

# 5 Million New Jobs in 10 Years

Growth Eyed in Environment, Medical Care, Tourism

By Hiroshi OKABE

The Japanese government has taken a Cabinet decision on the country's new growth strategy that will constitute a guideline for its economic management in the next decade. The strategy features a plan to create five million jobs and 123 trillion yen in new demand in such promising sectors as the environment, healthcare, Asia and tourism and to expand Japan's gross domestic product by more than 1 percentage point. The government also plans to emerge out of deflation during fiscal 2011 through March 2012 at the earliest and urged the Bank of Japan to make "utmost efforts" to help achieve the target. With the growth strategy, the government showed its resolve to achieve economic growth on the strength of both domestic and external demand while avoiding an excessive appreciation of the yen.

The growth strategy also features a plan to reduce the country's relatively high corporate tax rate to the levels of other major advanced countries to help strengthen Japanese businesses' international competition. Japan's business community welcomes the government decision to cut the corporate tax rate. Given the government's severe financial conditions, however, the focal point will be how much the corporate tax rate can be reduced.

The growth strategy envisages an annual average of 3% in nominal economic growth and 2% in inflation-adjusted real growth through fiscal 2020. Of the real growth figure, the strategy expects better environmental policies such as greater energy saving to boost growth by 0.4 percentage point. It also expects medical/nursing care and childcare services to boost 0.3 point each. The government has also worked out a target to lower the country's unemployment rate to the 3% level at an early date.

In the environmental sector, the government plans to impose a new tax as early as fiscal 2011 to honor Japan's international pledge to reduce its greenhouse gas emissions by 25% by 2020 from 1990 levels. The government is



also ready to raise the gasoline tax, prompting automobile users to switch to more environmentally friendly next-generation motor vehicles. The government plans to raise the share of such next-generation autos in the country's new car sales to up to 50%. It also envisions promoting the use of highly energy-efficient next-generation lighting devices such as light-emitting diodes (LEDs).

In the medical/nursing care sector, the growth strategy calls for allowing the use of domestically unapproved medications and medical equipment already used abroad. It envisages designating about 200 medical institutions across the country that will be allowed to use unapproved drugs and medical equipment. The government plans to develop and put to practical use life-supporting robots that will help elderly and handicapped people. It plans to launch round-the-clock nursing services for those people by fiscal 2013. This will lessen burdens on the part of relatives taking care of elderly people at home.

In the field of tourism and regional revitalization, the government plans to submit to the National Diet within fiscal 2010 a bill to revise the national holidays law that will realize region-wide consecutive holidays. Under the bill, Kyushu and Okinawa in the south will have unin-

terrupted holidays in the first week of May. The Hokkaido and Tohoku regions in the north will have straight holidays in the following week. If the plan is realized, congestion will be eased at the country's popular tourist spots that attract many visitors. The growth strategy also features plans to spread ecologically friendly homes equipped with solar power generation facilities and to lower the proportion of homes vulnerable to earthquakes to 5% from 21% in 2008. The government expects those plans to increase construction work for local contractors and eventually lead to revitalization of local economic activity.

In the science and technology sector, the government plans to enable all households to use high-speed, large-capacity broadband communication services by around 2015 and to launch the so-called national identity register. Under the national ID system, residents will be able to acquire official certificates such as residency cards at their homes, convenience stores, post offices and other locations, although some people are worried about possible information leaks. The government also plans to launch traffic accident and road congestion information services for drivers by fiscal 2013 with the help of state-of-the-art information and communications technology.

## Rushing to Hire Asian People

### Japanese Firms Changing Overseas Strategy

More and more Japanese companies are employing foreigners, mainly from Asian countries. In a strategic move, they are seeking to bolster their international competitiveness by massively hiring Asian people well versed in local situations and ready to meet immediate work needs in a bid to take advantage of the region's high growth potential. The traditional practice of Japanese companies to send regular domestic staff for overseas positions is facing a major turning point.

Fast Retailing Co., the operator of the *Uniqlo* casual clothing store chain, plans to hire about 300 people in Asia in fiscal 2011, starting in April next year. The number accounts for 50% of its planned new recruits for the coming fiscal year. The move comes in response to the firm's planned increase in its stores in China where it already operates scores of chain stores. The company is aiming at securing people who can serve as store managers in Malaysia and Taiwan ahead of the opening of the first outlets there. Major convenience store chain Lawson Inc. is focusing on recruitment of foreigners studying at Japanese universities. For the present, it plans to con-

tinue hiring about 20%-30% of its new recruits from among foreign students, mainly from Asian countries.

Rakuten Inc., which operates the largest online shopping mall in Japan, is expected to hire about 150 foreigners out of 600 new recruits it plans to employ in the new fiscal year. Expecting China's online retail market to expand rapidly, Rakuten has agreed with China's top Internet search engine Baidu Inc. to form a joint venture. The firm hopes to use Chinese engineers to provide services meeting needs in the Chinese market. Panasonic Corp. has also been aggressive in employing foreigners. The home electronics giant plans to employ about 1,100 foreigners in fiscal 2011, including those from Asian countries, up 50% from the previous year. The planned new recruits are expected to account for 80% of the firm's total extra employment for the year.

A survey conducted by Kyodo News on changes in the number of employees of Japan's 12 major companies that regularly disclose data on global employment by region showed the number of employees in Asia and Oceania



*Fast Retailing Co., Japan's leading casual-clothing retailer known for its Uniqlo brand, opens its first outlet in Shanghai on Sept. 30, 2002, in a ceremony in the Hongkou district attended by President Tadashi Yanai (3rd from right).*

increased 23.9% to about 272,000 in 2009 from some 220,000 in 2006. The number of their global employees in 2009 was about 995,000, with the ratio of employees in Asia and Oceania increasing to 27%. The number of employees at Japanese firms in Asia sharply increased in many cases as a result of M&A deals and establishment of local subsidiaries for expansion of sales networks in China, India and Southeast Asia.

## Asian Economic Integration: Tug of War

### Japan, U.S. & China Seeking Lead

Japan's initiative aimed to create a mega-market with 3.2 billion people, which accounts for half the world's population, will head into a crucial stretch later this year. At the 16-nation East Asia Summit (EAS) to be held in Hanoi in October and also at meetings of the Asia-Pacific Economic Cooperation (APEC) forum in November, which Japan chairs, participants are sure to focus their attention on the issue of how to integrate Asian economies into a single market.

Since 2006, Japan has been promoting an initiative covering 16 nations in the Asia-Pacific region, comprising all the 10 members of the Association of Southeast Asian Nations (ASEAN) plus China, Japan, South Korea, India, Australia and New Zealand. Japan, China and South

Korea each put into effect by 2009 their respective free trade agreements (FTAs) with ASEAN, which will constitute the core of future regional economic integration. India, Australia and New Zealand also did so last January, paving the way for proceeding toward eventual economic integration in the region.

At the previous EAS in October 2009, the leaders of the 16 economies agreed to start government-to-government talks toward economic integration. Discussions began first among ASEAN members this year covering four areas, including customs classification, before reporting the results to the Hanoi EAS. ASEAN has advanced toward a single market by signing FTAs with the six countries. However, formation of a single, integrated FTA

encompassing the 16 economies will require the combination of all bilateral FTAs into a single one.

Meanwhile, the United States is calling for a Free Trade Area of the Asia-Pacific (FTAAP) which will cover all 21 members of APEC. A Japanese trade source says the United States is seeking to establish a strongly pro-US organization that includes Pacific-rim countries in the Americas.

China is moving ahead with ideas for a smaller framework, "ASEAN plus three," which groups Japan, China, South Korea and the 10-member ASEAN. It has already attracted some neighboring nations such as Laos. A tug-of-war is sure to heat up among Japan, the United States and China over which country can take the lead role in regional economic integration.

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