



JETRO Global Trade and Investment Report 2026

The Global Trading System Remains Resilient Amid Elevated Risks

Japan External Trade Organization
July 2026



JETRO Global Trade and Investment Report 2026: Summary

I. Trade Growth Continues Amid Rising Risks and Structural Change

- Global trade continued to expand in 2025 and remains resilient in 2026, supported by **strong manufacturing demand, particularly for digital-related goods**. **Trade in AI-enabling products** rose 22.8% year-on-year in 2025, **reaching a record high** (JETRO estimate).
- As geopolitical risks such as instability in the Middle East become a persistent feature of the global economy, trade patterns are undergoing significant change. **Trade ties between U.S.-China have weakened** significantly, prompting both countries to **diversify trading partners**. Meanwhile, Global trade is being reshaped by **deeper regional value chains in AI-enabling goods within Asia**, the diversification of production bases, and the growing role of emerging and developing economies.
- Japan's exports and imports are expected to expand in 2026, following growth in 2025, although instability in the Middle East continues to cloud the outlook. **Japanese firms remain global leaders in upstream manufacturing materials and high-precision equipment that support manufacturing supply chains**. Electronic components, including semiconductors, also continue to perform well.

II. Shifting Patterns of Global FDI in an Age of Digitalization and Heightened Geopolitical Risk

- Persistent geopolitical and economic risks are encouraging a more cautious approach to foreign direct investment worldwide. **Corporate investment decisions are shifting their focus from prioritizing efficiency to strengthening resilience, and competition for investment projects in strategic industries is expected to intensify**. Investment flows between U.S. and China continue to decline. Persistent geopolitical tensions, rising costs, and uncertainty surrounding trade and investment policies continue to weigh on sentiment, leaving **the 2026 direct investment forecast highly uncertain and subject to downside risks**.
- In 2025, the number of global greenfield investment projects fell 6.7% year-on-year, while total investment value increased 7.5% to a record high. Communications, including data centers, accounted for 24.4% of total investment value.
- **Japan's outward FDI continues to expand**. Investment in India, driven in part by the automotive sector, reached a record high in 2025—the highest level since comparable data became available in 2014. Meanwhile, investment in China has contracted for four consecutive years and remains near record lows. These contrasting trends are expected to persist in 2026.

III. Sustaining Free Trade in an Age of Economic Fragmentation

- **Policy interventions that restrict trade and investment have reached record highs**, while uncertainty surrounding trade policy has become a persistent feature of the global economy. While there are also moves by like-minded countries, including Japan, and countries of the Global South to promote trade liberalization, when considering global value chains, all countries and regions are closely linked to the value added generated by or consumed in the United States and China. **International frameworks involving the United States and China remain critically important**, and a response that factors in various business risks—including those related to both countries—is required.
- **Despite growing strains in the international trading system, the vast majority of global trade continues to flow normally**. Trade rules form the foundation upon which the free trade system stands; while the WTO's role in rulemaking is extremely limited, it functions as a fundamental trade infrastructure.
- The number of FTAs in effect worldwide has reached 424 (JETRO statistics). **Large-scale free trade agreement networks, such as the CPTPP and the EU, are expanding further, leading to a structure where multiple frameworks overlap**. In recent years, sector-specific rules—such as those in the digital sector—have also been developed.

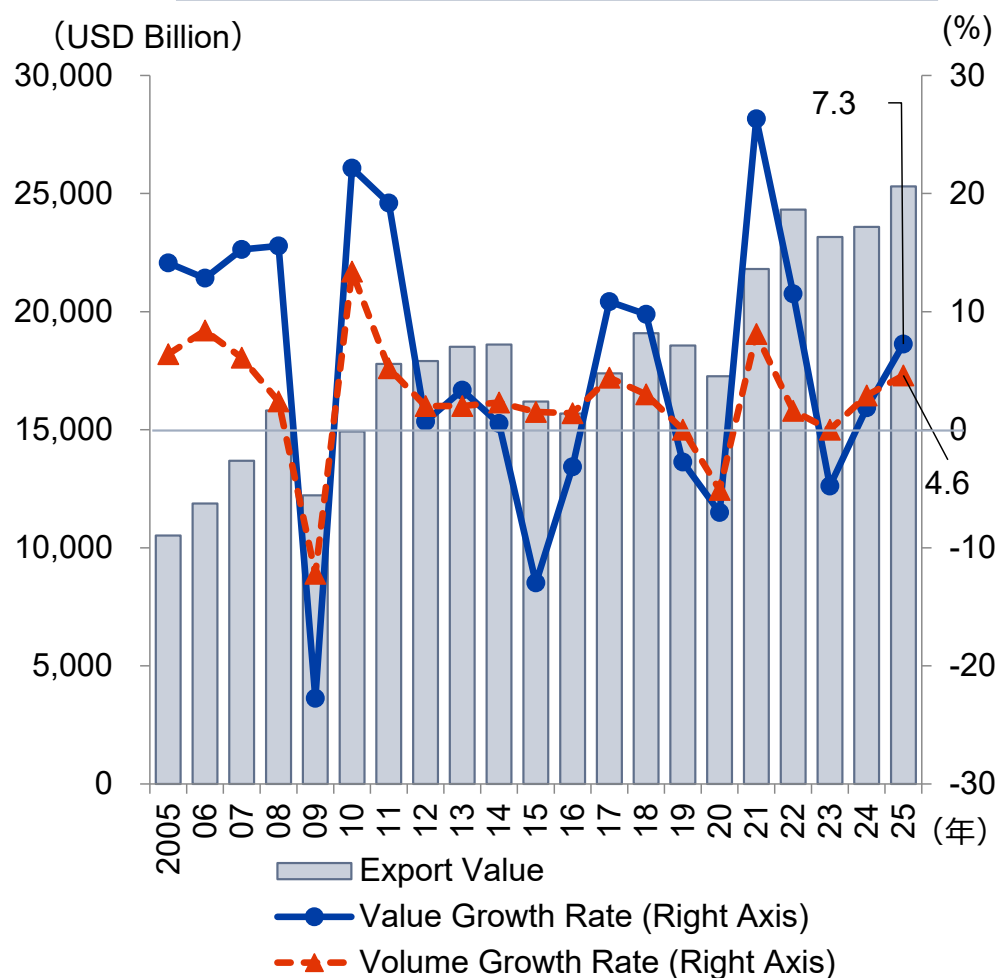
Key Points

- 1. Trade Growth Continues Amid Rising Risks and Structural Change**
2. Global FDI in an Age of Digitalization and Heightened Geopolitical Risk
3. Sustaining Free Trade in an Age of Economic Fragmentation

1 Global Trade Expanded in Both Value and Volume Despite Elevated Risks

- In 2025, global trade in goods (measured by nominal export value; JETRO estimate) surpassed \$20 trillion for the fifth consecutive year. Trade reached a record high, growing in both value and volume.
- Trade growth was supported by **strong demand for digital-related goods**, tariff-driven **front-loading**, and **supply-chain restructuring**.

Trends in Global Trade in Goods (Exports)



Source: JETRO estimates (based on Global Trade Atlas) and WTO

Global Trade Indicators

(Unit: %, USD billion)

	2023	2024	2025
Global Trade (Exports) (billion USD)	231,560	235,871	252,988
Value Growth	- 4.8	1.9	7.3
Volume Growth (Real)	0.0	2.9	4.6
Unit Price Growth	- 4.8	-1.0	2.4
Industrial Production Growth (OECD)	- 0.7	- 1.0	1.0
Fuel Price Growth	- 36.7	- 5.3	- 9.1
Crude Oil Price Growth	- 16.4	- 1.8	- 14.4
Natural Gas Price Growth	- 62.8	- 13.6	15.2
Metal Price Growth	- 2.8	- 1.9	2.1
Iron Ore Price Growth	- 0.3	- 7.7	- 6.6
Food and Beverage Price Growth	- 6.1	1.6	- 2.1
Percentage Change in the USD Nominal Effective Exchange Rate	0.9	1.6	- 1.7

Notes: 1) Nominal value and growth are JETRO estimates. 2) Volume growth is based on WTO estimates. 3) Price growth = nominal value / real trade index. 4) Commodity price growth are annual average. Crude oil prices are the average of Dubai, North Sea Brent, and WTI. Natural gas prices are based on price indices for Europe, Japan, and the United States. Iron ore prices refer to CFR Tianjin Port, China.

Source: JETRO estimates (based on the Global Trade Atlas), OECD data (April 2026 edition), "IFS"(IMF), "PCPS"(IMF), and WTO

2 | Exports Accelerate Across Regions as Markets Diversify

- China, the world's largest exporter, reached a record export high. Although exports to the United States fell by roughly 20%, **China offset much of the decline by expanding exports to other markets**. Across Asia outside China including ASEAN economies, exports continued to benefit from **tariff-driven front-loading**, while Taiwan's exports surged on strong AI demand.
- Exports from advanced economies rose 8.0% to \$14.7 trillion, while exports from emerging and developing economies increased 6.2% to \$10.6 trillion. During a period of expanding global trade, this marks the first time since 2014 that export growth in advanced economies has outpaced that of emerging and developing economies.

Global Trade by Country/Region (2025)

(Unit: USD 100 million, %)

Country/Region	Exports				Imports			
	Value	Share	Growth Rate	Contribution	Value	Share	Growth Rate	Contribution
North America	27,356	10.8	4.0	0.4	39,805	15.4	4.0	0.6
United States	21,785	8.6	5.7	0.5	34,157	13.2	4.6	0.6
EU	76,459	30.2	6.9	2.1	74,724	28.9	7.3	2.1
Germany	17,662	7.0	5.4	0.4	15,399	6.0	8.9	0.5
United Kingdom	5,544	2.2	8.1	0.2	9,482	3.7	16.1	0.5
Japan	7,376	2.9	4.0	0.1	7,568	2.9	1.3	0.0
Northeast Asia and ASEAN	80,033	31.6	10.4	3.2	65,684	25.4	7.2	1.8
China	37,765	14.9	5.6	0.9	25,823	10.0	- 0.0	- 0.0
Taiwan	6,408	2.5	35.1	0.7	4,941	1.9	23.2	0.4
ASEAN 6	21,219	8.4	13.0	1.0	20,246	7.8	11.9	0.9
India	4,450	1.8	0.5	0.0	7,555	2.9	5.3	0.2
Latin America	15,063	6.0	6.7	0.4	14,906	5.8	6.2	0.4
Middle East	11,455	4.5	2.0	0.1	11,827	4.6	7.9	0.4
Africa	5,455	2.2	5.6	0.1	7,158	2.8	12.1	0.3
World	252,988	100.0	7.3	7.3	258,676	100.0	7.3	7.3
Advanced Economies	147,276	58.2	8.0	4.6	157,862	61.0	8.0	4.9
Emerging/Developing Economies	105,712	41.8	6.2	2.6	100,815	39.0	6.2	2.4

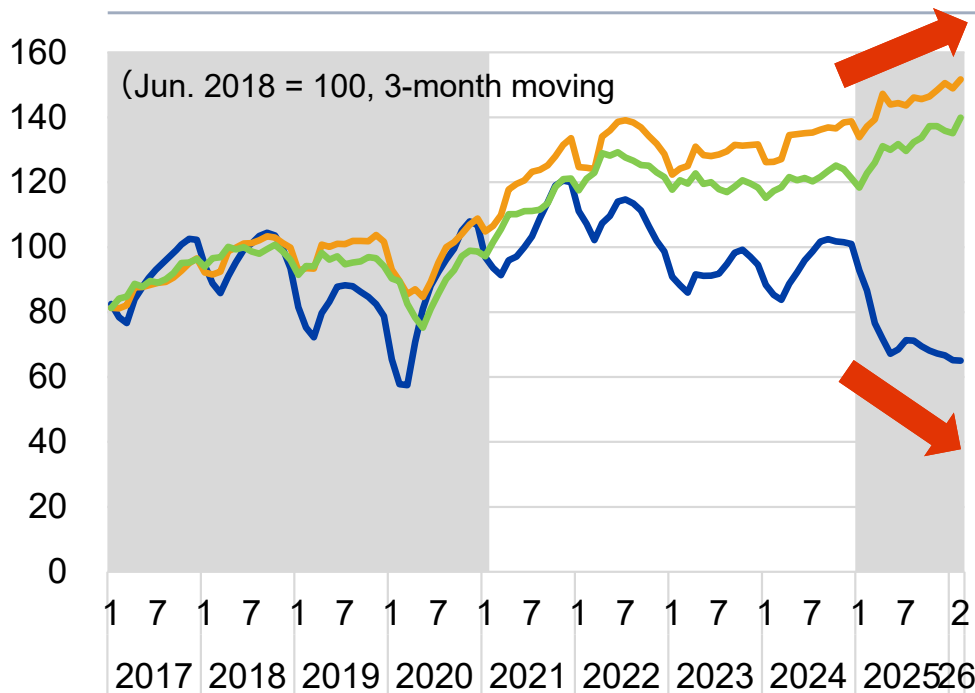
Notes: 1) Figures for the world, the EU, advanced economies, emerging and developing economies, and resource-exporting countries (and their breakdowns) are JETRO estimates. 2) The EU figure includes intra-regional trade. 3) "ASEAN-6" refers to the six countries of Singapore, Thailand, Malaysia, Vietnam, Indonesia, and the Philippines. 4) "Northeast Asia and ASEAN" refers to China, Hong Kong, South Korea, Taiwan, and the ASEAN-6. 5) The definition of "advanced economies" is based on IMF. "Emerging/Developing Economies" were calculated by subtracting developed countries from the global total.

Source: JETRO estimates (based on Global Trade Atlas)

3 | U.S.-China Trade Weakens ; China Goes High-Tech

- From 2018 to 2025, U.S.-China trade recorded an average annual growth rate of -6.4%, far below the 5.6% growth recorded in U.S. trade with other economies. Bilateral trade ties have weakened markedly, and the gap is expected to widen further beyond 2026.
- China's export structure is shifting away from traditional labor-intensive products and increasingly toward high-tech industries. Over the past decade, the "New Three" industries, comprising electric vehicles, lithium-ion batteries, and solar products, have significantly enhanced their export competitiveness.

Trends in U.S.-China Trade vs Others

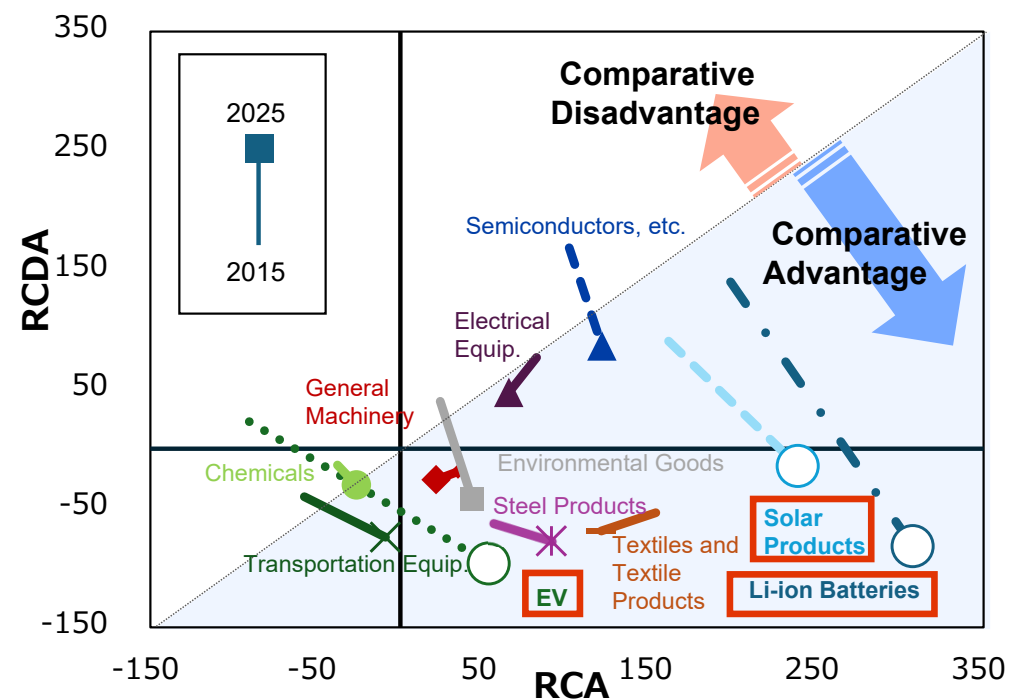


- U.S.-China Trade
- U.S. and China Trade with Other Countries and Regions
- Trade Among Other Countries and Regions

Notes: 1) "Trade Among Other countries and Regions" refers to 34 economies excluding the U.S. and China. 2) Trade values are shown as a 3-month moving average (Jun. 2018=100). 3) Shaded areas indicate the Trump administration period.

Source: Global Trade Atlas (S&P Global)

China's Trade Competitiveness by Product (2015–2025)



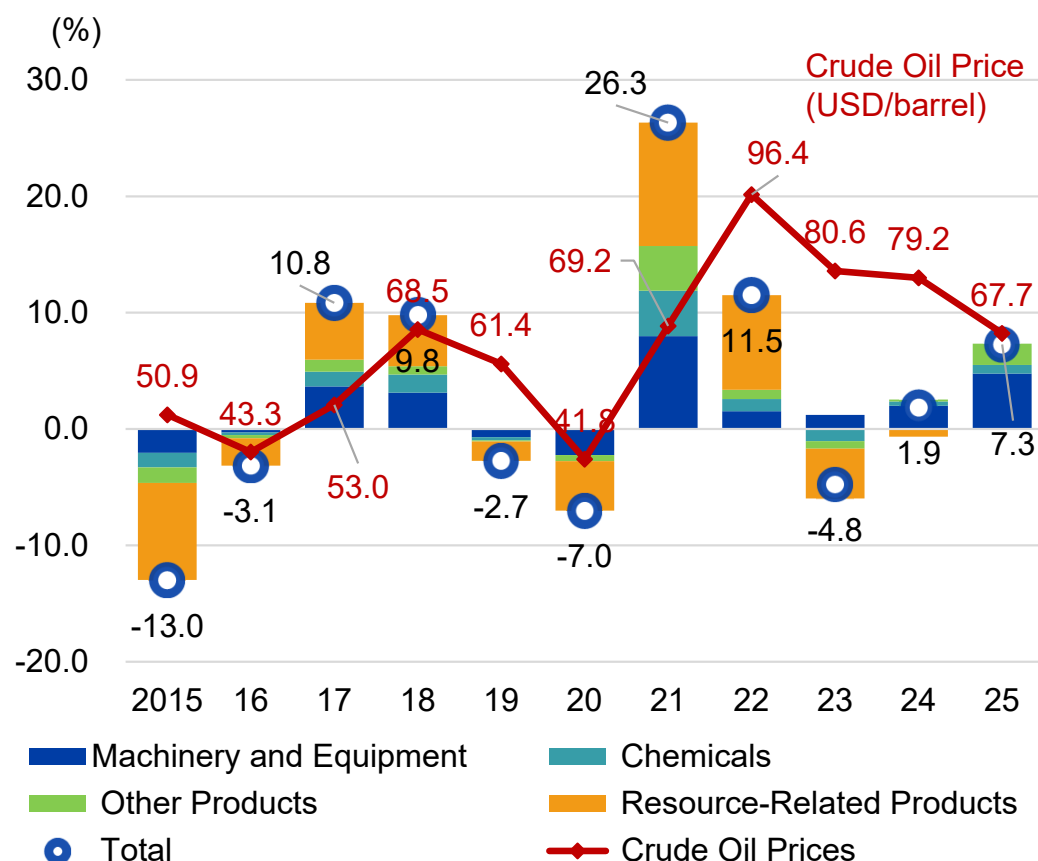
Notes: 1) Revealed Comparative Advantage Index ($RCA_{ij} = ((X_{ij}/X_j)/(X_{iw}/X_w) - 1) \times 100$; Revealed Comparative Disadvantage Index ($RCDA_{ij} = ((M_{ij}/M_j)/(M_{iw}/M_w) - 1) \times 100$; $X(M)_{ij}$: Exports (imports) of good i by country j ; $X(M)_j$: Total exports (imports) of country j ; $X(M)_{iw}$: Global exports (imports) of good i ; $X(M)_w$: Global total exports (imports). 2) EVs include BEVs and PHEVs. The data is compared to 2017, when the HS code was newly established. 3) Solid lines indicate product groups and dotted lines individual products. 4) The highlighted items are the "New Three" (EVs, lithium-ion batteries, and solar products). 5) Environmental goods follow the IMF definition.

Source: JETRO estimates based on Global Trade Atlas (S&P Global)

4 Machinery Drive Trade; Digital Goods Continue to Perform Well

- Industrial goods rebounded, with **semiconductor-led digital goods performing well**, while some raw materials saw notable declines. Trade expanded, driven more **by actual demand from the manufacturing sector**.
- Global trade rose 13.3% in Q1 2026, driven by digital goods. WTO forecasts that **the global trade volume in goods** will grow by **1.9% in 2026**. However, if energy prices remain high, growth could fall to 1.4%.

Contribution of Major Commodity Groups to Global Trade in Goods



Note: Based on export value.

Source: JETRO estimates (based on Global Trade Atlas) and IMF

Trade by Commodity in 34 Major Countries and Regions (Based on export value, first quarter 2026)

(Unit: USD 100 million, %)

	Global trade Coverage (2025)	Q1 2026		
		Value	Growth	Contribution
Total	78.2	52,989	13.3	13.3
Machinery and Equip.	83.4	24,737	22.1	9.6
General Machinery	83.7	7,843	23.5	3.2
Computers	74.5	1,983	51.4	1.4
Electrical Equip.	84.0	10,054	32.6	5.3
IC	95.1	4,074	56.1	3.1
Transport Equip.	81.2	5,051	8.2	0.8
Automobiles	78.4	2,473	7.2	0.4
Chemicals	86.9	7,535	- 2.1	- 0.3
Organic Chemicals	92.3	1,074	- 26.3	- 0.8
Mineral Fuels*	80.3	5,560	- 5.6	- 0.7
Oil and Petroleum Products*	83.3	4,009	- 3.5	- 0.3
Base Metals and Products*	71.7	3,021	8.2	0.5
Digital Goods	84.1	12,727	37.1	7.4

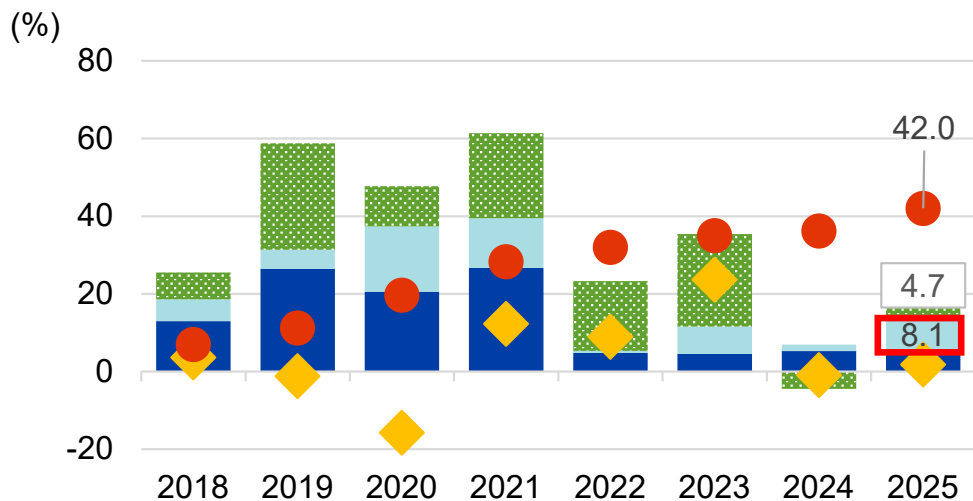
Note: For details on the 34 countries and regions, see Chapter I, Section 1 of the full report. Commodities marked with * are based on imports.

Source: Global Trade Atlas (S&P Global)

5 | Decarbonization Trade, Rising Share of Environmentally Friendly Vehicles, and Imbalances in Exports of Critical Minerals

- In 2025, **environmentally friendly vehicles (HEVs, PHEVs, and BEVs) accounted for a record 42.0%** of global passenger car exports. **PHEVs drove most of the growth (8.1%)**, while **BEVs recovered to post a 4.7% increase**.
- Exports of critical minerals** (as defined by UNCTAD), **which** are essential for energy transition, **are concentrated in a few countries**. In 2025, the largest exporter accounted for nearly half of global manganese (China, 48.5%) and lithium (Chile, 48.3%) exports.

Contribution and Share of Environmentally Friendly Vehicles in Passenger Car Exports



■ BEV

■ PHEV

■ HEV

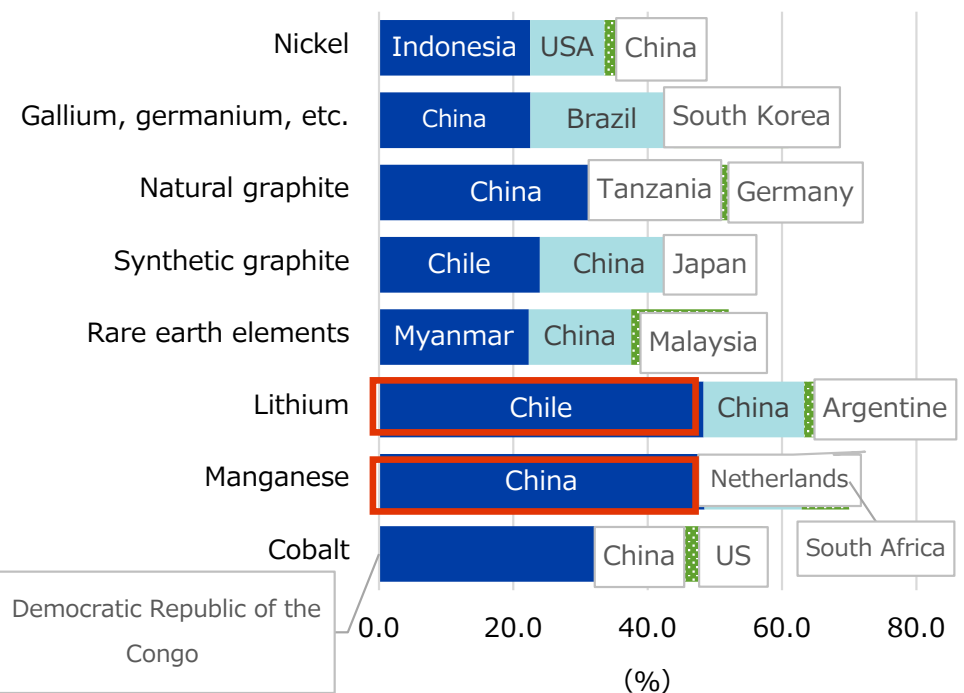
◆ (Reference) Growth Rate of Passenger Cars

● Share of Environmentally Friendly Vehicles in the Total Passenger Car Market

Note: 1) Based on export value. 2) Environmentally friendly vehicles include the total of HEVs, PHEVs, and BEVs.

Source: Compiled from JETRO estimates (based on data from Global Trade Atlas)

Share of the Top 3 Exporting Countries in the Total Export Value of Major Critical Minerals (2025)



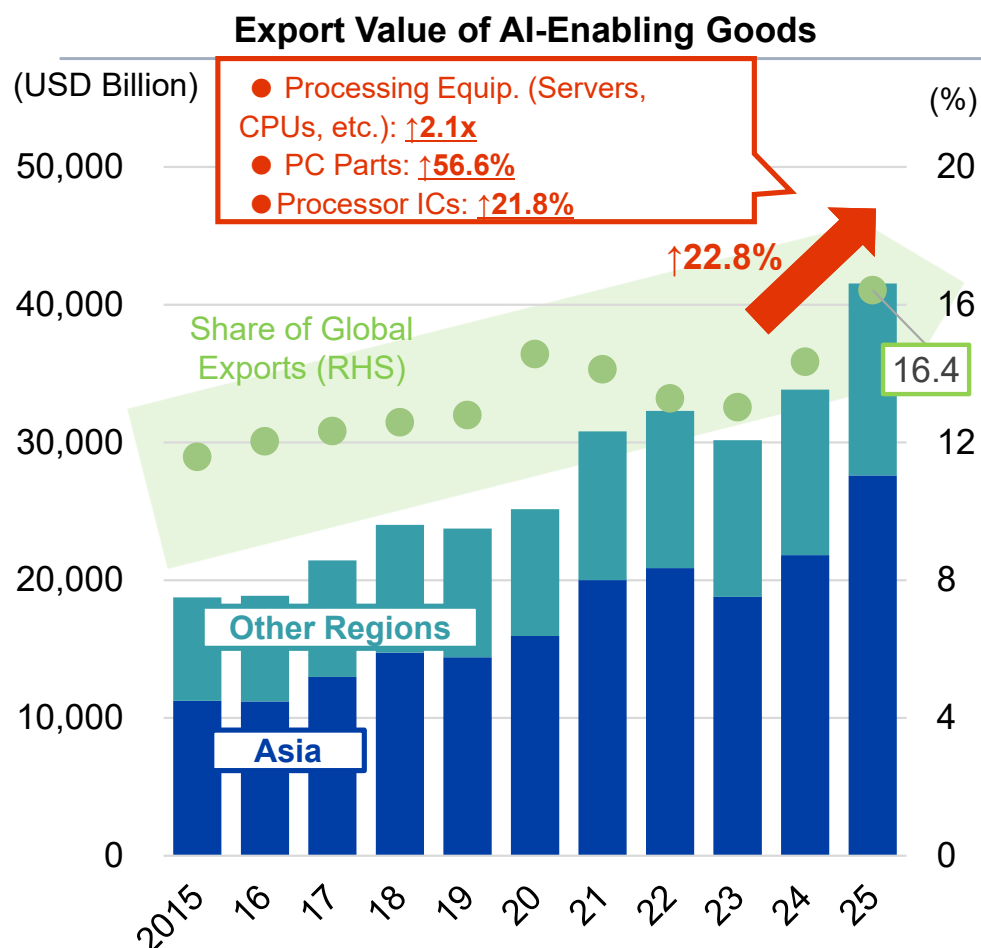
Note: 1) Compiled from JETRO estimates (based on data from the Global Trade Atlas). 2) The definition of "critical minerals" is based on the UNCTAD definition. 3) "Nickel" refers to nickel and nickel products.

Source: Compiled from JETRO estimates (based on data from the Global Trade Atlas)

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6 | AI-Enabling Goods Emerge as a Growth Driver

- JETRO estimates that exports of AI-enabling goods (*) reached a record \$4.15 trillion in 2025, **up 22.8% year-on-year**. They **accounted for 16.4% of global trade**, and their contribution to growth in 2025 amounted to 45.1%.
**Based on the WTO definition: AI-enabling goods comprise raw materials and chemicals, semiconductor inputs, and equipment such as PCs and semiconductors.*
- Driven by semiconductors and server equipment, AI-enabling value chains deepened between 2019 and 2025, **particularly in Asia**. Asia's share of global trade rose 5.8 percentage points to 66.4%, while intra-Asian trade increased 2.1 points.



Note: Based on export statistics from 58 economies. Shows the top three contributors to growth in 2025 and their year-on-year growth rates.

Source: JETRO estimates (based on Global Trade Atlas)

Trade Matrix for AI-Enabling Goods
(Share of Global Export Value, 2025)

(Unit: %)

Destination → ↓Origin	World	Asia	China	Taiwan	ASEAN	United States	Europe	EU
World	100.0	52.5	15.8	6.1	13.3	17.0	20.5	17.4
Asia	66.4	45.1	13.6	4.8	11.5	11.4	5.9	4.8
China	16.9	10.4	-	1.0	3.2	1.6	2.8	2.1
Taiwan	11.5	6.4	1.6	-	2.2	3.9	0.5	0.5
ASEAN	18.6	12.0	2.3	1.8	3.4	4.2	1.5	1.3
Singapore	6.4	5.2	0.8	1.0	1.5	0.6	0.3	0.3
Vietnam	5.3	2.6	0.7	0.2	0.3	2.0	0.5	0.4
Malaysia	4.1	2.8	0.5	0.4	1.2	0.8	0.3	0.3
United States	7.7	2.8	0.5	0.7	0.9	-	1.3	1.1
Europe	19.0	3.1	1.2	0.4	0.6	1.5	12.4	10.8
EU	17.3	2.8	1.1	0.3	0.6	1.3	11.4	9.9
Germany	4.6	1.0	0.4	0.1	0.2	0.4	2.8	2.4

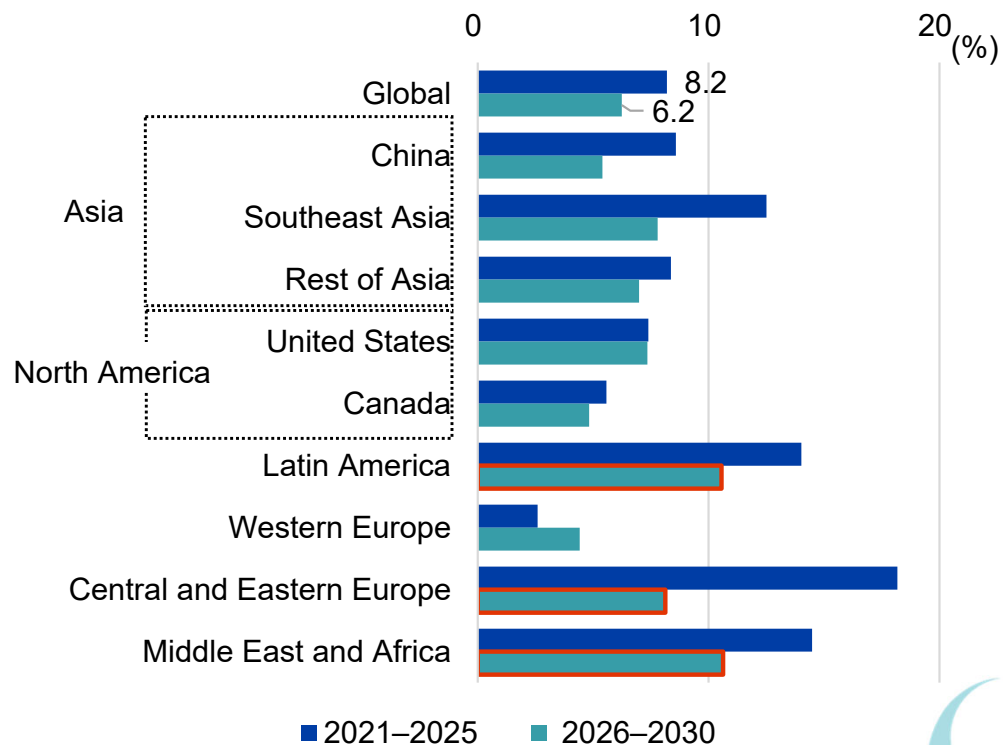
Notes: 1) AI-enabling goods comprise about 100 WTO-defined products. 2) Blue/red shading indicates a change of ± 1 percentage point or more from 2019 to 2025.

Source: JETRO estimates (based on Global Trade Atlas) and WTO

7 | E-commerce Underpins Digital Trade; AI Adoption Also Gains Momentum

- According to the International Trade Centre (ITC), the compound annual growth rate (CAGR) of digital trade from 2020 to 2024 was 12.1%, exceeding the CAGR of global trade (9.7%). **The expansion of the cross-border e-commerce market is driving the growth of digital trade.**
- The global e-commerce retail market is projected to reach \$6.4657 trillion in 2025, a year-on-year increase of 8.4%. A CAGR of 6.2% is forecast for 2026–2030, with expansion expected **in Central and Eastern Europe and the Global South.** **The use of AI is also advancing in the e-commerce sector, transforming business processes and customer touchpoints.**

Compound Annual Growth Rate (CAGR) of the E-commerce Retail Market (2021–2025, 2026–2030)

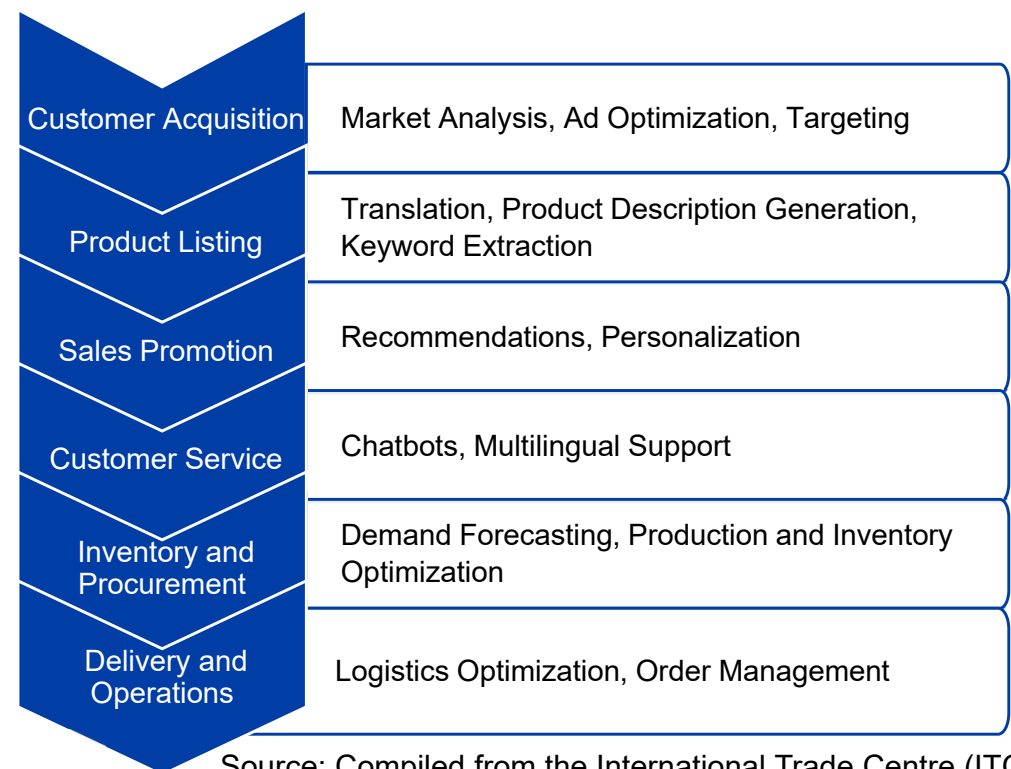


Note: 1) China and the United States, which have large market sizes, are listed by country.

2) Based on eMarketer estimates.

Source: Compiled from eMarketer

Examples of the E-commerce Value Chain and AI Applications



Source: Compiled from the International Trade Centre (ITC)

“Agentic Commerce”... It is expected that AI agents will autonomously assist and act on behalf of users—from product search and comparison to purchase—based on their preferences and conditions.

8 Japan's Trade Rebounds in 2025, but Outlook Remains Uncertain

- In 2025, Japan's customs-cleared **exports rose 4.0% year-on-year to \$737.6 billion** and **imports grew 1.3% to \$756.8 billion**. This marked the first export growth in four years and the first import growth in three years. The trade deficit narrowed for the third consecutive year.
- Despite upward momentum in both exports and imports, growing instability in the Middle East has heightened uncertainty over the outlook. As the yen depreciated in the first half of 2026, the divergence between dollar-denominated and yen-denominated growth rates became more pronounced.

Japan's Trade Trends

	(Million USD, %)			
	2023	2024	2025	2026 Jan-Jun P
Total Exports	719,086	708,961	737,605	384,480
(Growth Rate)	- 4.3	- 1.4	4.0	7.6
Total Imports	788,896	747,072	756,755	390,950
(Growth Rate)	- 12.9	- 5.3	1.3	5.0
Trade Balance	- 69,810	- 38,110	- 19,150	- 6,470
(YoY Difference)	84,033	31,700	18,960	8,724
Export Volume Index	105.7	102.9	102.7	103.4
(Growth Rate)	- 3.9	- 2.6	- 0.2	2.5
Import Volume Index	99.3	96.8	100.3	98.9
(Growth Rate)	- 4.9	- 2.5	3.6	0.6

(For both the table and charts)

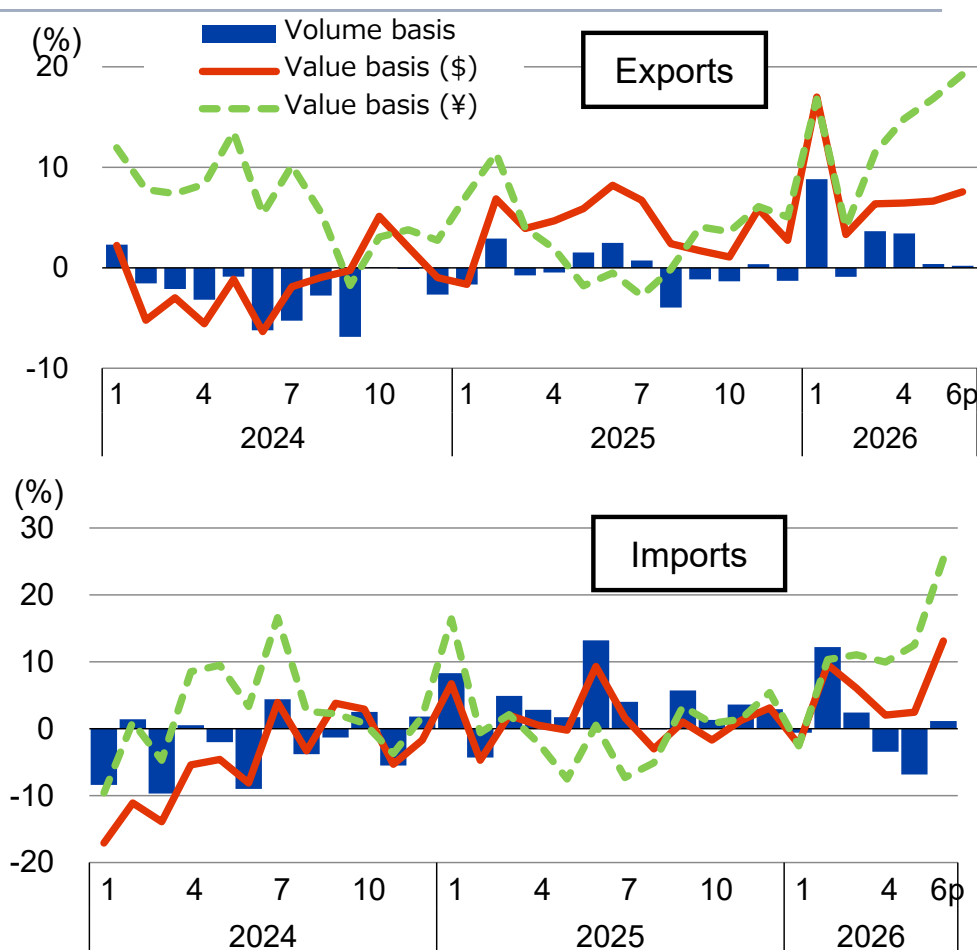
Note: 1) JETRO converted the figures in JPY into USD.

2) The volume index uses 2020 as its base year.

3) P indicates preliminary data.

Source: "Trade Statistics" (Ministry of Finance), "Foreign Exchange Rate" (Bank of Japan)

Japan's Export & Import Growth (YoY change)



9 | Japan Leads Global Markets in Materials and Precision Manufacturing Equipment

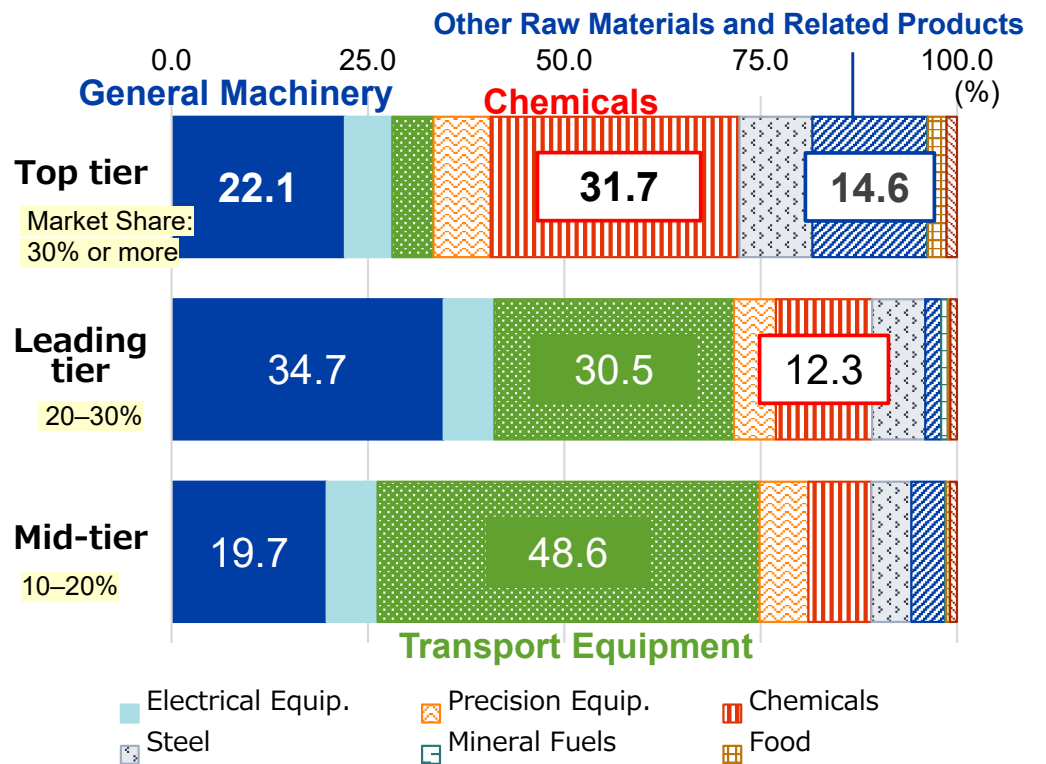
- In 2025, exports in Japan's automotive sector were weighed down by lower shipments to the United States, Japan's largest export market, reflecting the impact of tariffs and other factors. In contrast, semiconductor-related exports performed strongly, supported by growing shipments of integrated circuits to Taiwan and other markets. Exports of electronic components, including semiconductors, as well as semiconductor manufacturing equipment, also increased.
- Japan's export strengths are concentrated in advanced materials and precision manufacturing equipment that underpin manufacturing supply chains.** Among product categories in which Japan commands a leading share of global trade are chemicals (31.7%), general machinery (22.1%), and raw materials and related products (14.6%).

Japan's Exports by Major Commodity

	2025	YoY change	Contribution	(Million USD, %)		
				2026 Jan.–May	YoY change	Contribution
Total Exports	737,605	4.0	4.0	316,054	7.6	7.6
General Machinery	130,589	3.9	0.7	53,747	0.8	0.1
Semiconductor Manufacturing Equip.	30,409	2.4	0.1	12,227	- 3.6	- 0.2
Electrical Equip.	106,244	5.2	0.7	48,448	17.9	2.5
Semiconductors & Other Electronic Components	43,994	9.7	0.5	21,605	30.9	1.7
Transport Equip.	162,756	- 0.1	- 0.0	66,144	- 0.9	- 0.2
Automobiles	117,450	- 0.4	- 0.1	47,273	- 1.8	- 0.3
Precision Equip.	37,319	1.4	0.1	16,135	8.1	0.4
Chemicals	97,107	2.4	0.3	40,711	0.5	0.1
Steel	33,799	- 7.4	- 0.4	12,993	- 9.1	- 0.4
Food	9,209	17.3	0.2	3,845	7.6	0.1

Source: Global Trade Atlas (S&P Global)

Composition of Japan's strong exports (2023–2025)



Notes: 1) HS 6-digit (export value). Covers 5,073 items with global exports ≥\$1M (2023–2025 avg) and for which Japan has actual export data. 2) See Note 1 in the Appendix for categories. Food: HS01–24, and Other raw materials/products exclude steel. 3) Grouped by Japan's global share. Top: ≥30%, Leading: 20–30%, Mid: 10–20%. 4) Shows category share in each group's total exports.

Source: "Trade Map" (ITC)

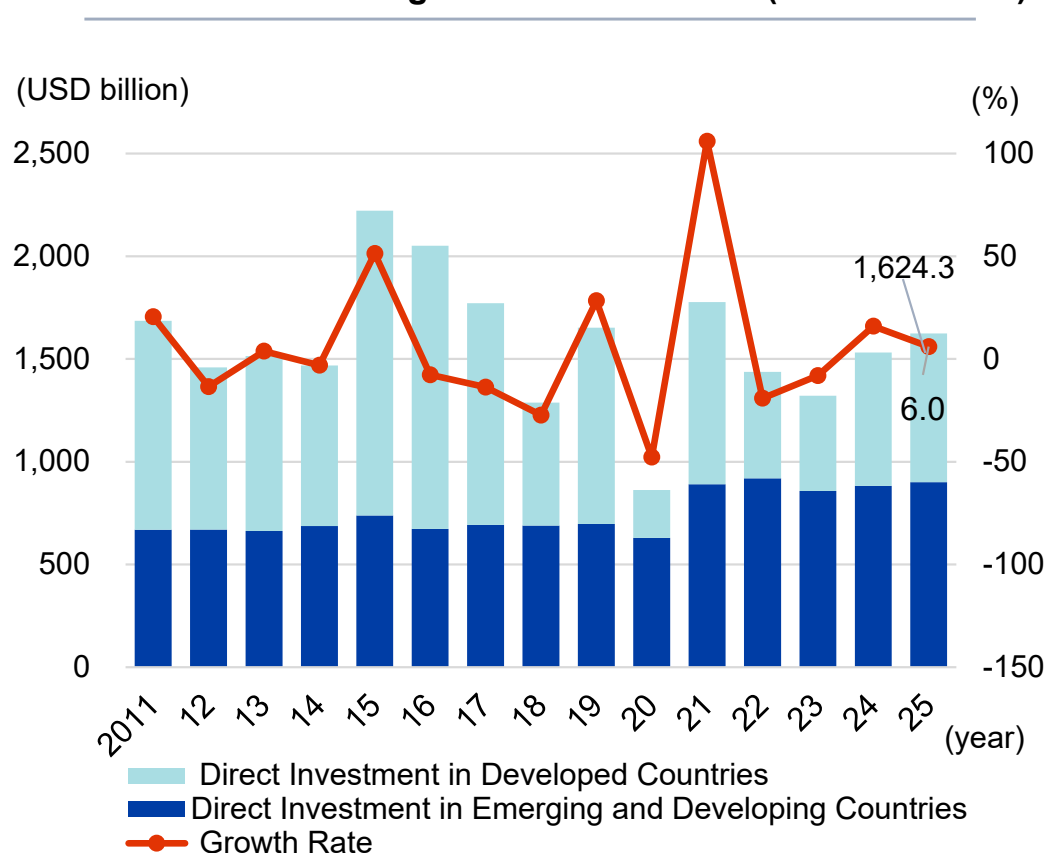
Key Points

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- 2. Global FDI in an Age of Digitalization and Heightened Geopolitical Risk**
3. Sustaining Free Trade in an Age of Economic Fragmentation

1 | Global Inward FDI Recovers, but Investment Remains Concentrated

- Global FDI rose **6.0% year-on-year** to \$1.6 trillion in 2025, marking a second consecutive year of recovery. However, the recovery remains uneven and fragile across countries, regions, and sectors.
- FDI flows to developed countries and regions rose by 11.5% year-on-year, while those to emerging and developing countries and regions increased by only 2.1%. **The top 20 recipient countries and regions accounted for more than 80% of global FDI inflows.** 72.3% of FDI into emerging and developing countries and regions was concentrated in just 10 countries and regions, including Singapore, China, Brazil, the United Arab Emirates, Mexico, and India.

Global Inward Foreign Direct Investment (Net and Flows)



(For both chart and table)

Note: Definitions of developed countries and regions, and emerging and developing countries and regions, are based on UNCTAD classifications.

Source: UNCTAD

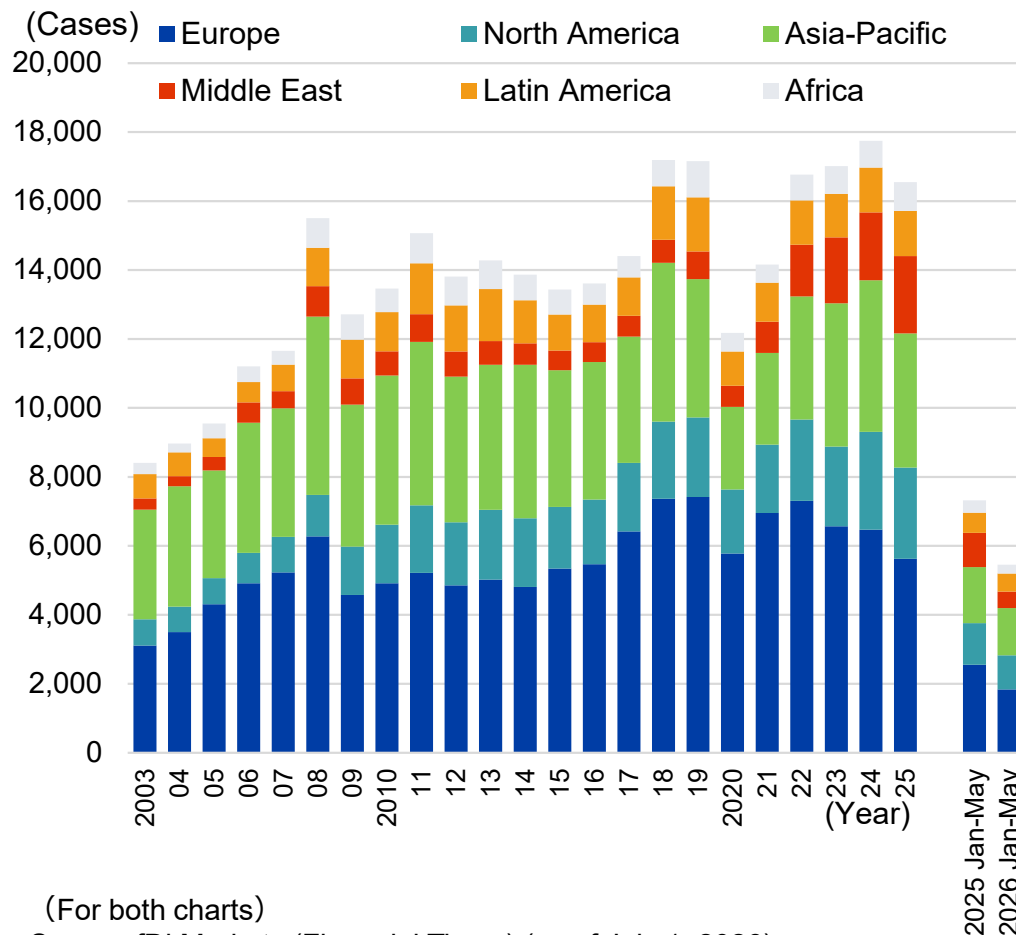
Inward Foreign Direct Investment in Major Countries and Regions in 2025 (Net and Flows) (Million USD, %, percentage points)

Country/Region	Amount	Growth Rate	Share	Contribution
World	1,624,259	6.0	100.0	6.0
Developed Countries	723,464	11.5	44.5	4.9
United States	277,300	- 2.3	17.1	0.4
EU	164,254	28.9	4.4	10.6
Germany	74,272	255.8	4.6	3.5
Sweden	30,316	39.2	1.9	0.6
United Kingdom	75,206	358.5	4.6	3.8
Switzerland	9,502	-	0.6	5.1
Australia	35,253	- 31.5	2.2	1.1
Japan	14,321	7.2	0.9	0.1
Emerging/Developing Countries and Regions	900,795	2.1	55.5	1.2
China	104,659	-10.0	6.4	- 0.8
Hong Kong	116,475	- 15.6	7.2	- 1.4
ASEAN	244,165	9.7	15.0	1.4
Singapore	150,898	10.8	9.3	1.0
India	38,891	43.6	2.4	0.8
Latin America	183,273	14.2	11.3	1.5
Brazil	76,877	22.9	4.7	0.9
Middle East	110,558	19.9	6.8	1.2
UAE	48,243	5.7	3.0	0.2
Africa	69,506	- 26.3	4.3	1.6

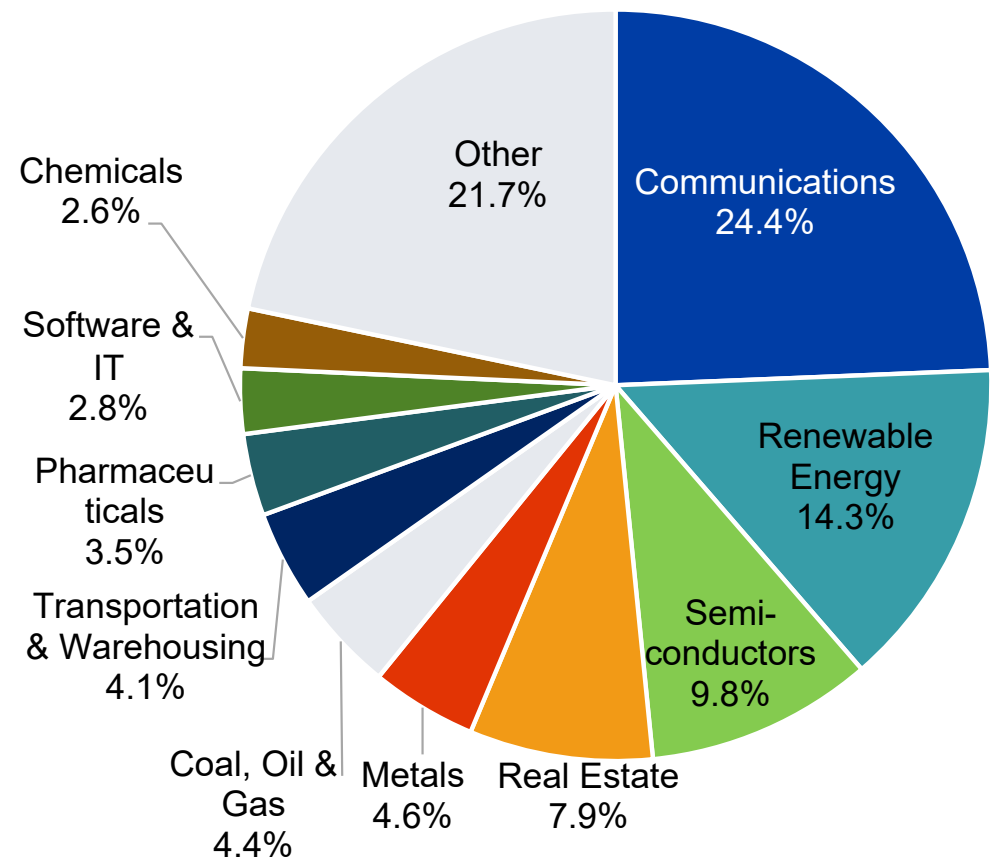
2 | Driven by Data Centers, Greenfield Investment Amount Hits Record High

- The number of global greenfield investment projects fell 6.7% year-on-year to 16,553 (based on announcements) in 2025, reflecting trade tensions, tariff measures, supply chain restructuring, and policy uncertainty. Meanwhile, the total investment amount rose by 7.5% to \$1.4 trillion, **reaching a record high**.
- By sector, **communications, including data centers**, accounted for the largest share of greenfield investment value in 2025, representing **24.4% of the total** and surpassing renewable energy. **Investment was concentrated in strategic sectors** linked to technological leadership, energy security, and industrial policy, including AI-related digital infrastructure, semiconductors, critical minerals, and decarbonization technologies.

Number of Greenfield Investments by Recipient



Global Greenfield Investment Amount in 2025
(% of Total by Industry)



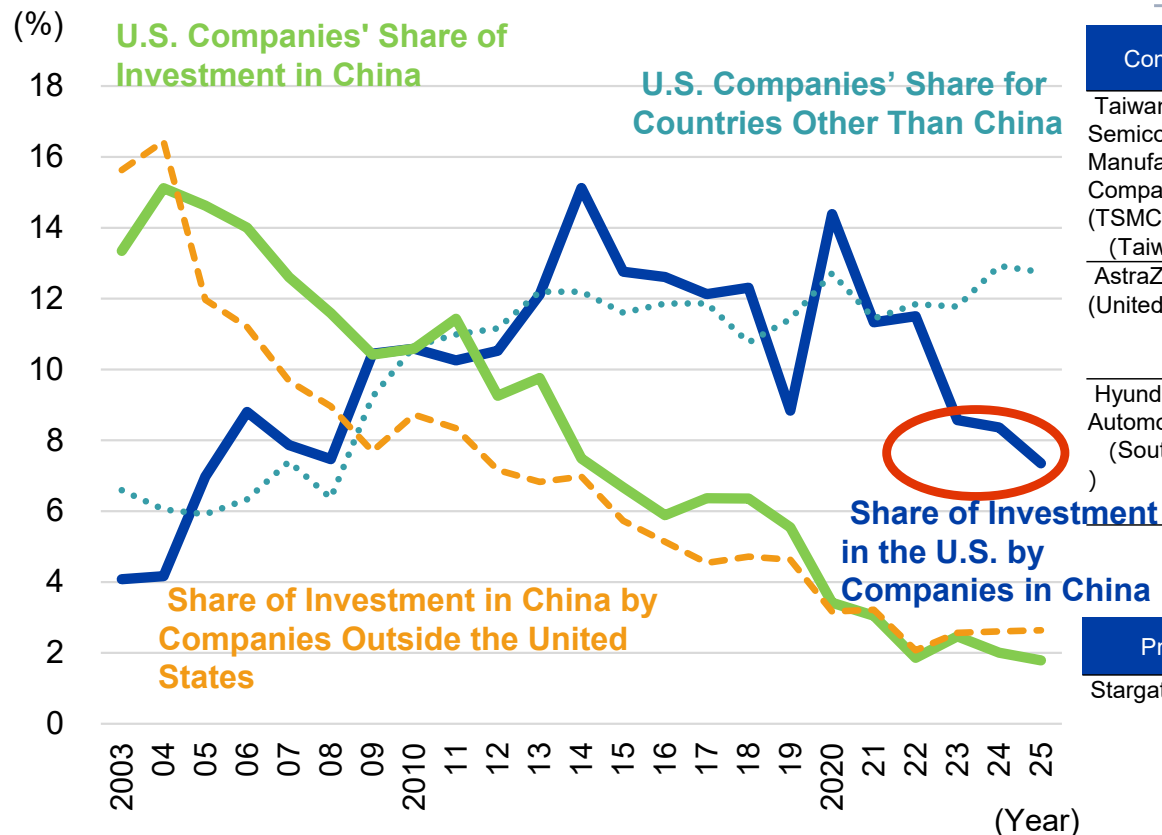
(For both charts)

Source: fDi Markets (Financial Times) (as of July 1, 2026)

3 | Direct Investment Shifts Away from China and Toward the U.S.

- **China's share of Global FDI has declined** amid slower economic growth and intensifying competition. Meanwhile, investment in the United States from economies other than China has continued to rise, while **Chinese investment in the United States has declined since 2022** amid escalating tensions between the two countries.
- Investment commitments to the United States announced since 2025 have reached \$10.6 trillion. Construction has already begun on AstraZeneca's facility in Virginia, while Taiwan Semiconductor Manufacturing Company (TSMC) planned new fabrication plant continues to face challenges including water shortages, labor constraints, and visa restrictions. Six projects under the Japan-U.S. agreement were announced in February and March 2026.

Trends in the Global Share of the Number of U.S.-China Greenfield Investment Projects Announced



Large-Scale Cross-Border Investment Projects in the U.S. and Their Progress Under the Second Trump Administration

Companies	Disclosed Amount / Sector	Progress
Taiwan Semiconductor Manufacturing Company (TSMC) (Taiwan)	An additional \$100 billion / Semiconductor Manufacturing, R&D, and Advanced Packaging	Acquired land adjacent to its Arizona facility in January 2026. Details regarding Factories 4-6 and the R&D center have not been disclosed. The advanced packaging facility is scheduled to open in 2029, with construction set to begin in April 2026 .
AstraZeneca (United Kingdom)	\$50 billion / Pharmaceutical Manufacturing and R&D	Will invest \$50 billion in the United States by 2030. Construction of the flagship project—a new plant in Virginia — began in October 2025. The facility is scheduled to begin operations in 4-5 years.
Hyundai Automotive (South Korea)	\$26 billion / Automotive Manufacturing & Steel	Expanding the investment amount to \$26 billion from 2025 to 2028. The Georgia plant is scheduled to be expanded by 2028. Construction of the steel mill in Louisiana for automotive steel sheets is scheduled to begin between July and September 2026 .

Projects Involving Japan

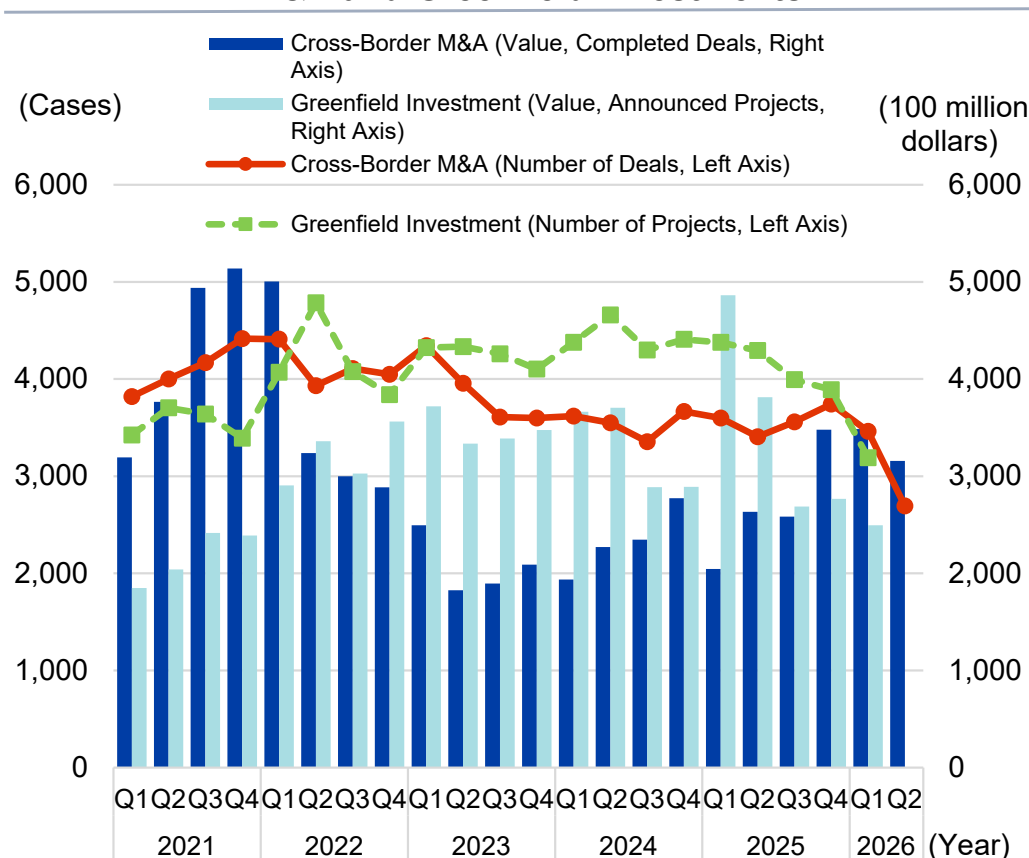
Project Name	Announced Amount	Progress
Stargate Project	\$500 billion	In September 2025, five AI data center development sites in the United States were selected and announced. Of the two projects led by SoftBank and OpenAI, the Ohio project has already secured a facility and is scheduled to begin operations in 2026, while the site in Milam County, Texas, is expected to be completed in October 2026.
Crude Oil Export Infrastructure Project (Based on the 2025 Japan-U.S. agreement)	Estimated at approximately \$2.1 billion	In May 2026, JBIC provided an initial \$104 million loan for a Texas crude oil export terminal as construction began.

Source: (Left chart) Compiled from fDi Markets (Financial Times) (as of June 15, 2026) (Right chart) Compiled from the White House's "The Trump Effect," company press releases, and media reports.

4 | Industrial Policy: Intensifying Competition in Strategic Industries; Shift from Efficiency to Resilience

- Geopolitical tensions, higher financing costs, and policy uncertainty are **clouding the outlook for 2026, with downside risks persisting**. Global cross-border M&A deals completed in the first half of 2026 fell 12.2% year-on-year to 6,159, while announced greenfield projects dropped 25.5% to 5,453, although Cross-border M&A value rose 41.7%.
- As industrial policy shifts, geographical and sectoral disparities are set to widen and competition for strategic-industry investment projects to intensify. Corporate investment priorities are moving from **efficiency to resilience**, with geopolitics becoming a key driver of FDI and capital flows.

Trends in the Number and Value of Cross-border M&A and Greenfield Investments



Trends in Industrial Policy

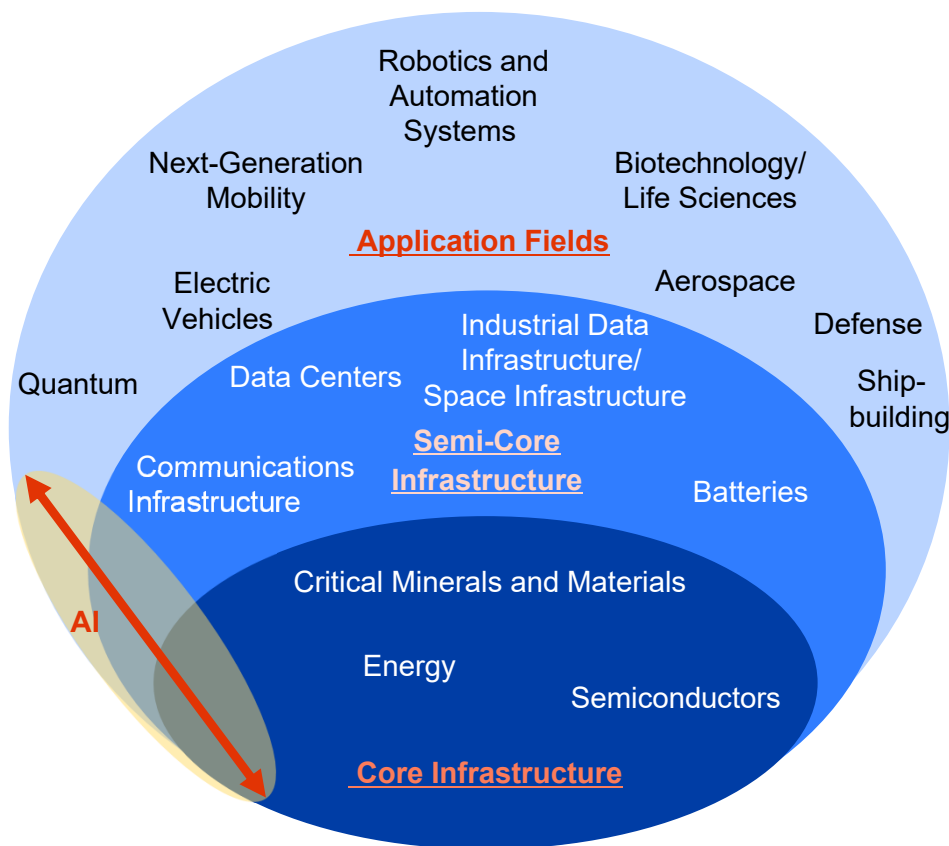
Item	Through the 2010s	2020–
Main Objectives	- Enhancing competitiveness - Climate Change Mitigation	- Supply chain resilience - National security - Geopolitical factors
Main Measures	Subsidies are the most common	In addition to subsidies, localization policies and increased import and export restrictions
Policies	Support for sectors with comparative advantages	- Targets dual-use goods, advanced technologies, and critical minerals - Support for sectors with relatively low competitiveness and those new to the country, primarily in developed economies - Developed countries are also accelerating support for sectors they have supported in the past Countries tend to introduce industrial policies in sectors and products where other countries have already done so.

Source : Compiled from the IMF Working Paper “Industrial Policy Since the Great Financial Crisis”

5 | The Ecosystem Surrounding Strategic Industries

- Policy support and investment are increasingly concentrated in strategic industries viewed as critical to the green transition, digital transformation, and economic security. AI spans not only core enabling technologies such as semiconductors and adjacent infrastructure such as data centers, but also downstream applications including electric vehicles and aerospace.
- Looking at the sectoral composition of global greenfield investment, **communications (including data centers), renewable energy, and semiconductors have accounted for a large share of investment since the 2020s**. This suggests that policy support has helped drive rising FDI into these foundational sectors.

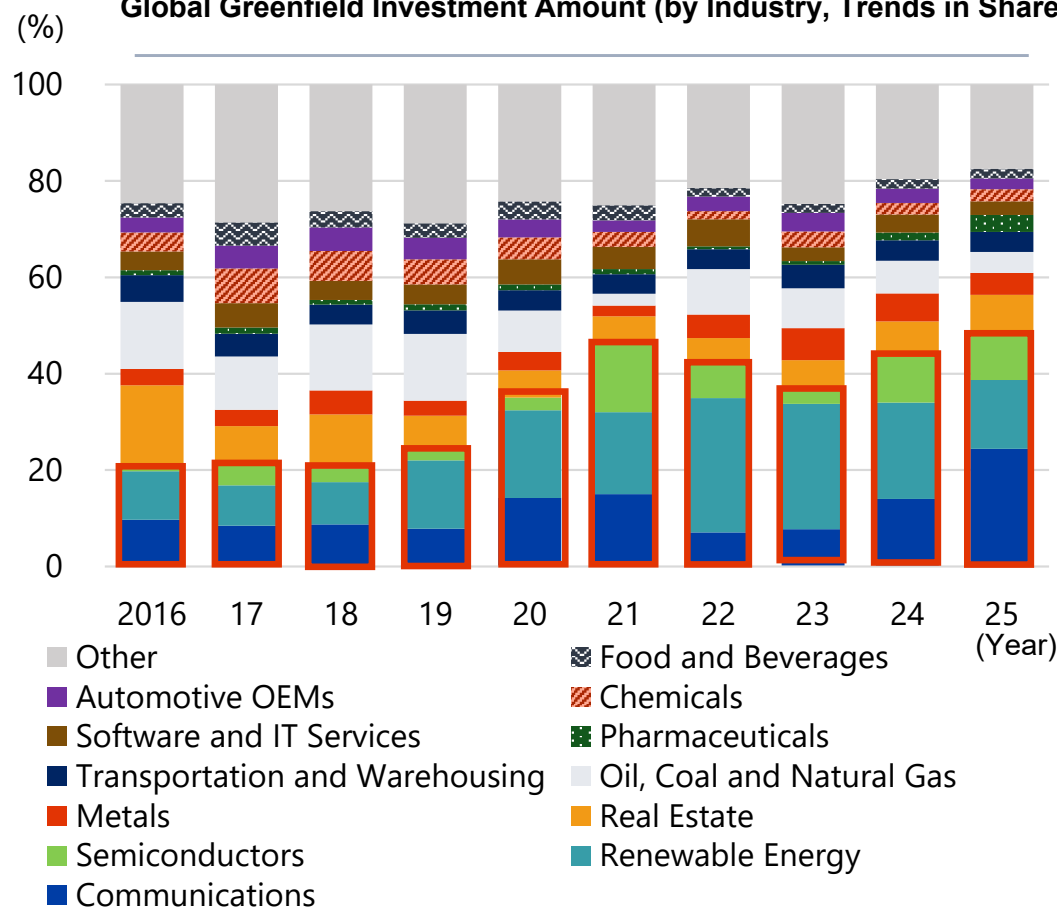
An Overview of the Ecosystem Surrounding Strategic Industries



Note: This figure provides a schematic overview of the relationships among major strategic industries and is not intended to cover all industries. Industries supporting the core foundation, such as materials, components, and equipment, as well as technologies spanning multiple fields, are also involved. Therefore, the positioning of each industry is illustrative only.

Source: Compiled from the Cabinet Office of Japan, METI, the U.S. Office of Science and Technology Policy (OSTP), the European Commission, the OECD, and other sources.

Global Greenfield Investment Amount (by Industry, Trends in Share)



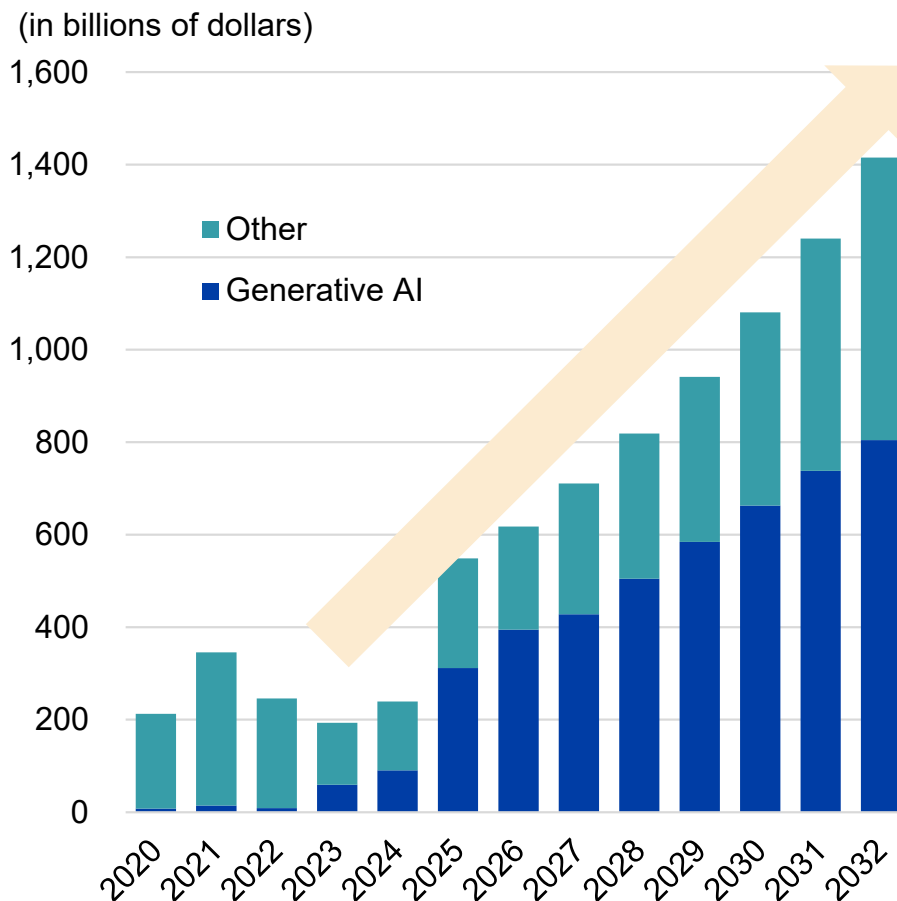
Note: The top 12 sectors by share in 2025 are shown. Based on announcements.

Source: Compiled from fDi Markets (Financial Times)

6 | Investment in the AI Value Chain Is Expanding, but Power Supply Remains a Challenge

- **The AI market is projected to** reach \$548.8 billion in 2025, representing **a 2.3-fold increase from the previous year**. This growth has been driven by the rapid adoption of generative AI since 2023. As demand for AI expands, **investment is also accelerating in the upstream portion of the value chain that supports AI model training and inference**.
- The global data center market is projected to reach \$527 billion in 2025, up 9.7% from the previous year, and is expected to expand to \$739 billion by 2030. While investment by hyperscalers in AI data centers is driving market growth, **the projected doubling of power consumption by 2030 poses a challenge**.

Global AI Market Size (Forecast)



Note: Based on Statista's forecast (as of May 30, 2026).

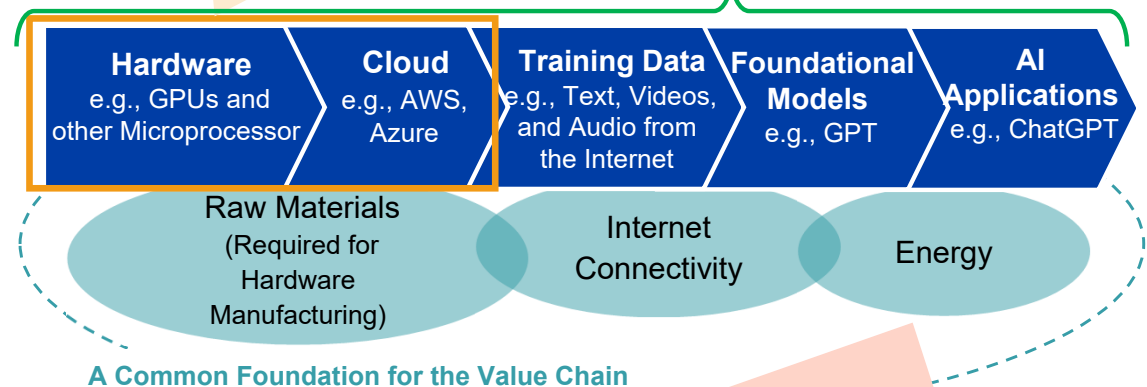
Source: Statista Market Insights

AI Value Chain and Industry Trends

Hyperscalers (such as Microsoft, Amazon, and Google) are making large-scale investments in the following areas:

- **Development of AI data centers** that serve as cloud infrastructure for AI training and inference
- **Securing GPUs**, which play a critical role in training AI models
- **Designing AI chips** (microprocessors) specialized for inference processing and proprietary services

Venture capital (VC) investment in AI-related companies reached \$249.6 billion in 2025, up 62.7% on the previous year. This accounted for approximately 58% of total VC investment.



In 2025, data center power consumption reached 485 terawatt-hours (TWh), an increase of approximately 70 TWh from the previous year, **equivalent to about 1.5% of global electricity demand**. Data center companies are seeking to secure a stable power supply through measures such as procuring renewable energy and utilizing nuclear power. Countries and regions are also rushing to implement policy responses.

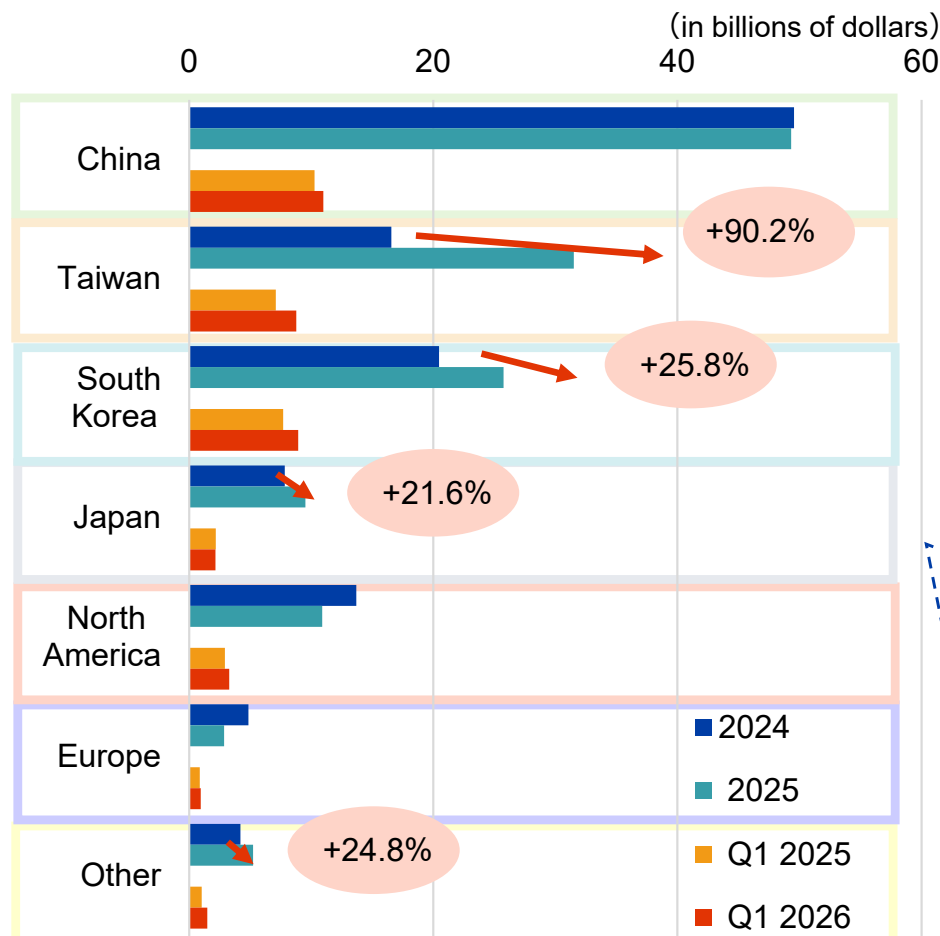
Source: WTO, OECD, IEA

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7 Rising AI Demand Drives Investment in Advanced Logic Chips, Memory, and Packaging

- **Global semiconductor manufacturing equipment sales reached a record high of \$135.1 billion in 2025, up 15.3% from the previous year. Driven by AI demand, investment is focused on advanced semiconductors, high-bandwidth memory (HBM), and advanced packaging.**
- Major players such as **TSMC, Samsung Electronics, SK Hynix**, and **Micron Technology** are expanding investments globally. In advanced packaging, Japanese materials and equipment suppliers are strengthening production and R&D capabilities.

Semiconductor Manufacturing Equipment Sales (Market Size) by Major Country and Region (2024, 2025, Q1 2025, Q1 2026)



Note: Annual data are based on a SEMI press release dated April 7, 2026. Quarterly data are based on a SEMI press release dated June 4, 2026. Source: SEMI press releases (April 7 and June 4, 2026).

Investment Trends in Semiconductor Manufacturing by Country and Region

China: Against the backdrop of domestic production of AI semiconductors, foundries such as SMIC and HLMC continue to expand production capacity. Memory manufacturers, including CXMT, are also mass-producing high-performance memory for data centers and AI servers.

Taiwan: Driven by AI demand, TSMC is leading large-scale investment in advanced logic and advanced packaging. The company is expanding capacity for its 1.6nm-generation and beyond in Hsinchu and Kaohsiung, while also strengthening advanced packaging capabilities in Tainan and Chiayi.

South Korea: Driven by growing demand for HBM used in AI applications, Samsung Electronics and SK Hynix are expanding investment in memory production. Samsung is increasing capacity for next-generation DRAM and HBM in Pyeongtaek, while SK Hynix is expanding capacity in Yongin and Cheongju.

Japan: Rapidus aims to begin mass production of 2nm-class semiconductors in Hokkaido, while JASM, a TSMC-led subsidiary, is expected to introduce 3nm process technology at its Kumamoto facility. Micron and Kioxia are also expanding investments in AI-related memory products. Capacity expansion is also underway in advanced packaging materials and equipment.

North America: In the US, large-scale projects supported by the CHIPS and Science Act are progressing (TSMC, Micron, etc.). Efforts are underway to build an integrated supply chain spanning advanced logic, HBM, and advanced packaging.

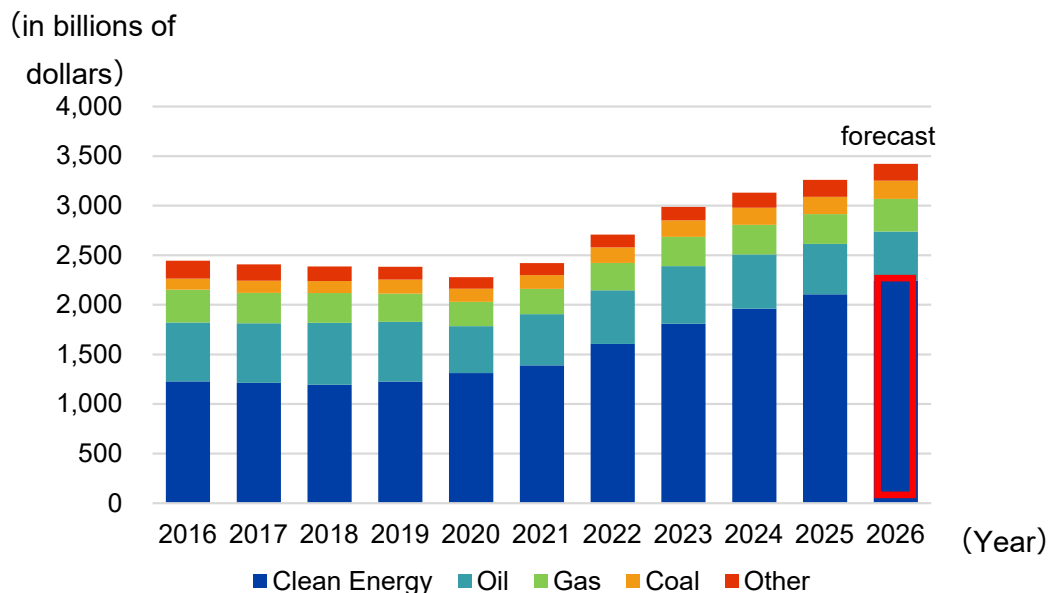
Europe: While efforts to attract semiconductor investment under the European Chips Act continue, some plans have been revised. Key investments in the region include the new TSMC-led fabrication plant in Dresden and Intel's facility in Ireland.

Other Regions: Production is becoming increasingly diversified across India and ASEAN. In Malaysia, Singapore, Vietnam, and other countries, investment is expanding primarily in back-end semiconductor processes, including some advanced packaging.

8 Interest in Renewable Energy and Nuclear Power Grows Amid Middle East Tensions

- In 2026, global energy investment is projected to reach \$3.4 trillion. Investment in clean energy is expected to total about \$2.2 trillion, nearly double the level of fossil fuel investment (\$1.2 trillion), while investment in natural gas is projected to reach a 10-year high.
- In response to energy security concerns stemming from tensions in the Middle East, diversification of energy sources, including renewables, is progressing. Interest in nuclear power, including SMRs, is also growing as a low-emission and stable energy source, with China leading deployment.

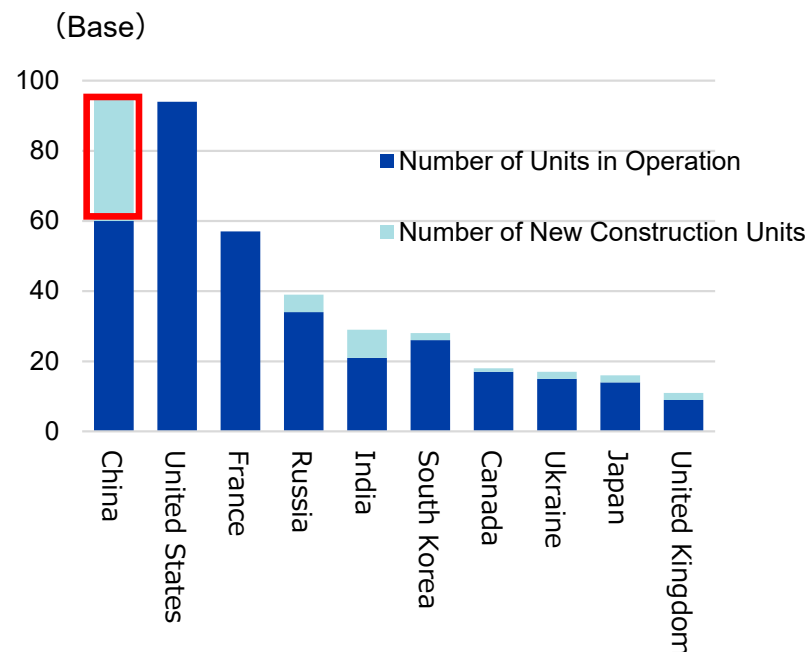
Global Energy Investment Amount (by Sector)



Note: 1) Forecast figures for 2026 are from the IEA. 2) "Clean energy" includes clean fuels, direct air capture (DAC), transitional fossil fuels, nuclear power, renewable energy, energy storage, power grids, fossil fuels utilizing CCUS (carbon capture, utilization and storage), other clean electricity, and end-use applications. 3) "Other" includes clean fuels, DAC, marine fuels, and others.

Source: Compiled from IEA "World Energy Investment 2026"

Number of Nuclear Power Plants in Operation and Under Construction by Country (Top 10 Countries)



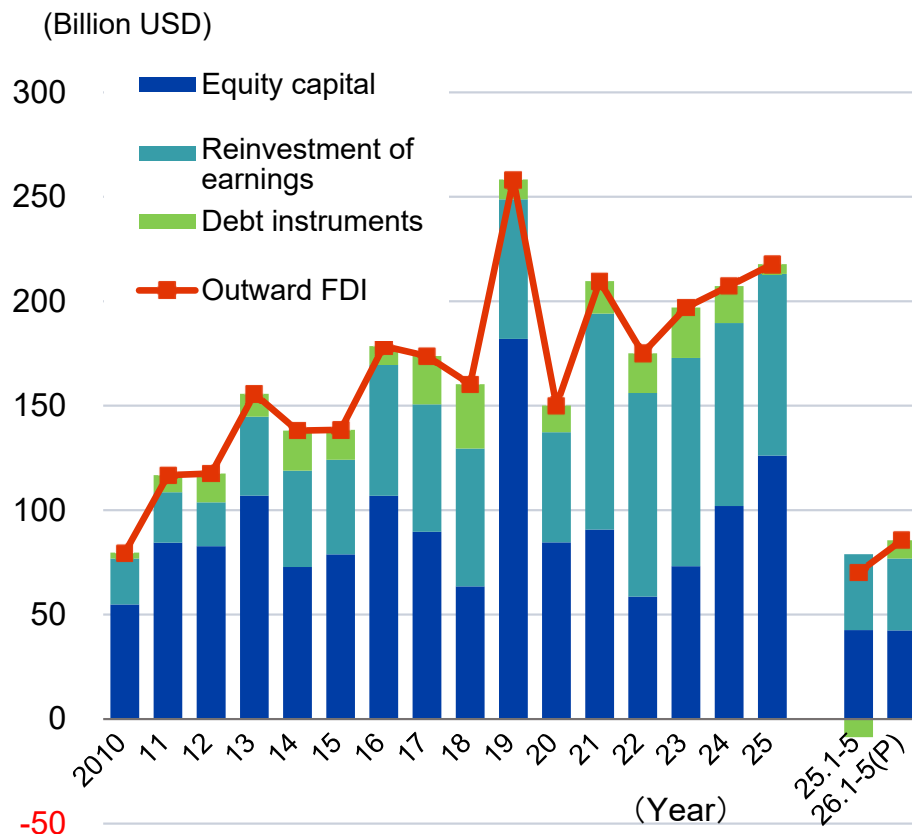
Note: 1) Data as of May 26, 2026. 2) Top 10 countries are shown. 3) Reactors in operation include those temporarily shut down.

Source: Compiled from the IAEA's "The Database on Nuclear Power Reactors"

9 | Japan's Outward FDI Remains Robust

- **Japan's outward FDI in 2025 rose 5.0% year-on-year to \$217.8 billion, for the third straight year.**
- **Investment in the United States accounted for 27.9% of the total.** In Asia, **investment in India**, centered on the automotive, finance, and insurance sectors, grew, **reaching a record high since comparable data became available in 2014.** Meanwhile, investment in China continued to decline for the fourth consecutive year and remains at a record low.

Japan's Outward FDI by Type (Net Flows)



Japan's Outward FDI by County/Region

(Million USD, %)

	2025	Growth Rate	Share	2026 Jan-May P	Growth Rate	Share
Asia	40,248	- 0.9	18.5	14,741	- 8.9	17.2
China	1,655	- 29.1	0.8	1,058	- 5.1	1.2
ASEAN	24,638	- 5.9	11.3	4,982	- 52.3	5.8
Singapore	10,799	- 21.1	5.0	1,080	- 79.5	1.3
Vietnam	3,809	34.1	1.7	1,069	- 52.5	1.2
India	7,635	37.1	3.5	7,264	150.3	8.5
North America	64,569	- 19.8	29.7	44,182	69.0	51.6
U.S.	60,716	- 21.8	27.9	43,333	75.8	50.6
Latin America	22,881	76.2	10.5	4,811	- 13.2	5.6
Oceania	9,872	- 36.0	4.5	2,399	- 28.4	2.8
Europe	81,631	44.4	37.5	19,868	2.4	23.2
Germany	19,961	- 4.0	9.2	7,005	3.1	8.2
U.K.	8,929	- 8.1	4.1	5,878	174.0	6.9
Switzerland	39,921	460.5	18.3	305	- 93.5	0.4
World	217,758	5.0	100.0	85,629	21.8	100.0

(For both chart and table)

Note: 1) JETRO converted the figures reported in JPY into USD. 2) P indicates preliminary data.

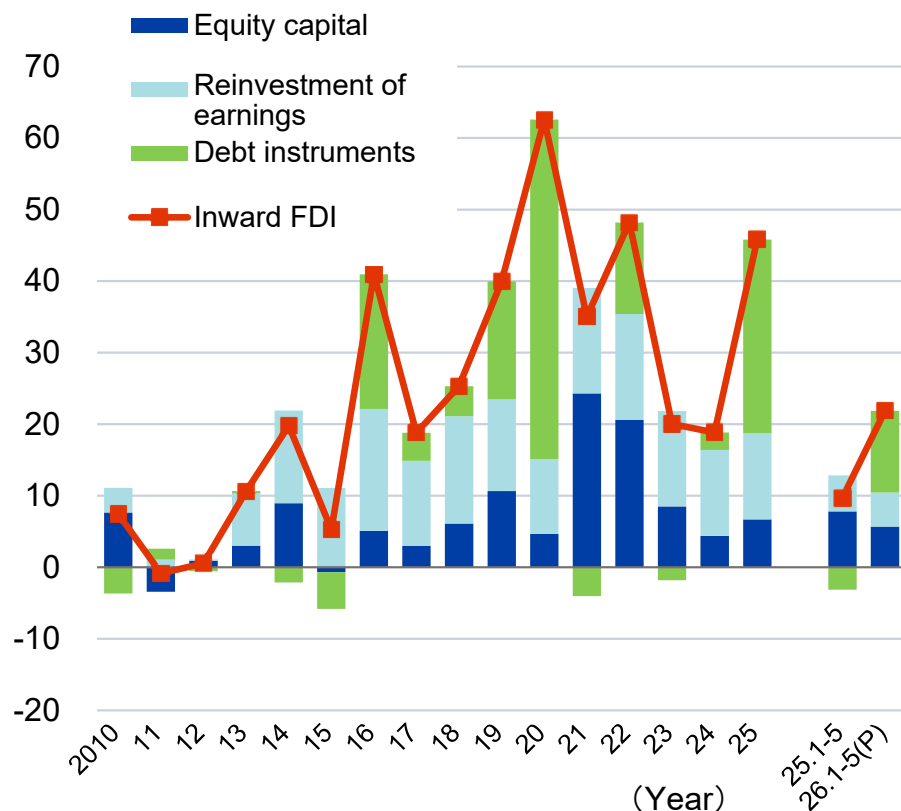
Source: "Balance of Payments Statistics" (Ministry of Finance, Bank of Japan)

10 | Inward FDI in Japan Rose Sharply Year-on-Year in 2025

- **FDI into Japan reached \$45.8 billion in 2025, approximately 2.5 times the previous year's level.** Investment increased not only from the United States but also from Asian economies, including Singapore. Greenfield investment announcements in Japan totaled \$28.9 billion in 2025, remaining at a high level near \$30 billion for a second consecutive year. In recent years, **AI-related projects**, including semiconductor memory production and data center development, **have ranked among the largest investment categories.**

FDI in Japan by Type (Net Flows)

(Billion USD)



Note: 1) JETRO converted the figures reported in JPY into USD.

2) P indicates preliminary data.

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

Major Greenfield Investment Projects in Japan

Investing Company [Announcement Date]	Overview
Micron (United States) [September 2025]	Construction of a new building will begin at its existing production site in Hiroshima Prefecture to produce high-performance, next-generation memory for AI (construction scheduled to start in 2026). Installation of manufacturing equipment is scheduled to begin in the second half of 2028.
Ada Infrastructure (Singapore*) [May 2024]	The company, a subsidiary of Singapore-based GLP, operates in the data center business . It plans to build three data centers in Tama City, Tokyo, with the second scheduled for completion in 2026. *Transferred to U.S.-based fund Ares Management in March 2025.
GMI Cloud (United States) [March 2026]	In partnership with Taiwan-based Wistron, the company plans to build up to 1 GW of AI data centers in Kagoshima Prefecture. It aims to serve as an infrastructure for sovereign AI to process data securely within Japan, as well as AI for the manufacturing and robotics industries.
Global Wafers (Taiwan) [October 2024]	Produces silicon wafers, a material used in semiconductors . The company plans to expand production facilities, including the construction of a new building at its domestic production base.
Western Digital (WD)* (United States) [February 2024]	In collaboration with Kioxia, a major manufacturer of semiconductor memories, WD is establishing new production lines for advanced NAND flash memory products at its two main factories. *WD's memory business was spun off to and taken over by SanDisk; SanDisk will handle this project.
Patience Capital (Singapore) [March 2025]	Proceeding with the development of a resort, including a hotel, in the Myoko area of Niigata Prefecture. Signed a partnership agreement with Shinano Railway to revitalize the region and promote tourism. Expanded partnerships with local tourism organizations and transportation operators in March 2026.
ESR (Hong Kong) [April 2025]	Construction began on a state-of-the-art hyperscale data center in Kyoto Prefecture. The project is being developed jointly with STACK Infrastructure, a major U.S. data center developer. Additionally, construction began on the third building of Japan's largest logistics center project in Hyogo Prefecture.

Note: 1) Based on announcements. 2) Top projects by investment amount from projects announced between 2024 and April 2026. Source: fDi Markets (Financial Times), various corporate press releases

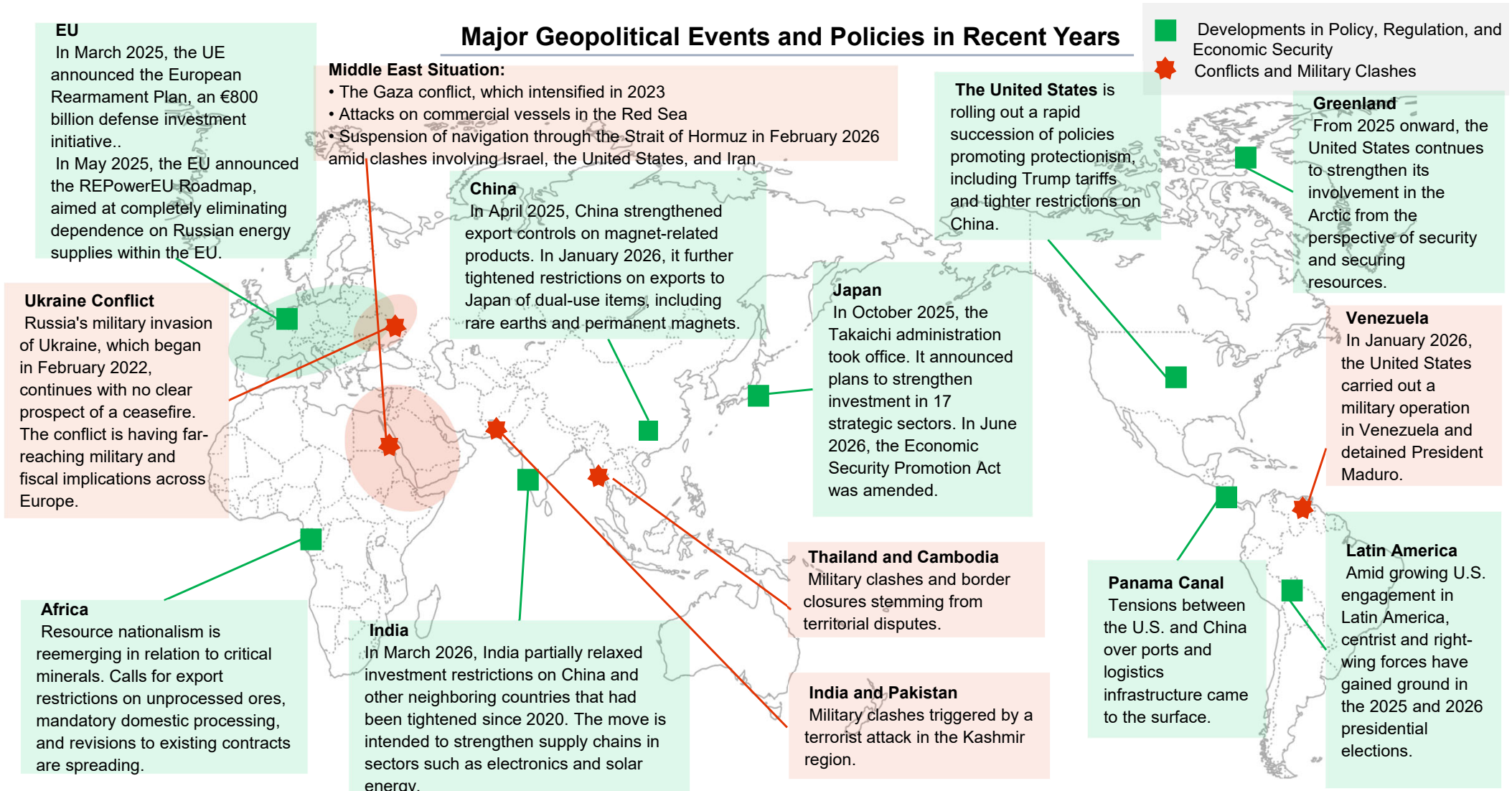
Key Points

1. Trade Growth Continues Amid Rising Risks and Structural Change
2. Global FDI in an Age of Digitalization and Heightened Geopolitical Risk
3. **Sustaining Free Trade in an Age of Economic Fragmentation**

1 | Geopolitical Risks Become More Multilayered as Conflicts and Economic Security Policies Intertwine

- While conflicts and military confrontations continue across various regions, major economies are advancing policies related to resources, trade, defense, and investment screening, **making geopolitical risks increasingly complex and persistent.**

Major Geopolitical Events and Policies in Recent Years



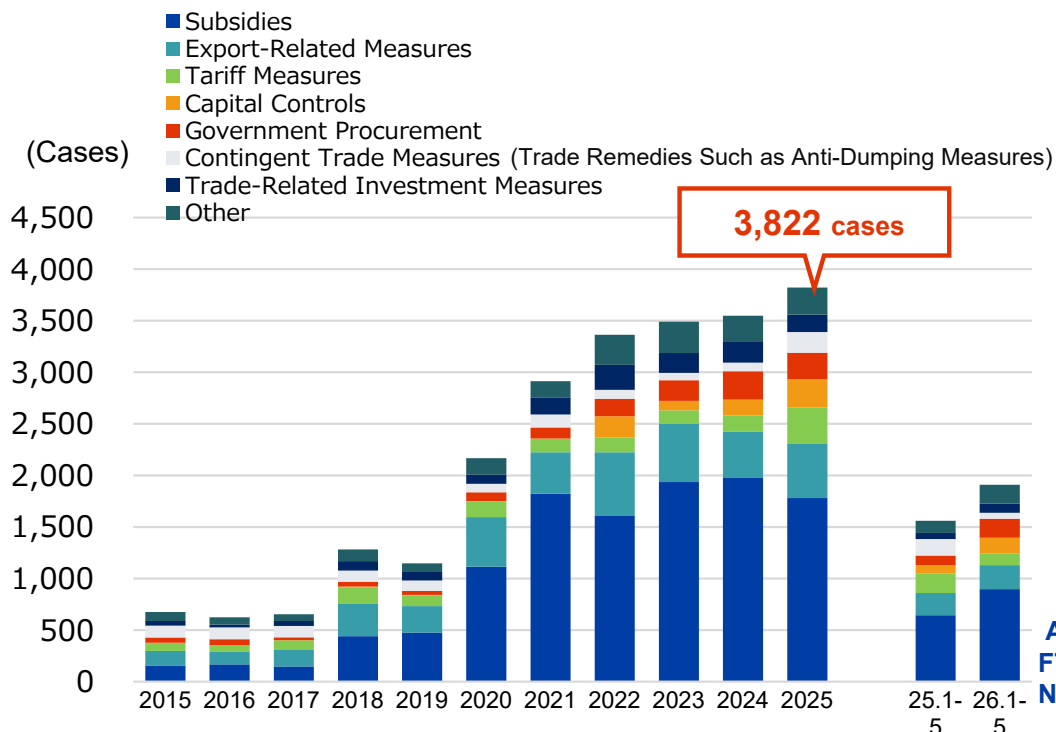
Note: This list does not cover all events. Events without a specified year are, in principle, those occurring in 2025.

Source: Compiled from various news reports and other sources.

2 | Trade and Investment Barriers on the Rise; Mid-Sized Trading Economies Step Up Cooperation

- **The number of new policy interventions worldwide that hinder trade and investment accelerated, reaching 3,822 in 2025.** While subsidies accounted for the majority, **tariff measures and capital controls also increased.** The United States introduced the highest number of such measures (552), while China was the most affected (1,285 cases).
- While some voices challenge WTO rules, **mid-sized countries and regions with significant shares of global trade are moving to promote free trade agreements and strengthen cooperation in support of free trade.**

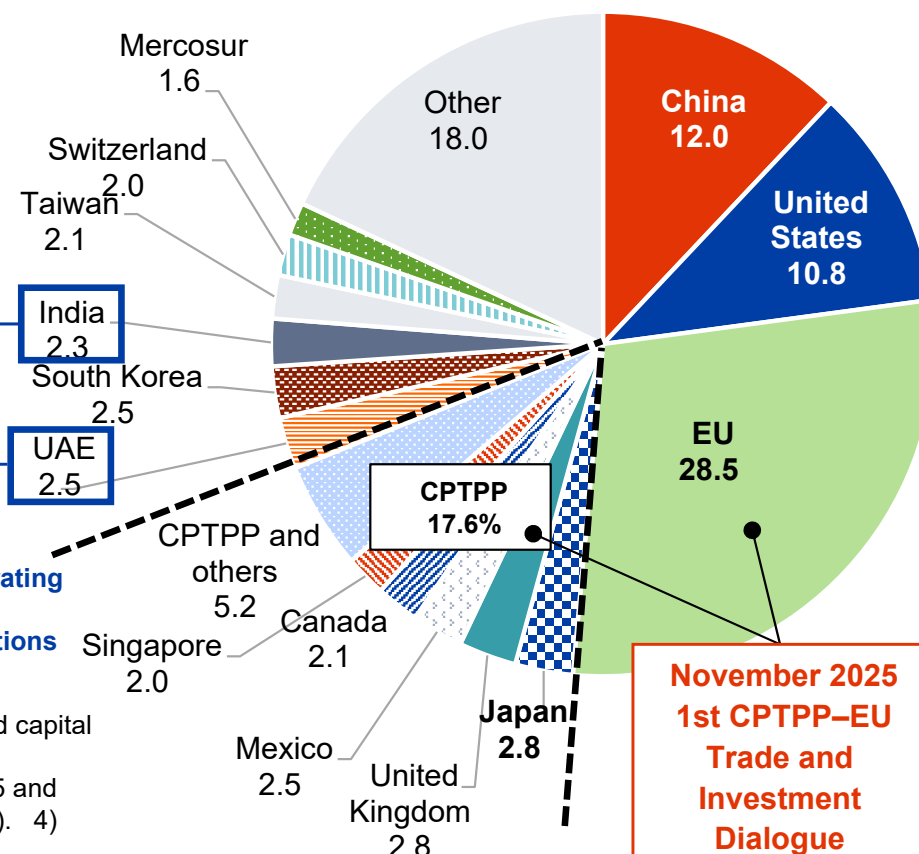
Number of New Policy Interventions That Hinder Trade and Investment (Global Total)



Note: 1) Number of “harmful measures” that impede the cross-border flow of goods, services, and capital and have an adverse effect on partner countries. 2) Export subsidies are not included in the “subsidies” category but are included in “export-related measures.” 3) For January–May 2025 and January–May 2026, the cutoff date is set as May 31 (the calendar year ends on December 31). 4) Based on information as of June 3, 2026.

Source: Compiled from “Global Trade Alert,” St. Gallen Endowment for Prosperity Through Trade (SGEPT).

Share of Global Trade by Country and Region (2025)

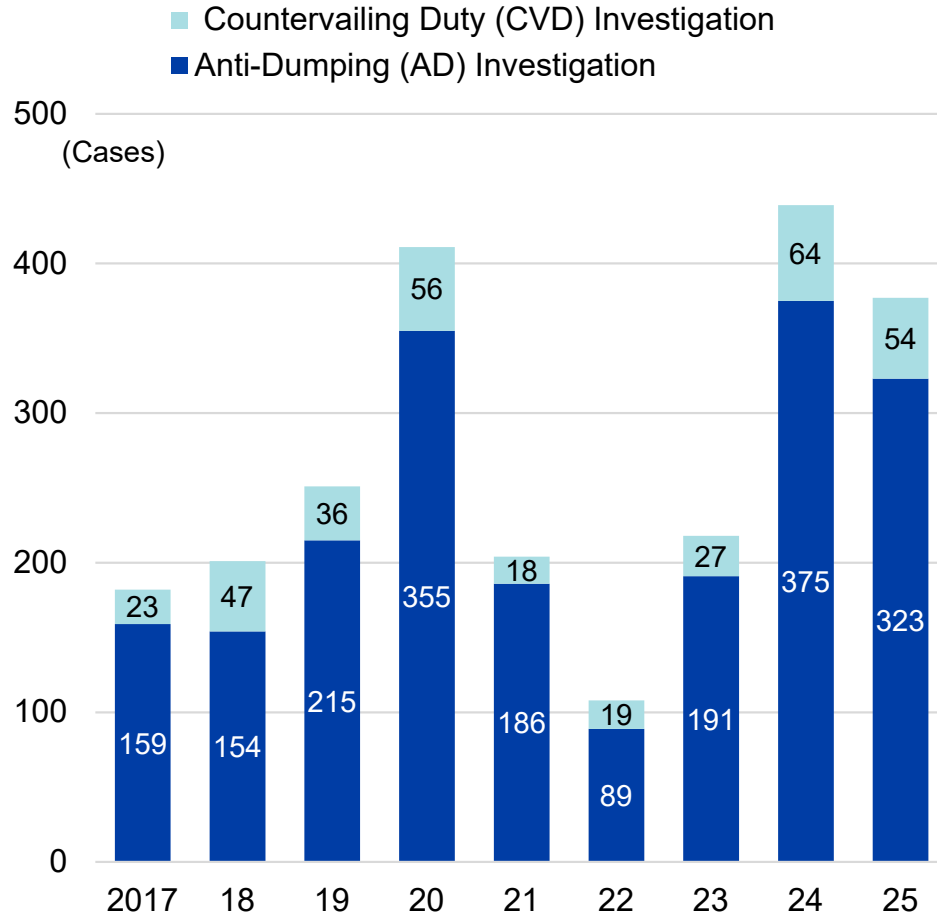


Source: UNCTAD

3 | Trade Remedies Remain at High Levels: Measures Against Chinese Products Top the List

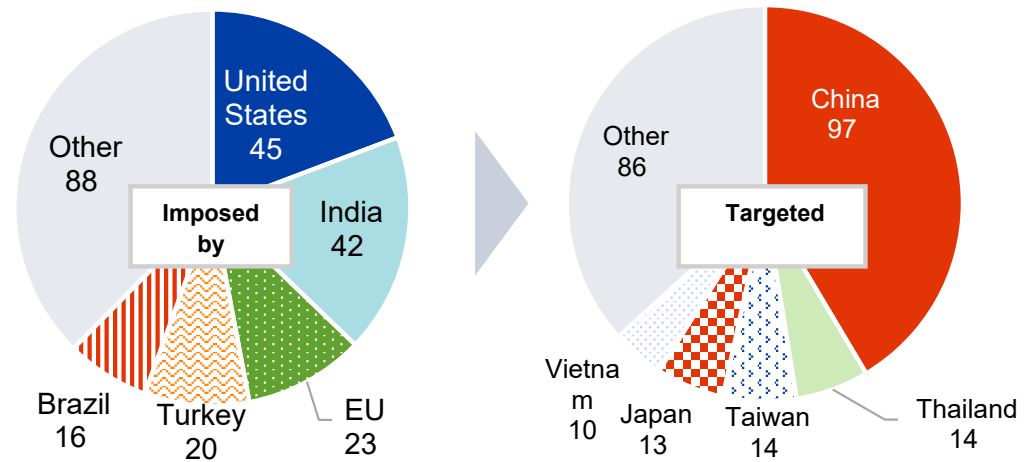
- **The number of anti-dumping (AD) and countervailing duty (CVD) investigations remained high at 377 in 2025.**
- **The number of AD measures imposed rose 80% year-on-year to 234, the second-highest level on record. The number of CVD measures imposed reached 41, tying the all-time high.** For both AD and CVD measures, the United States imposed the largest number of measures, and China was the most frequently targeted country. By product category, base metals and chemical products accounted for a large share.

Newly Initiated Anti-Dumping (AD) and Countervailing Duty (CVD) Investigations

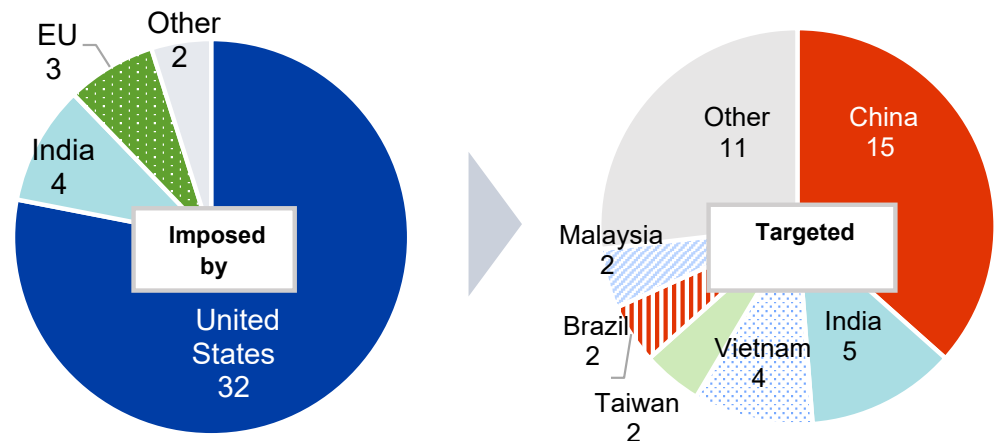


Source: WTO Trade Remedies Data Portal

AD Measures Imposed in 2025 (Country/Region-Specific)



CVD Measures Imposed in 2025 (Country/Region-Specific)



4 | U.S.-China Tensions Ease, Protectionist Measures Temporarily Suspended

- Tensions between the United States and China were expected to escalate further following the U.S. "Affiliates Rule" and China's export controls on overseas-produced rare-earth-related products. However, following the U.S.-China summit in October 2025 and subsequent developments, implementation of these measures was deferred for one year.
- With a summit held in Beijing in May 2026 and additional leader-level meetings expected after September, expectations are growing that some of these measures may be eased.



United States

- Tariff hike against China → Reduced to 30%
- Chinese firms added to entity list
- Export controls tightened on semiconductor equipment.



China

- Export controls tightened on five rare metals, including tungsten, in February, and on seven types of rare earth in April
- Tariff hike against U.S. imports → Reduced to 10%

U.S.-China Economic and Trade Talks (London, Stockholm, Madrid)

- September: New "Affiliates Rule" takes effect
- October: China announced multiple export control measures covering rare earths and other materials (extraterritorial application to products containing 0.1% or more of China-produced rare earths)

October: U.S.-China Summit (Busan), U.S.-China Economic and Trade Talks (Kuala Lumpur)

- November: **Postponed** the "Affiliates Rule" by **one year**
- November: Implementation of the export control measures regarding rare earths and other materials announced the previous month was **postponed for one year**

May: U.S.-China Summit (Beijing)

Redefined bilateral relations as a "constructive relationship of strategic stability"

- September 2026: The United States plans to invite President Xi to the White House
- November 2026: Extension deadline for the "Affiliates Rule" and the "0.1% rare earths rule"
- November 2026: APEC Leaders' Meeting (Shenzhen); December: G20 Summit (Miami)

May 14, 2026 U.S.-China Summit (Beijing)



Affiliates Rule

Rules issued by the U.S. Department of Commerce's Bureau of Industry and Security (BIS). The regulations apply not only to entities listed on the existing Entity List (EL) and other restricted lists, but also to entities that are 50% or more owned by those listed entities. Indirect ownership through subsidiaries and other entities is also subject to the regulations.



Extraterritorial Application of China's Export Controls to Foreign-Produced Items Containing Chinese-Origin Rare Earths

Any specific product manufactured outside China in which the value of rare earths originating in China accounts for 0.1% or more of the total value of the product is subject to re-export controls. A key feature of these rules is the extremely low threshold.

5 | The United States and China Have a Strong Presence in the Global Value Chain

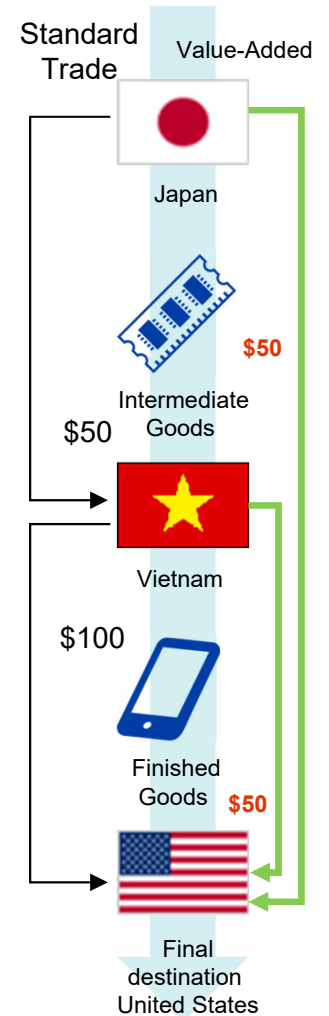
- Although there are discussions about expanding trade and strengthening cooperation among countries outside the U.S. and China, global value chains mean that **countries and regions remain closely linked to value added generated in and consumed by the two economies**. Trade and international business frameworks that include both countries therefore remain important.

Global Flows of Trade in Value Added (TiVA)

(Over \$50 billion: ■■■■; over \$40 billion: ■■■; over \$30 billion: ■■; over \$20 billion: ■; below \$20 billion: unmarked)

► Final Destination ▼ Value Added Origin	Russia	India	Chinese Taipei	China	South Korea	Indonesia	Thailand	Malaysia	Singapore	Vietnam	Japan	Australia	United Kingdom	Canada	Mexico	United States	Brazil	EU27	Saudi Arabia	UAE
Russia		■		■■■■												■■■		■■■■		
India				■■■												■■■■		■■■■		
Chinese Taipei				■■■■						■						■■■■		■■		
China	■■■■	■■■■	■■■		■■■■	■■■■	■■■	■	■	■■■■	■■■■	■■■■	■■■■	■■■■	■■■■	■■■■	■■■■	■■■■	■■	■■
South Korea				■■■■						■						■■■■		■■■■		
Indonesia		■		■■■■						■						■■		■		
Thailand				■■												■■				
Malaysia				■■												■				
Singapore		■		■■■■						■						■■■		■■		
Vietnam				■■												■■■■		■		
Japan			■	■■■■	■■											■■■■		■■■■		
Australia		■		■■■■	■					■■■						■■		■■		
United Kingdom				■■■												■■■■		■■■■		
Canada				■■												■■■■		■■■		
Mexico																■■■■		■		
United States	■	■■■■	■■	■■■■	■■■■				■		■■■■	■■	■■■■	■■■■	■■■■	■■■■	■■■■	■■■■	■	■
Brazil				■■■■												■■■■		■■■		
EU27	■■■■	■■■■	■■	■■■■	■■■■	■	■		■		■■■■	■■■	■■■■	■■■■	■■■■	■■■■	■■■■	■■■■	■■■■	■■
Saudi Arabia		■■		■■■■							■■					■■■		■■■■		
UAE		■■		■■■■							■■					■		■■		

What Is Value-Added Trade?



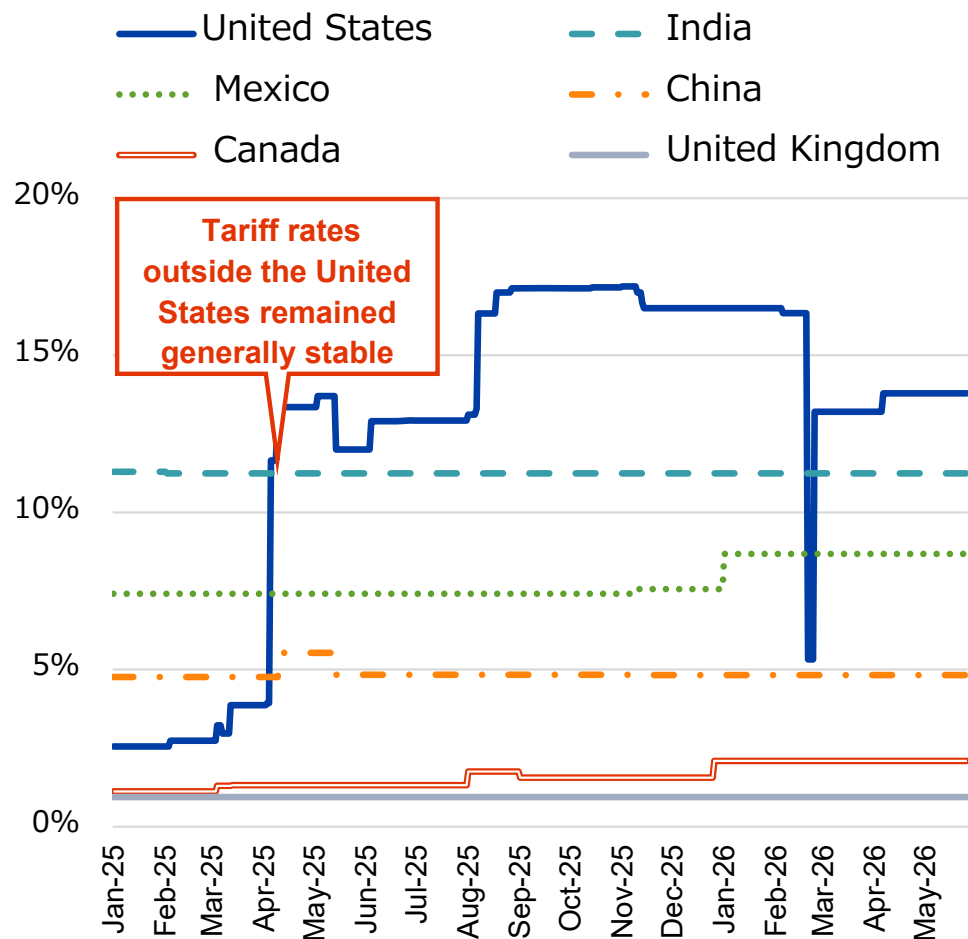
Note: As of 2022. The country and region names at the top indicate the final demand destinations, and the figures show the value added flowing to each destination from the countries and regions listed on the left.

Source: Compiled from the OECD's "Trade in Value Added (TiVA) 2025 edition: Origin of value added in final demand," with reference to Inomata (2023)

6 | The Free Trade System Holds Its Ground; WTO MC14 Ends Without Meaningful Outcomes

- In response to U.S. tariff increases, major economies pursued bilateral negotiations with the United States while continuing trade with other partners under Most-Favored-Nation (MFN) treatment and preferential trade arrangements. **Overall, tariff rates changed little, and trading conditions remained broadly stable.**
- At the 14th WTO Ministerial Conference in March 2026, members failed to extend the moratorium on customs duties on electronic transmissions, **while progress on WTO reform also remained stalled.**

Trends in Simple Average Applied Tariff Rates in Major Economies (2025–)



Key Issues at the 14th WTO Ministerial Conference (MC14)

Subject	Item	Developments and Key Issues at MC14
All WTO Members	WTO Reform	A work plan on decision-making and dispute settlement was tabled, but no agreement was reached.
	Exemption from Tariffs on Electronic Transmissions	At MC14, the aim was to extend this practice to the end of 2030, but a small number of developing countries opposed the move.
	Fisheries Subsidies	Negotiations on subsidies that lead to excess fishing capacity and overfishing, as well as on resource management measures, remain pending.
Group of Like-Minded Members (JSI)	Investment Facilitation Agreement	The agreement was not incorporated into the WTO framework due to opposition from a single member.
	E-Commerce Agreement	The agreement includes a permanent ban on imposing tariffs on electronic transmissions. A provisional arrangement on dispute settlement arbitration procedures was added, and the agreement was adopted by 66 countries and regions.

7 | Free Trade Agreements: Renewal of Existing Agreements and Resumption of Negotiations Gain Momentum

- According to JETRO, **the number of free trade agreements in force worldwide stands at 424** (as of July 1, 2026). In 2025, 14 free trade agreements entered into force.
- In 2025, the UAE in particular was actively working to conclude Comprehensive Economic Partnership Agreements (CEPA). India also stepped up efforts to begin negotiations on new agreements.

Free Trade Agreements and Other Agreements That Entered into Force in 2025 or Later

Year	Month	Agreement Name
25	1	China–Maldives Free Trade Agreement
		Taiwan–Marshall Islands Economic Cooperation Agreement
	4	United Arab Emirates (UAE)–Costa Rica CEPA
		UAE–Mauritius CEPA
	5	Eurasian Economic Union (EAEU)–Iran Free Trade Agreement
		UAE–Jordan CEPA
		Singapore–Pacific Alliance Free Trade Agreement
	6	UAE–Serbia CEPA
	8	UAE–New Zealand CEPA
		Turkey–Qatar Trade and Economic Partnership Agreement (TEPA)
26	10	India–European Free Trade Agreement (EFTA) TEPA
		UAE–Australia CEPA
		UAE–Malaysia CEPA
	11	UAE–Chile CEPA
	2	Mercosur–Singapore Free Trade Agreement
		UAE–Vietnam CEPA
26	4	China–Republic of the Congo EPA
		UAE–Azerbaijan CEPA
	5	EU–Mercosur Partnership Agreement (EMPA) and Interim Trade Agreement (ITA)
		UAE–South Korea CEPA
	6	India–Oman CEPA

*Partially in force. The agreement entered into force in Paraguay in February and in Uruguay in March. It has not yet entered into force in Argentina or Brazil.

Countries and Regions with Negotiations Initiated or Resumed in 2025 or Later

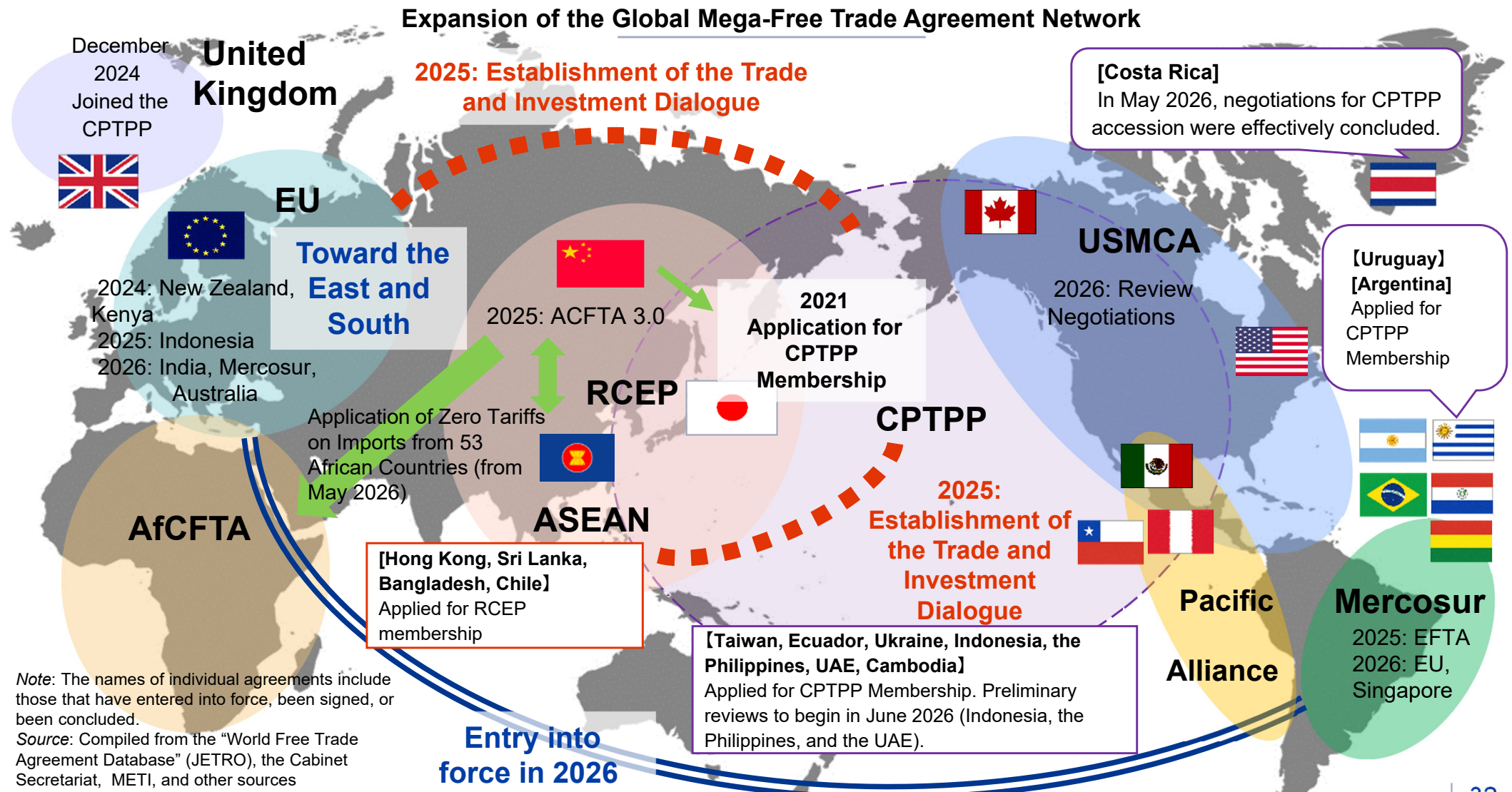
Year	Month	Negotiating Countries/Regions
25	1	EU, Malaysia (*Resumed)
	2	India, United States (BTA)
	5	EU, UAE
		India, New Zealand (*Resumed)
		Thailand, Bangladesh
		Chile, Philippines
		Malaysia, Gulf Cooperation Council (GCC)
	7	India, Maldives
	8	Mercosur, Canada (*Resumed)
	10	United Kingdom, Greenland (*Resumed*)
		Mercosur, Indonesia
	11	India, EAEU
		India, Israel (*Resumed)
Canada, Philippines		
Canada, Thailand		
Peru, UAE		
26	2	Mercosur, South Korea (*Resumed*)
		India, GCC (*Resumed)
	3	India, Canada (*Resumed)

Note: 1) Agreements involving the UAE are in bold; those involving India are in blue. 2) Excludes preferential agreements and sector-specific agreements (such as services agreements). The table on the right excludes free trade agreements that have already entered into force.

Source: Compiled from JETRO's "World Free Trade Agreement Database" and the WTO's "RTA Database"

8 | The Expansion of Mega-Free Trade Agreements and Growing Cross-Regional Cooperation

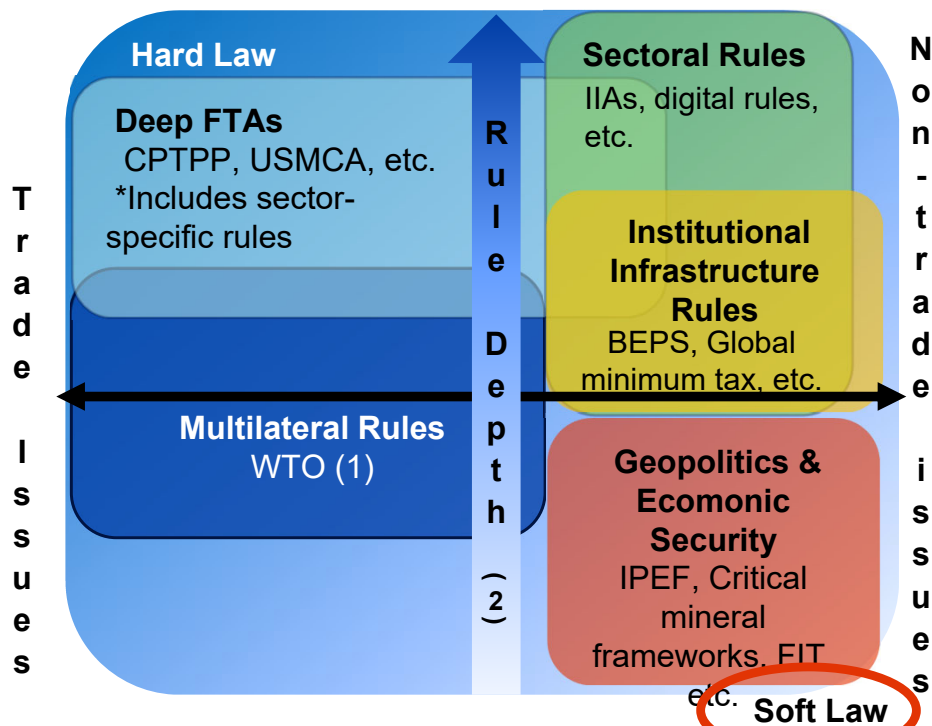
- **The CPTPP and the EU's network of large-scale free trade agreements continues to expand**, creating an increasingly overlapping landscape of trade frameworks. The Philippines, the UAE, and Cambodia applied for CPTPP membership in 2025, and Argentina in 2026. In June 2026, preliminary accession discussions began with Indonesia, the Philippines, and the UAE. The EU established a trade and investment dialogue with the CPTPP in 2025, and its free trade agreement with Mercosur provisionally entered into provisional application in May 2026.



9 | A Multilayered International Economic Order and Sectoral Rulemaking

- The international economic order is becoming **increasingly fragmented and issue-specific**. Driven by economic security concerns and digitalization, agile international cooperation frameworks are expanding in areas such as critical minerals and the digital economy. Soft law and domestic regulations are also exerting an increasingly broad influence on corporate behavior.
- In the area of critical minerals, **partnerships and MoUs among like-minded economies** have proliferated, with 80% established since 2022. In addition to multilateral frameworks that establish common principles and standards, cooperation frameworks aimed at facilitating project development are also expanding.

Frameworks in the International Economic Order



Notes: 1) Although the density of dispute settlement norms is high, their scope of application is considered to be generally limited to traditional trade matters. 2) "Rule depth" is defined as a concept that comprehensively captures the scope and content of rules, the existence of legal enforceability, the specificity of provisions, and the application of dispute settlement procedures.

Source: "Report on Compliance by Major Trading Partners with Trade Agreements" METI and other materials

Frameworks on Critical Minerals by Major Economies

Type	Framework	Launched	Participants
Principles	Mineral Security Partnership (MSP)	Jun. 2022	15 economies
	Pax Silica	Dec. 2025	24 economies
Multilateral	MSP Forum	Apr. 2024	MSP members
	FORGE	Feb. 2026	55 economies
Bilateral	Japan-U.S. Agreement on Strengthening Critical Mineral Supply Chains	Mar. 2023	Japan and U.S.
Other Initiatives	U.S. Bilateral Critical Minerals Frameworks	2024-	U.S. and partners
	Strategic Raw Materials Partnerships (EU)	2021-	EU and partners
	Bilateral MoUs (Japan)	2010s-	Various partner countries

Note: Based on publicly available information; EU Strategic Raw Materials Partnerships are counted cumulatively by MoU.

Source: U.S. Department of State, the European Commission, METI and other sources

10 | Digital Rules and Agreements

- As digitalization advances, the need for regulation is growing. While many economies have strengthened rules on technology and digital infrastructure, significant **regional gaps remain in consumer protection and digital taxation**.
- Beyond e-commerce provisions in FTAs, sector-specific agreements focused on **data flows and comprehensive system operations** are expanding. Liberalization-oriented (CPTPP), phased integration (ASEAN), and sovereignty-focused (EU) approaches coexist.

Digital Legislation by Region (as of Feb. 2026)

(Unit: %)

Sector	World	Developed	APAC	Latin America	Africa
E-transactions	90.3	98.1	91.1	97.0	77.8
Consumer Protection	61.5	80.8	60.7	60.6	44.4
Data Protection and Privacy	79.5	98.1	60.7	87.9	75.9
Cybercrime	89.7	98.1	83.9	93.9	85.2
Indirect Taxation	50.3	82.7	44.6	42.4	29.6

Notes: 1) Regional definitions generally follow UNCTAD. 2) Regulations “under development” are excluded. 3) Darker shading indicates higher legislative coverage.

Source: “Global Cyberlaw Tracker”(UNCTAD)

Digital Trade Agreements (as of Jun. 2026)

Status	Agreement	Year	Key Features
In force	Singapore–Australia Digital Economy Agreement	2020	Establishes advanced rules regarding data flows and digital trade
	Digital Economy Partnership Agreement (DEPA) (Note 1)	2021	16 modules; includes AI-related provisions beyond CPTPP.
	UK–Singapore Digital Economy Agreement (DTA)	2022	Includes cooperation on DEPA+ and LawTech, among other areas.
	South Korea–Singapore Digital Partnership Agreement	2023	Promoting interoperability and standard alignment among digital systems.
	UK–Ukraine DTA	2024	Emphasizing a balance between user protection and data utilization
Signed	EU–Singapore DTA	2026	EU's first digital-only agreement.
	EFTA–Singapore Digital Economy Agreement (Note 2)	2025	Promotes cross-border data flows and interoperability.
	EU–South Korea DTA	2026	Complements existing FTA in areas such as cross-border data flows.
Concluded	DEFA	2026	Aiming for ASEAN digital market integration and inclusive growth.

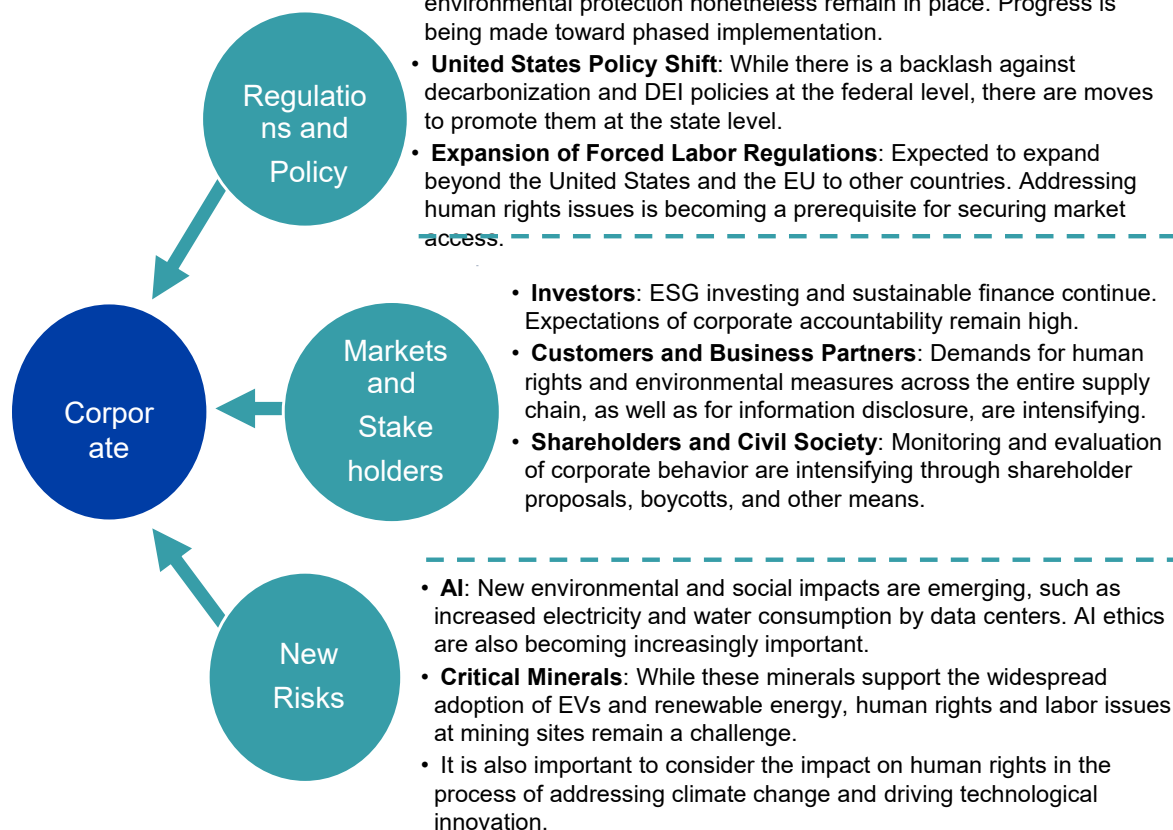
Notes: 1) Chile, New Zealand, and Singapore are the original members. 2) The agreement entered into force in March 2026 between Norway and Singapore.

Source: “World FTA Database”(JETRO), UNESCAP, and government sources

11 | Amid Changes in the Policy Environment, Sustainability Demands on Corporations Increase

- While the EU and the United States are moving to realign sustainability-related regulations and policies, the expansion of import restrictions on products made with forced labor, along with demands from investors, customers, and shareholders continues, and **the responsibilities required of companies are, if anything, increasing.**
- Companies in Japan are also advancing their sustainability initiatives, focusing primarily on energy conservation measures, reducing and recycling packaging materials, and improving occupational safety and health. **For small and medium-sized enterprises (SMEs), formulating human rights policies and conducting human rights due diligence are particularly challenging tasks.**

Sustainability Trends Shaping the Business Landscape Beyond 2025



Japanese Mid-Sized Companies and SMEs Advancing Human Rights Initiatives

- Customer requests regarding human rights have ripple effects across the supply chain. Some companies are taking a step-by-step approach to these initiatives.
- From July 2025 to February 2026, JETRO conducted hands-on workshops with experts on supporting human rights initiatives at mid-sized and small and medium-sized enterprises (SMEs). Five mid-sized and SMEs from across the country participated.
- During the workshops, participants worked on developing human rights policies and promoting stakeholder engagement.

(Image) Scenes from the workshops



(Table) The five companies that participated in the workshops and their business activities

Companies	Business Activities
Yamaguchi Mica (Aichi Prefecture)	Manufacture and sale of powders made from natural mica
Overseas Cargo Inspection (Tokyo)	Inspection, analysis, and certification of cargo
Gifu Plastic Industries (Gifu Prefecture)	Manufacture and sale of plastic products, etc.
Hirohama (Tokyo)	Manufacture of metal can components
Yamaguchi Aburaya Fukutaro (Fukuoka Prefecture)	Food manufacturing, sales, wholesale, and foodservice operations

Source: Compiled from JETRO's "Biznews Briefs," "Regional and Analysis Reports," and various other materials

Recommendations to Japanese Companies

Navigating an Era of Persistent Risk: Turning Change in Trade and Industry into Opportunity Through Strategic Partnerships

Trade

- » Leverage the strong performance of digital and AI-enabling goods to transform Japan's indispensability in the upstream manufacturing sector into next-generation competitiveness
- » View the multipolarization of global trade as an opportunity and leverage the growth of the Global South to expand Japan's export opportunities

Investment & Industry

- » Invest in strategic production capacity and technological infrastructure, including critical materials and manufacturing equipment, to strengthen resilience against geopolitical risks and shifting global conditions
- » In key overseas markets, leverage industrial support measures to make investment decisions that help mitigate trade frictions, capitalize on growing AI demand, and strengthen supply-chain resilience

Trade Policy & Rules

- » Diversify procurement and pursue new business opportunities by making strategic use of deepening cooperation frameworks among like-minded economies and emerging FTA networks
- » Build systems for rapid information gathering and response to changes in trade policy and the business environment arising from economic security concerns and other developments

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▼The full report is available here (Japanese only). For further information, scan the QR code or visit the URL below ▼



<https://www.jetro.go.jp/world/gtir/>

JETRO Global Trade and Investment Report 2026

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[Note] Figures may not add up exactly due to rounding. Unless otherwise noted, the information in this document is current as of the end of June 2026.

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