Forming New Rules for a New Era and Expectations Toward the US

October 2018

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Trade Agreement on goods (TAG) is designed to be mutually beneficial, and, in conducting negotiations, the US and Japan will respect the positions of the other government:

✓ US (motor vehicles)
✓ Japan (agricultural products)
Four points

1. What’s happening in Asia?
2. Towards new rulemaking
3. Expectations of the US
4. How should we respond?
1. What’s happening in Asia?
Active startups in Asia

Fundraising by startups in Southeast Asia

(Billion USD)

2012: 0.22
2013: 0.8
2014: 1.1
2015: 1.6
2016: 2.52
2017: 7.86

Source: Tech in Asia
Unicorns have been born in Asia

Numbers of unicorns: Top 10 countries

- **US**: 124
- **China**: 76
- **India**: 11
- **Korea**: 3
- **Indonesia**: 3
- **UK**: 15
- **Germany**: 6
- **Israel**: 4
- **South Africa**: 2

Source: CB Insight, 2018 August
Go-jek’s International Expansion
2. Towards new rulemaking
TPP’s three principles related to information and China Internet Security Policies

TPP’s three principles related to information

① Freedom of cross-border transfer of information
② Prohibition of mandatory installation of servers
③ Prohibition of demand for source code disclosure

China Internet Security Policies

① Restrictions on cross-border transfer of information
② Mandatory (in principle) installation of servers
③ Demand for source code disclosure

Source: Created by JETRO from Cabinet Secretariat TPP government headquarters HP ([www.cas.go.jp/jp/tpp/naiyou/tpp_zanteikaryaku.html](http://www.cas.go.jp/jp/tpp/naiyou/tpp_zanteikaryaku.html)), Cyber Security Act of People's Republic of China
Bilateral vs Plurilateral vs WTO

Tackling TIME/COST trade-off in rulemaking

- **Bilateral FTA**
  - High BUSINESS COST
  - Short TIME

- **Plurilateral FTA (Mega FTA)**
  - Low BUSINESS COST
  - Long TIME

- **WTO**
  - Low BUSINESS COST
  - Short TIME

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3. Expectations of the US
The US is necessary for rulemaking

Interested in TPP

Thailand, Korea, Colombia, UK (Indonesia) etc.

“TPP-11”

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Impact of Additional US Tariffs on American companies in China

Section 301 Tariff

- $50bn (First Round)
- $200bn (Second Round)

Impact:
- Strong negative impact
- Slight negative impact
- No impact
- Slight positive impact
- Strong positive impact
- Unsure

74% Negative Impact!!

Source: AmChamChina

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Can’t Make Cars By Single Country

Cadillac ATS Sedan (GM)

Transmission provided from the US and Japan

Engine provided from the US and Australia

Made in the US, Canada, Mexico, etc.

Source: Cadillac website
4. How should we respond?
“No one left behind”

Government

Support

Inclusive Trade-Related Policy

The advantaged

The disadvantaged

Growing anger
1. What will become of the US-China trade war?
2. What problem lies at its root?
3. What’s the key for solving it?
4. Could the US & China solve it alone?
5. Through what kind of framework should we engage in rulemaking?
6. How should we promote an “inclusive trade-related policy”?
Thank you!

Talk to JETRO First!