

Overcoming the Crisis: Japan's Efforts

As one of the largest economies in the world, which overcame an economic crisis in the 1990's, Japan is undertaking such efforts as the following.

Situation of the Global Economy

While the world economy is worsening and remains severe, the effects of policy packages are seen in some areas. However, there exist downside risks by the influence of the vicious circle of the financial crisis and deterioration of the real economy.

Japan While the economy is in a difficult situation, movements of picking up are seen in some areas.

USA While the economy is worsening and remains severe due to the vicious circle of the financial crisis and deterioration of the real economy, the tempo of worsening has become moderate.

Asia Movements of picking up are seen in China. While situation in other economies, as a whole, remain severe, production is picking up in some areas.

Europe The economy is worsening and remains severe by the influence of financial crisis and deterioration of the real economy.

Based on the Cabinet Office, 'Monthly Economic Report,' June 2009

Revitalization of the Global Economy

1. Implement economic stimulus packages including fiscal measures at a scale of JPY75 trillion in total (approx. US\$750 billion*) on a project basis. In addition, the "Policy Package to Address Economic Crisis," which will be supported by national government expenditure of approx. JPY 15.4 trillion (approx. US\$ 154 billion) (total size approx. JPY 57 trillion (approx. US\$570 billion), is expected to boost GDP growth rate by around 1.9% in FY 2009 and create around 0.4 to 0.5 million jobs (in one year) from increased demand.

*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. Trade financing: 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 up to US\$100 billion to the 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. Extend a new line of trade insurance on assistance for infrastructure improvement for Asia amounting to US\$ 20 billion. Established by NEXI

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 support for Africa, most severely affected 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 help Africa to address the global financial and economic crisis.

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

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

Trade and Financial Supervision & Regulation

9. Tackle a rise in protectionism

10. Strengthen the financial regulation and supervision

Reforms of the IFIs

11. Reform international financial institutions

Lead the reform of governance structures of international financial institutions including the IMF, the World Bank, etc. The Diet will pass the amendment bill to the agreement of the IMF and IBRD in the near future.