

Toward the Creation of a More Affluent and Vibrant Japan - Innovation & Globalization-

(Outline)

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Keidanren

- (1) Japan is currently presented with a golden opportunity—which may well be the last one—to revive its economy thanks to the growing optimism fostered by Abenomics.

There is, however, no lack of stumbling blocks that may prevent us from achieving that goal, such as significant demographic decline, steep increase in social security costs, energy supply issues due to the suspended operation of nuclear power plants, and concerns about the current-account deficit becoming permanent.
- (2) To create a bright future and hand over a vibrant economy and society to the future generation, the government, business and the people must each undertake efforts to revive Japan, taking into account the interest of Japan as a whole.
- (3) Sustainable growth of companies and an improvement in national life are two sides of the same coin. Companies should strive to increase job openings and wages through proactive creation of growth opportunities by making capital, research and development, and other investments for the sake of business expansion at their own risk.
- (4) Keidanren will show the direction the business community as a whole should take and will spearhead positive corporate actions to achieve growth led by the private sector.
- (5) Based on the above-mentioned understanding, Keidanren has mapped out a vision for Japan in 2030 to offer clear national attributes the nation should possess, under the recognition that “innovation” and “globalization” are the sources of economic vitality. To reach the goal, Keidanren in the vision sorts out issues the government, businesses, people and Keidanren should focus on and offers paths toward solving them.

Four attributes Japan should possess by 2030 (or should possess during the 2020s)

I. Affluent and vibrant national life

III. A solid foundation enabling the economy to grow strongly

II. A population of not less than 100 million living in attractive cities and localities

IV. Contributing to the prosperity of the world by providing solutions to global problems

Having the above objective in mind, Japan must become

(1) a nation in which younger generation of Japanese can take pride, exercise their can-do spirit, and carve out a future full of hope, as well as (2) a nation worthy of trust and respect by the world,

by establishing a society where hard work is rewarded.

Policy issues to possess four attributes

Overall policy issues

1. Accelerate recovery from the Great East Japan Earthquake and create a new Tohoku
2. Succeed in hosting the 2020 Tokyo Olympic and Paralympic Games
3. Nurture new core industries that can lead the new era

Individual policy issues

I. Affluent and vibrant national life

- (1) Promote science, technology and innovation policy
- (2) Incorporate overseas vitality
 - A. Formulate new trade strategies
 - B. Promote infrastructure systems overseas
- (3) Create lively working environments for everyone
 - A. Promote diverse ways of working
 - B. Promote use of women in the workforce
 - C. Promote use of young and elderly people in the workforce
- (4) Utilize information and communications technology
- (5) Promote start of new businesses
- (6) Establish “Japan Brand”

II. A population of not less than 100 million living in attractive cities and localities

- (1) Promote measures to address falling number of births
- (2) Develop and vitalize local economies
 - A. Utilize vitality of cities and regions
 - B. Reform structure of agriculture
 - C. Promote tourism
- (3) Enhance use of foreign manpower

III. A solid foundation enabling the economy to grow strongly

- (1) Ensure a business environment on an equal footing with international standards
 - A. Reform the corporate tax system
 - B. Rebuild energy policies
 - C. Improve critical infrastructure
- (2) Achieve fiscal health
- (3) Comprehensive reform of social security and tax systems
- (4) Vitalize financial and capital markets
- (5) Work for development of human resources, regeneration of education and university reform
- (6) Work for disaster prevention and reduction and national resilience
- (7) Work for administrative reform
 - A. Promote electronic administration
 - B. Introduce regional government system called “doshu-sei” which will contribute to formation of broader economic blocs

IV. Contributing to the prosperity of the world by providing solutions to global problems

- (1) Contribute to the fields of environment, resources, water and energy
- (2) Contribute to measures for disaster prevention and reduction
- (3) Contribute to the health and medical fields
- (4) Contribute to the eradication of absolute poverty, hunger and epidemics

Macroeconomic situation if status quo is left unattended

Low growth will continue in 2030.

Fiscal collapse will occur due to unstoppable increase in long-term public debt.

	FY2020	FY 2025	FY2030	FY2015–2030 average
Growth rate of nominal gross domestic product (Nominal GDP in trillions of yen) [Growth rate of nominal gross national income]	1.1% (543) [1.1%]	1.2% (577) [1.2%]	1.3% (615) [1.3%]	1.3% — [1.3%]
Growth rate of real GDP (Real GDP in trillions of yen) [Growth rate of real GNI]	0.7% (552) [0.6%]	0.8% (574) [0.8%]	0.9% (599) [0.8%]	0.8% — [0.8%]
Ratio of deficit in primary balance to nominal GDP	▲4.6%	▲5.4%	▲6.5%	—
Ratio of long-term outstanding public debt to nominal GDP (Debt in value in trillions of yen)	272.6% (1,480)	387.1% (2,235)	536.9% (3,301)	—

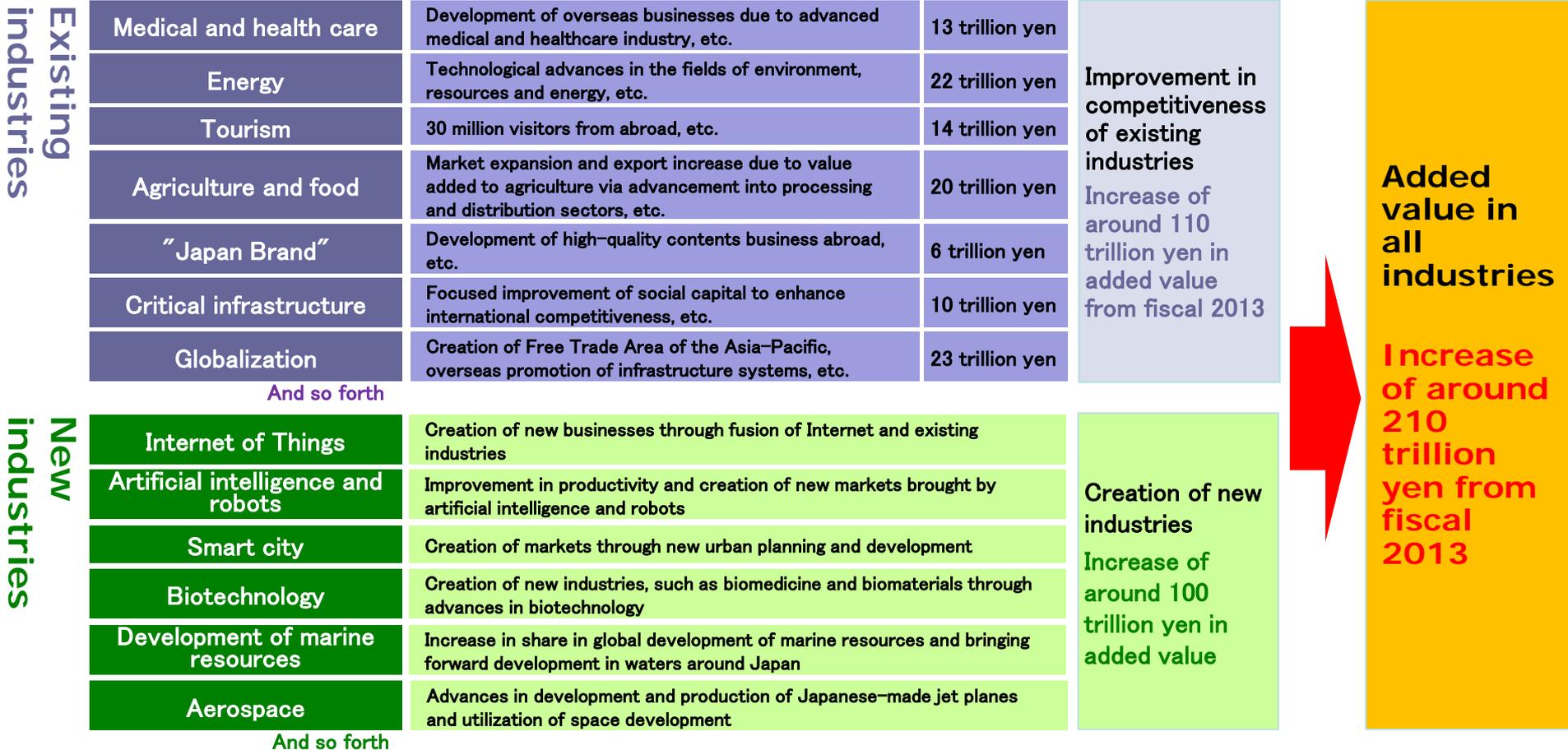
Sustainable economic growth of around 3% and 2% in nominal and real terms, respectively, will be achieved.

Japan's primary balance will become positive in 2020 and the long-term outstanding public debt to GDP ratio will be gradually reduced.

	FY2020	FY2025	FY2030	FY2015–2030 average
Growth rate of nominal GDP (Nominal GDP in trillions of yen) [Growth rate of nominal GNI]	3.4% (595) [3.4%]	3.4% (701) [3.6%]	3.6% (833) [4.0%]	3.2% — [3.4%]
Growth rate of real GDP (Real GDP in trillions of yen) [Growth rate of real GNI]	2.3% (578) [2.3%]	2.3% (646) [2.6%]	2.6% (731) [3.0%]	2.0% — [2.1%]
Ratio of surplus in primary balance to nominal GDP	0.4%	2.6%	2.9%	—
Ratio of long-term outstanding public debt to nominal GDP (Debt in value in trillions of yen)	187.8% (1,118)	162.4% (1,139)	140.0% (1,166)	—

Industrial structure status when Keidanren vision is realized

Added value worth 110 trillion in existing industries and 100 trillion yen in new industries will be newly created, for a total of 210 trillion yen.



Note: Figures are added values in real terms.

The secretariat of Keidanren made the above chart based on estimates released by the Mizuho Bank Industry Research Division.