

《新闻评论：日本消费税增加或冲击中国出口商》

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Higher levy seen cutting demand amid slowing economic conditions

Japan raised its sales tax on Tuesday, a move likely to depress Chinese export prices to Japan while bilateral trade remains full of uncertainties amid political tensions, experts said.

"It will have a great impact on the Japanese economy. An economic recession with sluggish demand in Japan will drive down demand for Chinese products," Zhang Jifeng, assistant to the director of the Institute of Japanese Studies at the Chinese Academy of Social Sciences, told China Daily.

"Japanese businessmen will probably take the opportunity to cut prices when bargaining with Chinese exporters. Chinese export businesses have to enhance quality to enlarge profit margins."

An increase in Japan's sales tax will not be a direct "heavy blow" to Chinese investment in Japan or bilateral trade, Zhang said.

Japan's sales tax rose to 8 percent from 5 percent, the first increase in 17 years and a key part of Prime Minister Shinzo Abe's economic reforms, dubbed "Abenomics". The rate will go to 10 percent starting Oct 1, 2015.

The move is set to hurt private consumption and the Japanese economy is likely to slow significantly in 2014, said a blue book released by the institute on Monday.

"The outlook for the Japanese economy is not optimistic as the tax rise will not boost consumption and economic growth. Japan's GDP may grow 0.8 percent this year, compared with 1.5 percent last year," Zhang said.

"Abenomics is doomed as all the major economic goals are now unachievable."

Political tensions between the two countries have tightened with Abe's visit in December to the Yasukuni Shrine, which honors Japanese war dead, including 14 Class-A war criminals and a dispute over Japan's nationalization of the Diaoyu Islands that China considers illegal.

Meng Yu, sales manager of Ningbo Haixin Hardware Co Ltd in East China's Zhejiang province, said that the tax rise, which will constrain Japan's consumption, will also dent the company's exports of fasteners to Japan.

"Our customers in Japan have not talked about a price downgrade. But if the tax rise leads sales to slump, it will surely cut the price of our exports, which will burden our business," Meng said. "The price is already very low and may be moderately lowered by 1 or 2 percent, at most."

"The export business to Japan was even better in financial-crisis-hit 2008," she said. "Japan's lackluster economy is to blame, but political tensions also have big impacts, and customers are now turning to exporters in Thailand

and Vietnam."

China is Japan's largest trade partner, while Japan is China's fifth-largest. Japanese exports to China declined for two straight years from 2012 to 2013. Japanese analysts usually blame economic restructuring and wage rises in China, the world's second-largest economy. Growth there slowed from 7.8 percent in 2012 to 7.7 percent in 2013.

Bilateral trade last year between Asia's top two economies shrank 5.1 percent year-on-year to \$312.55 billion, according to the General Administration of Customs. China's exports to Japan edged down 0.9 percent to \$150.28 billion last year, while its imports dropped 8.7 percent to \$162.28 billion, leaving a deficit of \$12 billion.

The first two months of this year saw bilateral trade increase 5.7 percent year-on-year with Chinese exports up 4.6 percent and its imports rising 6.9 percent, according to the customs administration.

"To a large extent, bilateral trade between China and Japan depends on the political ties between the two nations, which is hard to tell," Zhang said.

From January to February, China's outward direct investment in Japan increased while Japan's direct investment in China dropped 43.63 percent to \$716 million compared with the same period last year, according to the Ministry of Commerce.

