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## Annex I

**Assessment of the government's structural reform programmes**

This Annex reviews the government's reform programme in detail so as to support the overall assessment in the *Survey*. The measures of particular importance are discussed further in the text. Conversely, a number of less important measures are not covered in the text but are taken into account here. Tax reform measures are not considered due to their highly specific nature. The programme is assessed from two perspectives: the progress in implementation which simply checks what has and has not been done and; the degree to which the measures serve original policy goals. As for the *stage of implementation* (column "Progress"), the rating is 0 for the discussion stage, 1 for having a concrete plan, 2 for a preparatory stage of necessary legislation, and the maximum 3 for the passage of legislation. As for *fulfilling policy objectives* (column "Quality"), it is measured against the deviation from the objectives set in the June 2001 programme. The rating hence ranges from 0 for plans and legislation that are not compatible with original goals (all reforms at a discussion stage are automatically rated zero) to the maximum 3 for those that broadly meet original objectives. The ratings of 1 and 2 respectively represent large and small deviations from the June 2001 objectives. The distinction between 1 and 2 is inevitably somewhat arbitrary in some cases.

| Reform objectives   | Action  | Progress | Quality |
|---|---|----------|---------|
| <b>1. Privatisation and corporatisation of public service</b>   |   |          |         |
| 1. Review the roles of postal savings, insurance and mail-delivery services including the possibility of privatisation. | a) Laws for establishing public postal corporation passed the Diet. The entry barriers to mail delivery market are very high. The role of postal saving and insurance remains unchanged.  | 3        | 1       |
|   | b) There is no consensus on privatising this corporation, though the discussion continues.  | 0        | 0       |
| 2. Promote privatisation of public corporations and reduce subsidies to them.   | Of 163 special-status public corporations, 17 are to be abolished, 45 to be privatised, and 38 to be made independent agencies. Specific reform plans are still under discussion. FY 2002 budget cut subsidies for public corporations by 1 trillion yen. | 1        | 2       |
| 3. Review the function of public financial institutions.  | a) The Government Housing Loan Corporation is to be abolished by FY 2006.   | 2        | 3       |
|   | b) Reform in other major public financial institutions is under consideration.  | 0        | 0       |

| Reform objectives  | Action  | Progress           | Quality            |
|--|---|--------------------|--------------------|
| 4. Enhance competition among the national universities through corporatising them and introducing private management technique.  | National universities are to be corporatised in 2004 (see Chapter 4).   | 2                  | 2                  |
| Comments:<br>Reform of public corporations including financial institutions and privatisation of postal services should be accelerated. The entry requirements for basic postal services appear to be restrictive and the regulatory system needs to be clarified so as to limit the potential for the postal corporation to distort competition. The reform of public corporations should aim to reduce the scope of public intervention. |   | Average score: 1.3 | Average score: 1.3 |
| <b>2. Deregulation</b>   |   |                    |                    |
| 1. Promote deregulation in general.  | A revised three-year timetable for regulatory reform was adopted in March 2002.   | 3                  | 2                  |
| 2. Revitalise urban areas and improve commuting.   | A new law is in force to allow private developers to manage city planning for designated sites regardless of existing regulations in urban areas. A quality assessment system for second-hand houses is to be introduced. Regulation requiring residents' unanimous support for rebuilding condominiums has been eased. Some public infrastructure projects in urban areas such as a new fast railway to Narita airport and an extension of circular roads are planned. | 3                  | 3                  |
| 3. Encourage competition in non-profit areas including medical services and nursing care.  | Private corporations are allowed to manage nursing homes and nurseries. Assessment by a third party is to be introduced for providers of elderly care and nursery services. Restrictions on advertisement of medical services have been eased. The review service of bills submitted by doctors has been opened to the private sector.  | 2                  | 2                  |
| <i>New measures announced in the June 2002 programme (too early to be assessed).</i>   |   |                    |                    |
| 4. Introduce "Special zones for structural reform" which allow local governments to ease regulations and to design their own reform measures.  | A unit in charge of promoting special zones for structural reform has been established in the Cabinet Office.   |                    |                    |
| Comments:<br>Deregulation for redevelopment in urban areas is a good move. The new proposal to allow "structural reform zones" is promising and needs to be developed quickly. But it should be seen as a first step to nation-wide regulatory reform.   |   | Average score: 2.7 | Average score: 2.3 |

| Reform objectives   | Action  | Progress | Quality |
|---|---|----------|---------|
| <b>3. Entrepreneurship, competition and openness</b>  |   |          |         |
| 1. Strengthen the Fair Trade Commission to enforce competition policy more vigorously.  | a) Additional 40 staff are appointed by the FTC.  | 3        | 1       |
|   | b) Independence of the FTC secretariat from the Ministry is still under discussion.   | 0        | 0       |
| 2. Encourage competition in telecommunications sector by imposing asymmetric regulations on NTT. Promote open bidding for electromagnetic spectrum and for other public assets. | Asymmetric regulation on dominant carrier has been introduced. The law covering the electromagnetic spectrum has been revised to allocate frequencies more efficiently.   | 3        | 2       |
| 3. Open up unutilised capacity of optical fibre owned by the public sector and disclose information about the utilisation of cables owned by the private sector.                | Unused optical fibres located under roads and rivers are opened up. Information about the utilisation of optical fibres owned by electric companies and railways has been disclosed.  | 3        | 3       |
| 4. Review commercial code so as to strengthen corporate governance  | The diet has passed the revised commercial code, which allows replacing statutory auditors by board committees (audit, compensation, personnel), with the majority comprising outside directors.  | 3        | 1       |
| 5. Revise relevant laws for judicial system reform within 3 years. Revise bankruptcy and corporate restructuring laws by 2003.  | a) Headquarter for judicial reform has been established at the cabinet. A plan for judicial reform has been proposed by the council.  | 1        | 2       |
|   | b) A draft of revised corporate restructuring law is to be discussed by the Diet by the end of 2002.  | 2        | 3       |
| 6. Review the system of rice production and distribution. Promote the entry of corporations into agricultural business.   | A restriction on agricultural land area for rice producers is to be replaced by a production quota for regions in order to encourage enlargement of the production unit. Additional measures for easing the entry of corporations into agriculture are discussed. | 1        | 2       |

| Reform objectives  | Action   | Progress         | Quality            |
|--|--|------------------|--------------------|
| <i>New measures in the June 2002 programme (too early to be assessed).</i>   |  |                  |                    |
| 7. Promote FTA and inward FDI:   | Although some of its components have already been planned as part of the judicial reform and the regulatory reform programme, the proposal for a Free Business Zone in East Asia is a new initiative and the details are as yet unknown. |                  |                    |
| – Standardise institutions and rules to establish East Asia Free Business zone.  |  |                  |                    |
| – Facilitate the entry and employment of foreign engineers in strategic areas.   |  |                  |                    |
| – Restrictions on co-operation between foreign and domestic lawyers are to be eased by 2003.   |  |                  |                    |
| – Promote one stop service at the government to facilitate inward FDI.   |  |                  |                    |
| 8. Ease barriers for start ups:  |  |                  |                    |
| – Ease the minimum requirement for capital.  |  |                  |                    |
| – Review the coverage of personal guarantees.  |  |                  |                    |
| Comments:  |  | Average score: 2 | Average score: 1.8 |
| FTC should be encouraged to pursue criminal penalties and be given more investigative powers. Abuse of dominant power of NTT should be checked effectively. To extend FTA to Asian countries other than Singapore, it is important to reform the agricultural sector by promoting competition and by encouraging larger-scale operation. |  |                  |                    |

#### 4. Health care reform

|  |  |   |   |
|--|--|---|---|
| 1. Improving efficiency in health care services:   | A new health care reform plan has been adopted:  | 3 | 2 |
| – Set a target on the growth of medical care expenditure.  | – The eligibility age for the elderly insurance scheme is to be raised to 75 and above.  |   |   |
| – Standardise medical services including greater use of payments based on diagnostic related groups (DRG). | – Co-payments are to be raised (10 per cent for elderly and 30 per cent for SMEs employees).   |   |   |
| – Disseminate information and establish informed consent.  | – Medical service fees for doctors have been reduced by 2.7 per cent.  |   |   |
| – Differentiate functions of hospitals and reduce excess beds.   | – Restrictions on advertisement of medical services have been eased.   |   |   |
| – Modernise and improve the efficiency of health care provider management system.                          | – By FY 2004, more than 50 per cent of bills in all hospitals are encouraged to be submitted in electronic form.                     |   |   |
| – Strengthen the role of insurers.   | – The role of insurers as agents for patients is to be strengthened by asking private companies to check bills submitted by doctors. |   |   |

| Reform objectives  | Action  | Progress         | Quality          |
|--|---|------------------|------------------|
| Comments:<br>Progress has been made in health care reform, though measures for improving supply-side efficiency should be strengthened.  |   | Average score: 3 | Average score: 2 |
| <b>5. Pension and social security reform</b>   |   |                  |                  |
| 1. Establishing a sustainable pension system:<br>– Review the current pension system to make it compatible with greater diversity of work arrangements and life styles.<br>– Ensure intergenerational equity and balance of benefits and burden.<br>– Decide specific measures to raise the tax financing of basic pensions to 50 per cent to ensure stable revenues.<br>– Lift temporary suspension in raising pension contributions. | Pension reform measures are to be decided during the periodical review planned in 2004.   | 0                | 0                |
| 2. Introduce social security numbers and individual social security accounts.  | A study of the experiences of other countries about social security numbers and individual social security accounts has been conducted.   | 0                | 0                |
| Comments:<br>The agenda for next pension reform should go beyond changing parameters and include ambitious measures to ensure the viability of the system in the face of changes in demographic and economic conditions.   |   | Average score: 0 | Average score: 0 |
| <b>6. Human capital and labour market</b>  |   |                  |                  |
| 1. Introduce competition among universities to foster world-class universities.  | 10 to 20 universities are to be selected as centres of excellence (COE) in 10 research areas to promote competition by allocating funds based on their performance.   | 3                | 1                |
| 2. Promote retraining of unemployed at universities and graduate schools.  | The scope of subsidies for training has been expanded to cover vocational training courses at university and graduate schools.  | 3                | 2                |
| 3. Establish one-year courses at graduate schools and strengthen vocational courses at colleges (community schools).   | Establishment of one-year vocational education courses at professional graduate schools was allowed in March 2002.  | 2                | 2                |
| 4. Increase labour mobility through: promoting training; easing restrictions on flexible work styles such as temporary work and fixed-term contract; enhancing job matching functions; and eliminating discrimination in employment by gender and age.   | Lifting the ban on having dispatched workers in manufacturing sector is under consideration. Maximum term for middle-aged and elderly dispatched workers has been extended temporarily to 3 years. Private job placement services are allowed to collect charges from some job seekers. | 2                | 2                |

| Reform objectives  | Action  | Progress           | Quality            |
|--|---|--------------------|--------------------|
| 5. Alter focus of taxation and social security system from families to individuals.  | Tax reform planned in FY 2003 will reduce allowance for dependent spouses.  | 0                  | 0                  |
| 6. Boost measures to eliminate waiting list for nurseries to support working women.  | Child care facilities are to be expanded to accept 50 000 more children by FY 2002 and 100 000 more by FY 2004.   | 3                  | 2                  |
| Comments:<br>More emphasis should be put on enhancing research capacity at universities and reducing barriers to collaborating with foreign institutions and individuals. The regulation which requires universities to hold open land should be eliminated. Although some progress has been made in labour market regulations, remaining restrictions on dispatched workers should be eased further. The use of private agents in job placement should be encouraged. Elimination of social security disincentives for spouses to increase their labour supply should be implemented as soon as possible. |   | Average score: 2.2 | Average score: 1.5 |
| <b>7. More responsible local governments</b>   |   |                    |                    |
| 1. Promote mergers of local governments in order to improve efficiency.  | Mergers of local government are promoted by some financial supports of central government such as: financing a part of initial costs arising from mergers; allowing the merged local government to receive lump sum grant from central government at the same level as before the merger; and allowing local governments to issue additional bonds to finance merger costs. | 3                  | 2                  |
| 2. Allocate a local allocation tax (LAT) to local governments by setting objective standards.  | Complex adjustment system for allocating LAT to local governments is to be streamlined gradually by FY 2004.  | 3                  | 1                  |
| 3. Review central government's share of contribution to local government administrative costs. Consider shifting tax revenues from central to local government and adopting a corporate tax based on sales and other factors to deal with low tax revenue facing local governments.  | Introduction of a local corporate tax based on sales and other factors is discussed. The government is reviewing the revenue structure of local government including state subsidies, LAT and the allocation of tax resources between the central and local governments with a view to establishing a concrete plan by June 2003.   | 0                  | 0                  |
| Comments:<br>Huge transfers from central to local governments, which distort incentives for local government spending, need to be changed. The discussion about the reform of subsidies and grants from central to local governments should be accelerated.  |   | Average score: 2.0 | Average score: 1.0 |

| Reform objectives  | Action  | Progress           | Quality            |
|--|---|--------------------|--------------------|
| <b>8. Fiscal reform</b>  |   |                    |                    |
| 1. Aim at primary surplus as a medium-term goal. Prepare medium-term fiscal consolidation plan.  | Medium-term economic and fiscal perspective aimed at achieving fiscal surplus by early 2010s has been adopted, though how to limit spending as a proportion of GDP is not specified.  | 3                  | 2                  |
| 2. Change budget formation process. Council for Economic and Fiscal Policy (CEFP) to propose broad direction of budget plan, while specific components of budget plan to be decided by Ministry of Finance.  | CEFP has played the expected role in budget formation.  | 3                  | 3                  |
| 3. Reallocate spending to priority areas.  | FY 2002 budget plan has allocated 2 trillion yen to priority areas, while 5 trillion yen was cut in general spending. FY 2003 reallocations not yet clear.  | 3                  | 2                  |
| 4. Review long-term public works projects. Lower public works spending in proportion to gross domestic product in the medium term.   | a) FY 2002 and FY 2003 budgets have cut spending on public works by 10 per cent and by 3 per cent.  | 3                  | 2                  |
|  | b) Long-term plans for public works are being reviewed.   | 0                  | 0                  |
| 5. Reallocate earmarked road taxes.  | A part of the revenue from road related taxes is now used for other purposes than road construction. Reallocation of earmarked revenue is being discussed in the context of a broader reform including public works and taxation. | 1                  | 1                  |
| Comments:  |   | Average score: 2.2 | Average score: 1.7 |
| The budget formation process and the outcome of FY 2002 budget are satisfactory though the 30 trillion yen ceiling on public bond issuance involved creative accounting. The medium-term economic and fiscal perspective is not sufficiently ambitious and lacks specific measures for containing spending to achieve a primary surplus. It needs to make use of shorter run real spending targets to improve credibility. The discussion about reallocating road taxes and reducing the size of road construction needs to be brought to a swift and successful conclusion. |   |                    |                    |



| Reform objectives  | Action  | Progress         | Quality          |
|--|---|------------------|------------------|
| <b>9. Financial sector reform</b>  |   |                  |                  |
| 1. Dealing with non-performing loans (NPLs):   | Financial revitalisation law was revised in December 2001 allowing RCC to participate in open bidding and to have flexibility in purchasing price. RCC has been permitted a trust banking licence. 100 billion yen has been funded by DBJ to set up funds, which purchase shares issued by restructuring companies. The funds will also purchase shares which banks obtained from borrowers through debt-equity swaps. Special inspection for major banks was conducted and the result was published in April 2002. | 3                | 1                |
| – Remove existing NPLs from balance sheet within 2 years and new ones within 3 years.  |   |                  |                  |
| – Encourage Resolution and Collection Corporation (RCC) to purchase NPLs by adopting fair value for purchasing price.                        |   |                  |                  |
| – Request the Development Bank of Japan (DBJ), private investors and RCC to set up and/or participate in funds for corporate reconstruction. |   |                  |                  |
| – Introduce a special inspection for major banks   |   |                  |                  |
| 2. Encourage individual investors to participate in stock market by reviewing tax system.  | Tax on capital gains has been based on self-assessment rather than a withholding system, and its rate has been reduced. Capital losses can be deducted from asset incomes for three years.  | 3                | 1                |
| Comments:  |   | Average score: 3 | Average score: 1 |
| See Chapter II for the assessment of the measures to deal with NPLs. New tax measures for capital gains are too complex to be used.          |   |                  |                  |
| <b>10. Others</b>  |   |                  |                  |
| 1. Focus funds on four areas in allocating budget: life sciences, information technology, environment and nano-technology.                   | Supplementary budget for FY 2001 and budget for FY 2002 have allocated more funds to these four areas. Funds are also allocated to promoting knowledge-intensive clusters and fostering venture business at universities and technology licensing organisations (TLOs).   | 3                | 1                |
| 2. Encourage the use of ICT for administrative procedures.   | A new law which promotes electronic submission of administrative documents has been prepared.   | 2                | 2                |
| 3. Reduce waste and create environmentally friendly society.   | Private agents who have advanced skills in recycling and waste disposal are supported by subsidies and public loans. Government procurement favours environmentally friendly goods. Residents and NPOs are encouraged to promote waste reduction and recycling by disseminating information about the necessity to do something.  | 3                | 1                |

| Reform objectives   | Action  | Progress              | Quality               |
|---|---|-----------------------|-----------------------|
| <i>New measure in June 2002 programme (too early to be assessed).</i> |   |                       |                       |
|   | 4. Promote tourism<br>and longer vacations  |                       |                       |
| Comments:   | Ensure appropriate economic incentives in pursuing waste and recycling targets. Streamline government in order to allow effective use of ICT. | Average<br>score: 2.7 | Average<br>score: 1.3 |
| <i>Source:</i> Assessment by the OECD.                                |   |                       |                       |

*Annex II***Chronology of main economic events****2001****November**

The Diet passed the first supplementary budget for FY 2001, which included 1 trillion yen (0.2 per cent of GDP) of additional spending for employment measures and subsidies to public financial institutions for lending to SMEs.

The government decided to abolish seven major special-status public corporations including Japan Highway Public Corporation, the Government Housing Loan Corporation, and the Japan National Oil Corporation.

**December**

The Bank of Japan (BOJ) raised the target for the outstanding balance of the current accounts at the Bank from 6 trillion yen or above to 10 to 15 trillion yen and to increase outright purchase of long-term government bonds from 600 billion yen to 800 billion yen per month.

A framework for the consolidation of 163 special status public corporations was adopted by the government, of which 17 are to be abolished, 45 are to be privatised and 38 are to be made independent agencies.

The government adopted the second supplementary budget for FY 2001 including 2.6 trillion yen of additional spending for public works. The supplementary budget is financed by revenue which was obtained in the recent past by selling NTT shares held by the government.

The government adopted the draft initial FY 2002 budget, envisaging general expenditure (*i.e.* total expenditure less debt servicing and transfers to local governments) of 47.5 trillion yen, down from 48.6 yen in the previous initial budget, with new public bond issues limited to 30 trillion yen.

**2002****January**

Japan and Singapore signed a FTA treaty (the Japan-Singapore Economic Agreement for a New Age Partnership).

Prime Minister began talks for a comprehensive tax reform in FY 2003.

The government adopted the *Structural Reform and Medium-term Economic and Fiscal Perspective for FY 2002 to FY 2006*, which illustrated the medium-term economic prospects and fiscal consolidation paths, including the introduction of a cap on spending as a proportion to GDP.

The government submitted the draft FY 2001 second supplementary budget and the draft initial FY 2002 budget to the Diet.

## February

The Diet passed FY 2001 second supplementary budget.

The BOJ raised its outright purchase of long-term government bonds from 800 billion yen per month to 1 trillion yen.

The government adopted an anti-deflation package, which includes measures for accelerating disposal of non-performing loans and stabilising financial system as well as those for strengthening the security market regulations to curtail short-selling.

## March

The Diet passed FY 2002 initial budget.

Council of Regulatory Reform adopted the regulatory reform plan for the next three years, which covers broad areas including social welfare, health, urban revitalisation, and education.

## April

Protection on time deposits restricted to 10 million yen per depositor per bank since 1 April.

Financial Service Agency (FSA) published the result of the special inspection of large borrowers at major banks.

## May

The government announced in its monthly economic report that the economy had reached the bottom of the cycle.

## June

The government adopted a second anti-deflation package, proposing a reduction in inheritance tax and tax credits for business investment and R&D.

The government adopted the *Basic Policy for Economic and Fiscal Policy Management and Structural Reform 2002*, to update and revise the structural reform plan adopted in June 2001.

## July

The Diet passed the laws for establishing a public postal corporation and setting the conditions for the entry of private agents into mail delivery services.

The Diet passed laws for reforming the health insurance system, which include measures such as a rise in the eligibility age for the elderly insurance scheme and an increase of co-payments (10 per cent for elderly and 30 per cent for SMEs employees).

**August**

The FSA announced the "Programme for Promoting Security Markets Reform" in order to encourage the participation of a wide range of investors.

The cabinet approved the guideline for FY 2003 budget requests, setting general expenditures at 48.1 trillion yen, slightly higher than in FY 2002 budget.

The committee for privatisation of road construction public corporations released its interim report, proposing a separation into several road operating companies and a road maintenance company.

**September**

The BOJ announced that it will purchase shares held by banks at market prices to help them reduce their holdings of shares to the level equivalent to their tier I capital.

Prime Minister Koizumi reshuffled his cabinet members and appointed Minister for Economic and Fiscal policy, Takenaka, as Minister for Financial services.

**October**

The FSA announced the postponement of the introduction of a cap on deposit guarantee until April 2005.

# Table of contents

|  |     |
|--|-----|
| <b>Assessment and recommendations</b>  | 9   |
| <b>I. Recent developments: will the cyclical recovery lead to sustained growth?</b>  | 25  |
| Recent trends and forces at work: a re-run of the 2000 recovery?                     | 25  |
| Prospects and risks  | 41  |
| <b>II. The policy framework: achievements and evolving challenges</b>                | 45  |
| Overview   | 45  |
| An overview of the government's reform programme                                     | 46  |
| Fiscal policy and public sector reform   | 51  |
| Dealing with financial sector weakness   | 76  |
| Monetary policy: the experience with quantitative easing in a deflationary situation | 90  |
| <b>III. Improving the sources of growth and higher living standards</b>              | 99  |
| The productivity and growth record   | 100 |
| Promoting a competitive environment  | 109 |
| Improving the allocation and supply of labour  | 129 |
| Improving the fundamentals: an overall assessment of structural policy               | 137 |
| <b>IV. Human capital, technology and sectoral policies for growth</b>                | 147 |
| Promoting competition and thereby lower prices in the network sectors                | 147 |
| Maintaining a high level of human capital  | 158 |
| Enhancing productivity through strengthening technology and innovation               | 163 |
| Overall assessment of policy   | 173 |
| Notes  | 176 |
| Bibliography   | 189 |
| <i>Annexes</i>   |     |
| I. Assessment of the government's structural reform programmes                       | 195 |
| II. Chronology of main economic events   | 204 |



**Boxes**

|  |     |
|--|-----|
| 1. Forecasting deflation   | 40  |
| 2. Improving the market for JGBs   | 63  |
| 3. The scale and financing of special-status public corporations                             | 74  |
| 4. The case of two low productivity sectors: a lack of competitive pressure                  | 108 |
| 5. Innovation and growth   | 110 |
| 6. Barriers to entry in the professions  | 122 |
| 7. The spread of regulation and increased barriers to entry:<br>the example of fitness clubs | 128 |
| 8. Labour market institutions and growth   | 131 |
| 9. Which factors aid diffusion and effective use of ICT:<br>lessons from the Growth Project  | 153 |
| 10. A successful case of a local cluster: Kyoto  | 173 |

**Tables**

|   |     |
|---|-----|
| 1. The current account and external trade   | 28  |
| 2. Recent labour market indicators  | 36  |
| 3. Short-term outlook   | 42  |
| 4. Summary of the government's reform schedule  | 48  |
| 5. Fiscal packages since 1992   | 53  |
| 6. FY 2001 supplementary budgets and the 30 trillion yen ceiling on issuance<br>of public bonds | 54  |
| 7. Reallocation of funds in FY 2002 budget  | 55  |
| 8. Budgets of central and local governments   | 57  |
| 9. General government deficit and debt  | 58  |
| 10. Net lending by sector   | 60  |
| 11. The government's economic and fiscal perspective from FY 2002 to FY 2006                    | 66  |
| 12. Different scenarios for fiscal balance of general government                                | 68  |
| 13. Non-performing loans declared by the financial system                                       | 79  |
| 14. Stricter loan classification doubles the estimate of NPL                                    | 80  |
| 15. Net profit of the Japanese commercial banking sector has plunged                            | 84  |
| 16. Banks have no incentive to expand their balance sheets                                      | 85  |
| 17. Measures relating to money market operation in support of higher<br>liquidity targets       | 91  |
| 18. Productivity is low   | 103 |
| 19. Accounting for growth   | 105 |
| 20. A number of sectors have poor productivity growth   | 106 |
| 21. Open sectors have high labour productivity  | 107 |
| 22. The relative quality of the Japanese business environment                                   | 112 |
| 23. The new three-year programme for regulatory reform: a summary                               | 123 |
| 24. Japan has relatively strict employment protection   | 132 |
| 25. Expenditures on labour market policy are much lower than in Europe                          | 134 |
| 26. Grants for private sector employment remain underutilised                                   | 135 |
| 27. Recommendations for structural reform and assessment of progress                            | 138 |
| 28. The reform of higher education  | 161 |
| 29. International comparison of incubators  | 172 |

**Figures**

|  |    |
|--|----|
| 1. Recent economic indicators point to recovery      | 26 |
| 2. Inventories are at a level where production rises | 29 |
| 3. Business confidence has rebounded                 | 30 |

---

|   |     |
|---|-----|
| 4. Monetary conditions have eased   | 31  |
| 5. Profitability has been helped by better terms of trade                     | 32  |
| 6. Firms still suffer from earlier wage increases                             | 33  |
| 7. Excessive debt is a problem in non-manufacturing                           | 34  |
| 8. Investment is still high   | 35  |
| 9. Household income remains weak  | 37  |
| 10. The output gap and deflation are only loosely related                     | 39  |
| 11. The structural reform programme   | 49  |
| 12. The structural reform programme   | 50  |
| 13. Public debt continues to rise   | 52  |
| 14. Interest payments remain low  | 60  |
| 15. The public sector is a major holder of government bonds                   | 62  |
| 16. The budget's tax base has steadily eroded                                 | 70  |
| 17. The monetary base and money supply have diverged                          | 92  |
| 18. Free reserves of banks have surged  | 93  |
| 19. The new monetary policy has pushed down interest rates                    | 94  |
| 20. Markets expect low rates to continue                                      | 95  |
| 21. Factors underlying growth   | 102 |
| 22. Labour productivity growth has declined                                   | 103 |
| 23. Growth has slowed more in Japan   | 104 |
| 24. Less stringent regulation is associated with improved productivity        | 111 |
| 25. The economy is remarkably closed  | 115 |
| 26. The level of start-up activity is low                                     | 119 |
| 27. Japan is behind in venture capital  | 120 |
| 28. Communications prices remain high   | 149 |
| 29. The use of secure servers is lagging                                      | 152 |
| 30. The cost of leased telephone lines for business                           | 154 |
| 31. Subsidies encourage participation in training                             | 163 |
| 32. Japan has a high level of patent activity                                 | 164 |
| 33. Japan's relative importance in world patents has declined                 | 165 |
| 34. Japan lags in linking science with patents                                | 166 |
| 35. Tax treatment of R&D for large firms, 2001/2002                           | 168 |
| 36. Firms don't finance much work in government laboratories and universities | 170 |
| Box 2. Redemption of 10 year JGBs could peak in 2008                          | 64  |



## BASIC STATISTICS OF JAPAN

### THE LAND

|  |                                |   |   |
|--|--------------------------------|---|---|
| Area (1 000 sq. km), 1995<br>Cultivated agricultural land (1 000 sq. km), 1995<br>Forest (1 000 sq. km), 1994<br>Densely inhabited districts <sup>1</sup> (1 000 sq. km), 1995 | 377.8<br>51.3<br>251.4<br>12.3 | Major cities, October 2000 estimate<br>(10 000 inhabitants):<br>Tokyo (23 wards)<br>Yokohama<br>Osaka<br>Nagoya<br>Sapporo<br>Kobe<br>Kyoto | 813<br>343<br>260<br>217<br>182<br>149<br>147 |
|--|--------------------------------|---|---|

### THE PEOPLE

|  |                               |   |   |
|--|-------------------------------|---|---|
| Population, October 2001 estimate (1 000)<br>Number of persons per sq. km in 2001<br>Percentage of population living in densely inhabited districts in 1995 <sup>1</sup><br>Net annual rate of population increase (1995-2000) | 127 210<br>337<br>64.7<br>0.2 | Labour force in per cent of total population, October 2001<br>Percentage distribution of employed persons, 2001:<br>Agriculture and forestry<br>Manufacturing<br>Service<br>Other | 53.1<br><br>4.5<br>20.0<br>61.2<br>14.3 |
|--|-------------------------------|---|---|

### PRODUCTION

|  |                         |  |                       |
|--|-------------------------|--|-----------------------|
| Gross domestic product in 2001 (billion yen)<br>Growth of real GDP, 2001<br>Gross fixed investment in 2001 (per cent of GDP) | 506 111<br>-0.2<br>25.7 | Growth of real gross fixed investment, 2001<br>Net domestic product of agriculture, forestry and fishery, at producer prices, in 2000 (billion yen)<br>Growth of industrial production, 2001 | -1.9<br>5 092<br>-7.5 |
|--|-------------------------|--|-----------------------|

### THE GOVERNMENT

|   |                             |   |   |  |
|---|-----------------------------|---|---|--|
| Public consumption in 2001 (in per cent of GDP)<br>Current public revenue in 2000 (in per cent of GDP)<br>Government employees in per cent of total employment, 2001<br>Outstanding long-term national bonds in per cent of GDP (FY 2001) | 17.5<br>29.4<br>8.4<br>78.1 | Composition of Parliament, October 2002:<br>Liberal Democratic Party<br>Democratic Party<br>Peace and Reform ( <i>Komei</i> )<br>Liberal Party<br>Communist Party<br>Others<br>Vacancy<br>Total<br>Last elections | House of Representatives<br>House of Councillors<br><br>239<br>124<br>31<br>22<br>20<br>38<br>6<br>480<br>June 2000 | 113<br>60<br>24<br>15<br>20<br>12<br>3<br>247<br>July 2001 |
|---|-----------------------------|---|---|--|

### FOREIGN TRADE AND PAYMENTS (2001, billion yen)

|  |  |   |   |   |
|--|--|---|---|---|
| Commodity exports (fob)<br>Commodity imports (fob)<br>Services<br>Investment income<br>Current balance<br>Exports of goods and services in per cent of GDP<br>Imports of goods and services in per cent of GDP | 46 584<br>38 056<br>-5 315<br>8 401<br>10 652<br>10.4<br>9.8 | Percentage distribution:<br>OECD countries<br><i>of which:</i> North America<br>Far East<br>Other<br>Total<br>Crude material and fuels (SITC 2, 3, 4)<br>Semi-manufactured goods (5, 6)<br>Machinery and transport equipment (7)<br>Other (0, 1, 8, 9)<br>Total | Exports<br>58.7<br>33.0<br>34.0<br>7.3<br>100.0<br>1.2<br>17.8<br>67.3<br>13.7<br>100.0 | Imports<br>45.0<br>21.1<br>37.5<br>17.5<br>100.0<br>26.8<br>15.9<br>27.3<br>30.0<br>100.0 |
|--|--|---|---|---|

### THE CURRENCY

|                    |  |                |
|--------------------|--|----------------|
| Monetary unit: Yen | Currency unit per US\$, average of daily figures:<br>Year 2001<br>September 2002 | 121.5<br>120.8 |
|--------------------|--|----------------|

Note: An international comparison of certain basic statistics is given in an annex table.

1. Areas whose population density exceeds 5 000 persons per sq. km.

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•

*The Secretariat's draft report was prepared for the Committee by Grant Kirkpatrick and Hideyuki Ibaragi under the supervision of Yutaka Imai.*

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