Japan Posts Record $17.4B Trade Deficit

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TOKYO (AP) — Japan posted a record 1.63 trillion yen ($17.4 billion) trade deficit in January as rebounding exports lagged behind surging imports of crude oil and gas due to rising prices and the weakening yen.

The provisional data released Wednesday show exports for the world's third-biggest economy rose 6.4 percent to 4.8 trillion yen ($51.2 billion) in January from a year earlier, the first year-on-year increase in eight months. Imports jumped 7.3 percent to 6.43 trillion yen ($68.6 billion.)

A weakening in Japan's currency over the past few months has helped boost exports by making its products more price competitive overseas. But it has also inflated the value of resource-scarce Japan's imports of crude oil and other commodities, which offset a recovery in demand for Japanese-made vehicles and machinery.

The trend is hindering Japan's long-time strategy of relying heavily on exports to drive growth and adds to pressure for stronger domestic demand at a time when the workforce is aging and shrinking and corporate investment remains feeble.

Prime Minister Shinzo Abe is expected to seek help from Japan's ally the U.S. in a visit later this week to Washington, where he plans to appeal to President Barack Obama for wider access to cheaper exports of U.S. shale gas, Kyodo News Service and other local reports said Wednesday.

Abe's office would not confirm those reports. But it did say that "the government of Japan attaches utmost importance to the necessity of cooperation in the areas of resources and energy, particularly considering our current stringent energy situation," after the March 2011 disasters.

The Fukushima Dai-Ichi nuclear accident, triggered by a massive earthquake and tsunami, led to the closures of most of Japan's nuclear power plants, necessitating a sharp increase in imports of oil and gas.

Abe took office in December vowing to boost the economy by restoring Japan's export competitiveness, while at the same time stimulating demand at home through higher public works spending. He also has promised to push ahead with politically tough reforms needed to sustain growth in the longer term, though such efforts have not made much headway in the past.

Trade with the United States and major Asian trading partners rose early this year as the global recovery strengthened and the economic impact of friction with China over a territorial dispute appeared to recede. But trade with European countries remained weak, with a 6 percent decline in exports from a year earlier. Imports from Western Europe climbed 6.3 percent.

Exports to the United States jumped 11 percent from the year before to 839.8 billion yen ($8.97 billion), while imports rose 5.8 percent to 521.1 billion yen ($5.6 billion). That boosted Japan's surplus with the U.S. by 20 percent from a year earlier to 318.7 billion yen ($3.4 billion)

Exports to China climbed 3 percent but imports also surged, leaving a deficit of 654.6 billion yen ($7 billion), up 11 percent from the year before. Shipments of Japanese products to other Asian nations rose sharply, however, as manufacturers stepped up efforts to boost production and sales outside of China. Exports to Taiwan jumped 28.8 percent from a year earlier, to Thailand by 23.7 percent, to Vietnam by 21 percent and to Hong Kong by nearly 12 percent.

Japan's imports of crude oil and other fuel rose 8.8 percent to 2.26 trillion yen ($24.1 billion), accounting for over a third of its total import bill, pushed higher by the yen's weaker purchasing power and rising prices.

Exports of transport equipment climbed 25 percent, mainly due to rising exports of auto parts, while exports of machinery increased 18 percent.

Japan's trade deficit rose to a record 6.93 trillion yen ($78.3 billion) in 2012 as fuel imports surged and a bitter territorial dispute with China provoked anti-Japanese riots, hammering exports to the world's No. 2 economy.

The trade deficit narrowed to 641.5 billion yen ($7.25 billion) in December from the 954.8 billion yen shortfall in November. That was despite a 5.8 percent drop in exports for the month.

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