

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.

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

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.

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

September 2022

02 ● SHOSHA Handbook 2022

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*JFTC*

Japan Foreign Trade Council, Inc.

## 1-1 What Are the Shosha?

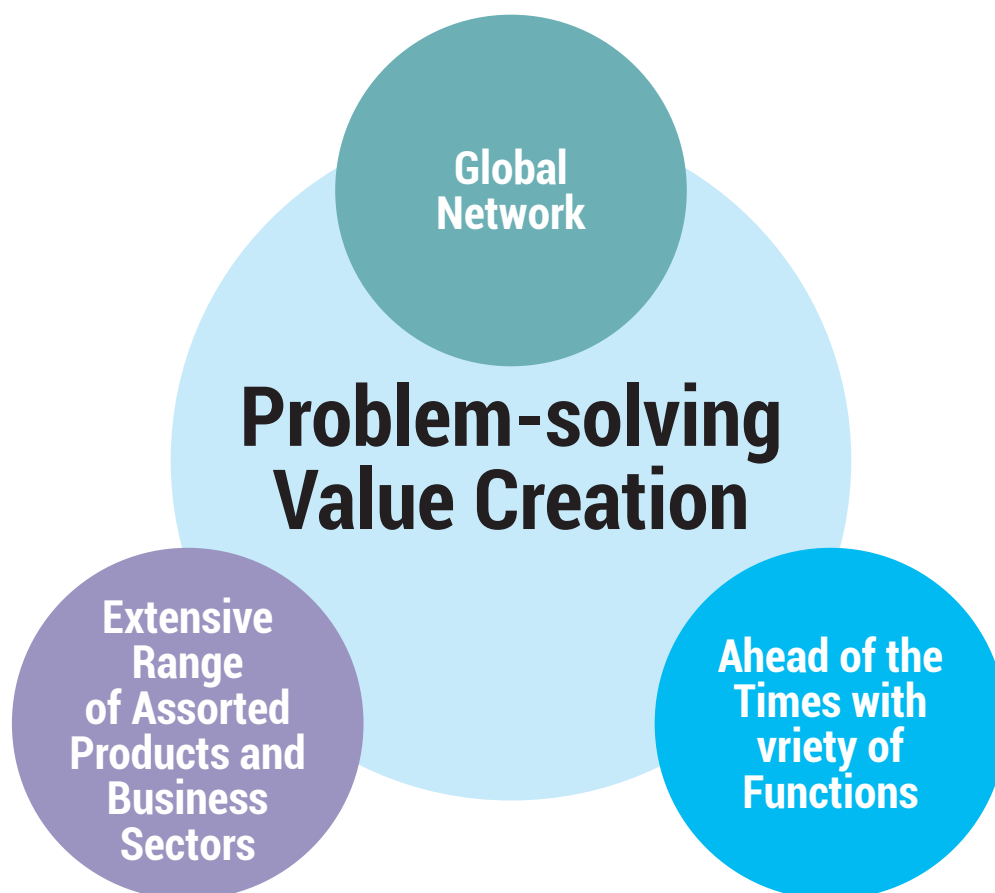
Known as a uniquely Japanese business model\*, the Shosha have been responsible for overseas transactions since Japan opened up to the outside world around the time of the Meiji Restoration. As Japan recovered as a trading nation after WWII, they grew significantly as they took charge of imports and exports, proactively expanded overseas, and expanded their global networks. They have leveraged these networks in recent years, making investments and developing various businesses on the world stage.

\* Comment by Professor YASUDA Ryuji, Graduate School of International Corporate Strategy, Hitotsubashi University, during the symposium on The Front Line of the Shosha Business sponsored by JFTC.

The main features of the activities of the Shosha today are as follows.

- ① 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 at each stage by enhancing value-added (see P.5 Chapter 1.1-2).
- ② The Shosha operate worldwide, making business investments on a global scale. By building numerous value chains (see P.16 Chapter 1.2-3), 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).
- 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.



**Contribution to life, society and the global environment**

## 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

#### Energy, Metals, Chemicals

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

#### Life industries

- Textiles (raw materials, products, industrials materials, apparel, branded goods)
- Lumber & construction materials, paper & pulp, chippings, leather, ceramics, tires, rubber products, interior goods and household sundries, forestry
- Grains, raw 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

#### Media, Digital

- Information & communications, CATV, TV & Internet shopping
- Digital solution services
- Space business, satellite media & ridesharing
- 5G, IoT, AI
- Cellular phone service
- IT, BPO services

#### Infrastructure, Real estate

- Infrastructure, real estate
- Overseas industrial parks
- Comprehensive regional development, urban development, housing (development, construction, sales & management), commercial facilities, office buildings (facilities management, leasing, distribution)
- Smart city
- Ports, bridge, road
- Railway, airports
- Electric business, Solar, wind & geothermal power generation
- Water supply & sewerage systems
- Telecommunications infrastructure (base stations, optical cables, data centers, etc.)

#### Finance, Logistics

- Leasing (automobiles, railway rolling stock, aircraft, etc.)
- Insurance
- Domestic and overseas logisticsDistribution center
- Dealing (Precious metals etc.)
- REIT



## 1-3 Global Networks

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.

### Europe, Russia, CIS

- Prague
- Paris
- Dusseldorf
- Budapest
- Milan
- Warsaw
- Madrid
- London
- Almaty
- Moscow
- St. Petersburg
- Vladivostok
- Kiev
- Tashkent
- etc.

etc. **43** cities in total

### Africa

- Alger
- Addis Ababa
- Accra
- Nairobi
- Casablanca
- Lagos
- Johannesburg
- etc.

etc. **17** cities in total

### Middle East

- Cairo
- Teheran
- Baghdad
- Tel Aviv
- Amman
- Kuwait
- Muscat
- Doha
- Riyadh
- Istanbul
- Abu Dhabi
- Dubai
- etc.

etc. **20** cities in total

## Huge Industrial Grouping

In Japan  
and overseas

Approx.

**5,900 / 460,000**

companies

employees

**Consolidated companies/employees of seven Shosha\***  
(incl. employees of parent companies: 30,000)

**Establishing business corporations, entering new sectors through acquisitions of existing companies**

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

Note: Derived from the seven Shosha's Annual Securities Reports 2021.

No. of  
domestic &  
overseas  
locations

**216** Cities  
overseas

**22** Cities  
in Japan

(Reference: The number of Japanese Embassies, Consulates and Permanent Missions totaled 229 as of January 2022)

### North America

- Toronto
- Vancouver
- Chicago
- Detroit
- Houston
- Los Angeles
- New York
- Portland
- Seattle
- Silicon Valley
- Torrance
- Washington D.C.

etc. **48** cities in total

### East Asia

- Beijing
- hangchun
- Chengdu
- Chongqing
- Dalian
- Guangzhou
- Qingdao
- Shanghai
- Shenzhen
- Tianjin
- Wuhan
- Hong Kong
- Seoul
- Ulaanbaatar
- Kaohsiung
- Taipei

etc. **28** cities in total

### Latin America

- Buenos Aires
- Rio de Janeiro
- Sao Paulo
- Santiago
- Bogota
- Quito
- Mexico City
- Lima
- Caracas

etc. **20** cities in total

### Asia & Oceania

- Dhaka
- Phnom Penh
- Bengaluru
- Chennai
- Kolkata
- Mumbai
- New Delhi
- Jakarta
- Surabaya
- Vientiane
- Kuala Lumpur
- Nay Pyi Taw
- Yangon
- Islamabad
- Karachi
- Lahore
- Manila
- Singapore
- Colombo
- Bangkok
- Hanoi
- Ho Chi Minh
- Brisbane
- Melbourne
- Perth
- Sydney
- Auckland

etc. **40** cities in total

Note: Number of cities in which the seven Shosha have established business locations derived from Annual Reports (Integrated Reports) 2021, websites and other sources (this number differs from the numbers disclosed by individual companies).  
East Asia: China, Hong Kong, Taiwan, Korea, Mongolia

## 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.

### Origin / Core Function

#### 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

#### Market development

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

#### Finance

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

#### Risk management

Analyze and minimize business risks based on accumulated knowledge

#### Logistics

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

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

#### Business management (Business Investment)

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

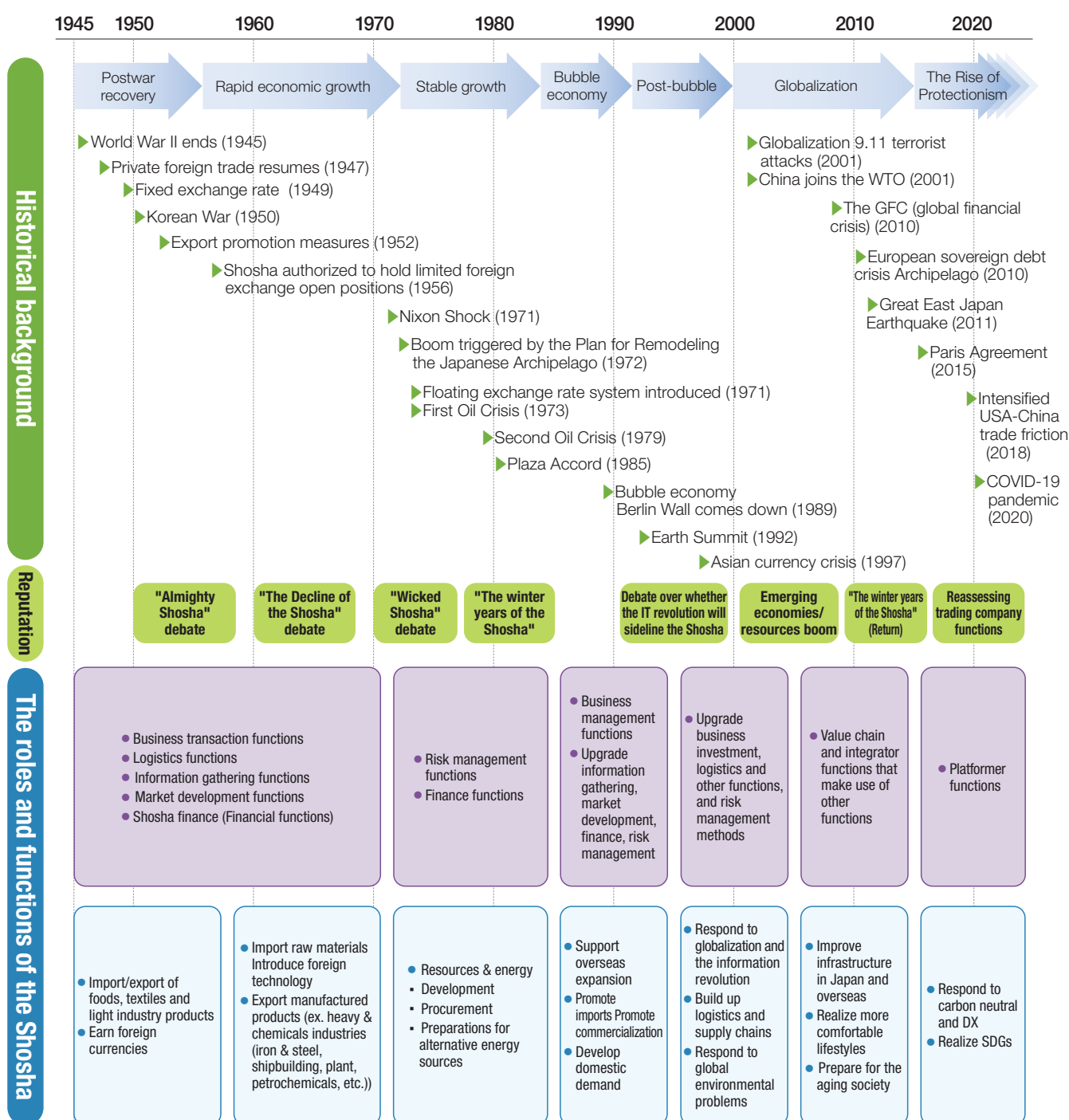
# 1-5 The Continuously Evolving Functions and Roles of the Shosha

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 Column① 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



## 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 engages 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



Know-how accumulated over a long history



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



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



Networks covering a wide variety of industries



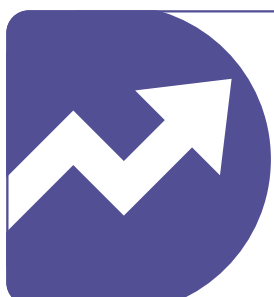
Ample financial resources



Ability to operate entire value chains efficiently



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



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."<sup>1</sup> 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<sup>2</sup>, 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: ①the 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; ②growing exchange and country risk; ③manufacturers' growing disengagement from Shosha; and ④increasingly 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 interest 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 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.

<sup>\*1</sup> In 1961, Japan's The Weekly Economist magazine published a report entitled *Are Japan's Shosha in Decline?*

<sup>\*2</sup> Formulated on May 10, 1973, revised as Shosha's Corporate Code of Conduct on July 8, 1999. see P.46-47 [Column 7](#) for details.

Reference materials: Seminar: *Nihon no Sogo Shosha* (Second edition) (Ed. Research Division, ITOCHU Corporation, Pub. Toyo Keizai Shimposha)

*Sogo Shosha no Kenkyu -- Sono Genryu, Seiritsu, Tenkai* (TANAKA Takayuki, Pub. Toyo Keizai Shimposha)

The Shosha came into being at the same time as Japan's modernization began, and their history shows they faced many difficulties and transformed themselves in the process of overcoming them. This Column examines the Shosha ① before WWII, ② during WWII and under the Occupation, and ③ post-WWII.

## ① The Shosha Before WWII

The principal prewar Shosha can be divided into three categories: the Shosha affiliated with the zaibatsu (conglomerates), and textile Shosha, and iron & steel Shosha. The main zaibatsu-affiliated Shosha are the former Mitsui & Co.<sup>1</sup> and the former Mitsubishi Corporation<sup>2</sup>. 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 WWI 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 zaibatsu, Suzuki & Co., Ltd.<sup>3</sup> and other Shosha are said to have done the opposite 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 -- ITOCHU Corporation<sup>4</sup>, Marubeni Corporation<sup>5</sup>, Toyo Menka Kaisha, Ltd.<sup>6</sup> (now Toyota Tsusho Corporation), Japan Cotton Trading Co., Ltd.,<sup>7</sup> (now Sojitz Corporation), and Goshu Company<sup>8</sup> (now Kanematsu Corporation) -- were known as the Five Cotton Companies of Kansai. They exemplified the business acumen for which people from the Kansai are famous as they expanded their business and size in line with the times.

Steel trading companies included Iwai & Co. Ltd.<sup>9</sup> and Ataka Shokai<sup>10</sup>, which became designated trading companies of Yawata Steel Works, as well as the former Mitsui & Co. and the former Mitsubishi Corporation which emerged from the end of the Meiji period. Initially, these steel trading companies enhanced Japan's military capabilities by importing iron ore from China, India, and other countries, transporting it to iron & steel works, and using their products to build machinery and weapons. Over the longer term, they came to underpin the development of Japan's modern heavy industry.

## ② The Shosha During WWII and Under the Occupation

During WWII, the Shosha were forced to close their branches and field offices in the United States, Europe, and other opponents, and in some cases their assets were frozen. Unable to engage in free trade activities, they were ordered by the Japanese government and the military to purchase oil, iron, timber, rubber, and other resources and

raw materials in the Philippines, the Malay Peninsula, Singapore, and other areas in Southeast Asia, then known as "the South." They were also obliged to engage in such nontraditional Shosha areas as plantation management and forestry development. The Shosha were forced to cooperate with 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.

## ③ 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 Nissho Co. Ltd., (the successor to Suzuki & Co., Ltd.), Ataka & Co. Ltd., (the designated Shosha of Yawata Steel Works), and Iwai Sangyo Co. Ltd, emerged as the centers of immediate postwar trade. Around the same time, Sumitomo Corporation<sup>11</sup> 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 C. Itoh & Co., Ltd. and Marubeni Shoten, 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 fell 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 1958. 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 Shosha specializing in steel and



Shosha Hakusyo  
(UCHIDA Katsutoshi,  
Pub. KODANSHA)



Shosha Hakusyo (UCHIDA  
Katsutoshi, Pub. KODANSHA)



machinery. This ultimately led to the strengthening of the Shoshas' 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.

Note: Legally speaking, the former Mitsui & Co. and the present-day Mitsui & Co. are completely different corporate entities with absolutely no continuity between them.

\*2 Established in 1918 as the independent sales division of Mitsubishi Goshi Kaisha. The company was originally established by IWASAKI Yataro in 1870 as Tsukumo Shokai, a steamship transportation business. After several name changes and reorganizations, the company became Mitsubishi Goshi Kaisha.

\*3 Founded in 1874. Nissho was established in 1928 as a successor to Suzuki Shoten a year after it went bankrupt and merged with Iwai Sangyo Co. Ltd in 1968 to form Nissho Iwai Corporation.

\*4 ITOH Chubei commenced linen trading operations in linen in 1858. He set up Itoh Itomise (Thread and Yarn Store) as a private enterprise in 1893, creating the predecessor of the ITOCHU Corporation. Itoh Itomise was reorganized as C. Itoh & Co. in 1914. In 1918, the sales division was split into Itochu Shoten, Ltd. (the predecessor to Marubeni Corporation) and the former public stock company C. Itoh and Co., Ltd.

\*5 With its roots in C. Itoh and Co., Marubeni Shoten was established in 1921 through the merger of Itochu Shoten Ltd., and Itoh Chobei Shoten. Sanko Kabushiki Kaisha Ltd. was established in 1941 through the merger of the former C. Itoh & Co., Ltd. and other companies. Daiken Co., Ltd. was established in 1944 through the merger of Daido Boeki Kaisha Ltd. and other companies.

\*6 Established in 1920 as an independent cotton division of the former Mitsui & Co., Ltd. Company name changed to Kabushiki Kaisha Tomen in 1970. Merged with Toyota Tsusho Corporation in 2006.

\*7 Established in 1892. Changed its name to Nichimen Co., Ltd. in 1943, and to Nichimen Corporation in 1982. Merged with Nissho Iwai Corporation in 2003 and became Sojitz Corporation in 2004.

\*8 Fusajiro Kanematsu Shoten of Australia Trading in 1889. Kitagawa Shoten, the predecessor to The Goshu Company established in 1891. Merged with The Goshu Company to form Kanematsu-Goshu, Ltd. Changed name to Kanematsu Corporation in 1990.

\*9 Established in 1896. Renamed Iwai Sangyo Co. Ltd. in 1943.

\*10 Founded in 1904. Name changed to Ataka & Co. Ltd. in 1943. Ceased to exist after acquisition by ITOCHU Corporation in 1977.

\*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.

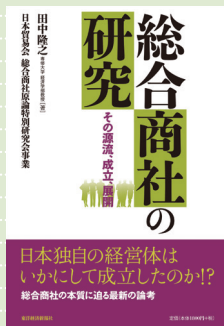
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Sogo Shosha no Rekishi (OMORI Kazuhiro, OSHIMA Hisayuki, KIYAMA Minoru, Pub. Kansei Gakuin University Press)

Book  
introduction

## Sogo Shosha no Kenkyu

– Sono Genryu, Seiritsu, Tenkai



## The history of sogo shosha is explained in detail.

Author : TANAKA Takayuki,  
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Economics, Senshu  
University.

Publisher : Toyo Keizai  
Shimposha



[https://www.jftc.or.jp/publications/assets/pdf/shosha\\_research\\_201203.pdf](https://www.jftc.or.jp/publications/assets/pdf/shosha_research_201203.pdf)

#### Column

3

## Catchphrases That Summarize the Shosha's Activities

The catchphrases used to describe the Shosha's activities have changed with the times.

Today, "from mineral water to communications satellites" is often used. At the beginning of the 20th century, the slogan was "from bird feed to warships," but this changed to "from ramen\*1 to missiles." Following complaints that "missiles" were not good for the corporate image, however, "rockets" or "aircraft" were adopted instead and used proactively.

The idea was to use a simple expression that conveyed the idea that the Shosha handle a very wide range of products, from the smallest to the largest. However, the message that the Shosha handled every conceivable product unfortunately conveyed the negative impression that they were suspicious mega corporations. We believe this was one reason for the criticism of the Shosha\*2 that occurred in the 1970s (see Page.11 Column①).

Shosha are sometimes compared to amoeba because they have historically survived by flexibly adapting their business formats to the major trends of the times. In recent years, they have become involved in such a wide range of fields that it has become impossible to describe their business in a few words, not least of all because they handle an almost infinite variety of products, from tangible goods to intangible services. Many catchphrases have been used to describe the activities of today's Shosha as they constantly create new businesses and expand globally. It will be interesting to see what catchphrases emerge next and whether they gain global currency.



#### Leisure Facilities

Photo courtesy of Hanwa Co., Ltd.



#### Resin Raw Materials

Photo courtesy of Inabata & Co., Ltd.

\*1 Sales of Nissin Foods' Chicken Ramen started in May 1958. The packs weighed 85g and the retail price was ¥35.

\*2 Oil prices rocketed when the Fourth Arab-Israeli War broke out in 1973. The mass media and consumer groups accused the Shosha of causing the jump in prices for petroleum products and general consumer goods by hoarding and withholding goods from sale. The top management of the major Shosha were summoned to the Diet (Japan's parliament) as part of its intensive investigations into price rises.



## 2-1 Trade and Business Investment Are the Two Cornerstones

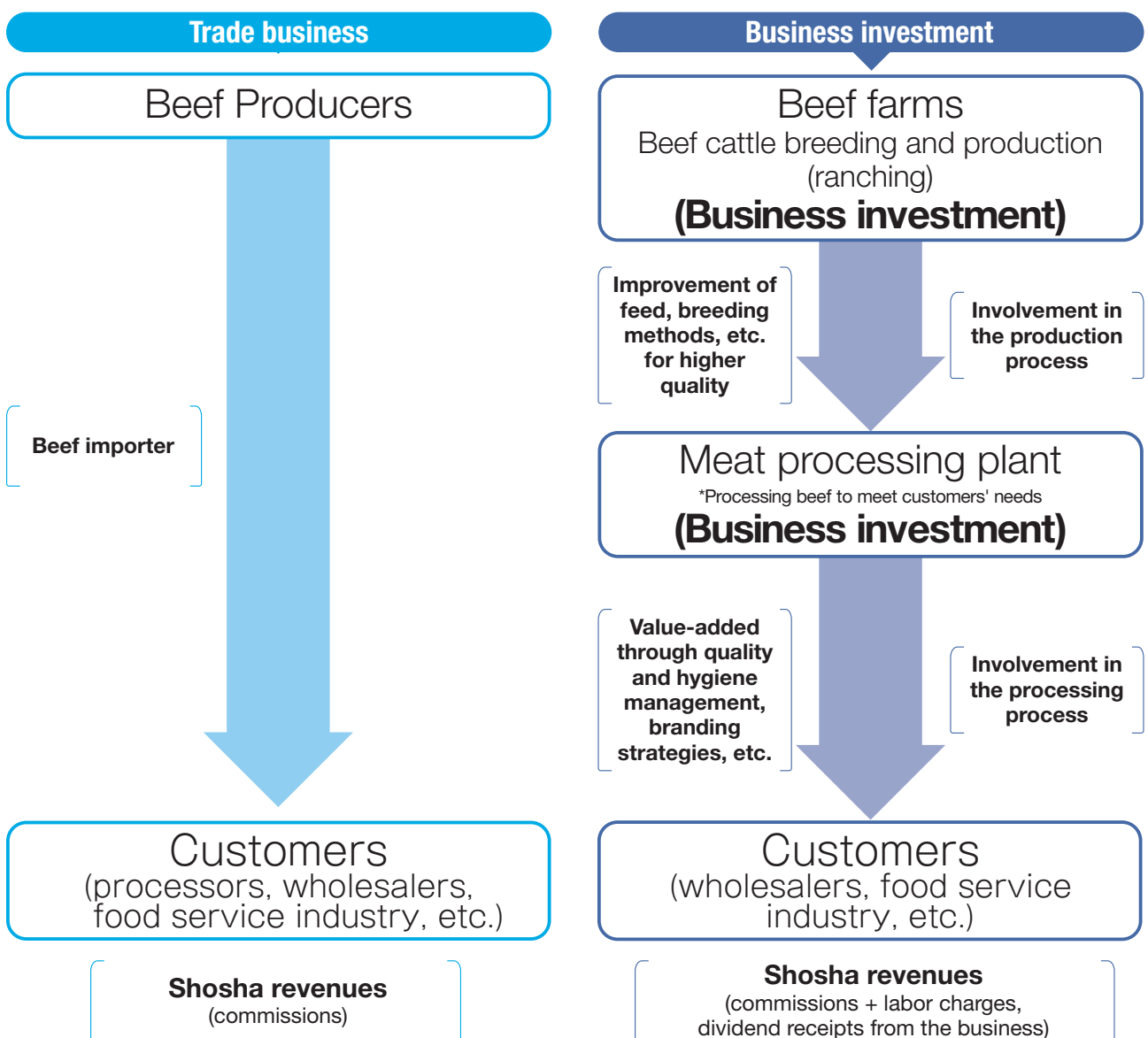
The Shosha have two sources of revenues: traditional trading, and their growing investment activities. Their business portfolios are thus based on two cornerstones, trade, and business investment.

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



## 2-2 The Features of the Shosha's Business Investments



They cover a wide spectrum of businesses from upstream to downstream sectors.



They utilize the Shosha's overall capabilities based on typical functions such as capital, managerial and organizational strengths to advance into hitherto unfamiliar business domains. The Shosha did not have the diversified functions they possess today from the outset. Instead, they have acquired them through businesses with partners in various specialist sectors, and in many respects the investment experiences they have had with their partners around the world have enhanced their overall capabilities.



While dividends and equity gains are the basis of the returns that Shosha derive from their business investments, they also earn commissions on trading in raw materials, profit margins on purchases and sales of facilities, and advisory fees.



They do not see business success or failure in terms of whether a single investment deal is profitable or not. There are cases where they earn profits by engaging in similar investments in similar schemes with other companies, and deploy this approach to other countries and regions.



Unlike investment banks and funds that aim for short-term capital gains, they make strategic investments based on long-term ownership.

Book  
introduction

### *Toward a New Foreign Trade Country*



Full text is  
available on the  
JFTC website.

Author : Special Research  
Committee on  
"midterm trade and  
investment vision"



[https://www.jftc.or.jp/publications/assets/pdf/trading\\_200801.pdf](https://www.jftc.or.jp/publications/assets/pdf/trading_200801.pdf)

### ● 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.

\*1 Environment, Social, Governance

\*2 "The Three Corporate Principles" (Mitsubishi Corporation), "Benefit for self and others, private and public interests are one and the same." (Sumitomo Corporation), "Sampo-yoshi" (ITOCHU Corporation and Marubeni Corporation) etc.

## 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.

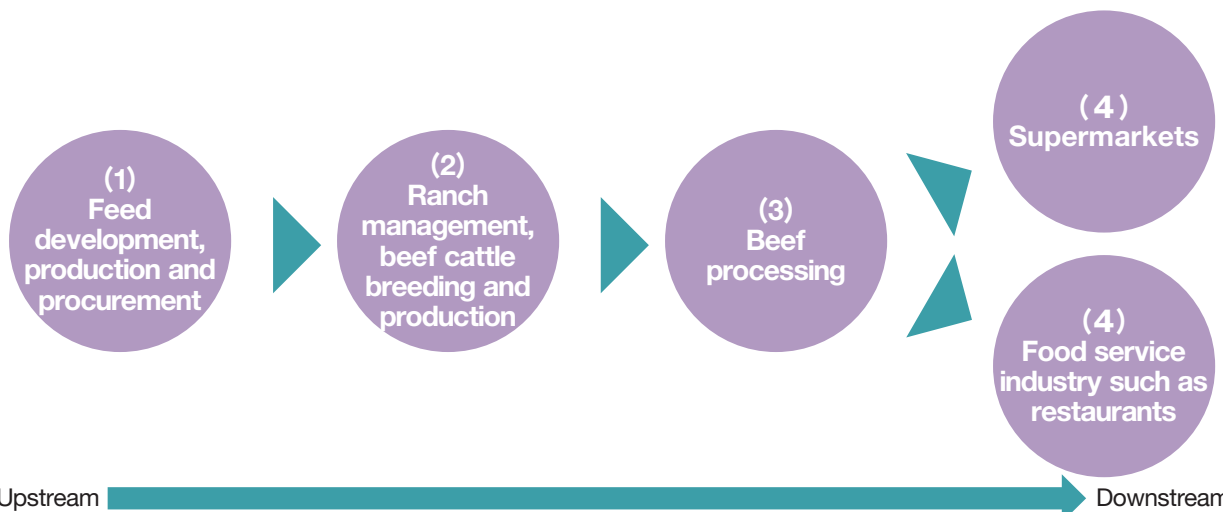
Take beef as an example (see figure below).

- (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



Upstream

Downstream



**A Farm Abroad**

Photo courtesy of Kanematsu Corporation



**Beef Processing Plant**

Photo courtesy of Kanematsu Corporation



**Supermarket (Summitstore)**

Photo courtesy of Sumitomo Corporation

As the Shosha business is broad and global, it is affected by domestic and international economic trends, changing social and political conditions, and technological innovations (changes in industrial structure). These external factors may have a positive or negative impact on business, and those

that need addressing must be recognized as issues that require countermeasures. They include matters that are directly related to business, laws and institutions, and the social environment. It is also a given that business activities always involve risk that must be dealt with.

## 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.
- Encroachment on existing business areas: rise of platformers 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

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

Book introduction ***Sustainable Development Goals & SHOSHA***



## Featuring case studies of Shosha activities

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Graduate School  
of Media and  
Governance, Keio  
University



[https://www.jftc.or.jp/publications/assets/pdf/SDGs\\_2020\\_0001.pdf](https://www.jftc.or.jp/publications/assets/pdf/SDGs_2020_0001.pdf)



### Shosha Symposium (Organized by JFTC)



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



## 1-2 The Shosha's Sustainability

Sustainability management has come into the spotlight as a result of growing interest in the SDGs and ESG<sup>\*1</sup>. 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.










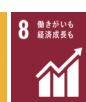


























The Shosha have therefore identified a number of social issues that should be addressed proactively on a priority basis as key sustainability issues (Materiality), and have incorporated it into their management policies. They aim to increase enterprise value by maximizing their own strengths and Shosha 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<sup>\*2</sup> 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 Environment, Social, Governance

\*2 "The Three Corporate Principles" (Mitsubishi Corporation), "Benefit for self and others, private and public interests are one and the same." (Sumitomo Corporation), "Sampo-yoshi" (ITOCHU Corporation and Marubeni Corporation) etc.

### ● The Shosha's Activities and the Related SDGs

Issues	Shosha's Activities	Related SDGs
 <b>Conservation of Global Environment</b> Renewable energy business P.20-21 Circular economy business P.22-23 Column⑤ Biodiversity conservation P.23	Engage in renewable energy projects, recycling projects, and environmental conservation with a view to realizing a carbon-neutral society.	    
 <b>Responsible for Stable Supply</b> Food business P.24-25 Energy business P.26-27 Mineral resource business P.28-29	Create stable food and resource supply systems.	    
 <b>Supporting Global Business</b> Logistics service business P.30-31 Column⑥ Respecting Human Rights in Supply Chains P.31 Overseas industrial parks business P.32-33	Support business activities in various ways, build supply chains that reduce the environmental impact of logistics and protect human rights.	    
 <b>Supporting More Comfortable Lifestyles</b> Infrastructure business P.34-35 Consumer goods industries P.36-37 Healthcare business P.38-39	Engage in infrastructure, consumer goods industries and healthcare businesses to enable everyone to enjoy healthy and prosperous lives.	    
 <b>Create New Values</b> Digital and next generation technology business P.40-41	Create innovative businesses that contribute to resolving social issues.	    
 <b>Enriching People and Society</b> Promote diversity and flexible work style P.42 Shosha's CSR Activities P.43	Create opportunities and workplaces to enable diverse workforces to share values and grow. Play a part in the development of countries and regions through CSR activities.	    

## 2-1 Conservation of Global Environment ①







### 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 improvement.

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

#### Global Natural Energy Generating Capacity in 2022

Unit : GW

	 Solar power generation	 Wind power generation	 Biomass & Biogas power generation	 Geothermal power generation	 Renewable power capacity	 Hydro generation (reference)
1	China	China	China	China	Spain	China
2	U.S.A	U.S.A	Brazil	Indonesia	U.S.A	Brazil
3	Japan	Germany	U.S.A	Philippines	China	Canada
4	Germany	India	Germany	Turkey	Morocco	U.S.A
5	India	Spain	India	New Zealand	South Africa	Russia
World	760	743	145	14	6	1,170

**Generation Capacity Total 1,668**

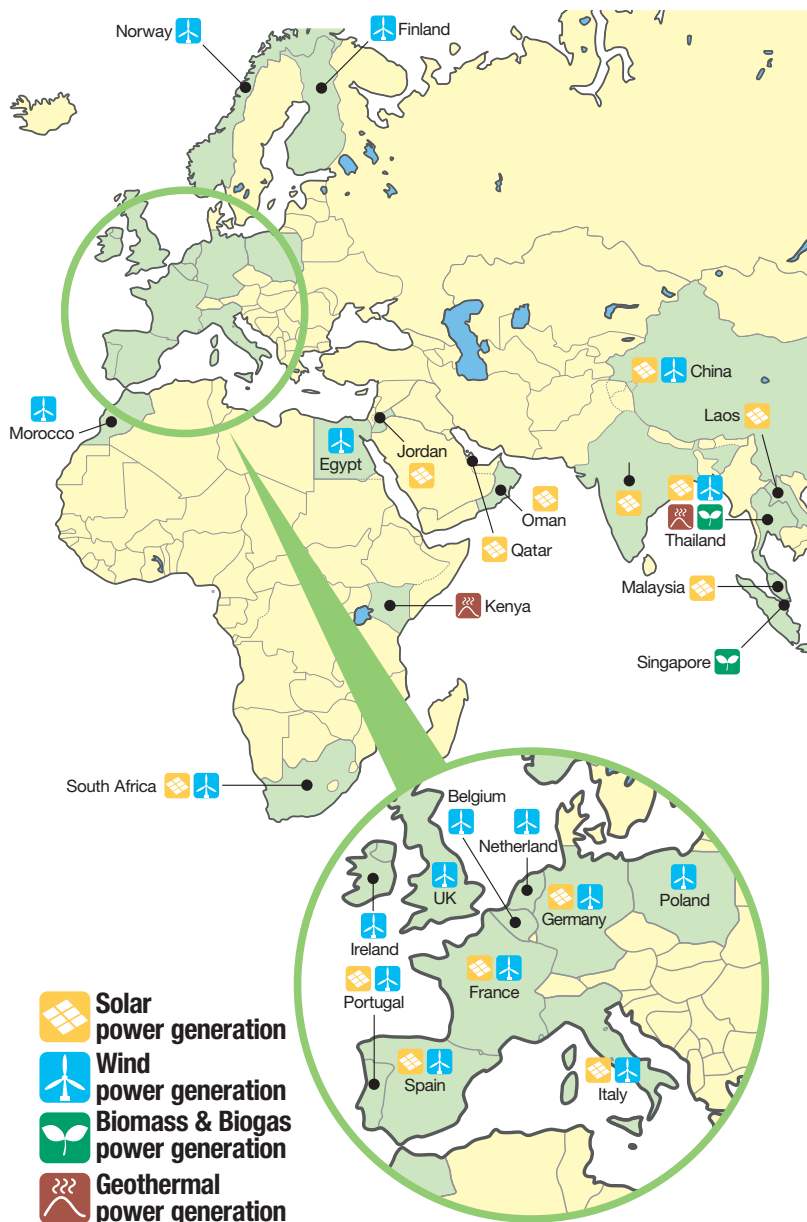
Note: Totals are not necessarily consistent because fractions of the displayed units have been rounded

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



Wind Power Generation (USA)

Photo courtesy of Marubeni Corporation



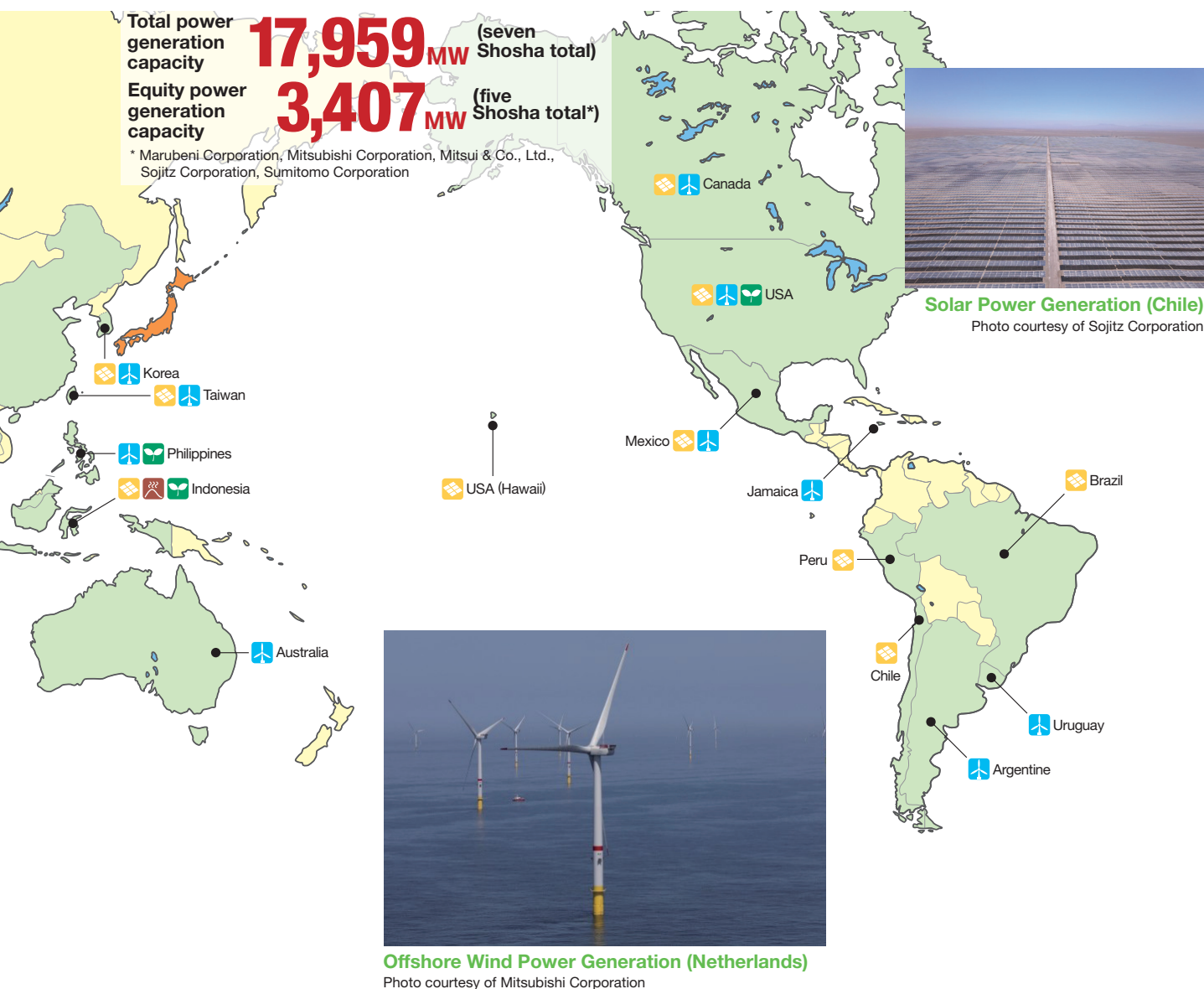
expand their power generation businesses in Japan and around the world using renewable energy sources (geothermal, solar, wind and hydropower) as alternatives to thermal power generation using fossil fuels such as oil and coal.

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.)



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



## 2-1 Conservation of Global Environment ②

### 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.

#### Sumitomo Corporation

Sumitomo 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 4R Energy Corporation, which recycles used batteries.



**"EV Battery Station" in Namie**  
Photo courtesy of Sumitomo Corporation

#### Marubeni Corporation

##### Tableware Upcycling Food Waste

Photo courtesy of Marubeni Corporation



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 scraps, then used in soil for growing vegetables and fruits.

#### ITOCHU Corporation

ITOCHU has developed garbage bags made partly out of the estimated 20,000m<sup>3</sup> of marine plastic garbage washed ashore each year, then collected, sorted and crushed in Tsushima City, Nagasaki Prefecture. It has also commercialized shopping baskets and collection boxes for use at some FamilyMart stores.



##### Shopping Baskets Using Marine Plastic Debris

Photo courtesy of ITOCHU Corporation

##### Plastic Bags Containing Marine Plastic Waste



#### Hanwa Co., Ltd.

##### Aluminum Sash Scrap

Photo courtesy of Hanwa Co., Ltd.

Hanwa collects used aluminum cans, remove foreign materials and matter, and supply remelt scrap ingots to rolled aluminum manufacturers after having melted down the metal and adjusted 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.

#### Sojitz Corporation

##### PET Raw Materials Recycled from Discarded PET Bottles

Photo courtesy of Sojitz Corporation

PRT (PET Refine Technology Co., Ltd.) uses its proprietary chemical recycling technology to reprocess PET bottles into resin of the same high quality as virgin resin derived from petroleum. It is mainly used in applications such as PET bottles for beverages.



The business activities of global Shosha benefit from the global biodiversity created by the interrelationships among a wide variety of living organisms. To conserve this biodiversity, they monitor populations of rare plants and animals and their habitats and conduct other surveys on the impact of their resource development, food production, and other operations. They are also striving to minimize the negative impact of pesticides and chemical fertilizers by reducing their use. In addition to CSR and other non-business activities (see P.43, Chapter 2.2-6), they contribute to biodiversity conservation by protecting endangered species, engaging in forest management and supporting conservation activities and research.



**Formulation facilities of biological pesticide with less environmental impact (India)**

Photo courtesy of Mitsui & Co., Ltd.

**ALALA series decomposed easily in the sea and rivers**

Photo courtesy of Iwatani Corporation



**Mitsubishi Corporation**

**Thailand's Shinkong Synthetic Fibers Corporation (Shinkong) plant**

Photo courtesy of Mitsubishi Corporation



Mitsubishi has invested in Thai Shinkong Industry Corporation Ltd., which manufactures and sells PET resin for beverage bottles in Thailand. PET resin is a highly recyclable mono-material 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.



**Inabata & Co., Ltd.**

**Repelleted Resin Materials**

Photo courtesy of Inabata & Co., Ltd.

Inabata collects used plastic and waste plastic from plastic processing plants for processing and sales, providing a stable supply of consistently high-quality recycled plastic raw materials.



**Collected ELVs**

Photo courtesy of Toyota Tsusho Corporation

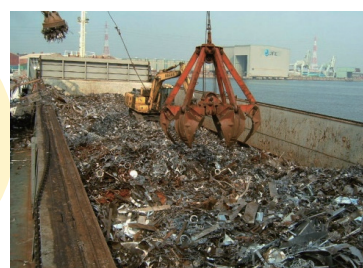
**Toyota Tsusho Corporation**

Using appropriate treatment and recycling processes, Toyota Tsusho has achieved a recycling rate of over 99% in the ELV (end-of-life vehicle) recycling business. It is involved in the business of dismantling and recycling ELVs in India and Thailand as well as the factory scrap resource recycling business at a global level, collecting and recycling scrap generated in the manufacturing and processing of automobiles and auto parts. It also carries out research and development in connection with the disassembly characteristics of ELVs.

**JFE Shoji Corporation**

**Metal Recycling Business**

Photo courtesy of JFE Shoji Corporation



JFE Shoji is actively engaged in domestic and international trading of steel scrap with a view to reducing the CO2 emissions generated in steel production.



**Recycled Pellet Extruder**

Photo courtesy of Chori Co., Ltd.

**Chori Co., Ltd.**

As part of its plastics reuse initiative, Chori recycles discarded PET bottles at its own recycling facilities and makes raw material pellets for polyester and yarn (ECO BLUE).

**NIPPON STEEL TRADING CORPORATION**

Nippon Steel Trading has developed a brand of bags that use recycled leather from leather scraps and other materials generated during production processes, as well as discarded airbags and seatbelts.



**Bag Made from Airbags**

Photo courtesy of NIPPON STEEL TRADING CORPORATION





## 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



Fully-closed Life-cycle Aquaculture of Bluefin Tuna (Japan)

Photo courtesy of Toyota Tsusho Corporation

- 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

Switzerland

Norway

Russia

China

Japan

Turkey

Singapore

Thailand

Australia

Philippines

Myanmar

Vietnam

Malaysia

Indonesia



Advance into the Smart Agriculture Field (Japan)

Photo courtesy of Kanematsu Corporation

## ● Key Shosha Initiatives

### Improving agricultural productivity

- Supply agrochemicals, fertilizers, agricultural materials

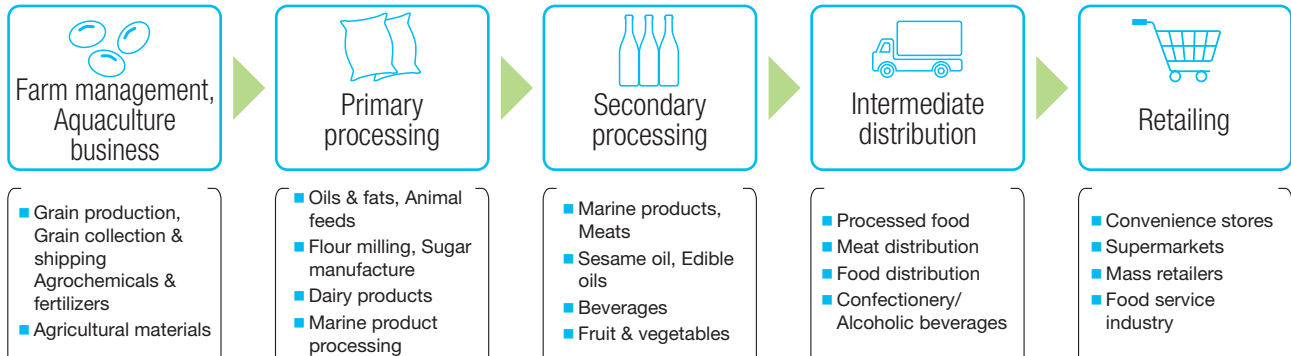
### Strengthen food procurement and supply capacity

- Participate in the agricultural production business, fishery product aquaculture business, etc.
- Improve grain collection & shipping, and sales networks

### Ensure safety and quality

- Enhance traceability

## ● Example of Food Value Chain Production & Procurement



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

## 2-2 Responsible for Stable Supply ②

### Energy business

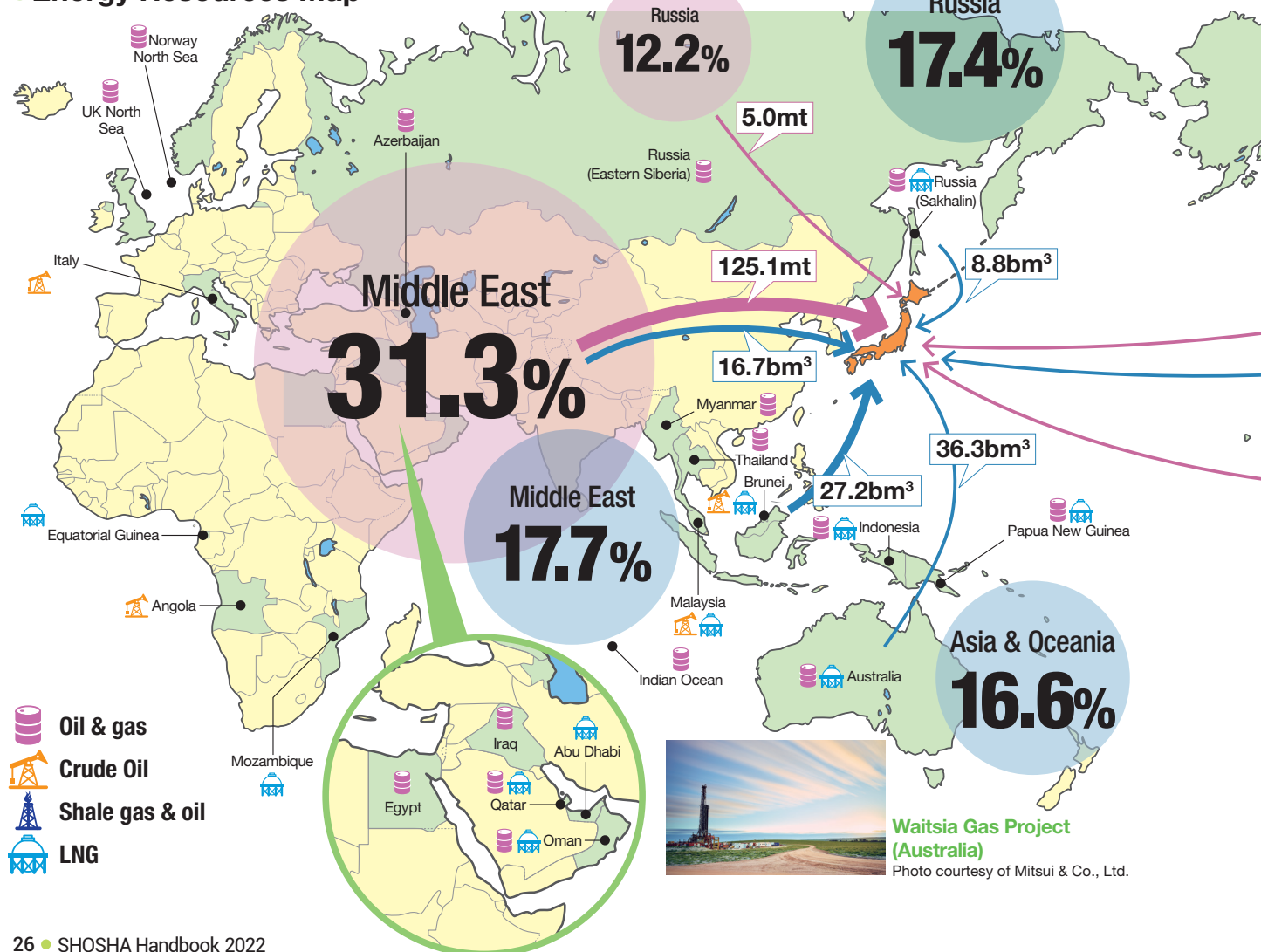
Since Japan lacks natural resources, it must rely on imports from overseas to secure sufficient, stable supplies of energy. The Shosha have endeavored to secure rights at their own risk through efforts ranging from negotiating with governments of resource-rich countries and companies that hold interests 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 CO<sub>2</sub> 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.

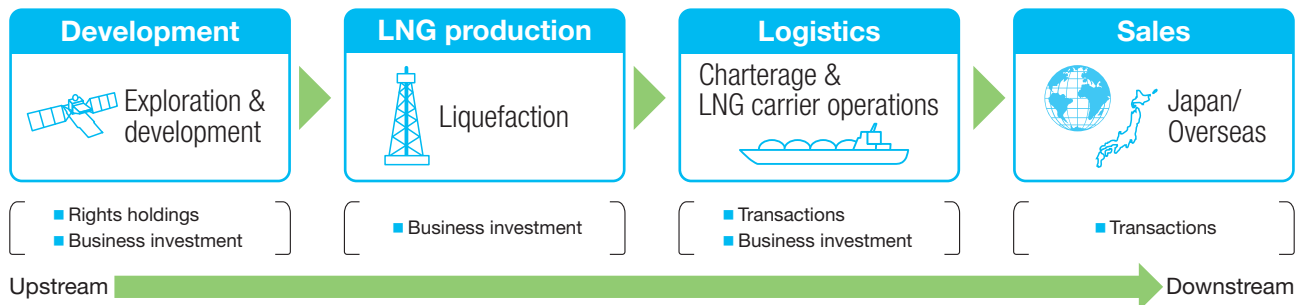
\*Take-up of oil and natural gas under Japanese corporate equity interests as a proportion of total imports and domestic production volume.

#### ● Energy Resources Map





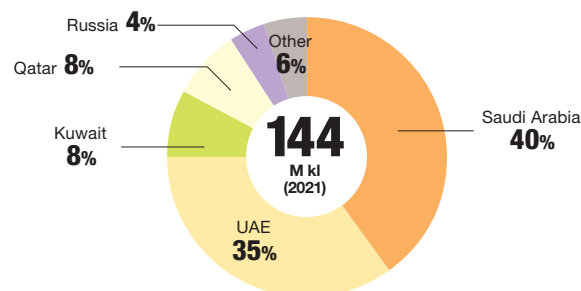
## ● The LNG Value Chain



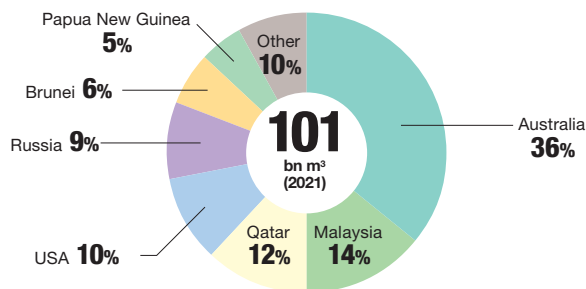
**Methanol Plant that Uses Natural Gas (Indonesia)**

Photo courtesy of Sojitz Corporation

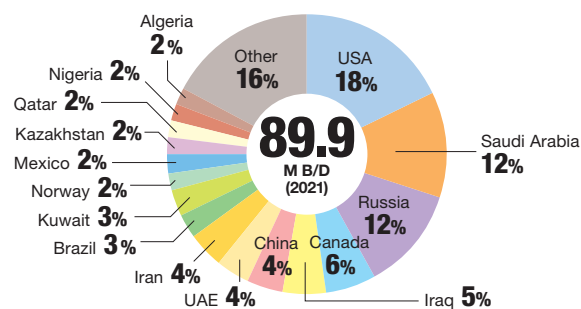
## ● Japan's Major Petroleum Import Partners



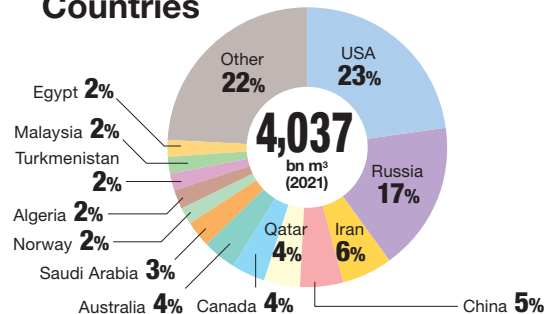
## ● Japan's Major LNG Import Partners



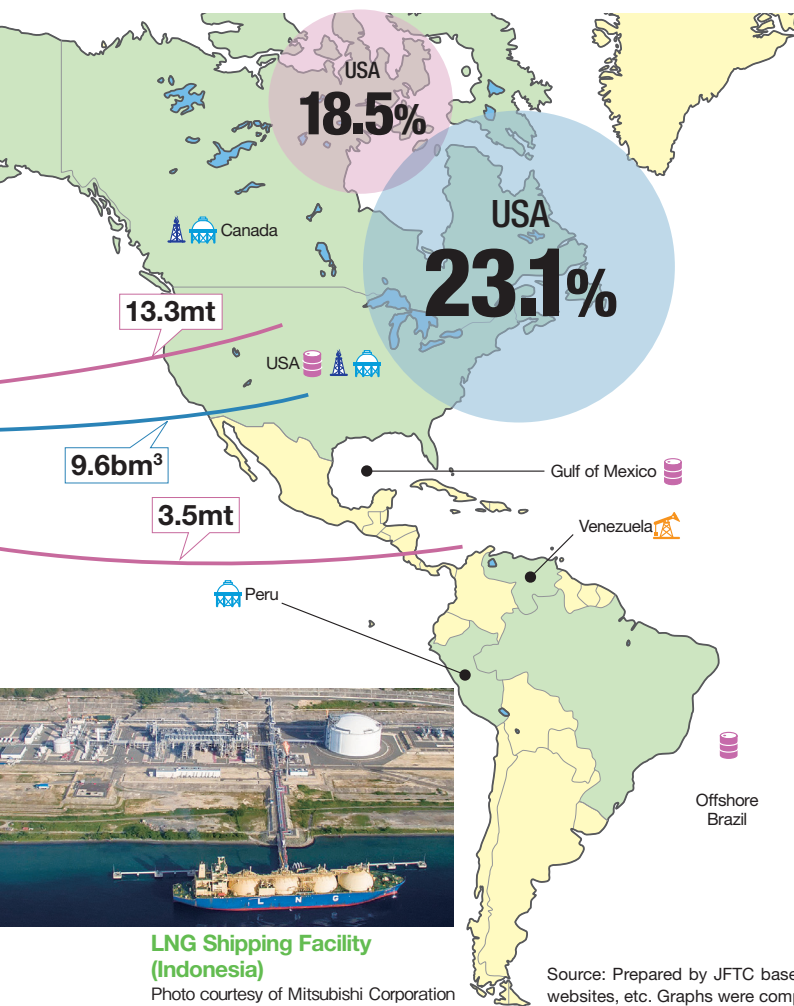
## ● Principal Oil-producing Countries



## ● Principal Natural Gas-producing Countries



Share of oil production volume ← Principal import routes for oil  
Share of natural gas production ← Principal import routes for natural gas



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 and BP statistics

## 2-2 Responsible for Stable Supply ③

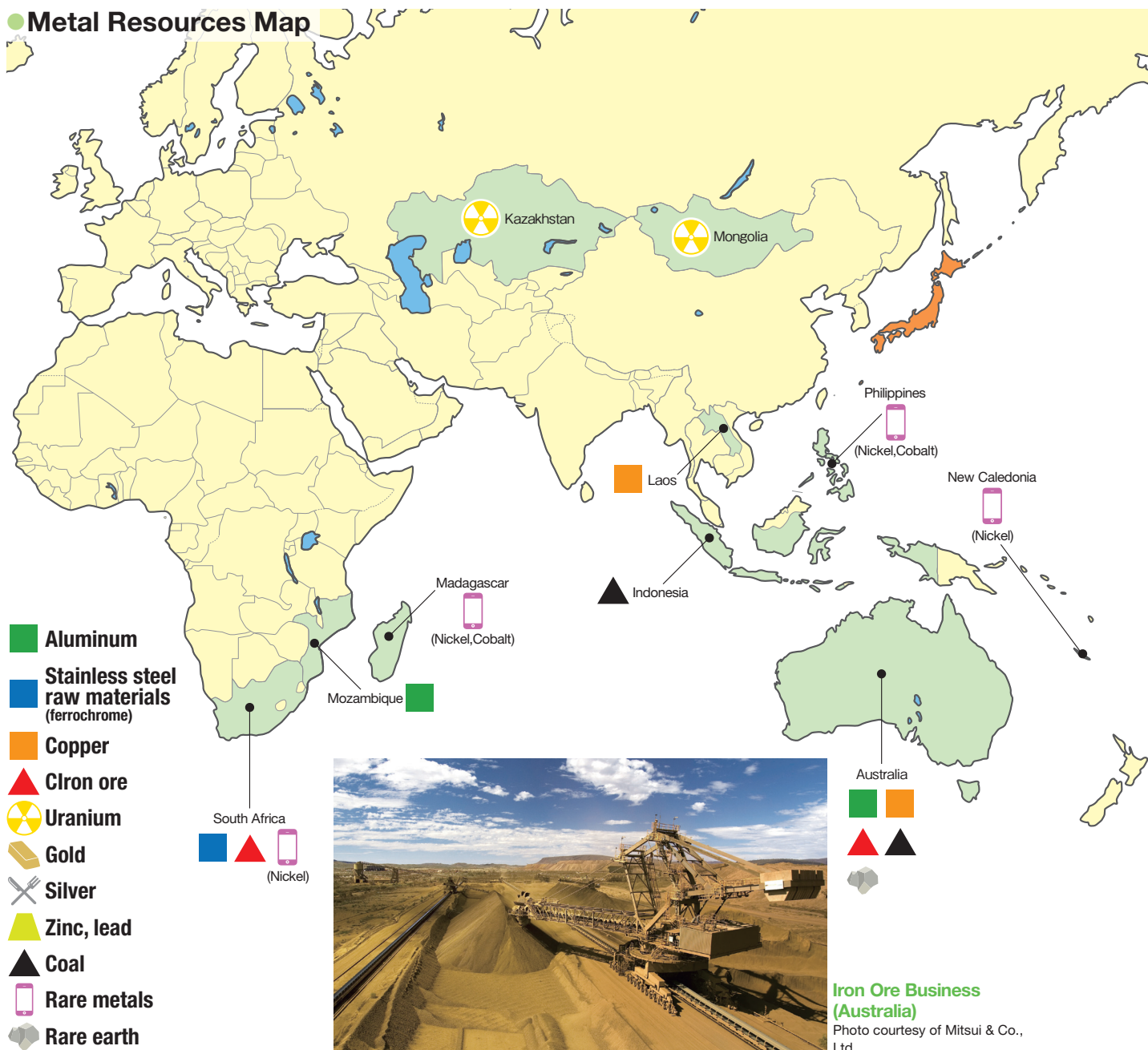
### Mineral resource business

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.

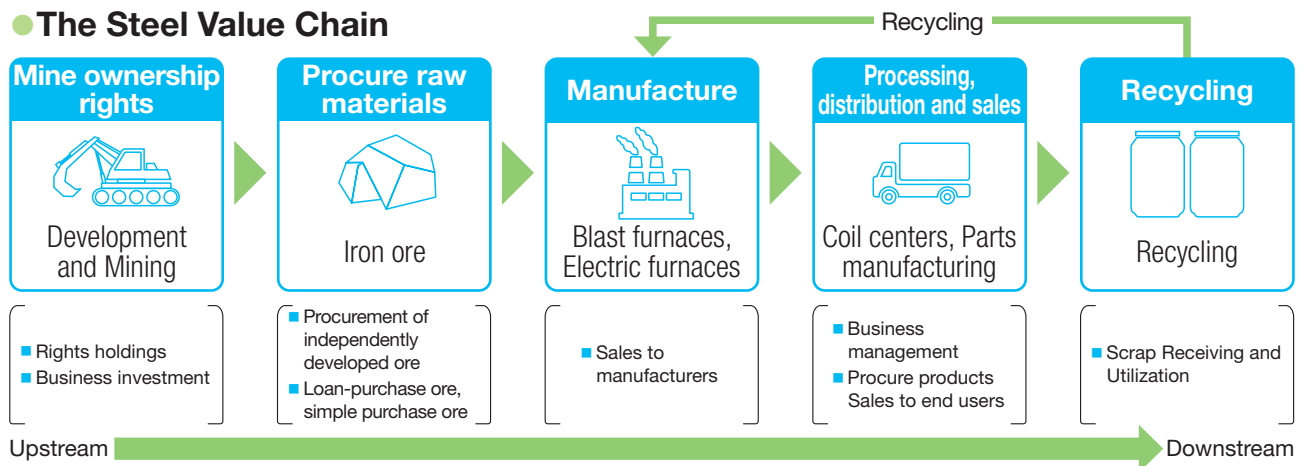
The Shosha endeavor to ensure long-term, stable supplies of such resources by securing mining rights to participate directly in mine operations and engaging in the smelting & refining business. In recent years, the Shosha have been working to reform their existing resources businesses in response to 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.

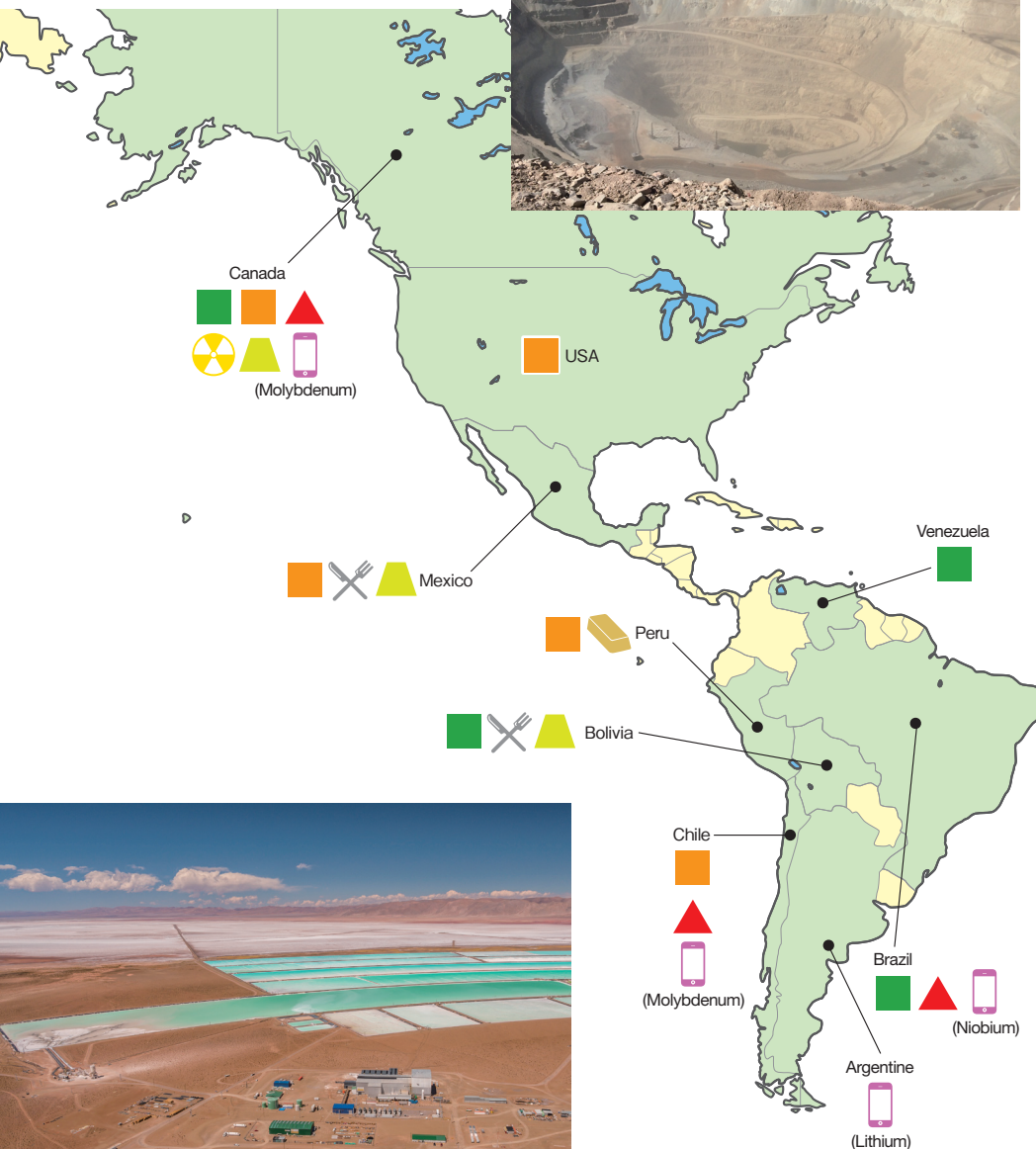


## ● The Steel Value Chain



### Cerro Verde Copper Mine Project (Peru)

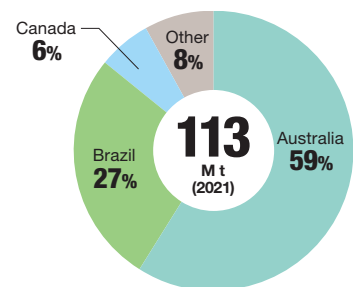
Photo courtesy of Sumitomo Corporation



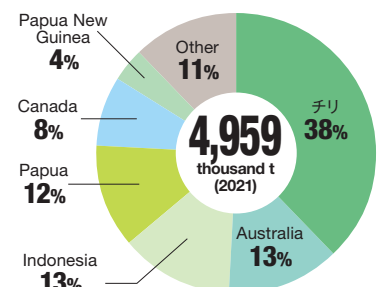
### Lithium Mining Project (Argentina)

Photo courtesy of Toyota Tsusho Corporation © Allken All Rights Reserved.

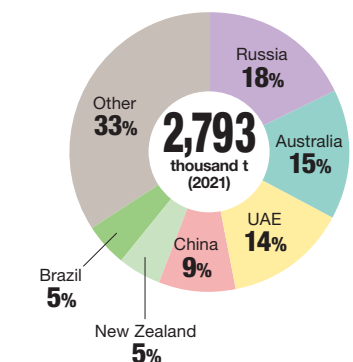
### ● Japan's Major Iron Ore Import Partners



### ● Japan's Major Copper Ore Import Partners



### ● Japan's Major Aluminum Import Partners



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



## 2-3 Supporting Global Business ①

### Logistics service business

Considered to be the lifeblood of the economy, logistics are a vital part of the social infrastructure supporting economic activities and people's daily lives. The Shosha constantly strive to optimize their own logistics and leverage their accumulated know-how and Shosha functions to provide customers with high-value-added logistical services.

They work with partners in Japan and overseas who possess superior digital technology on the visualization of logistics networks (movement of goods and transactions) and its integrated management throughout supply chains. They are also improving efficiency and making labor savings by introducing robotics into warehousing and delivery operations at ports, depots and distribution centers.

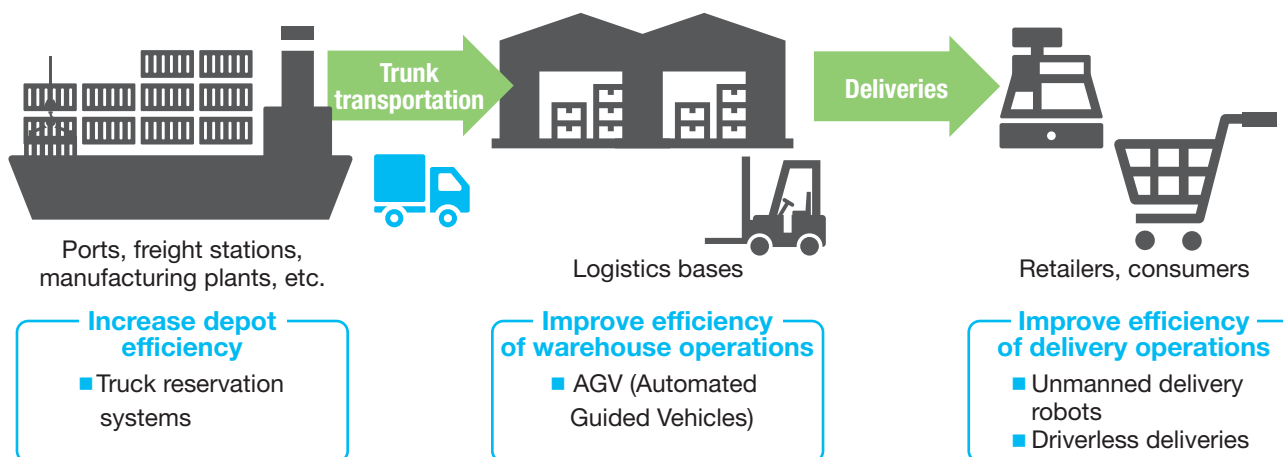
To reduce environmental impacts, they provide businesses with logistical support through green distribution initiatives, introducing advanced technologies and other measures to improve domestic logistics.

#### ● 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



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

##### Land transportation

- 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)

##### Marine transportation

- LNG bunkering initiatives

##### Air transportation

- Use Sustainable Aviation Fuel (SAF) (a petroleum alternative)

## 6 Respecting Human Rights in Supply Chains

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.



**Public Inquiry Into Labor Conditions**

Photo courtesy of ITOCHU Corporation



**Warehousing DX  
(Digital Transformation)  
Business (Gaussy Inc.)**

Photo courtesy of Mitsubishi Corporation



**Warehousing and Inventory  
Systems Using RFID Tags**

Photo courtesy of Toyota Tsusho Corporation



**t-Sort Robot System**

Photo courtesy of Mitsui & Co., Ltd.

## 2-3 Supporting Global Business ②

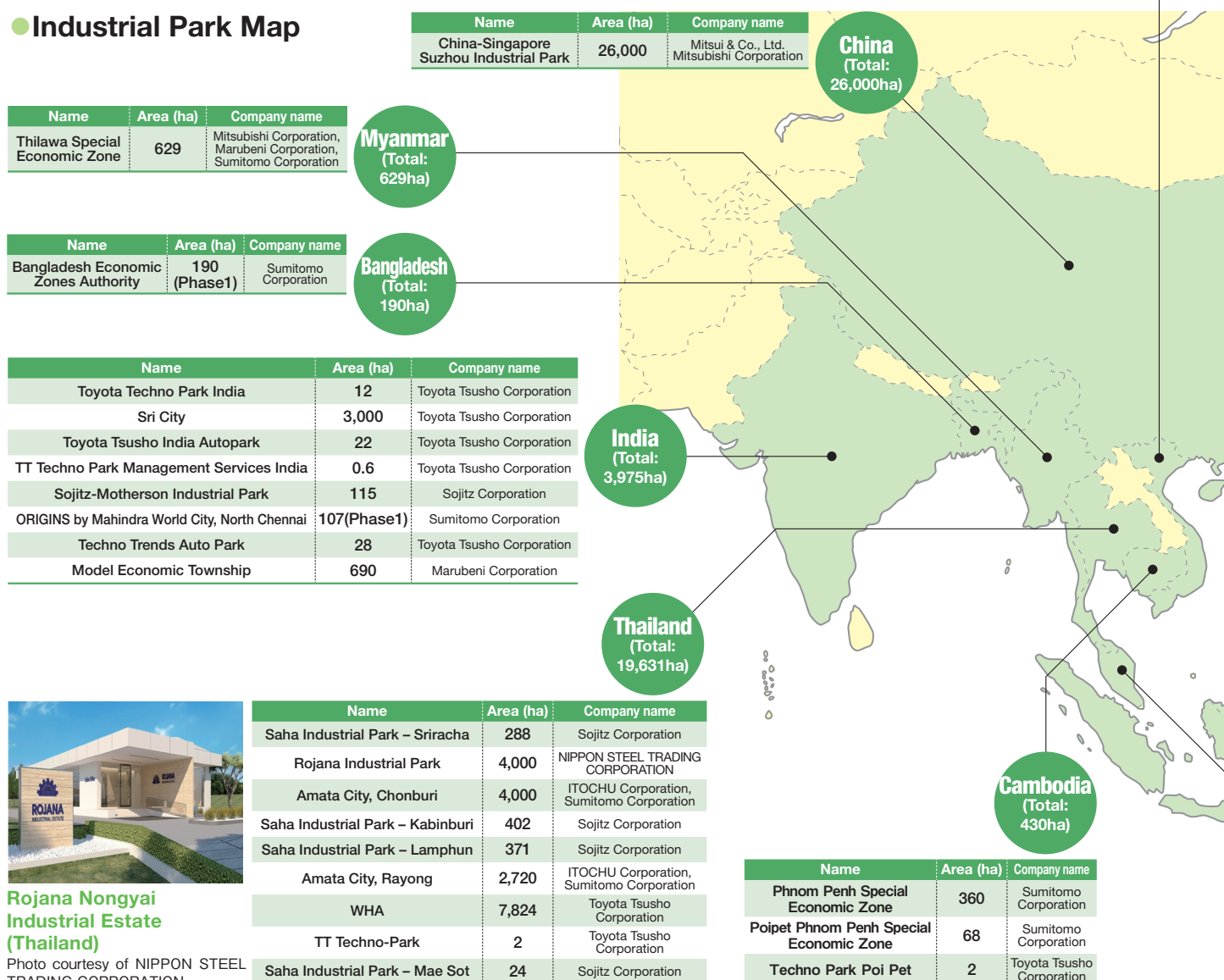
### Overseas industrial parks business

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 development. They also provide rental plants for small-scale businesses. Industrial parks provide support in various

#### Industrial Park Map



**Rojana Nongyai Industrial Estate (Thailand)**

Photo courtesy of NIPPON STEEL TRADING CORPORATION



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.

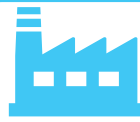
## ● The Main Roles of the Shosha in the Industrial Parks Business

### Develop industrial parks efficiently through partnerships with local companies



#### Securing and preparing land

- F/S (Environmental Impact assessment etc.)
- Acquire land usage rights
- Acquire permits and approvals



#### Infrastructural improvement

- Transformer substations
- Sewage & water treatment plants
- Rental plants
- Communication Facility

### 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

**Viet Nam**  
(Total:  
3,969ha)

Name	Area (ha)	Company name
AMATA (Vietnam) Industrial Park	700	ITOCHU Corporation
Thang Long Industrial Park	274	Sumitomo Corporation
Long Binh Techno Park	100	Sojitz Corporation
Thang Long Industrial Park II	346	Sumitomo Corporation
Phu My 3 Specialized Industrial Park	999	NIPPON STEEL TRADING CORPORATION
Long Duc Industrial Park	270	Sojitz Corporation
Thang Long Industrial Park (Vinh Phuc)	213	Sumitomo Corporation
Phu Ann Thann Industrial Park	353	Sojitz Corporation
Amata City Helong Industrial Park	714(Phase1)	Marubeni Corporation



**Thang Long Industrial Park II (Viet Nam)**

Photo courtesy of Sumitomo Corporation

**Philippines**  
(Total:  
1,575ha)

Name	Area (ha)	Company name
Lima Technology Center	620	Marubeni Corporation
First Philippine Industrial Park	448	Sumitomo Corporation
First Industrial Township	70	Sumitomo Corporation
Light Industry Science Park IV	212	Sojitz Corporation
Hermosa Ecozone Industrial Park	162	Sojitz Corporation
Anflo Industrial Estate	63	Sumitomo Corporation

**Indonesia**  
(Total:  
6,162ha)



Name	Area (ha)	Company name
MM 2100	805	Marubeni Corporation
East Jakarta Industrial Park	320	Sumitomo Corporation
Surya City of Industry	1,400	Sumitomo Corporation
Karawang International Industrial City	1,400	ITOCHU Corporation
PT.TT Techno Park	15	Toyota Tsusho Corporation
Greenland International Industrial Center (G.I.I.C.)	2,200 *	Sojitz Corporation
SLP Karawang	22	Mitsui & Co., Ltd.

**Karawang International Industrial City (Indonesia)**

Photo courtesy of ITOCHU Corporation

\* G.I.I.C. (Deltamas City 3,200 ha site)  
Area: 2,200ha

**Malaysia**  
(Total:  
16ha)

Name	Area (ha)	Company name
Bandar Bukit Raja	16	Mitsui & Co., Ltd.

**Totals:**  
**Approx. 62,580ha**  
**(ten countries)**

(Reference: The area of the 23 wards of Tokyo, around 62,800ha)

Note: Projects in individual countries are listed in order of establishment date; including sales agency activities and small investment project. Figures for Area are approximate numbers; please check individual company websites for information on recent developments.

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




### 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



**Urban Railway in Bangkok (Thailand)**

Photo courtesy of Marubeni Corporation

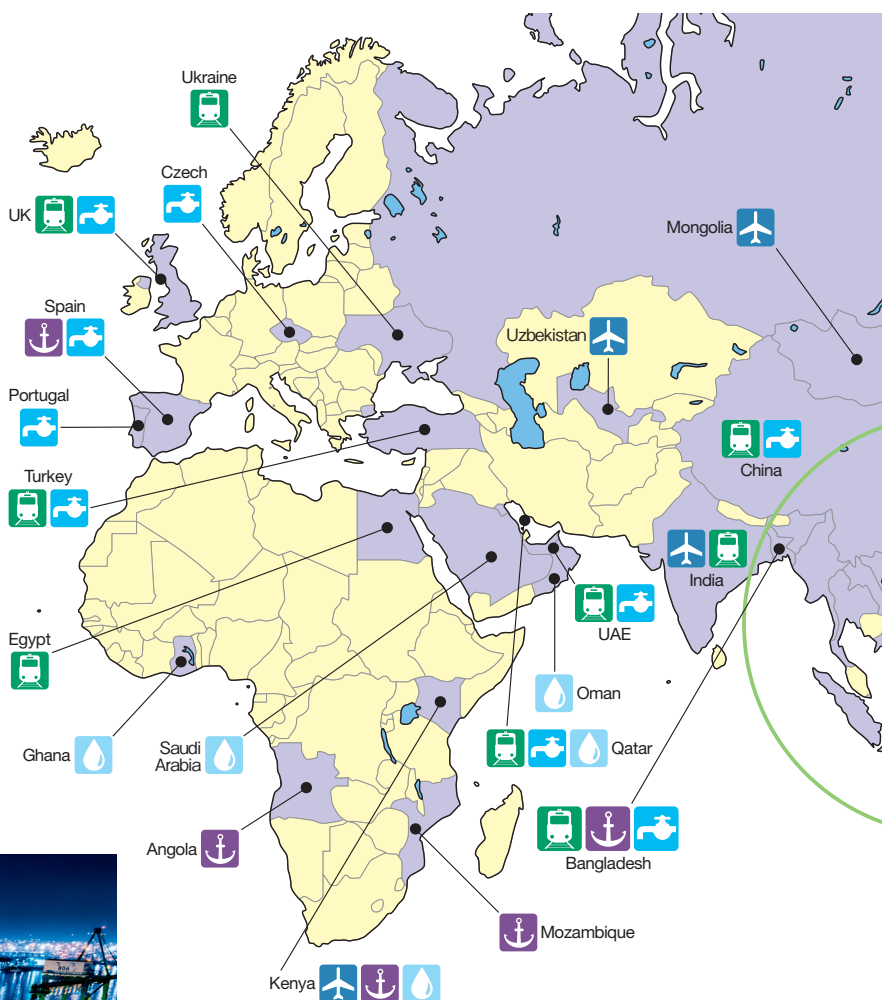
-  **Airports**
-  **Subways & urban railways**
-  **Ports**
-  **Water supply & sewerage systems**
-  **Desalination**



**Port of Tanjung Priok International Container Terminal (Indonesia)**

Photo courtesy of Mitsui & Co., Ltd.

### Map of Infrastructure Projects



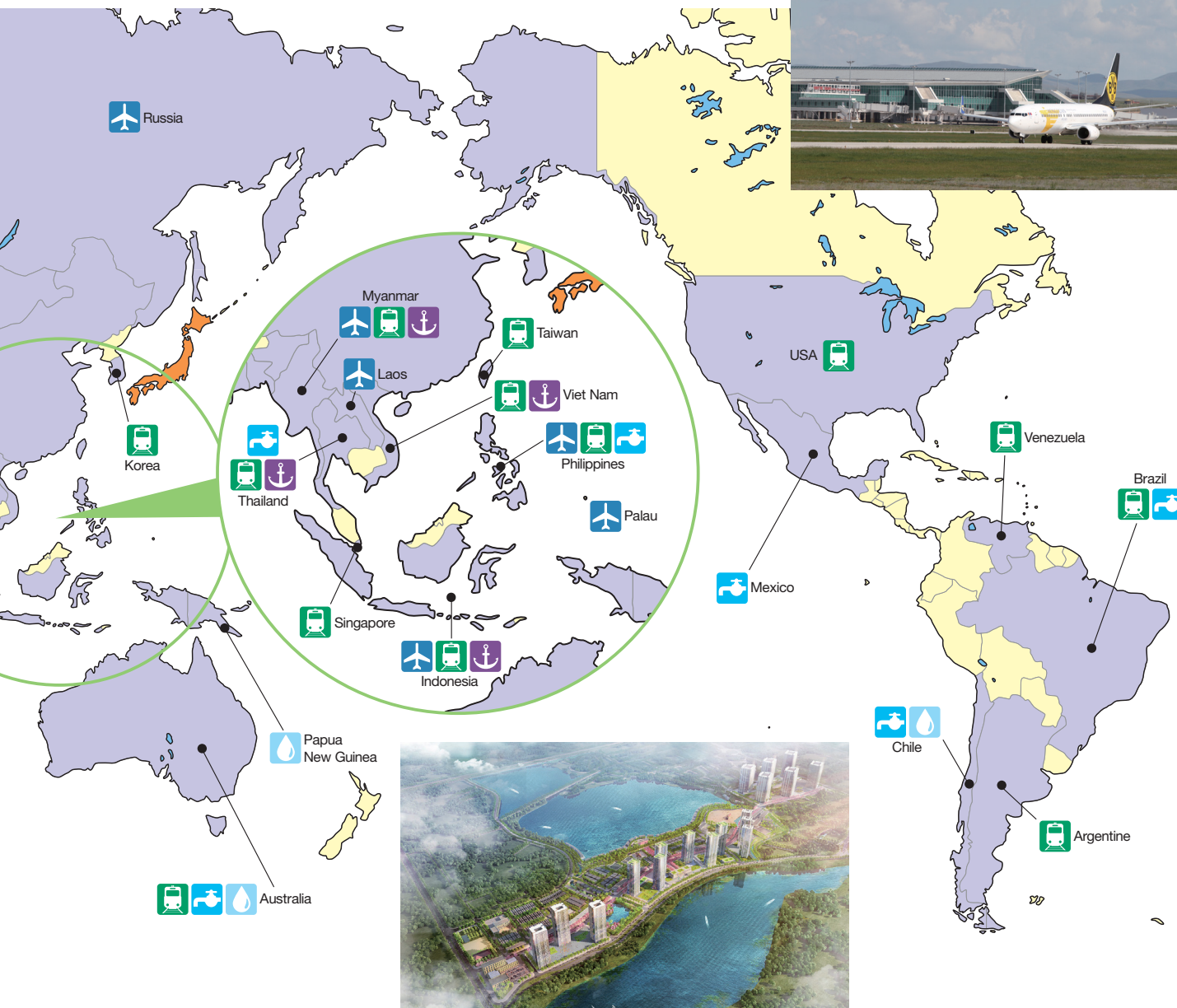
the problems facing cities is attracting attention as a business that can take advantage of the strengths of Shosha with their access to a wide range of industries.

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.

### 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.



## 2-4 Supporting More Comfortable Lifestyles ②

### 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.



**Denim Brand (RESOLUTE)**

Photo courtesy of NIPPON STEEL TRADING CORPORATION



**Food Service Industry (Royal Host)**

Photo courtesy of Sojitz Corporation



**Real Estate Business (GRAND SUITE KOJIMACHI)**

Photo courtesy of Marubeni Corporation



**Cable TV Business (Jupiter Telecommunications)**

Photo courtesy of Sumitomo Corporation

**Retail and Complex Facilities  
(Sendai Umino-Mori Aquarium)**

Photo courtesy of Mitsui & Co., Ltd.



**Convenience Store (Family Mart)**  
Photo courtesy of ITOCHU Corporation



**Iwatani Hydrogen Refueling Station, Ariake(Tokyo)**  
Photo courtesy of Iwatani Corporation



**Salmon Aquaculture Business (Norway)**  
Photo courtesy of Mitsubishi Corporation



**Hotel (Nagoya Kanko Hotel)**  
Photo courtesy of Kowa Company, Ltd.

## ● The Shosha's Principal Consumeroriented Businesses (excluding food and medical)

### Information & communications

- High-speed communications
- Satellite broadcasting, CATV
- Information services, IT solutions
- Internet-related services, IoT
- Movie production & distribution, Anime contents



### Retailing

- **Electricity retail**
- **Supermarkets**  
Summit, Sotetsu Rosen, Tobu Store, Mammy Mart, United Super Markets Holdings, Life Corporation
- **Convenience Stores**  
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, MAGASseek, BookLive!, QVC Japan

### Food service

- **Restaurants**  
KFC, Royal Holdings

### Real estate

- Office buildings, Housing, Shopping centers (Retail Properties)
- Hotel, Smart cities, Mixed-use facilities

### Service

- Meal services
- Online English conversation services
- Welfare and benefit services
- Car-sharing



## 2-4 Supporting More Comfortable Lifestyles ③

### 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.



**Mount Elizabeth Novena Hospital under IHH (Singapore)**

Photo courtesy of Mitsui & Co., Ltd.



**Consumer Healthcare Products (OTC drugs, Life support products)**

Photo courtesy of Kowa Company, Ltd.



**Self-pay Rehabilitation Facility(AViC THE PHYSIO STUDIO)**

Photo courtesy of Toyota Tsusho Corporation

## ● 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\*

\* 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.

### 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

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



#### Beauty Care Products

Photo courtesy of NAGASE & CO., LTD.



#### API Laboratory

Photo courtesy of Sumitomo Corporation



### 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.

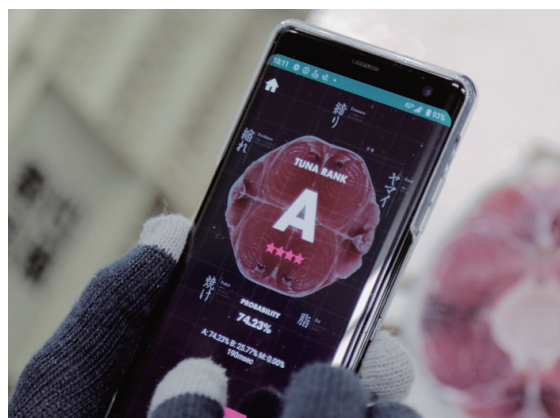
\* Liquid Organic Hydrogen Carriers (LOHC):

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.



**BSD Urban Development Project (Indonesia)**

Photo courtesy of Mitsubishi Corporation



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

Photo courtesy of Sojitz Corporation



**Sales Support of Electric Bus Developed by CaetanoBus (Portugal)**

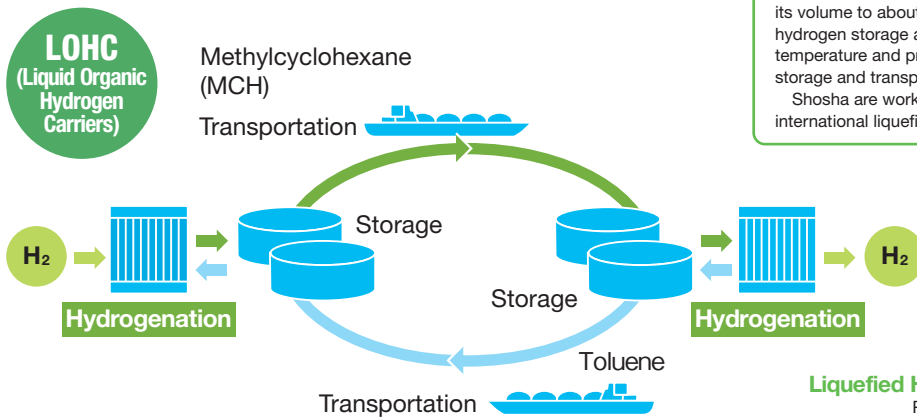
Photo courtesy of Mitsui & Co., Ltd.



**GHG Emission Calculation and Visualization Cloud Service (Zeroboard)**

Photo courtesy of Toyota Tsusho Corporation

## Hydrogen Supply Chain for Decarbonization

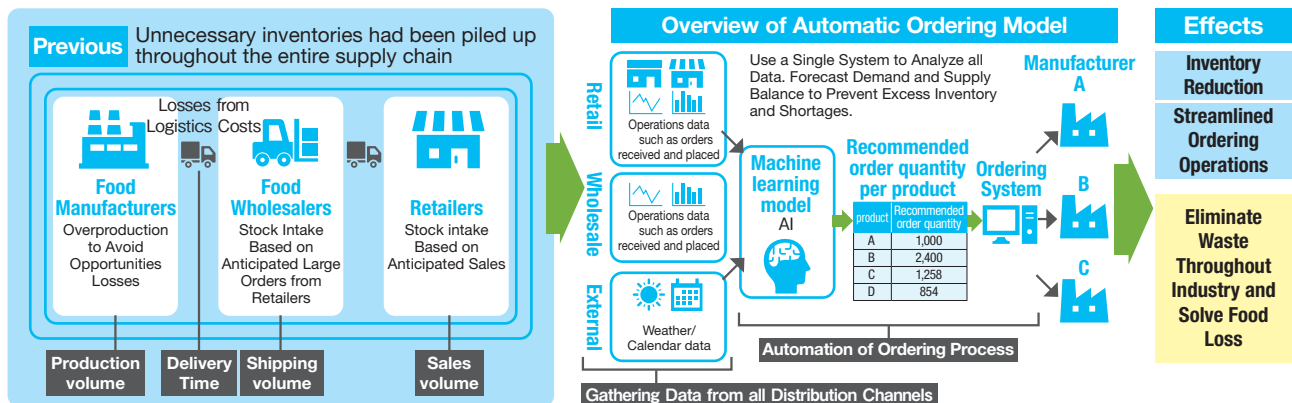


Converting hydrogen to MCH (methylcyclohexane) reduces its volume to about 1/500th the volume of hydrogen, facilitating hydrogen storage and transport. MCH is a stable liquid at room temperature and pressure, permitting safer, easier long-term storage and transportation of large volumes of hydrogen.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



Liquefied Hydrogen Carrier (the Suiso Frontier)  
Photo courtesy of Iwatani Corporation ©HySTRA

## Food Supply Chain DX



### Illustrative Image of Flying Air Mobility Vehicles in a City

Photo courtesy of Sumitomo Corporation



### Book introduction

## Digital New Era and Shosha



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

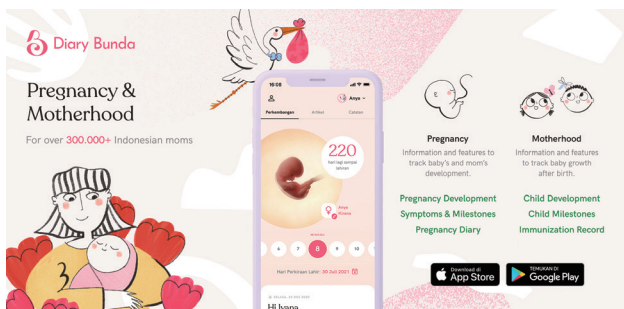
Author : Japan Foreign Trade Council, Inc. Special Research Committee on "Digital New Era and Shosha"

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

Publisher : KYURYUDO ART PUBLISHING CO., LTD.



[https://www.jftc.or.jp/publications/assets/pdf/digital\\_shosha.pdf](https://www.jftc.or.jp/publications/assets/pdf/digital_shosha.pdf)



Maternal and Child Health Handbook App Service (Indonesia)  
Photo courtesy of Marubeni Corporation

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

## 2-6 Enriching People and Society








### 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 fulfil 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.

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

#### ● Key Shosha Diversity and Inclusion Initiatives

 <b>Support for the advancement of women</b>	<ul style="list-style-type: none"> <li>● Train female leaders</li> <li>● Support for overseas postings (support for balancing work and childcare overseas)</li> <li>● Events to mark the United Nations International Women's Day (March 8)</li> <li>● Acquisition of Nadeshiko Brand / Semi-Nadeshiko Brand Certification from Japan's Ministry of Economy, Trade and Industry</li> </ul>
 <b>Support for balancing work and childcare</b>	<ul style="list-style-type: none"> <li>● Paid leave for childcare (Parental Leave for School Activities)</li> <li>● Pre-leave orientation (attended by the employee and supervisor)</li> <li>● Provide childcare facilities (nurseries, daycare for sick children) and after-school childcare services</li> <li>● Create and distribute Childcare Support Handbook</li> <li>● Childcare Consultation Services</li> <li>● Acquisition of Platinum Kurumin Certification / Kurumin Certification / Eruboshi Certification from Japan's Ministry of Health, Labour and Welfare</li> </ul>
 <b>Support for balancing work and nursing care</b>	<ul style="list-style-type: none"> <li>● Paid leave for nursing care</li> <li>● Create and distribute Handbook for Supporting Work and Nursing Care Balance</li> <li>● Nursing care consultation services</li> </ul>
 <b>Support for senior personnel</b>	<ul style="list-style-type: none"> <li>● Support for career development through training programs and individual interviews</li> <li>● Reemployment contract scheme</li> <li>● Reemployment support services (collect job vacancy information and match applicants to jobs)</li> </ul>
 <b>Support for people with disabilities</b>	<ul style="list-style-type: none"> <li>● 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)</li> <li>● Seminars on promoting hiring of people with disabilities</li> <li>● Sports support for people with disabilities</li> </ul>
 <b>Support for activities of foreign employees</b>	<ul style="list-style-type: none"> <li>● Head office training (e.g. dialog between locally hired staff and senior management)</li> <li>● Improve career paths for regular employees at head office</li> </ul>
 <b>Establish workplaces where all employees can work comfortably</b>	<ul style="list-style-type: none"> <li>● Seminars to promote understanding</li> <li>● Establish guidelines, clarify compliance policies, and employment regulations</li> <li>● Provision of multi-purpose restrooms</li> </ul>



# 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.



**"DREAM AS ONE." Project in Support of Paraspports**

Photo courtesy of Mitsubishi Corporation

## 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.



**Mangrove Planting**

Photo courtesy of ITOCHU Corporation

## 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.



**Cultural activities support**

Photo courtesy of Hanwa Co., Ltd.

## 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.



**Sojitz Foundation**

Photo courtesy of Sojitz Corporation



**Children's Library Subsidy Program**

Photo courtesy of ITOCHU Corporation, ITOCHU Foundation



**Mitsui SASUGAKU Academy**

Photo courtesy of Mitsui & Co., Ltd.



**Marubeni Laos Scholarship Program (Awarding Ceremony)**

Photo courtesy of Marubeni Corporation

# 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)

**40 Companies/20 Associations**

**Associate Members**(from trade-related companies and associations such as manufacturing, financial, shipping)

**57 Companies/28 Associations**

**Total 145**

As of April 1, 2022 (see P.50-51 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.

- |                                      |                                    |  |
|--------------------------------------|------------------------------------|--|
| ■ General Affairs Committee          | ■ International Market Committee   | ■ Information & Communication System Committee |
| ■ Public Relations Committee         | ■ Trade Trend Research Committee*  | ■ Social Contribution & ABIC Committee         |
| ■ Legal Committee                    | ■ Security Trade Control Committee | ■ Sustainability Promotion Committee           |
| ■ Global Environment Committee       | ■ Trade Insurance Committee        | ■ Internal Control Committee                   |
| ■ Finance Committee                  | ■ Economic Cooperation Committee   |  |
| ■ Accounting & Tax Committee         | ■ Human Resource Committee         |  |
| ■ Logistics & Distribution Committee |                                    |  |

Total 17

\*The Outlook for Japan's Trade Balance and Current Account for the following fiscal year is published annually in December

### ●Principal Functions



Regular Press Conferences by Chairman KOKUBU Fumiya

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



Kasumigaseki Common Gate West Tower

**KEY FUNCTIONS**

**Member Relations**  
Promote the dissemination and sharing of information with members

**Public Relations**  
Spread understanding of Shosha functions and activities, and CSR activities



In 1973, JFTC drew up the Sogo-Shosha Code of Conduct in response to the various problems that arose during Japan's rapid economic growth. JFTC has since revised the Code and renamed it the Shosha's Corporate Code of Conduct after giving serious consideration to the opinions of society concerning Shosha activities. Its efforts to evolve the Code include clarifying the Shosha's corporate social responsibilities and principles of conduct, and adapting to changes in the times and the demands of society. The Code is also the cornerstone of the action guidelines drawn up by individual member companies.

The Management Philosophy described in the Shosha's Corporate Code of Conduct includes the resolution of global environmental issues. In line with this spirit, JFTC was among the first organizations to address global environmental issues by establishing a Corporate

Environmental Code of Conduct in 2002, revising it as the Shosha's Corporate Environmental Code of Conduct in 2010.

Climate change has had an increasingly serious global impact in recent years, leading to the adoption of the Paris Agreement and various other international initiatives. In 2020, JFTC drew up Developing a Long-term Vision for Climate Change Measures that looks ahead to creating a carbon-neutral society by 2050.

Recognizing that realizing a sustainable society is one of our responsibilities, JFTC supports expanding international activities aimed at achieving this goal. We believe that member companies should contribute to the realization 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.

## Shosha's Corporate Environmental Code of Conduct

1st version established: February 14, 2002  
2nd version revised: June 16, 2010

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 due consideration to the conservation of the global environment is addressed in the "Management Philosophy."

The ongoing globalization of business activities, developments in information technology, and the spread of market-based economies are bringing great changes to the social and economic environment in which corporations operate. At the same time the supply of energy and environmental problems are also becoming issues of global concern. As a result there is growing public expectations that businesses act with greater social responsibility (so-called Corporate Social Responsibility or CSR).

In view of these circumstances, we herewith revise the Corporate Environmental Code of Conduct into the new Shosha's Corporate Environmental Code of Conduct.

### 1. Our Philosophy

As in the cases of global warming and the biodiversity crisis, environmental problems are of an increasingly global character and range from global issues that threaten human wellbeing to regional problems such as waste disposal. It is increasingly important to respond to each problem adequately.

We widely contribute to society by striving to realize "sustainable development" aiming at the conservation of the sound global environment and the balanced development of the international community.

### 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 affiliates in order to prevent and accurately address environmental problems.

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

Based on the recognition that the creation of a low carbon society is a global urgent issue, we shall engage actively 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 actively 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.

## Developing a Long-term Vision for Climate Change Measures

March 25, 2002

To create a carbon-neutral society, the JFTC aims to effectively utilize its links with other industries and organizations, cooperate in implementing their long-term visions, and contribute to achieving the long-term goals for 2050 set out in the Paris Agreement. Based on this vision, JFTC member companies will position the investigation and implementation of measures to mitigate and adapt to climate change as key business issues and

strive to generate new businesses and solutions.

We have flexibly evolved our businesses according to changing times and diverse needs. Shosha, which operate worldwide and conduct business in cooperation with various players in a wide range of industries, are able to fully exercise their capabilities in contributing to solutions for the global challenge of climate change.



# Shosha's Corporate Code of Conduct

1st version established: May 10, 1973    2nd version revised: July 8, 1999  
3rd version revised: June 16, 2005    4th version revised: March 22, 2018

## Foreword

Since the establishment of the original "Sogo-Shosha's Code of Conduct" in 1973 we have consistently taken heed of the various opinions voiced regarding the activities of Shosha and, in order to clarify our social responsibilities and principles of conduct as corporations, have developed this 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 of the world. We act upon the firm belief that the realization of a sustainable society is both our responsibility and the essential foundation upon which our corporate 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 even further importance to the social mission 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 transform our own 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 mid 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 them 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 considerations, 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 actively engage in communication with our shareholders, business partners, consumers, employees, local communities and other stakeholders and manage our businesses in such a way that responds to both their expectations and consistently achieves the creation of new value.
2. Executive management must lead by example in their efforts to create responsible businesses as defined by the evolving demands of the day.
3. We must engage in business in such a manner that the human rights of all people are respected.
4. We must conduct our businesses with due consideration to the preservation of a sound global environment and social sustainability, and actively engage in the resolution of global, environmental and social issues.

## Section 2 Functions and Areas of Activity

As Shosha, while giving due consideration to the attainment of the objectives of the United Nations Sustainable Development Goals, we must strive to accurately perceive evolving environmental, social and economic trends, and be responsive to the attendant social demands in a comprehensive manner.

1. By collecting and disseminating information on a global scale and meeting the diversifying needs of our clients and markets, we must provide resources, goods, and services to enrich society by implementing innovation.
2. By discovering new opportunities for business throughout the world, and by developing these opportunities into sources of value for society, we must strive to contribute to the resolution of social problems and the realization of sustainable economic growth.
3. In the course of our global operations we must contribute to the achievement of balanced global development and regional prosperity by the promotion of free trade and investment and constructive partnership with national governments, international bodies, and other relevant organizations and corporations.

## Section 3 Governance and Crisis Management

As Shosha, in recognition of our responsibilities to society, we must conduct our business in accordance with all relevant laws and regulations, show due respect for international standards and social conventions, and stress information disclosure in our efforts to maintain transparent management practices. In addition, we must also implement and maintain crisis management systems designed to meet the various threats facing both civil society and corporate activity.

1. In addition to legal compliance in our respective regional areas of operation, we must abide by both the letter and the spirit of international rules and regulations and conduct ourselves in a socially conscientious manner. Furthermore, we must manage our business activities in accordance with the understanding that free and fair competition is fundamental for the functioning of market economies, engage in proper transactions, responsible procurement and other appropriate business practices, and maintain open and fair relations with political parties and governments.
2. We must build systems to promote effective corporate decision-making, strengthen our internal audit functions, and constantly monitor the legality of decisions made within our organizations.
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 preparedness for the eventuality of acts of terror, cyber-attacks, natural disasters and other crises.

## Section 4 Social Participation and the Promotion of Trust

As Shosha, we must strive to create relationships of mutual trust both domestically and internationally and to actively participate in and contribute to society as good corporate citizens.

1. We must show respect for the cultures, customs and languages of other countries and regions, and strive to actively participate in activities aimed at regional development through a process of private-sector diplomacy.
2. We must strive to promote relationships of mutual trust with all our stakeholders including shareholders, business partners, consumers, employees, and local communities by actively disclosing information regarding our corporate operations and by cooperating in regional activities which contribute to the achievement of secure and enriched standards of living.
3. We will not deal with any organizations influenced by or comprised of organized crime that may operate in the communities in which we do business.

## Section 5 Reform of Work Practices and Creation of Rewarding Work Environments

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.

1. We must create and maintain work environments for our employees with due consideration for health and safety.
2. We must respect the human rights of our employees, promote equal opportunities among them, and oppose any discriminatory employment practices or treatment.
3. 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 of Conduct

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 it within their respective corporate organizations including subsidiaries and affiliates, and to promote the understanding of the spirit of this Code of Conduct and its application throughout their supply chains. 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 initiative in resolving 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.

## 2 JFTC Kids☆Site

The JFTC Kids☆Site provides an easy-to-understand introduction to Japanese trade and the activities of the Shosha. The website is widely used by both children and adults. It includes extensive information on the history of trade in Japan, the characteristics of trading today, the role of the Shosha, and their CSR activities.

Chapter 3 What JFTC Does

You can enjoy researching the activities of trade and trading companies.



### 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, schools, and other educational institutions at the private sector level.

### Membership

- Registered members 2,997 (as of March 2022)
- Shosha alumni: 68%
- Alumni of financial, insurance and manufacturing companies, and public agencies: 32%
- Members with overseas posting experience: 85% (Approx. 150 countries and regions)
- Members with multilingual abilities: 47% (35 countries and regions)

### Establishment and History

- April 2000** JFTC establishes ABIC as an internal organization. Alumni and former employees of Shosha and other companies with international business experience and know-how register with ABIC and begin recommending and introducing human resources to meet various domestic and international needs.
- May 2001** Launched as a non-profit organization (NPO).
- July 2002** Acquired a paid job-placement service license from Japan's Ministry of Health, Labor and Welfare.
- April 2020** 20th anniversary of founding.

## Principal Activities

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

### Cooperation with government agencies

- Recommend personnel for such positions as JICA specialists and senior overseas volunteers, JETRO specialists, Ministry of Foreign Affairs consular advisors and overseas diplomatic mission staff, SME advisors, and various training organizations.

### Cooperate with NGOs, NPOs, international organizations, etc.

- Support business promotion by introducing local office managers, coordinators, senior managers and advisors in charge of administration in domestic offices, etc.

### Project outsourcing, etc.

- Conclude outsourcing contracts and cooperate in projects promoted by government agencies and companies

### Cooperate with local governments, support small and medium enterprises (SMEs)

- Support efforts to attract domestic and foreign companies, 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
- Direct support for SMEs

### Support foreign companies doing business with Japan, etc.

- Provide interpretation services for trade fairs, business negotiations, market research, recruit personnel to support business expansion in Japan
- Recruit personnel for domestic and overseas offices of foreign companies and foreign governments and institutions
- Cooperate in pre-overseas posting training for employees of Japanese companies

### Support and cooperation in connection with education

- Undertake outsourced lectures, dispatch and introduce lecturers for university and adult courses, etc.
- Dispatch teachers to elementary, junior high and senior high schools for visiting classes in international understanding, train teachers and staff, provide Japanese language education and lifestyle guidance for foreign children living in Japan
- Support Japanese language education for technical internees, etc.
- Industry-academia collaborative projects such as international high school exchanges

### Arrange support and exchanges for international students studying in Japan, etc.

- Japanese language instruction, introduction to Japanese culture, lifestyle support, and exchange events at the Tokyo International Exchange Center and Hyogo International House
- Offer Japanese language teacher training courses
- Japanese language guidance for university staff and family members, etc. and foreign nationals (regular member companies)

### Cooperate with international events, etc.

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

### Other activities, general recruiting, etc.



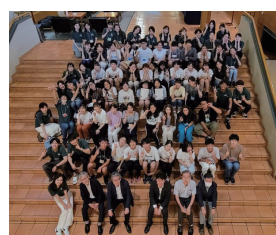
Japanese Language Plaza (Online Classes for International Students)



Training (Lecture in Pakistan)



Lecture in English at a University



Kwansei Gakuin University Senior High School Students International Exchange Event























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



<https://www.abic.or.jp/>



## Companies (40)

● ITOCHU Corporation <a href="https://www.itochu.co.jp/ja/">https://www.itochu.co.jp/ja/</a>		● JFE Shoji Corporation <a href="https://www.jfe-shoji.co.jp/">https://www.jfe-shoji.co.jp/</a>	
● Marubeni-Itochu Steel Inc. <a href="http://www.benichu.com/">http://www.benichu.com/</a>		● SHINYEI KAISHA <a href="https://www.shinyei.co.jp/">https://www.shinyei.co.jp/</a>	
● Inabata & Co., Ltd. <a href="https://www.inabata.co.jp/">https://www.inabata.co.jp/</a>		● Shinsho Corporation <a href="https://www.shinsho.co.jp/">https://www.shinsho.co.jp/</a>	
● Iwatani Corporation <a href="https://www.iwatani.co.jp/jpn/">https://www.iwatani.co.jp/jpn/</a>		● Smile Co., Ltd. <a href="https://www.smilecorp.co.jp/">https://www.smilecorp.co.jp/</a>	
● OKAYA & CO., LTD. <a href="https://www.okaya.co.jp/">https://www.okaya.co.jp/</a>		● SUMITOMO CORPORATION <a href="https://www.sumitomocorp.com/ja/jp">https://www.sumitomocorp.com/ja/jp</a>	
● KANEMATSU CORPORATION <a href="https://www.kanematsu.co.jp/">https://www.kanematsu.co.jp/</a>		● Seika Corporation <a href="https://www.seika.com/">https://www.seika.com/</a>	
● KYOKUTO BOEKI KAISHA, LTD. <a href="https://www.kbk.co.jp/ja">https://www.kbk.co.jp/ja</a>		● ALL NIPPON AIRWAYS TRADING CO., LTD. <a href="https://www.anatc.com/">https://www.anatc.com/</a>	
● Kowa Company, Ltd. <a href="https://www.kowa.co.jp/index.html">https://www.kowa.co.jp/index.html</a>		● Sojitz Corporation <a href="https://www.sojitz.com/jp/">https://www.sojitz.com/jp/</a>	
● CBC Co., Ltd. <a href="https://www.cbc.co.jp/">https://www.cbc.co.jp/</a>		● T. CHATANI & CO., LTD. <a href="https://www.chatani.co.jp/">https://www.chatani.co.jp/</a>	
● JALUX Inc. <a href="https://www.jalux.com/">https://www.jalux.com/</a>		● CHORI CO., LTD. <a href="https://www.chori.co.jp/">https://www.chori.co.jp/</a>	

## Associations (20)

● OSAKA Foreign Trade Association <a href="http://daiboukyou.com/">http://daiboukyou.com/</a>		● Japan Paper Importers' Association <a href="http://www.jpeta.or.jp/">http://www.jpeta.or.jp/</a>	
● Kyoto Foreign Trade Association		● Japan Machinery Center for Trade and Investment <a href="https://www.jmcti.org/">https://www.jmcti.org/</a>	
● Kobe Foreign Trade Association <a href="http://www.kobe-fta.or.jp/">http://www.kobe-fta.or.jp/</a>		● Japan Machine Tool Importers' Association <a href="https://www.jmtia.gr.jp/">https://www.jmtia.gr.jp/</a>	
● Japan Foreign Traders Association, INC. <a href="http://www.jafta.jp/">http://www.jafta.jp/</a>		● Japan Automobile Importers Association <a href="https://www.jaia-jp.org/">https://www.jaia-jp.org/</a>	
● Japan Chemical Exporters and Importers Association <a href="http://www.jcta.or.jp/">http://www.jcta.or.jp/</a>		● Japan Textiles Exporters Association <a href="https://jteia.org/">https://jteia.org/</a>	

● TEIJIN FRONTIER CO., LTD.  
<http://www2.teijin-frontier.com/>



● Hanwa Co., Ltd.  
<https://www.hanwa.co.jp/>



● Tokyo Boeki Holdings Corporation  
<http://www.tokyo-boeki.co.jp/>



● Honda Trading Corporation  
<https://www.hondatrading.com/>



● Tosho Associate Corporation  
<https://www.climbing-tosho.com/>



● Marubeni Corporation  
<https://www.marubeni.com/jp/>



● TOHO BUSSAN KAISHA, LTD.  
<https://www.tohob.co.jp/>



● MITSUI & CO., LTD.  
<https://www.mitsui.com/jp/ja/index.html>



● Toyota Tsusho Corporation  
<https://www.toyota-tsusho.com/>



● Mitsubishi Corporation  
<https://www.mitsubishicorp.com/jp/ja/index.htmls>



● NAGASE & CO., LTD.  
<https://www.nagase.co.jp/>



● MEIWA CORPORATION  
<https://www.meiwa.co.jp/>



● D.Nagata Co., Ltd.  
<https://www.d-nagata.co.jp/>



● Metal One Corporation  
<https://www.mtlo.co.jp/>



● NIPPON STEEL TRADING CORPORATION  
<https://www.nst.nipponsteel.com/>



● MORIMURA BROS., INC.  
<https://www.morimura.co.jp/>



● NOSAWA & CO., LTD.  
<https://www.nosawa.co.jp/>



● Yagi Tsusho Limited  
<https://www.yagitsu.co.jp/ja>



● Nomura Trading Co., Ltd.  
<https://www.nomuratrading.co.jp/>



● YUASA TRADING CO., LTD.  
<http://www.yuasa.co.jp/>



● The Japan Textiles Importers Association  
<https://www.jtia.or.jp/>



● Cosmetics Importers Association of Japan  
<https://www.ciaj.gr.jp/>



● Japan Ship Exporters' Association  
<https://www.jsea.or.jp/>



● Japan Wine and Spirits Importers' Association  
<https://youshu-yunyu.org/>



● Japan Overseas Railway System Association  
<https://www.jorsa.or.jp/ja/>



● Japan Sheep Casing Importers Association  
<http://www.jnsca.or.jp/>



● JAPAN WATCH IMPORTERS' ASSOCIATION  
<http://www.tokei.or.jp/>



● Fukuoka Foreign Trade Association  
<https://www.fukuoka-fta.or.jp/>



● THE JAPAN BANANA IMPORTERS ASSOCIATION  
<https://www.banana.co.jp/union/>



● The Yokohama Foreign Trade Association  
<http://www.yfta.jp/>



	The World	Japan	Business Cycle	JFTC Chairman
1945	World War II ends. The United Nations is established.			
1946		The GHQ orders Japan to dissolve the big four family-run conglomerates.		
1947	Marshall Plan: European Recovery Program The GATT is signed.	The GHQ allows Japan to resume private trading but with constraints. Japan Foreign Trade Council, Inc. (JFTC) is established (June 25).	Post-war Inflation	
1948				
1949	The Coordinating Committee for Multilateral Export Controls (CoCom) is established. The People's Republic of China is established.	The exchange rate against US dollar is fixed at ¥360.	Recession Induced by the Post-war Stability	
1950	The Korean War begins.	Japan resumes private trading. The GHQ agrees in general for the Shoshas to establish overseas branches.		NAKAJIMA Kumakichi (1947.6-1953.4)
1951		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.	Special Procurement Boom Brought by the Korean War	
1952		Japan joins the IMF and World Bank.		
1953	The Korean War Armistice is signed.	Three Objectives and Four Principles for Economic Independence: Austerity measures		INAGAKI Heitaro (1953.4-1972.10)
1954		105 Shoshas specialized in textile go bankrupt (the post-war highest record).		
1955	The Bandung Conference: Asian-African Conference	Japan joins GATT.		
1956		The systems that allow Shoshas to purchase and hold foreign currencies and to settle net balances between main and branch offices go into effect.	Expansion Period of the 3rd Business Cycle	
1957		The Japanese Government establishes an export council for trade business under the Export Council.		
1958	The European Economic Committee is established.	The Ministry of International Trade and Industry (MITI) announces the outline for effective placement of overseas locations for Shoshas.	Contraction Period of the 3rd Business Cycle	
1959	The GATT Conference is held in Tokyo.	Japan Trade Charter is adopted (November 19).		
1960	EFTA is established. The Dillon Round of the GATT is launched. OPEC is formed.	The Basic Guidelines for the Liberalization of Trade and Exchange is decided. The Treaty of Mutual Cooperation and Security between the US and Japan is signed.	Expansion Period of the 4th Business Cycle	
1961	The OECD is established. The Dillon Round of the GATT is concluded.	The Joint US-Japan Committee on Trade and Economic Problems is created.		
1962	The naval quarantine of Cuba	Japan-China Trade Memorandum		
1963		Trade Day is designated (June 28).		
1964	The Kennedy Round of the GATT is launched.	Japan accepts the obligations of Article VIII of the IMF Agreement. Japan joins the OECD. New tax breaks for export promotion come into effect; The export income credit system is abolished. The Tokyo Olympics	Boom Brought by the Tokyo Olympics	
1965	American bombing of North Vietnam begins.	The Treaty on Basic Relations between Japan and the Republic of Korea is signed.	Post-olympics Recession	



	The World	Japan	Business Cycle	JFTC Chairman
1966	The Cultural Revolution begins in China.	Deficit-covering government bonds are issued for the first time.	Expansion Period of the 6th Business Cycle	INAGAKI Heitaro (1953.4-1972.10)
1967	The Six-Day War begins. The Kennedy Round of the GATT is concluded. The ASEAN is established.	The capital liberalization officially begins.		
1968	The OAPEC is established. 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		JFTC relocates head office from Boueki-kaikan (Ginza) to World Trade Center Building (Hamamatsu-cho). The Japan-US textile negotiations begin. The 3rd stage of capital liberalization		
1971	New economic policy is announced in the US; The Nixon Shock China joins the UN. Multilateral currency adjustment: Smithsonian Agreement	The yen is revalued upward against the US dollar to ¥308 under the Smithsonian Agreement. The 4th stage of capital liberalization (93%) Japan agrees to a 3-year deal to limit textile exports to the US.	Recession Induced by the Nixon Shock	MIZUKAMI Tatsuzo (1972.10-1985.5)
1972		The US-Japan Textile Agreement Okinawa is returned to Japan. Sino-Japanese relations are normalized.	Boom Induced by the Reconstructing the Japanese Archipelago	
1973	UK joins the EC. The Tokyo Round of the GATT is launched. The 4th Arab-Israeli War begins. The 1973 oil crisis	100% trade liberalization is decided. JFTC draws up the "Sogo-Shosha's Code of Conduct" (May). The floating exchange rate system essentially comes into effect: The end of Smithsonian System. Fact-finding survey on the largest 6 Shoshas (MITI) The Act on Emergency Measures against Cornering and Speculative Stocking of Materials and Products Related to Daily Life is officially announced.		
1974		Fact-finding survey on Sogo Shoshas (Japan Fair Trade Commission) JFTC establishes Committee on Japan-Korea Trade Expansion and Balance.	Oil Crisis	
1975	The Vietnam War ends. The 1st G6 Summit: Rambouillet Summit	The 2nd Fact-finding survey on Sogo Shoshas (Japan Fair Trade Commission): "Sogo Shoshas in relation to Antitrust Policy" JFTC sends 1st friendship delegation to People's Republic of China.		
1976		The Lockheed bribery scandals		
1977				
1978		The Sino-Japanese Peace and Friendship Treaty is signed. The Narita International Airport begins its operation.		
1979	The 1979 energy crisis The 5th G7 Summit in Tokyo The Tokyo Round of the GATT is concluded. The Soviet-Afghan War begins.	Douglas-Grumman scandal		
1980	The Iran–Iraq War	Japan-US Auto Trade Talks begin. The Foreign Exchange and Foreign Trade Act is revised.		
1981	The Cancun Summit on International Development: The 1st North-South Summit	Japan agrees to limit Auto Trade. International Trade Institute (ITI) is organized.		
1982	The invasion of the Falkland Islands			

	The World	Japan	Business Cycle	JFTC Chairman
1983		Korean Air Lines Flight 007 is shot down by Soviet interceptors.	Yen Expensive Recession	<b>MIZUKAMI Tatsuzo</b> (1972.10-1985.5)
1984				
1985	The 1985 Mexico City earthquake The Plaza Accord	Privatization of Nippon Telegraph and Telephone, and Japan Tobacco Sharp appreciation of the yen against US dollar	Bubble Economy	<b>MIMURA Yohei</b> (1985.5-1992.5)
1986	The Chernobyl disaster The 12th G7 Summit in Tokyo The Uruguay Round of the GATT is launched.	JFTC is reorganized from an economic organization to a trade-industry association (June).		
1987	Perestroika begins in the Soviet Union. The Louvre Accord Black Monday	The US announces to impose restrictions on Japanese imports. The Japan National Railways is privatized and divided into companies collectively called JR group. The Revised Trade and Investment Insurance Act comes into force.		
1988	The Iran-Iraq War ends.	The US and Japan reach an agreement on the liberalization of beef and orange markets in Japan.		
1989	The Tiananmen Square Massacre The 1st APEC Economic Leaders' Meeting The Berlin Wall is dismantled.	Sales tax is introduced. The US-Japan working group on the Structural Impediments Initiatives begin.		
1990	Iraq invades Kuwait. Germany reunifies.	Stock market plunges showing signs of collapsing bubble (February). The final report of the US-Japan working group on the Structural Impediments Initiatives		
1991	Coalition forces attack Iraq. The Gulf War begins. The Soviet Union collapses.			
1992		The International Peace Cooperation Law (PKO Law) is enacted.	Post-bubble Recession	<b>EJIRI Koichiro</b> (1992.5-1996.5)
1993	The 19th G7 Summit in Tokyo The EU single market is created. Maastricht Treaty enters into force.	The Japanese Government eases regulations on 94 items.		
1994	The CoCom is disbanded. The Uruguay Round of the GATT is concluded.	The yen rises above 100 yen to US dollar.		
1995	The WTO is established.	The Great Hanshin earthquake US-Japan Automotive Agreement		
1996		US-Japan Semiconductor Agreement		
1997	Transfer of sovereignty over Hong Kong from the UK to the People's Republic of China The Asian currency crisis	Sales tax is raised to 5%. The 50th 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		
1998	Underground tests of nuclear weapons by India and Pakistan	The Act on Emergency Measures for the Revitalization of the Financial Functions is enacted. The Nagano Winter Olympics		
1999	The European Monetary Union begins. The NATO bombing of Yugoslavia in the Kosovo War	JFTC publishes the revised "Shosha's Corporate Code of Conduct" (July).		<b>MUROFUSHI Minoru</b> (1996.5-2000.5)
2000	The 26th G8 Summit in Okinawa and Kyushu The Inter-Korean Summit in Pyongyang	JFTC sets up the Action for a Better International Community (ABIC).		
2001	The Terrorist Attacks in the US (September 11). The WTO Doha Development Round begins. China joins the WTO.	ABIC is approved as NPO. SFDF are deployed to Indian Ocean to support the US.		
				<b>MIYAHARA Kenji</b> (2000.5-2004.5)

	The World	Japan	Business Cycle	JFTC Chairman
2002	Euro banknotes and coins come into circulation. North Korea declares its development of nuclear weapons.	JFTC draws up the "Shosha's Corporate Environmental Code of Conduct" (February). The 1st Japan-North Korea Summit meeting in Pyongyang	Expansion Period in the 14th Business Cycle	MIYAHARA Kenji (2000.5-2004.5)
2003	North Korea announces its withdrawal from the NPT. The Iraq War begins.	The Act on Special Measures concerning Humanitarian Relief and Reconstruction Work and Security Assistance in Iraq is enacted for enabling JSDF to be deployed.		
2004	Repeated suicide bombing attacks in Iraq etc. EU expands to 25 countries including 10 new countries from Eastern Europe.	JSDF are deployed to Samawah in Iraq. JSDF's joining to the coalition forces is decided.		
2005	The renminbi appreciates against USD by 2%. The 1st East Asia Summit (16 countries)	The Kyoto Protocol enters into force. The 2005 World Exposition in Aichi: Love the Earth Expo JFTC revises the "Shosha's Corporate Code of Conduct" (June).		
2006	China becomes the world's largest holder of foreign exchange reserves.	The end of the BOJ's zero-rate policy (0% to 0.25%) The announcement is made that the past longest expansion period during the 6th business cycle is surpassed.		
2007	The US subprime mortgage crisis (August)	The 60th Anniversary of JFTC Postal privatization		
2008	The 34th G8 Summit at Toyako in Hokkaido Lehman Shock (September) The crude oil price soars (above \$100/barrel at one point).	Japan Air Self-Defense Force withdraws from Iraq after 5-year deployment.	Global Economic Crisis	KATSUMATA Nobuo (2008.5-2010.5)
2009		The three-party coalition government of Democratic Party of Japan, Social Democratic Party, and the People's New Party is set up.		
2010	Financial crisis in Greece	The 10th Anniversary of ABIC	Expansion Period in the 15th Business Cycle	UTSUDA Shoei (2010.5-2014.5)
2011	US completes withdrawal of American military forces from Iraq. Documents released from the negotiating chairs of WTO Doha round.	The Great East Japan Earthquake (March 11) Japan records first trade deficit in 31 years.		
2012	Russia joins the WTO.	JFTC becomes general incorporated association. LDP & NKP form coalition government.	European crisis	
2013	EU enlargement (28 member states)	Japan formally declares to join TPP (March). Diet passes the act on the Protection of Specially Designated Secrets (SDS).	Abenomics Economy	
2014		Japan raises sales tax from 5% to 8% (April).		
2015	US-Cuba restores diplomatic relations. The 70th Anniversary of WWII			
2016	The 42th G7 Summit: Ise-Shima Summit (May) BREXIT referendum (UK, June) Paris Agreement enters into force.	Japan signs TPP (February). 2016 Kumamoto Earthquake (April 14)		
2017	Donald Trump is inaugurated as the 45th President of the US. North Korea accelerates its development of nuclear weapons.	The 70th Anniversary of JFTC		
2018	The Inter-Korean Summit in Panmunjom US announces its withdrawal from the Iran nuclear deal framework (May). US-China trade dispute has intensified.	JFTC revises the "Shosha's Corporate Code of Conduct"(March). The Related Acts to Promote Work Style Reform is enacted (June). TPP11 enters into force (December).		NAKAMURA Kuniharu (2018.5-2020.5)
2019	Hong Kong protests to intensify. G20 Osaka Summit	Japan-EU EPA enters into force (February). Japan raises consumption tax to 10%.		



	The World	Japan	Business Cycle	JFTC Chairman
2020	UK leaves EU (January). WHO declares COVID-19 a pandemic (March).	The Japan-United States Trade Agreement and Japan-United States Digital Trade Agreement are enacted (January).		
2021	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		KOBAYASHI Ken (2020.5-2022.5)
2022	Russia invades Ukraine.	RCEP issued (January). Economic Security Promotion Bill passed (May).		KOKUBU FUMIYA (2022.5-)

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