Can Japan compete?

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What is globalisation?

- **Traditional model**
  - Company imports raw materials into home country, exports finished product
  - 19th and early 20th century – the Age of Empires

- **Transnational model**
  - Company has multiple locations, and trades between them
  - Dominant model of last three decades, resistant to protectionism

- **Capital model**
  - Global capital flow, multinational investing both as FDI and as portfolio flow
  - Also multinational banking
Where is globalisation of trade?

Mercantile exports as % Global GDP

Source: WTO, UBS
Where is globalisation of capital?

Growth of global capital flows

- Acquiring overseas assets
- Selling overseas assets


Source: UBS
Stock of FDI (overseas) as % domestic GDP

Source: WTO, UBS
Flow of FDI, and exports, both as % GDP

Flow of FDI

Export share of GDP

Source: WTO, UBS, Haver
Invoicing currency of selected Japanese firms

Invoice breakdown to world

Source: Ito et al, 2012
Living with a financial credit crunch

Loan growth rates to the private sector (% yoy)

- Euro area
- UK
- US
- Japan

Source: UBS, Haver
Living with demographic challenges

Japanese women in employment as proportion of Japanese men in employment

Source: UBS, Haver
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