

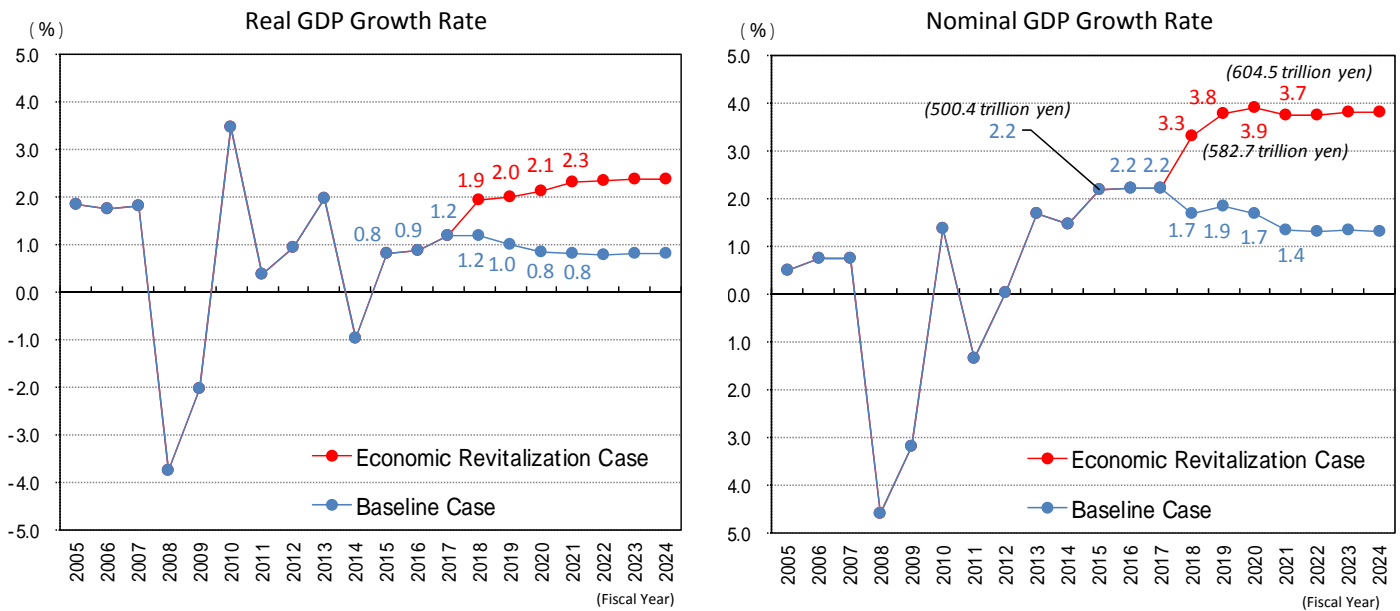
# Executive Summary: Economic and Fiscal Projections for Medium to Long Term Analysis (July 2016)

[Provisional Translation]

## Economic Growth

In the Economic Revitalization Case, the real GDP growth rate is projected to reach more than two percent in the medium to long term, and the nominal GDP growth rate is projected to reach more than three percent in the medium to long term and achieve the 600 trillion yen target around FY2020.

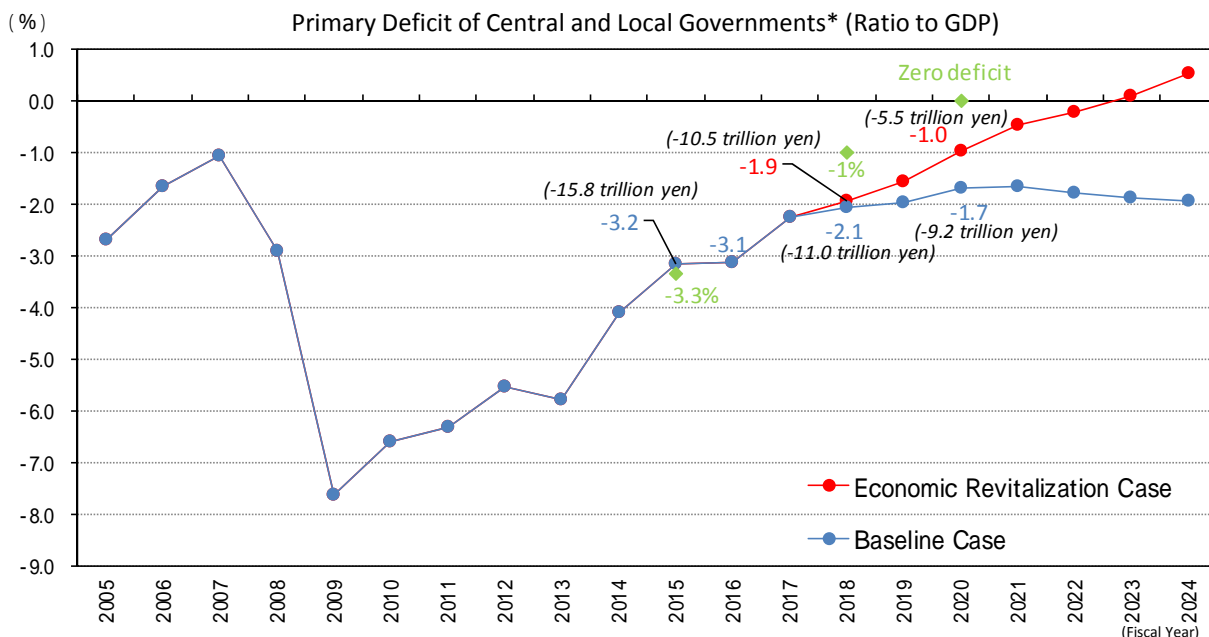
Note: The Japanese fiscal year begins on April 1st and ends on March 31st.



## Primary Deficit of Central and Local Governments

The primary deficit of central and local governments is projected to

- meet the fiscal target of halving the ratio of deficit to GDP from the FY2010 rate by FY2015 (approximately 3.2 percent of GDP; 15.8 trillion yen in FY2015), and
- remain at approximately 1.0 percent of GDP (5.5 trillion yen) in FY2020, the target year for reducing the deficit to zero, and it is important to continue enhancing “Integrated Economic and Fiscal Reforms.”



\* Excluding the expenditures and the fiscal resources for the recovery and reconstruction measures.

\*\* The benchmark of approximately 1% of the primary deficit to GDP ratio in FY2018 stated in “The Plan to Advance Economic and Fiscal Revitalization,” will be checked and addressed in the light of postponing the consumption tax hike to October 2019 examining the budget for FY2017 without reducing expenditures excessively.

\*\*\* This projection incorporates the financial sources funded by deferring the introduction of the total aggregate system in social security as a part of the stable and permanent financial sources secured pursuant to the Act for Partial Revision of the Income Tax Act and Other Acts in response to the decline in tax revenue due to introducing the reduced rate for consumption tax. As for the unincorporated remainder of the necessary amounts, the above act provides that it will be secured by taking legislative measures on revenues or expenditures, or other measures.