

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S

INDIA-JAPAN BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

1. Japan lies in eastern Asia and comprises a curved chain of more than 6,000 islands. Four large islands, named (from north to south) Hokkaido, Honshu, Shikoku and Kyushu, account for about 98% of the land area. Hokkaido lies just to the south of Sakhalin, a large Russian island, and about 1,300 km (800 miles) east of Russia's mainland port of Vladivostok. Southern Japan is about 150 km (93 miles) east of Republic of Korea. Japan is a member of the G7, APEC, and "ASEAN Plus Three", and is a participant in the East Asia Summit. In 2024, Japan had the fourth-largest diplomatic network in the world, Japan is one of the G4 countries seeking reform of the Security Council.

2. Japan has the world's fifth-largest economy by nominal GDP, after that of the United States, China, Germany and India; and the fifth-largest by PPP-adjusted GDP. As of 2023, Japan's labor force is the world's tenth-largest, consisting of over 69.2 million workers. As per available report of IMF Executive Board Article IV Consultation with Japan April 2, 2025, "After three decades of near-zero inflation, signs are growing that Japan's economy can reach a new equilibrium with inflation sustained at the Bank of Japan's 2 percent headline inflation target and growth at the 0.5 percent potential. Temporary supply-side disruptions have led to a significant growth slowdown in 2024, but growth is expected to pick up to 1.2 percent in 2025, with private demand replacing public consumption as the main growth driver. Above inflation wage growth is expected to strengthen in 2025, boosting households' disposable income and consumption. Private investment is also expected to remain strong, supported by high corporate profits and accommodative financial conditions. Inflation is expected to converge from above to the BoJ's 2-percent target in late 2025, helped by a moderation in oil and food prices. The current account balance increased to 4.8% of GDP in 2024, with the external position assessed, on a preliminary basis, as broadly in line with the level implied by medium-term fundamentals and desirable policies. Financial conditions in Japan remain accommodative but are gradually tightening amid increasing real interest rates and rising macroeconomic uncertainty".

A snapshot of Japan's selected economic indicators is presented at [Table –I](#).

Table- 1

Japan: Selected Economic Indicators, 2021-30										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
				Est.	Proj.					
	<i>(In percent change)</i>									
Growth										
Real GDP	2.7	0.9	1.5	0.1	1.2	0.8	0.6	0.6	0.5	0.5
Domestic demand	1.7	1.5	0.5	0.2	1.1	0.9	0.6	0.5	0.5	0.5
Private consumption	0.7	2.1	0.8	-0.1	0.9	0.7	0.6	0.4	0.3	0.3
Gross Private Fixed Investment	1.3	1.6	1.5	0.6	1.3	1.0	0.5	0.3	0.3	0.3
Business investment	1.7	2.6	1.5	1.2	1.3	1.1	0.6	0.4	0.3	0.3
Residential investment	-0.3	-2.7	1.5	-2.3	0.8	0.5	0.1	0.0	0.0	0.0
Government consumption	3.4	1.4	-0.3	0.9	1.3	1.2	1.0	1.1	1.3	1.4
Public investment	-2.6	-8.3	1.5	-0.9	0.3	0.0	0.2	-0.3	-0.4	-0.4
Stock building	0.5	0.2	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Net exports	1.0	-0.5	1.0	-0.1	0.1	-0.1	0.0	0.0	0.0	0.0
Exports of goods and services	11.9	5.5	3.0	1.0	2.0	1.0	1.7	1.6	1.5	1.4
Imports of goods and services	5.2	8.3	-1.5	1.3	1.4	1.6	1.7	1.4	1.3	1.3
Output Gap	-1.6	-0.9	0.2	0.1	0.2	0.0	0.0	0.0	0.0	0.0
<i>(In percent change, period average)</i>										
Inflation										
Headline CPI	-0.2	2.5	3.2	2.7	2.4	2.0	2.0	2.0	2.0	2.0
GDP deflator	-0.2	0.4	4.1	2.9	2.0	2.0	2.1	2.0	2.0	2.0
<i>(In percent of GDP)</i>										
Government										
Revenue	36.3	37.5	36.8	36.9	36.8	36.8	36.8	36.9	36.9	36.9
Expenditure	42.5	41.8	39.1	39.4	39.5	39.8	40.1	40.8	41.4	42.0
Overall Balance	-6.1	-4.2	-2.3	-2.5	-2.7	-3.0	-3.3	-3.9	-4.5	-5.2
Primary balance	-5.5	-3.8	-2.0	-2.1	-2.3	-2.3	-2.2	-2.4	-2.7	-3.1
Structural primary balance	-4.9	-3.8	-2.1	-2.1	-2.4	-2.3	-2.2	-2.4	-2.7	-3.2
Public debt, gross	253.7	248.3	240.0	236.7	233.1	230.7	228.8	227.8	227.6	228.0
<i>(In percent change, end-of-period)</i>										
Macro-financial										
Base money	8.5	-5.6	6.4	-1.0	2.2	2.2	2.2	2.1	2.1	2.1
Broad money	2.9	2.3	2.2	1.2	1.8	2.0	2.2	2.1	2.0	2.0
Credit to the private sector	2.3	3.6	4.2	3.1	1.6	1.4	1.4	1.4	1.3	1.3
Non-financial corporate debt in percent of GDP	157.1	161.2	156.7	159.5	160.9	162.1	163.3	165.3	166.0	168.3
<i>(In percent)</i>										
Interest rate										
Overnight call rate, uncollateralized (end-of-period)	0.0	0.0	0.0	0.2	...	...	...	...	...	...
10-year JGB yield (end-of-period)	0.1	0.4	0.6	1.1	...	...	...	...	...	...
<i>(In billions of USD)</i>										
Balance of payments										
Current account balance	196.2	89.9	158.5	193.0	177.9	167.7	170.1	175.2	175.5	169.3
Percent of GDP	3.9	2.1	3.8	4.8	4.4	4.0	3.9	3.9	3.8	3.5
Trade balance	16.4	-115.8	-48.2	-26.1	-11.3	-15.6	-14.4	-11.4	-8.9	-7.2
Percent of GDP	0.3	-2.7	-1.1	-0.6	-0.3	-0.4	-0.3	-0.3	-0.2	-0.1
Exports of goods, f.o.b.	749.2	752.5	713.7	692.3	700.2	706.6	722.7	736.9	755.4	771.4
Imports of goods, f.o.b.	732.7	868.3	761.9	718.5	711.5	722.1	737.1	748.4	764.3	778.6
Energy imports	127.8	195.5	152.9	138.3	124.6	108.2	98.0	90.0	83.0	76.7
<i>(In percent of GDP)</i>										
FDI, net	3.5	3.0	4.1	4.8	4.2	4.1	4.0	4.2	4.3	4.2
Portfolio Investment	-3.9	-3.3	4.7	2.4	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4
<i>(In billions of USD)</i>										
Change in reserves	62.8	-47.4	29.8	-64.4	11.5	11.5	11.5	11.5	11.5	11.5
Total reserves minus gold (in billions of USD)	1356.2	1178.3	1238.5	1159.7	...	...	...	...	...	...
<i>(In units, period average)</i>										
Exchange rates										
Yen/dollar rate	109.8	131.5	140.5	151.4	...	...	...	...	...	...
Yen/euro rate	129.9	138.6	152.0	163.8	...	...	...	...	...	...
Real effective exchange rate (ULC-based, 2010=100)	73.5	62.0	56.3	51.7	...	...	...	...	...	...
Real effective exchange rate (CPI-based, 2010=100)	70.7	61.0	58.1	55.0	...	...	...	...	...	...
<i>(In percent)</i>										
Memorandum items:										
Real GDP per Capita Growth	3.0	1.3	2.0	0.5	1.7	1.3	1.2	1.1	1.1	1.1
Population Growth	-0.3	-0.3	-0.5	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6
Old-age dependency	48.7	48.8	48.9	49.2	49.7	50.1	50.5	50.9	51.4	52.0
Sources: Haver Analytics; OECD; Japanese authorities; and IMF staff estimates and projections.										

FOREIGN TRADE

3.As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Japan are China, United States, Korea Rep., other Asia, and Hong Kong China. On the other hand five major import partners of Japan are China, United States, Australia, United Arab Emirates and Saudi Arabia. Major four exported goods of Japan are (i)Automobiles with reciprocating piston engine, (ii) Machines & mechanical appliances nes, (iii) Monolithic integrated circuits, digital, (iv) Automobiles nes including gas turbine powered and On the other hand major five imported goods are (i) Petroleum oils and oils obtained from bituminous, (ii) Natural gas, liquefied, (iii) Bituminous coal, not agglomerated, (iv) Monolithic integrated circuits, digital and (iv) Transmission apparatus, for radioteleph incorpo.

4. Japan's total exports in 2020 were of the order of USD 641,283 million .It was USD 707,390 million in 2024 with a positive growth of 18.05% in 2021compared to 2020. During the period from 2020 to 2024, the annual average compound rate of growth of exports was2.48%.

5. Japan's total imports in 2020 were of the order of USD 635,402 million and it was USD 742,672 million in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of Imports was 3.98%.

6. Japan faced an overall Balance of Trade deficitfrom2021 to 2024. It was quite significant that Japan had a trade deficit of USD 151,928millionin 2022.During the period from 2020 to 2024, the annual average compound rate of growth of total volume of trade was 3.23%.

A snapshot of Japan's overall Trade Statistics is presented in [Table 2& Figure 1](#)

TABLE - 2

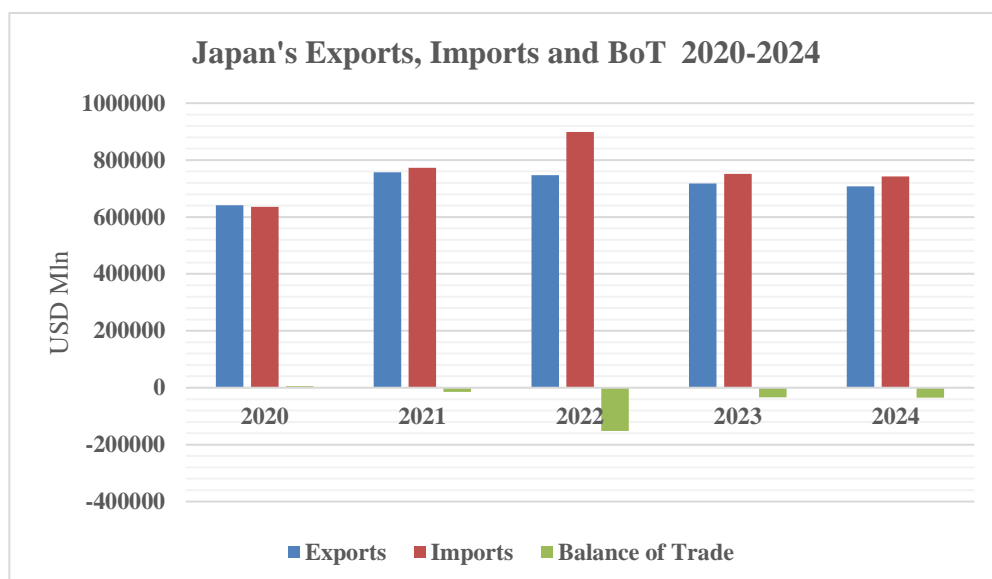
JAPAN'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2020 TO 2024

(Figures in USD Million)							
Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020	641283		635402		12,76,685		5881
2021	757066	18.05	772276	21.54	15,29,342	19.79	-15210
2022	746672	-1.37	898600	16.36	16,45,272	7.58	-151928
2023	717946	-3.85	751750	-16.34	14,69,696	-10.67	-33804
2024	707390	-1.47	742672	-1.21	14,50,062	-1.34	-35282
Annual Compound Growth Rate		2.48		3.98		3.23	

NOTE : Figures relate to calendar year (January to December)

SOURCE : UN COMTRADE PUBLICATION

Figure – 1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. In recent years, economic relationship between Japan and India have steadily expanded and deepened. The volume of trade between the two countries has increased. India's export to Japan was 1.43% of India's total export value in FY2024-25. Japan was India's 18th largest export destination in FY 2024-25. In the same financial year imports from Japan was 2.66% of India's total import value. Japan was the 13th largest trading partner of India in FY 2024-25. Almost 1.87% of India's total international trade value was between India and Japan in FY 2024-25 as per DGCI&S database.

8. Indo-Japan total volume of bilateral trade in FY 2020-21 was of the order of USD15,359.78 million. It increased to USD25,269.17 million in FY 2024-25. The annual compound growth rate of volume of trade during the period from 2020-21 to 2024-25 was of the order of 13.25%.

9. It appears from the available figures that between 2020-21 and 2024-25, India had a deficit Balance of Trade with Japan. Exports from India to Japan increased steeply by 39.30% in FY2021-22 immediately after the pandemic hit year. The annual average compound rate of growth of Exports was 8.95% during the period under review. On the other hand, imports from Japan to India increased by 31.81% in FY 2021-22 and 14.55 % in FY2022-23 over the respective previous FY. During the period from 2020-21 to 2024-25, the annual average compound rate of growth of Imports was 14.87%.

A snapshot of India's merchandise trade statistics w.r.t. Japan is presented in **Table 3 & Figure 2**

TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. JAPAN
FY 2020-21 to 2024-25

(Value in USD Million)

Year	Exports from India to Japan	Percentage Growth in Exports	Imports from Japan to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020-21	4435.04		10924.74		15359.78		-6489.70
2021-22	6177.85	39.30	14399.77	31.81	20577.62	33.97	-8221.92
2022-23	5465.00	-11.54	16495.32	14.55	21960.32	6.72	-11030.32
2023-24	5159.21	-5.60	17697.67	7.29	22856.88	4.08	-12538.46
2024-25	6249.09	21.12	19020.08	7.47	25269.17	10.55	-12770.99

**Annual
Compound
Growth Rate**

8.95

14.87

13.25

NOTE : Figures relate to Financial Year (April to March)
SOURCE : DGCI&S, M/oC&I

FIGURE-2



10. Additionally, from Tables 4&5 presented bellow the following are stated:

- a. (i) **Motor Vehicle/Cars**,(ii) **Telecom Instruments** and(iii) **Marine Products** occupied the top three slots in India's exports to Japan in the year 2024-25.**Motor Vehicle/Cars** occupied the highest share of 13.08% in total exports from India to Japan.
- b. (i) **Residual Chemicals And Allied Products**, (ii) **Iron And Steel** and (iii) **Copper And Products Made Of Copper** are the three major commodities in India's imports list from Japan in the year 2024-25, **Residual Chemicals And Allied Products** occupied bulk share of 14.06% in India's imports from Japan.

TABLE -4

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO JAPAN
2020-21 TO 2024-25 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	Motor Vehicle/Cars	32.02	100.24	86.44	225.71	817.49	213.05	-13.77	161.12	262.19
	Share in total export	0.72	1.62	1.58	4.37	13.08				
2	Telecom Instruments	4.00	364.88	141.47	96.93	543.66	9022.00	-61.23	-31.48	460.88
	Share in total export	0.09	5.91	2.59	1.88	8.70				
3	Marine Products	409.06	448.54	286.34	412.09	408.45	9.65	-36.16	43.92	-0.88
	Share in total export	9.22	7.26	5.24	7.99	6.54				
4	Agro Chemicals	128.78	180.85	176.83	219.19	406.86	40.43	-2.22	23.96	85.62
	Share in total export	2.90	2.93	3.24	4.25	6.51				
5	Electric Machinery And Equipments	224.37	274.89	223.34	336.23	406.84	22.52	-18.75	50.55	21.00
	Share in total export	5.06	4.45	4.09	6.52	6.51				
6	Aluminium, Products Of Aluminium	114.59	316.64	291.67	413.93	343.26	176.32	-7.89	41.92	-17.07
	Share in total export	2.58	5.13	5.34	8.02	5.49				
7	Residual Chemical And Allied Prods.	247.50	273.30	268.96	268.04	263.70	10.42	-1.59	-0.34	-1.62
	Share in total export	5.58	4.42	4.92	5.20	4.22				
8	Iron And Steel	151.28	354.08	268.22	188.63	206.90	134.06	-24.25	-29.67	9.69
	Share in total export	3.41	5.73	4.91	3.66	3.31				
9	Organic Chemicals	208.46	269.30	291.84	197.82	189.61	29.19	8.37	-32.22	-4.15
	Share in total export	4.70	4.36	5.34	3.83	3.03				
10	Pearl, Precs Semi Precs Stones	294.79	317.64	279.69	214.16	180.72	7.75	-11.95	-23.43	-15.61
	Share in total export	6.65	5.14	5.12	4.15	2.89				
	Total export to JAPAN	4435.04	6177.85	5465.00	5159.21	6249.09	39.30	-11.54	-5.60	21.12

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5

**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM JAPAN
2020-21 TO 2024-25 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	Residual Chemicals And Allied Prods.	1167.64	1854.80	2277.97	1864.13	2673.83	58.85	22.81	-18.17	43.44
	Share in total imports	10.69	12.88	13.81	10.53	14.06				
2	Iron And Steel	479.62	1011.56	1390.07	1487.76	1948.35	110.91	37.42	7.03	30.96
	Share in total imports	4.39	7.02	8.43	8.41	10.24				
3	Copper And Products Made Of Copper	991.74	1194.69	1295.86	2253.20	1821.70	20.46	8.47	73.88	- 19.15
	Share in total imports.	9.08	8.30	7.86	12.73	9.58				
4	Indl. Machinery For Dairy Etc.	770.27	1037.90	1148.61	1475.46	1274.65	34.74	10.67	28.46	- 13.61
	Share in total import	7.05	7.21	6.96	8.34	6.70				
5	Electronics Components	414.90	546.55	703.57	839.70	969.06	31.73	28.73	19.35	15.41
	Share in total import	3.80	3.80	4.27	4.74	5.09				
6	Auto Components/Parts	415.03	665.26	707.94	752.43	958.93	60.29	6.42	6.28	27.44
	Share in total import	3.80	4.62	4.29	4.25	5.04				
7	Plastic Raw Materials	815.20	1077.50	1047.40	1002.54	957.29	32.18	-2.79	-4.28	-4.51
	Share in total import	7.46	7.48	6.35	5.66	5.03				
8	Organic Chemicals	514.09	631.48	689.00	862.53	922.17	22.83	9.11	25.19	6.91
	Share in total import	4.71	4.39	4.18	4.87	4.85				
9	Electric Machinery And Equipments	386.68	456.33	554.70	635.28	763.17	18.01	21.56	14.53	20.13
	Share in total import	3.54	3.17	3.36	3.59	4.01				
10	Machine Tools	356.81	408.32	449.46	546.48	588.11	14.44	10.08	21.59	7.62
	Share in total import	3.27	2.84	2.72	3.09	3.09				
	Total import from JAPAN	10924.74	14399.77	16495.32	17697.67	19020.08	31.81	14.55	7.29	7.47

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

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