

# Choice for the Future

## <Reference Charts>

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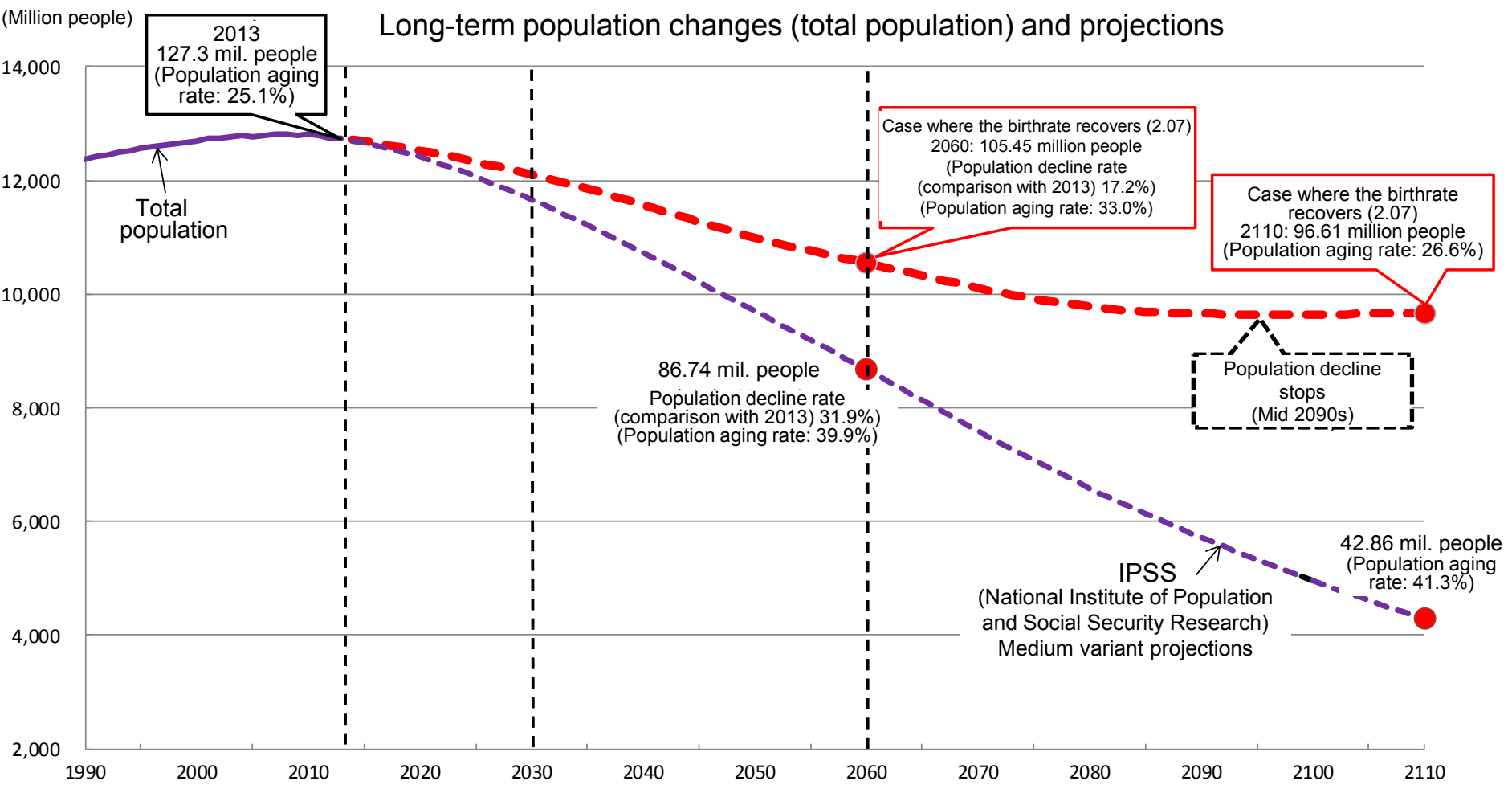
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May 2014

Committee for Japan's Future

# 1. Projection of Population

- ❑ If the current trend continues, the population in 2060 is expected to decrease by two thirds of the current population, that is, approximately 87 million.
- ❑ However, if the total fertility rate goes up to 2.07 by 2030, it is estimated that the population in 50 years will be 100 million, and another generation later, the population will take an upward turn, even if only a slight increase.

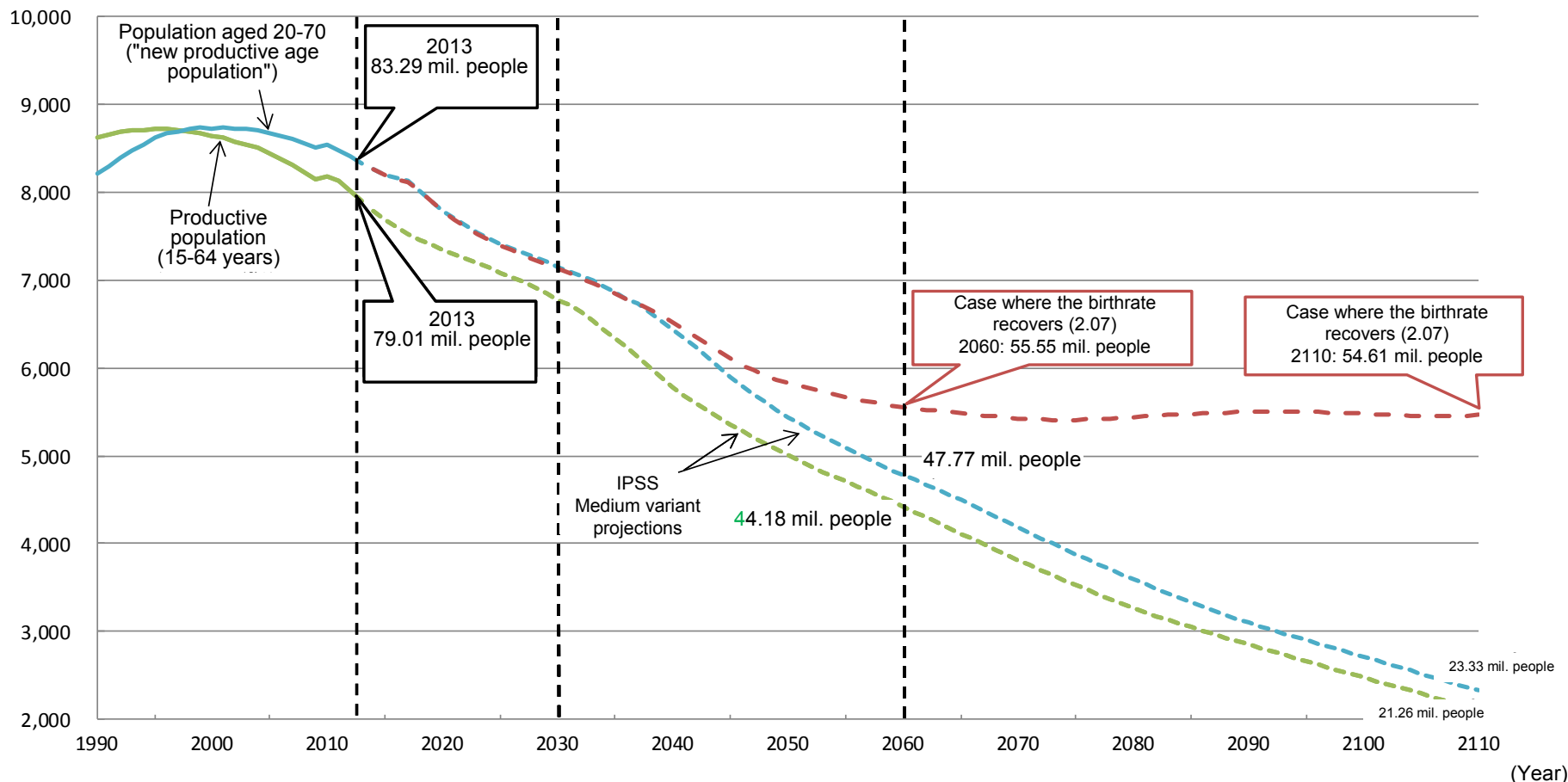


(Remark) 1. The past records between 1990 and 2013 are compiled from "Population Census Report" and "Annual Report of Population Estimates" by the Ministry of Internal Affairs and Communications (MIC) and "Vital Statistics" by the Ministry of Health, Labour and Welfare (MHLW).  
 2. The medium variant projections by the National Institute of Population and Social Security Research in Japan (IPSS) are based on "Population Projections for Japan (January 2012)" by the IPSS. Until 2014, the total fertility rate shifted around 1.39, and afterwards, it is expected to drop to 1.33 by 2024 and hover at around 1.35.  
 3. The estimates for recovered birthrate were calculated with the population by gender and age in 2013 as a baseline assuming that the total fertility rate recovers to 2.07 in 2030 and the rate hovers at that level while the survival rate was the assumed value after 2013 for the medium variant projections by the IPSS (i.e., life expectancy goes up to 84.19 for males and 90.93 for females by 2060).

# 2. Projected Population of 20 to 70-Year-Olds

- ❑ If the current situation continues, the productive population will drop to 44 million by 2060 and continue to decrease at the same pace.
- ❑ If the total fertility rate recovers to 2.07 by 2030 and when 20 to 70 years old is a "new productive age population", the "new productive age population" will reach around 56 million in 2060 and afterwards shift around that size.

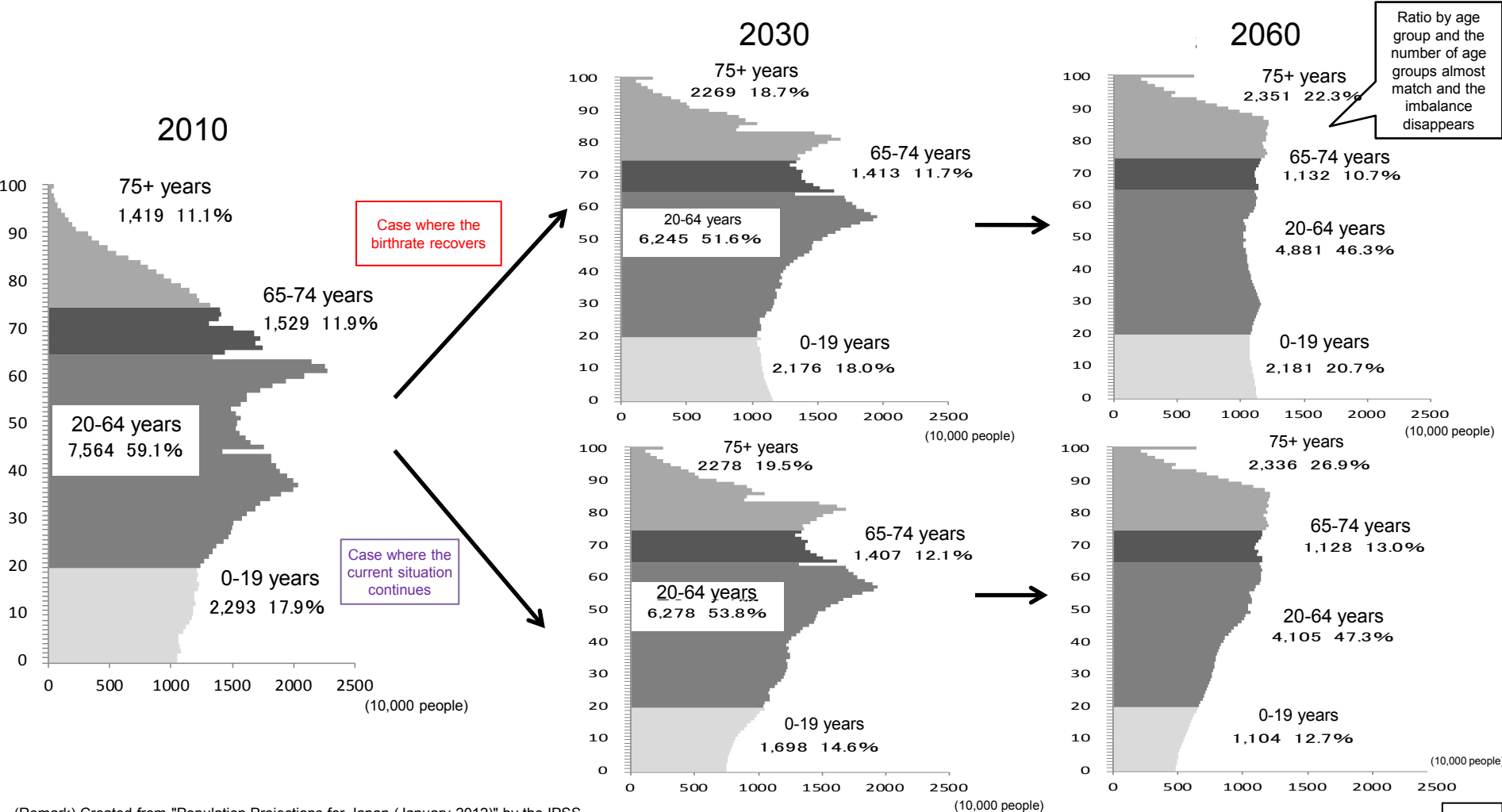
(10,000 people) Long-term population changes ("new productive age population"/"productive population") and projections



(Remark ) 1. The past records between 1990 and 2013 are compiled from "Population Census Report" and "Annual Report of Population Estimates" by the Ministry of Internal Affairs and Communications (MIC) and "Vital Statistics" by the Ministry of Health, Labour and Welfare (MHLW).  
 2. The medium variant projections by the IPSS are based on "Population Projections for Japan (January 2012)" by the IPSS. Until 2014, the total fertility rate shifted around 1.39, and afterwards, it is expected to drop to 1.33 by 2024 and hover at around 1.35.  
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# 3. Changes in Demographic Structure until 2060

- ❑ In the current Japan 's demographic structure, the working-age population accounts for 59.1% while the elderly population makes up 23.0%.
- ❑ If the current trend continues, the imbalance in the demographic structure will remain in 2060.
- ❑ If the birthrate recovers (i.e., in the case where the total fertility rate increases to 2.07 by 2030) the demographic structure will consists of 20.7% for the population under 20 years, 46.3% for the age group of 20-64 years, and 33.0% for the population over 65 years, which means the imbalance will almost be resolved.

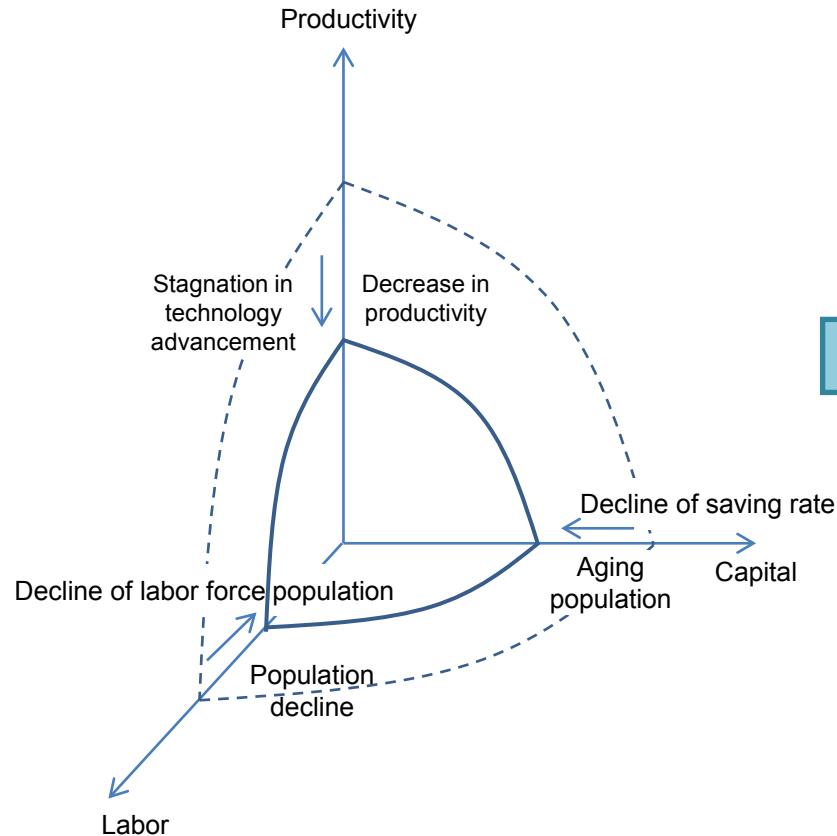


(Remark) Created from "Population Projections for Japan (January 2012)" by the IPSS. The estimates for recovered birthrate were calculated with the population by gender and age in 2013 as a baseline assuming that the total fertility rate recovers to 2.07 in 2030 and the rate hovers at that level while the survival rate was the assumed value after 2013 for the medium variant projections by the IPSS (i.e., life expectancy goes up to 84.19 for males and 90.93 for females by 2060).

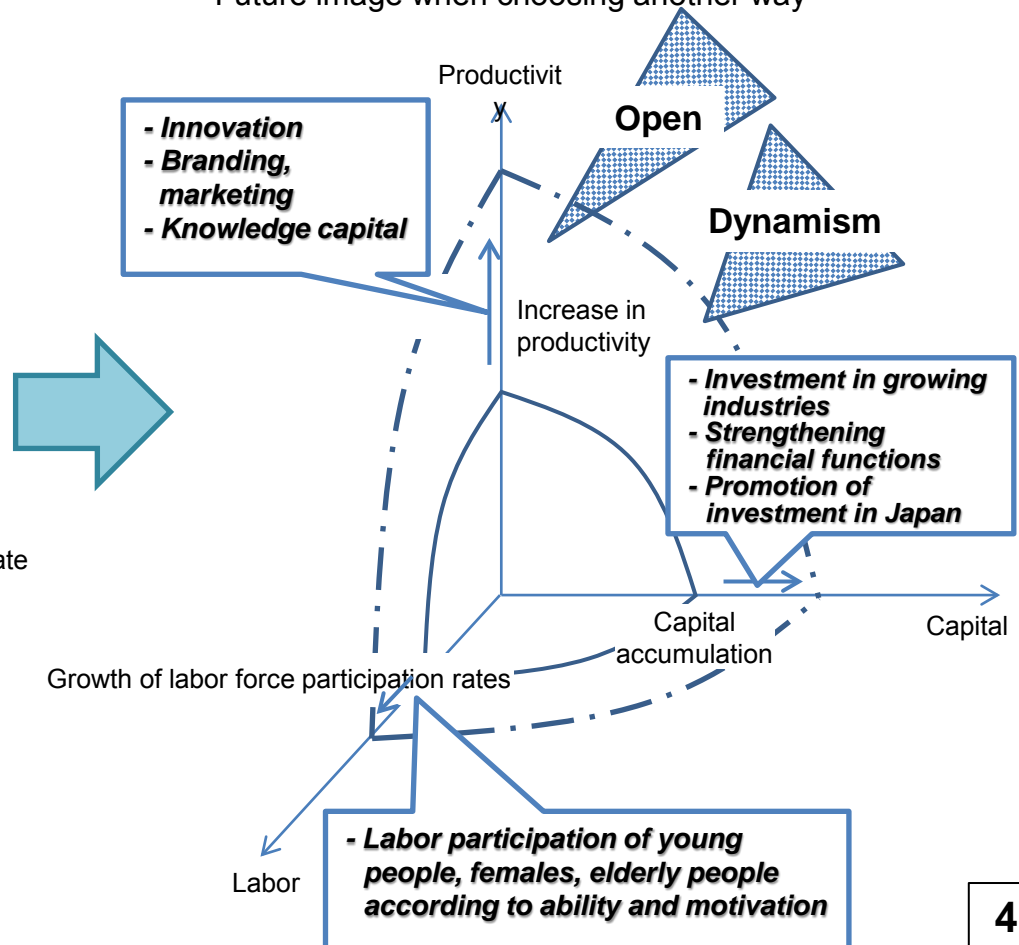
# 4. Future Image of Growth and Development

- ❑ If the current trend continues, Japan's economic growth and development will inevitably lose its dynamism due to decrease of population, savings rate, and technology advancement.
- ❑ From the macro aspect, the following are desired: (1) increase in productivity, (2) growth of labor force participation rates, and (3) flow from savings to investment as well as increase of inward investment. In particular, the increase level of productivity is a focal point.
  - ⇒ Increase in value-added productivity at the micro level through innovation
  - ⇒ Dynamic industry structure through bold systematic reforms
  - ⇒ Efforts to increase the growth of the global economy by building an open nation

\* Future images when no action is taken to change the current situation

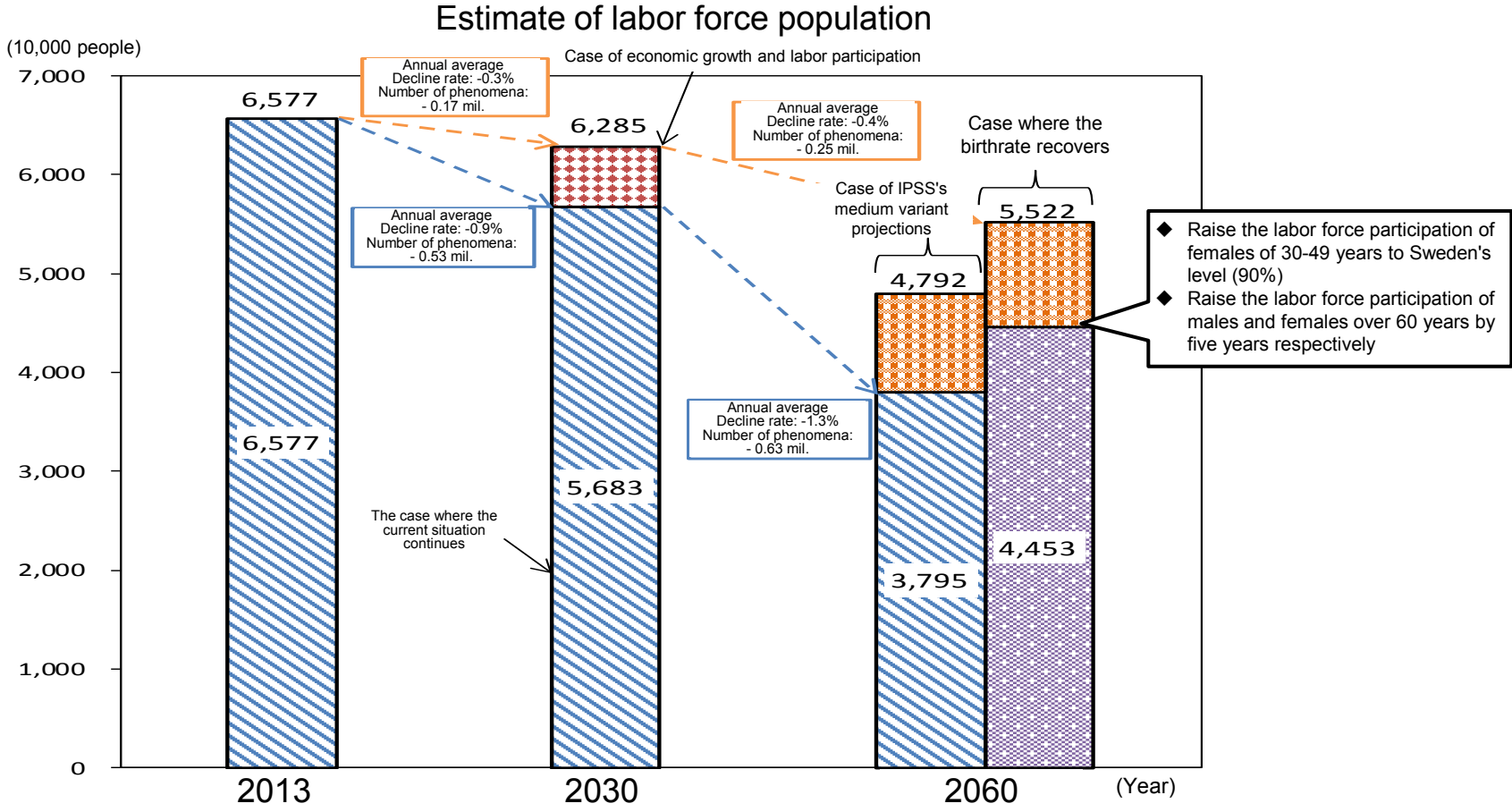


\* Future image when choosing another way



# 5. Estimate of Labor Force Population

❑ The labor force population will decline to around 55 million in 2060 even if the birthrate recovers (the total fertility rate recovers to 2.07 in 2030) women work as much as those in Sweden, and elderly people work five years longer than now.



- ◆ Raise the labor force participation of females of 30-49 years to Sweden's level (90%)
- ◆ Raise the labor force participation of males and females over 60 years by five years respectively

(Remark) Created from "Labour Force Survey" by the MIC, "Estimate for Demand and Supply of Labor (2014)" by the Employment Policy Research Group of the MHLW, "Population Projections for Japan (January 2012)" by the IPSS, and "Labour Force Survey" by Statistics Sweden.

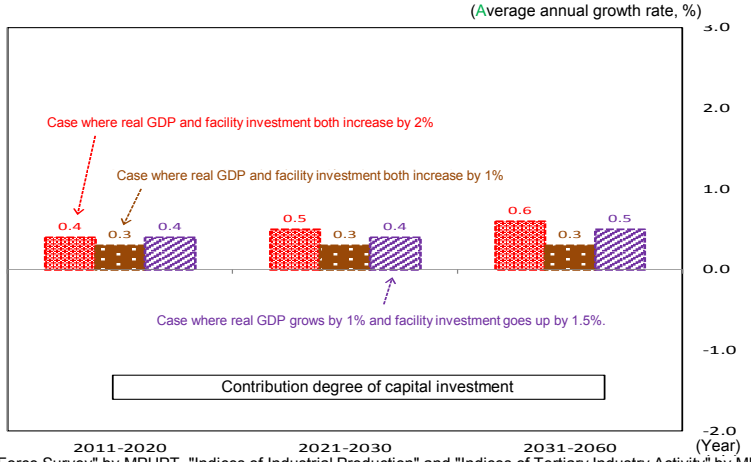
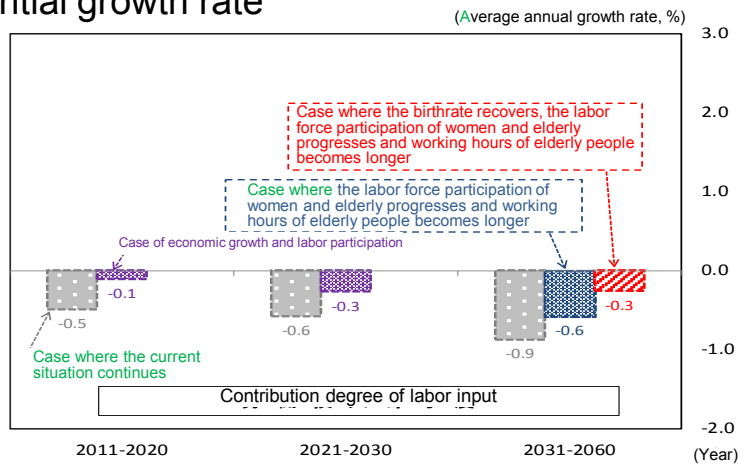
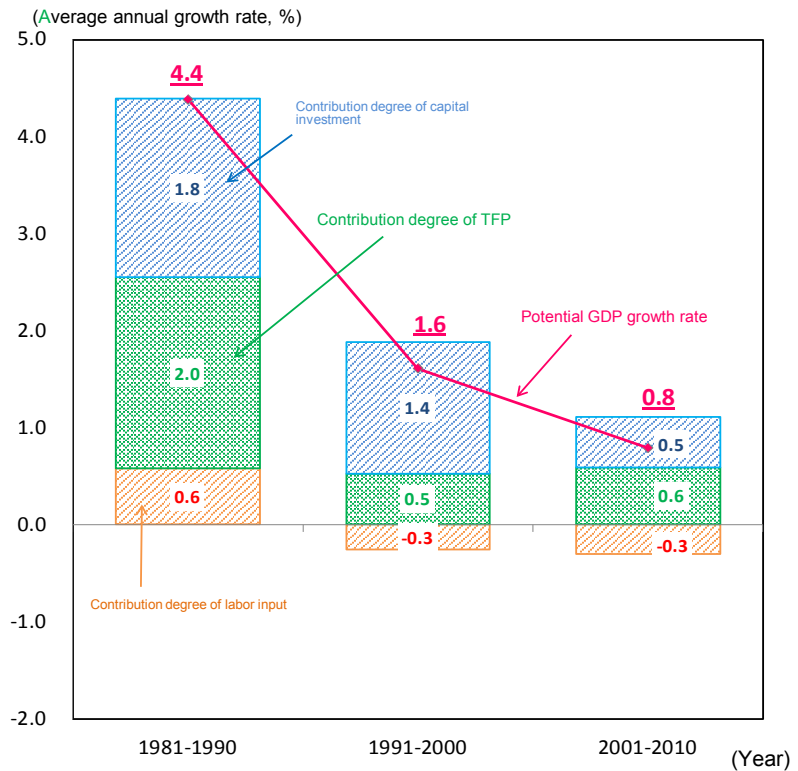
(Note)

- Labor force population is the total number of employees and completely unemployed people aged 15 and over.
- The case where the current situation continues is estimated by fixing the labor force participation by gender and age in 2012 (the Employment Policy Research Group of the MHLW). The case where economic growth and labor force participation improve is estimated assuming that participation of women and elderly and young people into the labor market progresses (the Employment Policy Research Group of the MHLW). For example, the labor force participation of women aged 30-49 years is assumed to increase from 71% in 2012 to 85% in 2030 with the M-shaped curve eliminated.
- The case of medium variant projections by the IPSS is calculated by multiplying the population by gender and age in 2060 which the IPSS estimated by the labor force participation. The estimates for recovered birthrate were calculated first by assuming that the total fertility rate recovers to 2.07 in 2030 and the rate hovers at that level afterwards while the survival rate was the assumed value after 2013 for the medium variant projections by the IPSS (i.e., life expectancy goes up to 84.19 for males and 90.93 for females by 2060) and second by multiplying the values by labor force population rate.
- Labor force population in 2060 took into consideration the above Note 1., i.e., estimate by the Employment Policy Research Group of the MHLW and is based on the assumptions that labor force participation of women and elderly progresses, and labor force participation of women aged between 30 and 49 years goes up to Sweden's level (85% in 2030 → 90% in 2060), using labor force participation of people over 60 years raised by five years respectively.

# 6. Changes in Potential Growth: Degree of Contribution of Labor Input and Capital Investment

- ❑ The degree of contribution of labor input is expected to remain on the declining trend even if the birthrate recovers, the labor force participation of women and elderly progresses and working hours of elderly people become longer.
- ❑ The contribution level of capital investment will be smaller than before.
- ❑ The increase of total factor productivity (TFP) is required for the improvement of the potential growth rate.

## Changes in Japan's potential growth rate



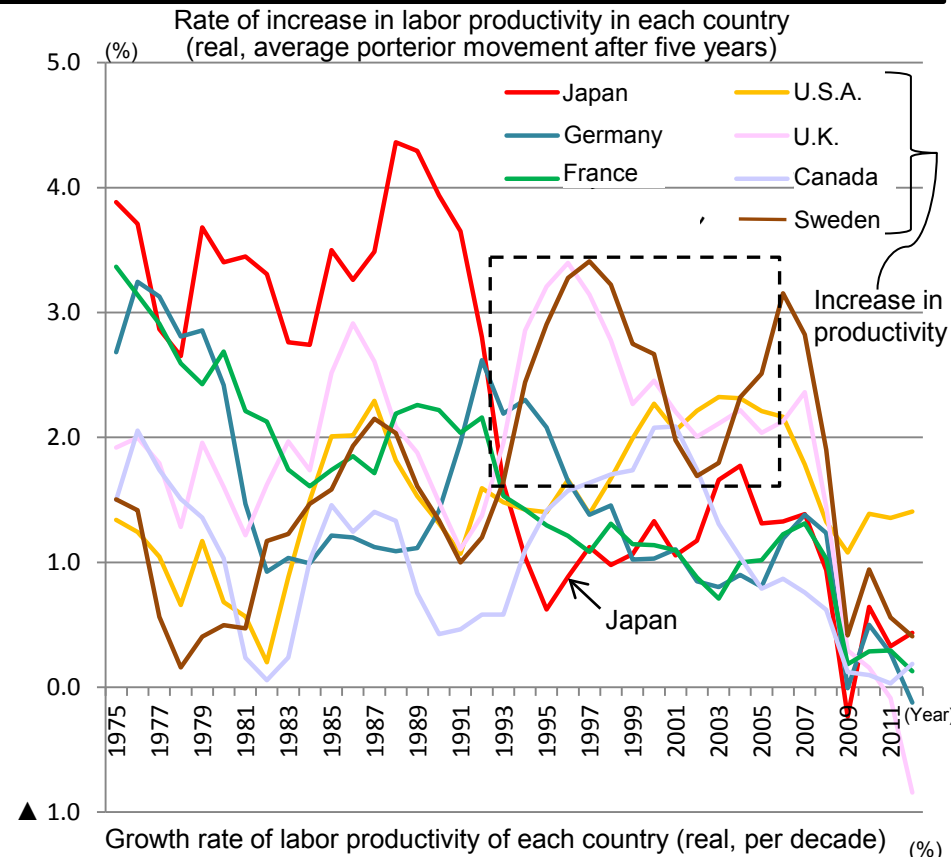
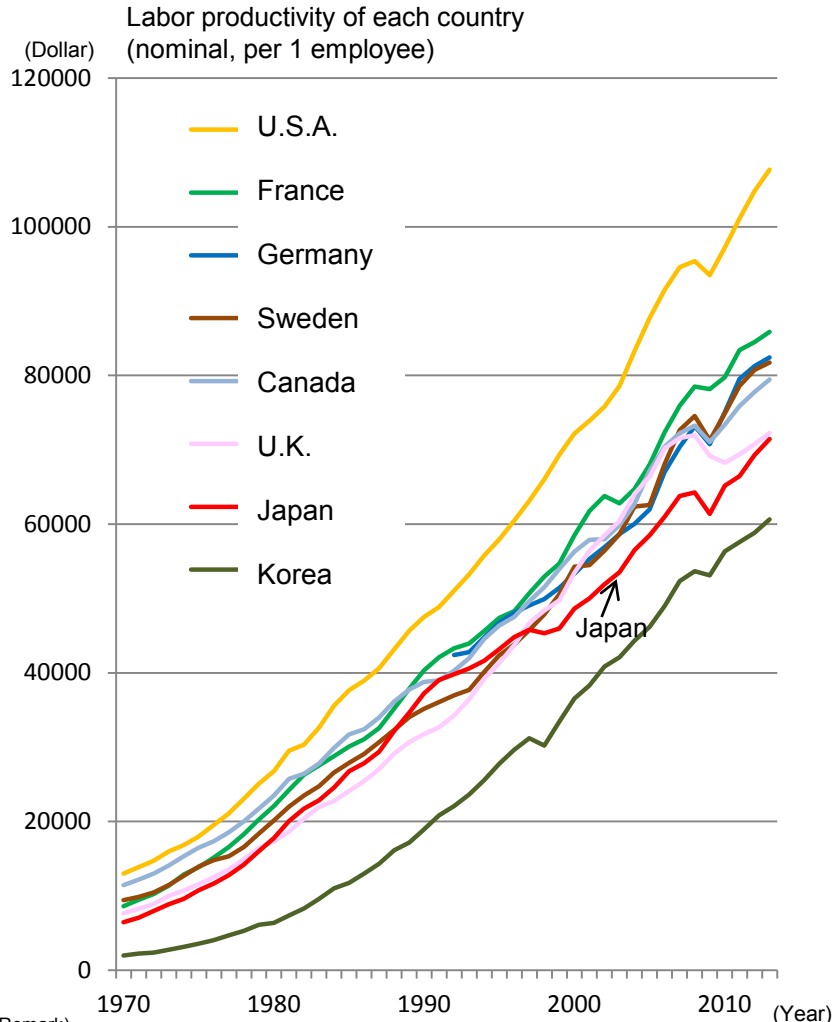
(Remark) Created based mainly on "System of National Accounts" and "Private Corporate Capital Stock" by the Cabinet Office, "Labour Force Survey" by MPHPT, "Indices of Industrial Production" and "Indices of Tertiary Industry Activity" by METI, "Monthly Labour Survey" by the MHLW, "Estimate for Demand and Supply of Labor (2014)" by the Employment Policy Research Group of the MHLW, and "Population Projections for Japan (January 2012)" by the IPSS.

(Note)

- Regarding labor force population in the case where the current situation continues, labor force participation and working hours are assumed to remain the same as the ones in 2012.
- In the case where economic growth and labor force participation improve, labor force population in 2020 and 2030 is adopted from the estimate by the Employment Policy Research Group of the MHLW. Working hours are assumed to remain at the same level as in 2012.
- Regarding the labor force population in 2060 in the case where the labor force participation of women and elderly progresses and working hours of elderly people become longer, it is assumed that the labor force participation of women and elderly people improves more than in 2030 (women aged 30-49 work as much as those in Sweden, labor force participation rate for elderly people over 60 years becomes five years longer), and working time of male and females over 60 is used for 64 years.
- Like the case of Note 3 above, labor force participation in 2060 in the case where the birthrate recovers is estimated assuming that the total fertility rate recovers to 2.07 in 2030 and the rate hovers at that level afterwards, while the survival rate was the assumed value after 2013 for the medium variant projections by the IPSS (i.e., life expectancy goes up to 84.19 for males and 90.93 for females by 2060).

# 7. International Comparison of Productivity

- When considering labor productivity (on the basis of the number of employees) at the international level, disparities grew significantly between the U.S. and Japan, and further, Japan is increasingly behind other major advanced nations.
- Because of the IT Revolution and labor market reforms, the rate of increase in labor productivity increases in the 1980s in the U.S. and in the 1990s in the U.K., Canada and Sweden.



Growth rate of labor productivity of each country (real, per decade) (%)

	Japan	U.S.A.	U.K.	France	Germany	Canada	Sweden	Korea
1970s	3.71	1.04	1.83	3.09	2.60	1.30	1.01	5.24
1980s	3.69	1.66	2.02	1.98	1.31	0.94	1.47	6.74
After 1990s (-2007)	1.14	1.84	2.53	1.15	1.43	1.32	2.58	4.18

(Remark)  
 1. Based on "Economic Outlook94" and "Purchasing Power Parities Statistics" by OECD.  
 2. Productivity was calculated by dividing nominal GDP (dollar-based) converted at the reference purchasing power parity of each year (macro-based) by the number of employees.



# 8. Productivity Comparison between Japan and Germany

- ❑ In Japan and Germany, total population and productive population are both in decline. The contribution of labor input to the potential growth rate is also negative. On the other hand, in Germany, the contribution of TFP and capital investment to the economic growth is larger than in Japan.
- ❑ Behind the economic growth of Germany, there are promoted participation in the labor market as a result of the labor market reform policy under the Schroeder regime, proactive ICT capital investment in the service industry, and the creation of additional value in business services among others.

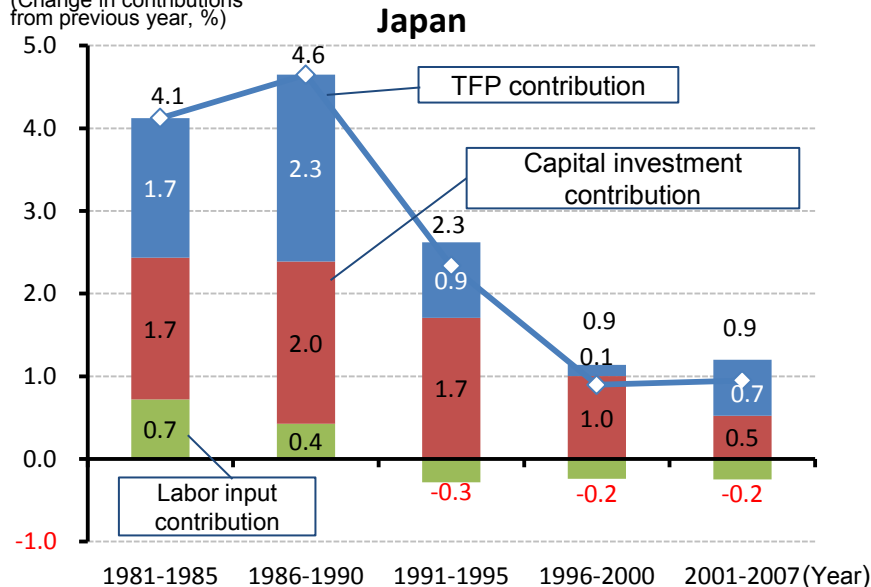
## Main data

		Japan	Germany
Total population	Peak	2008 (128.08 million people)	2003 (82.53 million people)
	Decrease rate	- 0.1%	- 0.1%
	Total fertility rate*	1.41	1.36*
	Population aging rate*	24.1%	21.1%
Productive population	Peak	1998 (67.93 million people)	1999 (55.96 million people)
	Decrease rate	- 0.5%	- 0.3%

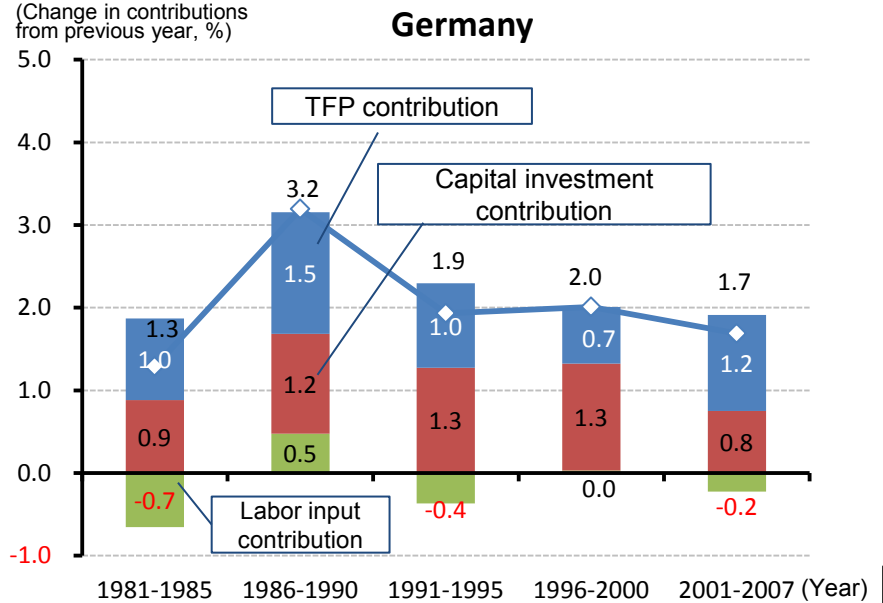
\* 2012. The total fertility rate of Germany is the one in 2011.

## Potential growth rate

(Change in contributions from previous year, %)

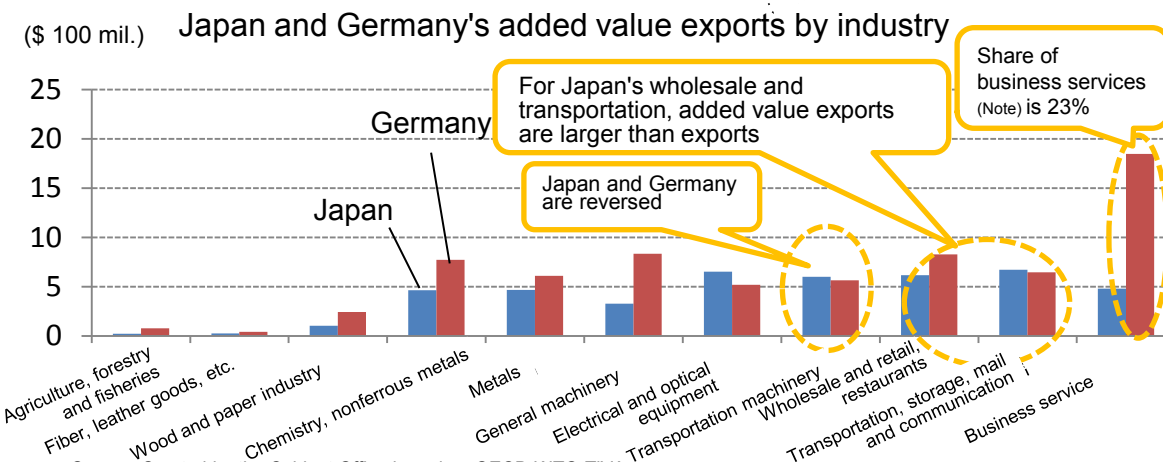
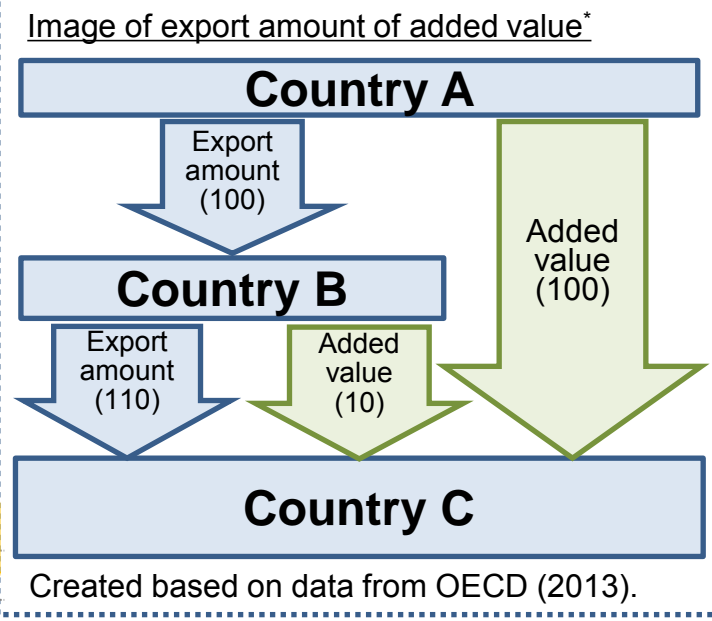
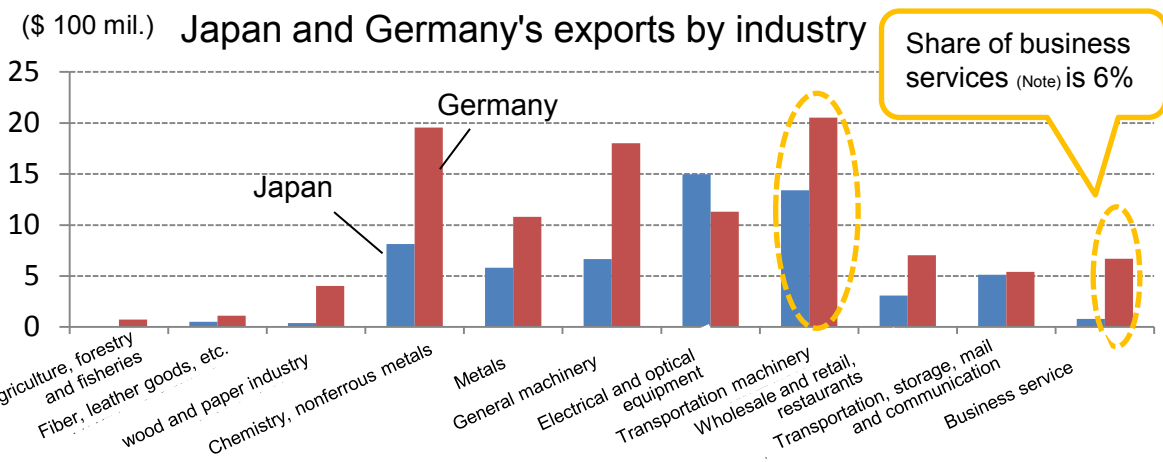


(Change in contributions from previous year, %)



# 9. Added Value of Japan and Germany by Industry

- With the value chain becoming more complicated and an international division of labor developing including services, it is possible to identify in which domestic industrial sectors added values are created in terms of export by paying attention to export amount of added value (calculated from added value created within a country), instead of export amount including values of imported intermediate goods.
- According to the export amount of added value calculated by OECD, the business service industry is creating the most added value in Germany. On the other hand, in Japan, the highest added value is created at the distribution stage.



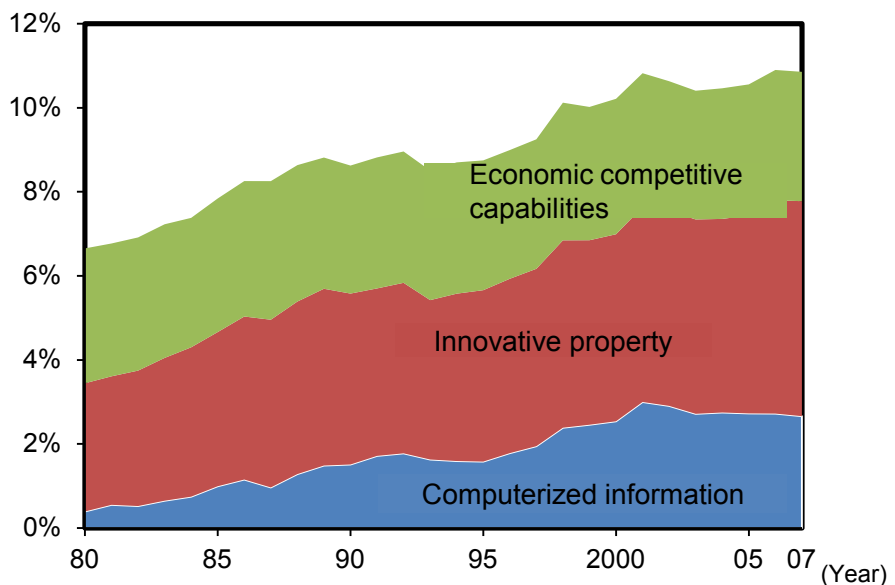
\* With the intermediary goods trade expanded because of Global Value Chain (GVC), added values are double counted in the calculation of total amount of world trade. To deal with this issue and to measure world trade in value added calculated by each country, OECD and WTO jointly constructed a database for the world trade in value added.

Source: Created by the Cabinet Office based on OECD-WTO-TiVA.  
 Note: Business services concludes marketing, consulting, IT-related, advertising, legal, accounting, R&D-related and other services.

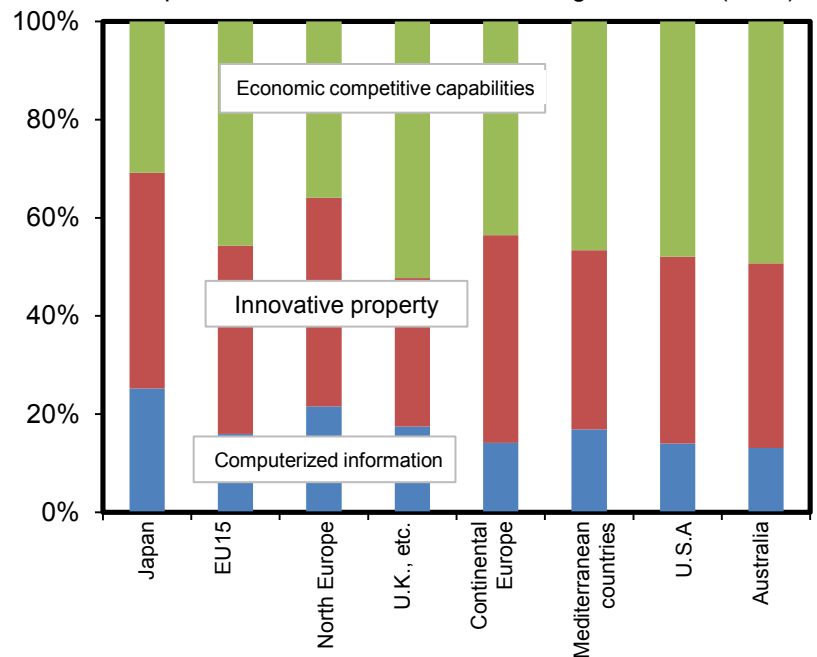
# 10. Current Status and International Comparison of Knowledge Capital Investment (Intangible Assets Investment)

According to the breakdown of knowledge investment, a low proportion was classified under "economic competitive capabilities", such as brand power and marketing capacity, while a high proportion was under the "innovative property", such as research and development investment.

Investment in intangible assets (to GDP, real)



Composition ratio of investment in intangible assets (2005)



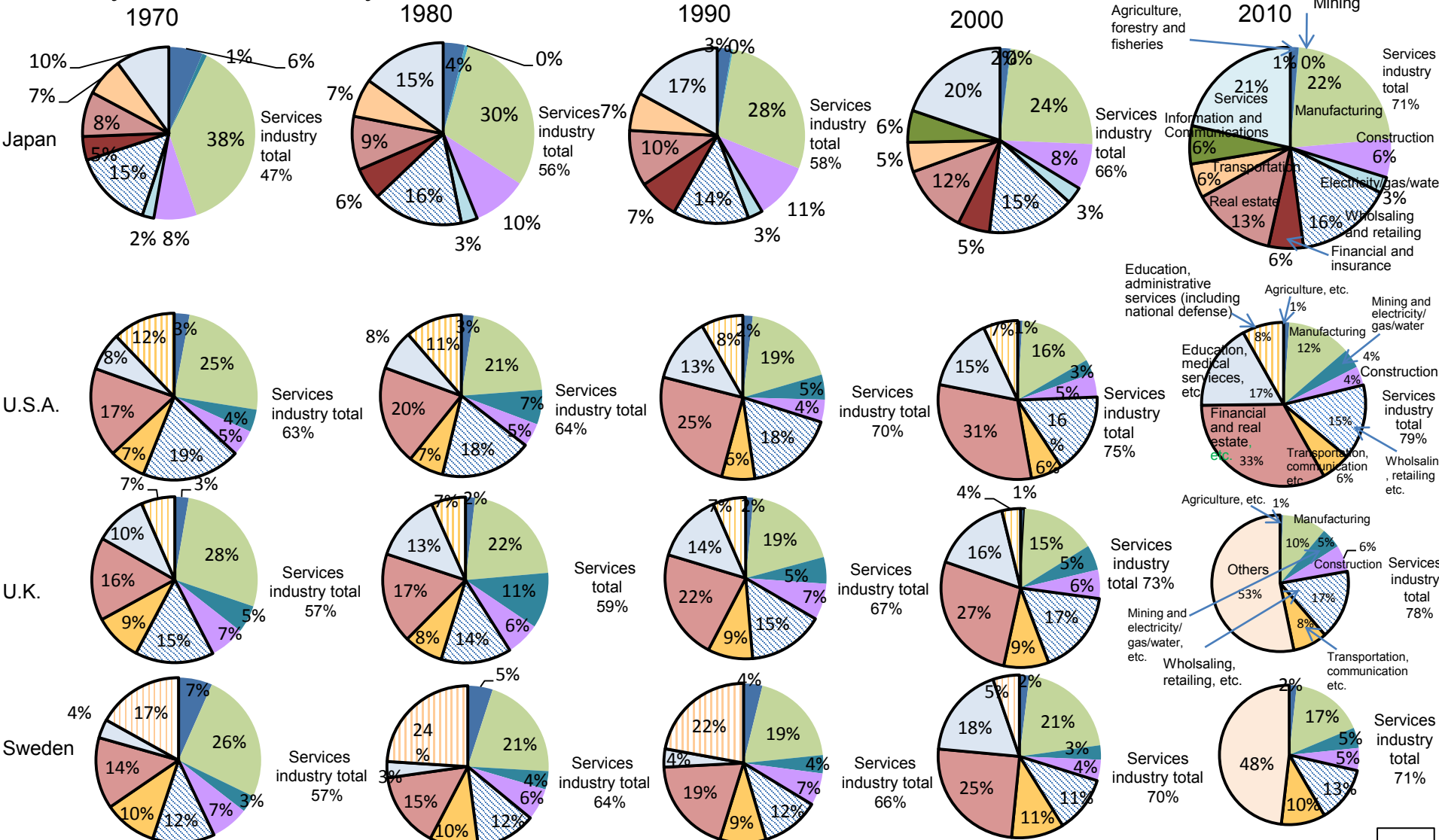
Economic competitive capabilities	<ul style="list-style-type: none"> <li>Brand property, marketing capacity</li> <li>Human capital in corporate enterprises</li> <li>Organizational structure</li> </ul>
Innovative property	<ul style="list-style-type: none"> <li>R&amp;D in the field of natural science</li> <li>Rights of resource exploitation</li> <li>Copyright and license</li> <li>Other product development, design, R&amp;D in other fields than natural science (design, display, machine design, architectural design, product development in the financial services industry)</li> </ul>
Computerized information	<ul style="list-style-type: none"> <li>Software order</li> <li>Package software</li> <li>Internally developed software</li> <li>Database</li> </ul>

(Remark) Based on analyses in Annual Report on the Japanese Economy and Public Finance 2011  
 Computerized information, innovative property and economic competitive capabilities are estimated using the following methods:  
 (1) **Computerized information** ... Software order is estimated based on investment in software, package software on sales of the software service industry, and internally developed software on the ratio of internally developed software calculated using the Economic Census and database on sales of the information providing service industry.  
 (2) **Innovative property** ... R&D in the field of natural science is estimated based on science technology research and survey, rights of resource exploitation on cost of mineral exploitation and amount invested in exploration, copyright and license on nominal output values of publishing and printing services and other creative services for video/sound/character information purchased in each industry, design on sales of the design industry, display on sales of the display industry, machine design on sales of the machine design industry, architectural design on nominal output value of engineering services, and product development in the financial services industry on 20% of nominal intermediate input in the financial services industry and insurance business respectively.  
 (3) **Economic competitive capabilities** ... Brand assets is estimated based on advertising cost and marketing survey (advertising cost is 60% of nominal output value purchased from the advertising industry by other industries and market survey is the figure calculated by multiplying nominal output volume in the information services industry by the ratio of the information providing services industry obtained using Economic Census), human capital particular to individual companies on average training costs for regular employees from General Survey on Working Conditions, organizational structure on the figure calculated by multiplying nominal output volume in the professional and business services industry by the ratio of the managing and consulting services industry obtained using Economic Census respectively.

# 11. International Comparison of GDP Classified by Economic Activities

Japan's GDP breakdown by category of economic activity remains almost unchanged for the past 10 years. In other countries, some industries such as the financial services industry, the medical and welfare services industry, and the education industry, significantly grew.

## GDP by economic activity



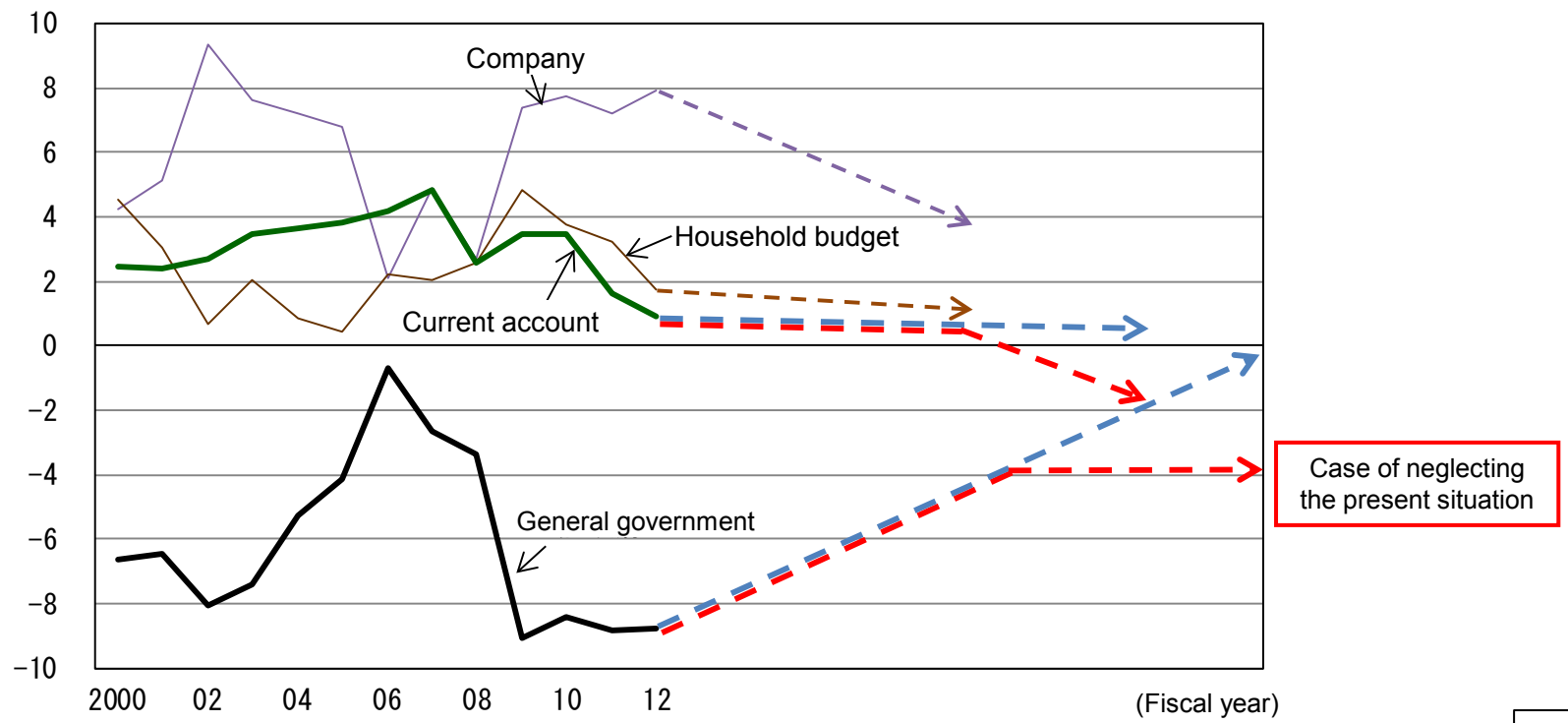
(Remark) Japan: created based on "System of National Accounts" by the Cabinet Office. Before 1990, the information and communication industries were combined to make up category of transportation and communication industry. Other countries: Created based on "National Accounts Main Aggregates Database" by the U.N.

# 12. Effects on Macro-Economy (prospects of balance between savings and investment by sector)

- ❑ As population aging advances, excess savings in household budgets are in decline.
- ❑ Assuming that the budget deficit increases, financial flow from other countries is necessary to compensate for domestic capital shortfall.

$$\begin{aligned}
 &\text{Gross Domestic Product (GDP) = Consumption + Investment + Government expenditures + Balance of trade (Export - Import)} \\
 &\quad \downarrow \\
 &\underbrace{(\text{GDP} - \text{Tax} + \text{Income from abroad} - \text{Consumption} - \text{Investment})}_{\text{Net savings of the domestic private economy}} + \underbrace{(\text{Tax} - \text{Government expenditure})}_{\text{Treasury budget}} = \underbrace{(\text{Trade balance} + \text{Income from abroad})}_{\text{Current account}}
 \end{aligned}$$

(To nominal GDP, %) Changes in balance between savings and investment by sector (I-S balance)

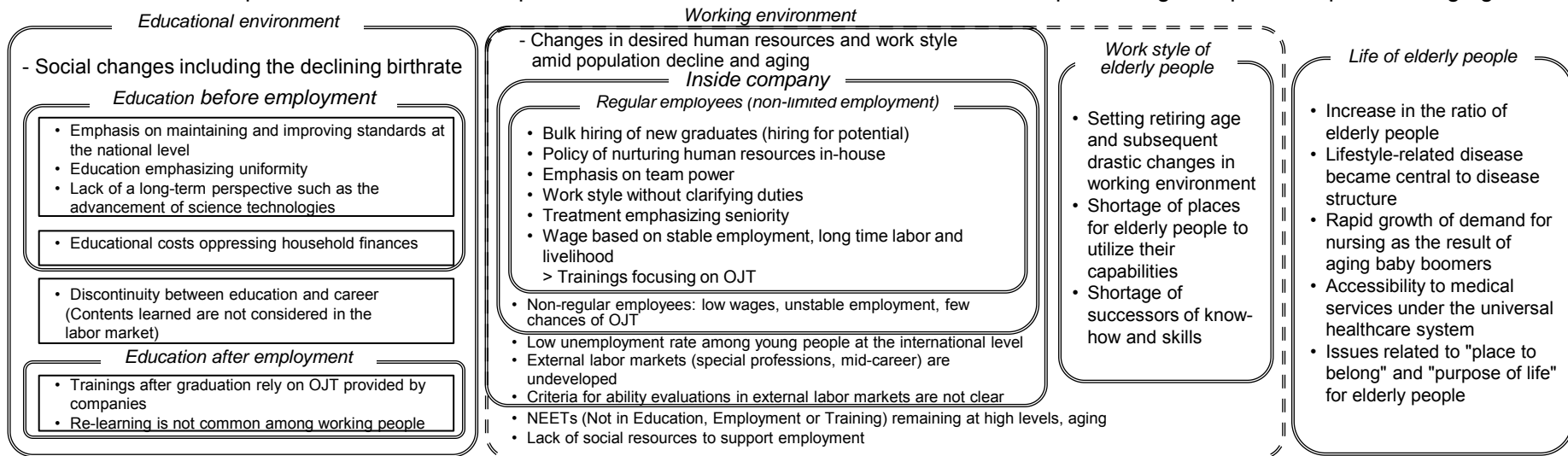


(Remark) Created from "Annual Report on National Accounts for 2012" by the Cabinet Office.

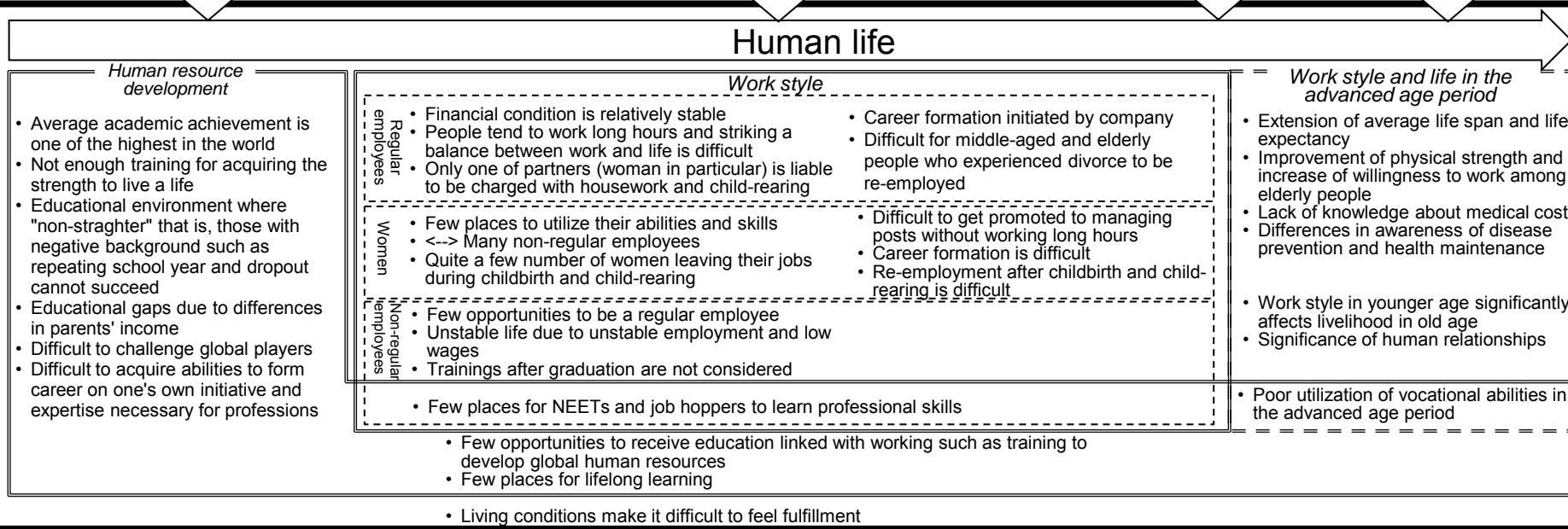
# 13. Map of Current Situation of "Human Resources" (Concept Illustration)

Human resource development and labor market optimized for the economic and social model developed through the post-war period of high growth

Social system



Current status of people

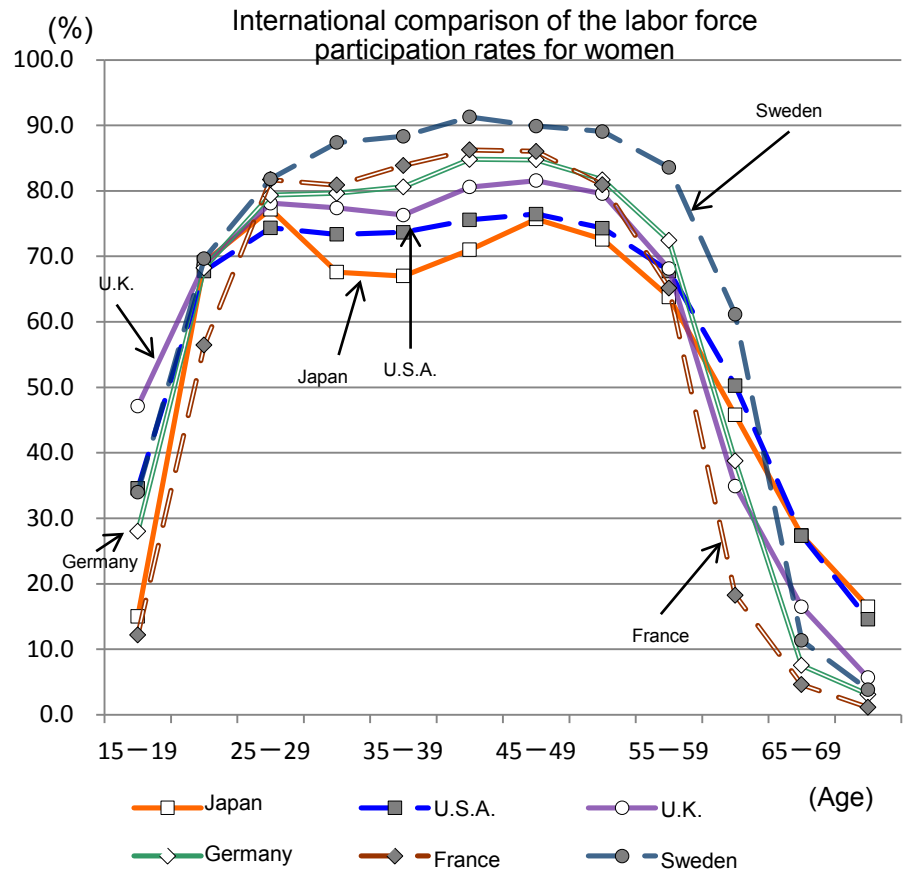


**Social issues**

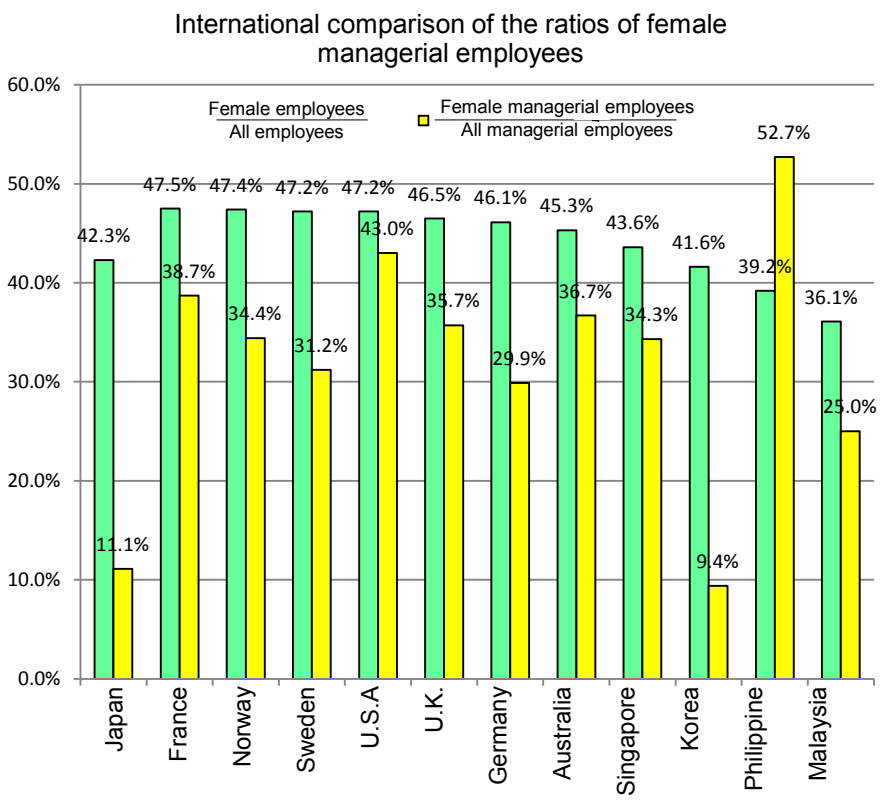


# 14. Labor Force Participation of Women in Major countries (M-shaped curve)

- ❑ In Japan, the labor force participation of women in and around their 30s and early 40s still illustrates an "M-shaped curve".
- ❑ In major European countries, such an M-shaped curve cannot be seen.
- ❑ When compared with other countries, the ratio of female managerial employees is low in Japan.



Source:  
 Japan: "Labour Force Survey" by the MIC,  
 Other countries: OECD Database



Source: "Labour Force Survey" (2012) by the MIC  
 ILO LABORSTA (2012)  
 Eurostat: Eurostat Database (2012)

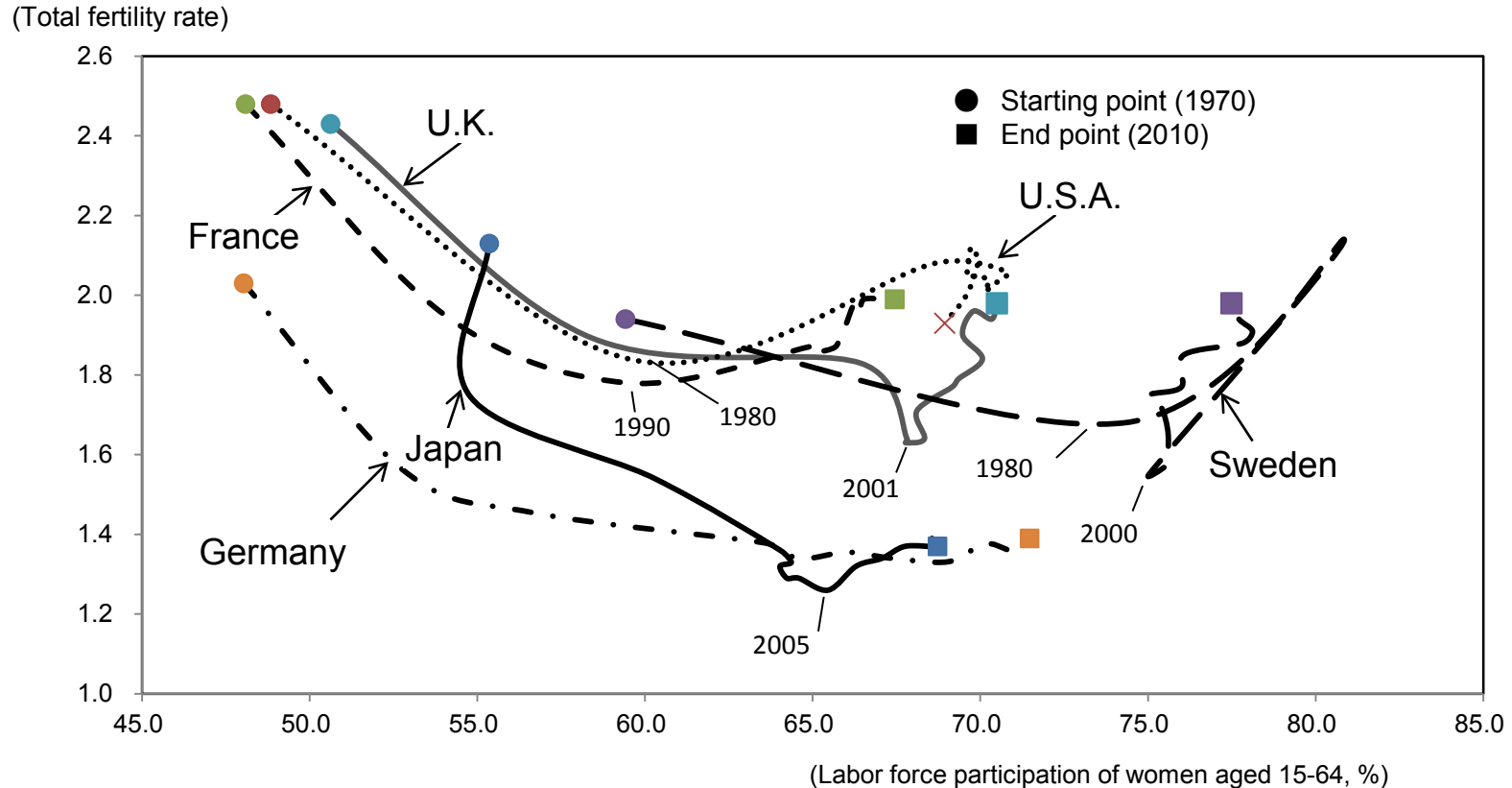
Note 1) Data for Japan are from 2012, for Australia from 2008, and for other countries from 2010.

Note 2) In "Labour Force Survey" by the MIC, "managerial employee" means workers with section chief status or higher position of companies such as managerial public officer. The definitions of "managerial employee" vary country by country.

# 15. Relation between Birthrate and Labor Force Participation of Women

- ❑ In France and Sweden, simultaneous recovery of high labor force participation and increased birthrate was achieved. Recently, in Sweden in particular, a birthrate higher than 1970 was attained.
- ❑ The birthrate tends to be higher when the labor force participation of women is high in recent years.

Changes in total fertility rate and labor force participation of women in major countries (15 to 64 years old)



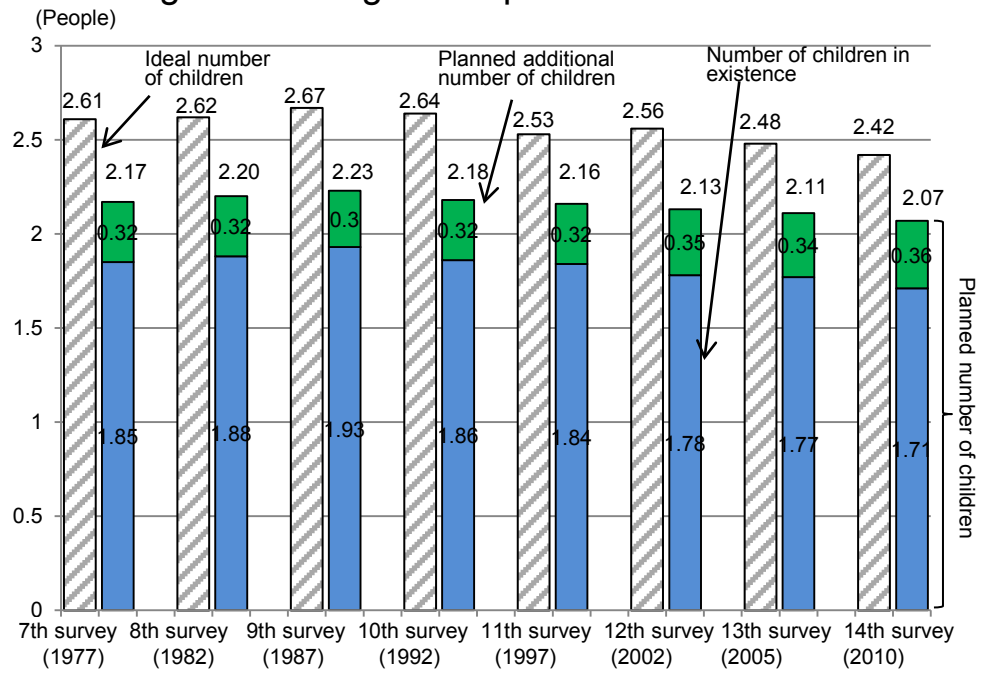
(Remark) Created from OECD Annual Labour Force Statistics and OECD Factbook 2013.



# 16. Changes in Average Ideal/Planned Numbers of Children

- Although the average ideal and actual numbers of children are both on a downward trend in the long term, the ideal and planned numbers of children remain 2 or higher.
- On the other hand, the average number of children in existence is actually under 2, there exists a gap between desires and reality.

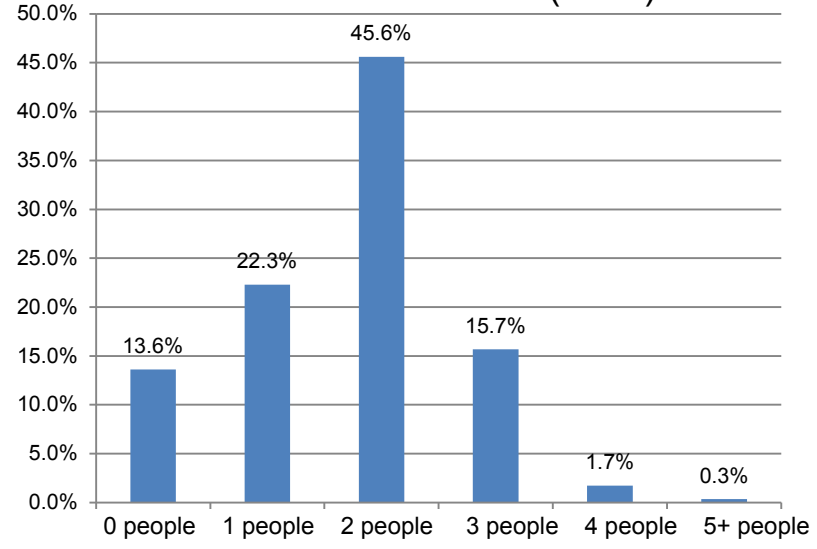
Changes in average ideal/planned numbers of children



Source: Created from "Japanese National Fertility Survey, Married Couples" by the IPSS.

Note) The subjects for the survey were married couples (first marriage for both partners) whose wives were under 50 years old. The planned number of children was calculated by adding the number of children in existence to the planned additional number of children. The total number includes the cases where marriage duration was not clear. The years of surveys are the ones when the surveys were conducted.

Distribution of married couples by the number of children (2010)

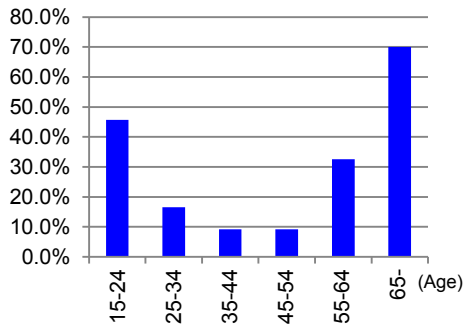


Source: Created from "The Fourteenth Japanese National Fertility Survey in 2010" by the IPSS.

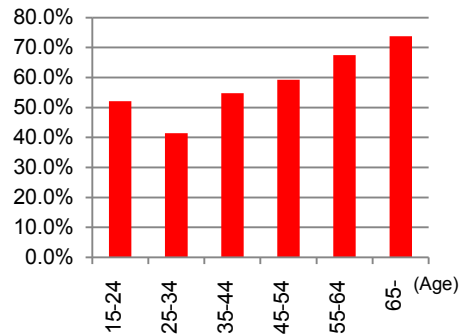
# 17. Ratio of Non-Regular Employment of Men and Women and Wage Disparities

- In the case of males, the percentage of non-regular employees is high among young and elderly people, while it is high in all ages in the case of females.
- Wages of non-regular male and female employees are significantly low in comparison to those of regular male and female employees.

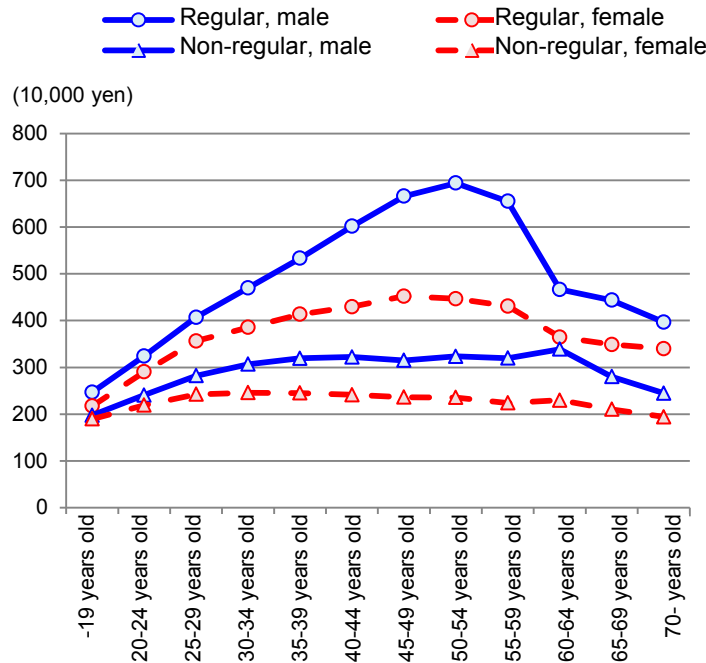
Ratio of non-regular male employees



Ratio of non-regular female employees

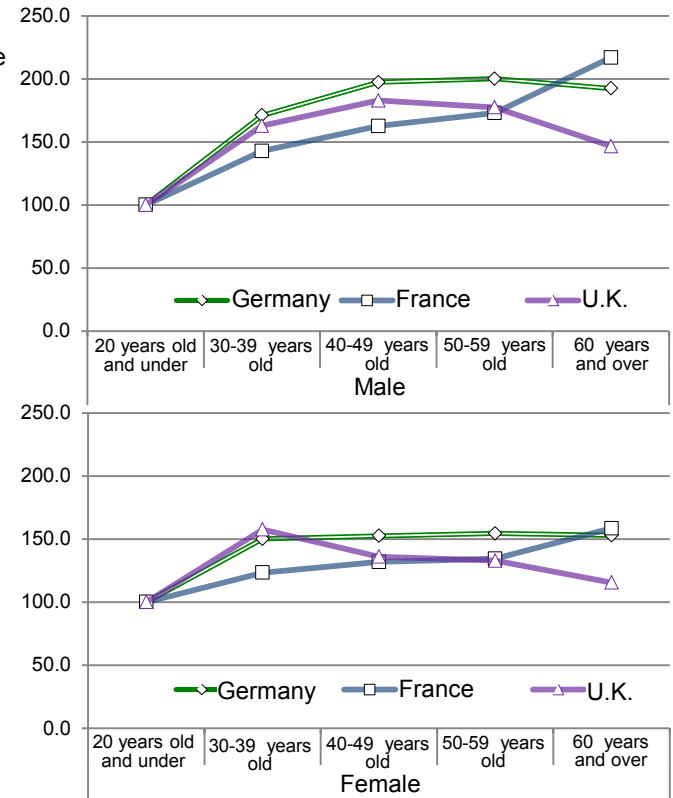


Wage curves by gender and by form of employment



Source: "Basic Survey on Wage Structure" (2013) by the MHLW  
 Note) Data above are for general workers and do not consider part-time workers.  
 Wages are based on annual income.

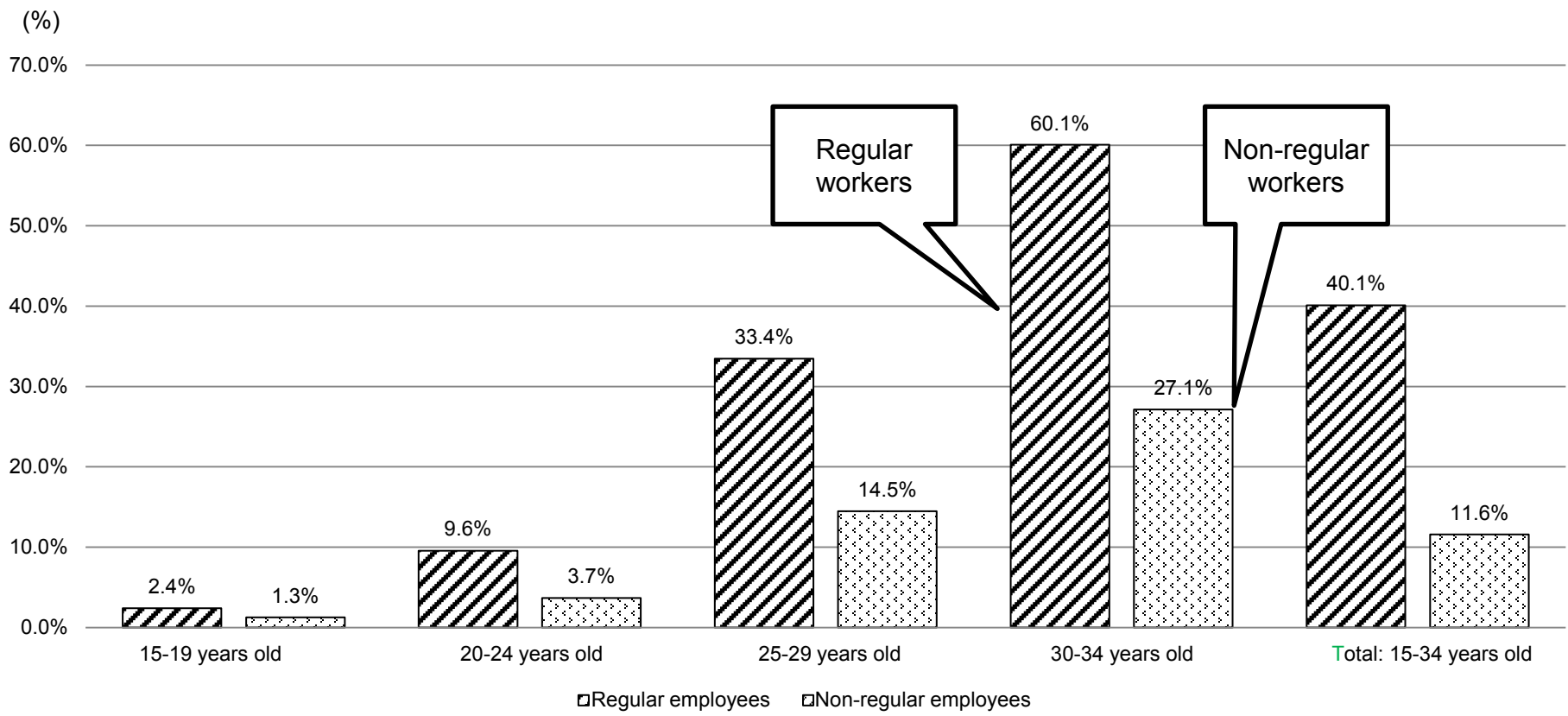
Wage curves for men and women (EU)



Source: "Structure of Earnings Statistics 2010" by the EU  
 (Note) Data above are monthly earnings, and the index number was "20 years old or younger" of each country as a base of 100.

# 18. Comparison of Ratio of Males with Spouses by Age and Form of Employment

- ❑ When comparing the ratio of males with spouses by form of employment, the percentage of non-regular male employees with spouses is notably low in all ages.
- ❑ This suggests that economic conditions, such as income and form of employment, have a major impact on the decision to marry.



Source: "Employment Status Survey" (2012) by the Statistics Bureau, MIC

(Note) 1. The term "non-regular worker" means a person such as a part-time/temporary worker, dispatched worker, a contract worker, and a shokutaku (short-term contract) worker.

2. The term "males with spouse" here means the total number of males excluding single men.

# 19. International Comparison of Birthrate Decline Related Index

	Japan	France	U.K.	Sweden	Germany	U.S.A.
Average age of first marriage of women	29.2 (2012)	30.8 (2011)	—	33.0 (2011)	30.2 (2011)	25.8 (Note 1)
Average age of women when giving birth to their first children	30.3 (2012)	28.6 (2006)	30.6 (2010)	29.0 (2011)	29.0 (2011)	25.1 (2005)
Ratios of children born out of marriage (2008)	2.1%	52.6%	43.7%	54.7%	32.7%	40.6%
Ratio of long-hours workers (49 or more per week) (2012)	Total 22.7% Males 31.6% Females 10.6%	Total 11.6% Males 16.1% Females 6.5%	Total 12.0% Males 17.3% Females 5.8%	Total 7.6% Males 10.7% Females 4.2%	Total 11.2% Males 16.4% Females 5.0%	Total 16.4% Males 21.8% Females 10.2%
Hours consumed for housework and childcare by husbands (2006)	1:00	2:30	2:46	3:21	3:00	3:13
Ratio of family related government expenditures against GDP (2009) (Note 2) * Including child allowance and childcare services	0.96% (1.35% in FY2011)	3.20%	3.83%	3.76%	2.11%	0.70%

Source:

Average age of first marriage of women: "Vital Statistics" by the MHLW for Japan, and data from "Eurostat Database" for France, Sweden, and Germany.

Average age of women when giving birth to their first children: "Vital Statistics" by the MHLW for Japan, data from "Eurostat Database" for European countries, and "National Health Statistics Report" by the Centers for Disease Control and Prevention, National Center for Health Statistics for U.S.A. (March 22, 2012).

Ratio of long-hours workers: "ILO database".

Hours consumed for housework and childcare by husbands: "How Europeans Spend Their Time: Everyday Life of Women and Men" (2004) by Eurostat, "American Time-Use Survey Summary" (2006) by the Bureau of Labor Statistics of the U.S., and "Survey on Time Use and Leisure Activities" (2006) by the MIC.

Ratio family related government expenditures against GDP: "Social Expenditure Database" by OECD.

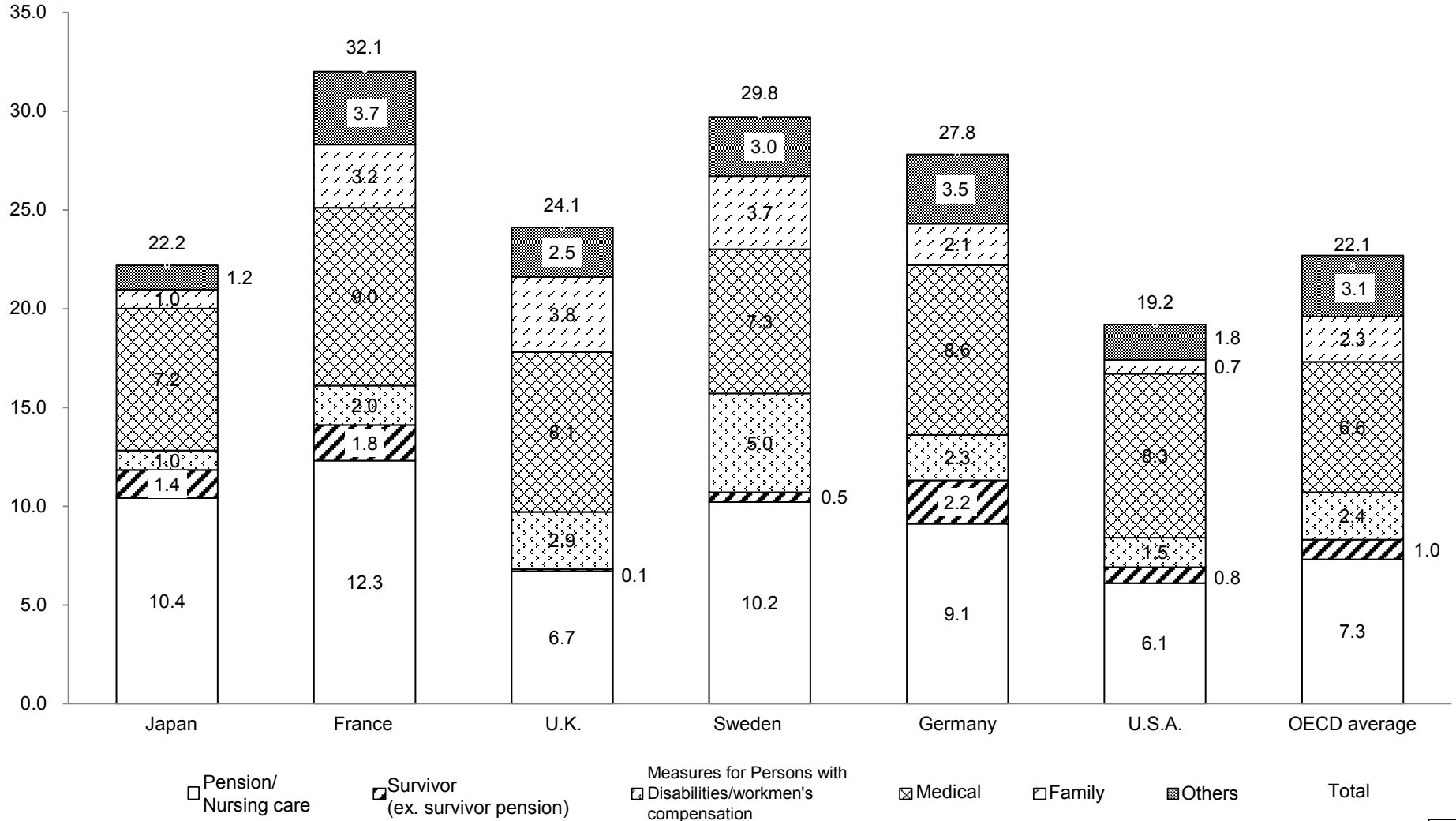
Note 1) Data for U.S.A. are the average figures for the period between 2006 and 2010.

Note 2) The ratio of family related expenditures against GDP is the figure only for expenditure and excludes tax deduction.

# 20. International Comparison of Social Security Related Government Expenditure

□ Social security related government expenditures against GDP in Japan are at the almost the same level as the average of OECD member countries and relatively lower than European countries. The ratio of family related government expenditure is low.

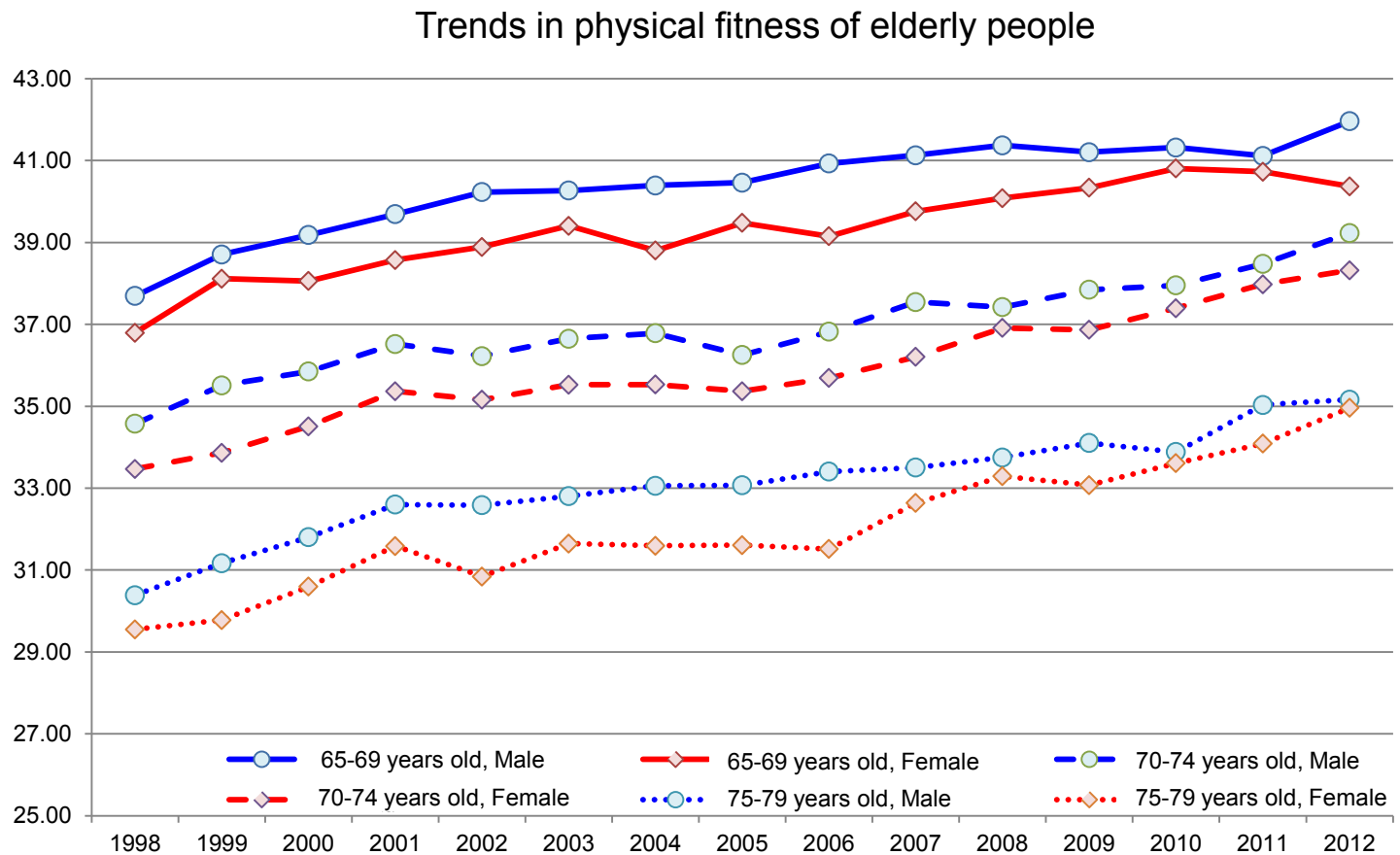
(Contrasted with GDP, %)



Source: "Social Expenditure" by OECD (2009)

# 21. Changes in Physical Fitness of Elderly People

- Most of the scores for physical fitness of elderly people show trends of improvement.
- Comparing the total scores of 1998 and 2012, the score of 2012 improved and became close to the score for people five years younger.



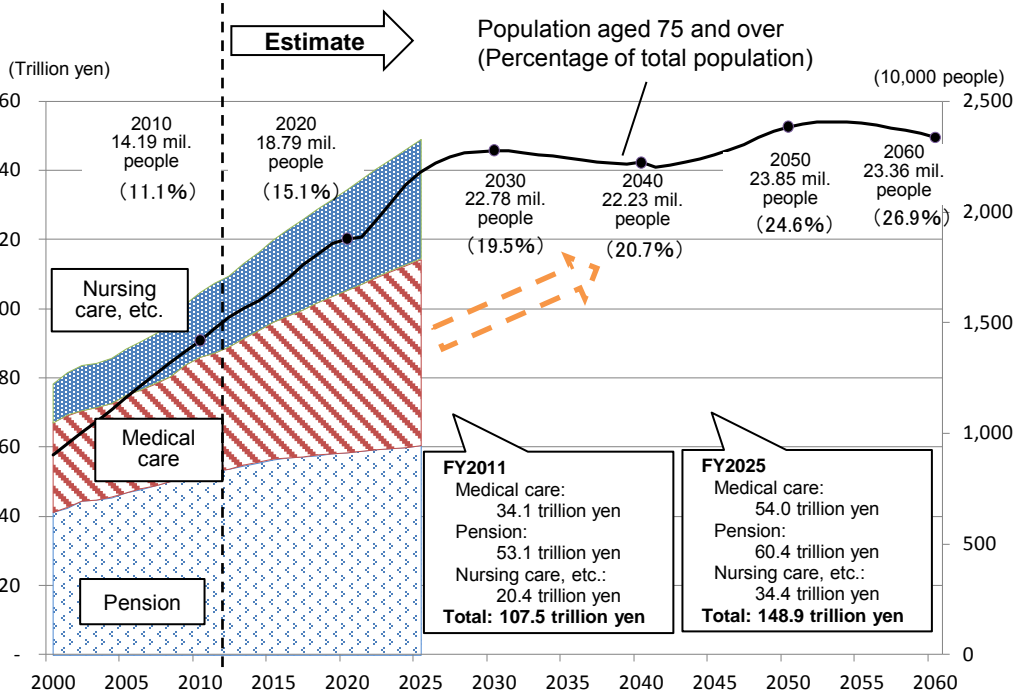
(Remark) Created from “Physical Fitness Survey (Japan Fitness Test)” by the Ministry of Education, Culture, Sports, Science and Technology (MEXT).

Note) Data above is the average of the total scores for the following items:  
grip strength, sit-ups, sit and reach, standing test on one leg with eyes open, 10 meter obstacle walk, 6 minutes walk

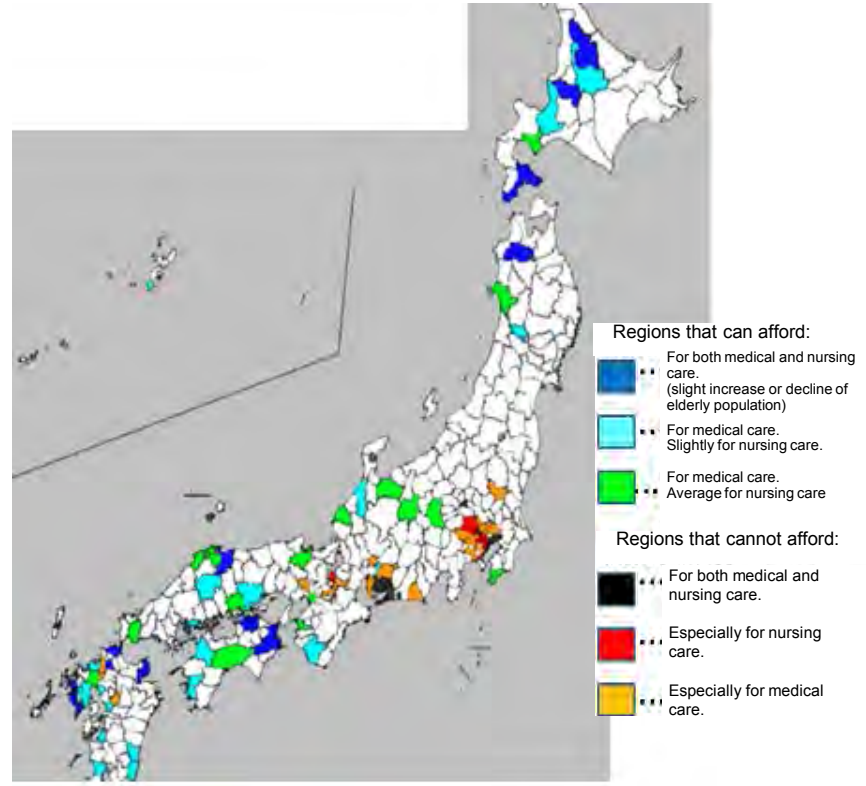
# 22. Future of Social Security

- ❑ It is expected that social welfare benefit increases especially in the fields of medical care and nursing care.
- ❑ Uneven regional distribution of medical and nursing care services is anticipated, and especially in the Tokyo metropolitan area, there will be a major shortage of those services as the population ages.

Changes in social welfare benefit by sector



Uneven distribution of medical and nursing care services (as of 2040)



(Source) 1. Regarding the social welfare benefits, actual values up to FY2011 are based on "The Financial Statistics of Social Security in Japan FY2011" by the IPSS, estimates for FY2012 and onward are based on "Revised Future Estimation of Social Security Cost (March 2012)" by the MHLW.  
 \* Preconditions for the economic situation used in the above estimates: Conditions up to 2022 are based on Conservative Scenario in "Economic and Fiscal Projections for Medium to Long Term Analysis (January 24, 2012)" by the Cabinet Office, and conditions in 2023 and onward are based on nominal economic growth rate (1.8%), wage growth rate (2.4%) and price increase rate (1.2%).  
 2. The ratio of the population aged 75 and over is based on medium variant projections for birth and death in "Population Projections for Japan (January 2012)" by the IPSS.

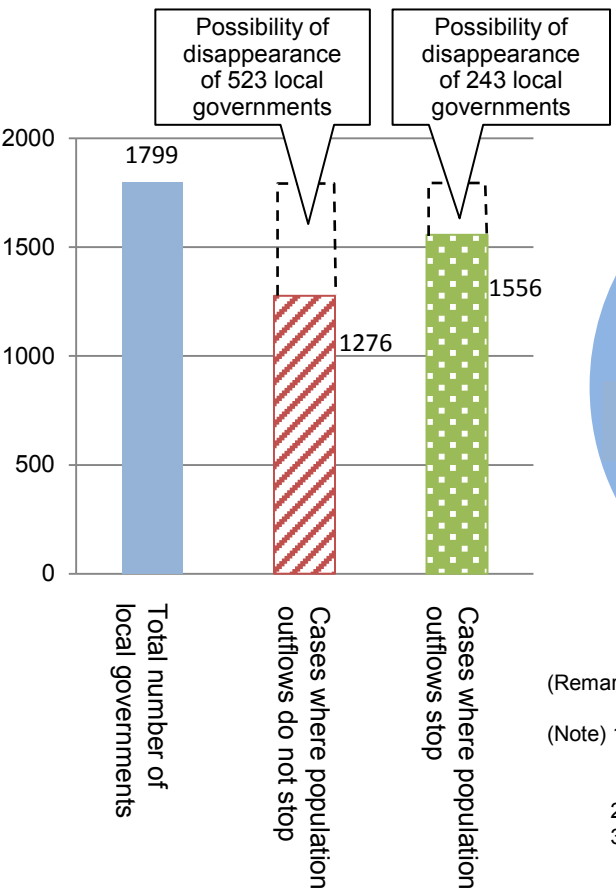
(Source) The 9th National Council on Social Security System Reform (April 19, 2013).  
 Extracted from the material document submitted by Professor Tai Takahashi (Graduate School, International University of Health and Welfare)

# 23. "Possibility of Disappearance" of Local Cities

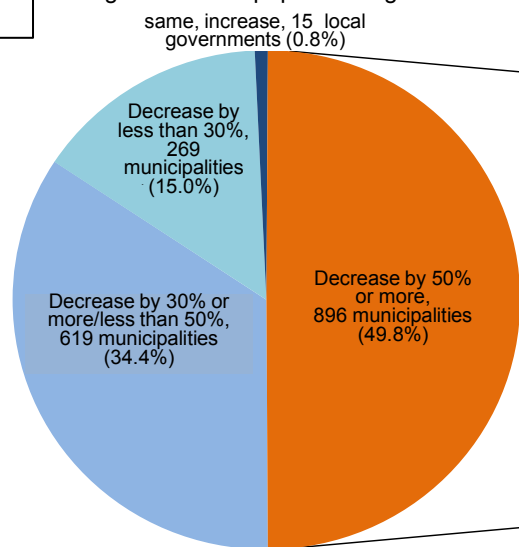
For the local cities whose population outflow to large metropolitan area (especially Tokyo) does not stop, there is a deep concern that 523 out of 1,800 local governments have the "possibility of disappearance" in 2040. Even for local cities whose population outflows stop, 243 local governments still will suffer from the "possibility of disappearance".

Estimates of the number of communities whose "female population aged 20-39" will decline by more than 50% for local cities whose population outflows do not stop

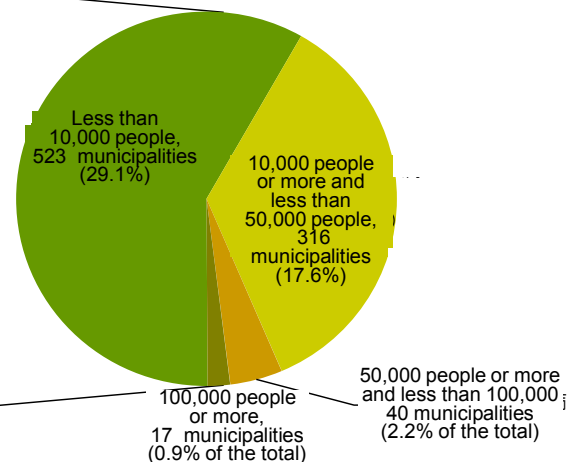
The number of local governments as of 2040



The number of municipalities from the aspect of changes in female population aged 20-39



Breakdown by population size for municipalities whose female population aged 20-39 will decline more than 50%



(Remark) Created from the material document for the first "Committee for Japan's Future" submitted by Mr. Masuda (committee member) (January 30, 2014).

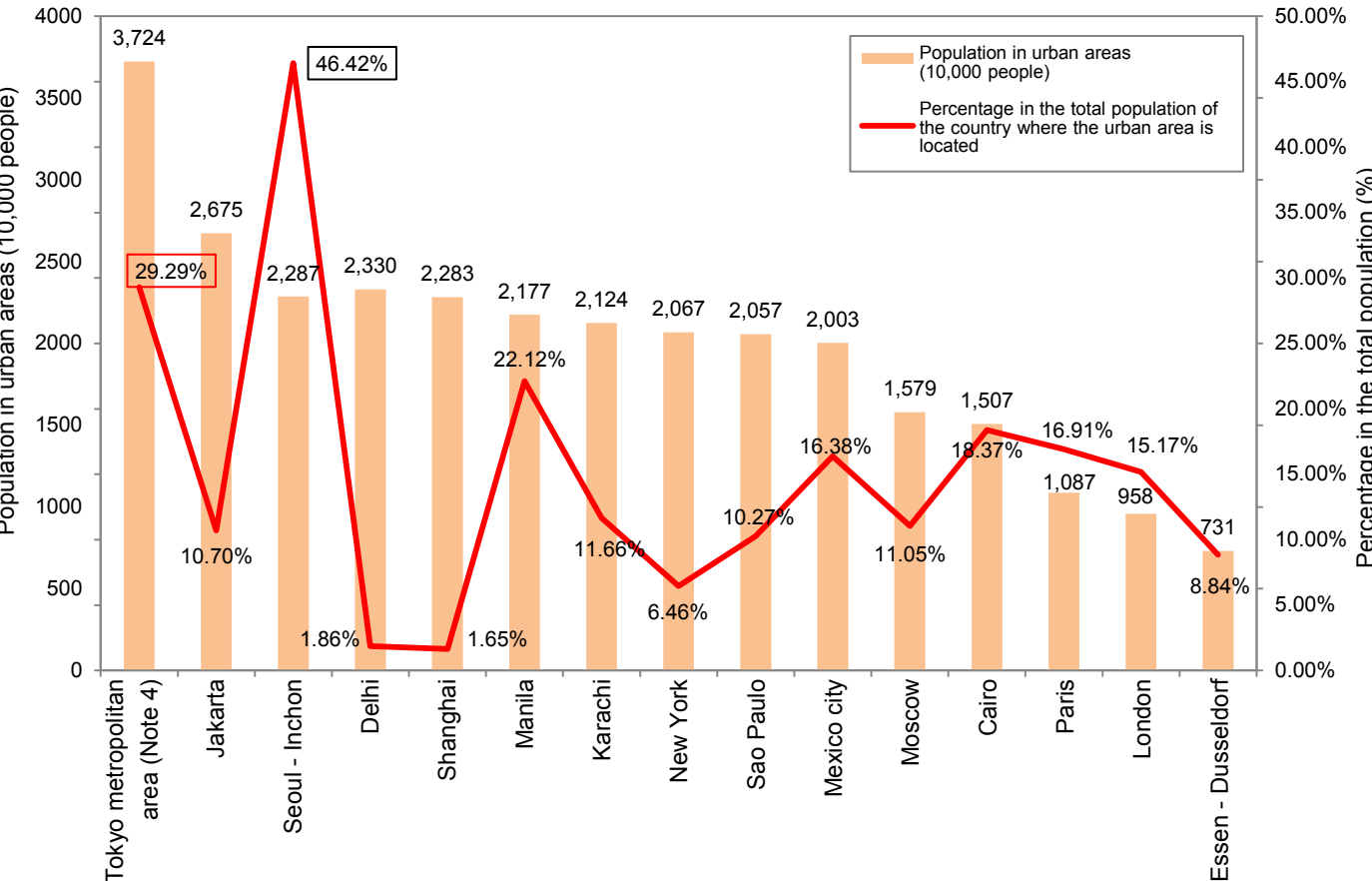
- (Note) 1. "Local governments with high possibility of disappearance" is defined as a community whose population will be less than 10,000 by 2040 among local governments whose "female population aged 20-39" will decline by 50% during the period between 2010 and 2040.
2. Created from "Regional Population Projection for Japan: 2010-2040 (March 2010)" and associated data by the IPSS.
3. Estimates for the cases where population outflows do not stop are calculated by multiplying the net migration rates by year, sex, and age (for population aged under 85) by a certain adjustment coefficient according to positive and negative migration rates so that the net social increase (total of items with positive net migration rate) and the net social decrease (total of items with negative net migration rate) of population during the period from 2010 to 2015 hover at almost the same level afterwards.
4. For the figures above, a ward is considered to be one municipality regarding 12 designated cities. In addition, municipalities in Fukushima prefecture are not included.



# 24. Population Concentration in Urban Areas in the World

- ❑ The population of the Tokyo metropolitan area is 30 million or more, accounting for nearly 30% of the total population in Japan. Also, 70% of main offices of global businesses are located in the area.
- ❑ Such a high concentration of domestic population and functions is remarkable except in Korea.

Status of population concentration in urban areas in the world (2013)



Fortune Global 500  
The number of main offices of global businesses by city

Ranking	City of main office	No. of businesses	Share
1	Beijing	48	53.9%
2	Tokyo	45	72.6%
3	Paris	19	61.3%
4	New York	18	13.6%
5	London	17	63.0%
6	Seoul	12	85.7%
7	Osaka	8	12.9%
7	Shanghai	8	9.0%

(Source) Fortune Global 500 (2013)

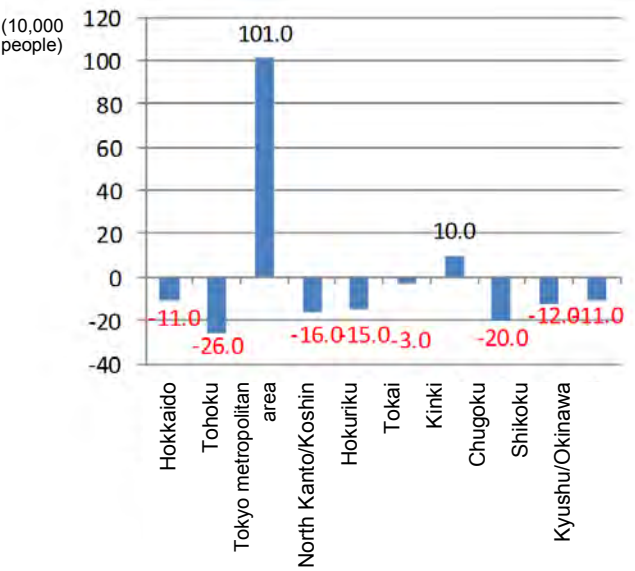
Fortune Global 500 lists global businesses of top ranking up to 500th in terms of sales value. Share means the percentage of global businesses listed in Fortune Global 500 whose main offices are located in the above cities in the total number of such businesses in each country.

Note 1: Source is Demographia: World Urban Areas & Population Projections (Wendell Cox)  
 Note 2: "Urban area" is basically defined as an area with a population density of 400 people /km2 or more and lined with buildings.  
 Note 3: Total population of each country is based on estimates for 2013 regarding medium fertility from "World Population Prospects: The 2010 Revision" by the U.N.  
 Note 4: The Tokyo metropolitan area here means the area consists of Tokyo, Kanagawa, Chiba and Saitama prefectures, and some urbanized areas in Gunma, Tochigi and Ibaraki prefectures.

# 25. Conditions surrounding Employment and Income in Tokyo and Local Areas

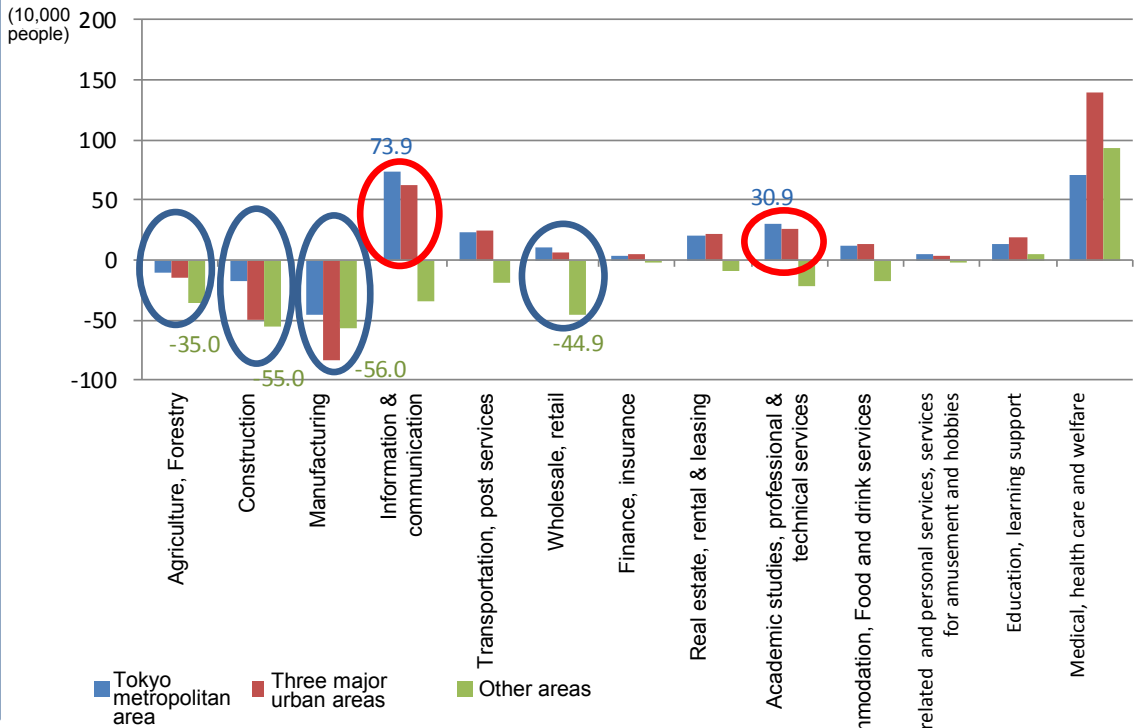
It is suggested that population flow into the Tokyo metropolitan area and population decline in local areas are inextricably linked.

(1) Increase/decrease of the number of employees for the past 10 years (Increase/decrease between 2003 and 2013)



(3) Increase/decrease of the number of employees by industry and region for the past 10 years (Increase/decrease between 2003 and 2013)

While the numbers of employees in the agricultural, construction and manufacturing industries are in decline at the national level, those in the information and communications industry as well as the professional and technical services industry are growing in the Tokyo metropolitan area. In addition, the number of employees in the medical and welfare industry is rising nationwide.



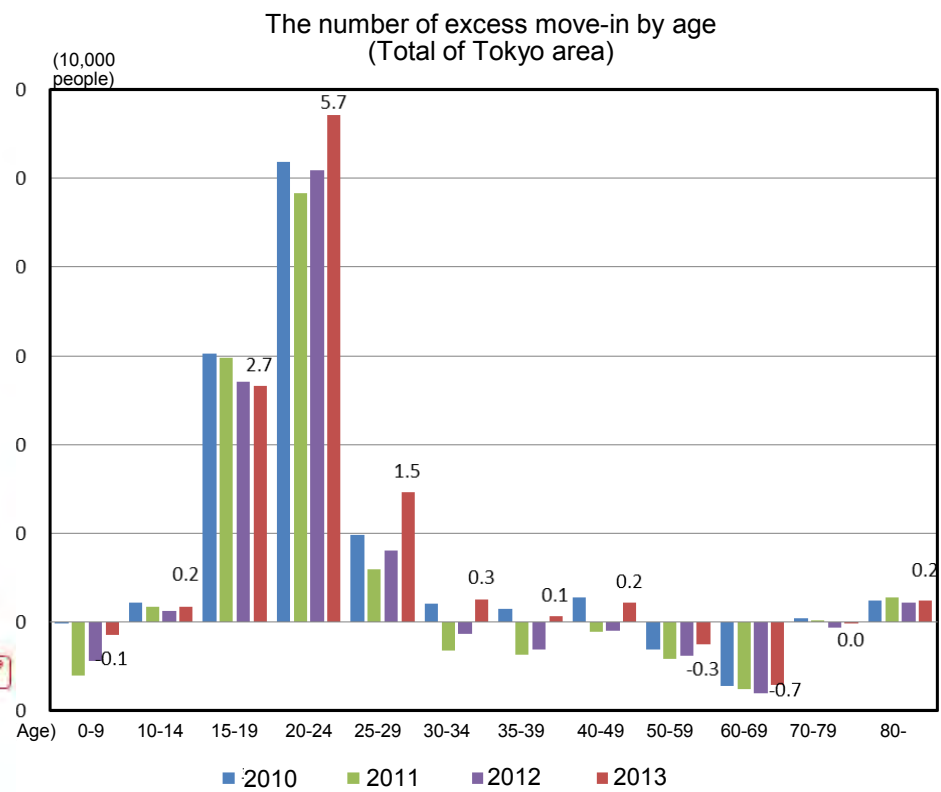
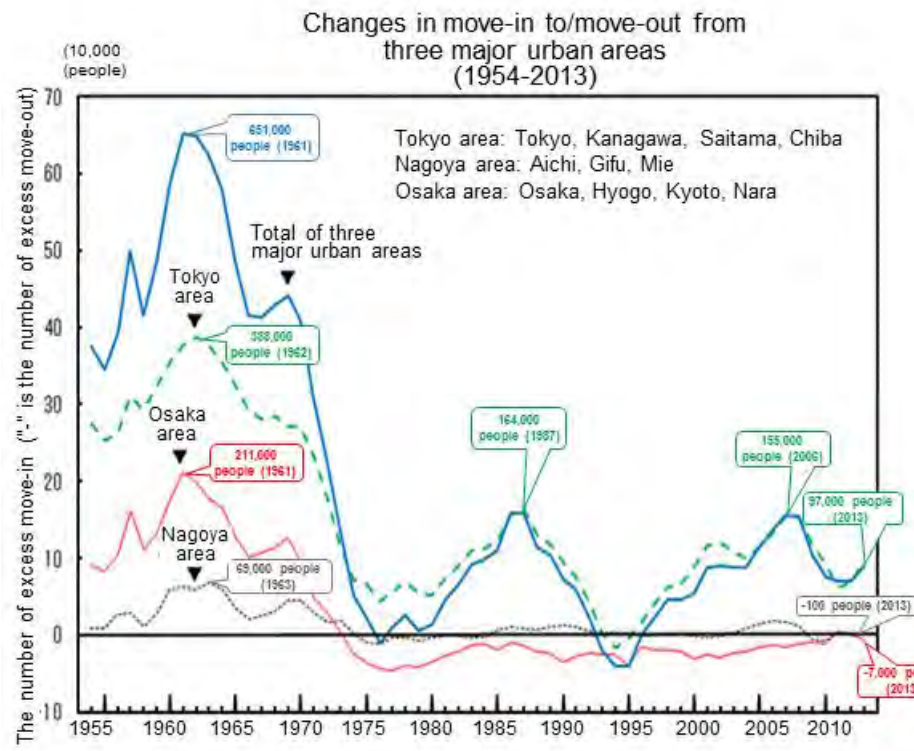
(2) Income of residents in the per capita: Ratio of Tokyo and the five lowest ranked prefectures (Tokyo/Average of the five lowest prefectures)

H13		H21
2.19	→	2.04

(Remark)  
 (1) and (3) were created from "Labour Force Survey (Basic tabulation)" (2003, 2013) by the Statistics Bureau, MIC.  
 (Data for 2003 of (3) are adopted from estimates the Cabinet Office calculated based on the Labour Force Survey in order to match the industry classification in 2013.  
 (2) Created from "Report on Prefectural Accounts" (FY2001 - FY2010) by the Cabinet Office.

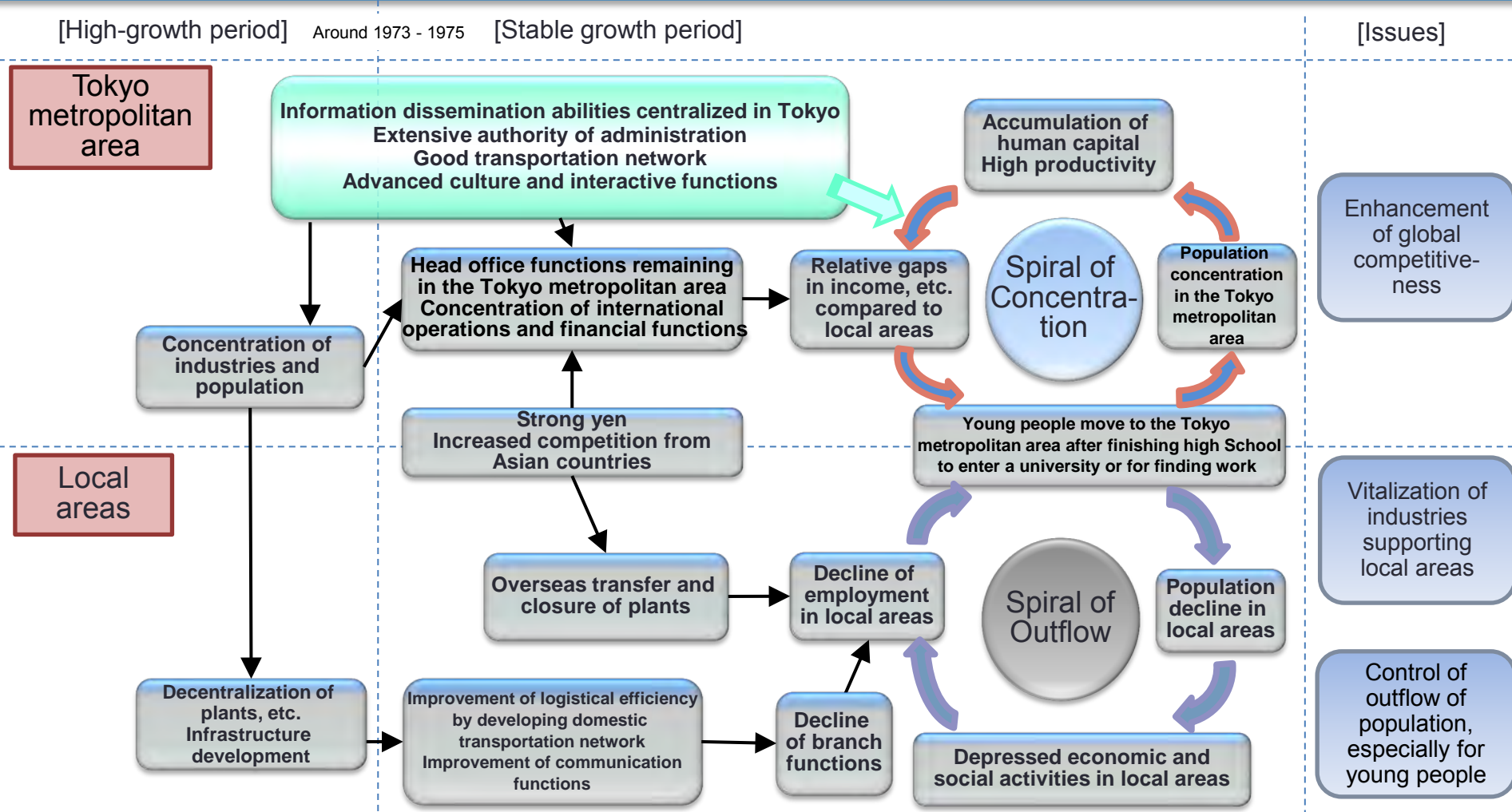
# 26. Population Flow into the Tokyo Metropolitan Area

Population flow from local areas to the Tokyo metropolitan area continues, and in terms of age, the percentage of young population aged 15 to 24 is significant. This indicates young people move to Tokyo after finishing high school to enter a university or for finding work.



(Remark)  
Created based on "Annual report on the internal migration in Japan derived from the basic resident registers" by the Statistics Bureau, MIC.

# 27. Map of Current Situation of Population Concentration in Tokyo (Concept Illustration)



Initially, large-scale flow of population to three major city areas

↓

Distribution of functions of plants, etc. lowers population decline with income gap

Normalization of outflow of population (esp. young people) from local areas

Fixing of income disparity

Spiral in which a population outflow causes further economic disparities and population outflows

# 28. Meeting Record of “Committee for Japan’s Future”

## Meeting record

- **January 20: First Council on Fiscal and Economic Policy (CEFP) meeting**
  - Set up the "Future of Choices" committee
- **January 30: First committee meeting**
  - Agenda of the committee
- **February 14: Second committee meeting**
  - Items to be considered at the committee
  - Potential growth rate, people's feeling of well-being and income, demographic movement
- **February 24: Third committee meeting**
  - Future to be aimed at
  - Economic growth and development, issue of declining birthrate
- **March 12: Fourth committee meeting**
  - Prospects of the regions
- **April 7: Fifth committee meeting**
  - Human resources
- **April 21: Sixth committee meeting**
  - Discussions considering reports from chiefs of working groups
  - Interim draft summarizing points
- **May 13: Seventh committee meeting**
  - Reports from working groups
  - Interim summarization

## List of committee members

### Chairperson

Akio Mimura: Senior Advisor, Honorary Chairman at Nippon Steel and Sumitomo Metal Corporation  
19th Chairman of the Japan Chamber of Commerce and Industry

### Acting chairperson

Kazumasa Iwata: President at the Japan Center for Economic Research  
Former deputy governor at the Bank of Japan

Fujiyo Ishiguro: President & CEO of Netyear Group Corporation

Yuriko Kato: President, M2 Labo Co., Ltd.

Sawako Shirahase: Professor at the University of Tokyo, Graduate School of Humanities and Sociology

Tomotaka Takahashi: CEO of ROBO GARAGE Co., Ltd.

Masataka Fukao: Associate Professor at Ryukoku University, Faculty of Policy Science  
President of the Kyoto Foundation for Positive Social Change

Hiroya Masuda: Visiting Professor at the University of Tokyo, Graduate School of Public Policy  
Former governor of Iwate Prefecture

Hiroshi Yoshikawa: Professor at the University of Tokyo, Graduate School of Economics