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Politics/Economy/Social

Wednesday, 19 August, 2009

Next Govt To Feel Heat From Tough Economy, Towering Debt

The next government that takes over after the Aug. 30 general election will face immense challenges in jump-starting the moribund economy, reducing snowballing debt, and saving the social security system from bankruptcy.

The first and foremost challenge facing the government is revitalising the domestic economy. According to the Ministry of Economy, Trade and Industry, China could overtake Japan as the world's second-largest economy this year, while the International Monetary Fund projects that the ratio of the Japanese gross domestic product to global GDP in nominal terms could sink to the 7% level in 2014 from roughly 15% in 2000.

Japan's potential economic growth rate is estimated at around 1%. But growth is being held down by a shrinking labour force owing to the graying population and the low birthrate. To address this, the government needs to swiftly craft such strategies as tapping demand in high-growth Asian markets.

Economic partnership agreements would clearly benefit Japan, but negotiations with South Korea and Australia have stalled because of opposition from the farm sector. Meanwhile, Japan has just begun exploring such an arrangement with China.

Another daunting task will be rebuilding the country's finances, which are arguably in the worst shape among industrialized nations. If Japan's government bond issuances continue to increase, long-term interest rates could face upward pressure.

The Koizumi government's 2006 economic and fiscal management blueprint set a target of achieving a primary balance surplus in fiscal 2011. But economic stimulus measures adopted since last autumn's global financial crisis have caused Japan's debt to balloon. While the worst appears over for the economy, the outlook is still uncertain. With the possibility that additional fiscal spending could become necessary down the road, the next government must spell out its medium- to long-term plans for rebuilding the nation's finances or face declining investor confidence, which will send long rates higher.

Fixing such social security programs as public pensions, health care and nursing care will also pose a major challenge. Increasing delinquencies in premium payments are a problem rooted in growing concerns about the sustainability of the public pension system.

(Summarised from the Nikkei Aug. 19 morning edition)

Tuesday, 18 August, 2009

Only 1.23% Of Men Took Child-Care Leave In FY08

A mere 1.23% of men took child-care leave in fiscal 2008, down 0.33 percentage point from a year earlier and well below the government's target of 10%, according to Labor Ministry survey results released Tuesday.

The survey counted working parents who took leave by Oct. 1, 2008, to care for a child born in the year ended March 31, 2008.

The proportion of women taking time off rose 0.9 point to 90.6%, exceeding nine out of 10 for the first time. Despite this increase, men continue to be reluctant to stay at home, especially for long periods.

More than 50% of women who took maternity leave were off for at least 10 months. By contrast, 54.1% of men who took child-care leave were away from work for less than one month.

Companies are taking steps to accommodate working parents. Child-rearing employees can work shorter hours at 38.9% of businesses, up 7.5 points from fiscal 2005. This benefit continues after children enter elementary school at 38.6% of employers, an increase of 10 points.

(Summarised from the Nikkei Aug. 19 morning edition)

Tuesday, 18 August, 2009

Office Vacancies Staying High In Nagoya, Other Regional Cities

A good chunk of office space remains available in Nagoya, Fukuoka and other regional cities as businesses continue to downsize their offices and take other actions in order to cut down on rent payments.

Vacancies reached 11.72% in Nagoya, 10.77% in Sapporo, and 14.94% in Fukuoka at the end of July, all up from the previous month, according to data from Miki Shoji Co. Yokohama's rate came to 11.46%.

Even after businesses raced to shut down branches and sales offices through this spring, they continue to move to buildings with cheaper rents or scale back their offices.

Meanwhile, some new buildings featuring state-of-the-art facilities are offering rent cuts in successful efforts to court tenants. A midsize building in front of Nagoya Station recently opened with full occupancy, while a new building in Fukuoka's Gion-Gofuku district boasts a high occupancy rate.

(Summarised from the Nikkei Aug. 18 morning edition)

Tuesday, 18 August, 2009

METI To Encourage Firms To Snag Infrastructure Projects Abroad

The Ministry of Economy, Trade and Industry plans to lend its support to Japanese businesses that aim to win infrastructure projects in emerging countries.

METI will position these measures as an area of concentration in its fiscal 2010 budget request out of its belief that Japan needs to proactively seek opportunities abroad as a way to put its economy back on a growth track.

In particular, global infrastructure projects offer growth opportunities, with investment in such fields as electric power, water systems, and ports projected to reach 4,000 trillion yen until 2030, including upgrades of existing facilities.

The ministry plans to encourage Japanese firms to offer comprehensive services -- from parts and products to operations management and facilities maintenance -- for such foreign infrastructure projects as water operations, solar power generation and railway construction. Unlike one-time construction projects, ongoing involvement in local infrastructure offers a company a stable source of earnings.

METI plans to seek several billion yen in the fiscal 2010 budget to fund research expenses and other costs for potential infrastructure projects abroad. And once actual projects are under way, the ministry will facilitate Japan International Cooperation Agency loans and other types of funding. It will also consider funding support to projects by the Innovation Network Corp. of Japan, a public-private entity established in July.

(Summarised from the Nikkei Aug. 18 morning edition)

Friday, 21 August, 2009

Australia to begin mass vaccination against swine flu next month

The Australian Government announced on Thursday that it would start a nationwide vaccination program against swine flu in September after receiving 21 million doses, which could cover the entire population. The Government will first receive two million doses from Australian pharmaceutical maker CSL Ltd. by the end of August. At this stage, the results of human trials of a new vaccine are not fully available.

Under the program, pregnant women and the chronically ill will be the first to receive the vaccine after the results of the trials are completely disclosed. The Government said that the preliminary results of trial data were as expected. Australia is the first country to offer the public mass vaccination against swine flu. As of the Thursday afternoon, 32,799 Australians were confirmed to have been infected with the virus and among them, 128 died.

(Full translation from *the Tokyo Shimbun*, 21 August 2009, morning)

Industry/Market – Japan

Wednesday, 19 August, 2009

Store-Brand Food Equal To Name Brands In Safety: Survey

A total 75.7% of consumers say there is almost no difference in terms of safety between private-label and brand-name food items, according to a survey by the Japan Finance Corp.

And 63.2% of survey respondents picked very little flavour difference, demand for store-brand food is on the rise given its affordability, "The market for private-label food will probably expand in the future given their acceptance in areas other than price," predicts the government-affiliated financial institution.

Low prices were picked by 74.4% as a requirement for store-brand food. This was followed by high safety at 55.9% and flavour at 39%.

Affordability of store brands is seen as extremely better or somewhat better by a combined 68% of respondents. But name-brand products were overwhelmingly given the thumbs up for flavour and aesthetics.

As part of a survey of foodmakers, 40.6% expressed a willingness to continue with their current line-ups. Some 33% said they wanted to add to their store-brand offerings or begin handling such products. Those wanting to trim or end production of private-label items, as well as those with no plans to engage in such products, totalled 26.4%.

Japan Finance polled shoppers ranging in age from their 20s to 60s. It received responses from 1,735 firms, mostly smaller manufacturers.

(Summarised from the Nikkei Aug. 19 morning edition)

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