	LNG	5.7	LNG	7.1
3	Semiconductors etc.	5.2	Semiconductors etc.	4.1	Clothing & Accessories	3.8	Clothing & Accessories	4.4
4	Clothing & Accessories	5.2	Computers & Units	3.6	Semiconductors etc.	3.5	Semiconductors etc.	3.8
5	Fish & Fish Preparation	4.0	LNG	3.5	Coal	3.5	Telephony, Telegraphy	3.7
6	LNG	3.4	Audio & Visual Apparatus	2.8	Audio & Visual Apparatus	2.7	Medical Products	3.7
7	Scientific, Optical Inst	2.3	Fish & Fish Preparation	2.7	Nonferrous Metals	2.6	Computers & Units	2.5
8	Petroleum Products	2.3	Coal	2.7	Petroleum Products	2.6	Coal	2.5
9	Meat & Meat Preparation	2.3	Petroleum Products	2.6	Computers & Units	2.5	Petroleum Products	2.3
10	Audio & Visual Apparatus	2.1	Nonferrous Metals	2.6	Medical Products	2.5	Nonferrous Metals	2.1

Source: Compiled from MOF's Trade Statistics on a Customs - Cleared Basis

Launch of the Japan Foreign Trade Council's Official YouTube Channel

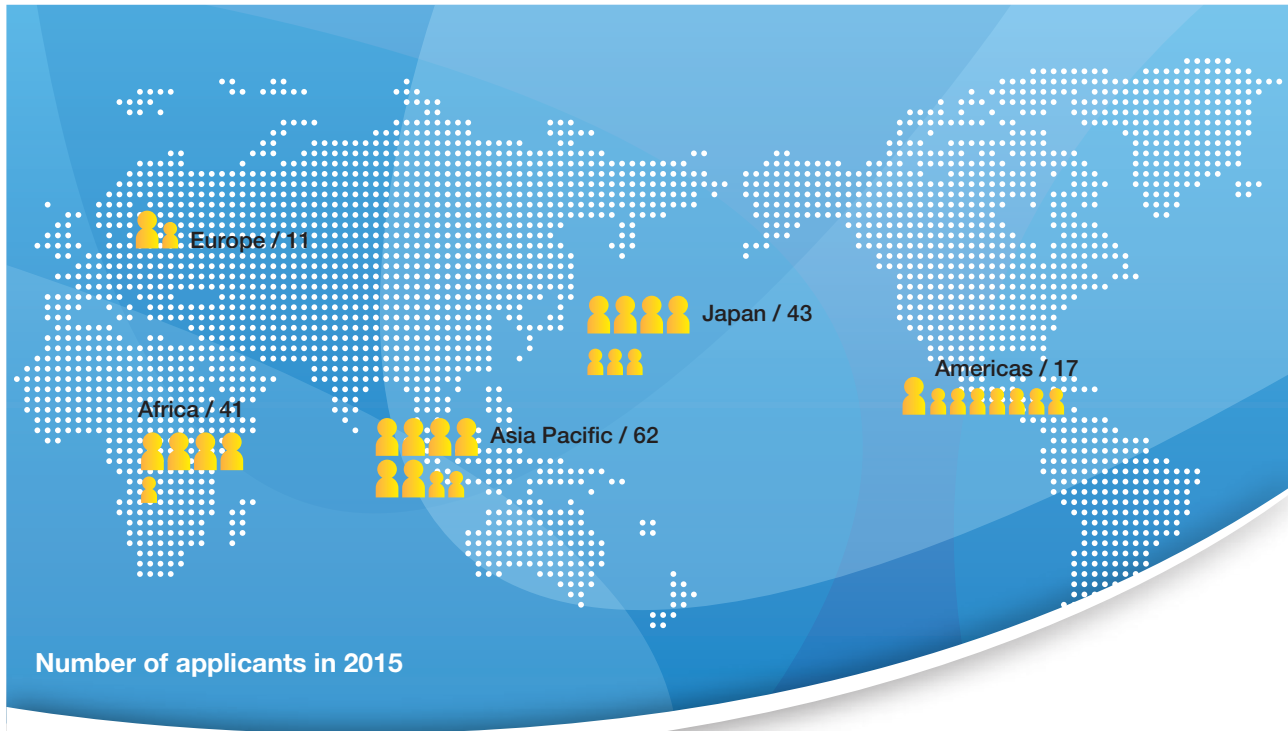
The Japan Foreign Trade Council has launched an official YouTube channel.

Anyone can view videos such as "The Dawn of Commercial Trade - The birth of the Shosha" (English subtitle version), which covers the history of Japanese trading activities.

We plan to provide a rich range of content, so keep your eye on the channel and on our official website.



JFTC ESSAY COMPETITION 2016



JFTC is sponsoring JFTC Essay Competition 2016 to encourage students, young researchers and business people to express their opinions on matters of national and international importance.

Theme

Searching for a New Initiative in Global Trade and the Role of Japanese Companies



Prize

**One Grand Prize of ¥1,000,000,
Three Prizes for Excellence of ¥200,000 each.**

Language : English or Japanese **Deadline :** Sept. 9, 2016,24:00(JST)

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

Vice-Chairs : Ms. Kaori Iida, Senior Editor, Economic News Division, NHK (Japan Broadcasting Corporation)

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

Contact

E-mail: kouhou@jftc.or.jp / Tel.+81-3-3435-5964

Japan Foreign Trade Council, Inc. Public Relations & Research Group,
6th Fl., WTC Bldg., 2-4-1 Hamamatsu-cho, Minato-ku, Tokyo 105-6106, Japan

For more details, please visit our Web site
www.jftc.or.jp/english/discourse/

Regular Members of JFTC

● Companies (Total 42)

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-ITTOCHU STEEL INC., MEIWA CORPORATION, METAL ONE CORPORATION, MITSUBISHI CORPORATION, MITSUI & CO., LTD., MORIMURA BROS., INC., NAGASE & CO., LTD., NIPPON STEEL & SUMIKIN BUSSAN CORPORATION, NOMURA TRADING CO., LTD., NOSAWA & CO., LTD., OKAYA & CO., LTD., SEIKA CORPORATION, SHINSHO CORPORATION, SHINYEI KAISHA, SMILE CORP., SOJITZ CORPORATION, SUMITOMO CORPORATION, T. CHATANI & CO., LTD., TEIJIN FRONTIER CO., LTD., THE TOSHO CO., LTD., TOKYO BOEKI HOLDINGS CORPORATION, TOHO BUSSAN KAISHA, LTD., TOYOTA TSUSHO CORPORATION, Y. NISHIDA & CO., LTD., YAGI TSUSHO LTD., YUASA TRADING CO., LTD.

● Associations (Total 19)

COSMETIC IMPORTERS ASSOCIATION OF JAPAN, FUKUOKA FOREIGN TRADE ASSOCIATION, JAPAN AUTOMOBILE IMPORTERS ASSOCIATION, THE JAPAN BANANA IMPORTERS ASSOCIATION, JAPAN CHEMICAL EXPORTERS AND IMPORTERS ASSOCIATION, JAPAN FOREIGN TRADERS ASSOCIATION, INC., JAPAN MACHINE TOOL IMPORTERS' ASSOCIATION, JAPAN MACHINERY CENTER FOR TRADE AND INVESTMENT, JAPAN OVERSEAS ROLLING STOCK ASSOCIATION, JAPAN PAPER IMPORTERS' ASSOCIATION, THE JAPAN SHEEP CASING IMPORTERS ASSOCIATION, JAPAN SHIP EXPORTERS' ASSOCIATION, JAPAN TEXTILES EXPORTERS ASSOCIATION, THE JAPAN TEXTILES IMPORTERS ASSOCIATION, JAPAN WATCH IMPORTERS' ASSOCIATION, JAPAN WINES AND SPIRITS IMPORTERS ASSOCIATION, KOBE FOREIGN TRADE ASSOCIATION, KYOTO FOREIGN TRADE ASSOCIATION, THE YOKOHAMA FOREIGN TRADE ASSOCIATION

● Chairman

Eizo KOBAYASHI (Chairman, ITOCHU Corporation)

● Honorary Chairman

Shoei UTSUDA
(Chairman, MITSUI & CO., LTD.)

● Vice Chairmen

Jun KARUBE (President and CEO, Toyota Tsusho Corporation)
Kuniharu NAKAMURA (President and CEO, Sumitomo Corporation)
Yoji SATO (President and CEO, Sojitz Corporation)
Fumiya KOKUBU (President and CEO, Marubeni Corporation)
Tatsuo YASUNAGA (President and CEO, MITSUI & CO., LTD.)
Takehiko KAKIUCHI (President and CEO, Mitsubishi Corporation)

● Executive Managing Director

Tsukasa KAWAZU

● Managing Director

Hidehisa SAITO

Japan Foreign Trade Council, Inc.

World Trade Center Bldg. 6th Floor, 4-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo 105-6106, Japan
Tel. 03-3435-5964 Fax. 03-3435-5979