

Conclusion

The Japanese economy of 2007, regarded at the macrolevel, is sustaining the longest economic recovery of the post-war period, and this is led by exports and capital investment. In terms of capital investment, while domestic consumption has stagnated, expanding overseas demand from economies such as China is foreseen in many cases, and thus external economic activity has become a considerable source of growth in the Japanese economy. Looking at company activities at the microlevel, our national economy among the global economy is advanced forming federal type base industry, the compensation relationship which is rooted deeply with the east Asian economy which it unifies as the production sphere and the market sphere furthermore.

Looking at the state of the global economy, this can in general be described as good; however, risk factors and issues in the global economy need to be borne in mind. The problems of international imbalances, which have reached an unparalleled scale, and in particular the United States' current account deficit, have become risk factors. In addition, sustainable growth in the economy of China as a global growth center is indispensable, not only for the economy of the country itself, but also for the development of the global economy including that of Japan. It is thus becoming necessary to expand internal demand and consumption in particular, and to correct disparities within China between urban and rural areas, between coastal and inland areas, and between different cities, in order to correct the bias of growth towards investment and exports; it is likewise important to pay attention to the environment and energy. With the Indian economy, which is expected to grow in the future, realizing a high growth rate centered on the service industry and internal demand in contrast to China, Japanese companies are strengthening efforts such as the provision of products from ASEAN where they are expanding their production networks, but in order to develop this still further, the development of infrastructure and the improvement of legal systems and operations are becoming necessary.

In such circumstances, it has become more important to be aware of the benefits to the Japanese economy of promoting trade and investment, and of the need to expand such trade and investment still further. Japan, with its multilayered supplementary relationship with overseas economies through a variety of economic activities, is able through imports and exports to add economic high-value, raise productivity and provide consumers with benefits such as the options of low-priced and high-quality products, and it is thus important for Japan to utilize imports and exports in order to lead the development of its national economy. Likewise, it is important to expand direct investment too both externally and internally, and to aim for dynamic internal and external expansion based on the strengths and weaknesses of Japanese's domestic

industry and economy. In this regards, the Japanese economy needs to make a further move towards becoming a “new trade and investment powerhouse.” It has become important for Japanese industry to promote the heightening and deepening of its production network, especially in East Asia, along with the global expansion of the service sector. It is important for the Japanese government to prepare appropriately for risk factors in the world economy through promoting policies that encourage the above developments, and in particular by promoting the WTO Doha Round, through accelerating the private sector experts’ research at the Comprehensive Economic Partnership in East Asia (CEPEA), through promoting the Economic Research Institute for ASEAN and East Asia (ERIA), through promoting internal direct investment, and through promoting far-reaching deregulation within Japan.

Through such efforts, for all concerned parties to believe in themselves even as the Japanese economy is buffeted by global competition, to stand up without pause to the competition through unceasing innovation, and to improve their own levels, is both essential and achievable.