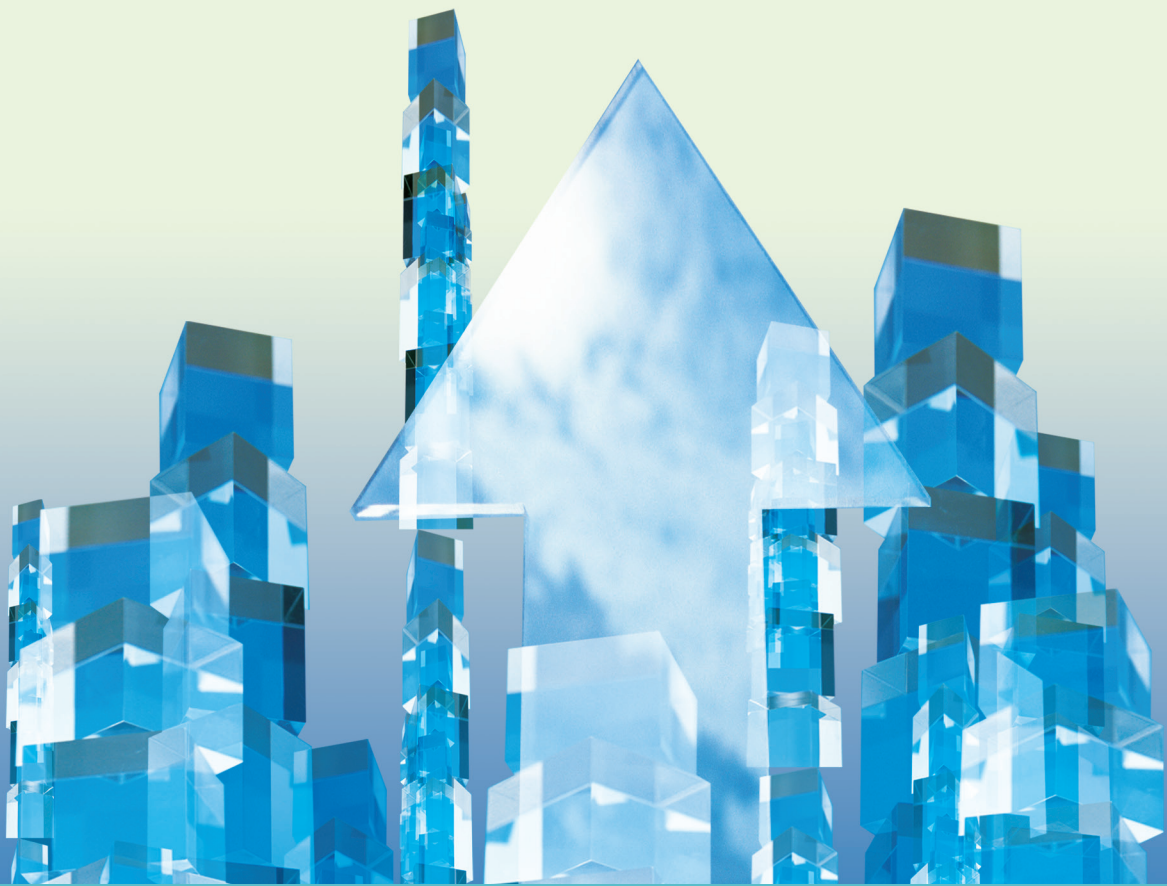


# Industrial Policy — a Third Engine for Promoting Growth

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Japan's new economic policies collectively termed "Abenomics" consist of three main pillars — an active monetary policy (quantitative easing under low interest rates), an active fiscal policy to create a new demand by increasing public expenditure, and structural economic reforms to promote and strengthen industrial competitiveness and enhance the growth potential of the supply side of the economy. Many economists agree upon the critical importance of the third of these pillars.

An industrial policy is one of those policy tools for encouraging such structural reforms of the economy through regulatory reform or policy guidance to rationalize industrial structures and business management.

With the increasing constraints of fiscal and monetary policies today (zero interest rates and cumulative debt spreading globally), industrial policy has become a predominant issue around the world and a key to growth strategy in major countries. It is also considered a key to survival in an era of globalization when all countries face

the need to attract foreign direct investment. An industrial policy will accommodate a business environment in favor of FDI.

The May/June issue highlights this new role of industrial policy among various nations to give a global picture. The first three articles present recent Japanese developments for our overseas readers with new facts and observations. The other articles discuss the industrial policies of other countries and regions in recent years, focusing on Europe, China and Malaysia.

We do not know whether these fully represent the global trends in industrial policy, but it is nonetheless enlightening to see the differences between Japanese industrial policy and those of these three other economies.

Naoyuki Haraoka, executive managing director, editor-in-chief of *Japan SPOTLIGHT*

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