Japan’s chemical industry: no. 3 worldwide

With sales of above 237 billion euros in 2018, Japan’s chemical industry ranks third worldwide among the major chemical producers. Japan is also the third largest market for chemical and pharmaceutical products.

After years of very weak growth, since 2016 production is again more dynamic – similar to the overall economy and the industry as a whole. Investment in chemical plants has also risen in recent years. After capital spending declined slightly in 2017, it rose again in 2018. With a value of 8.7 million euros, investments are around 0.3 percent above the previous year’s level.

A DIVERSIFIED CHEMICAL INDUSTRY IN JAPAN

Japan’s chemical industry has a broad foundation. The focus is on pharmaceuticals and petrochemicals, followed by fine and specialty chemicals and polymers. The structure of sectors in the Japanese chemical industry has changed over the past 10 years. The share of consumer chemicals has risen while the share of polymers has fallen clearly.

Where chemical and pharmaceutical products are concerned, the Japanese trade balance was positive in 2018. In particular fine and specialty chemicals, polymers and petrochemicals were exported. By contrast, Japan’s trade balance for pharmaceuticals continued to be very negative. The Japanese pharmaceutical industry can only meet the growing demand for pharmaceuticals of the aging Japanese population through additional imports.

THE MOST IMPORTANT TRADING PARTNER IN ASIA AFTER CHINA

The German chemical industry exported goods valued at 4.6 billion euros to Japan in 2018. This was around 2.3 percent of German chemical exports. Conversely, 2.2 percent of German chemical imports came from Japan. These were chemical products worth roughly 3.1 billion euros. The German chemical trade balance with Japan was therefore positive. In Asia, Japan is the most important trading partner for Germany after China.

German chemical companies have also set up local sales and production facilities. The direct investment stocks of German chemical companies in Japan in 2016 amounted to well over 737 million euros. In total, 20 subsidiaries of German chemical companies were active in Japan. Together, they generated sales of around 5.5 billion euros and employed 6,000 people.