

Japan Trade Deficit Narrows On June Export Jump

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TOKYO (AP) — Japan's trade deficit was a smaller-than-expected 180.8 billion yen (\$1.8 billion) in June as the weaker yen boosted exports.

The deficit reported by the Ministry of Finance on Wednesday was smaller than most forecasts and down from May's deficit of 996.4 billion yen. Still, it was more than triple the 56.1 trillion yen deficit recorded in June 2012. That's largely due to higher costs for fuel imports since most of Japan's nuclear reactors have been shut down since the March 2011 tsunami and nuclear disaster.

A weakening in the Japanese yen over the past nine months has helped export manufacturing, especially machinery and autos, and shipments have climbed at double-digit rates from a year ago.

Exports totaled 6.1 trillion yen (\$60.9 billion) in June, up 7.4 percent from a year earlier, while imports rose to 6.24 trillion yen (\$62.7 billion). Exports to the U.S. jumped nearly 15 percent to 1.13 trillion yen (\$11.4 billion), while imports surged nearly 19 percent to 589.2 billion yen (\$5.9 billion).

There were signs of a recovery in trade with crisis-stricken Europe. Exports to the European Union climbed 8.6 percent, while imports jumped nearly 17 percent. Imports from the Middle East, mainly of oil and gas, rose 8 percent to 1.12 trillion yen (\$11.2 billion).

But Japan's trade with China has suffered due to tensions over conflicting claims to islands in the East China Sea. Exports to mainland China rose 4.8 percent in June to 1.08 trillion yen (\$10.8 billion) while its imports from China surged 14.3 percent to 1.33 trillion yen (\$13.4 billion), nearly doubling Japan's deficit with the world's No. 2 economy.

Partly to counter that trend, Japanese Prime Minister Shinzo Abe has made increasing Asian trade and cultivating ties with key resource exporters priorities of what he calls his "economic diplomacy." Abe also committed Japan to joining a U.S.-led trade initiative, the Trans-Pacific Partnership, which is envisioned as the beginning of what could become a region-wide trade bloc.

On Tuesday, Japan became the 12th nation to formally join the negotiations, underway in Malaysia. The goal is to conclude talks this year, but negotiations could prove arduous, given resistance in Japan to eliminating protections for some industries, especially farmers.

The lure for Japan is greater access to the American and other key markets, especially in fast-growing Asia. The 12 countries in the talks account for about 40 percent of world trade.

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