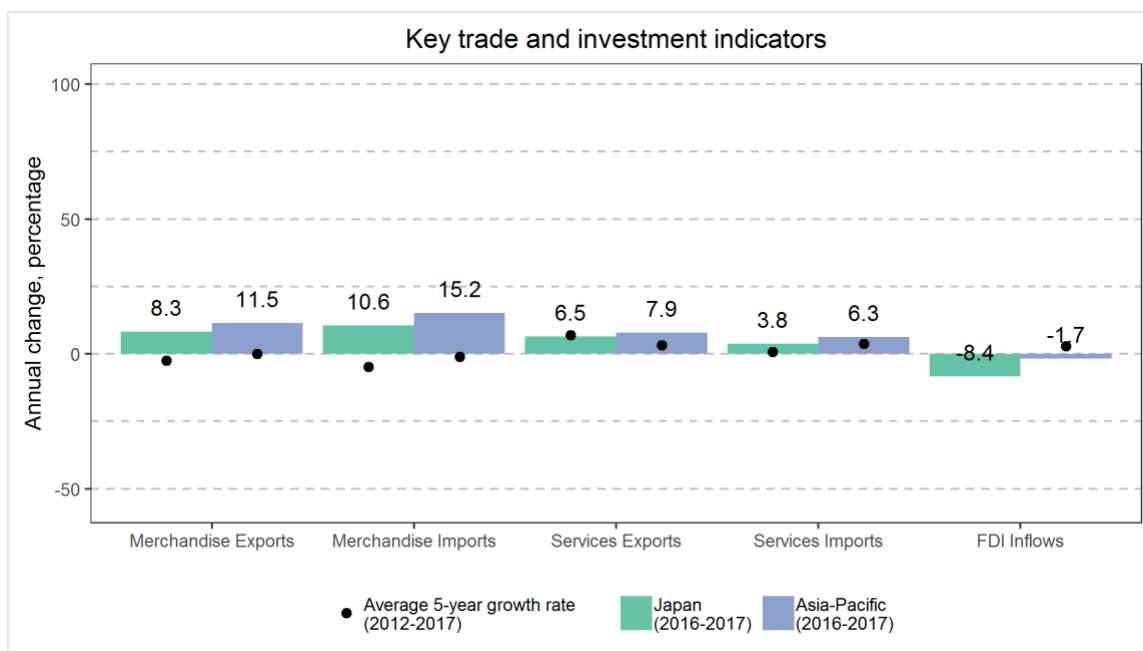




## Asia-Pacific Trade Briefs: Japan



### Merchandise Trade

Japan has a trade-to-GDP ratio of 35.69%. Merchandise trade accounted for 78.8% of Japan's total trade in 2017. Japan's merchandise exports declined by 2.5% on average during 2012-2017, lower than the Asia-Pacific average of 0% during the same time period. In 2017, Japan's merchandise exports grew by 8.3%, while in the Asia-Pacific region they increased by 11.5% in the same year. Meanwhile, Japan's merchandise imports decreased by 4.8% on average during 2012-2017, and recorded an increase of 10.6% between 2016 and 2017.

### Services Trade

In 2017, Japan's commercial services' shares of total exports and imports were 20.5% and 22%, respectively. Commercial services exports grew by 6.9% on average during 2012-2017, higher than the Asia-Pacific average of 3.2% during the same time period. In 2017, Japan's commercial services exports grew by 6.5%, while in Asia-Pacific region they increased by 7.9%. Meanwhile, Japan's commercial services imports increased by 0.7% on average during the 2012-2017 period, recording a growth rate of 3.8% from 2016 to 2017.

### Foreign Direct Investment (FDI)

Japan recorded an average annual FDI inflows growth of 100.5% from 2012 to 2017, larger than the Asia and the Pacific's 2.9% average annual FDI inflow growth. At the same time, Japan experienced a decline in FDI inflows by 8.4% in 2017. In terms of FDI outflows, Japan had an average annual FDI outflows growth of 6.2% in the last five years, larger than the Asia and the Pacific's 3.5% average annual FDI outflow growth. In 2017, Japan experienced an increase in FDI outflows by 10.5%.



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## Top Trade Partners

In 2017, the largest trade partner of Japan was China, representing 19% of its exports and 24.5% of its imports. 19.4% of Japan's exports and 11% of Japan's imports by value were traded with United States, its second largest trade partner. Other significant trade partners were Republic of Korea, Taiwan, China, Australia, Thailand, Germany, Hong Kong, China, Viet Nam, and Indonesia.

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## Top Traded Products

The largest product category exported by Japan in 2017 was "Motor cars and other motor vehicles; principally designed for the transport of persons (other than those of heading no. 8702), including station wagons and racing cars" (8703), with an export share of 13.4% of total exports, followed by the second most exported product category, "Commodities not specified according to kind" (9999), which accounted for 6.3% of Japan's total exports. In terms of imports, "Petroleum oils and oils obtained from bituminous minerals; crude" (2709) represented 9.5% of total imports, standing out the top imported product category. Meanwhile, "Petroleum gases and other gaseous hydrocarbons" (2711) had a share of 6.3%, the second largest imported product category in Japan in 2017.

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## Tariffs

In 2017, average MFN applied and effectively applied tariffs in Japan were 3.07% and 2.32%, respectively - lower than the averages for the Asia-Pacific economies of 7.46% and 6.91%, respectively. Average MFN bound tariff rate of 3% was lower than the Asia-Pacific average of 26.35%. Japan is a founding member of the WTO. Currently, 99.64% of Japan's tariff lines are bound.

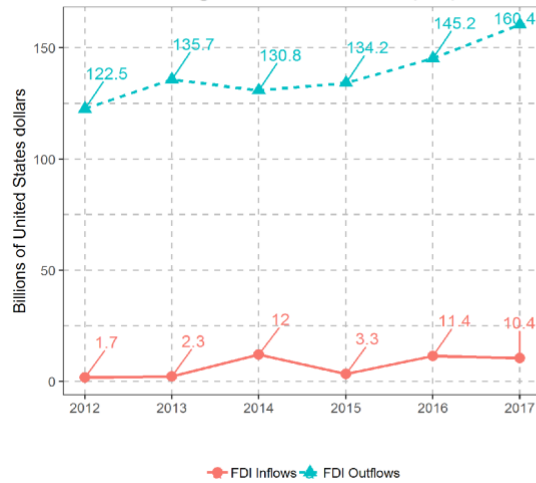
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## Trade Costs

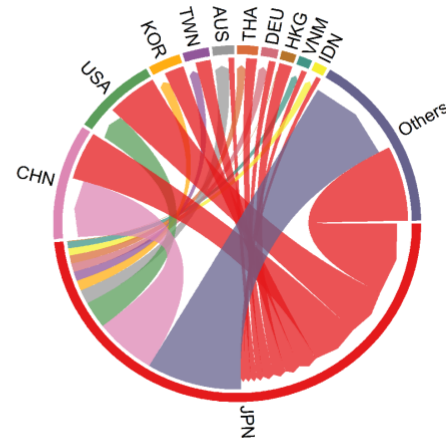
Japan's average trade costs with major trading economies in the region, are presented in the graph below. Trade costs in Japan remained higher compared with the most efficient traders in Asia and the Pacific.



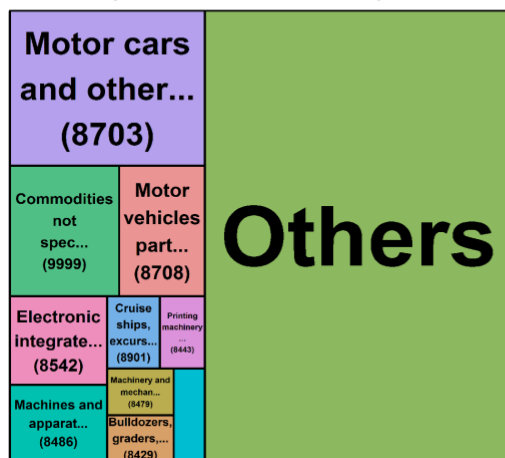
Foreign Direct Investment (FDI)



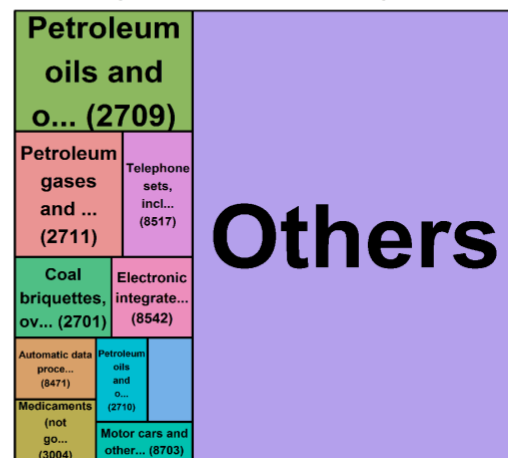
Top 10 trade partners, 2017



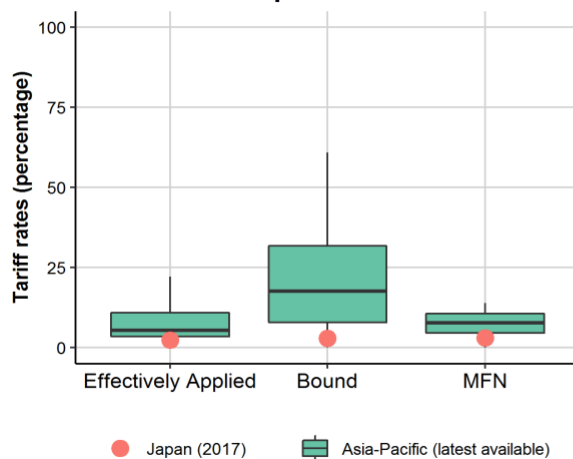
Top merchandise exports



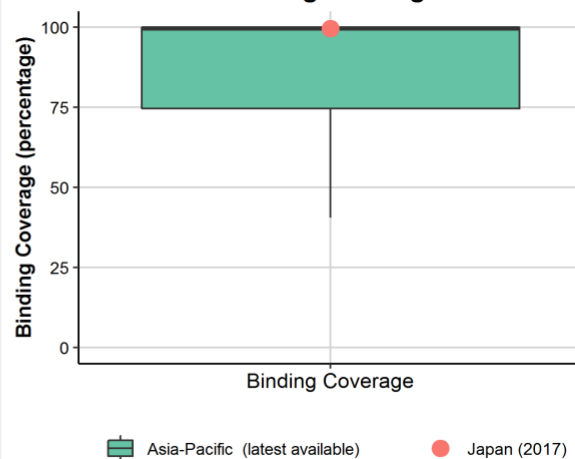
Top merchandise imports

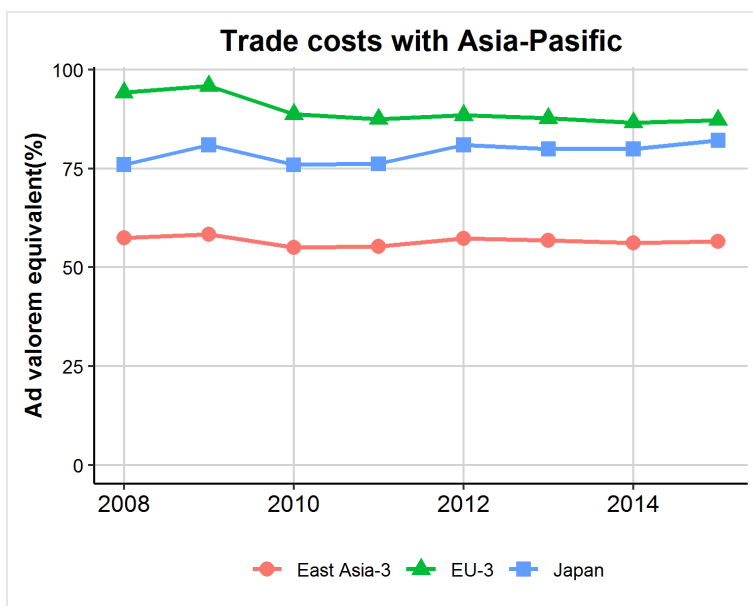


Import Tariffs



Binding coverage





## Trade Agreements

Japan has 15 trade agreements in force, 1 signed agreements pending ratification, and 6 trade agreements under negotiation. Of the economy's total exports, 21.5% are directed to its trade agreement partners, while 25.2% of its total imports come from trade agreement partners.

Title	Status	Year in force	Share of total exports (%)	Share of total imports (%)
Japan-Singapore	in force	2002	3.24	1.27
Japan-Mexico	in force	2005	1.61	0.86
Japan-Malaysia	in force	2006	1.83	2.87
Japan-Chile	in force	2007	0.25	0.95
Japan-Thailand	in force	2007	4.22	3.39
ASEAN-Japan	in force	2008	15.17	15.30
Brunei Darussalam-Japan	in force	2008	0.01	0.25
Indonesia-Japan	in force	2008	1.92	2.95
Japan-Philippines	in force	2008	1.59	1.45
Japan-Switzerland	in force	2009	0.73	1.16
Japan-Viet Nam	in force	2009	2.16	2.76
India-Japan	in force	2011	1.27	0.80
Japan-Peru	in force	2012	0.11	0.30
Australia-Japan	in force	2015	2.29	5.81
Japan-Mongolia	in force	2016	0.05	0.01
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	signed	NA	13.24	17.06



Title	Status	Year in force	Share of total exports (%)	Share of total imports (%)
Japan-European Union (EU)	Signed and Pending Ratification	NA	11.07	11.63
China-Japan-Republic of Korea	under neg.	NA	26.66	28.68
Japan-Canada	under neg.	NA	1.37	1.63
Japan-Colombia	under neg.	NA	0.14	0.13
Japan-Republic of Korea	under neg.	NA	7.64	4.19
Japan-Turkey	under neg.	NA	0.45	0.09
Regional Comprehensive Economic Partnership (RCEP)	under neg.	NA	45.74	50.95

*Sources:* Total commercial services and merchandise trade data were accessed from the WTO statistics website. Bilateral trade data accessed through IMF Direction of Trade Statistics. Product-level data accessed through UN Comtrade database. Tariff data were accessed through the World Bank's WITS and WTO tariff databases. FDI data were accessed through UNCTAD statistics portal. Trade-to-GDP ratio was calculated by summing commercial and merchandise exports and imports and dividing the sum by the latest GDP (current United States dollars), retrieved from the World Bank World Development indicators database. Trade costs data were based on the ESCAP-World Bank trade cost database.

*Note:* Data are based on economies for which data available only. For regional aggregates, latest data was used in lieu of latest missing values. Merchandise trade data follow the latest HS classification. Products are defined at the 4-digit level. Tariffs are simple average. Trade costs shown are tariff equivalents, calculated as trade-weighted average trade costs of economies with found developing economies in the region (China, India, Indonesia and Russian Federation), where data was available. Trade costs for East Asia-3 comprises China, Japan and the Republic of Korea; trade costs for European Union-3 comprises Germany, France and the United Kingdom.

*Definitions:* MFN bound tariff is the maximum most-favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied to imports among WTO members. The effectively applied rate is the ratio of collected import tariff revenue and value of imports. Binding coverage refers to the share of bound tariff lines in the total number of tariff lines. For more details contact [escap-tiid@un.org](mailto:escap-tiid@un.org).