

# An Analysis of Japan's Car Import-Export Statistics in Full Year 2017

by Shervin Shahidi Hamedani



The Japanese automotive industry is one of the leading and largest automotive industries around the globe, known as a producer of reliable and affordable cars. This industry with no doubt is one of the most important industry sectors in Japan, consisting of a wide range of industrial and related activities, from materials supply and vehicle production to sales, servicing, freight shipping and other auto-centered operations.

Japan is the world's second largest car manufacturer by value, after Germany, and the third largest one in terms of volume after China and the U.S. This industry still remains as the world leader in design, performance, price, and consumption. New business opportunities are continuously being developed in the car market of Japan. Car production and exports have increased constantly and have made a substantial input to Japan's GDP. As a result, auto-related employment in Japan at present totals about 5.34 million people, which is significantly high, as the total workforce in Japan is about 64.4 million people. That is, more than 8 percent of the total employment in Japan belongs to this industry.

In the last 50 years, Japan has been part of the top 3 largest car maker countries. During the 1970's, Japanese manufacturers pioneered the robotics in the automotive industry and were the first to mass introduce robotics in the manufacturing of vehicles. In the 1980's and 1990's, Japanese car manufacturers developed the industry so fast to surpass the U.S automotive industry, which is the leading manufacturer of vehicles with over 13 million cars manufactured per year.

It has been projected that the production of light-vehicles in Japan will reach 8.84 million units in 2018, which is expected to decrease from 9.68 million units in 2017, mostly because of projected drops in domestic sales and exports while exports in 2017 grew by 1.5% year on year to 4.71 million units from 2016 as exports to major markets such as the US and Europe increased. This increase in 2017 derived from an improvement in domestic sales, supported by new model launches, as well as car exports.

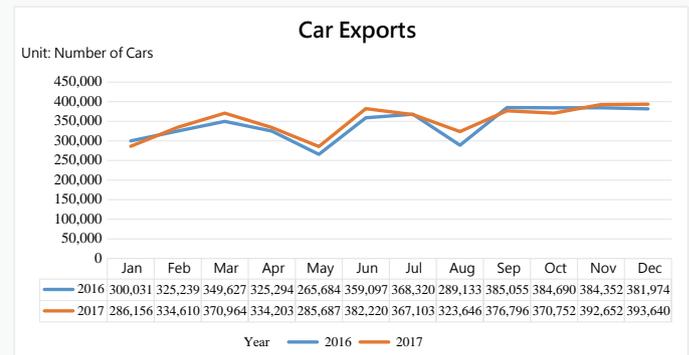
The total vehicle production in Japan grew by 5.2% year on year to 9.68 million units during 2017. The production of passenger cars reached 8.35 million units during the year, up 6.0% year on year, while output for the truck category raised just 1.0% year on year to 1.21 million units. The only category which recorded decline in its production is bus which reduced 5.4% year on year to 122,679 units during 2017.

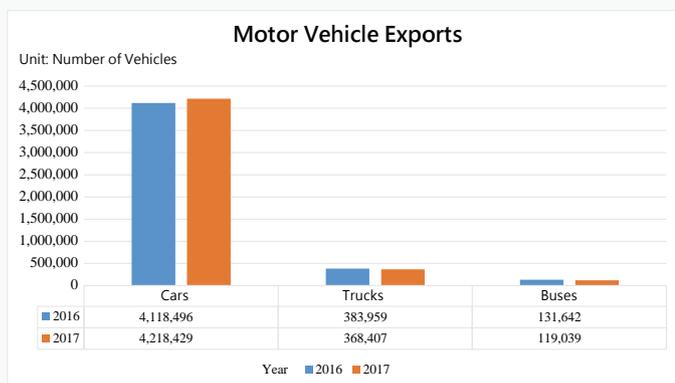
Within the passenger car category, the largest amount of output goes to standard cars with an engine displacement in excess of 2.0 litres which recorded 5.15 million units in 2017, while production of small vehicles reached 1.72 million units and the production of mini vehicles, with engines smaller than 660cc, registered for 1.48 million units.

During 2017 the shipments of Japanese vehicles grew 1.5% year on year to 4.71 million units. The number of exports to the largest overseas destination, for Japanese-made vehicles, which is North America market, increased 1.4% year on year to 1.93 million units. This market, North America, was followed by Europe with 864,518 units, which is a 5.6% year on year increase. The next destination was Asia market with 601,204 units of exports which counted a 2.4% year on year increase, followed by the Middle East with 443,963 units with significant declines in exports (down 11.3% year on year), and the Oceania with 434,458 units grew 10.4% year on year. The last two destination markets for Japanese cars in 2017 were Central America with 190,422 units of exports (up 4.2% year on year), and South America with 129,814 units (up 16.2% year on year).

In 2017 Japan's exports reached 4,218, 429 units of cars which increased 2.4% from 2016. In the same year, the total car production was 8,347,836 units. It means that almost half of Japanese car production has been exported to overseas markets and another half has been sold in the domestic market.

Overall, by looking into the Japan's motor vehicles statistics, it can be derived that the total number of units sold and exported in 2017 increased from the previous year, 2016, across the majority of vehicle categories, i.e. cars, trucks, buses. The charts below exhibit the comparison of motor vehicles exported in 2016 and 2017.





As stated in the ITC Trade Map, trade statistics for international business development, Japanese motor cars and other motor vehicles which are designed for the transport of persons (HS code 8703) registered significantly the lower number of imports and the lower value of imports in 2017 compared to the exports quantity and exports value. Currently, the U.S., China, Australia, the UAE and Canada are some of the major exporting markets for Japanese car manufacturers.

	Units	Value [USD thousand]
Imports	339,042	11,111,199
Exports	5,230,194	93,373,502

This trend, the lower number of imports compared to exports, has existed for several years and it's not limited to 2017 only. For instance, in 2016, motor vehicles exports (including motorcycles and parts) contributed about 21.6% of the total exports value within principal commodities known as the largest contributors among other commodities as well. However, the imports value in the same year just registered 3.2% of the total value of imports, which is the lowest contributor compared to other sectors.

The U.S. registered as the largest exports destination for Japanese cars in 2017 with the value of USD40 billion and 1.7 million units with the large distance from the second exports destination which is Australia with USD5.8 billion and 341k units of exports. On the other hand, the imports value shows that Germany is the largest contributor with USD5.5 billion and the UK is the second one with USD1.2 billion values of exports to Japan. Similarly, the majority of quantity of imports sourced from Germany with 145K units of imports which is slightly less than half of the total imports quantity (339k units). As stated earlier the above figures belongs to HS code 8703 which have been sourced from Japanese ministry of finance.

Finally, it is notable that, Japan has expanded from its domestic manufacturing to building up factories throughout the world such as the U.S. and Thailand. With constant demand for overseas expansion, car producers in Japan continue to focus more on manufacturing and sell their products to new markets in foreign countries. ■

**Sources:**

1. Auto Intelligence Daily, IHS Markit
2. Japan AutoBook 2017
3. JAMA, Japanese Automobile and Motorcycle Industry Statistics