

Japan reports trade deficit as exports to Asia shrink

Press Trsut of India

Tokyo

Japan suffered a trade deficit last month as exports sank for the first time in more than two years, dragged down by a slow-down overseas.

Japan's trade deficit totalled ¥78.7 billion (\$539 million), the Finance Ministry said Thursday, the first trade deficit for the world's third largest economy in two months.

Exports shrank most markedly for the rest of Asia, including China, Singapore and Taiwan, declining 0.3 per cent from the same month the previ-

ous year to ¥8.73 trillion (\$60 billion).

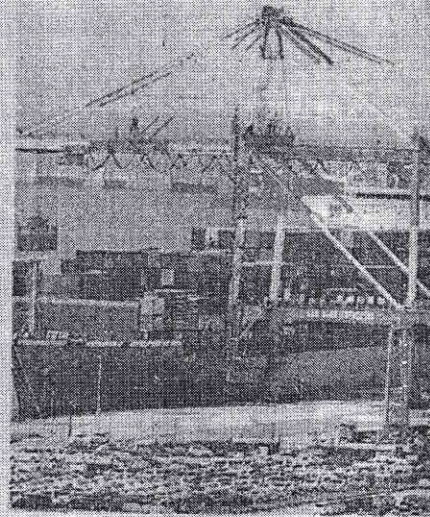
Exports recovered in autos and auto parts, as the social restrictions related to the Covid-19 pandemic, which had crimped production, eased gradually.

But that was not enough to offset the drop in exports in computers, computer chips, machinery and other manufactured goods.

FALL IN IMPORTS

Imports fell in various sectors, including food, machinery and energy, slipping 13.5 per cent from the previous year to ¥8.8 trillion (\$60 billion), according to the ministry.

Imports to Japan dipped



not only from Asia but many other nations, including the US, Mexico, the countries in the Middle East, as well as Russia.

July's trade deficit was still far smaller last month

than what Japan racked up in the same month the previous year, or about half.

Import costs ballooned last year on the back of surging fuel costs, as well as the weakening Japanese yen, which raises the value of overseas spending when converted into yen.

The yen continues to be weak, trading at about ¥146 to the US dollar lately. That likely means worries will persist about the strength of Japan's economic recovery.

A key factor for Japan is the strength of the Chinese economic rebound from the damage related to the pandemic. Some analysts say China's rebound is shaky.