

Contents

<u>Chapter 1 Current status of the global economy and future issues (toward sustainable growth)</u>	16
Section1 Current status of the global economy.....	16
1. Overview of the global economy.....	16
2. Globalization of economies and increasing interdependency among economies.....	21
3. Movements in the world economy by region.....	27
Section 2 Expansion of the global current account imbalance.....	42
1. Trends in the global current account in 2006.....	42
2. Current account of the United States continues to worsen.....	43
3. Mechanism for the inflow of funds into the United States.....	49
4. Towards reducing the current account imbalance.....	50
Column 1 The necessity to improve the external balance of the United States.	54
Column 2 Islamic finance.....	56
Section 3 Sustainable development required in Chinese economy through acceleration of efforts for harmonization of the domestic economy.....	70
1. Economy over-dependent on investment and exports: Need for well-balanced growth.....	70
2. Problem of expanding disparities: towards strengthening the constitution of the foundation for growth through the expansion of consumption.....	94
3. Energy and environmental constraints: transition to energy conservation and environmental protection oriented economic growth.....	118
Section 4 India's economy achieves high growth.....	132
1. Characteristics of India's unique economic growth and related issues.....	132
2. East Asian countries deepen ties with India while India opens its markets to foreign participation.....	148
3. Building a mutually beneficial relationship between India and Japan.....	151
<u>Chapter 2 Expansion and deepening of international business networks in the East Asia1</u>	157

Section 1 The integration of the East Asian economy and its growing influence on the global economy.....	157
1. East Asia's growing influence on the global economy as a center of growth	157
2. Integration will deepen intra-regional economic relationships in East Asia	161
.....	
3. The expanding EPA/FTA networks in East Asia.....	169
Column3 An illustration of the relationship between Japan-China-Korea-ASEAN and India-Australia-New Zealand seen from the perspective of trade	174
Section 2 New development of Japanese companies in East Asia: Full-scale business activities in East Asia.....	176
1. Changes in production: Multilateral division of labor by processes and concentration of production and supply functions	176
Column 4 East Asian "cooking pot" economic zone characteristics brought about by mutual supply of intermediate goods by "mountaintop" supporting industries	196
2. The changing sales front : Full scale development of intra-regional markets.....	199
Column 5 Deregulation by various countries to expand the freedom of action of companies.....	205
3. Changes in development operations: Development functions linked to production and sales functions expand into East Asia	208
4. Developing infrastructure and expanding services to enhance the logistics functions that support business networks.....	215
Column 6 China is strengthening logistics functions through use of bonded areas.....	222
Column 7 Challenges to Japan in seeking an Asian gateway.....	229
Section 3 Advantages to domestic business by Japanese companies expansion in East Asia	233
1. Effects brought by overseas business development.....	233
2. Spawning innovation and securing talent capable of working in a global setting through expansion into Asia.....	237
Section 4 Seeking further development through realization of a seamless economic zone.....	243
1. Issues on the business environment faced by Japanese companies	243

2. Individual issues.....	245
3. Achieving a seamless economic zone.....	252
<u>Chapter 3 Strengthening the Competitiveness of the Japanese Service Industry and Global Expansion.....</u>	253
Section 1 Global expansion of the service industry-the age of global service industries.....	253
1. Move towards service-based global economy , and global expansion of service industries.....	253
2. Global expansion of Japan's Service Industry.....	260
Column 8 Service Industries in East Asia.....	265
Section 2 Main factors promoting global expansion of service sector.....	267
1. Advanced IT utilization	267
2. Advancing deregulation and system development in each country and region.....	269
Column 9 Current situation of medical care services in Asian countries.....	278
3. Globalization of customers and internationalization of service transactions	279
4. Strengthening company competitiveness through globalization.....	283
Column 10 Foreign business expansion by a global distribution companies	285
Example1...	
Column 11 Foreign business expansion by a global distribution companies	287
Example 2...	
Section 3 Current situation and issues of Japanese service sector from an international perspective.....	289
1. Significance of global expansion of Japanese service sector.....	289
2. Characteristics of service sector which are entering overseas markets from Japan	291
3. Stagnated real value added growth rate of Japanese service sector and its causes.....	292
4. Productivity growth in Japanese service sector: issues and measures.....	297
5. Raising productivity of Japanese service sector and overseas expansion.....	317
<u>Chapter 4 Towards Building an Open and Seamless Economic System...</u>	322
Section 1 Increasing weight of Japan's international economic activities -as a new trade and investment powerhouse-.....	322
1. More efficient economic activities through expansion of trade.....	322

2. More efficient economic activities through expansion of investment.....	328
Column 12 Impacts of growing overseas-related business activities on domestic business activities.....	335
3. Building a new “trade and investment powerhouse”.....	336
Section 2 How the promotion of WTO, EPA/FTAs, etc., helps improve the international business environment	338
1. Significance of WTO.....	338
Column 13 International version of the One Village One Product campaign	343
Column 14 Utilization of WTO Agreements (rules).....	344
2. Progress of EPA/FTAs.....	345
3. Smoothing of external direct investment.....	365
Section 3 Efforts towards a stronger partnership among all East Asia.....	368
1. Common challenges shared by East Asia.....	368
2. East Asia’s efforts toward overcoming its common challenges.....	371
Column 15 East Asia Summit(EAS).....	379
3. Regional partnership beyond the realm of East Asia: APEC’s promotion of regional economic integration.....	380
Column 16 Utilization of multiple frameworks in the institutional improvement of intellectual property rights (IPRs).....	383
Section 4 Promoting innovation by building a more open and attractive country	386
1. Promotion of inward direct investment.....	386
2. System and environment improvements: tax system and financial aspects.....	395
Column 17 Asia Industrial Financial Zone Initiative	398
Column 18 Improving a business environment and system infrastructure to ensure international equal footing.....	401
3. More efficient distribution.....	402
4. Expand receipts of advanced human resources, trainees, and interns from overseas.....	404
5. Intellectual property.....	409
6. Boosting Japan’s presence in the world economy.....	411
Conclusion	
Appended notes	
Reference	