

*Japan's Breakthrough
in its Economic Revitalization
- Our Efforts in Regulatory Reform -*

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Introduction

- The Verdict: "You are the law"

- Reforms linked closely:
 - Regulatory Reform, Administrative Reform, and Civil Service Reform

- Reforms through "tradition and creation"

Introduction

Today's Topics

- “Abenomics” and regulatory reform
- Individual Reforms

“Abenomics” and Regulatory Reform

- My career from a lawyer to a politician:
- ✓ Preserving Japan's interests through the court: "The court exists to give the weak a chance at justice"
- ✓ Asked by Mr. Abe to stand for the election in 2005

- Working with Prime Minister Abe
- ✓ Prime Minister Abe's comeback to "realize a new dawn in Japan" in 2012

“Abenomics” and Regulatory Reform

- "Abenomics": Revitalizing the economy fundamentally

- "Three arrows" of "Abenomics":
 - “You cannot break off if three arrows are bundled”
 - ▶ Aggressive Monetary Policy
 - ▶ Flexible Fiscal Policy
 - ▶ Growth Strategy

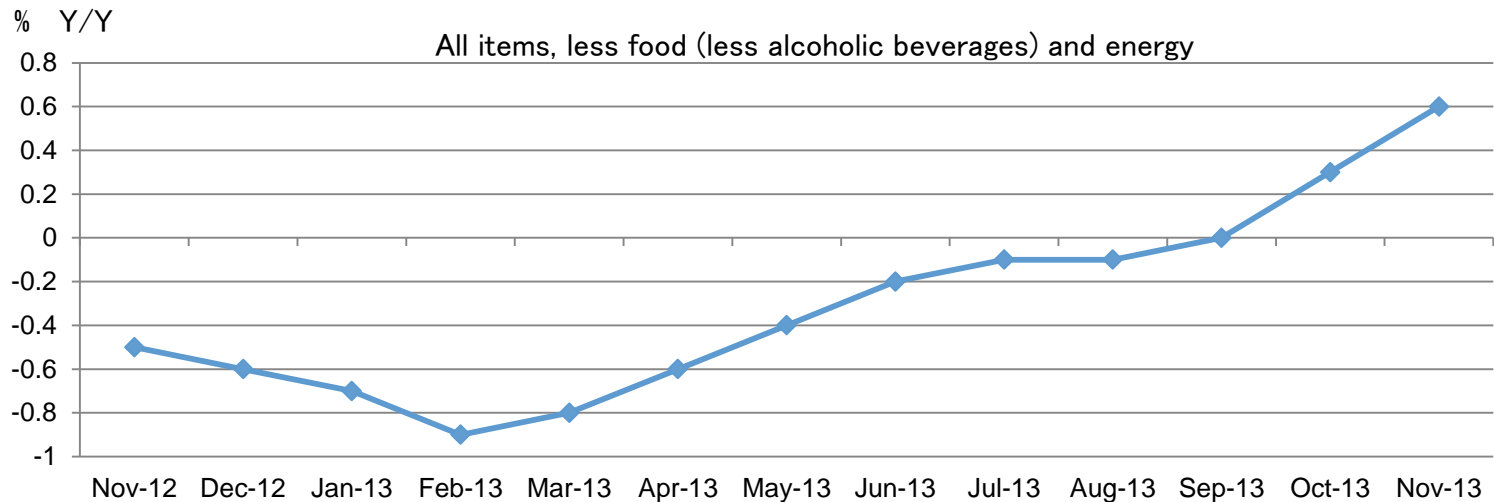
“Abenomics” and Regulatory Reform

➤ Outcomes so far

- ✓ Japan’s GDP growth projection for 2013 is higher than USA’s and Euro area’s (IMF’s World Economic Outlook)

Japan	USA	Euro Area	Germany	France
2.0%	1.6%	-0.4%	0.5%	0.2%

- ✓ Rising CPI



Source: Statistics Bureau, Ministry of Internal Affairs and Communications

- However, regulatory reform, tightly connected to growth strategy, is the most important for long-term growth of the Japanese economy

Abenomics and Regulatory Reform

“Three Arrows” of Abenomics

- Aggressive Monetary Policy
- Flexible Fiscal Policy
- Growth Strategy

Inada’s Three Reforms

- Regulatory Reform
- Administrative Reform
- Civil Service Reform

Both “three arrows” must be carried out in an integrated manner.

“Abenomics” and Regulatory Reform

- Administrative Reform
- ✓ An old and new issue: Privatization, the size of government, the role of the public and private sector etc.
- ✓ Regulatory reform is a tool
- ✓ "The Advisory Panel on the Future of the Nation and the Administration": Remarkable for being young and women oriented
- ✓ To be a respected country: "Ask not what your country can do for you; ask what you can do for your country"

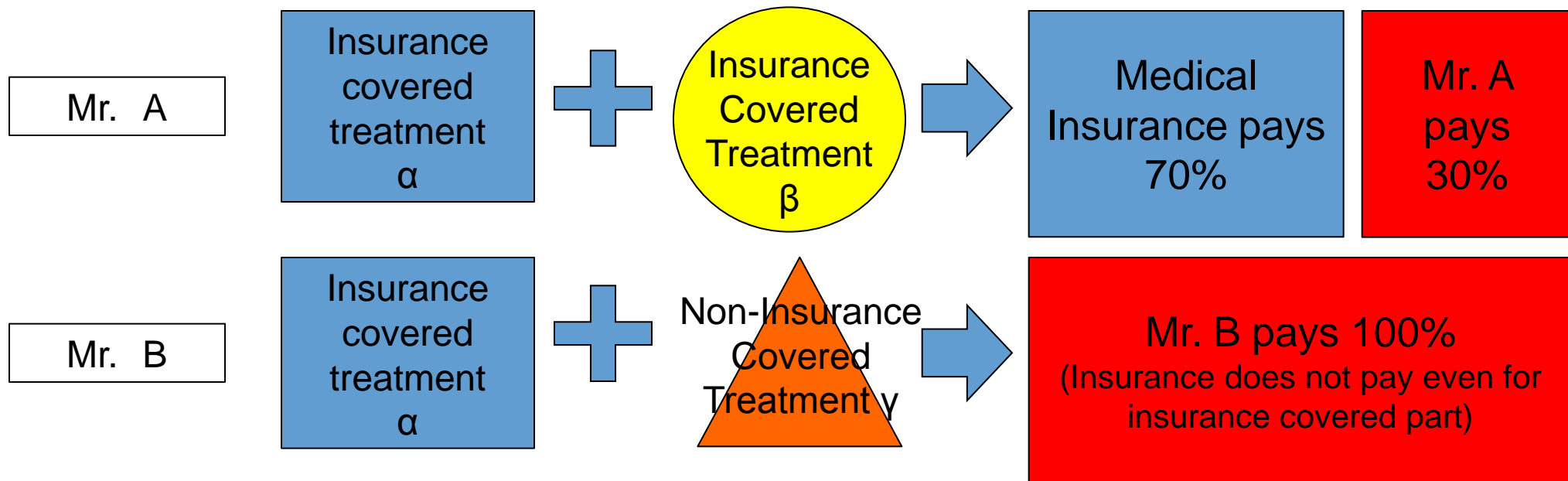
“Abenomics” and Regulatory Reform

- Civil Service Reform
- ✓ "Ministries' interest exists, but not the state's interest":
Sectionalism since the Meiji era
- ✓ "Cabinet Personnel Bureau": Allowing the cabinet to centrally manage the personnel matters of senior public servants
- ✓ The bill to establish the bureau has already been submitted to the Diet

Individual Reforms

Medical Insurance Reform

“Mix” of insurance covered treatment and uncovered one



Mr. A and Mr. B have a same disease. Why does Mr. B have to pay 100% even for insurance covered part?

→ Ministry of Health, Labor and Welfare wants to limit uncovered treatment as possible as it can.

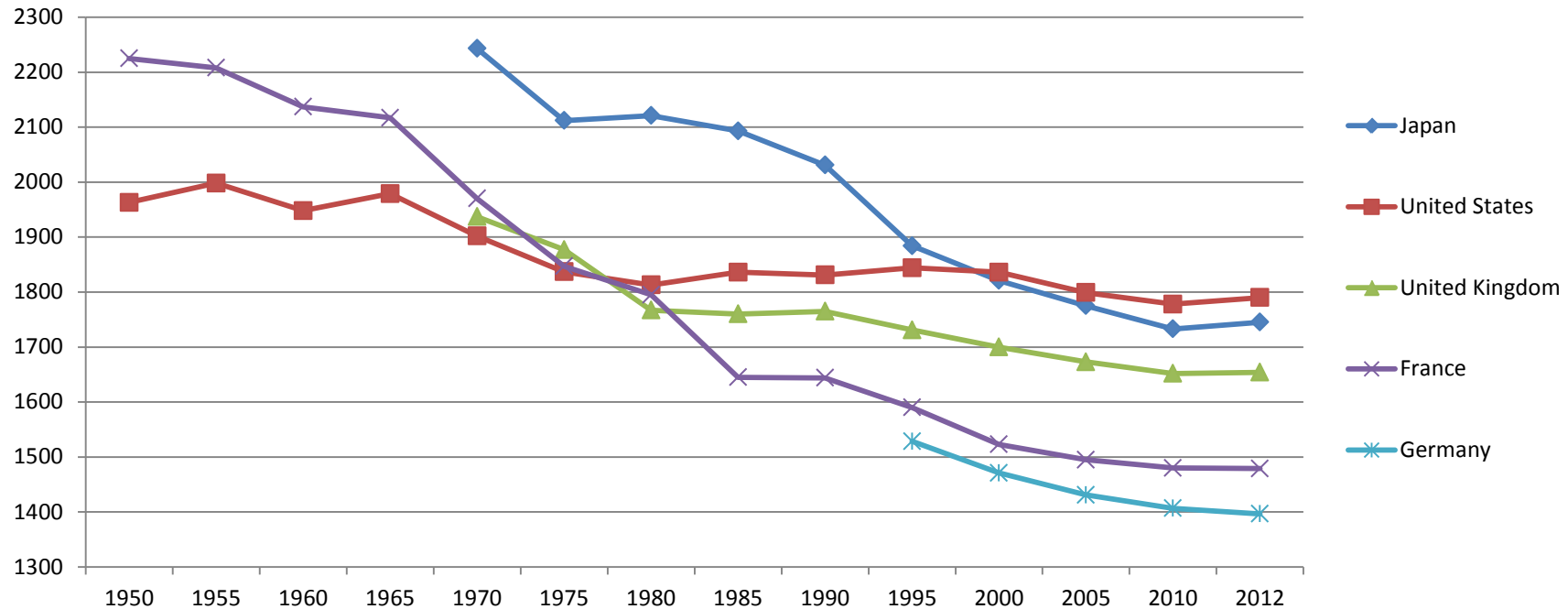
Medical Insurance Reform

✓ Problems

1. Patients and doctors cannot choose uncovered treatments because patients have to pay 100% with no insurance coverage.
2. Patients cannot use a treatment a clinical trial of which cannot be done by commercial reasons.
3. Medical insurance finance could collapse if all treatments would be covered by insurance.

Employment

✓ Long working hours



Declined, but still long compared with other countries

Employment

✓ Lack of work-life balance

	JAPAN		USA	
	Men	Women	Men	Women
Weekly hours for housework	1.12	10.86	9.20	13.90

Source: Kuroda, Sachiko, "Do Japanese Work Shorter Hours than before? : Measuring Trends in Market Work and Leisure Using 1976-2006 Japanese Time-Use Survey," *Journal of the Japanese and International Economies*, 24(4), 2010, pp.481-502.

Employment

- ✓ Council for Regulatory Reform has issued opinions requiring:
 - i. establishing working rules for “job-type” permanent employees
 - ii. reforming regulations on working hours

Employment

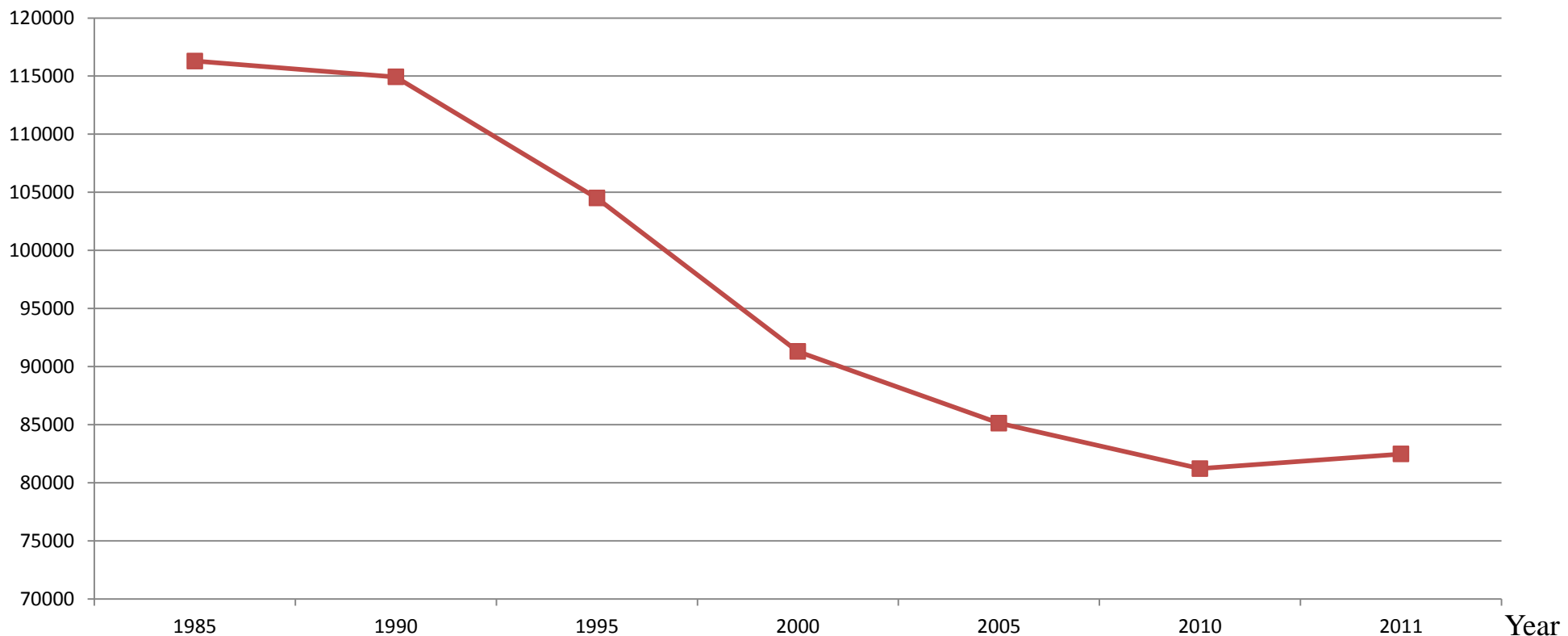
➤ Employment

- ✓ “Job-type” permanent employee
- Traditionally job description for Japanese permanent employees has been unclear. They are often transferred and required to do any “job”.
- But the “job-type” working style, clearer job description, is needed by diversified workers.
- The Council has required MHLW to establish working rules for “job-type” permanent employees.
- ✓ Regulations on working hours
- The Council has required MHLW to consider i) a new exemption on the working hour regulations, ii) working hour limits and obligatory annual leave at the same time.

Agriculture

- ✓ Decreasing agricultural output (more than 20% since 1985)

Million Yen

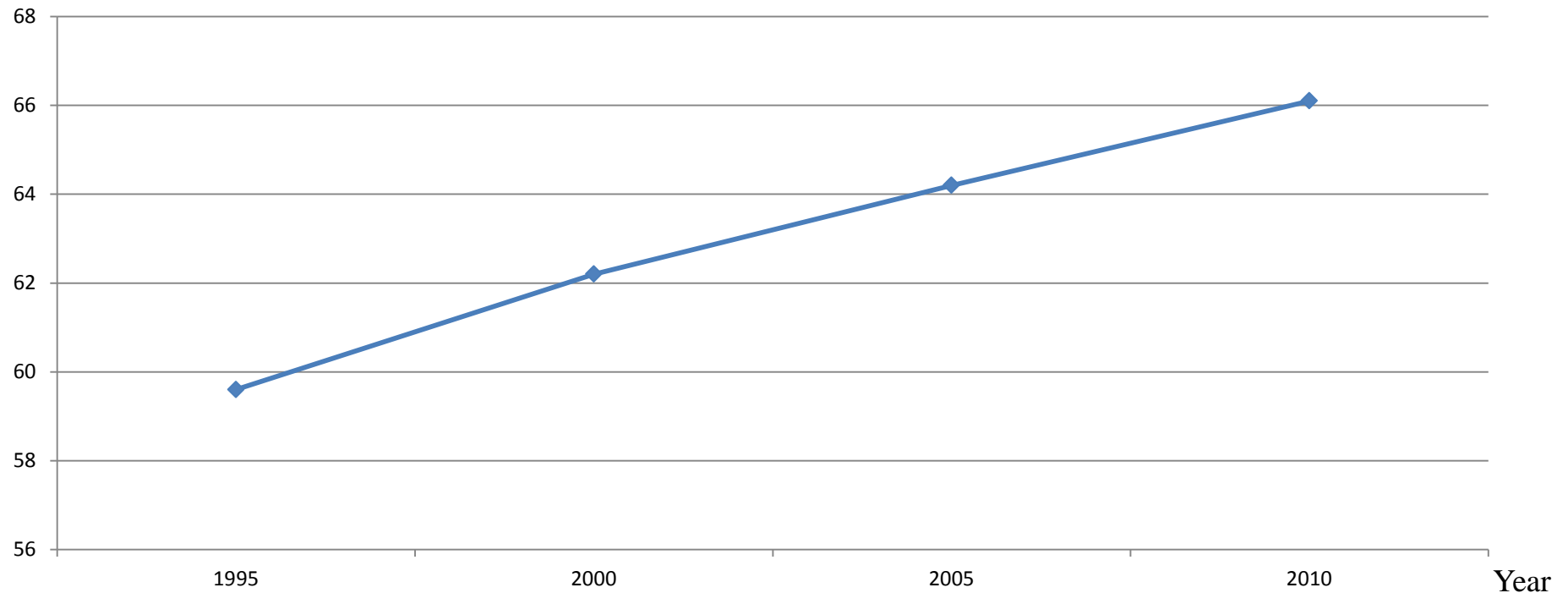


Source: Ministry of Agriculture, Forestry and Fisheries

Agriculture

- ✓ Average age of workers mainly engaged in agriculture is 66

Average Age

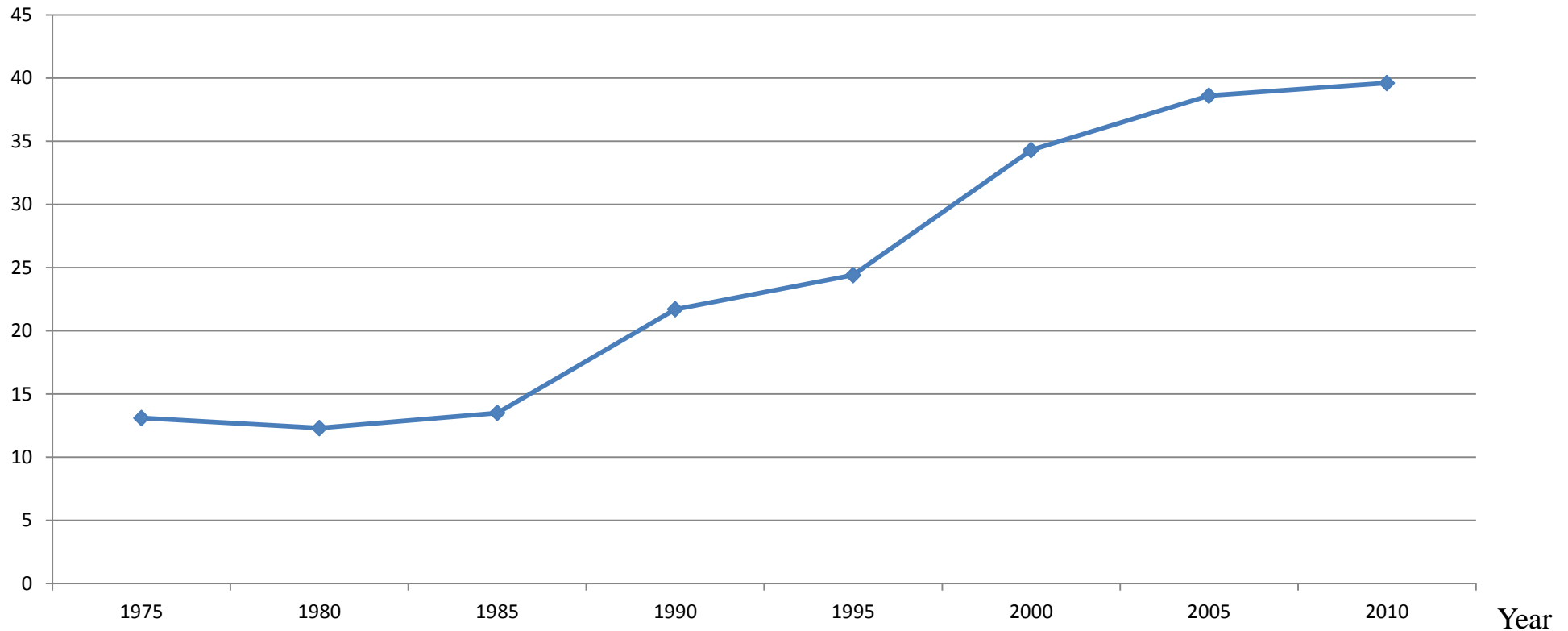


Source: Ministry of Agriculture, Forestry and Fisheries

Agriculture

✓ Deserted agricultural land has doubled in these 20 years

Hectare



Source: Ministry of Agriculture, Forestry and Fisheries

Agriculture

- ✓ Plan on revitalizing the agriculture, forestry and fisheries industry and local regions (Dec. 2013): For challenging farmers, forest owners and fishermen
- ✓ Following the plan, Council for Regulatory Reform will issue a more concrete plan such as:
 1. Reviewing agricultural committees which authorize transfer of agricultural land for challenging players including corporations to enter into agriculture or to extend to a wider area.
 2. Reviewing agricultural cooperatives: focusing on increasing farmers' income

Thank you so much for listening.