

The Challenges of Asia in the near future and the cooperation with Portugal

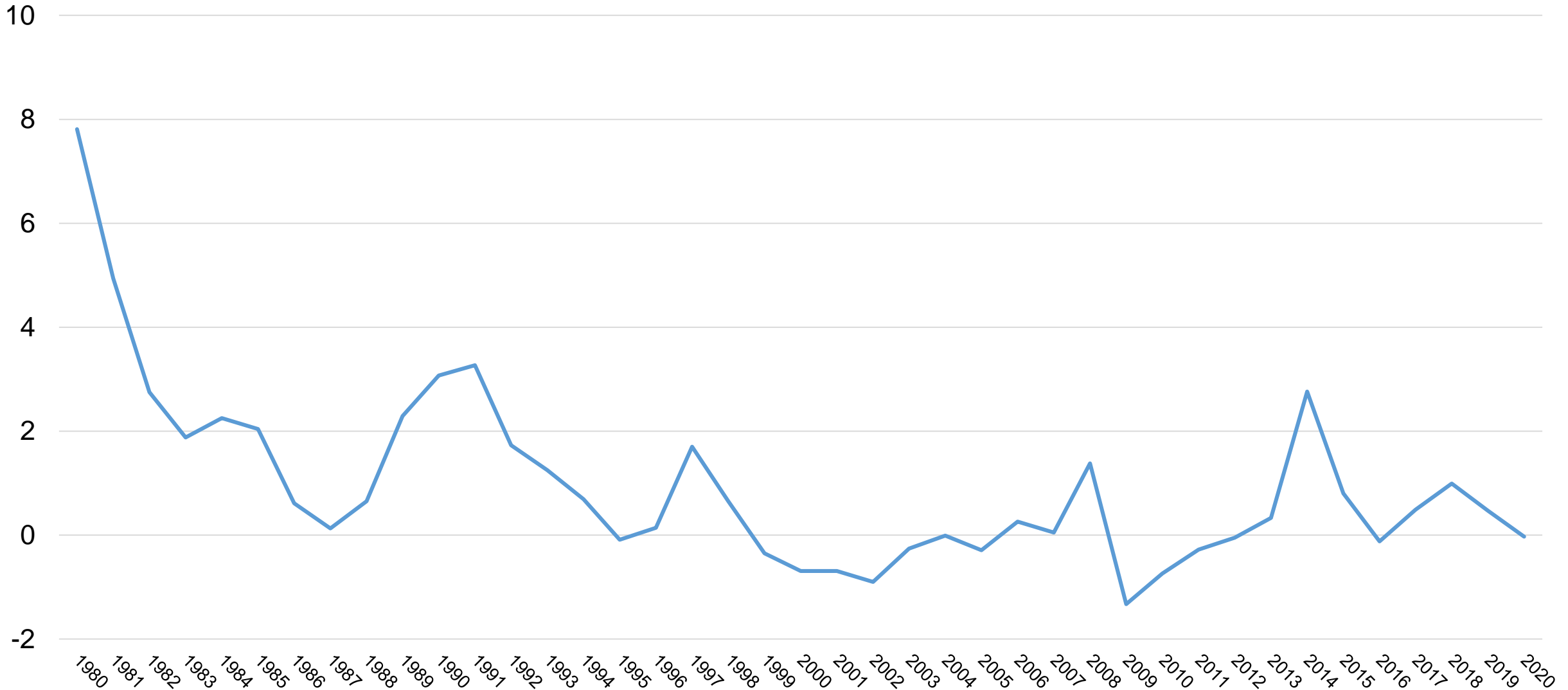


Ambassador of Japan
USHIO Shigeru

7th of July 2022

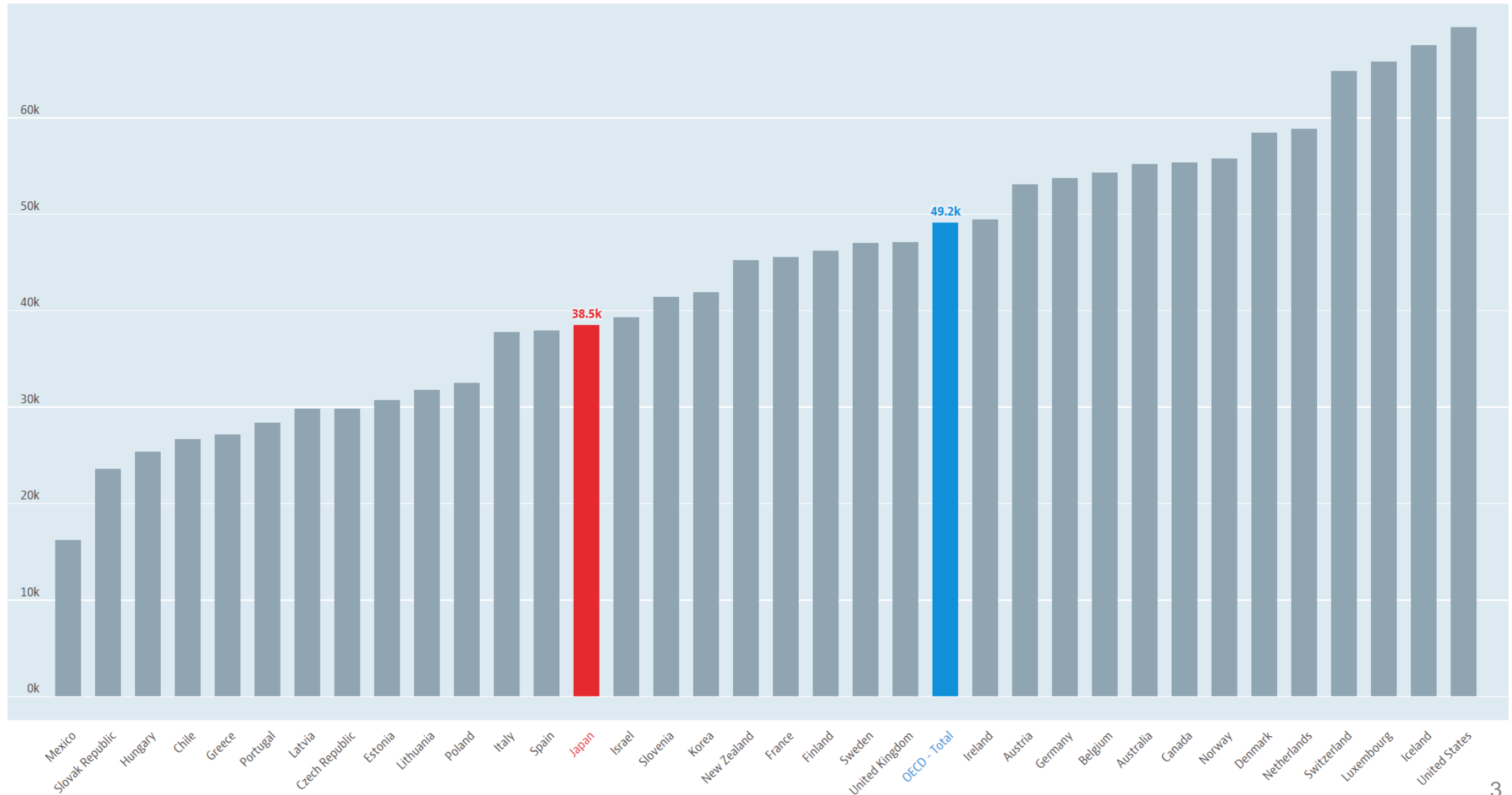
Japanese Economy: Deflation

Japanese Inflation Rate(1980-2020:%)



Japanese Economy: Average Wages

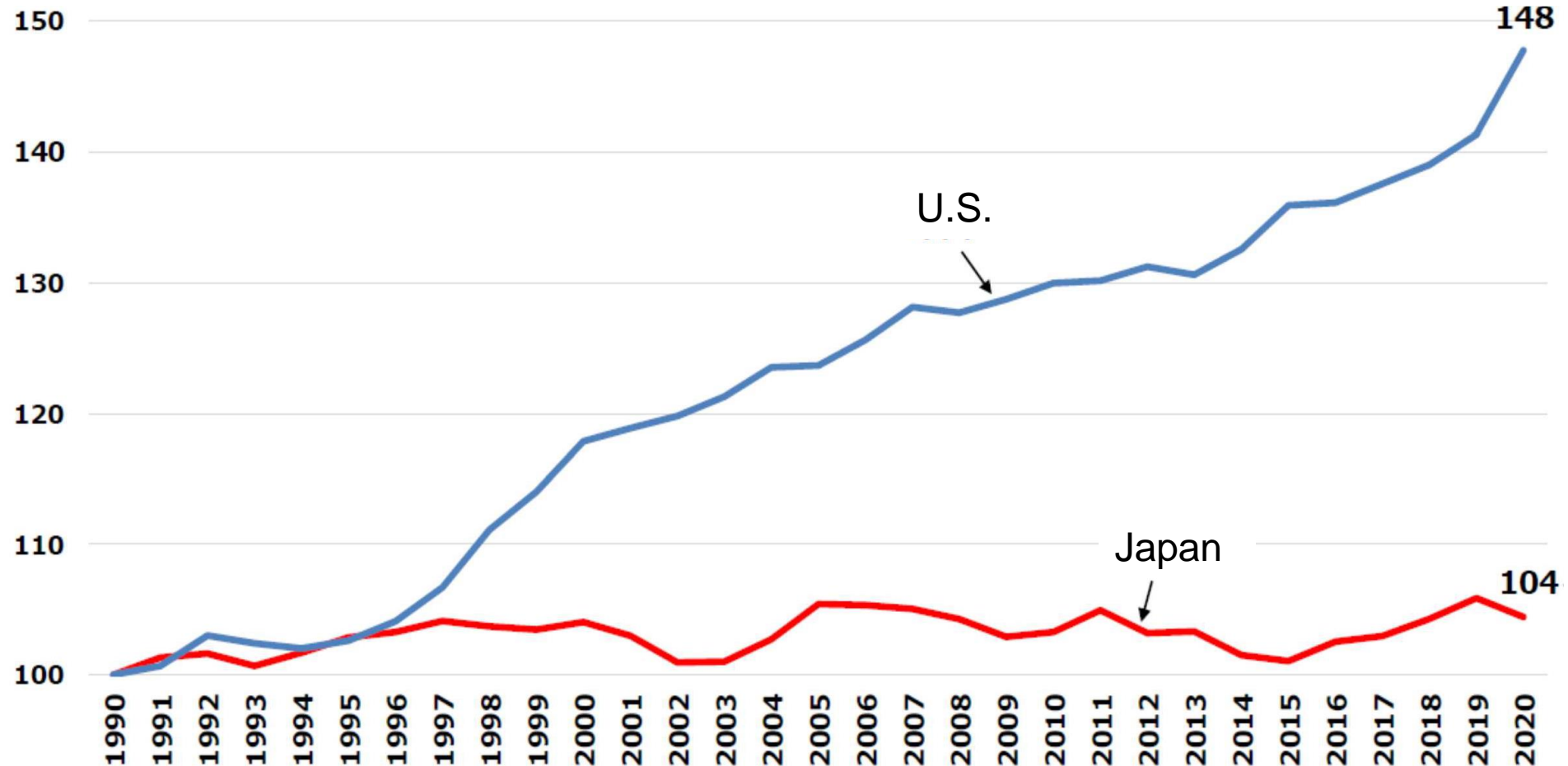
Average Wages OECD member countries(2020)



Japanese Economy: Low Growth of Real Wages

From 1990, Japanese Real Wages have stayed low level

Real Wages Japan and U.S. (1990-2020: Indexed by 1990=100)

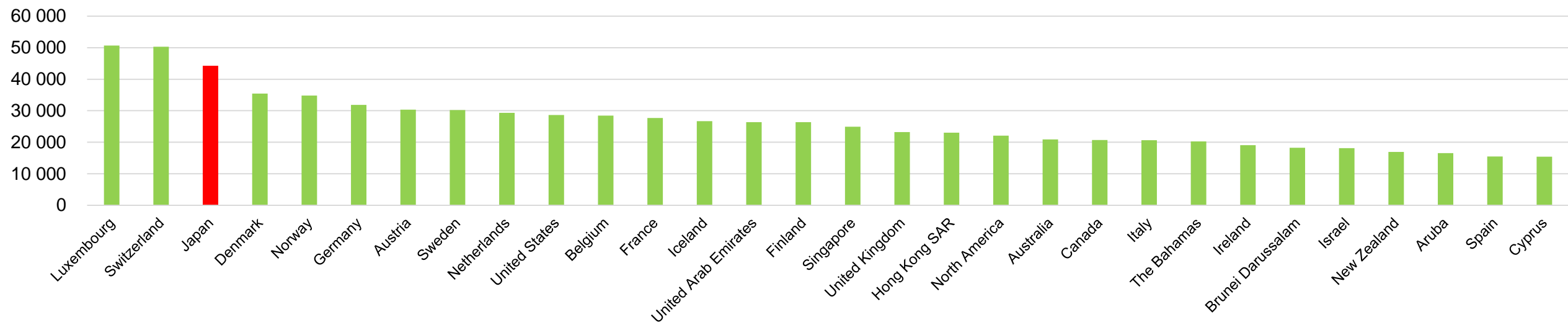


Source: Japanese Cabinet Office (Numerical Source: OECD.stat)

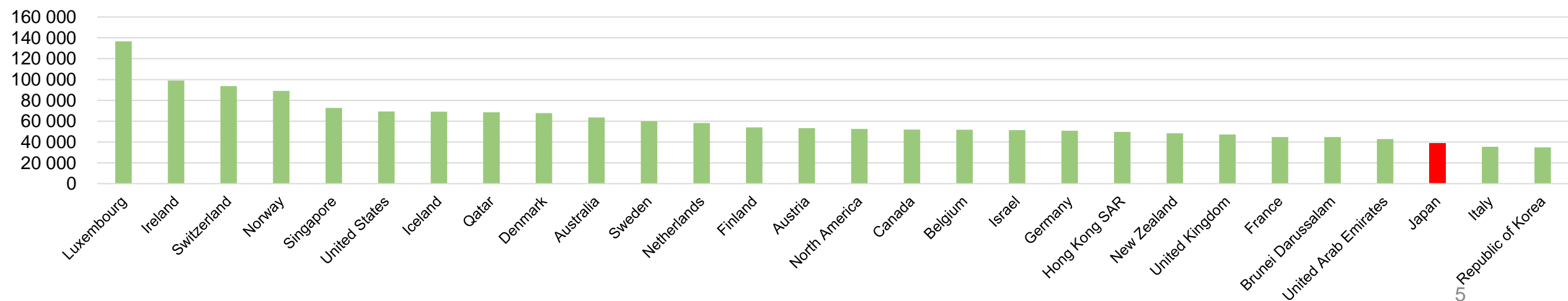
Note: Realized in 2016 dollars and converted at purchasing power parity for each year, indexed 1990

Japanese Economy: GDP per capita

GDP per capita 1995, current prices(U.S. dollars)

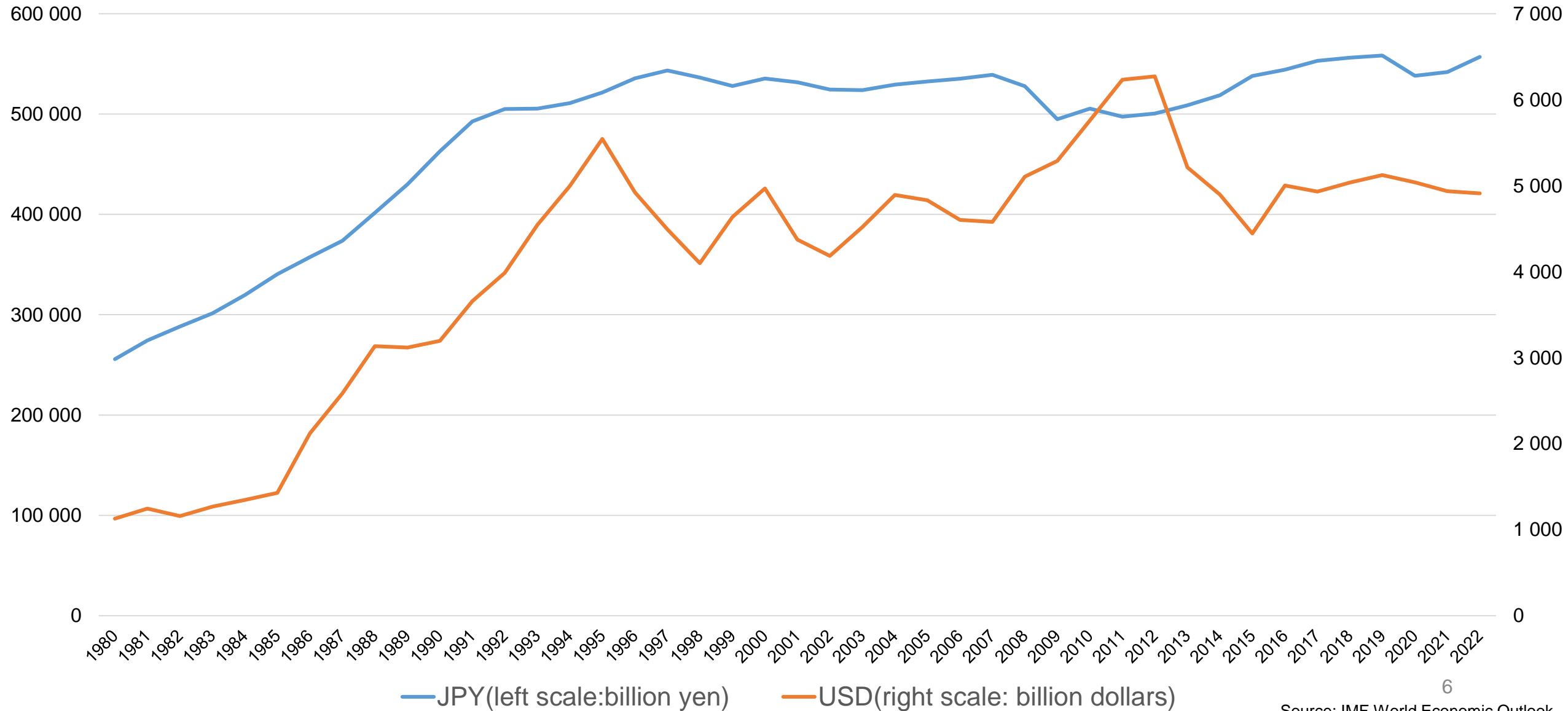


GDP per capita 2021, current prices(U.S. dollars)



Japanese Economy: GDP

Japanese Nominal GDP



Japanese Economy: Abenomics

About Abenomics

Since coming to power in late 2012, Prime Minister ABE Shinzo and his government unveiled a comprehensive policy package to revive the Japanese economy from two decades of deflation, all while maintaining fiscal discipline. This program became known as Abenomics.

Three arrows of Abenomics

Aggressive monetary policy

Flexible fiscal policy

Growth strategy

Abenomics strives for boosting Japan's economy¹

Setting the economy on course to overcome deflation and continue steady growth

2012 vs Latest



(JPY tn) Nominal GDP²



* Average exchange rate for June 2020: USD = JPY 107

** The Japanese fiscal year starts in April and concludes in March of the following year.

1. Pre-Abenomics vs. Post-Abenomics
 Nominal GDP = 4Q FY 2012 vs. 4Q FY2019, seasonally adjusted series (annualized)
 Corporate Pre-Tax Profit = FY2012 vs. FY2018
 Private Non-Residential Investment = FY2012 vs. FY2019

Number of Employed Persons (Female) (basic tabulation) = 2012 avg. vs. 2019 avg.
 Unemployment Rate = 2012 avg. vs. 2019 avg.
 Tax Revenue = FY2012 (Settlement basis) vs. FY2019 (Supplementary basis)

2. Source: Cabinet Office "National Accounts," "Fiscal 2019 Economic Outlook and Basic Stance for Economic and Fiscal Management"

Basic Policy on Economic and Fiscal Management and Reform 2022

⇒ For a New Form of Capitalism

“Turning the problem-solving-processes into an engine for growth”

- Immediate / Short term

The government supports people to recover and mitigates further impacts on people’s livelihoods

- Medium and Long term

The government will put into practice Comprehensive Measures to jump-start according to the Basic Policy 2022 and the grand design and action plan for a new form of capitalism

- The economy is the foundation of public finance.

The government will faithfully rebuild the economy, and will also work to put public finances on a sound footing.

Reform for the Realization of a New Form of Capitalism

Focused investment areas for the New Capitalism

1. Investment in people and distribution to people
2. Investment in science, technology and innovation
3. Investment in startups
4. Investment in green transformation (GX)
5. Investment in digital transformation (DX)

Initiatives for resolving social issues

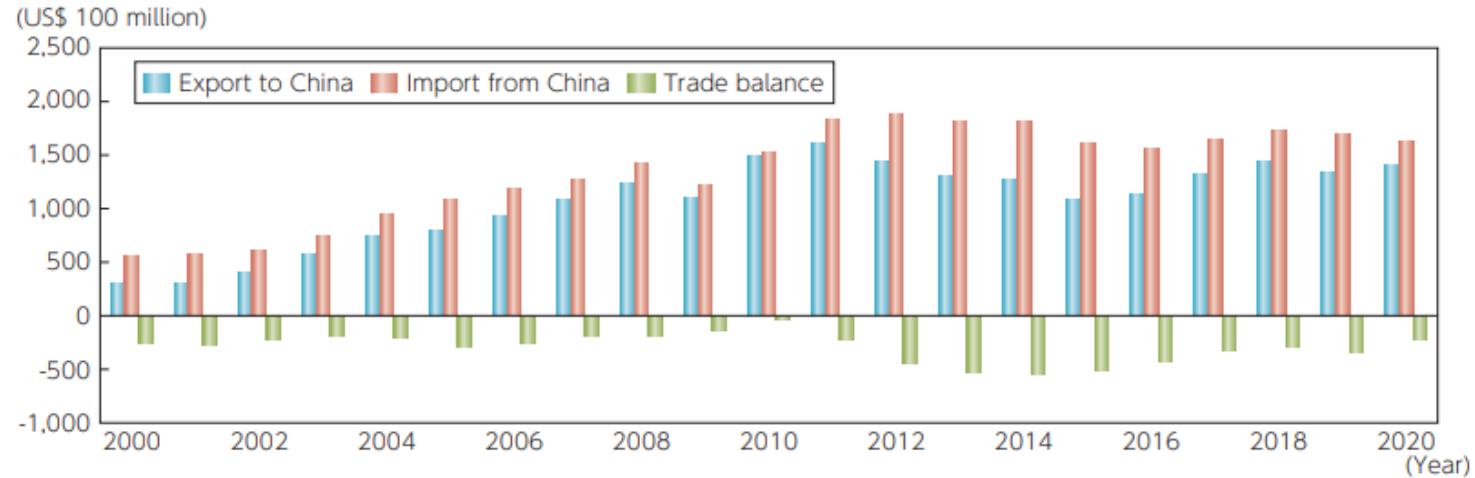
- Creation of Social Value in cooperation with the Private Sector
- Realization of an Inclusive Society
- Promotion of Multipolarity and Regional Revitalization
- Ensuring Economic Security

Response to Changing Environments inside and outside of Japan

- Strengthening of diplomacy and security
 - Strengthening of economic security
 - Strengthening of energy security
 - Strengthening of food security
 - Promotion of international economic cooperation
(TPP, RCEP, IPEF, DFFT, etc.)
- Promotion of disaster risk reduction and mitigation and national resilience
= Safety and security of people's lives

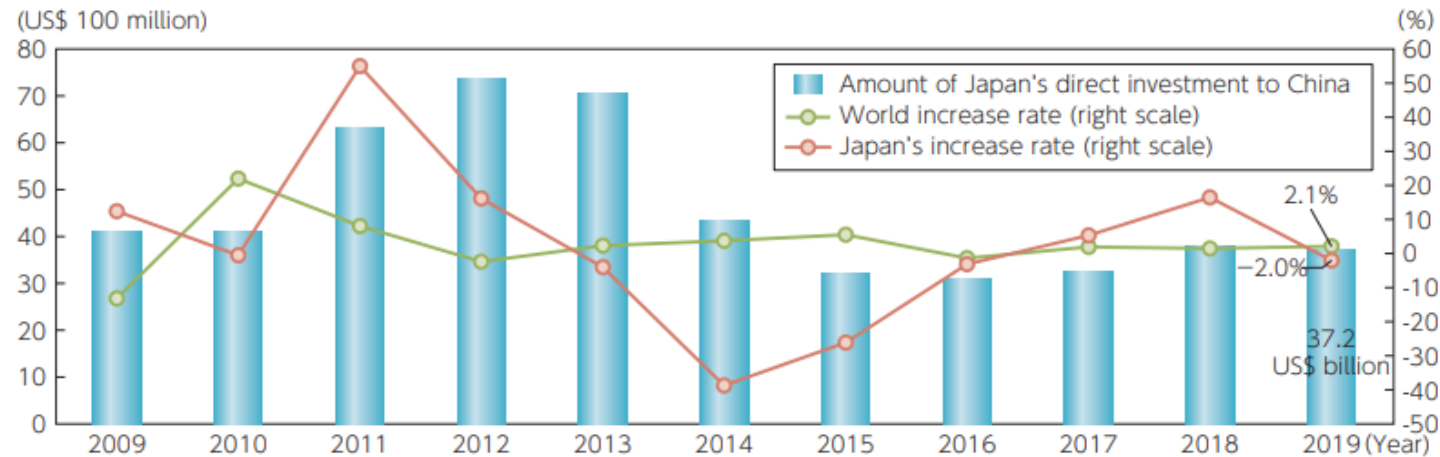
Japan-China Economic Relations

Change in Japan's Value of Trade with China



Source: Ministry of Finance and Japan External Trade Organization (JETRO)

Change in amount of Japan's direct investment to China



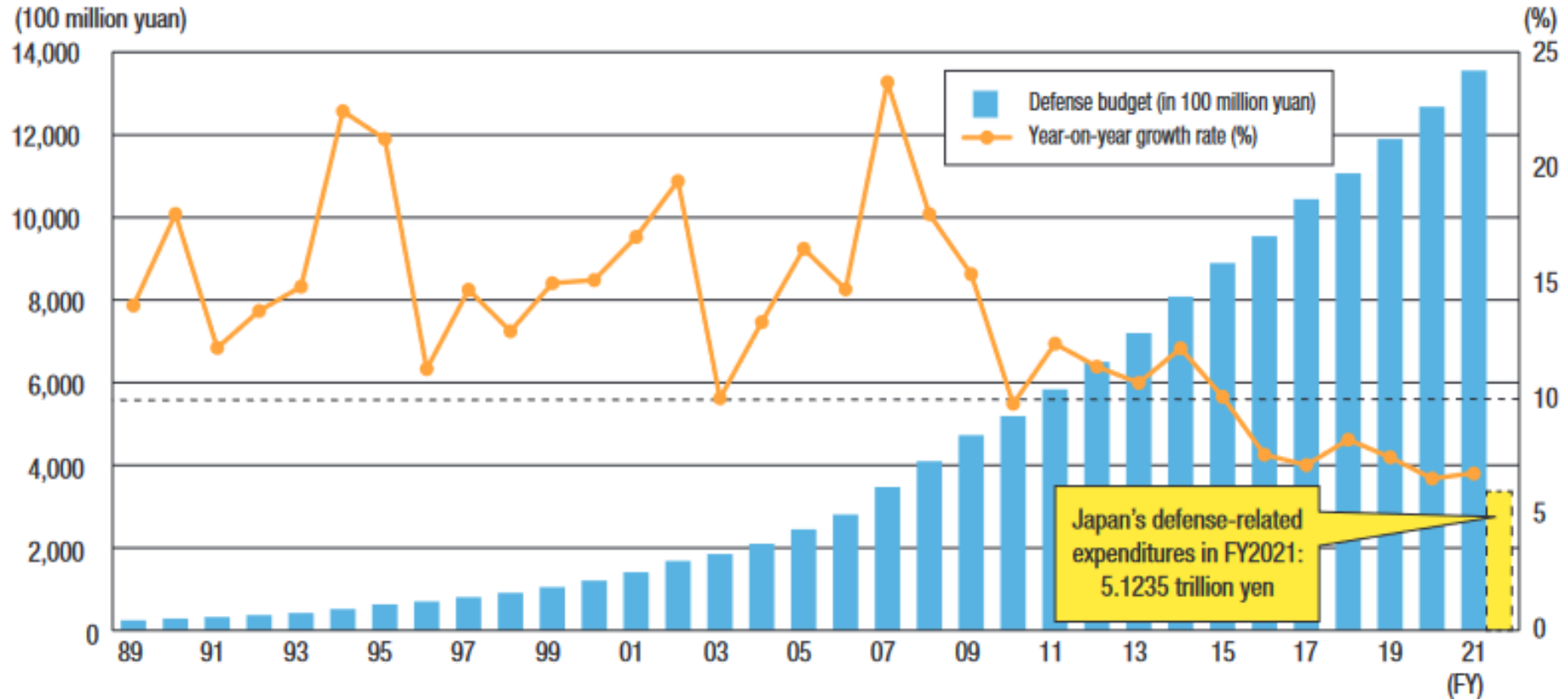
Source: Ministry of Commerce of China

Note: Increase rate is estimated based on published amounts of investment

China's announced Defense Budget

Fig. I-2-2-1

Changes in China's Announced Defense Budget



Note: This basically shows the defense budget within "the central government's general public budget," which had been named as "the central fiscal expenditures" prior to FY2014. Year-on-year growth rate compares the budget of a given year against the initial budget of the previous year. Note that FY2002 defense budget was calculated based on the increased amount from the defense budget in the previous FY because only the amount and rate of growth were released. For FY2016, FY2018, FY2019, FY2020 and FY2021, the amount of "the central government expenditures," which are part of the central government's general public budget, are used because only the central government expenditures were announced.

Free and Open Indo-Pacific

“Diplomacy that takes a panoramic perspective of the world map”

“Proactive Contribution to Peace” based on the principle of international cooperation

Based on the accomplishments of the Abe Administration, Japan intends to further expand these diplomatic concepts

Free and Open Indo-Pacific

A key for stability and prosperity of the international community is dynamism that is created by combining
“Two Continents”: Asia that is rapidly growing and Africa that possess huge potential of growth; and
“Two Oceans”: Free and open Pacific Ocean and Indian Ocean
⇒ broaden the horizon of Japanese foreign policy by envisioning the above as an overarching, comprehensive concept

Africa

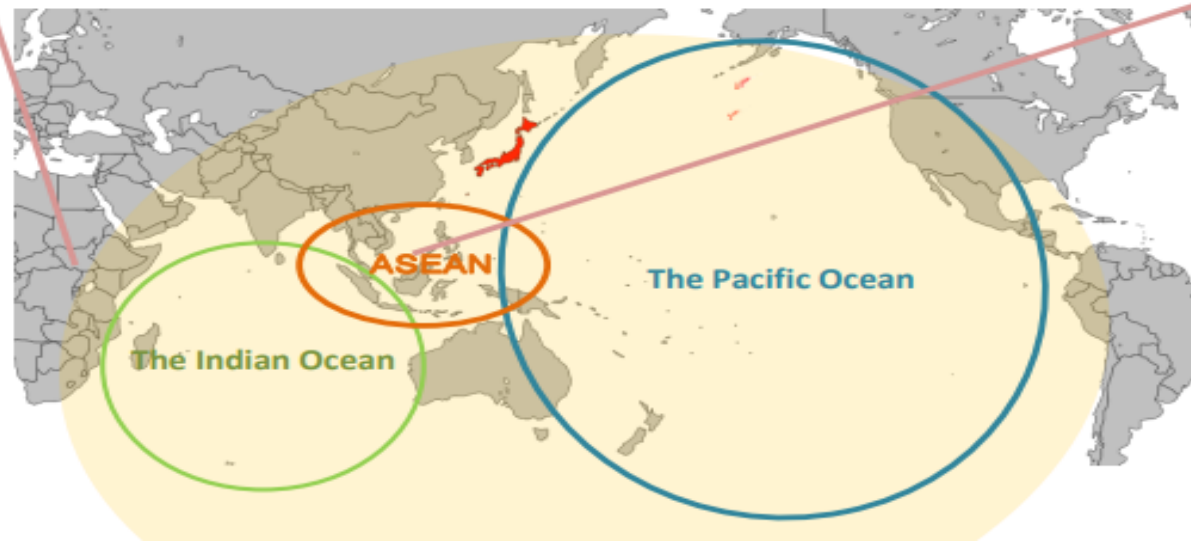
■ Full of potential

- population around 1.3 billion (17% of global population)
→ around 2.5 billion in 2050
- account for 30,000,000 km² (22% of global area)
- high economic growth rate (4.8% on average (2000-2016))
- rich in natural resources and promising markets

⇒ progressing as a “developing continent” whereas still facing challenges including by poverties and terrorism.

Japan will provide nation-building support in the area of development as well as politics and governance, in a way that respects the ownership of African countries, and not by forcing on or intervening in them.

◆ **The Indo-Pacific region is facing various challenges such as piracy, terrorism, proliferation of WMD, natural disasters and attempts to change the status quo. Under such circumstances, Japan aims to promote peace, stability and prosperity across the region to make the Indo-Pacific free and open as “international public goods”, through ensuring rules-based international order including the rule of law, freedom of navigation and overflight, peaceful settlement of disputes, and promotion of free trade.**



Asia

- Increase of awareness of confidence, responsibility and leadership, as well as democracy, the rule of law and market economy taking root in ASEAN and South Asian countries

⇒ Currently expanding its success to Africa and bring out the potential of Africa as a “global main player” through a free and open Indo-Pacific.

Japan will further promote quality infrastructure development, trade and investment, and enhance business environment and human development, strengthening connectivity in ASEAN region. Japan will expand ASEAN’s success to other regions such as the Middle East and Africa.

The Specifics of free and open Indo-Pacific

① Promotion and establishment of the rule of law, freedom of navigation, free trade, etc.

- Cooperation among those who share fundamental principles and the vision for a free and open Indo-Pacific.
- Strategic communication at international arena and through media, etc.

② Pursuit of economic prosperity

- Improving (a) “physical connectivity” including quality infrastructure development such as ports, railways and roads, energy and ICT; (b) “people-to-people connectivity” through human resources development; and (c) “institutional connectivity” through facilitating customs, among others.
⇒ Improving “connectivity” in ASEAN (e.g. East-West Economic Corridor, Southern Economic Corridor), within South West Asia (e.g. North East Connectivity Improvement Project in India and Bengal Bay Industrial Growth Zone) and from South East Asia to South East Africa through South West Asia and the Middle East (e.g. Mombasa Port)
- Strengthening economic partnership (including EPA/FTAs and investment treaties) and improving business environment.

③ Commitment for peace and stability

- Capacity-building assistance to countries in the Indo-Pacific region (e.g. strengthening capacity of maritime law enforcement and Maritime Domain Awareness (MDA), and other human resource development)
- Cooperation in such fields as HA/DR (humanitarian assistance and disaster relief, anti-piracy, counter-terrorism, and non-proliferation.

The visit of Minister of Foreign Affairs MOTEGI to Portugal 2020



Japan-Portugal Foreign Ministers' Meeting



The courtesy call on H.E. the President

Prime Minister Kishida's Attendance at the NATO Summit Meeting (June 29th)

At the NATO Partner Session that Prime Minister Kishida attended were the leaders of the 30 NATO member countries and also of Japan, Australia, New Zealand, the Republic of Korea, Sweden, Finland, Georgia, and the EU, attending as NATO's major partner countries and organizations.

Given Russian aggression against Ukraine and the increasingly severe security situation in the Indo-Pacific region, at the meeting, discussions were held regarding future cooperation between NATO and the partner countries and organizations and other such matters.



Partner Countries' Session in the NATO Summit
(Photo: Cabinet Public Affairs Office)



Partner Countries' Session in the NATO Summit
(Photo: Cabinet Public Affairs Office)

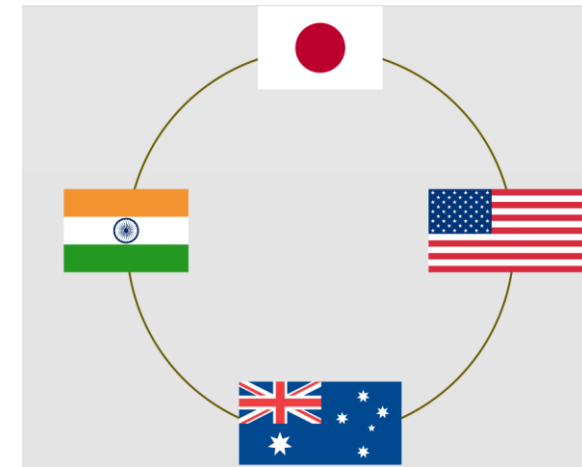


Partner Countries' Session
in the NATO Summit 16

Japan-Australia-India-U.S. (QUAD)

Japan-Australia-India-U.S. (Quad) share fundamental values and are committed to strengthening a free and open international order based on the rule of law.

The four countries have been promoting practical cooperation in various fields, including vaccines, infrastructure, climate change, and critical and emerging technologies, to realize a **"Free and Open Indo-Pacific (FOIP)."** The four countries have also concurred on the importance of making positive contribution to the region.



2022.05.24

MUITO OBRIGADO

