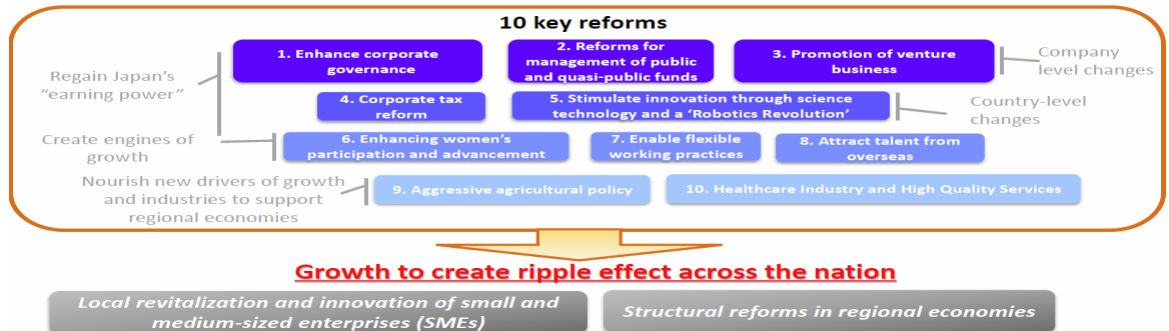


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Introduction of the third arrow of “Abenomics”



Japan’s Prime Minister Shinzo Abe introduced on June 24 the third arrow (structural reforms) of “Abenomics” — the Japan Revitalization Strategy.

The first arrow (fiscal stimulus) and second arrow (monetary easing) have led to positive economic results in the past twelve months. Real GDP rose 1.6% (6.7% at annualized rate) in the first quarter of 2014, showing a growth for six consecutive quarters.

In addition, Japan’s economy experienced recently the highest income growth in the past ten years. In April 2014, monthly incomes (including overtime payments and bonuses) rose 0.3% from a year earlier to ¥ 273,427; the index of regular earnings (excluding overtime payments and bonuses) for full time employees increased 0.8% to 100.9.

In this context, the revision of Japan Revitalization Strategy aims at putting Japan’s economy on the path of a sustainable growth, enhancing the earning power and addressing areas such as labor market, health and agriculture.

Overview of the Revision of Japan Revitalization Strategy (June 24, 2014 version)
Source: Prime Minister of Japan and His Cabinet

Regaining the earning power

Some actions have the intention of regaining the earning power. One of the reforms will aim to reduce the percentage level of the effective corporate tax rate down to the twenties. The decrease of the tax level will start from FY 2015.

Furthermore, a corporate governance code for listed companies in the stock exchange will be drafted; reforms for the management of public and quasi-public funds will be implemented, based on recommendations presented by an expert panel; venture business will be promoted through an entrepreneur-friendly environment. Innovation of science and technology will be encouraged and infrastructures that link innovative technology with new business will be developed.

Promoting the participation of women

New measures will enhance women’s participation and advancement in the business envi-

ronment. Among them, after-school childcare services and programs, as well as daycare centers will be introduced. Tax and social security system will be reviewed to encourage women to participate in the labor market. Furthermore, actions will be taken to enable flexible working practices and to attract foreign skilled professionals.

Reforming the agriculture market and health industry

Measures will be taken to double the income of farmers and farming communities by turning the agricultural sector into a growth industry.

The following actions will be made to secure a sustainable social security system and revitalize the healthcare industry: creation of a non-profit holding company system; provision of incentives to individuals to stay healthy and prevent disease; expansion of the insurance system.

For further information, please see the Website of the Prime Minister of Japan and His Cabinet: <http://japan.kantei.go.jp>

動向

SITUATION

Japan's current economic situation

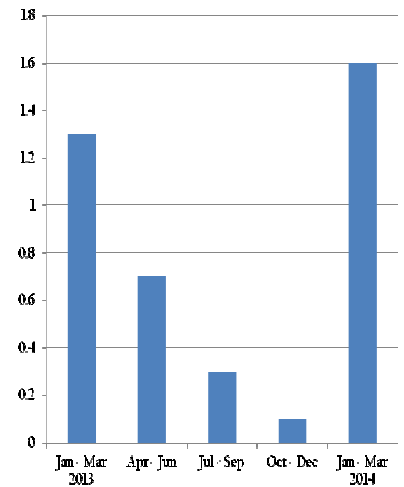
According to the report of the Cabinet Office issued in June 2014, "the Japanese economy is on a moderate recovery trend, while some weak movements are seen lately due to a reaction after a last-minute rise in demand before a consumption tax increase".

Japanese real GDP grew 1.6% in the first quarter of 2014 from the previous quarter (see graph), showing an annualized increase of 6.7%.

Japan's exports slightly decreased 2.7% in May 2014. Exports de-

clined 1.2% to Asia, 1.8% to North America and 10.5% to Middle East, whereas exports to Western Europe increased 6.2%.

As a result of the Japanese consumption tax hike, the average of monthly consumption expenditures per household for May 2014 was ¥ 271,411, down 3.9% in nominal terms and down 8.0% in real terms from the previous year. However, the consumer price index was 103.5 (2010=100) in May 2014, up 0.4% from the previous month, and up 3.7% over the year.

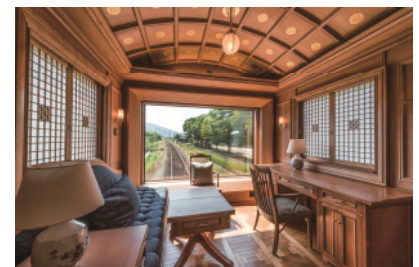
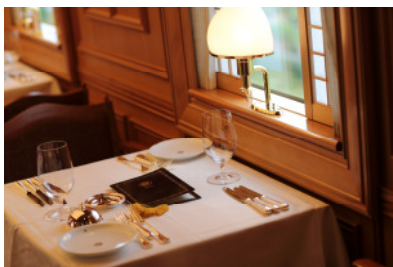


Development of real GDP (quarterly), seasonally adjusted series
Source: Cabinet Office

観光

TOURISM

Visit Japanese southwestern island by luxury train



Nanatsuboshi in Kyushu. All pictures © Kyushu Railway Company. With permission.

Since October 15, 2013, Kyushu Railway Company operates the luxury train *Seven Stars in Kyushu* (*Nanatsuboshi in Kyushu*).

Travelling on Kyushu island

The train operates on the Kyushu island (the most southwesterly of Japan's four main islands). The journey consists in a two-day (one night course) or a four-day (three-night course) circular tour. It starts and finishes at Hakata station, in the city of Fukuoka.

The four-day tour is a journey through the five prefectures of the

island (Fukuoka, Oita, Miyazaki, Kagoshima and Kumamoto). It includes several sightseeing spots, such as the 1548-meter dormant volcano Yufuin, the spectacular scenery of the Aso area and a night at a Kirishima hot spring resort.

The two-day tour takes place in the Northern Kyushu. It includes a wander in the city of Nagasaki (*Nagasaki Saruku*).

Luxury cabins

The train is made up of seven cars: a Deluxe Suites car, four cabin cars, a lounge car and a restaurant

car. It has total capacity of 28 passengers.

Designed by Eiji Mitooka, the luxury sleeping cars all have their own toilets and shower facilities. The interior of the cars are covered by woods and fabrics.

The name of the train *Seven Stars in Kyushu* is inspired by the seven cars of the train, but also by the seven prefectures of Kyushu and by the seven attractive elements of Kyushu: nature, cuisine, hot springs, history and culture, power spots, hospitality and... sightseeing trains!

Consult JETRO's business booklets and reports

JETRO edits several booklets to introduce business information about Japan.

Booklets

Talk to JETRO First about business in Japan! and Your Point of Entry into the Japanese Market introduce the range of services provided by JETRO, as well as some information about the Japanese market and success stories.

Laws & Regulations on Setting Up Business in Japan introduces useful information on laws, regulations and procedures on registration of incorporation, visas, taxes, human resource management, trademark and design protection systems.

You can order a paper copy of the English version of those booklets at JETRO Geneva for free or download them in English, German or French on JETRO's Website.

Your Business Chance in Recovering Japan also provides information about present environment, infra-

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Talk to JETRO First about business in Japan! exists in English, German and French

structure, business, subsidy programs and etc. in the area struck by the Great East Japan Earthquake.

Reports

JETRO also publishes several reports that can be downloaded.

Among them, JETRO Global Trade and Investment Report provides JETRO's estimates for world trade and FDI figures, as well as in-depth

Gesetze & Vorschriften zu Firmengründungen in Japan



Laws & Regulations on Setting Up Business in Japan exists in English, German and French

analysis of the world economy and Japan's place in it.

Efforts by Local Governments to Promote the Establishment of Enterprises outlines measures of local governments to revitalize the regional economy and expand employment.

All booklets and reports are available on JETRO's Website at: <http://www.jetro.go.jp/en/invest/reports/pamphlets.html>

We are Tomodachi — the new magazine of the Prime Minister

Prime Minister of Japan, Shinzo Abe, has launched a new magazine entitled *We Are Tomodachi* [We are friends]: "Magazine to all our friends around the world".

Among the issues addressed in the last issue (Spring 2014), you will find articles about the visit of the Prime Minister in foreign countries and about the Abenomics

("Abenomics" is progressing. Making the Impossible Possible).

The first issue of the magazine was released in the winter 2013. The second issue was published in the spring 2014.

We Are Tomodachi can be downloaded at: <http://japan.kantei.go.jp/letters/>

We Are Tomodachi
Spring 2014



政策

POLICY

革新

INNOVATION

List of 100 Japanese innovative projects

On the occasion of its 110th anniversary, the Japan Institute of Invention and Innovation releases a list of 100 innovations that contributed greatly to the economic development of Japan since the end of World War II.

It released on June 18, 2014 a first list of 38 innovative products and technologies. The list will be completed by March 2015.

Shinkansen is the technology that made the most significant contribution to Japan's economic development since 1945. Shinkansen is the high-speed railway lines in Japan, which came into service in 1964 with the Tokaido Shinkansen. The second most innovative product was the production of instant noodles, which were launched in



500 Series Shinkansen
Source: Japan National Tourism Organization

1958. In 1971, Nissin Food Products Co. put on the market instant noodles packaged in a foam food container.

The third most innovative product was the introduction of the Sony's walkman in 1979.

Other most innovative products

and technologies include Manga anime (1963), Toyota's production system (1970), Toto Ltd.'s Washlet toilet seat, which features an integrated bidet (1980), game consoles and video games (1983), light-emitting diode (1993) and hybrid vehicles (1997).

JETRO is a government-related organization that works to promote mutual trade and investment between Japan and the rest of the world. Originally established in 1958 to promote Japanese exports abroad, JETRO's core focus in the 21st century has shifted toward promoting foreign direct investment into Japan and helping small to medium size Japanese firms maximize their global export potential.

*The JETRO Switzerland Newsletter can also be viewed and/or downloaded online:
<http://www.jetro.go.jp/switzerland/newsletter>*

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