Contents

Explanatory Notes .................................................................................................................... viii

Chapter 1  Current status and problems of the world economy ...........................................1

Section 1  The recovering world economy involves structural volatility ..............................1
1. Emerging economies gaining power and advanced economies experiencing sluggish economic recovery .................................................................................................................................1
2. Current status and problems of US economy .................................................................56
3. Current status and problem of China’s economy .........................................................91
4. Current situation and problem of the economy of Europe ...........................................119

Section 2  Risks Involved in the World Economy ..........................................................130
1. The factors and effects of remarkable rise in prices of food and resources ...............130
2. The expansion of the financial crisis in Europe .........................................................148

Section 3  Aiming at the sustainable and balanced economic growth ..............................160
1. Reconfirmation of the importance of international policy coordination system ........160
2. Friction of policies aiming at economic recovery ....................................................160
3. Regarding correction of international imbalance ......................................................165
4. Development of policies for monetary control reformation and transparency enhancement for prevention of another world economic crisis ........................................167
5. Promoting the free trade system and constructing the strategic foreign economic relation ..168

Section 4  East Japan Great Earthquake Disaster: The World Economy, Stabilization efforts by Coordination of Nations ...........................................................176
1. The world economy appeared an unaffected by the earthquake disaster .......................176

Chapter 2  Changes in the trade structures of the world and Japan ...................................191

Section 1  Transition of world trade surrounding Japan ..................................................191
1. The world economic crisis and changes in the global trade structure .......................191
2. Deepening and changing the East Asia production network .....................................204
3. Changing global trade structure and Japan’s future ...................................................222

Section 2  New Trade Partners: MERCOSUR, rapidly expanding the trade led by Brazil ....224
1. MERCOSUR Overview ..............................................................................................224
2. Movement of economy and trade in Brazil (including Argentina) ..........................236
Section 3  Structural change of trade and economy in Japan ...................................................... 248
1. Structural change of the commerce of Japan ................................................................. 248
2. Changes of economic and industrial structures, and the "ripple effect" ....................... 269
3. Influence to ripple structure caused by change of trade structure” ............................. 285
4. Conclusion .................................................................................................................. 300

Chapter 3  Toward a new concept for overseas development of Japanese economy ...... 304

Section 1  Re-examination of the global market, and the strategy of the Japanese manufacturing industry................................................................. 304
1. Income group in emerging countries that is growing rich ........................................... 304
2. Strategy for the emerging Asian markets ............................................................... .... 313
3. Emerging countries’ challenge for growth and our contribution to it by the business which Japanese manufacturing industry regards as promising .............................................. 334
4. Global development support measures of the Japanese manufacturing industry .......... 347

Section 2  The “localization” of Japanese companies entering a new stage .................. 354
1. The overseas operation of Japanese companies becoming serious in emerging countries ....... 354
2. Impact on Japanese economy of localization in emerging countries caused by Great East Japan Earthquake ........................................................................................................... 377

Chapter 4  Trade and economic relation between Japan and the world as seen through the damage caused by Great East Japan Earthquake ......................................................... 400

Section 1  The impact of the earthquake on Japanese production and trade .................. 401
1. Status of production and export by Japanese manufacturers before and after the earthquake disaster ................................................................................................................ 401
2. Influence of the direct import and export from disaster-stricken area ....................... 408

Section 2  The global supply-chain originating from Japan, recognition of which is renewed clearly through the earthquake damage ................................................................. 419
1. The influence that regional economies of Japan exert on the global supply-chain .......... 419
2. Significance of the disaster-stricken area with the global supply-chain which became clear through the earthquake disaster .............................................................................. 436
3. Measures undertaken by the industry toward the recovery of global supply-chain ...... 463

Section 3  Utilizing the experience of the earthquake disaster ........................................ 470
1. The trend of various enterprises in overseas countries/regions, after the earthquake, and nuclear plant accident .................................................................................................. 470
2. Measures of Japan for quick dissemination of accurate and transparent information ..... 482
3. Utilizing the experience of the earthquake disaster ..........................................................494

Chapter 5 Overcoming the earthquake disaster, and revitalizing the Japanese economy ....496

Section 1 Policy promotion for the revitalization of Japan .....................................................496
1. Guideline for Japan’s revitalization (“Guideline on Policy Promotion”) .......................496
2. Towards Japan’s revitalization .........................................................................................500

Section 2 Promotion of the multilateral free trade system and creation of strategic external economic relations ..........................................................501
1. FTAs/EPAs and active promotion of regional economic integration .............................501
2. Improvement of the business environment by investment agreements and development of international standards .................................................................529
3. World Trade Organization (WTO) as a multidirectional free trade system. --3 roles and problems from now on -- .................................................................540
4. The influence that East Japan Great Earthquake disaster affected to the world supply chain, and importance of the cooperation agreement for the restoration ................................553

Section 3 Efforts to recover and enhance Japan’s locational competitiveness .......................556
1. Effects of the Great East Japan Earthquake ....................................................................556
2. The state of the inward direct investment before the earthquake disaster .................558
3. Efforts to improve Japan’s locational competitiveness ....................................................562

Supplementary Note ...........................................................................................................565
Reference .........................................................................................................................582
Appendix Tables ..............................................................................................................594
Index .................................................................................................................................608

Column 1 The rare metal; attracting attention ....................................................................145
Column 2 Influence of long term price hike (currency appreciation) against economic structure .........................................................................................................................268
Column 3 Domestic Input-Output among regions, and "ripple effect" of exports .............281
Column 4 Japanese imports of food and resources ...........................................................311
Column 5 The possibility of the BOP market for the acquisition of the Next volume zone ......392
Column 6 Significance of FTA/ EPA ..................................................................................512
Column 7 Undertaking of Economic Research Institute for East Asia and ASEAN (ERIA) ......522
Column 8 The cases that Japan intends to settle via referring them to confrontation settlement procedure ..........................................................................................................................550
Column 9 The cases of action to develop rules other than the WTO ..................................551