



Japan

ISCC Ranking: 17

Reducing the cost of international trade transactions has become a priority for Governments intent on facilitating the effective integration of firms in regional and global production networks. Along with improving availability and access to trade related infrastructure, cutting red tape and enhancing trade processes have become essential both to maintain competitiveness and enable smaller players to also benefit.

The latest data on international trade costs from the ESCAP-World Bank database suggest that Japan has made limited progress on reducing trade costs with its East and North-East Asian neighbors, with relatively more progress made instead on reducing trade costs with South-East Asian partners. When tariff costs are excluded, trade costs between Japan and the United States are lower than those between Japan and many of the other Asian countries, suggesting further room for intra-regional trade facilitation. Trade costs in the agricultural sector remain high.

Japan ranks 17th of 179 countries according to the ESCAP International Supply Chain Connectivity (ISCC) Index, a new index released on the occasion of the Asia-Pacific Trade & Investment Week (November 2013) which captures the extent of a country's facilitation of import and export processes as well as its access to efficient maritime services. Japan's level of supply chain connectivity since 2006 has been stable and remains close to the East and North-East Asian average.

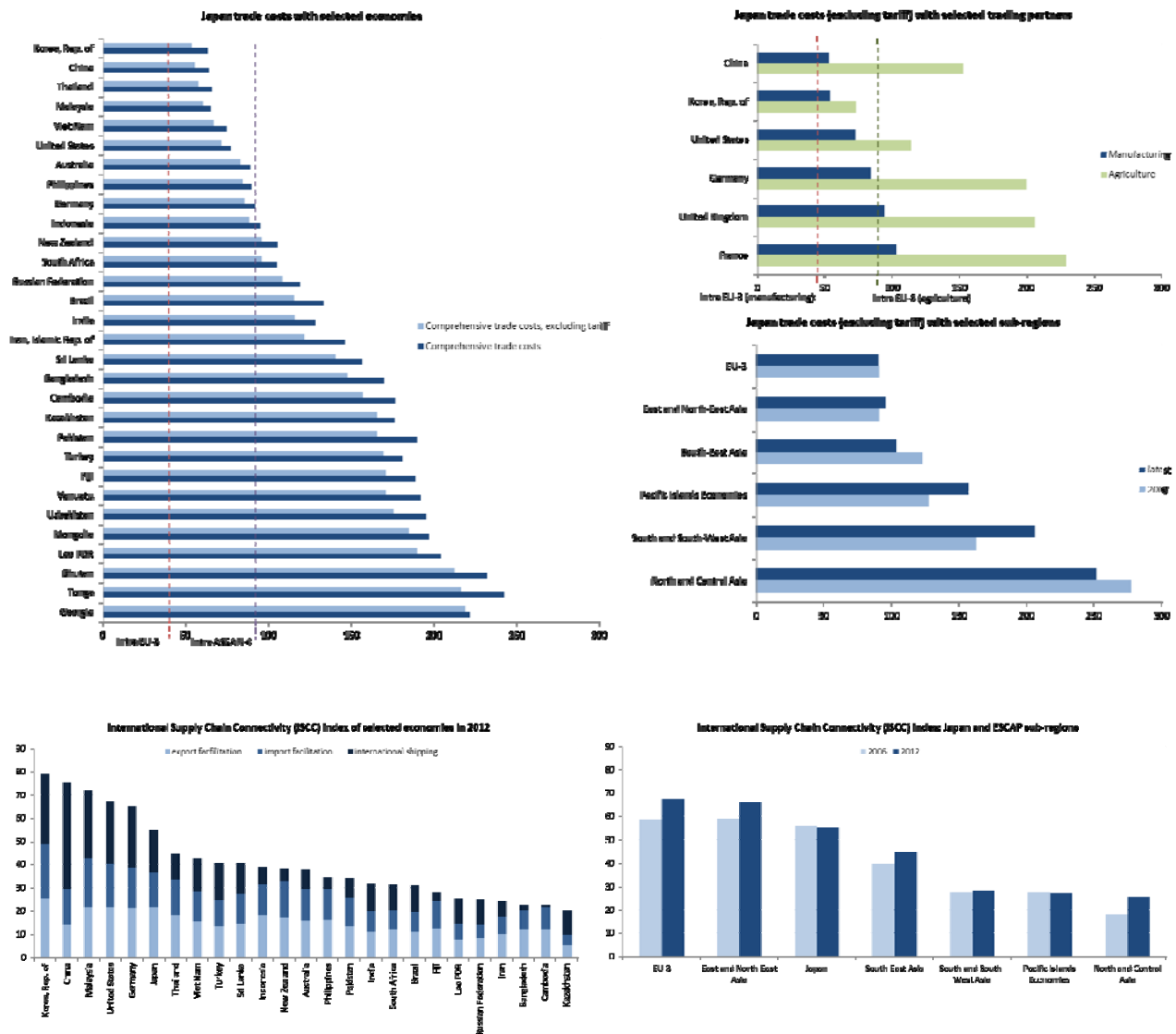


Table 1: Bilateral trade costs (excluding tariff): selected top traders with Japan in goods sector

Trade costs: overall Partner country	Value: tariff-equivalent			Percentage change
	2006	latest	Average 2006-latest	2006-latest
China	52.35	55.30	55.25	5.64
France	101.00	104.65	102.27	3.62
Germany	80.55	85.18	84.08	5.75
Korea, Rep. of	58.72	53.81	57.47	-8.37
United Kingdom	90.91	95.10	94.70	4.61
United States	62.29	71.35	67.00	14.55
Trade costs ESCAP sub-region	Value: tariff-equivalent			Percentage change
	2006	latest	Average 2006-latest	2006-latest
East and North-East Asia	90.76	95.11	88.53	4.79
North and Central Asia	276.67	250.99	285.06	-9.28
Pacific Islands Economies	127.63	156.71	163.28	22.78
South and South-West Asia	162.39	205.70	190.49	26.67
South-East Asia	122.35	102.89	109.16	-15.91
EU-3	90.82	90.14	92.88	-0.75

**Table 2: Bilateral trade costs (excluding tariff):
selected economies/sub-regions with Japan in agriculture and manufacturing sector**

Trade costs: agriculture Partner country	Value: tariff-equivalent			Percentage change	Trade costs: manufacturing Partner country	Value: tariff-equivalent			Percentage change
	2006	latest	Average 2006-latest	2006-latest		2006	latest	Average 2006-latest	2006-latest
China	138.27	152.58	144.62	10.35	China	49.72	52.56	52.76	5.72
France	235.37	228.40	227.09	-2.96	France	98.55	102.46	99.94	3.96
Germany	193.50	199.01	193.34	2.85	Germany	79.33	84.09	83.00	6.00
Korea, Rep. of	80.89	73.03	73.44	-9.72	Korea, Rep. of	58.17	53.37	57.14	-8.26
United Kingdom	205.98	205.30	192.19	-0.33	United Kingdom	89.78	93.86	93.69	4.55
United States	108.28	113.62	107.60	4.94	United States	62.34	72.17	67.65	15.77
Trade costs: agriculture ESCAP sub-region	Value: tariff-equivalent			Percentage change	Trade costs: manufacturing ESCAP sub-region	Value: tariff-equivalent			Percentage change
	2006	latest	Average 2006-latest	2006-latest		2006	latest	Average 2006-latest	2006-latest
East and North-East Asia	119.60	128.45	121.37	7.40	East and North-East Asia	82.36	93.87	85.22	13.98
North and Central Asia	191.61	575.65	325.77	200.43	North and Central Asia	256.39	231.88	266.44	-9.56
Pacific Islands Economies	213.99	227.40	231.86	6.26	Pacific Islands Economies	128.08	172.51	162.38	34.69
South and South-West Asia	307.70	321.62	297.87	4.52	South and South-West Asia	155.28	172.60	175.23	11.16
South-East Asia	334.61	245.20	275.50	-26.72	South-East Asia	109.96	86.63	96.15	-21.22
EU-3	211.62	202.16	202.54	-4.47	EU-3	89.22	88.97	91.48	-0.28

Table 3: International supply chain connectivity (ISCC) index and sub-indicators: top traders

Country	2006				2012				ISCC (average 2006-2012)	ISCC (percentage change 2006-2012)
	Export facilitation	Import facilitation	International shipping	ISCC	Export facilitation	Import facilitation	International shipping	ISCC		
Japan	21.71	14.97	19.02	55.70	21.59	14.91	18.59	55.10	55.91	-1.09
United Kingdom	19.12	17.11	24.03	60.25	20.83	19.64	24.76	65.23	62.37	8.26
Germany	22.13	18.35	23.77	64.25	21.24	17.37	26.71	65.32	65.24	1.67
United States of America	22.11	19.07	25.29	66.46	21.57	18.66	27.03	67.25	65.55	1.18
France	17.60	13.92	19.98	51.50	26.86	23.97	20.66	71.49	65.64	38.83
China	17.92	16.89	33.33	68.15	14.28	15.15	46.03	75.46	72.62	10.73
Korea, Rep. of	16.85	11.79	21.20	49.84	25.56	23.33	29.98	78.87	66.30	58.25

Table 4: International supply chain connectivity (ISCC): sub-regional average

Sub-region	2006	2012	Average 2006-2012	Percentage change 2006-2012
East and North-East Asia	58.91	66.03	62.93	12.09
North and Central Asia	18.13	25.37	20.95	39.94
Pacific Islands Economies	27.36	27.20	27.28	-0.61
South and South-West Asia	27.38	28.03	28.16	2.37
South-East Asia	39.65	44.66	42.24	12.64
EU-3	58.67	67.35	64.41	14.80

This note is based on ESCAP's trade costs and International Supply Chain Connectivity Databases. For full database access, please visit <http://www.unescap.org/tid/artnet/database.asp>

Definitions:

Comprehensive trade costs: all costs involved in trading goods internationally with another partner relative to those involved in trading goods domestically;
Comprehensive trade costs (excluding tariff): all additional costs other than tariff costs involved in trading goods bilaterally rather than domestically;
International Supply Chain Connectivity (ISCC): an index that measures overall trade facilitation performance of a country along the international supply chain, which is based on the trading across border (TAB) indicators from the World Bank Doing Business Report and the Liner Shipping Connectivity Index (LSCI) of UNCTAD. ISCC Ranks from 1 to 179. **Intra EU-3:** average trade costs among 3 largest EU economies, namely, France, Germany and United Kingdom.
Intra ASEAN-4: average trade costs among Indonesia, Malaysia, Philippines and Thailand.