

October 2023

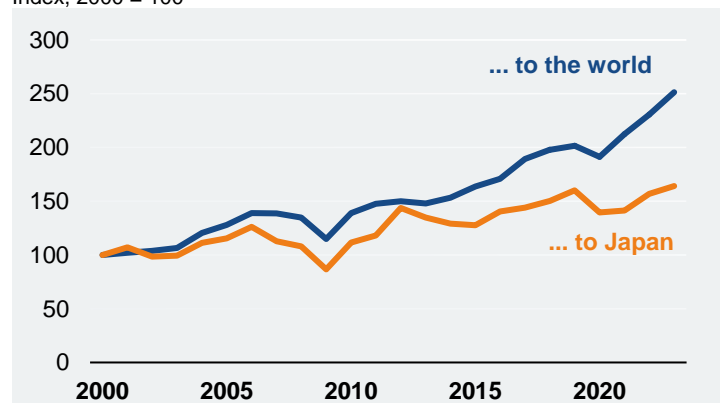
ZVEI Foreign Trade Report Special

Japan

Japan is the **third biggest economy worldwide** behind the USA and China. Its GDP reached a value of 4.0 trillion euros last year (Germany came to €3.9trn) with a population of 125 million people. Due to a decline in its working age population, the Japanese economy has exhibited only moderate growth since 2000, namely an average growth rate of 0.6 percent per annum. However, a more positive interpretation would be that Japan still managed to grow despite a working age population shrinking by 15 percent since 2000. According to preliminary calculations of ZVEI, the Japanese **market for products of the electro and digital industry** had a value of 333 billion euros in 2022, which corresponds to a share of six percent in the global market and makes the Japanese market the third biggest worldwide. For 2023 and 2024, ZVEI projects growth rates of two and seven percent, respectively (in nominal terms and under the assumption of constant exchange rates).

German electro exports

Index, 2000 = 100



Source: Destatis and ZVEI's own calculations; 2023 is updated with rate of change for the first half of the year

As regards the production of electrical and electronic goods in Japan, it summed up to a value of 309 billion euros in 2021. Back in 2000, the Japanese electro production had been significantly higher (€579bn), as production capacities might have partly migrated to other Asian countries over time. Moreover, the Japanese yen has depreciated compared to the euro since 2000 – by nearly 40 percent.

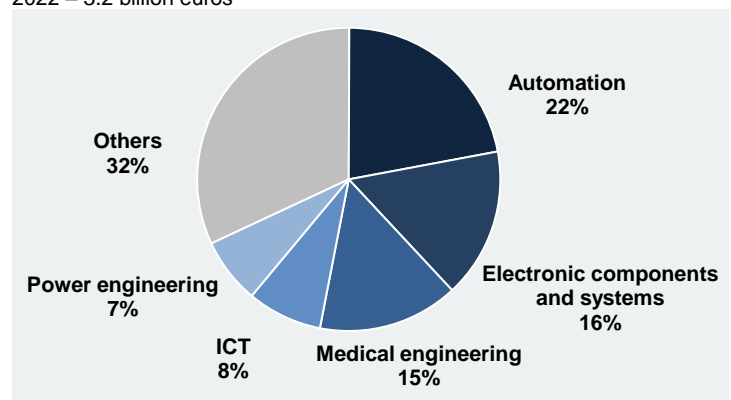
The German electro and digital industry **exported** goods worth 3.2 billion euros to Japan last year. Thus, deliveries to Japan accounted for 1.3 percent of the sector's total deliveries abroad (of €245.8bn). Additionally, Japan is ranked 19th in the biggest customer country ranking of the German electro and digital industry. However, the sector's exports to Japan developed less dynamically than total German electro exports in the last two decades.

While the former have grown by 2.2 percent on average since 2000, the latter have only reached an average growth rate of 4.1 percent. Especially the deliveries of the sub-branches automation (€702m), electronic components and systems (€504m), medical engineering (€484m), ICT (€245m) and power engineering (€235m) contributed the most to German electro exports to Japan in 2022.

The **imports of electrical and electronic** products from Japan to Germany summed up to 8.3 billion euros last year, corresponding to a share of 3.2 percent in total electro imports (of €262.1bn). Hence, Japan is the 7th biggest delivery country of electrical and electronic products to Germany. Here, ICT products stood for a quarter of all German electro imports from Japan last year.

Taking into the account the size of the Japanese market, the **FDI engagement of the German electro and digital industry in Japan** is quite small. In 2021, the sector held FDI stocks worth 264 million euros in Japan. With it, Japan was ranked in 20th position of the largest investment locations abroad and came to a share of 0.5 percent in the sector's total FDIs (of €48.6bn in 2021).

German electro exports to Japan by sub-branches 2022 – 3.2 billion euros



Source: Destatis and ZVEI's own calculations

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