

Sino-Japan Trade Report

August 2025

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1. Summary

1.1 Global Economy and Merchandise Trade

The J.P.Morgan Global Manufacturing PMI posted 49.7 in July, down from 50.4 in June, falling back below the neutral 50.0 mark that separates growth from contraction.

The Asia excluding mainland China and Japan region was generally a bright spot in July. India stayed atop of the global manufacturing output growth rankings, followed by Vietnam and Thailand. Production volumes fell back into decline in both mainland China and Japan after short-lived gains in June. The eurozone saw growth for a fifth straight month, reflecting solid expansions in Ireland and Spain.

J.P.Morgan Global Manufacturing PMI™ Index Summary

Index	Jun-25	Jul-25	Interpretation
PMI	50.3	49.7	Deterioration, from improving
Output	51.3	49.7	Decline, from expanding
New Orders	50.1	49.8	Decline, from expanding
New Export Orders	49.3	48.2	Decline, faster rate
Future Output	60.2	58.9	Growth expected, weaker sentiment
Employment	49.7	49.4	Decline, faster rate
Input Prices	54.7	54.6	Inflation, slower rate
Output Prices	52.5	52.3	inflation, slower rate

Remark: sa, 50 = no change over previous month, *50 = no change over next 12 months

Manufacturing PMI

Country	Jun-25	Jul-25
Japan	50.1	48.9
Korea	48.7	48.0
India	58.4	59.1
Vietnam	48.9	52.4
Indonesia	46.9	49.2
Malaysia	49.3	49.7
Thailand	51.7	51.9
ASEAN	48.6	50.1
United States	52.9	49.8
Eurozone	49.5	49.8

Data Source from S&P Global.

1. Summary

The latest Asian Development Outlook July 2025 released by Asian Development Bank revised the growth outlook for East Asia downward to 4.3%, while the 2026 forecast remains unchanged at 4.0%. However, this report still remained the projections for the PRC unchanged due to its continued and strengthened policy measures.

The ADO holds its PRC growth forecasts for 2025 and 2026 steady at 4.7% and 4.3%, reflecting the strong economic performance in the first half (H1). The PRC's economy expanded by 5.3% in H1 driven by policy-led boosts to consumption, robust industrial output and strong export performance. However, the economic outlook for the rest of the year remains challenging due to both internal and external pressures, though policy support should help mitigate them. Despite temporary agreement between the US and the PRC, trade uncertainties persist and weakening external demand is likely to dampen its export outlook in the second half of the year, weighing on GDP.

Japan's growth outlook has weakened, compared to projections in the April 2025 ADO, with GDP now forecast to rise 0.8% in 2025 (from 1.2%) and 0.6% in 2026 (from 0.8%). Japan's GDP growth was flat quarter-on-quarter in Q1 2025, or a 0.2% contraction on an annualized basis, the first decline in four quarters. Weaker net exports led the contraction, while private consumption remained sluggish, rising by just 0.1% for the second straight quarter. The effects of US tariffs started to materialize in April, with US-bound exports down 1.8%—the first decline in 4 months—due to weaker demand for automobiles, steel, and ships.

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1.2 China's Macro Economy

In China, the PMI in August climbed a little to 49.4%, 0.1 percentage point higher than the same in July. The Production Index and the New Order Index increased 0.3 and 0.1 percentage point m-o-m to 50.8 and 49.5 respectively. The New Export Order Index went upward 0.1 percentage points m-o-m to 47.2% while Import Index became 47.8%, 0.2 percentage points higher than July's.

The major export commodities volume fluctuated individually. Steel products unit price dropped about 10% while fertilizer almost kept the price level stably and vehicle's average unit price decreased about 9% though the vehicle's export volume increased 12.8%, especially the new energy vehicle's export increased more than 80%. It is quite beyond our expectation. Meanwhile, the aggregated growth rate for both excavator and loader's domestic sales increased more than 20% while the export growth rate also indicated positive trend. These investment will be one of the driving force of the economic development.

In August, the China steel industry PMI was 49.8, a drop of 0.7 points m-o-m. The hot and rainy summer cut down the production and exhibited the rhythm of the slack season. However, the data is just below the critical point which indicated the weak balance between the supply and demand. It is expected that the demand will be recovered slightly in September and selling price will be increased by some fluctuation.

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As per the data from Ministry of Transport, Chinese international port throughput and container throughput increased 2.4% and 6.2% respectively until the end of July. It indicated the scale of China's international merchandise trade was still stable.

The interesting point is the sum of coastal and inner river's port throughput and international port throughput of Jiangsu Province has been over the Zhejiang Province's to become the biggest port group in China, especially the international port throughput has been just over the same of Zhejiang Province's, indicating the rapid growth in recent years. This also can explain why more and more conventional liner carriers are upgrading the ports in the Yangtze River to be their main port or hub for the export cargo from China.

1.3 Japan's Macro Economy

The headline S&P Global Japan Manufacturing PMI climbed from 48.9 in July to 49.7 in August, to signal a slower and only marginal deterioration in business conditions. Nevertheless, the health of the sector has now weakened in 13 of the past 14 months.

New business from overseas was an area of particular weakness, with new export sales declining at the sharpest pace since March 2024. Reduced orders from key markets such as Europe, China and the US were noted by panel members.

The official Machinery Orders indicated the orders in the first half of 2025 was lower than

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the expected, mainly due to the significant reduction of the overseas demand caused by tariff war. Though there was a remarkable demand growth in domestic private sector, it only occupies one-third while the overseas demand holds slightly less than 50% of the total demand in Japan. The sharp decrease of the overseas demand finally pull down the order amount.

1.4 Sino-Japan Merchandise Trade

Regarding Sino-Japanese merchandise trade, the trade amount of July in USD announced by the GACC increased by 9.95% y-o-y in July which was the second consecutive highest growth rate in 2025. The aggregated trade amount indicated plus 3.47% in the first seven months of 2025.

The same data released in JPY by the Japanese Ministry of Finance decreased by 2.96% y-o-y in July. Though the aggregated growth rate is gradually dropping, it was still 2.20% until the end of June.

Overall, Sino-Japan trade has remained stable against significant uncertainty of the global trade background. Meanwhile, the eastbound container freight index of Sino-Japan route in the end of August kept almost same as July's while the westbound container freight index increased about 2.2% in the end of August m-o-m.

1. Executive Summary

Meanwhile, the conventional market between China and Japan was still sluggish. In July, 141,004 tons of steel were exported from China to Japan, with a cumulative 785,899 tons in 2025 and only increased 7.14 % y-o-y. In the same month, 195,126 tons of steel were exported from Japan to China, with a cumulative 1,382,034 tons in 2025, a y-o-y decrease of 16.89 %. The total bilateral steel trade volume in terms of weight decreased 9.53%, in which most part of cargoes were carried by conventional vessels.

However, the inquiries for conventional transport between China and Japan beyond steel increased recently, not only for the eastbound steel structures and equipment goods, but also used production line and project cargo for westbound. In particular, BESS (battery energy storage system) have become a hot topic. According to the new regulations of IMO 2026, the ordinary general cargo ships will be difficult to load the BESS, and MPP vessel's regular liner services will become an option.

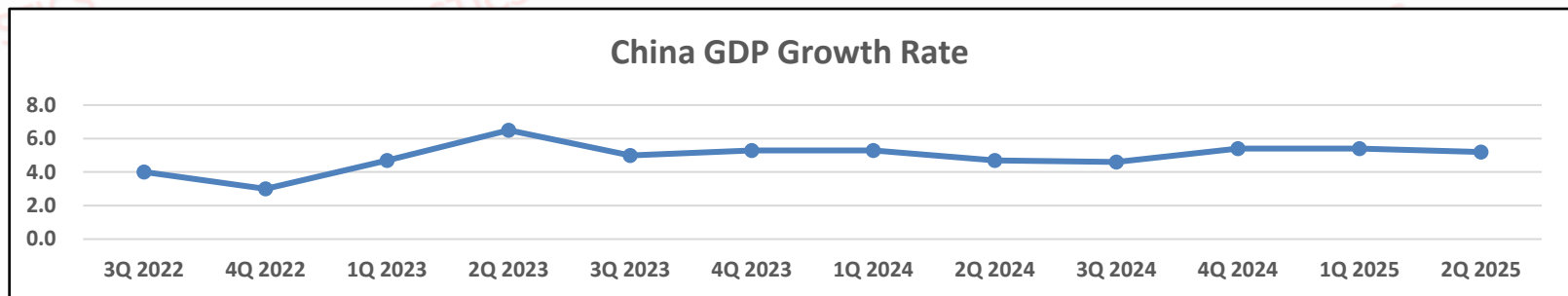
One more remarkable market change is the mega carriers think more about Sino-Japan trade now. With the reduction of Japanese steel export, Japanese carriers want to get the additional cargo in China when they dispatch their vessels to Southeast Asia, even by a little bit deviation. MOL Drybulk began to make sales in China mainland and even accept the deck cargo booking. Other carriers are also considering the Japan-China westbound service to reposition their vessels to China mainland. Though no carrier expects the much profit from Japan to China due to weak market, at least the additional cargo from China or reposition shipment can help them to reduce the average cost.

2. Appendix

2.1 GDP

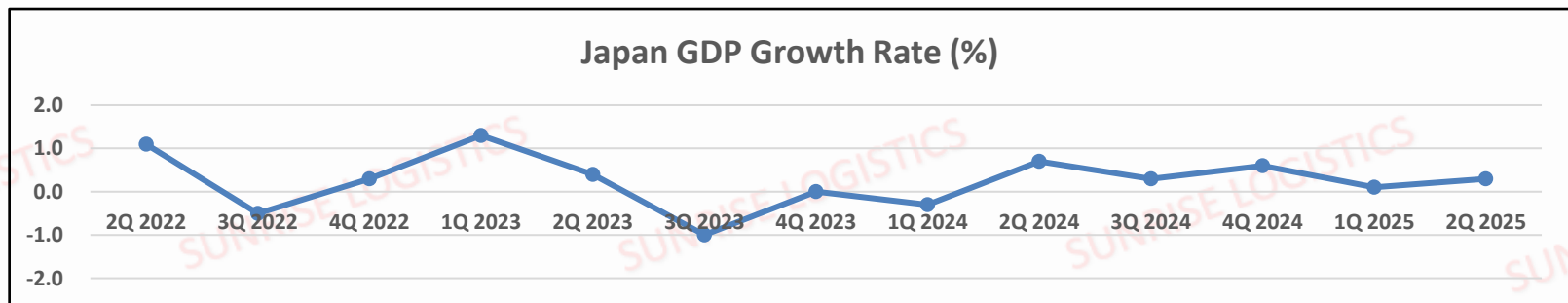
Indicator	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025
China GDP Growth Rate (%)	4.0	3.0	4.7	6.5	5.0	5.3	5.3	4.7	4.6	5.4	5.4	5.2

Data Source: National Bureau of Statistics (Growth Rate with year-on-year basis)



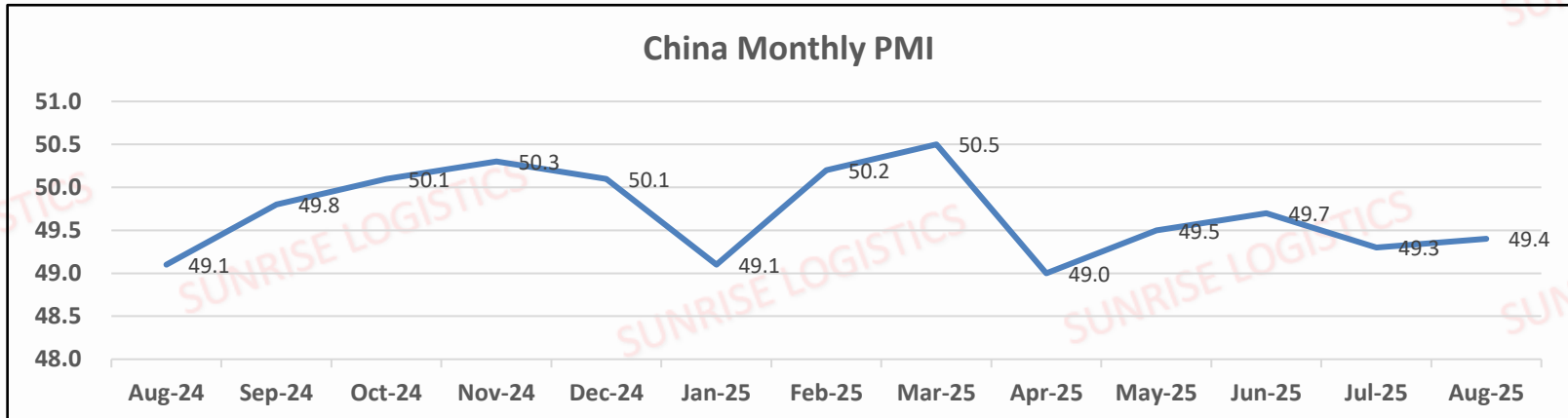
Indicator	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025
Japan GDP Growth Rate (%)	-0.5	0.3	1.3	0.4	-1.0	0.0	-0.3	0.7	0.3	0.6	0.1	0.3

Data Source: Cabinet Office, Government of Japan (Growth Rate with year-on-year basis, seasonally adjusted series)

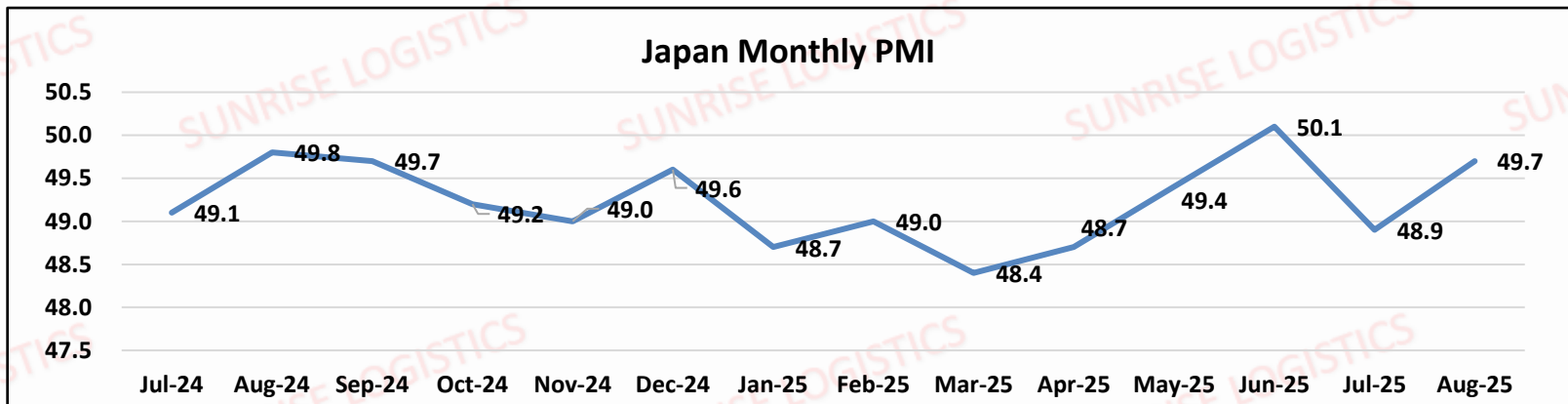


2. Appendix

2.2 PMI



Data Source: National Bureau of Statistics, China



Data Source: S & P Global Manufacturing PMI

3. Appendix II

— Sino-Japan Merchandise Trade

China's Sino-Japan Merchandise Trade Value

China-Japan	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25
Export	9,623,143	13,910,554	13,303,219	13,076,304	13,434,613	12,476,751
Monthly Growth Rate	0.54%	6.70%	7.77%	6.16%	6.61%	2.45%
Import	11,054,920	13,514,997	14,030,805	12,498,686	13,478,914	14,924,953
Monthly Growth Rate	6.86%	-3.10%	2.47%	-0.84%	10.86%	1.15%
Monthly Trade Value	20,678,063	27,425,551	27,334,024	25,574,990	26,913,527	27,401,704
Monthly Growth Rate	3.83%	1.67%	4.98%	2.62%	8.70%	9.95%
2025 Trade Value	45,059,472	72,469,916	99,744,320	125,293,175	152,197,519	179,489,221
2025 Growth Rate	-2.09%	-0.72%	0.73%	1.15%	2.43%	3.47%

Data 2025 Source: General Administration of Customs, PRC and in 1,000 US Dollars.

Japan's Sino-Japan Merchandise Trade Value

Japan-China5	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25
Export	1,538,242	1,664,045	1,578,175	1,441,766	1,551,336	1,627,159
Growth Rate	14.10%	-4.80%	-0.60%	-8.80%	-4.70%	-3.50%
Import	1,725,041	2,114,870	2,257,291	2,066,632	2,068,069	2,205,782
Growth Rate	-3.50%	15.90%	6.70%	-2.20%	5.30%	-3.90%
Monthly Trade Value	3,263,283	3,778,915	3,835,466	3,508,398	3,619,405	3,832,941
Monthly Growth Rate	4.06%	6.68%	3.59%	-5.04%	0.81%	-2.96%
2025 Trade Value	7,054,022	10,832,937	14,668,403	18,176,801	21,796,206	25,629,147
2025 Growth Rate	6.92%	6.84%	5.97%	3.65%	3.16%	2.20%

Data Source: Trade Statistics of Japan, Ministry of Finance, Government of Japan, and in 1,000,000 JPY.

3. Appendix II

— Sino-Japan Merchandise Trade

Statistics on the Goods Related to the Breakbulk Transport in July 2025

Category/Chapter	China Customs House		Japan Customs House			
	Value (1,000 USD)	Growth Rate	Monthly Volume (Metric Ton)	Monthly Value (Million JPY)	2025 Volume (Metric Ton)	2025 Value (Million JPY)
Eastbound from China to Japan						
Total	12,476,751	2.45%	-	2,205,782	-	-
Chapter 26 Ore, Slag and Ash	134,276	62.08%	5,081	522	32,942	3,123
Chapter 72 Steel	107,794	7.28%	141,004	20,077	785,899	127,659
Chapter 73 Steel products	297,818	-4.17%	140,382	54,750	943,391	368,984
Chapter 84 nuclear reactors, boilers, mechanical appliances and accessories	2,367,915	12.78%	-	455,569	-	3,067,436
Chapter 85 Motor, Electrical, Audio quipment and accessories	2,777,921	-3.60%	-	566,423	-	4,112,363
Westbound from Japan to China						
Total	14,924,953	1.15%	-	1,627,159	-	-
Chapter 72 Steel	231,365	-8.37%	195,126	30,899	1,382,034	222,554
Chapter 73 Steel products	142,317	19.04%	13,134	16,643	93,733	116,735
Chapter 74 copper and products	582,842	-4.15%	55,054	82,769	335,058	499,490
Chapter 84 nuclear reactors, boilers, mechanical appliances and accessories	3,179,242	-8.42%	-	379,125	-	2,539,275
Chapter 85 Motor, Electrical, Audio quipment and accessories	4,768,712	#DIV/0!	-	288,828	-	1,819,792

**End of
Sino-Japan Trade Report
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