

Country Report Japan

Chemical industry data and facts

August 2022

Japan's chemical industry ranks fourth worldwide

Sales in Japan's chemical-pharmaceutical industry recovered strongly after the crisis year 2020 to reach a value of around 243 billion euro in 2021, an increase of 7.3 percent compared to the previous year. This put Japan in fourth place among the top-selling chemical countries after China, the USA, and Germany. The gap to Germany was just 230 million euro.

Japan's chemical production increased by 3.5 percent year-on-year in 2021. However, it has not yet returned to the level seen before the outbreak of the coronavirus. Over the last five years, production has fallen by an average of 0.5 percent per year. The average production decline in Japanese industry over the same period was 0.9 percent per year.

After 2020, investments in the chemical industry also fell in 2021, amounting to around 8.6 billion euro. Over the past ten years, investments have fallen by an average of 1.3 percent per year. This downward trend is likely to have a negative impact on the competitiveness of Japan's chemical industry, as other countries are investing with a higher dynamic in their chemical industry.

JAPAN'S CHEMICAL INDUSTRY IS BROAD-BASED

Petrochemicals accounted for the highest share of Japan's chemical sales in 2021, at 25.6 percent. While the share of petrochemicals of total sales increased year-on-year, it decreased by 3.5 percentage points for pharmaceuticals in 2021. The shares of the remaining divisions in chemical sales were also significant, illustrating the diversity of Japan's chemical industry.

Japan's trade balance in chemical-pharmaceutical products was positive in 2021, as in previous years. The surplus accounted for 4.8 billion euro, a similar level to the previous year. Especially fine and specialty chemicals as well as polymers were exported. By contrast, Japan imported a high volume of pharmaceuticals. This resulted in a clearly negative trade balance in this sector. Due to the aging population, demand for pharmaceuticals is particularly high in Japan and will continue to grow in the future.

MOST IMPORTANT TRADING PARTNER IN ASIA AFTER CHINA

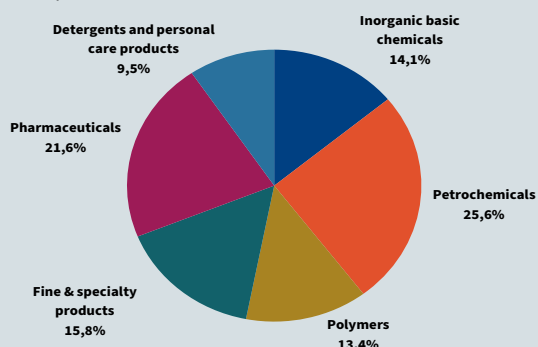
Germany exported chemical-pharmaceutical goods worth more than 5 billion euro to Japan in 2021.

This was around 2.1 percent of German chemical exports. Conversely, 2.3 percent of German chemical imports came from Japan and amounted to 3.7 billion euro. The trade balance in chemicals with Japan was thus once again positive.

In Asia, Japan is Germany's most important trading partner after China. But the Japanese market is also attractive for German companies. Direct investments by German chemical companies in Japan amounted to 604 million euro in 2020. However, this was a significant decrease compared to the previous year. The reason was the global economic crisis due to the containment measures against the coronavirus and the higher uncertainties for chemical companies from Germany.

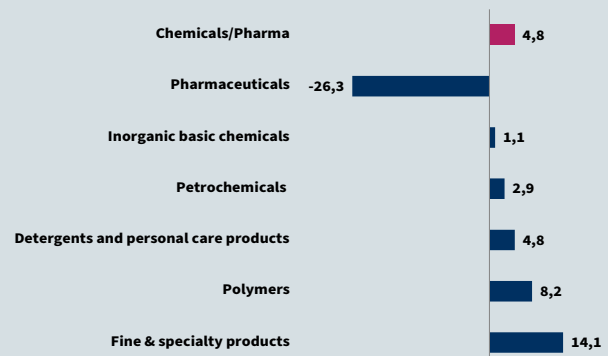
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Structure of Japan's chemical industry
shares in percent, 2021



Sources: Chemdata International, VCI

Japan's trade balance for chemicals
in billion euro, 2021



Sources: Chemdata International, VCI