



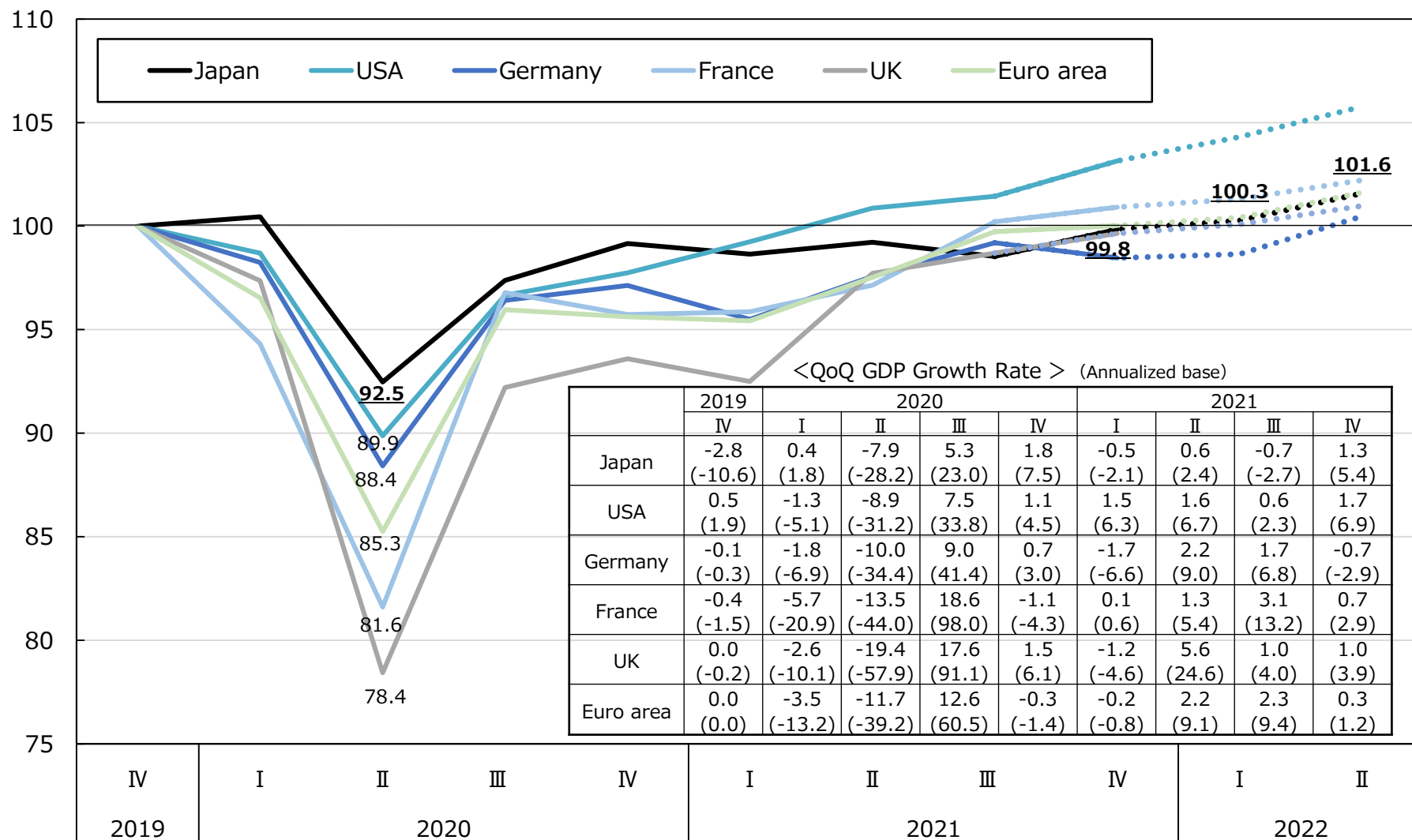
Japan's economic development and policy response

March, 2022

Masato Kanda
Vice Minister for International Affairs
Ministry of Finance, JAPAN

Real GDP

(2019 IV = 100)

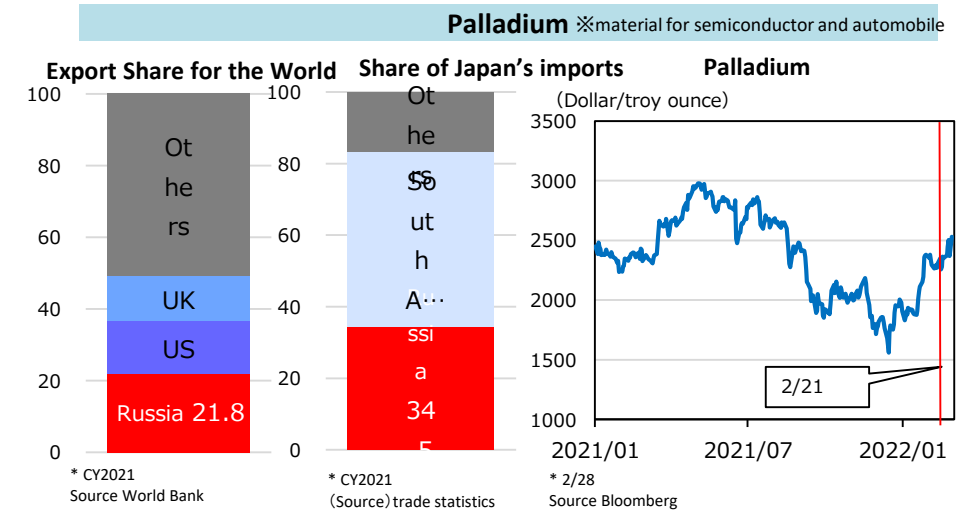
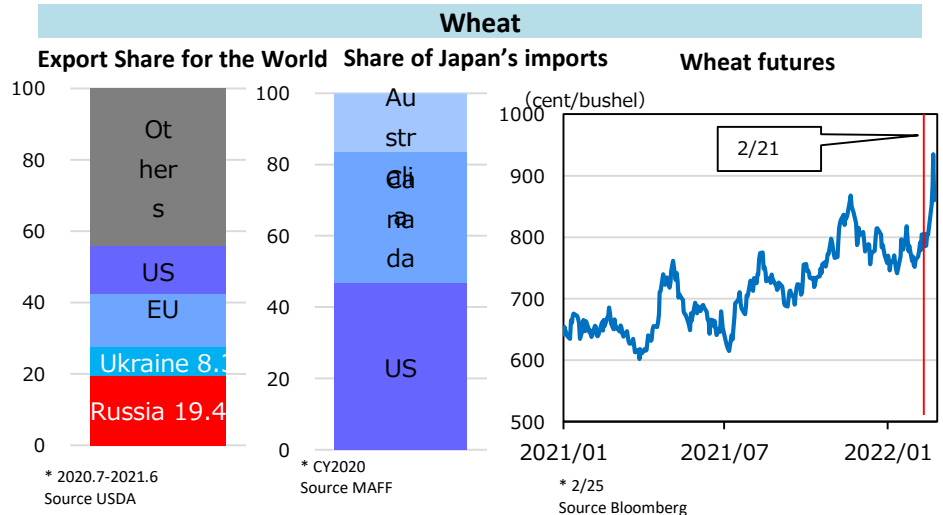
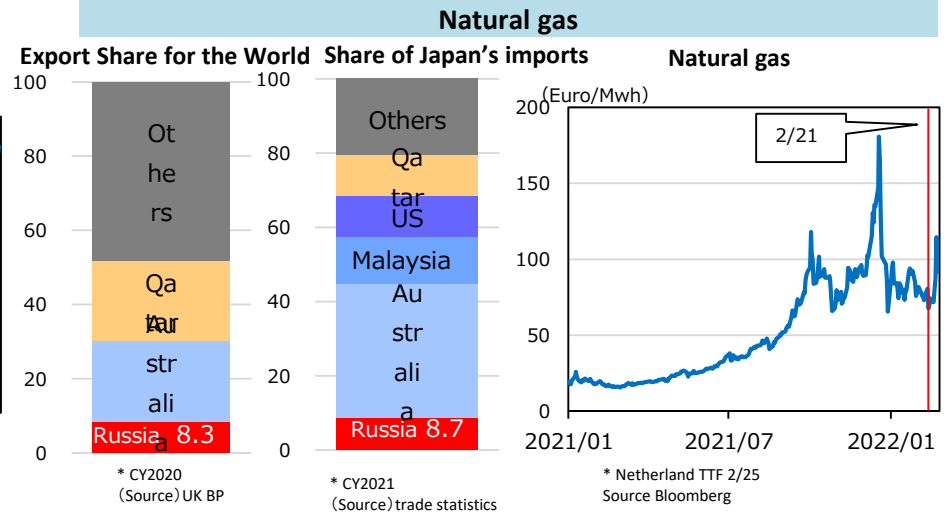
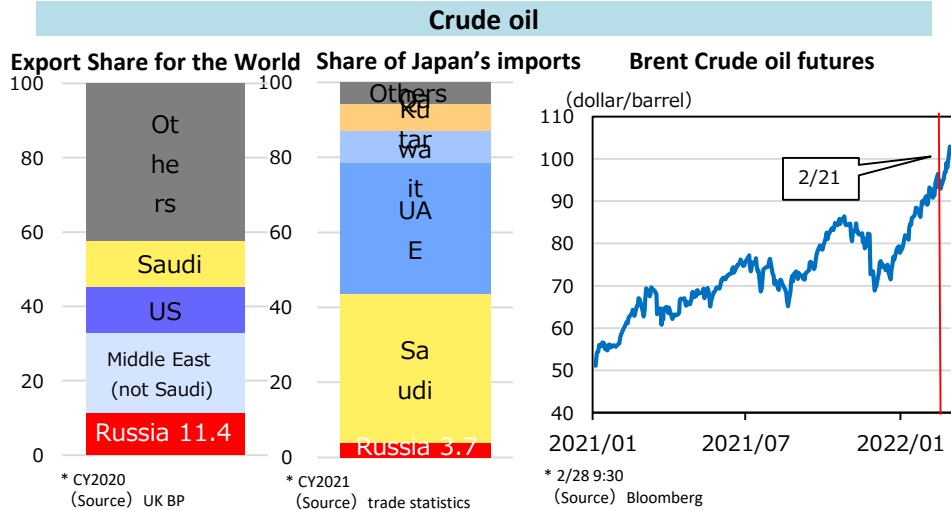


(Note) Projections are calculated using the 2021 Q4 outcomes and growth forecasts by Bloomberg (as of February 16) and ESP forecast for Japan (February 9)

(Source) Cabinet Office, Japan Center for Economic Research, Department of Commerce (USA), Congressional Budget Office, Federal Statistical Office Germany, Institut national de la statistique et des etudes economiques (France), European Commission, Bank of England

Russian aggression poses price surge in commodities

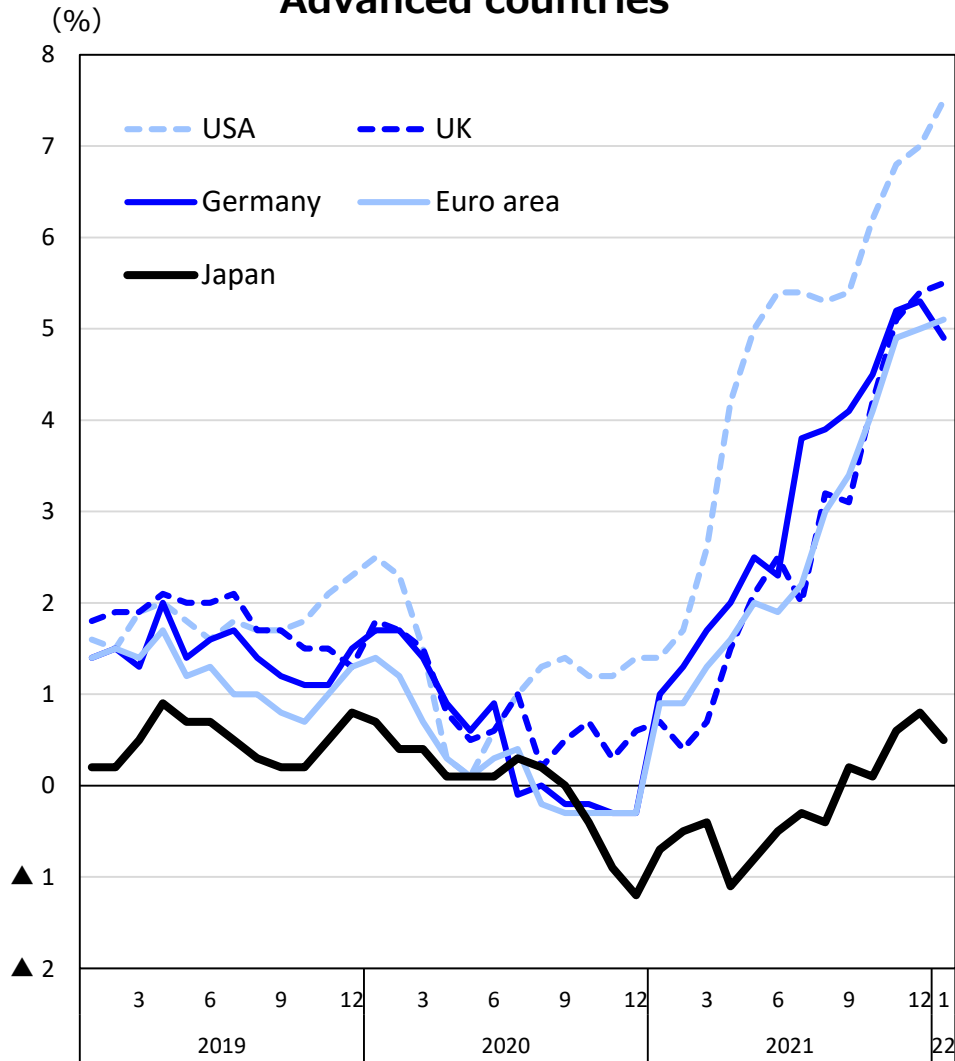
- Russia is a major exporter of crude oil, natural gas, wheat, palladium
- Increasing geopolitical risks in Russia/Ukraine have an effect on the global economy through
 - 1) accelerating inflation and destruction of financial markets through global commodity prices,
 - 2) impact on prices of daily products,
 - 3) disruption of supply-chain for semiconductor and automobile



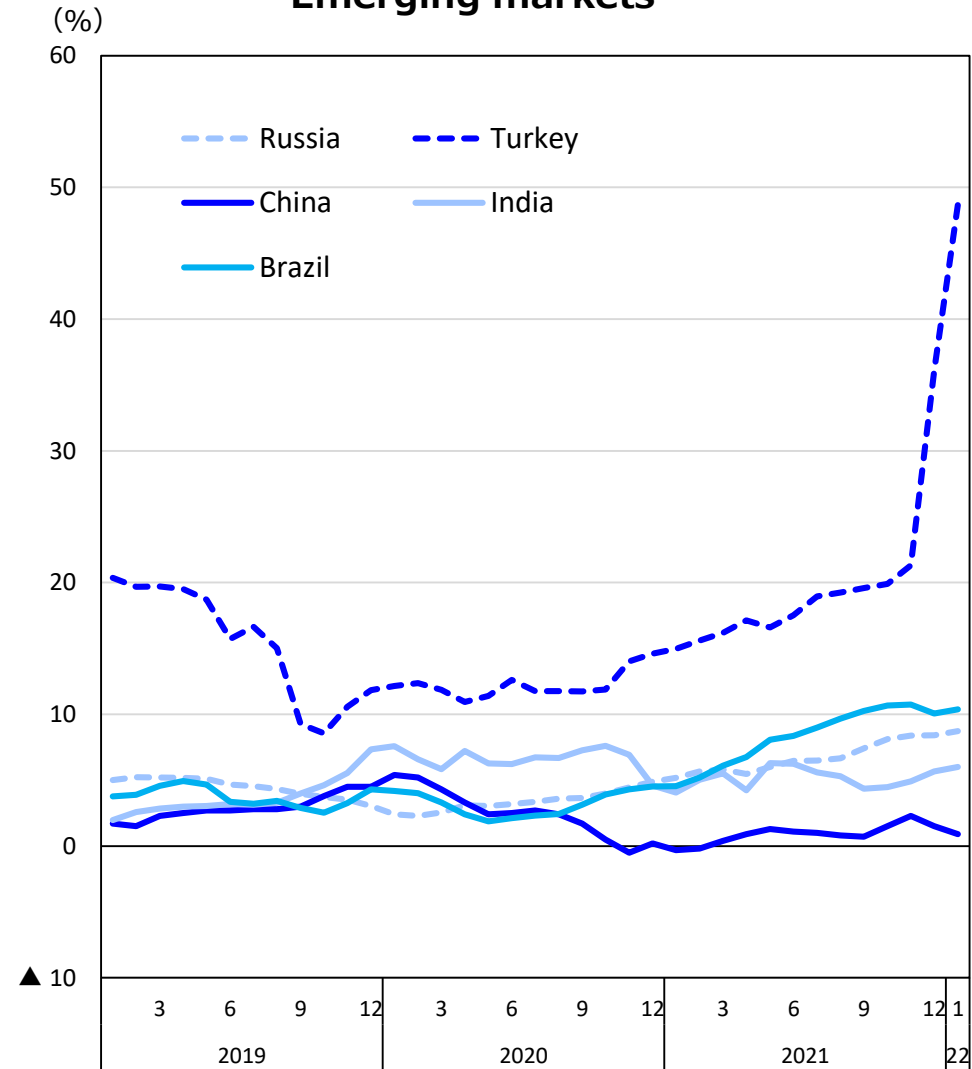
Note: Russia recognized Pro-Russian region in Eastern Ukraine as State on 21th February

Inflation rates (cross-country)

Advanced countries



Emerging markets

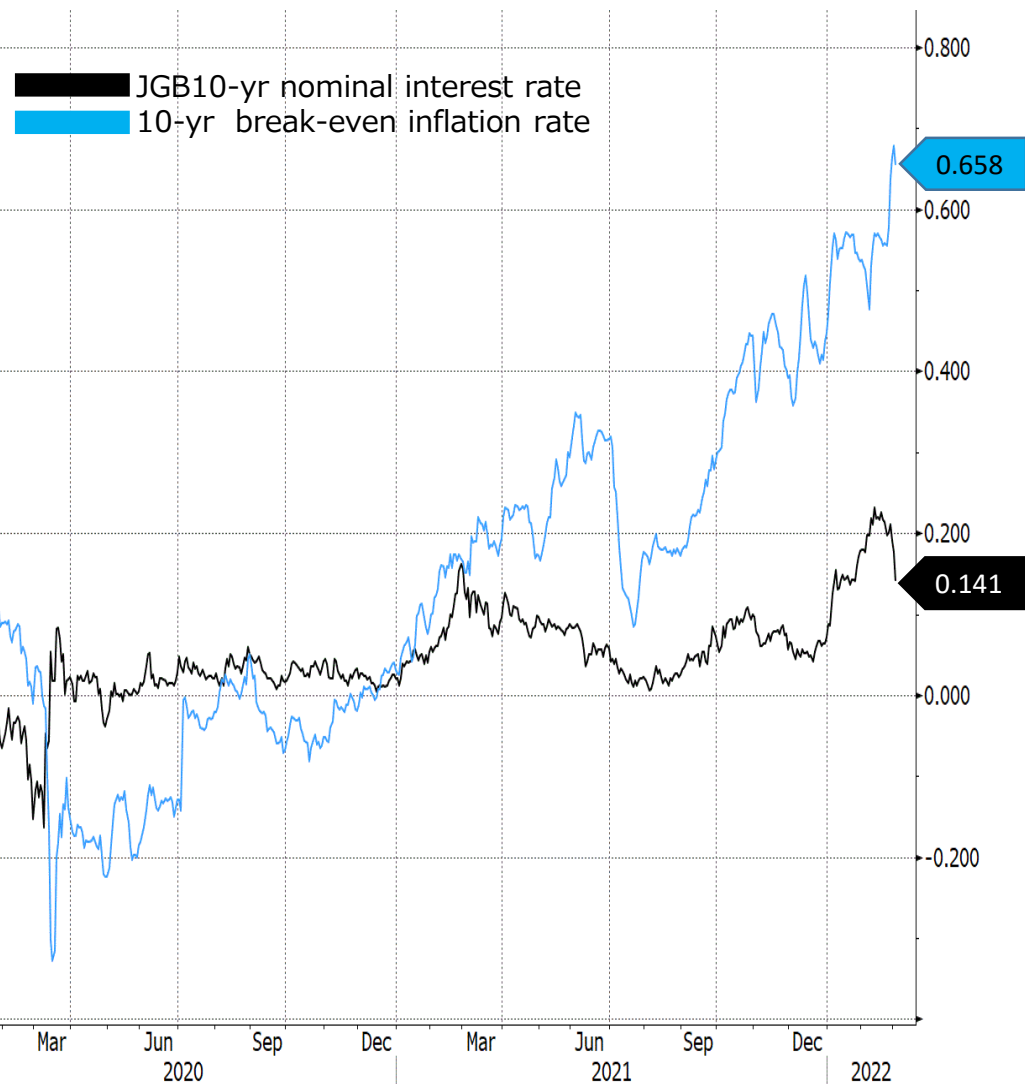


(Note) Consumer Price Index, Year on Year

(Source) Bloomberg

Inflation in Japan?

10-year JGB yields and break-even inflation rate



(Source) Bloomberg(12:00, 02 March)

“Umaibo (literally delicious stick)” shock

Japan’s favourite snack falls victim to global inflation with first-ever price hike

Umaibo, a crunchy corn snack that means ‘delicious stick’, increases in price from ¥10 to ¥12 - the first rise in the face of higher import costs



Umaibo, which has succumbed to a rise in the price of corn from the US, on sale in Tokyo. Photograph: Akira Tomoshige/Reuters

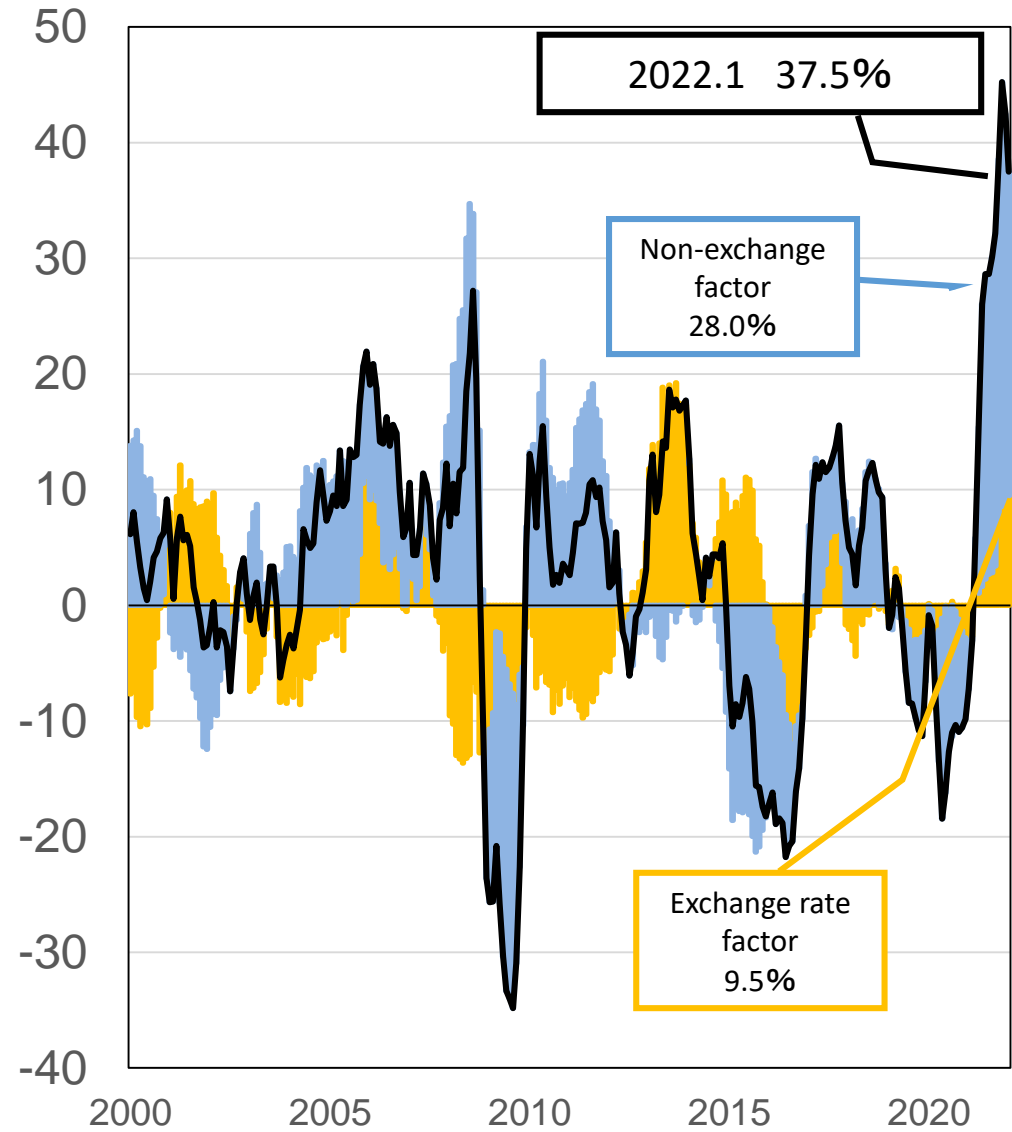
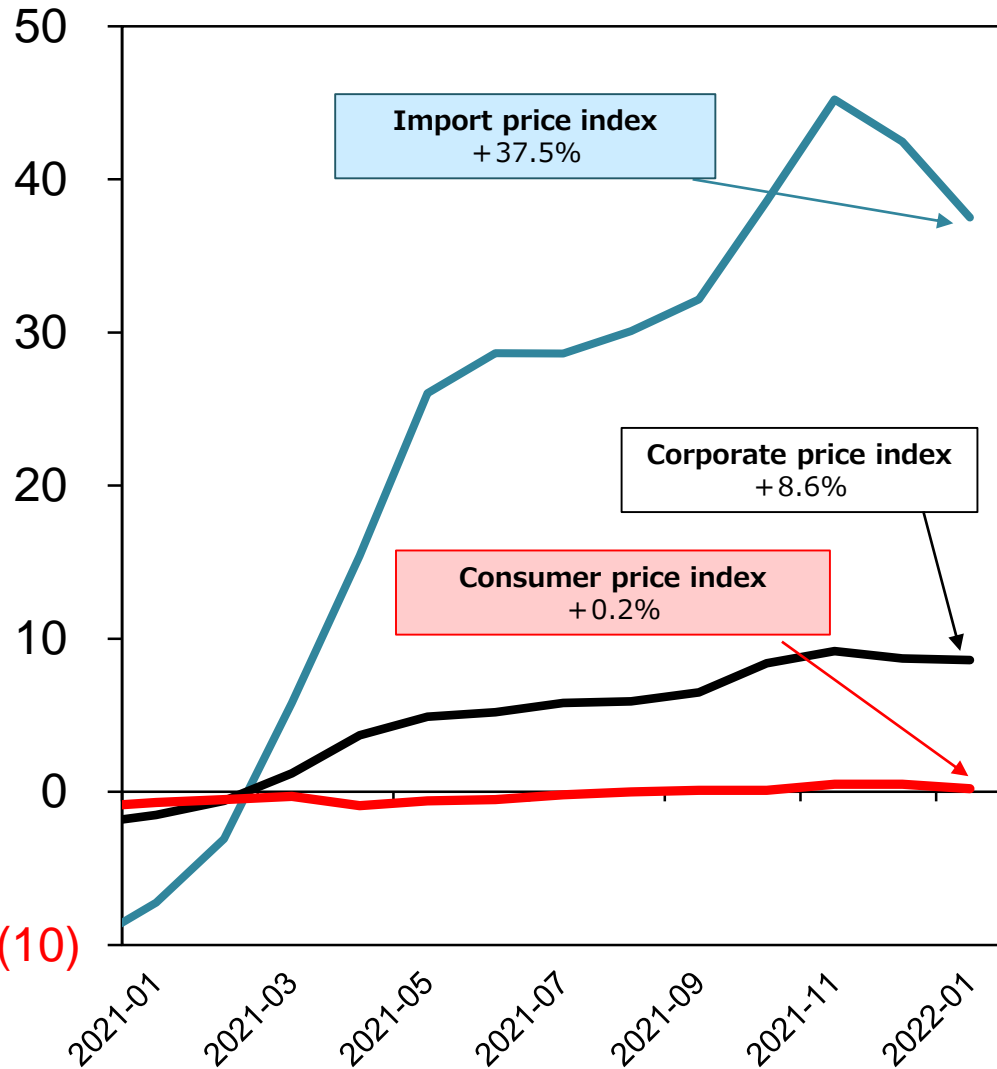
(Source) The Guardian (27 January, 2022)

Price indices in Japan

(%, YoY)

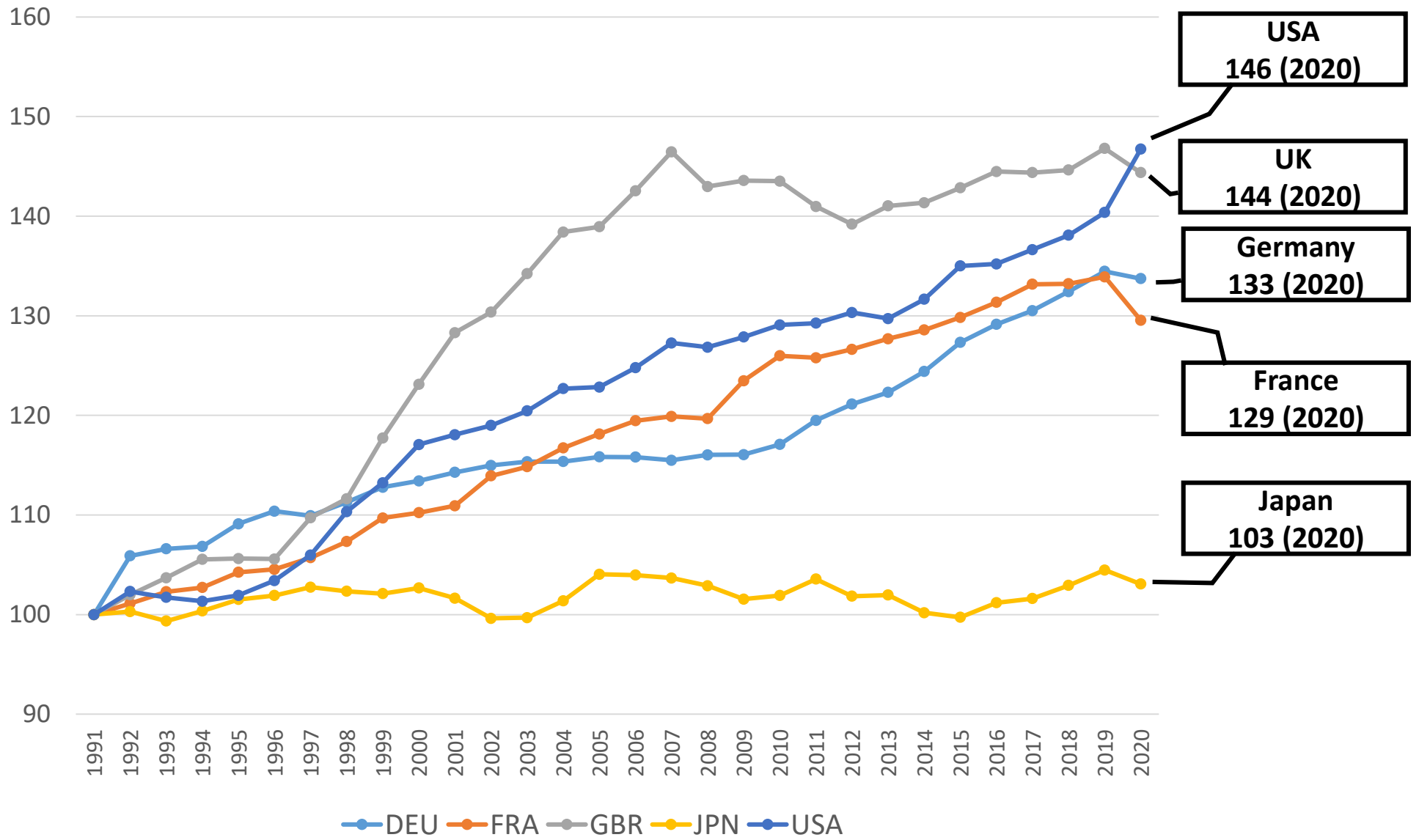
Price indices

Import price index



(Source) Bank of Japan, Ministry of Internal Affairs and Communications

Average wage shift (cross-country) (1991=100)

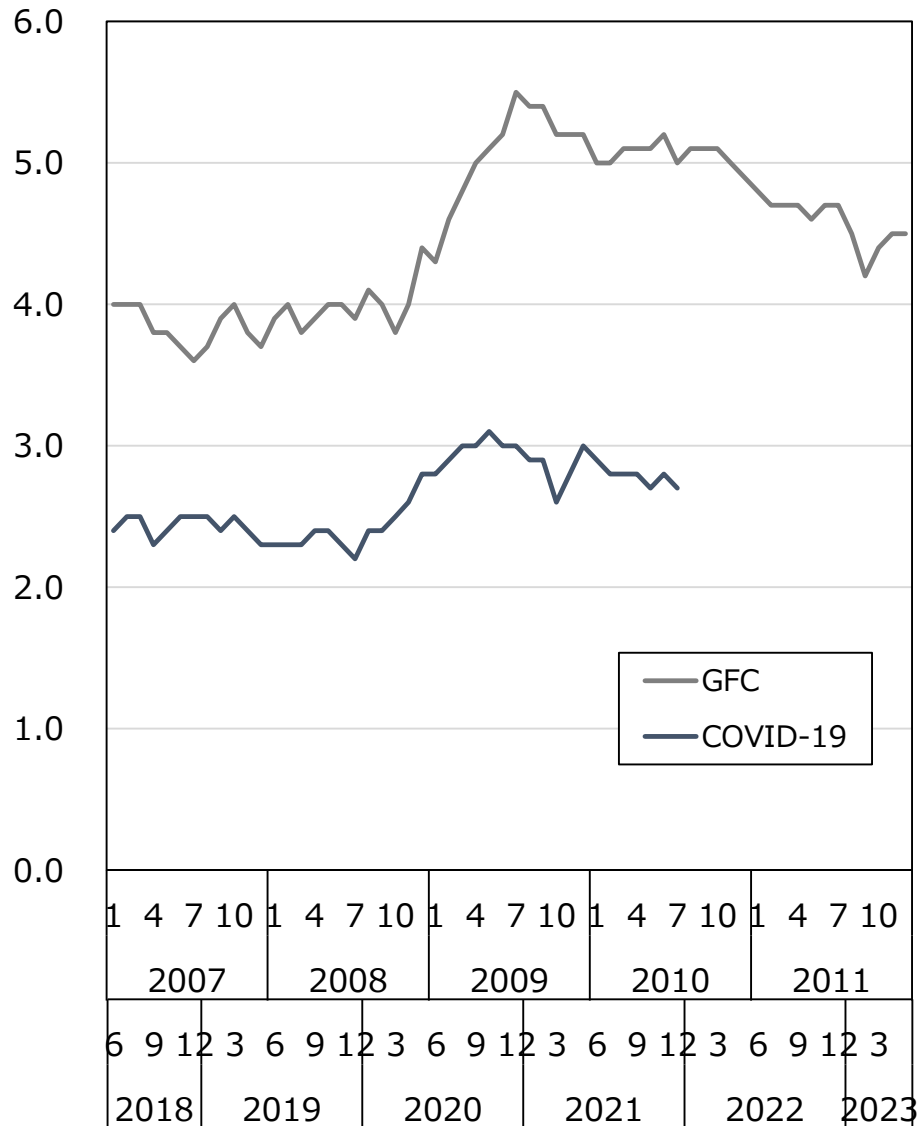


(Source) OECD stat

Employment Situation

Unemployed person

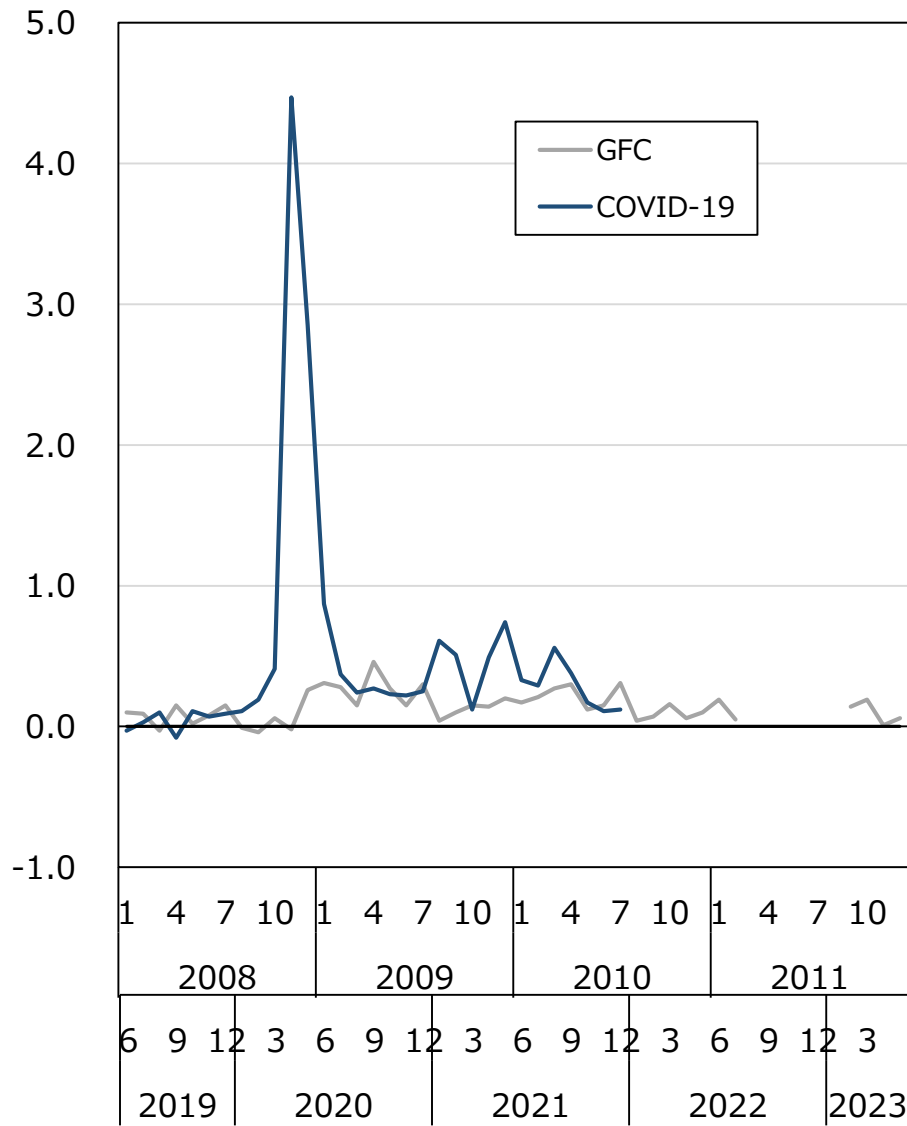
(million people, SA)



(Source) Ministry of Internal Affairs and Communications

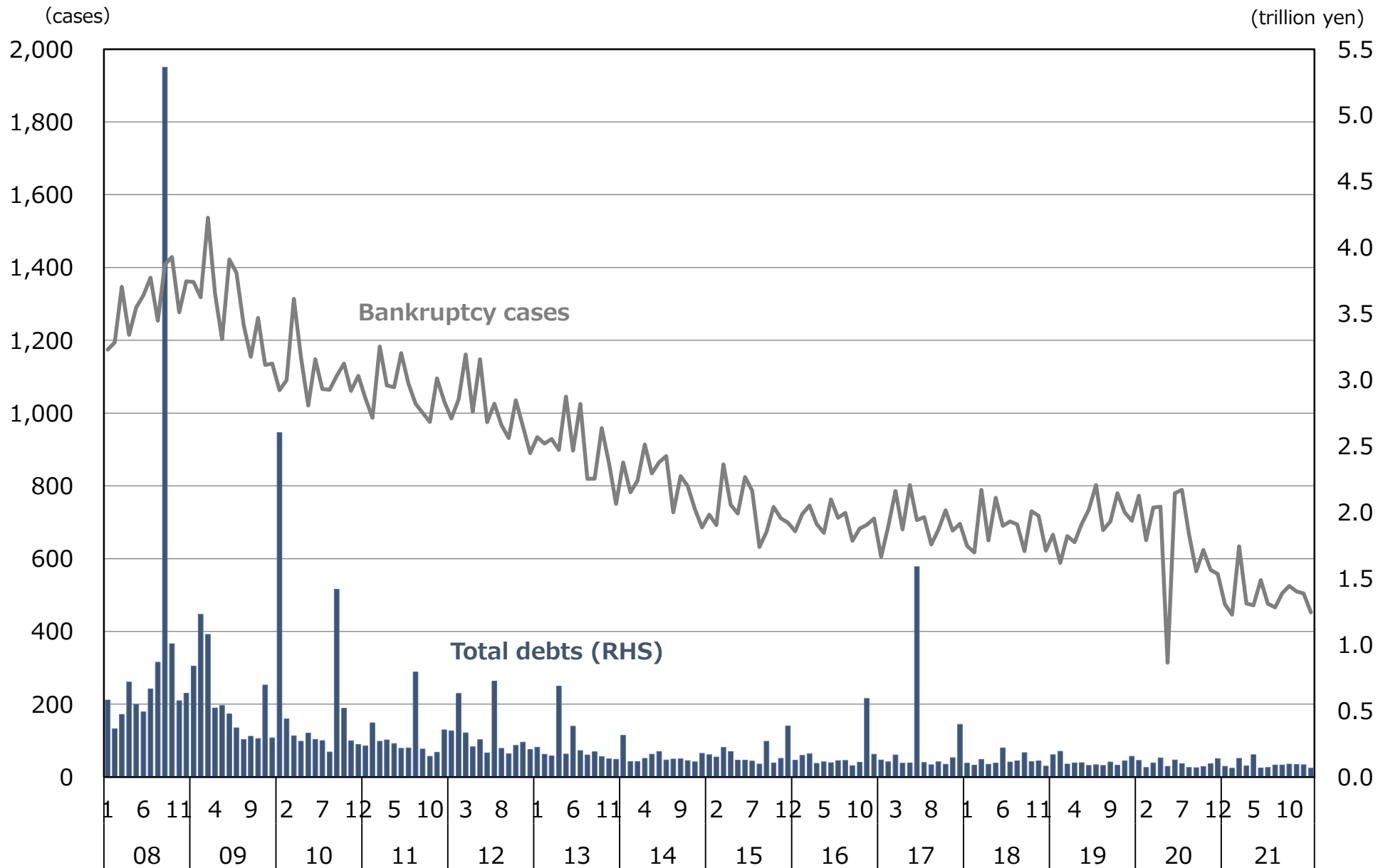
Employed person not at work

(Comparison w/ the same month in 2007(GFC),2018(COVID-19), million people)



(Note) Due to the Great East Japan Earthquake, results are missing from March through August 2011.

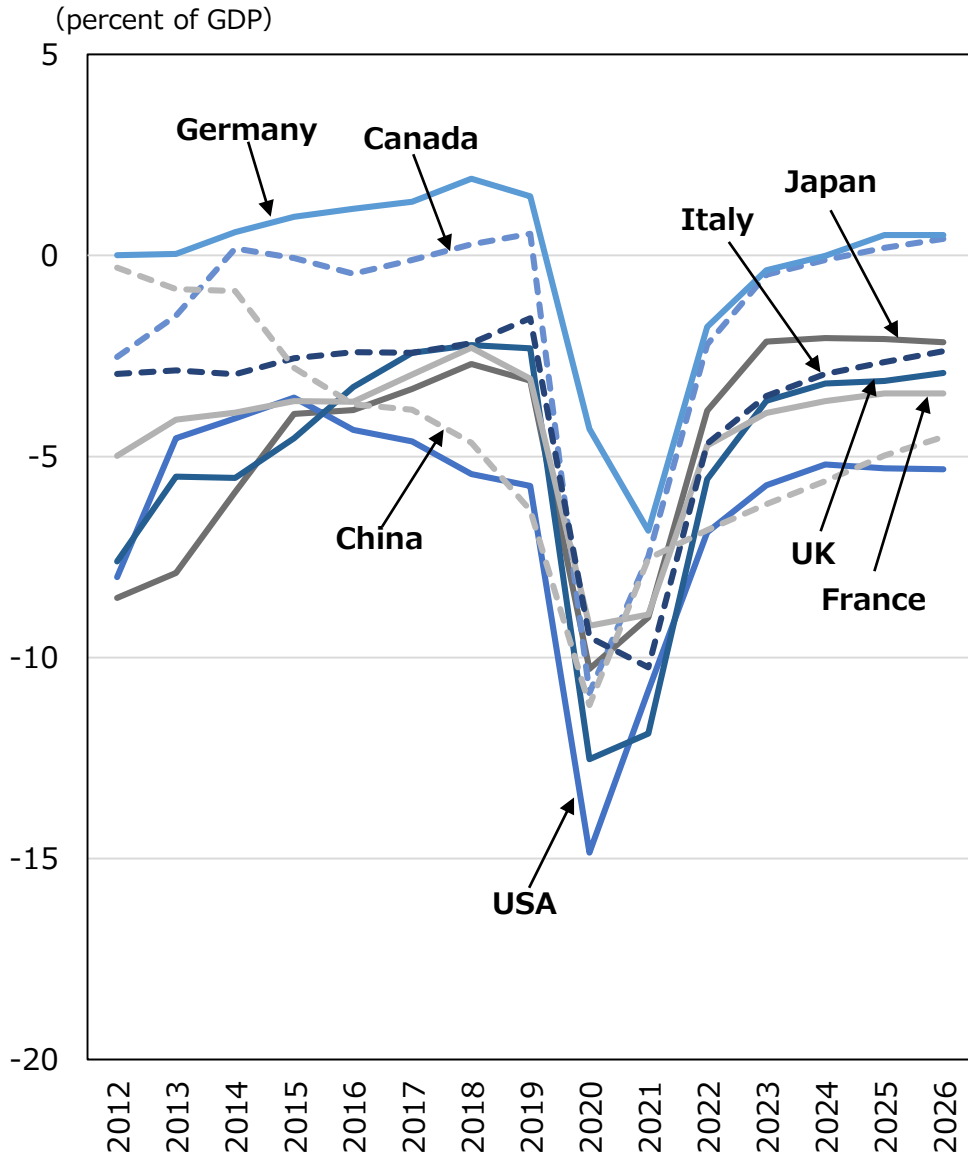
Bankruptcy Cases



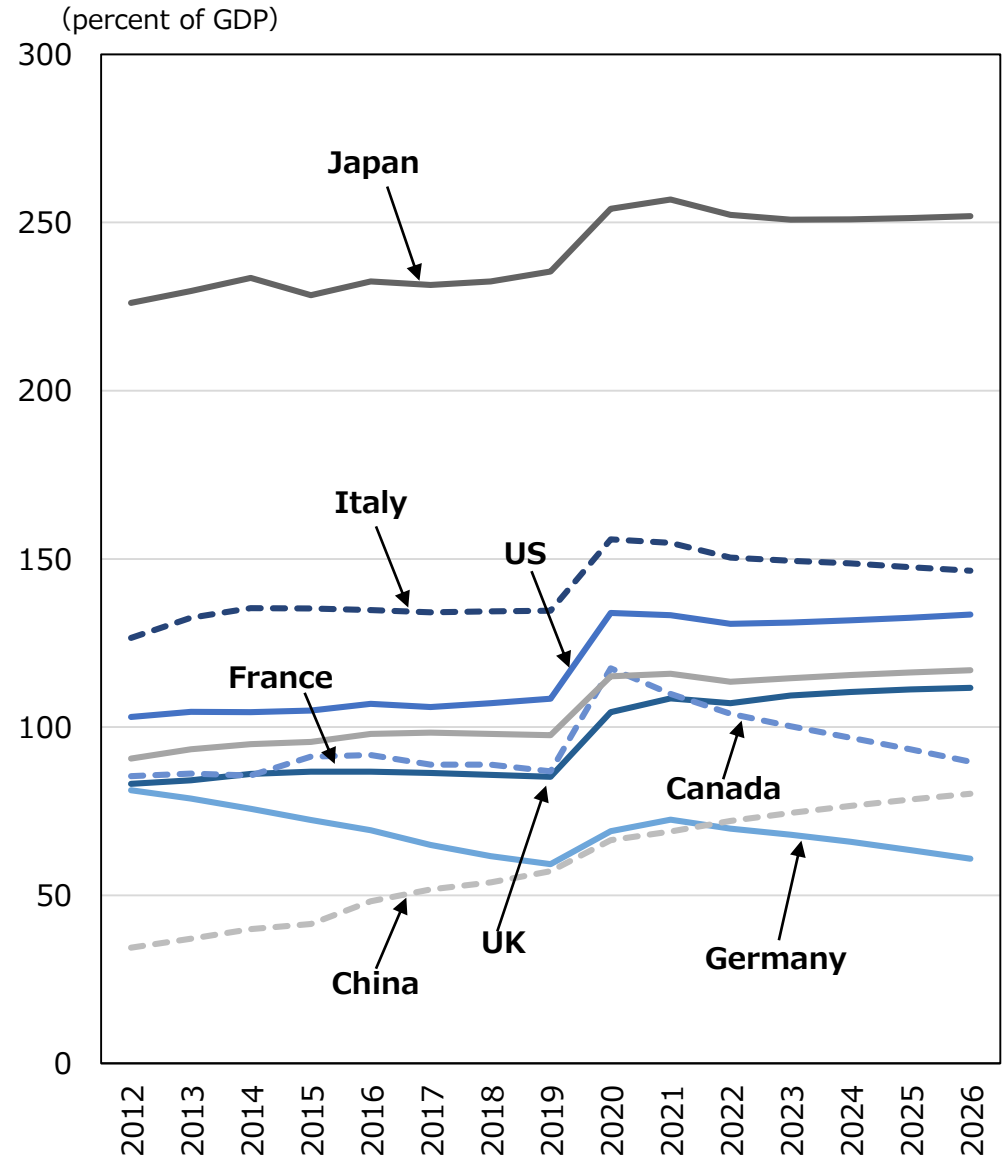
(Source) Tokyo Shoko Research

General government fiscal balance and debt projection by IMF

General government fiscal balance

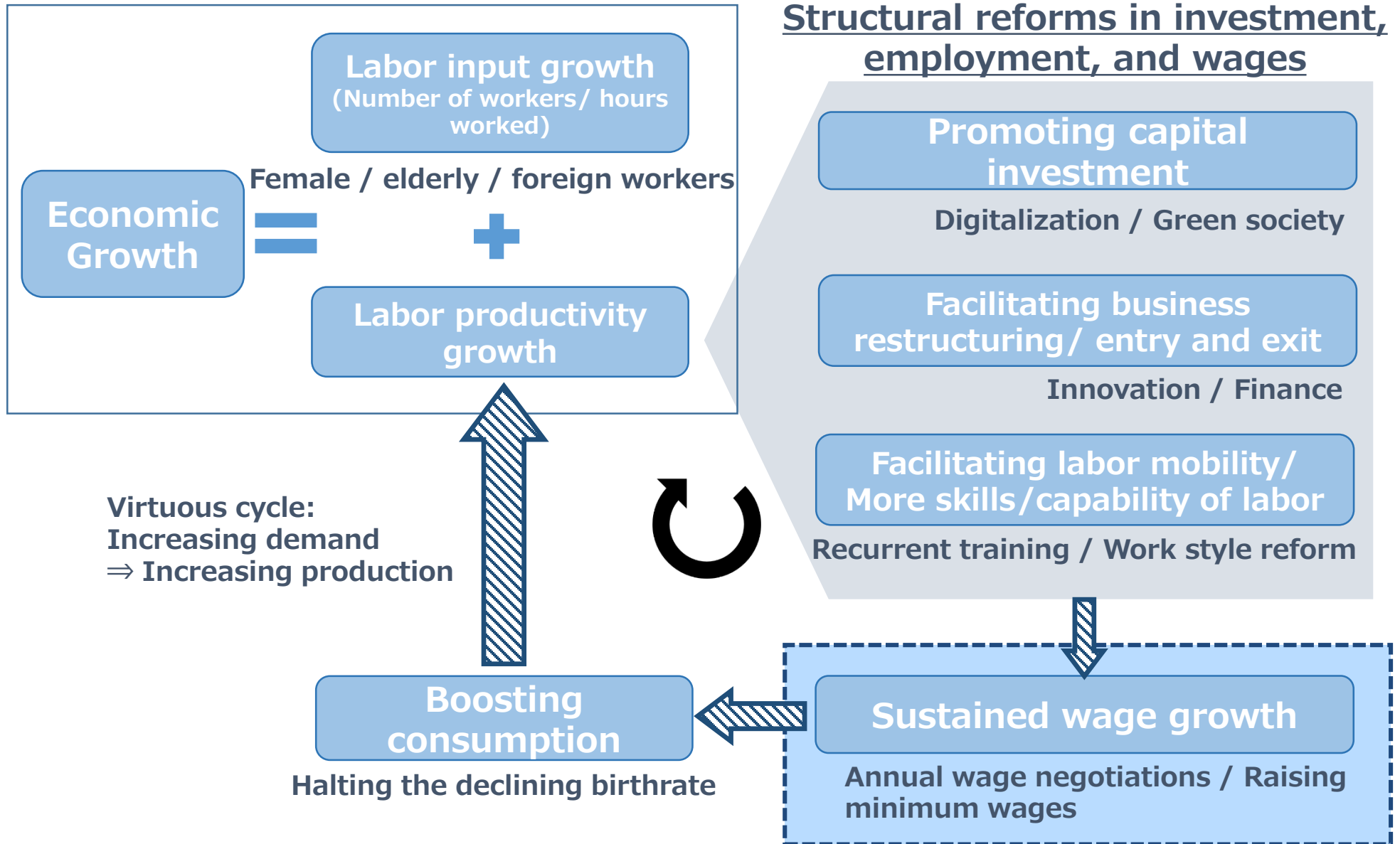


General government gross debt

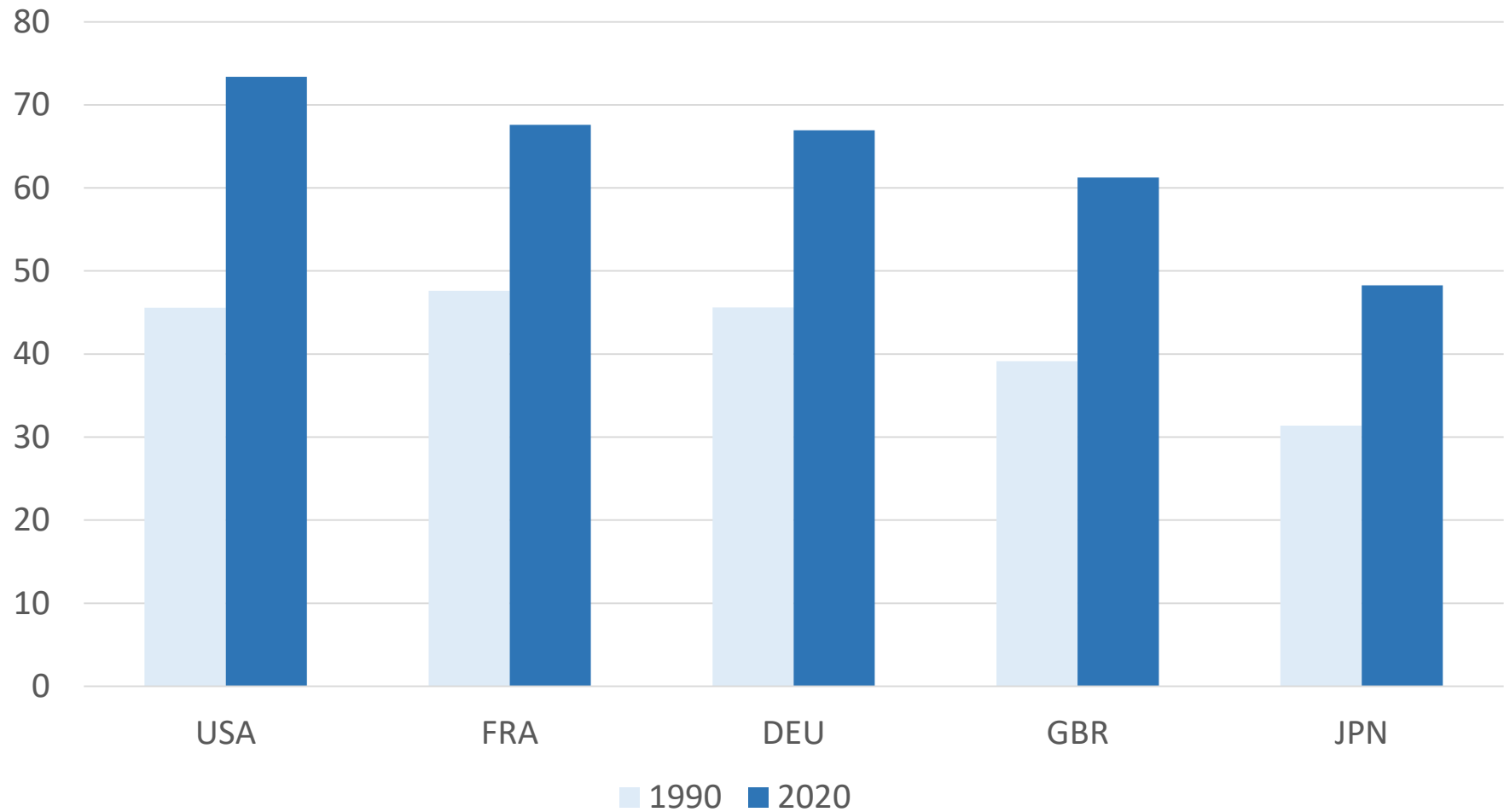


(Source) IMF, World Economic Outlook, October 2021

Virtuous cycle of the economy



Labor Productivity (cross-country)



(Note) GDP per hour worked, This indicator is measured in USD (PPPs with constant prices in 2010).
(Source) OECD (2022)

Growth under the new form of capitalism

[Policy Speech by PM Kishida, Dec 6]

The first point is our Growth Strategy. The public and private sectors will together play their roles and collaborate in making bold investments for growth.

Innovation

Climate change

Vision for
a Digital Garden City Nation

Economic security