Competitiveness and Industry Specific REER

East Asia-EU Economic Roundtable
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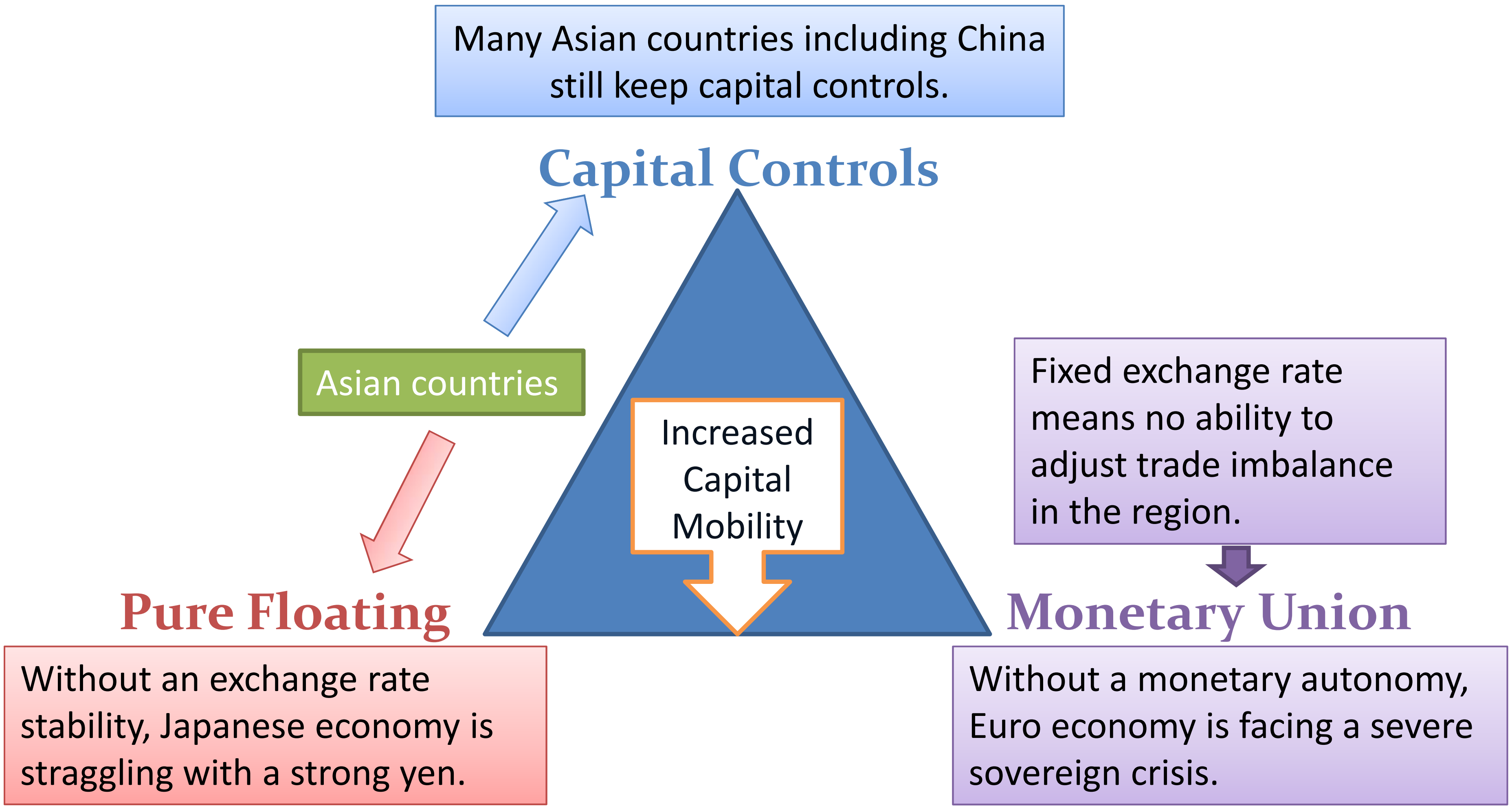
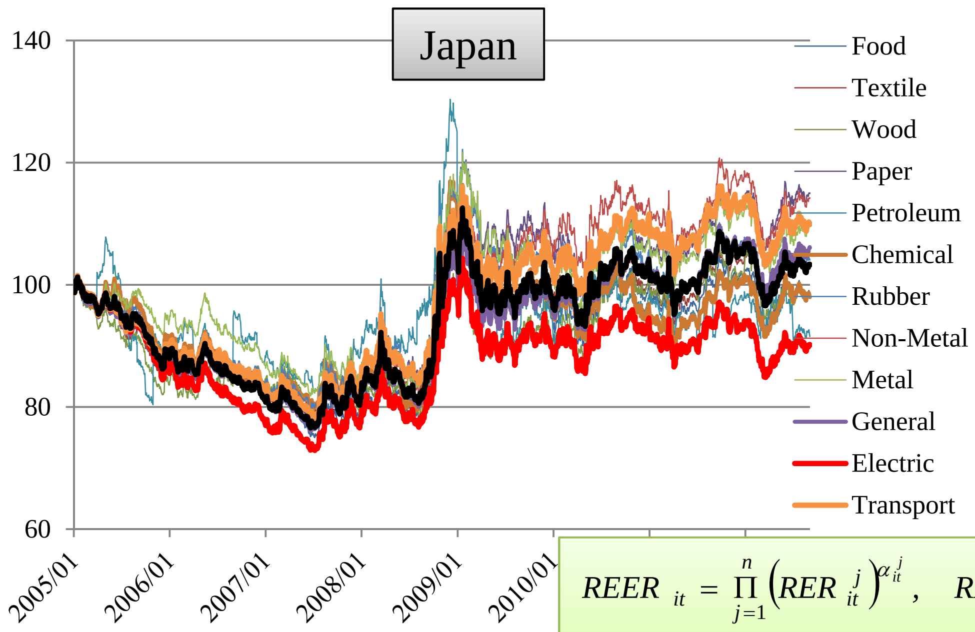
Impossible Trinity

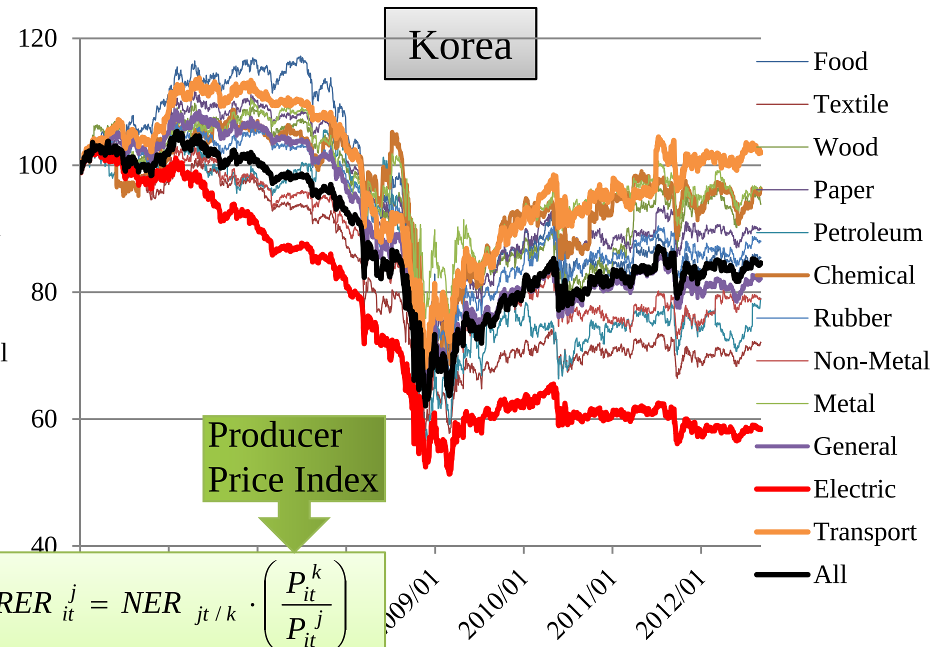


Each corner has each problem!

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

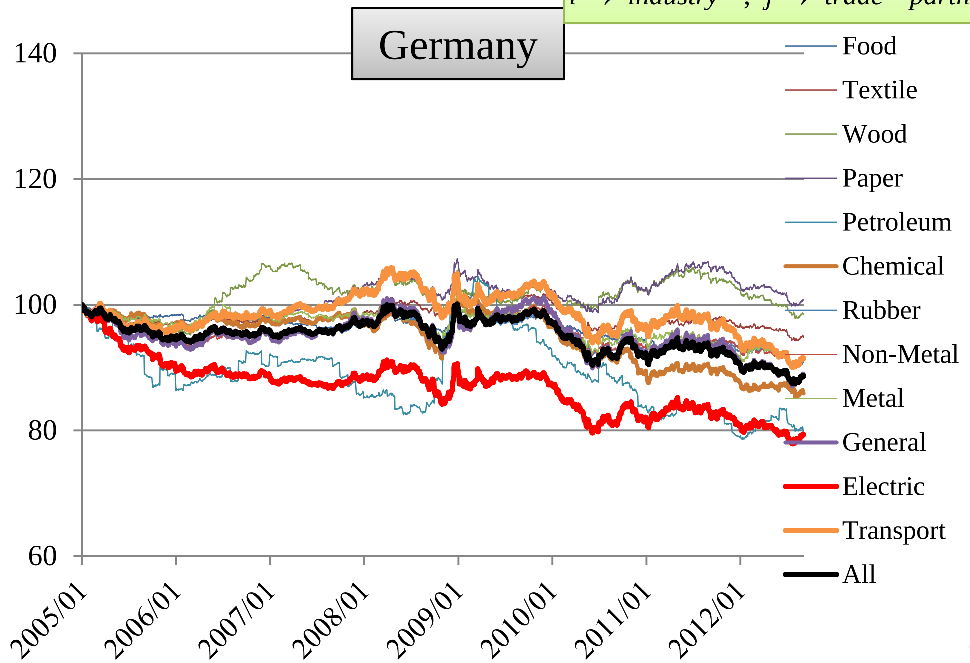
Industry-Specific Real Effective Exchange Rates (3 January 2005 = 100; Daily Series)

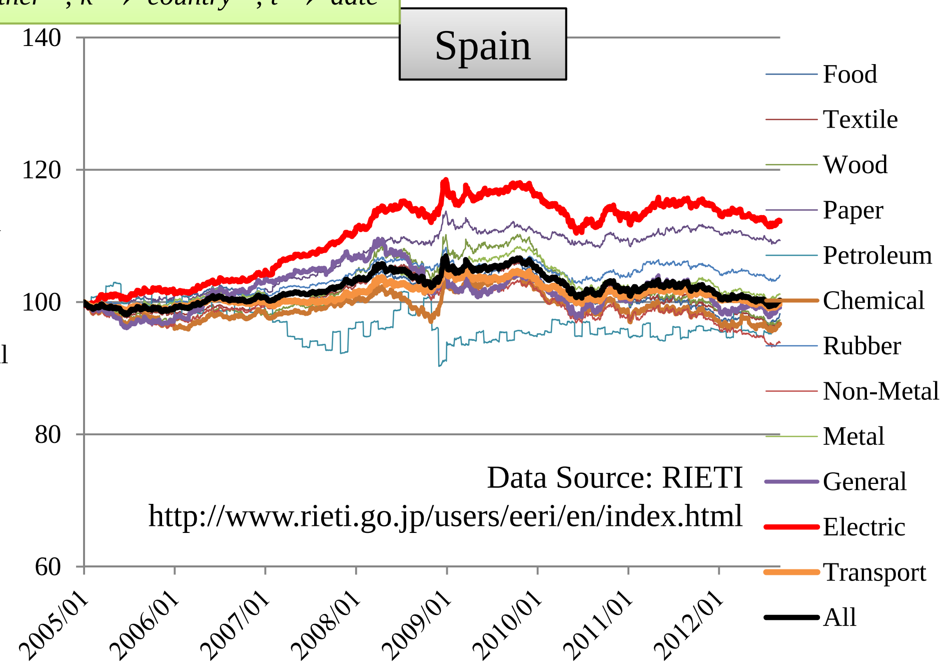




$$REER_{it} = \prod_{j=1}^{n} \left(RER_{it}^{j} \right)^{\alpha_{it}^{j}}, \quad RER_{it}^{j} = NER_{jt/k} \cdot \left(\frac{P_{it}^{k}}{P_{it}^{j}} \right)$$

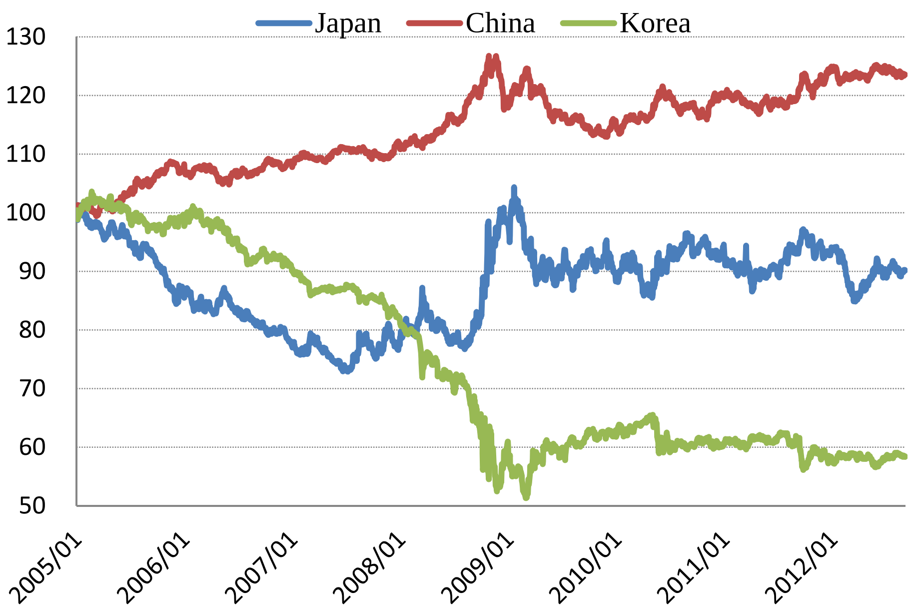
$i \rightarrow$ *industry*, $j \rightarrow$ *trade partner*, $k \rightarrow$ *country*, $t \rightarrow$ *date*





Data Source: RIETI
http://www.rieti.go.jp/users/eeri/en/index.html

Industry-Specific REER (Electric Machinery)



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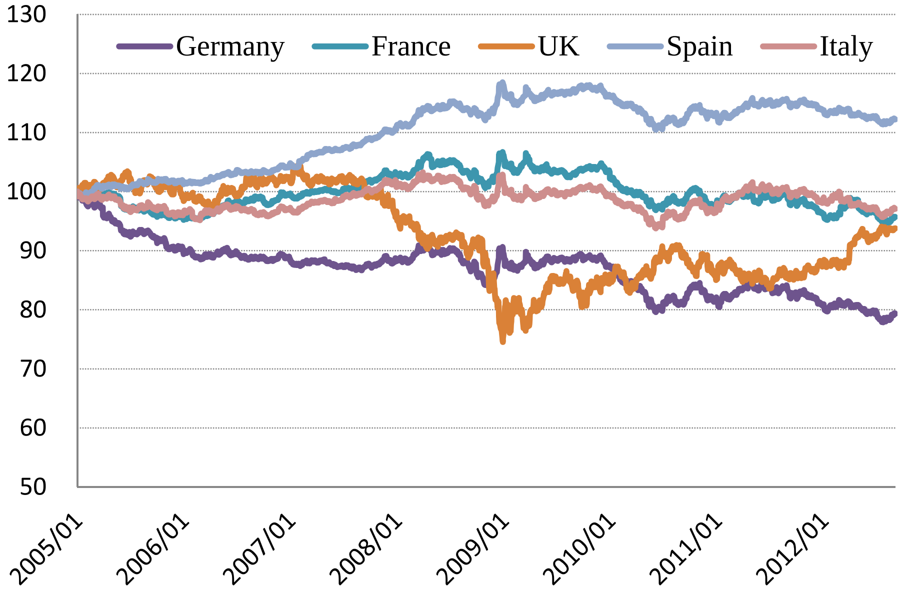
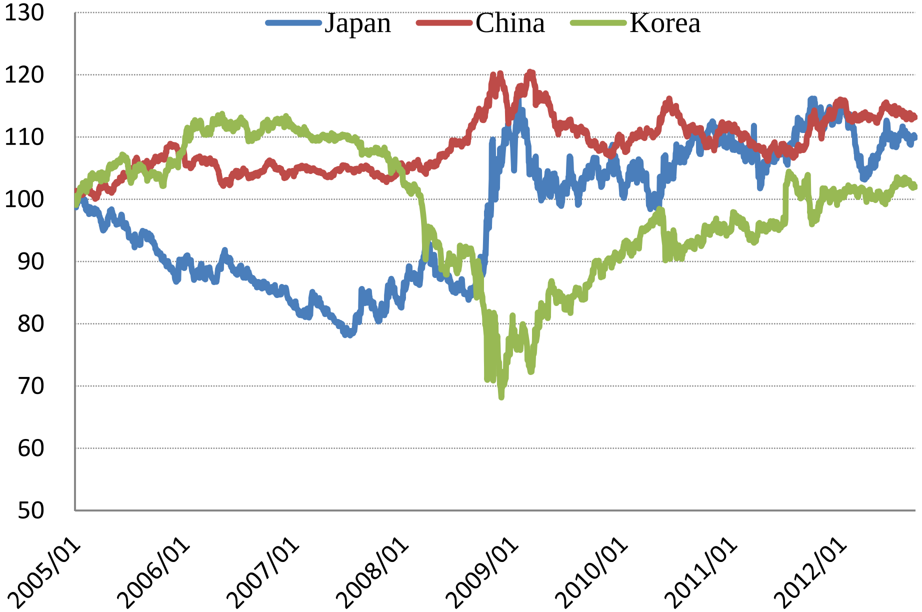
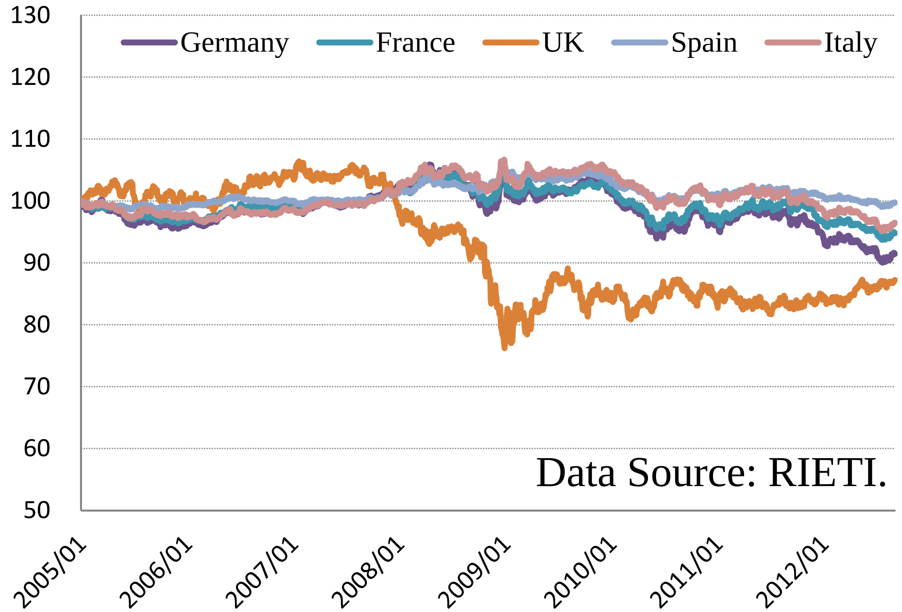


Industry-Specific REER (Transport Equipment)



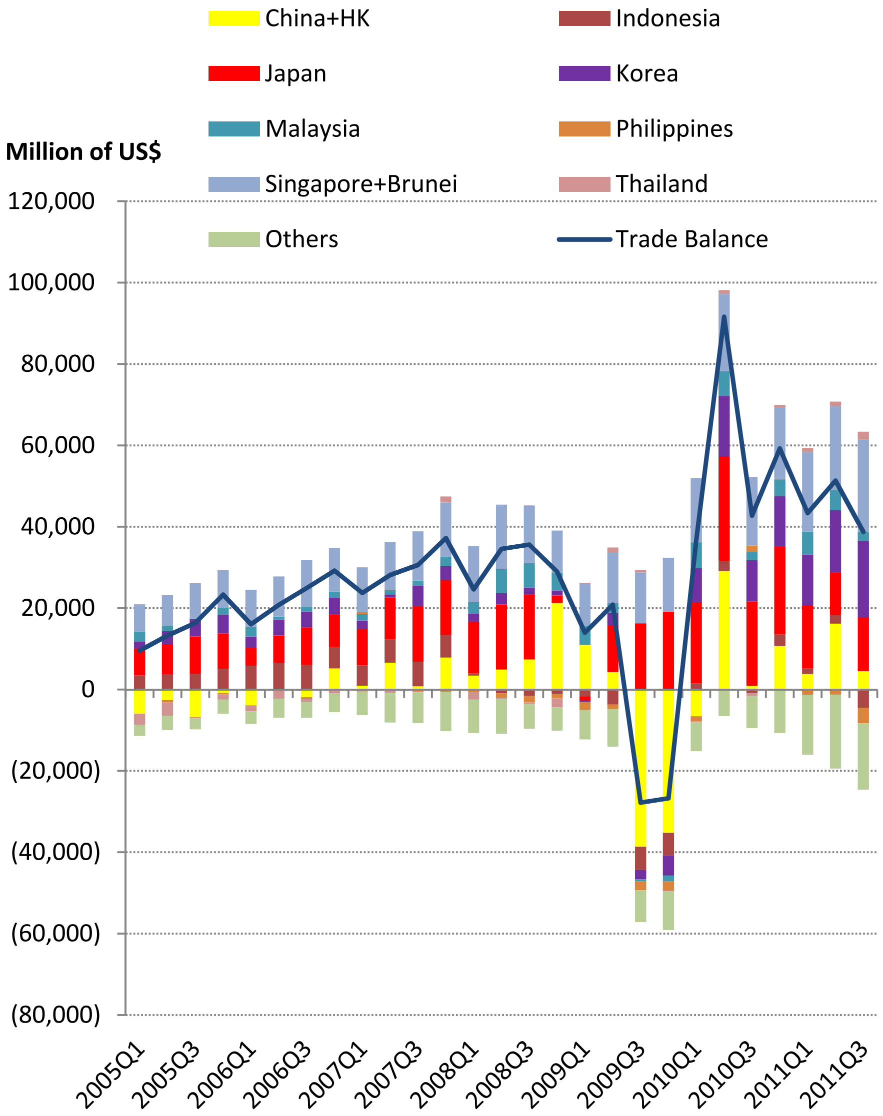
Industry-Specific REER (Transport Equipment)



Data Source: RIETI.

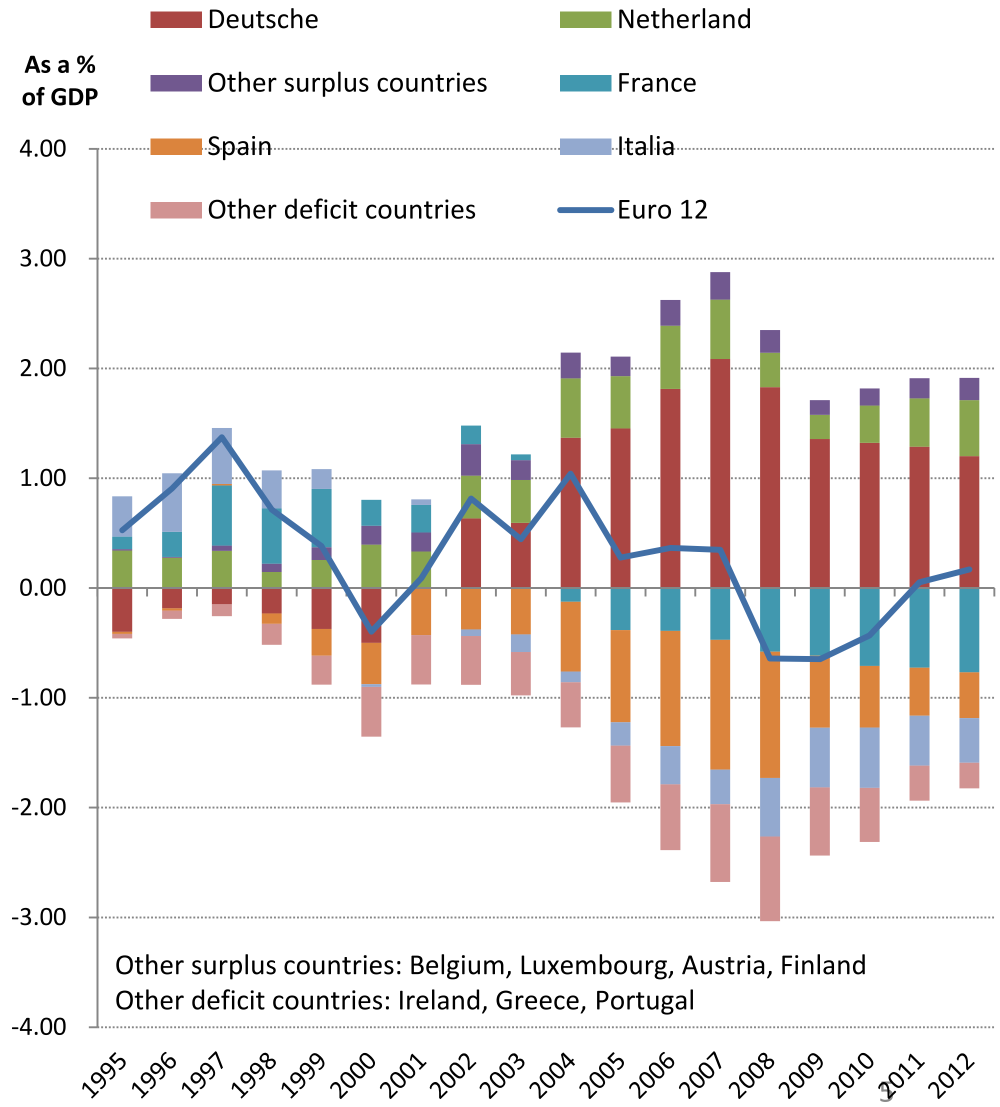
Trade Balance within the region

Asian Countries



Data: DOTS (IMF)

Euro Area Countries



Source: European Commission, AMECO