

Japan

Logistics in Japan

In the past 50 years, Japan has evolved into an economic heavyweight and created a highly developed logistics system in spite of challenging geographic conditions. On one hand, such a system is necessary to offset the Japanese islands lack of raw materials. On the other hand, it is the foundation for expanding the positive growth of the export nation. Air transport, in particular, plays an important role here.



Transport hubs in Japan

Geographic challenges in Japan

Although Japan consists of more than 5,000 islands, most of the country's population lives on its four main islands, Hokkaido, Honshu, Kyushu und Shikoku. A series of mountain ranges stretches through Japan as well. It is only the major metropolitan areas around Tokyo and Osaka that are distinguished by large plains. Construction land that is on level ground is limited and, consequently, expensive. In response to this shortage, airports and major projects are increasingly being built on artificial islands in the sea.

Core countries for trade

Japan's largest trade partner is the [United States](#), with the highest export share and the second-highest import share. [China](#), Korea, [Australia](#) and [Indonesia](#) also play a significant role [1].

Japanese infrastructure

The most important means of transport for freight in Japan are [road transports](#) and coastal shipping. The role of rail transports is almost non-existent. But this could change in the years ahead.

Because harbor capacities on the West Coast of the United States are limited, a portion of sea freight has been shifted to air transport in recent years. As a result of this shift, international [air transports](#) on trans-Pacific routes have climbed tremendously. Goods from other Asian countries are being increasingly imported by plane as well. Japan's ports are suffering from the effects of few investments in recent years, and they cannot compete with other harbors in Asia [2].

Logistics requirements and service areas

Compared with other industrial countries, Japan's distribution system is very complex. Most aspects of goods distribution in Japan are tightly regulated by the government. Joint distribution is typical - that is, competitors who make deliveries to the same businesses tend to use joint delivery capacities and trucks [3].

The logistics market in Japan has been extremely insular in the past. Today, though, it is opening up to international service providers. These providers are already successfully competing against Japanese companies in areas such as storage, distribution and complex contract logistics [2].

The postal market in Japan is the second largest in the world. Privatization has not yet occurred, but it is expected in the near future.

Logistics centers in Japan

Despite decreasing growth rates, Japan remains an economic force in the Asia-Pacific region. The country's main manufacturing region lies in a triangle around the cities of Tokyo, Nagoya and Osaka on the island of Honshu. The heart of logistics activities is located here as well.

Important logistics service providers

In recent years, Japan's industry has focused more intensely on manufacturing in international locations. This has resulted in falling freight volume for Japanese logistics service providers. Faced simultaneously with stronger international competition, Japanese logistics service companies are trying to strengthen their position in sea, land and air transports by offering multimodal shipping provided by a single source. The most important domestic logistics service providers are Nippon Express, Yusen Air / Sea Service, Yamato Holdings and Sagawa Express [2].

International logistics service providers have expanded their position in Japan. Just about all international companies in the sector, including DHL, Schenker, UPS and FedEx, have invested in their Japanese networks in recent years [2].

Recommended reading

Fundamentals of Logistics Management | Grant / Lambert / Stock / Ellram
2005

References

[1] The World Fact Book | Central Intelligence Agency 2007

[2] Japan | Maurer 2006. In: Transport und Logistik | Bundesagentur für
Außenwirtschaft (Hrsg.)

[3] Strategic Logistics Management | Stock / Lambert 2001

URL

<http://www.dhl-discoverlogistics.com/cms/en/course/trends/asia/japan.jsp>