

White Paper on International Economy & Trade 2018

By Naoyuki Haraoka

Government policies should be formulated on the basis of facts and statistics, and also reviewed on that basis. Whether a nation's trade policy has been successful in creating national wealth or is responsible for a decline in national welfare must be judged by the evidence and not by subjective impressions or intuition or even personal preferences. Policy formulation and reviewing must be carried out as objectively as possible. Otherwise, the results could be chaotic. Policies based on subjective approaches will result in subjective responses. I believe this is the situation we are now in – a so-called trade war.

METI's White Paper on International Economy & Trade provides evidence based on facts and statistics, which enables us to review it objectively. *Japan SPOTLIGHT* highlights the White Paper in the September/October issue every year. The main subjects of this year's White Paper are the expansion in digital trade against the background of the Fourth Industrial Revolution and the growing emergence of the newly developing economies, among which the Chinese economy has been drawing particular attention. How will China grow as a superpower in the world? What kind of relationship should Japan build up with China? What are the

advantages or the disadvantages of Chinese technology?

We need to answer these questions based on evidence as objectively as possible and not based on intuition or personal preferences. The White Paper 2018 provides ample facts and data on which to base a good judgement on these questions, and we summarize the White Paper for readers in this issue.

Following this summary, we introduce a Roundtable Discussion on the Chinese Economy in which four distinguished experts on China give their assessments of the current economic realities in China and of what the future holds. In particular, much thought is given to the Chinese digital economy, since China is also playing a pivotal role in the global digital economy. The key question is whether China's potential for innovation in science and technology is to be highly valued or not. Any assessment of Chinese growth potential would depend on the answer to this question. We offer readers a variety of views on this issue and the merits of an evidence-based approach.

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