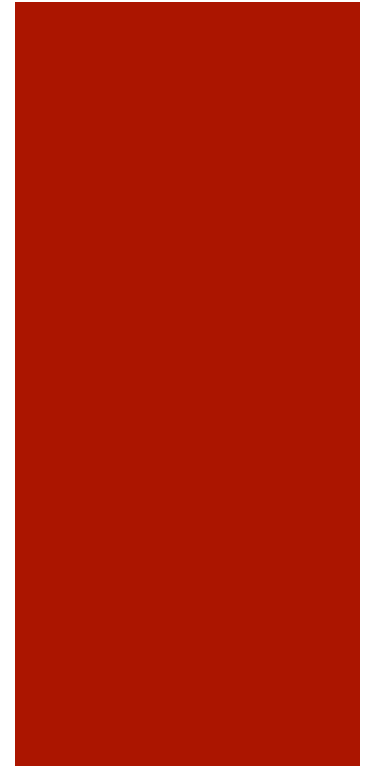
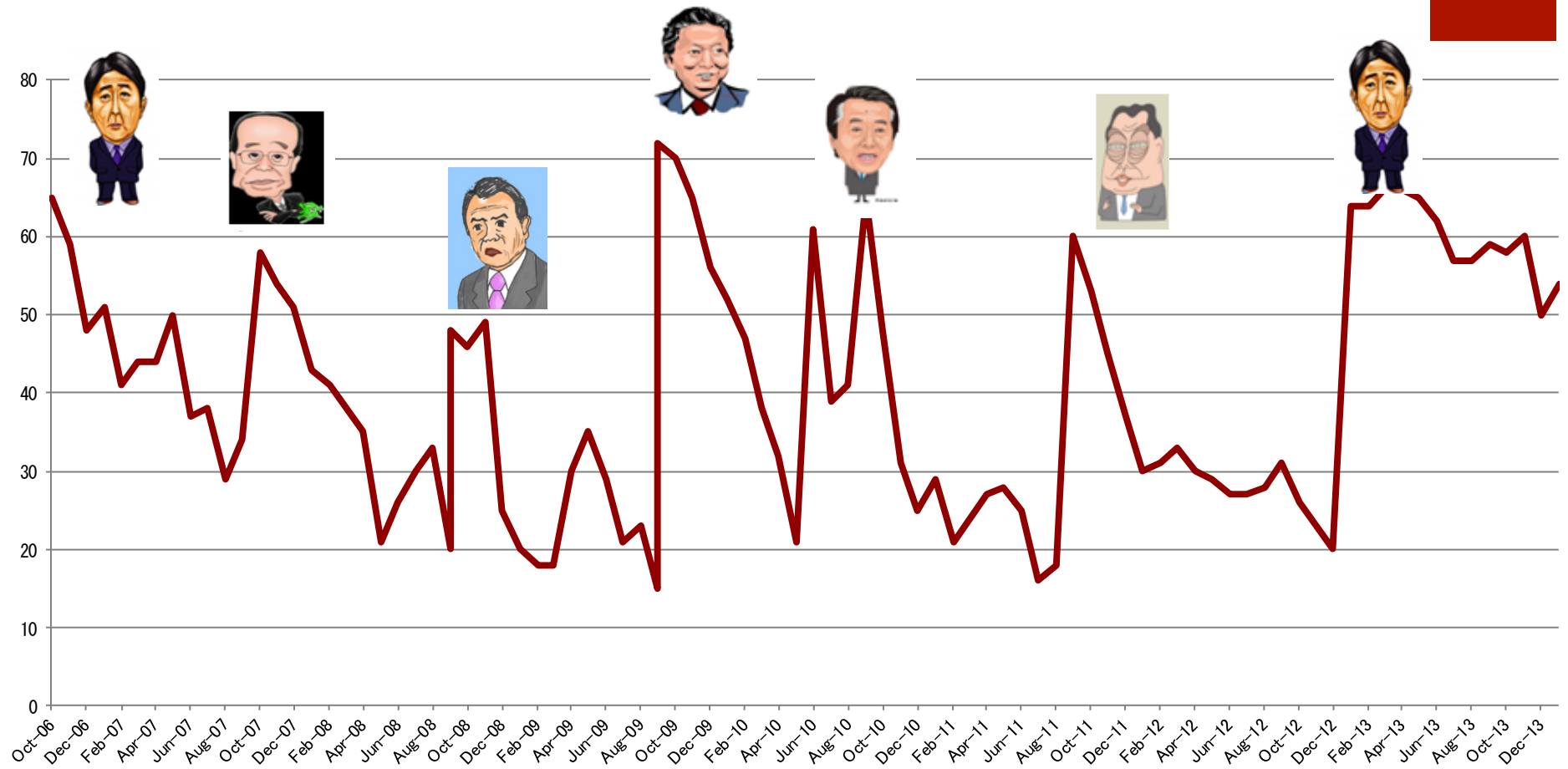


International Policy Forum

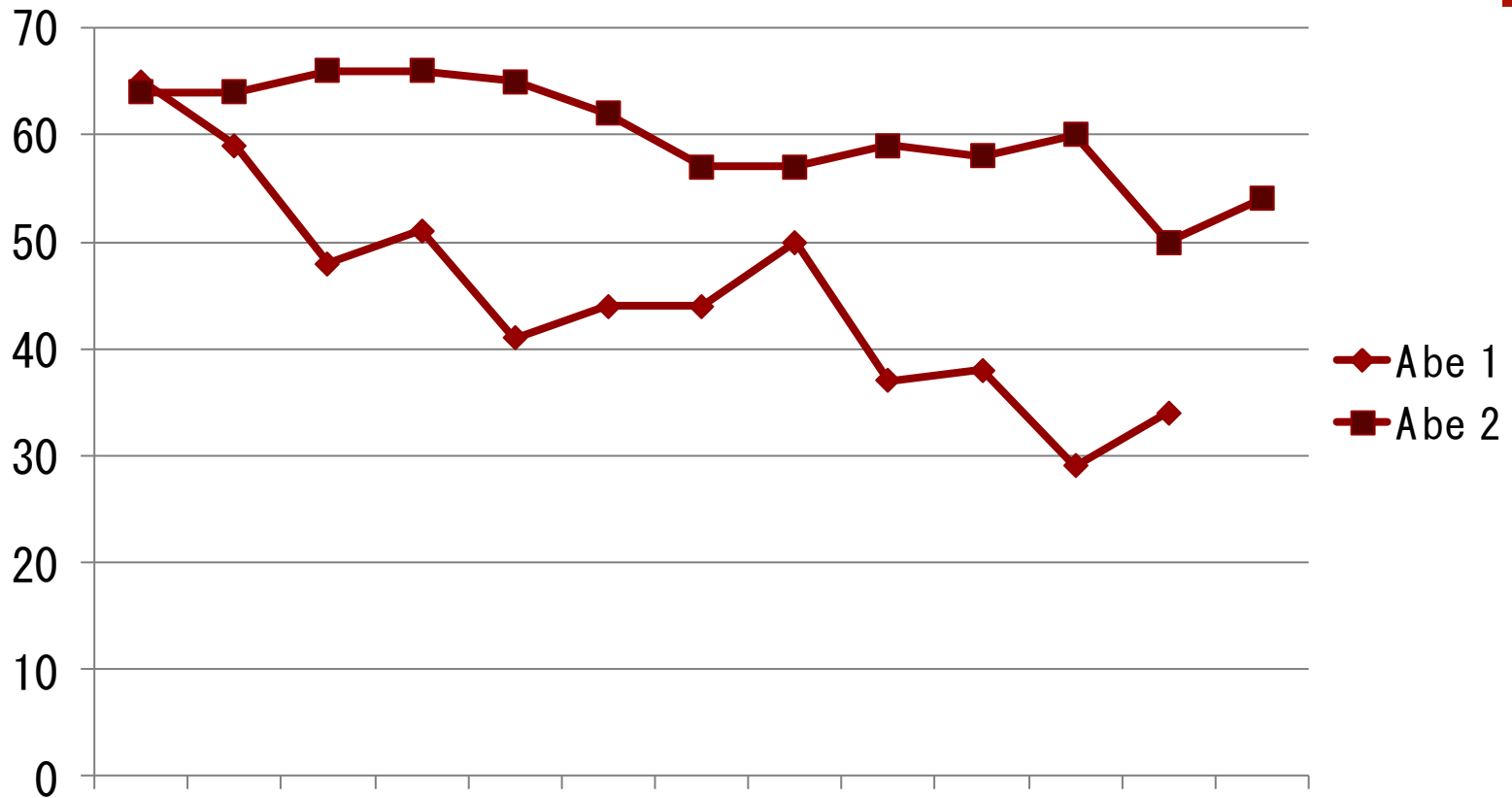
28 January 2014



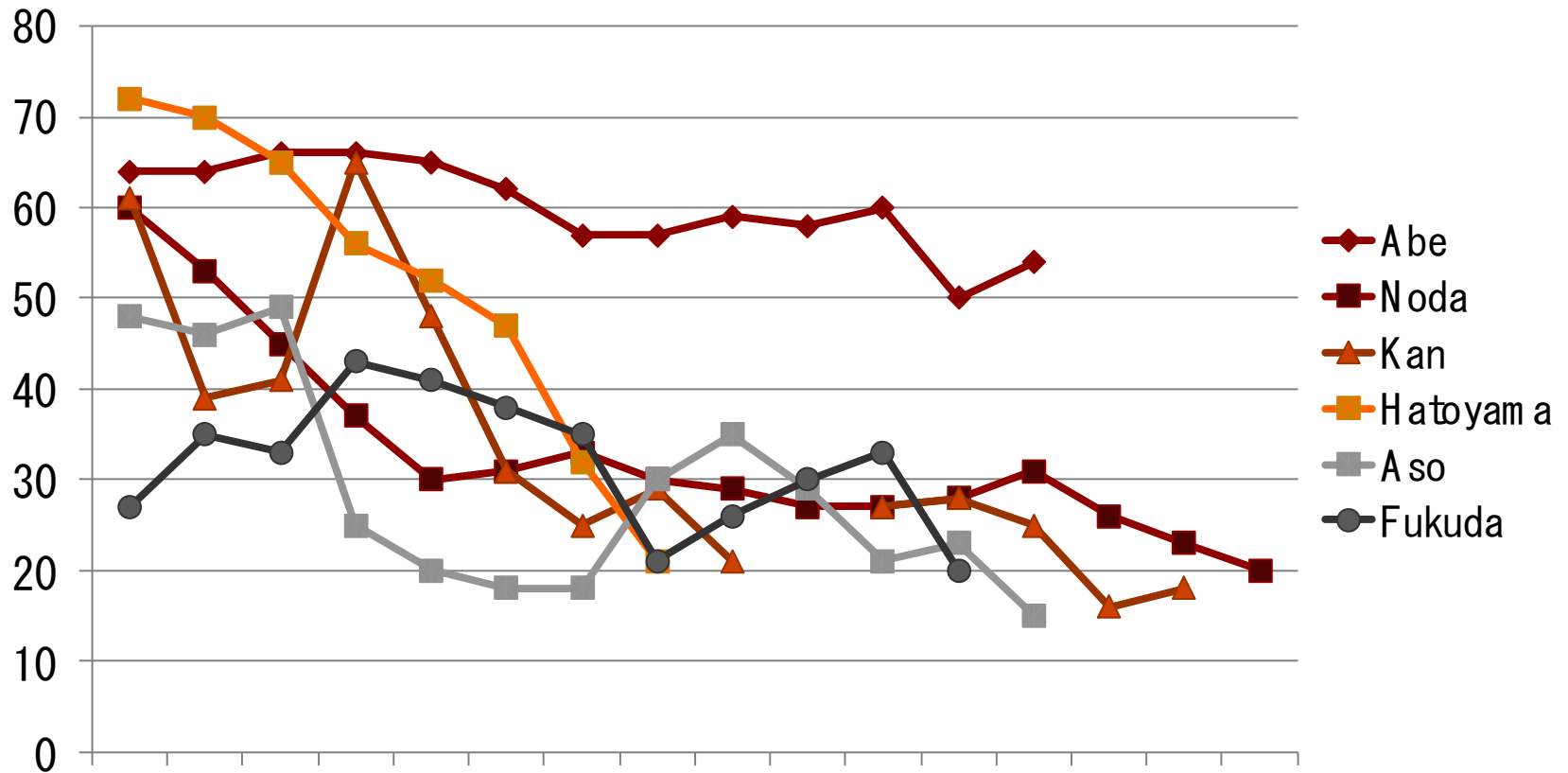
Approval Ratings – can you see the pattern?



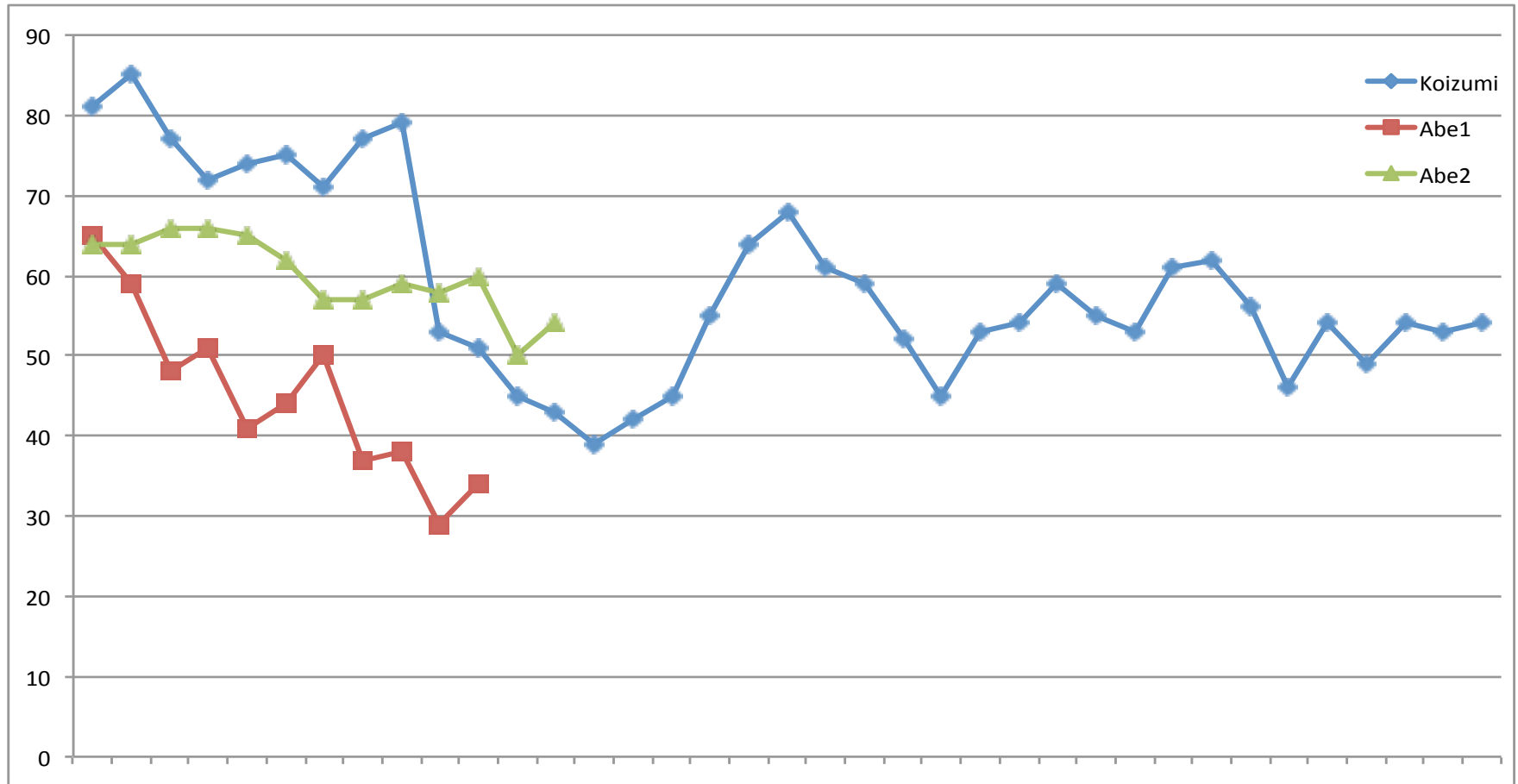
Abe's approval ratings: Better than last time



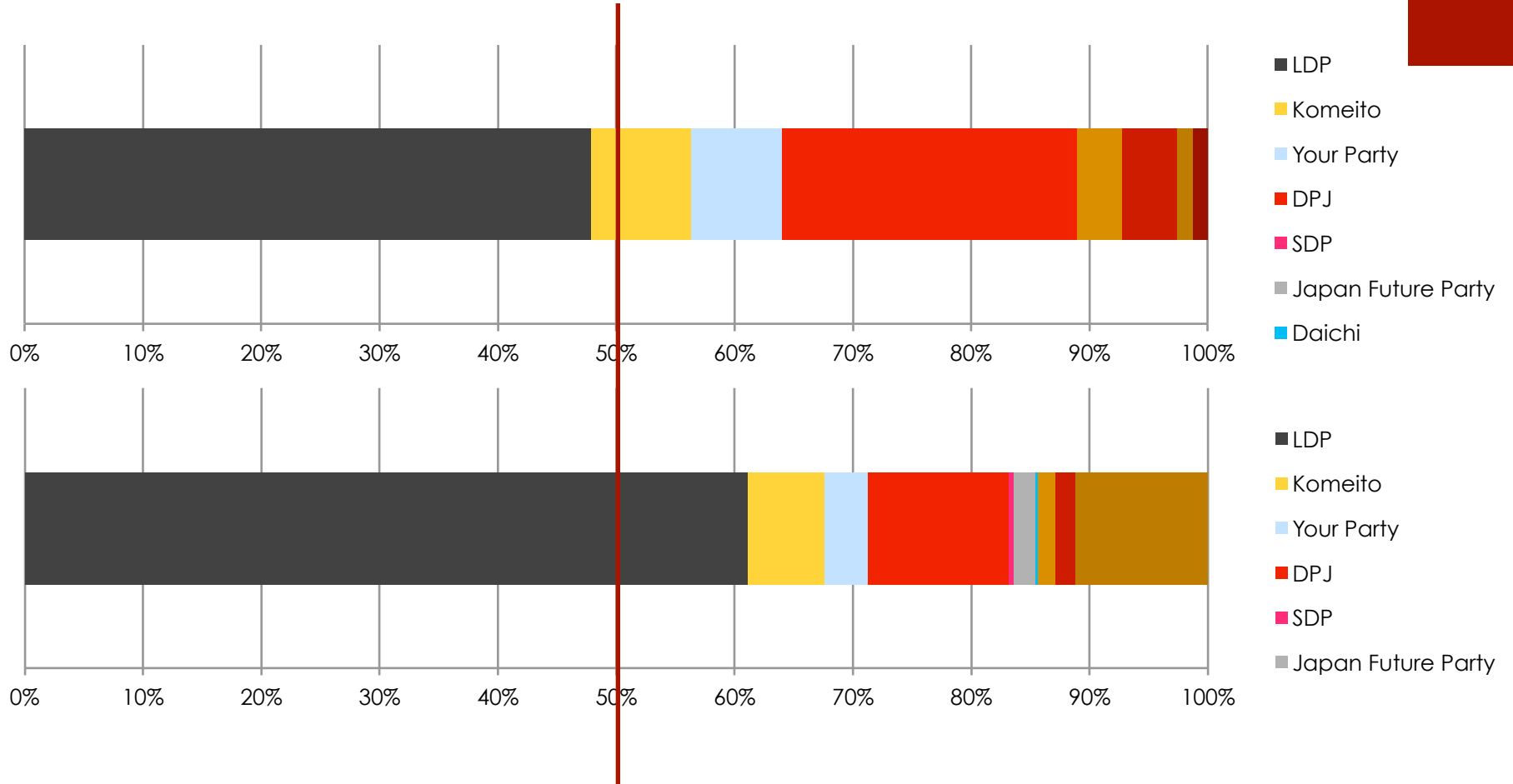
Great in Comparison to Recent Prime Ministers



Abe performing on par with Koizumi thus far



But still dependent on Komeito in the upper house



Ministry of Internal Affairs & Communications

- Revision of the *Radio Act* to revise fees for use of radio frequencies
- Revision of the *Broadcasting Act and Radio Act* to add Internet broadcasting as a duty of NHK and to ease conditions for receipt of a broadcasting license
- Various measures to promote e-government

Timing: March

Ministry of Economy, Trade & Industry

- Draft law to extend export credit insurance coverage to trade with subsidiaries overseas
- Promotion of city-centers - a new attempt at retail?
- Introduction of a registration system for electricity suppliers (the first step towards liberalization of energy retail market) and a system for electricity futures trading

Cabinet Office

- Draft Law to Establish *Medical Strategy Promotion Bureau*
- Draft law to reform the Nuclear Damage Liability Facilitation Fund (allowing it to fund decommissioning as well as compensation)

Time: End February

Financial Services Agency

- Revision of the *Financial Instruments Exchange Law* to clarify rules on cloud financing and rules on financial disclosure for listed companies

Timing: Mid-March

Ministry of Education, Culture, Sports, Science & Technology

- Revision of the *Copyright Act* to include copyrights of material transmitted over the Internet, in accordance with the Beijing Treaty

Timing: End March

Ministry of Land, Infrastructure, Transport, & Tourism

- Revision of *Building Standard Law* to facilitate for large scale construction in wood

Timing: End March

Ministry of Health, Labor & Welfare

- New Law on Cost Sharing for Medical Treatment for Patients with Incurable Diseases
- Revision of *Child Welfare Law*
- Revision of *Industrial Safety and Health Act* (excluding passive smoking provisions)

Timing Mid- to late February

- Revision of *Dispatch Law* to improve conditions for company employees

Timing: Mid-March

Consumer Affairs Agency

- Revision of the *Act Against Unjustifiable Premiums & Misleading Representations* to introduce penalties for misleading representation of products and services

Timing: End February

Ministry of Justice

- Draft law to establish new corporate form in which foreign lawyers (*gaiben*) can work as employees
- Revision of immigration law to facilitate entry of highly skilled labor to Japan – new visa categories and immigration procedures

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Interesting *giin rippo* (private members') bills submitted

- Draft law to establish Integrated Resorts (IR)
- Draft law to promote protection against passive smoking
- Draft law to improve access to information held by public entities
- Draft law on basic measures towards allergies
- Draft law to introduce a regional governance system
- Revision of the *Money Lending Business Law* and *Investment Law* to ease the cap on consumer finance lending
- Draft law to facilitate the use of dormant bank accounts
- Draft Law for reform of the Government Pension Investment Fund (Kozo Yamamoto in charge)
- Basic Law on Regenerative Medicine



Busy, but containing nothing seriously controversial – instead political focus may again return to formulation of the growth strategy



Next round of the growth strategy

- Implementation plan of the first phase just approved by LDP, deciding that first measures should be implemented before 2015
- Focus on application for special growth strategy zones in the short term but additional measures being considered
- Continued focus on cuts in the corporate tax rate
- Relaxed rules for labor immigration also considered, especially in the run-up to 2020, given the need for construction
- Further measures to promote women's participation in the labor force
- New form of non-profit medical corporations
- Continued discussion on rules allowing mixed treatments (combining treatments covered and not covered by National Health Insurance)
- ICT Promotion within healthcare
- Food export promotion measures – etc, etc, etc

Growth Policy Framework – Government Side

Cabinet

Japan Economic
Recovery Headquarters

“Control tower” within the Prime Minister’s Office, to co-ordinate policies to regain Japan’s economic strength, rectify the over-valued yen, and end the deflationary spiral through a unified growth strategy. All members are members of the Cabinet.

Industrial Competitiveness
Council

Established to help formulate new growth strategy. Members from the Cabinet and the private sector.”

Council of Economic &
Fiscal Policies

Established within the Cabinet Office to formulate and coordinate fiscal and economic policy under the leadership of the Prime Minister.

Cabinet and private-sector members as well as the governor of the Bank of Japan

Link

Cabinet Office
Revitalization Secretariat

Link

Link

Regulatory Reform Council, Science & Technology Council,
People’s Council on Social Security Reform

LDP Special Committee on the Growth
Strategy

Venture Capital (Leader, Masaaki Taira; Deputy, Gaku Hasegawa)

Financial Services & Corporate Governance (Leader, Masahiko Shibayama; Deputy, Keisuke Suzuki)

Promotion of Labour Efficiency (Leader, Yoshihiko Isozaki; Deputy, Tomohiro Yamamoto)

Women's Power Enhancement (Leader, Toshiko Abe; Deputy, Yutaka Kumagai)

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Growth Policy Framework - Government and Political Sides

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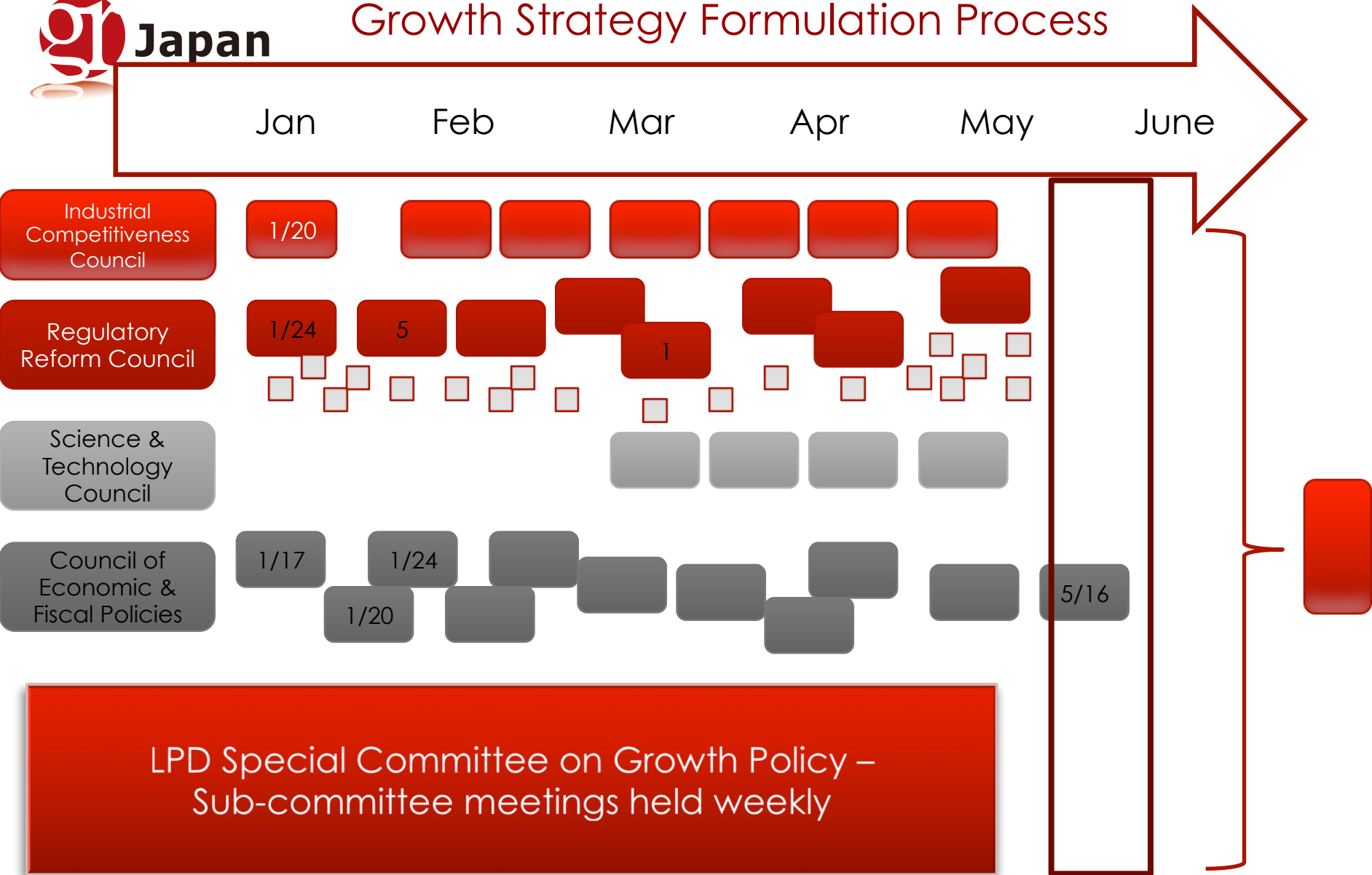
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Growth Strategy Formulation Process



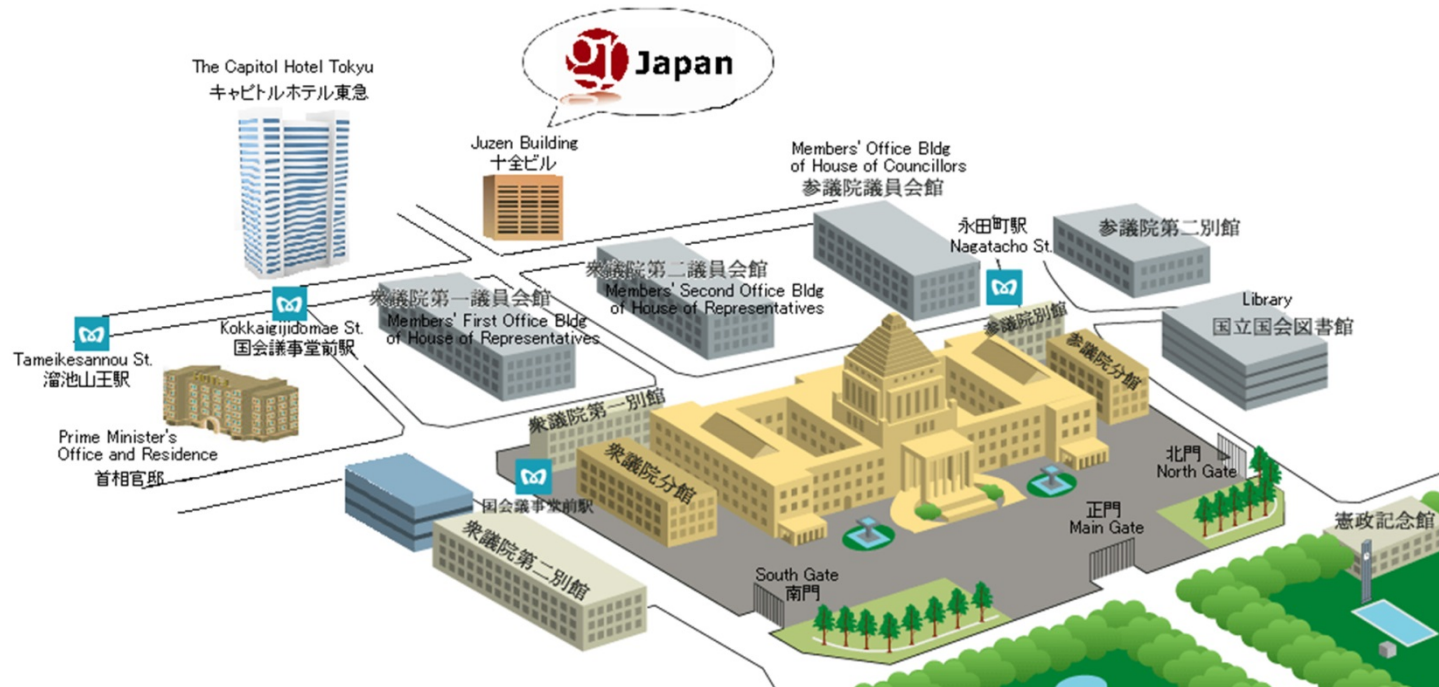
Political schedule moving forward

- **February**
 - 9: DPJ Party Convention/Tokyo Gubernatorial Election
 - 21-23: G20 Finance Ministers and Central Bank Governors Meeting
 - 22: Takeshima Day
 - 23: Tokyo Marathon and launch of Tokyo Olympic Organizing Committee (TPP Ministerial Meeting?)
- **March**
 - 11: Third anniversary of the Great East Japan Earthquake
 - 18-19: First Federal Open Market Committee chaired by Janet Yellen (China National People's Congress)
- **April**
 - 1: Consumption tax increases from 5% to 8%
 - 11-13: Annual meetings of World Bank Groups and IMF
 - 27: Bye-Election
 - 30: BOJ Outlook for Economic Activity and Prices (President Obama visit to East Asia) (Possible US-Japan Summit Meeting) (Change interpretation of Japan's right to exercise collective self-defense?)
- **May**
 - Sadayuki Sakakibara starts as new chairman of the Keidanren
- **June**
 - IR (Casino) legislation enacted?
 - 22: Ordinary Diet Session ends (but may be extended) Cabinet Re-shuffle?



- A lot of sector-specific regulation under way – numerous opportunities to engage.
- But in the absence of substantial political initiatives, there is a possibility that the main theme of this session could become collective self-defence.
- This could prove a dangerous path for the Abe Cabinet. Increased friction with Komeito is one risk, and Abe's popularity is largely based on economic policies
- LDP likely, therefore, to try to focus discussion on economic policy and the growth agenda, to balance the issues closer to Abe's heart
- However, refocusing on growth requires decision-making and political leadership. Abe will have to answer those who question whether he has what it takes.
- Abe has still a lot of cards to play, should his popularity fall. Major cabinet re-shuffle still possible.





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