

World Economy
-China, United States and Japan-

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China

Big challenge:2020—2025

Marginal return on Investment, Social & political leadership, Young labor, reform of SOE

2016 world prospect

World Bank : Largest wage increase in 2016 is in China & India

No problem in employment & prices

Production center→Consumption Market

2000:0

2010:100 million

2020: 700 million

Chinese living at Japanese living standard

5 year business cycle

Change of leaders in local governments

2013-14 economic stagnation

Mr. Si's uniqueness

First head of state without backing of former heads

Took longer time to solidify power

Zhou Yong Kang, Hong Kong, Military, Japan

Solidified in late summer of 2016

Secret of China's Economic Development

Japan's Economic Assistance to build economic infrastructure of China (1979--)

Yen Loan Total

RUB 1.6 trillion

Grants Total

RUB 73 billion

Technical Assistance Total

RUB 73 billion

Airport

RUB 55 B, 5 major cities

Railroad, Subway

RUB 321 B

Highways/Roads

RUB 98 B

Ports

RUB 136 B

Fertilizer Plant

RUB 53 B

Power Plants, Dams

RUB 242 B

Telephone

9 cities, long distance

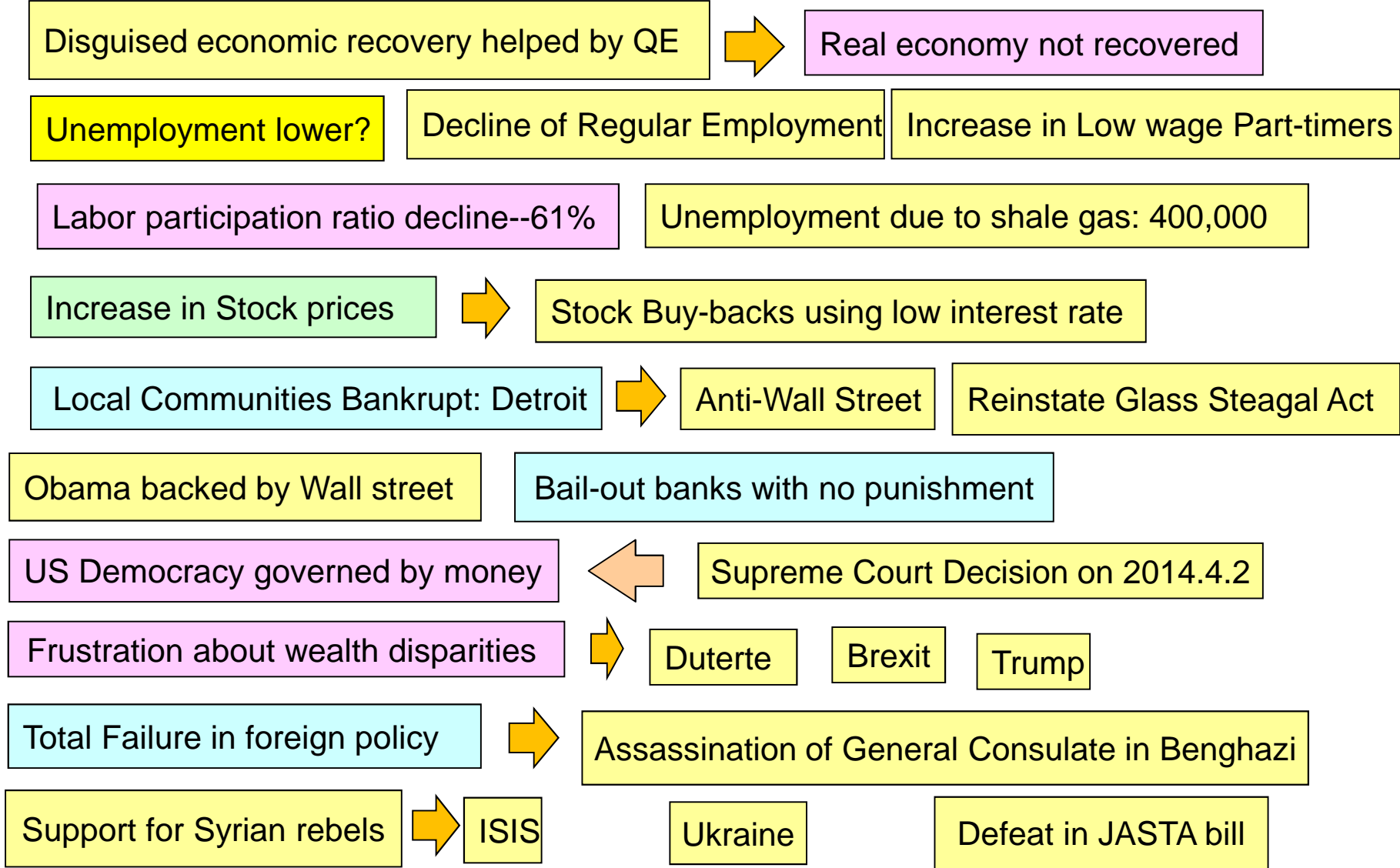
Water Supply

10 cities

Sewage System

Gas Heating System

US Economy



Decline of oil price

Saudi Arabia's anger

US policy helped Iran

Afghan

Iraq

Weak demand

China

Japan

USA, EU

Target

Iran

Russia

Shale oil

Ave. Break-even price: USD 75/BL



Loss of Employment on Shale oil in 2015: 400 thousand

Adverse effect on financial institutions in US

Derivatives on Shale oil

Benchmark price: USD 85/BL

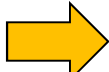


Amendment of Dodd-Frank Act 2016

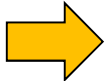
Japanese Economy

Boom triggered by "Abenomics"

Short JPY



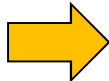
Depreciation JPY



60%+ Stock Prices

Speculation Money from Abroad incl. NY

Fiscal Stimulus Public Works working



Labor Shortage

What is the Third Arrow?



Private Sector



Inflation target of 2%

Slow Decision by Japanese Enterprises

Too risk-averse



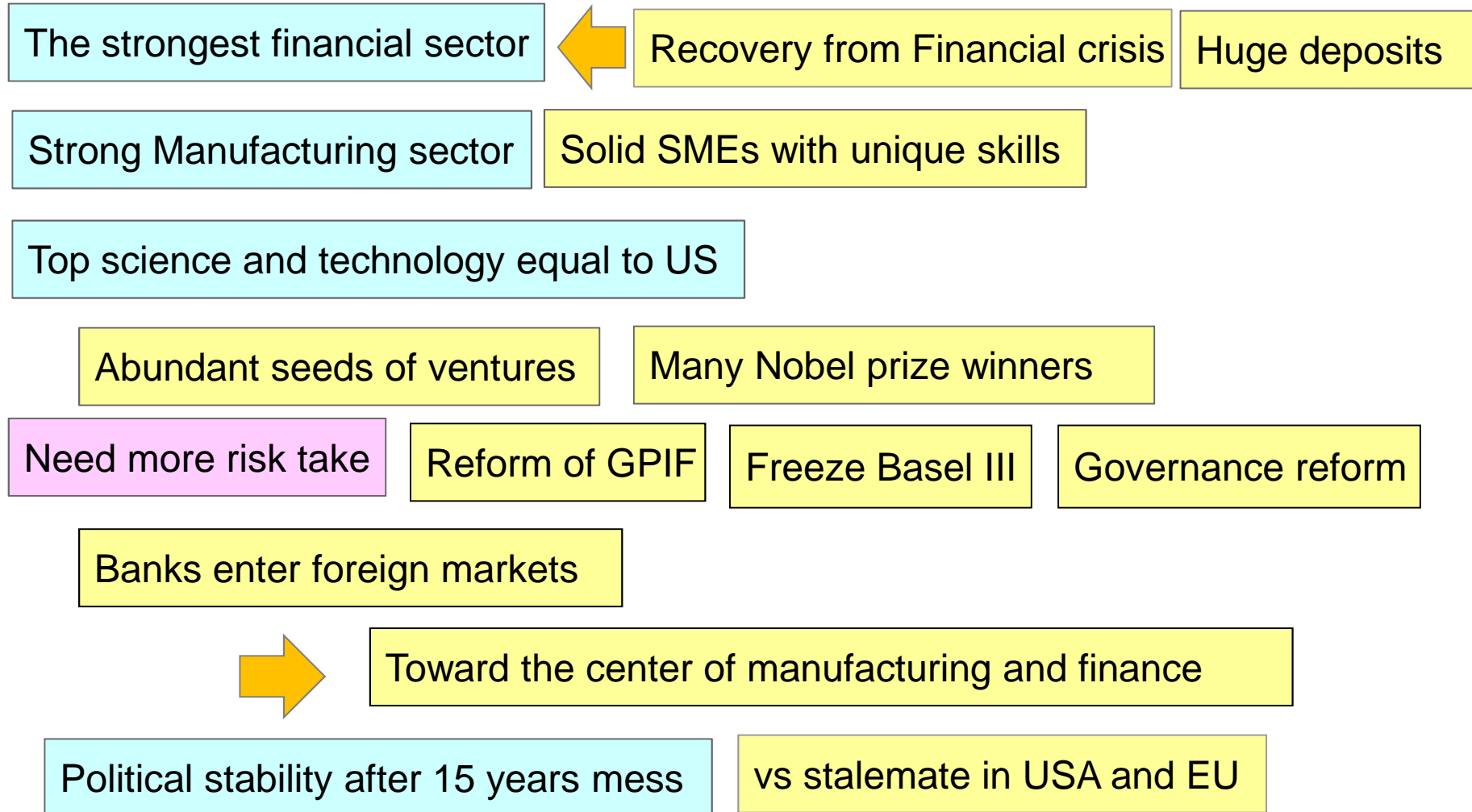
Hesitate to invest abroad



Freeze Basel III

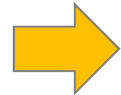
Freeze JSOX Law

Strength of Japanese economy 1



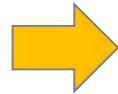
Strength of Japanese economy 2

Increase of per capita of emerging countries



Competition not on GNP size but comfortableness

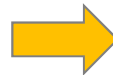
Most demanding Japanese consumers



Now-how in agricultural sector & service sector

Service sectors entering into foreign markets

Increase of income of Chinese



Sharp rise of foreign tourists

Visa

Thailand & Malaysia: abolished

Indonesia, Philippines & Viet Nam: relaxed

Fastest growing Asian countries

Long standing good relationships w/ them

Sharp rise in Investment in real estate in Japan

Investors from China & ASEAN