Japan at the crossroads

19 August, 2010
Embassy of Japan
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1. Political situation in Japan

- Change of ruling party
  1952-2009  Liberal Democratic Party
  2009- Democratic Party of Japan

Naoto Kan  Prime Minister of Japan
Ichiro Ozawa Former S.G. DPS
1. Political situation in Japan

“Twisted Parliament”

- Difficulty in passing bills
- Each party must cooperate issue by issue
Strength of the Political Groups

- DPJ (Democratic Party of Japan), PNP (People’s New Party), N (Nippon)
- LDP (Liberal Democratic Party)
- NK (New Komeito)
- JCP (Japanese Communist Party)
- SDP (Social Democratic Party)
- YP (Your Party)
- SPJ (Sunrise Party of Japan)
- GILN (Group for upholding the interest and life of the Nation)
- Independents and others
Major Economic Indicators

Real GDP Growth Rate

Cyclical Index (Coincident CI)

Note: seasonally-adjusted figures
Source: Cabinet Office

Stock Prices (Nikkei)

Yen/Dollar Rate

Note: Shadowed areas indicate recession.
Source: Cabinet Office

Source: Datastream
Major Economic Indicators(2)

**Tankan Survey**

- **Price Indices**
  - Consumer Price Index
  - Corporate Goods Price Index
  - *general, excluding fresh food

**Employment Situation**

- Unemployment Rate
- Effective Job Offers-to-Applicants Ratio

**Consumption**

- Synthetic Consumption Index

*Note: seasonally-adjusted figures
Source: MIC, MHLW
Source: Cabinet Office
Major Economic Indicators

**Export and Production**

- (2005=100)
- **Export Volume Index**
- **Index of Industrial Production**

**Current Account**

- (100 million yen)
- Note: seasonally-adjusted figures, Sources: BOJ, METI

**Supply-Demand Gap and Inflation**

- (trillion yen)
- **Output gap**
- **Consumer Price Inflation**

**Progress of NPLs Disposal (Major Banks)**

- (trillion yen)
- **NPLs ratio**

*Note: seasonally-adjusted figures, Sources: MOF*  

*CPI: general, excluding fresh food  
Source: Cabinet Office, MIC*  

*Source: Financial Services Agency*
New Growth Strategy (1)

The Japanese economy has continued to stagnate for nearly 20 years since the collapse of the bubble economy at the beginning of the 1990s.

Revitalization of Japan

To achieve nominal & real growth of 3% and 2%
To return consumer prices to positive increase in FY2011
To lower the unemployment rate to 3-4%
the New Growth Strategy (2)

Demand-led Growth with 7 strategic areas;
(1) Green Innovation
(2) Life Innovation
(3) Asia
(4) Tourism-oriented national & local revitalization
(5) Science and Technology, IT oriented nation
(6) Employment & human resources
(7) Financial sector

strong economy
robust public finances
strong social security
Fiscal Consolidation

Public Debt Stock: As a Percentage of GDP

Fiscal Deficit: As a Percentage of GDP

Source: OECD, Economic Outlook No.86
3.(1) Outline of Bilateral relationship

☆ Solid relationship: 100th Anniversary in 2005

☆ Maritime nation: Fishing, Shipping

☆ Royal/Imperial friendship

☆ Civil Society: Sushi, Japanese Language
3.(2) Economic relationship
Export 2009

Japan: 1%
- USA: 4.8%
- Europe: 82.8%
- Asia: 7.5%
- Oceania: 0.2%
- Middle East: 0.7%
- Africa: 0.8%
- Others: 2.7%
- South America: 0.6%

Norway: 0.2%
- Car: 3.2 bil NOK (29.8%)
- Electronics etc.: 2.4 bil NOK (22.9%)

What is the biggest item...?

NB! Middle East: UAE, Bahrain, Iraq, Iran, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, Yemen
3.(2) Economic relationship
Government Pension Fund Global

- Stock Investment: 5.31%
  - 87.3 billion NOK
  - 1,313 companies:
    - ex. Toyota (3.64 billion NOK)
    - Bank of Tokyo-Mitsubishi UFJ (2.79 billion NOK)

- Bond Investment: 4.43%
  - 44.1 billion NOK
  - Government Bond>>> 99.1%
3.(2) Economic relationship Import 2009

**Japan: 2.5%**
- South America: 3.7%
- Africa: 1.8%
- Oceania: 0.2%
- Middle East: 2.2%
- Others: 2.6%
- Asia: 15.8%
- USA: 6.1%
- Europe: 71%

**Norway: 0.3%**
- Chemicals: 2.8 bil NOK (35.8%)
- Seafood: 2.1 bil NOK (26.6%)
- South America: 1.6%
- Asia: 44.6%
- Middle East: 16.8%
- Europe: 14%
- USA: 10.7%
- Oceania: 6.9%
- Others: 1.7%
3.(3) Cooperation in global issues

- United Nations
  - MDGs: Health
  - SC Reform

- Stability
  - Afghanistan

- Climate Change
  - REDD+
  - Biodiversity COP10

- Disarmament & Non Proliferation

- Arctic

- Whaling

- Rule of Law
- Human Rights
- Democracy
4. Security Environment in East Asia

- Japan: A non-nuclear arms state, and a militarily non-threatening and peace-oriented nation
  - Significant contribution to the regional security

- East Asia: Multilateral security institution not developed

- The Japan-US Security Arrangements: Cornerstone of Japan’s diplomacy and security policy

- Japan’s neighbouring countries:
  - China / North Korea / Russia / South Korea

- Japan: Coping with threats and uncertainty in the region
  - Consolidation of the Japan-US alliance
  - Japan’s non-nuclear arms status
**Major Military Forces in East Asia**

(Approximate Figures)

- **Japan** (total 247,000)
  - 138,000 ground troops
  - 148 vessels - 435,000 tons
  - 430 aircraft

- **U.S. Forces in Japan**
  - 18,000 ground troops
  - 140 aircraft

- **U.S. 7th Fleet**
  - 20 vessels - 334,000 tons
  - 60 aircraft (aboard ships)

- **China** (total 2.2 million)
  - 1.6 million ground troops
  - 10,000 marines
  - 890 vessels
  - 1,320,000 tons
  - 1,980 aircraft

- **North Korea** (total 1.1 million)
  - 1 million ground troops
  - 650 vessels - 107,000 tons
  - 580 aircraft

- **ROK** (total 690,000)
  - 560,000 ground troops
  - 25,000 marines
  - 190 vessels - 154,000 tons
  - 530 aircraft

- **U.S. Forces in the ROK**
  - 17,000 ground troops
  - 60 aircraft

- **Russian Forces in the Far East**
  - 90,000 ground troops
  - 240 vessels - 550,000 tons
  - 600 aircraft

- **Taiwan**
  - 200,000 ground troops
  - 15,000 marines
  - 330 vessels - 207,000 tons
  - 530 aircraft

Source: Japan Ministry of Defense

“Defense of Japan 2009”
Japan Ministry of Defense Homepage
Tusen takk for oppmerksomheten, og ha en fin reise!
5. Appendix
Japan in comparison with Norway
1. Geography

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total area (sq km²)</td>
<td>377,835</td>
<td>323,802</td>
</tr>
<tr>
<td>Coastline (km)</td>
<td>29,751</td>
<td>25,148</td>
</tr>
<tr>
<td>Arable land (%)</td>
<td>11.64</td>
<td>2.7</td>
</tr>
<tr>
<td>Land boundaries (km)</td>
<td>0!</td>
<td>2,542</td>
</tr>
</tbody>
</table>
## Japan in comparison with Norway

### 2. People

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (2010)</td>
<td>127,738,000</td>
<td>4,858,200</td>
</tr>
<tr>
<td>Density of population</td>
<td>338</td>
<td>15.0</td>
</tr>
<tr>
<td>(population/km²)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median age (years, 2009 est.)</td>
<td>44.2</td>
<td>39.4</td>
</tr>
<tr>
<td>Total fertility rate</td>
<td>1.37 (2008)</td>
<td>1.98 (2009)</td>
</tr>
<tr>
<td>Population growth(%, 2009)</td>
<td>-0.13 %</td>
<td>+1.23 %</td>
</tr>
<tr>
<td>Life expectancy at birth</td>
<td>86.1 / 79.3 (2008)</td>
<td>83.1 / 78.6 (2009)</td>
</tr>
<tr>
<td>(years, woman/man)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Statistics Bureau Japan, Statistisk sentralbyrå, Japanese Ministry of Health, Labor and Welfare and CIA Fact book
# Japan in comparison with Norway

## 3. Government

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government type</strong></td>
<td>Constitutional monarchy with parliamentary democracy</td>
<td>Constitutional monarchy with parliamentary democracy</td>
</tr>
<tr>
<td><strong>Independence</strong></td>
<td>660 B.C (traditional date of the founding of the nation by Emperor Jimmu, recognized by Emperor Meiji in 1873)</td>
<td>7 June 1905</td>
</tr>
<tr>
<td><strong>National holiday</strong></td>
<td>Birthday of Emperor Akihito, 23 December (1933)</td>
<td>Constitution Day, 17 May (1814)</td>
</tr>
<tr>
<td><strong>Constitution</strong></td>
<td>3 May 1947</td>
<td>17 May 1814</td>
</tr>
</tbody>
</table>
## 3. Government

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of state:</td>
<td>Emperor Akihito</td>
<td>King Harald V</td>
</tr>
<tr>
<td>Head of government:</td>
<td>Prime Minister Naoto Kan</td>
<td>Prime Minister Jens Stoltenberg</td>
</tr>
<tr>
<td>Executive branch</td>
<td>Cabinet appointed by the Prime Minister</td>
<td>Council of State appointed by the monarch with approval of Parliament</td>
</tr>
<tr>
<td>Cabinet:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legislative branch</td>
<td>Bicameral Diet (Kokkai)</td>
<td>Modified unicameral Parliament (Storting)</td>
</tr>
<tr>
<td>Judicial branch</td>
<td>Supreme Court</td>
<td>Supreme Court</td>
</tr>
</tbody>
</table>
# Japan in comparison with Norway

## 4. Economy

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP (PPP) (2009 est.)</strong></td>
<td>5 068 billion US dollars</td>
<td>382 billion US dollars</td>
</tr>
<tr>
<td><strong>GDP per capita (PPP) (2009)</strong></td>
<td>32 608 US dollars</td>
<td>52 561 US dollars</td>
</tr>
<tr>
<td><strong>GDP real growth rate (2009 est.)</strong></td>
<td>- 5.3%</td>
<td>-1.6%</td>
</tr>
<tr>
<td><strong>GDP composition by sector (2009 est.)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture:</td>
<td>1.6%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Industry:</td>
<td>21.9%</td>
<td>39.5%</td>
</tr>
<tr>
<td>Services:</td>
<td>76.5%</td>
<td>58.3%</td>
</tr>
</tbody>
</table>

Sources: World Bank, IMF, SSB, CIA World Fact book