#### **Supplementary Notes**

#### Supplementary Note 1-1 RIETI-TID 2008

In Chapter 1 and 2, "RIETI-TID 2008"<sup>1</sup> was developed by dividing the international trade data in compliance with the United Nations' SITC (Rev.3) classification into primary goods, intermediate goods, and final goods for each major industry, in order to analyze the trade structure in East Asia. This section explains the basic idea behind the classification and method of developing RIETI-TID 2008.

#### 1. Basic idea

In East Asia, closer connections are developing between the international division of labor in the production process and intraregional trade. The analysis of intraregional trade among East Asian countries by production process, along with their comparison with the E.U. and NAFTA and the study of the so-called triangular trade (in which the final goods produced in East Asia are exported to the U.S. and Europe for final consumption), require the data of traded goods classified by production process. While there have been studies in which particular industries—such as electrical machinery and transportation equipment—are divided between parts and finished products, and the trends in their trade are analyzed, the analysis of intraregional trade encompassing the traded goods of the whole of East Asia has been rare.

In order to understand the manufacturing industry's activities in East Asia from the trends in trade, all traded goods were classified based on the integrated classification of the input-output table of Japan and were organized by production process for each industry in order to develop RIETI-TID 2008 (Supplementary Note Figure 1-1-1).

#### 2. Data used

RIETI-TID 2008 has used the SITC data of UN COMTRADE. Although the classification may yet become rougher,<sup>2</sup> it reflects the raw materials used in production, production stages, product descriptions, technological progress, and other factors as its characteristics,<sup>3</sup> which is appropriate for reflecting the inter-process division of labor.

<sup>&</sup>lt;sup>1</sup> RIETI-TID 2008 was developed jointly by the Research Institute of Economy, Trade, and Industry, the Institute of Developing Economies, and the Ministry of Economy, Trade, and Industry. The trade data obtained from the category table have been organized as RIETI-TID 2008.

<sup>&</sup>lt;sup>2</sup> While HS uses six-digit classification, SITC used up to five-digit classification.

<sup>&</sup>lt;sup>3</sup> The characteristics of the SITC classification are described on the U.N. website as follows: "The commodity groupings of SITC reflect (a) the materials used in production, (b) the processing stage, (c) market practices and uses of the products, (d) the importance of the commodities in terms of world trade, and (e) technological changes." The characteristics of the HS classification are as follows: "The HS contributes to the harmonization of Customs and trade procedures, and the non-documentary trade data interchange in connection with such procedures, thus reducing the costs related to international trade" (World Customs Organization). "In the Harmonized System goods are classified by what they are, and not according to their stage of fabrication, their use, or origin. The Harmonized System nomenclature is logically structured by economic activity or component material" (University of British Columbia).

### 3. Industry classification

Industries were organized into 13 sectors based on the classification of manufacturing businesses, including agriculture, forestry and fisheries, and mining in the integrated classification (32 sectors) of the input-output table of Japan (Supplementary Note Table 1-1-2). The classification is elaborated in the following aspects so as to efficiently reflect the progress toward inter-process division of labor in East Asia.

- (a) In the production process, agriculture, mining, and forestry and fisheries (representing primary goods production) are not categorized as independent industries as they are in the input-output table, but are organized as industries upstream of each respective manufacturing industry. More specifically, "food" and "pulp and paper" were categorized as "products related to agriculture, forestry, and fisheries," while "chemical products," "petroleum and coal products," "ceramic and cement products," and "iron and steel, nonferrous metal and metal products" were categorized as "products related to mining."
- (b) Nonferrous metal and metal products were combined as one category, as their production processes can be considered similar in numerous ways. Iron and steel were also included in that same industry, as it can only be categorized as processed goods in the BEC classification of production process.
- (c) Electrical machinery was divided into "electrical machinery" and "home electronics appliances," considering the condition of the inter-process division of labor.
- (d) Other industrial products were combined as "toys and sundries." While plastics are included in "other manufacturing industries" in the classification of the input-output table, they were included in "chemical products" in view of the production process, without qualifying as "toys and sundries."

# 4. Classification by production stage

The industries organized into 13 sectors were further classified into three categories (five sub-categories): "primary goods," "intermediate goods (processed goods and parts & components)," and "final goods (capital goods and consumer goods)"<sup>4</sup> (Supplementary Note Table 1-1-3). This represents the trade data of each industry integrated into three categories from the nature of the production process of traded goods, based on the classification of the Broad Economic Categories (BEC) of the United Nations, which were further classified by the System of National Account (SNA).<sup>5</sup> Based on this, international trade data<sup>6</sup> reflecting the trade structure in East Asia—in which inter-process division of labor within industries is progressing—has been developed.

<sup>&</sup>lt;sup>4</sup> Refer to "China's Integration in Asian Production Networks and its Implications," (F. Lemoine. et. al., (2004)) for the classification by production stage.

<sup>&</sup>lt;sup>5</sup> The BEC classification corresponds to the classification based on the use of basic products in the 1968 SNA (Intermediate Consumption, Final Consumption and Gross Capital Formation).

<sup>&</sup>lt;sup>6</sup> The trade data are organized as RIETI-TID 2008.

# Supplementary Note Figure 1-1-1 Structure of RIETI-TID 2008



# Supplementary Note Table 1-1-2 RIETI-TID 2008

By production stage	D	Intermed	iate goods	Fina	l goods
	goods	Processed	Parts & Components	Capital	Consumption goods
By industry	1	2	3	4	5
1 Food and related agriculture, forestry and fisheries	O	O		O	O
2 Textile products	Ø	Ø	Ø		Ø
<sup>3</sup> Pulp, paper, wood products (including rubber, leather and oil) and related agriculture, forestry and fisheries	Ø	Ø	Ø		Ø
4 Chemical products (including plastics)	Ø	O			O
5 Petroleum and coal products, and related mining	Ø	Ø			
6 Ceramic and cement products and related mining	O	Ø			O
7 Steel, nonferrous metal and metal products, and related mining	Ø	Ø	Ø	Ø	O
8 General machinery		Ø	Ø	Ø	O
9 Electrical machinery		Ø	Ø	Ø	
10 Home appliances		O	O	Ø	O
11 Transportation equipment	Ø		O	Ø	O
12 Precision machinery		Ø	O	O	O
13 Toys and sundries		Ø	O	O	O

# Supplementary Note Table 1-1-3 Classification of traded goods by production process

Category	Sub-category	BEC code	BEC Title
Primary goods		111	Food and beverages, primary, mainly for industry
		21	Industrial supplies, n.e.s., primary
		31	Fuels and lubricants, primary
Intermediate goods	Processed goods	121	Food and beverages, processed, mainly for industry
		22	Industrial supplies, n.e.s., processed
		32	Fuels and lubricants, processed
	Parts & components	42	Parts and accessories of capital goods, except transport equipment
		53	Parts and accessories of transport equipment
Final goods	Capital goods	41	Capital goods, except transport equipment
		521	Other industrial transport equipment
	Consumption goods	112	Food and beverages, primary, mainly for household consumption
		122	Food and beverages, processed, mainly for household consumption
		51	Passenger motor cars
		522	Other non-industrial transport equipment
		61	Consumer durable goods n.e.s.
		62	Consumer semi-durable goods n.e.s.
		63	Consumer non-durable goods n.e.s.

Notes:

1. This classification table represents the traded goods in BEC categories that are linked to the criteria of System of National Account (SNA) and classified by process stage (cf. the research results of CEP II). Since SNA divides the data by user (producer, household, etc.), "capital goods (capital formation)" and "final goods (final consumption)" are separated; however, "capital goods" are considered part of "final goods" in this case, based on the idea that international trade is organized by stage of production process.

2. For BEC code 32, 321-motor spirits may be divided into "household consumption" and "use of other industrial transport equipment"; however, this distinction is not made in this case.

### Supplementary Note Table 1-1-4 Overview of international trade database, "RIETI-TID 2008"

Countries/regions	[Asia] Japan, China, Hong Kong, Taiwan, South Korea, Singapore,
	Thailand, Malaysia, Indonesia, the Philippines, Vietnam, Brunei, Cambodia
	and India
	[North America] U.S., Canada and Mexico
	[Europe] UK, Germany, France, Italy, Spain, the Netherlands, Austria,
	Belgium, Greece, Luxemburg, Finland, Sweden, Ireland, Portugal,
	Denmark, Poland, Czech Republic, Slovakia, Hungary, Lithuania, Latvia,
	Slovenia, Estonia, Cyprus, Malta, Romania, Bulgaria, Russia, Turkey and
	Norway
	[South America] Argentina, Brazil, Paraguay, Uruguay, Chile, Venezuela,
	Colombia, Ecuador, Peru, and Bolivia
	[Oceania] Australia and New Zealand
Period	1980 to 2007 (Data of some countries for certain years are missing.)
Data description	The export value and import value of the countries and regions are
	organized by partner country (including group and global total), by industry
	(13 sectors), by production process (five stages), and by year.
Notes	• As a general rule, import data were created on a CIF basis (including
	freight and insurance charges).
	• Each country's CIF imports from Taiwan are calculated by multiplying the
	value of Taiwan's exports to each country by 110%.
	• The value of Singapore's exports to and imports from Indonesia are not
	published, so the value of Indonesia's exports to Singapore is used as the
	value Singapore's imports from Indonesia, and multiplied by 110% to
	calculate CIF.
	• The total of all countries and regions except the subject country or region
	is "RoW (Rest of the World)."
	• Total world value is calculated from the total of the subject country
	(including Taiwan) plus RoW.
	• Due to data limitations, Belgium and Luxembourg are treated as one
	country for data purposes. Same for the Czech Republic and Slovakia.

# Supplementary Note 2-1 Labor demand functions by type of businesses in the manufacturing sector, estimated from panel data

#### 1. Estimation period

2002 to 2007-most recent economic recovery period that saw the rise of globalization

## 2. Data used

Non-labor costs: Input-Output Price Index of the Manufacturing Industry by Sector (Bank of Japan)

Import prices: Corporate Goods Price Index (Bank of Japan)

Number of employees and wages per employee: 2003–2007 panel data for the manufacturing sector from the Basic Survey of Japanese Business Structure and Activities published by the Ministry of Economy, Trade and Industry. The data was classified into the following industry groups: general machinery, electrical machinery, transportation equipment, precision machinery, chemicals, iron and steel, metal and others.

#### 3. Estimation method

For further details of the estimation method, refer to Import Competition and Manufacturing Employment, authored by Sasaki and published in 2006.

Labor demand *Lit* for Sector *i* during Term *t* is expressed as a function of first-order and second-order autocorrelation lags, wages per employee in Industry *i*, non-labor costs *CPit* for the industry to which Company *i* belongs (deflated by domestic corporate goods price index), and import prices *MPit* (deflated by domestic corporate goods price index), as follows ( $\eta$  *i*: individual effects, *v t*: time effects,  $\varepsilon$  *it*: exogenous shocks).

 $ln \ Li_t = \alpha \ + \ \beta_{11} \ Lit-1 \ + \beta_{12} \ Lit-2 \ + \beta_2 \ Wit \ + \beta_3 CPit \ + \beta_4 MPit \ + \ \eta_i \ + v_t \ + \epsilon_{it}$ 

The autocorrelation lag, an explained variable, generally correlates with  $\eta$  i, which accordingly causes bias in the estimated coefficients. Therefore, estimation was made using the Dynamic Panel GMM Estimator proposed by Arellano and Bond in 1991.<sup>7</sup> Instrumental variables are differences in past labor demand, domestic corporate goods price index, and import prices.

#### 4. Estimation results

The estimation results are shown in Table 2-1-3-13. Estimated coefficients deemed statistically significant are underlined.

The Sargan test, a test of overidentifying restrictions, rejected the instruments for general machinery, transportation equipment, and others. There remains room for improvement in selecting instrumental variables.

The Arellano-Bond test for AR(1) confirmed the null hypothesis that the instrumental variables are

<sup>&</sup>lt;sup>7</sup> "Some Tests of Speculations for Panel Data: Monte Carlo Evidence and an Application to Employment Equation," Review of Economic Studies, 68, pp.277-9

uncorrelated to the residuals in all industry groups but precision machinery. The Arellano-Bond test for AR(2) confirmed the null hypothesis that the instrumental variables are uncorrelated to the residuals in all industry groups.

# Supplementary Note 2-2 Urgent survey on Japanese-owned companies' responses to the financial crisis

# 1. Conducted by

Japan Economic Foundation

### 2. Survey period

March 2009

# 3. Survey methodology

Questionnaires were sent out to companies selected from a company information database. The completed answer sheets were returned by mail. The effective number of questionnaires sent was 3,944.

### 4. Number of respondents

380 companies

The number of respondents for each industry and company size used in the cross tabulation are as follows.

# Supplementary Note Figure 2-2-1 Number of questionnaire respondents by industry and company size

			(Number of companies)
	Manufacturing	Non-manufacturing	Total
Large companies	98	72	170
SMEs	149	51	200
Total	247	123	370

Notes:

1. The figures do not include respondents whose type of industry or company size was unknown.

2. The following list shows the definition of a small and medium-sized enterprise in terms of the number of employees and the size of capital in accordance with the Small and Medium-sized Enterprise Basic Act.

- Manufacturing and other industries: 300 or fewer employees or capital of ¥300 million or less

- Wholesale trade: 100 or fewer employees or capital of ¥100 million or less

Retail trade: 50 or fewer employees or capital of ¥50 million or less

- Services: 100 or fewer employees or capital of ¥50 million or less

3. Businesses other than manufacturing (such as construction, communications, transportation, wholesale and retail trade, and financial services) are categorized into the non-manufacturing sector.

<sup>(</sup>In this survey, the conditions for wholesale trade were also adopted for retail trade, because wholesale trade and retail trade were put into one choice in the questionnaire.)

# Supplementary Note 2-3 Questionnaire survey on business strategies after the financial crisis

## 1. Conducted by

Japan Economic Foundation

#### 2. Survey period

March 2009

#### 3. Survey methodology

Questionnaires and answer sheets were sent out to 3,363 Tokyo Stock Exchange First Section-listed firms in the fields of mining, construction, manufacturing, retail trade, wholesale trade, information and communications, and services, selected from a company information database. The completed answer sheets were returned by mail.

## 4. Number of respondents

246 companies

# Supplementary Note Figure 2-3-1 Number of questionnaire respondents by industry

	(Number of companies)
Type of industry	Number of respondents
Mining	1
Construction	9
Manufacturing	119
Information and communications	20
Wholesale trade	31
R etail trade	36
Services	25
No response	5
Total	246

#### Supplementary Note 2-4 Survey on the attitudes of consumers

#### 1. Conducted by

Japan Economic Foundation

#### 2. Survey period

March 2009

#### 3. Survey methodology

The survey covered consumers selected from the consumer panel database run by a private research company. Respondents filled in web questionnaires. The effective number of respondents was 200 each from U.S., China and India.

# 4. Number of respondents

600 consumers

# Supplementary Note 2-5 Flows of global imports and exports of crude oil, coal, natural gas and rare metal

Chapter 2, Section 2, 4 discusses issues concerning the scarcity of resources. The following figures illustrate the flows of global imports and exports of major resources, including crude oil, coal, natural gas and rare metal.

# 1. Crude oil

The flows of crude oil imports and exports (Supplementary Note Figure 2-5-1 and Table 2-5-2) show that the Middle East is the largest exporter of crude oil to the rest of the world. Europe imports large amounts from Russia, while NAFTA member states mostly trade within the region.

Supplementary Note Figure 2-5-1 Flows of crude oil imports and exports (2007 data)



Supplementary Note Table 2-5-2 Flows of crude oil imports and exports (2007 data)

# Flows of crude oil imports and exports (numerical data)

inter uren mo	(unit.Hillion tonne													
		То												
	From	U.S.	Canada	Mexico	Latin America	Europe	Africa	Australasia	China	Japan	Singapore	Other Asia Pacific	Rest of World	Total Export
	U.S.		10.9	11.1	21.6	15.8	1.4	0.4	0.3	4.2	0.7	1.1	1.6	69.1
North America	Canada	119.7		0.1		0.5			0.5	0.4	0.1			121.2
	Mexico	76.1	1.3		9.6	8.8					0.2	1.9	0.2	98.1
L	atin America	127.4	5.3	2.9		23.0	2.0		13.7	0.4	0.1	0.3	0.1	175.3
	Europe	50.0	20.2	5.1	7.5		14.4	0.2	0.5	0.7	0.4	1.6	9.4	109.9
Form	ner Soviet Union	22.6	2.1		1.7	332.1	0.2		26.3	8.2	0.2	10.9	6.8	411.1
1	Middle East	110.4	7.0	0.8	4.5	146.6	38.1	7.7	78.8	199.9	42.0	336.6	3.0	975.3
	North Africa	39.1	9.1	0.2	5.6	95.2	4.3		4.6	0.3	0.1	6.4		164.9
Africa	West Africa	96.1	4.0	0.1	21.1	38.8	3.8	0.1	35.8	2.2	0.2	37.7		240.2
	East & Southern Africa					0.1			12.7	5.1	0.9	1.4		20.2
	Australasia	0.2							1.4	3.3	9.2	12.5		26.6
	China	0.6		0.1	2.4	0.9	0.2	0.2		1.2	3.7	9.7	0.2	19.2
Asia Pacific	Japan	2.6	0.4	0.7		0.9		1.5	3.1		1.1	1.2		11.5
	Singapore	0.7		0.2	0.3	1.2	1.0	9.2	3.3	1.3		51.2	0.5	68.9
	Other Asia Pacific	11.4	0.2	0.5	4.8	4.1	0.6	20.3	22.1	21.5	54.4		0.3	140.1
υ	Jnidentified*	14.9	6.2			20.8		1.2				5.8		49.0
TOT		2014			<b>TO 0</b>	<00 D		10.0	000 4	A 10.0		150.0		A 800 C

Source: BP Statistical Review of World Energy (2008).

								(unit:	Million tonnes)					
		To												
From	North America	Latin America	Europe	Afriza	Australasia	China	Japan	Singapore	Other Asia Pacific					
North America	219.2	31.2	25.1	1.4	0.4	0.8	4.6	1.0	3.0					
Latin America	135.6		23.0	2.0		13.7	0.4	0.1	0.3					
Europe	75.3	7.5		14.4	0.2	0.5	0.7	0.4	1.6					
Former Soviet Union	24.7	1.7	332.1	0.2		26.3	8.2	0.2	10.9					
Middle East	118.2	4.5	146.6	38.1	7.7	78.8	199.9	42.0	336.6					
Africa	148.6	26.7	134.1	8.1	0.1	53.1	7.6	1.2	45.5					
Asia Pacific	17.6	7.5	1.8	1.8	31.2	29.9	27.3	68.4	74.6					

Source: BP StatisticalReview of World Energy (2008).

# 2. Coal

The flows of coal imports and exports (Supplementary Note Figure 2-5-3 and Table 2-5-4) show that Australia is the major coal exporter to Asian nations and Europe. Intra-regional coal trade is vigorous in Asia.



Supplementary Note Figure 2-5-3 Flows of coal imports and exports (2007 data)

Supplementary Note Table 2-5-4 Flows of coal imports and exports (2007 data)

# Flows of coal imports and exports (numerical data)

														(\$million)
								From						
1	Го	NAFTA		EU	(	CIS					Latin America	Africa		
		U.S.	Netherlands	Germany		Russia	Austrana	China	Japan	South Korea	India	Indonesia	Colombia	South Africa
NAFTA	U.S.												1,172,858,581	
EU	Netherlands		/	951,716,443		1 647 422 050	2 492 207 209							2 095 620 991
EU	Germany		8,961,201			1,047,423,930	2,403,297,298							2,085,059,881
CIS						787,369,220								
	Russia			791,095	436,751,312				2,600					
Australia				21,693							995			
	China							/	141,478					
	Japan					690,460,750	7,471,642,554	1,049,660,314				1,290,282,716		
Asia	South Korea						1,367,688,552	1,195,807,704				923,018,110		
	India						1,986,638,523							424,430,424
	Indonesia								193,490					
Latin America	Colombia	14,485												
Africa	South Africa			1,443,173							49			



							(\$million)					
Та	From											
10	NAFTA	EU	CIS	Australia	Asia	Latin America	Africa					
NAFTA						1,173						
EU		961	1,647	2,483			2,086					
CIS		1	1,224									
Australia												
Asia			690	10,826	4,459		424					
Latin America												
Africa		1										

Notes: Figures for the top 10 countries from the "bilateral imports and exports rankings" in ITI ZAI BETSU KOKUSAI

BOEKI MATRIX (2008), issued by the Institute for International Trade and Investment, are from UN Comtrade data Source: UN Comtrade (2007 data and HS1992), ITI ZAI BETSU KOKUSAI BOEKI MATRIX (2008) (Institute for

International Trade and Investment).

## 3. Natural gas

The flows of natural gas imports and exports (Supplementary Note Figure 2-5-5, Table 2-5-6 and Table 2-5-7) show that EU and NAFTA countries import mostly through intra-regional pipeline trade. The Middle East and South Asia (Malaysia and Indonesia) are the major natural gas exporters to Asian nations.



Supplementary Note Figure 2-5-5 Flows of natural gas imports and exports (2007 data)

### Supplementary Note Table 2-5-6 Flows of natural gas imports and exports (LNG data)

# Flows of natural gas imports and exports (LNG data)

Trade movements 2007 liquefied natural gas (unit: Billion cubic me													bic metres)				
From																	
	То	US	Trinidad &Tobago	Norway	Oman	Qatar	UAE	Algeria	Egypt	Equatoria 1 Guinea	Libya	Nigeria	Australia	Brunei	Indonesia	Malaysia	Total imports
North America	US		12.76			0.52		2.11	3.24	0.50		2.69					21.82
North America	Mexico		0.62						0.99			0.56					2.17
Latin America	Dominican Republic		0.36														0.36
Laun America	Puerto Rico		0.74														0.74
	Belgium		0.07			2.75		0.35									3.17
	France		0.06	0.07				7.85	1.21			3.78					12.97
	Greece							0.50	0.31								0.81
Furana	Italy							2.43									2.43
Europe	Portugal											2.31					2.31
	Spain		2.09	0.07	0.12	4.45		4.32	4.04		0.76	8.33					24.18
	Turkey		0.06					4.45	0.08			1.42					6.01
	United Kingdom		0.39			0.27		0.64	0.16								1.46
	China				0.07			0.42				0.08	3.30				3.87
	India		0.21		0.21	8.27	0.07	0.44	0.07			0.64				0.07	9.98
Asia Pacific	Japan	1.18	0.57		4.81	10.87	7.41	0.78	1.62	0.36		0.88	16.05	8.57	18.07	17.65	88.82
	South Korea		0.22		6.74	10.79	0.07	0.24	1.48			0.24	0.56	0.78	5.12	8.15	34.39
	Taiwan				0.21	0.57		0.14	0.41	0.56		0.23	0.33		4.55	3.92	10.92
TOTA		1.18		0.14	12.17					1.42			20.24				226.41

Source: BP StatisticalReview of World Energy (2008). Original Source: Cedigaz (provisional).

					(unit: Billio	on cubic metres)					
	From										
То	US	Trinidad & Tobago	Norway	Middle East & Africa	Australia	South Asia					
North America		13.38		10.61							
Latin America		1.10	1.10								
Europe		2.67	2.67	50.53							
Asia Pacific	1.18	1.00	1.00	58.68	20.24	87.12					

Source: Cedigaz (provisional).

Source: BP StatisticalReview of World Energy (2008).



## Supplementary Note Table 2-5-7 Flows of natural gas imports and exports (pipeline data)

Notes: Flows are on a contractual basis and may not correspond to physical gas f Data excludes trade within the Former Soviet Union and United Arab Emirates. Source: BP Statistical Review of World Energy (2008). Original Source: Cedigaz (provisional).

(unit: Billion cubic metres)

		From												
То	North America	Latin America	Europe	Russia	Middle East & Africa	South Asia								
North America	130.91													
Latin America		14.42												
Europe			180.18	147.53	48.09									
Middle East				6.10	4.10									
Africa					1.30									
South Asia						17.06								

Source: BP Statistical Review of World Energy (2008).

# 4. Rare metal

The flows of rare metal imports and exports (Supplementary Note Figure 2-5-8 and Table 2-5-9) show that intra-regional trade in East Asia accounts for a large part of the global trade. South Africa is the major exporter to Japan. NAFTA countries import largely from the member states and Russia.





# Supplementary Note Table 2-5-9 Flows of rare metal imports and exports (numerical data)

# Flows of rare metal imports and exports (numerical data)

											(\$million)		
		From											
То		NAFTA		EU			Dussia	East Asia			Africa		
		U.S.	Canada	Netherlands	Germany	UK	Kussia	China	Japan	South Korea	South Africa		
NAFTA	U.S.		2,577			1,170	1,724	613	359				
	Canada	908											
EU	Netherlands				159								
	Germany			292				1,671					
	UK	698											
Russia		25											
East Asia	China	390				939			683	45			
	Japan	979						1,392			2,566		
	South Korea							711					
Africa	South Africa								2				



					(\$million)					
Та	From									
10	NAFTA	EU	Russia	East Asia	Africa					
NAFTA	3,485	1,170	1,724	971						
EU	698	450		1,671						
Russia	25									
East Asia	1,369	939		2,831	2,566					
Africa				2						

Notes: Figures for the top 10 countries from the "bilateral imports and exports rankings" in ITI ZAI BETSU KOKUSAI BOEKI MATRIX (2008), issued by the Institute for International Trade and Investment, are from UN Comtrade data. Source: UN Comtrade (2007 data and HS1992), ITI ZAI BETSU KOKUSAI BOEKI MATRIX (2008) (Institute for International Trade and Investment).

# Supplementary Note 3-1 Research report on the impacts and issues surrounding Japan's EPAs

# 1. Conducted by

Japan Economic Foundation (commissioned to Nomura Research Institute)

### 2. Survey period

November to December 2008

# 3. Survey methodology

Questionnaires were sent out to manufacturers and wholesalers selected in accordance with the statistics on enterprises as well as corporate information provided by Teikoku Databank. The effective number of questionnaires sent was 10,000.

#### 4. Number of respondents

1912 companies

Supplementary Note 3-2 Survey on business conditions of Japanese-owned companies in Latin America

#### 1. Conducted by

Japan External Trade Organization (JETRO)

# 2. Survey period

July to August 2007

#### 3. Survey methodology

Questionnaires were sent out to Japanese manufacturers and non-manufacturers operating in nine Latin American countries: Mexico, Costa Rica, Panama, Venezuela, Colombia, Peru, Chile, Argentina and Brazil. The effective number of questionnaires sent was 528.

#### 4. Number of respondents

266 companies (of which, 98 are those operating in Mexico)

#### Supplementary Note 3-3 Survey on international operations of Japanese-owned companies

### 1. Conducted by

Japan External Trade Organization (JETRO)

# 2. Survey period

November 2007 to January 2008

# 3. Survey methodology

Questionnaires were sent to JETRO member firms in the fields of manufacturing, trading, and wholesale and retail trade. The effective number of questionnaires sent was 2626.

# 4. Number of respondents

733 companies