

Competitiveness and Industry Specific REER

EAST ASIA-EU ECONOMIC ROUNDTABLE
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Kiyotaka Sato (RIETI/Yokohama National University, Japan)
Junko Shimizu (RIETI/Gakushuin University, Japan)

Impossible Trinity

Many Asian countries including China still keep capital controls.

Capital Controls

Asian countries

Increased
Capital
Mobility

Fixed exchange rate means no ability to adjust trade imbalance in the region.

Pure Floating

Without an exchange rate stability, Japanese economy is straggling with a strong yen.

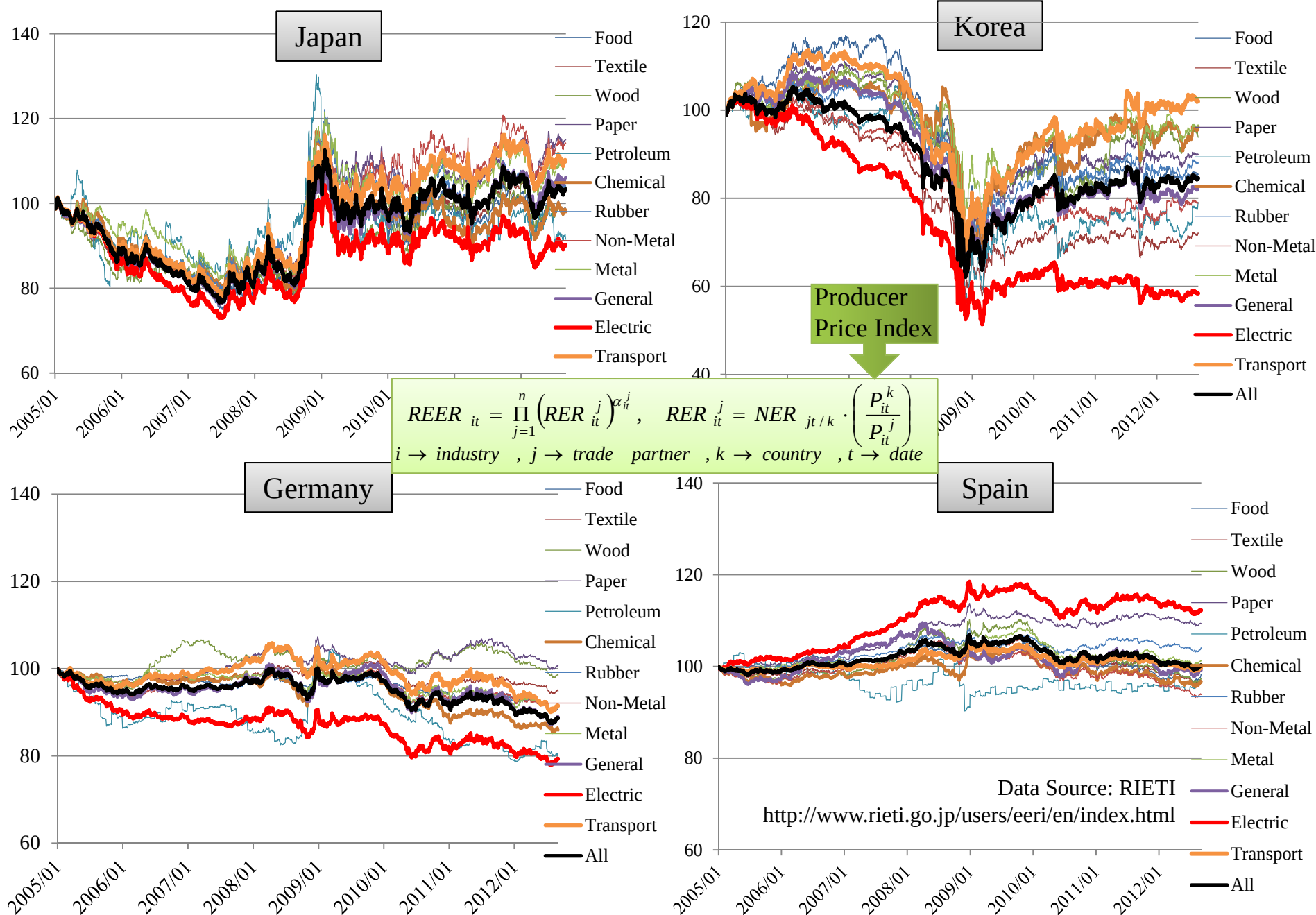
Monetary Union

Without a monetary autonomy, Euro economy is facing a severe sovereign crisis.

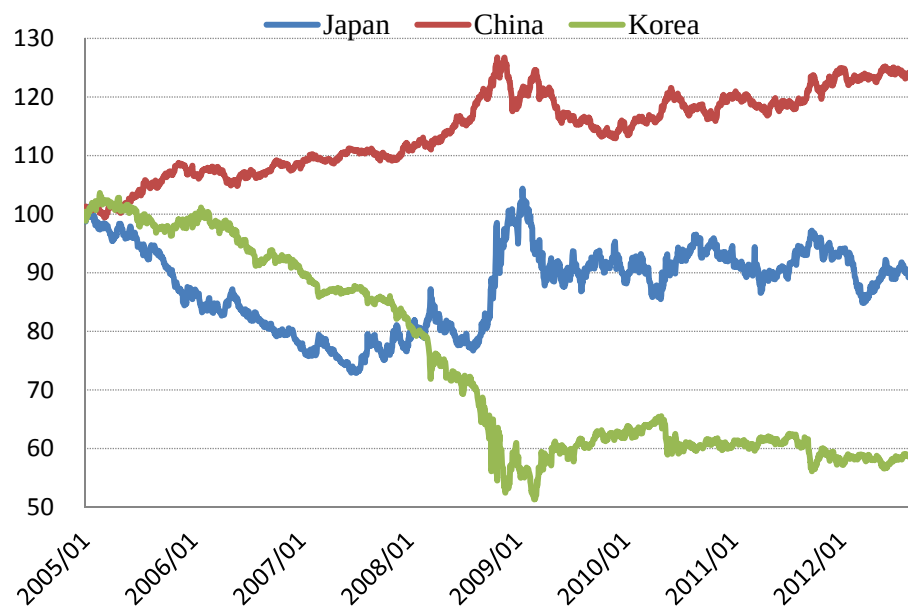
Each corner has each problem!

Introducing a common currency in Asia might be a far-distance future objective?

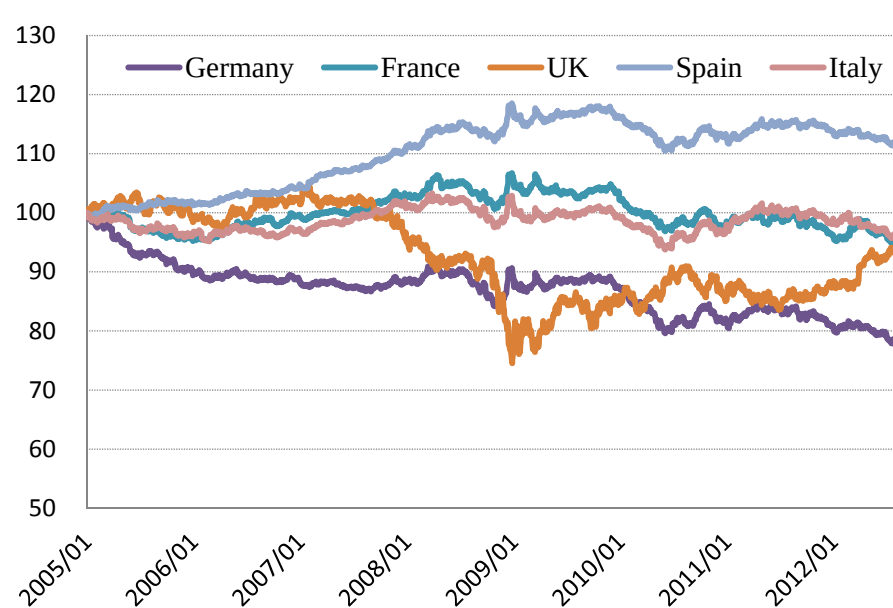
Industry-Specific Real Effective Exchange Rates (3 January 2005 = 100; Daily Series)



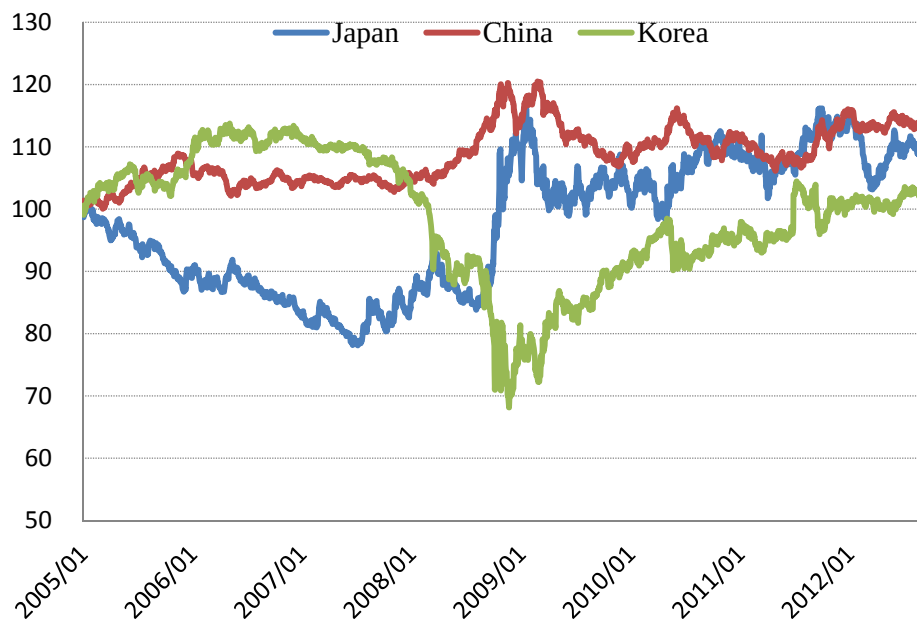
Industry-Specific REER (Electric Machinery)



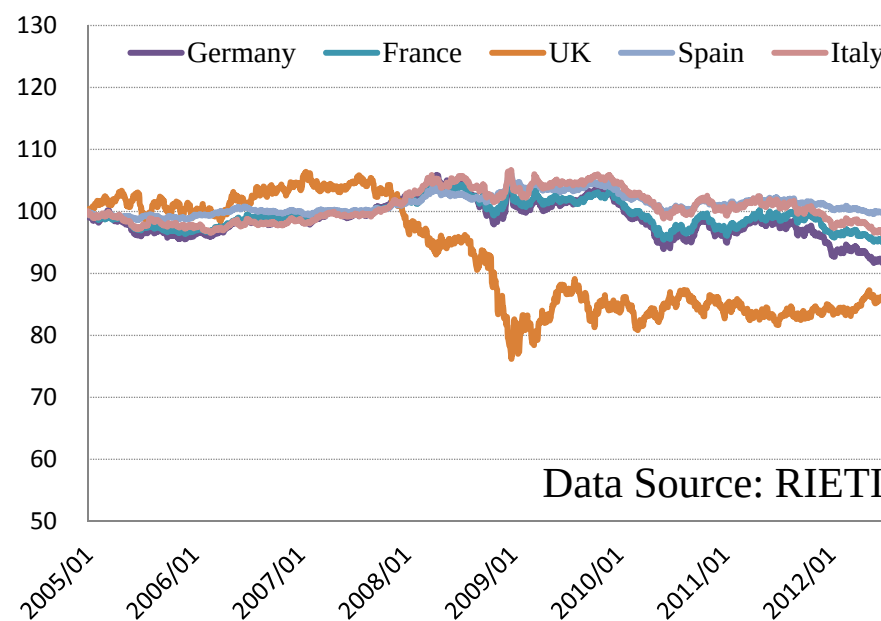
Industry-Specific REER (Electric Machinery)



Industry-Specific REER (Transport Equipment)



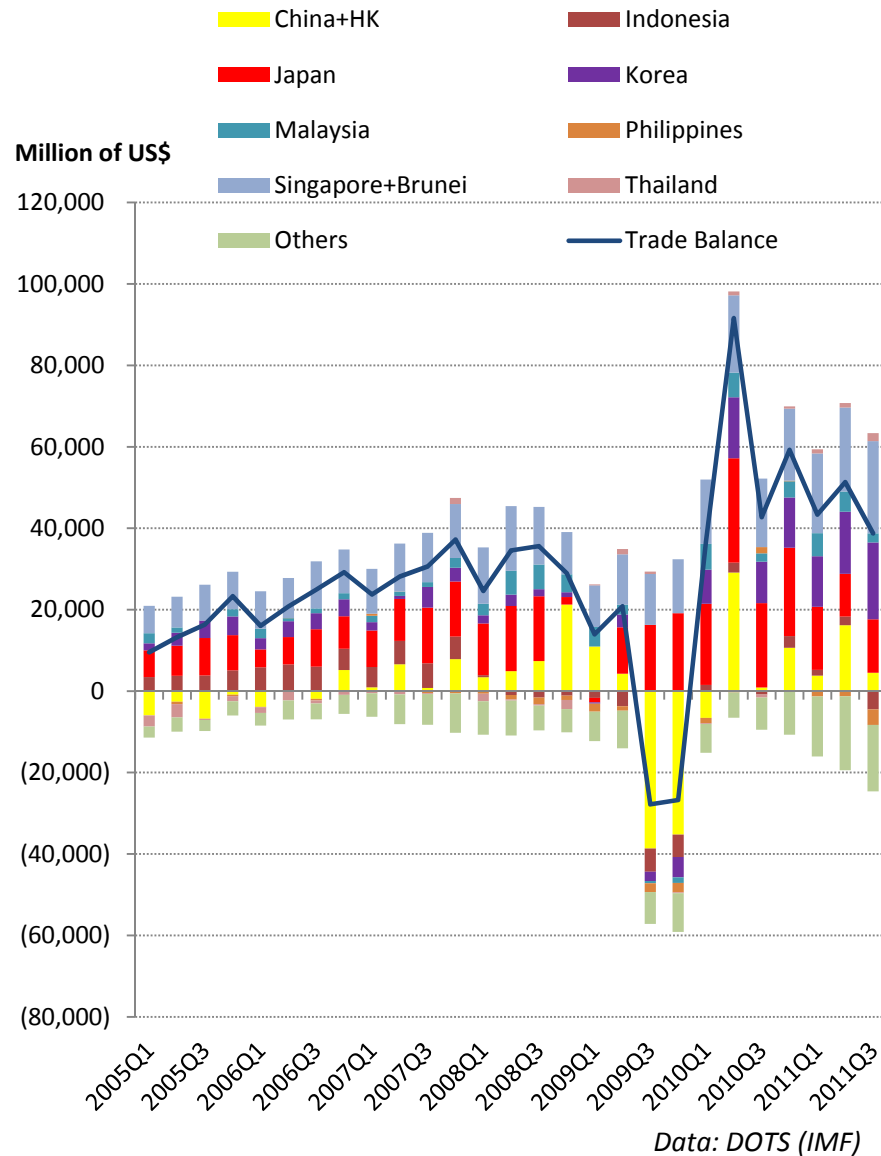
Industry-Specific REER (Transport Equipment)



Data Source: RIETI.

Trade Balance within the region

Asian Countries



Euro Area Countries

