

White Paper on International Economy & Trade in 2012

Extending the Frontiers of Growth through Global Linkages



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At the beginning of our cover story, which highlights METI's White Paper on International Trade in 2012, METI staff offer a brief summary of the paper. This covers all the important main developments of the Japanese economy, with the global economy as its background. Topics of prime interest such as Japan's trade deficit in 2011, the first since 31 years ago, the continuing historic appreciation of the yen, and the possible outcome of a disrupted supply chain in East Asia caused by 3.11, are all addressed and analyzed in the context of structural changes in the Japanese economy. The next question is how this economy is related to the global economy which is also facing an unprecedented challenge represented by euro crisis. This White Paper shows how Japan is exploring restrengthened links with the global economy in the midst of its turbulence. Strengthening its links with the global economy is the only way Japan can achieve a new frontier for economic growth.

After this succinct and excellent guide to METI's White Paper, three distinguished economists from the OECD, RIETI, and the Graduate Institute of International and Development Studies, Geneva introduce

their own academic views on the Japanese economy and trade.

Two distinguished trade policy analysts, Dr. Sébastien Miroudot, senior trade policy analyst from the OECD, and Dr. Richard Baldwin, professor of international economics at the Graduate Institute of International and Development Studies in Geneva, contribute excellent analyses of current trade and investment policies, while Dr. Ayumu Tanaka from RIETI provides an analysis of one of the most topical issues on the Japanese economy, namely the risk of a hollowing out of Japanese industries.

Following these theoretical observations, we introduce more practical business views on Japanese firms' management strategies in responding to globalization. The business strategies of two firms in particular (Unicharm and Kagaya) suggest the possible future global strategies of Japanese businesses in pursuit of new frontiers for economic growth in these restrengthened links with the global economy, which is the main theme of this White Paper.

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