

Journal #4: Japan no fading industrial power (May 14 '06)

Summary

- Japan, the world's 2nd largest economy, is doing well, so Canadian businesses should take advantage of the opportunity and not depend solely on USA
- Joseph Caron, Canadian ambassador to Japan, says Japan has restructured over the past 15 years resulting in a more competitive and open market
- deregulation, a sound banking system, investment in new technologies and companies hiring again all show that Japan's economy is on the upswing
- Jesper Koll, chief economist at Merrill Lynch in Tokyo sees Japan's productivity growth increasing from 1.5% to 2.8% /yr and re-emerging as a high growth industrialized powerhouse
- Japanese cabinet approved a 5 yr \$34.1 billion (US) increase in R & D spending, bringing the total to \$213 billion → the highest per capita R & D in the world
- Cdn business executives incorrectly see Japan as a fading power not realizing Japan's economy is larger than China's and at the forefront of new technologies
- Canada needs to follow up on deepening trade relations with Japan that were started by PM Martin last November to ensure access to a great opportunity

Cause-Effect Prediction

1. *If* Canada doesn't strengthen its economic relationship with Japan *then* it will negatively effect the Canadian economy because the 2nd largest world economy will buy fewer Canadian products costing Canadian jobs in these product areas.
2. *If* the United States continues to be extremely nationalistic and antagonistic towards the outside world *then* Canada will have to either follow American economic and political policy or increase trade with other partners (e.g. Japan) if we want to maintain the high standard of living international trade has brought us.
3. *If* Canada does strengthen its economic relationship with Japan *then* Canadian consumers will benefit from access to the newest and highest quality products in the world from Japan and more Canadian products can exported to the millions of high income Japanese consumers creating Canadian jobs.

Opinion

1. Canada business executives *should* not underestimate Japan because they are the second largest economy in the world and offer an excellent opportunity to increase export jobs for Canadians.
2. Canada *should* deepen trade relations with Japan because they have the largest per capita R & D spending in the world which will mean the development of many new and better products that Canadians would benefit from and could learn from if Japanese companies set up in Canada or work together with Canadian companies.

Questions

1. Why should Canada increase trade with Japan?
2. Why do Canadian executives see Japan as a fading power?