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”
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)

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<tr>
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<th>Japan</th>
<th>USA</th>
<th>Euro Area</th>
<th>Germany</th>
<th>France</th>
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<tbody>
<tr>
<td>Y/Y</td>
<td>2.0%</td>
<td>1.6%</td>
<td>-0.4%</td>
<td>0.5%</td>
<td>0.2%</td>
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- Rising CPI

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

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<th>JAPAN</th>
<th>USA</th>
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<tr>
<td></td>
<td>Men</td>
<td>Women</td>
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<tr>
<td>Weekly hours for housework</td>
<td>1.12</td>
<td>10.86</td>
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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

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

Source: Ministry of Agriculture, Forestry and Fisheries
✓ Average age of workers mainly engaged in agriculture is 66

Source: Ministry of Agriculture, Forestry and Fisheries
Deserted agricultural land has doubled in these 20 years

Source: Ministry of Agriculture, Forestry and Fisheries
Agriculture

✓ Plan on revitalizing the agriculture, forestry and fishries 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.