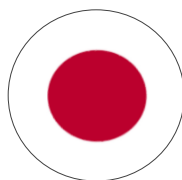


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### Country Profile

#### Latest Economic data 2021

Population: 125.51 Million  
GDP/Growth: 4937.4 Bn USD / +2.4%  
GDP per Capita: 39340 USD (Rank:26)

#### Market Size in TEU 2021 – approx. 18 Mio TEU per year import & export

Key Ports:

- TOKYO
- YOKOHAMA
- NAGOYA
- OSAKA
- KOBE

#### OceanX Local Member

- Sankyo Corporation,  
Satashi Nagashima <s.nagashima@sankyo-corporation.com>  
[www.sankyo-corporation.com](http://www.sankyo-corporation.com)

### Market Situation

While economic data so far has been rather positive in regards to Japan, with positive GDP levels in 2022, despite still lower inflation levels, after decades of Stagflation and now the pandemic, the situation on the ground and in terms of shipping is less positive. Also here the transportation market benefitted during the pandemic years from increased demand in goods trade and reduced consumption of services.

The country itself maintains tight border control measures due to the pandemic and continues limiting the amount of people entering the country. Even though the quota was again increased effective Sep 7<sup>th</sup> and regulations for testing and quarantine eased, the once strong tourism sector is suffering. While accounting for 7.5% of GDP in 2019, the beautiful but empty luxury boutiques across Tokyo are certainly not a beautiful sight. In particular, the Chinese travellers amounted, that accounted for almost 10 million tourists the year before Covid and accounting for 1/3 of the almost 5 trillion JPY traveller spend.

The Japanese Yen is facing record lows against the USD and other major currencies at the moment, what is a pleasure for tourists (that can't come in) and some of the export industries, however is a burden on many imports be it raw materials or semi-finished products.

### Meeting Notes

#### OceanX Ambassador – Alfred Cheung

Great seeing Alfred again, as the man just remains an inspiration and source of learning. Having come to Japan first in 1973 on a stipendium as a student from HKG and later having

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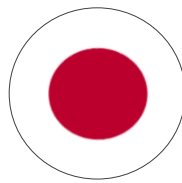
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run and consulted several shipping lines and logistics companies in the country, he has a very wide experience in our sector and this market. Being held back from his usually quite heavy travelling between China, Hongkong, Japan and the world, he focused on his watch repairs, painting (I got a beautiful one for the office) and online teaching/events to keep the mind sharp. Looking forward to have him at our Munich stand at transport logistics again next year.

### **Oceanlinks – Masahiro Ogawa**

Nice catch with an old partner of mine and fine Japanese consolidator, headquartered in Osaka. Masa-san still looking like a pop star and seemingly not aging at all. Oceanlinks continues to do well and a few introductions have been made to members in markets that they are looking into opening direct services to. The group owner Kita-san has increased his activities in the trading sector, especially in terms of fresh produce imports into Japan and there are certainly opportunities for some of our members with perishable shippers for certain commodities.

### **CMA CGM – Erik Meltzer**

Very nice evening with Erik Meltzer, has is commercial head of the French carrier in Japan since 7 years now, having joined CMA CGM in 2012, shortly before I was leaving. We know each other back from the days when he was heading sales at OOCL France, what is almost 20 years by now. A few interesting discussions on where the market is heading (down of course), how customers start turning around the table now and thus how important it is not having been too rough on your clients during the upcycle. Exchanged some thoughts on where the various carrier investments outside of shipping might lead to (my tip remains = loss of focus is dangerous in a core business like ours). And of course a great night to learn more about the particularities of shipping and forwarding in Japan and the very different cultural dimension in people's interactions.

### **Sankyo Corporation – Fujiki-san, Nagashima san, Furukawa san, Ito san**

Had the pleasure to spend an exciting day with the team of our member Sankyo. Sankyo Corporation forms part of the Fujiki group, who's home is in the port of Yokohama, where the group has grown from a stevedoring company into a large logistics enterprise with a multitude of activities. Many of their traditional, waterside warehouses that originally served conventional cargo vessels, today serve to handle raw material imports from rubber to alloy or have been converted to handle packing and stuffing of high-tech machinery in all sizes or vehicles for RoRo loading. Sankyo Corporation itself comprises more than 1,000 employees, also providing labour resources for various of the terminal operators in Yokohama and joint ventures related to the group.

The NVOCC division which is the main department interacting with the network, is based in Tokyo and it was great to update the team on current progress of the network, learn about their cooperation with quite a wide range of our members and discuss further markets for development.

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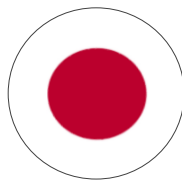
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### **Economic Outlook (Source: European Commission Summer 2021 forecast)**

In 2020 Japan was the number 3 economy in the world in terms of GDP (current US\$), the number 4 in total exports, the number 5 in total imports, the number 25 economy in terms of GDP per capita (current US\$) and the number 1 most complex economy according to the Economic Complexity Index (ECI).

#### EXPORTS

The top exports of Japan are Cars (\$83.1B), Integrated Circuits (\$31.3B), Motor vehicles; parts and accessories (8701 to 8705) (\$28B), Machinery Having Individual Functions (\$19.9B), and Photo Lab Equipment (\$12.1B), exporting mostly to China (\$133B), United States (\$112B), South Korea (\$42.9B), Chinese Taipei (\$42.7B), and Hong Kong (\$27.2B).

In 2020, Japan was the world's biggest exporter of Machinery Having Individual Functions (\$19.9B), Large Construction Vehicles (\$8.24B), Hot-Rolled Iron (\$6.72B), Electrical Capacitors (\$6.7B), and Disc Chemicals for Electronics (\$4.23B)

#### IMPORTS

The top imports of Japan are Crude Petroleum (\$38.4B), Petroleum Gas (\$31.4B), Integrated Circuits (\$17.7B), Broadcasting Equipment (\$17.5B), and Computers (\$14.5B), importing mostly from China (\$151B), United States (\$63.1B), Australia (\$31.8B), South Korea (\$25.1B), and Chinese Taipei (\$24.3B).

In 2020, Japan was the world's biggest importer of Other Prepared Meat (\$3.09B), Processed Tobacco (\$2.16B), Fuel Wood (\$1.72B), Nickel Mattes (\$1.46B), and Forage Crops (\$763M)

#### GROWTH

In June 2022, the increase in Japan's year-by-year exports was explained primarily by an increase in exports to China (¥336B or 37.5%), Taiwan (¥73.9B or 21.7%), and South Korea (¥57.7B or 15.5%), and product exports increase in Machines and apparatus of a kind... (¥78.8B or 50.4%), Commodities not elsewhere specified (¥56.9B or 17.8%), and Beauty Products (¥20.4B or 71.2%). In June 2022, the increase in Japan's year-by-year imports was explained primarily by an increase in imports from Ireland (¥20B or 33.1%), South Africa (¥10.6B or 21%), and Canada (¥9.51B or 10.6%), and product imports increase in Telephones (¥120B or 53.3%), Computers (¥52.8B or 30.3%), and Cars (¥39.2B or 37.6%).

It remains important to note, that while trade value, for example with main trading partner China, increased, the actual container volumes especially on the export side, saw a decline over the past months:

“Container exports from Japan to China decreased 8% to 759,447 tons in June due to declines in major commodities, according to the Japan Maritime Center (JMC). It was the fourth consecutive month of a year-on-year contraction. In terms of value, in contrast, they

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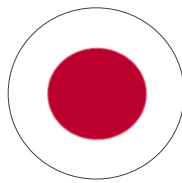
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improved 2.4% to \871.5 billion (US\$6.4 billion), enjoying a year-on-year increase for five months running.

Imports from China to Japan, meanwhile, hiked 9% to 2,034,691 tons, swelling from a year earlier for two back-to-back months, the JMC says in reference to trade statistics compiled by the Ministry of Finance (MOF). On a value scale, they surged 37.4% to \1.585 trillion (\$11.55 billion) thanks to the depreciation of the Japanese yen, registering year-on-year growth for two straight months.

In the first half (January-June), exports amounted to 4,337,000 tons in volume, up 8.1%, and \4.761 trillion (\$34.7 billion), up 3.9%. Imports weighed 10,841,000 tons, up 0.7%, and were valued at \7.96 trillion (\$58.01 trillion), up 19.5%.

Trade with South Korea, Japan's second largest trading partner in Asia increased only mildly during first half or the year: "A total of 1,443,044 TEUs of containers were carried between South Korea and Japan in the first half of this year (January-June), which increased a mild 1.6% from a year earlier, according to the Korea Nearseas Freight Conference (KNFC). Shipments moved locally between the countries accounted for 890,605 TEUs, down 0.4%. Exports from South Korea amounted to 499,753 TEUs, while imports from Japan swelled 1.9% to 390,852 TEUs. Containers moved in feeder services jumped a notable 21.4% to 185,953 TEUs, contributing to lifting overall throughput. In contrast, transshipment (T/S) containers to and from third countries and regions shrank 9.4% to 366,486 TEUs."

### Port Infrastructure

#### Major ports in Japan



### Port Volumes in 2021 were up 3% in 2021

Sixty-four international container ports in Japan handled 17,914,664 TEUs of export and import loaded and empty containers in total last year, up 3% from the previous year, the Harbor Modernization Promotion Committee announced last week. Exports of loaded

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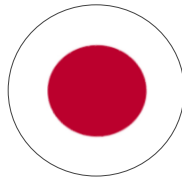
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containers accounted for 5,544,235 TEUs, up 6.5%, and imports, 8,527,952 TEUs, up 3.3%. They both came back to mark year-on-year improvements from decreases in 2020 due to the escalation of the coronavirus pandemic.

The Big Five (Tokyo, Yokohama, Nagoya, Osaka and Kobe) were responsible for 13,703,360 TEUs, up 4.8%, and the seven semi-major ports (Shimizu, Yokkaichi, Kitakyushu, Chiba, Kawasaki, Shimonoseki and Hakata), 2,091,834 TEUs, down 0.5% for a total of 15,795,200 TEUs, up 4.1%. Combined throughput at the remaining 52 (local ports) was 2,119,464 TEUs, down 4.6%. As these figures show, growth at the five major ports contributed to lifting the total.

### **IMF Assessment in April 2022**

The Japanese economy is recovering from the pandemic amid strong policy support and high vaccination levels. Japan had much lower rates of COVID-related infections and deaths than most advanced economies, including due to containment measures. Following a contraction of 4.5 percent in 2020, real GDP growth is estimated to have grown by 1.6 percent in 2021. Reflecting high energy prices, inflation has risen gradually during 2021 but remains well below the 2 percent inflation target. The current account surplus was 2.9 percent of GDP in 2021, and, on a preliminary basis, the external position is assessed as broadly in line with medium-term fundamentals and desirable policies. Business bankruptcies and non-performing loans are at historical lows due to strong fiscal and monetary support as well as liquidity and credit supply facilitated by regulatory easing measures. The banking system remains well-capitalized and liquid, and near-term vulnerabilities are contained.

GDP growth is projected at 2.4 percent in 2022 amid continued strong policy support, the high vaccination rate, and easing global supply constraints. Consumption will lead the recovery, with pent-up demand being unwound. As pandemic-related uncertainty and supply constraints subside, investment is seen to bounce back. The pace of recovery for domestic demand will be slowed by higher commodity prices and elevated uncertainty related to the Ukraine conflict. External demand will also be affected by the geopolitical tensions, mainly due to an expected slowdown in Europe. Inflation is expected to pick up, spurred by higher import prices and stronger domestic demand, with headline CPI inflation projected at 1.0 percent in 2022. An ageing and declining population will continue to weigh in the medium to long term.

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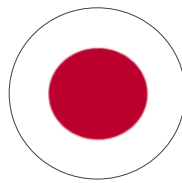




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## Impressions from Yokohama Port Visit & Some of Fujiki Groups Facilities



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