

Sino-Japan Trade Report February 2026

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1. Summary

1.1 Global Economy and Merchandise Trade

Global manufacturing business conditions improved at a modest but faster pace in January, with an encouraging increase in the numbers of economies reporting higher production. Total worldwide output growth was the joint sharpest since June 2024. The J.P.Morgan Global Manufacturing PMI® rose to a three-month high of 50.9 in January, from 50.4 in December, to remain above the neutral mark of 50.0 for the sixth month running.

There were signs of international trade flows stabilising, as new export orders fell only slightly and to the joint -weakest extent during the current ten-month downturn.

Output growth hit 45- and 11-month highs in Japan and Taiwan respectively, while South Korea's upturn was the joint strongest in 17 months. A modest sustained upturn was also seen in mainland China.

Meanwhile, the World Economic Outlook Update released by IMF in this January forecasted that Global growth is projected to remain resilient at 3.3 percent in 2026 and at 3.2 percent in 2027: rates similar to the estimated 3.3 percent outturn in 2025.

Manufacturing PMI

Country	Dec-25	Jan-26
China	50.1	49.3
Japan	50.0	51.5
Korea	50.1	51.2
India	55.0	55.4
Vietnam	53.0	52.5
Indonesia	51.2	52.6
Malaysia	50.1	50.2
Thailand	57.4	52.7
ASEAN	52.7	52.8
United States	51.8	52.4
Eurozone	48.8	49.5

Data Source from S&P Global.

1. Summary

1.1 Global Economy and Merchandise Trade

This report also indicated that world trade volume growth was expected to decline from 4.1 percent in 2025 to 2.6 percent in 2026 and increase to 3.1 percent in 2027. These dynamics reflect patterns of front-loading and trade flow adjustments to new policies. Over the medium term, expansionary fiscal packages in economies with current account surpluses are expected to contribute to declining global imbalances.

	Year over Year						
	2024	Estimate	Projections			Difference from October 2025 WEO Projections	
		2025	2026	2027	2026	2027	
World Output	3.3	3.3	3.3	3.2	0.2	0.0	
Advanced Economies	1.8	1.7	1.8	1.7	0.2	0.0	
United State	2.8	2.1	2.4	2.0	0.3	-0.1	
Euro Area	0.9	1.4	1.3	1.4	0.1	0.0	
Japan	-0.2	1.1	0.7	0.6	0.1	0.0	
EMDE	4.3	4.4	4.2	4.1	0.2	-0.1	
China	5.0	5.0	4.5	4.0	0.3	-0.2	
India	6.5	7.3	6.4	6.4	0.2	0.0	
Russia	4.3	0.6	0.6	1.0	-0.2	-0.1	
Brazil	3.4	2.5	1.6	2.3	-0.3	0.1	
Mexico	1.4	0.6	1.5	2.1	0.0	0.1	

Remark: EMDE indicates Emerging Market and Developing Economies.

1. Summary

1.2 China's Macro Economy

In China, the PMI in February released by National Bureau of Statistics dropped to 49.0% with 0.3 percentage point lower m-o-m indicating a slight downturn in the sector of manufacturing industry. From historical data, PMI in the month of the Spring Festival tends to fluctuate, especially the longest Spring Festival holiday in 2026 was entirely in this February, which has had a certain impact on enterprise production.

Both production and demand have slowed down. The production index and new order index were 49.6% and 48.6% respectively, a decrease of 1.0 and 0.6 percentage points m-o-m, indicating a decline in manufacturing production and market demand. However, the business expectations are improving. The expected index of production and operation activities is 53.2%, up 0.6 percentage points from last month, indicating that manufacturing enterprises have increased confidence in market development after the Spring Festival.

1.3 Sino-Japan Merchandise Trade

The export trade value released in terms of JPY by the Japanese Ministry of Finance increased by 32.0% y-o-y while the import trade value increased by 0.6% in this January. Both export and import trade in January are ranked the top one in the history. That means the Sino-Japan merchandise trade is still stable which is different from the most commentators' forecast.

1. Summary

The semi-conductor spare parts export from Japan increased 51.7% while the plastic products climbed 27.1% y-o-y. Meanwhile, Japan imported semi-conductor spare parts with 58.7% y-o-y growth rate and petrochemical goods with 80.9% y-o-y growth rate.

The container shipping business was also stable between Japan and China. The container freight index released by Shanghai Shipping Exchange had only less than 5% fluctuation on the Sino-Japan route.

It is believed that the export trade value from Japan to China was accelerated by the depreciation of Japanese yen. Anyway, the economic connection between two countries is still very broad and tight. The general cargo transport for both eastbound and westbound is still stable. Of course, the volume of every shipment is not big enough while the loading and discharging ports are scattered. Indeed, it is very headache for the shipping company to determine the route and rotation. However, the transshipment cargo is still a potential business including the demand not only from the maritime transshipment but also from the sea-rail transshipment to Middle Asia.

2. Appendix

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	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025	4Q 2025
Japan GDP Growth Rate (%)	2.2	1.4	0.9	0.5	-1.1	-1.0	0.5	0.6	1.6	2.0	0.6	0.1

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

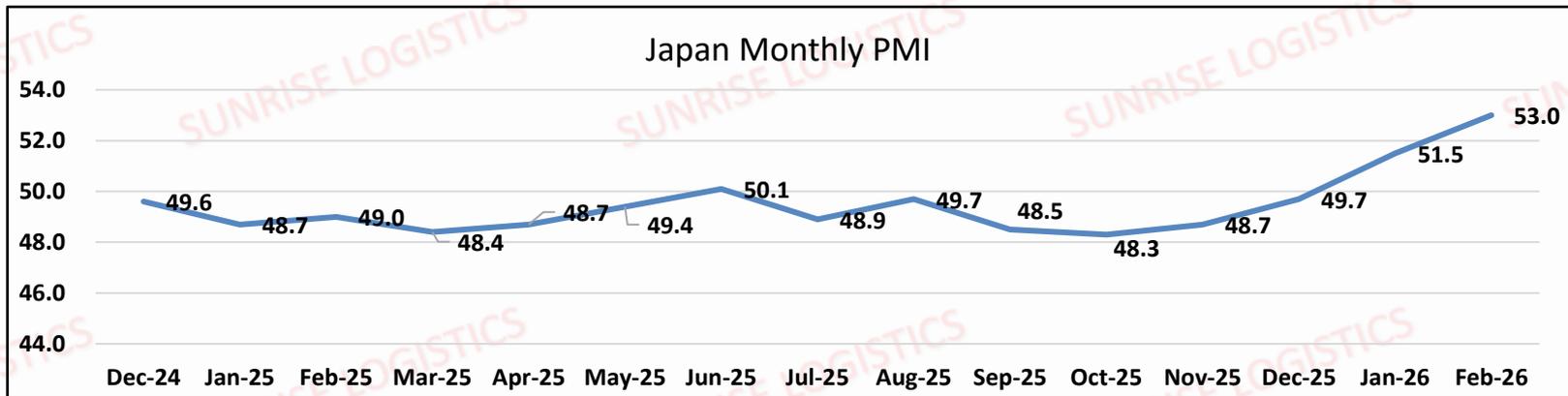


2. Appendix

2.2 PMI



Data Source: National Bureau of Statistics, China



Data Source: S & P Global Manufacturing PMI

**End of
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