# Investing in Areas Where

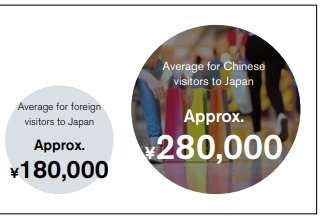
# Investing in Areas Where

ITOCHU'sChinaandAsiastrategy-Centeredonstrategicbusinessallianceand capitalparticipationwithCITiCLimitedandCharoenPokphandGroupCompanyLimii

Wehavedeterminedourstrategicemphasisinthe“NewErafor theSogoShoshaWewill focusonthenon-resource sector,centered on consumer-relatedbusinesses,wherewe arethe strongest companyin theindustry.Togetherwith themost appropriatepartners,wewill developoperationsinChina andAsia,wherewehavestrengths thatwehave reinforcedovermanyyears.

SignificantPotentialinthe MarketsforTextiles,Food,and GeneralProductsinChinaand Asia Real GDP growth in China is slowing to 6% to 7%. However, ITOCHU is not pessimistic about the future of eco- nomic conditions, including those in China, because the primary objective of our strategic business alliance and cap ital participation with the CITIC Group. China's largest conglomerate, and the CP Group, Thailand's leading conglom- erate and one of the leading conglom erates worldwide, is to address the significant medium to long term poten- tialin the markets for textiles,food, and

# Per-PersonSpendingby ChineseVisitorstoJapan



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of the middle class has led to dramatic changes in lifestyles, and consequently consumption behavior has shifted from quantity to quality. In this setting demand for Japan's safe, secure prod- ucts has shown notable growth, as seen in the large volumes of expensive products and daily items purchased by visitors to Japan. It is clear that there will be major business opportunities if people are able to purchase Japanese products more easily in China. Looking toward the future, there will be further significant opportunities. Per-capita GDP in China is expected to increase from approximately US$8,000 in 2015 to approximately US$11,400 in 2020.

general products in China and Asia. In China, there is an ongoing transi- tion in the economic growth model. There is a shift from government-led growth that is dependent on public investment and focused on heavy industry toward stable growth led by the private sector and consumer spending. The vigorous consumer spending has not declined even though there was an adjustment of excessive investment, overproduction, and excessive credit created by the 4 trillion yuan (approxi- mately ￥5.3 trillion applied exchange rate at that time), equivalent to 13% of GDP economic stimulus plan during the 2008 global financial crisis.An increase

# Private-Sector Consumption as a Percentage of GDP

