

Political and Economic Situation in Japan and Japan-Sweden Relations

For Sweden-Japan Parliamentary Association
On 16 February 2011

By Yoshiki Watanabe, Ambassador of Japan



Quick look on Japan



➤ **Total population: 127 million**

Under 14: 17 million

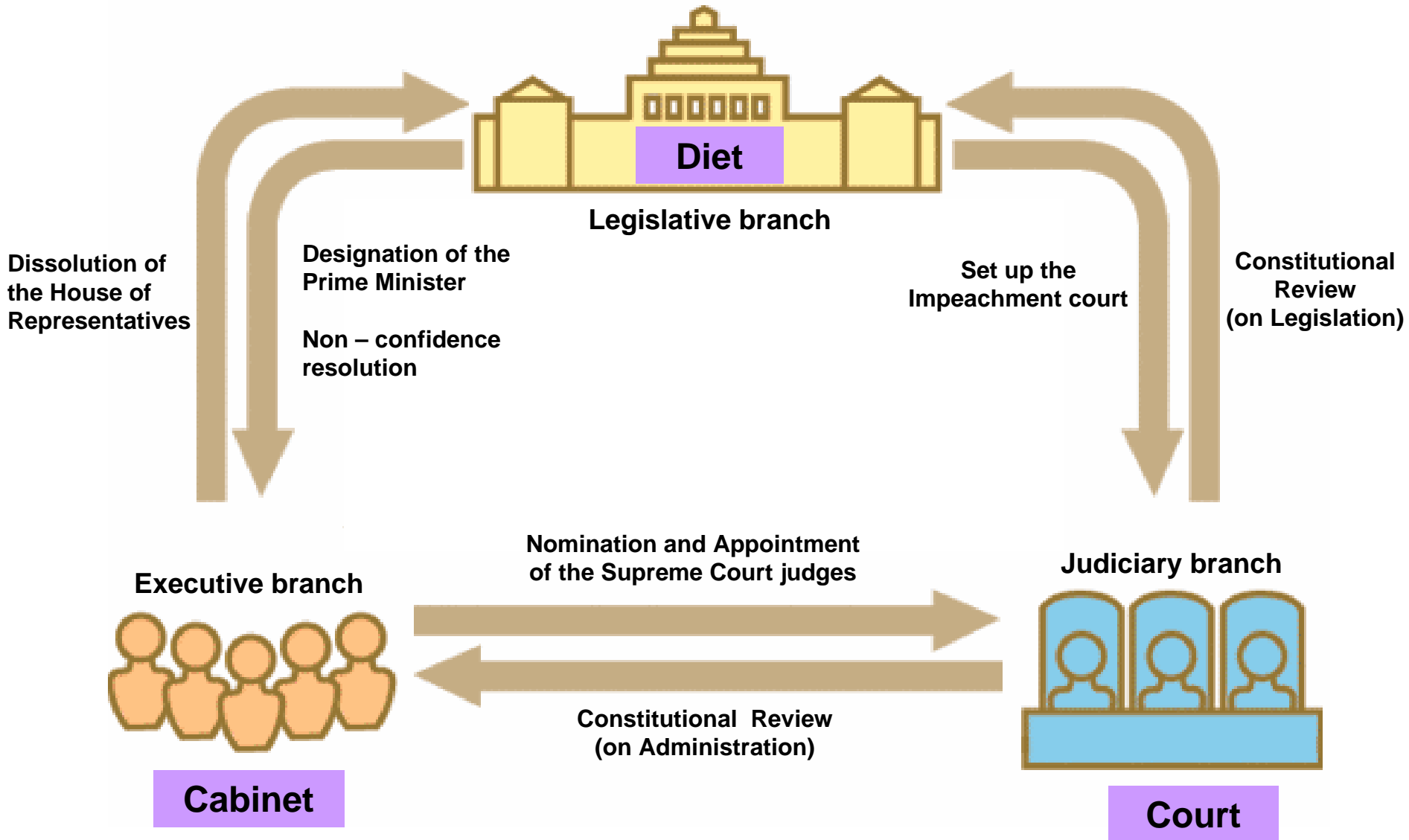
15-64 : 81 million

Over 65: 29 million

➤ **47 prefectures**

➤ **1,777 municipalities**

Separation of Powers



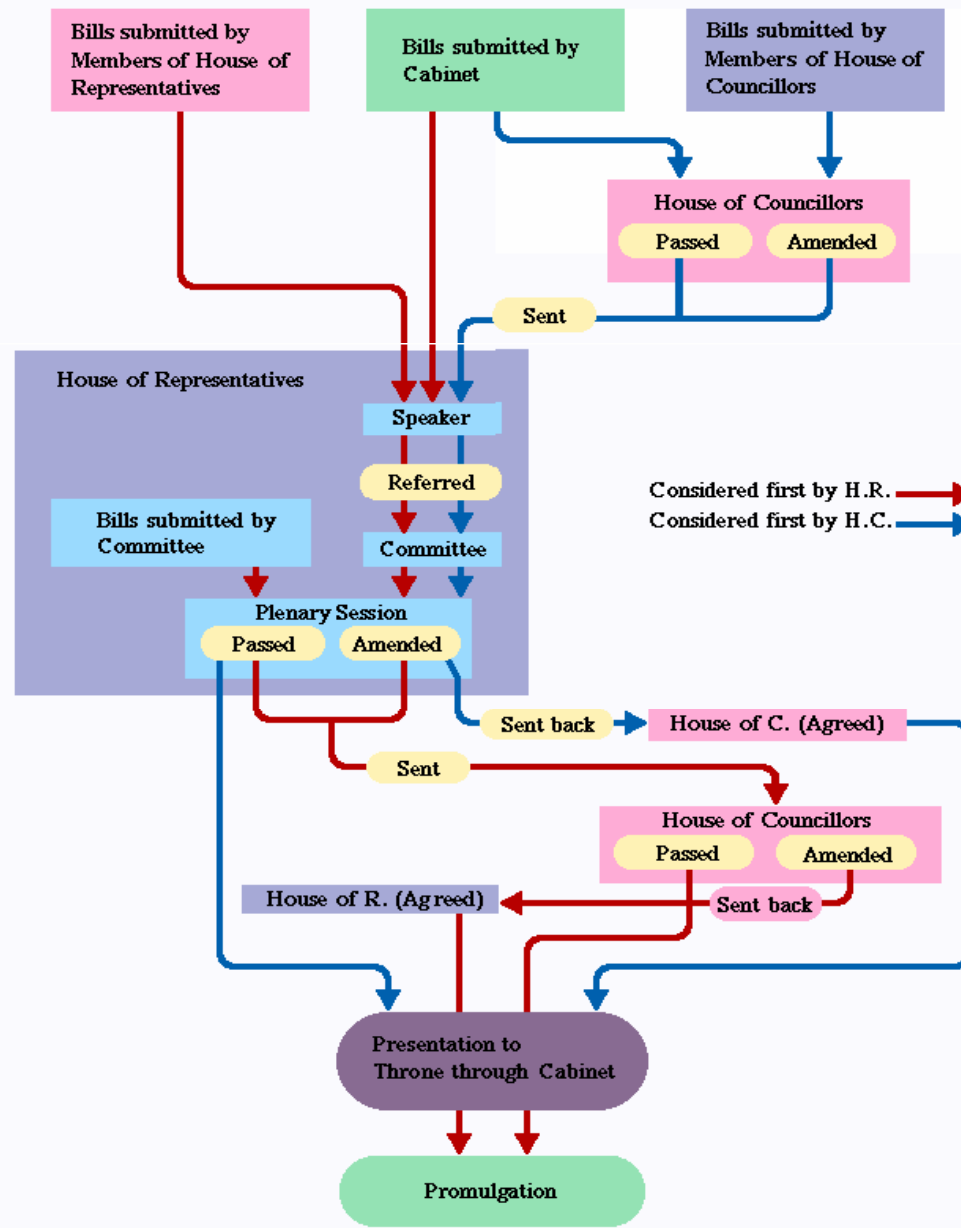
The Diet (Bicameral system)



The House of Representatives		The House of Councillors
480	Membership	242
4 years	Term	6 years
Over 20 years old	Suffrage <small>(full fledged universal suffrage since 1945)</small>	Over 20 years old
Over 25 years old	Eligibility for election	Over 30 years old
① Single-seat constituency: 300 ② Proportional representation: 180	Election system	① Prefectural constituencies: 146 ② Proportional representation: 96
Yes	Dissolution	No

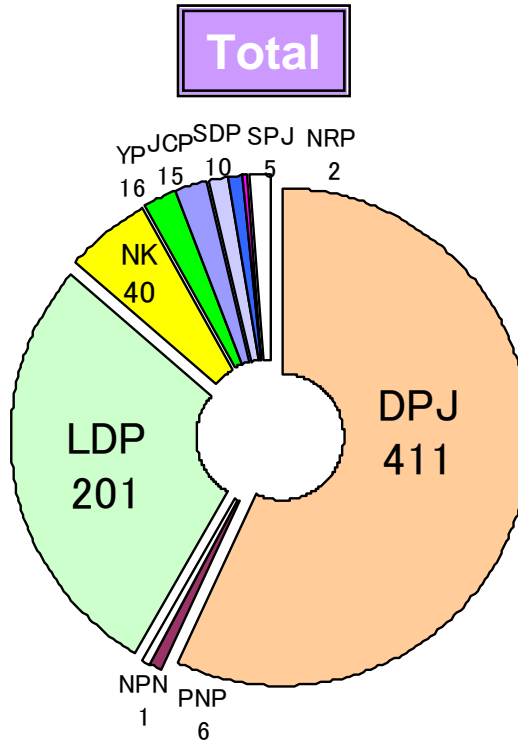
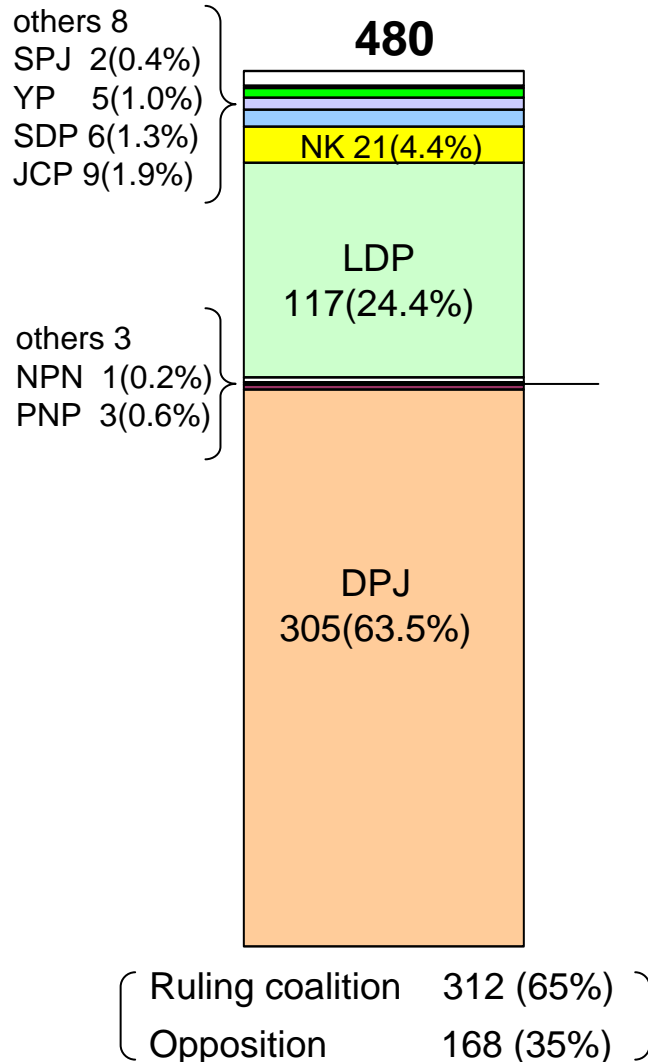
Diagram of Legislative Procedure

(Regular procedure for ordinary, non-urgent bills)

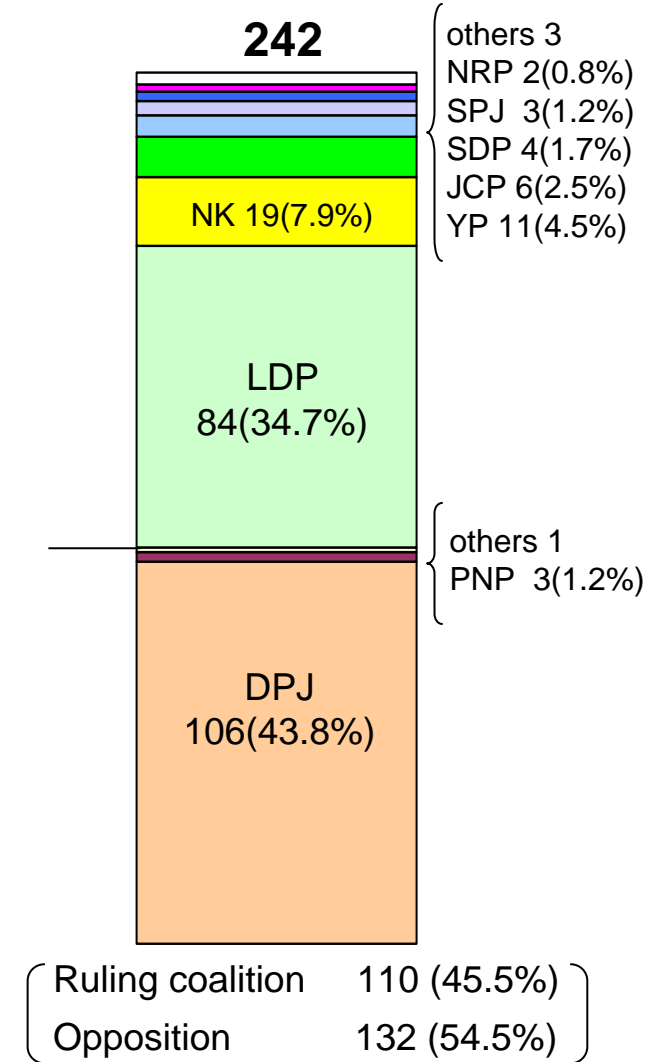


Strength of Political Groups

House of Representatives



House of Councillors



Parliament Activities

Japanese Parliament

Year	Government bills		Members' bills	
	Passed	(submitted)	Passed	(submitted)
2005	97	(113)	25	(77)
2006	102	(103)	21	(77)
2007	104	(107)	35	(108)
2008	77	(95)	18	(75)
2009	76	(81)	24	(101)
2010	47	(84)	22	(84)

(Swedish Parliament)

Year	Acts	Government bills	Members' motions
		(submitted)	(submitted)
2007-2008	82	(168)	(3577)
2008-2009	93	(232)	(3961)
2009-2010	108	(246)	(4022)

Assessment of the current economic state **(January, Cabinet office)**

- As for short-term prospects, although some weak aspects remain for a while, the economy is expected to be picking up, reflecting improvement in overseas economies and the effects of various policy measures.
- On the other hand, there are the risks that the economy is depressed by a possible showdown in overseas economies and fluctuations in exchange rates.
- It should also be noted that there is still a risk of the influence of deflation on the economy and a concern about a possible deterioration of the employment situation.

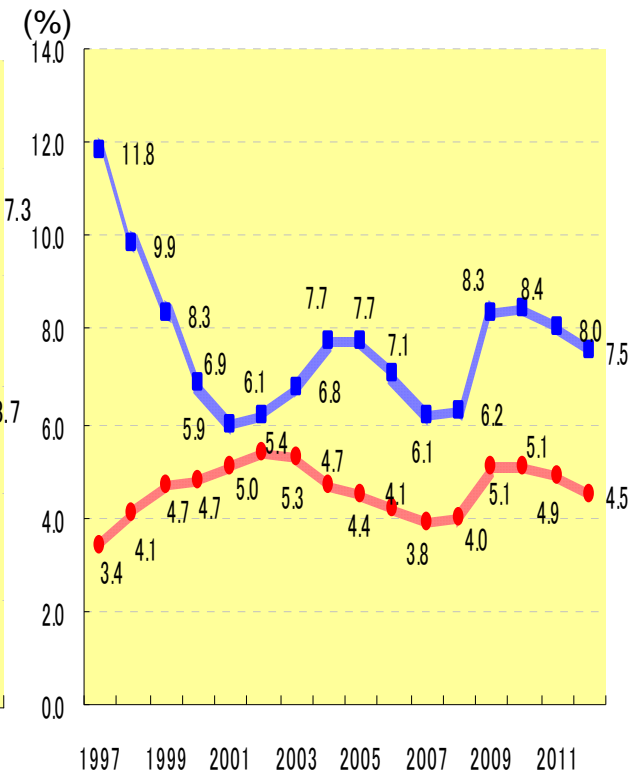
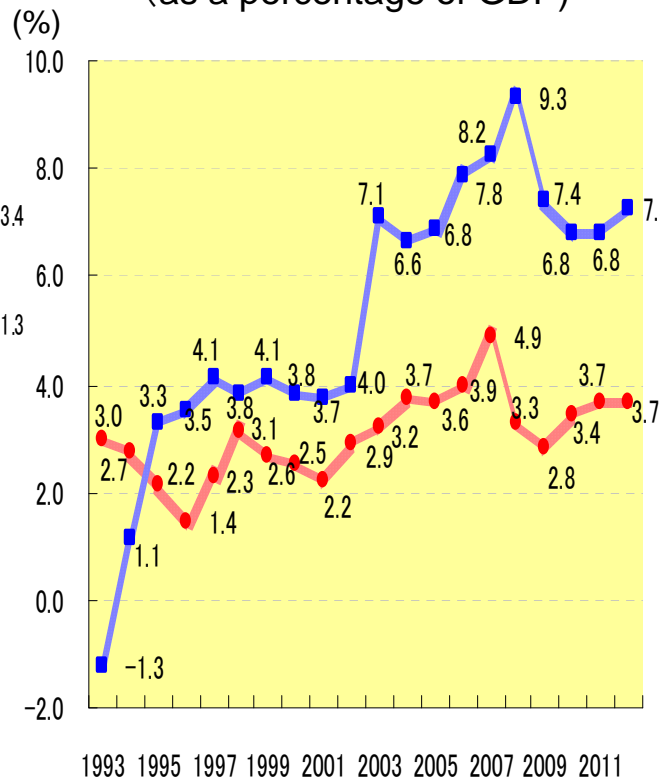
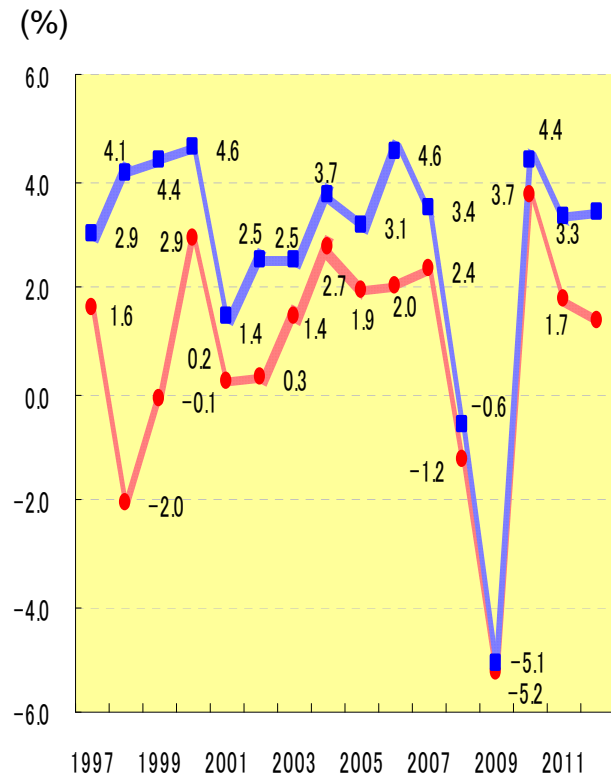
Key Economic Indicators



■ Real GDP Growth ■

■ Current account balance ■
(as a percentage of GDP)

■ Unemployment rate ■

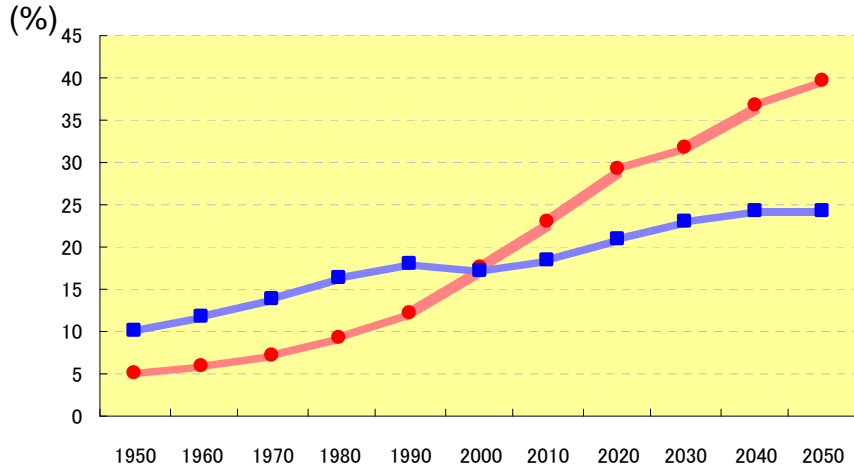


Source: OECD Economic Outlook 88 database (December 2010)

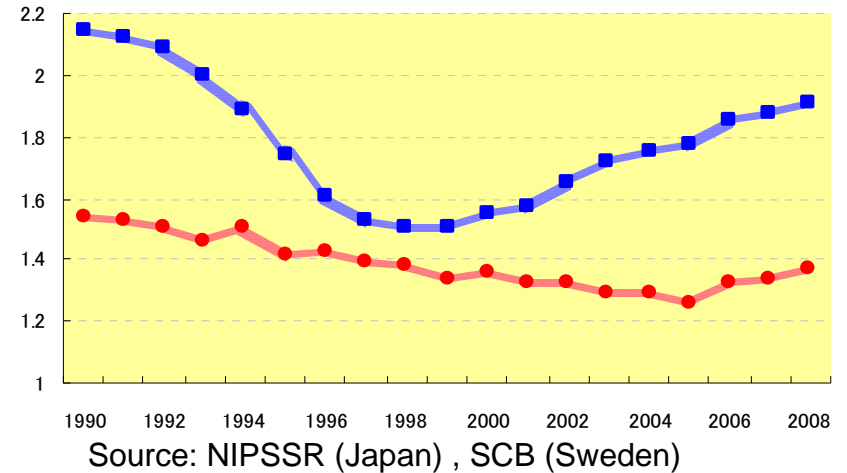
Demographic Situation



Population aged 65 and over (Proportion)

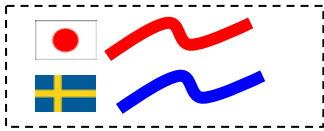


Total Fertility Rate

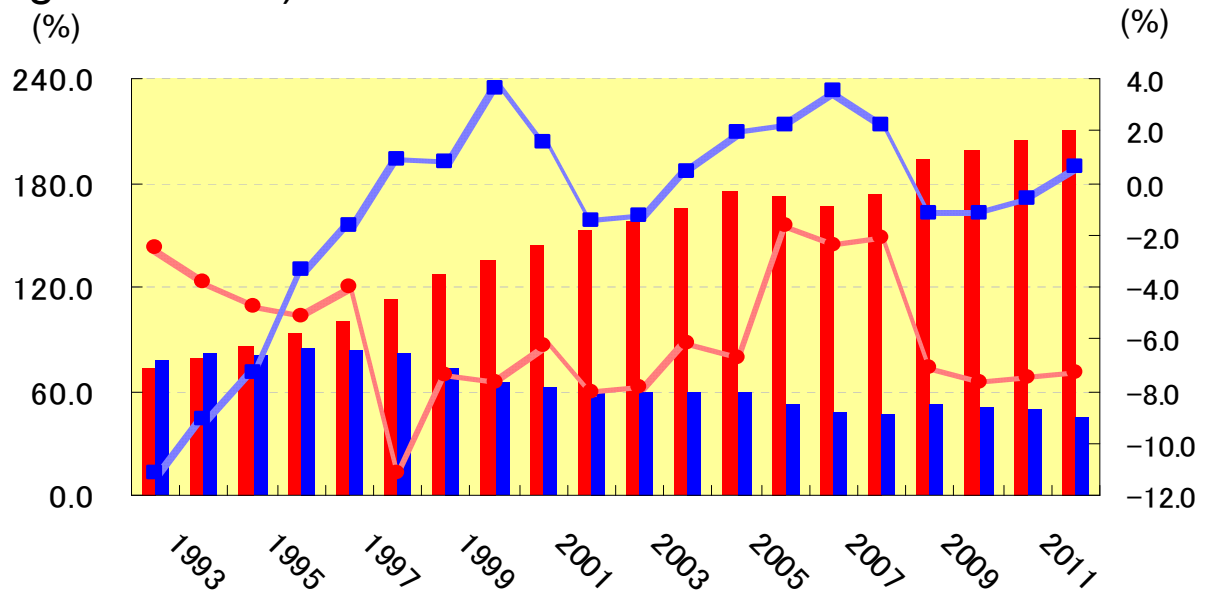
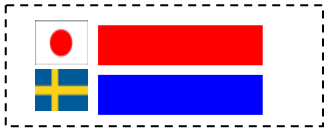


Fiscal Situation (General government)

Financial balance (Per cent of nominal GDP)



Gross financial liabilities (Per cent of nominal GDP)



Other economic indicators

(¥ 100 million)

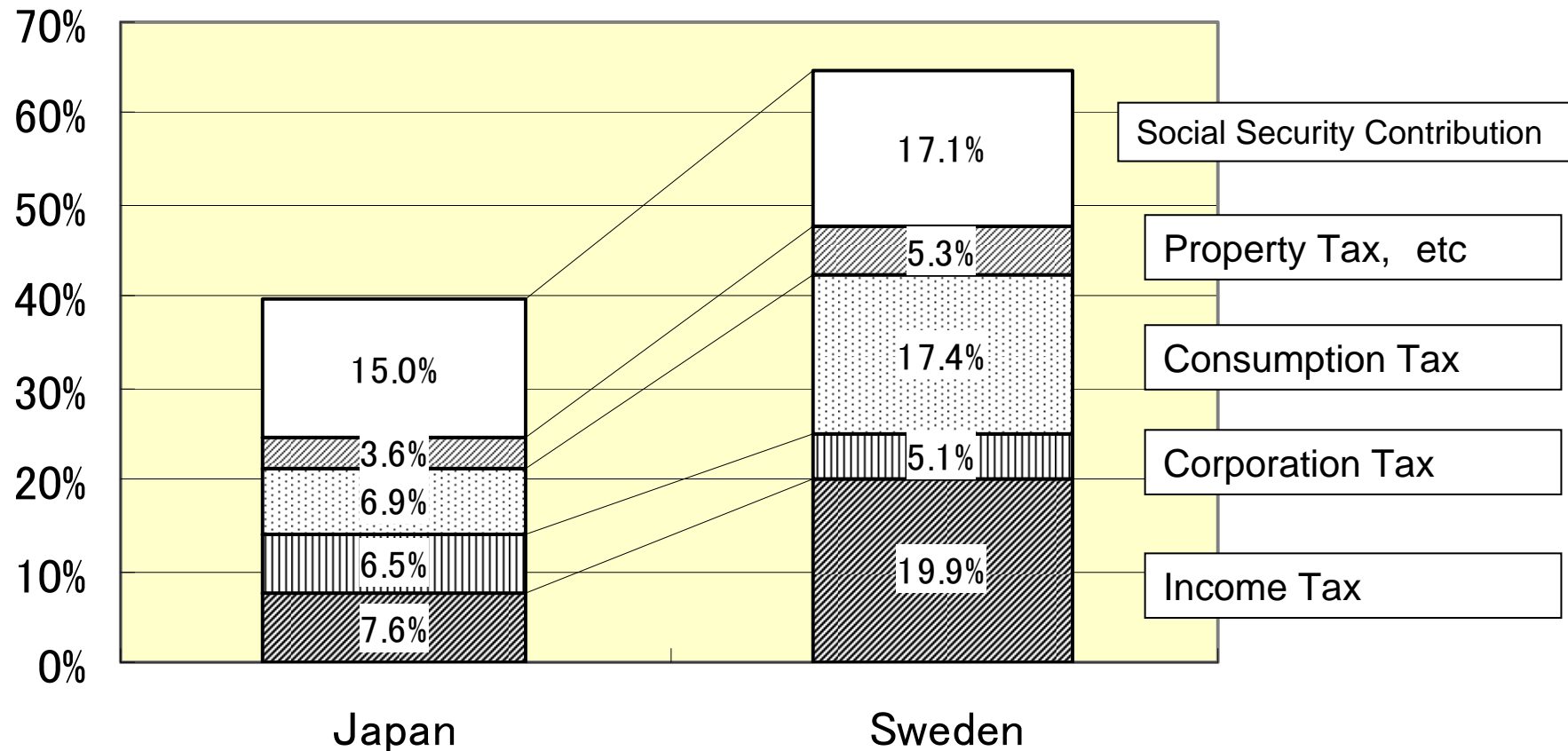
	2009	2010
Current Account	132,867	170,801
Trade Balance	40,381	79,969
Foreign direct investment (net)	- 69,896	- 49,792
Inward direct Investment (net)	11,171	-1,447

	2009	2010
Industrial Production Index (2005 = 100)	89.7 (Dec)	94.6(Dec)
Consumer Price Index (2005 = 100)	99.6 (Dec)	99.6(Dec)
Stock Price	10,194.50 yen (Dec)	10,257.35 yen (Dec)
Interest Rate	0.10%	0.0~0.10%
Wage Growth (year to year)	-3.8%	0.9% (3Q)

Foreign Trade per GDP	2008	2009
Japan	17.5%	12.6%
Sweden	53.5%	48.4%

Tax and Social security burden ratio (2007)

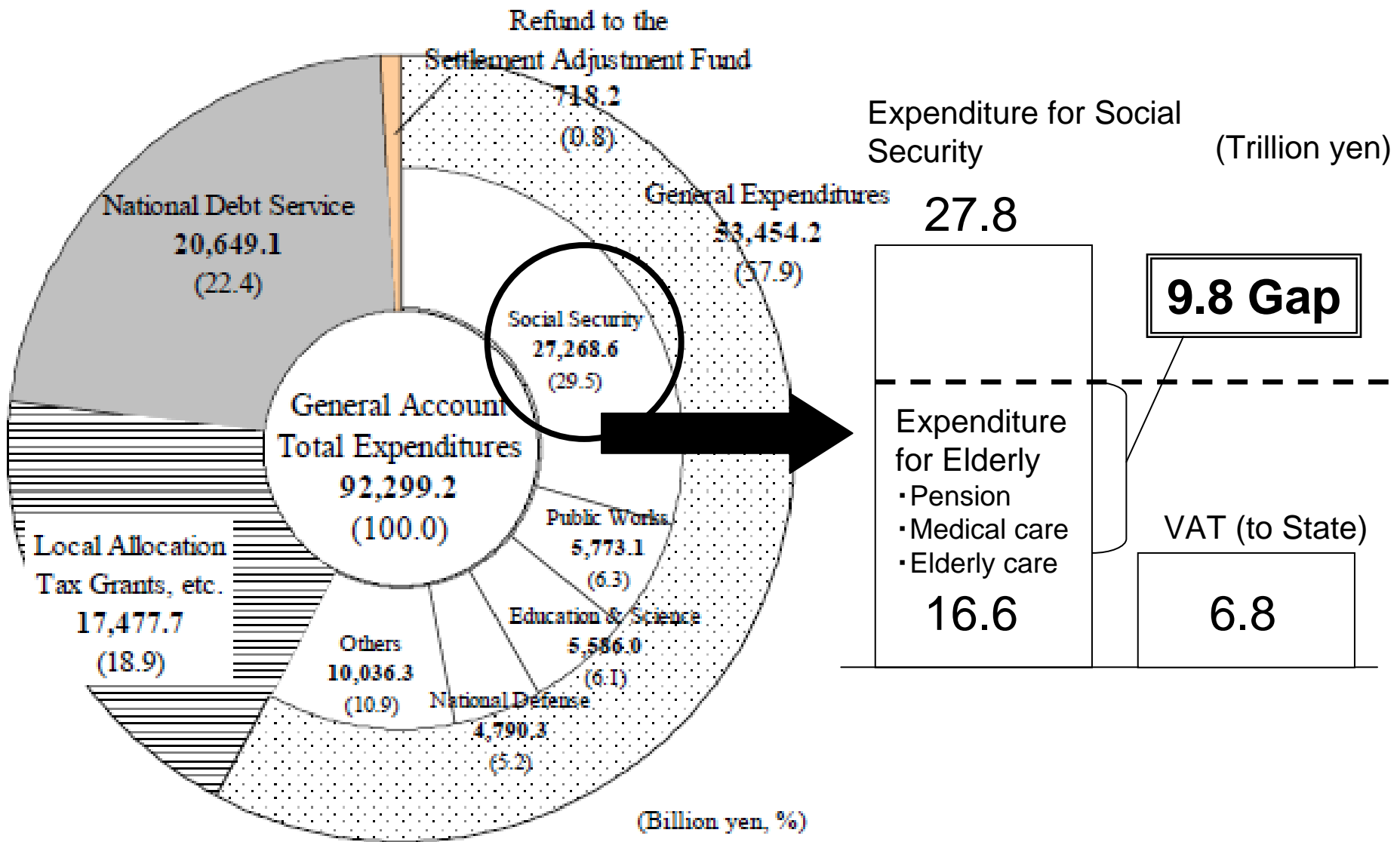
(Percentage of National Income)



Source: OECD, Ministry of Finance Japan

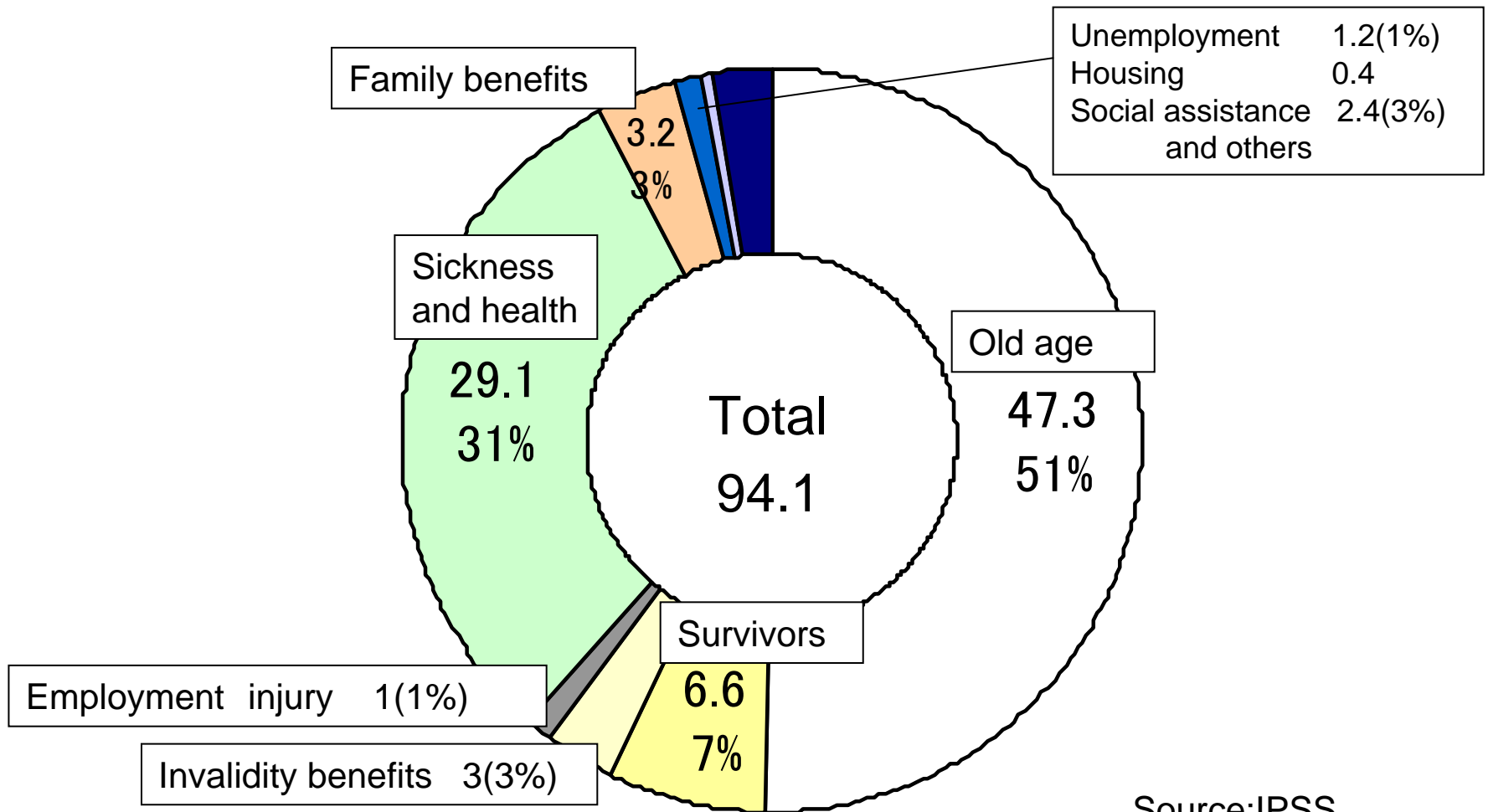
Budget(FY2010,General Account)

FY2010 Initial Budget



Social Security Expenditure (2008)

(Trillion yen)



Source:IPSS

Trade Union and Wage determination mechanism

Rate of trade union organization

Year	Rate
1980	30.8
1985	28.9
1990	25.2
1995	23.8
2000	21.5
2005	18.7
2010	18.5

Wage determination mechanism

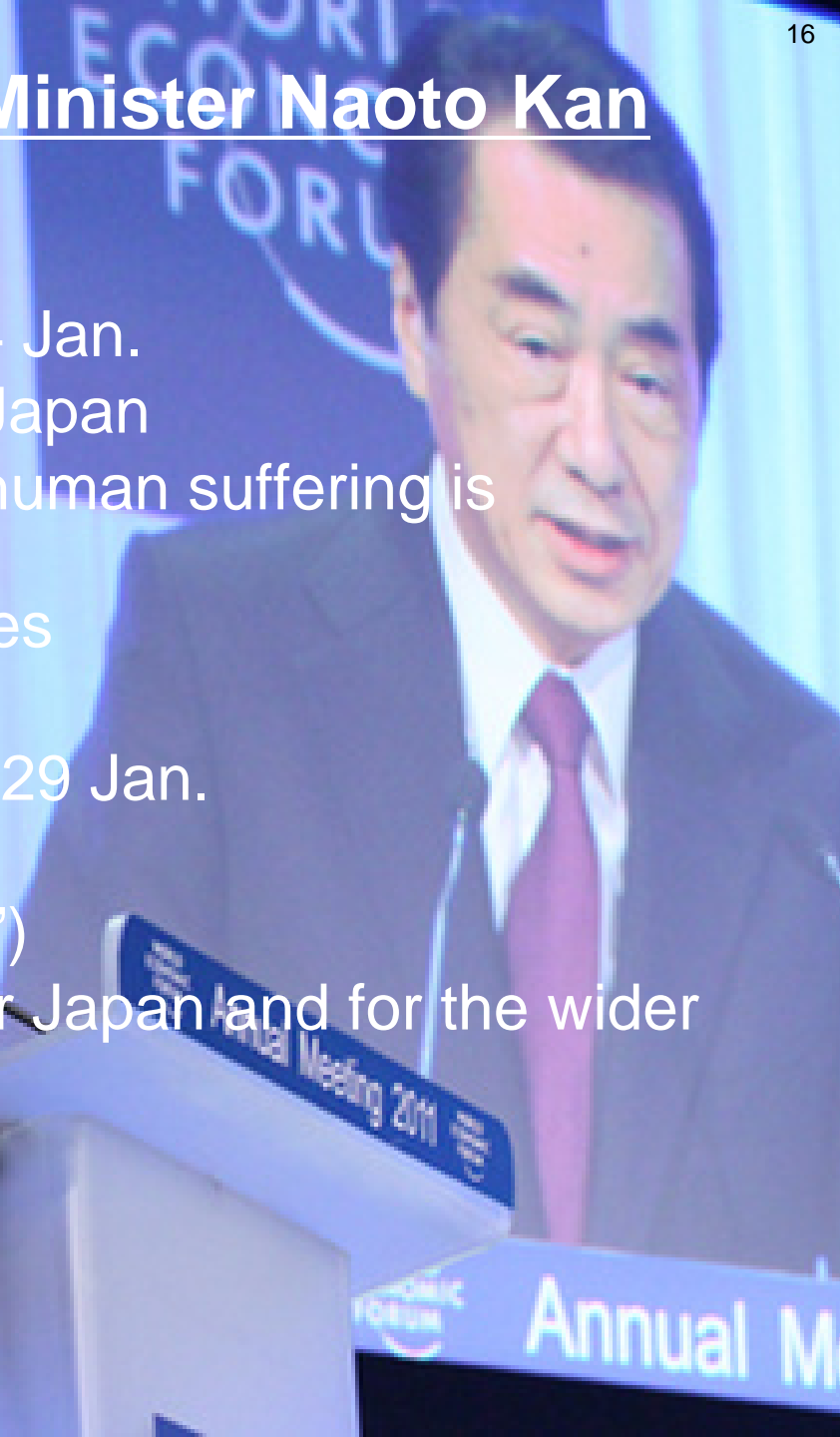
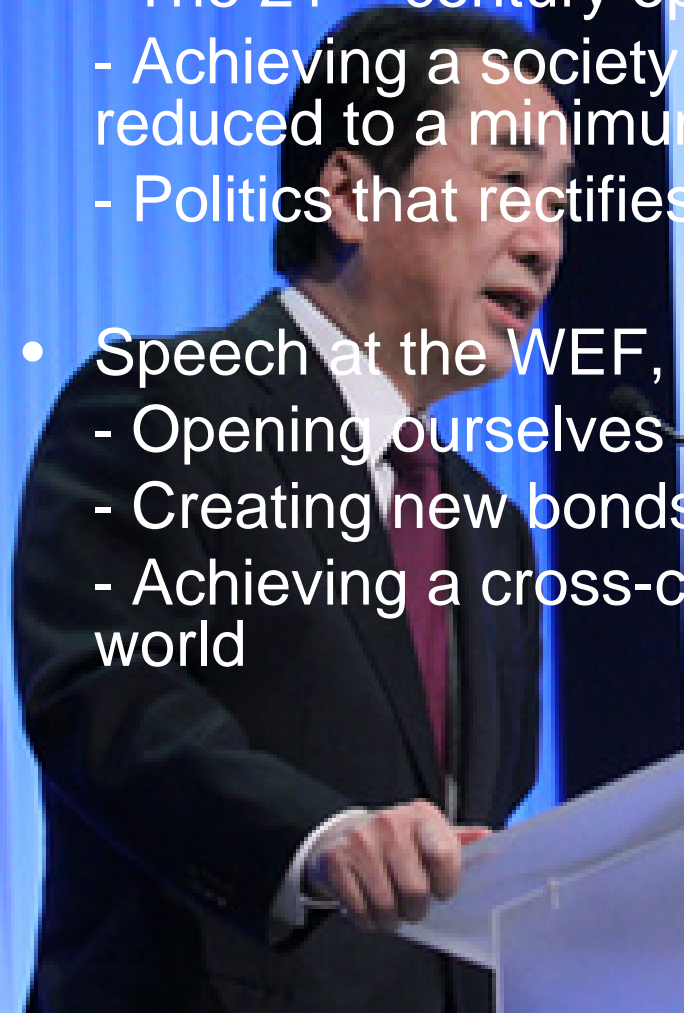
- Every early spring (February and March), Employer and Trade Union negotiate working conditions (include wage)
(Labor negotiations called “Syuntou”)
- Wages are revised based on the results.
- ※ In Japan, there is legal minimum wage.
(Minimum wage act)

Major trade union (national center)

- Japanese Trade Union Confederation (JTUC)
- Japan Council of Metalworkers' Unions (IMF-JC)
- Zenroren

Recent Speeches by Prime Minister Naoto Kan

- Policy speech at the Diet on 24 Jan.
 - The 21st -century opening of Japan
 - Achieving a society in which human suffering is reduced to a minimum
 - Politics that rectifies absurdities
- Speech at the WEF, Davos on 29 Jan.
 - Opening ourselves up
 - Creating new bonds (“Kizuna”)
 - Achieving a cross-coupling for Japan and for the wider world

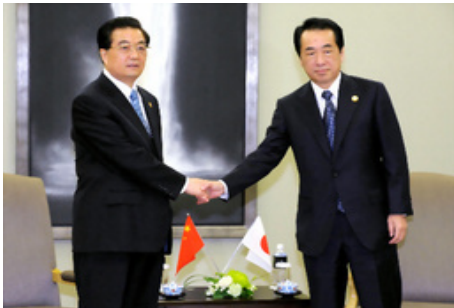


5 basic principles for the reform of the social security system

- A format that encompasses all generations
- Investing in the future
- Benefits in the form of support-type services
- Overcome vertical divisions in the systems and in public administration to provide comprehensive assistance that takes the viewpoint of the person receiving the service.
- Ensure stable fiscal resources so that the burden is not passed on to future generations.

Lecture presentation on foreign policy by Prime Minister Naoto Kan on 20 Jan.

- The Japan-US alliance as the cornerstone of Japanese foreign policy
- The new development of foreign relations with Asia
- The promotion of economic diplomacy
- Efforts to address global issues
- Japan itself responding with precision to the security environment surrounding it



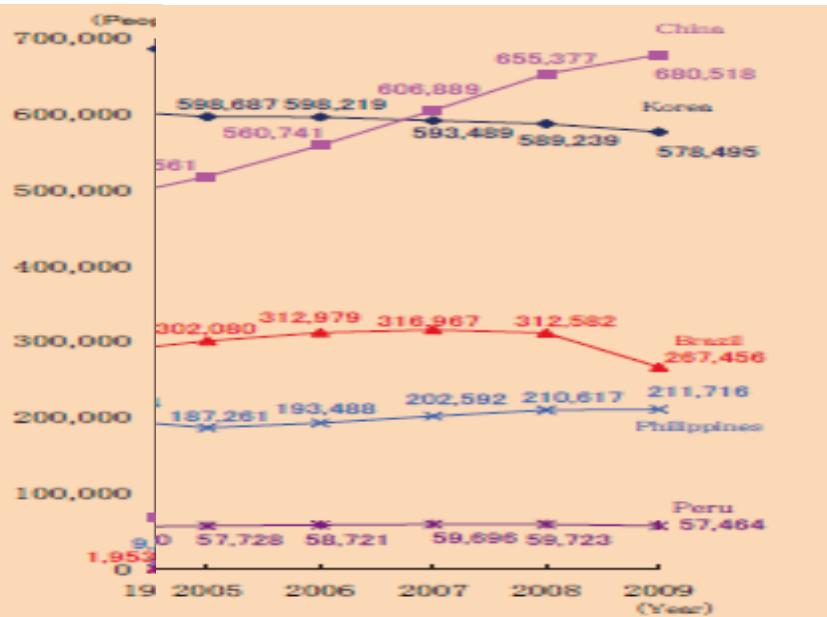
Education in Japan

2010	Number of Schools	Number of Students	Number of Teachers
Elementary School	22,000	6,993,376	419,776
Junior High School	10,815	3,558,166	250,899
High School	5,116	3,368,693	238,929
University/ College	778	2,887,414	174,403

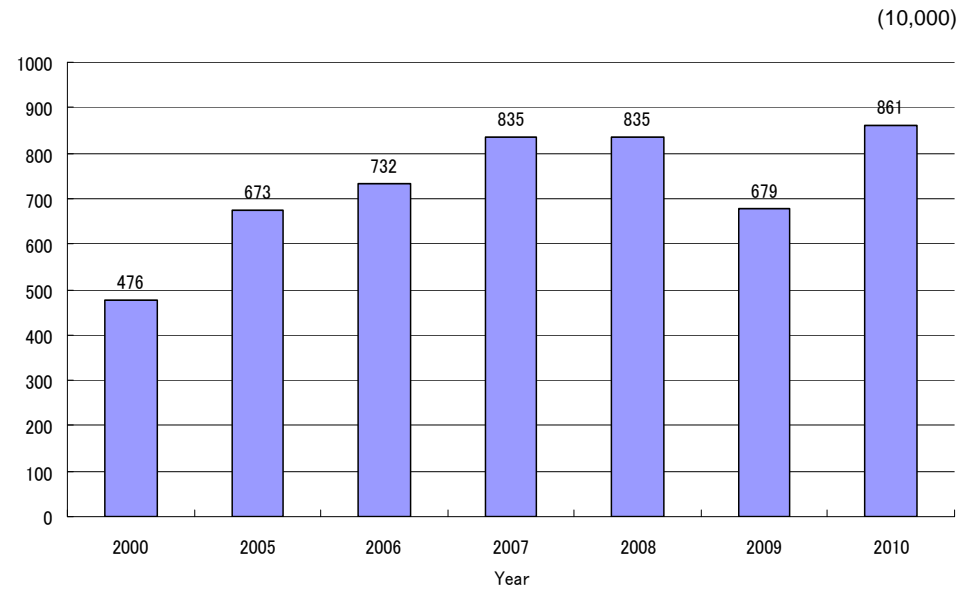
OECD PISA (The Programme for International Student Assessment)	Overall Reading scale	Mathematics scale	Science scale
PISA 2009 Ranking	8th	9th	5th
PISA 2006 Ranking	15th	10th	6th
PISA 2003 Ranking	14th	6th	2nd
PISA 2000 Ranking	8th	1st	2nd

Foreigners in Japan

Registered foreign nationals

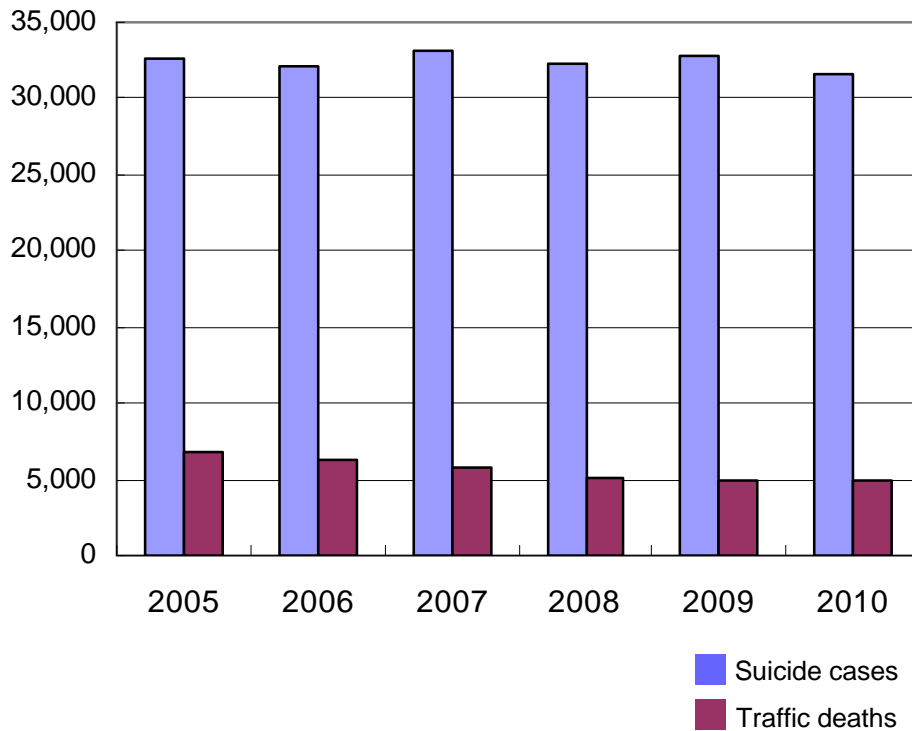


Foreign tourists to Japan

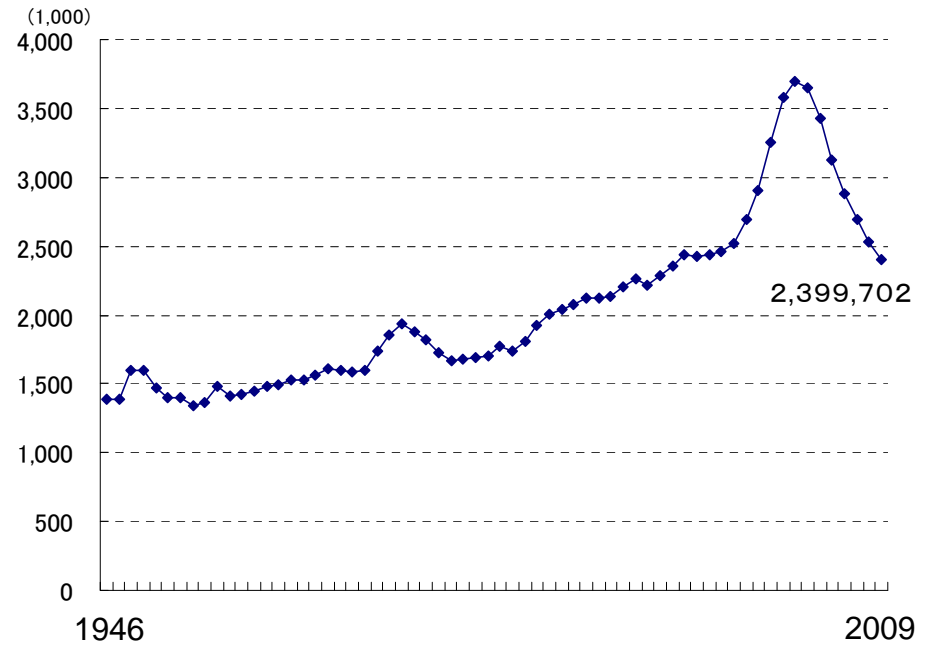


Other Social Indicators

Number of Suicide cases and Traffic deaths



Number of reported cases for penal code offenses



Main political agenda in the 1st half of 2011

- Passing the fiscal 2011 budget in the divided Diet
- April's gubernatorial, mayoral and local assembly elections
- Joining the Trans-Pacific Partnership (TPP) negotiations
- Starting nonpartisan deliberations on social welfare and tax reform including a consumption tax hike



High level visits

- Japan→Sweden
 - T.M. Emperor and Empress (2007)
 - H.I.H. Crown Prince(2010)
 - Vice-Speaker Eto of the Lower House (2009)
 - Prime Minister Koizumi (2006)
 - Education and Science Minister Takaki (2010) etc
- Sweden→Japan
 - T.M. King and Queen (2007)
 - H.R.H. Crown Princess (2005)
 - Speaker Westerberg of Riksdagen (2010)
 - Prime Minister Reinfeldt (2008)
 - Justice Minister Ask (2011) etc



Policy dialogue

- Political consultation (held on ad hoc basis, but recently once a year)
- Trade and economic consultation (so far 26 times)
- MoD dialogue (the 1st dialogue held on 10 Feb.)
- Joint committee on science & technology (so far 4 times)
- Social security pact and an agreement on exchanging financial information related money laundering and terrorist financing in sight



Cooperation for world's peace

- Japan Self Defense Force (JSDF) personnel to Swedish International Center (SWEDINT)
- Folke Bernadotte Academy (FBA) instructors to Hiroshima Peacebuilding Center (HPC)
- Off the coast of Somalia operations against piracy on the high seas
- Seminar and exhibition on nuclear non-proliferation and disarmament



Defense forces

2009	Japan	Sweden
Defense budget	US\$52.6 billion	US\$5.61 billion
Defense budget per GDP	0.99%	1.3%
Defense forces	230,300	13,050

(The Military Balance 2010)



Trade and investment

- As trade partner, Japan ranked 18th in Sweden's export (timber, optical and communication equipment) and 14th in import (vehicle, video equipment) (2009, SCB)
- Investment flow (1983-2009) (1\$=83\)
 - To Japan \$ 812 million (IKEA, H&M)
 - To Sweden \$2,845 million (BT industry, Garphyttan)
- Japan External Trade Organization (JETRO)
Swedish Trade Council and Invest Sweden



Toward Japan-EU EPA

- Japanese and EU leaders agreed to comprehensively strengthen the Japan-EU relationship in the annual Japan-EU summit on April 2010
- Established a Joint High Level Group (JHLG)
- Japan-EU EPA is the key to strengthening both economic and political cooperation
- Completion of a few specific non-tariff issues in JHLG on December 2010
 - ① Guideline for advanced Automobile Safety Technology
 - ② Government Procurement
 - ③ Wooden Construction Materials
 - ④ Medical Devices

→ Next Japan-EU summit in May



Social security cooperation

- Frequent study-visits of Japanese MPs to Sweden (Lower House committee on Health, Labor and Welfare etc) and less frequent visits of Swedish MPs and Ministers (Göran Hägglund and Maria Larsson etc) to Japan
- Local and inter-institutional exchange (Umeå & Fukushima Pref., Silviahemmet & Japan Sweden Care Institute (JSCI))



Science and technology cooperation

- Bilateral agreement on S&T cooperation (January 1999)
- Japan Society for the Promotion of Science (JSPS) opened a regional office in Stockholm (May 2001)
- Numerous and increasing research cooperation (ex. Brain research between Karolinska Institute and RIKEN)
- Gross Domestic Expenditure on Research and Development
Japan 3.4% Sweden 3.75% (2008)
(3rd in OECD) (2nd in OECD)
(funded by industry 78%) (funded by industry 64%)



Cultural and people-to-people exchanges

- Increasing popularity of Japanese food and popular culture
- Rise of the number of Swedish tourists to Japan (7,000(00)→14,000(now)) and students learning Japanese (1,400(06)→ 2,500(now))
- Local communities exchanges between Leksand & Tobetsu, Nyköping & Oarai etc
- Swedish design and music highly appreciated, and “Millenium” as one of the best-sellers in Japan



The way ahead

- International arena
As democracies, sharing such fundamental values as freedom, human rights, the rule of law and market economy, we can further enhance our cooperation so as to address and solve major global issues.
- Domestic front
Facing common domestic challenges in socio-economic fields such as ageing society and job creation etc, we can mutually benefit from up-graded interchange of our experience and knowledge.

