

Japan post-disaster economic data

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BOJ Report Shows Japan Economy Quickly Recovering From Earthquake

TOKYO (Dow Jones)—Japan's economy is quickly recovering from the impact of the March 11 earthquake and tsunami, a Bank of Japan report on local economies showed Monday, with most regions upgrading their economic assessments from three months ago.

Seven of nine regions in Japan, including the northeast area directly hit by the disaster, upgraded their assessments in the July edition of the quarterly Regional Economic Report, also known as the Sakura Report.

"Seven regions—which had made a cautious assessment in the aftermath of the Great East Japan Earthquake—reported that there were signs of a pick up in their economies," the report said, citing an easing of supply-side constraints and an improvement in household and business sentiment.

Two other regions held their views unchanged from the central bank's previous report in April.

Monday's results underscore views held by many economists that the nation's economy will follow a V-shaped recovery as it emerges from supply-side pressure.

Although the report cited differences in the pace of such recovery among regions, many areas see positive signs in key economic components, such as consumer spending and industrial production.

Economic recovery is also seen even in the Tohoku region, which includes the northeastern areas hardest-hit by the earthquake and tsunami.

"Although the economy deteriorated substantially due to the disaster, moves toward the normalization of economic activity are proceeding steadily," the report said, referring to economic conditions in the Tohoku region.

The report said that while production has been increasing steadily in Tohoku, many firms in the coastal areas remained shut or were forced to scale back their production due to damages to facilities from the tsunami.

The report was released at a meeting of managers from the central bank's 32 domestic branches and general managers based in the U.S. and Europe.

Dow Jones, July 4, 2011

<http://e.nikkei.com/e/fr/tnks/Nni20110704D04JF715.htm>

Trade deficit in May second-biggest ever—Export decline eases as supply picture improves

Japan logged its second-biggest trade deficit on record in May as exports continued to fall after the March earthquake and tsunami, government data showed Monday, darkening the outlook for the economy.

But the result, which showed that the decline in exports was slowing, fueled optimism that the nationwide supply-chain disruptions and plunge in industrial output following the March 11 disaster are starting to be addressed.

The trade balance remained in the red for the second straight month with a deficit of ¥53.7 billion, the second-biggest on record after ¥67.9 billion marked in January 2009, when exports plunged amid the global economic downturn ushered in by the collapse of U.S. investment bank Lehman Brothers Holdings Inc. in 2008.

The value of exports dropped 10.3 percent from a year earlier to ¥4.76 trillion for the third straight monthly fall, weighed down by slower production following the natural disaster.

Imports expanded 12.3 percent, the fastest rise since November, to ¥5.61 billion for the 17th consecutive month of increase, due mainly to higher crude oil and other commodity prices. The result also reflects a boost in fuel oil imports as the country seeks alternative energy sources amid the crisis at the tsunami-ravaged Fukushima No. 1 nuclear plant.

The May trade deficit was largely affected by a 38.9 percent fall in exports of vehicles to the United States, Europe and the Middle East, the Finance Ministry said in a preliminary report.

Other products notably losing ground were electronics and auto parts destined for Asia, down 18.5 percent, respectively.

Chief Cabinet Secretary Yukio Edano said the government had expected a sharp deterioration in the nation's trade balance because of the earthquake. But he also told reporters, "We've seen more progress toward a recovery in output than earlier expected and believe the situation will change before too long."

Some economists echoed the view, pointing out that the pace of fall in exports slowed from 12.4 percent in April.

"May trade figures confirm exports are shifting toward a recovery," Kohei Okazaki, an economist at Nomura Securities Co., said in his report.

"If the domestic production of vehicles can be restored significantly within June, then we will see a rapid recovery in exports in July and August," he said.

Analysts say the easing of the supply-chain disruptions is likely to cause a shift in focus to the global economic outlook, as players seek clues to future developments in the Japanese export industry.

Some of them cited downside risks to the world economy, including higher commodity prices and the sovereign debt crisis in Europe.

By destination, exports to China, Japan's biggest trading partner, fell 8.1 percent to ¥38.2 billion, while imports gained 6.6 percent to ¥1.153 trillion with the balance marking a ¥214.7 billion deficit.

Exports to the United States shed 14.6 percent to ¥645.3 billion, with imports increasing 4.2 percent to ¥541.4 billion. The balance logged a surplus of ¥103.9 billion, down 56.0 percent from the same month a year before.

Kyodo, June 21, 2011

<http://search.japantimes.co.jp/cgi-bin/nb20110621a1.html>

Export fall spells first April trade deficit since 1980

Japan's trade balance fell into the red in April with a deficit of ¥463.7 billion, a big shift from the ¥189.4 billion surplus the month before, as the March 11 earthquake and tsunami wreaked havoc on exporters' production plants in the northeast, the Finance Ministry said Wednesday.

It was the first April since 1980 to show a trade deficit, the ministry said.

It was also the first deficit since January, when exports tend to be lower than other months due to the New Year's holidays.

The quake snapped supply chains in the auto and electronics industry, where the lack of crucial components hampered their efforts to restore production nationwide. The unstable power supply also hit many manufacturers, economists said.

Exports in April dropped 12.5 percent to ¥5.2 trillion, while imports jumped 8.9 percent to ¥5.6 trillion.

Exports of cars plunged 67 percent from a year earlier, worsening from the previous month and becoming a major factor in the overall deficit.

Adjusted for seasonal factors, April's trade deficit stood at ¥496.4 billion. It was the first seasonally adjusted deficit since March 2009, when the global financial crisis hit exports.

In a regional breakdown, Japan ran a surplus with the United States, but it dropped 56.5 percent to

\163.8 billion, down for the first time in five months. The deficit with China increased for the second month in a row to \108.3 billion.

Economists say it is possible the trade balance for all of 2011 will mark a deficit for the first time since 1980, as exports of automakers and other manufacturers won't soon fully recover to the predisaster level.

"Domestic production is not going to come back easily," said Taro Saito, a senior economist at NLI Research Institute, adding that the worst period for exports will be April and May.

"Even if the production capacity at factories returns to the normal level, the next problem is that some of their customers may have already switched to other suppliers," he said.

Toyota Motor Corp. said its damaged domestic production lines will rebound to 70 percent of capacity by June but won't fully recover until November or December.

Nissan Motor Co. doesn't expect its lost production performance to recover until October.

The value of Japan's imports was boosted by rising global oil prices.

The trade balance is unlikely to see any marked improvement soon because imports are expected to keep rising toward the end of the year thanks to strong demand for construction materials in the disaster area as well as liquefied natural gas to fuel thermal power plants, needed to offset the loss of electricity caused by shutdowns of nuclear reactors.

Yukio Noguchi, an adviser to the Institute of Financial Studies at Waseda University, said the sharp drop in exports in April and the expected slow recovery indicates the country's economic structure has reached a turning point.

Exporters are already hit by the strong yen and will suffer under the expected rise in electricity costs, he added.

"The country can't just sell goods to earn a trade surplus anymore," Noguchi said. He said Japan urgently needs to stop counting on export-driven growth and instead find other sources of economic expansion.

Noguchi expects the trade deficit to grow for at least another year.

Exports are unlikely to recover sharply because the collapse of some plants making crucial parts in the disaster-hit areas will prompt automakers and other producers to shift production overseas, he said.

Earlier this month, Toyota Executive Vice President Satoshi Ozawa told a news conference that the recent sharp rise in the yen is hampering the company's efforts to maintain domestic production and employment, indicating the possibility Toyota will move more production overseas.

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* *Japan Times*, May 26, 2011:

<http://search.japantimes.co.jp/cgi-bin/nb20110526a1.html>

April trade deficit totals 464 billion yen / 1st deficit for the month since 1980

May 26, 2011

Japan suffered a 463.7 billion yen trade deficit in April, the Finance Ministry said Wednesday, as exports of automobiles and electronic components declined sharply due to supply network disruptions in the aftermath of the March 11 massive earthquake and tsunami.

It is the first time since 1980 that a trade deficit has been recorded for April. This illustrates anew that the nation's key export industries, such as automobile and electronics makers, have been affected seriously by the Great East Japan Earthquake, observers said.

The monthly trade deficit was the second one recorded this year, after a 479.4 billion yen deficit was recorded in January.

The impact of the disaster was also felt in March, but a trade surplus of 189.4 billion yen was recorded for that month as exports had been on a recovery path in the weeks before the earthquake.

Exports totaled 5.16 trillion yen in April, down 12.5 percent from a year earlier, according to customs-cleared preliminary figures. The drop was remarkable for automobiles, exports of which fell 67 percent to 255.3 billion yen, the lowest since such data was first collected in January 1979.

In terms of number of units, automobile exports decreased 55.6 percent to 214,437, the lowest ever. This is because carmakers were forced to drastically curtail their production due to disruptions in parts supply networks and a power supply shortage, a ministry official said.

Exports of digital visual equipment, including digital cameras, plunged 48.6 percent in value while those of semiconductors and other electronic parts declined 19 percent. Food exports fell 22.8 percent as foreign countries strengthened import controls in the wake of trouble at the Fukushima No. 1 nuclear plant.

By region, exports declined almost across the board. The trade surplus with the United States shrank 56.5 percent to 163.8 billion yen, the first contraction in five months.

Trade with China suffered a deficit for the second straight month in April, with the deficit jumping by a factor of 4.6 to 108.3 billion yen.

Imports, on the other hand, rose 8.9 percent to 5.62 trillion yen. Petroleum products, including naphtha, and liquefied natural gas saw an increase.

The increase is attributable to the continued rise in their prices and the increasing demand for thermal power generation due to the suspension of operations at some nuclear power plants.

A ministry official warned that "we have to keep close watch on how the stagnation in production activities will impact both exports and imports."

The Yomiuri Shimbun, May 26, 2011

* <http://www.yomiuri.co.jp/dy/business/T110525006425.htm>
