Introduction

The Shosha have always reorganized and expanded their roles and the services they offer, to adapt with the change of the times. For this reason, it may be difficult for people in general to understand exactly what the Shosha do. This is even more true for people from other countries where companies similar to Japan’s Shosha do not exist.

Even people who have worked at Shosha for many years likely have problems explaining them to others in a succinct, easily understandable manner.

The purpose of this Handbook is to help as many people as possible to understand the activities in which the Shosha are involved.

The theme of this edition is Towards Sustainability and Prosperity. Chapter 1 explains the essence of the Shosha and their strengths, and summarizes the value chain and how their recent business model is based on two cornerstones — trading and business investments.

Chapter 2 provides six perspectives on the role the Shosha play in the global economy and how they are working to solve global social issues.

It also summarizes the activities in which the Shosha are engaged in the area of social contributions.

Finally, Chapter 3 introduces the activities of Japan Foreign Trade Council (JFTC) and includes a list of JFTC regular members and a chronological table.

We hope this Handbook will provide everyone interested in the Shosha with a better understanding of their past, present, and future activities, businesses, and operations.

September 2022

*This is the English-language version of "SHOSHA Handbook 2022", published in September 2022.
1-1 What Are the Shosha?

The Shosha handle products in a wide range of business sectors that are said to cover everything “from mineral water to communications satellites (see P.13 Column③)”. Their business domains extend from upstream to downstream sectors, from the development and procurement of raw materials, to manufacturing and processing, logistics, sales and services. They contribute to creating richer lives for people through satisfying their varied needs in countries and regions around the world (see P.6-7 Chapter 1.1-3).

They quickly identify, and attempt to anticipate, customers’ ever-diversifying needs as they change with the times, expanding their roles and functions on their own initiative, while constantly and flexibly altering and expanding their business portfolios (see P.8 Chapter 1.1-4).

Varying in type and size of business, the Shosha include general trading companies, specialized trading companies, sales agents and wholesalers. This Handbook deals primarily with Shosha that are members of JFTC.

1-2 Extensive Range of Assorted Products and Business Sectors

The Shosha handle a wide range of products and services, and their businesses are constantly transforming as they adapt to changes in industry and society. Given the rise in environmental awareness and the evolution of digital technology in recent years, they have been entering into new businesses such as electric vehicles (EV, PHEV and HEV) and renewable energy sources, including hydrogen and ammonia.

Network

Machinery, Transportation equipment

- Construction machinery, machine tools, agricultural machinery, mining machinery
- Automobiles (EV, PHEV, HEV), auto parts, railways, ships, aircraft
- Petroleum products, renewable energy sources (hydrogen, ammonia, etc.)
- Petrochemicals, organic & fine chemicals, synthetic resins, electronics materials, fertilizers & agrochemicals, pharmaceuticals, and biochemicals

Energy, Metals, Chemicals

- Iron ore, coal
- Iron & steel products, steel service centers
- Copper, aluminum, nickel, precious metals, rare metals
- Crude oil, LPG, LPG, petroleum products, renewable energy sources (hydrogen, ammonia, etc.)
- Petrochemicals, organic & fine chemicals, synthetic resins, electronics materials, fertilizers & agrochemicals, pharmaceuticals, and biochemicals

Life industries

- Textiles (raw materials, products, industrial materials, apparel, branded goods)
- Lumber & construction materials, paper & pulp, chippings, leather, ceramics, tires, rubber products, interior goods, and household durables
- Grain, rice, sugar, marine & livestock products, fruit & vegetables, oils & fats, beverage ingredients
- Processed foods (alcoholic beverages, canned goods, dairy products, etc.)
- Pharmaceuticals, drugstores, health-related products, hospitals, and facilities for the elderly
- Convenience stores & supermarkets
- Recycling

Global Network

Problem-solving Value Creation

Extensive Range of Assorted Products and Business Sectors

Contribution to life, society and the global environment

Advanced Range of Assorted Products and Business Sectors

Ahead of the Times with Variety of Functions

Chapter 1: What Are the Shosha? The Strengths of the Shosha
As they are active on the global stage, the Shosha run various types of offices around the world, including local subsidiaries, regional and branch offices, representative offices, and field offices. These locations all collaborate in effectively developing each Shosha’s global business.
Chapter 1

1-4 Using a Variety of Functions to Create Businesses

The Shosha make use of various functions to create many types of business. These functions are constantly becoming more sophisticated in response to changing times and environments.

**Business transactions (Global trade)**

Intermediate transactions concluded between companies wanting to sell goods and services and their customers

Business transactions and associated functions that have developed as a result

**Analysis, management and support functions**

**Information-gathering**

Gather and analyze widely ranging information on economics, trade, international affairs, industry, etc., and apply it to business

Gather and analyze information on supply and demand trends and new technologies, and use it to develop domestic and overseas markets

**Market development**

Gather and analyze information on supply and demand trends and new technologies, and use it to develop domestic and overseas markets

**Risk management**

Provide unique financial functions such as support for financing and leasing business

Provide total group company management support from business development through expansion

As organizers, the Shosha utilize their domestic and international networks to bring together and coordinate partner companies with outstanding capabilities and technologies

**Logistics**

Functions developed as a result of increasing the number of subsidiaries and related businesses

Aim for the most efficient logistics by utilizing networks connecting the entire world

**Finance**

Provide unique financial functions such as support for financing and leasing business

Provide total group company management support from business development through expansion

As organizers, the Shosha utilize their domestic and international networks to bring together and coordinate partner companies with outstanding capabilities and technologies

**Origin / Core Function**

Intermediate transactions concluded between companies wanting to sell goods and services and their customers

1-5 The Continuously Evolving Functions and Roles of the Shosha

Amidst the constantly changing external environment, the Shosha have always adopted a flexible, autonomous approach to evolving and expanding their roles and the services they offer, while anticipating and identifying the current needs of industry and society.

As discussed in P.11 Column 1 below, the Shosha have faced doubts about their future, such as when people talked about “The Decline of the Shosha,” or “The winter years of the Shosha.” For their part, the Shosha took a positive attitude and repeatedly reformed themselves.

We believe this ability to respond to change is in itself the greatest strength that the Shosha possess.

**The Evolution of the Functions and Roles of the Shosha**

<table>
<thead>
<tr>
<th>Historical background</th>
<th>The Continuously Evolving Functions and Roles of the Shosha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945–1950</td>
<td>Postwar recovery</td>
</tr>
<tr>
<td>1950–1960</td>
<td>Rapid economic growth</td>
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<tr>
<td>1960–1970</td>
<td>Stable growth</td>
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<tr>
<td>1970–1980</td>
<td>Bubble economy</td>
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<tr>
<td>1980–1990</td>
<td>Post-bubble</td>
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<td>1990–2000</td>
<td>Globalization</td>
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<tr>
<td>2000–2010</td>
<td>The Rise of Protectionism</td>
</tr>
<tr>
<td>2010–2020</td>
<td>The Era of Protectionism</td>
</tr>
</tbody>
</table>

- **Economic environment**
  - Postwar recovery (1945)
  - Post-bubble (1990–2000)
  - The Rise of Protectionism (2010–2020)

- **Shosha roles and functions**
  - Business transaction functions
  - Market development functions
  - Information gathering functions
  - Finance functions
  - Risk management functions
  - Logistics functions
  - Support functions
  - Performance functions

- **Critical events**
  - World War II ends (1945)
  - Private foreign trade resumes (1947)
  - Fixed exchange rate introduced (1949)
  - Export promotion measures introduced (1952)
  - Korean War (1950)
  - Plaza Accord (1985)
  - Tokyo Round (1990)
  - Great East Japan Earthquake (2011)
  - Pandemic (2020)

- **Key industries and initiatives**
  - Petrochemicals, etc. |
  - Fixed exchange rate (1949)
  - Plaza Accord (1985)
  - Tokyo Round (1990)
  - Great East Japan Earthquake (2011)

- **Future trends**
  - Climate change and environmental protection
  - Aging society
  - Digital economy
1-6 The Shosha Functions to Make Proposals to Meet Wide-ranging Needs

The functions of the Shosha described in P.8 Chapter 1-4 are linked to the strengths of the Shosha when they engage in a wide variety of businesses. By leveraging these strengths, the Shosha can respond to changes in the times and the environment.

Extensive knowledge of markets around the world

Ability to assess collected information and use it to develop new businesses and markets

Know-how accumulated over a long history

In-house experts in areas such as taxation, accounting, finance, legal matters and risk management

Ability to respond to customers’ needs by providing solutions to all their problems

Ability to operate entire value chains efficiently

Networks covering a wide variety of industries

Ample financial resources

Ability to foster and manage businesses that work together to increase value

Although the Shosha have been key drivers of Japan’s postwar growth, they have certainly not enjoyed smooth sailing at all times. As they faced multiple difficulties in the process, they responded to the needs of the times by flexibly evolving their functions.

1960s “The Decline of the Shosha” debate

The first indication of doubts in the future of the Shosha came in the form of an article on “The Decline of the Shosha.” Since trade was the mainstay business of the Shosha, the argument went, their services would no longer be needed if manufacturers became large enough to establish their own sales networks. In reality, however, Japan was in the midst of its rapid growth era, leading to a situation where the manufacturers needed the Shosha more than ever because of their skills in procuring the necessary raw materials and introducing first-class technology from overseas. The manufacturers and the Shosha also worked together to develop export markets and steadily expand their businesses. Several factors were behind the rapid advance of the Shosha. The debate over the decline of the Shosha not only provided them with an opportunity to strengthen their corporate structures, but also encouraged them to formulate long-term strategies that included diversifying their operations.

Around the time of the Oil Crisis

Criticism of the Shosha and the theory that they were no longer needed

Social criticism of the Shosha mounted from the second half of 1971 through 1975, when the Japanese economy faced disruptions caused by rapid price increases. The Shosha were seen as the ringleaders behind runaway inflation because they were accused of hoarding and withholding goods from sale. Japan Fair Trade Commission carried out investigations, while the top management of the major Shosha were summoned to the Diet (Japan’s parliament) as a witness. This alerted the Shosha to the impact that their own activities had on society and to the magnitude of their social responsibilities. As a result, they drew up Sogo-Shosha’s Code of Conduct*, which declared that the entire sector would henceforth act in a spirit of self-restraint.

Second half of the 1970s through the first half of the 1980s

“The winter years of the Shosha”

The global economic stagnation and ongoing appreciation of the yen against the dollar that followed the Oil Crisis eroded Shosha profits, ushering in what was known as “The winter years of the Shosha.” Weaker Shosha profits were attributed to four factors: ① the Shosha were slow to react to change in Japan’s industrial structure as it made the transition from heavy industries to lighter, more compact industries; ② growing exchange and country risk; ③ manufacturers’ growing disengagement from Shosha; and ④ increasingly bloated in-house organizations. The Shosha survived the winter years of the Shosha by taking a more defensive stance. To overcome these problems, they adopted measures to improve management, including steps to reduce their internal burdens by diversifying their funding methods and preventing bad debts through more rigorous risk management. They also became more proactive towards exports to the oil producing nations, which had begun to play a much greater role in the global economy following the oil crisis, and towards overseas investment and entry into new business sectors.

1990s The “collapsing Shosha” debate and the theory that the IT revolution would eliminate the need for the Shosha

The after-effects of the collapse of the bubble economy and the Asian currency crisis presented the Shosha with an unprecedented management problem in the latter half of the 1990s, prompting business magazines to put out numerous special editions on the collapse of the Shosha. This led to a sectoral restructuring whereby the Shosha sought to get back on their feet again by focusing on their core competences, liquidating their unprofitable businesses, and writing off their problem loans. Other observers wondered whether the IT revolution would render the intermediary function of the Shosha unnecessary. Against this background, the Shosha saw business investment as a new way out of their difficulties, proactively expanding their resource and energy sectors, and their businesses in emerging economies such as China. They also channeled more effort into their downstream businesses in Japan. Making greater use of IT in the logistics sector, they moved ahead with supply chain management initiatives designed to enhance their customers’ production and sales activities.

Second half of the 2000s through the first half of the 2010s

“The winter years of the Shosha, Return?”

The turmoil occurring in the US financial markets led to a massive credit crunch, resulting in a global recession that caused major countries to post negative growth across the board. Shosha sales fell sharply, simultaneously leading to a sharp decline in profitability. While China avoided the consequences through massive fiscal investment to maintain positive growth, the excessive consumption of resources that accompanied this growth led to a sharp rise in global commodity prices, inevitably causing the resource bubble to burst. The profitability of Shosha’s investee companies deteriorated and their business investments depreciated as a result, but they successfully maintained market confidence by cutting and disclosing their losses as quickly as possible.

*1 In 1983, Japan’s The Weekly Economist magazine published a report entitled Are Japan’s Shosha in Decline?

*2 Formulated on May 10, 1973, revised as Shosha’s Corporate Code of Conduct on July 8, 1999. see P.46-47 (Column 1) for details.


Sogo Shosha no Kessyu – Soni Gensyu, Satsuru, Tetsurou (TANAKA Takayuki, Pub. Toyo Keizai Shimposha)
The main zaibatsu-affiliated Shosha are the former Mitsui & Co. and the former Mitsubishi Corporation*. The former Mitsui & Co. had become a general trading company by the time of the Sino-Japanese War and handled all kinds of commodities in addition to exporting cotton yarn, coal, and raw silk, and importing raw cotton, machinery, and other products. In contrast, the former Mitsubishi Shoji handled fewer products when it was first established, limiting itself to coal and copper from the copper mines it owned, and was reluctant to handle items that it did not produce itself. After WWII ushered in the Great War economy for Japan, however, it began to handle a wider range of commodities. While these two companies were set up as Shosha by Mitsubishi, Suzuki, and others, the other Shosha are said to have taken the opposite path by establishing their own zaibatsu.

The textile Shosha included companies with roots in the textile wholesalers of the Edo period (1603-1868) and trading companies established to supply raw cotton to spinning companies. Five companies in particular have been linked to the zaibatsu:
- ITOCHU Corporation*
- Marubeni Corporation*
- Toyota Merkia Kaisha, Ltd.*
- (now Toyota Tsusho Corporation), Japan Cotton Trading Co., Ltd.* (now Saltz Corporation), and Gokko Corporation* (now Kanehama Corporation*). These were known as the Five Cotton Companies of Kansai. They exemplified the raw silk, and importing raw cotton, machinery, and other products. During WWII, the Shosha were forced to close their facilities, and some of them were unable to engage in free trade activities, they were eventually dismantled under government policies until the end of the war, and it is believed that this wartime experience led to their transformation into more general trading companies in the postwar era.

Postwar Shosha

After Japan’s defeat in WWII, the former Mitsui & Co. and the former Mitsubishi Shoji were dismantled in 1947 under the GHQ memorandum ordering the dissolution of the trading companies. This dramatically changed the structure of the Shosha industry. The ability to establish Shosha without adequate capital created a rush to set up numerous small-scale companies. The Five Cotton Companies of Kansai plus Nishiki Co., Ltd. (the successor to Suzuki & Co., Ltd.), Akita & Co., Ltd. (the designated shop of Yawata Steel Works), and Iwao Sangyo Co., Ltd. emerged as the centers of immediate postwar trade. Around the same time, Sumitomo Corporation launched trading activities to provide jobs to repatriates from Sumitomo’s business in mainland China. The Act for the Elimination of Excessive Concentration of Economic Power was promulgated and enforced in 1947. Daiken Co., Ltd., which had been established during the war through the merger of the former Itoh & Co. Ltd. and Marubeni Shokki, was separated to form ITOCHU Corporation and Marubeni Corporation. After the Korean War broke out in 1950, the Shosha greatly expanded their exports and sharply increased their earnings on the back of special military procurement demand. Once the truce was called, however, things changed dramatically. The textile business faced a particularly severe decline, and the Shosha, including the Five Cotton Companies of Kansai, immediately felt on hard times and suffered huge losses. Moreover, GHQ changed its occupation government policies and relaxed its orders to dismantle the zaibatsu, resulting in the emergence of Mitsubishi Shoji Kaisha Ltd. in 1954 and Mitsui & Co. in 1968. To compete with the zaibatsu-affiliated Shosha, the Five Cotton Companies of Kansai and other trading companies sought to consolidate their product lines by absorbing and merging with Shosa specializing in steel and machinery. This ultimately led to the strengthening of the Shosha’s business foundations and eventually spurred the establishment of an integrated trading company structure that would support rapid economic growth.

*1 Founded in 1876, Japan’s first general trading company.
*2 Founded in 1876. Japan’s first cotton processor.
*3 Founded in 1876. Japan’s first general trading company.
*4 ITOH Chubei commenced linen trading operations in 1858. He set up Ichibun in Nihonbashi and then Tokyo with a capital of 3,000 yen in 1863, creating the predecessor of the ITOCHU Corporation. The business was merged with the predecessor to Ishiyama Shosha in 1878, and in 1908, the sales division was spun off into Ishiyama Shosha, Ltd. (the predecessor to Marubeni Corporation) and the former public stock company Itoh Chubei Co., Ltd.
*5 With its roots in the Itoh Chubei of meiji period (1868-1912), it established a subsidiary in 1929 called Ito and Chubei Shosha, then with capital of 100 yen. It focused on trading services and was established in 1947 through the merger of Daikoku Shosha Co., Ltd. and Ito and Chubei Shosha.
*8 Founded in 1878. The successor to the former Mitsubishi Corporation in 1891. In 1945, it changed its name to Nissan Engineering Co., Ltd. in 1945. In 1952, after the ban on the use of former zaibatsu trade names was lifted, took the name Sumitomo Corporation.
*9 Established in 1876. The predecessor to Marubeni Corporation.
*10 Established in 1891. The general trading company was established in 1961, with capital of 100 yen. The predecessor to the present-day Marubeni Corporation.
*11 Originally established as The Osaka North Harbour Company Limited in 1919 with real estate management as its core business. Changed its name to Nippon Engineering Co., Ltd. in 1945. In 1952, after the ban on the use of former zaibatsu trade names was lifted, took the name Sumitomo Corporation.

Reference materials:
Chapter 1

2-1 Trade and Business Investment Are the Two Cornerstones

The Shosha have two sources of revenues: traditional trading, and their growing investment activities. Their business portfolios are thus based on two cornerstones, trade, and business investment.

Their basic business model for trade consists of utilizing global information, logistical networks, and financial resources to seek buyers and sellers on behalf of their customers, and earning commissions on linking them together.

In contrast, the business investments made by Shosha have various objectives. Unlike investment banks and funds, they seek neither capital gains on sales of the businesses involved nor dividend receipts from the outset. Instead, they engage in long-term ownership to foster the businesses themselves in the hope of expanding trade or finding synergies with other businesses under their ownership. In addition to acting as a sole investor, they seek strong partners to make joint investments with a view to securing knowhow in new sectors. Both cases are characterized by relatively long-term strategic investments and a deep involvement in managing the targets of the investments, or investee’s.

Shosha revenue structures are transitioning from a focus on commissions arising from conventional trading towards the wide-ranging revenue opportunities obtainable from the manufacturing and service businesses in which investments have been made, as well from the overall activities of the group, including subsidiaries (see P.16 Chapter 1.2-3).

Differences Between the Trade Business and Business Investment

<table>
<thead>
<tr>
<th>Trade business</th>
<th>Business investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef Producers</td>
<td>Beef farms</td>
</tr>
<tr>
<td>Beef importer</td>
<td>Beef cattle breeding and production (ranching)</td>
</tr>
<tr>
<td>“Value-added through quality and hygiene management, branding strategies, etc.”</td>
<td>Involvement in the production process</td>
</tr>
<tr>
<td>Meat processing plant</td>
<td>Value-added through quality and hygiene management, branding strategies, etc.</td>
</tr>
<tr>
<td>“Processing beef to meet customers’ needs”</td>
<td>Involvement in the processing process</td>
</tr>
<tr>
<td>Customers</td>
<td>Customers</td>
</tr>
<tr>
<td>(processors, wholesalers, food service industry, etc.)</td>
<td>(wholesalers, food service industry, etc.)</td>
</tr>
<tr>
<td>Shosha revenues (commissions)</td>
<td>Shosha revenues (commissions + labor charges, dividend receipts from the business)</td>
</tr>
</tbody>
</table>

Shosha revenues

*From Trade to Business Investment (trends affecting Japan and the Shosha)*

While Japan is known as a trading nation, its balance of payments statistics showed that its trade balance posted a deficit of JPY1.65 trillion (preliminary balance of payments statistics, Ministry of Finance) in fiscal 2021. In contrast, its primary income balance comprising dividends and interest received was in surplus to the tune of JPY21.59 trillion.

Japan’s primary income balance surplus comprising investment income began to exceed its trade balance surplus in fiscal 2005 and today has become the primary support for Japan’s current account surplus.

A similar situation applies to the Shosha because the earnings of their overseas subsidiaries and affiliates began to exceed those of their parent companies from around the same time. The shift from trade to business investment suggests that a similar trend is affecting Japan and the Shosha.

In light of these developments, JFTC compiled and published a special research report entitled Towards a New Trading Nation in January 2008.


Author: Special Research Committee on “midterm trade and investment vision”

Full text is available on the JFTC website.
2-3 The Shosha’s Value Chain Strategy

A value chain is a series of activities in which companies engage in order to deliver value to customers. Shosha covers everything from developing and procuring materials, to manufacturing, processing, sales and services. Value chains are the key to ensuring higher returns through traceability, reliability and stable supplies. They increase value-added for individual businesses by linking the knowledge and information that Shosha have gained through operations in a wide range of sectors and are very important for understanding how today’s Shosha work.

Understanding a value chain is very important when it comes to understanding the Shosha.

Take beef as an example (see figure below).

(1) The Shosha invest in feed manufacturers to develop, produce and procure the feed essential for raising beef cattle, and supply it to livestock farmers.
(2) They invest in the business of raising and producing beef cattle, and supply feed to the ranches they manage.
(3) They invest in the meat processing business to add value through processing to meet customer needs, thorough quality control, and branding.
(4) Downstream, they not only sell to supermarkets and other retailers, restaurants and other food service businesses, but also engage in these businesses themselves.

This participation in mutually-related businesses in upstream through downstream sectors gives them a birds-eye view of the overall business processes involved, enabling them to offer financial, information and logistical functions as necessary. This, in turn, helps them enhance customer convenience and aspire to higher value-added business. It also explains why value-chains are significant for the Shosha, and why they are building value chains in various sectors, including energy development, foods and textiles.

The Beef Value Chain

The Areas of the Shosha Business

- Feed development, production and procurement
- Ranch management, beef cattle breeding and production
- Beef processing
- Supermarkets
- Food service industry such as restaurants

Upstream

- A Farm Abroad
  Photo courtesy of Kanematsu Corporation

- Beef Processing Plant
  Photo courtesy of Kanematsu Corporation

Downstream

- Supermarket (Summitstore)
  Photo courtesy of Sumitomo Corporation

Key Challenges Facing the Shosha

Matters directly related to business
- Strengthen the supply chain: achieve supply chain DX (digital transformation), deal with economic security, develop strategies to support the development of key technologies and prevent its leaks, strengthen/review existing businesses, etc.
- Enroachment on existing business areas: rise of platforms such as GAFA (Google, Apple, Facebook, Amazon), spread of new technologies such as AI and blockchain
- Impact of the COVID-19 pandemic: emergence of supply chain vulnerabilities, economic slowdowns in China and elsewhere

Laws and institutions
- Economic partnership agreements, investment agreements, tax treaties, social security agreements
- Trade- and investment-related procedures
- Security Export Control System
- International taxation, Japanese taxation and accounting standards
- Policy program related to the Promotion of Overseas Infrastructure Systems
- Improve compliance and governance and strengthen internal controls

Social Environment
- Sustainability management with SDGs and ESG in mind
- Promote diversity and inclusion: develop diversity in human resources and strengthen them by promoting work styles that match life stages
- Promote initiatives to become carbon neutral
- Develop responses to the advent of the digital society (e.g., penetration of the metaverse into society)
- Ensure the safety of employees and the business

Major Risks Surrounding the Shosha

Business-related
- Market risk (interest rates, exchange rates, commodity prices, listed security prices)
- Credit risk
- Business investment risk
- Country risk

Management-related
- Legal and compliance risk
- Information systems security risk

External Environment
- Risk arising from changes in the macroeconomic environment
- Climate change- and global environment-related risk
- Risk arising from natural disasters, terrorism, and emerging infectious diseases (employee safety, business continuity)

Reference Materials: Each company’s annual securities report / HP etc.
1-1 SDGs and the Shosha

The United Nations adopted the SDGs (Sustainable Development Goals) in 2015 with the objective of solving common global economic, social, and environmental challenges by 2030. The SDGs call upon companies to contribute to achieving these objectives through their business operations.

The Shosha have always responded to the demands of the times by constantly reviewing the roles and functions they should fulfill to deal with the changing environment. It is often said that the Shosha business is difficult to understand because it covers a wide range of sectors and complex business methods. That said, the 17 SDGs and the businesses handled by the Shosha have much in common, as evidenced by a special JFTC research report entitled Sustainable Development Goals and Shosha. There are six main points of affinity between the Shosha business model and the SDGs.

- Affinities Between the Characteristics of SDGs and the Strengths of the Shosha

<table>
<thead>
<tr>
<th>Characteristics of SDGs (perspectives required to achieve the goals)</th>
<th>The Shosha strengths</th>
</tr>
</thead>
</table>
| **Global, borderless approach to social issues** | Global networks  
Ability to grasp global issues quickly and respond across national borders |
| **Composite approach** | Ability to create business through diverse functions and services, multi-faceted resources and expertise |
| **Partnerships** | Partnerships  
Large-scale project organization function using partners with expertise in various regions and fields, comprehensive strength |
| **Innovation** | Innovation  
Discernment to open new business fields, ability to offer solutions to diverse challenges |
| **Bird’s-eye view approach** | Bird’s-eye view approach  
Diverse activities from upstream to downstream processes |
| **Goal-based governance (“back-casting”)** | Focus on the future  
Future-oriented business development that anticipates the times and looks ahead to the next generation |

**Sustainable Development Goals & SHOSHA**

Featuring case studies of Shosha activities

- Author: Japan Foreign Trade Council, Inc.  
- Special Research Committee on Sustainable Development Goals & SHOSHA
- Supervision: KANIE Norichika, Professor, Graduate School of Media and Governance, Keio University

https://www.jftc.or.jp/shosha/publish/2020_06.html

1-2 The Shosha’s Sustainability

Sustainability management has come into the spotlight as a result of growing interest in the SDGs and ESG. Companies must not only pursue profits but must also contribute to the survival of society by taking a proactive approach to resolving social, environmental, and other issues. Investors have come to value highly those companies that incorporate environmental and social impacts into their management strategies and expand ESG investment, and demand that they adopt sustainability initiatives.

The Shosha have therefore identified a number of social issues that should be addressed proactively on a priority basis as key sustainability issues (Materiality), and have incorporated it into their management policies. They aim to increase enterprise value by maximizing their own strengths and Shosha functions and working together with group companies to resolve problems. The Shosha approach to sustainability is embedded in their corporate DNA, either as a corporate philosophy established at the time of the company’s founding or as an inheritance from years gone by. They have actually been promoting socially and environmentally conscious business activities since before the SDGs and ESG came into the spotlight. Based on this philosophy, they will maintain a sincere commitment to tackling and resolving social issues with a view to enhancing their enterprise value and achieving the SDGs, which address key issues.

Recently, they have been working on activities aimed at helping a wide range of stakeholders understand their sustainability efforts, preparing sustainability reports and disclosing itemized ESG information.

1*1 Environment, Social, Governance
2*2 “The Three Corporate Principles” (Mitsubishi Corporation), “Benefit for self and others, private and public interests are one and the same.” (Sumitomo Corporation), “Bampo-yaosu” (TODA Corporation and Marubeni Corporation) etc.

**The Shosha’s Activities and the Related SDGs**

- **Issues**
- **Shosha’s Activities**
- **Related SDGs**

- **Conservation of Global Environment**
  - Renewable energy business P.20-21
  - Circular economy business P.22-23
  - Biodiversity conservation P.23

- **Responsible for Stable Supply**
  - Food business P.24-25
  - Energy business P.26-27
  - Mineral resource business P.28-29

- **Supporting Global Business**
  - Logistics service business P.30-31
  - Supply chains P.31
  - Overseas industrial parks business P.32-33

- **Supporting More Comfortable Lifestyles**
  - Infrastructure business P.34-35
  - Consumer goods industries P.36-37
  - Healthcare business P.38-39

- **Create New Values**
  - Digital and next generation technology business P.40-41
  - Shosha’s CSR Activities P.43

- **Enriching People and Society**
  - Promote diversity and flexible work style P.42
  - Create innovative businesses that contribute to resolving social issues.

https://toyokeizai.net/articles/-/580070

Shosha Symposium (Organized by JFTC)
Renewable energy business

Disasters arising from climate change have increased globally by 83% in the two decades since 2000. The climate change issue now threatens the security of people in both developed and developing countries, and the world must come together to resolve it and realize a sustainable society. Shosha management policies position climate change as one of their most important issues. They take the impact on climate change, the environment, and society into consideration when considering investments and loans for business and development projects such as infrastructure improvements.

Since the Paris Agreement of 2015, the global trend toward decarbonization has accelerated, and as of April 2021, more than 120 countries and regions had declared that they will achieve carbon neutrality (zero net greenhouse gas emissions) by 2050. Some Shosha have also adopted explicit initiatives, setting their own greenhouse gas reduction targets and announcing their withdrawal from the coal-fired power generation business. More specifically, they are engaged in efforts to build and expand their power generation businesses in Japan and around the world using renewable energy sources (geothermal, solar, wind and hydropower) as alternatives to thermal power generation using fossil fuels such as oil and coal.

They are also involved in various initiatives to advance the transition to a carbon neutral society. These include expanding the use of hydrogen energy, which is now in the spotlight as a next-generation clean energy alternative to fossil fuels, as well as promoting next-generation vehicles such as electric vehicles and developing smart cities.

According to the Renewable Energy Policy Network for the 21st Century (REN21), a non-profit organization headquartered in Paris, global renewable power capacity (excluding hydroelectric power) amounted to 1,668 gigawatts (GW) in 2020 (see table on the left-hand page). Currently solar power has the highest renewable power capacity, generating around 46% of the total, followed by wind power with around 45%.

The global map below shows the main overseas renewable energy power generation projects in which the seven Shosha* are involved (As of the end of March 2021).

* Seven Shosha: ITOCHU Corporation, Marubeni Corporation, Mitsubishi Corporation, Mitsui & Co., Ltd., Sojitz Corporation, Sumitomo Corporation, Toyota Tsusho Corporation (The same applies hereinafter.)

Global Natural Energy Generating Capacity in 2022

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>600 MW</td>
<td>450 MW</td>
<td>150 MW</td>
<td>50 MW</td>
<td>200 MW</td>
</tr>
<tr>
<td>USA</td>
<td>500 MW</td>
<td>300 MW</td>
<td>100 MW</td>
<td>30 MW</td>
<td>150 MW</td>
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<tr>
<td>China</td>
<td>400 MW</td>
<td>250 MW</td>
<td>75 MW</td>
<td>20 MW</td>
<td>100 MW</td>
</tr>
<tr>
<td>Germany</td>
<td>300 MW</td>
<td>200 MW</td>
<td>60 MW</td>
<td>15 MW</td>
<td>80 MW</td>
</tr>
<tr>
<td>India</td>
<td>250 MW</td>
<td>150 MW</td>
<td>50 MW</td>
<td>10 MW</td>
<td>40 MW</td>
</tr>
<tr>
<td>World</td>
<td>Total 1,668 MW</td>
<td>Total 1,500 MW</td>
<td>Total 450 MW</td>
<td>Total 30 MW</td>
<td>Total 1,170 MW</td>
</tr>
</tbody>
</table>

Note: Totals are not necessarily consistent because fractions of the displayed units have been rounded.

(Source: Prepared by JFTC based on the Renewables 2021 Global Status Report - REN21)

Offshore Wind Power Generation (Netherlands)

Photo courtesy of Mitsubishi Corporation

Source: Prepared by JFTC based on Annual Reports, Sustainability Report, Integrated Reports published in 2021, websites, etc.
Circular economy business

Garbage is inevitably generated as we go about our lives and companies do business. To realize a sustainable society, it is essential to follow the 3R Initiative: "Reduce" waste, "Reuse" items that still have usable aspects and "Recycle" waste and use it as a resource for new products. In addition to the 3R Initiative, global efforts are accelerating to achieve a “circular economy” – an economic model that create added value through services such as sharing and leasing while reducing the use of resources during manufacturing.

With their networks in many industries in Japan and around the world, the Shosha are working to realize a circular economy by focusing on adding new value using the various types of upstream and downstream waste created in a wide range of business areas in the value chain.

They recycle metal waste (scrap metal) generated from factories and cities in the metal sector, reuse auto parts in the machinery sector, and recycle plastics by developing and selling environmentally friendly materials in the field of chemicals. In the garments sector, they recycle used clothing and scraps generated during manufacturing, while in the food sector, they recycle containers and packaging and reduce food loss.

**Example of Circular Economy Business**

- **Sumitomo Corporation** operates a large-scale energy storage facility in Namie, Fukushima Prefecture using spent batteries from EVs. It contributes to the achievement of RE100 targets by reusing used batteries.

- **ITOCHU Corporation** has developed garbage bags made partly out of the estimated 20,000DEV of marine plastic garbage washed ashore each year. These bags are filled with waste collected in Tohoku, Tochigi, and Ibaraki Prefectures. They have also commercialized shopping baskets and collection boxes for use at some FamilyMart stores.

- **Hanwa Co., Ltd.** collects used aluminum cans, removes foreign materials and matter, and supplies remelt scrap ingots to rolled aluminum manufacturers after melting down the metal and adjusting the constituents. They are then used again as aluminum cans. Similarly, they are also involved in the “sash to sash” business of recycling aluminum window sashes.

- **Mitsubishi Corporation** has invested in Thai Shinkong Synthetic Fibers Corporation, which manufactures and sells PET resin for beverage bottles in Thailand. PET resin is a highly recyclable monomaterial for which robust collection and recycling systems have been established. Thai Shinkong plans to introduce chemical recycling technology to manufacture recycled PET resin, starting commercial production around the end of 2022.

- **Marubeni** has developed proprietary technology to create “edish”, upcycled tableware using the skins, cores and other food waste such as wheat bran (the residue from wheat grain refining) generated in food company manufacturing processes. Edish can be recovered after use, converted into compost together with food waste, then used in soil for growing vegetables and fruits.
2-2  Responsible for Stable Supply ①

Food business

According to the United Nations, the global population was 7.8 billion people in 2020, and is expected to increase going forward, especially in the emerging economies. By 2050, it is forecast to reach 9.7 billion, which will lead to an increase in demand for food. One of the major challenges facing the world is ensuring that food is not only available in sufficient quality and quantity but is also nutritious enough for healthy living.

The Shosha strive to improve agricultural productivity, diversify agricultural suppliers, and establish reliable procurement routes. Their aim is to deliver stable food supplies through global procurement links that ensure food supplies meet demand efficiently. Through their involvement in business areas ranging from raw materials procurement and processing to product manufacturing, distribution, and retailing, they are able to respond to increasingly diverse and sophisticated consumer needs and growing interest in food safety and security. However, there is a danger that forced labor and child labor may be used to support the production of highly labor-intensive crops. In response, the Shosha and their group companies are together carrying out due diligence on human rights in accordance with the United Nations Guiding Principles on Business and Human Rights, and insisting on respect for human rights throughout their supply chains.

Their food safety initiatives include the introduction of new management systems and digital technologies to improve traceability and support safe, secure, and stable food supplies.

Food Business Map

- Poultry meat
- Pork
- Beef
- Tuna
- Salmon
- Shrimp
- Grain
- Flour milling
- Dairy products
- Eggs
- Agricultural products
- Coffee
- Banana
- Pineapple
- Sugar
- Sesame
- Oil seeds
- Edible oil refining
- Oil & fats processing

Advancing into the Smart Agriculture Field (Japan)
Photo courtesy of Kanematsu Corporation

Fully-closed Life-cycle Aquaculture of Bluefin Tuna (Japan)
Photo courtesy of Toyota Tsusho Corporation

Example of Food Value Chain Production & Procurement

- Farm management, Aquaculture business
- Primary processing
- Secondary processing
- Intermediate distribution
- Retailing

- Grain production, Grain collection & shipping
- Agrochemicals & fertilizers
- Agricultural materials
- Oils & fats, Animal feeds
- Flour milling, Sugar manufacture
- Dairy products
- Marine product processing
- Marine products, Meats
- Sesame oil, Edible oils
- Beverages
- Fruit & vegetables
- Processed food
- Meat distribution
- Food distribution
- Confectionery/ Alcoholic beverages
- Convenience stores
- Supermarkets
- Mass retailers
- Food service industry

Source: Prepared by JFTC based on Annual Reports, Sustainability Report, Integrated Reports published in 2021, websites, etc.
Energy business

Since Japan lacks natural resources, it must rely on imports from overseas to secure sufficient, stable supplies of energy. The Shosha have endeavored to secure rights at their own risk through efforts ranging from negotiating with governments of resource-rich countries and companies that hold interests to exploring for resources and investing in businesses. They also work with leading overseas partners to expand the number of countries and regions from which they procure resources. At the distribution stage, they contribute to price and supply stability by building extensive value chains covering everything from refining and trading to managing LPG dealers and gas stations.

As the global trend toward decarbonization has gained momentum in recent years, the Shosha have become actively engaged in wind power generation and other renewable energy projects to achieve carbon neutrality by 2050 (see P.20-21, Chapter 2.2-2). Since it is extremely difficult to achieve carbon neutrality in a single leap, they must continue to use fossil fuels until new energy sources become readily available. The Shosha have an important role to play in ensuring a smooth transition to alternate forms of energy. In order to make cleaner use of fossil fuels, they are switching from coal and oil to LNG, which has a relatively low environmental impact. Together with leading partners, they are also promoting research and development into the commercialization of new technologies such as CO2 capture and storage (CCS business) and mixed combustion of fuel ammonia.

The following global map shows the energy and resource rights held by the seven Shosha (As of the end of March 2021). According to METI, Japan was responsible for 40.6% of its own oil and natural gas development* in fiscal 2020, including imports from the equity interests of the Shosha.

*Take-up of oil and natural gas under Japanese corporate equity interests as a proportion of total imports and domestic production volume.
Mineral resource business

In addition to energy resources such as oil and natural gas, the Shosha handle mineral resources such as iron ore. They also handle base metals, including aluminum, copper and lead, as well as precious metals, the rare metals (lithium, vanadium, cobalt, nickel, niobium, molybdenum and tungsten) and the rare earths (Lanthanum, Cerium, Dysprosium, Praseodymium and Neodymium) used in various industries.

The Shosha endeavor to ensure long-term, stable supplies of such resources by securing mining rights to participate directly in mine operations and engaging in the smelting & refining business. In recent years, the Shosha have been working to reform their existing resources businesses in response to the major changes in the environment, including the transition to a decarbonized society, and will continue to play a role in ensuring stable supplies of resources going forward.

The following map shows how the rights to metal resources held by the seven Shosha are distributed (As of the end of March 2021)*.

*Rights that have been confirmed as acquired or relinquished since April 2021 have been added or deleted.

Metal Resources Map

The Steel Value Chain

The Shosha Are Active Worldwide Shosha Initiatives

Chapter 2

Cerro Verde Copper Mine Project
(Peru)

Photo courtesy of Sumitomo Corporation

Iron Ore Business
(Australia)

Photo courtesy of Mitsui & Co., Ltd.

Lithium Mining Project (Argentina)

Photo courtesy of Toyota Tsusho Corporation

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Source: Prepared by JFTC based on Annual Reports, Sustainability Report, Integrated Reports published in 2021, websites, etc.

Graphs were compiled from MOF’s Trade Statistics

Iron Ore Business
Australi a

The Steel Value Chain
Development and Mining
Procure raw materials
Manufacture
Processing, distribution and sales
Recycling

Right s holdings
Procurement of independently developed ore
Sales to manufacturers
Business management
Precure products
Sales to end users

Upstream

Downstream

Chapter 3

The Shosha Are Active Worldwide Shosha Initiatives

2-2 Responsible for Stable Supply

Mineral resource business

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Metal Resources Map

28 SHOSHA Handbook 2022

SHOSHA Handbook 2022 29
Since the SDGs all concern human rights, their objective is essentially to realize such rights for all. The world is now approaching a turning point in the era of human rights, justice, and fairness in business. The Japanese government drew up Japan’s National Action Plan (NAP) on Business and Human Rights in 2020. Companies are required to comply with human rights due diligence (DD) based on international standards such as the UN’s Guiding Principles on Business and Human Rights, the ILO’s International Labor Standards, and the Voluntary Principles on Security and Human Rights.

Shosha with global operations have established diverse supply chains and are directly and indirectly involved in the human rights of their various stakeholders. Liability for associated environmental destruction or human rights violations arises when a supply chain adversely affects the lives of local residents through such things as environmental pollution or land expropriation. The Shosha are fully aware of the risks and issues associated with supply chains and work with suppliers and other business partners to resolve human rights and environmental problems.

Shosha Logistics Optimization Initiatives

- Improve overall supply chain efficiency
  - Logistics center business
    - Labor-saving, automation
    - Consolidate logistics networks
  - Promote DX
    - Utilize RFID*
  - Joint delivery initiatives
  - Promote Modal Shift

*Radio Frequency Identification technology using wireless Data communications

- Improve efficiency of warehouse operations
  - AGV (Automated Guided Vehicles)

- Improve efficiency of delivery operations
  - Unmanned delivery robots
  - Driverless deliveries

Green Logistics (key initiatives through operating companies, etc.)

- Use of large trucks and larger vehicles to increase load capacity
- Use mixed loading shipments
- Devise transportation routes and methods
- Promote Modal Shift (use railroads and ships)

- LNG bunkering initiatives
- Use Sustainable Aviation Fuel (SAF) (a petroleum alternative)

Public Inquiry Into Labor Conditions

Source: Prepared by JFTC based on Annual Reports, Sustainability Report, Integrated Reports published in 2021, websites, etc.
### Overseas industrial parks business

Japanese manufacturers are expanding into fast-growing emerging economies as globalization progresses. Establishing a production base overseas requires a variety of measures, including securing land, completing legal procedures such as corporate registration, and hiring local employees. The Shosha are engaged in the industrial parks business, including sales of lots for the construction of factories after securing land with the understanding of the local side, and preparing the electricity supplies, water supplies, sewerage systems and other infrastructure necessary for companies moving into the parks. They are strong in the industrial park business overseas not only on the physical infrastructure side, but also because they can provide in-depth intangible support based on the know-how they have accumulated through many years of experience in development and operations. This covers procedures for obtaining permits to set up local subsidiaries, hiring support, labor management know-how, and updates concerning frequent legislative revisions in certain countries and regions. They also support manufacturing in foreign countries in various ways. These include: arranging for construction companies and construction materials for factory buildings; procurement, imports & customs clearance, and transportation; providing raw materials, importing parts and other resources necessary for production; providing just-in-time logistical services, including the use of their own warehouses; and product marketing and clientele support based on the know-how they have accumulated through many years of experience in development and business overseas not only on the physical infrastructure side, but also because they can provide in-depth intangible support.

#### The Main Roles of the Shosha in the Industrial Parks Business

- **Develop industrial parks efficiently through partnerships with local companies**
- **Manage and operate; attract companies into the industrial park; sell overseas industrial parks**
- **Support Services**
  - F/S Support: Cooperate in research, provide information
  - Support company start-ups: Investment procedures, licensing procedures for plant, company start-up
  - Operational support: Hiring and labor management, safety & security, taxation, accounting, foreign exchange controls, export/ import procedures, local procurement, industrial waste disposal

#### Industrial Park Map

[Map of industrial parks with details on company names, areas, and types of support provided]

- **China (Total: 6,300ha)**
- **India (Total: 5,795ha)**
- **Thailand (Total: 3,635ha)**
- **Viet Nam (Total: 3,905ha)**
- **Myanmar (Total: 420ha)**
- **Bangladesh (Total: 110ha)**
- **Philippines (Total: 1,142ha)**
- **Indonesia (Total: 1,450ha)**
- **Malaysia (Total: 1,840ha)**

#### Other Ways

Other ways, including cafeterias, guesthouses, Japanese restaurants, clinics, banks, and other facilities for employees.

The figures on the below list the industrial parks in ten Asian countries in which the seven Shosha are engaged.

#### Other Ways

- **Build rental plants for small-scale businesses.**
- **Provide rental plants for small-scale businesses.**
- **Provide rental plants for small-scale businesses.**

#### Total: Approx. 62,580ha (ten countries)

(Reference: The area of the 23 wards of Tokyo, around 62,800ha)
2-4 Supporting More Comfortable Lifestyles

Infrastructure business

Demand for the development and construction of electric power, water, railway, telecommunications and other facilities that constitute the base of societal infrastructure is rising worldwide. Estimated at an annual $6 trillion globally, infrastructural demand is particularly high in the developing economies, while demand for electric power continues to increase against the background of growing populations and rising living standards. Moreover, preparations to deal with water shortages is becoming an issue as uneven regional distribution of water resources is exacerbated by factors like population growth and climate change. Progress in urbanization characterized by rising concentrations of population in cities as economies grow is causing serious traffic congestion, which can only be mitigated and eliminated by improvements in transportation and logistical networks. The Shosha provide solutions to these various challenges. In particular, smart city development utilizing AI, IoT and other digital technologies to solve the problems facing cities is attracting attention as a business that can take advantage of the strengths of Shosha with their access to a wide range of industries.

The Shosha are committed to urban development and community building with a view to enhancing quality of life while reducing environmental impact and ensuring continued growth. Meanwhile, demand for the repair and replacement of aging infrastructure is growing in developed countries. To meet this demand, Shosha are working with highly skilled partners on preventive maintenance projects using Japan’s superior maintenance technologies to build sustainable and environmentally friendly infrastructures.

In addition to business entities engaged in operations, the infrastructure business involves financial institutions that provide funding, public financial and insurance institutions such as the Japan Bank for International Cooperation (JBIC), and Nippon Export and Investment Insurance (NEXI), as well as manufacturers that provide equipment, engineering and construction companies that subcontract construction work, and public utilities that purchase services. The Shosha pay attention to all aspects of such projects and play a role in settling confrontations between interested parties whose vested interests may clash.

Port of Tanjung Priok International Container Terminal (Indonesia)
Photo courtesy of Mitsui & Co., Ltd.

New Ulaanbaatar International Airport
Operation Project (Mongolia)
Photo courtesy of Mitsubishi Corporation

Smart City Development in Northern Hanoi (Viet Nam)
Photo courtesy of Sumitomo Corporation

Source: Prepared by JFTC based on Annual Reports, Sustainability Report, Integrated Reports published in 2021, websites, etc.
Consumer goods industries

Consumer goods industry Since the Shosha often provide many products and services for consumers through joint ventures and other cooperative arrangements with investees and other partners, consumers frequently buy such products and services without realizing that the Shosha are involved. In fact, the Shosha are engaged in almost every aspect of daily life, from clothing, food and dwellings, to everyday living and enjoyment, thereby contributing to the realization of more comfortable lifestyles.

Shosha provide comprehensive coverage of an extensive range of business areas, from raw material procurement and processing to product manufacturing, distribution, and retailing. Combining the wide range of product lines, functions and know-how available group-wide enables them to offer stable supplies of various goods and services to support comfortable lifestyles. At the same time, they listen to consumer needs, either directly or through businesses that have contact with consumers, and work to create unique new goods and services that consumers recognize as having value. In recent years, they have entered into collaborations with IT-related investment partners and others to analyze consumer behavior in order to understand their increasingly diverse and sophisticated needs and create higher value-added goods and services.

The Shosha’s Principal Consumer-oriented Businesses (excluding food and medical)

- High-speed communications
- Satellite broadcasting, CATV
- Information services, IT solutions
- Internet-related services, IoT
- Movie production & distribution, Anime contents
- Electricity retail
- Supermarkets
  - Seven & i Holdings, FamilyMart, Lawson
- Overseas brand, fashion goods
  - Fukuske, Admiral, GELANOTS, EDWIN, Feiler Japan, Max Mara Japan
- Sales of portable terminals & circuits
- Fuel sales
  - Nippon Mobile Hydrogen Station Services
- Online shopping
  - Jupiter Shop Channel, MAGASeek, BookLive!, QVC Japan
- Restaurants
  - KFC, Royal Holdings
- Office buildings, Housing, Shopping centers (Retail Properties)
- Hotel, Smart cities, Mixed-use facilities
- Meal services
  - Online English conversation services
- Welfare and benefit services
- Car-sharing
### Healthcare business

The unprecedented COVID-19 pandemic has drastically changed the lives and values of people around the world. Demand for medical and healthcare-related services is expected to continue to grow going forward as the populations of Japan and other developed countries age, while population growth and rising living standards in emerging economies increase demand for high-quality medical services and medical technology.

The Shosha recognize that demand for healthcare is expanding on a global scale and have already launched initiatives to meet it. They are therefore contributing to enhancing people’s quality of life through participation in a wide range of sectors, including: medical equipment for treating cancer; support for new and generic drug development; supplies of pharmaceutical raw materials and formulations; support for establishing and managing medical institutions in Japan and overseas; provision of medical information services; drugstore management; online sales of pharmaceuticals and health-related products; rental wholesaling of nursing care supplies; and management of facilities for the elderly.

In recent years, Shosha have also been proactively participating in businesses that cross-fertilize ICT and healthcare. These include online medical examinations and AI-based diagnostic support services aimed at improving patient satisfaction while reducing the burden on healthcare professionals.

The chart on the right-hand page summarizes the principal initiatives adopted by the Shosha in the areas of medical treatment, pharmaceuticals, and healthcare.

---

### Supporting More Comfortable Lifestyles

#### Medical Treatment, Pharmaceuticals, and Healthcare-related Businesses

| Medical machinery, Equipment |  
| --- | --- |
| Development, manufacture |  
| Imports, sales & leasing |  
| Pharmaceuticals and materials |  
| Drug design support, pharmaceuticals development |  
| Clinical research outsourcing business |  
| Pharmaceutical ingredients / intermediates / formulations / diagnostic products, cosmetic raw materials |  
| Generic drug manufacturing & sales |  
| Drug dispensing, drugstores |  
| Hospitals |  
| Hospital management & management support |  
| Hospital outsourcing business (support for procurement of pharmaceuticals, medical equipment & materials, etc.) |  
| Pharmaceuticals information services |  
| Education & staffing services for healthcare providers |  
| Telemedicine business |  
| Regenerative medicine business |  
| Health services |  
| Agency handling of reservations for medical examinations & physical check-ups, and payments |  
| PET (Positron Emission Tomography) business |  
| Telephone health consultation |  
| Medical treatment & healthcare publications |  
| Welfare & health support services |  
| Health care consultation services, health management support services |  
| Managed Care Business* |  
| Nursing care & care services for seniors |  
| Welfare product supplies |  
| Home-based care services |  
| Wholesaling and rental wholesaling of nursing care supplies |  
| Non-insurance rehabilitation services |  

*Managed care is a system for providing medical care that has spread to countries with relatively undeveloped public healthcare systems. Under this scheme, healthcare services are provided through a tripartite collaboration among companies/private insurance companies, TPA services, and medical providers.

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Source: Prepared by JFTC based on Annual Reports, Sustainability Report, Integrated Reports published in 2021, websites, etc.
2-5 Create New Value

Digital and next generation technology business

The impact of digitization and the development of next-generation technologies is so great that they are fundamentally changing the way traditional business models work in all industries. Digital transformation (DX) has been accelerating since the COVID-19 pandemic began in 2020. Shosha have connections across various regions, industries and people, and by combining the knowledge gained through their businesses with digital technologies (IoT, AI, XR, etc.), they can achieve DX, thereby not only reducing costs and improving efficiency but also evolving existing businesses and creating new value.

Shosha also identify promising future businesses on a daily basis as they seek to establish key next-generation sources of earnings. By focusing on Mobility as a Service (MaAS), for example, they have begun to provide mobility services that embrace the transition from internal combustion engine vehicles to electric vehicles (EV, PHEV, HEV) as well as the shift in demand to other forms of use (such as rentals) without ownership. They are also working to make life more convenient for urban residents by promoting the use of MaAS in smart city development. In the area of logistics, they are raising efficiency and reducing labor through the introduction of RFID-based tracking systems and other measures (see P.30-31, Chapter 2.2-3). Through collaboration with venture companies with innovative technologies and business models in countries and regions around the world, they actively invest in LOHC* and other next-generation technologies that contribute to the realization of a carbon-neutral society and provide solutions to social issues. They are also expanding into new areas such as the space business.

* Liquid Organic Hydrogen Carriers (LOHC): A technology that facilitates the storage and transport of methylcyclohexane (MCH), which has a volume approximately 1/500th hydrogen gas and is produced through catalysis of hydrogen gas with the organic solvent toluene.

Sales Support of Electric Bus Developed by CaetanoBus (Portugal)

Photo courtesy of Mitsui & Co., Ltd.

A New AI Technology to Assess Tuna Quality (TUNA SCOPE)

Photo courtesy of Sights Corporation

Sales Support of Electric Bus Developed by CaetanoBus

Photo courtesy of Mitsui & Co., Ltd.

GHH Emission Calculation and Visualization Cloud Service (Zeroboard)

Photo courtesy of Toyota Tsusho Corporation

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**Hydrogen Supply Chain for Decarbonization**

Converting hydrogen to MCH (methylcyclohexane) reduces its volume to about 1/500th the volume of hydrogen, facilitating hydrogen storage and transport. MCH is a stable liquid at room temperature and pressure, permitting safer, easier long-term storage and transportation of large volumes of hydrogen. Shosha are working with partners to develop a practical international liquefied hydrogen supply chain.

**Methylocyclohexane (MCH)**

- **Transportation**
  - Hydrogenation
  - Storage

**LOHC (Liquid Organic Hydrogen Carriers)**

- **Hydrogen**
  - Transportation
  - Storage

---

**Food Supply Chain DX**

Unnecessary inventories had been piled up throughout the entire supply chain.

*Unnecessary inventories have been piled up throughout the entire supply chain.*

Food Manufacturers

- Overproduction

Food Wholesalers

- Undershopping

Retailers

- Stock imbalance

Gathering data from all distribution channels

Use a single system to analyze all data. Concept: Cross and Supply

Overview of Automatic Ordering Model

Recommended order quantity Ordering per product

Machine learning model

Inventory Reduction Streamlined Ordering Operations

Eliminate Waste Throughout Industry and Solve Food Loss

Book Introduction

Digital New Era and Shosha

The status and prospects of digital utilization in the Shosha industry are presented.

Author: Japan Foreign Trade Council, Inc. Special Research Committee on “Digital New Era and Shosha”

Supervisor: Morikawa Hiroyuki, Professor, Graduate School of Engineering, Tokyo University.

Publisher: KYURUYO ART PUBLISHING CO., LTD.

https://www.jftc.or.jp/shosha/publish/2022_07.html

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Maternal and Child Health Handbook App Service (Indonesia)

Photo courtesy of Marubeni Corporation

GHG Emission Calculation and Visualization Cloud Service

Photo courtesy of Toyota Tsusho Corporation

Sales Support of Electric Bus Developed by CaetanoBus

Photo courtesy of Mitsui & Co., Ltd.

A New AI Technology to Assess Tuna Quality (TUNA SCOPE)

Photo courtesy of Sights Corporation

BSD Urban Development Project (Indonesia)

Photo courtesy of Mitsubishi Corporation

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Source: Prepared by JFTC based on Annual Reports, Sustainability Report, Integrated Reports published in 2021, websites, etc.
Promote diversity and flexible work style

Many Shosha employees are from diverse backgrounds in terms of nationality, gender and values. The Shosha therefore endeavor to create corporate cultures and work environments that promote diversity and inclusion as well as flexible and productive work styles to enable employees to maximize their individuality and capabilities in rewarding work. In addition to enhancing personal happiness, these initiatives improve services to customers by making employees feel more fulfilled in their jobs, leading in turn to better corporate performance. For this reason, the Shosha offer wide-ranging support in connection with work styles.

In addition to supporting the advancement of women in the workplace, they have in recent years been striving to create environments where all employees can work easily and with a sense of security. These endeavors include support for employees balancing work with childcare and nursing care, senior personnel, people with disabilities to help them fulfill their capabilities to the maximum, employees of many nationalities, and members of the LGBTQ* community. The Shosha are engaged in employee education and have set up consultation services with a view to preventing power harassment and sexual harassment (including detrimental treatment and harassment of employees who belong to sexual minorities) in the workplace.

Shosha Initiatives

*LGBTQ is an abbreviation of L = Lesbian, G = Gay, B = Bisexual, T = Transgender, Q = Questioning/Queer.

Key Shosha Diversity and Inclusion Initiatives

- **Support for the advancement of women**
  - Train female leaders
  - Support for overseas postings (support for balancing work and childcare overseas)
  - Events to mark the United Nations International Women’s Day (March 8)
  - Acquisition of Nadeshiko Brand / Semi-Nadeshiko Brand Certification from Japan’s Ministry of Economy, Trade and Industry

- **Support for balancing work and childcare**
  - Paid leave for childcare (Parental Leave for School Activities)
  - Pre-leave orientation (attended by the employee and supervisor)
  - Provide childcare facilities (nurseries, daycare for sick children) and after-school childcare services
  - Create and distribute Childcare Support Handbook
  - Childcare Consultation Services
  - Acquisition of Platinum Kurumin Certification / Kurumin Certification / Eruboshi Certification from Japan’s Ministry of Health, Labour and Welfare

- **Support for senior personnel**
  - Support for career development through training programs and individual interviews
  - Reemployment contract scheme
  - Reemployment support services (collect job vacancy information and match applicants to jobs)

- **Support for people with disabilities**
  - Support for expanding employment opportunities (e.g. provide opportunities for people with disabilities to work together with employees in the same workplace according to their capabilities)
  - Seminars on promoting hiring of people with disabilities
  - Sports support for people with disabilities

- **Support for activities of foreign employees**
  - Head office training (e.g. dialog between locally hired staff and senior management)
  - Improve career paths for regular employees at head office
  - Seminars to promote understanding
  - Establish guidelines, clarify compliance policies, and employment regulations
  - Provision of multi-purpose restrooms

Shosha's CSR Activities

The Shosha strive to realize a sustainable society by resolving various social problems through their activities (see P.18-19 Chapter 2.1).

At the same time, they actively promote CSR activities as individual companies, supporting volunteer activities by their executives and employees.

1. Social Welfare & Reconstruction Support

In addition to supporting the disabled and welfare activities, they cooperate in donating school uniforms, school supplies, and school lunches for children in developing countries. In the area of reconstruction support, Shosha continue to contribute aid for reconstruction assistance activities in disaster-hit countries and regions around the world. They also support industrial recovery and job creation in affected areas, and other activities to meet their needs.

2. Global Environment

In addition to cleanup activities on beaches and in towns, they are involved in reforestation and management activities in forests and tropical rainforests, and conservation projects in connection with coral reefs, and endangered species such as sea turtles. They work with NPOs, universities and other research institutions that contribute to solving global environmental problems, supporting their activities and research by establishing environmental funds and providing financial assistance.

3. Culture & Arts

They support educational activities and cross-cultural personal exchanges designed to foster the next generation of internationally minded individuals who will be responsible for the development of a sustainable society. In addition to providing educational support through various scholarship funds and partnerships with foundations and NGOs, donating school buildings, donating books to educational institutions and libraries, and organizing courses and training programs at universities around the world, they have established foundations in Japan for educational purposes.

4. Education and International Exchange

Shosha are also committed to supporting cultural and artistic activities. In Japan, for example, they sponsor awards for musical competitions and symphony orchestra concerts, run career support programs for artists, support sports events and the athletes, manage museums and art galleries, and display and lend out paintings and costumes.
1 Japan Foreign Trade Council, Inc. (JFTC)

1 About JFTC

The Japan Foreign Trade Council Inc. (JFTC) is a trade organization made up of Shosha and trade associations. It was established to contribute to the prosperity of the Japanese economy and the development of the international economic community.

Regular Members (from Shosha and trade associations)

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<thead>
<tr>
<th>Companies</th>
<th>Associations</th>
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<td>40</td>
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Associate Members (from trade-related companies and associations such as manufacturing, financial, shipping)

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<th>Companies</th>
<th>Associations</th>
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<tr>
<td>57</td>
<td>28</td>
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Total 145

As of April 1, 2022 (see P.52-55 Appendix 1)

2 Brief History

JFTC was established through the merger of four trade promotion associations as a comprehensive trade-related economic organization shortly after the end of WWII in June 1947. The objective was to promote the prosperity of the Japanese economy through the healthy development of trade, which had yet to resume at the time. Since then, JFTC has consistently taken a leading role in trade promotion and has worked to formulate and implement opinions on important issues facing the trade industry in the midst of major changes in the domestic and international environment. These included the transition to a floating exchange rate system, the oil crises, trade friction, the yen’s appreciation, and the GFC (global financial crisis) triggered by the collapse of Lehman Brothers.

In June 1986, JFTC was reorganized into an association consisting primarily of trading firms and trade associations in order to respond more quickly and flexibly to industry issues. In April 2012, JFTC responded to the reform of public interest incorporated associations by changing status from an incorporated association to a general incorporated association. This gave it greater freedom to make proposals and requests.

3 Principal Activities

1) Government Relations ~Lobbying for Proposals and Requests

JFTC collects opinions from within the industry on the various issues it faces with a view to maintaining and developing a free and fair trade and investment environment. We also aim to create the systems and conditions necessary for free and sustainable corporate activities. We are proactive in making proposals and requests to government ministries, agencies and related organizations, working assiduously to ensure we are realized through active involvement in international standardization, strengthening our influence in international organizations, and cooperating with related groups (see P.52-55 Appendix 2, World Economy and Trade Timeline).

2) Member Relations ~Promoting Communications and Information Sharing

JFTC supports the efforts of member companies by collecting and providing members with information necessary for Shosha activities and ensuring that it is shared among members. This information covers domestic and foreign government policies and measures that significantly impact business, domestic and international conditions, economic trends, and analyses of management issues by government ministries, related agencies and other organizations, and experts.

3) Public Relations ~Spreading Understanding of Shosha Functions and Activities plus CSR Activities

JFTC endeavors to ensure that stakeholders inside and outside Japan can easily understand the history, current status, and future of the Shosha, a uniquely Japanese business model. Its broad-ranging efforts to promote the significance of its activities aim to encourage greater participation by existing members and attract new members. More specifically, it is expanding its public relations activities by enhancing its information dissemination capabilities, revamping its website and digitizing its publications. In addition, it is further strengthening its ties with ABIC (see p.49, Chapter 3.3) in line with the government’s "Designing 100-year Life Society" by the government.

4) Strengthening Responses to New Challenges Facing the Shosha

JFTC is strengthening its responses to newly arising common issues that are difficult to address individually within its existing committee framework. It has therefore adopted cross-committee initiatives to deal with such matters as economic security, business and human rights, digital transformation, SDGs, and the greening of the environment.

- Committees

JFTC has established 17 standing committees to encourage information sharing and exchanges of opinions among members on the important issues they face. The latest policy-related information shared at these forums helps members develop more substantial proposals and requests.

- Principal Functions

**Government Relations**

Exchange opinions with government officials, and lobby for the implementation of proposals and requests

**Member Relations**

Promote the dissemination and sharing of information with members

**Public Relations**

Spread understanding of Shosha functions and activities, and CSR activities

<table>
<thead>
<tr>
<th>Government Relations Committee</th>
<th>Public Relations Committee</th>
<th>International Market Committee</th>
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<tr>
<td>Legal Committee</td>
<td>Trade Trend Research Committee*</td>
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<td>Accounting &amp; Tax Committee</td>
<td>Economic Cooperation Committee</td>
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<td>Logistics &amp; Distribution Committee</td>
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<td>Human Resource Committee</td>
<td>Information &amp; Communication System Committee</td>
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<td>Social Contribution &amp; ABIC Committee</td>
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<tr>
<td>Sustainability Promotion Committee</td>
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Total 17

*The Outlook for Japan’s Trade Balance and Current Account for the following fiscal year is published annually in December.
Shosha’s Corporate Environmental Code of Conduct

The Japan Foreign Trade Council, Inc. (JFTC) established the Corporate Environmental Code of Conduct, based on the spirit of its broader “Shosha’s Corporate Code of Conduct.” In this code of conduct, the JFTC defines the code of conduct that the Shosha group of companies will observe when conducting their business activities.

1. Our Philosophy

As in the cases of global warming and the biodiversity crisis, environmental problems are of an increasingly global character and growing more urgent and multifaceted, leading to threats to human wellbeing and to global security. In this context, the JFTC believes that each of the enterprises of the Shosha group must contribute to the establishment of a sustainable society by accurately grasping changing social and economic demands and continuously working on them from a medium- to long-term perspective. We encourage our members to adhere to this approach.

2. Guiding Principles

We provide various resources, goods, and services, and operate relevant projects and investments domestically and internationally. In conducting these activities, we decide to follow these guiding principles to realize our philosophy.

(1) Management Philosophy

We shall understand and recognize the importance of environmental problems and strive to manage our corporations by balancing economic development and global environmental conservation.

(2) Compliance to Environment Related Laws and Regulations

In addition to complying with the environment-related laws and regulations in our respective regional areas of operation, we shall comply with international rules and regulations.

(3) Establishment of Environmental Management Systems

By utilizing environmental management systems, such as ISO 14001, we shall strive to establish environmental management systems that include initiatives in order to prevent and accurately address environmental issues.

(4) Contribution to the Creation of a Low Carbon Society

Based on the recognition that the creation of a low carbon society is an urgent global issue, we shall engage activity to reduce greenhouse gas emissions globally.

(5) Contribution to the Creation of a Recycling-Based Society

Based on the recognition that materials are finite, we shall engage activity to reduce the amount of waste produced, to promote recycling, and to utilize the resources effectively.

(6) Consideration of Biodiversity

Based on the recognition that biodiversity is an important foundation for a sustainable society, we shall conduct our businesses in the considerate manner for biodiversity.

(7) Contribution to Society

By taking advantage of Shosha’s distinctive corporate forms, we shall promote business operations that conserve the environment or reduce environmental burdens, as well as supporting and promoting activities which contribute to the resolution of environmental problems.

Shosha’s Corporate Code of Conduct

Foreword

Since the establishment of the original “Shosha’s Code of Conduct” in 1973, there have been many revisions of the code taking into account the various opinions voiced regarding the activities of Shosha and, in order to clarify our social responsibilities, we have, in recent years, taken the view that it would be appropriate to establish a Corporate Environmental Code of Conduct over time by implementing revisions in response to changes in the global situation and social expectations.

The business operations of Shosha encompass all the industrial sectors in which the firm believes that the realization of a sustainable society is both our responsibility and the essential foundation upon which our business activities must rest. Today, the international expansion of initiatives designed to realize a sustainable society in accordance with the United Nations Sustainable Development Goals adds another dimension to the social expectations of Shosha while at the same time opening up new and potentially significant opportunities for business development.

As Shosha, we must maintain a constant awareness of these social changes and proactively create strategies for management practices. By fulfilling our social responsibilities through the implementation of information disclosure and compliance with relevant laws and international standards, we must fully apply our capabilities as Shosha by combining insight to long-term perspectives with a clear understanding of evolving social and economic demands in order to contribute to the realization of a sustainable society.

We have produced this Code of Conduct in order to encourage JFTC member firms to live up to their social responsibilities, evaluate their own behavior as responsible corporations, and assist in pursuing their own initiatives.

Section 1 Management Philosophy

As Shosha, we must constantly be aware of our role and responsibilities towards society and, while balancing environmental, social, and economic activities, manage our business activities from a long-term perspective in order to contribute to the realization of sustainable economic growth through business.

1. We must operate in accordance with the United Nations Sustainable Development Goals.

2. We must act in accordance with the United Nations Sustainable Development Goals.

3. We must strive to achieve transparency through the appropriate and timely disclosure of corporate information.

4. We must promote crisis management and information security in preparation for the eventuality of acts of terrorism, cyber-attacks, natural disasters and other crises.

Section 2 Functions and Areas of Activity

We must strive to achieve transparency through the appropriate and timely disclosure of corporate information.

We must promote crisis management and information security in preparation for the eventuality of acts of terrorism, cyber-attacks, natural disasters and other crises.

Section 3 Reform of Work Practices and Creation of Rewarding Work Environment

As Shosha, we will strive to provide our employees with a rich and rewarding work environment, to respect the diversity, character and individuality of our employees, and to promote corporate cultures in which each individual’s talents and creativity may be fully developed. We must create and maintain work environments for our employees with due consideration for health and safety.

We must respect the human rights of our employees, promote equal opportunities among them, and oppose any discriminatory employment practices or treatments.

We must respect the diversity and individuality of our employees and actively support their skill and career development.

Section 6 Role of Executive Management in the Implementation of this Code

As Shosha, we recognize that it is the role of executive management to realize the spirit of this Code of Conduct, to lead by example in enhancing awareness of its spirit and understanding and to take appropriate action through their supply chain. In addition, in the event of a violation of the spirit of this Code of Conduct, executive management should discharge their responsibilities by taking the necessary steps in investigating the problem, investigating its causes and implementing measures to prevent its recurrence.

Note: The original Japanese language version of this document is the official version used by the JFTC and its members. This document is an English language translation of the Japanese language original and has been prepared as a public service.
3 Action for a Better International Community (ABIC)

About ABIC

ABIC’s objective is to contribute to global society by utilizing human resources with know-how and a wealth of experience accumulated through many years of involvement with Shosha activities and other international businesses.

Numerous experts have registered with ABIC since its founding. They include people with extensive business experience in Japan and overseas, as well as a thorough knowledge of the politics, economics, cultures, and languages of the countries where they have been stationed. Their wide-ranging knowledge, experience, and skills enable ABIC to expand activities that contribute to society at large through cooperation and exchange activities. These include providing personnel support to governments, municipalities, private companies, organizations, groups,

Membership

Registered members: 2,997 (as of March 2022)
- Alumni of financial, insurance and manufacturing companies, and public agencies: 32%
- Shosha alumni: 68%

Membership: 2,997 (as of March 2022)
- Alumni of financial, insurance and manufacturing companies, and public agencies: 32%
- Shosha alumni: 68%
- Members with overseas posting experience: 88% (Approx. 150 countries and regions)
- Members with multicultural address: 47% (51 countries and regions)

Principal Activities

Aggregate number of people involved in activities in FY2021: 1,608 (cumulative total since founding: 31,251)

Cooperation with government agencies
- Recruit personnel for such positions as JICA specialists and senior overseas volunteers, JETRO specialists, Ministry of Foreign Affairs consultative officers and overseas diplomatic mission staff, SME advisors, and various training organizations.

Cooperation with local governments and foreign companies
- Support businesses by introducing local office managers, coordinators, senior managers and advisors in charge of administration in domestic offices, etc.

Project overseas, etc.
- Conclude outsourcing contracts and cooperate in projects promoted by government agencies and companies.

Cooperation with local governments, support small and medium enterprises (SMEs)
- Support efforts to attract domestic and foreign businesses, promote local industries, promote product exports, cooperate in support for SMEs (develop sales channels, support overseas expansion and internationalization, introduce management and administrative personnel, translation, interpretation, etc.), introduce lecturers for training seminars, etc.

Support foreign companies doing business with Japan, etc.
- Provide interpretation services for trade talks, business negotiations, market research, recruit personnel to support business expansion in Japan.
- Recruit personnel for domestic and overseas offices of foreign companies and international government and institutions.
- Cooperate in overseas posting training for employees of Japanese companies.

Support and cooperation in connection with overseas
- Underwrite overseas lectures, dispatch and introduce lecturers for university and adult education, etc.
- Dispatch teachers to elementary, junior and senior high schools for visiting classes in Japan and overseas to exchange teachers and staff, provide Japanese language education and lifestyle guidance for foreign children living in Japan.
- Support Japanese language education for technical internesses, etc.
- Industry-academia-collaborative projects such as international high school exchange programs, etc.

Support and cooperation for international students studying in Japan, etc.
- Offer Japanese language teacher training courses.
- Japanese language guidance for university student staff and family members, etc., and foreign nationals (regular member companies).

Cooperation with international events, etc.
- Language volunteers at international sporting events, international expositions, etc.

Other activities, general recruiting, etc.
- Undertake outsourced lectures, dispatch and introduce lecturers for university and adult education, etc.
- Dispatch teachers to elementary, junior and senior high schools for visiting classes in Japan and overseas to exchange teachers and staff, provide Japanese language education and lifestyle guidance for foreign children living in Japan.
- Support Japanese language education for technical internesses, etc.
- Industry-academia-collaborative projects such as international high school exchange programs, etc.

Contact us to register as a member of ABIC activities or to discuss recruitment opportunities.

https://www.abic.org/
## Regular Members of JFTC

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<tr>
<td>Cosmetics Importers Association of Japan</td>
<td><a href="http://www.clic.gr.jp/">www.clic.gr.jp</a></td>
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<tr>
<td>Japan Wine and Spirits Importers’ Association</td>
<td><a href="http://www.youshu-yunyu.org/">www.youshu-yunyu.org</a></td>
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<tr>
<td>JAPAN WATCH IMPORTERS’ ASSOCIATION</td>
<td><a href="http://www.tokei.or.jp/">www.tokei.or.jp</a></td>
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<tr>
<td>THE JAPAN BANANA IMPORTERS ASSOCIATION</td>
<td><a href="http://www.jfta.or.jp/">www.jfta.or.jp</a></td>
</tr>
<tr>
<td>The Yokohama Foreign Trade Association</td>
<td><a href="http://www.yfta.or.jp/">www.yfta.or.jp</a></td>
</tr>
</tbody>
</table>
### The World Economy and Trade

#### 1945
- **World War II ends.** The United Nations is established.
- **Japan:** The GHQ orders Japan to dissolve the big four family-run conglomerates.

#### 1946
- **Marshall Plan: European Recovery Program** launched.
- **Japan:** The GHQ allows Japan to resume private trading but with constraints. Japan Foreign Trade Council, Inc. (JFTC) is established (June 25).
- **Business Cycle:** Post-war Inflation

#### 1947
- **The Coordinating Committee for Multilateral Export Controls (CoCom) is established.**
- **Japan:** The JETRO is established. San Francisco Peace Conference; The Treaty of Peace with Japan is signed. The Security Treaty between the US and Japan is signed. Operation of civil aviation resumes.
- **Business Cycle:** Post-war Stagflation

#### 1948
- **The Korean War begins.**
- **Japan:** Japan resumes private trading. The GHQ agrees in general for the Shoshas to establish overseas branches.
- **Business Cycle:** Boom Brought by the Korean War

#### 1949
- **The Bandung Conference:** Asian-African Conference
- **Japan:** Three Objectives and Four Principles for Economic Independence: Austerity measures 105 Shoshas specialized in textile go bankrupt (the post-war highest record).

#### 1950
- **The Korean War Armistice is signed.**
- **Japan:** Japan joins the IMF and World Bank.

#### 1951
- **The GATT Conference is held in Tokyo.**
- **Japan:** Japan Trade Charter is adopted (November 19).

#### 1952
- **The OECD is established.**
- **Japan:** The Ministry of International Trade and Industry (MITI) announces the outline for effective placement of overseas locations for Shoshas.

#### 1953
- **The Sino-Japanese Peace and Friendship Treaty is signed.**
- **Japan:** The Joint US-Japan Committee on Trade and Economic Problems is created.

#### 1954
- **The EFTA is established.**
- **Japan:** The Dillon Round of the GATT is launched. The 2nd Fact-finding survey on Sogo Shoshas (MITI) comes into effect: The end of Smithsonian System.

#### 1955
- **The Sino-Japanese Peace Treaty is signed.**
- **Japan:** Japan-US Auto Trade Talks begin. The 4th stage of capital liberalization (91%) Japan agrees to a 5-year deal to limit textile exports to the US.

#### 1956
- **The Tokyo Round of the GATT is launched.**
- **Japan:** The 4th Arab-Israeli War begins. The 1973 oil crisis

#### 1957
- **The Japanese Government establishes an export council for trade business under the Export Council.**

#### 1958
- **The Special Proliferation Score Brought by the Korean War**

#### Post-war Inflation

### The World Economy and Trade

#### 1960
- **The 2nd Fact-finding survey on Sogo Shoshas (Japan Fair Trade Commission) JFTC establishes Committee on Japan-Korea Trade Expansion and Balance.**

#### 1961
- **The Basic Guidelines for the Liberalization of Trade and Exchange is decided.**
- **Japan:** The 1st G7 Summit: Rambouillet Summit

#### 1962
- **The Treaty on Basic Relations between Japan and the Republic of Korea is signed.**

#### Post-olympics Recession

### The World Economy and Trade

#### 1963
- **Japan accepts the obligations of Article VIII of the IMF Agreement.**

#### 1964
- **Trade Day is designated (June 28).**

#### 1965
- **American bombing of North Vietnam begins.**

### The World Economy and Trade

#### 1966
- **The Cultural Revolution begins in China.** Deficit-covering government bonds are issued for the first time.

#### 1967
- **The Six-Day War begins.** The Kennedy Round of the GATT is concluded. The ASEAN is established.

#### 1968
- **The OPEC is established.**
- **Japan:** The Treaty on the Non-Proliferation of Nuclear Weapons is signed. Joint Japan-US Committee on Trade and Economic Affairs meeting in Honolulu: Cooperation to support the dollar.

#### 1969
- **The 2nd stage of capital liberalization**

#### 1970
- **The Sino-Japanese Peace Treaty is signed.**
- **Japan:** The 1st North-South Summit

#### 1971
- **The Contractions that allow Shoshas to purchase and hold foreign currencies and to settle net balances between main and branch offices go into effect.**

#### 1972
- **The Basic Guidelines for the Liberalization of Trade and Exchange is decided.**

#### 1973
- **UK joins the EC.**

#### 1974
- **The Vietnam War ends.**
- **The government establishes an export council for trade business under the Export Council.**

#### 1975
- **The 1st G8 Summit: Rambouillet Summit

#### 1976
- **The Basic Guidelines for the Liberalization of Trade and Exchange is decided.**

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  - 1958: The Bandung Conference.
  - 1960: The Tokyo Round of the GATT.
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## The World Economy and Trade

### The World

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<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1983</td>
<td>Korean Air Lines Flight 007 is shot down by Soviet interceptors.</td>
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<tr>
<td>1984</td>
<td>The 1985 Mexico City earthquake The Plaza Accord</td>
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<tr>
<td>1985</td>
<td>The Chernobyl disaster The 12th G7 Summit in Tokyo The Uruguay Round of the GATT is launched.</td>
</tr>
<tr>
<td>1986</td>
<td>The CoCom is disbanded. The Iran–Iraq War ends.</td>
</tr>
<tr>
<td>1988</td>
<td>The US and Japan reach an agreement on the liberalization of beef and orange markets in Japan.</td>
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<tr>
<td>1989</td>
<td>The Tiananmen Square Massacre The 1st APEC Economic Leaders’ Meeting The Berlin Wall is dismantled.</td>
</tr>
<tr>
<td>1990</td>
<td>Iraq invades Kuwait. Germany reunifies.</td>
</tr>
<tr>
<td>1992</td>
<td>The International Peace Cooperation Law (PKO Law) is enacted.</td>
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<tr>
<td>1993</td>
<td>The 19th G7 Summit in Tokyo The EU single market is created. Maastricht Treaty is signed.</td>
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<td>1994</td>
<td>The CoCom is disbanded. The Uruguay Round of the GATT is concluded.</td>
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<tr>
<td>1995</td>
<td>The WTO is established. The Great Hanshin earthquake US-Japan Automotive Agreement US-Japan Semiconductor Agreement</td>
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<td>Transfer of sovereignty over Hong Kong from the UK to the People’s Republic of China The Asian currency crisis</td>
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<td>The European Monetary Union begins. The NATO bombing of Yugoslavia in the Kosovo War</td>
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<td>1998</td>
<td>Underground tests of nuclear weapons by India and Pakistan</td>
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<td>1999</td>
<td>The European Monetary Union begins. The NATO bombing of Yugoslavia in the Kosovo War</td>
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<td>2000</td>
<td>The 26th G7 Summit in Ohrida and Kyushu The Inter-Korean Summit in Pyongyang The Terrorist Attacks in the US (September 11). The WTO Doha Development Round begins. China joins the WTO.</td>
</tr>
<tr>
<td>2001</td>
<td>The 20th G7 Summit in Ohrida and Kyushu</td>
</tr>
<tr>
<td>2002</td>
<td>Euro banknotes and coins come into circulation. North Korea declares its development of nuclear weapons.</td>
</tr>
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<td>2003</td>
<td>North Korea announces its withdrawal from the NPT. The Iraq War begins.</td>
</tr>
<tr>
<td>2004</td>
<td>Repeated suicide bombing attacks in Iraq etc. EU expands to 25 countries including 10 new countries from Eastern Europe.</td>
</tr>
<tr>
<td>2005</td>
<td>The remit’s appreciates against USD by 2%. The 1st Asia East Asia Summit (16 countries) The WTO Doha Development Round begins.</td>
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<tr>
<td>2006</td>
<td>China becomes the world’s largest holder of foreign exchange reserves. The 60th Anniversary of JFTC Postal privatization</td>
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<tr>
<td>2007</td>
<td>The US subprime mortgage crisis (August) The crude oil price soars (above $100/barrel at one point).</td>
</tr>
<tr>
<td>2008</td>
<td>The 34th G8 Summit at Toyako in Hokkaido The World Trade Organization (WTO) agreement. The 70th Anniversary of JFTC</td>
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<tr>
<td>2009</td>
<td>The US and Japan reach an agreement on the liberalization of beef and orange markets in Japan.</td>
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<tr>
<td>2011</td>
<td>Financial crisis in Greece The 10th Anniversary of ABIC</td>
</tr>
<tr>
<td>2012</td>
<td>Russia joins the WTO. JFTC becomes general incorporated association. LED &amp; MIP form coalition government. The Great East Japan Earthquake (March 11) Japan records first trade deficit in 31 years.</td>
</tr>
<tr>
<td>2013</td>
<td>EU enlargement (28 member states) Japan formally declares to join TPP (March). Depts pass the act on the Protection of Specialized Designated Entities (SDS).</td>
</tr>
<tr>
<td>2014</td>
<td>Japan raises sales tax from 5% to 8% (April).</td>
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<td>2015</td>
<td>US-Cuba restores diplomatic relations. The 70th Anniversary of WWII</td>
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<tr>
<td>2016</td>
<td>The 42th G7 Summit: Ise-Shima Summit (May) The Related Acts to Promote Work Style Reform (March) The 50th Anniversary of JFTC</td>
</tr>
<tr>
<td>2017</td>
<td>Donald Trump is inaugurated as the 45th President of the US. The 1st East Asia Summit (20 countries) The 2005 World Exposition in Aichi: Love the Earth Expo The France–Japan Accord (May). The EU single market is created.</td>
</tr>
<tr>
<td>2018</td>
<td>The Inter-Korean Summit in Panmunjom The Related Acts to Promote Work Style Reform is enacted (June). The 2007 World Exposition in Aichi: Love the Earth Expo The 2008 World Exposition in Aichi: Love the Earth Expo</td>
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<tr>
<td>2019</td>
<td>Donald Trump enters into force. The US announces its withdrawal from the Iran nuclear deal framework (May). China becomes the world’s largest holder of foreign exchange reserves.</td>
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### Japan

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<td>The 1985 Mexico City earthquake The Plaza Accord</td>
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<td>1984</td>
<td>Privatization of Nippon Telegraph and Telephone, and Japan Tobacco. Sharp appreciation of the yen against US dollar</td>
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<tr>
<td>1985</td>
<td>JFTC is reorganized from an economic organization to a trade-industry association (JIT).</td>
</tr>
<tr>
<td>1986</td>
<td>The US announces to impose restrictions on Japanese imports. The Japan National Railways is privatized and divided into companies collectively called JR groups. The Revised Trade and Investment Insurance Act comes into force.</td>
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<td>1987</td>
<td>The US and Japan reach an agreement on the liberalization of beef and orange markets in Japan.</td>
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<td>1989</td>
<td>Stock markets plunge showing signs of collapsing bubble (February). The final report of the US-Japan working group on the Structural Impediments Initiatives is published.</td>
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<td>1992</td>
<td>The International Peace Cooperation Law (PKO Law) is enacted.</td>
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<td>1993</td>
<td>The Japanese Government eases regulations on 94 items. The yen rises above 100 yen to US dollar.</td>
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<td>1997</td>
<td>The 30th Anniversary of JFTC The Bank of Japan Act and Act on Prohibition of Private Monopolization and Maintenance of Fair Trade are revised, eliminating a ban on holding companies. The Guidelines for Japan-US Defense Cooperation are approved. The Conference of Parties to the Framework Convention on Climate Change in Kyoto</td>
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<td>1999</td>
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<td>The WTO Doha Development Round begins. China joins the WTO.</td>
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<td>2001</td>
<td>JFTC publishes the revised &quot;Shosha’s Corporate Code of Conduct&quot; (July).</td>
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<td>The World</td>
<td>Japan</td>
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<tr>
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<tr>
<td>2021</td>
<td>Joe Biden is inaugurated as the 46th President of the US. A new variant of Omicron spreads around the world. Japan-UK EPA issued (January). JFTC moves its office to Kasumigaseki Common Gate (January). The Tokyo Olympics</td>
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**SHOSHA Handbook 2022**

2023年3月31日 第1刷発行

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Editor/Publisher  Research Group, Japan Foreign Trade Council, Inc.
Cover Designer  KAMINAGA Aiko
Designer  YAMAGUCHI Tsutomu
Printer  Daioh Co. Ltd.
Sales Agent Tokyo-Kansho-Fukyu.co.ltd,
Kanpo Kanda Nishikicho Building, 1-2,
Kanda Nishikicho, Chiyoda-ku, Tokyo 101-0054

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