

Dialogue with the New York Finance/Business Community  
Opening Remarks by Shinzo Abe, Prime Minister of Japan  
Tuesday September 29, 2015/At Bloomberg HQs

Ladies and gentlemen, it's always good to be back in the "city of dreamers."

Thank you, Mr. Bloomberg, for your warm introduction. I have just cited one of your quotes you made as Mayor of the city. I share your view. There is no other place like New York, brimming with opportunities for dreamers.

Thirty five years ago, a young man came to town selling steel. He would later become Prime Minister of Japan and return to the city, this time to promote the Japanese economy.

I must stop there, because I did not come here to tell you my personal history.

In New York, I see lots and lots of people like you, full of business vigor, always open to new opportunities. This is why I am fighting off the risk of getting sleepy, in the morning hours over breakfast, due to the thirteen hour jet lag, especially to join you for this power breakfast. The Big Apple is worthy of my jet lag, and my visit at least once a year.

This morning we have Jesper Koll joining us. You were the one -- in fact the only one, were you not -

who maintained that the Japanese economy had been grossly under-rated.

This was three years ago, shortly before I took office, and at the time very few people paid any attention to Japan, a country of deflation that had continued for fifteen years.

Three years on, I have thrown inning after inning to make this country once again fulfil its potential. The CPI has made a turnaround, due to the QQE, and for two consecutive years it has gone up.

One BOJ study demonstrates that perceptions in the household sector now assume that year on year prices will rise by two per cent. The “deflation mindset” long

haunted Japan, but we have now shrugged this off.

It is mindset that is what matters most. The conventional and inward-looking mindset of the Japanese government, and of the Japanese companies, must now be cast off.

Ladies and gentlemen, in the Diet session that has just ended, we certainly swept away the sixty year old arrangement of the Agriculture Cooperatives. Other laws were put into effect to reform the health care system, and power generation and distribution.

Vested interests as they were, I myself was a drill bit, and the drill broke through some of those rock solid regulations.

The drill is still spinning fast and my reforms advancing.

As I have stressed many times, the reform of corporate governance is at the top of my agenda. You are all aware, I am sure, that our new corporate governance code has been enforced on all the listed companies, which exceed two thousand in number, since June this year. The number of such companies that have independent non-executive board members has doubled over the last two years. Now almost all the major institutional investors operate under the stewardship code we introduced anew.

Of course reality matters more. We must let the governance system make a tangible difference. I can tell you now, that we are going to

build a new system whereby CEOs and other board members should be transparently selected, and cross shareholdings further dissolved.

With the government and Tokyo Stock Exchange working in tandem, dynamic reforms should advance farther.

I said earlier that I must allow the Japanese economy to fulfil its potential. That's already happening as far as the companies go. The gross total of their ordinary profit before tax exceeded five hundred billion dollars in fiscal 2014, a record high.

Their return on equity increased by more than fifty per cent compared to the level three years previously.

Now, with the deflation mindset gone, our Government Pension and Investment Fund, the GPIF, is undergoing reform, such as by changing its portfolio management and hiring still more professional managers. Recently, the one point two trillion dollar fund signed the UN Principles for Responsible Investment, or the UNPRI.

I am sure, that the GPIF, as the biggest public pension fund manager in the world, will play an even more positive role in the global capital market as time passes.

We also hit a record breaking number in the cross border M&A activities of the Japanese companies. Last year the amount was almost seventy billion dollars,

- evidence that Japanese managers have become more gung-ho and outward looking.

And the government of Japan will continue to boost those Japanese companies aspiring to work in the global arena. My resolve, for instance, to conclude the TPP is unwavering. I spare no effort in promoting top quality infrastructure projects across the world.

We will reduce the effective rate of corporate tax, bringing it below thirty per cent over the next several years, making it globally competitive.

Now, coming back to Mr. Bloomberg. It's a well-known story that when he started his business more than thirty years ago, he had

as terrible a time as any other start-up.

Yet day after day, he bought cups of coffee for his target clients and took them up to Merrill Lynch. And those people chatting with him over coffee turned into his future customers.

Michael Bloomberg essentially built his customer relationships, as well as seeds and needs for his business development.

There is no question that his daily effort, his persistence, was what drove his company to become Bloomberg as we know it.

Persistence does indeed pay off.

In Japan, my party, the Liberal Democrats, won the elections

twice: the upper house elections in the year before last, and late last year the lower house elections.

Japanese voters urged us to persist, forge ahead with Abenomics, and granted me great power.

Also this last month, my fellow LDP colleagues accorded me three more years as head of the party.

The time is ripe, ladies and gentlemen, to launch what I call Abenomics 2.0.

Our political foundation is stable. Based on that stability our first priority is economic growth.

I am determined, in cooperation with the BOJ, to do whatever it takes to put the economy on a robust growth track. I will do my utmost to expand private

consumption through growth in wages and to keep the virtuous economic cycle rolling on and on.

And there is one more thing I must tell you.

You have my word that from now onward I will face up to the very core of Japanese structural difficulties, that is our demography.

Never before has any administration spoken of a target in regard to demography. But I have.

We have set our national goal for the year 2065 at a population of over one hundred million people.

To grow our birth rate we will make education for pre-schoolers

free of charge. We will give substantially more support to those mothers and fathers that bear many children. More will follow, all bold and unprecedented.

The female labor force has increased in number over the last three years by more than nine hundred thousand. Data from the OECD have revealed that female labor participation in Japan now outnumbers that in the U.S.

The famous Mrs. Watanabe, familiar to the forex dealers, is perhaps a cookie baker. But not all Japanese women are home-makers. Indeed, Mrs. Abe, my wife, is a restaurateur. Her own business calendar is so occupied, that I wonder if she is even aware that I happen to be in New York! I am of course joking.

We should not forget that in Japan the elderly are not actually old. Many are *genki*, or in good shape, and highly motivated. More importantly, they have a wealth of knowledge and experience. We should encourage them to play a greater part in the labor market.

Under Abenomics 2.0, Japan's demography must no longer hinder growth.

Japan is a country rich and abundant in its potential. I am asking you to please take that into full consideration.

"Japan stands at the dawn of a New Golden Age" and prospects for the next five to ten years are extremely promising.

This is the latest prediction made last year by Jesper Koll, who so confidently predicted Japan's resurgence three years ago.

I greatly appreciate his confidence and it is my responsibility to make it reality. I am determined to carry it out through to the end using all political resources available.

Because the first, second, and third most important challenges for me are economics, economics, and economics.

We look forward to your investment. Let us celebrate Japan's New Golden Age together.

Thank you very much.   END