

# JETRO

Japan External Trade Organization

2017

# JETRO Global Trade and Investment Report

## Global Economy Reaching Turning Point

Overview



Japan External Trade Organization (JETRO)  
Overseas Research Department



# JETRO Global Trade and Investment Report 2017

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# 1. Global trade declines 3.1%, downturn for two straight years

- In 2016, world trade (merchandise trade, nominal export value) declined by 3.1% from the previous year to \$15.6trillion (JETRO estimate), marking negative growth for two consecutive years. It is the first time since the period from 1981 to 1983 that negative growth was recorded in consecutive years. The trade volume (export basis) levelled off with a slight decrease of 0.2%, the lowest growth rate since 2010. Meanwhile, the value of world trade has been declining at a slower rate since its highest rate of decline in the third quarter of 2015, and is expected to see positive growth in 2017 overall.
- Factors contributing to pushing down the value of world trade were declines for the US and China for two consecutive years in both imports and exports and declines for commodity exporters—41 emerging and developing economies and seven developed economies—due to a drop in commodity prices. On the other hand, European countries such as Germany saw relatively brisk growth. Vietnam and the Philippines also showed high increases in both import and export and in import, respectively.
- Looking at trade value by product category, approximately 80% of the decrease in world trade is attributable to declines in commodity-related products. Amid shrinking trade in many categories, however, certain products showed an increase, such as transport equipment, turbines, pharmaceutical products, industrial robots, semiconductor manufacturing equipment and integrated circuits.

## World trade related indicators

(All figures are percentages, unless indicated at the end of column)

	2012	2013	2014	2015	2016
World trade (export) (100 mil USD)	176,680	182,542	185,006	161,124	156,201
Nominal growth rate	0.0	3.3	1.3	-12.9	-3.1
Real growth rate	2.3	3.7	3.0	1.3	-0.2
Price growth rate	-2.2	-0.3	-1.6	-14.0	-2.9
Industrial production index growth rate (developed countries)	0.4	0.2	2.1	0.2	0.1
Crude price growth rate	1.0	-0.9	-7.5	-47.2	-15.7
Natural gas price growth rate	13.1	-6.6	-6.5	-30.2	-40.4
Metal price index growth rate	-16.8	-4.3	-10.1	-23.0	-5.4
Iron ore price growth rate	-23.4	5.3	-28.1	-42.4	4.3
Food price index growth rate	-2.6	0.7	-4.1	-17.2	2.1
Growth of nominal effective dollar exchange rate	3.8	2.2	2.5	15.3	0.2

Note: 1) Both trade values and nominal growth rates are estimated by JETRO. See Appendix Annotation II regarding the method of estimation. 2) The price growth rate was calculated based on the price index of the IFS. 3) The real growth rate was calculated by dividing the nominal amount by price index. 4) All commodity prices are indicated in the growth rate of the annual average. Crude oil prices are the average of Dubai, Brent and WTI. Natural gas prices are Russian market prices. Iron ore prices are the import prices at China's CFR Tianjin port.

Source: Trade statistics of respective economies and "IFS, May 2017" (IMF)

## World trade value by country and region (2016)

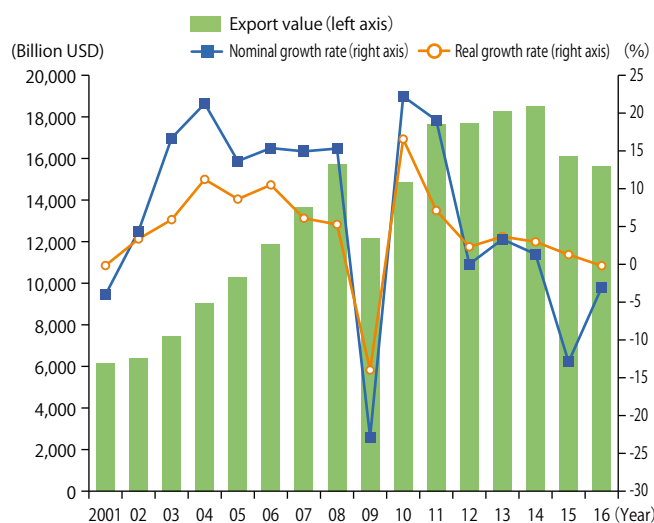
(100 million USD, %)

	Export				Import			
	Value	Share	Growth rate	Contribution	Value	Share	Growth rate	Contribution
US	14,510	9.3	-3.5	-0.3	21,878	13.7	-2.7	-0.4
Mexico	3,739	2.4	-1.8	0.0	3,871	2.4	-2.1	0.0
EU	53,351	34.2	-0.2	-0.1	52,594	32.9	0.1	0.0
Germany	13,380	8.6	0.8	0.1	10,552	6.6	0.3	0.0
France	5,009	3.2	-1.0	0.0	5,727	3.6	-0.1	0.0
UK	4,092	2.6	-11.0	-0.3	6,365	4.0	1.6	0.1
Japan	6,446	4.1	3.1	0.1	6,070	3.8	-6.4	-0.3
China	21,353	13.7	-6.4	-0.9	15,247	9.5	-4.8	-0.5
South Korea	4,954	3.2	-5.9	-0.2	4,062	2.5	-6.9	-0.2
ASEAN 6	11,107	7.1	-1.5	-0.1	10,388	6.5	-1.0	-0.1
Singapore	3,299	2.1	-4.8	-0.1	2,830	1.8	-4.6	-0.1
Thailand	2,137	1.4	1.3	0.0	1,958	1.2	-3.0	0.0
Malaysia	1,897	1.2	-4.8	-0.1	1,687	1.1	-4.2	0.0
Vietnam	1,766	1.1	9.0	0.1	1,748	1.1	5.6	0.1
Indonesia	1,445	0.9	-3.9	0.0	1,357	0.8	-4.9	0.0
Philippines	563	0.4	-4.0	0.0	808	0.5	21.2	0.1
India	2,646	1.7	-1.3	0.0	3,617	2.3	-8.2	-0.2
Brazil	1,852	1.2	-3.1	0.0	1,376	0.9	-19.8	-0.2
Russia	2,857	1.8	-16.8	-0.4	1,823	1.1	-0.3	0.0
South Africa	767	0.5	-6.1	0.0	751	0.5	-12.4	-0.1
World	156,201	100.0	-3.1	-3.1	160,030	100.0	-3.0	-3.0
Advanced economies	96,997	62.1	-1.3	-0.8	101,640	63.5	-1.7	-1.0
Emerging/developing economies	59,204	37.9	-5.8	-2.3	58,390	36.5	-5.1	-1.9
Commodity exporters	21,437	13.7	-9.7	-1.4	21,008	13.1	-8.7	-1.2

Note: 1) Figures of "World," "EU," "Advanced economies," "Emerging/developing economies" and "Commodity exporters" were estimated by JETRO. 2) Figures of "EU" include those of intraregional trade. 3) Member countries of ASEAN 6 are Singapore, Thailand, Malaysia, Vietnam, Indonesia and the Philippines. 4) See footnote in the main text regarding the definition of "Commodity exporters." Figures of small countries which were unavailable or unable to be estimated were excluded. 5) Advanced economies include 39 economies based on the definition of DOTS (IMF).

Source: Trade statistics of respective economies

## Trends in world trade (export basis)



Source: JETRO's estimates based on the trade statistics of respective economies, and "IFS, May 2017" (IMF)

## World trade by product (export basis, 2016)

(100 million USD, %)

	Value	Share	Growth rate	Contribution
Total exports	156,201	100.0	-3.1	-3.1
Machinery and equipment	66,114	42.3	-0.7	-0.3
General machinery	18,851	12.1	-2.1	-0.3
Turbines	1,071	0.7	5.7	0.0
Industrial robots	45	0.0	7.7	0.0
Semiconductor manufacturing equipment	568	0.4	18.0	0.1
Electrical equipment	23,115	14.8	-0.6	-0.1
Integrated circuits	5,337	3.4	5.3	0.2
Transport equipment	18,303	11.7	1.1	0.1
Precision equipment	5,845	3.7	-1.8	-0.1
Chemicals	21,566	13.8	-1.9	-0.3
Pharmaceuticals and medical supplies	5,064	3.2	1.7	0.1
Commodity-related products (total)	39,627	25.4	-8.9	-2.4
Fuel	14,350	9.2	-18.7	-2.0
Non-fuel (metal, food and beverages)	25,277	16.2	-2.2	-0.3
Metal	11,633	7.4	-6.0	-0.5
Food and beverages	13,644	8.7	1.4	0.1

Note: 1) JETRO estimates. 2) The value of "commodity-related products" was summed up from "fuel" (= mineral fuels etc.), "metal" (= mineral ore + base metal and its products), and "food and beverages" (= food + oils, fats and other animal and vegetable products).

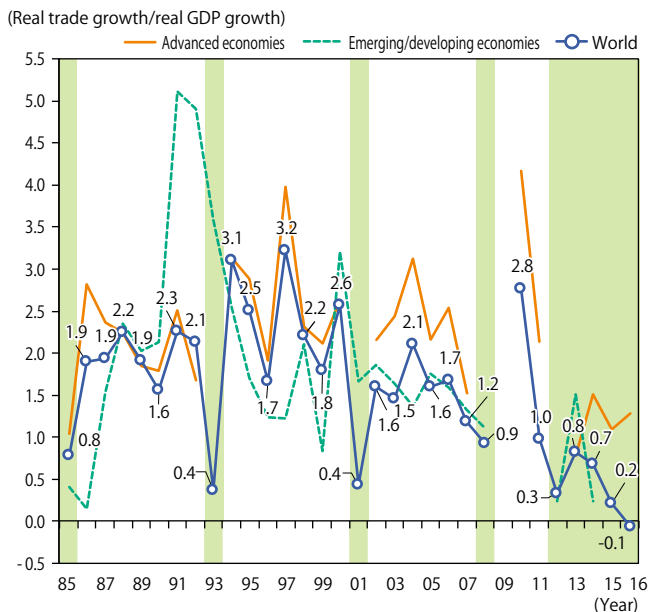
Source: Trade statistics of respective economies

# 2.

## Slow trade continues while service trade sees robust growth

- Slow trade -an economic phenomenon where the growth rate of trade is smaller than that of the world's GDP-continues. The trade growth rate has been slowing down since 2012 when the growth rate of trade to that of GDP fell below one. Slow trade is a particularly serious issue for emerging and developing economies.
- Amid weak world trade overall, the stable growth of consumer goods is remarkable, as shown by continuing increases in imports, even after 2012, of products such as passenger vehicles, telecommunications equipment, processed food, clothes and pharmaceutical products.
- As trade of services has done comparatively better than the sluggish trade of goods, we can say that it has proven more resistant to the economic slowdown. By category, remarkable gains can be seen in telecommunications, computers and information as well as business services, and by region in exports of emerging and developing economies. Trade expansion in the service sector is expected to bolster the growth of emerging and developing economies.

### Ratio of world trade growth to world GDP growth



Note: 1) Real trade growth is based on import volume. 2) All years, except for 2016, in which either the trade growth rate or GDP growth rate were negative are excluded. Years in shadow are those in which real trade growth/real GDP growth fell below 1.  
Source: "WEO, April 2017"(IMF) and "IFS(06/26/2017)" (IMF)

### Products which sustained strong imports

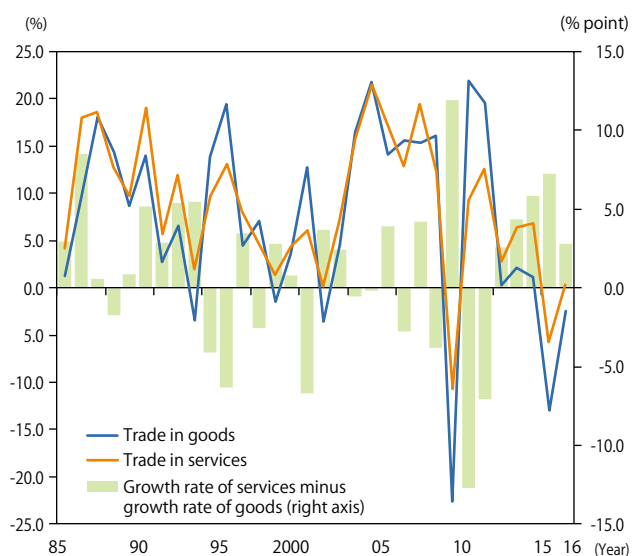
Products	Goods classification	Imports in 2016 (Million USD)	Average growth rate (%)	
			(a)2003-2007	(b)2012-2016
Passenger vehicles	Consumer	702,131	11.9	2.0
Integrated circuits	Parts	639,507	13.4	4.4
Telecommunications equipment	Capital/Consumer	578,667	20.9	4.6
Processed food	Consumer/Processed	540,234	12.8	0.5
Pharmaceutical products	Consumer/Processed	533,562	16.2	2.5
Clothes	Consumer	405,502	9.4	1.5
Footwear	Consumer	24,772	8.3	14.3
Shellfish	Consumer	19,581	3.0	4.2
Beef	Consumer	11,054	3.2	10.4
Sulphonamides	Processed	10,373	14.3	16.7
Precious and semi-precious stones	Materials/Processed	10,362	14.5	21.4
Cocoa beans	Materials	9,121	3.2	7.8

(Memorandum) Trade by goods

	Value	(a)2003-2007	(b)2012-2016
Materials	1,513,986	23.7	-15.2
Intermediate goods	7,845,399	17.4	-2.8
Finished goods	6,797,561	14.3	0.2
Capital goods	2,852,965	16.7	-0.9
Consumer goods	3,944,596	12.7	1.1

Note: 1) Products under "4-digit HS code" were calculated from the statistics of the top 20 countries/regions which accounted for over 70% of the world's imports in 2016. 2) Lines within the category of "JETRO Classification" indicate products of which the growth rate was positive during (b). The other lines within the category of "4-digit HS code" indicate products of which the growth rate during (b) surpassed (a). 3) Definitions of goods are based on BEC (the United Nations).  
Source: Trade statistics of respective countries and regions

### Growth of trade in goods and services



Note: Service trade values after 2005 are based on BPM6. Values before 2004 are based on BPM5.  
Source: "IFS, May 2017"(IMF) and WTO

### Word trade in services by categories (2016)

	Value	Share	2010-2016 Average growth rate
Total trade in services	4,879,290	100.0	3.7
Goods-related services	166,010	3.4	3.2
Manufacturing services on physical inputs owned by others	85,140	1.7	-1.2
Maintenance and repair services	80,870	1.7	9.9
Transport	852,550	17.5	0.5
Travel	1,205,480	24.7	4.0
Other commercial services	2,583,640	53.0	5.0
Construction	87,730	1.8	0.7
Insurance and pension services	121,590	2.5	3.2
Financial services	420,270	8.6	3.7
Charges for the use of intellectual property	314,060	6.4	5.0
Telecommunications, computer and information	493,050	10.1	6.9
Other business services	1,093,270	22.4	5.5
Research and development services	140,530	2.9	7.1
Professional and management consulting services	357,970	7.3	3.7
Technical, trade-related and other business	573,220	11.7	-0.8
Government goods and services	71,610	1.5	-0.0
Advanced economies	3,544,611	73.7	3.5
Emerging/developing economies	1,263,079	26.3	4.7

Note: 1) Due to constraints on data, the average growth rate of that of "professional and management consulting services" was calculated from the data in 2012 and that of "technical, trade-related and other business services" from 2014 to 2016. 2)The total of the advanced and emerging/developing economies not tally with the "Total trade in services" as the figures follow WTO's own estimates. Source: WTO

# 3. Japan's trade balance marks first surplus in six years

- In 2016, Japan's export amounted to \$644.6 billion, up 3.1% from the previous year, and import was \$607 billion, down 6.4%. The trade balance turned to a surplus of \$37.6 billion, marking the first surplus in six years since 2010. As the first half of 2017 also posted a surplus of \$9.6 billion, we are seeing an underlying return to the black for the trade balance overall.
- In export, the US was the largest partner country for four consecutive years with \$130 billion, up 3.3%, driven by increases in automobiles and construction machinery due to robust consumption in its market. The export to China increased by 4.2% to \$113.9 billion, boosted by rises in semiconductor manufacturing equipment and automobiles and auto components. The EU saw a rise to \$73.4 billion, up 11.2%, led by growth in such products as automobiles in Germany and railroad vehicles in the United Kingdom.
- While world trade experienced a robust export of consumer goods in the midst of a slow trade overall, Japan—in addition to a rise in passenger vehicles—showed strong growth in many products within the categories of intermediate goods and capital goods, including semiconductor manufacturing equipment and parts for airplanes and helicopters.

## Japan's trade trends

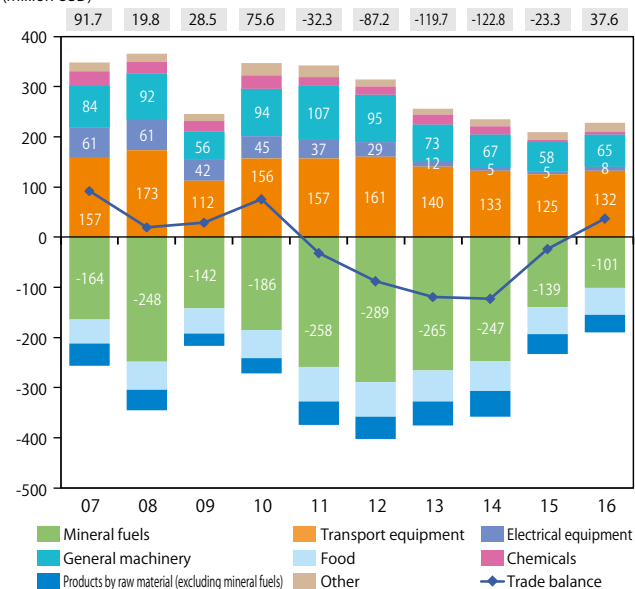
(Million USD, 100 million JPY, %)

	2015	2016	Jan-Jun 2017	
Dollar-based	Total exports	625,068	644,579	335,209
	(Growth rate)	-10.0	3.1	9.6
	Total imports	648,343	607,020	325,617
	(Growth rate)	-20.7	-6.4	12.5
Yen-based	Trade balance	-23,275	37,559	9,592
	(Year-on-year difference)	99,557	60,834	-7,069
	Total exports	756,139	700,358	377,881
	(Growth rate)	3.4	-7.4	9.5
Yen-based	Total imports	784,055	660,420	367,460
	(Growth rate)	-8.7	-15.8	12.2
	Trade balance	-27,916	39,938	10,422
	(Year-on-year difference)	100,245	67,854	-7,316
Export volume index	89.8	90.0	92.3	
(Growth rate)	-1.0	0.3	5.1	
Import volume index	103.0	102.6	104.2	
(Growth rate)	-2.8	-0.3	3.5	
Crude oil import price	55.0	41.6	54.1	
(Dollar/barrel, growth rate)	-47.7	-24.3	45.9	
Exchange rate (yen/dollar)	121.0	108.8	112.3	
(Yen appreciation, %)	-12.5	11.2	-0.5	

Note: 1) Yen-based values are converted to dollar-based values by JETRO.  
 2) The volume index is on a 2010 basis.  
 3) Exchange rates are the interbank rate average for each period.  
 4) Growth rates are a year-on-year comparison.  
 Source: "Trade Statistics" (Ministry of Finance), "Foreign Exchange Rate" (Bank of Japan)

## Trade balance by product

(Million USD)



Notes: The numbers above this chart represent the trade balance.  
 Source: "Trade Statistics" (Ministry of Finance)

## Japan's exports and imports by major country/region

(Million USD, %)

	2015	2016	2016		Jan-Jun 2017	2017	
			YoYchange	Contribution		YoYchange	Contribution
Total exports	625,068	644,579	3.1	3.1	335,209	9.6	9.6
US	125,852	130,019	3.3	0.7	64,312	3.1	0.6
EU	66,004	73,394	11.2	1.2	37,573	4.9	0.6
China	109,266	113,874	4.2	0.7	61,567	17.8	3.0
ASEAN	95,052	95,535	0.5	0.1	50,060	10.7	1.6
Total imports	648,343	607,020	-6.4	-6.4	325,617	12.5	12.5
US	66,638	67,371	1.1	0.1	35,708	10.9	1.2
EU	71,265	74,944	5.2	0.6	37,244	4.2	0.5
China	160,674	156,444	-2.6	-0.7	78,020	4.2	1.1
ASEAN	97,953	92,301	-5.8	-0.9	49,814	11.6	1.8

Note: Yen-based values are converted to dollar-based values by JETRO.  
 Source: "Trade Statistics" (MOF)

## Products of which export has increased even under trend of "slow trade"

Product	Category	Export value		Export volume 2012-2016 Average growth rate
		Million USD	2012-2016 Average growth rate	
Passenger motor vehicles, cylinder capacity >1500 cc, ≤3000 cc	Consumer goods	55,522	3.2	3.3
Machines for manufacturing equipment of semiconductor devices, IC	Capital goods*	8,114	2.0	-3.9
Gold, nonmonetary, unwrought	Processed goods*	6,378	10.1	18.4
Parts for airplanes and helicopters	Parts*	4,747	5.0	8.8
Parts & accessories for manufacturing equipment of semiconductor devices	Parts*	4,409	7.4	22.6
Passenger motor vehicles, with diesel engine, cylinder capacity >1500 cc, ≤2500 cc	Consumer goods	4,272	4.9	8.5
Machines for manufacturing of flat panel displays	Capital goods*	3,459	18.3	4.2
Tankers	Capital goods*	3,383	2.5	1.1
Vehicular engines (over 1000 cc)	Parts*	3,170	4.3	2.6
Parts for turbojets and turbo propellers	Parts*	3,045	6.4	6.4
Parts for phone sets & other apparatuses for voice transmission or reception	Parts*	2,819	10.9	-12.4
Lithium ion batteries	Parts*	2,615	3.4	7.5
Gold or platinum jewelry and parts	Consumer goods	2,314	19.1	19.8
Pharmaceutical products, not containing antibiotics or hormones	Consumer goods	2,217	11.8	6.2
Mounted piezoelectric crystals	Parts*	2,060	9.7	17.9
Microtomes (including parts and accessories)	Capital goods*	1,923	0.6	3.8
Outboard motors for marine engines	Consumer goods	1,679	1.2	-2.3
Industrial robots	Capital goods*	1,627	3.0	12.3
Beauty & skin care preparation	Consumer goods	1,590	11.4	18.1
Patient monitoring systems, medical imaging apparatuses, etc.	Capital goods*	1,402	8.9	-5.3

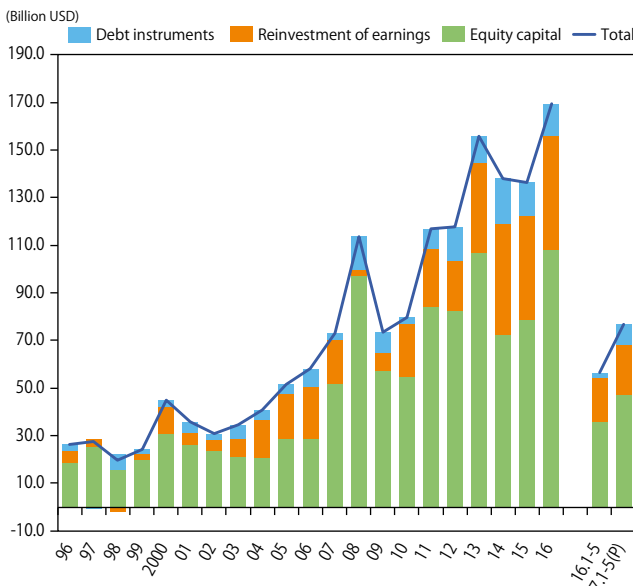
Note: Calculated based on the HS6-digit level. The top 20 export products in 2016 among products of which export amounted to over a \$100 million in 2016 and the average export growth rate from 2012 to 2016 was positive.  
 \* Intermediate goods (including parts and processed products) and capital goods  
 Source: "Trade Statistics" (MOF)



# 4. Japan's outward FDI marks record high

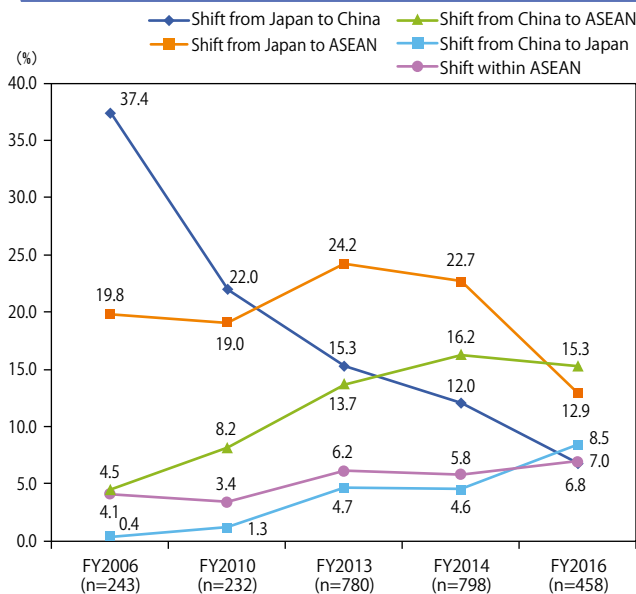
- Japan's outward FDI in 2016 increased by 24.3% from the previous year to \$169.6 billion (on a balance of payment basis, net, flow), which was a record high since comparable records began in 1996 and surpassed its peak of \$155.6 billion marked in 2013. Looking at major countries and regions, investment in the EU almost doubled from the year before, largely due to growing investment in the UK. The US accounted for approximately 30% of total investment, remaining the largest destination country for seven straight years.
- JETRO surveys indicate that there remains a shift to ASEAN among Japanese companies. In the overall trend of restructuring bases and functions related to sales and production at home and abroad, there is a growing pattern of such transfers being made by Japanese companies from China to ASEAN.
- In FY2016, overseas sales of Japanese firms continues to account for a high share of their total sales at 56.5%. By region, the Americas have seen the ratio increasing over recent years, accounting for slightly above a quarter of the total at 26.3%.

## Trends in Japan's outward FDI by type



Note: 1) The yen-based value is converted to dollars by quarter, using the average quarterly Bank of Japan interbank rate.  
2) Figures are based on BPM6.  
Source: "Balance of Payment Statistics" (Ministry of Finance, Bank of Japan).

## Main transfer patterns of domestic and overseas bases and functions by Japanese firms



Notes: 1) The figures above include cases of reported restructuring of bases conducted in the past two to three years or planned for in the coming two to three years. 2) Multiple answers.  
Source: "Survey on the International Operations of Japanese Firms" (JETRO) various issues

## Japan's outward FDI by country/region

(Million USD, %)

	2015	2016	Share	Percent change	Jan-May, 2017 (P)	Share	Percent change
Asia	34,477	10,886	6.4	-68.4	12,775	16.6	-7.3
China	10,077	8,634	5.1	-14.3	3,633	4.7	8.4
ASEAN	20,624	-6,098	-	-	6,710	8.7	2.3
Singapore	6,779	-18,955	-	-	1,950	2.5	56.5
Thailand	3,926	4,064	2.4	3.5	2,348	3.1	53.5
Indonesia	3,306	2,924	1.7	-11.6	1,095	1.4	-7.1
Malaysia	2,893	1,409	0.8	-51.3	-252	-	-
Philippines	1,520	2,312	1.4	52.1	561	0.7	-56.6
Vietnam	1,439	1,854	1.1	28.9	856	1.1	16.2
India	-1,176	3,690	2.2	-	835	1.1	-46.9
North America	50,630	53,086	31.3	4.9	17,766	23.1	-23.9
US	49,319	52,194	30.8	5.8	17,742	23.1	-23.1
Latin America	5,953	25,565	15.1	329.5	8,764	11.4	414.7
Mexico	1,188	2,545	1.5	114.1	-3	-	-
Oceania	6,917	5,953	3.5	-13.9	286	0.4	-83.0
Australia	5,943	4,309	2.5	-27.5	-58	-	-
Europe	36,109	73,548	43.4	103.7	35,970	46.8	122.7
EU	35,638	70,308	41.5	97.3	35,524	46.2	138.9
UK	14,017	47,800	28.2	241.0	12,405	16.1	78.2
World	136,423	169,582	100.0	24.3	76,882	100.0	36.9

Note: 1) The yen-based value is converted to dollars by quarter, using the average quarterly Bank of Japan interbank rate. 2) For after 2015, figures reflect the annual revision. 3) The cumulative total for 2017 is a preliminary figure.  
Source: "Balance of Payment Statistics" (Ministry of Finance, Bank of Japan).

## Share of Japanese companies' sales by region

(%)

Fiscal year (No. of companies)	Domestic	Overseas	Americas	Europe	Asia-Pacific	Other
2000 (547)	71.4	28.6	13.4	5.6	5.8	3.8
2001 (581)	68.5	31.5	14.7	6.1	6.3	4.4
2002 (592)	67.2	32.8	14.9	6.6	6.8	4.5
2003 (624)	66.5	33.5	14.1	7.0	7.7	4.8
2004 (669)	65.4	34.6	13.6	7.4	8.5	5.1
2005 (724)	64.9	35.1	13.8	6.9	9.5	4.9
2006 (751)	62.3	37.7	14.5	7.7	10.3	5.1
2007 (781)	60.8	39.2	14.2	9.1	10.7	5.2
2008 (817)	62.6	37.4	12.7	8.6	10.8	5.3
2009 (844)	63.3	36.7	12.4	7.5	11.3	5.4
2010 (320)	54.0	46.0	18.1	8.1	15.2	4.7
2011 (236)	53.1	46.9	17.7	8.9	15.0	5.3
2012 (221)	51.3	48.7	18.6	7.8	17.2	5.1
2013 (211)	45.6	54.4	21.5	9.2	18.2	5.5
2014 (212)	43.1	56.9	23.5	9.2	18.7	5.5
2015 (186)	41.7	58.3	25.9	8.9	18.4	5.0
2016 (176)	43.5	56.5	26.3	7.8	17.3	5.1

Note: 1) Companies surveyed: The accounting period is from December to March, and information is broken down by location. 2) Figures for FY2016 reflected companies with financial statements or securities reports available by June 12, 2017. 3) Percentage = sales of each region/total sales. 4) Surveyed companies include listed subsidiaries, which were double-counted. 5) Companies which combine multiple regional sales such as "Americas and Europe" and "Europe and Africa", were excluded.  
Source: Aggregated sales amount of all companies based on their financial statements

# 5.

## Inward FDI from Asia to Japan continues to grow

- In 2016, the value of Japan's inward FDI (on a balance of payment basis, net, flow) was \$34.9 billion, which surged approximately six-fold from \$5.6 billion reported in 2015 and marked a record high since comparable records began in 1996. By region, investment from the Europe increased significantly through such activities as mergers and acquisitions (M&As) in the pharmaceutical and automobile components industries.
- At the end of 2016, Japan's inward FDI stock increased to 27.8 trillion yen, with its ratio to GDP for the first time hitting the 5% level at 5.2%. Meanwhile, Asia's presence as a major investor is expanding as its composition ratio to the inward FDI stock of Japan increased to 18%.
- In recent years, the number and value of acquisitions of foreign companies made by those of Asia are increasing considerably. The composition ratio of East Asia—a total of that of China, Korea, Taiwan, Hong Kong, and ASEAN—to the entire value of the world's cross-border M&As spiked from 2.3% in 2000 to 13.6% in 2016. Of those countries, the value of acquisitions by China hit the highest mark at \$120.4 billion in 2016.

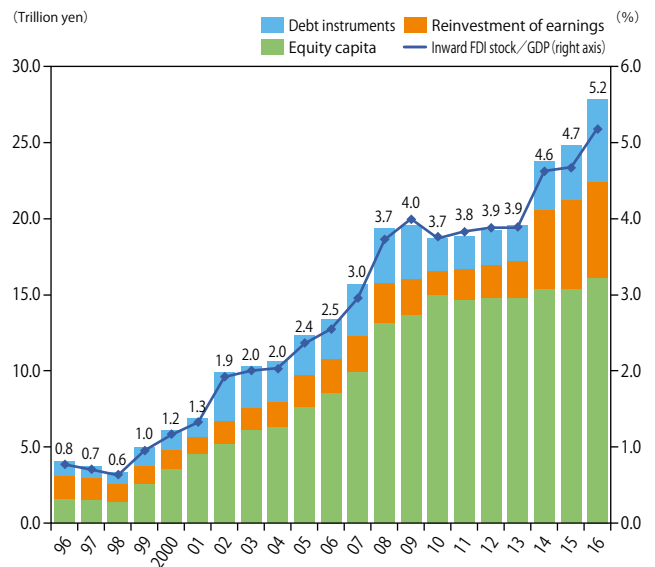
### Japan's inward FDI by country/region

			2017	
	2015	2016	Jan-May(P)	YoY change
Asia	5,562	8,001	4,235	226.3
China	641	-126	-40	-
Hong Kong	973	1,361	-278	-
Taiwan	723	2,497	392	78.1
South Korea	939	563	267	50.8
ASEAN	2,273	3,714	3,902	270.1
Singapore	1,842	3,046	4,273	383.9
North America	5,186	5,745	3,139	-3.8
US	5,199	5,761	3,227	-1.6
Latin America	-2,027	1,714	1,390	402.2
Oceania	-640	846	-408	-
Europe	-2,721	18,477	-100	-
EU	-2,533	17,414	-399	-
World	5,585	34,897	8,247	-35.8

Notes: 1) The yen-based value is converted to dollars by quarter, using the average quarterly Bank of Japan interbank rate. 2) For after 2015, figures reflect the annual revision. The cumulative total for 2017 is a preliminary figure.

Source: "Balance of Payment Statistics" (Ministry of Finance, Bank of Japan).

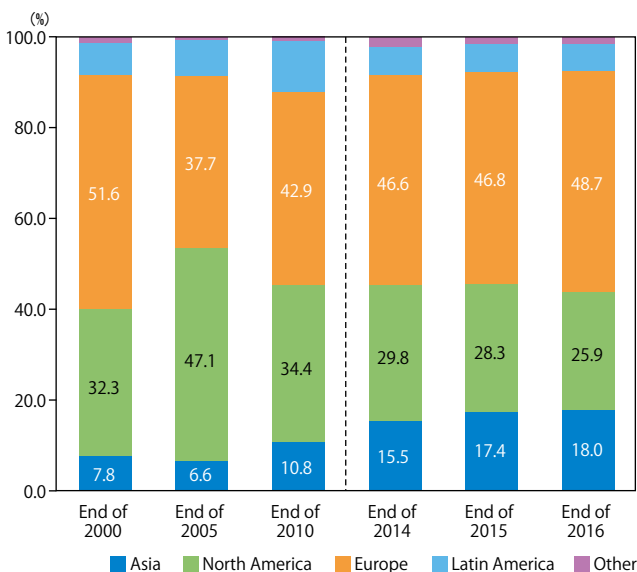
### Inward FDI stock in Japan



Note: Based on BPM6 over the entire period.

Source: "International Investment Position" (MOF, BOJ), data from the Cabinet Office

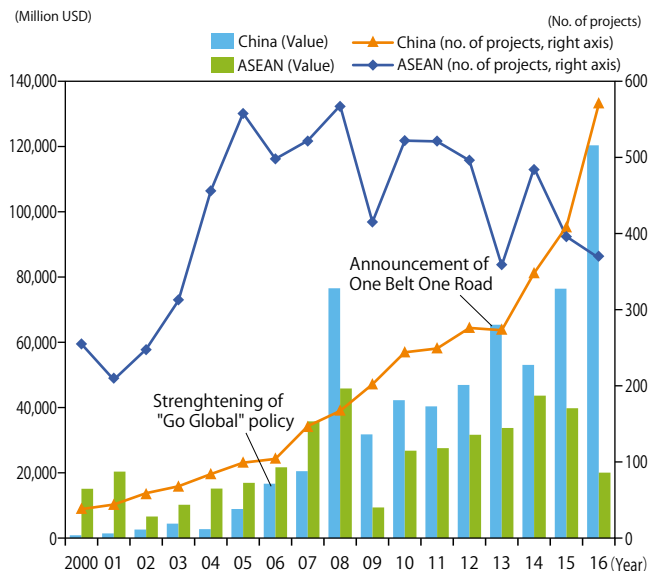
### Share of inward FDI stock in Japan by region



Note: Because the BOP-related statistics have been revised, there is no strict continuity in the data before the end of 2013 and after the end of 2014.

Source: "International Investment Position" (MOF, BOJ)

### Trends in cross border M&As by Chinese and ASEAN firms



Note: 1) Acquirer Ultimate Parent Nation. 2) The dates show when M&As have been completed.

Source: Thomson Reuters

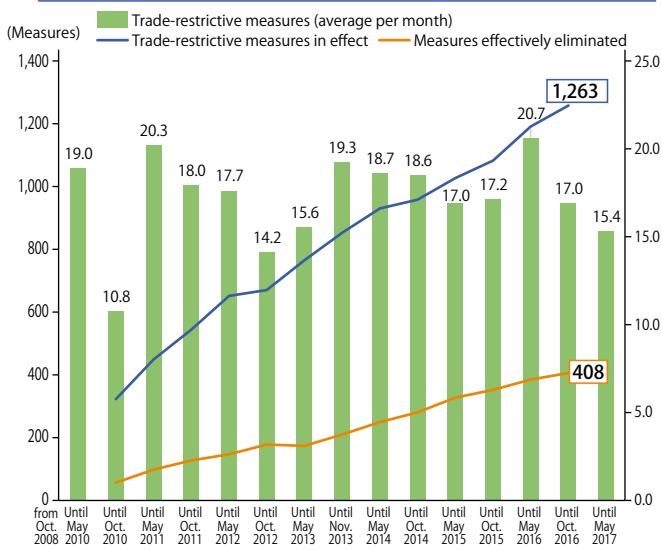


# 6.

## World trade policies reaching turning point

- Measures to restrict trade introduced after the global financial crisis keep accumulating. According to the World Trade Organization (WTO), while 1,263 trade-restrictive measures that G20 countries introduced between October 2008 and October 2016 are in effect, only 408 actions were lifted.
- The new administration in the US is deeply concerned about the trade deficit of the country. In March 2017, President Trump issued an executive order to review the causes of the US trade deficit. The deficit with China in particular accounts for nearly half of the overall trade deficit. US is likely to continue seeking the reduction of its trade deficit with partner countries by strengthening the enforcement of trade remedy measures and trade laws.
- The EU, which has continued its expansion until now through promoting supranational integration, is currently facing many difficult challenges, such as negotiations with the UK on its withdrawal from the union, different stances among member countries on what form integration should take, and immigration and refugee issues. Reflecting the intentions of western European countries centering on Germany and France, the EU is modifying its policies to aim at multi-speed integration, which allows member countries to take different stances by area—such as Economic and Monetary Union and foreign policy cooperation—for how fast and to what extent they will tie with the EU depending on each country's capacity and motivation.

### Trade-restrictive measures of G20 countries



Notes: 1) Trade-restrictive measures introduced since Oct. 2008 include measures affecting imports and exports, trade remedies, and other measures.  
 2) Data aggregation of measures was conducted from the end of 2010 until Oct. 2016. The length of period covered differs according to the dates of publication of each monitoring report.  
 3) In the recent report published in June 2017, trade remedies were excluded from the categories of trade-restrictive measures. However, in order to compare with the previous results, the number of such remedies is added to the total figure.

Source: WTO Secretariat

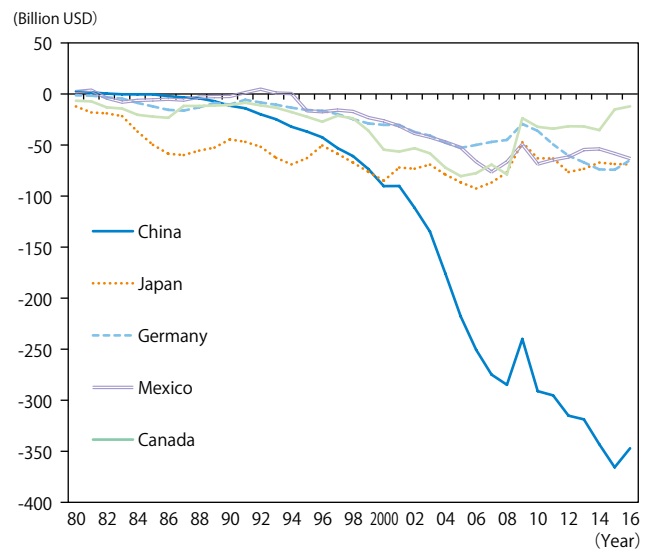
### Trade related Executive Orders and Presidential Memoranda by President Trump (2017)

Date of signature	Title	Outline	
Executive Orders	Mar 31	Omnibus Report on Significant Trade Deficits	Assessment of major causes of trade deficits, unequal burdens imposed by trading partners and impacts on the economy of the United States.
	Mar 31	Establishing Enhanced Collection and Enforcement of Antidumping and Countervailing Duties and Violations of Trade and Customs Laws	Development of a plan to enforce antidumping and countervailing duties as well as combat violations of the US trade and customs laws.
	Apr 18	Buy American and Hire American	Assessing the extent of enforcement of the Buy American Law and impact of trade agreements, and to review the immigration system including the H1-B visa program.
	Apr 29	Addressing Trade Agreement Violations and Abuses	Identifying violations or abuses of WTO and any US trade agreement and investment agreement.
	Apr 29	Establishment of Office of Trade and Manufacturing Policy	Establishment of office with the mission to advise the President on policies to decrease the trade deficit and strengthen the United States manufacturing bases.
Presidential Memoranda	Jan 23	Withdrawal of the United States from the TPP	Permanent withdrawal of the US from TPP, and pursuit of bilateral trade negotiations.
	Jan 24	Construction of American Pipelines	Development of a plan to use materials and equipment produced in the US for all new pipelines within US borders.
	Apr 20	Steel Imports and Threats to National Security	Investigating the effects on national security of steel imports based on the Trade Expansion Act of 1962.
	Apr 27	Aluminum Imports and Threats to National Security	Investigating the effects on national security of aluminum imports based on the Trade Expansion Act of 1962.

Note: Although there is no clear distinction between the two instruments above, as a matter of historical practice, it seems that presidents are more apt to utilize executive orders on matters that may benefit from public awareness. Memoranda, on the other hand, are often used to carry out routine executive decisions, or to direct agencies to perform duties consistent with the law or implement laws that are presidential priorities.

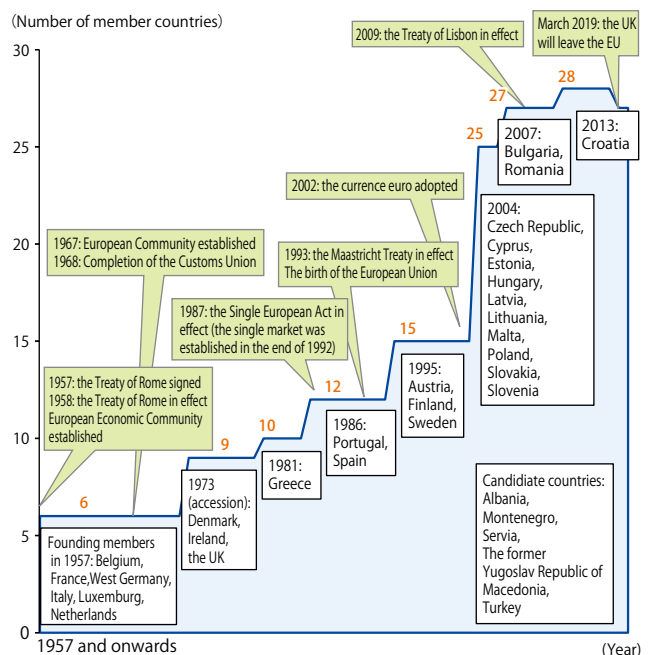
Source: White House

### US trade deficit by major country



Source: "DOTS, May 2017" (IMF)

### Major events in European Integration and numbers of member countries



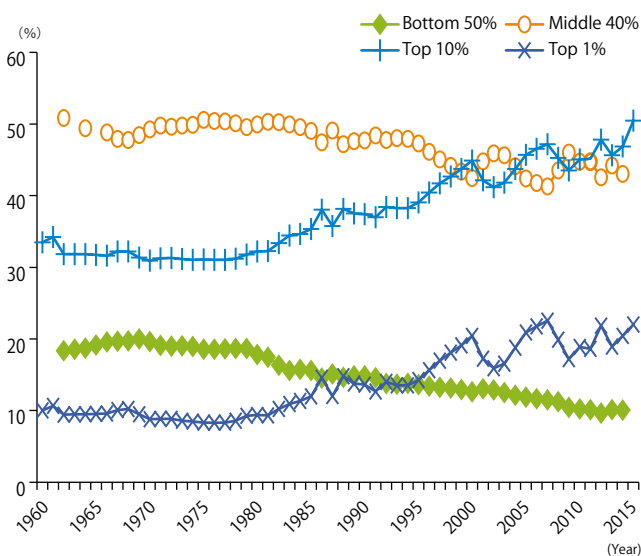
Source: Website of the European Union

# 7.

## Background of inward-looking policies and new momentum toward free trade regime

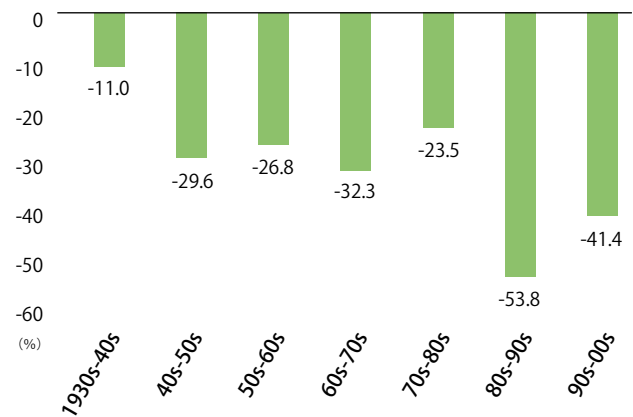
- Some Western countries have seen support for inward-looking policies against globalization expanding, with such events as the UK's resolution leaving the EU, the Trump administration's withdrawal from the TPP, re-negotiation of the North American Free Trade Agreement (NAFTA) and tightened migration policies. As growing disparities in income and employment are said to be responsible for this trend, the main reason of the widening gap is generally considered to be technological advancement rather than globalization.
- With the emergence of a social stratum left behind by globalization being identified, the significance and effectiveness of establishing inclusive multilateral trade rules based on the WTO's initiatives have been reaffirmed. Over recent years, the WTO has made steady progress.
- Among its achievements, the WTO Trade Facilitation Agreement -entered into force in February 2017- was remarkable. Realization of simplified trade procedures and increased transparency based on the agreement is expected to encourage all players, including SMEs, to take part in trade.

### Income inequality in US: Share of each income group



Note: 1) The "middle 40%" ranges from the 50th to 90th percentile ranks. 2) Income data is based on the fiscal income (the sum of all income items reported on income tax returns, before any deduction). Source: World Wealth and Income Database (WID.world)

### Cost of using computers: Compound annual growth rate



Note: The compound annual growth rate was calculated by comparing the medians of the real cost per million computations (2006 USD prices) of the corresponding decade. Source: Revised data of table 6 of Nordhaus (2007) created by William D. Nordhaus

### Recent achievements or progress in WTO and plurilateral trade negotiations

Issues	Recent achievements or progress	
Achieved results	Agriculture	Prohibition of export subsidies (2015) Duty-free, quota-free for cotton exports from LDCs (2015)
	Market access	Expansion of tariff-free products under the Information Technology Agreement (ITA) (2015)
	Government procurement	Revised agreement in effect (2014) which facilitated new accessions
	Trade facilitation	Trade Facilitation Agreement in effect (2017)
	Intellectual property	Amendment of the TRIPS Agreement on access to medicines in effect (2017)
Agenda in progress	Services	Negotiation of "Trade in Services Agreement (TISA)" in progress among 23 WTO members (since 2013)
	Trade rules	Negotiation on fishery subsidies in progress (activated since 2016)
	Environment	Negotiation of "Environmental Goods Agreement" in progress among 18 WTO members (since 2014)
	New issues	Discussions on e-commerce (since 2016) Discussions on investment facilitation (since 2017) Discussions on how SMEs can benefit from global trade (since 2017)

Note: TISA negotiations are conducted outside the WTO system. Source: WTO Secretariat and other sources on international trade

### Outlook of WTO Trade Facilitation Agreement

Provisions	Contents
Section 1: Specific commitments members should implement	
Article 1	Publication and availability of information Recommending members to promptly publish information related to customs procedure in an easily accessible manner such as through the Internet.
Article 3	Advance rulings Introduction of advance rulings, publication of its procedures, etc.
Article 4	Procedures for appeal review Allowing traders to request appeal or review on decisions made by customs.
Article 7	Release and clearance of goods Facilitating quick release and clearance of goods.
Article 10	Formalities connected with importation, exportation and transit Facilitating simplification of formalities connected with importation, exportation and transit.
Article 11	Freedom of transit Recommending members to guarantee freedom of transit including by applying transit charges, procedures and controls.
Section 2: Special and differential treatment (SDT) provisions	
Article 14	Categories Category A: Provisions that the Member will implement by the time the Agreement enters into force (or in the case of a least-developed country Member within one year after entry into force). Category B: Provisions that the Member will implement after a transitional period following the entry into force of the Agreement. Category C: Provisions that the Member will implement on a date after a transitional period following the entry into force of the Agreement and requiring the acquisition of assistance and support for capacity building.
Article 17	Early warning mechanism Extension of implementation dates for Provisions in Categories B and C.
Article 19	Shifting between Categories B and C Members may shift provisions between Categories B and C through the submission of a notification to the Committee.
Article 20	Grace period for the application of the understanding on Rules and Procedures governing the settlement of disputes.
Section 3: Institutional arrangements and final provisions	

Source: WTO "Trade Facilitation Agreement"

# 8.

## Value of multilateral trade rules reappraised in regulations and standards

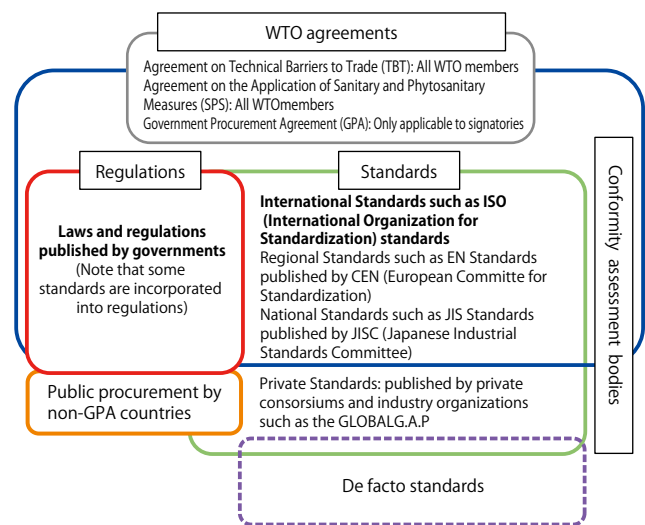
- Along with technological advancement, in recent years, strategic measures aiming to gain an advantage in international development of goods and services by securing international standards are increasingly taken on the policy level of countries and regions as well as on the business level.
- The influence of international standards have increased in the WTO system. However, as the range of targets the system covers is expanding from goods to services and systems, certain trends have been gradually emerging, such as challenges in international standards—including increasing difficulty for standardization organizations to coexist—and a recent tendency in international standardization for increasing numbers of standards to be created by private agencies.
- The number of the Technical Barriers to Trade (TBT) notifications—sent by WTO members to the Secretariat in such cases as creating regulations—surpassed 28,000 since the system launched, with more than 2,000 added almost every year since 2012. TBT notifications are contributing to increasing transparency in regulations. The TBT Committee at the WTO has prevented trade disputes by handling specific trade concerns (STC) raised by WTO members.

### Important elements regarding international standardization strategies in major countries and regions

Country/Regions	Elements
EU	- European standardization bodies such as the European Committee for Standardization (CEN) collaborate with international standardization bodies such as the International Organization for Standardization (ISO) - Harmonization of regulations and standards within Europe through EU Directives - Spread of European standards to other regions
US	- A tradition of attaching importance to market mechanism - Criteria developed in various fields by approx. 450 private institutes - Wide utilization of international standards under the WTO regime - Strategic promotion of unique standardization in high-tech fields
China	- Standardization enhanced after joining the WTO in 2001 - Initiative taken in promoting standardization as a national strategy - Prominence of China growing in international standardization organizations such as the ISO
ASEAN	- Harmonization and mutual approval of rules and specifications among member countries based on the ASEAN Economic Community (AEC) - Slow streamlining of standards and specifications in responding to real economic conditions - An aim at mild harmonization in consideration of differences between countries
Japan	- Nearing achievement of its strategic goal for increasing its presence in international standardization organizations by 2015 - Strategic formulation of standards in new fields

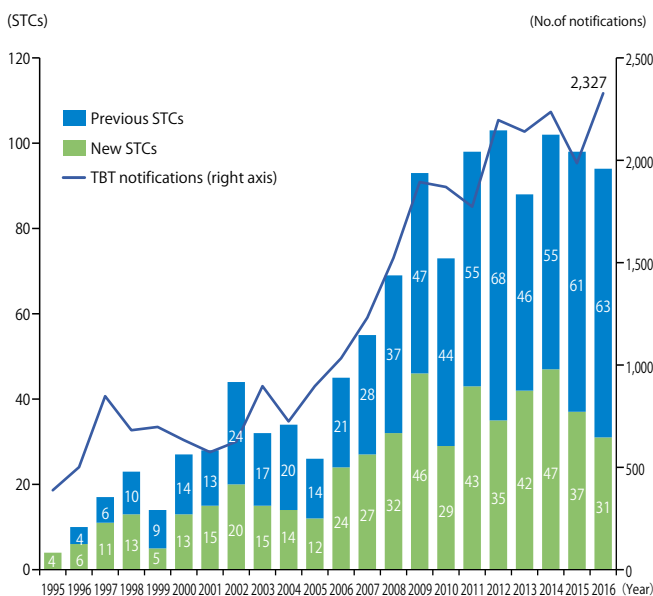
Source: Interview surveys, seminar reports

### WTO agreements and various rules for international standardization



Note: 1) Only those WTO agreements related to standards are listed.  
2) Regulations are written rules, the adoption to which are obligatory.  
3) Standards are written rules which are not compulsory in principle.  
However, some standards are effectively incorporated into national regulations.  
Sources: Interview surveys and others

### WTO TBT notifications and STCs



Note: "Previous STCs" refers to STCs which have been discussed in two or more meetings of the TBT Committee in the WTO.  
Source: WTO TBT-IMS database

### Top countries and regions pointed out by TBT Committee regarding STCs (1995-2016)

Country/Region	number of STCs	Examples (year)
EU	98	Regulation on Chemicals (REACH) (2003) Regulation on Classification, Labelling and Packaging (CLP) (2007)
China	60	Administrative Measure on Cosmetics Labelling (2015) Compulsory Certification (CCC) System (2006)
US	47	Bioterrorism Act (2003) Transportation of Lithium Batteries (2010)
South Korea	32	Food Industry Promotion Act (2009)
India	26	Alcoholic Beverages Standards (2013)
Brazil	23	Draft Resolution on tobacco products (2011)
Indonesia	21	Regulation on the label of processed foods (2013)
Ecuador	19	Resolution establishing a general conformity assessment framework(2013)
Russia	18	Draft Technical Regulation on Safety of Alcohol Drinks (2012)
Mexico	15	Energy Labelling Measures (Law for Sustainable Use of Energy)(2011)
Colombia	13	Commercial Truck Diesel Emissions Regulation (2011)
Japan	12	Labelling Guidelines on Wagyu Beef (2008)
Canada	11	Amendment to Tobacco Act (2009)
Thailand	10	Draft Notification for Labels of Alcoholic Beverages (2014)
Argentina	8	MERCOSUR Regulation on Alcoholic Beverages (2004)
Taiwan	8	GMO Labelling (2015)
France	8	Draft decree on a common set of symbols informing the consumer about recyclable products (2014)
Total	521	

Note: Examples shown are the cases which relatively large number of WTO members raised as STCs.  
Source: WTO TBT-IMS database

# 9.

## Future of e-commerce market (1) Market and companies

- According to the United Nations Conference on Trade and Development (UNCTAD), the sales value of world electronic commerce (e-commerce) in business-to-consumer (B2C) transactions in 2015 is estimated to be \$2.9 trillion. China seems to have already overtaken the US as the world's largest market. With India's annual average growth rate from 2016 to 2020 expected to reach almost 40%, India is likely to grow at a larger pace than China.
- A JETRO survey (FY2016) targeting Japanese companies shows that 24.4% of the respondents have used e-commerce to sell products, with 47.2% of them being engaged in international sales. While many companies cited Northeast Asian and Western countries as current sales destinations, they have high expectations for ASEAN countries as future markets. Some of the cases brought up in the field interviews illustrate that e-commerce has been serving as an alternative way for them to expand into new markets.
- In using e-commerce, many companies pointed out payment and logistics as challenges. Regarding payment systems, a number of countries and regions primarily use cash-on-delivery and credit-card payment. However, in developing economies without the necessary infrastructure, the establishment of alternative payment systems has become the key to business growth. In terms of logistics, the availability of reliable logistics operators and the efficiency of customs are among challenges that companies engaged in e-commerce have to face when delivering products to consumers. There are companies taking progressive approaches to address these issues around the world.

### Sales value of B2C e-commerce in major countries and market share

(Unit:US\$ million, %)

	2016	2020 (estimate)	CAGR (2016→2020)	Market share of major companies in 2016					
				1st		2nd		3rd	
China	366,078	650,210	15.4	Alibaba Group Holding	43.5	JD.com	20.2	Sunning Commerce Group	3.1
US	312,064	533,514	14.3	Amazon.com	33.0	Wal-Mart Stores	7.8	eBay	7.4
UK	73,456	106,720	9.8	Amazon.com	26.5	eBay	10.1	Tesco	6.6
Japan	72,577	104,400	9.5	Amazon.com	20.2	Rakuten	20.1	Softbank(Yahoo!Shopping)	8.9
Germany	44,094	70,068	12.3	Amazon.com	40.8	eBay	15.0	Otto	11.2
France	35,769	51,205	9.4	Amazon.com	10.7	Casino Guichard-Perrachon(Cdiscount)	9.9	E Leclerc	7.5
India	21,648	81,633	39.4	Flipkart	39.5	Jasper Infotech (Snapdeal)	30.2	Amazon.com	12.1
Russia	11,494	20,096	15.0	Maksus (Svyaznoy)	4.6	Wildberries	4.3	Ulmart	3.6
Brazil	10,369	16,481	12.3	Rojas Americanas(Americans.com)	18.7	MercadoLibre	17.6	Casino Guichard-Perrachon(Pontofrio)	15.5
Mexico	4,563	11,505	26.0	MercadoLibre	9.5	Rocket Internet (Linio)	5.8	Amazon.com	5.5

Note: 1. The sales value is an estimate by Euromonitor International. The values are the sales of consumer goods to the general public via the Internet (excluding sales of motor vehicles, motorcycles and vehicle parts)through any electronic device. Sales of delivery services, such as those of foods and household goods, and pickup at stores where the payment is made in the store are excluded. 2. The names in parentheses are major e-commerce platforms or online shopping sites of the respective companies. Source: "Passport" (Euromonitor International)

### Cases of overseas sales by Japanese companies via e-commerce

Firm	Location	Business	Destination	Outline
A	Miyazaki	'Go'-stone maker	Europe, the US, Northeast Asia and Southeast Asia, etc.	The company makes sales through its own online shopping site to customers in the countries and regions where it has no partner distributor. The company has also created a designated web page to introduce the culture of the "Go" game as well as the company's sophisticated techniques to make "Go"-stones to increase the brand awareness. Ordered items are sent to customers after payment via either credit card or PayPal is received and confirmed.
B	Niigata	Metal product	Northeast Asia, Southeast Asia and Europe	The company takes orders through its own online shopping site after either the deposit is made or payment via PayPal is received and confirmed. It also sells its products on B2B e-commerce platforms specialized for the material business, the sales volume of which has surpassed that of its own shopping site.
C	Osaka	Housing equipment	Northeast Asia, Northern America and Europe	The company sells its products in China through trading firms while in Taiwan and the US through e-commerce platforms of the respective sales destination. It was approached by a major American chain store through the e-commerce platform. This made the company realize the potential of e-commerce as an alternative way to expand into a new market.
D	Tokyo	Food processing	China and the US	The company sells products through major local e-commerce platforms. Around two years ago, one of its products ranked in the top 20 of its product category in the US, and since then, sales has been increasing.
E	Hokkaido	Trading firm	Russia CIS	The company sells healthy food products and processed foods made in Japan through its own Russian online shopping site. 90% of the sales are paid by credit card. The company uses an EMS and has not had a case where a package never reaches a customer.

Source: Field Interviews

### Progressive approaches to overcome some of the obstacles in e-commerce

	Issues	Operating Entity	Strategies
Payment	Cash on Delivery	Safaricom (SMS Payment)	"M-Pesa" in Kenya is a money transfer service through its mobile short message service. The fee is put on the user's cellphone bills.
	Credit card	Alibaba Group Holding (Mobile Payment)	The Alibaba Group Holding has established its own mobile payment system "Alipay" in China, utilizing QR codes. Users can add money from not only credit cards but also bank accounts and even by cash. It is expected that this system will spread, particularly in developing countries.
Logistics	The availability of high-quality logistics service providers	Jumia, Alibaba Group Holding	Africa's major e-commerce platform Jumia has established its own logistics network using motorcycles. The Alibaba Group Holding also increased the delivery efficiency in China by consolidating local logistics companies.
	Last Mile Delivery (Diverse customer needs in parcel delivery)	Amazon.com	Amazon.com has been increasing the scale of its own warehouses in countries they operate with the aim of expanding the areas they can provide the same- or next-day delivery. It is also seeking quicker and more efficient delivery means by conducting trials of drone delivery, for instance.

Source: Reports from JETRO overseas offices and various media reports

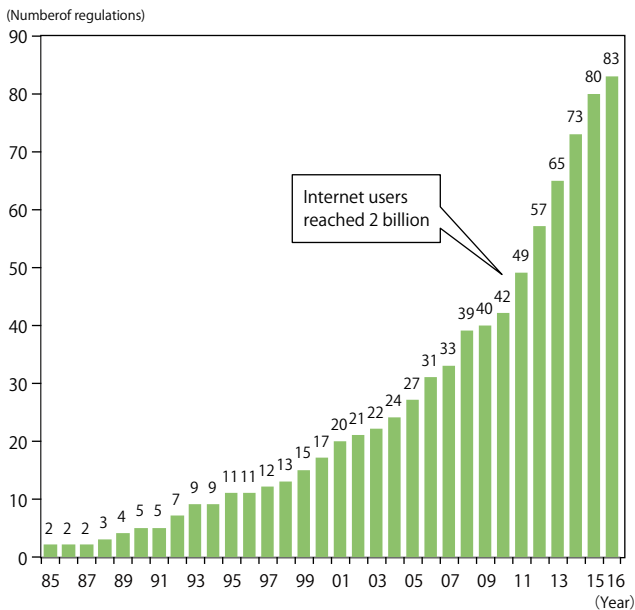
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# 9.

## Future of e-commerce market (2) Regulations and international rules

- While e-commerce market is expanding worldwide, there exist regulations which could possibly become business barriers. Data related regulations including data localization have continued to increase as the number of internet users rises especially since the latter half of the 2000s.
- As various international organizations have been trying to create rules for e-commerce, WTO, in response to the momentum of the establishment of rules which has occurred in tandem with the growth of the e-commerce market, started discussions at the special session on e-commerce in July 2016.
- Free trade agreements (FTAs) have also included provisions on e-commerce since the 2000s. Many of the world's nearly 60 FTAs with e-commerce chapters have been concluded between the US and its FTA partner countries. US-style e-commerce chapters are prevalent.

### Number of data related regulations in the world



### Regulations related to e-commerce by country

Regulations	Country/Region	Outline
Data localization	Vietnam	Demanding companies in the information service industry such as content providers to set up more than one server within the country.
	Russia	Regulating companies which collect personal information to set up servers which store the data of consumers within the country.
Restrictions on foreign investment	India	Foreign-affiliated retailers which deal in a single brand are allowed to operate under 100% foreign investment when 30% of their procurement comes from within the country. While prohibiting those which deal in multiple brands from conducting e-commerce, it is permitted for companies producing products within the country to sell products through Internet.
	China	Requiring companies to obtain an operating license for value-added telegraph services in order to provide Internet service to third parties through their own platforms.
Personal information protection	EU	Making companies to appropriately process personal data within the European Economic Area, and prohibiting them from transferring the data outside the area in principle.
Opaque or complex regulations	China	Mandating companies to undergo a screening process when collecting customer data from within the country that is either stored domestically or transferred overseas.

Source: Survey reports of JETRO and materials from respective governments

### Issues on e-commerce discussed in WTO

Issues	1) Treatment of digital content	2) Custom duties on electronic transmissions	3) Cooperation with developing countries
Overview	How to classify value generated by transactions of digital content.	Not imposing tariffs on digital transfer in terms of technological aspects and securement of the environment for free trade through e-commerce.	Developing countries are concerned about reduction of tax income in accordance with the development of e-commerce.
Discussions in WTO	GATT is applied for trade in goods, GATS for services and TRIPS for intellectual property rights. However, there is no unified rule because discussions on this topic have divided by each Council.	While the policy of the "Moratorium on Customs Duties" has been maintained since the ministerial declaration in 1998, it is a temporary measure. When the moratorium period is finished, imposing tariff will be possible.	In order to gain an understanding of developing countries, it is necessary to study both positive and negative aspects of the promotion of e-commerce which might adversely affect national revenues.
Solutions by FTAs	Defining digital content in express terms.	Permanently ensuring that customs duties will not be imposed on digital transfers.	Setting forth provisions regarding cooperation, including for sharing related information.

Source: Reports and papers of WTO and E15

### Provisions on e-commerce by FTA

Provisions	Pacific Alliance (Entry into force in May 2016)	TPP (Signed in Feb 2016)	CETA (Signed in Oct 2016)
Definitions of "Digital products" ("E-commerce" in case of CETA)	Product that is digitally encoded. Digitised representation of financial instrument not included.	Product that is digitally encoded, produced for commercial sale or distribution, and that can be transmitted electronically. Digitised representation of financial instrument not included.	Commerce conducted through telecommunications, alone or in conjunction with other information and communication technologies.
Not imposing custom duties on electronic transmissions	✓	✓	✓
Non-discriminatory treatment on digital products	×	✓	×
Domestic electronic transactions framework	Stipulating avoidance of regulations without specific obligation.	Mandating companies to maintain domestic rules in line with international standards.	No specific obligation imposed.
Online consumer protection	✓	✓	✓
Personal information protection	✓	✓	✓
Electronic authentication and electronic signatures	✓	✓	✓
Paperless trading	✓	✓	×
Cross-border transfer of information, including personal information	×	✓	×
	(Future negotiations considered)		
No requirement on location of computing facilities	×	✓	×
No requirement on transfer of, or access to source code	×	✓	×
Cooperation	✓	✓	✓

Note: Check marks also indicate provisions which only prescribe an obligation to make an effort. Source: Ministry of Economy, Trade and Industry, and respective FTAs



# 10. Japan's current status of accepting and utilizing foreign personnel

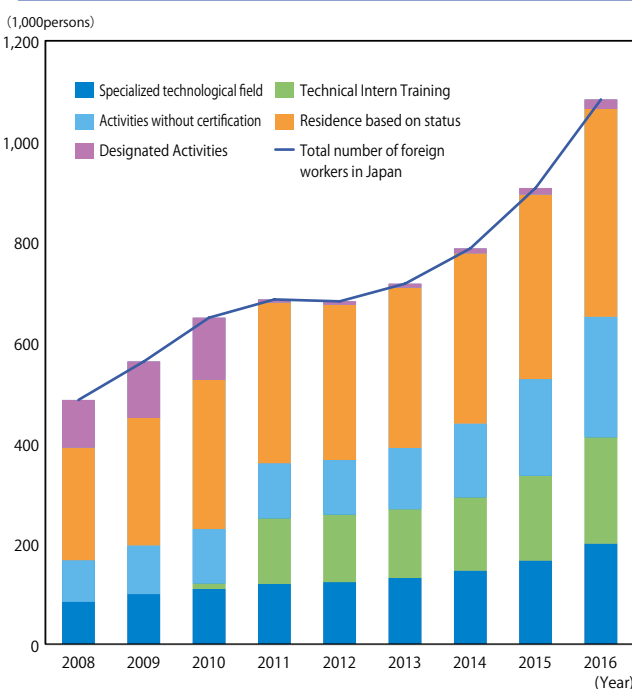
- When Japanese companies develop overseas business such as by exporting and entering foreign markets, securing human resources is the biggest issue. Domestically, Japan is facing a significant decline of people within the working generations which sustain business activities. Comparing the country's ratio of the working-age population to the total population with that of other major developed economies, it is obvious that Japan is seeing a decline at an exceptionally high pace.
- In 2016, the number of foreign workers in Japan reached 1,083,769. This was the first time it exceeded one million. Among these workers, highly skilled personnel which support the overseas business development of Japanese companies generally fall into the category of specialized or technical fields, numbering about 200,000 people.
- When asked about the advantages of employing foreign personnel in a JETRO survey, "expanded sales channels" had the highest response ratio among firms who employ foreign directors or managers. Being able to incorporate a diverse range of perspectives in management through tapping into foreign human resources can have a significant effect for Japanese companies. As employment of foreign personnel becomes common, it is expected that "contribution to development of new products" and "improved problem-solving ability" which relate to technological innovation going forward are likely to grow.

## Issues regarding overseas business

	FY2016 (n=2,995)	FY2013 (n=3,471)	Change from FY2013 (%)
Personnel responsible for overseas business	55.3	41.2	14.1
Local business partners (alliance partners)	52.1	47.8	4.3
Information on overseas systems (tariff rates, regulations, permissions, etc.)	48.9	40.1	8.8
Information on local markets (consumers' preferences, needs, etc.)	48.6	39.4	9.2
Expansion of local sales networks	45.2	32.5	12.7
Cost competitiveness	38.0	27.0	11.0
Goods for local markets	31.5	21.4	10.1
Awareness of products and brands	30.9	-	-
Raising of necessary funds	18.5	16.2	2.3
Other	2.4	1.1	1.3
Nothing in particular	4.0	3.5	0.5

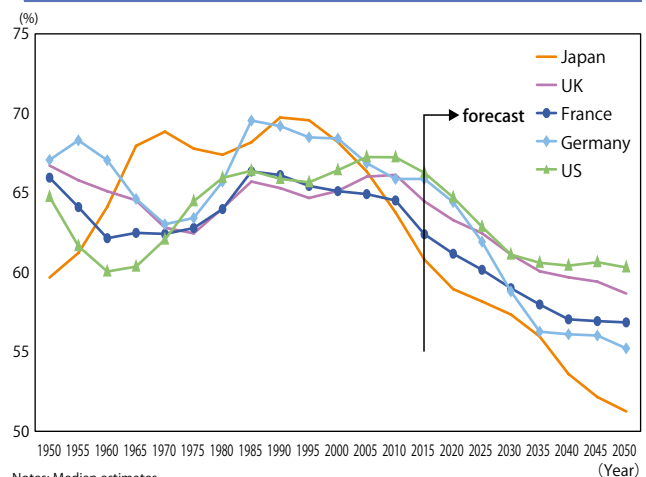
Note: 1) Percentage to the total number of respondent firms. 2) Multiple answers. 3) The FY2013 survey did not include the choice of "awareness of products and brands."  
Source: "Survey on the International Operations of Japanese Firms" (JETRO), various issues

## Trends in foreign workers in Japan by statuses of residence



Note: 1) Data from the end of every October. 2) Based on the revised Immigration Control and Refugee Recognition Law on July 1, 2010, "Technical Intern Training" is added to the list of statuses of residence separate from "Designated Activities."  
Source: Status of reporting on the employment of foreign workers by employers (Ministry of Health, Labour and Welfare)

## Ratio of working age population (aged 15-64) to the total population



Notes: Median estimates.  
Source: "World Population Prospects: The 2015 Revision" (United Nations)

## Benefits of hiring/employing foreign employees by position

Positions of foreign employees	No. of firms	Benefits of hiring/employing foreign employees (%)										
		Financial effects (sales, business performance, etc.)	Expanded sales channels	Contribution to development of new products	Strategic preparation for localization of management	Improved language ability	Increased motivation among Japanese employees	Improved problem-solving ability	Improved inter-national negotiating ability	Lowering psychological barriers among Japanese employees in communication with foreign nationals	Other	No answer
Total	1,887	13.5	40.9	11.7	28.6	31.6	13.9	9.2	39.7	27.9	6.1	4.6
Directors	120	20.0	43.3	15.8	29.2	30.0	12.5	14.2	39.2	30.8	10.8	7.5
Management at division/department manager level	270	22.6	50.7	20.4	38.5	33.0	15.6	14.1	49.6	31.9	6.7	3.3
Engineers	357	12.9	30.5	18.5	36.1	28.6	16.0	9.5	35.6	30.5	10.6	2.2
General administrative staff	755	13.1	37.7	10.3	28.3	35.4	13.4	9.3	44.5	29.0	4.1	2.5
General plant staff	378	16.4	24.6	7.9	29.1	25.1	15.1	7.7	28.0	27.5	14.8	4.8
'Not currently hiring foreign employees but considering it in the future'	637	11.9	56.7	13.0	30.5	33.1	15.2	8.8	42.2	27.5	2.4	6.1

Note: Percentage to the total number of firms answering "currently hiring foreign employees" or "expecting to consider recruitment of them". 2) Multiple answers.  
Source: "FY2014 Survey on the International Operations of Japanese Firms" (JETRO)







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