

Higher Yen Balancing Japan's Trade

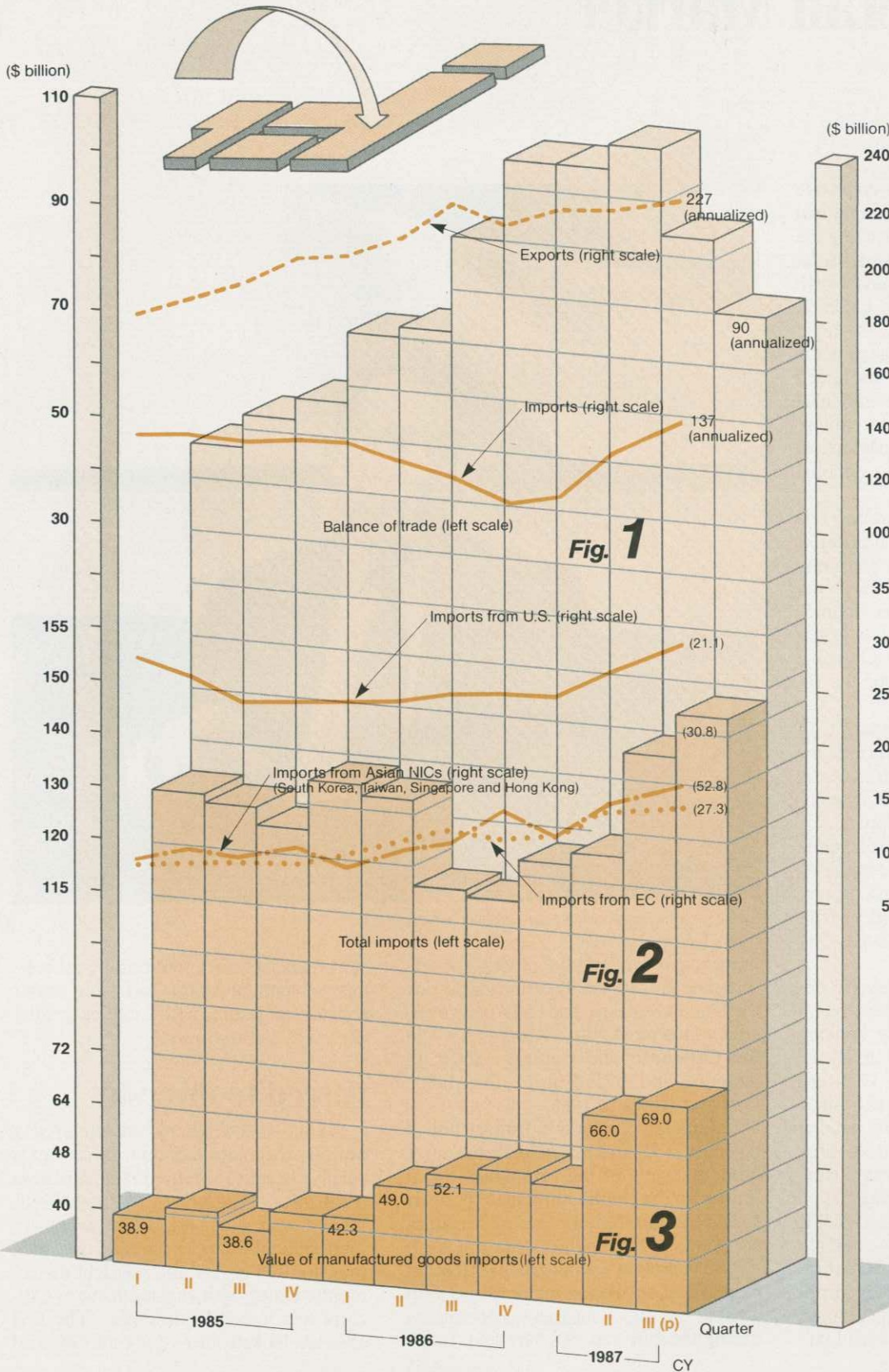


Fig. 1
Trends in Japan's Trade Balance

Since the beginning of 1987 the appreciation of the yen has made itself fully felt in Japan's dollar-denominated trade balance, with exports increasing only slightly against a sharp rise in imports. This will result in a considerable decrease in Japan's trade surplus in fiscal 1987 from the previous year.

Notes: 1. Based on IMF data
2. Seasonally adjusted annualized statistics
Source: Statistics on international balance of payments, Ministry of Finance

Fig. 2
Japanese Import Trends by Region

Japan's imports declined sharply in value for several months beginning in late fiscal 1985 due to a drop in crude oil prices. The downturn finally reversed in the second half of fiscal 1986, and imports have risen steadily since. Growth is particularly evident in imports from the U.S., EC and Asian NICs.

Note: Figures in parentheses denote rate of growth in the third quarter of 1987 over the same period in 1986.
Source: Trade statistics, Ministry of Finance

Fig. 3
Trends in Imports of Manufactured Goods

The steady increase in imports of manufactured goods could become the driving force in balancing Japan's trade. Increases are particularly conspicuous in imports of tape recorders, automobiles, household electrical appliances and apparel.

Source: Trade statistics, Ministry of Finance