

On the announcement of the White Paper on International Economy and Trade

The year 2007 marks the 60th anniversary of Japan's re-opening of private trade. In the upheaval of the post-war period, there continued to be a period when only the minimal necessary imports and exports were permitted; however, by June 1947 trade transactions by private companies were re-opened, although only within stipulated limits. Since then, Japan has continued to expand its trade transactions as a standard bearer "Trade powerhouse," with trade reaching its highest-ever level in 2006.

This expansion of trade has encouraged the expansion of production and consumption activities, and sophistication of the industrial structure, which served as a drive for economic vitalization, establishing Japan as the world's second largest economic power. In retrospect, the re-opening of private trade may be described as the starting point for Japan's post-war economic development.

Presently, in our country, it has a arriving a society with a decrease of birthrate and an aging population. In such circumstances, productivity must be raised even higher than previously, and economic growth sustained, if Japan in the future is to be a society with a vigorous economy. In order to achieve this, it is necessary for Japan to take advantage of its strengths, to overcome its weaknesses, and to seek out opportunities for growth around the world through further expansion of trade and of external/internal direct investment.

From such a perspective, White Paper on International Economy and Trade of this year focuses on an analysis of the dynamism of the East Asian economy. In recent years, the scale of the East Asian economy, which is continuing to see a growth rate strikingly high on a global level, has now come to rank with those of NAFTA and the EU. Within this region, a high-level division of labor structure, where multiple countries are involved in producing one product, utilizing comparative advantages, is being formed, thus raising the productivity of the region as a whole. In addition, the importance of the region as a consumer market is also continuing to grow, along with an increase in income levels. Japan, while exercising its strengths as the country with the greatest economic power and most cutting-edge technology in the region, needs to realize such benefits as raising its domestic productivity and incorporating the consumer markets of the East Asian region, through deepening still further the economic ties that it has with the various countries of the region.

Next, the White Paper analyzes the global expansion of the service industry. While the various service industries in countries around the world, including the in EU and the United States, have proactively expanded in foreign direct investment and promoted global expansion, the service industry in Japan has been slow in following these trends. Furthermore, while the leading countries have established an efficient business model through the utilization of IT, improvement of productivity in the service industry in Japan through raising added value has not been sufficient. For the Japanese service industry, strengthening international productivity and seeking out new overseas markets are urgent issues.

The Ministry of Economy, Trade and Industry (METI) will take to heart the importance of the vitalization of the Japanese economy through the expansion of both trade and investment, and will work towards executing trade policy strategies which are gaining increasing importance, such as the conclusion of the Doha Round, promotion of economic partnership through an East Asian EPA and bilateral EPAs/FPAs with the aim of forming a seamless economic zone across East Asia, and Asia-Pacific cooperation through APEC.

We hope that this White Paper will form a guide for Japan's departure on a course of expanding external economic activities, including trade and investment, that is freer and more far reaching than ever before.

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