

Sino-Japan Trade Report January 2026

Released on Feb. 1st., 2026

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1. Summary

1.1 Global Economy and Merchandise Trade

The global manufacturing sector closed out 2025 on a subdued footing, as output growth eased and both new order inflows and employment levels were unchanged. The J.P.Morgan Global Manufacturing PMI fell slightly to 50.4 in December, down from 50.5 in November but above the neutral mark of 50.0 for the fifth consecutive month. Two of the PMI components (output and suppliers' delivery times) were at levels consistent with expansion, two were signalling no change (new orders and employment) and stocks of purchases declined.

Part of the latest decrease in total new work reflected the ongoing downturn in international trade volumes. New export business decreased for the ninth month in a row and at a slightly quicker pace than in November. All three of the sub-sectors covered by the survey saw new export orders contract.

The outlook for the global manufacturing sector remained mildly positive in December. Business optimism held steady at November's five-month high despite remaining below the (rolling) survey average for the twenty-first successive month.

Manufacturing PMI

Country	Nov-25	Dec-25
China	49.2	50.1
Japan	48.7	50.0
Korea	49.4	50.1
India	56.6	55.0
Vietnam	53.8	53.0
Indonesia	53.3	51.2
Malaysia	50.1	50.1
Thailand	56.8	57.4
ASEAN	53.0	52.7
United States	52.2	51.8
Eurozone	49.6	48.8

Data Source from S&P Global.

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1.2 China's Macro Economy

In China, the PMI in January released by National Bureau of Statistics dropped to 49.3% with 0.8 percentage point lower m-o-m indicating a slight downturn in the sector of manufacturing industry. The Output Index and the New Order Index decreased 1.1 and 1.6 percentage point m-o-m to 50.6 and 49.2 respectively which means the stock increased in January. The New Export Order Index went down 1.2 percentage points m-o-m to 47.8% while Import Index climbed to 47.3% which is 0.3 percentage point higher m-o-m.

However, The headline seasonally adjusted Purchasing Managers' Index™ (PMI) released by RatingDog in S&P website posted at 50.3, up from 50.1 in December, the latest reading indicated business conditions in China's manufacturing sector continued to improve at the start of 2026. The rate of output growth accelerated slightly amid higher new orders, including from overseas customers. Firms hired additional staff to help cope with rising workloads and clear their outstanding orders. Purchasing activity also rose. That said, business confidence fell to a nine-month low in January, which was partly attributed to concerns around costs. Notably, the latest survey pointed to the strongest rise in expenses for four months, which contributed to the first rise in output charges since November 2024.

In January, PMI of the steel Industry was 49.9%, 3.6 percentage points higher m-o-m. The sub-index of new export decreased 3.1 percentage points to 37.9% due to the new policy on steel

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export license, marking a continuous decline for three consecutive months, indicating a continuous contraction in steel exports.

As per the data from Ministry of Transport, China's international port throughput and container throughput increased 4.7% and 6.8% in 2025. It indicated the scale of China's international merchandise trade was still stable. However, the port throughput of Dalian decreased 6.2 percent y-o-y while its international throughput also dropped 7.1% which indicates the weak demand in Northeast China.

1.3 Japan's Macro Economy

S&P Japan Manufacturing PMI In Japan rose from the neutral level of 50.0 in December to 51.5 in January, to mark the first improvement in operating conditions since last June. Though modest, the rate of improvement was the strongest seen since August 2022.

The comments from S&P Global Market Intelligence is "Japan's manufacturing industry propelled itself back into growth territory at the start of 2026, with firms signalling the strongest upturns in output and new orders for nearly four years. Furthermore, new export business expanded for the first time since the start of 2022, to suggest a broad-based improvement in demand conditions.

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Order Statistics from Japan Machine Tool Builders' Association indicated that the overseas order value in December recorded 13.1% growth rate while the accumulated growth rate in 2025 was 11.5%. The order from Mexico remarked growth rate plus 307.1% while the growth rates of India has dropped sharply y-o-y and Vietnam has not ranked in top ten. The top ten export destination countries keep comparatively stable. China and the United States still jointly occupy 60% share of the total overseas order.

1.4 Sino-Japan Merchandise Trade

Regarding Sino-Japanese merchandise trade, the trade value of in terms of USD announced by the GACC marked 322.1 billions in 2025 with 4.51% y-o-y. The same data released in JPY by the Japanese Ministry of Finance increased by 3.03% y-o-y in 2025 to 45.4 trillion yens. In consideration of recent exchange rate's fluctuation of Japanese yen, the gap between two countries' statistics is still accepted.

Overall, It was still stable in 2025 though there is many negative influence on the Sino-Japan trade. The container freight index released by Shanghai Shipping Exchange did not have much fluctuation on the Sino-Japan route.

Meanwhile, the conventional market between China and Japan was still weaker than expected. In December , 101,493 tons of steel were exported from China to Japan, with a

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cumulative 1,349,812 tons in 2025 and increased 1.64% y-o-y. In the same month, 181,581 tons of steel were exported from Japan to China, with a cumulative 2,346,894 tons in 2025, a y-o-y decrease of 11.96%. The total bilateral steel trade volume in terms of weight decreased 7.44%. However, the westbound shipment volume keeps 74% higher than the volume of the eastbound shipment.

With the re-implementation of China's steel export license system, the total amount of steel exports from China will be adjusted in 2026. Meanwhile, the Japanese automobile manufacturers sales in China mainland will decide the steel export volume from Japan to China. In general, the steel trade between Japan and China is expected to drop gradually.

However, the BESS (Batter Energy Storage System) will be a potential business from China to Japan from 2026. The most inquiries are focused on the second half of 2026, 2027 and even 2028. Due to its heavy weight (35-43 metric tons per 20HQ) and IMO's new stowage regulation, all the shippers and carriers are facing big challenge now.

2. Appendix I

2.1 GDP

Indicator	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025	4Q 2025
China GDP Growth Rate (%)	4.7	6.5	5.0	5.3	5.3	4.7	4.6	5.4	5.4	5.2	4.8	4.5

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



Indicator	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025
Japan GDP Growth Rate (%)	0.3	2.2	1.4	0.9	0.5	-1.1	-1.0	0.5	1.0	1.8	2.0	1.1

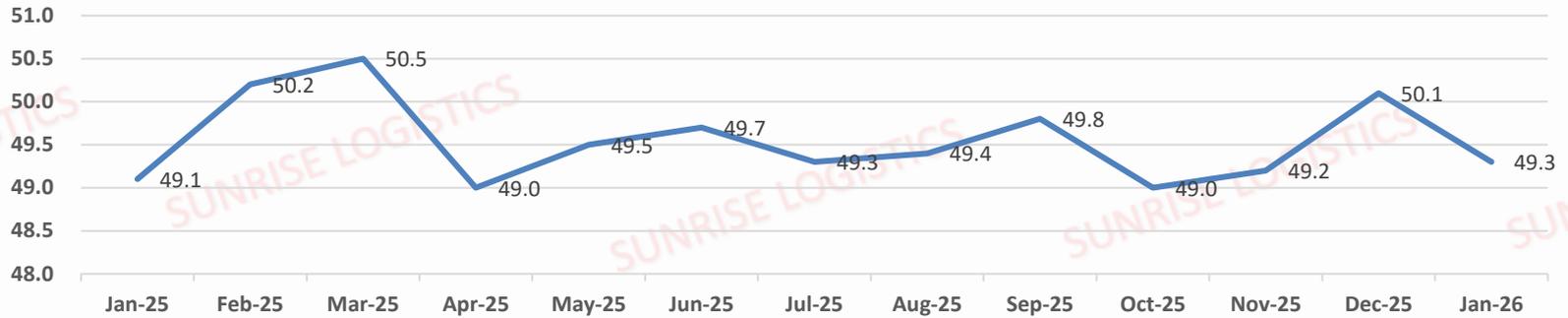
Data Source: Cabinet Office, Government of Japan (Growth Rate with year-on-year basis, Percent Change)



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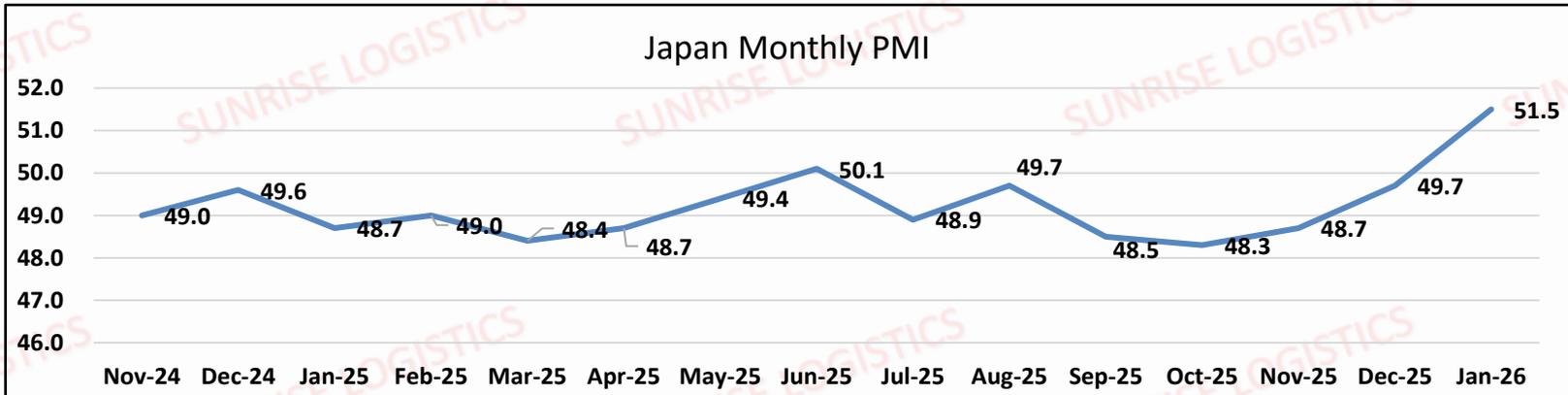
2.2 PMI

China Monthly PMI



Data Source: National Bureau of Statistics, China

Japan Monthly PMI



Data Source: S & P Global Manufacturing PMI

**End of
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