

CHAPTER I

STRUCTURE OF THE JAPANESE ECONOMY AS INFERRED FROM THE 2005 INPUT-OUTPUT TABLES

1. Domestic Production by Industry

On the preparation of Domestic production in the 2005 by 13 sector, the manufacturing sector had the highest ratio (31.6%), followed, in sequence, by Services (21.3%), Commerce (10.9%), and Real estate (6.8%). In terms of primary, secondary, and tertiary industries, the ratio for tertiary industry was 58.5%, followed by secondary industry (40.1%) and primary industry (1.4%).

As for production trends by sector, the sectors seeing increased from 2000 to 2005 were Commerce (0.8 points), Finance and insurance (0.3 point), Transport(0.2 points), Information and communications(0.2 points),Public administration, (0.2 points),and Services(0.2 points).

Decreasing sectors included Construction (1.6 points),Agriculture, forestry and fishery(0.1 points), and Real estate (0.1 points).

The ratios for “Service,” “Telecommunication and broadcasting,” and “Public administration” increased greatly from 1995 to 2000, but this growth slackened between 2000 and 2005.

Chart 1-1 Domestic production by industrial classification

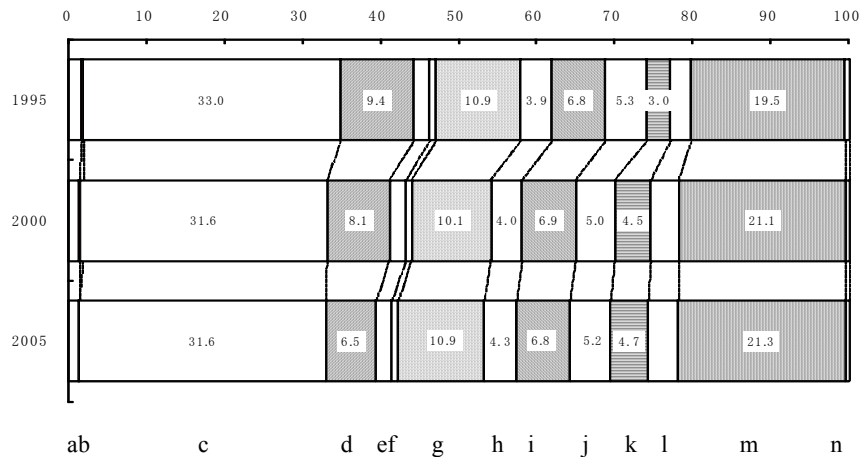


Table 1-2 Domestic production by industrial classification

	Domestic production(billion yen)			Distribution ratio(%)		
	1995	2000	2005	1995	2000	2005
Total	937,100.6	958,886.5	972,014.6	100.0	100.0	100.0
a Agriculture, forestry and fishery	15,817.8	14,369.7	13,154.6	1.7	1.5	1.4
b Mining	1,659.5	1,378.7	1,008.4	0.2	0.1	0.1
c Manufacturing	309,694.1	303,270.0	307,070.9	33.0	31.6	31.6
d Construction	88,149.3	77,310.5	63,237.3	9.4	8.1	6.5
e Electricity, gas and water supply	26,463.5	27,004.4	26,983.6	2.8	2.8	2.8
f Electricity, gas and heat supply	(18,810.0)	(19,288.2)	(18,677.2)	(2.0)	(2.0)	(1.9)
g Water supply and waste disposal business	(7,653.5)	(7,716.2)	(8,306.5)	(0.8)	(0.8)	(0.9)
h Commerce	102,321.6	96,947.6	106,274.5	10.9	10.1	10.9
i Finance and insurance	36,334.6	38,149.5	41,586.8	3.9	4.0	4.3
j Real estate	64,185.2	65,852.7	66,205.9	6.8	6.9	6.8
k Transport	50,113.8	47,906.9	50,744.4	5.3	5.0	5.2
l Information and communications	28,154.4	43,469.9	45,936.0	3.0	4.5	4.7
m Public administration	26,217.0	36,225.9	38,537.9	2.8	3.8	4.0
n Services	182,472.3	202,788.5	207,306.4	19.5	21.1	21.3
o Activities not elsewhere classified	5,517.6	4,212.3	3,968.0	0.6	0.4	0.4
(Ref.) Primary industries	15,817.8	14,369.7	13,154.6	1.7	1.5	1.4
Secondary industries	418,313.0	401,247.3	389,993.7	44.6	41.8	40.1
Tertiary industries	502,969.9	543,269.4	568,866.3	53.7	56.7	58.5

Notes: : Primary industries : a

Secondary industries: b, c, d, e

Tertiary industries : f, g, h, i, j, k, l, m, n

Reference : **Domestic Production Trend (Average Annual Growth Rate)**

Domestic production for the year 2005 increased to 972.015 trillion yen, 1.4% higher than 2000 figures. This increase translates to an average annual growth rate of 0.3% for the five years from 2000 to 2005.

In terms of the historical development of the average annual growth rate, growth from 1985 to 1990 showed a relatively high rate of 5.1%, but slowed to 1.4% from 1990 to 1995. Growth from 2000 to 2005 dwindled to 0.3%.

Chart 1-2 Domestic production trend

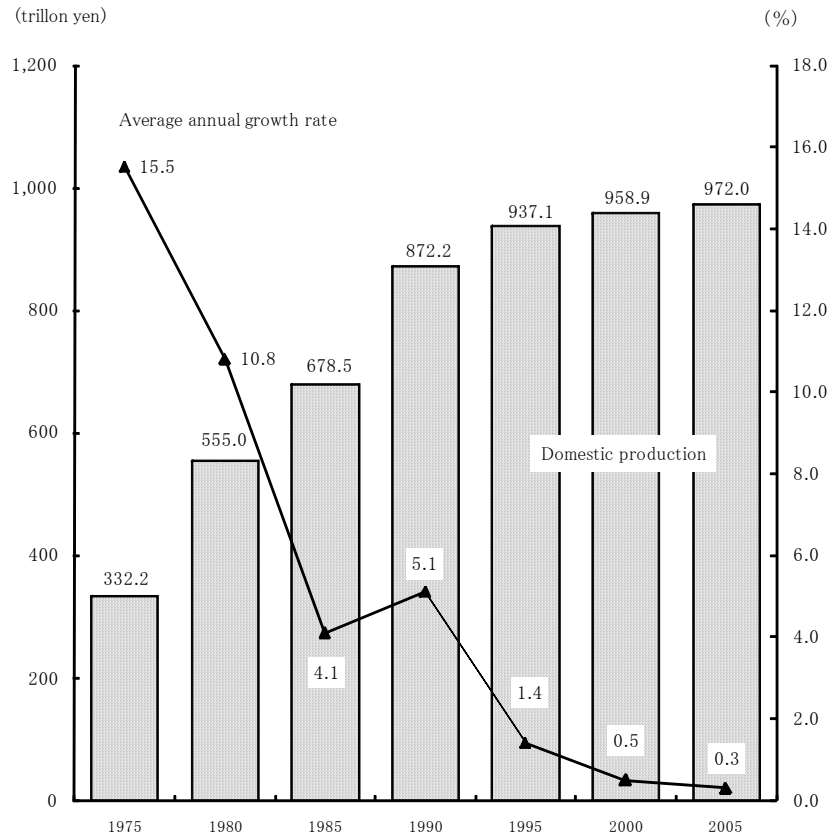


Table 1-2 Domestic production trend

Domestic production (billion yen)						
1975	1980	1985	1990	1995	2000	2005
332,230.8	555,040.8	678,544.1	872,212.2	937,100.6	958,886.5	972,014.6

Table 1-3 Annual change of domestic production

Average annual growth rate (%)						
1970~1975	1975~1980	1980~1985	1985~1990	1990~1995	1995~2000	2000~2005
15.5	10.8	4.1	5.1	1.4	0.5	0.3

2. Growth of Domestic Production by Industry

The 34-sector classification table indicates that the industries achieving domestic production growth from 2000 to 2005 were Iron and steel (47.5%), Petroleum and coal products (30.3%), Transportation equipment (24.3%), Non-ferrous metals (19.4%), among others. Growth in Iron and steel was conspicuous.

On the other hand, domestic production decreased in sectors such as Textile products (-38.3%), Information and communications(-35.0%), Mining(-26.9%), and Construction (-18.2%).

With regard to increase in the overall domestic production (1.4% increase as compared to 2000), the impact of Transportation equipment (1.08% contribution) and Commerce (0.97% contribution) was large in the positive direction, and the impact of Construction (1.47% contribution) and Telecommunication and broadcasting equipment (0.62% contribution) was large in the negative direction.

Chart 1-3 Growth of Domestic production by industrial classification

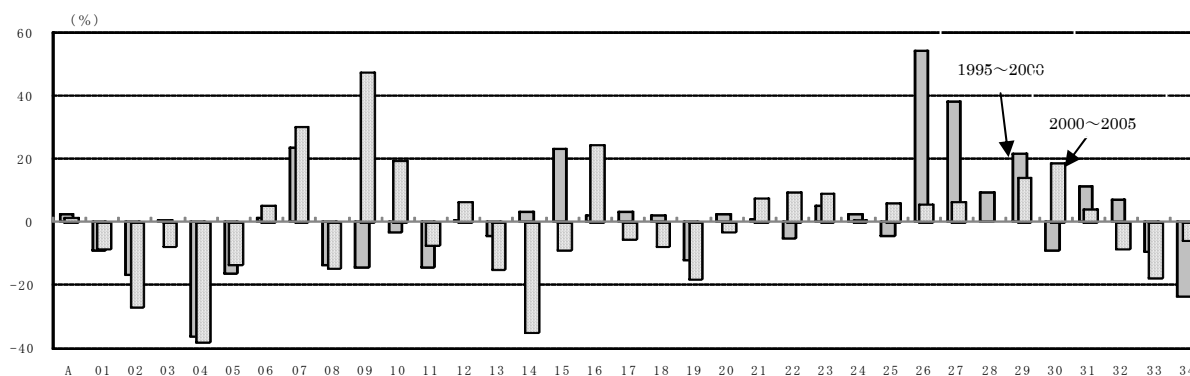


Table 1-4 Growth of Domestic production by industrial classification

	Domestic production(billion yen)			Growth rate(%)		Contributions to changes (%)
	1995	2000	2005	1995~2000	2000~2005	
A Total	937,100.6	958,886.5	972,014.6	2.3	1.4	
01 Agriculture, forestry and fishery	15,817.8	14,369.7	13,154.6	△ 9.2	△ 8.5	△ 0.13
02 Mining	1,659.5	1,378.7	1,008.4	△ 16.9	△ 26.9	△ 0.04
03 Beverages and Foods	38,856.5	38,924.6	35,889.4	0.2	△ 7.8	△ 0.32
04 Textile products	11,164.5	7,093.6	4,374.8	△ 36.5	△ 38.3	△ 0.28
05 Pulp, paper and wooden products	17,800.1	14,861.9	12,829.6	△ 16.5	△ 13.7	△ 0.21
06 Chemical products	25,778.2	26,102.5	27,487.0	1.3	5.3	0.14
07 Petroleum and coal products	10,492.8	12,983.4	16,920.2	23.7	30.3	0.41
08 Ceramic, stone and clay products	9,696.1	8,369.1	7,155.9	△ 13.7	△ 14.5	△ 0.13
09 Iron and steel	20,093.3	17,159.5	25,314.0	△ 14.6	47.5	0.85
10 Non-ferrous metals	6,343.1	6,137.8	7,330.0	△ 3.2	19.4	0.12
11 Metal products	15,707.7	13,452.4	12,484.4	△ 14.4	△ 7.2	△ 0.10
12 General machinery	28,475.0	28,586.7	30,378.5	0.4	6.3	0.19
13 Electrical machinery	19,505.4	18,643.7	15,832.1	△ 4.4	△ 15.1	△ 0.29
14 Information and communication electronics equipment	16,437.1	16,945.7	11,011.6	3.1	△ 35.0	△ 0.62
15 Electronic components	14,443.0	17,813.3	16,211.8	23.3	△ 9.0	△ 0.17
16 Transportation equipment	41,855.8	42,667.5	53,016.3	1.9	24.3	1.08
17 Precision instruments	3,810.7	3,938.9	3,722.7	3.4	△ 5.5	△ 0.02
18 Miscellaneous manufacturing products	27,197.8	27,747.2	25,594.8	2.0	△ 7.8	△ 0.22
19 Construction	88,149.3	77,310.5	63,237.3	△ 12.3	△ 18.2	△ 1.47
20 Electricity, gas and heat supply	18,810.0	19,288.2	18,677.2	2.5	△ 3.2	△ 0.06
21 Water supply and waste disposal business	7,653.5	7,716.2	8,306.5	0.8	7.7	0.06
22 Commerce	102,321.6	96,947.6	106,274.5	△ 5.3	9.6	0.97
23 Finance and insurance	36,334.6	38,149.5	41,586.8	5.0	9.0	0.36
24 Real estate	64,185.2	65,852.7	66,205.9	2.6	0.5	0.04
25 Transport	50,113.8	47,906.9	50,744.4	△ 4.4	5.9	0.30
26 Information and communications	28,154.4	43,469.9	45,936.0	54.4	5.7	0.26
27 Public administration	26,217.0	36,225.9	38,537.9	38.2	6.4	0.24
28 Education and research	33,247.0	36,293.9	36,293.2	9.2	0.0	0.00
29 Medical service, health, social security and nursing care	36,229.4	44,006.0	50,211.4	21.5	14.1	0.65
30 Other public services	4,658.7	4,232.3	5,030.6	△ 9.2	18.9	0.08
31 Business services	55,126.7	61,309.0	63,749.2	11.2	4.0	0.25
32 Personal services	53,210.5	56,947.3	52,022.0	7.0	△ 8.6	△ 0.51
33 Office supplies	2,037.0	1,842.2	1,517.8	△ 9.6	△ 17.6	△ 0.03
34 Activities not elsewhere classified	5,517.6	4,212.3	3,968.0	△ 23.7	△ 5.8	△ 0.03

3. Intermediate Inputs and Gross Value Added

As inferred from the 972.015 trillion yen worth of domestic production in 2005, the intermediate input of goods and services such as raw materials, fuels and others required for production, accounted for 466.141 trillion yen (48.0%), while the gross value added, which increased through production activities, amounted to 505.874 trillion yen (52.0%).

From 2000, the input ratio for intermediate input rose by 2.2 points.

Chart 1-4 Intermediate inputs and Gross value added

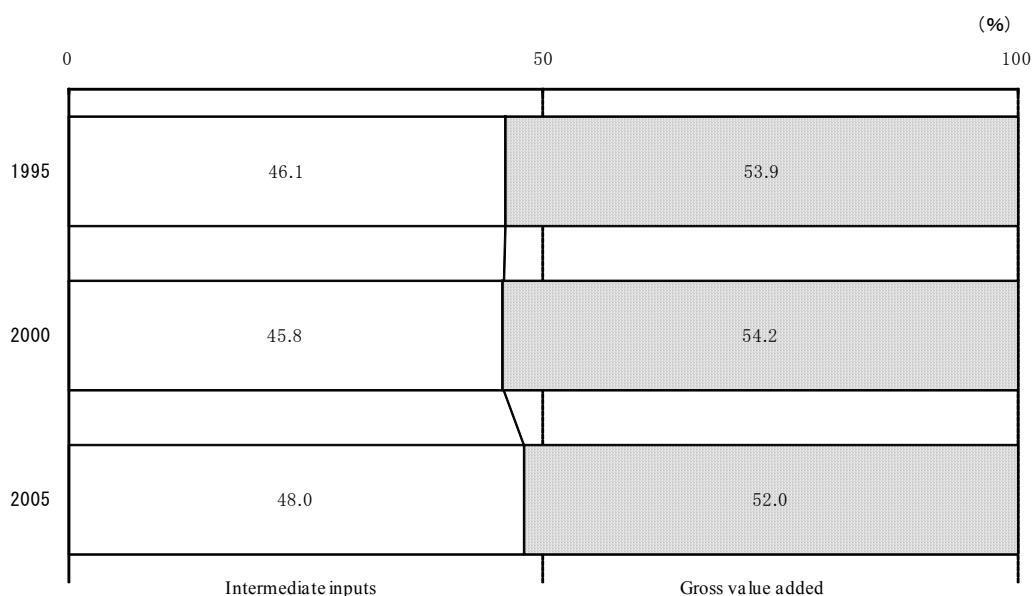


Table 1-5 Intermediate inputs and Gross value added

	Value (billion yen)			Distribution ratio (%)			Growth rate(%)	
	1995	2000	2005	1995	2000	2005	1995~2000	2000~2005
Domestic production	937,100.6	958,886.5	972,014.6	100.0	100.0	100.0	2.3	1.4
Intermediate inputs	431,854.7	439,404.6	466,140.6	46.1	45.8	48.0	1.7	6.1
Gross value added	505,246.0	519,481.9	505,874.1	53.9	54.2	52.0	2.8	2.6

4. Intermediate Input ratio by Industry

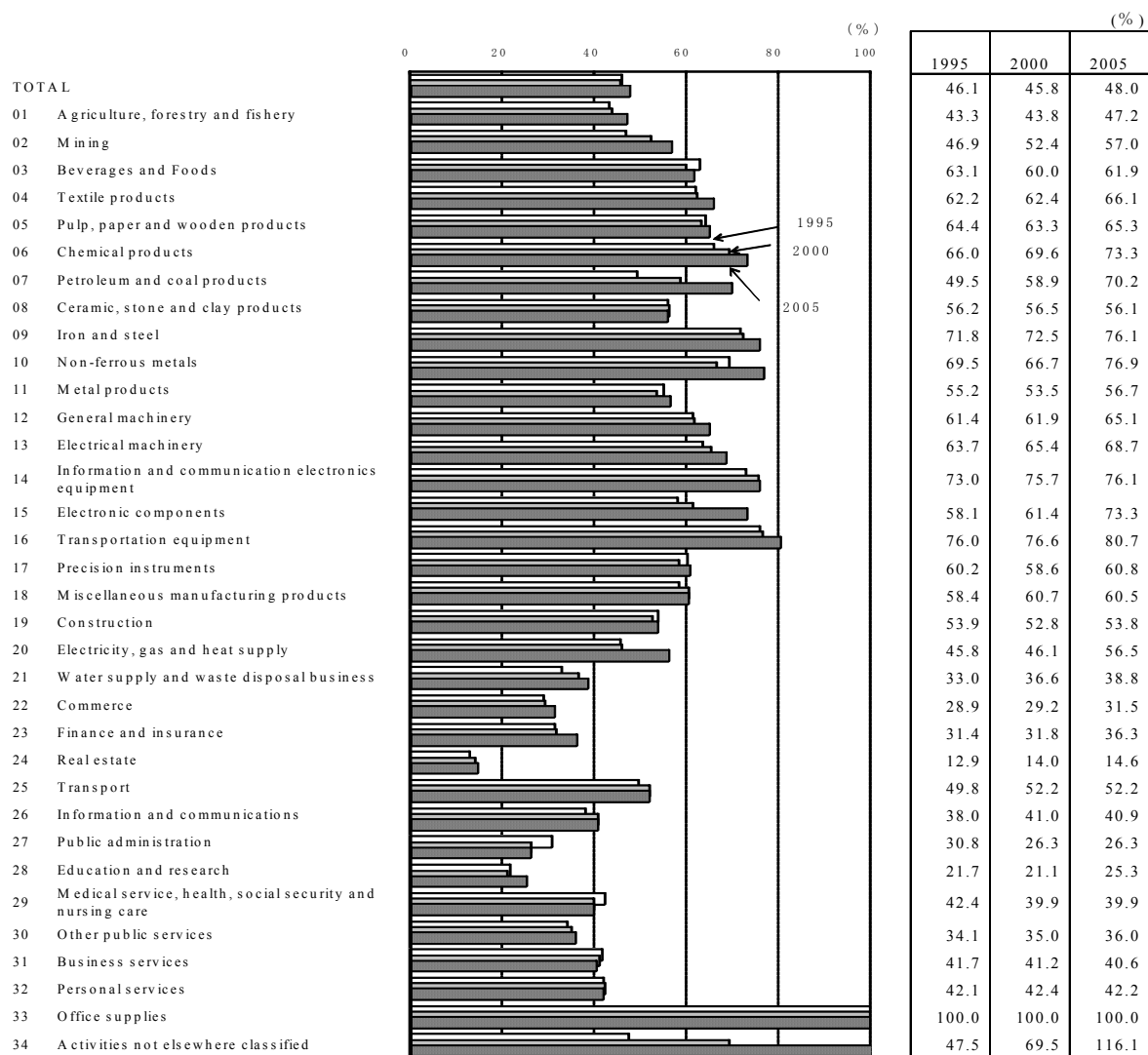
As categorized in the 34-sector classification table, the intermediate input ratio by industry to domestic production in 2005 showed high trends for the manufacturing sector, including Transportation equipment (80.7%), Non-ferrous metal (76.9%), Iron and steel (76.1%), and Telecommunication and broadcasting equipment (76.1%). For the sectors other than manufacturing, Mining (57.0%), Electricity, gas and heat supply (56.5%), and Construction (53.8%) also showed high trends.

However, Real estate (14.6%) and Education and research (25.3%) trended low.

With respect to changes in the intermediate input ratio for the respective industrial sector from 2000 to 2005, increases were observed in 24 sectors, including Electronic components (by 11.9 points, from 61.4% to 73.3%), Petroleum and coal products (by 11.3 points, from 58.9% to 70.2%), Electricity, gas and heat supply (by 10.4 points, from 46.1% to 56.5%), and Non-ferrous metals (by 10.2 points, from 66.7% to 76.9%), among others.

On the other hand, decreases were observed in Business services (by 0.6 points, from 41.2% to 40.6%), Ceramic, stone and clay products (by 0.4 points, from 56.5% to 56.1%), Miscellaneous manufacturing products (by 0.2 points, from 60.7% to 60.5%), and Personal services (by 0.2 points, from 42.4% to 42.2%), among others.

Chart 1-5 Intermediate input ratio by Industry



5. Intermediate input ratios of services by industry

When looking at the intermediate input ratios of services by industry in 2005 after dividing intermediate inputs into “goods” and “services,” the intermediate input ratio for the industry total was 22.4%, indicating an increase by 0.7 points as compared to 2000 (21.7%).

In terms of the 34 sectors, Mining had the highest intermediate input ratio at 45.6%, followed by Transport at 36.4%, Telecommunication and broadcasting at 33.8%, Financial and insurance at 32.4%, and Business services at 28.4%, indicating that there were high intermediate input ratios for services. On the other hand, the intermediate input ratios for services was lowest for Petroleum and coal products at 5.4%, followed by Real estate at 9.5%, and iron and steel at 10.8%.

With respect to changes in the intermediate input ratio for services for the respective industrial sector from 2000 to 2005, significant increases were observed in 22 sectors (excluding “Activities not elsewhere classified”), including Financial and insurance (by 4.5 points, from 27.9% to 32.4%), Education and research (by 3.6 points, from 13.0% to 16.6%), Mining (by 3.5 points, from 42.1% to 45.6%), and Electronic components (by 3.0 points, from 20.4% to 23.4%), among others. On the other hand, decreases were observed in Iron and steel (by 1.9 points, from 12.7% to 10.8%), Petroleum and coal products (by 1.8 points, from 7.2% to 5.4%), among others.

Chart 1-6 Intermediate input ratios of services by industry



6. Composition and Growth Rates of Gross Value Added

The amount of gross value added for 2005 was 505.874 trillion yen. This figure breaks down into 258.818 trillion yen for Compensation of employees (51.2%), 99.585 trillion yen for Operating surplus (19.7%), 96.645 trillion yen for Depreciation of fixed capital (19.1%), 37.531 trillion yen for Indirect taxes (7.4%), 16.803 trillion yen for Consumption expenditures outside households (3.3%), and -3.507 trillion yen for Ordinary subsidies (deduction) (-0.7%).

Compared to 2000, the component ratio for Compensation of employees declined, and the component ratios for Operating surplus and Depreciation of fixed capital increased.

The growth rate for Gross value added decreased by 2.6% from 2000.

Gross value added exhibiting decreasing growth rates includes Consumption expenditures outside households (12.4%), Indirect taxes (6.3%), Compensation of employees (6.1%), whereas Depreciation of fixed capital and Operating surplus have showed increasing trends of 3.5% and 3.2%, respectively.

Chart 1-7 Composition of Gross value added

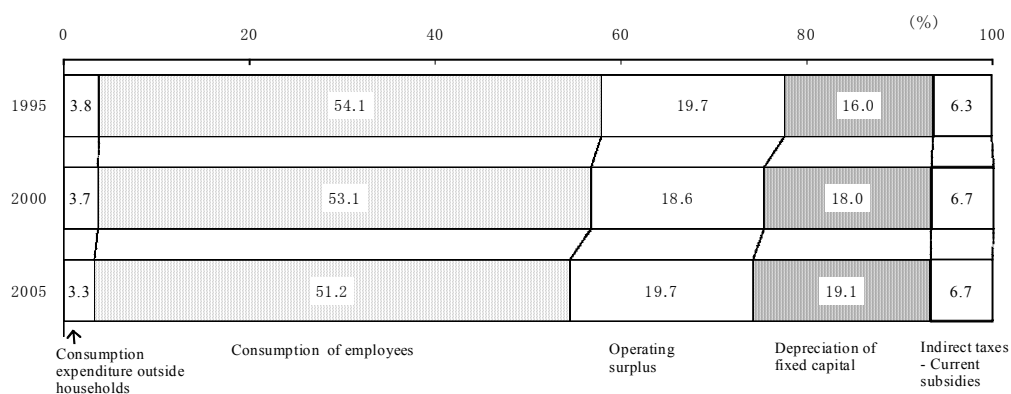


Chart 1-8 Growth of Gross value added

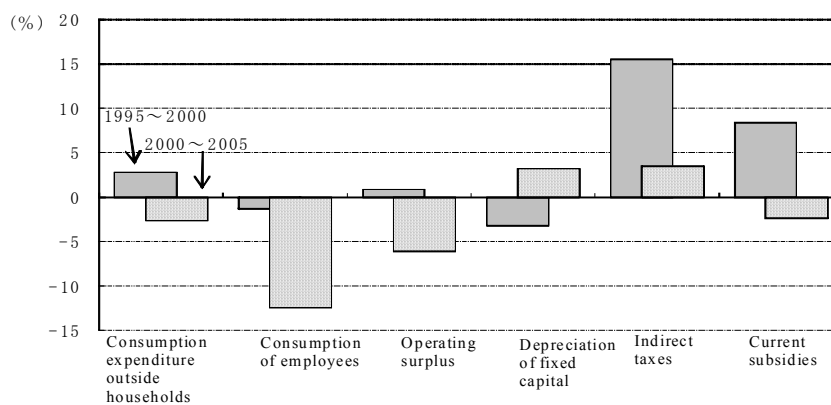


Table 1-6 Composition and rate of Gross value added

	Value (billion yen)			Distribution ratio (%)			Growth rate (%)	
	1995	2000	2005	1995	2000	2005	1995~2000	2000~2005
Total of gross value added	505,246.0	519,481.9	505,874.1	100.0	100.0	100.0	2.8	△ 2.6
Consumption expenditure outside households	19,419.4	19,171.2	16,802.7	3.8	3.7	3.3	△ 1.3	△ 12.4
Consumption of employees	273,160.5	275,589.1	258,817.5	54.1	53.1	51.2	0.9	△ 6.1
Operating surplus	99,706.2	96,523.7	99,584.6	19.7	18.6	19.7	△ 3.2	3.2
Depreciation of fixed capital	80,800.7	93,350.0	96,644.8	16.0	18.0	19.1	15.5	3.5
Indirect taxes	36,469.6	40,039.3	37,531.1	7.2	7.7	7.4	9.8	△ 6.3
(less) Current subsidies	△ 4,310.4	△ 5,191.5	△ 3,506.7	△ 0.9	△ 1.0	△ 0.7	20.4	△ 32.5

7. Total Supply and Growth

Total supply of Domestic production and Imports reached 1044.498 trillion yen, of which domestic production was 972.015 trillion yen (93.1% of the total supply value) and imports was 72.483 trillion yen (6.9% of the total supply value).

Compared to 2000, the composition of Total supply for Domestic production decreased by 1.6 points while that for Imports increased.

With respect to growth from 2000 levels, Total supply increased by 3.1%, Domestic production increased by 1.4%, and Imports showed double-digit growth of 33.8%.

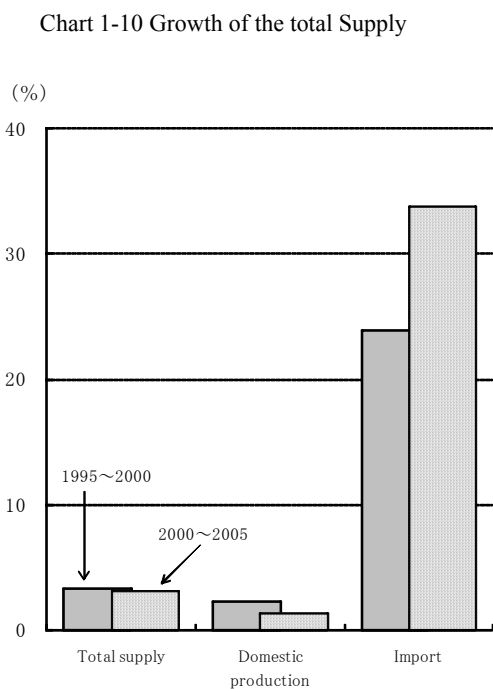
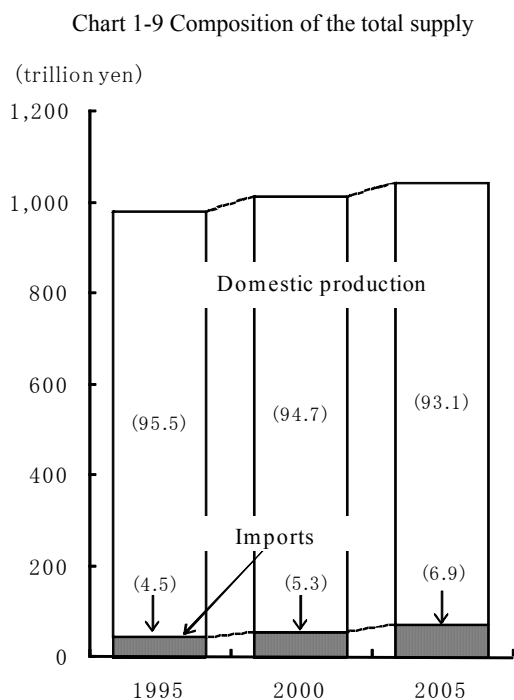


Table 1-7 Composition and growth of the total supply

	Value (billion yen)			Distribution ratio (%)			Growth rate (%)	
	1995	2000	2005	1995	2000	2005	1995~2000	2000~2005
Total supply	980,824.3	1,013,047.6	1,044,497.8	100.0	100.0	100.0	3.3	3.1
Domestic production	937,100.6	958,886.5	972,014.6	95.5	94.7	93.1	2.3	1.4
Import	43,723.6	54,161.2	72,483.1	4.5	5.3	6.9	23.9	33.8

Notes: [1] The table derives from 34 sectors table.

[2] The total figures don't always correspond with sum amount of details rounded.

[3] The distribution ratio and growth rate in the table are calculated on a million yen basis.

8. Composition and Growth of Total Demand

Total demand for 2005 is 1044.498 trillion yen with the breakdown figures as 466.141 trillion yen (44.6%) for Intermediate demand, 504.589 trillion yen (48.3%) for Domestic final demand and 73.769 trillion yen (7.1%).

As compared to 2000, Intermediate demand and Exports rose by 1.2 and 1.4 points, respectively, while Domestic final demand fell by 2.7 points.

With respect to growth from 2000 levels, Total demand increased by 3.1%, Intermediate demand increased by 6.1%, and Exports showed double-digit growth of 28.3%. On the other hand, Domestic final demand decreased by 2.2%

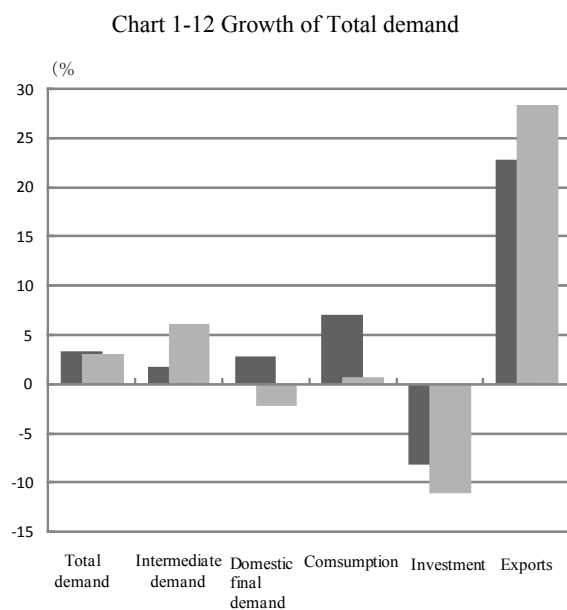
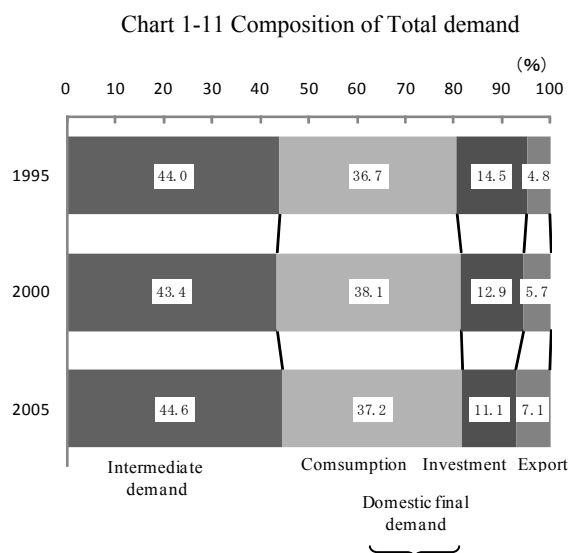


Table 1-8 Composition and Growth of Total demand

	Value (billion yen)			Distribution ratio (%)			Growth rate (%)	
	1995	2000	2005	1995	2000	2005	1995~2000	2000~2005
Total demand	980,824.3	1,013,047.6	1,044,497.8	100.0	100.0	100.0	3.3	3.1
Intermediate demand	431,854.7	439,404.6	466,140.6	44.0	43.4	44.6	1.7	6.1
Final demand	548,969.6	573,643.1	578,357.2	56.0	56.6	55.4	4.5	0.8
Domestic final demand	502,160.5	516,156.4	504,588.5	51.2	51.0	48.3	2.8	△ 2.2
Consumption	360,377.8	385,867.6	388,717.5	36.7	38.1	37.2	7.1	0.7
Investment	141,782.7	130,288.7	115,871.0	14.5	12.9	11.1	△ 8.1	△ 11.1
Exports	46,809.1	57,486.7	73,768.7	4.8	5.7	7.1	22.8	28.3
(Ref.) Domestic demand	934,015.2	955,560.9	970,729.1	95.2	94.3	92.9	2.3	1.6

9. Composition and Growth of Final Demand

The amount of final demand for 2005 was 578.357 trillion yen. This figure breaks down into 280.873 trillion yen for Consumption expenditure (private) (48.6%), 113.802 trillion yen for Gross domestic fixed capital formation (19.7%), 91.042 trillion yen for Consumption expenditure of general government (15.7%), 73.769 trillion yen for Exports (12.8%), 16.803 trillion yen for Consumption expenditure outside households (2.9%) and 2.069 trillion yen for Increase in stocks (0.4%).

As compared to 2000, the distribution ratios of exports (by 2.8points, from 10.0% to 12.8%), Consumption expenditure of general government (by 0.8 points, form 14.9% to 15.7%) rose respectively.

With respect to the growth rate from 2000, final demand increased by 0.8%. Increase in stocks, Exports, and consumption expenditure of general government increased by 648.0%(0.31% Contribution), 28.3%(2.84% Contribution) and 6.2%(0.93% Contribution), while Gross domestic fixed capital formation and Consumption expenditure outside households decreased by -12.5%(-2.83% Contribution), and -12.4%(-0.41% Contribution) respectively.

Chart 1-13 Composition of Final demand

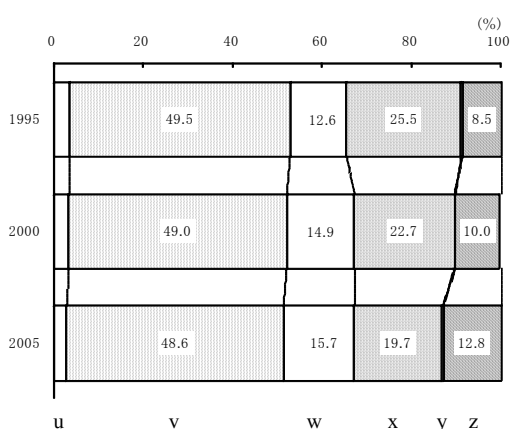


Chart 1-14 Growth of Final demand

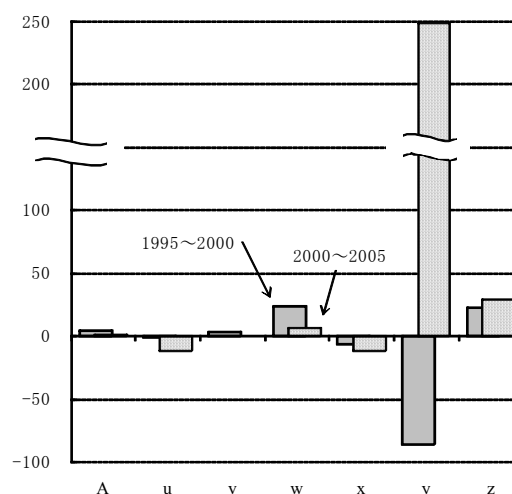


Table 1-9 Composition and Growth of Final demand

	Value (billion yen)			Distribution ratio (%)			Growth rate (%)		Contributions to changes (%)
	1995	2000	2005	1995	2000	2005	1995~2000	2000~2005	
A Total final demand	548,970	573,643	578,357	100.0	100.0	100.0	4.5	0.8	
u Consumption expenditure outside households	19,419	19,171	16,803	3.5	3.3	2.9	△1.3	△12.4	△0.41
v Consumption expenditure (private)	271,796	280,990	280,873	49.5	49.0	48.6	3.4	0.0	△0.02
w Consumption expenditure of general government	69,163	85,706	91,042	12.6	14.9	15.7	23.9	6.2	0.93
x Gross domestic fixed capital formation	139,722	130,012	113,802	25.5	22.7	19.7	△6.9	△12.5	△2.83
y Increase in stocks	2,061	277	2,069	0.4	0.0	0.4	△86.6	648.0	0.31
z Exports	46,809	57,487	73,769	8.5	10.0	12.8	22.8	28.3	2.84

10 Growth Rate and Contribution of Exports by Commodity

When looking at the composition of exports by commodity classification as categorized in the 34-sector classification table, Transportation equipment accounted for 20.8% of the whole commodity export industry, followed by General machinery at 11.5% and Electrical components at 8.6%.

As compared to 2000, the exports of Iron and steel and Petroleum and coal products by 1.2 point (from 2.6% to 3.8%), 0.7 points (from 0.5% to 1.2%), while the Information and communications and Electronic components fell by 2.5 points (from 8.1% to 5.6%), 2.3 points (from 10.9% to 8.6%).

The overall growth rate has increased by 28.3%. Although there were significant increases in the sectors of Petroleum and coal products (205.7% increase as compared to 2000) and Mining (184.4% increase as compared to 2000), there were decreases in 3 sectors, including Agriculture, forestry and fishery (13.3% decrease as compared to 2000).

Chart 1-15 Growth of Exports by Commodity classification

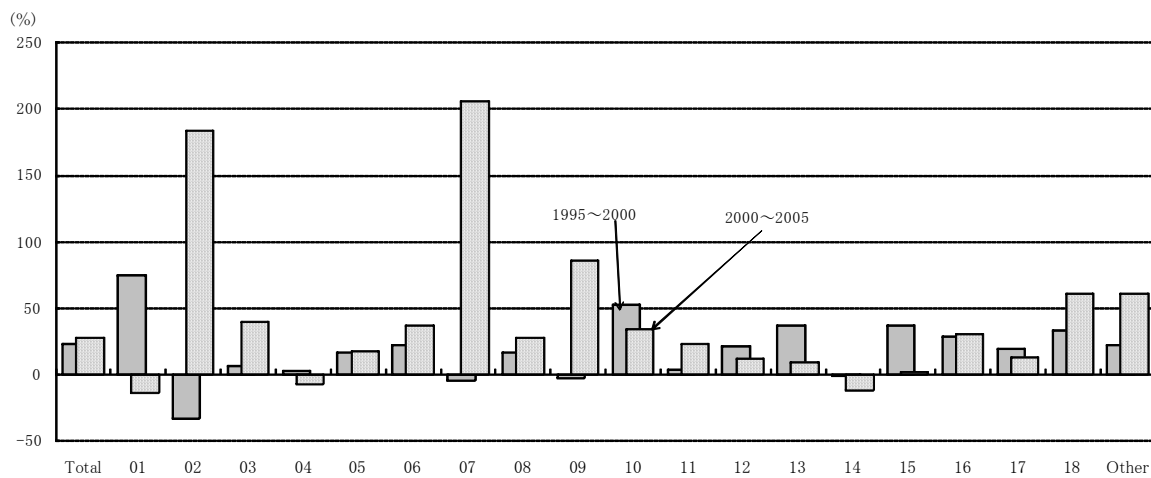


Table 1-10 Composition and Growth of Exports by Commodity classification

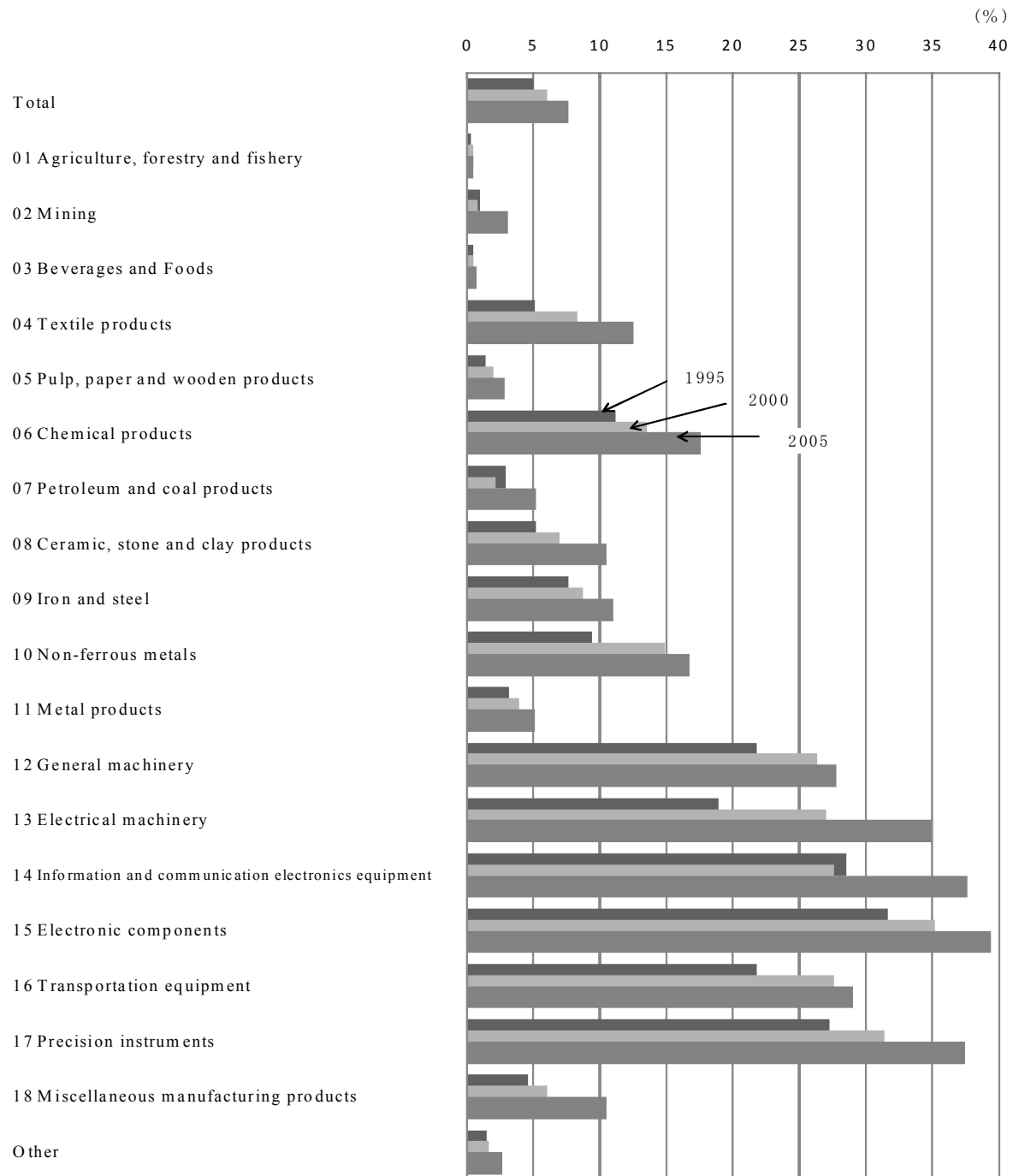
	Value (billion yen)			Distribution ratio (%)			Growth rate (%)		Contributions to changes (%)
	1995	2000	2005	1995	2000	2005	1995~2000	2000~2005	
Total	46,809.1	57,486.7	73,768.7	100.0	100.0	100.0	22.8	28.3	
01 Agriculture, forestry and fishery	41.2	72.0	62.5	0.1	0.1	0.1	74.9	△13.3	△0.02
02 Mining	16.4	10.9	31.1	0.0	0.0	0.0	△33.2	184.4	0.04
03 Beverages and Foods	178.9	189.9	265.1	0.4	0.3	0.4	6.1	39.6	0.13
04 Textile products	572.4	588.6	545.7	1.2	1.0	0.7	2.8	△7.3	△0.07
05 Pulp, paper and wooden products	257.6	301.3	354.7	0.6	0.5	0.5	17.0	17.7	0.09
06 Chemical products	2,877.4	3,528.2	4,850.3	6.1	6.1	6.6	22.6	37.5	2.30
07 Petroleum and coal products	303.3	289.4	884.8	0.6	0.5	1.2	△4.6	205.7	1.04
08 Ceramic, stone and clay products	501.8	585.0	748.5	1.1	1.0	1.0	16.6	27.9	0.28
09 Iron and steel	1,527.9	1,491.6	2,772.7	3.3	2.6	3.8	△2.4	85.9	2.23
10 Non-ferrous metals	596.9	913.5	1,227.4	1.3	1.6	1.7	53.0	34.4	0.55
11 Metal products	499.9	519.9	642.1	1.1	0.9	0.9	4.0	23.5	0.21
12 General machinery	6,199.9	7,508.1	8,460.2	13.2	13.1	11.5	21.1	12.7	1.66
13 Electrical machinery	3,681.1	5,030.1	5,521.6	7.9	8.8	7.5	36.6	9.8	0.85
14 Information and communication electronics equipment	4,677.3	4,672.1	4,139.5	10.0	8.1	5.6	△0.1	△11.4	△0.93
15 Electronic components	4,565.5	6,269.6	6,380.9	9.8	10.9	8.6	37.3	1.8	0.19
16 Transportation equipment	9,135.9	11,772.3	15,359.2	19.5	20.5	20.8	28.9	30.5	6.24
17 Precision instruments	1,039.1	1,236.7	1,397.5	2.2	2.2	1.9	19.0	13.0	0.28
18 Miscellaneous manufacturing products	1,250.9	1,670.7	2,698.9	2.7	2.9	3.7	33.6	61.5	1.79
Other	8,885.7	10,836.9	17,426.2	19.0	18.9	23.6	22.0	60.8	11.46

11. Commodity Export Ratios of Domestic Products

As categorized in the 34-sector classification table, the commodity export ratios of domestic production in 2005 shows the highest increase of 39.4% for the Electronic components followed, in sequence, by 37.6% for Information and communication electronics equipment, 37.5% for Precision instruments, 34.9% for Electrical machinery, 29.0% for Transportation equipment and 27.8% for General machinery.

As compared to 2000, increases were seen in all industries (commodities) with the exception of Agriculture, forestry and fishery, which remained at the same level, as demonstrated by increases in Telecommunication and broadcasting equipment (by 10.0 points, from 27.6% to 37.6%), Electrical machinery (by 7.9 points, from 27.0% to 34.9%), and Precision instruments (by 6.1 points, from 31.4% to 37.5%), among others.

Chart 1-16 Commodity export ratios of Domestic products



12. Composition of Imports by Commodity

By Commodity classification in the 34-sector classification table in 2005, the composition of imports for Mining had the highest ratio (21.2%) followed, in sequence, by Beverages and Foods (7.8%), and Information and communication electronics equipment (6.0%).

As compared to 2000, the import ratio for Mining increased (by 5.2 points, from 16.0% to 21.2%), while there were decreases in the ratios for Telecommunication and broadcasting equipment (by 1.4 points, from 7.4% to 6.0%) and Foods (by 1.3 points, from 9.1% to 7.8%).

The growth rates of imports by commodity in relation to 2000 increased in all sectors due to increases in the price of materials, and significant increases were seen in Iron and steel (110.4%), Metal products (82.6%), and Mining (77.2%).

When looking at the level of contribution, Mining had the highest contribution at 12.35%, followed by Chemical products at 2.46%, among others.

Chart 1-17 Composition of Imports by Commodity classification

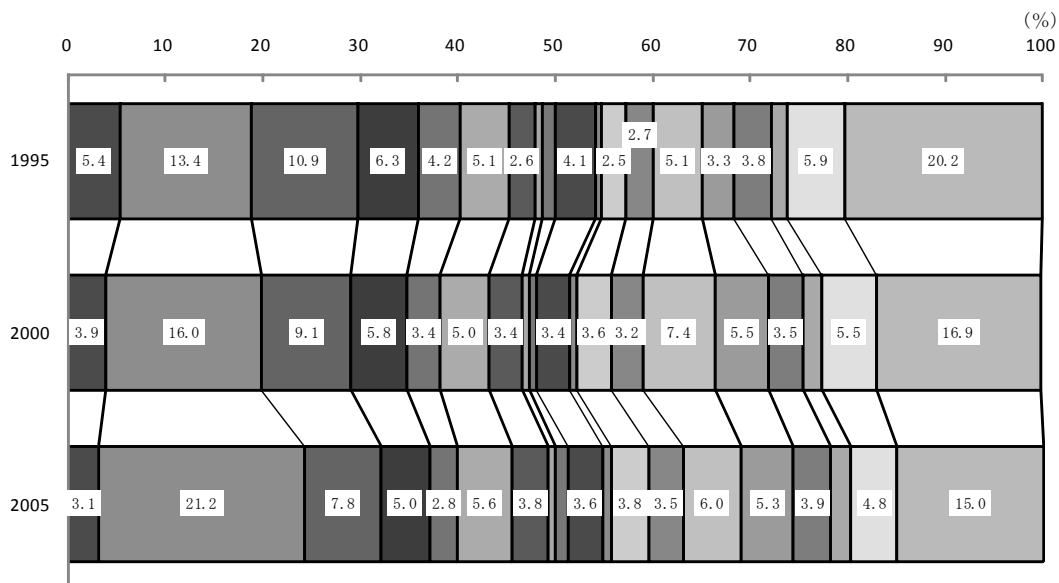


Table 1-11 Composition and Growth of Imports by Commodity classification

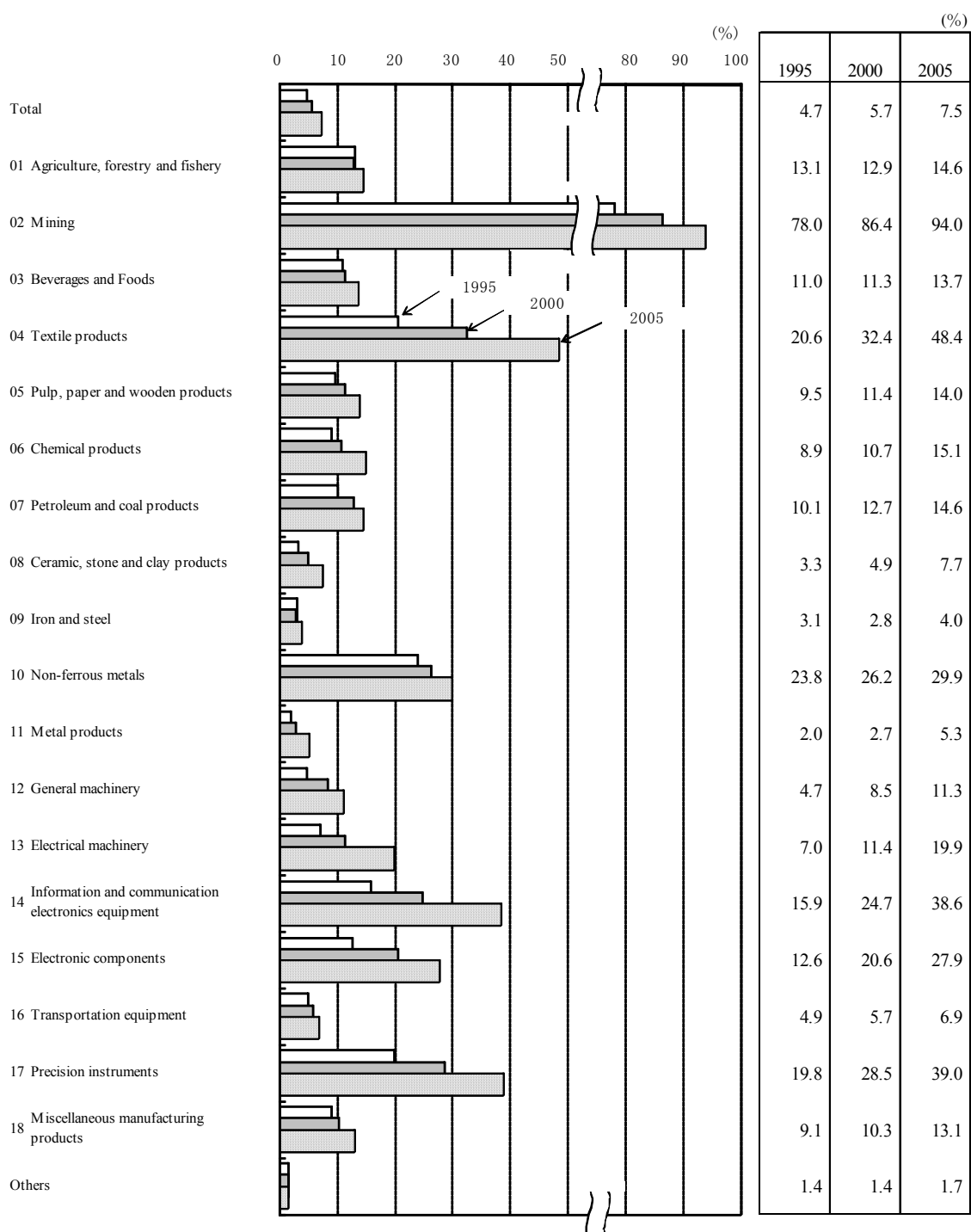
	Value (billion yen)			Distribution ratio (%)			Growth rate (%)		Contributions to changes (%)
	1995	2000	2005	1995	2000	2005	1995~2000	2000~2005	
Total	43723.6	54161.2	72483.1	100.0	100.0	100.0	23.9	33.8	
01 Agriculture, forestry and fishery	2376.0	2118.6	2241.8	5.4	3.9	3.1	△ 10.8	5.8	0.23
02 Mining	5839.2	8669.1	15360.2	13.4	16.0	21.2	48.5	77.2	12.35
03 Beverages and Foods	4769.6	4948.5	5667.3	10.9	9.1	7.8	3.8	14.5	1.33
04 Textile products	2747.6	3118.0	3598.6	6.3	5.8	5.0	13.5	15.4	0.89
05 Pulp, paper and wooden products	1847.9	1868.2	2037.4	4.2	3.4	2.8	1.1	9.1	0.31
06 Chemical products	2238.0	2702.5	4035.0	5.1	5.0	5.6	20.8	49.3	2.46
07 Petroleum and coal products	1138.9	1854.5	2738.6	2.6	3.4	3.8	62.8	47.7	1.63
08 Ceramic, stone and clay products	317.4	397.2	532.6	0.7	0.7	0.7	25.1	34.1	0.25
09 Iron and steel	598.6	451.3	949.5	1.4	0.8	1.3	△ 24.6	110.4	0.92
10 Non-ferrous metals	1798.2	1858.0	2607.0	4.1	3.4	3.6	3.3	40.3	1.38
11 Metal products	309.3	364.5	665.6	0.7	0.7	0.9	17.9	82.6	0.56
12 General machinery	1110.3	1945.6	2783.0	2.5	3.6	3.8	75.2	43.0	1.55
13 Electrical machinery	1196.6	1758.7	2565.1	2.7	3.2	3.5	47.0	45.9	1.49
14 Information and communication electronics equipment	2226.5	4025.1	4313.8	5.1	7.4	6.0	80.8	7.2	0.53
15 Electronic components	1427.9	2988.7	3808.3	3.3	5.5	5.3	109.3	27.4	1.51
16 Transportation equipment	1673.4	1875.2	2804.7	3.8	3.5	3.9	12.1	49.6	1.72
17 Precision instruments	683.9	1077.8	1484.4	1.6	2.0	2.0	57.6	37.7	0.75
18 Miscellaneous manufacturing products	2594.4	2982.9	3444.4	5.9	5.5	4.8	15.0	15.5	0.85
Other	8830.0	9156.6	10845.8	20.2	16.9	15.0	3.7	18.4	3.12

13. Commodity Import Ratios of Domestic Demand

As categorized in the 34-sector classification table, the commodity import ratios of domestic demand in 2005 showed the highest at 94.0% for Mining followed, in sequence, by 48.4% for Textile products, 39.0% for Precision instruments, 38.6% for Information and communication electronics equipment and 29.9% for Non-ferrous metal.

As compared to 2000, commodity import ratios of domestic demand increased for all sectors, among which there were increases of more than 10 points in Textile products (16.0 points, from 32.4% to 48.4%), Telecommunication and broadcasting equipment (13.9 points, from 24.7% to 38.6%), and Precision machinery (10.5 points, from 28.5% to 39.0%)

Chart 1-18 Commodity import ratios of Domestic demand

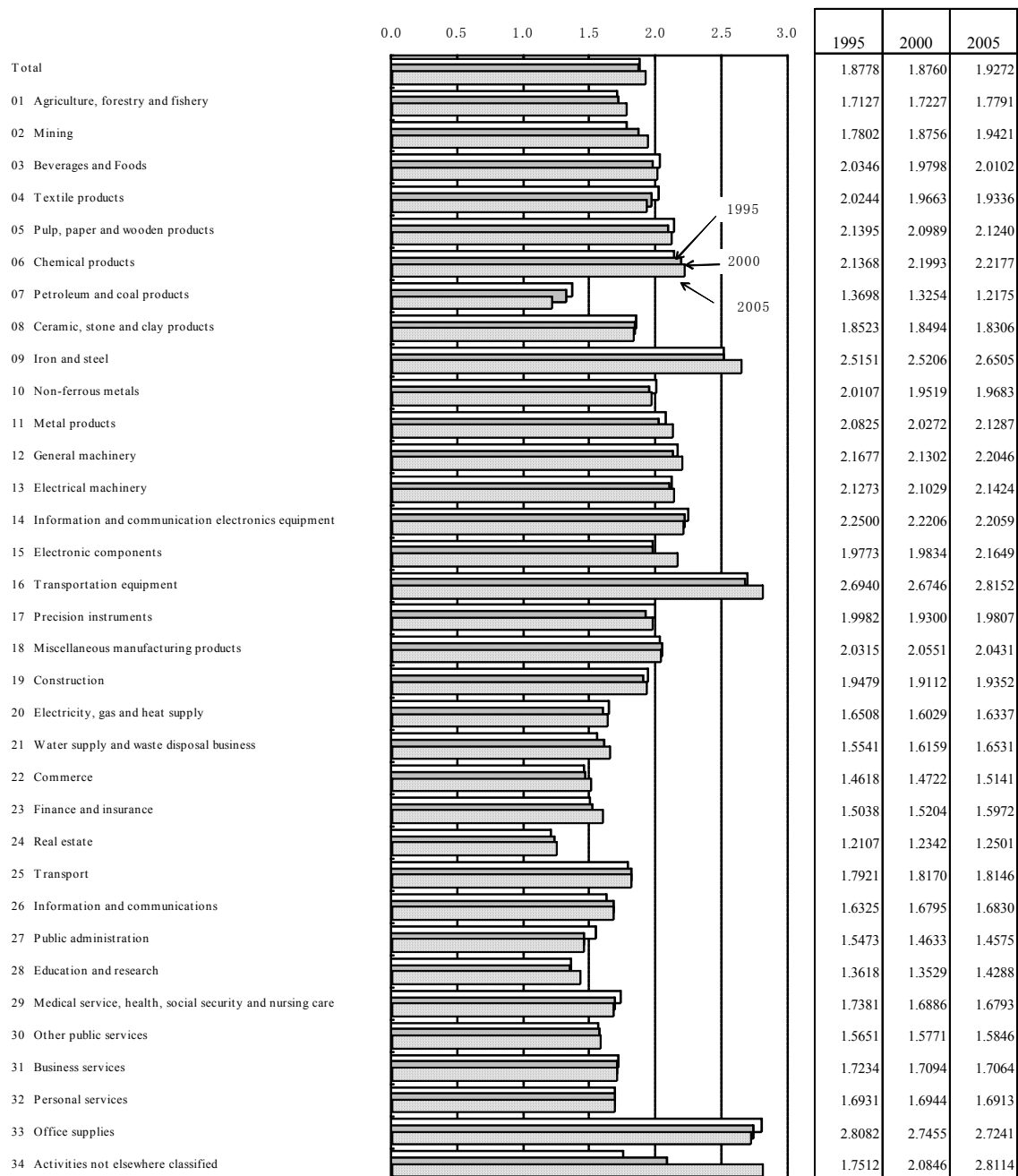


14. Intensity of Products Impact

As inferred from 2005 inverse coefficient matrix in the 34 sectors classification table, a unit of increase in demand has produced 1.9272 times the impact on the average of all industry. As compared by industries, there were 16 sectors, mainly in the manufacturing industry, that received higher impact than the average, including Transportation equipment (2.8152 times), Iron and steel (2.6505 times), and Chemical products (2.2177 times). Outside of the manufacturing industry, the sectors of Mining (1.9421 times) and Construction (1.9352 times) received higher impact than the average

As compared to 1995 and 2000, the intensity of products impact tends to decrease (1995: 1.8778 →2000:1.8760→2005:1.9272). As compared to 2000 by industries, while the intensity of the products impact for 22 sectors (excluding Activities not elsewhere classified) such as Electrical components, Transportation equipment, Education and research, etc. increased, there were decreases in 10 sectors (excluding Office supplies) such as Petroleum and coal products, Textile products, Ceramic, stone and clay products, etc.

Chart 1-19 Intensity of Products impact



15. Final Demand and Induced Domestic Production

The Domestic products as induced by the final demand may be traced back to the Domestic products inducement ratios of the respective sector, such as Consumption expenditure (private) (45.4%), followed by Gross domestic fixed capital formation (21.3%), Exports (15.5%), and Consumption expenditure of general government (14.5%).

As compared to 2000, the Domestic products inducement distribution ratios attributable to Consumption expenditure of general government and Exports increased.

As seen from the sector of final demand perspective, in so far as the impact of the induced domestic products attributable to a unit of change in the final demand is concerned, Export exerts the greatest influence of 2.0433 times followed by Gross domestic fixed capital formation (1.8230 times), Consumption expenditure outside households (1.6465 times) and Consumption expenditure (private) (1.5723 times). As compared to 2000, the Domestic products inducement coefficients decreased for Gross domestic fixed capital formation, but increased for other items.

Chart 1-20 Domestic production inducement Distribution ratios by Individual final demand items

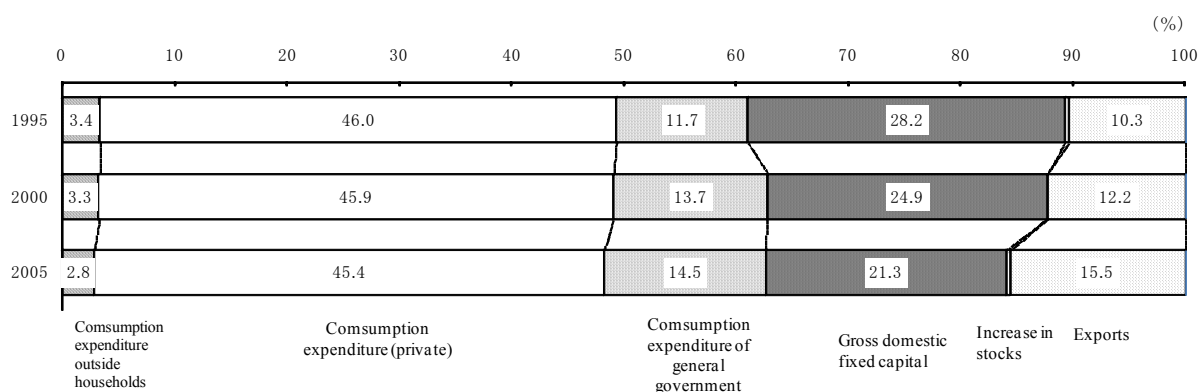


Chart 1-21 Domestic Production Inducement Coefficients by Individual final demand items

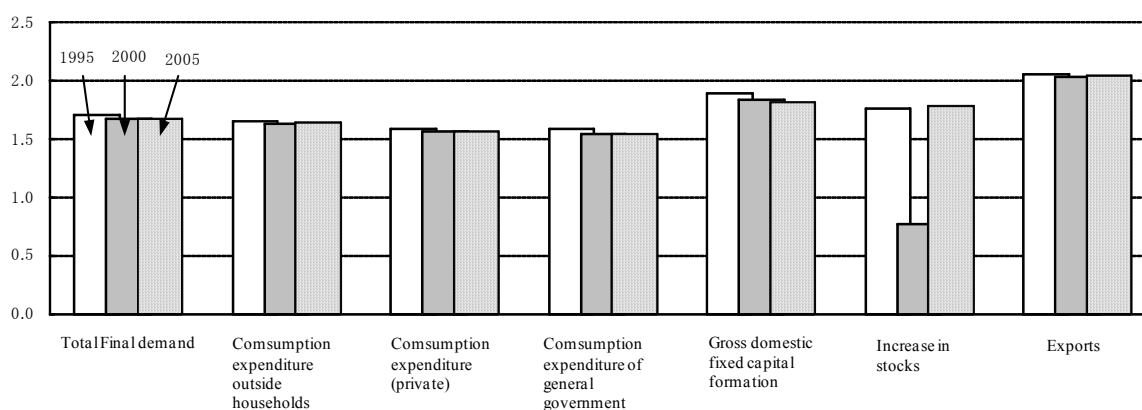


Table 1-12 Domestic Production induced, Domestic production inducement distribution ratios and Domestic production inducement coefficients by Individual final demand items

	Domestic Production Induced (billion yen)			Domestic Production Inducement Distribution Ratio(%)			Domestic Production Inducement Coefficient		
	1995	2000	2005	1995	2000	2005	1995	2000	2005
Total Final demand	937,100.6	958,886.5	972,014.6	100.0	100.0	100.0	1.7070	1.6716	1.6806
Consumption expenditure outside households	31,991.1	31,324.6	27,665.0	3.4	3.3	2.8	1.6474	1.6339	1.6465
Consumption expenditure (private)	430,889.0	439,860.6	441,612.3	46.0	45.9	45.4	1.5853	1.5654	1.5723
Consumption expenditure of general government	109,884.7	131,838.7	140,854.8	11.7	13.7	14.5	1.5888	1.5383	1.5471
Gross domestic fixed capital formation	264,521.8	238,790.4	207,458.0	28.2	24.9	21.3	1.8932	1.8367	1.8230
Increase in stocks	3,620.9	212.8	3,690.9	0.4	0.0	0.4	1.7569	0.7691	1.7835
Exports	96,193.1	116,859.5	150,733.6	10.3	12.2	15.5	2.0550	2.0328	2.0433

16. Final Demand and Induced Gross Value added

The gross value added of 505.874 trillion yen as induced by domestic products may be traced back to the respective composition such as Private consumption expenditure which accounts for 49.1%, followed by Gross domestic fixed capital formation (18.7%), Consumption expenditure of general government (16.8%) and exports (12.2%) respectively.

As compared to 2000, the inducement impact of Consumption expenditure of general government and Exports on the gross value added has increased.

In so far as the impact of the induced gross value added attributable to a unit of change in the final demand is concerned (gross value added inducement coefficients by final demand item), Consumption expenditure of general government exerts the greatest influence of 0.9313 times, followed by Consumption expenditure (private) at 0.8849 times.

As compared to 2000, the gross value added inducement coefficients for all other items, including Exports, decreased substantially.

Chart 1-22 Gross value added inducement ratio by Individual Final demand items

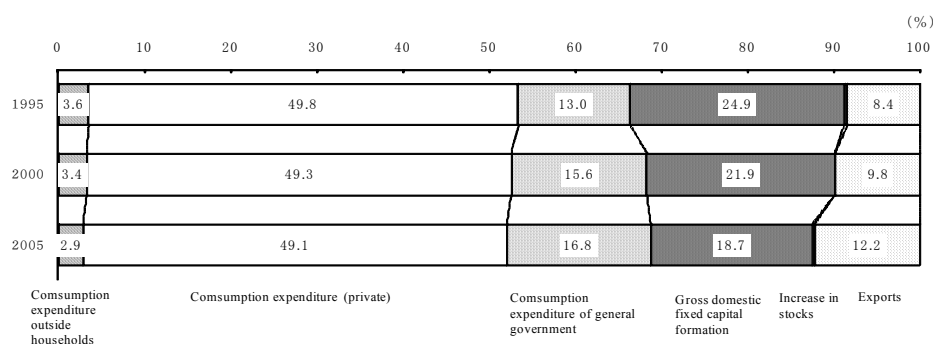


Chart 1-23 Gross value added Inducement coefficients by the Final demand items

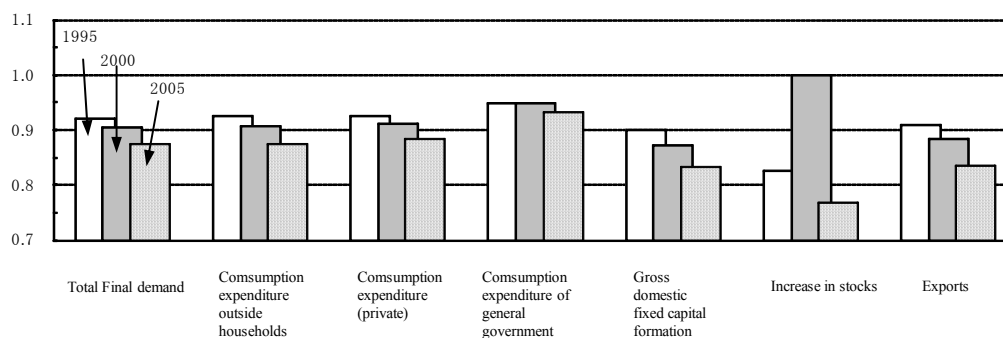


Table 1-13 Gross value added induced, Gross value added inducement distribution ratios and Gross value added inducement coefficients by Individual final demand items

	Gross Value Added Induced (billion yen)			Gross Value Added Inducement Distribution Ratio(%)			Gross Value Added Inducement Coefficient		
	1995	2000	2005	1995	2000	2005	1995	2000	2005
Total Final demand	505,246.0	519,481.9	505,874.1	100.0	100.0	100.0	0.9204	0.9056	0.8747
Consumption expenditure outside households	17,970.3	17,406.9	14,708.6	3.6	3.4	2.9	0.9254	0.9080	0.8754
Consumption expenditure (private)	251,604.8	256,221.0	248,543.0	49.8	49.3	49.1	0.9257	0.9119	0.8849
Consumption expenditure of general government	65,636.1	81,211.8	84,791.4	13.0	15.6	16.8	0.9490	0.9476	0.9313
Gross domestic fixed capital formation	125,742.1	113,539.7	94,705.6	24.9	21.9	18.7	0.8999	0.8733	0.8322
Increase in stocks	1,702.6	276.5	1,591.0	0.3	0.1	0.3	0.8261	0.9995	0.7688
Exports	42,590.0	50,826.1	61,534.5	8.4	9.8	12.2	0.9099	0.8841	0.8342

17. Final Demand and Induced Imports

The value of Imports of 72.4831 trillion yen as induced by the final demand may be traced back to the imports inducement distribution ratios of the respective sector, such as Consumption expenditure (private) (44.6%), followed by Gross domestic fixed capital formation (26.3%) and Exports (16.9%). As compared to 2000, the Imports inducement distribution ratios attributable to Consumption expenditure of general government and Exports increased.

The impact of the Imports inducement coefficients attributable to a unit of change in the final demand may be traced back to such sectors as Gross domestic fixed capital formation (0.1678 times), export (0.1658 times) and consumption expenditure outside households (0.1246times).

As compared to 2000, the imports inducement coefficients increased for all sectors.

Chart 1-24 Import inducement distribution ratios by Individual final demand items

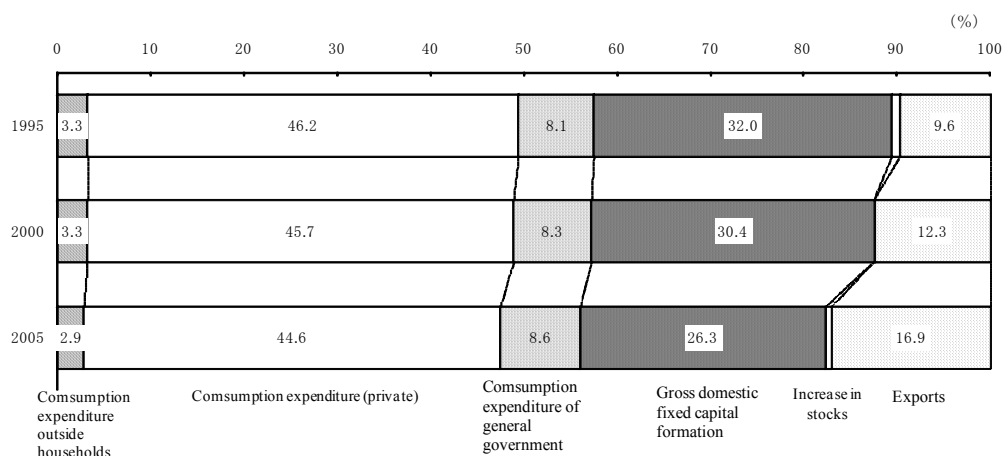


Chart 1-25 Imports inducement coefficients by Individual final demand items

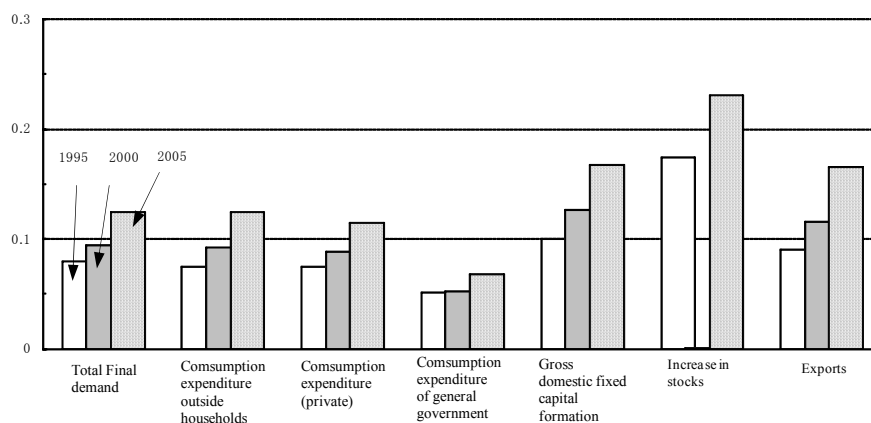


Table 1-14 Import induced, Import inducement distribution ratios and Imports inducement coefficients by Individual final demand items

	Imports Induced (billion yen)			Imports Inducement Distribution Ratio(%)			Imports Inducement Coefficient		
	1995	2000	2005	1995	2000	2005	1995	2000	2005
Total Final demand	43,723.6	54,161.2	72,483.1	100.0	100.0	100.0	0.0796	0.0944	0.1253
Consumption expenditure outside households	1,449.0	1,764.3	2,094.1	3.3	3.3	2.9	0.0746	0.0920	0.1246
Consumption expenditure (private)	20,191.0	24,769.2	32,330.3	46.2	45.7	44.6	0.0743	0.0881	0.1151
Consumption expenditure of general government	3,526.6	4,494.4	6,250.2	8.1	8.3	8.6	0.0510	0.0524	0.0687
Gross domestic fixed capital formation	13,979.6	16,472.4	19,095.9	32.0	30.4	26.3	1.001	1.267	1.678
Increase in stocks	358.4	0.1	478.4	0.8	0.0	0.7	0.1739	0.0005	0.2312
Exports	4,219.0	6,660.7	12,234.1	9.6	12.3	16.9	0.0901	0.1159	0.1658