

Policy Speech by Prime Minister Shinzo Abe to the 185th Session of the Diet

Tuesday, October 15, 2013

1. Introduction

I wish to begin my address by extending my sincere condolences to those who perished as a result of the unprecedented torrential rains and the typhoons and tornados. I also wish to extend my sympathies to those who were injured or suffered damages from these events. Many of the affected areas are facing an aging of their community residents and depopulation. I will make my utmost efforts for the early recovery of these areas, taking these circumstances into consideration.

This is the only road forward.

My "three arrows" of economic revival have dramatically changed the atmosphere in Japan. We have attained an annualized growth rate of more than 3 percent in two consecutive quarters since the beginning of 2013. This is the highest rate of growth among the world's leading developed nations. The ratio of job offers to job seekers has risen to 0.95 over the past eight months, from a ratio of 0.83 at the end of 2012.

This turnaround of the economy has not yet come to be felt tangibly throughout the whole of the country. We are still only halfway to extricating ourselves from the deflation that lingers in every corner of the nation.

Our only alternative is to proceed without hesitation down this road.

The world is now paying close attention to the revitalization of Japan. I discerned this very acutely in Lough Erne and again in Saint Petersburg, as well as in New York and then again in Bali.

Japan is "able to grow robustly once more." Japan can also be "dynamically engaged on center stage in the world once again." Moreover, Japan now most certainly has burgeoning "hopes" for just such a future.

Let us together move forward along this road.

2. Accelerating reconstruction

Restoring a strong economy will cast immense rays of hope on the disaster-stricken areas as well. We will accelerate still further our efforts towards reconstruction from the Great East Japan Earthquake at the earliest possible time. We will simultaneously move forward in building a resilient country, in preparation for future large-scale disasters.

In the disaster areas, some 290,000 people are living as evacuees even now. Almost all of the plans for the transfer of housing to areas of high elevation have been decided and we have now transitioned into the stages of acquiring and preparing the sites. In the months ahead we will steadily execute the work schedules for housing reconstruction within each individual municipality.

We will also accelerate decontamination and the restoration of infrastructure to enable the people of Fukushima to return to their home communities at the earliest possible time.

Every day at the Prime Minister's Office, I eat rice grown in Fukushima. It has a flavor that is acclaimed by all. It is my hope that consumers taste Fukushima's safe and delicious agricultural and fishery products for themselves, without being confused due to radiation-related rumors.

The issue of contaminated water has also resulted in the current situation in which fishermen are distressed because of radiation-related rumors that contradict the actual state of affairs. However, the actual situation is that it has impacted food and water to a degree markedly lower than the prescribed standards.

We have drawn up a program designed to resolve the issue fundamentally and we have already begun to put this program into implementation. We will continue to make every possible effort to fully carry out the decommissioning of TEPCO's Fukushima Daiichi Nuclear Power Station as well as the countermeasures addressing the contaminated water. The accident at Fukushima will not be left up to TEPCO to handle. The national government will fulfill its duties standing at the fore on this issue.

I received a letter from a young mother who is from Fukushima. Her letter conveys her love for her child that was born in the year the earthquake disaster happened, as well as her inner thoughts as she anguishes over whether or not to return to her home community of Fukushima. She ended her letter by saying, "My husband and I are now thinking that we will return to Fukushima. We intend to live on that land as a family, the three of us. We decided this because we thought that Fukushima has no future unless the younger generation lives there as we will."

The younger generation of Fukushima has its eyes set fixedly on Fukushima's future.

Without the recovery and reconstruction of the disaster areas, there can be no revival of Japan. As Prime Minister, I will fulfill these obligations towards the future.

3. Carrying out the Growth Strategy

(Opening the curtain on new growth)

Even meeting with failure after taking on challenges contributes to future progress, and thus it is something that should be encouraged in no small measure. Indeed, the worst is to do nothing for fear of failing.

It is said that Soichiro Honda inspired his employees by telling them this very thing. Our forebears' spirit of taking on challenges in this way led Japan to its rapid growth.

But over time, the Japanese came to lose confidence in themselves. Their confidence withered away during Japan's prolonged deflation.

We will free Japan from this spell and once again restore a nation brimming with the spirit of entrepreneurship. We will create a society in which young people are dynamically engaged and women shine. These are the very essence of my Growth Strategy. Finally, we will open the curtain on Japan's "new growth."

(Reinforcing industrial competitiveness and an economic virtuous cycle)

The Abe Cabinet will support companies that intrepidly take on challenges. I believe that drawing out Japan's potential to the greatest possible extent is the pathway to reinforcing our competitiveness.

We will newly establish a System for Granting Special Provisions to Companies for Field Testing. In every field, we will newly relax regulations to expand the opportunities available to companies who are working to succeed in "frontier" endeavors.

We will support the launch of new ventures by pressing forward with business restructuring and promoting a replacement of the old with the new. We will promote research and development and increase productivity by supporting capital investment.

To achieve this, we will set the next three years as a "period to promote investment in a concentrated manner" and mobilize an entire spectrum of policies and measures, including the tax system, the budget, financial assistance, and regulatory and institutional reform.

Our aim in doing so is none other than expanding the employment of youth, women, and others who will work hard, thereby increasing their income. We will fully ensure that that feeling reaches everywhere throughout the nation.

This will further expand consumption and engender new investment. We will deepen the cooperation between the government, labor, and management to bring about an economic virtuous cycle.

(Creating opportunities in growth fields)

We will increasingly create opportunities for motivated people in fields that are assured of future growth.

We will carry out reforms to the electric power system. It is my hope that those who have strong aspirations to engage in ventures enter the liberalized energy market. We will create a dynamic market that can concurrently resolve the high production costs, supply instability, and other issues surrounding

the electric power system.

For me, who recovered from an intractable illness to again become prime minister, measures to address intractable illnesses are an area that can rightfully be called my life's work. We will further accelerate the practical application of regenerative medicine, which gives patients hope. We will conduct a review of the systems relevant to regenerative medicine in order to make it possible to utilize fully the power of the private sector.

During my visits to foreign countries, I introduce Japan's safe and delicious agricultural and marine products. Wherever I go, they are extremely well-received, to a degree that is truly remarkable. Has there ever been a time when agriculture garnered as much attention as an industry as now?

I hope that motivated private-sector companies invest increasingly in this field to bring the potential of Japan's agricultural products into full bloom overseas. However, the current situation in which small plots of agricultural land are scattered here and there makes it impossible even for motivated farmers to reduce costs and increase productivity. We will establish what can be called "farmland consolidation banks," which will bring together farmland and lend it out within each individual prefecture.

At the same time, we will strategically double our exports of agricultural and marine products to overseas food markets that are growing and push forward with "senary," or "sixth-order," industry, which will incorporate additional small touches to goods to increase their added value. We will engage in these efforts with the aim of doubling the income of farmers and farming communities overall over the next ten years.

(Competing in an open world)

The stage on which we will compete is an open world. Japan will aim to be the easiest country worldwide in which to do business.

In seven years' time, Tokyo and other cities throughout Japan will be attracting attention from around the world. We will thoroughly eliminate regulations and systems peculiar to Japan and establish a system of National Strategic Special Zones to give rise to the world's most advanced business cities.

Japan has now taken on a core role in negotiations on the Trans-Pacific Partnership Agreement, or "TPP." Working towards concluding the negotiations within 2013, we will make contributions to the creation of a new economic order for Asia and the Pacific, pressing forward assertively in areas where we should, while also protecting what must be protected.

Civil servants are expected to be actively engaged in working for the country and the people while looking broadly at the world. We will push forward with national civil service reform, including the establishment of

the Cabinet Personnel Bureau.

(The Diet to Execute the Growth Strategy)

What we must do is clear. There have been a number of similar "growth strategies" thus far. The difference lies in whether or not the strategy is accompanied by execution. There is no longer any point in having words alone.

"Without execution, there can be no growth." This Diet is the Diet in which the execution of the Growth Strategy will be put to the test. Let us solidly produce results and send out to the world a message that Japan will grow robustly.

4. Social security reform and fiscal reconstruction on the foundation of a strong economy

We will decisively execute the economic policy package and make the Japanese economy grow in a sustained fashion. On that basis, I took the decision to carry out the raising of the consumption tax rate by 3 percent from April 2014, in line with the original schedule.

The economic policy package that will from now transition into execution is not a series of transient measures aimed at boosting business activity in the near term, as such packages have been in the past. This package is an investment towards the future designed to bring about an increase in wages and expanded employment, among other benefits.

We will hand over Japan's world-class social security system to the next generation in a stable manner. In order to do so, it is imperative that we restore a strong economy, which is the foundation for our insurance premium revenue and our tax revenue, simultaneously with raising the consumption tax rate to ensure adequate fiscal resources. Through such measures, we will aim to realize our targets for restoring our fiscal health over the medium to long term.

In combination with these, we must boldly move forward on reforms and build a system that is sustainable. We will enhance our measures to counter the dwindling birthrate and transition to a social security system in which all generations contribute and benefit. With regard to medical care, nursing care insurance, and public pensions, we will advance concrete reforms to transition to a system that strikes a balance between the benefits and the burdens. We will build a society in which the elderly can live with peace of mind.

"Those with resolute ambition will surely have opportunity."

This is how Masanao Nakamura translated the words of British author Samuel Smiles: "where there's a

will, there's a way." in the Japanese translation of *Self-Help* that was published in 1871.

Meiji Japan had to tackle an entire range of issues concurrently in an atmosphere of pressing impatience from the Western great powers. We in the modern era must also concurrently achieve our goals of economic revival and fiscal reconstruction as well as social security reform.

Our only choice is to move forward, this road, learning from the will power of the people of the Meiji era. There is no reason to think that we in the modern age would fail to achieve what the Japanese people of the Meiji era accomplished. The bottom line is whether or not we have the will to achieve it.

There is no one else to create "a strong Japan." There is only we ourselves.

Let us go forward together.

5. Reshaping diplomatic and security policies to face up squarely to reality

In a world in which we are deepening our mutual interdependence, it is no longer possible for us to maintain the peace of Japan without carrying out proactive responsibilities towards global peace and stability.

This is Japan's own challenge.

We should be proud of the path we have followed as a peaceful nation over the 68 years since the end of the Second World War. However, in order for us to maintain this peace firmly into the future, we must now move into action.

It is not enough merely to advocate international cooperation in words. Rather, we must become a nation that contributes proactively to the peace and stability of the world on the basis of the principles of international cooperation. I believe that "proactive contribution to peace" is the signboard that Japan should shoulder in the 21st century.

Japan Coast Guard officers on the island of Ishigaki who defend fishing boats; Self-Defense Forces personnel on the island of Miyako who keep an eye on the southwest skies and in Djibouti who are engaged in anti-piracy activities under the scorching sun-I have with my own eyes seen them conducting their duties with high morale, even in extreme conditions. They are a source of great pride for me. I am also full of gratitude to their families.

They are now there in the thick of things, taking on 'reality' even at this very moment. We too must never avert our eyes from the reality that the security environment is becoming increasingly severe.

I will move forward in reshaping our diplomatic and security policies to face up squarely to reality.

We will establish a Council on National Security and strengthen the "control tower" function of the Prime Minister's Office in diplomatic and security policies. In conjunction with this, after ascertaining Japan's national interests from a long-term perspective, we will formulate a National Security Strategy to ensure the safety of Japan.

Furthermore, placing the Japan-U.S. alliance as the cornerstone, we will enhance our partnership with countries with which we share the values of freedom, democracy, basic human rights, and the rule of law.

Regarding the realignment of U.S. Forces in Japan, we will continue to ensure deterrence while moving forward steadily in line with the existing Japan-U.S. agreement, in order to reduce burdens on local communities, notably Okinawa.

As for the abduction issue, my Cabinet will spare no effort towards achieving a total resolution.

Taking a panoramic perspective of the world map, in the ten months since I took office as prime minister, I have visited 23 countries and held more than 110 summit meetings in total. I will continue in the months and years ahead to pursue our national interests assertively and promote Japan's appeal while playing an enhanced role in creating a better world by contributing to world peace and prosperity.

6. Closing remarks

"Tokyo!"

The announcement by International Olympic Committee President Jacques Rogge filled the conference hall in Buenos Aires with delight. That moment demonstrated that "when we all give our best, our dreams come true."

There, amidst the waves of happiness, was Ms. Mayumi Narita, one of Japan's world-class athletes who has thus far earned 15 gold medals in Paralympic swimming competitions.

Ms. Narita had once told me, "I never count what I've lost. I count what I've gained."

I was moved strongly by her attitude of living her life looking in a positive direction, particularly because this is backed up by her strong will power.

She overcame a number of difficulties, including beginning to use a wheelchair at the age of 13 and being involved in a traffic accident later on, through her strong will power, and has gone on to set magnificent

records.

The numerous issues that Japan now faces include accelerating reconstruction, breaking free from prolonged deflation, reviving the Japanese economy, fiscal reconstruction, reform of the social security system, reviving education, creating a society that enjoys safety and peace of mind through its resilience to disasters, revitalizing local areas, and reshaping diplomatic and security policies. I am firmly convinced that these too are challenges that we will most certainly be able to overcome if only we have will power.

I sincerely appreciate the support that was given to the ruling coalition of the Liberal Democratic Party and the New Komeito by the Japanese people in the recent House of Councillors election. Through this election, the division in the Diet has disappeared, which I regard as a strong, supportive push forward that says, "Go on and overcome those challenges."

We will live up to--indeed, we must live up to--the results of this election by moving our policies forward. With regard to electoral system reform, including a reduction in the number of seats (in the House of Representatives)], let us break through the current deadlock to reach a decision.

As for revisions to the Constitution, shall we not move forward while putting in place the procedures for conducting a national referendum and further deepening national discussions?

My honorable colleagues, let us properly live up to the people's trust through "politics that makes decisions."

I will close my policy speech with my request for the understanding and cooperation of my fellow citizens and my fellow members of the Diet.

Thank you for listening.