

## Outline of each chapter of the report

### Chapter 1 Japan's "current account balance": robust trade surplus expansion set to continue

The expansion of Japan's "trade surplus," which has been hidden in the shadow of surging oil prices, has been a source of real strength for Japanese companies and the economy, and exports not only of completed products, but also of materials are increasing. Following the active expansion of Japanese companies overseas, an upward trend of the "income surpluses" has been witnessed in addition to manufacturing-related trade surpluses, and thanks to the increase of income from tourism and patent revenue, "service income deficits" are steadily declining. For the foreseeable future, it is expected that the accumulative trend in the current account surplus will definitely continue.

### Chapter 2 Importance of regional strategy and Asia

Japanese companies have expanded their businesses in East Asia through an effective combination of production network development in the region, coupled with the dynamism of the region and the technology, management know-how, and business models that Japanese companies possess. East Asia has seen progress of so-called "de facto" economic integration based on the region's production networks, and now a stage has been reached where further moves are to be made towards "de jure" economic integration. These structural changes form the base for free-trade agreements (FTA) and economic partnership agreements (EPA) that are being promoted by the Japanese government.

### Chapter 3 Addressing serious issues of resources, energy, and environment

In recent years, issues pertaining to natural resources, energy, and the environment have emerged as significant factors for concern. However, Japan has the capacity and ability to lead the world in utilization of energy conservation and environment-friendly technologies that it has developed over the course of many years and this can be expected to lead to improvement in Japan's strength and competitiveness.

### Chapter 4 Toward enhanced competitiveness for Japanese companies

Analysis and discussion on Japan's current situation and role of government policy focused on labor input, capital input, and total factor production that are the three main factors of economic growth. Although there are many challenges, in the midterm, the driving power will come from the production and logistics networks of East Asia, from which it will be possible to create a vision for the Japanese economy brimming with vitality. Japan will move toward a transformation from being a conventional "foreign trade country" largely dependent on imports of materials and exports of goods, to a "new foreign trade country" built upon international investment and the mutual exchange of human resources, goods, capital, and information.

### Chapter 5 Conclusion and recommendations

In the conclusion of this special research, it is asserted that if Japanese companies and the Japanese government engage diligently and firmly in the activities that are required of them, then Japanese companies will be considerably strengthened and Japan will be able to attain the goal of establishing itself as a new foreign trade country. The report sets out recommendations towards the realization of a "new foreign trade country" for three parties: "for trading companies," "for Japanese companies," and "for the Japanese government."

(Full text is only available in Japanese)

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