



This project is subsidized by the JKA

# 33<sup>rd</sup> Meeting of the Japan Business Council for Trade and Investment Facilitation

## Issues and Requests for Improvements on Trade and Investment Barriers in 2024 Features of the Survey Results

November 5, 2024

Secretariat: Japan Machinery Center for Trade and Investment **JMC**

# Contents

---

1. Issues and Requests - Survey Methodology
2. Change in Aggregation Method
  - Consolidation and Creation of New Issue Categories / Issue Counting Method
3. Survey Results Overview - Issues by Category / Issues by Country
4. Northeast Asia (China, Korea, Taiwan)
5. Asia Pacific (Indonesia, Thailand, Vietnam, Malaysia, Philippines, Myanmar, Singapore)
6. Southwest Asia (India)
7. North America / Central and South America (United States, Brazil, Mexico)
8. Europe and Russia (EU, Russia)
9. Middle East and Africa (Saudi Arabia, Turkey, South Africa, Egypt)

# 1. Issues and Requests - Survey Methodology

---

## 1. Survey Methodology

The secretariat (Japan Machinery Center for Trade and Investment) sent questionnaires to and collected responses from Japan Business Council for Trade and Investment Facilitation member organizations (approx. 130 organizations). Furthermore, each organization collected responses from its own member companies and organizations.

## 2. Survey 17 Categories

1	Regulations and Barriers to Foreign Capital (Restrictions on Entry, Restrictions on Withdrawal of Operations, Reduction of Preferential Policies, Restriction on Profits Remittance Abroad, etc.)	2	Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics	3	Issues Arising from Economic Security
4	Exchange Controls and Finance	5	Taxation Systems	6	Employment
7	Issues Related to Expatriates, Seconded Employees, etc.	8	Implementation of Intellectual Property Rights (IPRs)	9	Industrial Standards, Approval of Safety Standards
10	Environmental Issues, Waste Disposal and Carbon Neutrality Related Regulations	11	Inefficient Administrative Procedures, Legal Systems Lacking Predictability, etc.	12	Government Procurement
13	Issues Related to Digital Data	14	Issues Related to Human Rights Due Diligence	15	Issues Arising from New Infectious Diseases
16	Issues Arising from Regional Conflicts	99	Others		

## 3. Questionnaire Timing

Sent: November 2023/collected: End-February 2024

## 4. Survey Results Overview

Officially published on the website of the Meeting of the Japan Business Council for Trade and Investment Facilitation (<https://www.jmcti.org/mondai/top.html>)

# 1. Issues and Requests - Survey Methodology

## Japan Business Council for Trade and Investment Facilitation Member List

Flat Glass Manufacturers Association of Japan	Engineering Advancement Association of Japan	Association for Electric Home Appliances	Camera & Imaging Products Association
Glass Fiber Association of Japan	Japan Association of Kitchen & Bath	The Japan Reinforced Plastics Society	Japan Aluminium Products Association
Japan Business Council in Europe	Communications and Information network Association of Japan	Manufacturing Science and Technology Center	Japan Petrochemical Industry Association
Japan Cement Association	Japan Musical Instruments Association	Central Federation of Societies of Commerce and Industry, Japan	Japan Foreign Traders Association, Inc.
Japan Steel Fabricators Association	All Japan Vacuum Bottle Association	Advanced Machining Technology & Development Association	All Japan Footwear Group Council
All Japan Plastic Product Industrial Federation	All Japan Stationery Association	The Materials Process Technology Center	The Japan Refractories Association
Industrial Diamond Association of Japan	Japan Carbon Association	Organization for Small & Medium Enterprises and Regional Innovation	Electric Glass Industry Association of Japan
Japan Electronics and Information Technology Industries Association	Special Steel Association of Japan	Japan Apparel Fashion Industry Council	Japan Amusement Industry Association
Japan Aluminium Association	The Japan Federation of Medical Devices Associations	Japan Printing Machinery Association	Japan Optomechanics Association
Japan Chemical Industry Association	Japan Chemical Fibers Association	Japan Chemical Exporters and Importers Association	Japan Furniture industry Development Association
Japan Industrial Association of Gas and Kerosene Appliances	Japan Luggage Association	Japan Paper Exporters' Association	Japan Paper Importers' Association
Glass Manufacturers' Association of Japan	The Japan Toy Association	Japan Cutting & Wear-resistant Tool Association	Japan Mechanical Design Industries Association
Japan Industrial Saw and Knife Association	Japan Machinery Center for Trade and Investment	Japan Silk & Synthetic Fabric Industrial Federation	Japan Measuring Instruments Federation
Japan Worsted & Woollen Weavers Association	Japan Cosmetic Industry Association	Japan Construction Material & Housing Equipment Industries Federation	Japan Construction Equipment Manufacturers Association
Japan Mining Industry Association	Japan Machine Tool Builders' Association	Japan Machine Accessory Association	Japan Rubber Footwear Manufacturers' Association
Japan Golf Goods Association	The Japan Society of Industrial Machinery Manufacturers	Japan Industrial Vehicles Association	Japan Automobile Manufacturers Association, Inc.
Japan Auto Parts Industries Association	Japan Vending System Manufacturers Association	Japan Jewellery Association	The Japan Chamber of Commerce and Industry
The Japan Food Machinery Manufacturers' Association	Japan Vacuum Industry Association	Japan Pearl Exporters' Association	Association of Japan Sporting Goods Industries
Japan Paper Association	Japan Pharmaceutical Manufacturers Association	Japan Textile Machinery Association	Japan Textiles Exporters Association
Japan Textiles Importers Association	Japan Soda Industry Association	Japan Towel Industrial Association	Tanners' Council of Japan
Japan Heating Industrial Association	Japan Foundry Society	Japan Fishing Tackle Manufacturers Association	The Japan Iron and Steel Federation
The Japan Electrical Manufacturers' Association	The Japanese Electric Wire & Cable Makers' Association	Japan Pottery Manufacturers' Federation	Japan Clock & Watch Association
Japan Watch Importers' Association	Japan Knitting Industry Association	The Fasteners Institute of Japan	Japan Agricultural Machinery Manufacturers Association
Japan Gear Manufacturers Association	Japan Bag Organization	Semiconductor Equipment Association of Japan	Japan Department Stores Association
Japan Fertilizer & Ammonia Producers Association	Japan Industry Union of Plastic Houseware Manufacturers	Japan Institute of Plant Maintenance	Japan Fluid Power Association
Japan Image and Information Management Association	Japan Analytical Instruments Manufacturers' Association	The Association of Powder Process Industry and Engineering, Japan	The Japan Bearing Industry Association
Japan Foreign Trade Council, Inc.	Japan External Trade Organization	Japan Telescope Manufacturers Association	Japan Sewing Machinery Manufacturers Association
Japan Spinners' Association	Japan Packaging Machinery Manufacturers Association	Japan Enamel Association	Hobby Association of Japan
Japan Association of Maintenance and Service Contractors	Japan Hair Industry Association	Japan Woodworking Machinery Association	Japan Umbrella Promotion Association
Japan Wool Industry Association	The Japan Refrigeration and Air Conditioning Industry Association	Japan Association of Refrigeration and Air-Conditioning Contractors	Recording Industry Association of Japan
Japan Robot Association	Japan Bioindustry Association	Heat Pump & Thermal Storage Technology Center of Japan	Japan Business Machine and Information System Industries Association
Fukui Optical Industrial Association	Around Japan sea Economic exchange Conference in Hokuriku	Micromachine Center	Mazak Foundation
Imported House Industries Organization			

## 2. Change in Aggregation Method - Consolidation and Creation of New Issue Categories

Previously, there were 26 categories of issues, but these have been reorganized by consolidating categories 1-8, 10, 11, 15, and 18. In addition, new categories “Issues Related to Digital • Data,” “Issues Related to Human Rights Due Diligence,” “Issues Arising from New Infectious Diseases,” and “Issues Arising from Regional Conflicts” have been added, bringing the total number of categories to 17 as of the 2024 edition.

[Former]

No.	Category title
1	Restrictions on Entry of Foreign Capitals
2	Grant of a Preferential Tariff Rates based on Increased Home Production, and/or Local Procurements
3	Export Requirements
4	Restrictions on Withdrawal Of Operations
5	Regulations on Parts Industrial Policy
6	Reduction and Elimination of Preferential Policies for Foreign Capital
7	Procedures for the operation of the Foreign Investment Law
8	Investment Recipient Organization
9	Restrictive Export/Import Trade, Duty, and Customs Clearance
10	Restrictive Measures for Operations in Free Trade Zones (“FTZs”) and Special Economic Zones (“SEZs”)
11	Restriction on Profits Remittance Abroad
12	Exchange Controls
13	Finance
14	Taxation Systems
15	Price Controls
16	Employment
17	Implementation of Intellectual Property Rights (“IPRs”)
18	Demands for Technology Transfer
19	Industrial Standards, Approval of Safety Standards
20	Monopoly
21	Restrictions on Land Ownership
22	Environmental Pollution and Waste Disposal
23	Inefficient Administrative Procedures, Regimes and Practices
24	Indigested Legislation, Abrupt Changes
25	Government Procurement
26	Others

[New]

No.	Category title
1	Regulations and Barriers to Foreign Capital (Restrictions on Entry, Restrictions on Withdrawal of Operations, Reduction of Preferential Policies, Restriction on Profits Remittance Abroad, etc.)
2	Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics
3	Issues Arising from Economic Security
4	Exchange Controls and Finance
5	Taxation Systems
6	Employment
7	Issues Related to Expatriates, Seconded Employees, etc.
8	Implementation of Intellectual Property Rights (IPRs)
9	Industrial Standards, Approval of Safety Standards
10	Environmental Issues, Waste Disposal and Carbon Neutrality Related Regulations
11	Inefficient Administrative Procedures, Legal Systems Lacking Predictability, etc.
12	Government Procurement
13	Issues Related to Digital • Data
14	Issues Related to Human Rights Due Diligence
15	Issues Arising from New Infectious Diseases
16	Issues Arising from Regional Conflicts
99	Others

# 2. Change in Aggregation Method - Issue Counting Method

Previously, the number of issues in the contents and graphs in this “Features of the Survey Results” was counted as the number in the “Issues” column; however, beginning with the 2024 edition, the number of issues is now counted as the number of cases in the “Issue Contents” column. The PDF layout has also been changed for better viewing.

[Former]

ASEANにおける問題点と要望

2023年版 ASEANにおける問題点と要望 1 / 2

区分	経由団体*	No.	問題点	要点内容	要望	準拠法
9	日機輸	(1)	ATIGA原産地証明書発給遅れの問題	ASEAN域内では、船足が遅いため、ATIGAの原産地証明書Form Dが間に合わないことがある。	・出費国で、船積み前のForm Dの発給を認めてほしい。	・ASEAN Trade in Goods Agreement (ATIGA)
	JEITA	(2)	原産地証明書についての規則	2020年9月よりATIGAが修正され、フォームDへのFOB価格記載の義務が撤廃されたが、インドネシア、ラオス、カンボジアは対象外となっている。弊社(インドネシア委託工場)からベトナム得意先へ三回開貿易で輸出する際に、上記の制約からシンガポールでBack to Back COOを発行し、ベトナムへの輸出を行っている。	・弊社FOB価格を得意先に知られてしまうことを避けるためだけにこのような手間をかけており、上記対象外国も他のASEAN国と同様にFOB価格記載義務を撤廃して頂きたい。	
	日機輸	(3)	e-ATIGA運用体制の不備	ATIGAが導入されている国でも、運用体制が整っていない国では書面の提出を求められている。	・全てのASEAN加盟国の早急な運用体制の確立。	
	日機輸			ATIGAが導入されている国が限られている。	・早期の全てのASEAN加盟国への導入。	
	日機輸			ATIGAの運用が不安定である。システムダウンが頻り、Form Dの再申請が求められる。必要な認識されない。HSコードの理解が統一されていない。	・①システムの安定化 ②署名各ステップのシステム登録 ③全ての加盟国での共通のHSコードの適用。	
	日機輸	(4)	原産地自己証明制度の形式・要件不備	ベトナムへの大量出荷用に原産地自己証明制度(AWSC: ASEAN-Wide Self Certification)が提案されているが、形式と要件が揃っていないため、ベトナム税関の裁量により、e-ATIGAが推奨される。	・要求仕様の標準化。	
	日機輸	(5)	AJCEP BACK TO BACK COOの適用	AJCEPのBACK TO BACK COOの適用について各国税関の見解が異なる。インドネシア税関ではシンガポール税関発行のBack to Back COOを認めない現地情報共有があった。	・AJCEP BACK TO BACK COOの運用について、ASEAN域内で統一、明確にして頂きたい。	
	日商	(6)	RCEPの利用方法の情報不足	RCEPを使用するための資料(優待点等)が少なく、妙つが見いだせない。		
	日商	(7)	EPA/FTAの利用の煩雑・情報不足	EPA/FTAを使用するために多量な資料を準備せねばならず、準備方法、注意点等の簡易マニュアルがない。また、国・地域ごとのルールが違う。	・原産地証明書のデジタル化、EPA等の活用マニュアルの作成。	
	日機輸	(8)	EU-タイFTAの進捗の遅れ	EU GSPからタイが外れることによる関税負担。	・早期のタイEU EPA合意を望む。	
	日機輸	(9)	ASEAN経済共同体2025	ASEAN経済共同体(AEC)の新たな方向性「AEC2025」が示された。		

※経由団体・各費社の意見がどの経由を経由して輸出されたかを示しているものではありません。また、経由団体は代表する「主要」「輸品」等を掲載するものではありません。

貿易・投資円滑化ビジョン

[New]

2024年版 ASEANにおける問題点と要望 1 / 1

問題番号	経由団体	問題点	問題点の内容	状況	要望	準拠法
2	輸出規制・関税・通関規制・物流					
1	日商	選別手続きの煩雑・遅延・コスト負担	・選別に時間とコストがかかる。ある時は通り、ある時は同様の書類提出が必要になるなど、標準がない。	継続	・基準を明確にして欲しい。 ・弊社によって関税が高くなるなどもやめて欲しい。	・ベトナム関税
2	日機輸	原産地自己証明制度の形式・要件不備	・ベトナムへの大量出荷用に原産地自己証明制度(AWSC: ASEAN-Wide Self Certification)が提案されているが、形式と要件が揃っていないため、ベトナム税関の裁量により、e-ATIGAが推奨される。	継続	・要件を定義する必要がある。	
3	JEITA	原産地証明書のFOB価格記載義務	・2020年9月よりATIGAが修正され、フォームDへのFOB価格記載の義務が撤廃されたが、インドネシア、ラオス、カンボジアは対象外となっている。弊社(インドネシア委託工場)からベトナム得意先へ三回開貿易で輸出する際に、上記の制約からシンガポールでBack to Back COOを発行し、ベトナムへの輸出を行っている。	継続	・弊社FOB価格を得意先に知られてしまうことを避けるためだけにこのような手間をかけており、上記対象外国も他のASEAN国と同様にFOB価格記載義務を撤廃して頂きたい。	
4	日機輸	ATIGA原産地証明書発給遅れの問題	・ASEAN域内では、船足が遅いため、ATIGAの原産地証明書Form Dが間に合わないことがある。	継続	・出費国で、船積み前のForm Dの発給を認めて欲しい。	・ASEAN Trade in Goods Agreement(ATIGA)
5	日機輸	e-ATIGA運用体制の不備	・e-ATIGAが導入されている国が限られている。	継続	・ASEAN各国のe-ATIGAの導入。	
6	日機輸	e-ATIGA運用体制の不備	・e-ATIGAが導入されている国でも、運用体制が整っていない国では書面の提出を求められている。	継続	・全ASEANが運用体制を整え、書面の提出を不要として欲しい。	
7	日機輸	e-ATIGA運用体制の不備	・e-ATIGAの運用が不安定である。 ①システムのダウンが頻り、Form Dの再申請が求められる。 ②署名が認識されない。 ③HSコードの理解が統一されていない。	継続	・以下を要望する ①システムが安定しており、システムダウンがないこと。 ②署名が認識されるようにすること。 ③全ての国が共通のHSコードを適用できるように統一すること。	
8	日機輸	AJCEP BACK TO BACK COOの適用	・AJCEPのBACK TO BACK COOの適用について各国税関の見解が異なる。インドネシア税関ではシンガポール税関発行のBack to Back COOを認めない現地情報共有があった。	継続	・AJCEP BACK TO BACK COOの運用について、ASEAN域内で統一、明確にして頂きたい。	
9	日機輸	EU・タイFTAの進捗の遅れ	・EU GSPからタイが外れることによる関税負担。	継続	・早期のタイ・EU EPA合意を望む。	
10	日機輸	ASEAN経済共同体2025	・ASEAN経済共同体(AEC)の新たな方向性「AEC2025」が示された。	継続	・IRG、AEC2025に関する詳細情報を共有して欲しい。	
8	知的財産制度運用					
1	日機輸	模倣品の横行・取り締まり対策の乏し	・ASEAN各国では、弊社製品の模倣品、イミテーション品が横行しており、個別企業の対応でははば無力で、僅く一部をたたくしに過ぎない。模倣品の横行、知財権の侵害の他、粗悪品によるブランドイメージ毀損などが考えられる。弊社製品に悪影響を及ぼす、ありとあらゆる製品のプレミアムブランドは直視している問題である。	継続	・各国との協力による模倣品、イミテーション品の取り締まりを強化して欲しい。	
11	非効率な行政手続き・予見性を欠く法制度等					
1	JEITA	契約書の電子署名の未整備	・コロナ禍により代表者の直筆によるサインが取得しにくくなっている状況と業務効率化の観点から弊社は電子署名の活用を推進しているが、国によって法制度が電子署名を推進していないことから相手方に利用を促されるケースがある。そうなると紙ベースでのやり取りとなり、郵送費や印刷コストがかり方方によって不利益が生じる。	継続	・電子署名の各国政府機関による標準の策定・PRと利用のための法整備をお願いしたい。	

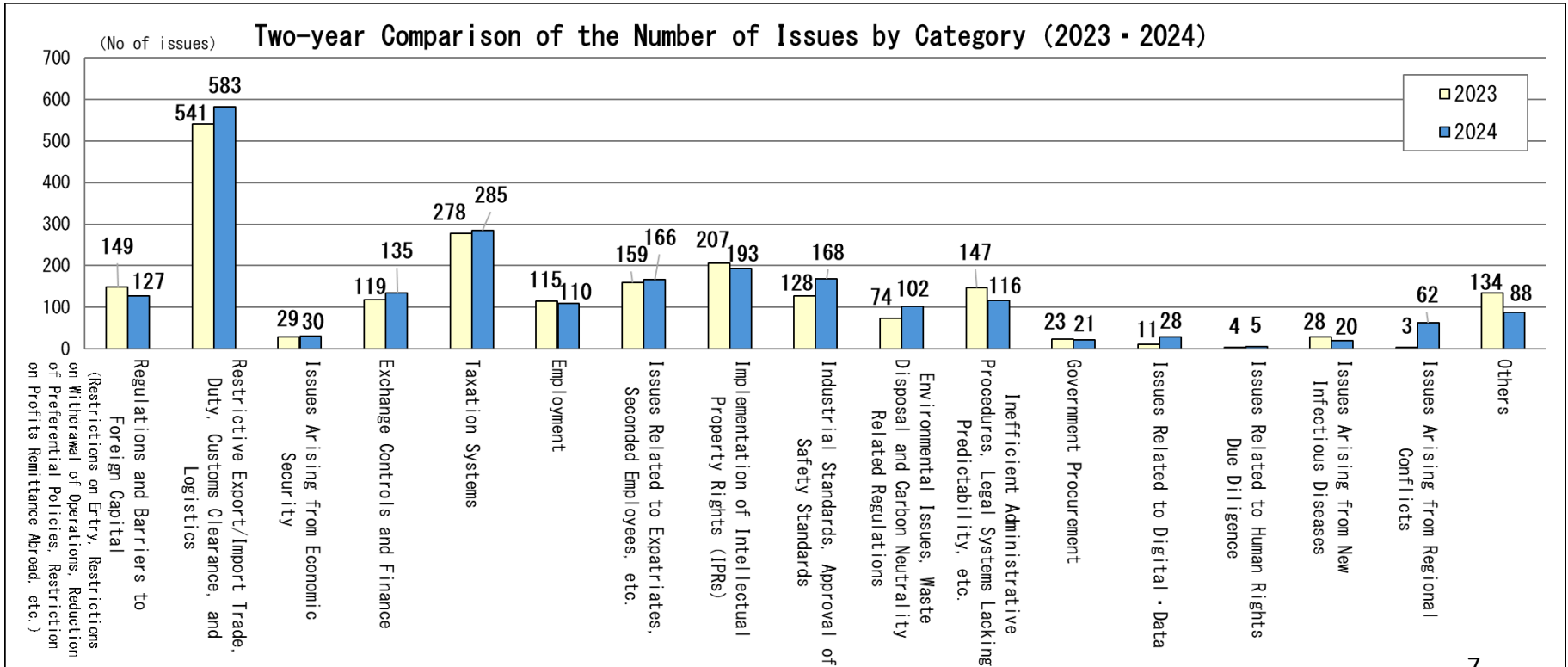
※経由団体・各費社の意見がどの経由を経由して輸出されたかを示しているものではありません。また、経由団体は代表する「主要」「輸品」等を掲載するものではありません。

貿易・投資円滑化ビジョン協議会

# 3. Survey Results Overview ①: Issues by Category

## ◆ Key Points

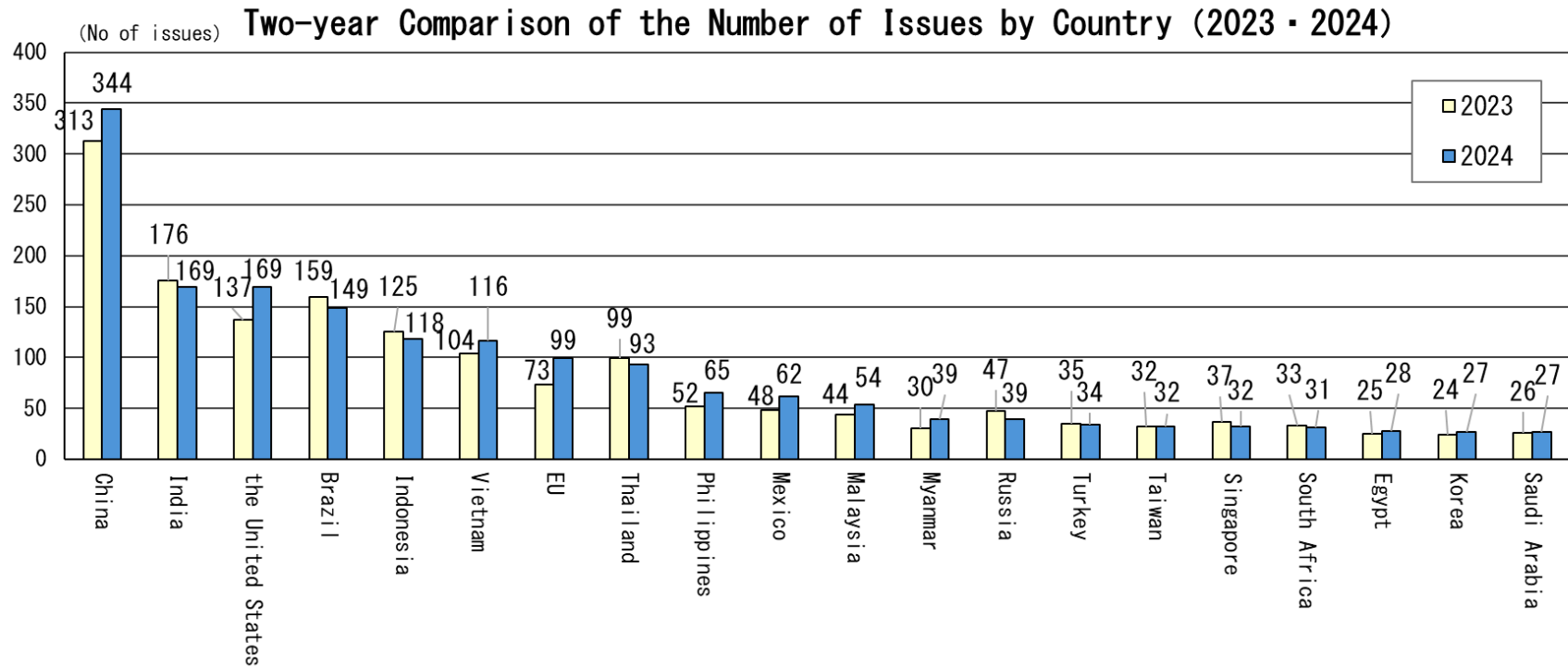
- The total number of issues identified was 2,239, an increase of 90 from the 2023 edition (2,149).
- Overall, the category with the most issues was “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics,” followed by “Taxation Systems,” “Implementation of Intellectual Property Rights (IPRs),” and “Industrial Standards, Approval of Safety Standards” in the top four categories. In terms of employment-related issues, as in the past, the total number of “Employment” and “Issues Related to Expatriates, Seconded Employees, etc.” is second only to “Taxation Systems.”
- Among the new areas, “Issues Arising from Regional Conflicts” and “Issues Related to Digital·Data” are on the rise. “Issues Arising from New Infectious Diseases” continue to decline.



### 3. Survey Results Overview ②: Issues by Country

#### ◆ Key Points

- There is no change in the top two for China and India, but there is an increase in the rank of developed countries (3rd for the U.S. (5th in 2023) and 7th for the EU (8th in 2023)), likely due to a change in the method of counting the number of issues.
- Ranked 4th through 6th are Brazil (6th in 2023), followed by Indonesia (3rd in 2023) and Vietnam (4th in 2023), which are the top-ranked countries in almost every year. Russia, in the midst of the Ukraine crisis, continues to see a decline in the number of issues.



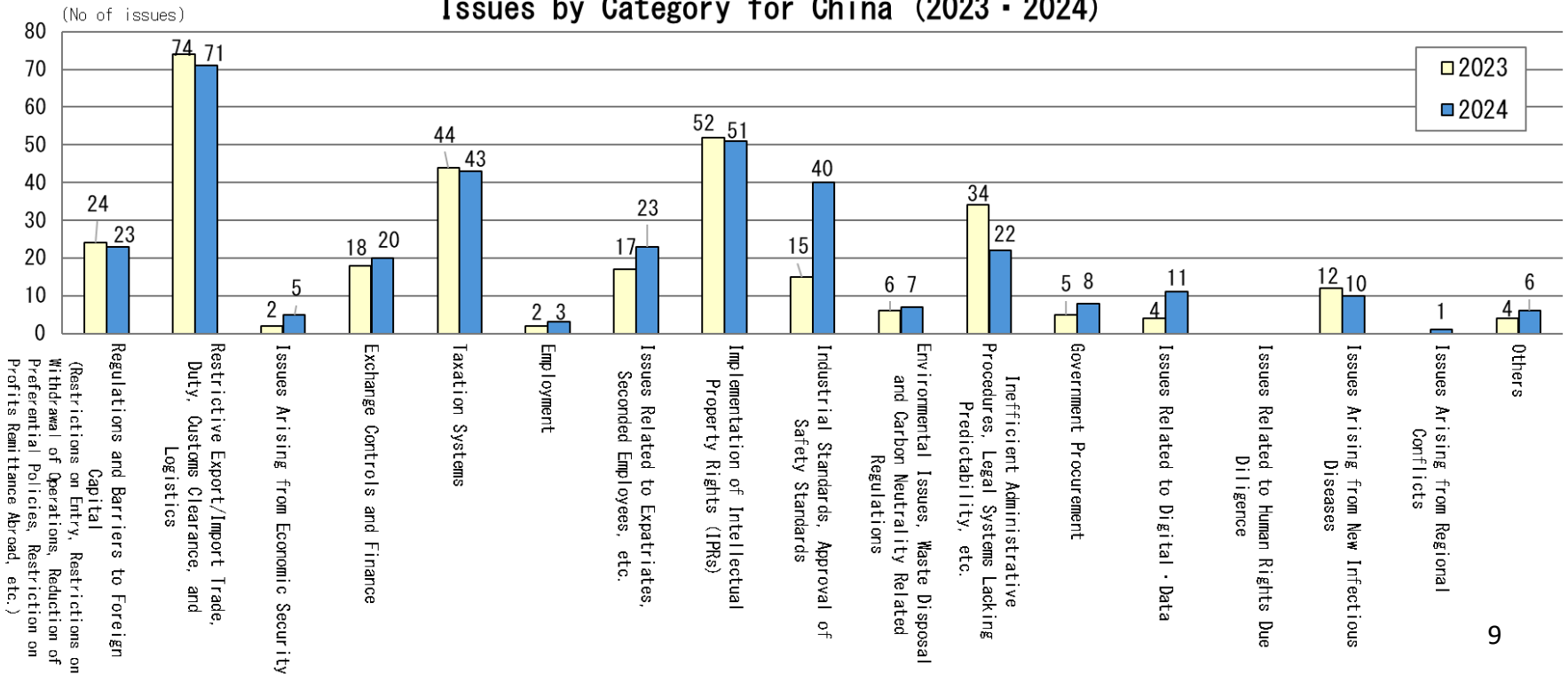


# 4. Northeast Asia China ①

## ◆ Key Points

- The number of issues identified was 344, again the highest number in the world this year. An increase of approximately 10% over the previous year (313).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with continuing and new issues identified for high tariffs (long-term staging of the Regional Comprehensive Economic Partnership Agreement (RCEP), non-ITA products, U.S.-China friction), arbitrariness in customs valuation and classification, and rare metal export restrictions. In the second-ranked category, “Implementation of Intellectual Property Rights (IPRs),” there continue to be issues with inadequate penalties for IPR infringements, including counterfeit goods, and special circumstances for patent licensing. In the third-ranked category, “Taxation Systems,” there continue to be issues with non-refunded or delayed value-added tax, the application of permanent establishment (PE) taxation to assigned employees, difficulties in using the APA system, and the burden on companies of providing information to comply with Base Erosion and Profit Shifting (BEPS).

Issues by Category for China (2023 - 2024)



## 4. Northeast Asia China ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- Although RCEP came into effect in 2022, there are many items in China's goods from Japan and Japan's goods from China that are not covered by RCEP, and many items with a staging period of more than 10 years.
- Products not covered by the ITA (lenses 3%, binoculars 10%) have high tariffs and there is a request to eliminate these tariffs through negotiations to expand the ITA.
- In retaliation to Section 301 of the Trade Act invoked by the U.S., the Chinese side has imposed additional tariffs on U.S. imports, which continues to impact the profits of local Chinese subsidiaries. There are concerns that supply chain reviews, etc. will not be easy and that business competitiveness will decline.
- Different officials may have different interpretations of the HS code, and some may require replacement documents due to the low declared value.
- As a countermeasure to U.S. restrictions on Chinese semiconductors, exports of gallium and germanium have been restricted since August 2023, and it is possible that these rare metals will become more difficult to obtain in the future.

### ② Implementation of Intellectual Property Rights (IPRs)

- With regard to the control of counterfeit goods, there is an issue of insufficient information to right holders on the fact of infringement, punishment of infringers and disposal of infringing goods, and although once caught, the infringing behavior does not stop and the infringement is repeated. For example, the amount of fines is extremely low, or if the fine is not paid, the infringer effectively gets away with it.
- Due to the existence of special rules for patent licensing, the liability of licensors is too high. Examples include assurances by the licensor that it owns and has authority over the licensed technology and that the licensed technology is complete, error-free, valid and capable of achieving the agreed technical objectives.

## 4. Northeast Asia China ③

---

### ③ Taxation Systems

- Regarding value-added tax, the tariff rates is determined based on the HS code when parts or products are imported or exported, but there are cases where the full amount of value-added tax is not refunded. In terms of operation, the prescribed procedures are followed for each export/import, but this is cumbersome.
- For the labor costs of employees sent from the head office in Japan to the local subsidiary in China, the head office makes a temporary payment to the Japanese account and the local subsidiary in China makes a payment to the head office to settle the account, but the remittance has been suspended since July 2023 due to regulations by the State Administration of Foreign Exchange. It is said that a secondment agreement and tax payment certificate must be submitted to implement the remittance, and there is a risk of being certified as a PE through this submission. If certified as a PE, the Japanese head office income tax and value added tax, etc. must be paid in China.
- Since personal income tax refunds can only be credited to an individual's account, and refunds are often made after the individual returns to Japan, the individual must maintain an account after returning to Japan and remit income tax and social insurance premiums to the company that paid them.
- The advance pricing arrangement (APA) for transfer pricing may not accept the application itself unless it is in line with the authorities' intention.
- The information disclosure requirements to comply with BEPS are excessive.

### ④ Industrial Standards, Approval of Safety Standards

- In GB4943.1-2022, the Chinese version of the third edition of IEC 62368-1, the product safety standard, the Standardization Administration of the P.R.C (SAC) has made its own interpretation of several items that are not listed in the individual requirements (national difference), there is an issue pointed out that this has a significant impact.
- Since November 2019, applications to the National Medical Products Administration (NMPA) have been submitted electronically, but there are many issues such as the cumbersome, burdensome, time-consuming and lengthy nature of this process.

## 4. Northeast Asia China ④

---

### **⑤ Regulations and Barriers to Foreign Capital**

- The Chinese government's policy of giving preferential treatment to domestic products has made it more difficult to participate in tenders compared to competitors that are Chinese companies and has caused delays in pharmaceutical approvals. In addition, some regions have issued public notices restricting purchases to products made in China.
- Among the "commitments" made at the time of China's accession to the WTO, the "liberalization of the (domestic) distribution industry" was ostensibly "opened" with the enactment of the "Administrative Measures for Foreign Investment in the Commercial Sectors" in June 2004, but no administrative instructions have been specified, leaving it effectively closed.

### **⑥ Issues Related to Expatriates, Seconded Employees, etc.**

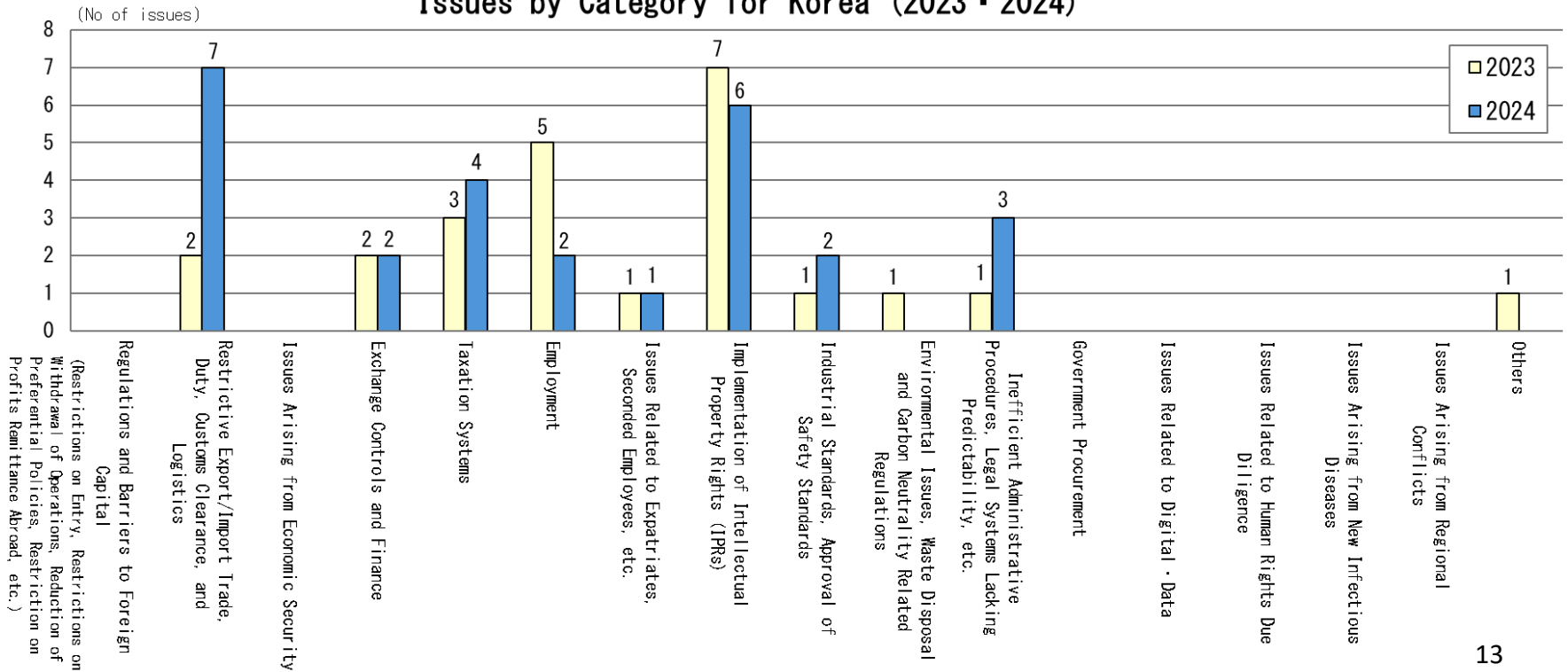
- Prior to the COVID-19 pandemic in 2020, visa exemptions were applied for stays of up to 15 days and no visa was required for short stays, but now various information is required to obtain a visa and the procedure is time consuming.
- Different cities (and sometimes even in the same city) have different visa processing documents and time requirements. Documents may differ due to past history or different officials in charge. With the new law in effect, it is mandatory to obtain a certificate of no criminal record in each city, and the documents must be notarized by a Chinese consul, etc., making the procedure expensive and time consuming.

## 4. Northeast Asia Korea ①

### ◆ Key Points

- The number of issues identified was 27, an increase of approximately 10% from the previous year (24).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues with new and continuing issues related to tariff inferiority under the Free Trade Agreement (FTA).
- In the second-ranked category, “Implementation of Intellectual Property Rights (IPRs),” there are ongoing issues about the countermeasures for oppose a non-exclusive license and the ambiguity of the indirect infringement provision.
- In the third-ranked category, “Taxation Systems,” there are ongoing issues related to transfer pricing taxation.

Issues by Category for Korea (2023 - 2024)



## 4. Northeast Asia Korea ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- In addition to the previous issue of the inferiority of machinery products compared to those in the EU-South Korea FTA, there are also calls to improve the inferiority of gas turbines and steam turbines, for which tariffs will remain on the South Korean side even under the RCEP agreement, compared to those in the U.S. and EU, which have already concluded the FTAs.

### ② Implementation of Intellectual Property Rights (IPRs)

- As for a non-exclusive license, which cannot be asserted against a third party without registration, given the frequent granting of non-exclusive licenses in open innovation, it is a heavy burden for companies to constantly register and manage such licenses.
- Although indirect infringement is stipulated in the Patent Law, since the subject matter is limited to exclusive parts (those used only in the production thereof or in the working of the method thereof), if this interpretation is strictly applied, it would be difficult to obtain relief under the indirect infringement provision.

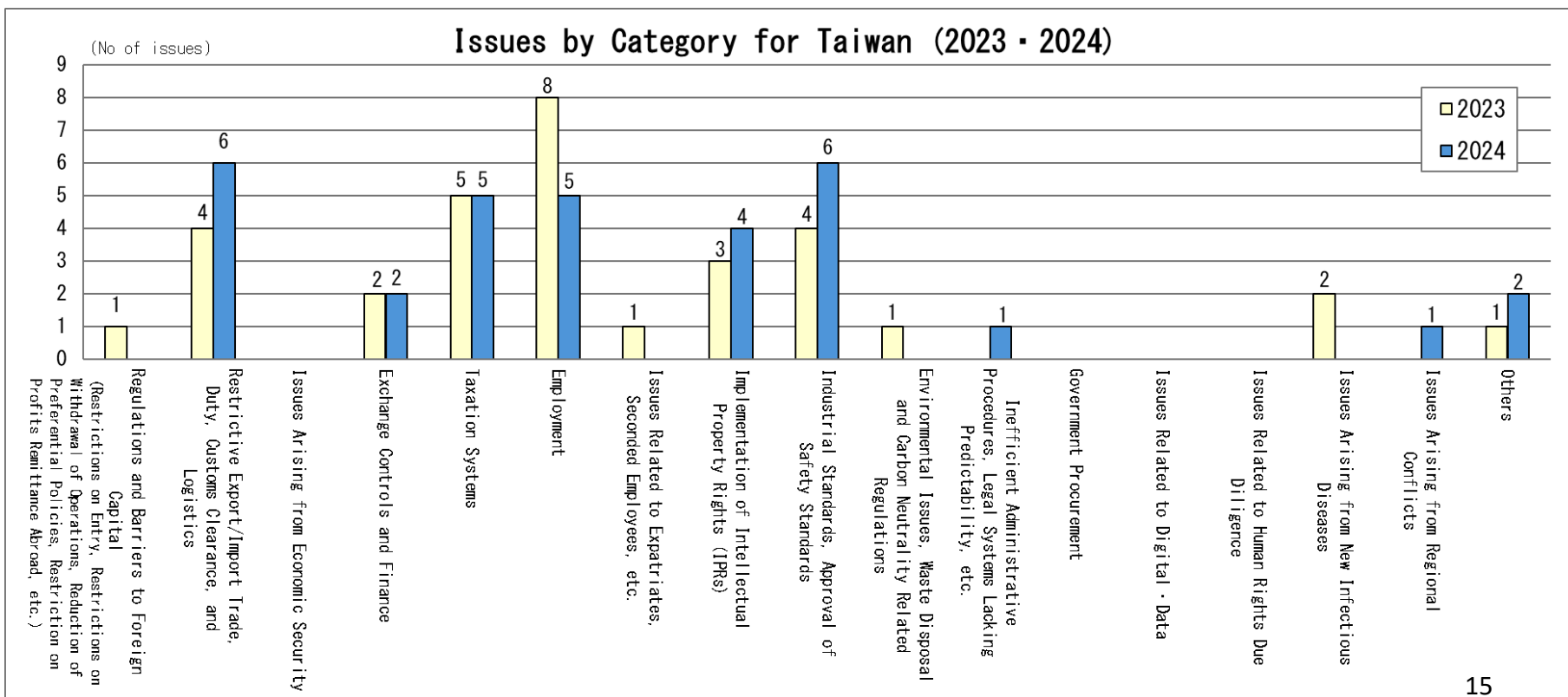
### ③ Taxation Systems

- With respect to the advance pricing arrangement program for transfer pricing, there are some cases where the application is not accepted if the application itself is not in line with the intent of the authorities.
- There is an issue that the assessment of transfer prices in determining corporate income tax is relatively high compared to other countries.

## 4. Northeast Asia Taiwan ①

### ◆ Key Points

- The number of issues identified was 32, the same as in the previous year (32).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” and “Industrial Standards, Approval of Safety Standards” were tied for the highest number of issues. The former category includes ongoing issues related to the requirement for certificates of origin for steel products and mandatory import declarations. The latter includes issues related to the simplification of the review of medical device manufacturing licenses, which will not be substantially simplified, and new issues related to the stricter review of new device registrations.



## 4. Northeast Asia Taiwan ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- There are ongoing issues regarding the submission of certificates of origin for steel products and mandatory import declarations for certain steel products.

### ② Industrial Standards, Approval of Safety Standards

- Although the law stipulates procedures to simplify the review of medical device manufacturing licenses, the reality is that it is very time-consuming and does not simplify the process because it requires explanation of Japan's complex regulations.
- With respect to the new registration review of medical devices, there is an issue that the requirement to submit data on all specimen types listed in the instructions for use is a very high hurdle and costly.

### ③ Taxation Systems

- With regard to the Tax Agreement between Japan and Taiwan, there is an issue that it is difficult in practice to handle business income without a PE because it requires a different application procedure for tax exemption than that between Japan and other countries. In addition, there are some issues that it is difficult to utilize due to the huge amount of materials that need to be submitted, although it should be possible to apply for a refund of withholding tax on system usage fees, etc. paid to Japan on the Taiwanese side.

### ④ Employment

- A chronic labor shortage has emerged in Taiwan due to the construction boom resulting from the construction/expansion of factories in the IT industry in Taiwan and the construction of new factories due to the return of investment to Taiwan. The foreign workers who supplement them are also facing restrictions on their entry due to the COVID-19.

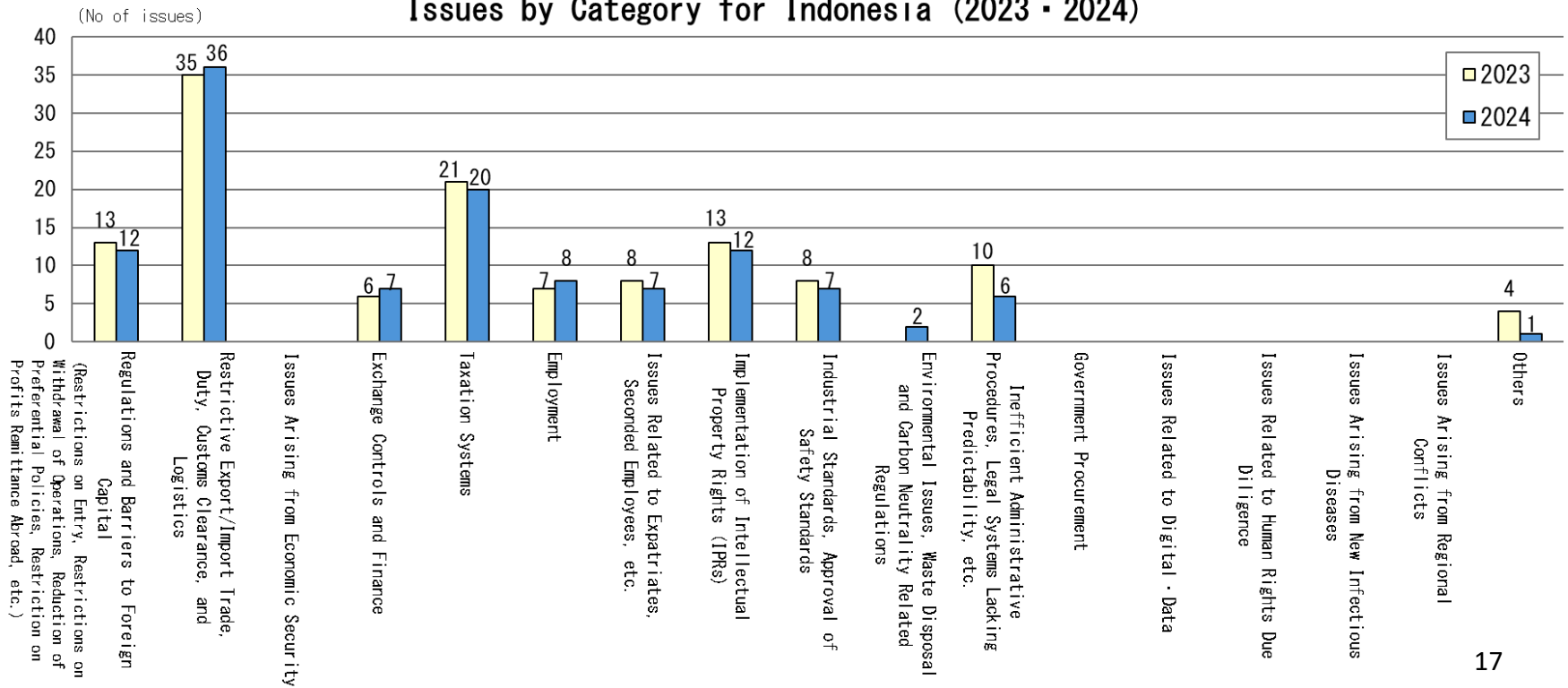


# 5. Asia Pacific Indonesia ①

## ◆ Key Points

- The number of issues identified was 118, a slight decrease from the previous year (125).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues with new and continuing issues related to the validation of Economic Partner Agreement (EPA) process documents, the arbitrariness of customs clearance procedures, and export controls on unprocessed minerals.
- In the second-ranked category, “Taxation Systems,” there continue to be issues such as unreasonable tax audits and refusals, and the burden of prepaid corporate income taxes. In the third-ranked category, “Regulations and Barriers to Foreign Capital,” there are ongoing issues regarding the review of local content requirements under the domestic procurement law, and in “Implementation of Intellectual Property Rights (IPRs)” there are ongoing issues regarding the strict domestic enforcement of patents by patent holders.

Issues by Category for Indonesia (2023 - 2024)



## 5. Asia Pacific Indonesia ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- The Japan-Indonesia Economic Partnership Agreement (JIEPA) application must be submitted at customs, but due to the time required to prepare the documents on the Japanese side, it is virtually impossible to submit the application in case of air shipment. There is a request to allow retroactive application, as with other EPAs.
- Despite the introduction of the electronic Certificate of Origin (e-CO), Indonesian Customs still requires the certificate to be issued in PDF format, which has not resulted in a reduction in work time.
- Regarding the HS code at the time of the import declaration, a code with a higher tariff rate may be applied arbitrarily.
- Although the customs clearance procedures have been carried out by presenting a written confirmation from the tax authorities regarding the duty exemption allowed by law, there has been a case in the past where an inspection by the customs authorities has invalidated the written confirmation and additional payment has been ordered for imports.
- There are export bans on unprocessed minerals such as nickel.

### ② Taxation Systems

- The payment of compensation for management advice and debt guarantees provided by the parent company were all considered dividends by the subsidiary located in Indonesia and were not allowed to be treated as deductible expenses, resulting in the imposition of additional taxes.
- In Indonesia, when goods are imported, 10% of the import price is paid as a prepaid income tax (corporate income tax). If prepaid income taxes are overpaid due to deteriorating business performance or other reasons, a claim for refund may be filed; however, refunds are generally not issued for more than one year after the claim is filed, which can have a significant impact on cash flow.
- The BEPS guidelines were applied in 2016, requiring the submission of documents in accordance with the transfer pricing documentation rules; however, the deadline for preparation is very short compared to other countries and there is a request for practical considerations to be taken into account.

## 5. Asia Pacific Indonesia ③

---

### ③ Regulations and Barriers to Foreign Capital

- Digital TVs 42 inches or smaller are subject to local content requirements. This requires certification by the Directorate General of Post and Information Technology System and Resources (SDPPI), Ministry of Communications and Information Technology, which is a competitive disincentive due to increased acquisition costs and expenses.
- In addition, for pharmaceuticals, guidelines have been issued on the application and calculation of the domestic production rate, but the content of these guidelines includes items that make it difficult to further improve the domestic production rate, which is a barrier to market entry for foreign companies.

### ④ Implementation of Intellectual Property Rights (IPRs)

- The patentee is obliged to practice the patent in Indonesia, and failure to do so within 36 months of the grant of the patent may result in the establishment of a compulsory license or revocation of the patent based on a court decision, but there have been calls to abolish this obligation.

### ⑤ Employment

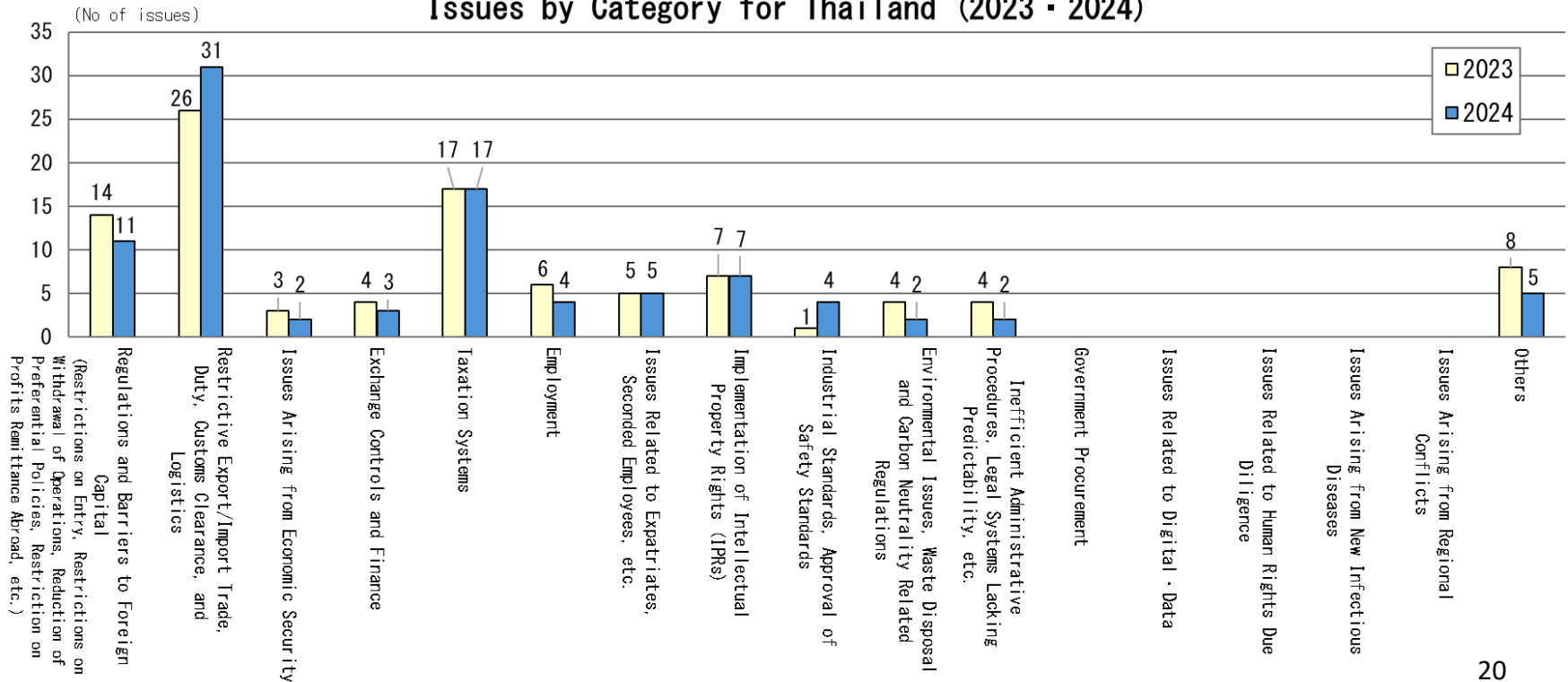
- The rapid increase in minimum wages has increased the burden of labor costs, which has become a detrimental factor to profits.
- Excessive union demonstrations and bargaining activities disrupt manufacturing operations and negatively impact productivity and efficiency during annual minimum wage negotiations.

## 5. Asia Pacific Thailand ①

### ◆ Key Points

- The number of issues identified was 93, a slight decrease from the previous year (99).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with continued comments raised for changes in import valuation targets, arbitrariness in tariff classification, and the incentive distribution system.
- In the second-ranked category, “Taxation Systems,” there are continuing issues that BOI incentives do not necessarily coincide with tax law benefits, and new issues regarding BOI tax benefits when the global minimum tax is implemented.
- In the third-ranked category, “Regulations and Barriers to Foreign Capital,” there continue to be issues of restrictions on entry of foreign capitals into the services sector.

Issues by Category for Thailand (2023 - 2024)



## 5. Asia Pacific Thailand ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- Due to exchange rate fluctuations, the price of products loaded into bonded warehouses by Thai sales companies may be higher at the time of entry into the bonded warehouse (when importing) than at the time of exit from the bonded warehouse (when selling) (reverse stock market condition). In this case, Thai Customs had a policy of charging VAT on the price at the time of importation, but a request for a legal basis for such treatment was denied and the customs clearance was stopped.
- The interpretation of HS codes is inconsistent, with different interpretations depending on the official in charge, and there is no publicly available information on the full number of digits used by the responsible official.
- As has been noted in the past, the incentive distribution system results in excessive penalties or inappropriately high duties being charged when the final price is revised after customs clearance at provisional prices. In addition, large amounts of overdue interest being incurred due to unnecessary extensions to examination periods.

### ② Taxation Systems

- BOI incentives and tax law benefits do not necessarily coincide. For example, the use of the double deduction for utilities and domestic transportation expenses under the tax law may result in a lower exemption limit for the exemption of dividend withholding tax on BOI business profits.
- It is unclear how BOI incentives will be treated if a global minimum tax is introduced. For example, it is not clear whether the portion of the global minimum tax that is not at the standard tax rate will be taxed on the Japanese side if the tax benefits of the BOI incentives result in a tax rate below the global minimum tax amount.

### ③ Regulations and Barriers to Foreign Capital

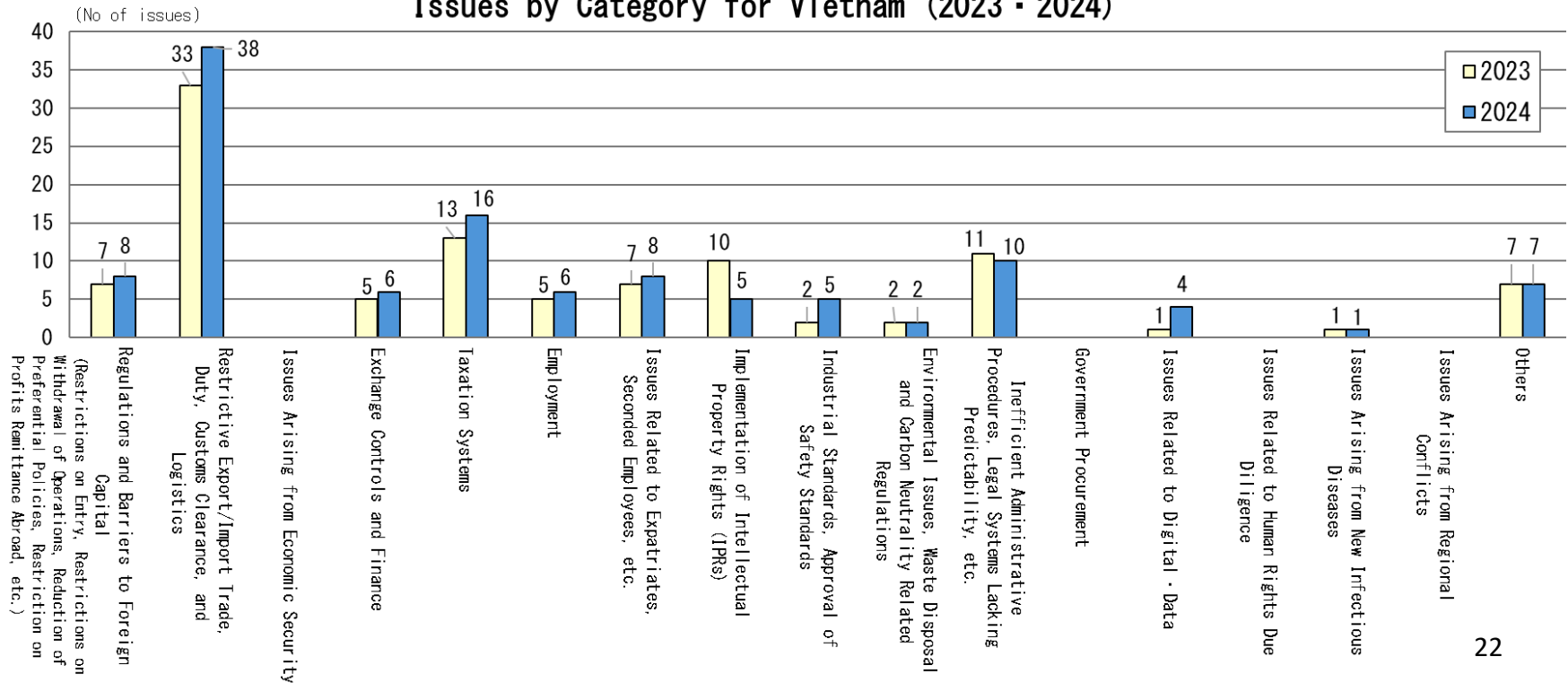
- The Foreign Business Act continues to impose restrictions on the entry of foreign companies into the services sector.

## 5. Asia Pacific Vietnam ①

### ◆ Key Points

- The number of issues identified was 116, an increase of 10% from the previous year (104).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has by far the most issues, with continued comments on problems related to export and import tariffs on steel and coal products, certificates of origin under the EPA, and customs clearance procedures.
- In the second-ranked category, “Taxation Systems,” there are continuing and new issues pointed out, such as the cumbersome and delayed VAT refund procedures and concerns about global minimum tax. In the third-ranked category, “Inefficient Administrative Procedures, Legal Systems Lacking Predictability, etc.,” continuing and new issues are identified, such as unclear laws themselves and practices that deviate from the law.

Issues by Category for Vietnam (2023 - 2024)



## 5. Asia Pacific Vietnam ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- There are some issues raised regarding export and import tariffs, such as the extension of safeguard measures on steel products, the imposition of export taxes on coal and related products, and the imposition of export taxes on the export of steel scrap procured in Vietnam by export processing enterprises (EPE).
- Regarding certificates of origin, under the EPA, invoices for both purchases and sales are required when applying for certificates of origin in trilateral trade, and under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Vietnam is subject to third-party certification for exports from its own country. However, given the administrative burden and time required for each shipment, there are calls for full self-certification.
- There is a problem that import taxes that were not collected during air transport are collected during shipment without a clear reason, or that the invoice price is rejected as the declared price in transactions between group companies, and the highest price is used as the declared price over a long period of time.

### ② Taxation Systems

- Tax audit is conducted at the time of VAT refund, but there are many cases of disagreement with the tax inspector and other disputes, and it takes a long time from the application to the refund, requiring a lot of practical man-hours and complicated procedures.
- Although the global minimum tax applies to Vietnam from 2024, there is a request to confirm what will happen to the tax breaks that traditionally offered to attract investment.

### ③ Inefficient Administrative Procedures, Legal Systems Lacking Predictability, etc.

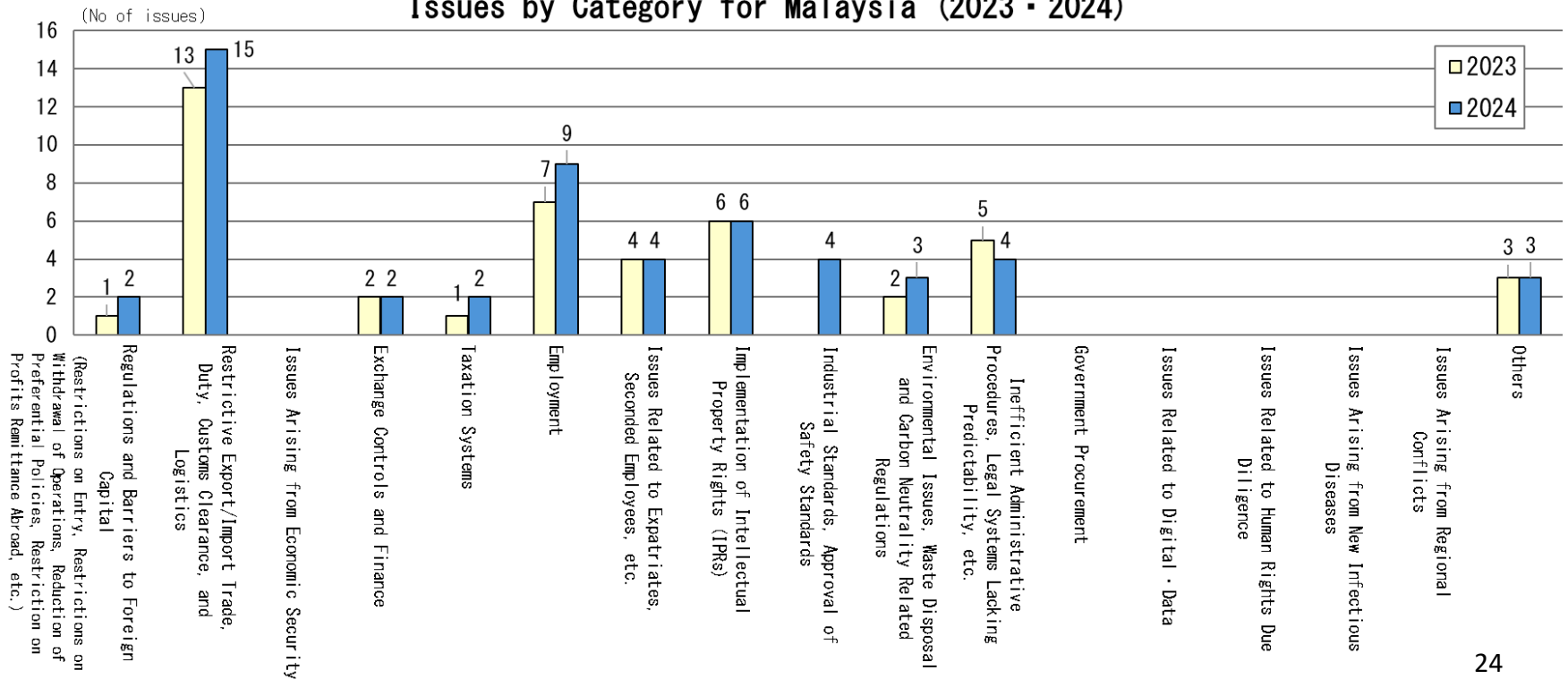
- The law itself is unclear and is often interpreted arbitrarily by government officials, making administrative procedures time-consuming. In addition, government agencies sometimes apply procedures that differ from the law, which in some cases requires additional time and effort.

## 5. Asia Pacific Malaysia ①

### ◆ Key Points

- The number of issues identified was 54, an increase of approximately 20% from the previous year (44).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with ongoing and new issues related to the complicated application procedures and requirements for issuance of FTA certificates of origin.
- In the second-ranked category, “Employment,” there continue to be issues related to restrictions on hiring foreign workers and rising labor costs.
- In the third-ranked category, “Implementation of Intellectual Property Rights (IPRs),” there continue to be issues related to inadequate anti-counterfeiting measures.

Issues by Category for Malaysia (2023 - 2024)





## 5. Asia Pacific Malaysia ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- It takes time from application to approval of Japan-Malaysia EPA certificates of origin. In addition, after online application and approval, the signed documents must be brought to customs, requiring a trip to customs and paper correspondence each time.
- Malaysia is subject to third-party certification under the CPTTP, as third-party certification and self-certification by accredited exporters are available to a country if it notifies other parties at the time the CPTTP enters into force for its country, but considering the administrative burden and time required for each shipment, there is a request to allow producer self-certification.
- Some steel products still require a “Certificate of Conformity Assessment” at this stage, which complicates import procedures and adds costs.

### ② Employment

- The recruitment of new foreign workers has been suspended, but there are calls to resume the recruitment of new foreign workers in Malaysia due to the already low unemployment rate and the unpopularity of the manufacturing sector.
- Increased manufacturing labor costs due to higher minimum wages have a significant impact on business operations.

### ③ Implementation of Intellectual Property Rights (IPRs)

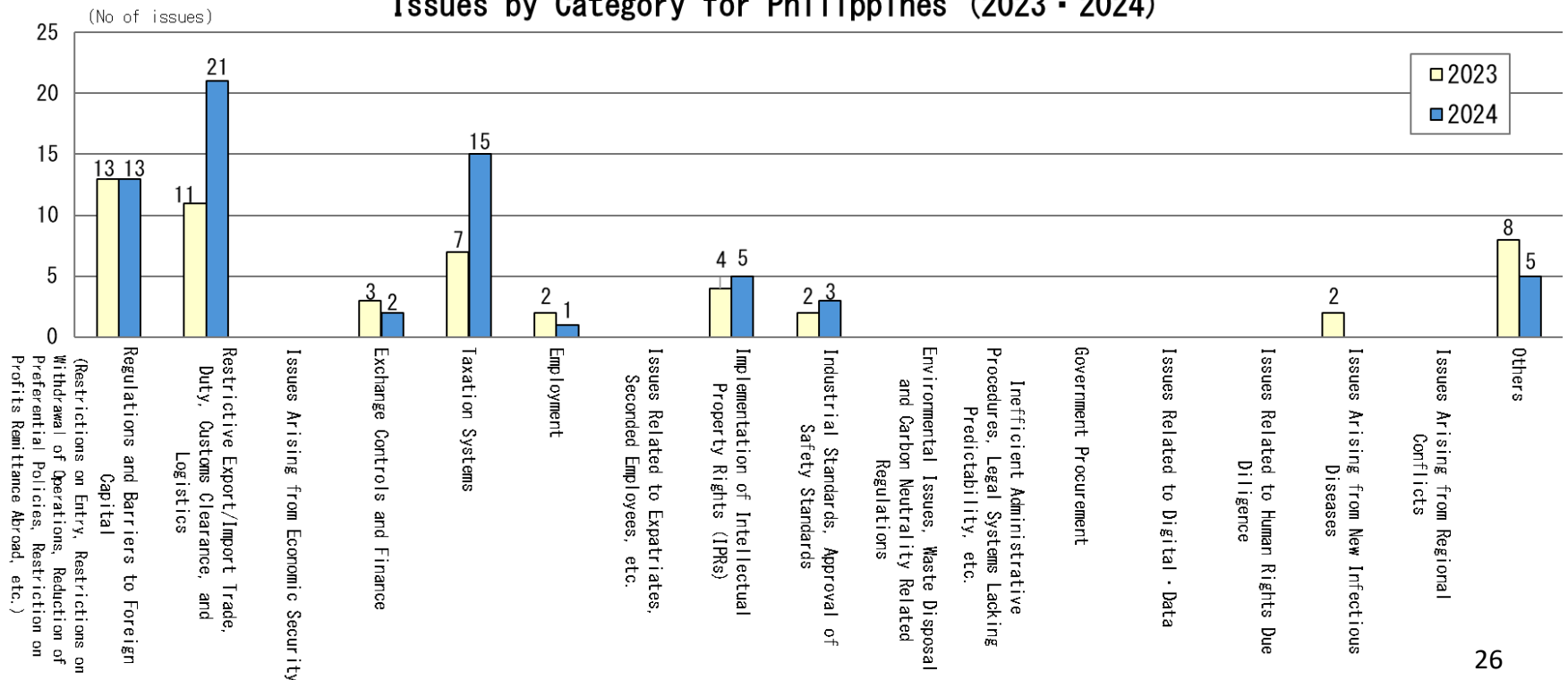
- As for the border seizure of counterfeit goods, since prior declaration is required and specific information such as the date of customs clearance of suspect goods, container number and port of customs clearance is also required, declaration is difficult and virtually no border seizures have been made.
- In many cases, even after several years have elapsed following the administrative detection of counterfeit goods, the punishment is not decided, and there are malicious infringers who resume trading in counterfeit goods immediately after detection.

## 5. Asia Pacific Philippines ①

### ◆ Key Points

- The number of issues identified was 65, an increase of more than 20% from the previous year (52).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with continued comments about the problems and complexities of customs valuation in import customs clearance procedures and delays in export/import license recognition procedures.
- In the second-ranked category, “Taxation Systems,” there continue to be issues with delayed and non-refunded VAT and arbitrary tax audits. In the third-ranked category, "Regulations and Barriers to Foreign Capital," there are continuing concerns about the reduction of preferential tax treatment for PEZA (Philippine Economic Zone Authority) companies.

Issues by Category for Philippines (2023 - 2024)



## 5. Asia Pacific Philippines ②

---

### **① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics**

- If the import price (FOB) is lower than the unit price established by customs, the importer is required to submit and explain the relevant documentation and revise the declared amount.
- Approvals are required from multiple departments at customs, making the process cumbersome. In addition, the customs clearance system is fragile and can slow down or fail completely, making customs procedures time-consuming and preventing deliveries from being made on schedule.
- A license is required to operate as an export/import related contractor, but the process from application to approval takes more than a year.

### **② Taxation Systems**

- When a local corporation receives a VAT refund, the refund in the Philippines may not be finalized even after 10 years, compared to Indonesia and other countries where the refund is finalized after about one year. The procedures and judgments are very vague and complicated. In many cases, the reasons for denials are not well understood, and it is costly to avoid this risk.
- In most cases, tax audits progress in an unsubstantiated, one-sided manner. In order to avoid exorbitant taxation, the workload is extremely heavy, requiring the preparation and sending of a large number of documents on the timelines established by law.

### **③ Regulations and Barriers to Foreign Capital**

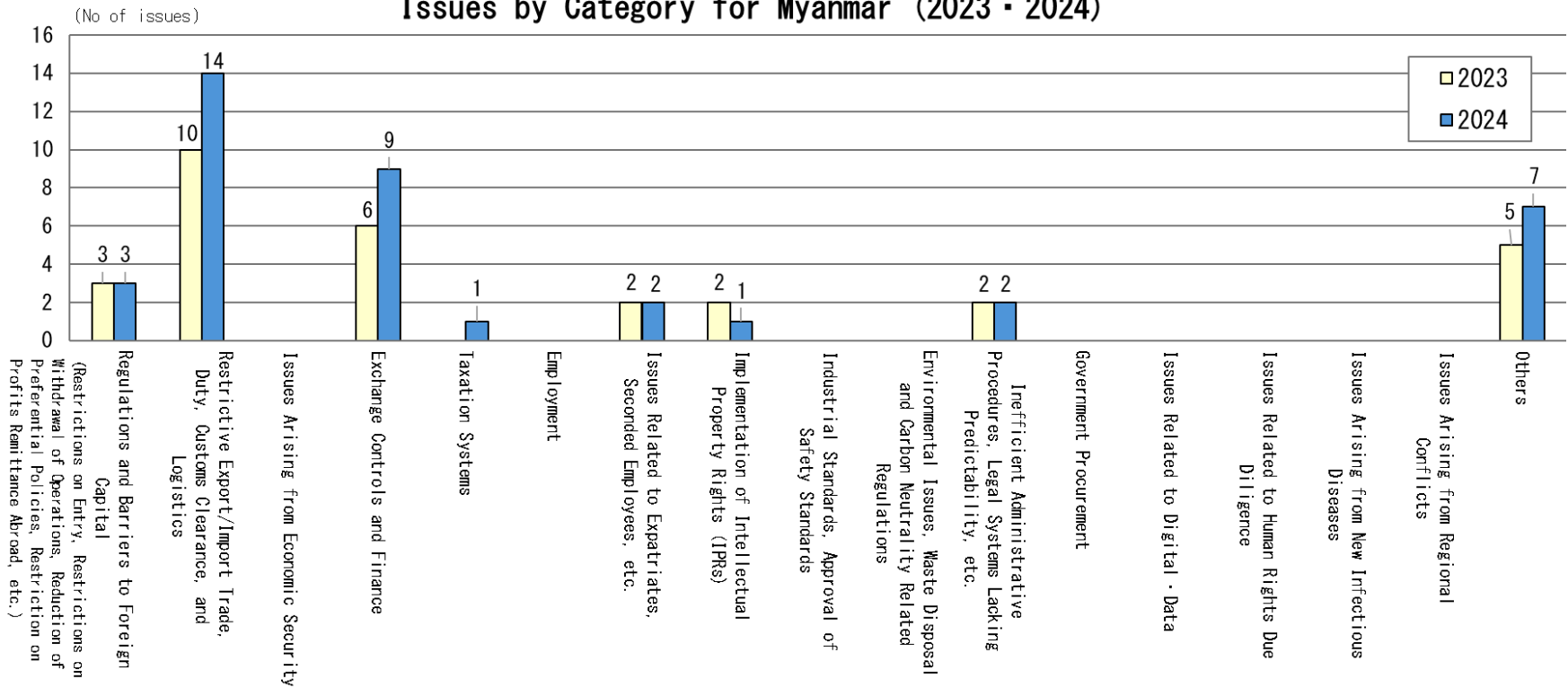
- With the amendment of the CREATE-Corporate Recovery and Tax Incentives for Enterprises Act, the incentives for PEZA (Philippine Economic Zone Authority)-registered companies to apply the zero VAT rate are limited and VAT payments are now made on purchases of goods and services. In a situation where the normal VAT refund system does not work, this must be recognized as a substantial cost.

# 5. Asia Pacific Myanmar ①

## ◆ Key Points

- The number of issues identified was 39, an increase of 30% from the previous year (30).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with the majority of ongoing comments related to applying for and obtaining import licenses.
- In the second-ranked category, “Exchange Controls and Finance,” there are many continuing issues about the difficulties of converting and transferring funds in foreign currencies.
- In the third-ranked category, “Others,” there are many continuing issues related to underdeveloped electricity infrastructure and political instability.

Issues by Category for Myanmar (2023 - 2024)



## 5. Asia Pacific Myanmar ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- Import licenses for each model are required to import finished products, raw materials and parts. It can take three to six months to obtain a license, which has been identified as one of the reasons for business stagnation, but due to the shortage of foreign currency, the issuance of licenses has been severely restricted since 2023, which has become an obstacle to business promotion.
- An import license must be obtained for each invoice. Invoices can be issued when the goods are finished and ready for shipment, and cannot be applied for in advance. It takes up to three to four months to get approval, which hinders stable supply.
- Illegal imports in border trade and imported products in violation of the labeling law without Myanmar-language labels are found in commercial food products, etc.

### ② Exchange Controls and Finance

- Since April 2022, foreign currency purchases (exchange) and remittances abroad have been subject to approval by the Foreign Exchange Supervisory Committee (FESC), but the growing shortage of foreign currency, in addition to unclear documentation application procedures and approval conditions, has made this approval extremely difficult to obtain.

### ③ Others

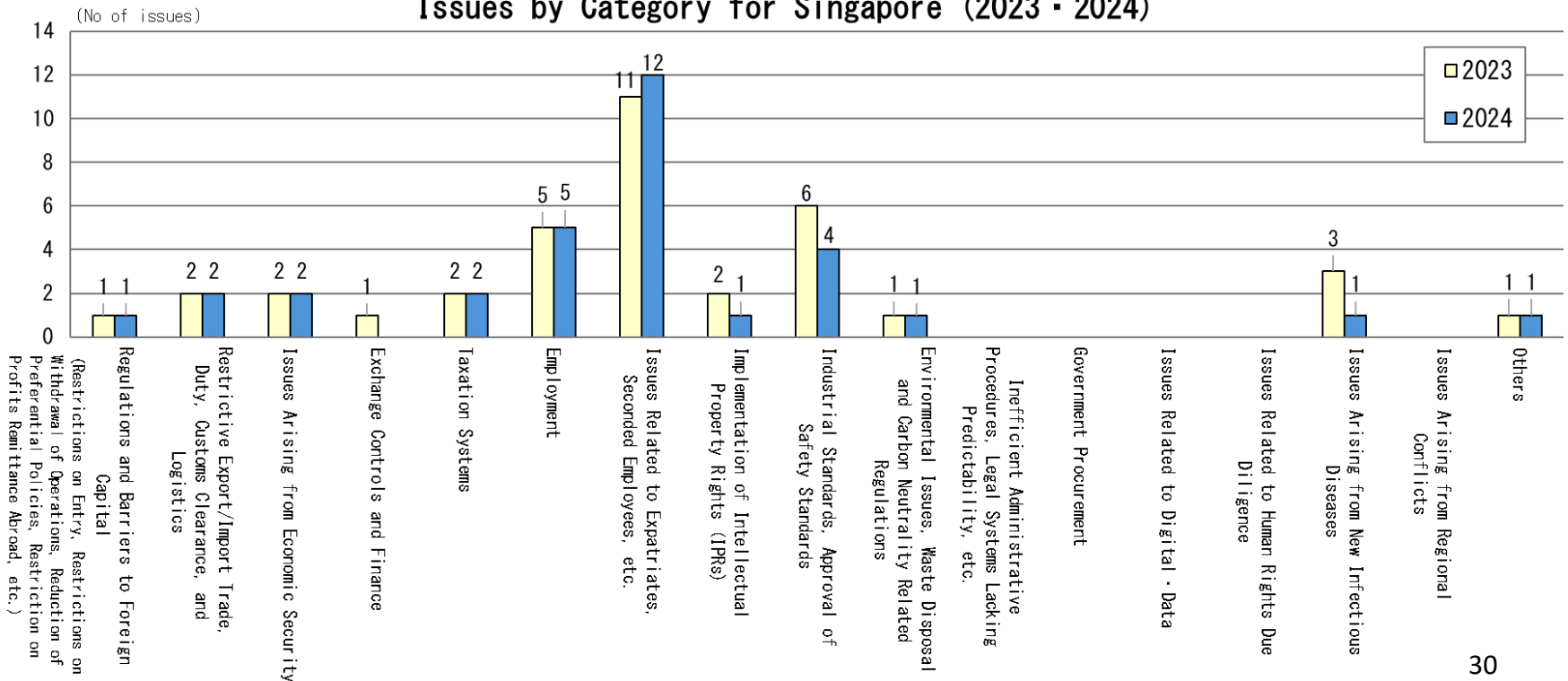
- The underdeveloped power infrastructure is often pointed out, and in addition to the constant planned power outages, there are many unplanned power outages. During those hours, they are forced to use generators, which continues to reduce productivity and incur fuel costs.
- The national army has been in power since the February 2021 coup, but the state of emergency was declared for another six months in February 2024, increasing uncertainty about the future.

## 5. Asia Pacific Singapore ①

### ◆ Key Points

- The number of issues identified was 32, a decrease from the previous year (37).
- By category, “Issues Related to Expatriates, Seconded Employees, etc.” and “Employment” have the most issues, with most of the former being ongoing issues related to stricter procedures for obtaining work visas and new issues related to the COMPASS (Complementarity Assessment) used in these procedures. The latter includes ongoing issues related to the policy of preferential employment for Singaporeans and restrictions on the hiring of foreign workers.
- In the third-ranked category, “Industrial Standards, Approval of Safety Standards,” there continue to be issues related to opacity and delays in the evaluation of pharmaceutical products.

Issues by Category for Singapore (2023 - 2024)



## 5. Asia Pacific Singapore ②

---

### **① Issues Related to Expatriates, Seconded Employees, etc., Employment**

- Originally, there was a period during which Singaporeans were allowed to apply before Japanese expatriates were hired in order to prioritize the hiring of Singaporeans, and it was difficult to replace expatriates immediately. The COMPASS requirements for obtaining work visas for foreign nationals, introduced in September 2023, are said to have made it more difficult than ever to obtain and renew visas for expatriates, particularly affecting small and medium-sized businesses. In addition to salary and educational background, COMPASS now includes requirements for nationality ratio and local employment rate.

### **② Industrial Standards, Approval of Safety Standards**

- Regarding drug pricing, there are some issues that the process is opaque and not appropriate for the purpose of evaluating innovative drugs, while other issues are that drug evaluation is time-consuming and disregards innovation, making it commercially unfeasible for companies to launch, for example, a special niche cancer drug.

### **③ Issues Arising from New Infectious Diseases**

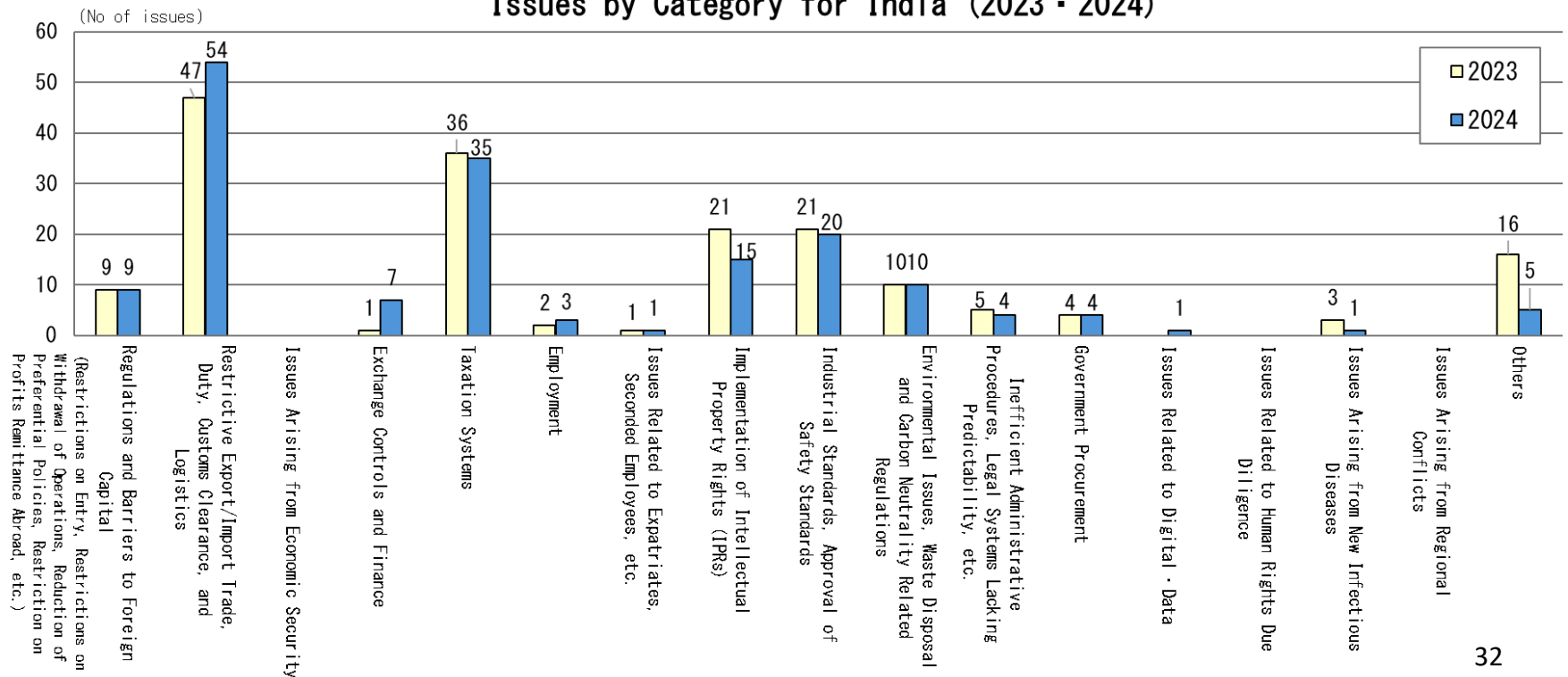
- As a border control measure against COVID-19, vaccination is required for foreign nationals entering Singapore, but differences in vaccination procedures between Singapore and Japan have resulted in cases of Japanese not being allowed to enter or receiving more vaccinations than necessary.

## 6. Southwest Asia India ①

### ◆ Key Points

- The number of issues identified was 169, a slight decrease from the previous year (176).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with continued comments on high import tariffs including indirect taxes, arbitrariness in tariff classification, maximum retail price indication, and CAROTAR 2020 procedures.
- In the second-ranked category, “Taxation Systems,” there are continuing issues regarding unclear equalization levy, unclear treatment of PEs, and GST taxation of seconded employees. In the third-ranked category, “Industrial Standards, Approval of Safety Standards,” there are continuing issues of uncertainty and lack of grace periods in the operation of various regulations, the obligation to obtain proprietary standards for steel products, and the refusal to recognize reports issued by overseas certification bodies.

Issues by Category for India (2023 - 2024)





## 6. Southwest Asia India ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- The effective tariff rate is higher due to the social welfare surcharge and the Integrated Goods and Services Tax (IGST) in addition to the basic tariff. In addition, ink cartridge products and compact printers subject to the ITA are taxed.
- There is an issue regarding the tariff classification that should be applied by the importer in order to apply a higher tariff classification with a higher tariff rates for the purpose of increasing tax revenue. In addition, there are no clear criteria for judgment or explanation of the basis for application. The interpretation is extremely vague. The application of the HS code is decided by the customs official in charge, and the code applied varies depending on the official in charge.
- The obligation to indicate the maximum retail price (MRP) of a product at the time of import customs clearance does not allow for flexibility in price changes.
- The Customs Act was amended in September 2020 to tighten FTA/EPA examination at the time of import. New customs regulations (CAROTAR 2020) require importers who use a specific certificate of origin to keep information on the nature of the origin and to provide details when requested by customs. This correspondence requires a significant amount of man-hours.

### ② Taxation Systems

- In tax audits, the arbitrary decisions of tax inspectors result in widespread additional tax collection that cannot be considered fair and reasonable.
- With respect to the equalization levy, the definition of the transactions covered and the scope of the tax are unclear. There is a request to exclude from the application companies that have established local subsidiaries and are engaged in the ordinary course of business. There is a request that it be abolished when Pillar One was introduced.
- The tax treatment of PE for long-term business travelers is unclear.
- Following the Supreme Court ruling in 2022, there is a move by the Goods and Services Tax (GST) authorities to levy GST on foreign seconded employees working for foreign-owned companies in India.

## 6. Southwest Asia India ③

---

### **③ Industrial Standards, Approval of Safety Standards**

- The E-Waste Rules were revised in 2022 to expand the range of electrical and electronic products covered. On the other hand, the regulations were not given sufficient time from publication to implementation, and some of the regulations were further revised just before implementation, and the implementation date was postponed for two years after implementation, causing confusion and burden to the industry.
- In 2008, mandatory standards for steel products were introduced, requiring the acquisition of Indian standards and marking prior to import and domestic distribution, and the number of products subject to these standards has since been gradually expanded.
- Despite being a member of the CB Scheme, India does not accept CB Test Reports issued by foreign institutions.

### **④ Implementation of Intellectual Property Rights (IPRs)**

- Measures to control counterfeit goods are inadequate, and there are calls to speed up criminal prosecution procedures against sellers and manufacturers of counterfeit goods and to shorten the period for determining punishment.
- During the period between the application filing of the application and the grant of the patent, the applicant is required to provide information about the foreign application to the Patent Office, which places a heavy burden on the applicant.

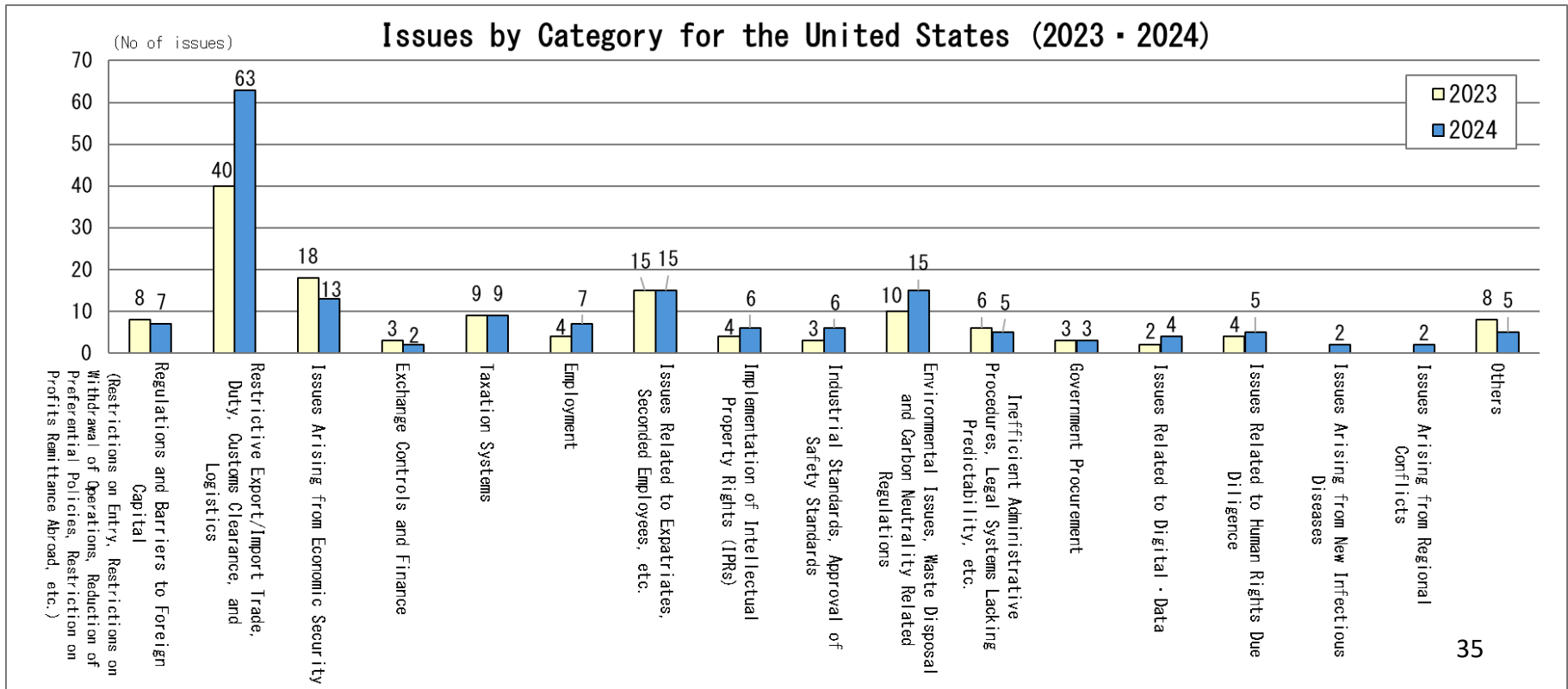
### **⑤ Environmental Issues, Waste Disposal and Carbon Neutrality Related Regulations**

- The 2022 Plastic Waste Management Rules include unrealistic requirements, such as a ban on packaging less than 50 $\mu$ m thick and a ban on multi-layer packaging. In addition, not only domestic producers of packaging, but also users of packaging are subject to the same obligations as producers. Since many plastic packages are used in common with other regions, complying with India's own packaging regulations is a significant burden.

# 7. North America / Central and South America the United States ①

## ◆ Key Points

- The number of issues identified was 169, an increase of more than 20% from the previous year (137).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has by far the most issues, with requests for GSP renewal, imposition of additional tariffs under Sections 301 and 232, and continued comments on strict origin (labeling) rules.
- In the second-ranked category, “Issues Related to Expatriates, Seconded Employees, etc.,” there are continuing and new issues related to obtaining visas and procedures for obtaining visas. In addition, under "Environmental Issues, Waste Disposal and Carbon Neutrality Related Regulations," there are new and continuing comments on regulations regarding hazardous substances such as PFAS, as well as continuing comments on recycling mark regulations.



## 7. North America / Central and South America the United States ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- There are ongoing calls for the reinstatement of the Generalized System of Preferences (GSP) which expired at the end of 2020.
- In connection with the imposition of additional tariffs on Chinese products under Section 301 of the Trade Act, in addition to the direct impact of increased costs due to the additional tariffs, reduced sales by U.S. subsidiaries, negotiations to pass on the tariffs to customers and changes to the invoicing system, there is a significant workload in responding to customer requests to change delivery locations and in reviewing suppliers and production sites.
- The imposition of additional tariffs on steel and aluminum products based on Section 232 of the Trade Expansion Act will also reduce business competitiveness and impact the earnings of U.S. subsidiaries. For Japanese steel products, a tariff-rate quota was introduced in April 2022, but the quota is small and can fluctuate significantly from quarter to quarter.
- The origin standards for lenses in the Trade Agreement between Japan and the United States of America are strict, and the roll-up and labor regulations in the United States-Mexico-Canada Agreement (USMCA) are unclear in some areas.

### ② Issues Related to Expatriates, Seconded Employees, etc.

- There are a number of issues regarding visas, including the fact that the expiration date of the visa (I-94) is tied to the expiration date of the passport and the expiration date of the driver's license is tied to the expiration date of the visa, the problem of leaving the country for a third country to renew the visa, and the difficulty of using the appointment system at the U.S. Embassy when applying for a visa.

## 7. North America / Central and South America the United States ③

---

### ③ Environmental Issues, Waste Disposal and Carbon Neutrality Related Regulations

- Regarding the reporting requirements for Per- and Polyfluoroalkyl Substances (PFAS) under the U.S. Toxics Substances Control Act (TSCA), there were comments that there are many unclear areas regarding survey and reporting methods and that the company is struggling to respond to these issues.
- In California, regulations were adopted that prohibit the use of recycling symbols on products and packaging that mislead consumers into believing the product is recyclable. This makes it impossible to display many of the recycling symbols required by regulations in Japan, Europe and Asia, and places a heavy burden on manufacturers to redesign packaging labels specifically for the U.S.

### ④ Issues Arising from Economic Security

- Various laws and regulations related to the U.S.-China conflict (Section 301 of the Trade Act, the National Defense Authorization Act, the Export Control Reform Act (ECRA), the Foreign Investment Risk Review Modernization Act (FIRRMA), etc.) have resulted in higher tariffs, more complex export control procedures, export restrictions on emerging technologies, restrictions on investment by foreign companies in the U.S., and other factors. There are concerns about pressure on the profitability of Japanese companies operating in the U.S. and the impact on business activities such as technology development and production.

### ⑤ Taxation Systems

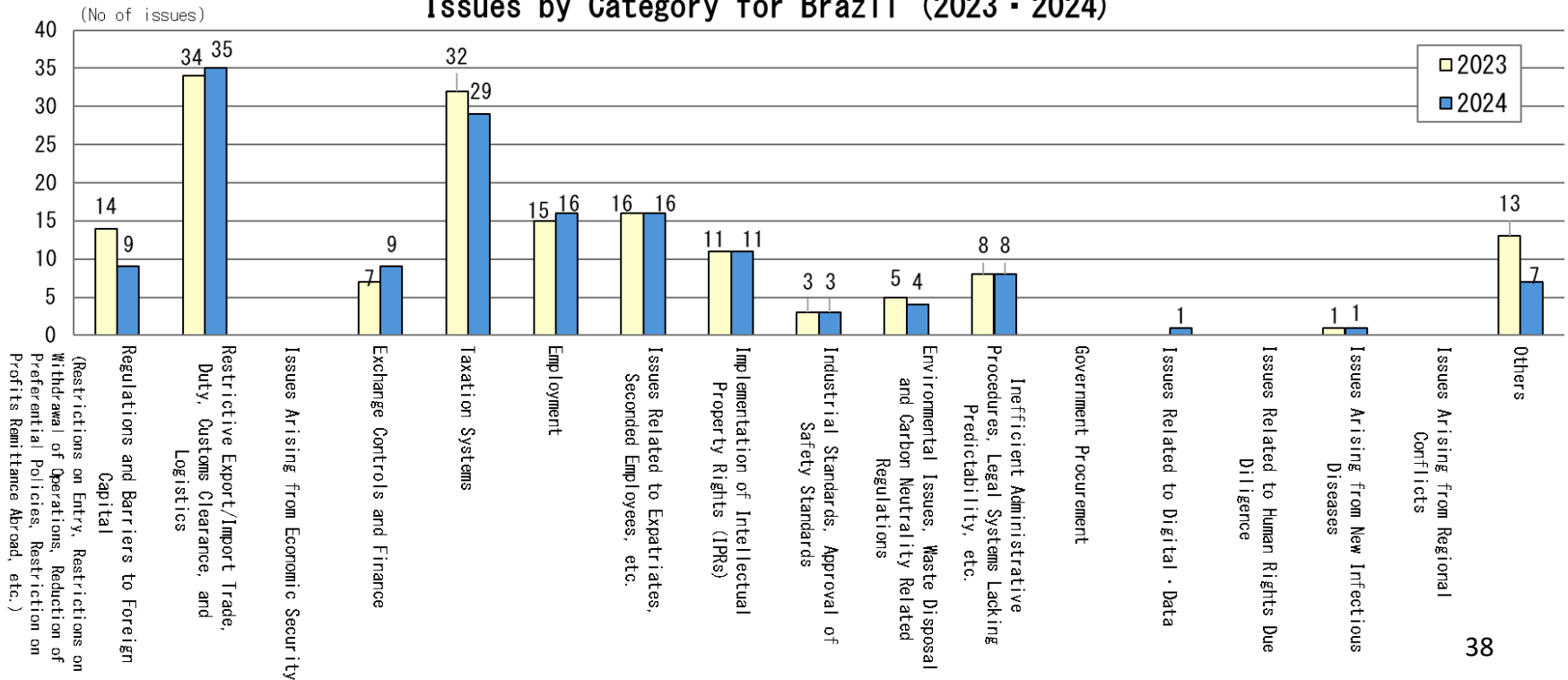
- The EV tax credit requires that final assembly take place in North America and that a certain percentage or more of the critical minerals used in the batteries be sourced locally in the U.S. or in countries with which the U.S. has FTAs and recycled in North America. However, there are concerns that these policies will make the supply chain inefficient and stifle future innovation.

## 7. North America / Central and South America Brazil ①

### ◆ Key Points

- The number of issues identified was 149, a slight decrease from the previous year (159).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with ongoing remarks related to requests for the conclusion of the Japan-Mercosur EPA, cumbersome and delayed import procedures, and rampant illegal and smuggled imports.
- In the second-ranked category, “Taxation Systems,” there are continuing issues about the heavy tax burden, including high and complex import tariff and tax regimes, and a complex and frequently revised tax system. In the third-ranked category, “Employment,” there continue to be issues with labor laws that overprotect workers, and in “Issues Related to Expatriates, Seconded Employees, etc.,” there continue to be issues with complications and delays in visa issuance procedures and difficulties in obtaining visas.

Issues by Category for Brazil (2023 - 2024)



## 7. North America / Central and South America Brazil ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- There are calls for the conclusion of a Japan-Mercosur EPA so as not be inferior to the EU and South Korea.
- In addition to the complicated procedures required for customs clearance, including the need for identification and tax identification numbers, it takes a long time after the cargo arrives at the local port for customs clearance to be granted, making storage fees expensive. In addition, there are issues of complicated and delayed import procedures, such as the need to write in Portuguese on the invoice, the annual customs strikes, etc.
- There are many unauthorized and smuggled imports of electronic equipment and camera products from neighboring countries, and the large cost difference compared to locally produced, authorized imports and products sold through authorized distribution channels hinders the development of the domestic industry.

### ② Taxation Systems

- The various tax burdens, including social security, are high, and double and triple taxation drive up costs and put pressure on profits (Brazil cost). In particular, additional and domestic taxes such as the Industrial Products Tax (IPI) and the ICMS, have high tax rates. Because of these heavy taxes, the selling price of goods is two to three times higher than in developed countries. For example, the price of counterfeit goods that fraudulently evade taxes can be 1/3 or less of the price of genuine products.
- The Brazilian tax system is complex and frequently revised at the federal, state and municipal levels, forcing management by specialized consultants and causing costs to rise.

## 7. North America / Central and South America Brazil ③

---

### **③ Employment**

- Labor laws impose many restrictions on companies from a worker protection standpoint, and the interpretation of each law is complex, requiring the use of specialized consultants to handle each case. As a result, there is a significant risk of labor court action by former employees.
- It is difficult for small and medium sized companies to be established because the ratio of Brazilians must be at least 2/3 in terms of salaries and number of employees.

### **④ Issues Related to Expatriates, Seconded Employees, etc.**

- The process of obtaining a long-stay visa for expatriates and seconded employees from Japan is very complicated and time-consuming.

### **⑤ Implementation of Intellectual Property Rights (IPRs)**

- Border control measures by customs are only intended to stop trademark infringing products, and there is no provision for stopping patent infringing products. In addition, border control measures by customs are only carried out ex officio and there is no registration system for right holders to apply for protection.

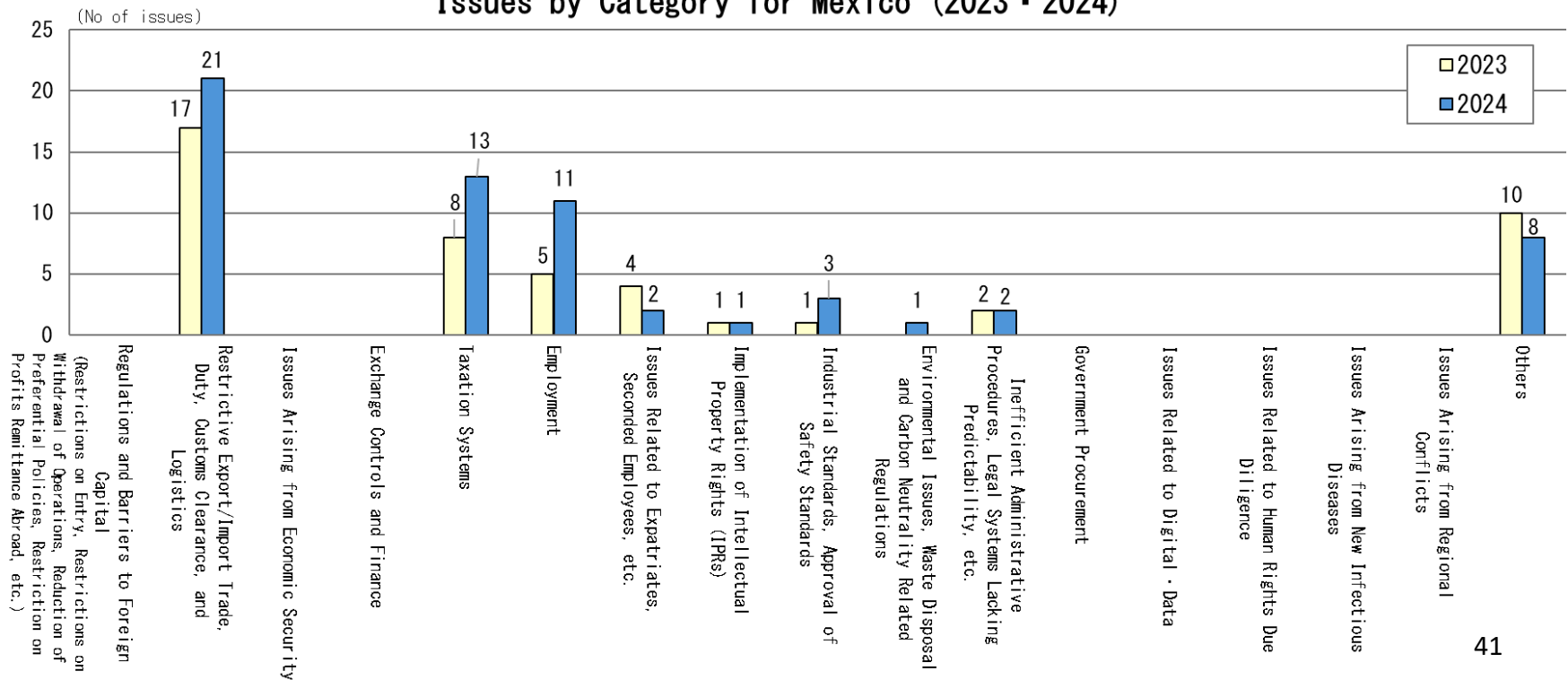


## 7. North America / Central and South America Mexico ①

### ◆ Key Points

- The number of issues identified was 62, an increase of just under 30% from the previous year (48).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with continued comments about the complexity, delays, and arbitrariness of customs procedures.
- In the second-ranked category, "Taxation Systems," there continue to be issues with the delay of VAT refunds and the problem of taxing interest payments.
- In the third-ranked category, “Employment,” in addition to continuing issues such as the Employee Profit Sharing (PTU) and the principled ban on temporary staffing, there are new issues such as concerns about the proposed amendments to federal labor laws.

Issues by Category for Mexico (2023 - 2024)



## 7. North America / Central and South America Mexico ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- When importing components, many documents must be submitted to customs and clearing agents, requiring many man-hours. There are also many additional documents that need to be submitted. The import process may take longer than expected. In addition, customs clearance procedures and documentation requirements vary depending on the customs official, and many hours and workload are required before the actual goods arrive.
- Customs has created a database of export/import customs declarations, and companies are required to create and maintain their own databases identical to the database, but because the customs database was not created correctly, the content is different from the company's own declared and approved customs declarations.
- Due to stricter regulatory conditions from the North American Free Trade Agreement (NAFTA) to USMCA, limited factors such as higher local procurement ratios for automobiles and minimum wage requirements have contributed to the deterioration in business performance.

### ② Taxation Systems

- Frequent requests from tax authorities for VAT refunds that exceed the requirements set out in the guidelines ultimately increase the workload and cause delays in refunds.
- Since interest paid in excess of the stipulated amount is not deductible for tax purposes, there is concern that the use of parent-subsidiary loans as a means of providing funds to local companies will worsen earnings due to the increased tax burden.

### ③ Employment

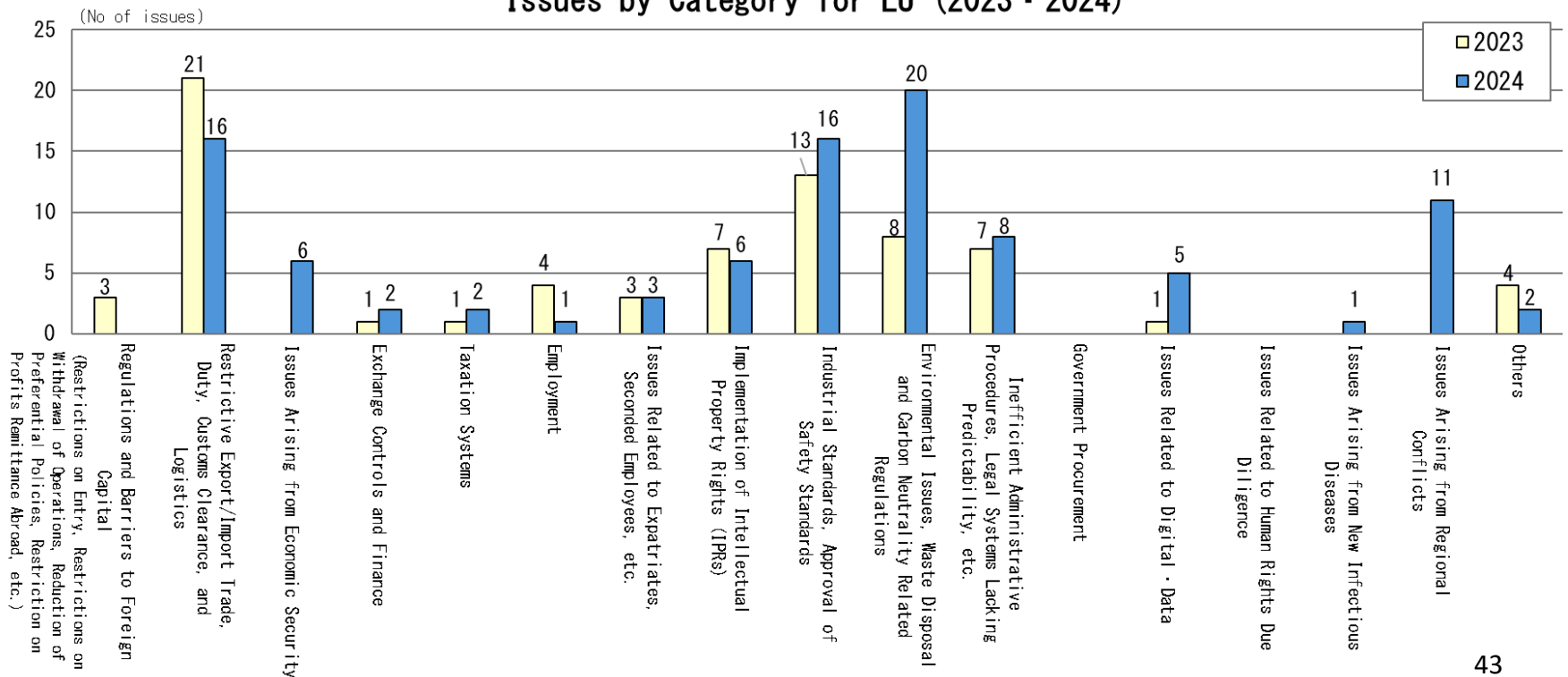
- Regarding the Employee Profit Sharing (PTU), part of the program has been changed since 2022, but the government has not sufficiently informed the workers about the change, which is one of the reasons why workers are dissatisfied with the company.
- There is a concern that production and sales activities will be affected because temporary workers and employees cannot be hired through temporary employment agencies.

## 8. Europe and Russia EU ①

### ◆ Key Points

- The number of issues identified was 99, a significant increase of more than 30% from the previous year (73).
- By category, “Environmental Issues, Waste Disposal and Carbon Neutrality Related Regulations,” has the most issues, with new issues of unclear and inadequate consideration of environmental regulations such as the Carbon Border Adjustment Mechanism (CBAM), F-gas Regulation, and PFAS regulations.
- In the second-ranked category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics,” there continue to be issues related to inconsistent customs clearance procedures and increased export/import burdens between the UK and the EU, and in the tied category, “Industrial Standards, Approval of Safety Standards,” there continue to be issues related to the burden of complying with the EU Batteries Regulation.

Issues by Category for EU (2023 - 2024)



## 8. Europe and Russia EU ②

---

### ① Environmental Issues, Waste Disposal and Carbon Neutrality Related Regulations

- The CBAM transition period began in October 2023, and the first report was due in January 2024, but there were many unclear points in the content, making it very burdensome to review the content and consider responses. From 2025, it will be mandatory to calculate the carbon content based on the calculations specified by the EU, but this is difficult to understand and difficult for small and medium sized nut and bolt manufacturers to comply with. Also, it is unclear what is included in the “carbon tax paid in Japan” that is deducted in the calculation.
- The F-gas Regulation has a short time to go into effect and it is difficult to take action (secure alternative refrigerants) before the deadline.
- The draft regulation on PFAS (organofluorine compounds) was published in 2023, but the problem is that it is designated without sufficient risk assessment and consideration of substitutability, including target products, etc.

### ② Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- Customs clearance procedures are not harmonized among EU countries.
- Brexit has required additional export documentation and additional customs duties when exporting from the UK to EU countries, which has been time consuming and labor intensive.

### ③ Industrial Standards, Approval of Safety Standards

- The EU Batteries Regulation issued in August 2023 is very complicated and has some unclear statements that make it difficult to deal with.

### ④ Issues Arising from Regional Conflicts

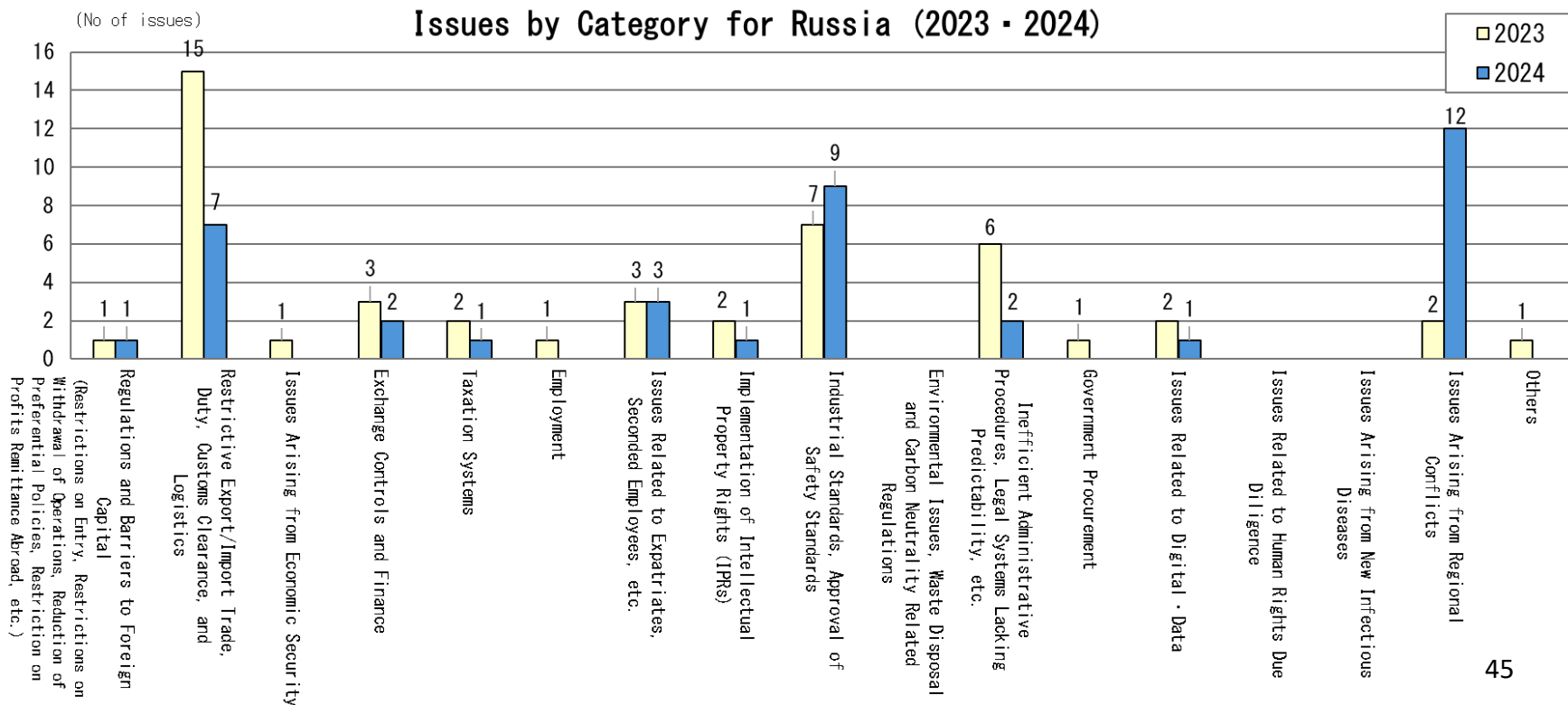
- Attacks on ships by the Houthis in the Red Sea and Gulf of Aden have led to disruptions in the maritime transportation to Europe. Longer voyages and difficulties in securing container space have become more pronounced.

## 8. Europe and Russia Russia ①

### ◆ Key Points

- The number of issues identified was 39, a decrease from the previous year (47).
- By category, “Issues Arising from Regional Conflicts” has the most issues, with continued comments that Russia's armed attack has made it difficult to continue business in Ukraine, and that export/import transactions have become difficult due to sanctions against Russia by various countries.
- In the second-ranked category, “Industrial Standards, Approval of Safety Standards,” there continue to be issues with the complexity, delay, and cost burden of medical device registration applications and the arbitrary nature of premarket review. In the third-ranked category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics,” there continue to be issues with the complexity and delays of import procedures.

Issues by Category for Russia (2023 - 2024)



## 8. Europe and Russia **Russia** ②

---

### **④ Issues Arising from Regional Conflicts**

- Business in Ukraine is at risk of continuation due to Russian armed attack. Russia used to be a big market, but after the conflict all business had to stop.
- Sanctions imposed by various countries following Russia's invasion of Ukraine have made trade difficult. For example, there is a decrease in the predictability of business, such as the difficulties of transferring funds due to stricter compliance checks by banks, shipowners avoiding port calls in Russia and difficulties in deploying vessels, and other risks not normally expected in the basic business environment.
- Because many sanctions lack specificity, there is a strong tendency to interpret sanctions broadly in order to avoid risk, often concluding that nothing can be exported in the end. This has created the risk of local litigation and, in the worst case, could lead to the seizure of the company.

### **② Industrial Standards, Approval of Safety Standards**

- There are many issues regarding the complexity, delay, and cost burden of medical device registration applications and the arbitrary nature of premarket review. Specifically, it takes at least 18 months from application preparation to certification, the authorities' demands for technical data are highly arbitrary, with previously accepted data being rejected and absurd demands made for documentation, no questions are allowed about the demands and consultants must be used to make inquiries of the authorities, there are no guidelines for the examination and application in the first place, and so on.

### **③ Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics**

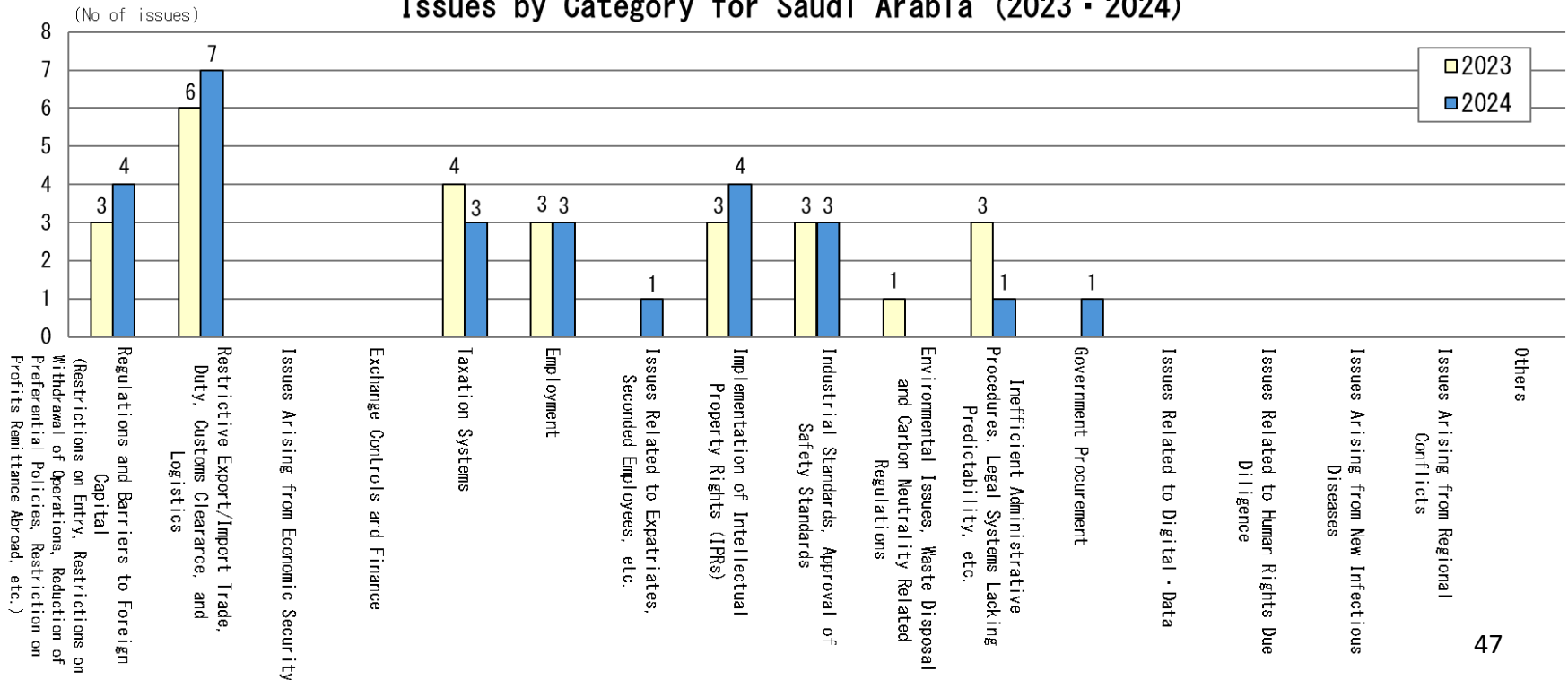
- Complications and delays in import procedures include the large number of documents required at the time of import customs clearance (e.g. photos of products and all components before and after packaging, description of net weight and packing weight, etc.).

## 9. Middle East and Africa Saudi Arabia ①

### ◆ Key Points

- The number of issues identified was 27, roughly the same as in the previous year (26).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with continuing comments such as the cumbersome and unclear import registration system called SABER (The Saudi Product Safety Programme) and the inspection of items at import customs clearance.
- In the second-ranked category, “Regulations and Barriers to Foreign Capital,” there are new issues related to capital and investor business restrictions, and in “Implementation of Intellectual Property Rights (IPRs),” there are new issues related to delays in trademark enforcement procedures and inadequate disclosure of trademark rights.

Issues by Category for Saudi Arabia (2023 - 2024)



## 9. Middle East and Africa Saudi Arabia ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- There is a regulatory measure that requires all imports to be pre-registered on an online platform called SABER, but the rules are unclear and change frequently, and the process for obtaining a Certificate of Conformity (COC) is unclear and takes over a year to obtain. COC acquisition is also mandatory for parts required for periodic inspections, which prevents smooth shipments and creates additional COC acquisition costs.
- Inspection of items that open containers occurs at a fairly high rate in container yards. This is not only time consuming, but also costly. The cost of inspection is borne by the shipper. In addition, damage occurs when reloading after inspection. (Customer complained about this.)

### ② Regulations and Barriers to Foreign Capital

- In terms of capital and investor restrictions on operations, the requirement for obtaining a commercial license, including trading operations, is a capital of SAR30m (approximately 1 billion yen) (in the case of a 100% foreign company), which is a high amount and quite difficult to obtain.

### ③ Implementation of Intellectual Property Rights (IPRs)

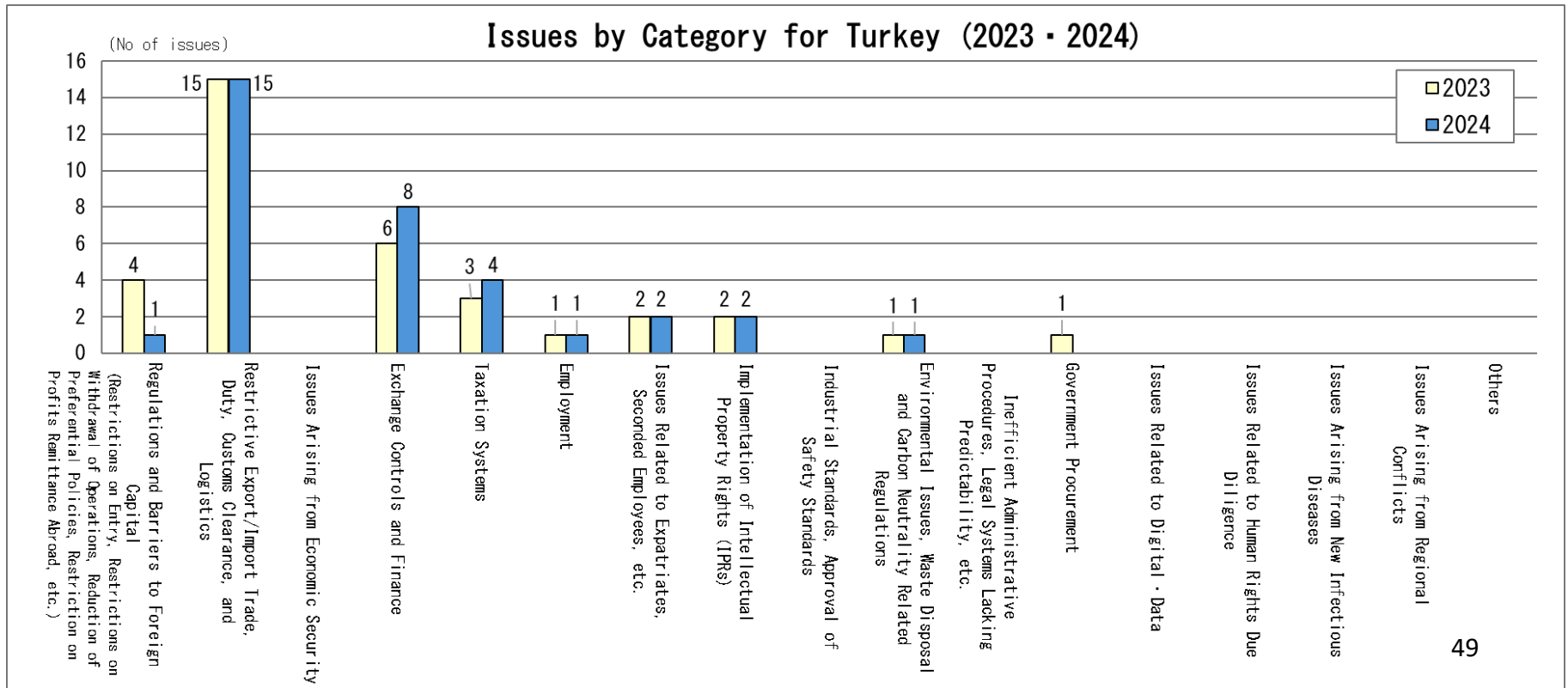
- In 2021, the jurisdiction for trademark enforcement was transferred from the Ministry of Commerce to the Saudi Authority for Intellectual Property, but the time between the filing of a complaint and its detection is longer than before. Disclosure of the content of detection results is also more limited than in the past.



## 9. Middle East and Africa Turkey ①

### ◆ Key Points

- The number of issues identified was 34, roughly the same as in the previous year (35).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with continued demand for FTAs with Japan, especially for construction and agricultural equipment, to avoid high tariffs, including additional tariffs, and inferiority to the EU and other countries that have already concluded FTAs.
- In the second-ranked category, “Exchange Controls and Finance,” there continue to be issues such as restrictions on bank lending for domestic loans and foreign currency purchases, and the inability to make foreign currency payments in Turkey. In the third-ranked category, “Taxation Systems,” there continues to be the issue of levying the Resource Utilization Support Fund (RUSF).



## 9. Middle East and Africa Turkey ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- Regarding Turkey's high import tariffs and additional tariff measures, there are requests to conclude an FTA mainly for construction and agricultural machinery and equipment, as Japanese exports will be inferior to those of the EU, which is a customs union, and the countries with which Turkey has concluded an FTA. (If Japan concludes an FTA, it will also be exempted from the additional tariff measures.)
- As for construction machinery, only machinery manufactured in the current year can be cleared through import customs, and this is a factor preventing shipment during the October-December period.

### ② Exchange Controls and Finance

- Since 2022, the Central Bank of the Republic of Turkey (CBRT) regulations on domestic lending and foreign currency purchases have been in effect and frequently amended, in some cases with immediate effect, which can have a significant impact on cash flows.
- Due to the amendment of the Protection of the Value of Turkish Currency in April 2022, the collection of payments for the sale of goods to domestic companies must now be made in Turkish lira instead of foreign currency, forcing them to bear the risk of exchange rate fluctuations for the sale of imported goods.

### ③ Taxation Systems

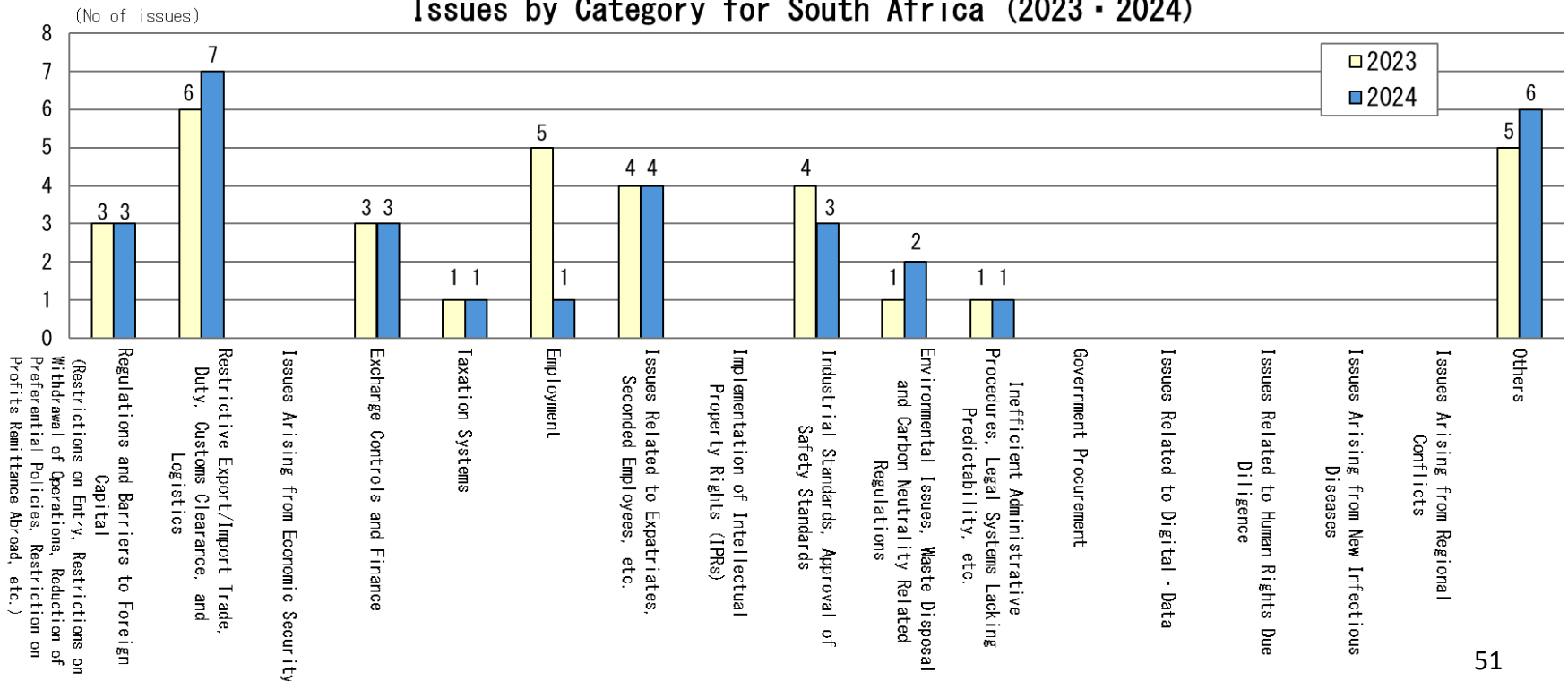
- Since the price of imported goods requires payment of the RUSF (6% Resource Utilization Support Fund) in addition to customs duties, unless proof of payment is provided at customs clearance, additional funds must be provided by borrowing from a local bank to avoid this. This reduces capital efficiency and profitability.
- The RUSF is also applied to loans from non-residents to residents, which reduces the overall capital efficiency of the group.

# 9. Middle East and Africa South Africa ①

## ◆Key Points

- The number of issues identified was 31, roughly the same as in the previous year (33).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with continued comments about high import taxes on some electric home appliances and increased tariffs on steel products.
- In the second-ranked category, “Others,” there continue to be issues with the underdevelopment of infrastructure, especially electricity.
- In the third-ranked category, “Issues Related to Expatriates, Seconded Employees, etc.,” there continue to be issues with delays in visa issuance procedures and restrictions on the number of times visas can be issued.

Issues by Category for South Africa (2023 - 2024)



## 9. Middle East and Africa South Africa ②

---

### **① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics**

- The high tariffs are imposed on home appliances such as televisions, air conditioners and refrigerators, and a separate excise tax is also levied, but single-tub washing machines and beauty appliances are exempt from the tariffs. There are remarks for uncertainty about the criteria for the import taxes and the road map for the rectification. In addition, in the case of steel products, there have been instances where 10-15% tariffs have been imposed on items that were previously free.

### **② Others**

- Power shortages are becoming more severe, affecting not only economic activities but also general life, such as planned power outages. Water supplies have also begun to be cut off, and flood control measures for past floods have been inadequate.
- Robberies and carjackings are on the rise, as are crimes committed by fake police.

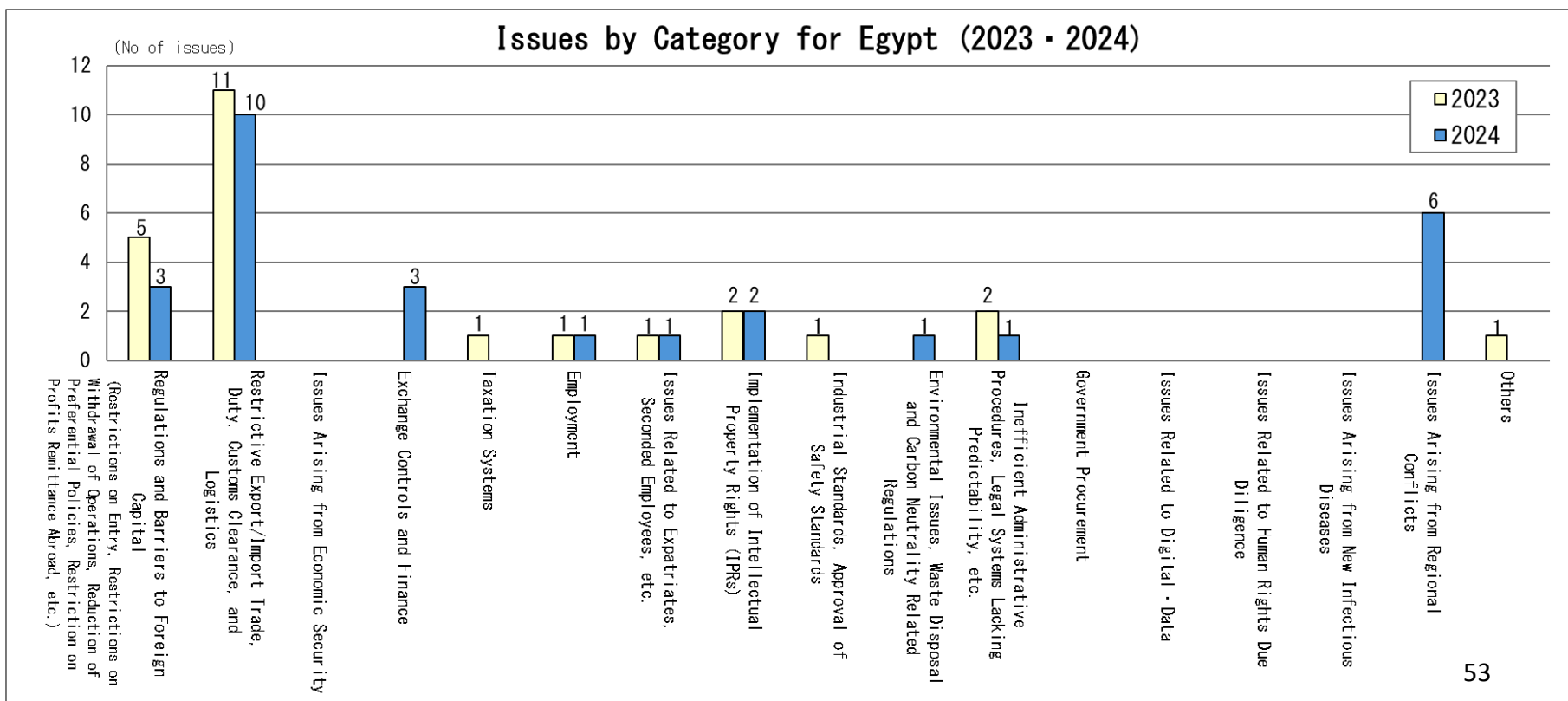
### **③ Issues Related to Expatriates, Seconded Employees, etc.**

- The process of obtaining a work permit is time-consuming and the necessary procedures are unclear. There is also the issue that some permits are limited in the number of times they can be issued (non-renewable).

## 9. Middle East and Africa Egypt ①

### ◆ Key Points

- The number of issues identified was 28, an increase of approximately 10% from the previous year (25).
- By category, “Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics” has the most issues, with continued comments such as sudden changes in tariff rates, operational uncertainty, and bans on importing products from factories that have not yet obtained ISO certification.
- The second-ranked category is the newly created “Issues Arising from Regional Conflicts,” which includes new issues such as price increases due to Russia's invasion of Ukraine, the economic impact of the conflict in the Gaza Strip, and the impact of Houthi attacks on ships in the Red Sea and Suez Canal routes.



## 9. Middle East and Africa Egypt ②

---

### ① Restrictive Export/Import Trade, Duty, Customs Clearance, and Logistics

- As changes to tariff rates by Customs are implemented without an enforcement period, the new tariff rates must be addressed and negotiated with the authorities each time a change is made.
- Products from factories that are not ISO certified cannot be shipped (sold) to Egypt. This is an import restriction that does not exist in other countries. Even for products from ISO-certified factories, this regulation makes export procedures cumbersome and very time-consuming.
- The pre-shipment inspection companies designated by the Egyptian government vary from one exporting country to another, meaning that companies have to deal with many companies.

### ② Issues Arising from Regional Conflicts

- The Russian invasion of Ukraine triggered a sharp rise in the price of imported flour, leading to a shortage of foreign currency, rising domestic prices and a devaluation of the exchange rate.
- The conflict between Israel and the Gaza Strip has had a significant impact on the economy, reducing tourism revenues, the main source of foreign currency for Egypt, which borders the area.
- Continued Houthi attacks on merchant ships in the Red Sea, triggered by the conflict with Israel, led to a number of shipping lines changing their routes around the Cape of Good Hope instead of through the Suez Canal to Europe and countries around the Red Sea. This is expected to result in longer ocean lead times, higher ocean freight costs, space constraints and future container shortages, as well as concerns about delays in the delivery of the company's own products and purchased materials due to these factors, and production line stoppages for the company and customers. In addition, Suez Canal tolls, a major source of foreign currency revenue, are no longer expected, which will have a significant impact on the Egyptian economy.

## (Reference) Category 3: Issues Arising from Economic Security

### ◆ Key Points

- (EU/UK) There are many requests for uniform operation in the region, easing or removal of restrictions on imports of steel products using Russian raw materials, which began in September 2023.
- (China) The actual implementation of “re-export,” “deemed export,” and “pursuit of liability due to extraterritorial application of the law” in China’s Export Control Law, enforced in 2020, is unclear.
- (U.S.) There is a heavy burden associated with additions and revisions to the Entity List in the Export Administration Regulations (EAR) and compliance with the National Defense Authorization Act.

Country	Issues
China	Lack of clarity in operation of the Export Control Law; concerns about re-export restrictions
	Concerns about increased negativity toward research and development activities due to revision of the Technology Export and Import Control Regulations
Cambodia	US weapons embargo measures
Singapore	Complications in acquiring information to determine whether export controls apply
Thailand	Vagueness and lack of clarity in criteria for “possible DUI” <sup>*1</sup>
	Operation of TCWMD Law <sup>*2</sup> not yet established
United States	Increasingly strict and complicated export control laws
	Strengthening of expanded direct product restrictions in the Export Administration Regulations (EAR)
	Restrictions on service exports of high-energy density batteries
	Responding to US re-export restrictions
	Increased burden due to responding to stronger restrictions on exports to China
	Trade issues related to sanctions against Russia
	Semiconductor-related export restrictions
	Technology and investment restrictions due to enactment of US National Defense Authorization Act
	Restrictions on US government procurement due to enactment of US National Defense Authorization Act
Impact on Japanese companies of legal restrictions relating to US-China trade friction	
EU	Strengthening of trade controls related to sanctions against Russia
	Import restrictions on steel products using raw materials from Russia
United Kingdom	Import restrictions on steel products using raw materials from Russia

\*1 Possible DUI: Cargo subject to control under security export control legislation.

\*2 TCWMD Act: Thailand’s Control on Weapons of Mass Destruction Related Items Act, AD 2019

## (Reference) Category 13: Issues Related to Digital Data

### ◆ Key Points

- (EU) In the context of the General Data Protection Regulation (GDPR), there is a call to promote international unification and harmonization in the handling of cross-border transfers of personal data. There are also calls for the development of EU data-related legislation, which is in disarray.
- (Vietnam/Russia/China) Data localization is required, but the requirements and procedures are not clear, creating a burden for operators.

Country	Issues
China	Lack of clarity in obligations to preserve personal and important data domestically and restrictions on international transfers
	Lack of clarity in detailed regulations on data security and cross-border restrictions
	Strict compliance requirements on cross-border data transfers
	Storage of important data within China under data security laws
	Impacts on system building due to the promulgation of the Cybersecurity Law of the People's Republic of China
	Leaks of import and export data
Vietnam	Incomplete development of detailed operating regulations for cabinet orders on the protection of personal information
	Liability regarding protection of workers' personal information
	Data localization and restrictions on treatment of personal information
India	Issues in making backups of accounting books
United States	Incomplete regulation of digital trade and data flows
	Data export restrictions
	Strengthening of cybersecurity measures
	Interruption of WTO e-commerce trade negotiations
Brazil	Restrictions on international transfers of personal information
Peru	Lack of clarity in and strict execution of data protection laws
EU	Restrictions on international transfers of personal information
	Complications due to incoherent laws relating to digital data; lack of consistency within the EU
	Lack of clarity in detailed operating rules for EU data laws
Russia	Restrictions on international transfers of personal information



# (Reference) Category 14: Issues Related to Human Rights Due Diligence

## ◆ Key Points

- (U.S.) The Uyghur Forced Labor Prevention Act, passed in 2021, requires companies to certify that imported goods were not produced by forced labor, and investigations tracing back to raw materials are labor- and time-intensive, with U.S. clients frequently demanding compliance and requesting investigations, which creates a great deal of confusion. In addition, there are concerns that a full-scale supply chain investigation in China could lead to countermeasures by the Chinese government and a boycott campaign in China.

Country	Issues
United States	Concerns about increased administrative burden relating to human rights due diligence
	Strengthening of import restrictions on products due to the Uyghur Forced Labor Prevention Act
	Issues in the Uyghur Forced Labor Prevention Act

## (Reference) Category 15: Issues Arising from New Infectious Diseases

### ◆ Key Points

- (U.S./Canada) U.S. visa renewals must be done in a third country; however, given the risk of infection, it is best to renew in the U.S.
- (Vietnam) Since Corona, there have been many last minute changes to flight numbers, but there have been cases where import tax refunds have not been approved because the flight number differs from the flight number on the certificate of origin provided at the time of booking.
- (China) Since the COVID-19 pandemic, a visa has been required for travel from Japan, but there have been many requests to reinstate the exemption.

Country	Issues
China	Logistics confusion in conjunction with stronger temperature-controlled freight handling restrictions and quarantining in port facilities
	Transportation delays and difficulties and container shortages due to COVID-19
	Incomplete trials with actual machinery due to COVID-19
	Suspension of short-term residence visa exemption measures due to COVID-19
Hong Kong	Personnel shortages and recruitment difficulties due to COVID-19
Singapore	Unreasonable vaccination requirements for immigration
Vietnam	Incomplete refunding of import duties due to COVID-19
India	Material logistics restrictions under Quality Control Orders (BIS-QCO) for metals and metallic products
Canada	Difficulties in I-94 renewal procedures due to COVID-19
United States	European and North American routes to/from Chubu yet to reopen due to COVID-19
	Difficulties in I-94 renewal procedures due to COVID-19
Brazil	Complications and delays in import procedures due to COVID-19
EU	European and North American routes to/from Chubu yet to reopen
Oman	Immigration restrictions due to COVID-19

# (Reference) Category 16: Issues Arising from Regional Conflicts

## ◆Key Points

- (Russia) Russia used to be a big market, but after the conflict all business had to stop. Business in Ukraine is at risk from Russian armed attacks.
- (U.S.) In addition to the problem of Houthi attacks on ships in the Suez Canal in the Red Sea, the U.S. has additional problems with the Panama Canal navigation restrictions due to drought, which has increased shipping lead times from Japan and Asia, resulting in production line shutdowns, increased ocean shipping costs, and increased costs and damage from emergency air transportation.

Country	Issues
Taiwan	Geopolitical risks
China	Geopolitical risks
United States	Lengthening and deepening of delays in maritime transportation
	Effects on Red Sea and Suez Canal routes due to Houthi attacks on vessels
EU	Effects on Red Sea and Suez Canal routes due to Houthi attacks on vessels
United Kingdom	Delays in issuance of UK visas due to the Russia-Ukraine dispute, etc.
	Effects on Red Sea and Suez Canal routes due to Houthi attacks on vessels
Czechia	Effects on Red Sea and Suez Canal routes due to Houthi attacks on vessels
	Russia's invasion of Ukraine and attacks on vessels in the Red Sea
Poland	Difficulties in obtaining working visas and residence permits for stationed employees due to Russia's invasion of Ukraine
CIS	Geopolitical risks
Azerbaijan	Issues arising from sanctions against Russia by various Western countries
Armenia	Issues arising from sanctions against Russia by various Western countries
Ukraine	Effects from the Russia-Ukraine dispute
	Issues arising from sanctions against Russia by various Western countries
Uzbekistan	Issues arising from sanctions against Russia by various Western countries
Estonia	Issues arising from sanctions against Russia by various Western countries
Kazakhstan	Issues arising from sanctions against Russia by various Western countries
Kyrgyz	Issues arising from sanctions against Russia by various Western countries
Georgia	Issues arising from sanctions against Russia by various Western countries
Tajikistan	Issues arising from sanctions against Russia by various Western countries
Turkmenistan	Issues arising from sanctions against Russia by various Western countries
Belarus	Issues arising from sanctions against Russia by various Western countries

Country	Issues
Moldova	Issues arising from sanctions against Russia by various Western countries
Latvia	Issues arising from sanctions against Russia by various Western countries
Lithuania	Issues arising from sanctions against Russia by various Western countries
Russia	Difficulties in continuing business due to risks of armed attacks by Russia
	Difficulties in continuing business due to sanctions against Russia
	Trade issues due to sanctions against Russia
	Import difficulties due to lack of clarity regarding substance of sanctions against Russia
	Export prohibitions on medical devices; impossible to return samples
	Issues with continuing transactions with Russia and Ukraine
	Delays in collecting debts due to OFAC restrictions
	Limits on foreign currency remittances due to effects from sanctions against Russia
	Effects from the Russia-Ukraine dispute
	Preferential treatment for products made in Russia
Prohibition against reinsurance transactions between insurers located in Russia and insurers located in unfriendly countries	
Yemen	Effects on Red Sea and Suez Canal routes due to Houthi attacks on vessels
Iran	UK's system of sanctions against Iran
	Voluntary restrictions by Japanese banks due to effects from US sanctions
Oman	Difficulties in collecting debts due to effects from US sanctions
	Concerns about effects on business from Israel's invasion of Gaza
Egypt	Rapid rise in prices due to Russia's invasion of Ukraine
	Effects on economy due to dispute in Gaza district
	Effects on Red Sea and Suez Canal routes due to Houthi attacks on vessels

\*In "Impact of Houthi shipping attacks on Red Sea and Suez Canal shipping routes," several companies did not respond with the name of the country because it was difficult to identify the country, so the information was listed for both Yemen and Egypt.

---

## Contact

Secretariat: Japan Machinery Center for  
Trade and Investment (JMC)

International Trade and Investment Group

[wada@jmcti.or.jp](mailto:wada@jmcti.or.jp)  
[tohshi@jmcti.or.jp](mailto:tohshi@jmcti.or.jp)

+81-3-3431-9348