I. Coping with a consumption fall after a last-minute rise in demand before a consumption tax increase

- The reaction after a last-minute rise in demand is so far seen as within expectation.
- The government will continue to support sustained growth. It will also push further ahead with its growth strategy.
- The effects of the economic measures and wage increase will become obvious. It is expected to overcome the reaction after a last-minute rise in demand and continue to recover.

II. Expanding the economic virtuous cycle, and strengthening and deepening the growth strategy

- The closing gap between supply and demand is providing a valuable opportunity to promote new challenges and innovations. An important measure to increase productivity is innovation and corporate governance.
  - Empowering people, including women, to unlock their potential, and enhancing the capacity of human resources
  - Making Japan the most business-friendly place in the world through corporate tax reform, regulatory reform and providing inexpensive and stable supply of natural resources and energy.
  - Government, Labor and Corporate Management will work in collaboration to follow up on the outcomes of last year’s agreement and to discuss desirable improvement for employment, wages and related systems.
  - Ensuring the fruits of the growth strategy will be enjoyed in every corner of the country through "Local Abenomics".

IV. A virtuous cycle of economic revitalization and fiscal consolidation

- In order for "three arrows" strategy to be effective, the government will maintain fiscal discipline.
- It will aim to halve the ratio of primary deficit of the national and local governments to GDP, compared to the FY2010, by FY2015 and achieve a primary surplus by FY2020. It will also seek to steadily reduce the public debt to GDP ratio.
- The government will realize a revenue increase through economic growth, and it will review expenditures with no exceptions.

III. Implementing institutional and system reforms toward a promising future for Japan

- The government will increase resource allocation for stemming the declining birth rate with solid financial backing.
- It will also conduct a bold review on providing public services and policies from a long-term perspective in order to reflect ideas and efforts of local governments.
- The government will maintain the vitality of local communities, stemming the tide of over-concentration in Tokyo, and overcoming a low birthrate and a shrinking population. Setting up a headquarters designed to achieve these goals.

Key Points of the Basic Policies for the Economic and Fiscal Management and Reform 2014

- Aiming to maintain a population of about 100 million with a stable demographic structure in 50 years
- Opening up the economy to the world
- Empowering people to unlock their potential regardless of gender and age.
- Implementing local strategy and supporting integration and revitalization
- Nurturing institutions, culture, and public-spiritedness
Real GDP has achieved positive growth for 6 consecutive quarters. Under the Abe administration, the accumulated growth is 4.2% (compared with 2012 Q3).

The economy is no longer in a deflationary state, and steadily progressing in ending deflation.

The ratio of effective job offers to application 1.08 is at the highest level in 7 years 9 months, also the ratio of new job offers to application 1.64 is at the highest level since 1992.

Average monthly wage increase is at the highest level in the past 10 years.