

**COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S
INDIA-JAPAN BILATERAL TRADE RELATIONS**

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

Japan lies in eastern Asia and comprises a curved chain of more than 6,000 islands. Four large islands, named (from north to south) Hokkaido, Honshu, Shikoku and Kyushu, account for about 98% of the land area. Hokkaido lies just to the south of Sakhalin, a large Russian island, and about 1,300 km (800 miles) east of Russia’s mainland port of Vladivostok. Southern Japan is about 150 km (93 miles) east of Republic of Korea. Japan is a member of the G7, APEC, and "ASEAN Plus Three", and is a participant in the East Asia Summit. In 2024, Japan had the fourth-largest diplomatic network in the world, Japan is one of the G4 countries seeking reform of the Security Council.

2. Japan has the world's fourth-largest economy by nominal GDP, after that of the United States, China and Germany; and the fifth-largest economy by PPP-adjusted GDP. Japan was the world's fifth-largest exporter and fourth-largest importer in 2022. As per available report of IMF Staff Concluding Statement of the 2025 Article IV Mission February 7, 2025, “the economy contracted in the first half of 2024 due to temporary supply disruptions but gained momentum in the rest of the year. Domestic demand, private consumption in particular, has strengthened, while net external demand has been sluggish. Both headline and core inflation (excluding fresh food and energy) remain above the BoJ’s 2-percent headline inflation target. Goods inflation has been boosted by energy and food prices, while services price growth is relatively weaker and below 2 percent. Inflation expectations are becoming increasingly aligned with the inflation target, though some measures remain below that target. The yen-dollar exchange rate has experienced sizable swings, largely driven by shifts in interest rate differentials (which reflect broader macroeconomic developments), but also amplified by the build-up and subsequent unwinding of yen carry-trade positions. The pass-through to inflation is estimated to have been relatively mild so far. Wages are growing at their highest rate since the 1990s amid labour shortages and strong inflation, but they have remained lacklustre in real terms”.

A snapshot of Japan’s select economic indicators is presented at [Annexure –I](#).

Table 1

Table 1. Japan: Selected Economic Indicators, 2021-26						
	2021	2022	2023	2024	2025	2026
			Est.	Proj.		
<i>(In percent change)</i>						
Growth						
Real GDP	2.7	0.9	1.5	-0.2	1.1	0.8
Domestic demand	1.7	1.5	0.4	0.2	1.2	0.8
Private consumption	0.7	2.1	0.8	-0.3	0.9	0.6
Gross Private Fixed Investment	1.3	1.6	1.5	0.6	1.1	0.8
Business investment	1.7	2.6	1.5	1.3	1.2	0.9
Residential investment	-0.3	-2.7	1.5	-2.4	0.8	0.4
Government consumption	3.4	1.4	-0.3	1.0	1.3	1.2

Public investment	-2.6	-8.3	1.5	-1.2	0.3	0.0
Stock building	0.5	0.2	-0.3	0.1	0.1	0.0
Net exports	1.0	-0.5	1.0	-0.2	0.0	0.1
Exports of goods and services	11.9	5.5	3.0	0.7	2.9	2.0
Imports of goods and services	5.2	8.3	-1.5	2.0	2.9	1.8
Output Gap	-1.6	-0.9	0.2	0.1	0.2	0.0
	<i>(In percent change, period average)</i>					
Inflation						
Headline CPI	-0.2	2.5	3.2	2.8	2.4	2.0
GDP deflator	-0.2	0.4	4.1	3.0	2.3	2.1
	<i>(In percent of GDP)</i>					
Government						
Revenue	36.3	37.5	36.8	36.9	36.8	36.8
Expenditure	42.5	41.8	39.1	39.4	39.4	39.7
Overall Balance	-6.2	-4.3	-2.3	-2.5	-2.6	-2.9
Primary balance	-5.6	-3.9	-2.1	-2.1	-2.2	-2.2
Structural primary balance	-4.9	-3.8	-2.2	-2.1	-2.3	-2.2
Public debt, gross	253.7	248.3	240.0	237.0	232.7	230.0
	<i>(In percent change, end-of-period)</i>					
Macro-financial						
Base money	8.5	-5.6	6.4	-1.0	2.2	2.2
Broad money	2.9	2.3	2.2	1.1	2.1	2.1
Credit to the private sector	2.3	3.6	4.2	3.1	1.8	1.6
Non-financial corporate debt in percent of GDP	157.1	161.2	156.7	159.8	160.2	161.3
	<i>(In percent)</i>					
Interest rate						
Overnight call rate, uncollateralized (end-of-period)	0.0	0.0	0.0	...	...	...
10-year JGB yield (end-of- period)	0.1	0.4	0.6	...	...	...
	<i>(In billions of USD)</i>					
Balance of payments						
Current account balance	196.2	89.9	158.5	179.4	166.7	162.2
Percent of GDP	3.9	2.1	3.8	4.5	4.1	3.8
Trade balance	16.4	-115.8	-48.2	-31.5	-26.2	-24.1
Percent of GDP	0.3	-2.7	-1.1	-0.8	-0.6	-0.6
Exports of goods, f.o.b.	749.2	752.5	713.7	691.6	705.5	720.9
Imports of goods, f.o.b.	732.7	868.3	761.9	723.1	731.7	745.0
Energy imports	127.8	195.5	152.9	145.2	135.9	122.5
	<i>(In percent of GDP)</i>					
FDI, net	3.5	3.0	4.1	4.8	4.2	4.1
Portfolio Investment	-3.9	-3.3	4.7	5.5	0.9	0.9

	<i>(In billions of USD)</i>					
Change in reserves	62.8	-47.4	29.8	-74.7	11.5	11.5
Total reserves minus gold (in billions of US\$)	1356.2	1178.3	1238.5	...	...	...
	<i>(In units, period average)</i>					
Exchange rates						
Yen/dollar rate	109.8	131.5	140.5	...	...	...
Yen/euro rate	129.9	138.6	152.0	...	...	...
Real effective exchange rate (ULC-based, 2010=100)	73.5	61.8	56.1	...	...	...
Real effective exchange rate (CPI-based, 2010=100)	70.7	61.0	58.1	...	...	...
	<i>(In percent)</i>					
Demographic Indicators						
Population Growth	-0.3	-0.3	-0.5	-0.5	-0.5	-0.5
Old-age dependency	48.7	48.8	48.9	49.2	49.7	50.1
Sources: Haver Analytics; OECD; Japanese authorities; and IMF staff estimates and projections.						

Sources :- Staff Concluding Statement of the 2025 Article IV Mission February 7, 2025.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Japan are China, United States, Korea Rep., other Asia, and Hong Kong China. On the other hand five major import partners of Japan are China, United States, Australia, United Arab Emirates and Saudi Arab. Major five exported goods of Japan are (i) Automobiles with reciprocating piston engine, (ii) Machines & mechanical appliances nes , (iii) Monolithic integrated circuits, digital, (iv) Automobiles nes including gas turbine powered and (v) Automobiles with reciprocating piston engine . On the other hand major five imported goods are (i) Petroleum oils and oils obtained from bituminous, (ii) Natural gas, liquefied (iii) Bituminous coal, not agglomerated, (iv) Monolithic integrated circuits, digital and (iv) Transmission apparatus, for radiotelephony incorpo.

4. Japan's total exports in 2020 were of the order of US \$641,283 million. It has scaled up to US \$707,390 million in 2024 with a positive growth of 18.05% in 2021 in comparison with 2020. During the period from 2020 to 2024, the annual average compound rate of growth of exports was 2.48%.

5. Japan's total imports in 2020 were of the order of US \$635,402 million and which has touched US \$742,672 million mark in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of Imports was 3.98%.

6. Japan faced an overall Balance of Trade deficit from 2021 to 2024. It was quite significant that Japan had a trade deficit of USD 151,928 million in 2022. During the period from 2020 to 2024, the annual average compound rate of growth of total volume of trade was 3.23%.

A snapshot of Japan's overall Trade Statistics is presented in Table 2: Figure 1

TABLE - 2

JAPAN'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2020 TO 2024

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020	641283		635402		12,76,685		5881
2021	757066	18.05	772276	21.54	15,29,342	19.79	-15210
2022	746672	-1.37	898600	16.36	16,45,272	7.58	-151928
2023	717946	-3.85	751750	-16.34	14,69,696	-10.67	-33804
2024	707390	-1.47	742672	-1.21	14,50,062	-1.34	-35282

Annual Compound Growth Rate

2.48

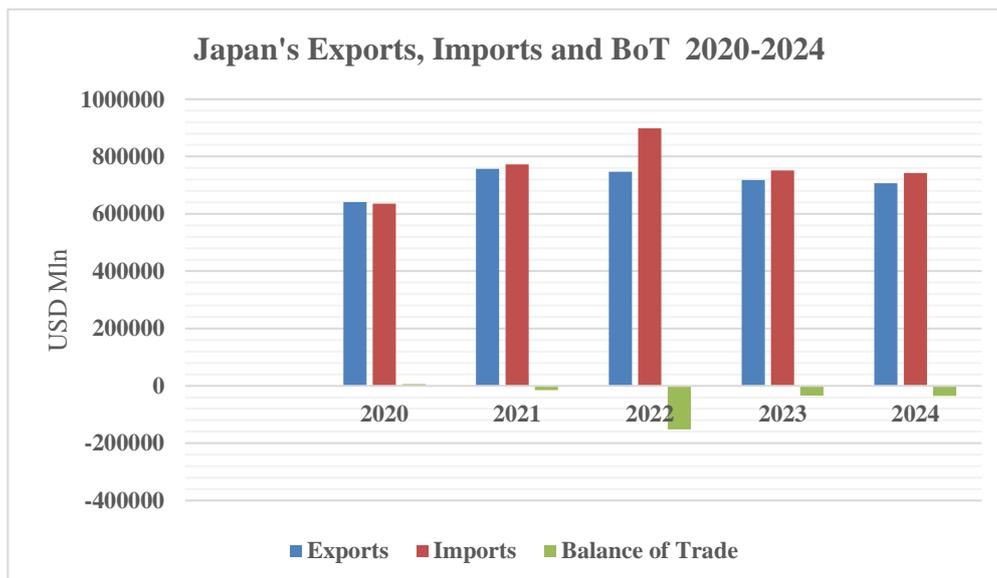
3.98

3.23

NOTE : Figures relate to calendar year (January to December)

SOURCE : UN COMTRADE PUBLICATION

Figure – 1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Japan share ‘Special Strategic and Global Partnership’. Friendship between the two countries has a long history rooted in spiritual affinity and strong cultural and civilizational ties. India’s export to Japan was 1.18% of India’s total export value in FY2023-24. Japan was the India’s 24th largest export destination in FY 2023-24. In the same financial year imports from Japan was 2.62% of India’s total import value. Japan was the 12th largest trading partner of India in FY 2023-24. Almost 2.05% of India’s total international trade value between India and Japan has been recorded in FY 2023-2024 as per DGCI&S data base.

8. Indo-Japan total volume of bilateral trade in FY 2019-20 was of the order of US \$16,955.25 million. It has increased to US \$22,856.88 million in FY 2023-24. The annual compound growth rate of volume of trade during the period from 2019-20 to 2023-24 has been of the order of 7.75%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with Japan. Exports from India to Japan increased steeply by 39.30% in FY 2021-22 immediately after the pandemic hit year. The annual average compound rate of growth of Exports was 3.36% during the period under review. On the other hand, imports from Japan to India increased by 31.81% in FY 2021-22 and 14.55 % in FY 2022-23. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of Imports was 9.22%.

A snapshot of India’s merchandise trade statistics w.r.t. Japan is presented in **Table 3: Figure 2**

TABLE - 3

**INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. JAPAN
FY 2019-2020 to 2023-2024**

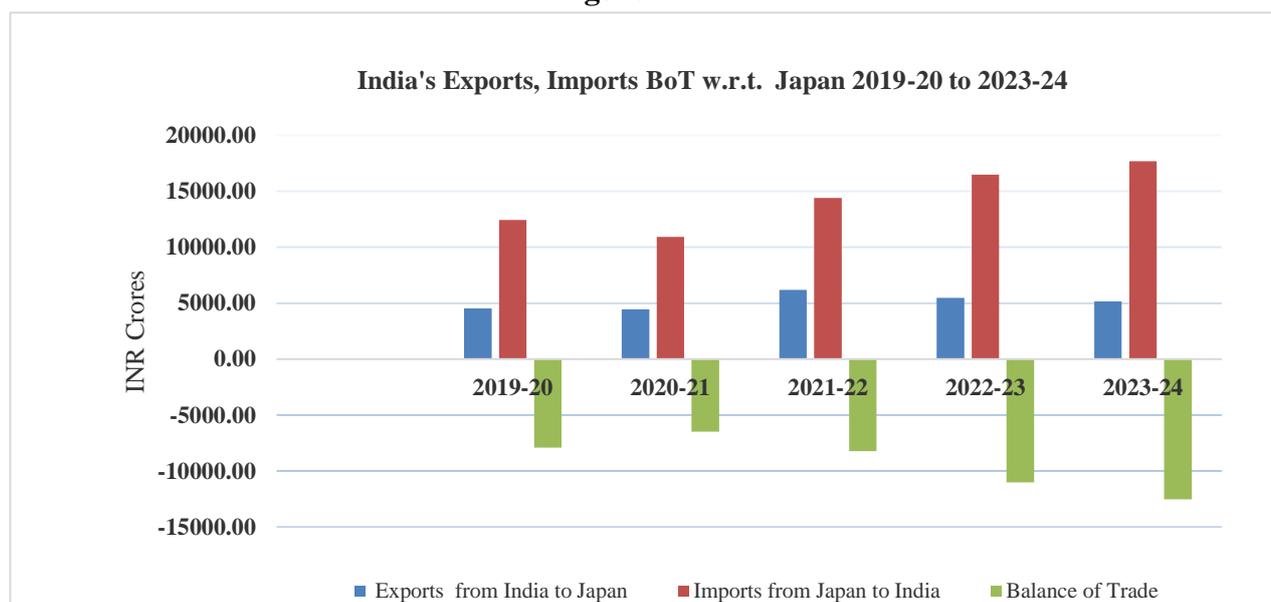
(Value in USD Million)

Year	Exports from India to Japan	Percentage Growth in Exports	Imports from Japan to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	4520.58		12434.67		16955.25		-7914.09
2020-21	4435.04	-1.89	10924.74	-12.14	15359.78	-9.41	-6489.70
2021-22	6177.85	39.30	14399.77	31.81	20577.62	33.97	-8221.92
2022-23	5465.00	-11.54	16495.32	14.55	21960.32	6.72	-
2023-24	5159.21	-5.60	17697.67	7.29	22856.88	4.08	-
Annual Compound Growth Rate		3.36		9.22		7.75	

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

Figure 2



10. Additionally, from Tables 4 & 5 presented at Annexure-II below the following are stated:

a. (i) Aluminium, Products of Aluminium, (ii) Marine Products and (iii) Electric Machinery and Equipments are occupying the top three slots in India's exports to Japan in the year 2023-24. Aluminium, Products of Aluminium occupied the highest share of 8.02% in total exports from India to Japan.

b. (i) Copper And Products Made of Copper; (ii) Residual Chemicals and Allied Products and (iii) Iron and Steel are the three major commodities in India's imports list from Japan in the year 2023-24, Copper and Products Made of Copper is occupying bulk share of 12.73% in India's imports from Japan.

TABLE -4**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO JAPAN
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES****(Value in USD Million)**

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Aluminium, Products of Aluminium	136.30	114.59	316.64	291.67	413.93	-15.93	176.32	-7.89	41.92
	Share in total export	3.02	2.58	5.13	5.34	8.02				
2	Marine Products	417.99	409.06	448.54	286.34	412.09	-2.14	9.65	-36.16	43.92
	Share in total export	9.25	9.22	7.26	5.24	7.99				
3	Electric Machinery and Equipments	116.92	224.37	274.89	223.34	336.23	91.90	22.52	-18.75	50.55
	Share in total export	2.59	5.06	4.45	4.09	6.52				
4	Residual Chemical and Allied Prods.	209.22	247.50	273.30	268.96	268.04	18.30	10.42	-1.59	-0.34
	Share in total export	4.63	5.58	4.42	4.92	5.20				
5	Auto Components/Parts	140.00	116.02	171.41	248.27	237.02	-17.13	47.74	44.84	-4.53
	Share in total export	3.10	2.62	2.77	4.54	4.59				
6	Motor Vehicle/Cars	59.37	32.02	100.24	86.44	225.71	-46.07	213.05	-13.77	161.12
	Share in total export	1.31	0.72	1.62	1.58	4.37				
7	Agro Chemicals	107.20	128.78	180.85	176.83	219.19	20.13	40.43	-2.22	23.96
	Share in total export	2.37	2.90	2.93	3.24	4.25				
8	Pearl, Precious and Semi-Precious Stones	36.54	294.79	317.64	279.69	214.16	706.76	7.75	-11.95	-23.43
	Share in total export	0.81	6.65	5.14	5.12	4.15				
9	Organic Chemicals	219.30	208.46	269.30	291.84	197.82	-4.94	29.19	8.37	-32.22
	Share in total export	4.85	4.70	4.36	5.34	3.83				
10	Iron and Steel	181.43	151.28	354.08	268.22	188.63	-16.62	134.06	-24.25	-29.67
	Share in total export	4.01	3.41	5.73	4.91	3.66				
	Total export to JAPAN	4520.58	4435.04	6177.85	5465.00	5159.21	-1.89	39.30	-11.54	-5.60

NOTE : Figures relate to each Financial Year (April to March)**SOURCE : DGCI&S, M/o C&I**

TABLE -5**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM JAPAN
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES****(Value in USD Million)**

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Copper and Products Made of Copper	844.59	991.74	1194.69	1295.86	2253.20	17.42	20.46	8.47	73.88
	Share in total imports	6.79	9.08	8.30	7.86	12.73				
2	Residual Chemicals and Allied Prods.	500.56	1167.64	1854.80	2277.97	1864.13	133.27	58.85	22.81	18.17
	Share in total imports	4.03	10.69	12.88	13.81	10.53				
3	Iron And Steel	1059.33	479.62	1011.56	1390.07	1487.76	-54.72	110.91	37.42	7.03
	Share in total imports.	8.52	4.39	7.02	8.43	8.41				
4	Industrial Machinery For Dairy Etc.	1270.08	770.27	1037.90	1148.61	1475.46	-39.35	34.74	10.67	28.46
	Share in total import	10.21	7.05	7.21	6.96	8.34				
5	Plastic Raw Materials	796.44	815.20	1077.50	1047.40	1002.54	2.36	32.18	-2.79	-4.28
	Share in total import	6.40	7.46	7.48	6.35	5.66				
6	Organic Chemicals	569.49	514.09	631.48	689.00	862.53	-9.73	22.83	9.11	25.19
	Share in total import	4.58	4.71	4.39	4.18	4.87				
7	Electronics Components	430.93	414.90	546.55	703.57	839.70	-3.72	31.73	28.73	19.35
	Share in total import	3.47	3.80	3.80	4.27	4.74				
8	Auto Components	436.22	415.03	665.26	707.94	752.43	-4.86	60.29	6.42	6.28
	Share in total import	3.51	3.80	4.62	4.29	4.25				
9	Electric Machinery and Equipments	454.06	386.68	456.33	554.70	635.28	-14.84	18.01	21.56	14.53
	Share in total import	3.65	3.54	3.17	3.36	3.59				
10	Machine Tools	724.20	356.81	408.32	449.46	546.48	-50.73	14.44	10.08	21.59
	Share in total import	5.82	3.27	2.84	2.72	3.09				
	Total import from JAPAN	12434.67	10924.74	14399.77	16495.32	17697.67	-12.14	31.81	14.55	7.29

NOTE : Figures relate to each Financial Year (April to March)**SOURCE : DGCI&S, M/o C&I****“NOTICE”**

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