Japan logs 4th straight trade deficit in October

Malcolm Foster - Associated Press

Japan logged its fourth straight monthly trade deficit in October as the European debt crisis and strained business ties with China over a territorial dispute reduced exports.

The Ministry of Finance said Wednesday that imports exceeded exports by 549 billion yen ($6.7 billion), the biggest deficit for October since at least 1979, when the ministry began keeping comparable records.

Exports for the month fell 6.5 percent from a year earlier to 5.150 trillion yen ($62.9 billion), while imports slipped 1.6 percent to 5.699 trillion yen.

For years, Japan ran huge trade surpluses, which frequently caused trade friction with the U.S. But since last year, Japan has been regularly registering trade deficits as it shifts more production overseas and faces greater competition from Asian rivals such as South Korea, Taiwan and China. The strong yen as also made it expensive for Japan's major automobile and electronics makers to produce at home.

This year, Japan has registered trade deficits every month except February and June.

Japan's trade balance has also been affected by increased imports of fuel to offset the shutdown of nearly all its nuclear plants in the wake of last year's atomic disaster in Fukushima. But in October, imports of petroleum fell 24.5 percent, while imports of liquid natural gas rose 8.3 percent and coal increased 5 percent.

In October, exports to Western Europe plunged 23.5 percent to 527 billion yen, while exports to China dropped 11.6 percent to 948 billion yen, ministry statistics showed.

Exports of cars, TVs and audio-visual equipment were particularly down.

A spat with China over disputed islands in the East China Sea that are controlled by Japan but also claimed by Beijing led to anti-Japanese riots in September and boycotts of Japanese products. Automakers such as Toyota Motor Corp. have suffered sharp drops in sales in China.

Total automobile exports fell 12.4 percent to 486,111 vehicles. Car exports to China tumbled 82 percent, while exports of video equipment to China also declined.

Source URL (retrieved on *07/22/2014 - 1:30pm*):
http://www.ecnmag.com/news/2012/11/japan-logs-4th-straight-trade-deficit-october