

## JFTC News

### Contents

● New Year's Address	P.1
● New Year's Reception	P.3
● Awards JFTC Essay Competition 2009	P.3
● "Japan's Food Strategy and Shosha" A Report of JFTC Special Research Committee	P.5
● First Japan-Arab Economic Forum	P.6
● FY2010 Outlook for Japan's Trade Balance and Current Account	P.8
● Meeting with the Ambassador of the State of Kuwait to Japan	P.10
● Financial Results of Shoshas for the Six Months ended September 30, 2009	P.11

#### Japan Foreign Trade Council, Inc.

World Trade Center Bldg. 6th Floor,  
4-1, Hamamatsu-cho 2-chome,  
Minato-ku, Tokyo 105-6106, Japan  
Tel. (03)3435-5966 Fax.(03)3435-5979  
URL. <http://www.jftc.or.jp/>

## New Year's Address

### Nobuo Katsumata

**Chairman, Japan Foreign Trade Council, Inc.**  
**Chairman, member of the Board, Marubeni Corporation**

First, I would like to wish everyone a happy new year as we enter 2010.



The global economy suffered a sudden slump for two quarters from the autumn of 2008, when an unprecedented financial crisis emerged following the collapse of Lehman Brothers. As the proactive fiscal and monetary policies implemented by many countries proved effective, share prices and commodity market conditions turned upward from around last spring, and the real economy began moving toward a recovery.

While there are various opinions regarding the course of the world economy in 2010, there is no doubt that there will be a shift from last year's negative growth to positive, and that overall growth will be led by emerging countries such as China and India. On the other hand, while business conditions have bottomed out, they still remain at a low level, and there is a strong possibility that we may not be able to enjoy a full sense of recovery.

What is more, it will be necessary to overcome the following three risks to put the economy on a steady growth path.

The first is that financial unrest might recur. The basis for the so-called once-in-a-century crisis was that the blow delivered to the financial sector, which is the lifeblood of capital markets, caused liquidity to dry up and the credit-creation function to stop. While the market is presently regaining a sense of stability, items that could potentially trigger new disruption include the emergence of non-performing loans in U.S. commercial real estate and a resurgence in credit fears over Dubai and other fragile emerging economies.

The second is that the shift to growth led by private-sector demand might not proceed smoothly. As fiscal policy effects gradually contract, we cannot just keep relying on government-generated demand. Unless the employment environment improves and deflationary trends show some signs of reversal before government-led demand diminishes, consumption will become depressed and firms will inevitably take a cautious stance toward capital investment.

The third is the risk of balance sheet corrections. Adjustments to production facilities and real estate, as well as government and private-sector debt amassed during prosperous times are not completely finished yet. The depth of the current recession lies in the difficulty of reducing these

excessive assets and debts, while warding off negative effects on business activity.

Then what direction should Japan pursue under such conditions?

In recent years, countries across the world have been expanding their investment in such fields as photovoltaic and solar thermal power, electric vehicles, secondary batteries, smart grids (next-generation electricity transmission networks), and nuclear power. As an effective means to break free from the current economic crisis, many countries have explicitly set up national strategies of fostering the development of such industries.

Japan should also make full use of our technological edge and further expand efforts in the environmental and energy fields. For example, Japanese firms are developing special thin-film membranes as filters for effective seawater desalination and wastewater purification. Collaboration among firms in different industries is expanding, such as automobile and battery manufacturers working together on the development of lithium-ion batteries. Those initiatives are expected to boost domestic demand through increased capital investment and contribute to economic growth.

Nevertheless, as demographic aging steadily accelerates due to the low birth rate, it will not be easy to fill the domestic supply-demand gap with domestic demand alone. One approach to supplement this is to incorporate the vitality of Asia's dynamic growth. To those ends, it is extremely important for Japan to help upgrade and expand electric power, ports and harbors, roads, railways, water treatment and other infrastructure and promote industry in Asia through economic cooperation and other means. This will further expand the production capacity of Asia, and facilitate Japanese exports of competitive and technologically advanced capital goods as well as key components. And the resulting benefits will go far beyond this. The improvements in infrastructure will create many small and medium size enterprises

and spawn a new middle class in Asia, which will accumulate substantial wealth. The opportunities for an expanded inflow of funds from Asian countries will dramatically increase. They may put their money in Japan's financial market, for example, in stocks, or may invest in mid-sized Japanese firms with promising technologies. Many middle-class people in Asia may visit Japan as tourists, and an influx of excellent knowledge workers from Asian countries would greatly contribute to boosting Japan's technological capabilities. Looking forward to the future realization of the "Asian Community" concept, we must move ahead with building up win-win relations whereby the development of Asia will ultimately be in Japan's best interest too.

Ever since the opening of Japan in the early Meiji era, Japan has developed itself while strengthening ties with the countries of the world. The nation's path has always been determined with an awareness of how Japan should act in the global context. The Japan Foreign Trade Council (JFTC) conceived "Building the Future, Connecting the World" as its slogan, because we aim to help Japan become a "new trading nation" based on the exchange and interaction of people, goods, money and information with other countries. Amid the advance of globalization and the major changes in the socioeconomic framework, the JFTC, we believe, is expected to contribute to the revitalization of the Japanese economy and the sound development of the global economy to open the route to a certain future.

Japan's Shosha (trading companies) have always reinvented ourselves to meet the changes and challenges of the times. We should not fear change, because change itself creates opportunity. In that sense, 2010 will be a year of growing domestic and overseas expectations toward the Shosha, which have worldwide business operations with their established global networks. We, the Shosha, must apply ourselves and work diligently to meet those heightened expectations.

## New Year's Reception

On Friday, January 8, 2010, the JFTC hosted a New Year's Reception in the Ho-oh Room of the New Otani Hotel. Approximately 470 people attended, including Diet members and government officials, ambassadors from various countries, representatives of chambers of commerce and industry based in Japan, and leading figures active in the realms of business and trade.

The reception opened with greetings from Chairman Nobuo Katsumata, followed by remarks on behalf of the guests presented by Parliamentary Secretary for Economy, Trade and Industry Yosuke Kondo. This was followed by the introduction of award recipients of the JFTC Essay Competition 2009, and by a toast given by JETRO Chairman and CEO Yasuo Hayashi. With the venue filled with pleasant conversation, the reception was brought to a successful conclusion.



From left to right Chairman Katsumata; Vice Chairmen Kobayashi, Kato, Kase, Kojima, Shimizu, Iijima



Scene of the Reception

## Awards JFTC Essay Competition 2009

The JFTC sponsors of the "JFTC Essay Competition 2009" are very pleased to announce that we received a total of 146 submissions from 32 different nationalities for the competition this year.

After a strict screening of all the essays, the three essays below have been selected as the winners of the competition in 2009.

We would like to express our congratulations to the winners and thank all participants for taking part.

### Selection Committee:

Chair : Dr. Iwao Nakatani, Director of Research, Mitsubishi UFJ Research and Consulting Co., Ltd. and Professor, Dean, Renaissance Center, Tama University

Vice Chair : Professor Yoko Wake, Faculty of Business and Commerce, Keio University

Mr. Kazuo Mori, Senior and Editorial Writer, NIKKEI INC.

### Grand Prize of 1,000,000 yen

• *"The Correction of Global Capitalism and Japan's Mission – Toward Overcoming the Two Crises Caused by the Economic Crisis"*

Mr. Kiyoshi MIURA (Japan, age 30)

### Prizes for Excellence of 200,000 yen

• *"Restoring Stakeholder Trust – Lessons from Japan's Consensus Capitalism"*

Mr. Michal OLEWNIK (Poland, age 31)

• *"A Prescription for Global Capitalism – Can Japan Revive Economic Chivalry?"*

Mr. Hajime MOTEGI (Japan, age 37)

### Remarks by Selection Committee Chair

For the JFTC Essay Competition 2009, we received a total of 146 essays from all over the world. As a result of rigorous examinations, we have chosen one essay to receive the Grand Prize

and two essays to receive the Prize for Excellence. The highly international character of this competition was clear again this year, with 64 percent of the essays submitted in English. Moreover, the judges shared the impression that the quality of the submitted papers is improving year by year. The judges welcome this development, and have high expectations for future that this trend will continue.

The theme of this year's competition was "How Should Global Capitalism be Corrected – Japan's Role and Mission." Many of the essays expressed concerns about the future of the global capitalism because there is an apparent decline of ethical and moral standard which is a basis of a sound capitalist economy. It is also pointed out by many authors that the Japanese economic system is characterized as putting more value on mutual trust and long-term business relations, which could make up for the shortcomings of the Anglo-Saxon styled capitalism.

Many of those essays have developed very interesting arguments, and all of the Selection Committee members enjoyed a great deal reading them.

The Grand Prize was awarded to the following essay.

### Kiyoshi Miura

*"The Correction of Global Capitalism and Japan's Mission – Toward Overcoming the Two Crises Caused by the Economic Crises"*

This essay suggests two basic problems of the present-day capitalism. One is "a loss of the sense of safety and security in society caused by the recent development of globalization". Another is "the drastic shift within the world economy towards the newly industrializing economies and the emergence of the idea of state capitalism". Miura develops a restrained yet persuasive argument for solving these problems emphasizing the role of Japan. He suggests that "Japan should continue structural reforms that they themselves see as necessary, and present an attractive model of capitalism to the rest of the world".

The Prize for Excellence was awarded to the following two essays.

### 1. Michal Olewnik

*"Restoring Stakeholder Trust – Lessons from Japan's Consensus Capitalism"*

Olewnik holds that the experience of Japanese capitalism, for example, in emphasizing altruistic aspects and long-term commitments, can be useful for restoring Anglo-Saxon based global financial capitalism. Olewnik is an exchange student from Poland. His essay shows abundant knowledge regarding Japan and an exceptionally high level of intellect.

### 2. Hajime Motegi

*"A Prescription for Global Capitalism – Can Japan Revive Economic Chivalry?"*

Motegi notes the importance of public spirit, as in the "economic chivalry" advocated by Alfred Marshall and the "noble spirit in business" of Eiichi Shibusawa, as a prescription for rectifying global capitalism, and discusses its possibilities. He reaches the very interesting conclusion that the key to reviving global capitalism lies not in "institutionalized economics" but in changing consciousness of all the market participants.

Iwao NAKATANI

Chair, Selection Committee  
JFTC Essay Competition 2009



JFTC Essay Competition 2009 Awards Ceremony  
From left to right: Selection Committee Chair Iwao Nakatani; Prize recipients Kiyoshi Miura, Michal Olewnik and Hajime Motegi; and JFTC Chairman Katsumata

## “Japan's Food Strategy and Shosha” A Report of JFTC Special Research Committee

The JFTC has, since 1974, set up special research committees to investigate themes considered significant for the changing age and society. The outcomes of the research are released to the public in a research report. The research committees are chaired by an academic or other specialist and composed of representatives of JFTC member Japanese trading companies (*Shosha*) who make important contributions to the research and discussions.

The theme of the special research committee for fiscal 2008 was food security. Research spanned more than a year and sought to identify the causes of rising food prices. Topics investigated included unseasonable weather growing demand from emerging economies, increasing influence of private fund money in commodity markets, and expanding demand from crop-intensive bio-energies. An outline of the final results of the fiscal 2008 research follows.

※ ※ ※

Given Japan's heavy dependence on overseas for much of its food, it is indispensable that a structure be established to ensure a stable supply of food resources. On the other hand the present environment for Japanese agriculture can only be described as very harsh. In addition, there is growing distrust as to food reliability and safety and about what is declared with regard to where food is produced and its quality.



“Japan's Food Strategy and Shosha”  
in Japanese

Given these times and circumstances, the JFTC established a special research committee

composed of representatives of the research and business divisions of nine *Shosha* (Itochu Corporation, Iwatani Corporation, Kanematsu Corporation, Sumitomo Corporation, Sojitz Corporation, Toyota Tsusho Corporation, Marubeni Corporation, Mitsui & Co., Mitsubishi Corporation) and chaired by Tetsuhide Mikamo, Deputy Director of the Marubeni Research Institute. With Hiroyuki Kawashima, Associate Professor of the University of Tokyo Graduate School of Agricultural and Life Sciences, as principal investigator, the research committee has met more than ten times since June 2008 to discuss matters such as the state of global food supplies, Japan's food strategy, and the functions and roles of *Shosha*. The research committee has held sessions for having evidence from outside experts and other knowledgeable people as well as business practitioners engaged in business at *Shosha* offices, and has made on-site inspections of farming establishments in Japan. The research committee recently compiled its findings into a report entitled *Nihon no shokuryo senryaku to Shosha* [Japan's Food Strategy and Shosha], and in September 2009 the report was published in Japanese by Toyo Keizai, Inc. To mark its publication, on October 6 the JFTC held a symposium at the Keidanren Kaikan attended by more than 200 participants.

### Main Points of the Report

#### 1. The relationship between Shosha and stable food supply

- With regard to the ability to procure food, an important point is that Japan's economic strength



Symposium at the Keidanren Kaikan

equates with purchasing power, including aspects such as income and the yen exchange rate.

- The function expected of Shosha is that of providing Japan efficiently and stably with reliable and safe food. The foundation of future food supplies will comprise not only the United States; South American and Asian countries are also promising sources, and Japan should bring these countries into a cooperative network.
- Shosha are required to support the development of sales of Japanese foods overseas.

## 2. Food strategy and the role of Shosha

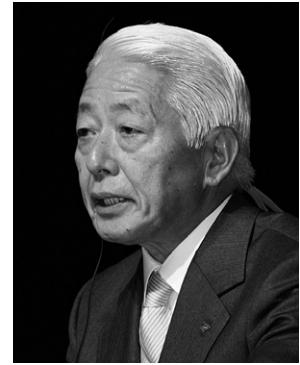
- In order to secure food from overseas, Shosha apply themselves diligently in the spheres of procurement, goods distribution, and sales. Specifically, this entails the construction of series of value chains involving procurement of grain from major producers and cargo-collection entities (in some cases Shosha acquiring cargo-collection facilities and themselves assuming the role of cargo-collection companies), conducting large-scale and efficient transportation by means of time charters, and making business investments in entities such as manufacturers and retailers.
- In addition, as part of making vigorous efforts to ensure reliable and safe food, Shosha must not only focus on the securing of quantity but also be vigilant with regard to quality.

## First Japan-Arab Economic Forum

On December 6, Japan and the League of Arab States, which is composed of 21 countries and one organization in the Middle East and North Africa, established the Japan-Arab Economic Forum for the purpose of strengthening their mutual economic relationship by means of cooperation in a broad range of fields, including trade, investment, energy, technology, and human-resource development. The first forum, comprised of a ministerial meeting on December 7 and a business seminar the following day, was held in Tokyo, and the JFTC participated

as one of the principal actors.

Note: The League of Arab States (or Arab League) is a regional cooperation organization formed with the objective of safeguarding the independence and sovereignty of its



JFTC Chairman  
Katsumata

member states by coordinating collaboration between them on economic, social, cultural, and other issues. It was established in 1945 and is headquartered in Cairo. Members (*listed in order of date of admission*): Egypt, Syria, Iraq, Jordan, Lebanon, Saudi Arabia, Yemen, Libya, Sudan, Morocco, Tunisia, Kuwait, Algeria, United Arab Emirates, Bahrain, Qatar, Oman, Mauritania, Somalia, Palestine Liberation Organization (PLO), Djibouti, Comoros.

The December 7 meeting was attended by Arab League Secretary-General Amr Moussa and some 300 officials up to ministerial rank from 20 Arab League members, including the PLO, while the Japanese side was led by Minister for Foreign Affairs Katsuya Okada and Minister of Economy, Trade and Industry Masayuki Naoshima and included some 900 senior executives from the economic and business sector. The number of delegates totaled more than 1,200.

Following sessions on the themes of “Human Relations” and “Energy, Water and Future,” there was a panel discussion moderated by Senior Vice Minister of Economy, Trade and Industry Teruhiko Mashiko on “Trade and Investment.” JFTC Chairman Nobuo Katsumata participated in the panel discussion, where he offered the following corporate perspective with regard to Arab industrial development.

Hitherto, the economic relationship between Arab countries and Japan and Japanese companies has been centered on trade in the

fields of resources and energy, but in recent years investment from Japan has increased, and in many countries there has been progressive industrial diversification. The further deepening of cooperative relations between Arab countries and Japan can be expected to broaden opportunities to foster industrial development and diversification.

When proceeding in this way, it will be important to take advantage of each other's strong points, for example by blending Japan's wealth of state-of-the-art technologies with the competitive business environment that exists in Arab countries. Important aspects that will enhance that business environment include ensuring the supply of competitive raw materials, the supply of human resources, the establishment of support systems for new businesses, and the dismantling of non-tariff barriers. By processing price-competitive raw materials and raising their value-added, it should be possible to manufacture products that are highly competitive globally, something that will lead to industrial development and job creation domestically.

A case symbolic of this is the Rabigh petroleum-refining and petrochemicals business operated by Saudi Aramco and the Japanese company Sumitomo Chemical. This is one of the world's largest petrochemical complexes using low-cost ethane gas as a raw material. Its products, backed by their enhanced high-value-added content and strong cost competitiveness, are sold not only in Arab (Middle Eastern and North African) and Asian markets but also in Europe. What is more, this could make a major contribution to the nurturing of future industries in the region, for example, industries producing automobiles that use products the complex produces.

In the area of water and power projects — fundamental components of a country's infrastructure — Japanese companies are participating actively as partners in the

production of long-term, stable supplies of electricity and water. Marubeni Corporation, for example, of which I am chairman, is engaged in numerous water and power projects, supplying the Rabigh petrochemical complex in Saudi Arabia referred to earlier, and operating in the UAE, Qatar, and Tunisia. These business activities are proceeding well, as we are working with reliable partners.

Meanwhile, plans for new and renewable energy are also being conceived for the purpose of promoting the use of nuclear and solar power and also wind power, so as to provide the electric power necessary for economic development. And with regard to oil and gas, the manufacture and export of higher-value-added products should help to spur industrial development domestically.

Japanese companies have powerful marketing capabilities with their global networks and advanced manufacturing expertise. In tandem with this, long-term low-interest-rate financing provided by the Japan Bank for International Cooperation (JBIC), a governmental financial institution, can give substantial momentum to the development of business activity. By pursuing vigorous collaboration and cooperation with Arab nations through these means we can, I believe, make a major contribution to the stimulation of industrial growth and economic development in the Arab region. And for this it may well be that Japan's



First Japan-Arab Economic Forum

experience gained from past involvement in Asian economic development will prove useful.

Japan also has advanced technologies and extensive experience in fields other than those I have mentioned, such as the environment, agriculture, education, water treatment and recycling, and railways. In view of this, there is considerable potential for new business in these fields, and they offer great promise for future cooperation.

For example, regarding the environmental sector, some cooperation in such areas as environmental conservation is being initiated through the dispatch of technicians from Japan and the deployment of Japanese environmental and energy-saving technologies.

With regard to agriculture, there is great potential for the use of state-of-the-art technologies for such purposes as the transformation of desert areas into agricultural land and the increase of yields in food production. In the sphere of education, we are already seeing European and U.S. universities setting up campuses in the Arab region. Having itself experienced how a high educational level leads to economic advancement, human resources development, and enhanced technical capabilities, Japan can also be expected to make a significant contribution in this sphere.

A prerequisite for the further deepening and broadening of the interchange between the Arab countries and Japan is the development of the business environment that undergirds it. Accordingly, I will take this opportunity to express my vehement wish that institutional development be expedited on a broader scale, including by the early settlement of the economic partnership agreement with the Gulf Cooperation Council (GCC) currently under negotiation and through investment pacts and tax treaties with individual countries.

## FY 2010 Outlook for Japan's Trade Balance and Current Account

### JFTC Trade Research Committee

The JFTC released on December 4th, 2009 the "FY 2010 Outlook for Japan's Trade Balance and Current Account". One of the most unique features of the JFTC Outlook is the methodology employed for the forecast. The Outlook was conducted by compiling trade forecast of major categories of commodities which were gathered and analyzed by hearing with industry specialists. The Trade Research Committee of the JFTC has been working on forecast of trade balance and current account since 1974. This is the 55th report in the series.

### Overview

#### 1. Outlook for Trade by Commodity (Customs-Cleared Basis)

- **FY 2009:** Imports and exports will increase from the second half after worst-ever downturn.

Total exports will decline by 19.9 percent in value terms from the previous fiscal year, to 57,017 billion yen, marking the worst decline since FY 1970. Export volume will decrease by 14.3 percent, a double-digit decline for the second year in succession, but from the second half there will be a recovery in exports of goods, such as chemical products, electrical equipment, and transportation equipment, in particular to China and other Asian countries. Principally as a result of the yen's appreciation, export prices will fall by 6.5 percent.

The value of total imports will decline by 26.8 percent from the previous fiscal year, to 52,643 billion yen, the second-largest decline since FY 1970 (the largest fall having been 30.6 percent in FY 1986). Shrinking domestic demand will lead to a 14.1 percent decrease in imports in volume terms, and import prices will drop by 14.8 percent due to the appreciation of the yen as well as major declines



in prices of crude oil, mineral resources, grain, and other primary commodities.

- **FY 2010:** FY 2010: Exports and imports will rise for the first time in three years, boosted by higher volume and higher prices, respectively.

Total exports are set to grow by 7.8 percent year-on-year in value terms, to 61,477 billion yen. Export volume will rise by 6.1 percent, staging an ongoing recovery from the FY 2009 second half. Buoyed by the recovery of the world economy, there will be growth in products of all types, except ships. Export prices will rise by 1.7 percent.

The value of total imports will reach 56,607 billion yen, up 7.5 percent year-on-year, and import prices will rise by 6.7 percent as a result of increases in prices of commodities, such as crude oil and mineral resources. Import volume will rise for the first time in three years, though the recovery in domestic demand will lack strength, increasing by just 0.8 percent.

## 2. Outlook for the Current Account

- **FY 2009:** FY 2009: The current account surplus will widen for the first time in two years, owing to lower crude-oil prices and the bottoming-out of exports.

## Summary Data

### 1. Customs-Cleared Trade

	FY 2008 Results		FY 2009 Forecast		FY 2010 Forecast	
	Billion yen	Year-on-year change (Rate)	Billion yen	Year-on-year change (Rate)	Billion yen	Year-on-year change (Rate)
Customs-Cleared Trade Balance	▲ 727	▲ 10,882	4,374	5,101	4,871	496
Exports	71,145	▲ 16.4%	57,017	▲ 19.9%	61,477	(7.8%)
Volume		▲ 14.3%		▲ 14.3%		6.1%
Value		▲ 3.4%		▲ 6.5%		1.7%
Imports	71,872	(▲ 4.1%)	52,643	(▲ 26.8%)	56,607	(7.5%)
Volume		▲ 5.7%		▲ 14.1%		0.8%
Value		0.5%		▲ 14.8%		6.7%

### 2. Current Account Balance

	FY 2008 Results		FY 2009 Forecast		FY 2010 Forecast	
	Billion yen	Year-on-year change (Rate)	Billion yen	Year-on-year change (Rate)	Billion yen	Year-on-year change (Rate)
Goods and Services Balance	▲ 888	▲ 9,978	3,464	4,352	4,002	538
Trade Balance	1,159	▲ 10,527	5,518	4,359	6,093	575
Exports	67,712	(▲ 16.3%)	54,266	(▲ 19.9%)	58,511	(7.8%)
Imports	66,553	(▲ 3.9%)	48,747	(▲ 26.8%)	52,418	(7.5%)
Service Balance	▲ 2,047	549	▲ 2,054	▲ 7	▲ 2,091	▲ 36
Income	14,553	▲ 2,201	13,010	▲ 1,544	13,782	772
Current Transfers	▲ 1,329	▲ 29	▲ 1,218	111	▲ 1,212	7
Current Account	12,336	▲ 12,208	15,256	2,919	16,573	1,317

### 3. Assumptions

	FY 2008 Results	FY 2009 Forecast	FY 2010 Forecast
Global Trade (CY)	2.7 %	▲ 12.1 %	2.7 %
Global Economy (Real growth rate/CY)	3.0 %	▲ 1.1 %	2.9 %
United States	0.4 %	▲ 2.7 %	1.6 %
Eurozone	0.7 %	▲ 4.1 %	0.3 %
Asia	6.7 %	4.9 %	6.8 %
Japanese Economy (Real growth rate/FY)	▲ 3.2 %	▲ 3.2 %	1.0 %

#### Notes

1. "Asia" is defined here, in accordance with IMF definitions, as 26 developing Asian economies plus the 4 NIEs, totaling 30 economies.
2. In addition to the assumptions above, the following assumptions are also factored in on the basis of developments in foreign exchange markets and the crude-oil market in mid-October: Yen/dollar exchange rate of 93 yen/US\$1 in FY 2009 and 93 yen/US\$1 in FY 2010; a CIF crude-oil price of US\$70/barrel in FY 2009 and US\$75/barrel in FY 2010.

The balance of trade in goods and services will move into surplus, enabling the current account surplus to widen to 15,256 billion yen, the first such increase in two years.

Owing primarily to a substantial decline in imports resulting from the lowering of crude-oil prices, the trade surplus will register a sharp year-on-year increase of 4,359 billion yen, to reach 5,518 billion yen. The deficit in the balance of trade in services will total 2,054 billion yen, with the transportation and travel balances showing little change and remaining at around year-earlier levels. In consequence, the balance of trade in goods and services will move into surplus for the first time in two years, reaching 3,464 billion yen. On the other hand, the surplus in the income account will decline for the second consecutive year, falls in overseas interest rates and the yen's strength causing it to decrease by 1,544 billion yen, to 13,010 billion yen.

- **FY 2010:** Buoyed by the recovery in exports, the current account surplus will widen for a second successive year.

The current account surplus will reach 16,573 billion yen, up by 1,317 billion yen year-on-year. Both exports and imports will show an upturn for the first time in three years, but export growth will outpace import growth, with the result that the trade surplus will increase to 6,093 billion yen and continue widening. The services deficit will increase to 2,091 billion yen, however, and factors such as a pause in the easing of crude-oil prices will cause the deficits in the travel and transportation balances to widen somewhat. As a result, the surplus in the balance of trade in goods and services will widen by only 538 billion yen, reaching 4,002 billion yen. The surplus on the income account will total 13,782 billion yen, up by 772 billion yen, owing to a rise in yen terms in income received, which will arise from factors such as increases in overseas interest rates.

## Meeting with the Ambassador of the State of Kuwait to Japan

His Excellency Mr. Abdul-Rahman Humood A.R. Al-Otaibi, Ambassador Extraordinary and Plenipotentiary of the State of Kuwait to Japan, paid a courtesy call to JFTC Chairman Nobuo Katsumata, on Tuesday, January 19th. The meeting was attended by other officials, including General Manager Masaaki Koyama of the International Affairs Group of the JFTC Secretariat.

At the meeting, they exchanged views on the further enhancement of relations between Kuwait and Japan in terms of trade and investment. Ambassador Al-Otaibi expressed his hope that more Japanese companies would participate in projects in Kuwait. Japan has long been Kuwait's principal export partner, and next year the two nations will celebrate the 50th anniversary of their diplomatic relations.



Left: His Excellency Mr. Abdul-Rahman Humood A.R. Al-Otaibi,  
Right: JFTC Chairman Katsumata

## Financial Results of Shoshas for the Six Months ended September 30, 2009

[Unit : Millions of Yen, Percentage changes from the previous year]

Consolidated Financial Results	ITOCHU CORPORATION		MARUBENI CORPORATION		MITSUBISHI CORPORATION		MITSUI & CO.,LTD.		SOJITZ CORPORATION		SUMITOMO CORPORATION		TOYOTA TSUSHO CORPORATION	
Total Assets	5,461,715	(0.3%)	4,626,435	(-15.9%)	10,585,145	(-15.9%)	8,294,974	(-14.6%)	2,265,263	(-17.3%)	6,730,841	(-4.1%)	2,070,474	(-21.8%)
Liabilities	4,262,229	(-0.5%)	3,863,478	(-17.0%)	7,530,745	(-19.7%)	5,989,622	(-20.0%)	1,868,280	(-16.6%)	5,181,508	(-6.8%)	494,752	(-75.2%)
Shareholders' Equity	202,241	(0.0%)	262,686	(0.0%)	202,940	(0.1%)	341,482	(0.5%)	160,339	(0.0%)	219,279	(0.0%)	64,936	(0.0%)
Total Shareholders' Equity	1,199,486	(2.8%)	762,957	(-9.4%)	3,054,400	(-4.9%)	2,305,352	(3.3%)	396,982	(-20.7%)	1,549,333	(6.2%)	617,696	(-5.7%)
Trading Transactions	4,801,978	(-25.3%)	3,701,240	(-37.1%)	8,071,905	(-38.8%)	5,355,872	(-40.3%)	1,886,398	(-35.1%)	3,783,612	(-37.8%)	2,279,694	(-41.4%)
Gross Trading Profit	440,007	(-18.8%)	244,581	(-28.1%)	510,404	(-32.6%)	344,625	(-45.2%)	85,110	(-40.8%)	374,175	(-30.7%)	131,835	(-34.2%)
Gross Trading Profit Ratio	9.16%	-	6.61%	-	6.32%	-	6.43%	-	4.51%	-	9.89%	-	5.78%	-
Selling, General and Administrative Expenses	381,997	(4.5%)	179,822	(-10.5%)	412,202	(-6.2%)	264,627	(-15.2%)	79,710	(-14.9%)	316,016	(-6.3%)	111,690	(-10.3%)
Operating Income	53,669	(-67.3%)	62,880	(-54.9%)	96,549	(-69.1%)	755,526	(143.1%)	5,400	(-89.2%)	53,747	(-72.2%)	20,145	(-73.4%)
Financial Balance	-2,822	-	-12,452	-	29,060	-	27,410	-	-7,632	-	34,753	-	1,269	-
Net Income	55,336	(-60.2%)	50,428	(-52.6%)	137,424	(-52.5%)	72,835	(-69.7%)	20,008	(-44.3%)	62,060	(-61.3%)	9,646	(-78.8%)

### Non-Consolidated Financial Results

Cash Dividends	7.5 yen	-	3.5 yen	-	17.0 yen	-	7.0 yen	-	2.5 yen	-	9.0 yen	-	8.0 yen	-
----------------	---------	---	---------	---	----------	---	---------	---	---------	---	---------	---	---------	---

Consolidated Financial Results	CHORI CO.,LTD.		HANWA CO.,LTD.		HITACHI HIGH- TECHNOLOGIES CORPORATION		INABATA & CO.,LTD.		IWATANI CORPORATION		JFE SHOJI HOLDINGS, INC.		KANEMATSU CORPORATION		NAGASE & CO.,LTD.		SUMIKIN BUSSAN CORPORATION	
Total Assets	54,324	(-22.8%)	436,511	(-24.5%)	392,588	(-18.4%)	220,364	(-21.6%)	347,733	(-14.0%)	528,788	(-32.3%)	402,685	(-19.5%)	355,279	(-13.9%)	318,983	(-27.3%)
Liabilities	33,550	(-35.1%)	336,693	(-28.8%)	165,359	(-31.5%)	150,826	(-27.2%)	283,770	(-15.8%)	426,946	(-35.0%)	357,838	(-17.5%)	155,184	(-24.7%)	266,811	(-30.4%)
Shareholders' Equity	6,800	(0.0%)	45,651	(0.0%)	7,938	(0.0%)	9,364	(0.0%)	20,096	(0.0%)	20,000	(0.0%)	27,781	(0.0%)	9,699	(0.0%)	12,335	(0.0%)
Total Shareholders' Equity	20,773	(11.4%)	99,817	(-5.5%)	227,229	(-5.3%)	69,538	(-5.6%)	63,962	(-4.9%)	101,841	(-18.1%)	44,846	(-32.3%)	200,094	(-3.1%)	52,171	(-5.6%)
Trading Transactions	88,829	(-32.6%)	531,946	(-41.6%)	281,687	(-33.5%)	189,591	(-26.3%)	248,627	(-31.0%)	887,125	(-41.0%)	420,692	(-34.0%)	281,368	(-26.8%)	361,540	(-48.9%)
Gross Trading Profit	9,091	(-18.1%)	20,387	(-41.6%)	32,468	(-44.4%)	12,337	(-21.2%)	60,812	(-10.2%)	30,838	(-47.1%)	37,447	(-21.5%)	30,574	(-21.7%)	27,006	(-29.7%)
Gross Trading Profit Ratio	10.23%	-	3.83%	-	11.53%	-	6.51%	-	24.46%	-	3.48%	-	8.90%	-	10.87%	-	7.47%	-
Selling, General and Administrative Expenses	6,995	(-4.4%)	14,679	(-2.8%)	40,103	(-12.6%)	11,239	(-6.9%)	58,213	(-2.7%)	25,219	(-12.1%)	31,039	(-9.9%)	25,312	(-16.0%)	23,486	(-7.4%)
Operating Income	2,396	(-36.6%)	5,708	(-71.2%)	-7,634	(-160.8%)	1,098	(-69.4%)	2,599	(-67.0%)	5,618	(-81.0%)	6,407	(-51.6%)	5,262	(-40.9%)	3,520	(-73.1%)
Financial Balance	5	-	-414	-	233	-	72	-	931	-	-582	-	-1,560	-	179	-	-634	-
Net Income	1,829	(-7.4%)	2,550	(-75.0%)	-5,307	(-170.2%)	428	(-205.2%)	1,191	(-55.3%)	3,016	(-83.1%)	1,746	(-52.6%)	3,095	(-45.8%)	1,780	(-76.4%)

### Non-Consolidated Financial Results

Cash Dividends	0.0 yen	-	6.0 yen	-	15.0 yen	-	5.0 yen	-	0.0 yen	-	0.0 yen	-	0.0 yen	-	7.0 yen	-	2.5 yen	-
----------------	---------	---	---------	---	----------	---	---------	---	---------	---	---------	---	---------	---	---------	---	---------	---

## REGULAR MEMBERS OF JFTC

### Companies (Total 42)

ASSOCIATED LUMBER & TRADING CO., LTD., CHORI CO., LTD., CBC CO., LTD., D. NAGATA CO., LTD., HANWA CO., LTD., HITACHI HIGH-TECHNOLOGIES CORPORATION, INABATA & CO., LTD., ITOCHU CORPORATION, IWATANI CORPORATION, JFE SHOJI HOLDINGS, INC., KANEMATSU CORPORATION, KOWA COMPANY, LTD., KYOEI SHOJI CO., LTD., KYOKUTO BOEKI KAISHA, LTD., MARUBENI CORPORATION, MARUBENI-ITOCHU STEEL INC., MEIWA CORPORATION, METAL ONE CORPORATION, MITSUBISHI CORPORATION, MITSUI & CO., LTD., MORIMURA BROS., INC., NAGASE & CO., LTD., NIPPON STEEL TRADING CO., LTD., N. I. TEIJIN SHOJI CO., LTD., NOMURA TRADING CO., LTD., NOSAWA & CO., LTD., OKAYA & CO., LTD., SANKYO SEIKO CO., LTD., SEIKA CORPORATION, SHINYEI KAISHA, SMILE CORP., SOJITZ CORPORATION, SUMIKIN BUSSAN CORPORATION, SUMITOMO CORPORATION, T. CHATANI & CO., LTD., THE TOSHO CO., LTD., TOKYO BOEKI LTD., TOHO BUSSAN KAISHA, LTD., TOYOTA TSUSHO CORPORATION, Y. NISHIDA & CO., LTD., YAGI TSUSHO LTD., YUASA TRADING CO., LTD.

### Associations (Total 24)

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

### CHAIRMAN

Nobuo Katsumata (Chairman, Member of the Board, Marubeni Corporation)

### EXECUTIVE MANAGING DIRECTOR

Masayoshi Amano

### HONORARY CHAIRMAN

Mikio Sasaki (Chairman of the Board, Mitsubishi Corporation)

### MANAGING DIRECTOR

Toshio Sampei

### VICE CHAIRMEN

Eizo Kobayashi (President & CEO, Itochu Corporation)

Susumu Kato (President & CEO, Sumitomo Corporation)

Yutaka Kase (President & CEO, Sojitz Corporation)

Yorihiko Kojima (President & CEO, Mitsubishi Corporation)

Junzo Shimizu (President, Toyota Tsusho Corporation)

Masami Iijima (President & CEO, Mitsui & Co., Ltd.)

## Bilingual "Japan's Foreign Trade 2010"

Now Printing

JFTC will publish "Foreign Trade 2010" (Nihon Boeki no Genjo) in next March. A series of this handy booklet, a kind of the "Small-White Paper on Trade" has been widely used among those interested in Japanese economy and trade since first edition in 1976.

Foreign Trade 2010 will be written bilingually in Japanese and English. Booklet will be available for purchase at large book stores and government book centers. Inquiry for mail order should be addressed to [iar@jftc.or.jp](mailto:iar@jftc.or.jp) or by fax 03-3435-5979.