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RECENT CHANGES IN JAPAN'S FOREIGN TRADE

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CONTENTS.

1. RECENT CHANGES IN THE BALANCE OF TRADE

As I had occasion to show in a previous article, changes in the structure of trade present a variety of problems for consideration. As the more important of these problems may be mentioned those relative to the balance of trade, the geographical distribution of trade, the international distribution of trade, the enterprises concerned with trade, seasonal changes in the volume of trade and the composition of merchandise for trade, and their development and changes. In the present article, I propose to deal with a few these problemes, with special reference to structural changes in recent years. By "recent years" I mean the nine years following 1927 inclusive, which I have divided into three periods, the first period consisting of the three years preceding the world crisis and the panic attending the lifting of the gold embargo in 1930, the second period comprising the three post-crisis years, and the last period of the later three years. During these three periods, Japan's trade, after going through varions vicissitudes due to the worldwide crisis the lifting of the gold embargo and the re-imposition of the same entered on an era of vigorous advance. The

Table No. 1

Changes in the structure of the export and import trade.

		Total amount of trade.		Index number of trade.		Exports.		Imports.		Balance.	
		Value. (In ¥ 1,00)	Percentage of the figure for previous year.	Index number of value.	Index number of volume.	Value (In ¥ 1,000)	Percentage of the figure for previous year.	Value. In ¥ 1,000)	Percentage of the figure for previous year.	Value. (In ¥ 1,000,	Percentage of exports to importe, which are taken as 100
			%				%		%		%
I	1927	4,171,471	94.3	100.1	—	1,992,317	97.4	2,179,154	91.7	−186.831	91.4
	1928	4,168,270	99.9	100.7	100.0	1,971,955	99.0	2,196,315	100.8	−224.359	89.8
	1929	4,364,858	104.5	104.7	107.8	2,148,619	109.0	2,216,240	100.9	− 67.621	96.9
II	1930	3,015,923	69.1	72.4	97.0	1,469,852	68,4	1,546,070	69.8	− 76.218	95.1
	1931	2,382,653	79.0	57.2	103.9	1,146,981	78.0	1,235,672	79.9	− 88.691	92.5
	1932	2,841,453	119.3	68,2	112.3	1,409,991	122.9	1,431,461	111.8	− 21.469	98.5
III	1933	3,778,265	113.0	90.6	120.5	1,186,045	132.0	1,917,219	133.9	− 56.174	97.1
	1934	4,454,526	117.9	106.9	136.1	2,171,924	116,7	2,282,901	119.1	−110.676	95.2
	1935	4,971,309	111.6	119.3	149.2	2,499,073	115.1	2,472,236	108.3	+ 26.836	101.1
I	Three years' average	4,234,866	99.6	101.6	103.9	2,037,630	101.8	2,197,236	97.8	−159.606	92.7
II	Three years' average	2,746,676	89.1	65.9	104.4	1,342,275	89.8	1,404,401	88.5	− 62.126	95.4
III	Three years' average	4,401,367	120.8	105.6	135.3	2,177,347	121.3	2,224,019	120.4	+ 46.671	97.8

aim of the present article is to make clear the changes which these events brought about in the structure of the country's foreign trade.

Let me first examine the total value of trade and the state of the export and the import trade in the years under review.

As Table No. 1 shows, the total value of trade exceeded ¥ 4,200,000,000 on the average during the three years prior to the crisis but suffered a remarkable fall during the three years following the crisis averaging during that feriod something like ¥ 2,700,000,000. During the last three years, however, it increased to over ¥ 4,400,000,000 on the average, a figure which is bigger than that recorded for the pre-crisis years. From the percentage for each year worked out on the basis of the figure for the year immediately preceding it, which was taken as 100, it will also be observed that in the first period the general tendency was towards a gradual decline, that in the second period the falling tendency became pronounced and that in the last period a marked rising tendency developed. Next, a comparison of the index number of the value of trade with that of the volume of trade, in each of which the figure for the year 1828 was taken as 100, discloses the fact that in the second period, following the crisis the index number of the volume witnessed an increase (104.4%), in spite of a remarkable decline in the index number of the value (65.9%). This testifies to the fact that the decline in trade in this period was largely due to the fall in prices. In the last period, which was one of remarkable trade advance, the increase was much more pronounced in the volume (135.3%) than in the value (105.6%).

With regard to the structure of exports and imports, it is noticeable that, on the whole, both imports and exports underwent practically the same changes throughout the three periods, though the rate of increase was invariably higher in exports than in imports. That is to say, exports made a bigger advance than imports. Consquently, there was, generally, a gradual decline in the adverse balance of trade. Whereas the adverse balance for the first period was ¥ 159,000,000, that for the second period diminished to ¥ 62,000,000, and that for the last period was even lower at ¥ 46,000,000. In the last year, 1935, expōrts actually exceeded imports to the amount of ¥ 26,000,000. Accordingly, the index number of exports, in which the value of imports is taken as 100, showed a steady rise from 92.7 for the first period to 94.5 for the second period and 97.8 for the last periond. During these three periods, the balance of trade thus underwent a remarkable change, so much so that the adverse balance of some ¥ 200,000,000 prior to the crisis gradually dwindled until the balance even became favourable. This is the first of structural changes to be noted.

2. CHANGES IN THE GEOGRAPHICAL DISTRIBTTION OF TRADE.

In this chapter, I propose to study the proportion of the imports from and exports to the various continents of the world to the total and the changes which have come over these proportions. Even if no marked change occurs in the economic organisation of any other country, remarkable changes may come over the economic and trade organisation of Japan which will inevitably alter the state of Japan's trade with many other countries. If, on the other hand, the economic organisations of other countries undergo marked changes, it will also of necessity bring about alterations in the geographical distribution of trade, even though the Japanese economic organisation may remain unchanged. Changes in the geographical distribution of trade are, after all, one phenomenal form embodying the collective result of the changes which have come over the economic and trade organisations of all countries.

In order to see the state of the geographical distribution of the export trade, I have drawn up Table No. 2, which shows the total value of the exports to each continent in

Table No. 2.

Geographical distribution of the export trade.

	Asia.		Europe.		Narth America.		Central America.		South America.		Africa.		Oceania.	
	(In ¥1,000)	%	(In ¥1,000)	%	(In ¥1,000)	%	(In ¥1,000)	%	(In ¥1,000)	%	(In ¥1,000)	%	(In ¥1,000)	%
I 1927	844,534	42.4	147,802	7.4	866,748	43.5	—	—	20,130	1.0	51,234	2.6	61,021	3.1
I 1928	834,934	42.3	160,345	8.1	858,598	43.5	—	—	23,025	1.1	43,924	2.2	54,021	2.7
I 1929	915,232	42.6	147,248	6.9	947,734	44.1	—	—	16,414	1.1	60,534	2.8	54,842	2.5
II 1930	704,030	47.9	127,954	8.7	524,507	35.7	4,274	0.3	10,225	1.1	57,039	3.9	35,631	2.4
II 1931	505,018	44.0	104,111	9.1	438,865	38.3	3,301	0.3	13,133	0.9	58,868	5.1	26,591	2.3
II 1932	677,613	48.1	125,748	8.9	453,965	32.2	5,130	0.4	30,379	0,9	85,695	6.1	47,277	3.3
III 1933	930,636	50.0	182,077	9.8	499,156	26.8	16,175	0.9	61,457	1.6	137,238	7.4	65,380	3.5
III 1934	1,169,503	53.8	227,772	10.5	407,614	18.8	43,295	2.0	73.361	2.8	182,396	8.4	77,885	3.7
III 1935	1,304,433	52.2	262,831	10.5	543,399	21.7	36,026	1.4	21.680	2.9	183,527	7.3	65,492	3.8
I Three years' average	864,900	42.4	151,828	7.5	891,027	43.7	—	—	21,680	1.1	51,897	2.5	56,295	3.8
II Three yeart' averge	678,887	46.7	119,271	8.9	472,446	35.4	4,235	0.3	13,257	1.0	67,201	5.0	36,500	2.7
III Three years' average	1,134,857	52.0	224,227	10.3	483,390	22.4	31,832	1.4	55,067	2.4	167,720	7.7	80,252	3.7

each af the component years of the three periods, already mentioned, and its percentage of the total exports.

From the above table, it will be seen that the exports to the Asiatic continent made a steady increase from the average of 42.2 per cent. for the three years prior to the crisis to that of 52 per cent. for the last three years. That is to say, they now constitute more than half of the total export trade. The exports to Europe also witnessed a marked increase; they advanced from 7.5 per cent. to 10.3 per cent., though in point of value they are only about a fifth of the exports to Asia. A most noteworthy phenomnon is a decline in the exports of North America. In absolute value, they fell from nearly ¥900,000,000 to ¥480,000,000, while in relative percentage they dropped from 43.7 per cent. to 22.4 per cent. Owing to this sharp decline, they are now less than half of the exports to Asia. Exports to Central America, South America and Africa, all of which represent the so-called new markets for Japanese goods, made a big advance throughout the three periods. The position, in Japan's export trade, of the two first-mentioned markets is not, of course, very important at present, as their latest percentages are only 1.4 and 2.4 per cent. respectively, but the African market has gained an importance not very much inferior to that of the European market, its latest percentage being 7.7 per cent. The exports to Oceania have shown no marked change their latest percentage being only 3.7.

The following Table No. 3 shows how the import trade is distributed geographically:—

The table shows that in the geograohical distribution of the import trade, practically the same position is now held by Asia (35%) and by North America (35.3%), with Europe (14%) and Oceania (10.2%) following in order. The position which the so-called new markets hold in the import trade is quite negligible.

Recent changes in the structure of the import trade show that Asia, which at first accounted to for 39.9 per cent. of the total, is gradually losing ground and that North

Table No. 3.

Geographical distribution of the import trade.

		Asia.		Europe.		North America.		Central America.		South America.		Africa,		Oceania.	
		(In ¥1,000)	%	(In ¥1,000)	%	(In ¥1,000)	%	(In ¥1,000)	%	(In ¥1,000)	%	(In ¥1,000)	%	(In ¥1,000)	%
I	1927	827,910	40.1	387,739	17.8	739,972	34.0	—	—	10,477	0.5	36,401	1.7	127,255	5.8
	1928	903,199	41.1	403,639	18.4	693,620	31.6	—	—	12,199	0.6	32,209	1.5	136,550	6.3
	1929	857,953	38.6	419,847	18.9	724,347	32.7	—	—	14,263	0.6	42,537	1.9	138,601	6.3
II	1930	632,503	40.9	279,719	18.1	489,146	31.6	387	—	6,834	0.4	23,977	1.6	98,113	6.3
	1931	493,952	40.0	199,748	16.2	378,002	30.6	188	—	7,097	0.6	18,226	1.5	117,482	9.5
	1932	450,910	31.5	225,261	15.7	549,400	38.4	656	—	4,680	0.3	27,450	1.9	139,921	9.8
III	1933	658,557	34.3	282,802	14.8	667,711	34.8	438	—	12,872	0.7	48,406	2.5	211,391	11.0
	1934	812,090	35.6	295,622	13.0	823,476	36.1	865	—	23,962	1.0	79,573	3.5	214,295	9.4
	1935	869,871	35.2	352,276	14.2	862,183	34.9	8,033	0.3	42,908	1.7	69,185	2.8	248,916	10.0
I	Three years' average	878,021	39.9	403,760	18.4	719,313	32.8	—	—	12,313	0.6	37,049	1.7	134,125	6.1
II	Three years' average	525,788	37.5	234,909	16.7	472,138	33.5	410	—	6,204	0.4	23,218	1.7	118,505	8.5
III	Three years' average	780,173	35.0	310,233	14.0	784,456	35.3	3,109	0.1	26,581	1.2	65,721	2.9	224,867	10.2

America is developing a tendency to advance. It is also noticeable that while the position of Europe has fallen markedly, that of Oceania is rising to a remarkable extent.

Asia occupies the most important position of all continents in the geographical distribution of trade as a whole. In the export trade, it claims more than half of the total and its percentage is still rising. In the import trade, however, it accounts for only a third of the total, and its position of relative importance has been showing a tendency to fall in recent years. It may thus be said that Japan's trade with Asia is steadily gaining in exports but falling in imports. North America is the most important market next to Asia, but the position it occupies in Japan's exort trade is not half so important as that of Asia, and Japan's exports to it are fast dwindling. In the import trade, however, it occupies a position of practically the same importance as that of Asia, and moreover its position is gradually advancing in importance. That is to say, North Amerida is gradually changing from an export into an import market for Japan. The above-mentioned two markets—Asia and North America—are so important that they are responsible for more than 70 per cent. of Japan's trade. Such being the case, changes in these markets are bound to produce far-reaching effects on the future of Japan's trade, with Europe takes third place in importance. The exports to Europe, which at present represent about 10 per cent. of the total export trade, are showing a gradual increase, while the imports from it, which now constitute about 15 per cent. of the total import trade, are gradually decreasing. Thus, Europe shows a tendency to change from an import into an export market for Japan. Central America, South America and Africa, which constitute new markets for Japanese goods, have not yet attained a position of importance either in exports or in imports, but it is nevertheless noteworthy that there is a distinct tendency developement, especially in the export trade. Particularly noteworthy is the advance of Africa as an export market, and it promises to attain a position as important as that of Europe in the near future. The remarkable changes which have come over the geographical distribution of Japan's export and import trade in recent years are presumably due largely to the changes in the structure of Japanese national economy and to the resulting changes in the composition of merchandise for trade.

3. CHANGES IN THE INTERNATIONAL DISTRIBUTION OF TRADE.

For a more detailed study of the geographical distribution of trade, it ts necessary to look into Japan's trade relations with individual countries, which I here call the international distribution of trade. Whereas trade with the different continents is influenced, to a large extent, by geographical and natural circumstances. trade with individual countries is largely influenced by historical and political relations. In these days' when control is the rule in domestic economy and when foreign trade is being placed more and more under official control, the national economy of all countries and their international trade must suffer big changes through political causes, and these changes are bound to affect the structure of Japan's trade. The effects of the formation of bloc economy may be mentioned as one instance.

In the following Table No. 4 show the value of the exports to each trading country, together with its percentage to the total export trade, in the three periods, from which we can see the international distribution of the export trade and the changes which it underwent in the period under review.

From the next table it will be seen that according to the latest figures, in regard to Asia, which claims the largest proportion of Japanese exports, Hwantung province (12.5%) heads the list, and then follow in order India (11%) the Dutch Indies (7%), China (5.7%) and Manchoukuo (4.8). a part of the exports to Kwantung province (leased territory)

Table No. 4.

The International distribution of the export trade.

Exports to	Average for the three years 1927—1929.		Average for the three years 1930—1932.		Average for the three years 1933—1935.	
	Value. (In ¥1,000)	Percent-age	Value. (In ¥1,000)	Percent-age.	Value. (In ¥1,000)	Pergent-age.
Manchokuo	—	—	—	—	105,089	4.8%
Kwantung province	108,645	5.3%	97,979	6.8%	272,402	12.5
China	351,325	17.2	190,666	14.2	124,701	5.7
Hongkong	61,266	3.0	36,814	2.7	35,549	1.6
British India	170,547	8.4	144,040	10.7	239,670	11.0
Straits Settlements	28,345	1.4	23,866	1.8	52,663	2.4
Dutch Indies	81,040	4.0	76,583	5.7	152,993	7.0
French Indo-China	4,227	0.2	2,155	0.2	3,451	0.2
Asiatic Russia	11,358	0.6	18,326	1.4	16,546	0.8
Philippine Islands	30.805	1.5	23,719	1.8	36,189	1.7
Siam	9,181	0.5	7,593	0.6	28,810	1.3
Oiher countries	8,316	0.4	14,141	1.1	66,787	3.1
England	62,339	3.1	58,205	4.2	105,525	4.8
France	53,982	2.6	21,572	1.6	39,840	1.8
Germany	12,213	0.6	9,636	0.7	19,618	0.9
Belgium	2,321	0.1	2,833	0.2	10,936	0.9
Italy	5'388	0.3	5,009	0.4	7,578	0.3
Switzerland	1,114	0.1	487	—	367	—
Austria	146	—	114	—	200	—
Czechoslovakia	9	—	36	—	48	—
Holland	5,739	0.3	10,251	0.8	16,174	0.7
Sweden	724	—	1,263	0.1	5,385	0.2
Norway	417	—	561	—	2,973	0.1
Russia	1,456	0.1	1,619	0.1	1,783	0.1
Poland	10	—	14	—	404	—
Spain	988	—	824	—	2,380	0,1
Denmark	1,298	0.1	1,344	0.1	1,344	0.1
Turkey	2,976	0.1	4,568	0.3	2,622	0.1
Portugal	10	—	158	—	721	—
Other countries	688	—	767	—	6,318	0.3
United States of America	858,015	42.1	458,899	34.2	475,518	21.8
Canada	27,175	1.3	13,177	1.0	7,741	0.4
Mexico	1,306	0.1	779	—	3,421	0.2
Cuba	876	—	950	—	6,087	0.3
Other countries	3,552	0.2	3,207	0.2	22,182	1.0
Peru	1,869	0.1	1,291	0.1	5,913	0.3
Chile	2,222	0.1	1,187	0.1	5,187	0.2
Argentine	8,359	0.4	5,567	0.4	20,292	0.9
Brazil	1,601	0.4	975	—	2,918	0.1
Uruguay	3,049	0.1	1,895	0.1	5,030	0.2
Other countries	4,577	0.1	2,338	0.2	14,721	0.7
Egypt	28,024	1.4	31,234	2.3	60,798	2.8
Cape of Good Hope	12,171	0.6	16,632	1,2	29,683	1.4
Settlement & Natal Fastern Africa	6,516	0.3	12,430	0.9	32,632	1.5
Other countries	5,185	0.3	6,903	0.5	52,409	2.4
Australia	45,880	2.2	26,929	2.0	63,557	2.9
New Zealand	3,511	0 2	2,728	0.2	8,781	0.4
Hawaii	6,546	0.3	6,230	0.5	6,417	0.3
Other countries	357	—	610	—	1,495	0.1

is presumably re-exported to Manchokuo and a part to China. The changes which have come over the exports to the above-mentioned countries in recent years are quite remarkable. The exports to China, for instance, have fallen from 17.2 to 5.7 per cent., and those to Hongkong have declincd from 3 per cent. to 1.6 per cent. In the case of the other countries, however, the tendency has been upward, on the whole. Particularly remarkable has been the abvance in the exports to Kwantung province, which have risen from 5.3 to 12.5 per cent. Likewise, the exports to India have increased from 8.4 per cent. to 11 per cent., and those to the Dutch Indies from 4 per cent. to 7 per cent. The exports "other countries" have also advanced from 0.4 per cent. to 3.1 per cent.

The exports to North America, the second biggest market for Japanese goods, are largely to the United States of America (21.8%) of the total export trade, which is, indeed, the biggest customer for Japanese goods. There has been a marked decline in recent years in the exports to the United States, however. The percentage, which stood at 42.1 per cent. before the crisis dropped to 34.2 per cent. in the post-crisis years. The exports to Canada also shows a tendehcy to decline. An increase is shown in regard to Mexico and "other countries" only. Among the European countries, England stands first on the list (4.8%) and then follow in order France (1.8%), Germany (0.9%) and, Holland (0.7%). Either taken as a whole or regarded individually, the tendency is generally upward. The exports to South America, Africa and Australia have been showing a remarkable tendency to increase, though they are still insignificant in their absolute value.

Table No. 5 has been drawn up to show how the import trade is distributed internationally.

From the above table it will be seen that the principal countries trom which Japan imports goods are, in Asia, British India (12%), Manchokuo (7.5%), China (5.5%) and the Dutch Indies (3%) and that, in most cases, there is a

Table No. 5.

The international distribution of the import trade.

Imports from	Average fcr the three years 1927—1929.		Average for the three years 1930—1632;		Average for the three years 1923—1935.	
	Value. (In ¥1,000)	Percentage;	Value. (In ¥1,000)	Percentage.	Value. (In ¥1,000)	Percentage.
Manchoukuo	—	—	—	—	167,476	7.5%
Kwantung province	149,736	6.8%	96,096	6.8%	24,319	1.1
China	223,521	10.2	145,380	10.4	122,249	5.5
Hongkong	1,107	0.1	674	—	2,136	0.1
British India	281,389	12.8	143,485	10.2	266,685	12.0
Straits Settlements	38,027	1.7	25,371	1.8	47,579	2.1
Dutch Indies	98,013	4.5	48,824	3.5	65,786	3.9
French Indo-China	21,023	1.0	6,654	0.5	11,846	0.5
Asiatic Russia	23,124	1.1	33,063	2.4	22,398	1.0
Philippine Islands	17,409	0.8	9,837	0.7	19,008	0.9
Siam	20,713	0.9	12,277	0.9	6,417	0.3
Other countries	3,953	0.2	4,094	0.3	24,034	1.1
England	157,200	7.1	78,217	5.6	78,248	3.5
France	25,832	1.2	16,709	1.2	19,951	0.9
Germany	140,733	6.4	83,723	6.0	107,732	4.8
Belgium	14,881	0.7	6,296	0.4	18,827	0.8
Italy	7,737	0.4	4,168	0.3	5,109	0.2
Switzerland	18,435	0.9	12,682	1.0	11,188	0.5
Austria	2,100	0.1	1,302	0.1	3,475	0.2
Czechoslovakia	2,049	0.1	2,224	0.2	1,929	0.1
Holland	4,738	0.2	3,234	0.2	4,414	0.2
Sweden	10,893	0.5	9,013	0.6	29,100	0.9
Norway	4,477	0.2	4,917	0.4	15,281	0.7
Russia	2,276	0.1	2,550	0.2	9,425	0.4
Poland	7,098	0.3	4,008	0.3	833	—
Spain	1,143	0.1	1,341	0.1	3,676	0.2
Denmark	2,881	0.1	2,077	0.1	894	—
Turkey	250	—	189	—	1,328	0.1
Portugal	527	—	1,010	0.1	1,479	0.1
Other countries	650	—	1,342	0.1	5,334	0.2
United States of America	651,092	29.6	431,681	30 7	733,264	33.0
Canada	63,621	2.9	40,478	2.9	51,172	2.3
Mexico	368	—	245	—	2,273	0.1
Cuba	3,007	0.1	77	—	210	—
Other countries	273	—	103	—	641	—
Peru	387	—	104	—	4,930	0.2
Chile	8,169	0.4	2,267	0.2	3,624	0.2
Argentine	3,304	0.2	2,811	0.2	11,745	0.5
Bruzil	304	—	504	—	2,768	0.1
Uruguay	68	—	391	—	2,480	0.1
Other countries	64	—	124	—	1,028	—
Egypt	23,699	1.1	16,525	1.2	46,339	2.1
Cape of Good Hope Settlement & Natal	1,290	0.1	1,865	0.1	5,769	0.2
Eastern Africa	5,889	0.3	3,382	0.2	12,328	0.6
Other countries	6,270	0.3	1,449	0.1	13,183	0.5
Australia	128,645	5.9	113,942	8.1	212,490	9.6
New Zealand	631	—	1,099	0.1	6,785	0.3
Hawaii	141	—	291	—	192	—
Other countries	4,707	0.2	3,170	0.2	5,397	0.2

tendency for these imports to declinc. On the contrary, in regard to North America, the imports from the United States, which accounts for the major part of the imports from North America, have gradually increased their percentage from 29.6 to 33 per cent. The principal European countries from which Japan imports are Germany (4.8%), England (3.5)%, Sweden (0.9%), France (0.9%), Norway (0.7%) and Switzerland (0.5), and the latest tendency of these imports is generally downward. Among the other countries from which Japan imports comparatively largely are Australia (9,6%) and Egypt (2.1%), and in the case of each of these countries an upward tendecy is noticeable.

The United States of America occupies the most important position in both the import and the export trade of Japan's exports to the United States embody 21.8 per cent. of the total export trade, while her imports from that country represent 33 per cent. of the total import trade, and the latest tendency is for the exports to decline remarkably and for the imports to increase greatly. All this points to the conclusion that the United States is gradually being converted, comparatively speaking, from an export market into an import market. British India takes second place in importance, the exports to and the imports from it showing 11 per cent. and 12 per cent. respectively. The latest tendency is for the exports to increase and for the imports to remain unchanged in percentage. Manchokuo, which stands third on the list, represents 4.8 per cent. in exports and 9.5 per cent. in imports, and both in exports and in imports the percentage is steadily rising. Then follow in order of importance Kwantung province, China, the Dutch Indies, England, Australia and Egypt. The "other countries" in each continent will be dealt with in the following paragraph as they cover the regions in which are located the new markets where the demand for Japanese goods has been particulariy on the increase in recent years.

Table No. 6.

The new export markets.

	Exports to.	1935.	1934.	1933.	Average.	Permill-age.
		(In ¥1,000)	"	"	"	
Asia (New markets)	British Malaya	2,413	—	—	2,414	1.1
	Ceylon	11,886	19,792	—	15,849	7.3
	Iran	9,591	—	—	9,591	4.4
	Iraq	22,073	17,164	—	19,619	9.0
	Syria	12,559	11,699	--	12,529	5.8
	Palestine	8,399	6,411	—	7,405	3.4
	Arabia	4,571	—	—	4,571	2.1
	Aden	13,208	9,353	7,193	9,918	4.6
	Cyprus	807	—	—	807	0.4
	British Borneo	545	299	137	327	0.2
	Others	7,807	12,682	21,773	14,082	6·5
	Total	93,859	77,400	29,103	96,787	30.7
Europe (New markets)	Irish Free State	1,902	—	—	1,902	0.9
	Finland	1,798	—	—	1,798	0.8
	Gibraltar	1,923	—	—	1,923	0.9
	Greece	1.127	1,059	1,095	1,094	0.5
	Malta	1.575	—	—	1,575	0.7
	Others	687	5,194	2,604	2,828	1.3
	Total	9,012	6,253	3,699	6,318	2.9
North America (New markets)	Guatemala	994	2,275	—	1,635	0.8
	Honduras	2,269	1,166	—	1,718	0.8
	Salvador	70	2,289	684	1,014	0.5
	Nicaragua	867	—	—	867	0.4
	Costa Rica	1,309	—	—	1,309	0.6
	Panama	6,149	4,249	—	5,199	2.4
	Panama Canal Zone	823	1,827	1,110	1,263	0.6
	Jamaica	1,056	2,767	—	1,912	0.9
	Haiti	3,053	} 8,492	—	7,647	3.5
	Dominican Republic	3,749				
	Bahamas	93	—	—	93	—
	Port Rico	1,248	—	—	1,248	0.6
	St. Vincent	48	—	—	48	—
	Trimidad & Tobago	882	—	—	882	0.4
	Curacao	2,171	—	—	2,171	1.0
	Others	755	6,250	9,898	5,934	2.6
	Total	25,536	29,315	11,692	22,181	10.2

South America (New market)	French Guiana	4	—	—	4	—
	Dutch Guiana	745	—	—	745	0.3
	British Guiana	498	587	—	543	0.2
	Venezuela	3,564	1,969	—	2,767	1.3
	Colombia	7,832	9,004	—	7,418	3.4
	Ecuador	4,590	—	—	4,590	2.1
	Others	2,311	5,535	7,525	5,124	2.4
	Total	19,544	17,095	7,525	14,721	6.8
Africa (New markets)	Anglo-Egyptian Sudan	13,034	9,428	—	11,231	5.2
	Eritrea	65	—	—	65	—
	Italian Somaliland	178	—	—	178	0.1
	Belgian Congo	1,720	—	—	1,720	0.8
	Cameroons	1,914	—	—	1,914	0.9
	Nigeria	4,736	2,430	—	3,583	1.6
	Gold Coast	2,674	796	—	1,735	0.8
	Liberia	286	—	—	286	0.1
	Sierra Leone	98	—	—	98	—
	Senegal	1,486	—	—	1,489	0.7
	Nrench Morocco	1,813	19,075	—	18,944	8.7
	Spanich Morocco	2,235	2,553	—	2,394	1.1
	Algeria	1,427	—	—	1,427	0.7
	Tunis	48	—	—	48	—
	Libya	663	—	—	993	0.3
	Canary Islands	2,301	—	—	2,301	1.1
	Madagascar & Reunion	220	—	—	220	0.1
	Mauritius	889	—	—	889	0.4
	Others	4,924	10,343	54,890	23,386	10.7
	Total	57,711	44,625	54,890	52,409	24.1
Oceania (New markets)	New Guinea	732	—	—	732	0.3
	New Caledonia	296	—	—	296	0.1
	Gilbert & Ellice Islands	334	—	—	334	0.2
	Fiji	494	—	—	494	0.2
	Society Islands	26	—	—	26	—
	Others	268	1,309	1,026	868	0.4
	Total	2,150	1,309	1,026	1,495	0.7
	Grand Total	207,812	175,997	107,935	163,911	75.3

4. ADVANCE OF JAPANESE GOODS IN NEW MARKETS.

By new markets are meant the countries which were formerly regarded as of so little trade importance that they were put together under the category of "other countries" in the official tables of trade returns but which have considerably gained in importance during the last few years so that they are now mentioned separately in the trade returns. In Table No. 6 are given the values of the exports to these new markets during the last three years and their permillage to the total export trade of this country.

From the above table it will be seen that the exports to these new markets exceded ¥ 207,000,000 in value in 1935, and those during the last three years averaged ¥ 163,000,000 (75.3 per mille.). So remarkable has been the increase during recent years that the figuree almost doubled in three years. The exports to the new markets in Asia in the latest year under review exceeded ¥ 93,000,000, while those in three years averaged ¥ 66,000,000 (30.7 per mille.) During a short period of three years, they were trebled. Among these new markets, Iran, Ceylon, Syria, Aden, Iran and Palestine stand out conspicuously. The advance of Japanese goods in the new markets in Europe is comparatibely slight. The total figure for the latest year under review was something like ¥ 6,000,000 ; ¥ 6,00,000 being the average figure for the last three years. Yet, the export were almost trebled in three years. The more important of these new markets in Europe are Gibraltar, Irish Free State, Finland and Malta. To the new markets in North America. the exports for the three years under review averaged ¥ 22,000,000 (10,2 per mille.) in value, or about a third of the exports to the new markets in Asia. Here, the rate of increase is not so remarkable. The Central American countries such as Panama, the Dominican Republic, Haiti, Jamaica, Honduras and Guatemala are amongst the more important of these new markets. The exports to South America average only ¥ 14,000,000

Table No. 7.

The New import markets.

	Imports from.	1935.	1934.	1933.	Average.	Permill-age.
Asia (New markets)		(In ¥1,000)	"	"	"	
	British Malaya	28,494	—	—	28,494	12.8
	Ceylon	2,778	2,288	—	2,533	1.1
	Iran	729	—	—	729	0.3
	Iraq	1,257	26	—	1,257	0.6
	Syria	31	68	—	31	—
	Palestine	3	1	—	2	—
	Arabia	433	—	—	433	0.2
	Aden	364	27	10	201	0.1
	Cypruz	138	—	—	138	—
	British Borneo	9,831	7,303	5,771	7,635	3.4
	Others	332	6,567	2,652	4,184	1.9
	Total	44,390	19,280	8,433	24,034	10.7
Europe (New markets)	Irish Free State	99	—	—	99	—
	Finland	5,052	—	—	5,052	2.3
	Gibraltar	4	—	—	4	—
	Greece	669	325	215	403	0.2
	Malta	12	—	—	12	—
	Others	892	5,139	3,685	3,209	1.4
	Total	6,638	5,464	3,900	5,334	2.4
North America (New markets)	Guatemala	117	47	—	84	—
	Honduras	—	4	—	4	—
	Salvador	26	1	—	14	—
	Nicaragus	19	—	—	19	—
	Costa Rica	7	—	—	7	—
	Panama	89	19	—	54	—
	Panama Canal Zone	44	47	9	33	—
	Jamaica	26	2	—	14	—
	Haiti	706	27	—	368	0.2
	Dominican Republic	2				
	Bahamas	58	—	—	58	—
	Port Rico	9	—	—	9	—
	Trinidad & Tobogo	65	—	—	65	—
	Others	15	506	86	202	0.1
	Total	1,183	653	86	641	0.3

South America (New markets)	British Guiana	3	9	—	5	—
	Venezuela	55	35	—	45	—
	Colombia	63	41	—	52	—
	Ecuador	1,808	—	—	1,808	0.8
	Others	216	563	291	357	0.2
	Total	2,145	948	291	1,028	0.5
Africa (New markets)	Anglo-Egyptian Sudan	1,718	1,315	—	1,517	0.7
	Eritrea	1,687	—	—	1,687	0.8
	Italian Somaliland	2,356	—	—	2,356	1.1
	Belgian Congo	893	—	—	893	0.4
	Cameroons	11	—	—	11	—
	Nigeria	—	40	—	40	—
	Gold Cosat	218	91	—	154	0.1
	French Morocco	640	505	—	573	0.3
	Sprnish Morocco	1	1	—	1	—
	Algeria	521	—	—	521	0.2
	Medagascar & Reunion	55	—	—	55	—
	Mauritius	55	—	—	55	—
	Others	1,071	6,734	17,638	8,481	3.8
	Total	9,226	8,619	17,638	11,850	5.3
Oceania (New Markets)	New Guinea	38	—	—	38	—
	New Coledonia	111	—	—	111	—
	Gilbert & Ellice Islands	3,694	—	—	3,694	1.7
	Fiji	5	—	—	5	—
	Society Islands	3,278	—	—	3,278	1.5
	Others	7	4,790	4,269	3,022	1.4
	Total	7,133	4,790	4,269	5,397	2.4
	Grand Total	70,715	39,521	34,617	48,284	21.7

(6.8 per mille.), Colombia, Ecuador and Venezuela being the the principal markets. The markets in Africa occupy the most important position next to those in Asia, the exports to them averaging ¥ 52,000,000 (2.41 per mille.). Insamuch, however, as these markets were opened comparatively early, the rate of advance in them during the past few years was not so mark as in some other new markets. Of all new markets in Africa, French Morocco is the most important, and next come Sudan and Nigeria. The advance of Japanese goods in the new markets in Australasia has not been very remapkable. In short, in respect of new markets also, Asia is the most important and then follow Africa and South and North America in order of importance.

The following Table No. 7, has been drawn up by exactly the same method as was adopted in making the previous table.

The above table shows that the imports from all the new markets for the three years 1933, 1934 and 1935 averaged ¥48,000,000 (21.7 per mille.). Their permillage is much lower than that of the exports to the new markets, which I have already described, but their rate of increase is rather higher. During the three years under review, they were more than boubled. The annual imports from the new markets in Asia averaged ¥24,000,000 (10.7 per mille.), and their rate of increase was so remarkable that the figure grew about five timen as large during the three year period. The more important among these markets are British Malaya, British Borneo and Ceylon. Finland constitutes the most important new import market in Europe. Japan has many new markets in North and South America, but the imports from them are all small. Africa occupies the most important position next to Asia. The imports from the new Africa markets—of which Italian Somaliland, Eritria and British Sudan are the principal ones–amounted to ¥11,000,000 (5.3 per mille.) on the average. Oceania is also comparatively important, Gilbert and Society Islands being prominent among the new import markets there. In short, the new import markets are roughly one-third of the new export markets in importance, and it is noticeable that tn both imports and exports, Asia and Africa supply the most important new markets.

5. CHANGES IN THE COMPOSITION OF JAPANESE MERCHANDISE FOR TRADE.

Let me now study the changes which came over the composition of merchanise for trade in the three periods, viz., the period prior to the world Crisis the period immediately following it and the later period of marked trade advance. As I have already observed, trade, if considered as a whole, showed a tendency towards a gradul decline in the first period, while there was a sharp decline in the second period and a marked advance in the last period. Such quantitative changes did not necessarily occur uniformly and proportionately in respect of individual components of trade. For instance, even in the last period of trade advance, it is possible that goods of certain kinds showed a decline both absolutely and relatively, while a particularly big increase was recorded in the goods of some other descriptions a marked change being brought about in the composition of merchandise for trade, as a whole, in consequence.

The following Table No. 8 gives the average values of the classified exports for each of the three periods and their percentages to the total value.

It will be observed from the next table that the most remarkable changes in the composition of the merchandise for export are the decline in the exports of raw materials and the increase in the exports of finished goods. First, as to the exports of raw materials, there has been no appreciable change in the position of materials in crude state. Though their absolute value was halved in the panic period, it was almost restored to the former level in the third period. On the other hand, the exports of manufactured materials have suffered a striking decline—a fall from 41.0 per cent. to 26.2 per cent. A decline is noted not only in relative but in absolute value. This is ascribable chiefly to the fact that the exports of raw silk—a commodity which occupies the most important position—has fallen from 36.9 per cent. to 16.3 per cent. On the other hand, iron, which

Table No. 8.

Change in the composition of the merchandise for export.

		Exports.	Average for the years 1927—1929. Value (In ¥ 1,000)	Percentage.	Average for the years 1930—1932. Value (In ¥ 1,000)	Percentage.	Average for the years. 1933—1935. Value (In ¥ 1,000)	Percentage.
Food stuffs		Rice & paddy	1,266	0 1	9,078	0.7	5,257	0.2
	Crude	Beans & pease	11,826	0.6	6,070	0.5	7,645	0.4
		Acquatic procduts	19,956	1.0	12,004	0.9	15,837	0.7
		Others	14,456	0.7	6,348	0.5	14,741	0.7
		Total	47,504	2.3	35,500	2.6	43,479	2.0
	Manufactured	Wheat flour	21,931	1.1	14,845	1.1	32.369	1.5
		Tea	11,591	0.6	8,264	0.6	9,809	0.5
		Refined sugar	32,435	1.6	16,464	1.2	15,339	0.7
		Beer	4,137	0.2	3,769	0.3	6,363	0.3
		Isinglass	4,013	0.2	3,471	0.3	2,559	0.2
		Comestibles in tin & bottle	22,740	1.1	21,161	1.6	51,473	2.4
		Other	9,657	0.5	8,344	9.6	13,286	0.6
		Total	106,504	5.2	76,318	5.7	132,197	6.1
		Class Total	154,008	7.6	111,818	8,3	175,676	8.1
Raw Materials	Crude	Dried plants for insectifuge	4,933	0.2	3,024	0.2	6,732	0.3
		Waste yarns & floss silk	12,819	0.6	3,404	0.3	1,898	0.1
		Coal	24.412	1.2	16,747	1.2	11,418	0.5
		Wood	18,334	0.9	11,968	0.9	21,912	1.0
		Others	44,372	2.2	18,294	1.4	51,132	2.4
		Total	104,870	5.1	53,436	4.0	93,322	4.3
	Manufactured	Vegetable fatty oil	8,421	0.4	7,284	0.5	17,850	0.8
		Peppermint oil	2,221	0.1	1,112	0.1	2,042	0.1
		Fish oil & Whale oil	7,703	0.4	4,379	0.3	4,243	0.2
		Camphor	5,761	0.3	3,198	0.2	4,696	0.2
		Menthol crystals	4,661	0.2	3,383	0.3	5,081	0.2
		Raw silk	751,655	36.9	284,802	28.7	354,909	16.3
		Cotton yarn	30,481	1.4	15,029	1.1	25,023	1.1
		Rayon	148	—	3,797	0.2	22,627	1.0
		Iron	4,518	0.2	9,582	0.7	51,177	2.4
		Copper	4,070	0.2	14,602	1.1	10,346	0.5
		Brass	5,181	0.3	3,696	0.3	7,273	0.3

	Plaits for hat making	6,120	0.3	2,838	0.2	6,648	0.3
	Others	22,284	1.5	24,011	1.8	68,997	3.2
	Total	853,224	41.9	477,713	35.6	569,912	26.2
	Class Total	958,094	47.0	531,149	39.6	663,234	30.5
Finished goods	Soap	1,779	0.1	1,099	0.1	3,575	0.2
	Matches	5,663	0.3	1,773	0.1	3,197	0.1
	Silk tissues	141,209	6.9	98,101	7.3	72,826	3.3
	Rayon tissues					106,375	4.8
	Cotton tissues	382,228	18.8	253,186	18.9	457,221	20.6
	Woollen tissues	3,341	0.2	2,878	0.2	24,876	1.1
	Cotton blankets	3,140	0.2	2,223	0.1	5,498	0.3
	Silk handkerchiefs	5,189	0.3	1,796	0.2	3,575	0.2
	Cotton towels	3,504	0.3	2,934	2.0	6,578	0.3
	Knitted goods	33,023	1.6	26,190	0.7	46,038	2.1
	Hats, caps & bonnets	13,244	0.6	9,202	0.4	16,024	0.7
	Buttons	8,239	0.4	5,385	0.4	9,179	0.4
	Jewelry for personal adornment	7,073	0.3	5,160	0.4	10,126	0.4
	paper	23,741	1.2	20,858	1.6	20,474	0.9
	Cement	7,730	0.4	9,233	0.7	8,672	0.4
	Potteries	33,965	1.7	23,183	1.7	40,082	1.8
	Glass & glass manufactures	14,261	0.7	8,475	0.6	19,373	0.9
	Iron manufactures	13,646	0.7	12,844	1.0	33,226	1.5
	Rubber tyres	5,655	0.3	4,503	0.3	9,593	0.4
	Machinery & parts thereof	11,749	0.6	2,841	.1.0	49,163	2.3
	Brushes	5,613	0.3	2,723	0.2	4,939	0.2
	Lamps & parts thereof	8,245	0.4	9,555	0.7	16,102	0.7
	Toys	11,792	0.6	12,213	0.9	30,205	1.4
	Others	116,468	5.7	115,227	8.6	280,111	12.9
	Class Total	860,497	42.0	641,543	47.8	1,276,139	58.6

is next to raw silk in importance, has made a remarkable abvance, but as its relative position is low, its advance has not influenced the general trend.

Next, with regard to the exports of finished goods, they advanced from 42 per cent. to 47.8 per cent., and then to 58.6 per cent. True, they witnessed a sharp fall in absolute value in the panic period, but in the following period, their absolute value was quickly doubled. Cotton textiles, which are the most important among the finished goods for export represent 20.6 per cent., though the rate of their advance is not necessarily high. "Other goods", embracing a motley of articles, have made a splendid advance, rising from 5.7 per cent. to 12.9 per cent. This means the advance of new Japanese goods in the overseas markets in the same sense as the advance of Japanese goods in the new foreign markets. It argues a wide distribution of Japanese goods in the world market. Rayon fabrics, Knitted gocds, ironware, machinery and parts thereof and toys, which are comparatively important, have alao shown a high rate of advance. These goods represent the articles which have made vigorous headway of late years. The exports of foodstuffs showed no marked change throughout the three periods, though there was a slight tendency to increase. In short, the changes in the composition ot the merchandise for export in the periods under review—the relative decline in raw materials and the relative increase in finished goods—are illustrative of the progress of the industrialisation of Japanese natinal economy.

Table No. 9. has been drawn up in order to show the changes in the composition of imported goods.

From the above table it will be seen that among the changes in the composition of imported doods, the falling tendency of foodstuffs and finished goods and the rising tendency of raw materials stand out conspicuously. With regard to the imports of foodstuffs, there has been a general decline both in crude and in manufactured foodstuffs. Rice and paddy, wheat, beans and pease and sugar show a tendency to decline. The same tendency is observable in the importation of finished goods. Although the relative figure for the panic period shows an advance, this is due to a remarkable decrease in other imported goods. The absolute figure indicates a marked decline even for this period, the diminution being particularly remarkable in cotton textiles and woollen goods. As regards raw materials, they occupy

Table No. 9.

Chanes in the composition of the merchandise for import.

Imports.			Average for the years 1927—1929.		Average for the years 1930—1932.		Aqerage for the years	
			Value (In ¥ 1,000)	Percentage.	Value (In ¥ 1,000)	Percentage.	Value (In ¥ 1,000)	Perbentage.
Foodstuffs	Crude	Rice & paddy	45,120	2.1	12,906	0.9	5,177	0.2
		Wheat	64,204	2.9	41,339	2.9	42,777	1.9
		Beans & pease	66,504	3.0	43,067	3.1	57.987	2.6
		Others	39,500	1.8	32,496	2.3	28,923	1.3
		Total	215,328	9.8	129,808	9.2	134,856	6 1
	Manufacturd	Sugar	57,307	2.6	14,969	1.1	11,725	0.5
		Beef	7,363	0.3	7,194	0.5	6,086	0.3
		Others	17,750	0.8	23,889	1.7	27,404	1.2
		Total	82,420	3.8	46,052	3.3	45,215	2.0
		Class Total	297.748	13.6	175,860	12.5	179,413	8.1
Raw materials	Crude	Oil-yielding materials	23,817	1.1	16,429	1.2	30,546	1.4
		Cruee oil & heavy oil	38,586	1.8	47,915	3.4	94,655	4.3
		Raw rubber	32,059	1.5	15,700	1.1	46,220	2.1
		Nitrate of soda	7,627	0.3	2,608	0.2	4,258	0.2
		Sulphate of ammonium	39,046	1.7	17,507	1.2	14,766	0.7
		Phosphorite	12,065	0.5	10,107	0.7	17,379	0.8
		Oil cake	87,242	4.0	48,454	3.5	40,637	1.8
		Cotton in the seed & cotton ginned	582,529	26.5	368,573	26.2	683,511	30.7
		Other vegetable fibres	27,623	1.3	15,749	1.1	26,131	1.2
		Wool	105,121	4.8	82,438	5.9	180.803	8.1
		Coal	38,480	1.8	29,943	2.1	44,273	2.0
		Ore	19,860	0.9	18,318	1.3	31,507	1.4
		Wood	101,267	4.6	43,830	3.1	43,514	2.0
		Wheat bran	12,834	0.6	8,319	0.6	7.476	0.3
		Others	68,876	3.1	58,013	4.1	133,426	6.0
		Total	1,197,032	54.5	783,903	55.8	1,367,541	61.5
		Hide &Skins	10,974	0.5	7,957	0.6	17,074	0.8
		Leefher	7,557	0.3	4,318	0.3	4,569	0.2
		Beef tallow	5,150	0.2	2,943	0.2	3,912	0.2
		Caustic soda, soda ash & nätural soda	12,307	0.6	7,838	0.6	5,016	0.2

Manufactured	Synthetic colours	8,859	0.4	7,386	0.5	8,849	0.4
	Woollen yearn	31,465	1.4	10,563	0.8	2,220	0.1
	Pulp for paper making	12,290	0.6	13,084	0.9	42,141	1.9
	pig iron	24,888	1.1	13,082	0.9	30,987	1.4
	Rails & fish-plate	4,765	0.2	853	—	648	—
	Other iron	118,428	5.4	54,966	3.9	140,153	6.3
	Aluminium	8,778	0.4	5,594	0.4	13,724	0.6
	Lead	14,698	0.7	9,738	0.7	16,429	0.7
	Copper	6,571	0.3	280	—	31,308	1.4
	Tin	9,917	0.5	4,776	0.3	13,856	0.6
	Zinc	9,488	0.4	4,238	0.3	7,731	0.3
	Others	75,699	3.4	58,649	4.2	76,816	3.1
	Total	362,132	16.5	206,265	14.8	404,419	58.2
	Class Total	1,566,164	71.0	990,168	70.6	1,771,960	79.7
Finished goods	Mineral oils (volatile oils)	7,225	1.8	716	2.7	153	1 6
	Mineral oils (kerosene oils)	29,869		36,797		35,106	
	Cotton tissues	7,752	0.4	4,501	0.3	1,688	0.1
	Woollen tissues	28,605	1.3	10,538	0.8	6,388	0.2
	Printing paper	4,960	0.2	5,138	0.4	5,846	0.3
	Autombiles & parts thereof	28,044	1.2	17,308	1.2	26,254	1.2
	Internal combustion enigines	11,995	0.5	12,625	0.9	18,168	0.8
	Metal or wood making machinery & parts thersof	4,997	0.2	4,540	0.3	19,865	0.9
	Others	199,530	9.1	131,791	9.4	131,412	5.0
	Class Total	322,977	14.7	224,054	16.0	256,421	11.5

the most important position, accounting, as they do, for 97.7 per cent. of the total export trade. Of these materials, those in crude state represent 61.5 per cent., and their rate of increase is very high too. Raw catton, which is the most important among them, represents 30.7 per cent. Its advance has been remarkable in recent years. Wool is next to raw cotton in importance, though its percentage is incomparably low. Its advance in recent years has nevertheless been noteworthy. Big increases are also noted in crude oil, heavy oil, raw rubber and oil-yielding materials, while, on the contrary, there has been no marked increase in manufactured materials. In the panic period, they showed a decline even relatively.

An increase in the imports of materials in crude state and a decline in the imports of finished goods are phenomena that generally attend the industrialisation of a country and the counterparts of such phenomena are witnessed in the decline in raw materials and the increase in finished goods in Japan's export trade, to which reference has already been made. The other change in the structure of the import trade, viz. the falling tendency of foodstuffs, is, as I had occasion to indicate in a previous article, a phenomenon peculiar to Japanese national economy. It is correlated to the gradual increase in the export of foodstuffs.

6. CONCLUSION.

In the proceding paragraphs, I have studied from various angles the structure of trade on the basis of its average for each of the three periods—the first period of three years precding the 1930 crisis the second period of three years of depression following the crisis, and the last period of the subsequent three years of trade recovery. To sum up the results of these studies, it has been found, firstly, that the total value of trade, reflecting the general characteristics of each period, was on the decline in the first period, witnessed a sharp fall in the second period and developed a tendency to advance rapidly in the third period. The big drop in the period of panic was due more to a fall in price than to a declinc in volume, while the big advance in the period of recovery was ascribable to an increase in volume rather than to a rise in price. The adverse balance of trade showed a tendenby to diminish throughout the three periods. The unfavourable trade balance is gradually giving place to an equilibrium in trade. This is not so much because the imort trade has diminished as because the export trade has increased.

Secondly, a review of the geographical distribution of trade and its changes shows not only that Asia accounts for more than half of the total export trade but that its position gained in importance in the period under review. North America is the most important export market next to Asia, but the position it occupies is not even half so important as that of Asia, and the value of exports to it has been steadily falling in recent years. Thus, North Amerca is gradually losing ground to Asia as an export market. On the other hand, in the import trade, Asia barely equals North America, and the recent tendency has been for the imports from the former to decline and the for those from the latter to increase. That is to say, insofar as the import trade is concerned, Asia is gradually losing grund and North America is gaining ground.

Thirdly, the most important position in the international distribution of trade is held by the United States of America, regarding which the recent tendency has been for the exports to fall sharply and for the imports to increase. Trade with India, which comes next in importance, represents only half of the value of that with the United States of America, both in exports and in imports, but the exports to British India have been on the upward trend in recent years. As for Manchhukuo, which takes third place, trade has been showing an upward tendency both in exports and in imports. Then follow in order of importance Kwantung province, China, Dutch Indies, Endland, Australia and Egypt.

Fourthly, the new markets, which came into existence in the last period of trade advance, are more important in the export trade than in the import trade. Here, too, the most important position is held by the markets located in Asia, and then come those in Africa and in North and South America. In the import trade also, Asia, and Africa furnish new markets of special importance.

Fifthly, among the changes in the composition of merchandise for trade, the increase in finished goods and the decline in raw materials in the export trade and the decrease in finished goods and the increase in raw materials in the import trade stand out conspicusly. This embodies a phenomenon which generally manifests itself as a natural outcome of the process of industrialisation in any country, which necessitates heavy imports of raw materials in order that finished good may be exported in increasing quantities. It shows that the industrialisation of Japan made rapid progress in this period in the same way that Western capitalism did in the process of its development. Worthy of even greater attention is the other change, namely, a decline in the imports and a gradual increase in the exports of foodstuffs. It is usual that with the progress of the industrialisatihn of a country, the domestic production of foodrtuffs increase and their exports decline. In this respect, Japan's case is exceptional. As I discussed the point on a previous occasion, this phenomenon is not necessarily confined to the period under review. It arises from the peculiar character of the internal organisation of Japanese national economy and therein are found some special and superior festures of Japanese national economy. (April 22, 1936)