

[Provisional Translation]

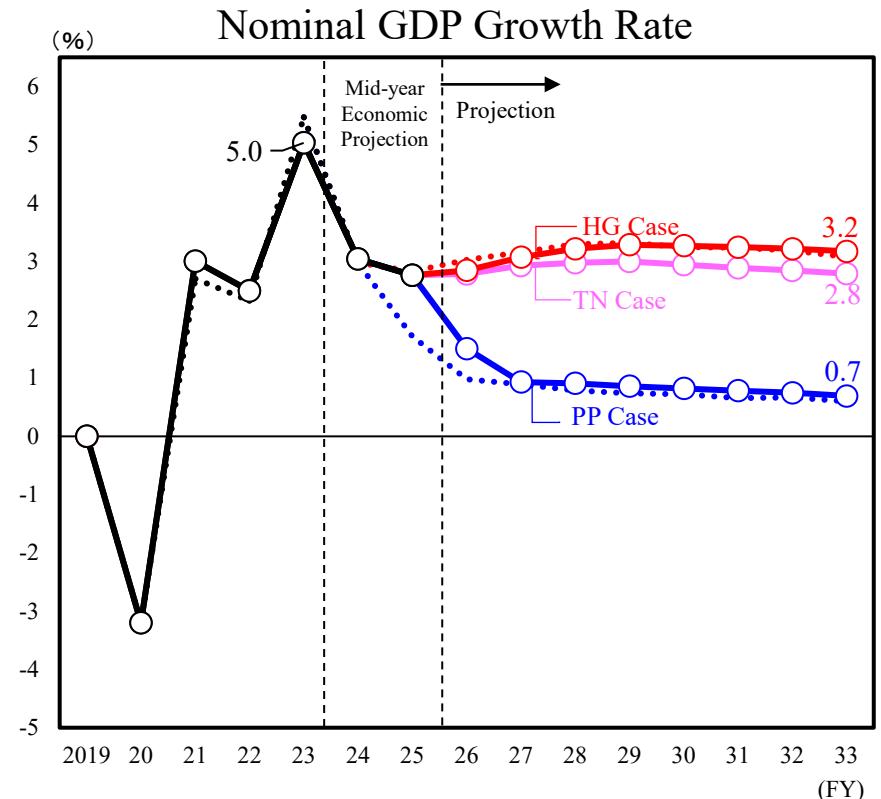
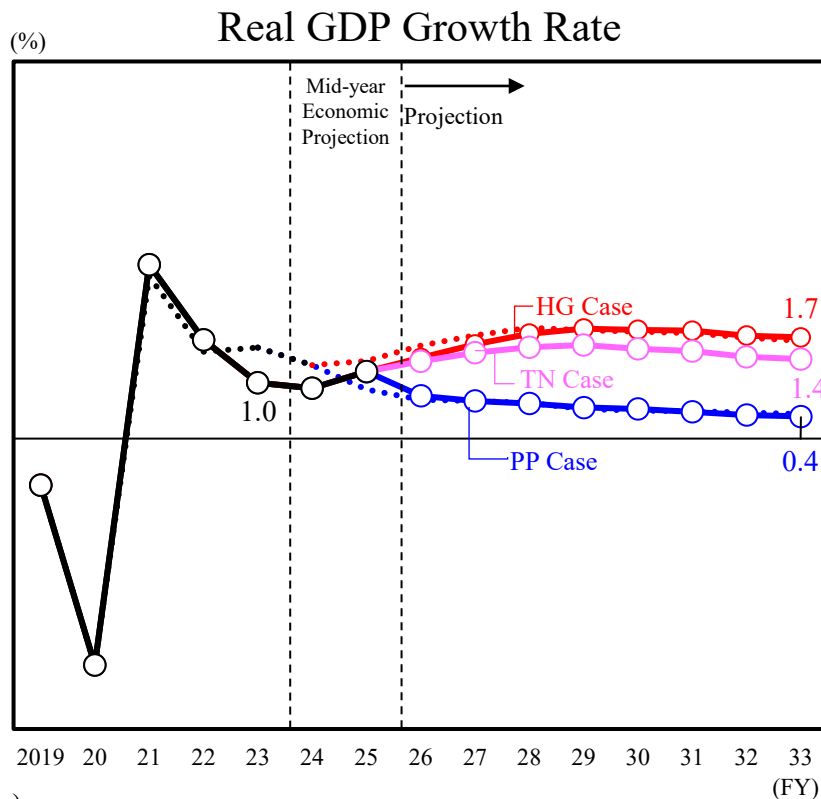
Executive Summary:  
Economic and Fiscal Projections  
for Medium to Long Term Analysis  
(July 2024)



July 29, 2024  
Cabinet Office

# Macroeconomic Projection

- In the **Transferring to a New Economic Stage (TN) Case**, the growth rate of TFP (total factor productivity) is assumed to steadily go up to around 1.1%, which is the average rate for the last 40 years in Japan. The real GDP growth rate stably higher than 1% in real terms is secured even after the 2030s. (The nominal growth rate is in the upper 2% range in the medium to long term.
  - In the **Higher Economic Growth (HG) Case**, the growth rate of TFP is assumed to steadily go up to around 1.4%, which is the average rate prior to the deflationary period in Japan. The GDP growth rate is projected to be around 2% in real and around 3% in nominal terms in the medium to long term.
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- In the **Projection of Past Trend (PP) Case**, the growth rate of TFP is assumed to stay around 0.5%, which is the average in the most recent business cycle. The GDP growth rate is projected to be around mid-0% in real terms and upper 0% range in nominal terms in the medium to long term.



(Notes)

1. The assumptions on the TFP growth rates of the PP Case, TN Case, and HG Case correspond respectively to those of the Baseline Case, Reference Case, and Economic Growth Achieved Case in the January 2024 issue of the Economic and Fiscal Projections for Medium to Long Term Analysis.
2. HG Case is mechanically calculated based on the main multiplier tables listed in “Economic and Fiscal Model (FY2018 version)”.

# Fiscal Projection

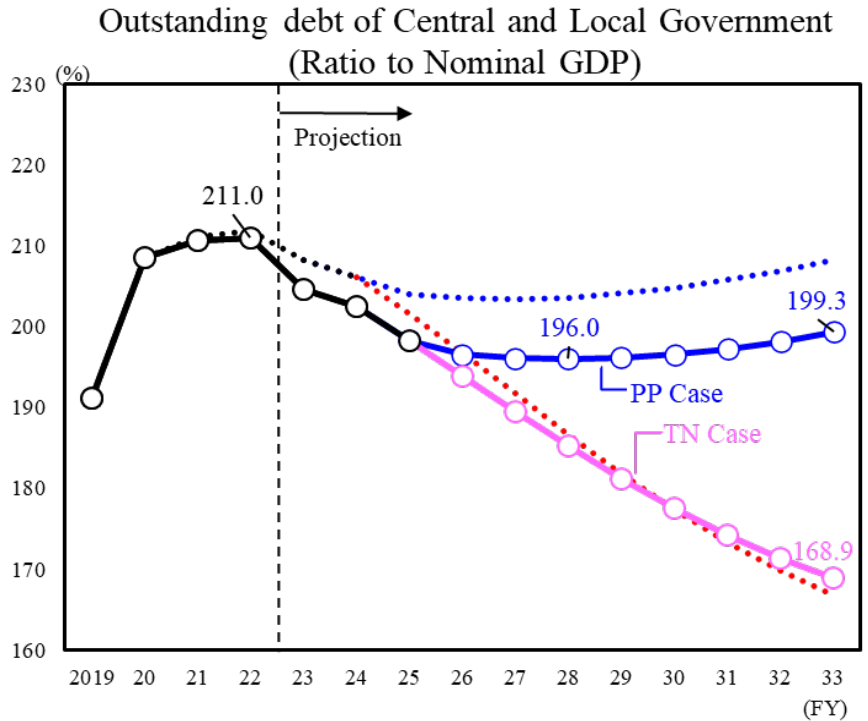
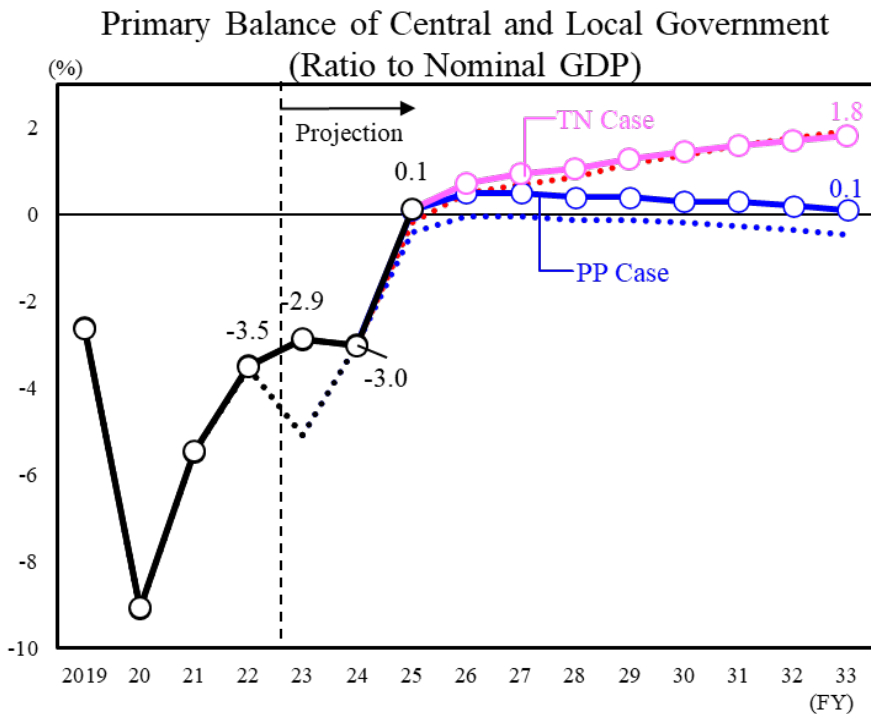
## [Primary Balance of Central and Local Government (ratio to Nominal GDP)]

- The upswing of tax revenues, the unused budget in FY2023, and the carryover to FY2024 are reflected based on the provisional fiscal settlement in FY2023.
- PB is projected to improve significantly from FY2024 to FY2025, as most of the expenditure for the successive economic measures will be executed by FY2024.
- As private demand-led growth continues, under certain assumptions (\*), the PB surplus will be projected to be achieved in FY2025. Thereafter, the surplus will expand in the TN Case, while gradually shrinking in the PP Case.

- (\*) 1. “Defense Buildup Plan”, “The Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience” (until FY2025) and “Children's Future Strategic Policy” are incorporated in this projection.  
 2. Economic measures to be formulated in the fall of 2024 are not incorporated in this projection.  
 3. The PB to GDP ratio for FY2025 includes about half of the effect of efforts to improve expenditure efficiency (about 0.7 trillion yen).  
 (For the effect of PB improvement of the past efforts to improve expenditure efficiency taking their impact on the economy into account (about 1.3 trillion yen), see the material submitted to the Council on Economic and Fiscal Policy on April 2.)

## [Outstanding Debt of Central and Local Government (ratio to Nominal GDP)]

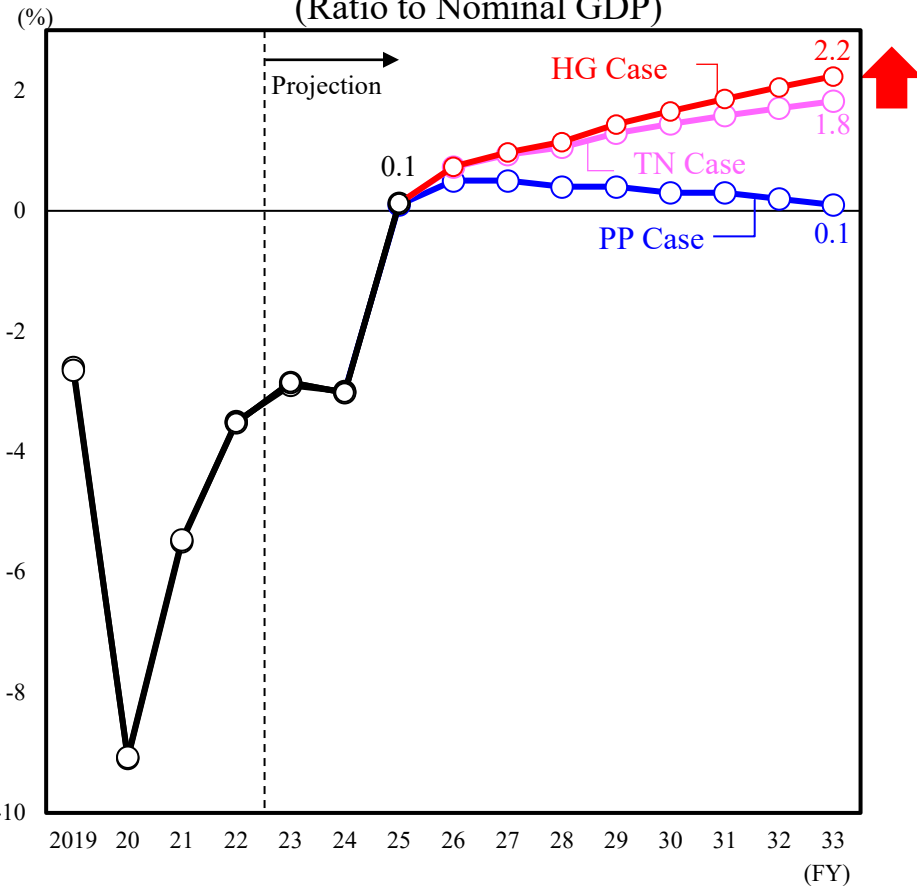
- The ratio of outstanding debt to GDP is projected to rise in the latter half of the projection periods in the PP Case. In the TN Case, the ratio is projected to steadily decline in the projection periods as the primary balance improves.



# (Reference) Fiscal Projection in the HG Case

- In the HG Case, in which the growth rate is higher than in the TN Case, the PB to GDP and the outstanding debt to GDP are both expected to improve further than in the TN Case.

Primary Balance of the Central and Local Governments  
(Ratio to Nominal GDP)



Outstanding Debt of the Central and Local Governments  
(Ratio to Nominal GDP)

