

White Paper on International Economy and Trade 2019 **[Outline]**

July 2019

Trade Policy Bureau

Ministry of Economy, Trade and Industry

- The “White Paper on International Economy and Trade” is reported to the Cabinet and published annually since 1949. This year’s paper is the 71st edition.

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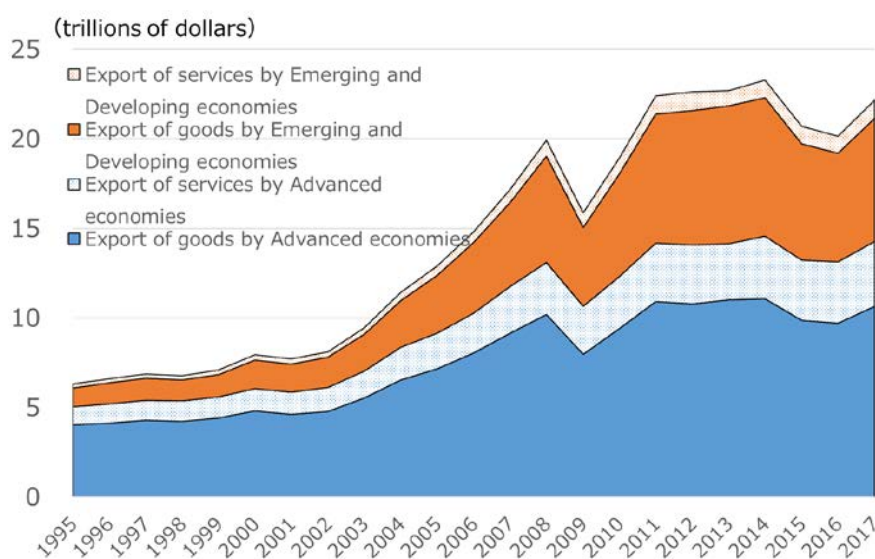
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Trade expansion and increasing value added exports

- Since the establishment of the World Trade Organization (WTO) in 1995, the global trade value in both goods and services have expanded remarkably, especially in emerging and developing economies.
- In most economies, the ratio of value added exports in domestic production have increased, especially in the manufacturing industry. This implies that accessibility to the global market has become increasingly important.

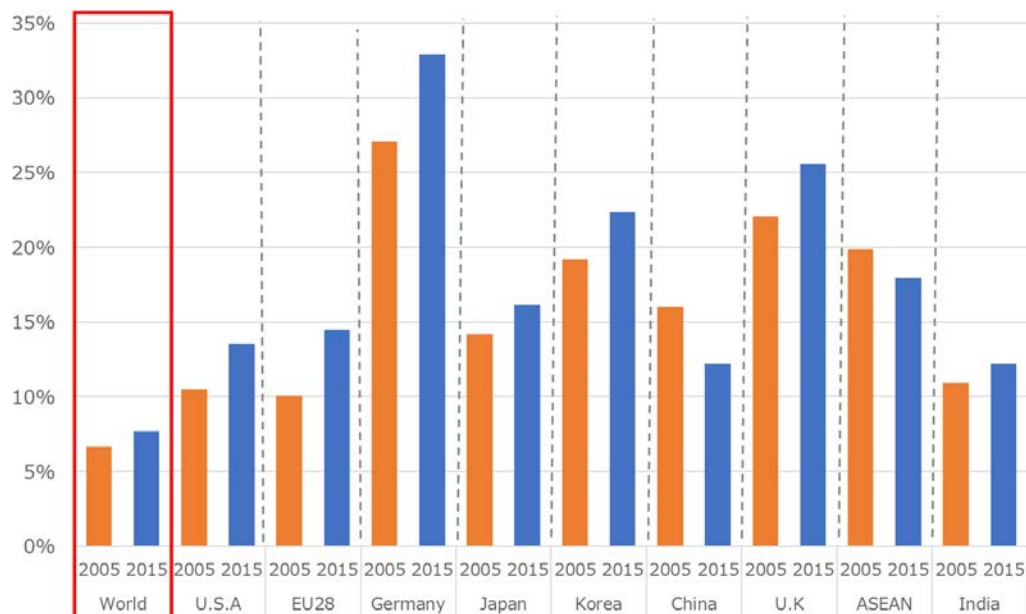
Export value in goods and services



Note: For value of service exports since 2013, BOP based figures are substituted for China, India, Brazil, Indonesia etc., because EBOPS 2010 figures are not available. In addition, the figures for emerging and developing countries' service exports during the same period are for reference purposes only due to missing figures.

Source: IMF DOTS, OECD-WTO Balanced Trade in Services (BaTIS), OECD ITSS EBOPS 2010.

Ratio of value added exports in domestic production

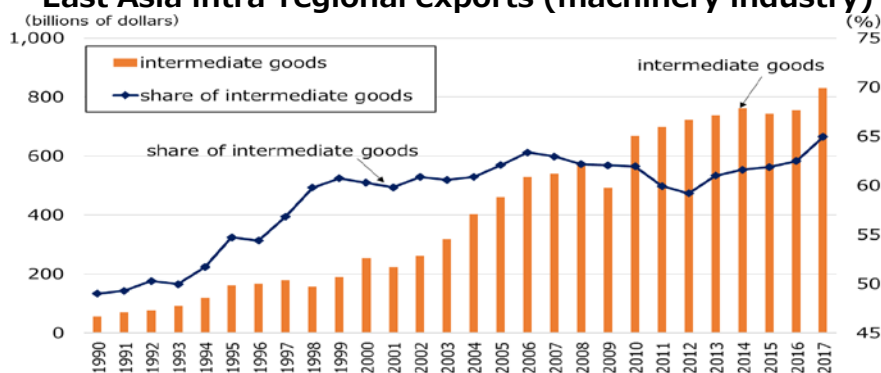


Source: OECD TIVA

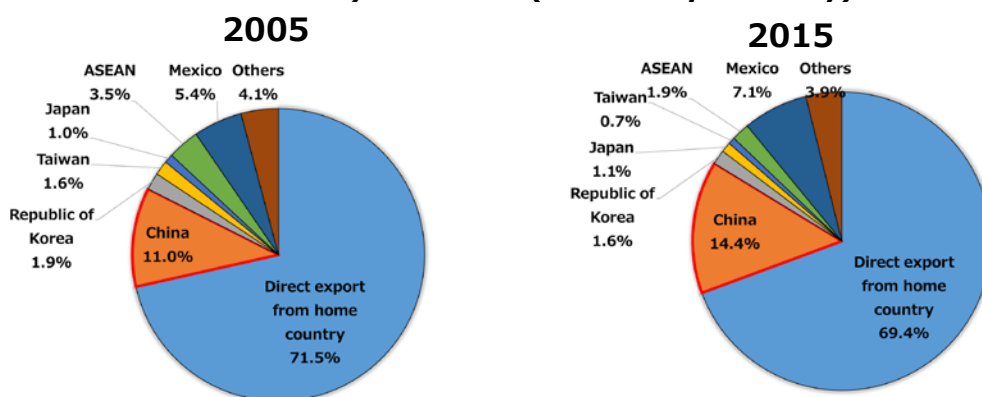
Development of global value chains (GVCs)

- The value of trade in intermediate goods has expanded along with the expansion of global trade. Within the East Asian region, development of global value chains can be clearly observed in the machinery industry. The ratio of East Asian exports to the US, being exported through China, has increased.
- Of the total value being exported directly from China to the US, China accounts for 82% while the rest is shared by the EU, South Korea, the US, ASEAN, Taiwan, and Japan, each contributing almost the same proportion. Imposition of additional tariffs by the US and China could negatively affect the economies mentioned above, including Japan.
- US-China trade disputes may distort companies' decisions on investment or location strategies. Some Japanese manufactures have already started replacing their production in China with production in other countries, including Japan. It is becoming increasingly important for governments to provide favorable business environments.

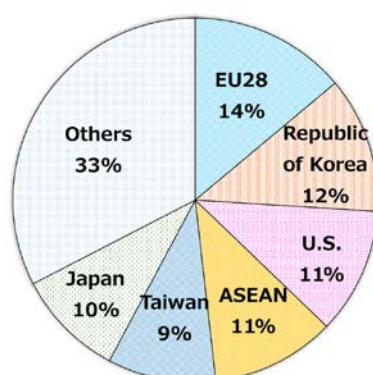
East Asia intra-regional exports (machinery industry)



Share of direct exporter of value added in East Asia (excluding China) to the US (Machinery industry)



Share of foreign value added in China's export of goods and services to the U.S (2015)

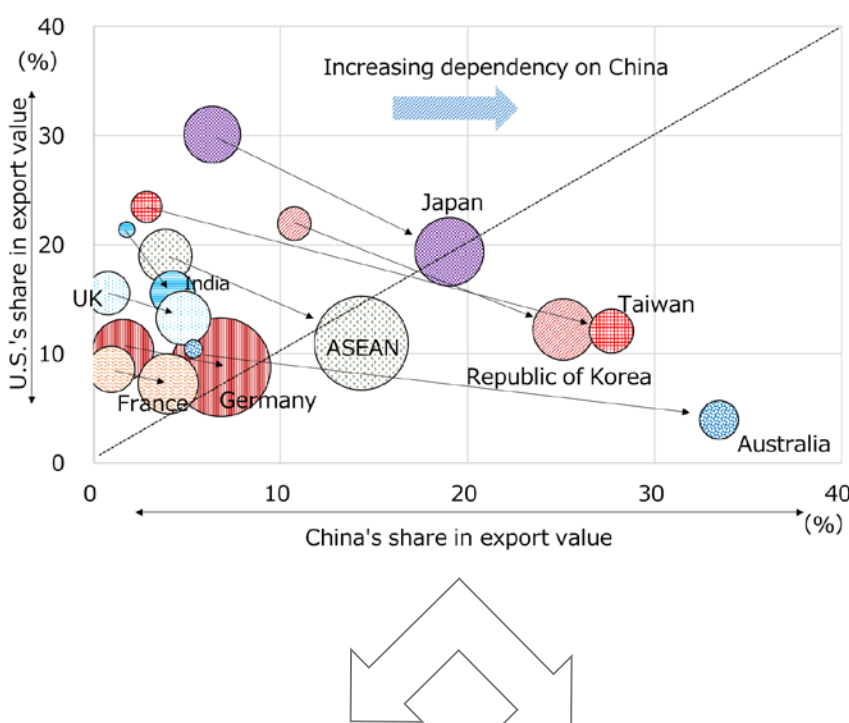


Note : China covers 82% of total value added. The graph shows each foreign country/region's share (18%) in foreign value added, which amounted to 86 billion dollars (1 trillion yen).
Source : OECD-TiVA.

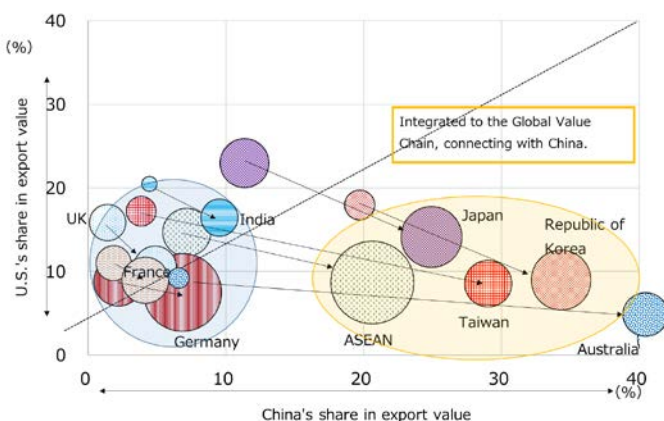
Interdependence of each country/region with the US and China

- With the economic development of China, each country/region has become increasingly dependent on China.
- Asian economies rely mostly on China for exports in intermediate goods and are integrated deeply into the China-related global value chains.
- As for exports in final goods, Europe, Asia and Pacific countries rely on both the US and China, while they were solely dependent on the US before.

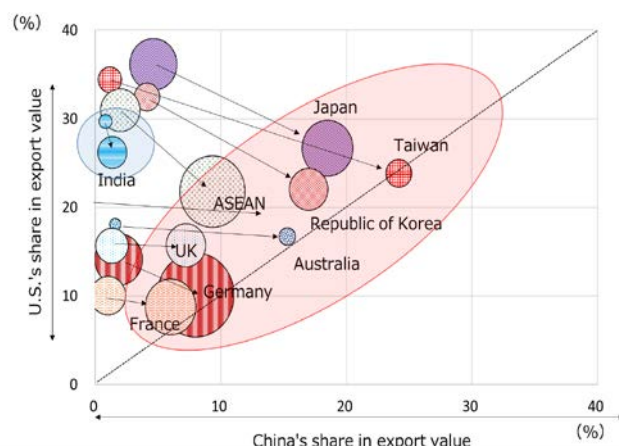
Share of U.S. and China total exports for major economies (2000→2017)



Intermediate and primary goods



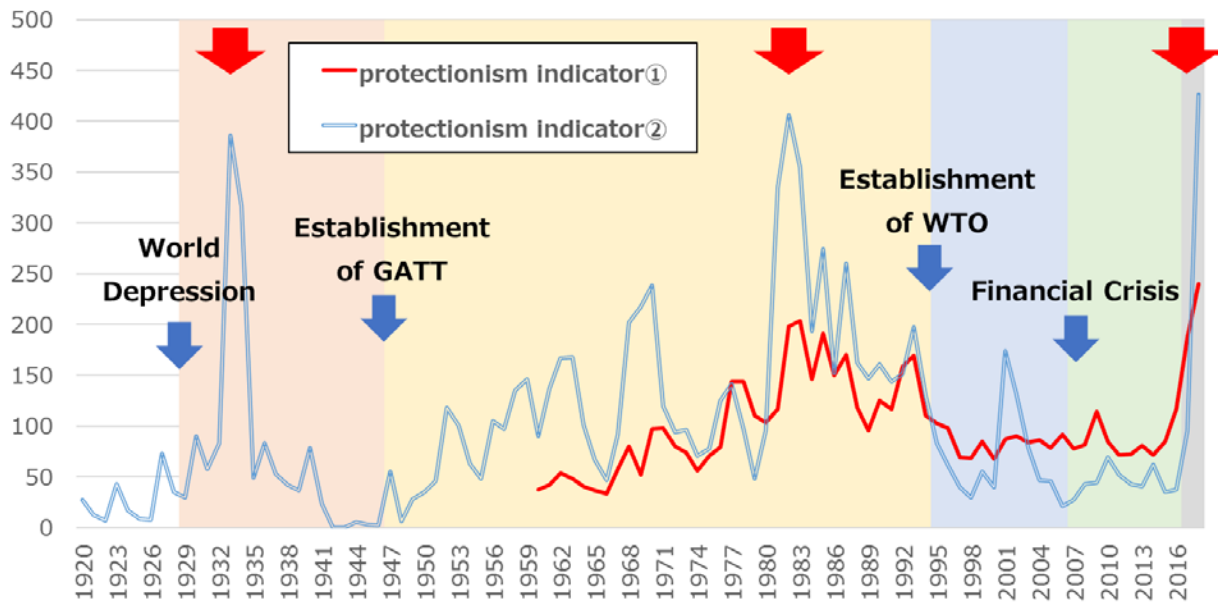
Final goods



History of rising concern of protectionism and development of multilateral trading system

- The recent rise of protectionism can be said to be one of the three biggest peaks since 1900, accompanied by 1) the period after the global depression in the 1930s and 2) the trade disputes between the US and Japan in the 1980s.
- The General Agreement on Tariffs and Trade (GATT) was established after the end of the block economy in 1948, and the WTO was established after the US-Japan trade disputes in 1995. The multilateral trading system has developed in such a way; a series of developments whereby turmoil caused by protectionism leads to institutional development towards securing stability.
- The multilateral trading system played an important role in regulating protectionism during global financial crises, but recently, there is a growing concern of system malfunction.

The ratio of newspaper articles related to “protectionism”



protectionism indicator①: We calculated the proportion of articles that directly includes the word “protectionism” from The Washington Post (US), The New York Times (US), Nikkei (Japan), Yomiuri (Japan), Le Monde (France) and The Guardian (UK), and integrated them so that the average is 100 in the given period.

protectionism indicator②: We calculated the proportion of articles that includes specific trade restrictive measures from the Nikkei and Yomiuri, and integrated the two so that the average is 100 in the given period.

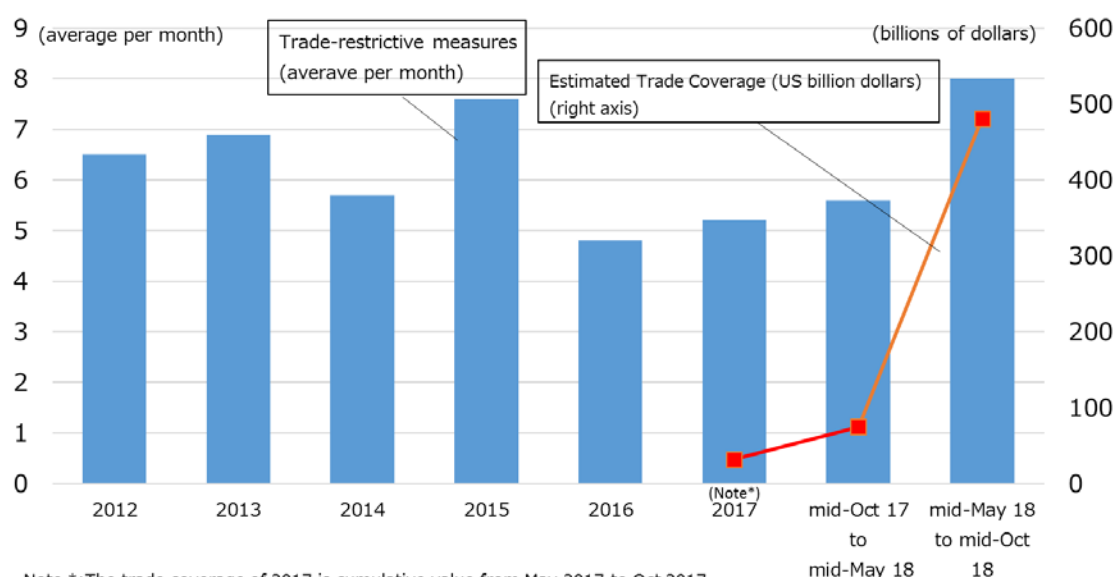
In order to capture the historical trends of protectionism from 1920s to the present, we derived “the indicator for protectionism”, by calculating the proportion of articles that relates to protectionism among the major newspapers, in accordance with the method of “Economic Policy Uncertainty Index”.

Our chronological analysis shows that protectionism has risen remarkably in the following three periods: 1) after the world depression; 2) after trade frictions (including US-Japan friction in the 1980s) and; 3) over the recent 2-3 years.

Increase in protectionism in the last several years

- According to the “Twentieth Report on G20 Trade Measures” published by the WTO, the monthly-average number of trade restrictive measures has increased since 2016.
- The estimated value of trade that is restricted by newly imposed import measures from the period of May-October 2018 is about US\$481 billion. This value is 6 times higher than that of the previous 7 months (about US\$74 billion).
- The number of anti-dumping measures in force has increased again during the last few years.

**G20 trade-restrictive measures (monthly average)
and estimated trade coverage of the import-restrictive measures**



Note *:The trade coverage of 2017 is cumulative value from May 2017 to Oct 2017.

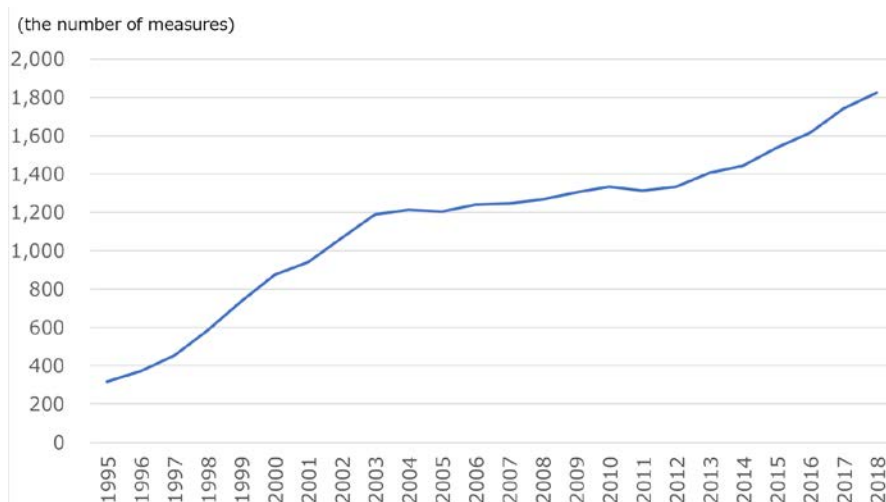
Note 1:Trade restrictive measures exclude trade remedy actions(AD,CVD,SG).

Note 2:The number of measures is the monthly average for each year until 2017, and the monthly average for the monitoring report period from October 2017 onwards.

Note 3:Estimated trade coverage shows cumulative total value during monitoring report period.

Source:Report on G20 Trade measures,WTO

[References] Active anti-dumping measures



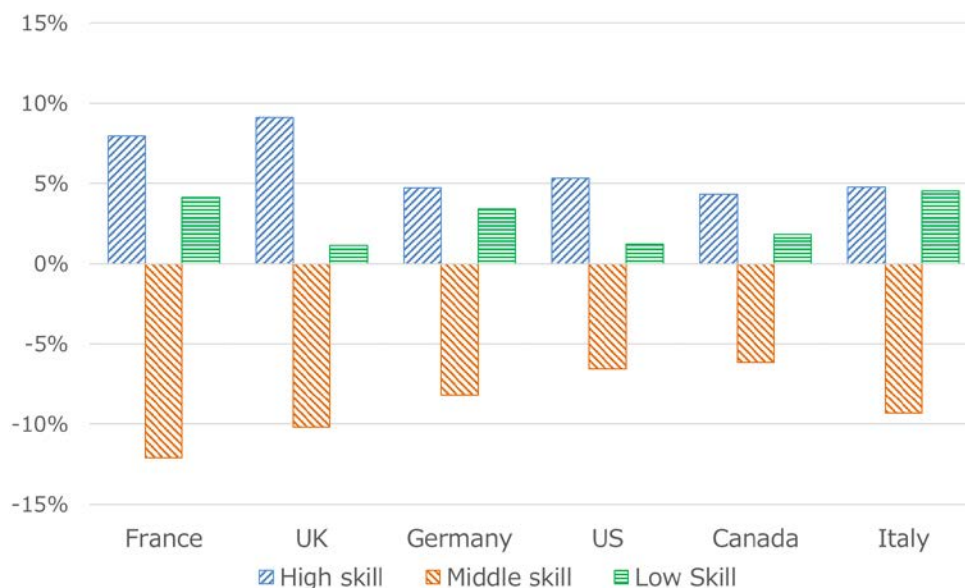
Note: Each figure indicates the number of measures in force at the end of each year.

Source: WTO I-Tip database.

Expansion of free trade skepticism

- Economic disparity is expanding in advanced economies.
- Recent technical innovation led to replacement of the middle-skilled workers (who mainly engage in routine jobs), contributing to the expansion of disparities.
- Decrease in employment in the tradable sector is remarkable in advanced economies, leading to cynicism that free trade is causing the disparity.

**Percentage point change in share of total employment
(1995 to 2015)**



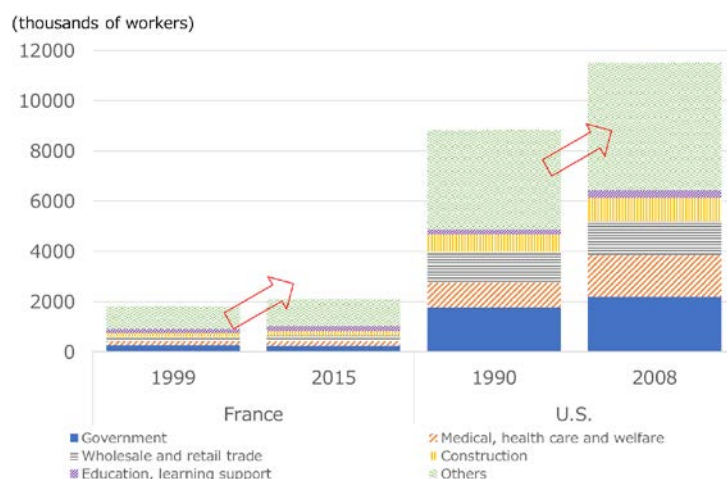
Source : OECD [Employment Outlook 2017] Figure 3.A1.

Changes in the number of employees

Tradable sector



Non-tradable sector

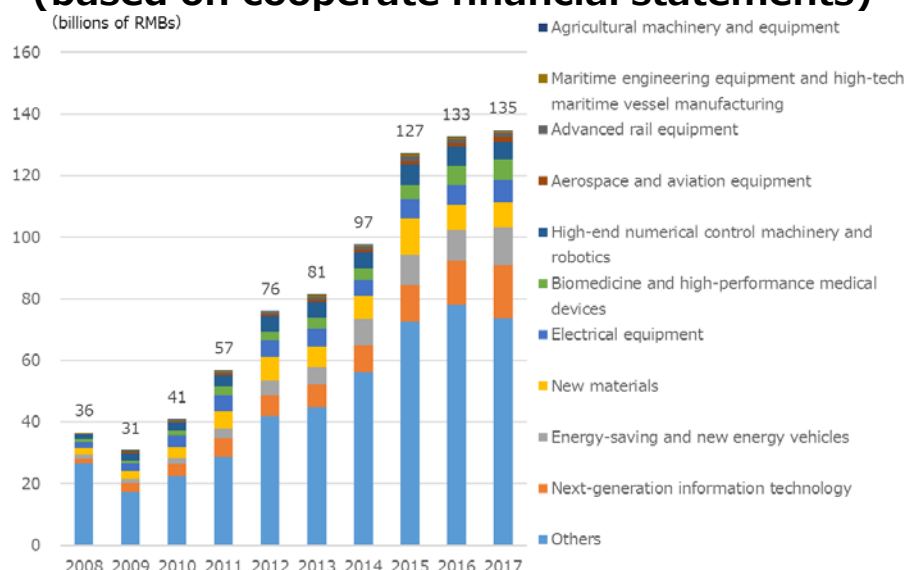


Note. The calculation for France is based on Philippe and Giraud (2017) , and Spence and Hlatshwayo (2011) for the U.S..

Financial support for the China's key sectors (Government subsidies)

- The amount of subsidies provided by the Chinese government has increased steadily over the past 10 years. Among them, subsidies related to “Made in China 2025” account for about 40%, and especially the rate of support for next-generation information technology is high.
- The compound average growth rates (CAGR) of government subsidies for listed companies related to 10 key sectors in “Made in China 2025” are about 13.5 to 43.25% (Data between FY2009 and FY2017), a high level in all the fields.

Total value of subsidies by the Chinese Government (based on cooperate financial statements)



Note: Aggregate calculation based on financial statements of listed companies in Shanghai and Shenzhen (A-shares and B-shares), downloaded from Wind database. Among all 3,703 companies (Shanghai: 1,510, Shenzhen: 2,193) listed as at April 16 2019, Wind database covers 3,612 companies which are included in our analysis.
Source: Wind database.

Compound average annual growth rate from 2009 to 2017 of key indexes in financial statements (Made in China 2025 sectors)

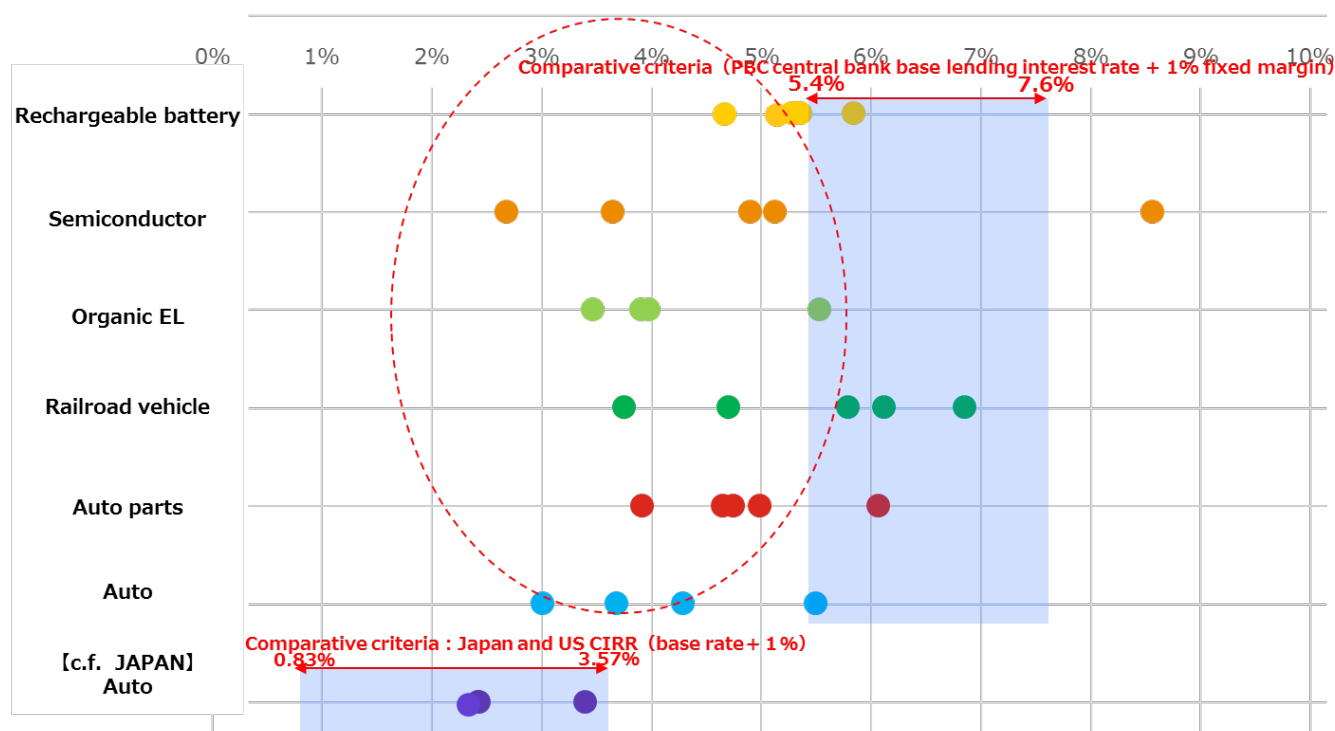
	Compound Average Growth Rate (CAGR: FY2009→FY2017)					
	Operating income	Operating profit	Government subsidies	Short-term and Long-term Liabilities	R&D cost	Depreciation and amortization
Next-generation information technology (493 Companies)	23.5%	24.0%	24.5%	25.1%	40.4%	28.7%
High-end numerical control machinery and robotics (242 Companies)	7.4%	6.2%	13.5%	10.3%	68.6%	18.0%
Aerospace and aviation equipment (48 Companies)	20.2%	19.5%	16.5%	18.5%	84.4%	24.7%
Maritime engineering equipment and high-tech maritime vessel manufacturing (8 Companies)	6.3%	-	20.2%	15.8%	36.4%	16.7%
Advanced rail equipment (11 Companies)	18.5%	15.4%	18.1%	26.6%	27.1%	14.8%
Energy-saving and new energy vehicles (150 Companies)	18.9%	20.6%	33.2%	22.2%	117.5%	20.0%
Electrical equipment (152 Companies)	16.0%	17.1%	17.4%	11.8%	85.6%	20.3%
Agricultural machinery and equipment (3 Companies)	-1.7%	-16.2%	43.2%	41.7%	5.8%	17.3%
New materials (276 Companies)	10.3%	28.9%	15.3%	8.4%	60.8%	10.6%
Biomedicine and high-performance medical devices (255 Companies)	17.2%	19.2%	25.0%	14.7%	82.8%	21.8%
Total (3,612 Companies)	15.3%	19.7%	21.4%	13.1%	48.7%	17.4%

Note: When operating profit is negative, it is excluded from calculation as outlier value.
Source: Wind database, BvD "ORBIS".

Financial support for major companies in China (Low-interest loans)

- By calculating the lending rates (financial statements analysis) of major Chinese companies in 6 industries among China's key sectors, it has been revealed that many major companies have received loans at lower interest rates than market interest rates in China.

Estimated interest rate based on financial statements of selected companies



Note 1: Calculated average between the beginning and the end of the period for "A: FY2017 interest expense" and "B: interest-bearing liabilities consisting of loans, bonds, and non-current liabilities due within one year". Estimated interest rates are A/B. Interest expense ("A") includes cost results from all liabilities such as loans, bonds, CPs and lease bonds. Interest bearing liabilities ("B") includes liabilities with repayment obligations, and therefore might include liabilities without repayment obligations.

Note 2: We chose top 5 companies in terms of sales in each sector among the listed companies in China mainland for our analysis. However, we excluded a finished vehicle company and an organic EL company because of their abnormal values (for e.g., no change in figures during the period).

Note 3: "base interest rate + 1% fixed margin" is calculated by adding i) and ii). i) The range between the 5-year highest rate of PBC central bank base lending interest rate (amortization period: more than 5 years) from Feb 2014 to Feb 2019 and the 5-year lowest rate of the PBC rate (amortization period: 1 year). ii) Fixed margin of 1%. This methodology is based on Arrangement on OECD Officially Supported Export Credits. A typical lending rate of a commercial bank is determined by adding the PBC base rate, risk premium, and also an additional cost taking the bank's profit into account.

Note 4: [c.f. JAPAN] Estimated interest rates are calculated from consolidated supplementary schedules of FY2017(Mar 2017-Mar 2018) annual reports of 3 major Japanese automakers. We adopted a range between "Japanese CIRR of 0.83%+1% fixed margin" and "US CIRR of 3.57% (amortization period: more than 8.5 years)".

Base rate refers to earnings yield of government bonds of each country. (CIRR as at Mar 15 2019)

Source: Annual reports of object companies, People's Bank of China, CEIC data base.

Compound average annual growth rate from 2013 to 2017 of short-term and long-term loan

Rechargeable battery	96%
Semiconductor	39%
Organic EL	38%
Railroad vehicle	76%
Auto parts	49%
Auto	42%

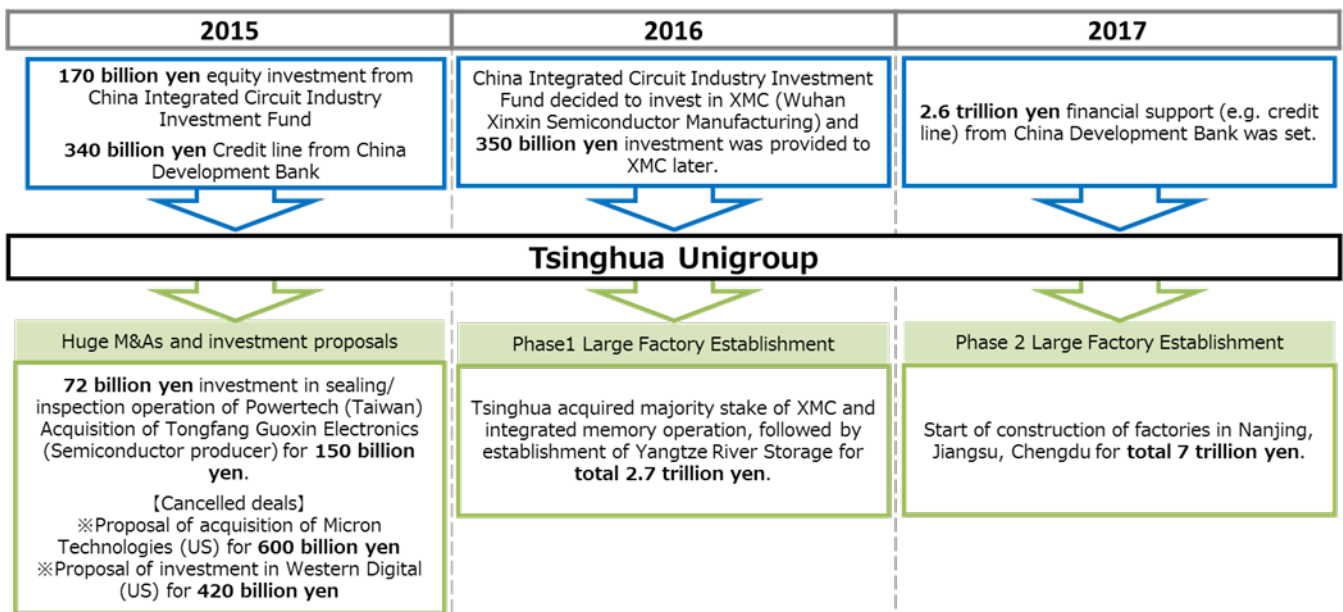
Source: Annual reports of the object companies.

Financial support for priority companies in the integrated circuit industry in China. [Example 1: Tsinghua Unigroup]

- The leading Chinese semiconductor companies have managed to achieve rapid growth in a short period of time through repeated investments and acquisitions while receiving large-scale government financial support.
- 【Example 1: Tsinghua Unigroup】 Tsinghua Unigroup is a state-owned corporate group related to Tsinghua University.
- Since entering the integrated circuit industry by M&A in 2013, the group has developed to cover a wide range of processes from designing to manufacturing (front-end / post-process) under government financial support in a short period of time. Only 5 years after entering the integrated circuit industry, it has become a corporate group that makes large-scale (around 10 trillion yen) investments in plant and equipment.

While receiving a huge amount of capital from the China Integrated Circuit Industry Investment Fund from the 1st phase, the group has also been supported by the China Development Bank. Under such financial support, it has developed through repeated M&A as well as large-scale factory construction.

Government Financial Support



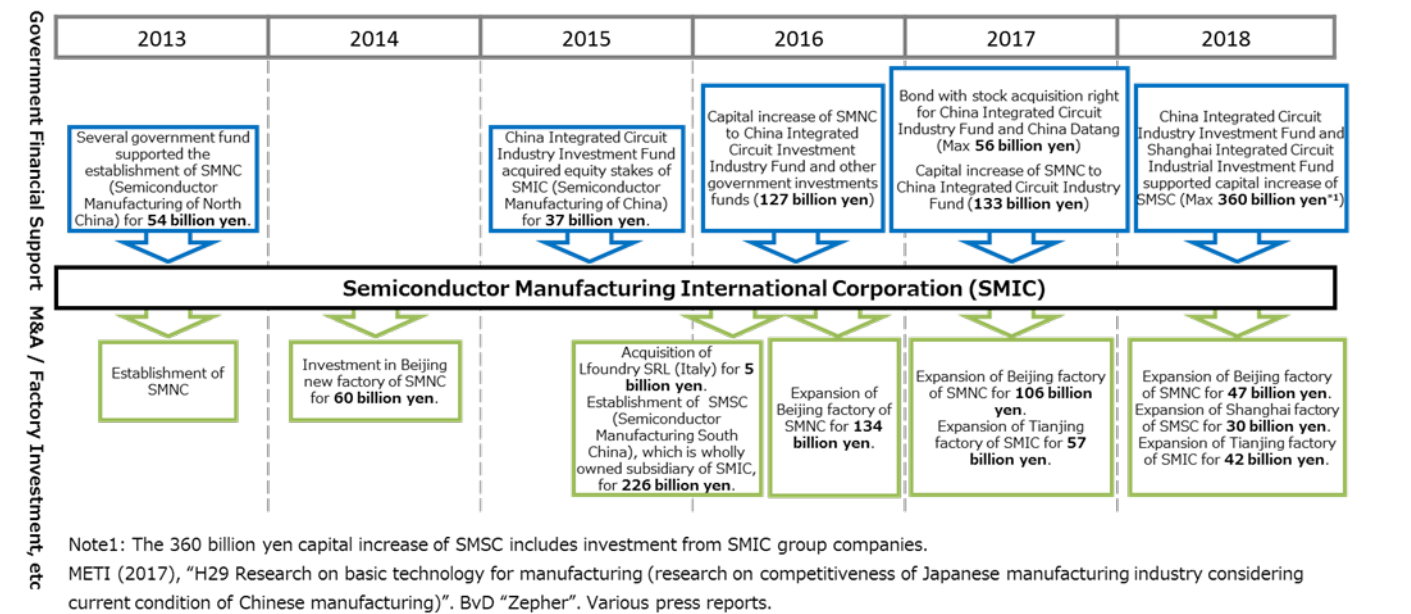
M&A / Factory Investment, etc

Source: METI (2017), "H29 Research on basic technology for manufacturing (research on competitiveness of Japanese manufacturing industry considering current condition of Chinese manufacturing)". BvD "Zepher". Various press reports.

Financial support for priority companies in the integrated circuit industry in China [Example 2: Semiconductor Manufacturing International Corporation (SMIC)]

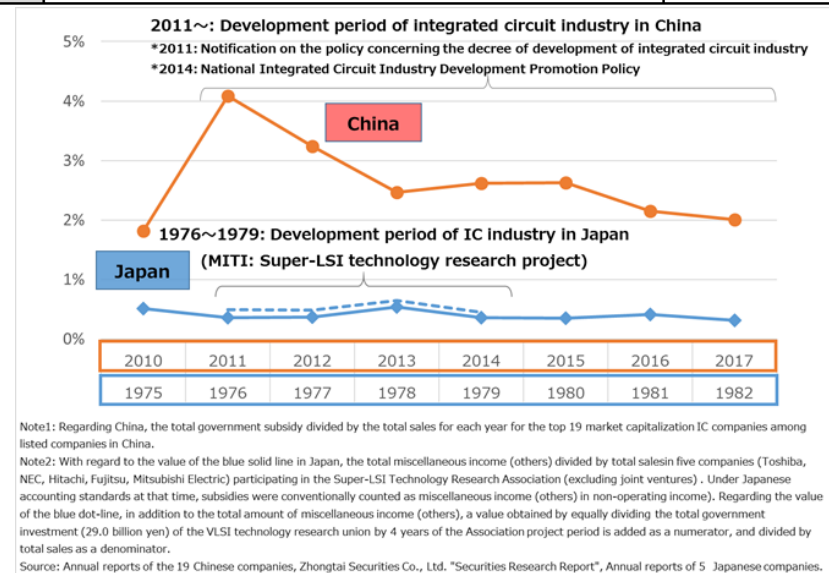
- SMIC is the largest IC fabrication company, famous for its most advanced technologies in China
- The group has expanded its scale rapidly through repeated investments to affiliated companies and investments in plant and equipment (up to 1 trillion yen). Currently, the group is the 5th largest IC fabrication company in the world.

The group has expanded its production scale rapidly through repeated investments supported by the China Integrated Circuit Industry Investment Fund and government funds based in Shanghai and other large cities.



Japan-China comparison of government financial support during promotion period for semiconductor industry

		Amount of financial support from the government/Fund size
Japan	Amount of financial support from the government for Super-LSI technology development association (Association period: 1976-79)	29 billion yen
China	China Integrated Circuit Industry Investment Fund (Established September 2014)	139 billion RMB (2.3 trillion yen) First phase

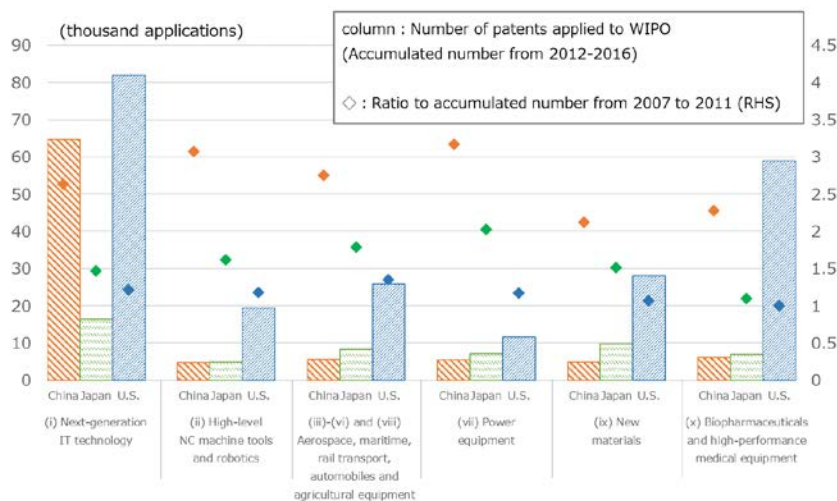


The current government support to the semiconductor industry in China is significantly more compared to that in Japan during the past semiconductor industry promotion period.

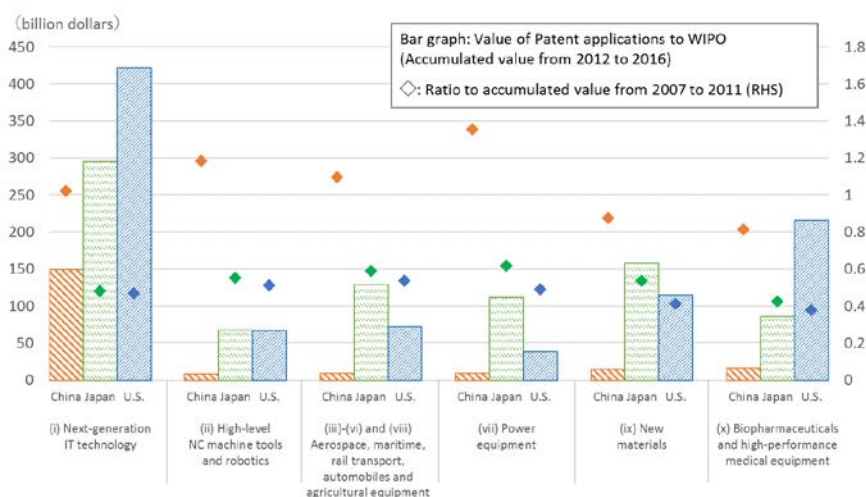
Trends in obtaining patent technologies in 10 key sectors related to “Made in China 2025”

- By comparing the number of patent applications by Japan, the US and China to the World Intellectual Property Organization (WIPO) in 10 key sectors related to “Made in China 2025”, the following trends can be observed.
- Regarding the number of patent applications to WIPO, China is almost at the same level as the US, especially in next-generation information technology, and comparable with Japan in many sectors. China falls behind Japan and the US in patent valuations. Chinese patent valuations per case even in next-generation information technology is about 1/4 of that of Japan and the US (2016).
- In terms of growth rate (comparison of period between 2007-11 and 2012-16), China has overwhelmed Japan and the US in both the number of patent applications and patent valuations. China is rapidly expanding its ability even in high-tech sectors.
- The US claims that its sensitive information has been leaked to China by various methods such as foreign direct investment, foreign ownership restrictions, and talent acquisitions and aims to strengthen its investment review by Committee on Foreign Investment in the United States (CFIUS) and its export control by the Export Control Reform Act (ECRA).

Comparison of the number of WIPO patent applications (total number from 2012-2016)



Comparison of estimated value of WIPO patents (total value from 2012-16)



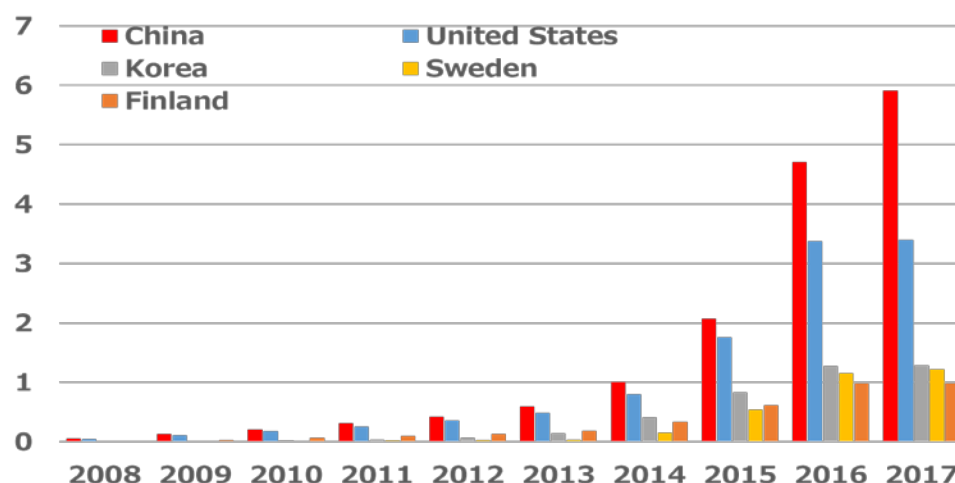
note: The country presents a country to which the patent owner (Ultimate Parent Company) belongs. The accumulated value is calculated from the estimation for each patent, provided by the BVD database (data last updated on Feb 2nd, 2019). Includes pending patents.
Source BUREAU VAN DIJK "Orbis-IP database".

Trends in obtaining patent technologies in 5G related fields (by country)

- Regarding 5G related patents, the number of applications by Chinese companies is rapidly increasing in recent years, far exceeding that by US companies who are in the 2nd place.
- On the other hand, US companies far exceed other countries in patent valuations, and Chinese patent valuations are in the 3rd place, after Japan.

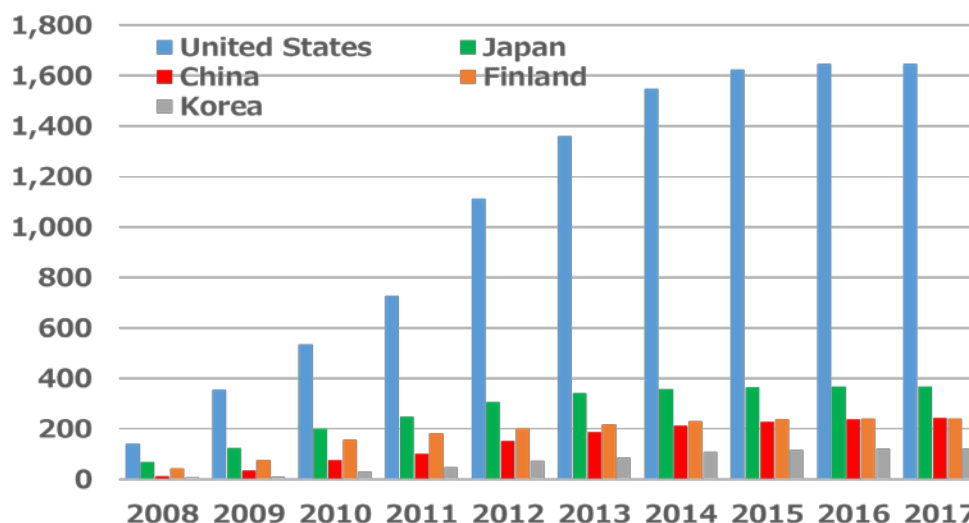
Change in number of accumulated patent applications by country (TOP 5 countries)

(thousands of applications)



Changes in accumulated patent valuations by country (TOP 5 countries)

(millions of dollars)



Note: Country measures are determined according to the country to which the patent owner (Ultimate Parent Company) belongs. The patent groups that make up a family of patents are counted as one patent category. The evaluation value is an estimate provided by BUREAU VAN DIJK for each patent or patent family (as of February 4, 2019) and includes patents pending. It is possible that not all application data is reflected in 2016 or later due to delays in database collection and deviation of PCT application transition to other countries.

Source: BUREAU VAN DIJK [Orbis-IP database].

Trends in obtaining patent technologies in 5G related fields (by company)

- The presence of Chinese companies stands out in the number of patent applications.
- By country, China's patent valuation is significantly smaller compared to that of Japan and the US. However, by company, Huawei is ranked in 5th place.

TOP companies worldwide by number of patent applications

	Company Name	Nationality
1	HUAWEI	China
2	INTEL	United States
3	ERICSSON	Sweden
4	SAMSUNG ELECTRONICS	Korea
5	NOKIA	Finland
6	QUALCOMM	United States
7	ZTE	China
8	Chinese state-owned companies	China
9	OPPO	China
10	SONY	Japan

TOP companies worldwide by patent valuation

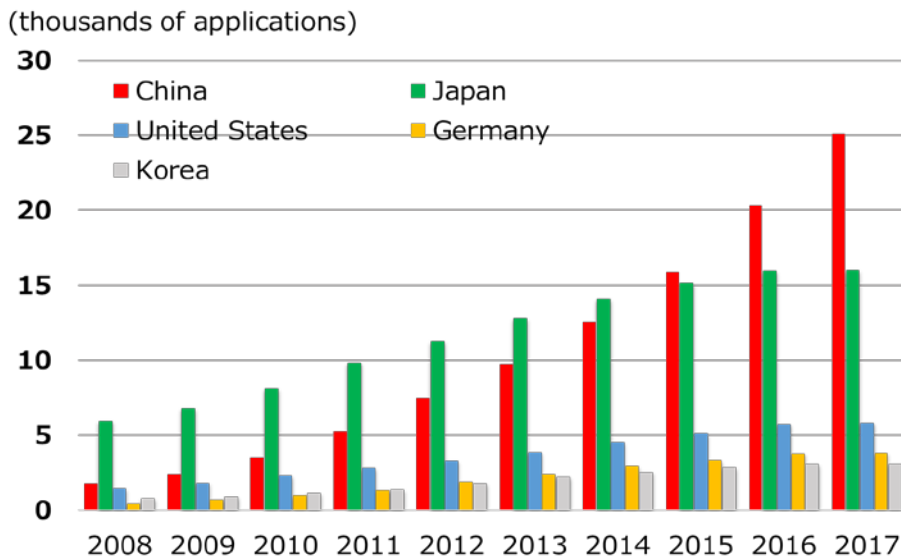
	Company Name	Nationality
1	INTEL	United States
2	QUALCOMM	United States
3	NOKIA	Finland
4	APPLE	United States
5	HUAWEI	China
6	FLEX	Singapore
7	SAMSUNG ELECTRONICS	Korea
8	ERICSSON	Sweden
9	PANASONIC	Japan
10	SONY	Japan

Note: Country measures are determined according to the country to which the patent owner (Ultimate Parent Company) belongs. The patent groups that make up a family of patents are counted as one patent category. The patent values are an estimate provided by BUREAU VAN DIJK for each patent or patent family (as of February 4, 2019) and includes patents pending.
Source: BUREAU VAN DIJK [Orbis-IP database].

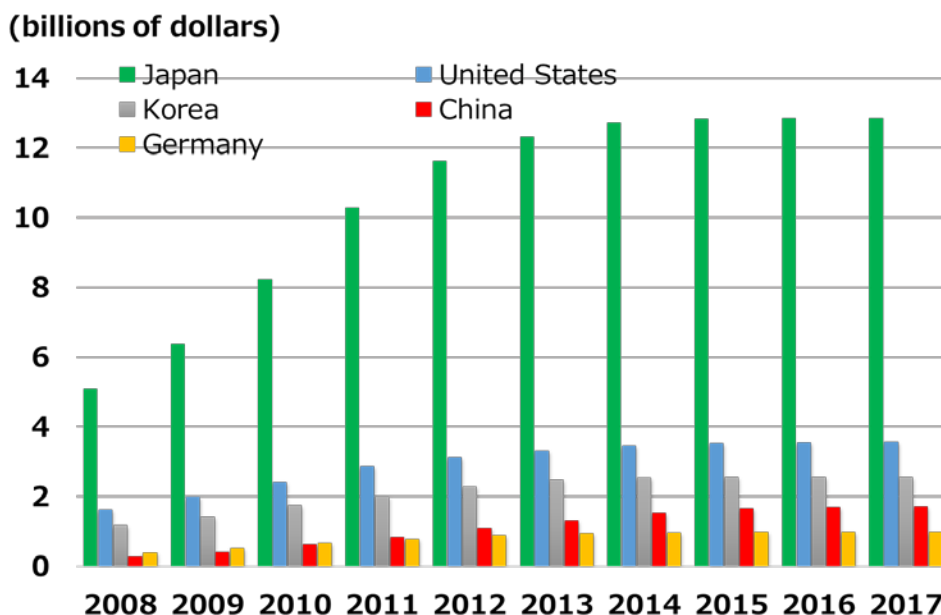
Trends in obtaining patent technologies in Lithium-ion battery related fields (by country)

- Regarding the number of patent applications related to the Lithium-ion battery technology, Chinese companies overtook Japan in 2015 to become the top country, and have been expanding their lead in the recent years.
- On the other hand, although the patent valuations of Chinese companies have doubled in the past 5 years, they are still far below that of Japanese companies.

Change in number of accumulated patent applications by country (TOP 5 countries)



Changes in accumulated patent valuations by country (TOP 5 countries)



Note: Country measures are determined according to the country to which the patent owner (Ultimate Parent Company) belongs. The patent groups that make up a family of patents are counted as one patent category. The patent values are an estimate provided by BUREAU VAN DIJK for each patent or patent family (as of January 30, 2019) and includes patents pending. It is possible that not all application data is reflected in 2016 or later due to delays in database collection and deviation of PCT application transition to other countries.
Source: BUREAU VAN DIJK [Orbis-IP database].

Trends in obtaining patent technologies in Lithium-ion battery related fields (by company)

- Although many Chinese companies ranked among the top 10 in the number of patent applications by company, none of them ranked within the top 10 for patent valuations.
- As for market share of Lithium-ion battery (for automobiles), Chinese companies have a majority.

TOP companies worldwide in number of patent applications

	Company Name	Nationality
1	TOYOTA	Japan
2	BOSCH	Germany
3	CHINA-Owned Companies	China
4	PANASONIC	Japan
5	SAMSUNG SDI	Korea
6	TDK	Japan
7	BYD	China
8	LISHEN BATTERY	China
9	GUOXUAN HIGH-TECH	China
10	NISSAN	Japan

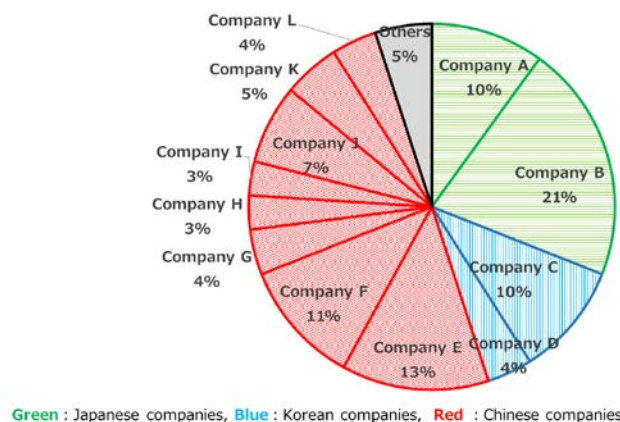
TOP companies worldwide in patent valuations

	Company Name	Nationality
1	TOYOTA	Japan
2	LG CHEM	Korea
3	SAMSUNG SDI	Korea
4	PANASONIC	Japan
5	SEMICONDUCTOR ENERGY LABORATORY	Japan
6	NISSAN	Japan
7	SONY	Japan
8	TORAY	Japan
9	GM	United States
10	HITACHI	Japan

Note: Company country origin is determined by the country to which the patent owner (Ultimate Parent Company) belongs. The patent groups that make up a family of patents are counted as one patent category. The evaluation value is an estimate provided by BUREAU VAN DIJK for each patent or patent family (as of January 30, 2019) and includes patents pending.

Source: BUREAU VAN DIJK [Orbis-IP database].

Share of global supply of Lithium-ion battery for automobiles (2018)

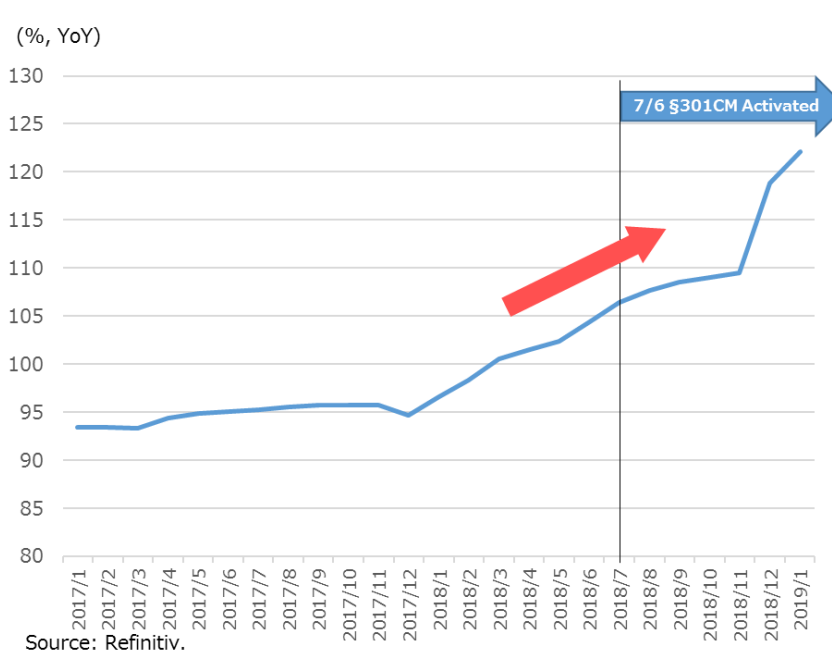


Source: METI (2018) cited from The Strategic committee for the new era of automobiles (the first meeting)J

Negative effects of trade restrictive measures to the countries imposing the measures

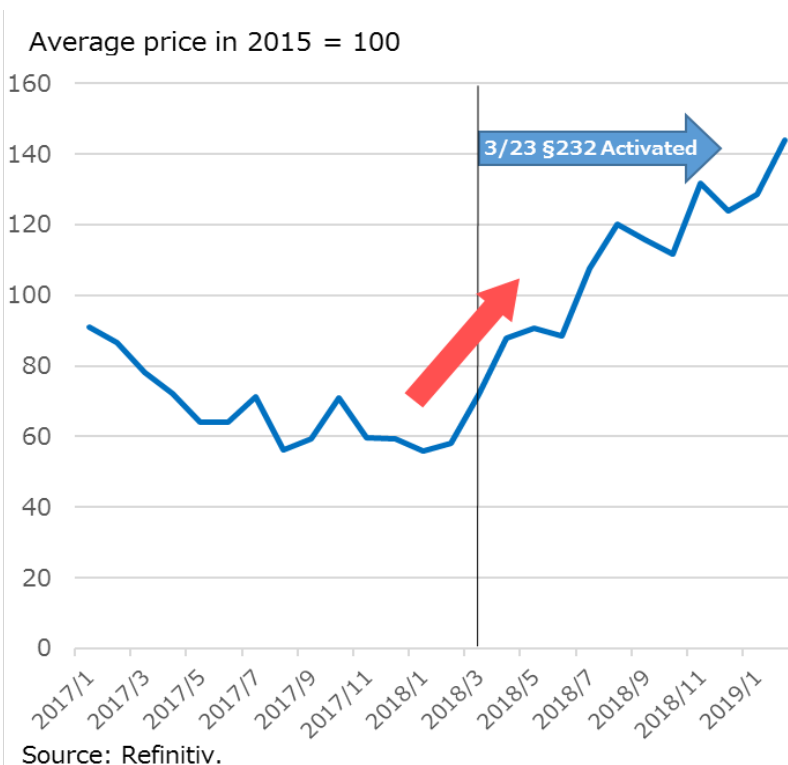
- Imposition of additional import tariffs has a negative impact on domestic consumers and downstream companies in the countries imposing the tariffs by causing a rise in domestic commodity prices.

Price Hike Case1: Pork in China



China imposed 25 % additional tariffs on import of swine from the US as the first counter measures against the US Section 301 in July 2018.

Price Hike Case2: Hot-Rolled Coil Steel in US

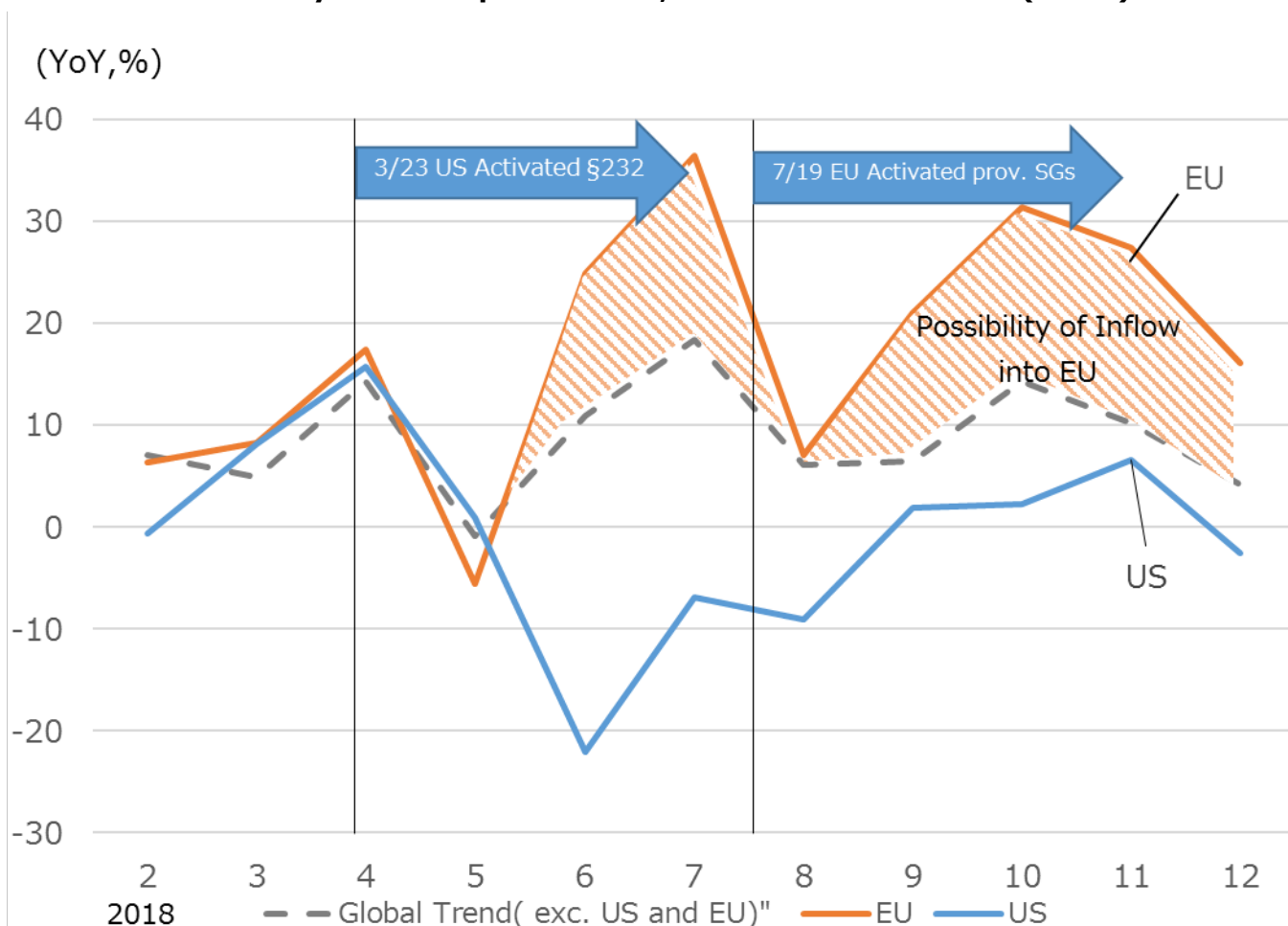


The US imposed 25% additional tariffs on imports of steel under Section 232 in March 2018.

Spillover effects to third countries by the imposition of trade restrictive measures (Section 232 measures on steel)

- The imposition of trade restrictive measures can negatively affect third countries and distort market mechanisms as a consequence.
- The additional 25% tariffs on US steel imports under US Section 232 of the Trade Expansion Act of 1962 has led to the decrease of US imports of flat roll products.
- Some exports of those products to US that have lost their destinations, especially the products from Turkey and Russia, which have flowed to the EU. As a result, the EU observed an influx of flat roll products far exceeding the global trends and has in turn introduced provisional safeguard measures in July 2018 in order to protect its domestic industry.

Monthly Steel Imports of US, EU and Global Trend (2018)



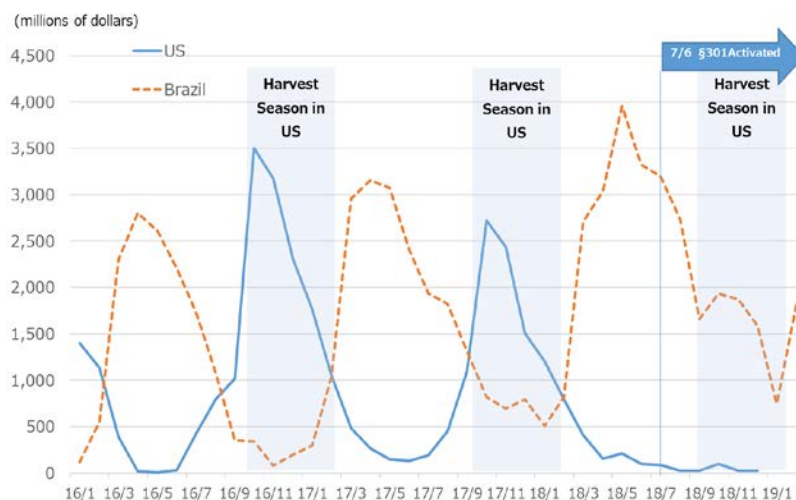
Remarks: "Global Trend (exc. US and EU)" shows the rest of world's flat-rolled steel import trend, which is adjusted to the same level of US and EU imports during Feb. to May.

Source: Global Trade Atlas. The products are the flat-rolled steel; HS7208-7212.

Spillover effects to third countries by the imposition of trade restrictive measures (Counter measures against Section 301 on soybean)

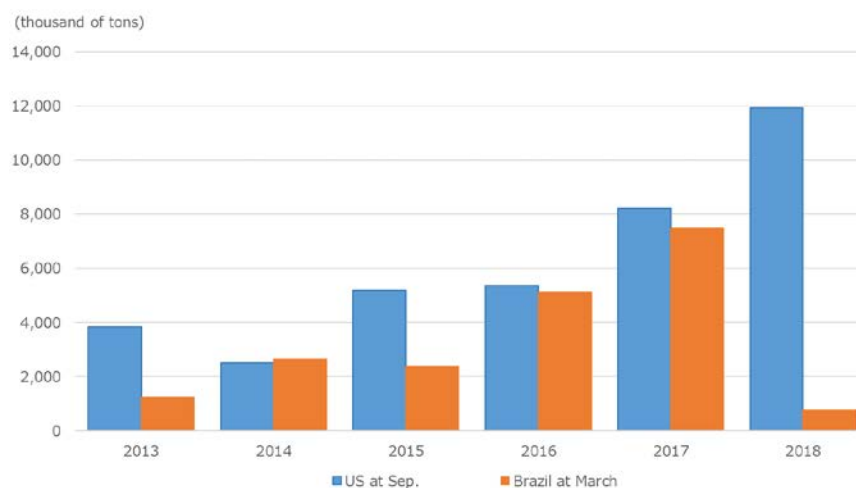
- China, a major world importer of soybeans, has balanced imports of soybeans from Brazil and the US so as to match their harvesting seasons. However, after the imposition of import tariffs on US soybeans, China imported nearly solely from Brazil, even during the US harvesting season.
- As a result, China's imports of US soybeans have decreased significantly while those imports from Brazil increased dramatically in the second half of 2018.
- Brazil has responded to this unexpected demands through some expansion of farm land as well as opening the stock for this season. As a result, Brazil faces a significant decrease in the amount of soybean stock and it may not be sustainable for Brazil to continue to expand its soybean exports.
- The total amount of China's soybean imports has decreased recently. The current situation surrounding China's soybean imports may not be sustainable for China.

China's Soybean Imports from US and Brazil



Source: Global Trade Atlas.

Soybean Stocks of US and Brazil



Remarks 1: Regarding inventory month, September in US and March in Brazil is the month just before the harvest time in both countries.

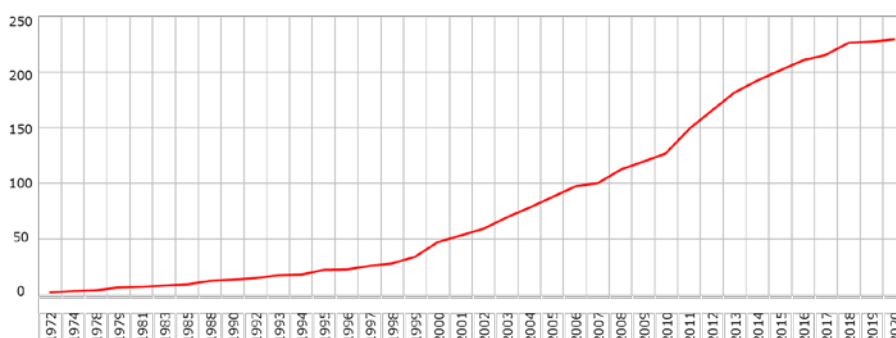
Remarks 2: 1 bushel = 0.0272155ton.

Source: USDA; US Department of Agriculture and Conab; Brazil's National Food Supply Agency.

Towards establishment of the new rule-based international trade system

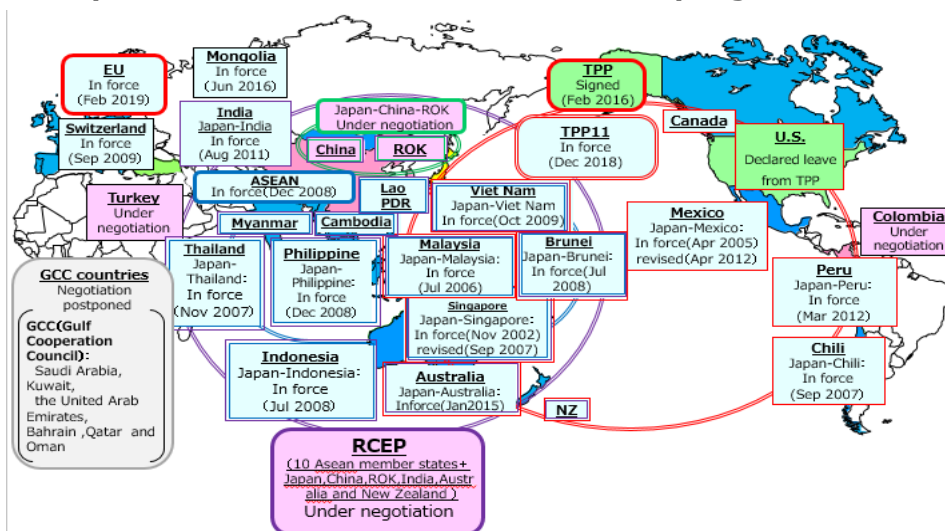
- The establishment of the rule-based multilateral trading regime is essential for the further promotion and expansion of free and fair trade. Moreover, this is vital for the growth of the global economy as well as a vital factor to provide and maintain favorable and stable business environments. Amidst the recent and increasing concerns about the malfunctioning of the multilateral trading system, including the WTO, it is an urgent agenda to restructure the international trading regime under international cooperation.
- Under the intensifying global competition for data acquisition, the business environment has been undermined by the domestic data regulations imposed by each economy to strengthen its own industry. There is an urgent need for an establishment of international rules in new fields like the digital economy.
- Comprehensive Economic Partnership Agreements (EPAs), such as TPP11 and Japan-EU EPA, enable companies to form efficient production networks through optimal production distributions and location strategies, and are expected to lead to the strengthening of the global competitiveness of industries. Moreover, it is important for Japan to improve its business environment and attract reinvestment in its market by strategic use of EPAs and regulatory reforms.

The total number of world's domestic data regulations



Source : Casalini and Lopez-Gonzalez (2019)

Japan's current Economic Partnership Agreements



EPA coverage ratio of EPA of Japan (trade value basis)

in force	36.7%
in force or signed	51.6%
under negotiation	86.2%

Note: As of the end of March 2019

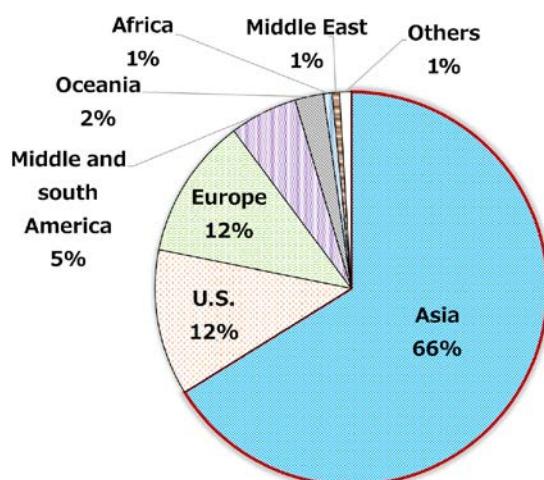
"Under negotiation" includes the number of signed agreements

Source: Trade statistics, Ministry of Finance of Japan
IMF Direction of Trade Statistics

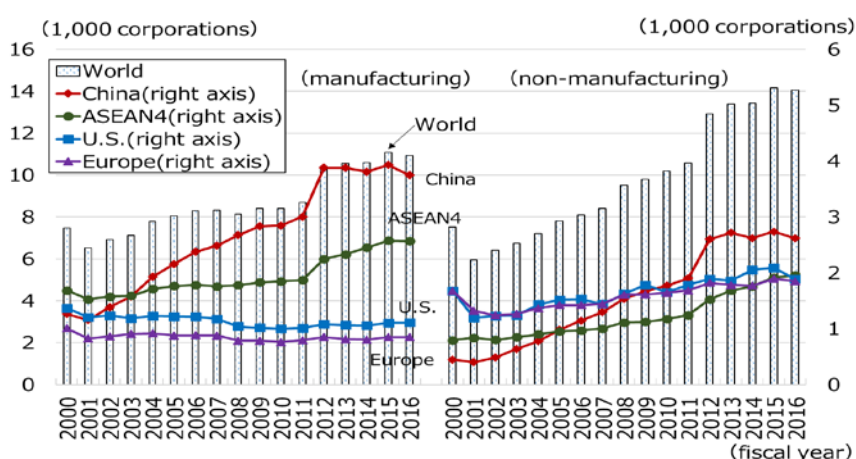
Potential for overseas expansion by Japanese companies (Expansion in retail and service industries)

- Around 70% of Japanese affiliates overseas are located in Asia. Recently, as the number of affiliates established in Asia is increasing further, the importance of Asia is rising for Japan.
- By industry, more than a half of the Japanese affiliates are in manufacturing and wholesale sectors, and the share of the affiliates in the retail and service industry is still small. Especially, these trends are remarkable in Asia, and there is room for Japanese companies to expand their businesses in these sectors. For example, under the developing digital economy, with the rise of the EC platformers, some movement to start new businesses and services is observed.

Regional distribution of Japanese overseas affiliates (2016 fy)



Number of Japanese overseas affiliates by region



Sales of overseas affiliates by industry and region (2016 fy)

(unit : billions of yens)

	Asia		U.S.		World	
	Sales	Share	Sales	Share	Sales	Share
Total	111,885	100.0	80,759	100.0	257,647	100.0
Manufacturing	67,203	60.1	30,316	37.5	123,636	48.0
Non-manufacturing	44,683	39.9	50,443	62.5	134,011	52.0
Information and communications	943	0.8	530	0.7	2,844	1.1
Transport	1,381	1.2	359	0.4	2,788	1.1
Wholesale trade	35,254	31.5	33,283	41.2	95,198	36.9
Retail trade	1,826	1.6	5,455	6.8	8,066	3.1
Services	3,181	2.8	7,117	8.8	11,830	4.6

Source : METI "Basic Survey on Overseas Business Activities".

Potential for overseas expansion by Japanese companies (Expansion in the growing markets)

- The presence of Japanese companies is still small in the emerging economies expecting rapid growth outside of Asia, such as Central and South America and Africa.
- Japanese companies should not be left behind in the entry into these growing markets, so they should actively expand their exports and investments in those markets.

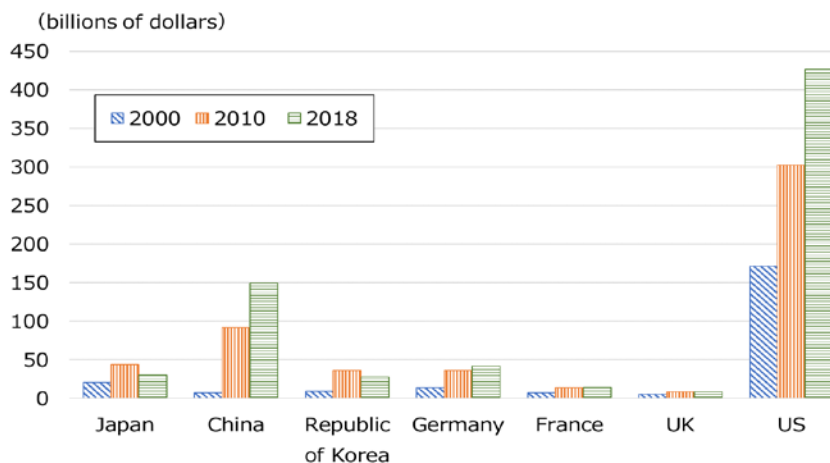
Regional share of GDP, number of Japanese overseas affiliates and their sales value

	Asia	Central and south America	Africa	World
GDP	33%	6%	3%	100%
Number of overseas affiliates	66%	5%	1%	100%
Sales value	43%	5%	1%	100%

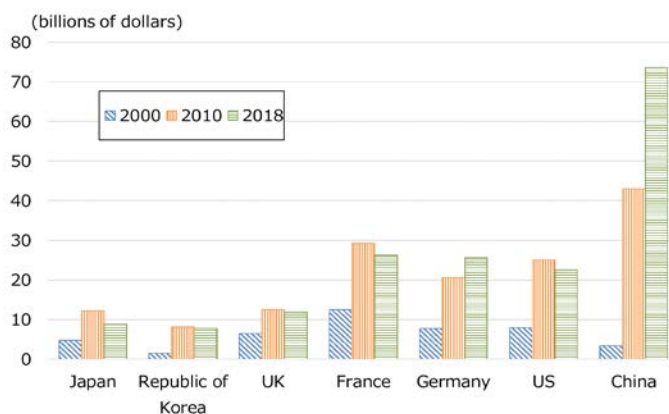
note : 2018 calendar year for GDP. 2016 fiscal year for number of overseas affiliates and sales value.

Source : IMF "World Economic Outlook database" (April 2019), METI "Basic Survey on Overseas Business Activities".

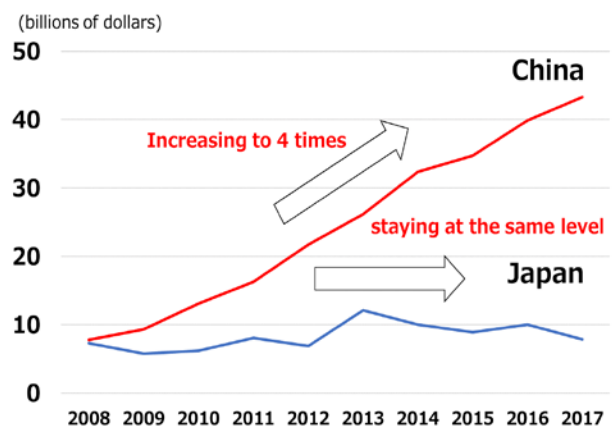
Exports to Central and South America by major economies



Exports to Africa by major economies



Cumulative value of direct investment to Africa



Source : Department of Commerce, China "Overseas Direct Investment Statistics", JETRO "Overseas Direct Investment Statistics".