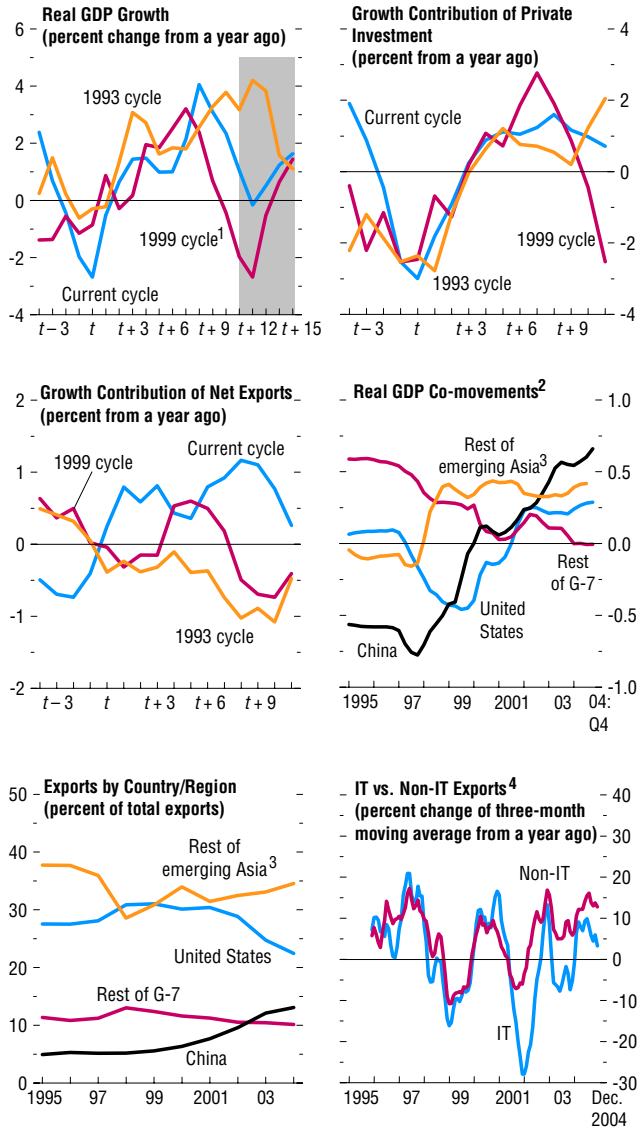


**Figure 1.12. Japan: Where Is the Economy in the Current Expansion?**

Net exports have been an engine of growth in the current expansion reflecting increased trade linkages and business cycle synchronization with Asia and the United States.



Sources: IMF, *Direction of Trade Statistics*; CEIC Data Company Limited; Haver Analytics; United Nations Commodity Trade database; and IMF staff estimates.

<sup>1</sup>Output growth during 1999 cycle peaked in 2000Q4.

<sup>2</sup>Ten-year rolling window of the year-over-year real GDP growth correlations.

<sup>3</sup>India, Indonesia, Hong Kong SAR, Korea, Malaysia, the Philippines, Singapore, Taiwan Province of China, and Thailand.

<sup>4</sup>IT defined as office machinery, automatic data processing machinery, telecommunication machinery, electronic integrated circuits, and scientific and optical instruments.