

# METI's White Paper on International Economy & Trade, 2014

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*By Policy Planning & Research Office, Trade Policy Bureau, Ministry of Economy, Trade & Industry (METI)*

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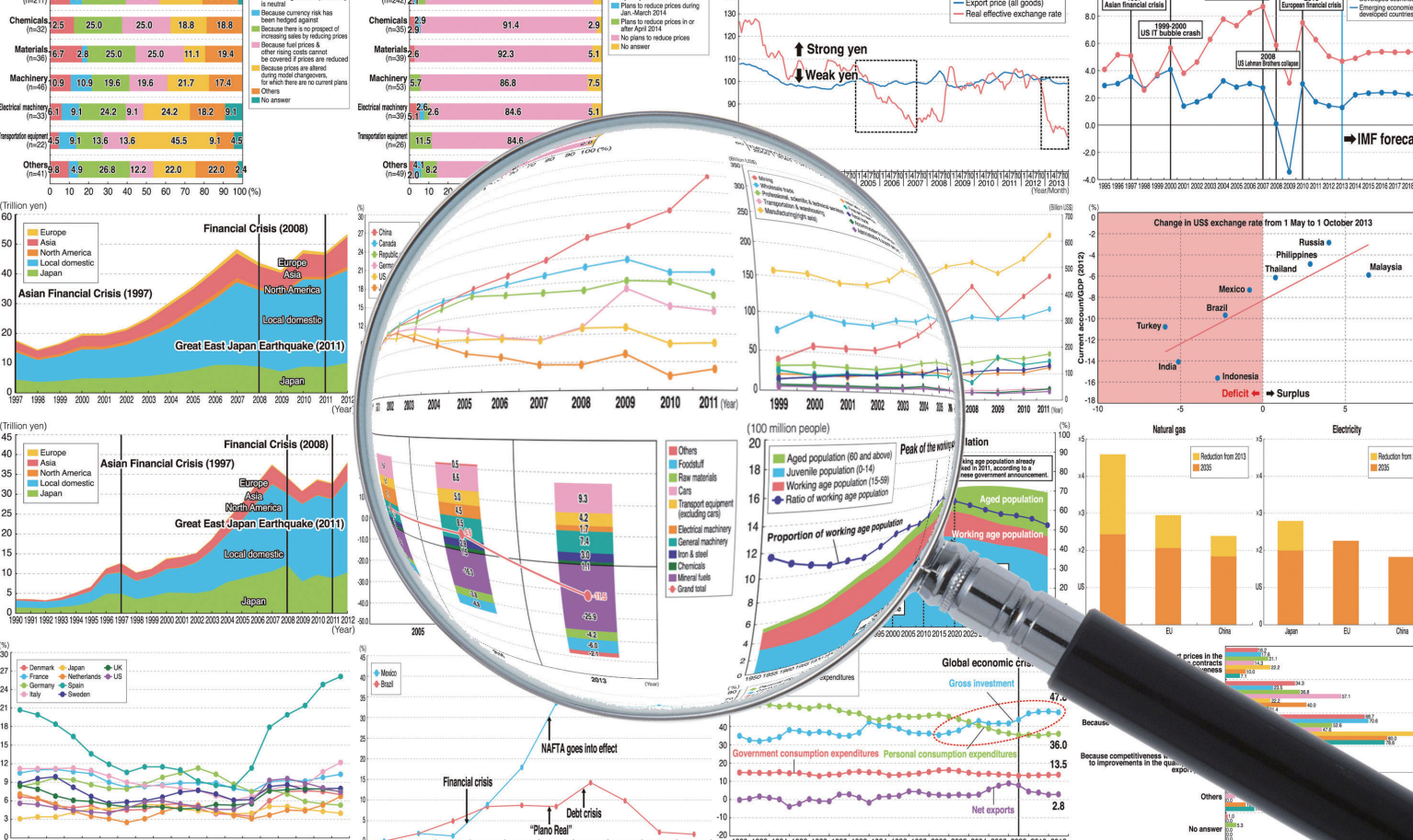
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Assessing the world's economic performance during these past five years since the financial crisis, it is clear that all the major economic powers are pursuing different growth strategies to restore their economies after the global recession. Japan is thus not the only country planning and devising a growth strategy. The third arrow of "Abenomics" may well be reexamined against this background of various efforts by major nations to create a better business and economic environment for their growth.

METI's White Paper 2014 highlights in this regard different regions' growth strategies and gives the Japanese growth strategy an international perspective. Labor market reforms in Europe, the energy industry's restructuring triggered by the so-called shale gas revolution in the United States, the structural reform of the economy in China to achieve a balance between investment and consumption – these are examples of growth strategies formulated by countries other than Japan.

Against the backdrop of an increasing trade deficit and diminishing current surplus, the causes and effects of which are carefully examined, this White Paper proposes three key policies for Japan in the field of international trade: further promotion of FTAs including the TPP, RCEP, Japan-EU FTA, and Japan-China-Republic of Korea FTA; strategic export promotion to newly emerging economies, such as the BRIC nations; and active engagement to promote FDI into Japan to encourage open innovation, assuming FDI will bring the benefits of diverse human resources from all over the world to enhance Japan's

business activities and creativity.

In addition to providing an outline of White Paper 2014, we invited three leading economists to express their views on its key point, namely Japan's FTA policies. Yosuke Tsuyuguchi talks about the financial and currency aspects of relations between Japan, China and ASEAN, while Yoshifumi Fukunaga presents his views on the future ASEAN Economic Community. Prof. Arata Kuno discusses the business perspective of FTA utilization, an important issue in facilitating FTAs as a means of achieving real and substantive business success.

We have also invited various authors to focus on the issue of entrepreneurship in Japan, including examples initiated by FDI. Entrepreneurship is another key element of the Japanese growth strategy, in particular with regard to the sustainability of growth. I hope these articles will provide some insight into how Japanese or FDI-initiated ventures in Japan can contribute to a revival of the Japanese business spirit under a new mindset stimulated by the first and second arrows of "Abenomics". Without such a spirit, growth cannot be maintained.

On international political issues, two distinguished analysts provide their own detailed analyses of the situation in Ukraine and its geopolitical as well as economic impact upon the world.

This is a rough outline of the issue, and I hope you will enjoy reading these articles.

Naoyuki Haraoka, executive managing director, editor-in-chief of Japan SPOTLIGHT

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