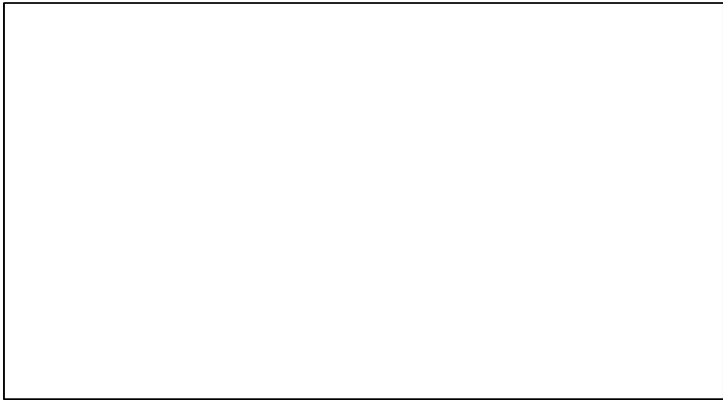






# Chapter 1



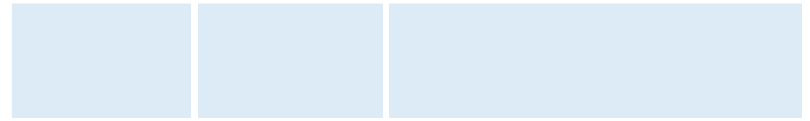
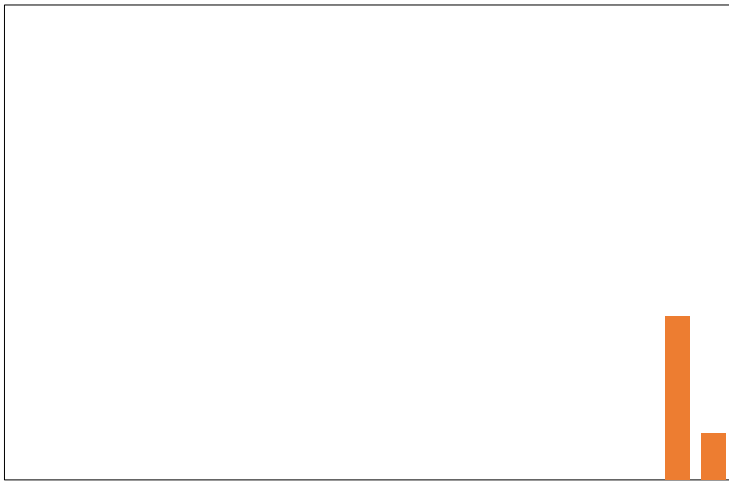




Currently, some countries and regions are easing measures designed to prevent the spread of COVID--



# Number of foreign visitors to Japan down 99.9% due to COVID-19



# World trade in 2019 decreased in both trade value and volume

In 2019, world

















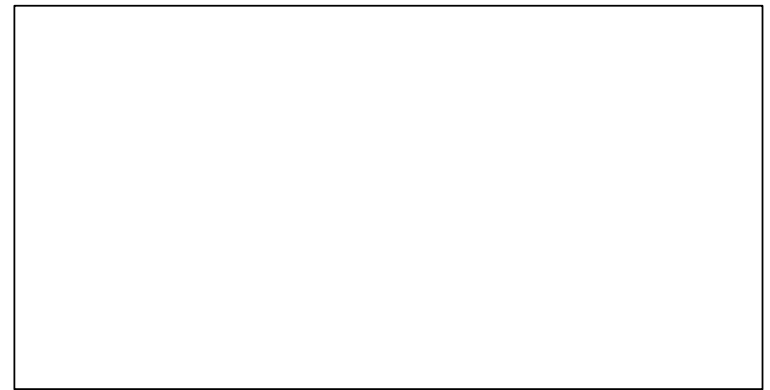








Japan's agricultural, forestry, and fishery exports in 2019 roughly triple that of 2000













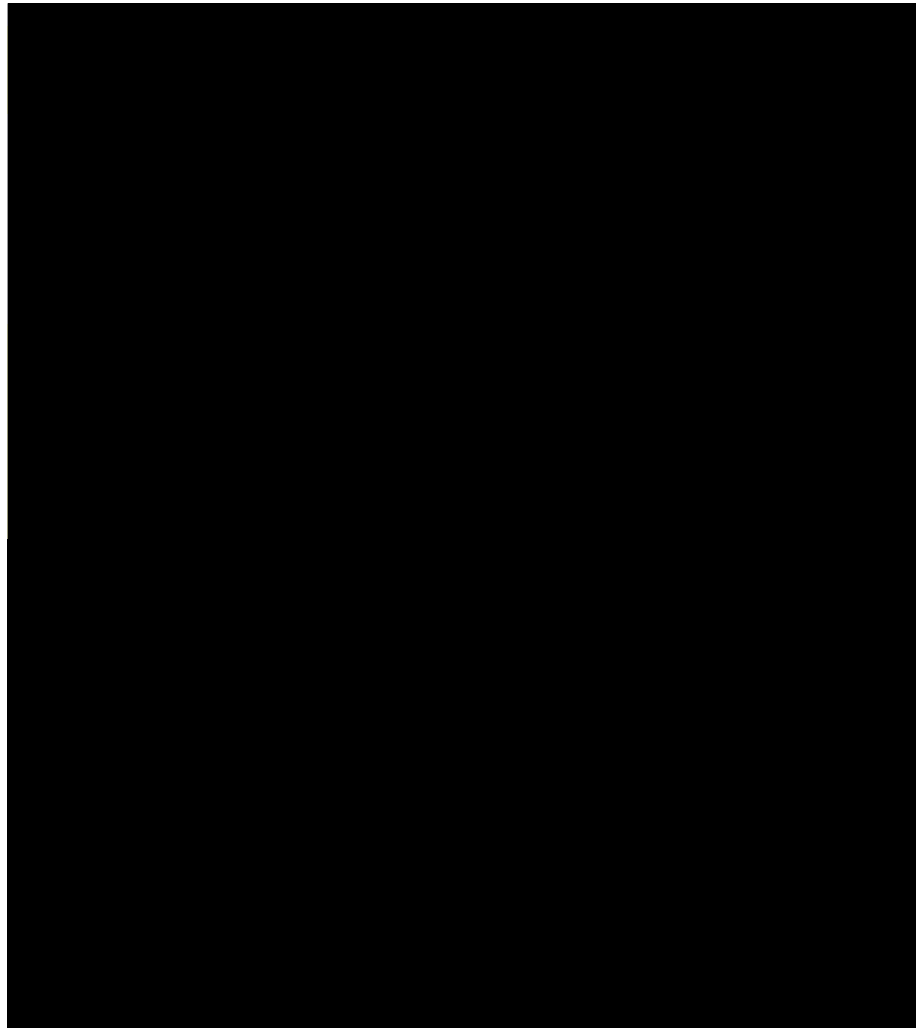









An overview of cross-regional greenfield manufacturing investments shows that 2019

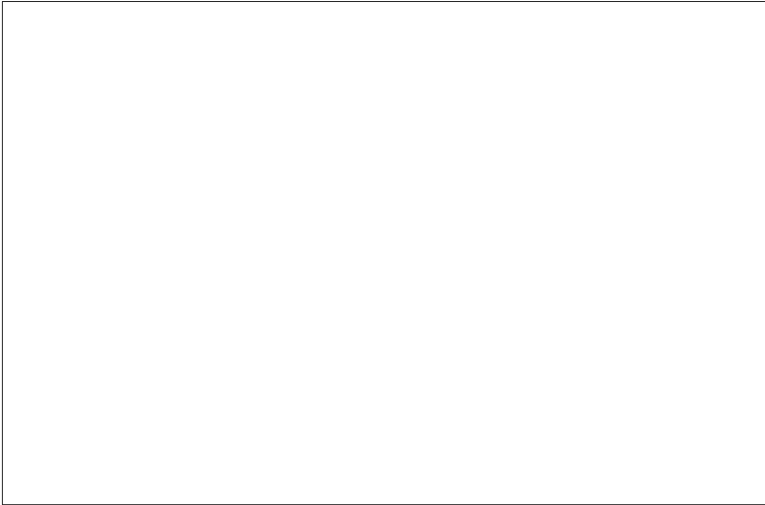
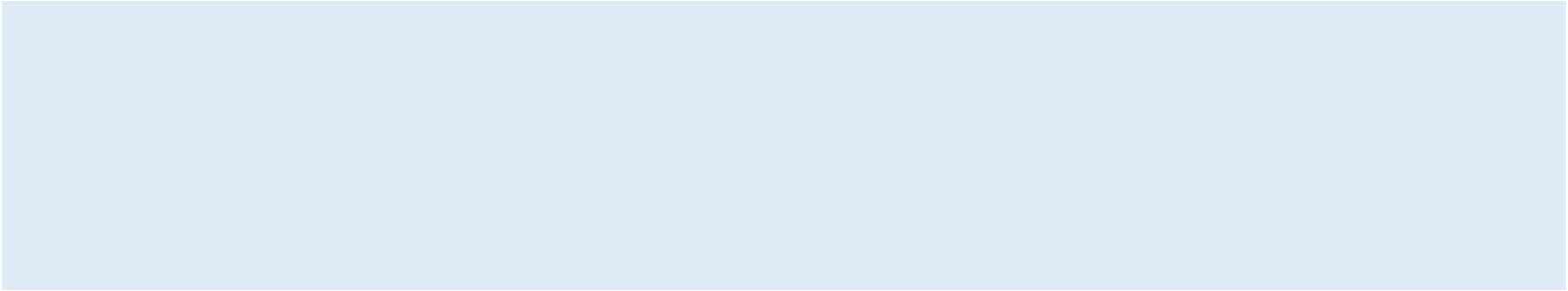








Japanese companies' cross-border M&A activities targeting overseas markets (outward M&A) increased 2.2 times to \$148.8 billion in 2019, marking



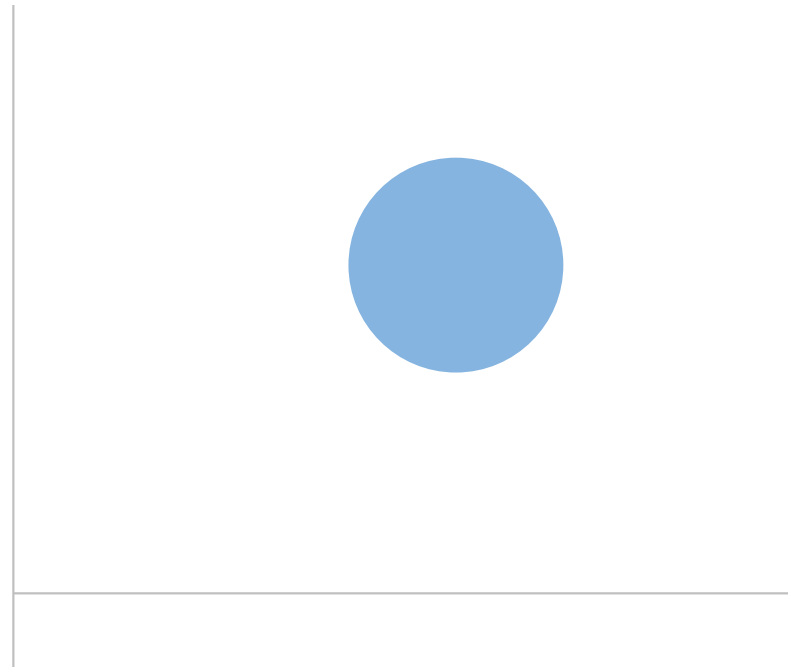
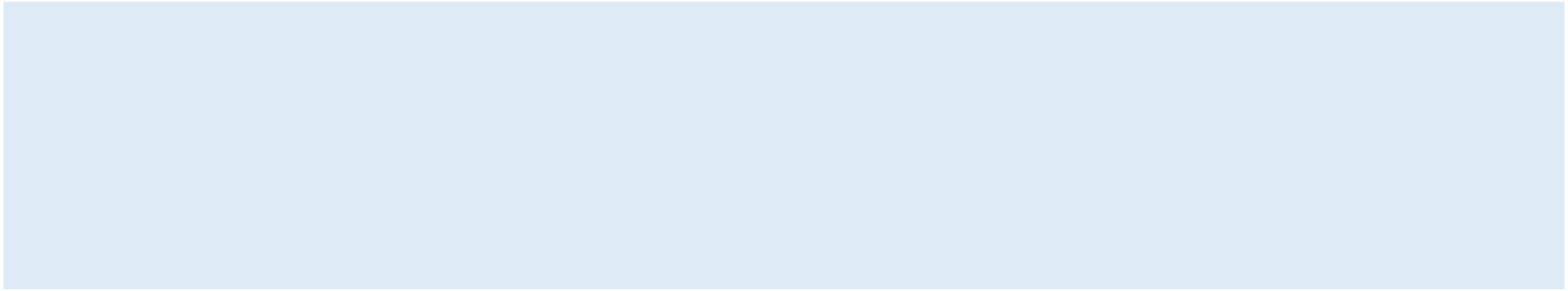
|           | 2011<br>(1,602) | 2012<br>(1,149) | 2013<br>(1,119) | 2014<br>(1,001) | 2015<br>(895) | 2016<br>(992) | 2017<br>(938) | 2018<br>(1,050) | 2019<br>(1,028) | (%)<br>Difference from<br>the previous<br>fiscal year |
|-----------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|-----------------|-----------------|---|
| China     | 67.9            | 59.2            | 56.9            | 56.5            | 53.7          | 52.3          | 49.4          | 55.4            | 48.1            | -7.3  |
| ASEAN6    | 56.3            | 69.0            | 74.8            | 73.5            | 73.2          | 70.5          | 69.2          | 67.3            | 71.1            | 3.8   |
| Vietnam   | 20.3            | 25.9            | 29.6            | 28.7            | 32.4          | 34.1          | 37.5          | 35.5            | 41.0            | 5.5   |
| Thailand  | 27.9            | 41.2            | 47.0            | 44.0            | 41.7          | 38.6          | 36.7          | 34.8            | 36.3            | 1.5   |
| Indonesia | 24.7            | 32.0            | 35.0            | 34.4            | 31.8          |               |               |                 |                 |   |







# Possibility of attracting startups from Asia to Japan



# US-China friction and COVID-19 are negatively affecting performance in a wide range of industries

Due to the US-China trade friction and other factors, there has been a negative impact on the performance of

## Negative impact of US-China trade friction on 20% of SMEs

According to a JETRO's annual survey (Nov.-Dec. 2019), the proportion of SMEs in Japan which responded that protectionist trade friction between the United States and China had a negative impact increased by 4.9 percentage points from 2018 fiscal year with a total of 19.4% of respondents.

In the interviews conducted in parallel with the survey, a large proportion of SMEs said the negative impact included a decline in orders from customers in addition to the deterioration in the business conditions of customers.



# Supply chain restructuring from China to Vietnam and Thailand

According to a JETRO's survey, the major players of supply chain

















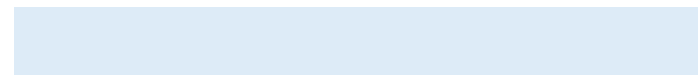
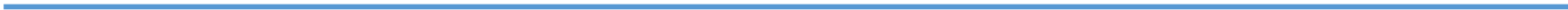
|                            | End of March | End of April | End of May | End of June |
|----------------------------|--------------|--------------|------------|-------------|
|                            | 68.8%        | 73.9%        | 75.5%      | 71.7%       |
|                            | 54.2%        | 80.4%        | 78.0%      | 71.3%       |
| Production discontinuation | 28.5%        | 28.2%        | 3.3%       | 1.7%        |
|                            | 78.9%        | 70.7%        | 69.8%      | 55.3%       |
|                            | 68.9%        | 84.0%        | 87.5%      | 44.0%       |
| Production discontinuation | 28.5%        | 28.2%        | 3.3%       | 1.7%        |

28(t)(3)(b)(o)5(n)] TJ ET Q0.5 3148 390 16.075 re W\*

| Procurement source           | US    | Canada | Mexico | Japan | China | ASEAN | Other |
|------------------------------|-------|--------|--------|-------|-------|-------|-------|
| Japanese companies in the US | 59.1% | 0.9%   | 2.2%   |       |       |       |       |



| Contents  | Response rate |
|---|---------------|
| Shrinking demand  | 49.5%         |
| Implementation of sanitary measures designated by the authorities | 46.2%         |
| Financial Position  | 19.2%         |







In Africa, where there are more than 600,000 cases of COVID-19, countries responded fast with various measures including border controls at the initial stage. However, economic activity gradually resumed

| Country Name    | Predicted value (%) |
|-----------------|---------------------|
| 1 Egypt         | 2                   |
| 2 Ethiopia      | 1.9                 |
| 3 Cote d'Ivoire | 1.8                 |
| 4 Ghana         | 1.5                 |
| 5 Mozambique    | 1.4                 |
| 6 Kenya         | -0.3                |
| 7               |                     |





# Chapter 3

## Trends in global trade rule formation



# Series of trade-related measures introduced in response to COVID-19

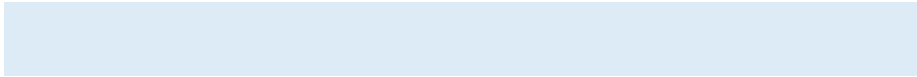
Exceptions to liberalization



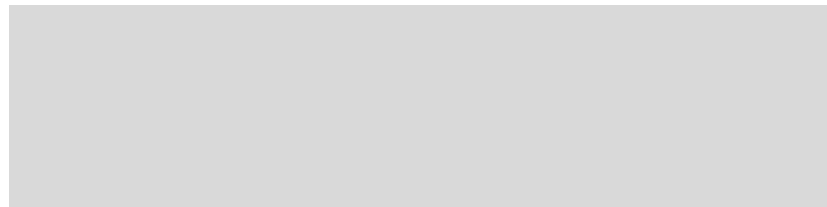
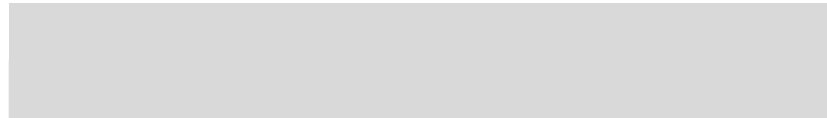




| Chapter                  | Contents   | Progress (2020) |
|--------------------------|--|-----------------|
| 1. Intellectual property | The two countries will establish rules on protecting trade secrets, extending patent periods, drug-related patents, trademarks, geographical labeling, and crackdowns on counterfeits and pirated copies, as well as strengthen their enforcement. |                 |
| 2. Technology transfer   | Prohibit technology transfer as a condition for market entry and   |                 |



Y









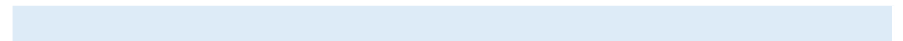




Although the WTO has achieved a certain level of success over the past 25

Item

WTO's monitoring functions being reassessed during the period 2000-2009



Note: 1)  
2)  
3)

Source



Within the TPP-11, Canada

(Unit: %)

|  | MFN | TPP11 | 2018 | 2019 |
|--|-----|-------|------|------|
|--|-----|-------|------|------|

|                    |            |  |  |  |
|--------------------|------------|--|--|--|
| Spanners, wrenches | 82 (times) |  |  |  |
|--------------------|------------|--|--|--|

# Chapter 4

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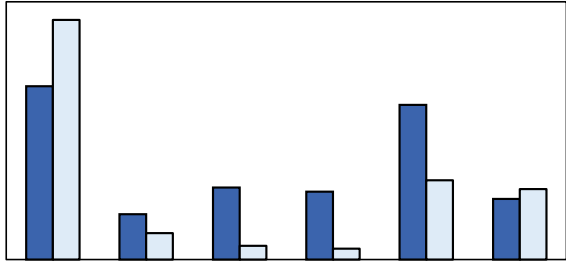
## Digital trade







# China







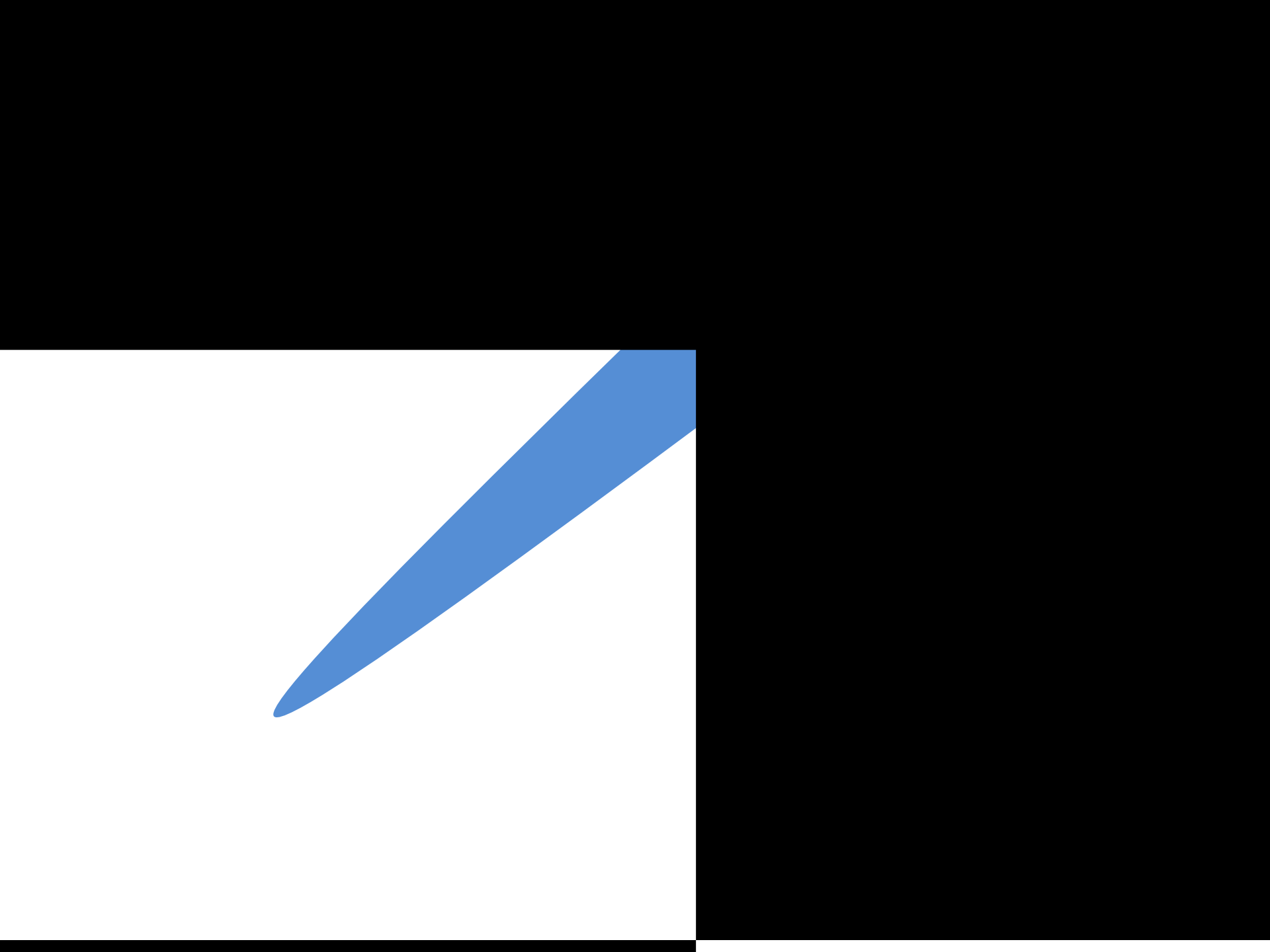




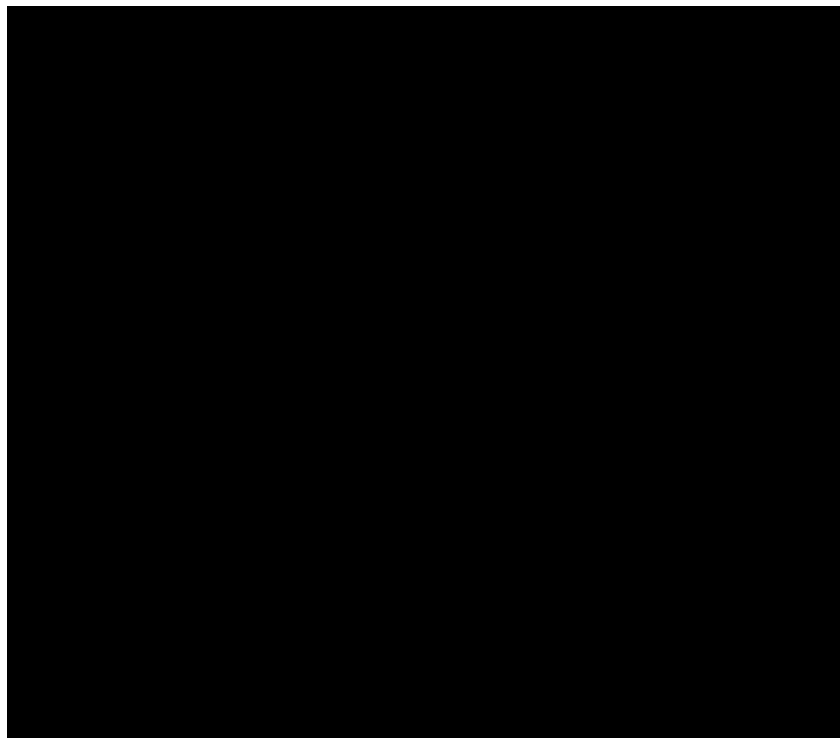
# Entry of online platforms into "Reality"

Virtual















C









Basic Policy

US

EU

China





|  |       |          |        |          |         |           |
|--|-------|----------|--------|----------|---------|-----------|
|  |       |          |        | TPP11    | US-     |           |
|  | Korea | Colombia | Panama | (Referen | Japan   | USMCA     |
|  |       |          |        | ce)      | Digital |           |
|  | Mar.  | May.     | Oct.   | Withdra  | Jan.    | Jul. 2020 |
|  | 2012  | 2012     | 2012   | wal      | 2020    |           |

Definitions

|  |        |             |                               |
|--|--------|-------------|-------------------------------|
|  | USMCA+ | Major items | Major Comments from companies |
|--|--------|-------------|-------------------------------|

Digital identities



| Country/<br>region | Summary | Examples of<br>countries and regions |
|--------------------|---------|--------------------------------------|
|--------------------|---------|--------------------------------------|

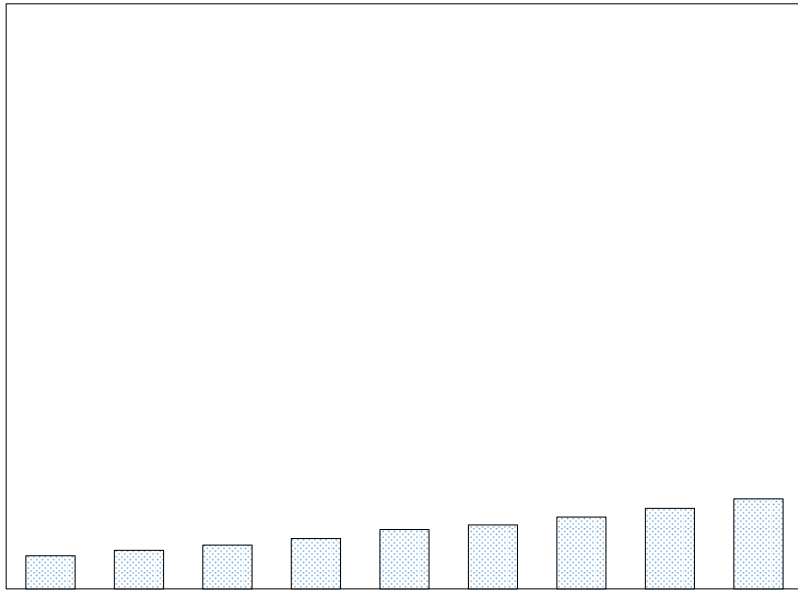
1) No

# Digital Business and Rule Formation Trends by **Cou**ntry and Region

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United States

# US: Online platforms continuing to expand b









## Profile of digital corporate t

## Sales in Brazil subject to tax

| Country  | Major Developments and Taxable Items   | Tax rate |
|----------|--|----------|
| Mexico   | <p>A new tax reform law came into force on June 1, 2020.</p> <p>Mandatory VAT payment by non-resident businesses.</p> <p>Taxable objects are digital services that include contents</p> <p>The Ministry of Finance Ordinance No. 825 (VAT Act) was revised in February 2020. Mandatory VAT payment by non-</p> | 16%      |
| Chile    | <p>resident businesses.</p> <p>Taxable objects include video through download and streaming, online platforms, etc.</p>  | 19%      |
| Colombia | <p>The National Tax Agency adopted Resolution No. 51 in July 2018. Mandatory VAT payment by non-resident businesses.</p> <p>Taxable objects include all services including contents</p>  | 19%      |
| Peru     | <p>A bill to impose a general sales tax (IGV) was submitted at the end of 2019. Requiring payment of IGV taxes by financial intermediaries, such as credit card companies, rather than service providers</p>   |          |



















# Africa: Digital technology contributes to building social infrastructure

The leapfrog phenomenon is observed in which digital technologies are introduced in areas where the social infrastructure is not developed, and services spread beyond gradual development. In the financial sector, ~~in the~~



