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# What Is Needed to Increase Japan's Exports?

## Challenge of focusing on mainstay products with large growth margins

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### Summary

- As the world economy heads toward normalization, Japanese exports are sluggish due to the global semiconductor shortage. In order to strengthen the growth potential of exports while looking at the post-corona era, it would be most effective to examine where there is room to grow.
- In this paper, therefore, we measure the growth of the value of exports using the concept of market potential and explore hints for Japan's increase in exports.
- According to market potential, the growth margin for China, one of Japan's main export destinations, has been shrinking since 2001. This suggests that Japan has been able to utilize various conditions associated with exports to China, which has led to the increase.
- Looking at exports to the U.S. and China by product category, it was found that there was a large growth margin in exports of general machinery, electrical equipment, and other products with a large export value. A detailed analysis of the market potential for mainstay products revealed that export value could increase further by fully utilizing the advantages of export destinations, such as low tariff rates and comparative advantages.
- The government is required to develop an environment that makes exporting companies more competitive, such as focusing on the distribution of the domestic labor force, capital, and other production factors in its main areas and simplifying procedures for using FTAs.

#### Attention

This report is a summary translation. The official document is only in Japanese, included in the DIR Research Quarterly Review (Vol.45).