

## Iconic Japanese manufacturers feel the pain of the global downturn

Sony, Toshiba and Panasonic are iconic global manufacturers but they are all suffering to a greater or lesser extent from the combination of a rising Yen and the impact of falling global demand. These two video clips provide an illustration of the impact of changes in the exchange rate and the world economic cycle.

### View Video Clips:



Japan's industrial output slumps:

<http://news.bbc.co.uk/1/hi/world/asia-pacific/7800142.stm>

Strong yen hurts Panasonic:

<http://news.bbc.co.uk/1/hi/world/7870689.stm>

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Strong yen hits Japanese firms:

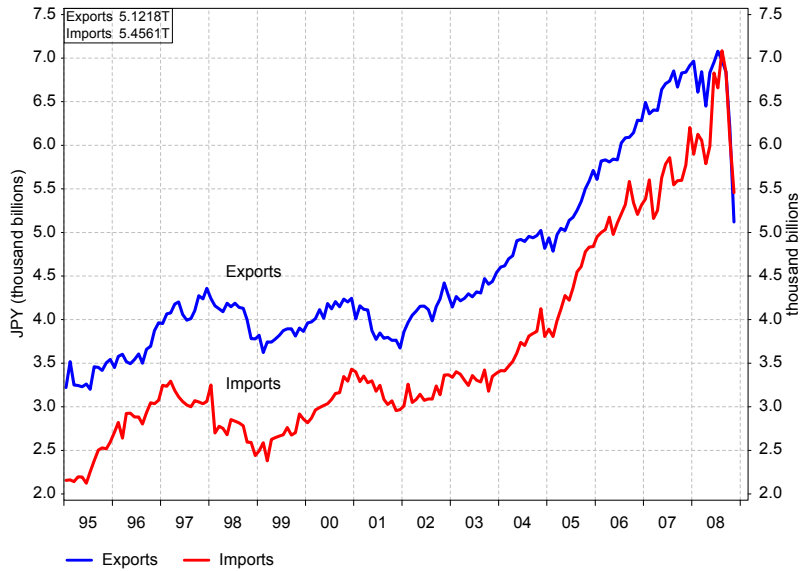
<http://news.bbc.co.uk/1/hi/business/7857474.stm>

Electronic goods may rise in price:

<http://news.bbc.co.uk/1/hi/business/7848591.stm>

## Japanese Exports and Imports of Goods

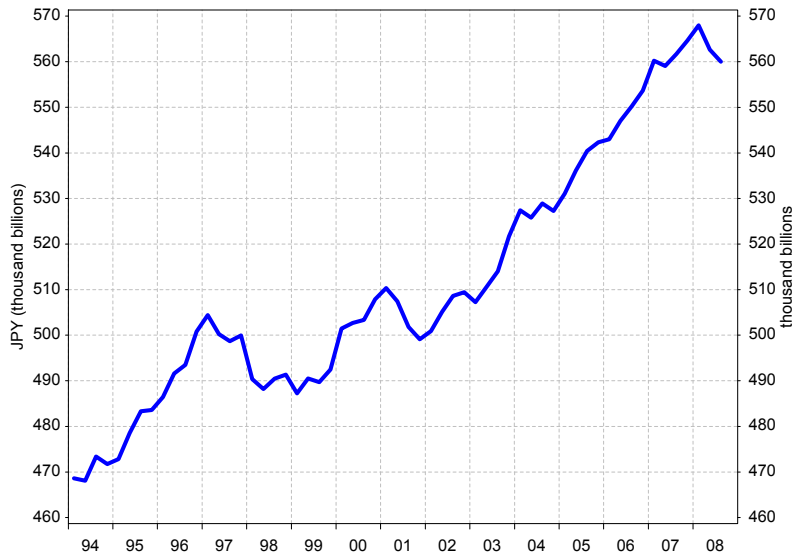
Monthly trade, thousand billion Yen, seasonally adjusted



Source: Reuters EcoWin

## Real GDP

Quarterly value of real GDP at constant 2000 prices



Source: Reuters EcoWin

## Questions

1. Using an AD-AS diagram explain the likely effects of the decline in exports on the Japanese economy.
2. Explain why a strong Yen can affect the profitability of Japanese exporters.
3. Identify the steps that producers such as Sony, Toshiba and Panasonic might take to meet the challenges of the global downturn and the strong Yen.