

Fast Facts on the California and Japanese Economies

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If California were a country, it would stand among the ten largest economies in the world, with a 2015 state GDP of \$2.4 trillion.¹ Exports out of California were valued at \$165 billion in 2015 and represented 11.0% of total U.S. exports.² Imports into California were valued at \$408 billion in 2015 and represented 18.2% of total U.S. imports.³

Profile of Japan

- Japan is an island nation composed of 47 prefectures and with a land mass of 377,915 square km, making it slightly smaller than California at 423,970 square km.⁴
- Japan is the 11th most populated country in the world. With a 2015 population of 126.9 million.⁵
- Tokyo is the capital and largest urban center in Japan with 38 million inhabitants in 2015. Other large urban areas are Osaka-Kobe (20.2 million); Nagoya (9.4 million); Kitakyushu-Fukuoka (5.5 million); Shizuoka-Hamamatsu (3.4 million); and Sapporo (2.6 million)⁶
- 93.5% of Japan's population resides in urban areas. For comparison, 81.6% of the U.S. population lives in urban areas.⁷
- Japan has the second oldest median age of any nation at 46.5 years and the second longest life expectancy of any nation at 84.74 years.⁸
- In 2015, Japan had an unemployment rate of 3.3%.⁹
- With virtually no natural energy resources, Japan is the world's largest importer of coal and liquefied natural gas, as well as the second largest importer of oil.¹⁰
- Japan is among world's largest and most technologically advanced producers of motor vehicles, electronic equipment, machine tools, steel and nonferrous metals, ships, chemicals, textiles, processed foods.¹¹

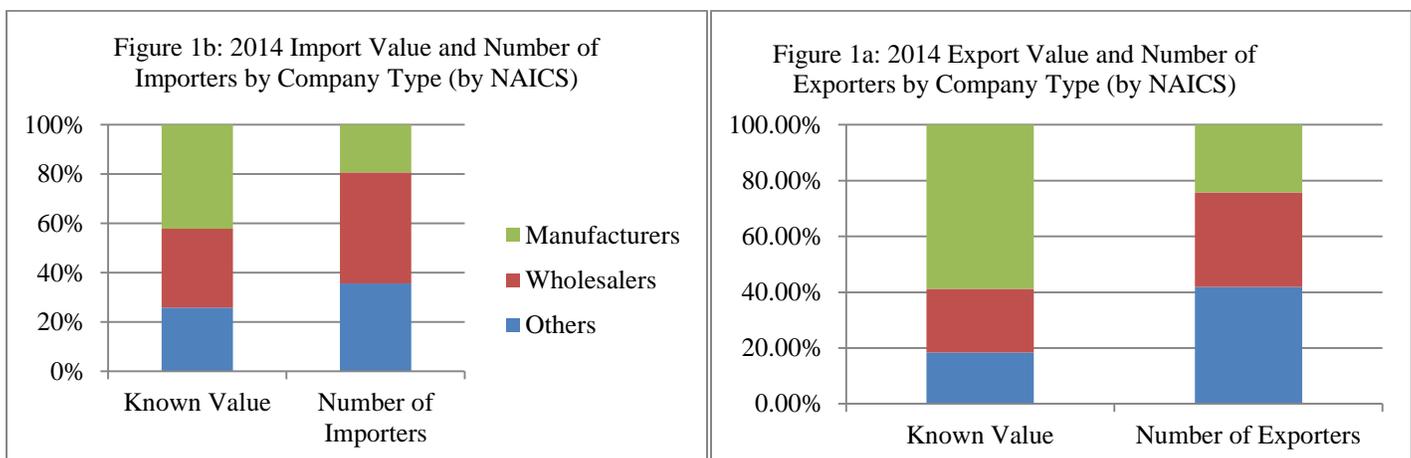
Overview of Japan's Economy

- Japan's GDP by purchasing power parity was \$4.6 trillion in 2015, ranking the nation 5th in the world.¹²
- The labor force of Japan by occupation in 2015 was in services (70.9%), industry (26.2%), and agriculture (2.9%).¹³
- Japan's 2015 account balance was \$124.3 billion, placing it 4th in the world.¹⁴
- In 2014 Japan's imports totaled \$798.6 billion. Major import commodities were petroleum (16.1%); liquid natural gas (9.1%); clothing (3.8%); semiconductors (3.3%); coal (2.4%); audio and visual apparatus (1.4%).¹⁵
- Japan's largest import partners in 2014 were China (24.8%), the U.S. (10.3%), Australia (5.4%), South Korea (4.1%), and Saudi Arabia (3.9%).¹⁶
- In 2014 Japan's exports totaled \$699.5 billion. Major export commodities were motor vehicles (14.9%); iron and steel products (5.4%); semiconductors (5.0%); auto parts (4.8%); and power generating machinery (3.5%).¹⁷
- Japan's largest export partners in 2015 were the U.S. (20.1%), China (17.5%), South Korea (7%), Taiwan (5.9%), Hong Kong (5.6%), Thailand (4.5%).¹⁸
- Japan enjoyed economic growth in 2013 through Prime Minister Shinzo Abe's "Three Arrows" economic revitalization agenda of monetary easing, "flexible" fiscal policy, and structural reform. This agenda was revised in 2015 to raise nominal GDP by 20% to 600 trillion yen by 2020.¹⁹
- In October 2015, Japan and 11 trading partners reached agreement on the Trans-Pacific Partnership (TPP), a pact that promises to open Japan's economy to increased foreign competition and create new export opportunities for Japanese businesses.²⁰

California Japan, and World Markets

- In 2015, California's GDP totaled \$2.4 trillion.²¹

- California exported \$165 billion in products in 2015 as compared to \$173 billion in 2014.²²
- California's largest export market is Mexico, where the value of exports totaled \$26.8 billion in 2015. After Mexico, California's top export markets in 2015 were: Canada (\$16.9 billion); China (\$14.4 billion); **Japan** (\$11.7 billion); Hong Kong (\$8.7 billion); South Korea (\$8.6 billion); Taiwan (\$7.8 billion); Netherlands (\$5.6 billion); Germany (\$5.3 billion); and the United Kingdom (\$5.1 billion).²³
- California's top five exports in 2015 were: Computer & Electronic Products (\$43.2 billion); Transportation Equipment (\$17.6 billion); Machinery, Except Electrical (\$15.2 billion); Miscellaneous Manufactured Commodities (\$13.7 billion); and Chemicals (\$13.3 billion).²⁴
- In 2015 exports from California to **Japan** were down from 2014 (\$12.2 billion) and 2013 (12.7 billion).²⁵ Exports from Washington, the second largest exporter to Japan, were similarly down in 2015 (\$5.9 billion) as compared to 2014 (\$7.3 billion).²⁶
- Top 2015 exports to **Japan** (4th largest trade partner): Computer and electronic products (\$2.4 billion); transportation equipment (\$1.6 billion); machinery, except electrical (\$1.4 billion); food manufactures (\$1.1 billion); chemicals (\$1.1 billion); agricultural products (\$1.0 billion) and miscellaneous manufactured commodities (\$861 million).²⁷
- China is the largest source of imports into California. The 2015 value of Chinese imports was \$143 billion, followed by Mexico (\$45.1 billion); **Japan** (\$38.5 billion); and Canada (\$27.9 billion).²⁸
- As import and export data lag, it is difficult to specifically know the impact of the Japanese recession on the California economy. Given its importance to the state's overall trade activities, a broad look at the import and export data can be helpful and is displayed in the charts below (U.S. Census Bureau).



Trade and Jobs

- There were 874,243 companies in California in 2013.²⁹ Of those companies, a total of 75,175 (11%) exported goods from California, 72,032 (95.8%) were small and medium-sized companies with fewer than 500 employees.³⁰
- Small and medium-sized companies generated 44.6% of California's total exports of merchandise in 2013.³¹
- In 2014, California had the highest number of small and medium-sized exporting companies at 72,591, followed by Florida with 58,404 exporting companies.³²
- In 2014, merchant wholesalers of durable goods made up the highest number of small and medium-sized exporters and generated the highest values of all export industries at \$93.3 billion. Small and medium-sized companies made up of 96.5% of manufacturing exporters, and 99.2% of exporting wholesalers.³³
- The Port of Los Angeles continues to hold the top rank of two-way trade in 2014 (valued at \$291.3 billion). It is followed by the port of Laredo, Texas (\$199.1 billion, ranked 2nd) and JFK International Airport (\$194.3 billion, ranked third).³⁴ Data on California's other major ports are as follow: Long Beach (\$104.5 billion, ranked 9th); Los Angeles International Airport (\$96.3 billion, ranked 11th); San

Francisco International Airport (\$53.3 billion, ranked 20th); Port of Oakland (\$50.2 billion, ranked 24th); Otay Mesa Station in San Diego (\$40.4 billion, ranked 26th).³⁵

California, Japan, and Foreign Direct Investment (FDI)

- In 2014, the U.S. was the largest recipient of FDI in the world for the third straight year at \$86 billion, down significantly from \$193 billion in 2013 and \$166 billion in 2012.³⁶
- Japan was for the second straight year the largest source of FDI inflows to the United States, with more than \$45 billion of new investments.³⁷
- The U.S. Department of Commerce reported in 2012 that FDI contributes to: higher employment (4.7% private workforce), higher wages than national standards (30% higher than American establishments), higher competitiveness among firms and boost exports, stronger manufacturing base (15% manufacturing jobs in the nation), greater research and development (\$40 billion in 2008, \$187 billion on plants and equipment), and higher overall productivity for the economy.³⁸
- As of 2014, 18.6% of total U.S. export goods to Japan, mainly high-tech equipment and agricultural products, are from California.³⁹
- As of the end of 2014 there were 1,392 Japanese-affiliated companies operating in California. The top three industry categories were services, manufacturing and wholesale/retail.⁴⁰
- In 2014 the number of Japanese firms in Northern California reached a high point for the last six years; the number of firms is expected to surpass 800 in 2015. More Japanese firms reside in Northern California (719) than Southern California (673).⁴¹
- In 2015, Foreign Direct Investment in Japan totaled \$217.4 billion while Japan's outward FDI abroad totaled 1.3 trillion.⁴²

¹ <http://www.bea.gov/iTable/iTable.cfm?reqid=99&step=1#reqid=99&step=11&isuri=1&9993=levels&9936=-1&9935=1&9934=5&9995=beastandard&9904=naics&9905=1&9907=2013&9990=99&9901=1200&9902=1&9903=200>; Bureau of Economic Analysis, "Gross Domestic Product by State, accessed May 2, 2016

² <http://www.census.gov/foreign-trade/statistics/state/data/ca.html>; United States Census Bureau, "State Exports via California," accessed May 2, 2016

³ <http://www.census.gov/foreign-trade/statistics/state/data/imports/ca.html>; United States Census Bureau, "State Imports for California," accessed May 2, 2016

⁴ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Geography," accessed May 9, 2016

⁵ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan People and Society," accessed May 9, 2016

⁶ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan People and Society," accessed May 9, 2016

⁷ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan People and Society," accessed May 9, 2016

⁸ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan People and Society," accessed May 9, 2016

⁹ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 9, 2016

¹⁰ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Geography," accessed May 9, 2016

¹¹ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 10, 2016

¹² <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 31, 2016

¹³ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 31, 2016

¹⁴ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 31, 2016

¹⁵ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 31, 2016

¹⁶ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 31, 2016

¹⁷ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 31, 2016

¹⁸ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 31, 2016

¹⁹ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 31, 2016

²⁰ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ja.html>; CIA World Factbook, "Japan Economy," accessed May 31, 2016

²¹ <http://www.bea.gov/iTable/iTable.cfm?reqid=99&step=1#reqid=99&step=11&isuri=1&9993=levels&9936=-1&9935=1&9934=5&9995=beastandard&9904=naics&9905=1&9907=2012&9990=99&9901=1200&9902=1&9903=200>; Bureau of Economic Analysis, "Gross Domestic Product by State, accessed May 2, 2016

²² <http://www.census.gov/foreign-trade/statistics/state/data/ca.html>; United States Census Bureau, "State Exports via California," accessed May 2, 2016

²³ <http://tse.export.gov/TSE/MapDisplay.aspx>; International Trade Administration, "2015 NAICS Total All Merchandise Exports from California," accessed May 2, 2016

²⁴ <http://tse.export.gov/TSE/ChartDisplay.aspx>; International Trade Administration, "2015 NAICS Total All Merchandise Exports from California to the World," accessed May 2, 2016

²⁵ <http://tse.export.gov/TSE/ChartDisplay.aspx>; International Trade Administration, "2015 NAICS Total All Merchandise Exports from California to Japan," accessed May 2, 2016

²⁶ <http://tse.export.gov/TSE/ChartDisplay.aspx>; International Trade Administration, "2015 NAICS Total All Merchandise Exports from Washington to Japan," accessed May 2, 2016

²⁷ <http://tse.export.gov/TSE/ChartDisplay.aspx>; International Trade Administration, "2015 NAICS Total All Merchandise Exports from California to Japan," accessed May 2, 2016

²⁸ <http://www.census.gov/foreign-trade/statistics/state/data/imports/ca.html#ctry>; United States Census Bureau, "Total U.S. Imports via California," accessed May 2, 2016

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- ³⁷ <https://www.atkearney.com/research-studies/foreign-direct-investment-confidence-index/2015>, Foreign Direct Investment Index, accessed May 10, 2016.
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