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Manuscript title: “Aggregate Implications of Changing Industrial Trends in Japan”

Author: Toyoichiro Shirota and Satoshi Tsuchida

Thank you for your letter dated September 6, 2024. Based on the instructions outlined in the decision letter, as well as the valuable comments provided by the reviewers, we have thoroughly revised the manuscript, which is attached herewith. Additionally, we have prepared point-by-point responses addressing all the reviewers' comments.

In this revision, we made significant changes. First, we restructured the dataset for the U.S. estimations and conducted a new set of estimations. Second, we performed additional robustness checks to ensure that data noise did not affect the estimations. Beyond these major revisions, we have addressed all other concerns raised by the reviewers. Please refer to the attached notes for a detailed explanation of these revisions.

We would like to take this opportunity to sincerely thank the Editors and reviewers for their insightful feedback, which helped us improve the manuscript. We are also grateful for the opportunity to resubmit the revised manuscript.

We hope the revised manuscript will be considered for publication in the Journal of Japanese and International Economies.

Sincerely,

Satoshi Tsuchida, Bank of Japan

Toyoichiro Shirota, Aoyama Gakuin University