

Overcoming the Crisis: Japan's Efforts

As the world's second-largest economy, which overcame an economic crisis in the 1990's, Japan is undertaking such efforts as the following.

Revitalization of the Global Economy

1. Implement economic stimulus packages at a scale of JPY75 trillion in total (approx. US\$750 billion*) on a project basis. Fiscal measures alone amount to approx. JPY12 trillion (approx. US\$120 billion*). Additional economic measures are now under consideration.

**Calculated at a rate of US\$1 = 100yen*

2. Expand ODA to Asia : a total amount of JPY 2.0 trillion (US\$20 billion)

3. Additional assistance to trade finance: a total amount of US\$ 22 billion in 2 years in addition to US\$ 90 billion per annum on average

Securing US\$ 16 billion quota in trade insurance in NEXI. US\$ 6 billion additional fund to JBIC. Expansion of trade insurance network on a global scale.

4. Provide a loan of a maximum of US\$100 billion to the International Monetary Fund (IMF) (*Signed the lending agreement with the IMF on Feb. 13*)

Concluded an agreement for a maximum of US\$100 billion in loans to the IMF to expand the Fund's financial foundations and enable it to provide necessary assistance flexibly and proactively to countries affected by the global financial crisis.

5. Make efforts towards early agreement on tripling(+200%) the capital of the ADB

Make efforts towards early agreement on a general capital increase of the ADB, which plays an important role in assisting Asian countries affected by the financial crisis.

6. Establish a fund to recapitalize banks in developing countries

(JBIC and IFC signed an agreement on Feb. 2 to establish the fund)

Japan and the IFC are working in cooperation to establish a fund to strengthen the capital basis of banks in medium-and small-scale developing countries in Asia, Latin America, Africa, etc. JBIC will provide investment and loan of approx. US\$2 billion.

7. Provide assistance to provide liquidity in each region

Strengthen the Chiang Mai Initiative (CMI), which enables swap deals of foreign reserves between ASEAN+3 countries.

8. Provide support for Africa which suffers the worst effect by the global financial and economic crisis

- Double Japan's ODA to Africa by 2012.
- Mobilize the ODA loans up to US\$ 4 billion for five years.
- Implement expeditiously grant and technical assistance amounting to US\$ 2 billion, to assist Africa in light of the global financial and economic crisis.

9. Promote investment to future environment (*Announced on Feb.14*)

Support environmental investments in developing countries, mainly Asia. JBIC's financial support under the initiative will be around US\$ 5 billion for the next 2 years.

Trade and Financial Supervision & Regulation

8. Respond to a rise in protectionism

9. Strengthen the financial system in terms of regulation and supervision

Regulation/supervision on credit rating agencies

Introducing a registration system for credit rating agencies.

Accounting standards (fair value accounting, etc.)

Issuance of clarification guidance for the method of fair value accounting; continuation of the convergence between IFRSs and Japan GAAP.

Reforms of the IFIs

10. Reform international financial institutions

Lead the reform of governance structures of international financial institutions including the IMF, the World Bank, etc.