

Development of Japanese Export in pre-pandemic period from Value point of view

Huynh Thi Ngoc Quynh, MBA, DBA

Faculty of Administration and Economic Studies in Uherské Hradiště Jagiellonian College in
Toruń, jan.vrba@fves.eu

Bc. Jan Vrba, MBA, DBA

Faculty of Administration and Economic Studies in Uherské Hradiště Jagiellonian College in
Toruń, jan.vrba@fves.eu

Abstract

The main aim of this research paper is to investigate export of goods and commodities from Japan to other countries in pre-pandemic period before COVID-19. Secondary objective no. 1 is to create literature overview on the chosen topic; secondary objective no. 2 is to analyse export during the selected years and secondary objective no. 3 is to draw conclusion and to determine the top export partners of Japan. To analyse Japanese export and to determine which countries in the World are the main Japanese partner in exporting commodities and goods. The research paper also has two main functions which is to analyse Japanese export and to determine which countries in the World are the main Japanese partner in exporting commodities and goods, and to function as an overview article on the Japanese export in the pre-COVID-19 era and to provide basic information on the topic.

Keywords: Export; Japan; Japanese export; pre-COVID-19

1. Introduction

The main aim of this research paper is to investigate export of goods and commodities from Japan to the other countries in pre-pandemic period before COVID-19 pandemic. The research paper is also a basic for further future comparison of pre-pandemic period and post-pandemic period. However, since the COVID-19 pandemic situation has not reached its end yet (March 2022), the research of post-pandemic export will be carried out in the future approximately after the official end of the COVID-19 pandemic declared by the World Health Organisation.

Japanese export before COVID-19 pandemic situation included not only export of cars, parts of vehicles, mobile phones and such as devices, but also for instance export of Japanese food abroad. In recent years before COVID-19 it is possible to suggest that especially export of Japanese food abroad significantly increased.

This research paper focuses on research of Japanese export from the point of view of value (in USD). Further the research paper focuses to determine to which countries Japan exported the most commodities and goods from the point of view of value (in USD).

Although Vrba and Linhart (2020) in their research paper suggest that COVID-19 may have limited impact on certain countries such as Vietnam, it is still early to say that COVID-19 has had limited impact on Japan and the international trade and economic of Japan during COVID-19. This aspect needs to be investigated in details in the near future.

2. Methodology

The methodology used for this research paper includes research of value of Japanese export in selected pre-COVID-19 period as well as analysis, synthesis of information, data and text as well as other means of text processing.

The main objective of the research paper is to investigate the export of Japan in selected period for which secondary objectives are also established:

1. Secondary objective no. 1: to create literature overview on the topic,
2. Secondary objective no. 2: to analyse export during the selected years,
3. Secondary objective no. 3: to draw conclusion and to determine the top export partners of Japan.

The research paper has two main functions:

1. To analyse Japanese export and to determine which countries in the World are the main Japanese partner in exporting commodities and goods,
2. To function as an overview article on the Japanese export in the pre-COVID-19 era and to provide basic information on the topic.

The time and step-to-step framework of the research include especially the following aspects:

1. To establish information base on the literature review on the topic of Japanese export and export generally,
2. To collect data and to evaluate data of Japanese export in the selected period of time,
3. To analyse data and to make the conclusions, to determine the most important export partners of Japan.

The research paper investigates Japanese export mainly in the time nearing the COVID-19 pandemic situation. This includes years of 2017-2019. The COVID pandemic started officially in 2020 and lasts till nowadays (March 2022).

3. Literature Review

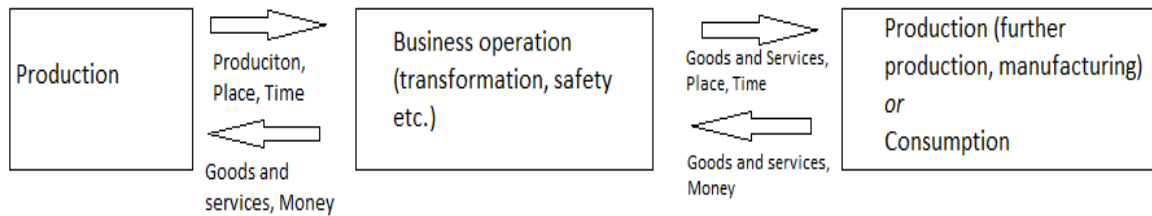
Cambridge Dictionary defines export as “sending goods to another country for sale” or such as opposite of “import” or “to put something from one country into use in other countries,” which make the basic definition of export. Cambridge Dictionary states that the synonyms for export are e.g., “to sell”, “to deal in” or to “sell off” (Cambridge Dictionary, 2022).

Export therefore may be defined also as:

- To sell goods, items or commodities from one country to another country,
- To send goods from home economics to another economics (cross-border point of view),
- It is one of the main key points of the traditional economics and traditional international trade,
- Part of balance and international trade balance, is used for analysis in equations, magic quadrangle etc.

The following picture shows the basic concept of functional combination and institutional concept of trade, which creates a national economic conception.

Figure 1 A national economic conception of international trade



Source: Translated and adapted from source Štěrbová, 2013, pp.15.

A national economic conception of international trade is separated into three parts which are production (manufacturing, basic manufacturing, transmission of inputs into outputs) which is forwarded by business operations such as transformation, safety of international trade to the third part which is either creating of the final product for consumption or to create the product for further production and manufacturing (Štěrbová, 2013, pp. 15).

Between these three parts there are two ways – one way is psychical manufacturing (production), place (space and place of production) and time (of production); the other way go goods and services and/or money (Štěrbová, 2013, pp. 15).

Japanese export affects also exporters price-setting and invoicing from the point of view of currency settings. Export is thus prone to macroeconomic shock in different countries (Koibuchi, Sato, Shimizu, 2018).

Special place among export from Japan to other countries has also food or arts such as modern-style Japanese painting (Foxwell, 2015).

The World Bank states that in 2019 the most exported commodities were especially Automobiles with reciprocating piston engine (USD 49,831,258 mil.), Monolithic integrated circuits (USD 26,127,017 mil.) and Automobiles NES including Gas turbine (USD 19,336,613 mil.) (World Bank, 2022).

Since Japan is a manufacturing country where companies focus on manufacturing and processing, transmissions of inputs into outputs, it is necessary to have enough commodities and goods for the outputs. Therefore, it is necessary to import commodities such as Petroleum oils and Oils (USD 73,078,326 mil.), Natural liquid Gas (USD 39,944,082 mil.) and Transmission Apparatus (USD 22,162,663 mil.) (World Bank, 2022).

4. Research Data and Research Results

To determine the Top export partners of Japan, the total value of exported commodities is determined in the years of 2017-2019, each year respectively followed by the overview conclusion on the topic. The research data are presented in overview form.

In the year of 2017 the TOP 5 export partners of Japan were U.S.A, China, South Korea, Taiwan and Hong Kong. Total export from Japan to these countries accounted for 54,57 % and was valued up to 379,4 bil. USD.

Table 1 Export of Japan in 2017

No	Country	Total export in USD	Country share on total export	Note(s)
1	U.S.A	130 bil. USD	18,7 %	
2	China	128 bil. USD	18,4 %	
3	South Korea	52,3 bil. USD	7,53 %	
4	Taiwan	39,2 bil. USD	5,64 %	
5	Hong Kong	29,9 bil. USD	4,3 %	
Total	Total Top 5	379,4 bil. USD	54,57 %	-

Source: OEC, 2022.

In the year of 2018 the TOP 5 export partners of Japan were China, U.S.A, South Korea, Taiwan and Thailand. Total export from Japan to these countries accounted for 54,52 % and is valued up to 398,3 bil. USD (OEC, 2022).

Table 2 Export of Japan in 2018

No	Country	Total export in USD	Country share on total export	Change in comparison with previous year
1	China	139 bil. USD	19 %	One position up
2	U.S.A	135 bil. USD	18,5 %	One position down
3	South Korea	51,6 bil. USD	7,06 %	Same
4	Taiwan	41,1 bil. USD	5,63 %	Same
5	Thailand	31,6 bil. USD	4,33 %	Newcomer to TOP5
Total	Total Top 5	398,3 bil. USD	54,52 %	-

Source: OEC, 2022.

In the year of 2019 the TOP 5 export partners of Japan were U.S.A, China, South Korea, Taiwan and Thailand which accounted for 54,3 % of whole Japanese export valued in total of USD 377,4 bil. (OEC, 2022).

Table 3 Export of Japan in 2019

No	Country	Total export in USD	Country share on total export	Change in comparison with previous year
1	U.S.A	134 bil. USD	19,3 %	One position up
2	China	128 bil. USD	18,4 %	One position down
3	South Korea	44,9 bil. USD	6,46 %	Same
4	Taiwan	41,6 bil. USD	5,98 %	Same
5	Thailand	28,9 bil. USD	4,16 %	Same
Total	Total Top 5	377,4 bil. USD	54,3 %	-

Source: OEC, 2022.

It is possible to state that the position of South Korea and Taiwan as export partner of Japan in 2017-2019 is stable. Both countries “scored” on the list as of 3rd, respectively 4th biggest export partner of Japan in each year (OEC, 2022).

The position of China and the U.S.A is however changing from the point of view of export leader and 2nd position in exported value. In year of 2018 Japan exported the most commodities from the point of value to China, however in years of 2017 and 2019 the first position was occupied by the U.S.A. During the period of 2017-2019 Japan exported to either China or U.S.A. goods and commodities in the value of at least 128 bil. USD (OEC, 2022).

In years of 2018 and 2019 the fifth position (around 4 % of total export share) belonged to Taiwan which replaced Hong Kong. Hong Kong was the top fifth export partner of Japan in 2017.

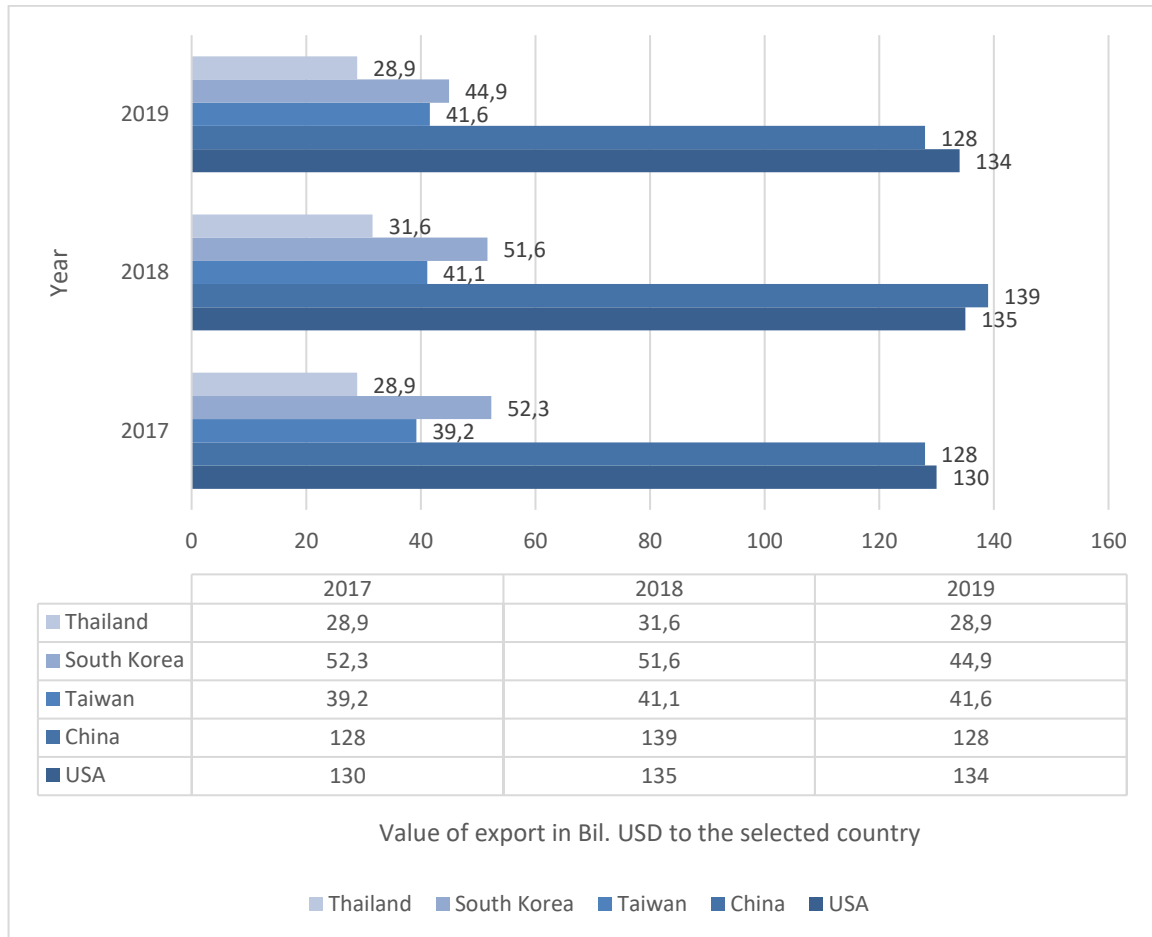
The TOP 5 export partners of Japan in each year accounted for at least 54 % of the total export share. The rest of at least 46 % of total export share is divided into other countries of the World. It is therefore possible to state that:

- Japan TOP exporting countries are U.S.A, China, Taiwan, South Korea and Thailand which accounted for around 54 % of total export (at least 377 bil. USD),
- The position of TOP position in export leader partner of Japan is switched between China and USA during 2017-2019,
- In all investigated years, the TOP 5 export partners accounted for at least 54 % of total export and therefore the TOP 5 export countries is the crucial for Japan.

For the future research it is recommended to investigate the exact principle of switching the Japan export leader between U.S.A and China. Is it just a “coincidence” or are there involved other factors such as politics, citizens thinking, geographical factors and such as?

To underline the importance of the TOP 5 countries as export partners of Japan during selected period of 2017-2019 the following graph shows accumulated value of export.

Chart 1: Total value of export from Japan to selected countries (in bil. USD).



Source: Author based on OEC, 2022.

It is visible that the TOP 2 countries are U.S.A and China. The chart shows graphical expression of the export value from Japan to the destination country in billions USD in separate years.

In total, the U.S.A is more important for Japan as export partner since the value of export to the U.S.A was in total USD 399 bil., while the value of export to China was lower – only USD 395 bil. in the selected period.

5. Research Limitations

The limitation of this research is that, even if independent sources of OEC are used, still it is recommended to carry out the follow-up research after COVID-19 pandemic officially ends as will be determined by World Health Organisation.

The other limitation is also that independent data are used for evaluation due to impartiality and non-biased information for the evaluation. Such as data may reach its limitations sooner than official government-issued data. Nevertheless, The Observatory of Economic Complexity (“OEC”) data, which are available to the publics through internet, are used. The Observatory of Economic Complexity (“OEC”) is taken as the world's leading data visualization tool for

international trade data and presented information are generally believed to be true and error-free.

6. Conclusion

The main objective of the research paper is to investigate the export of Japan in selected period for which secondary objectives are also established:

1. Secondary objective no. 1: to create literature overview on the topic,
2. Secondary objective no. 2: to analyse export during the selected years,
3. Secondary objective no. 3: to draw conclusion and to determine the top export partners of Japan.

The main objective was met as well as were met secondary objectives. In each year, the top five major exports in Japan accounted for at least 54 % of the overall export share, with the remaining 46 % being distributed among other countries around the World. As a result, it is possible to state that:

- Japan TOP exporting countries are U.S.A, China, Taiwan, South Korea and Thailand which accounted for around 54 % of total export (at least 377 bil. USD),
- The position of TOP position in export leader partner of Japan is switched between China and USA during 2017-2019,
- In all investigated years, the TOP 5 export partners accounted for at least 54 % of total export and therefore the TOP 5 export countries is the crucial for Japan.

For the future research it is recommended to investigate the exact principle of switching the Japan export leader between U.S.A and China. Is it just a “coincidence” or are there involved other factors such as politics, citizens thinking, geographical factors and such as?

References

- Cambridge Dictionary. (2022). Heslo "Export". (online). (cit. 21.3.2022). Available at: <https://dictionary.cambridge.org/dictionary/english/export>.
- Foxwell, Ch. (2015). Making Modern Japanese-Style Painting. Chicago: University of Chicago Press. ISBN 978-0-226-11080-6.
- Koibuchi, S., Sato, K., Shimizu S. (2018). Managing Currency Risk: How Japanese Firms Choose Invoicing Currency. Cheltenham: Elgar. ISBN 978-1-178536-013-8.
- OEC.(2022). Japan Export 2017-2019. (online). (cit. 21.3.2022). Available at: <https://oec.world/en/profile/country/jpn?yearSelector1=exportGrowthYear23>.
- Štěrbová, L. (2013). Mezinárodní obchod ve světové krizi 21. století. Praha: Grada Publishing, a.s. ISBN 978-80-247-4694-4.
- Vrba, Linhart. (2020). Sovereignty in COVID 19 pandemic In: Ekonomické listy VŠEM, 2020, 11(1-2). pp. 24-40. ISSN 1804-4166.
- World Bank (2022). Trade summary for Japan. (online). (cit. 21.3.2022). Available at: <https://wits.worldbank.org/CountrySnapshot/en/JPN/textview>.