

## 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 Vladivostak. 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 Japan; are the fourth-largest economy by PPP. As of 2021, Japan's labour force is the world's eighth-largest, consisting of over 68.6 million workers. As per available report of IMF Executive Board Concludes 2024 Article IV Consultation with Japan May 13, 2024. The Japanese economy continues to grow after the pandemic, with broad-based price increases following three decades of low inflation. In 2023 Q2, real GDP surpassed the peak level in 2019 Q3, and the output gap is estimated to have closed. However, the recovery remains uneven. While goods and services exports have risen above the pre-pandemic peak, private consumption and investment remain below. Headline inflation has been above two percent (y/y) since April 2022. Measures of underlying inflation show that the current above-target inflation is broad-based across products and services for the first time in three decades. The pass-through from inflation to wages has started to pick up. The current account surplus increased to 3.4 percent of GDP in 2023, with the external position in 2023 assessed as broadly in line with the level implied by medium-term fundamentals and desirable policies.

**A snapshot of Japan's select economic indicators:**

**Table 1**

Nominal GDP: US\$ 4,213 billion (2023)	GDP per capita: US\$ 33,806 (2023)					
Population: 125 million (2023)	Quota: SDR 30.8 billion (2023)					
	2020	2021	2022	2023	2024	2025
				Est.	Proj.	
<i>(In percent change)</i>						
<b>Growth</b>						
Real GDP	-4.1	2.6	1.0	1.9	0.9	1.0
Domestic demand	-3.3	1.5	1.5	0.9	0.8	1.1
Private consumption	-4.4	0.8	2.2	0.6	0.3	0.9
Gross Private Fixed Investment	-5.4	0.4	1.0	1.9	1.9	1.5
Business investment	-4.9	0.5	1.9	2.1	2.3	1.8
Residential investment	-7.7	-0.3	-3.5	1.1	-0.1	0.3
Government consumption	2.4	3.4	1.7	0.9	1.3	0.7
Public investment	3.5	-1.8	-9.6	2.8	0.1	-0.2
Stockbuilding	-0.5	0.5	0.3	-0.1	-0.1	0.1
Net exports	-0.9	1.1	-0.5	0.9	0.2	0.0
Exports of goods and services	-11.6	11.9	5.3	3.0	3.3	1.7
Imports of goods and services	-6.8	5.1	7.9	-1.3	2.2	2.0

Output Gap	-2.9	-1.6	-0.9	0.2	0.1	0.0
	<i>(In percent change, period average)</i>					
Inflation						
Headline CPI	0.0	-0.2	2.5	3.3	2.2	2.1
GDP deflator	0.9	-0.2	0.3	3.8	2.3	2.3
	<i>(In percent of GDP)</i>					
Government						
Revenue	35.5	36.4	37.6	36.5	35.8	36.5
Expenditure	44.5	42.5	41.9	42.2	42.3	39.7
Overall Balance	-9.1	-6.1	-4.4	-5.8	-6.5	-3.2
Primary balance	-8.4	-5.5	-3.9	-5.6	-6.4	-3.0
Structural primary balance	-7.5	-4.8	-3.9	-5.7	-6.5	-3.0
Public debt, gross	258.3	253.9	248.7	252.4	254.6	252.6
	<i>(In percent change, end-of-period)</i>					
Macro-financial						
Base money	19.2	8.5	-5.6	6.3	2.3	2.3
Broad money	7.3	2.9	2.2	2.1	1.5	2.0
Credit to the private sector	6.1	1.9	4.2	4.4	2.6	1.9
Non-financial corporate debt in percent of GDP	151.8	155.0	159.4	155.2	156.8	156.5
	<i>(In percent)</i>					
Interest rate						
Overnight call rate, uncollateralized (end-of-period)	0.0	0.0	0.0	0.0	...	...
10-year JGB yield (end-of-period)	0.0	0.1	0.4	0.6	...	...
	<i>(In billions of USD)</i>					
Balance of payments						
Current account balance	149.9	196.4	84.5	144.7	142.6	149.7
Percent of GDP	3.0	3.9	2.0	3.4	3.5	3.5
Trade balance	26.6	16.4	-117.5	-49.1	-31.4	-28.9
Percent of GDP	0.5	0.3	-2.8	-1.2	-0.8	-0.7
Exports of goods, f.o.b.	630.6	749.2	751.8	713.2	728.6	754.9
Imports of goods, f.o.b.	604.0	732.7	869.4	762.2	759.9	783.8
Energy imports	89.1	127.8	195.5	152.6	143.0	128.9
	<i>(In percent of GDP)</i>					
FDI, net	1.7	3.5	2.9	3.8	3.0	2.7
Portfolio Investment	0.8	-3.9	-3.4	4.7	-0.7	-1.0
	<i>(In billions of USD)</i>					
Change in reserves	10.9	62.8	-47.4	29.8	11.5	11.5
Total reserves minus gold (in billions of US\$)	1348.2	1356.2	1178.3	1238.5	...	...
	<i>(In units, period average)</i>					
Exchange rates						
Yen/dollar rate	106.8	109.8	131.5	140.5	...	...

Yen/euro rate	121.9	129.9	138.6	152.0	...	...
Real effective exchange rate (ULC-based, 2010=100)	75.3	73.5	62.0	56.4	...	...
Real effective exchange rate (CPI-based, 2010=100)	77.3	70.7	61.0	58.0	...	...
	<i>(In percent)</i>					
Demographic Indicators						
Population Growth	-0.3	-0.3	-0.3	-0.4	-0.5	-0.5
Old-age dependency	48.3	48.7	48.9	49.3	49.8	50.3
Sources: Haver Analytics; OECD; Japanese authorities; and IMF staff estimates and projections.						

**Sources :- IMF Executive Board Concludes 2024 Article IV Consultation with Japan May 13, 2024.**

## 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, other Asia, Korea Rep. and Hong Kong China. On the other hand five major import partners of Japan are China, United States, Australia, other Asia and Korea Rep. Major five exported goods of Japan are (i) Automobiles with reciprocating piston engine (ii) Monolithic integrated circuits, digital, (iii) Automobiles nes including gas turbine powered (iv) Apparatus and equipment for photographic and (v) Transmissions for motor vehicles. On the other hand major five imported goods are (i) Petroleum oils and oils obtained from bituminous (ii) Natural gas, liquefied (iii) Transmission apparatus, for radioteleph incorpo (iv) Monolithic integrated circuits, digital and (v) Bituminous coal, not agglomerated.

4. Japan's total exports in 2019 were of the order of US\$ 705,671 million. It has scaled upto US\$ 717,946 million in 2023 with a positive growth of 18.05% in 2021 in comparison with 2020. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 0.43%.

5. Japan's total imports in 2019 were of the order of US\$ 721,077 million and which has touched US\$ 751,750 million mark in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of Imports was 1.05%.

6. Japan faced an overall Balance of Trade deficit from 2019 to 2023 except the year 2020. It was quite significant that Japan had a trade deficit of USD 151,928 million in 2022. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 0.74%.

**A snapshot of Japan's overall Trade Statistics is presented in Table 2 and Figure 1 below.**

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

## BILATERAL TRADE WITH INDIA

### Merchandise Trade

7. India-Japan Comprehensive Economic Partnership (CEPA) came into effect from 1<sup>st</sup> August 2011. The Agreement is most comprehensive of all such agreements concluded by India and covers not only trade in goods but also services movement of natural persons, investments, intellectual property rights, custom procedures and other trade related issues. 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 2023-24 as per DGCI&S data base.

8. Indo-Japan total volume of bilateral trade in FY 2019-20 was of the order of US\$ 16,955.26 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%.

**10. Additionally, from Tables 4 & 5 presented below the following are stated:**

a. **(i) Petroleum Products, (ii) Auto Components/Parts and (iii) Iron And Steel** are occupying the top three slots in India's exports to Japan in the year 2023-24. Petroleum Products occupied the highest share of 14.34% in total exports from India to Japan.

b. **(i) Petroleum:Crude; (ii) Inorganic Chemicals and (iii) Granit, Natrl. Stone And Products** are the three major commodities in India's imports list from Japan in the year 2023-24, **Petroleum:Crude** is occupying bulk share of 47.64% in India's imports from Japan.

**“NOTICE”**

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**TABLE - 2**  
**JAPAN'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE**  
**BETWEEN 2019 TO 2023**

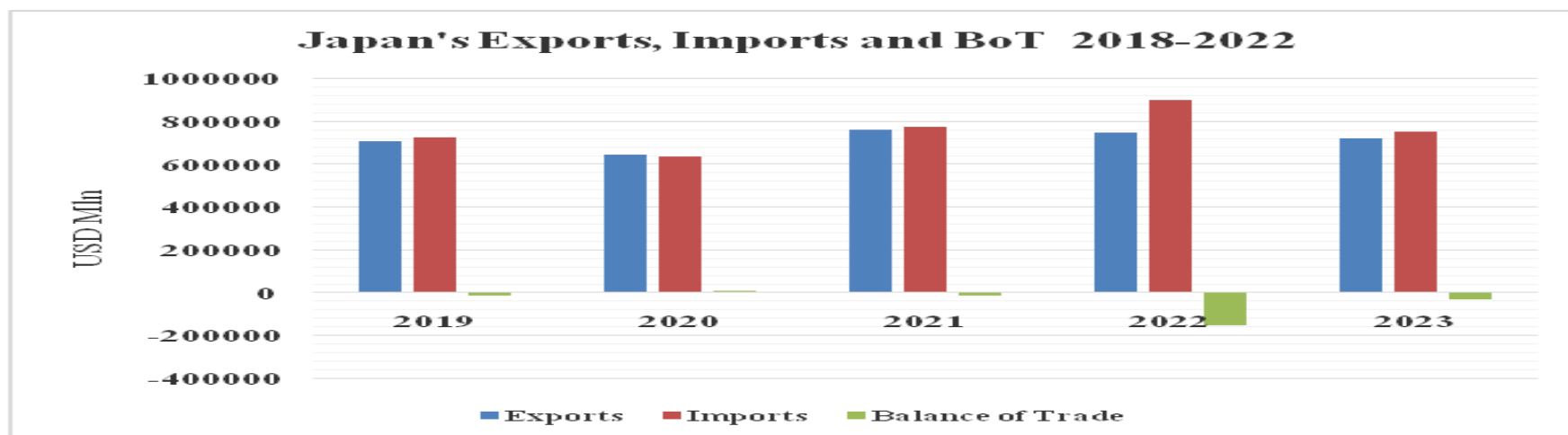
(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	705671		721077		14,26,748		-15406
2020	641283	-9.12	635402	-11.88	12,76,685	-10.52	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
<b>Annual Growth Rate</b>	<b>Compound 0.43</b>		<b>1.05</b>		<b>0.74</b>		

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

**SOURCE:** UN COMTRADE PUBLICATION

Figure - 1



**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	4520.59		12434.67		16955.26		-7914.08
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	-11030.32
2023-24	5159.21	-5.60	17697.67	7.29	22856.88	4.08	-12538.46

**Annual Growth Rate**

**Compound**

**3.36**

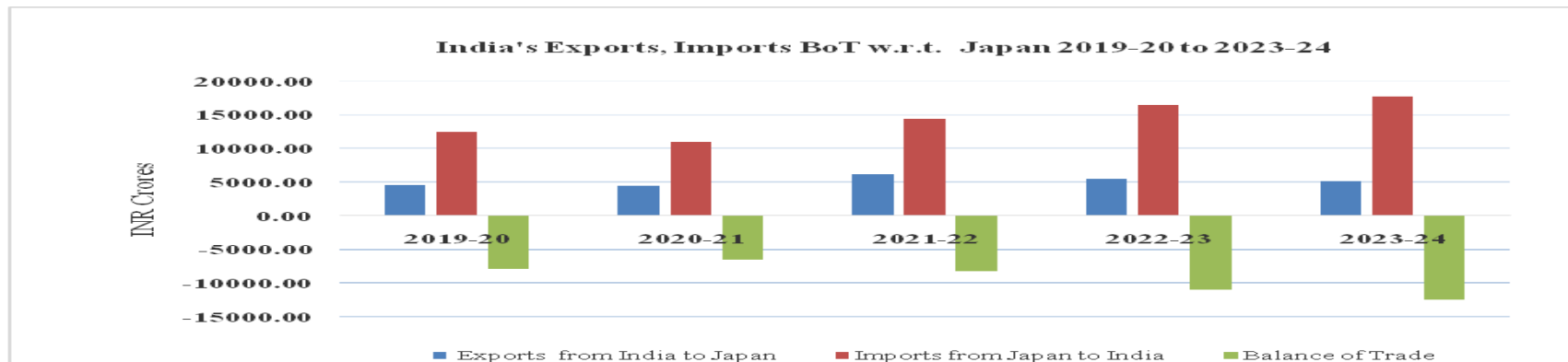
**9.22**

**7.75**

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

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

**Figure 2**



**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
<b>1</b>	<b>Petroleum Products</b>	<b>854.03</b>	<b>299.45</b>	<b>2175.85</b>	<b>3222.01</b>	<b>954.28</b>	<b>-64.94</b>	<b>626.62</b>	<b>48.08</b>	<b>-70.38</b>
	Share in total export	17.19	7.58	24.96	33.53	14.34				
<b>2</b>	<b>Auto Components/Parts</b>	<b>267.34</b>	<b>291.73</b>	<b>350.01</b>	<b>401.83</b>	<b>555.19</b>	<b>9.12</b>	<b>19.98</b>	<b>14.81</b>	<b>38.17</b>
	Share in total export	5.38	7.38	4.02	4.18	8.34				
<b>3</b>	<b>Iron And Steel</b>	<b>138.87</b>	<b>197.61</b>	<b>1198.34</b>	<b>723.68</b>	<b>426.79</b>	<b>42.30</b>	<b>506.42</b>	<b>-39.61</b>	<b>-41.03</b>
	Share in total export	2.79	5.00	13.75	7.53	6.41				
<b>4</b>	<b>Telecom Instruments</b>	<b>169.47</b>	<b>85.38</b>	<b>81.19</b>	<b>117.56</b>	<b>402.72</b>	<b>-49.62</b>	<b>-4.91</b>	<b>44.80</b>	<b>242.57</b>
	Share in total export	3.41	2.16	0.93	1.22	6.05				
<b>5</b>	<b>Manmade Yarn, Fabrics, Madeups</b>	<b>436.60</b>	<b>274.28</b>	<b>543.64</b>	<b>484.85</b>	<b>378.12</b>	<b>-37.18</b>	<b>98.21</b>	<b>-10.81</b>	<b>-22.01</b>
	Share in total export	8.79	6.94	6.24	5.05	5.68				
<b>6</b>	<b>Indl. Machinery For Dairy Etc.</b>	<b>81.30</b>	<b>131.05</b>	<b>239.16</b>	<b>249.29</b>	<b>307.53</b>	<b>61.19</b>	<b>82.50</b>	<b>4.24</b>	<b>23.36</b>
	Share in total export	1.64	3.32	2.74	2.59	4.62				
<b>7</b>	<b>Residual Chemmical And Allied Prods.</b>	<b>127.82</b>	<b>219.20</b>	<b>174.22</b>	<b>205.02</b>	<b>196.34</b>	<b>71.49</b>	<b>-20.52</b>	<b>17.68</b>	<b>-4.23</b>
	Share in total export	2.57	5.55	2.00	2.13	2.95				
<b>8</b>	<b>IC Engine And Parts</b>	<b>156.85</b>	<b>136.92</b>	<b>188.98</b>	<b>210.52</b>	<b>189.41</b>	<b>-12.71</b>	<b>38.02</b>	<b>11.40</b>	<b>-10.03</b>
	Share in total export	3.16	3.46	2.17	2.19	2.85				
<b>9</b>	<b>Dyes</b>	<b>220.84</b>	<b>180.74</b>	<b>253.93</b>	<b>185.28</b>	<b>176.35</b>	<b>-18.16</b>	<b>40.49</b>	<b>-27.04</b>	<b>-4.82</b>
	Share in total export	4.44	4.57	2.91	1.93	2.65				
<b>10</b>	<b>Two And Three Wheelers</b>	<b>2.94</b>	<b>11.59</b>	<b>81.17</b>	<b>65.39</b>	<b>169.19</b>	<b>294.22</b>	<b>600.35</b>	<b>-19.44</b>	<b>158.74</b>
	Share in total export	0.06	0.29	0.93	0.68	2.54				
	<b>Total export to JAPAN</b>	<b>4969.47</b>	<b>3952.89</b>	<b>8716.13</b>	<b>9609.69</b>	<b>6655.84</b>	<b>-20.46</b>	<b>120.50</b>	<b>10.25</b>	<b>-30.74</b>

**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
<b>1</b>	<b>Petroleum:Crude</b>	<b>781.36</b>	<b>354.02</b>	<b>451.48</b>	<b>1778.82</b>	<b>1801.12</b>	<b>-54.69</b>	<b>27.53</b>	<b>294.00</b>	<b>1.25</b>
	Share in total imports	36.92	24.13	22.61	42.26	47.64				
<b>2</b>	<b>Inorganic Chemicals</b>	<b>158.10</b>	<b>115.81</b>	<b>76.71</b>	<b>140.53</b>	<b>187.23</b>	<b>-26.75</b>	<b>-33.76</b>	<b>83.20</b>	<b>33.23</b>
	Share in total imports	7.47	7.89	3.84	3.34	4.95				
<b>3</b>	<b>Granit, Natrl Stone And Products</b>	<b>101.83</b>	<b>81.20</b>	<b>143.33</b>	<b>185.69</b>	<b>110.78</b>	<b>-20.26</b>	<b>76.51</b>	<b>29.55</b>	<b>-40.34</b>
	Share in total imports.	4.81	5.53	7.18	4.41	2.93				
<b>4</b>	<b>Vegetable Oils</b>	<b>4.86</b>	<b>39.99</b>	<b>99.87</b>	<b>219.91</b>	<b>147.91</b>	<b>722.84</b>	<b>149.74</b>	<b>120.20</b>	<b>-32.74</b>
	Share in total import	0.23	2.73	5.00	5.22	3.91				
<b>5</b>	<b>Indl. Machinery For Dairy Etc.</b>	<b>102.40</b>	<b>90.56</b>	<b>118.51</b>	<b>115.91</b>	<b>130.07</b>	<b>-11.56</b>	<b>30.86</b>	<b>-2.19</b>	<b>12.22</b>
	Share in total import	4.84	6.17	5.94	2.75	3.44				
<b>6</b>	<b>Iron And Steel</b>	<b>54.81</b>	<b>60.28</b>	<b>99.69</b>	<b>169.77</b>	<b>121.42</b>	<b>9.98</b>	<b>65.38</b>	<b>70.30</b>	<b>-28.48</b>
	Share in total import	2.59	4.11	4.99	4.03	3.21				
<b>7</b>	<b>Gold</b>	<b>25.05</b>		<b>26.12</b>	<b>226.76</b>	<b>104.56</b>	<b>-100.00</b>		<b>768.15</b>	<b>-53.89</b>
	Share in total import	1.18		1.31	5.39	2.77				
<b>8</b>	<b>Fresh Fruits</b>	<b>37.32</b>	<b>44.51</b>	<b>88.12</b>	<b>88.83</b>	<b>95.76</b>	<b>19.27</b>	<b>97.98</b>	<b>0.81</b>	<b>7.80</b>
	Share in total import	1.76	3.03	4.41	2.11	2.53				
<b>9</b>	<b>Electric Machinery And Equipments</b>	<b>88.22</b>	<b>120.86</b>	<b>69.22</b>	<b>178.90</b>	<b>92.17</b>	<b>37.00</b>	<b>-42.73</b>	<b>158.45</b>	<b>-48.48</b>
	Share in total import	4.17	8.24	3.47	4.25	2.44				
<b>10</b>	<b>Pulses</b>	<b>45.47</b>	<b>17.02</b>	<b>7.50</b>	<b>4.40</b>	<b>87.19</b>	<b>-62.57</b>	<b>-55.93</b>	<b>-41.33</b>	<b>1881.59</b>
	Share in total import	2.15	1.16	0.38	0.10	2.31				
	<b>Total import from JAPAN</b>	<b>2116.56</b>	<b>1467.33</b>	<b>1996.75</b>	<b>4208.84</b>	<b>3781.08</b>	<b>-30.67</b>	<b>36.08</b>	<b>110.78</b>	<b>-10.16</b>

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

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