

Regional Agenda

# World Economic Forum Japan Meeting Shaping the New Japan through Global Partnerships

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# Contents

- 3 Preface
- 4 Shaping the New Japan through Global Partnerships
  - 10 Economy: “Abenomics” Moving Forward
    - 13 Shooting Arrows, Hitting Targets
  - 14 Geopolitics: New Geopolitical Architecture
    - 16 Japan and Global Food Security
  - 18 Society: Solutions for Sustainable Social Structures
    - 20 Beyond Boundaries
    - 22 Global Shapers around the World
- 29 Acknowledgements
- 29 Further Information
- 29 Contributors

# Preface



Børge Brende  
Managing Director



Akira Tsuchiya  
Executive Director  
World Economic  
Forum Japan

The World Economic Forum Japan Meeting on 11 June 2013 marked the first formalized annual gathering of the Forum’s Japanese community as part of the Regional Partners programme. More than 250 Japanese business, government and civil society leaders, as well as representatives of international organizations, engaged with participants from the many other stakeholder communities of the Forum, including the Young Global Leaders, Technology Pioneers, Social Entrepreneurs, Global University Leaders and Global Shapers.

In Tokyo, participants focused their discussions on the current state of Japan and its re-emergence on the global economy, with the recent return to office of Prime Minister Shinzo Abe. The Prime Minister, who has launched a three-pronged initiative (dubbed “Abenomics”) to revitalize the Japanese economy and reinvigorate Japan’s position in the world, addressed the opening plenary. Prime Minister Abe emphasized the importance of translating the plans he and his ministers have outlined into action. “There is no alternative,” he stressed. In other sessions, participants examined the various aspects of the Abe administration’s programme – the economy, geopolitics and society – and explored the challenges ahead. Cabinet ministers, the Governor of the Bank of Japan and the Governor of Tokyo were among the senior officials to join the Meeting.

The transformation of Japan is a significant development for the global economy that has captured international attention. The World Economic Forum and its Global Agenda Council on Japan are drafting a “transformation map” that illustrates how the various issues and reforms needed in Japan are connected. The initial outlines of this map were presented to participants at the breakfast session that started the Meeting. The aim of this study is to help shape the Japanese agenda for action and identify priorities.

The Meeting additionally comprised two sessions that brought together Members of the Forum’s Community of Global Shapers, emerging leaders in their 20s. In the first, Global Shapers from the two city hubs in Japan exchanged with the senior Japanese leaders their experiences and ideas for how Japanese society can be transformed. The Japanese Global Shapers also connected with counterparts in nine cities around the world to focus on ways their Community can contribute to the many activities of the World Economic Forum. Because Japan is facing the challenge of rapidly ageing demographics, it was most important to highlight the voices of young people at the Meeting.

The discussions in Tokyo will help shape the agenda for the next Annual Meeting of the New Champions in Dalian, People’s Republic of China, from 11-13 September 2013, and the World Economic Forum Annual Meeting in Davos-Klosters, Switzerland, from 22-25 January 2014. Japan and its transformation will be an important focus of the deliberations at both Meetings.

# Shaping the New Japan through Global Partnerships

At the World Economic Forum Japan Meeting in Tokyo, about 250 business, government and civil society leaders gathered to consider the state of Japan's economy and society and how the country can move forward to regain its competitiveness and dynamism. Participants aimed to contribute to shaping the Japanese agenda so that, as Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, put it, Japan "will be one of the entrepreneurial countries in the era of low growth to come".



“

Growth is the only way forward. There is no alternative.

”

Shinzo Abe Prime Minister of Japan



Since the 1990s and the bursting of a property bubble, the Japanese economy – once the world’s most dynamic – meandered in and out of low growth, prompting references to “lost decades” of stagnancy, mounting debt and deflation. Japanese companies reined in investments overseas, losing their competitive edge. In 2010, Japan lost its position as the world’s second largest economy behind the United States to its fast-growing neighbour, China. Meanwhile, Japanese politics seemed similarly sclerotic, with successive governments failing to implement necessary reforms or reinvigorate the economy. Administrations came and went, some lasting just months.

Shinzo Abe served as prime minister for just under a year in 2006-2007, stepping down due to illness. But he returned to office at the end of December 2012 following his party’s landslide election victory. He has launched a set of economic policies, referred to as “Abenomics”, designed to end deflation, tackle public debt, stimulate private investment and consumer spending, and reignite economic growth. The programme includes three “arrows” – fiscal policy, monetary policy and a growth strategy that includes a raft of structural reforms that will inevitably stress vested interests.

The “quantitative and qualitative easing”, or QQE, of monetary policy through asset purchases is aimed at stirring the economy out of deflation and bringing inflation up to 2% within two years. Public spending increases will be counterbalanced by rises in the consumption tax next year and in 2015. Additional tax reforms are to be implemented later this year. Finally, growth-stimulating measures include initiatives to increase the participation of women and older people in the workplace, enhance the productivity of the agriculture sector, create a government-funded medical research centre similar to the National Institutes of Health (NIH) in the United States, develop a blueprint for increasing labour market flexibility, and restructure the energy markets. Japan is also entering into negotiations to join the US-led Trans-Pacific Partnership as part of a wider effort to boost Japanese trade and investment around the world.

“Growth is the only way forward,” Abe told participants in the opening session. “There is no alternative.” Eradicating deflation and restoring expectations of real growth and rising prices will revive consumer confidence and encourage companies to invest. Growing the economy and pump priming through fiscal stimulus will allow Japan to address its serious public debt problem. “While

01: Klaus Schwab, Founder and Executive Chairman, World Economic Forum

we must show the world that Japanese fiscal discipline is robust, without growth there is no fiscal policy,” Abe explained. “If we should shrink fiscal policy, Japan can never grow. We need growth first.”

Initial results are encouraging. Japan’s economy grew 4.1% in the first quarter of 2013. The success of Abenomics is crucial not just for Japan’s long-term growth and competitiveness but also for the benefit of a global economy that is still recovering from crisis. With growth even in emerging markets expected to be moderate, Japan risks further decline if it is not able finally to shake off its longstanding lethargy. Like Abe, who won a second chance to lead the country, Japan has a renewed opportunity to secure its future. “Without acting, we cannot contribute to the global economy,” Abe declared. “But if we can grow once again, it will have a positive impact for global society.”



“Taking international initiatives to help people – this is where our democracy really lies.”

Sadako Ogata Chairperson, World Economic Forum Japan





“  
**Deflation is much easier to avoid than escape.**  
 ”

Lawrence H. Summers  
 Charles W. Eliot  
 University Professor, Harvard University, USA  
 (Boston)

Yorihiko Kojima, Chairman of the Board of Mitsubishi Corporation of Japan, agreed. “Japan has to play a very important role in the world,” he said. Fresh from serving as a Co-Chair of the World Economic Forum on East Asia 2013 in Nay Pyi Taw, Myanmar, Kojima noted that ASEAN countries, particularly Myanmar which is emerging from decades of isolation from the international community, are looking to Japan as a development partner, particularly as a source of investment and technology. Despite friction between Japan and its immediate neighbours Korea and China over territorial disputes, Japan’s business community should continue to work well with its counterparts in those countries, Kojima reckoned.

The stronger Japan is at home, the better able it will be to contribute to global society, Sir David Wright, Vice-Chairman of Barclays, United Kingdom, and British ambassador to Japan from 1996 to 1999, concurred. “It is very important that Abenomics should not just see the restoration of Japanese economic health but it should also make a contribution to the future of the world.”

Japan has been doing its part in the international community, said Sadako Ogata, Chairperson of the World Economic Forum Japan. It has, for example, vigorously supported the human security agenda at the United Nations. In addition, Japan has been engaged in Africa, recently hosting a major conference on the continent’s



**01:** Opening Session: Klaus Schwab, Founder and Executive Chairman, World Economic Forum; Shinzo Abe, Prime Minister of Japan

development. More and more young Japanese social entrepreneurs are going out in the world to pursue opportunities to make a difference, noted Natsuko Shiraki, Chief Executive Officer and Chief Designer of HASUNA and a Member of the Forum’s Global Shapers Community. “This is where our democracy really lies,” Ogata remarked. “Taking international initiatives to help people – I am 100% for it.”

In the new emerging geopolitical environment in Asia, with China and India taking on more assertive roles in the region and in the world, Japan has to find a new niche for itself on the international stage, counselled Kishore Mahbubani, Dean of the Lee Kuan Yew School of Public Policy, National University of Singapore. “Abenomics has been good for Japan. There should be ‘Abe-geopolitics’ to balance it.”

He advised Japan to promote the fact that it has remained a peaceful nation for nearly seven decades since the end of World War II. It could also seize the moral high ground in its territorial dispute with China over islets in the seas between the two countries by calling for the matter to be referred to the International Court of Justice. And Japan could aim to forge a trilateral free trade arrangement with India and ASEAN. The country should also focus on concluding the proposed free trade agreement with the European Union, said Robin Niblett, Director of Chatham House in the United Kingdom. He reckoned that Japan could strengthen trade and investment links with Europe and the United States, emphasizing a common approach to the rule of law and transparency.

But Prime Minister Abe and many other participants stressed that Japan must get its own house in order if it is to play any global role effectively. A key part of its restructuring will be how it deals with the challenge of ageing demographics. Already, more than a quarter of Japan’s

population is older than 65, with the proportion of seniors set to increase further over the next two decades, during which Japan will experience a sharp decline in its workforce, shrinking domestic demand and household investment, and an enormous increase in social security costs.

To mitigate these consequences, Japan will have to look at ways to boost productivity, increase the participation of women in the labour market, prolong the service of older workers and attract talented workers through immigration. “We need long-term structural reforms to our current system,” observed Atsushi Seike, President of Keio University and Member of the World Economic Forum’s Global University Leaders Forum (GULF). If Japan succeeds in meeting the demographic challenge, it could provide a model for other countries that will have to deal with an ageing society.



“  
**Japan has to play a very important role in the world.**  
 ”

Yorihiko Kojima  
 Chairman of the Board,  
 Mitsubishi Corporation, Japan; Co-Chair of the  
 World Economic Forum on East Asia 2013





While Abenomics has had a good start, the big challenges lie ahead, warned Lawrence H. Summers, the Charles W. Eliot University Professor at Harvard University. “This is an economic system better at promoting large efficient organizations than new entrepreneurial ones,” he said. “Deflation is much easier to avoid than escape. Japan has suffered in important ways from a financial system whose basic health has intermittently been in doubt.” If Japan’s debt-to-GDP ratio, which “dwarfs those we see in Europe” is not reduced, “the consequences for Japan’s role in the world and the stability of global financial markets will be very severe,” Summers cautioned. “Getting that ratio down has to be a central policy preoccupation for Japan.”

If the government wins support in upper house legislative elections in July, giving the ruling party a stable mandate, and is then able to push through the legislation it needs to launch structural reforms, the intensive reform period will last about three years. “After that, we can show the world that Japan has indeed changed,” concluded Abe. “A growth strategy is not just essay writing; bureaucrats are very good in essay writing. Most important is action.”

01: Opening Session



“  
Abenomics has been good for Japan. There should be ‘Abe-geopolitics’ to balance it.  
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Kishore Mahbubani Dean, Lee Kuan Yew School of Public Policy, National University of Singapore; Global Agenda Council on China (Singapore)





**01:** Opening Session: Shinzo Abe, Prime Minister of Japan

**02:** Community Break

**03:** Community Break

**04:** Opening Session: Natsuko Shiraki, Chief Executive Officer and Chief Designer, HASUNA, Japan; Global Shaper







**01:** Opening Session: Hiroko Kuniya, Anchor and Presenter, Today's Close-Up, NHK (Japan Broadcasting Corporation), Japan; Global Agenda Council on Japan; Yorihiro Kojima, Chairman of the Board, Mitsubishi Corporation, Japan; Sadako Ogata, Chairperson, World Economic Forum Japan; Global Agenda Council on Japan; Atsushi Seike, President, Keio University, Japan; Global Agenda Council on Ageing; and Natsuko Shiraki, Chief Executive Officer and Chief Designer, HASUNA, Japan; Global Shaper



**02:**



**03:**

**02:** Opening Session: Klaus Schwab, Founder and Executive Chairman, World Economic Forum; Shinzo Abe, Prime Minister of Japan

**03:** Hiroko Kuniya, Anchor and Presenter, Today's Close-Up, NHK (Japan Broadcasting Corporation), Japan; Global Agenda Council on Japan



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**The global expectation is for Japan to play a more important role in global society not just economically but also politically.**  
 ”

Sir David Wright Vice-Chairman, Barclays, United Kingdom; British Ambassador to Japan (1996-1999); Global Agenda Council on Japan



# Economy: “Abenomics” Moving Forward

Successive Japanese governments have sought to stir the country’s stagnant economy from the doldrums. At different times, each of the three “arrows” of “Abenomics” has been employed, but to limited effect. “What is different from previous efforts is that fiscal policy, monetary policy and a growth strategy are now gathered together,” explained Akira Amari, Minister for Economic Revitalization and Minister for Economic and Fiscal Policy of Japan, in a session on the economy at the 2013 World Economic Forum Japan Meeting. “Of the three arrows, most important is the growth policy.”

The strategy for growth involves a range of initiatives including plans to strengthen Japan’s industrial base, boost innovation and scientific development, expand the participation of women and the elderly in the workforce, and broaden Japan’s trade and investment around the world, particularly through participation in free-trade arrangements such as the proposed Trans-Pacific Partnership (TPP). Implementing such an extensive programme will be difficult and results will take time to achieve. In the past, the short life of a Japanese government would scuttle reform efforts. The Abe administration will last, Amari vowed. “And every year, we will have measurements so that we can see how much we have achieved and what we have not achieved and why. We will not stop until we succeed.”

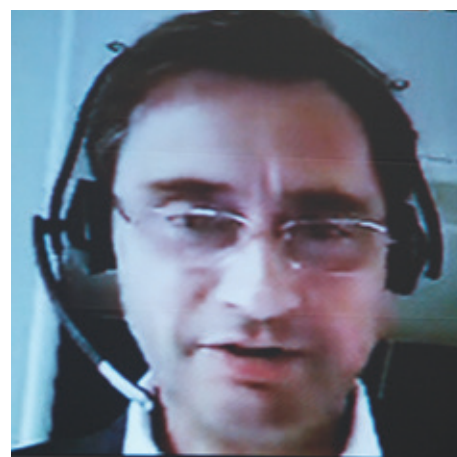
“The real uphill battle starts from now,” acknowledged Yasuchika Hasegawa, President and Chief Executive Officer of Takeda Pharmaceutical of Japan. Once upper house legislative elections in July are completed, the government will have to get necessary legislation passed. “This administration is completely different from previous ones,” Hasegawa stated. “There is a sense of urgency and it is very much committed to making quick decisions and delivering results.” The strong leadership of Prime Minister Abe and his Cabinet could make a difference, he added. “I am more optimistic than before that this administration can free us up and break

through the rock-solid regulations that need to be broken in many industries.” The sectors that require special focus are agriculture and healthcare, Hasegawa told participants.

The government has already moved forward on some key measures and reforms, Amari pointed out. These include joining the US-led TPP negotiations, reducing the number of children on nursery waiting lists to zero by the 2017 fiscal year, allowing the online purchase of over-the-counter drugs, and creating a Japanese version of the US National Institutes of Health (NIH) to coordinate life sciences research across ministries and revise regulations to speed up the approval of new drugs and medical equipment.

“There is no doubt that Abenomics has been successful so far,” said Heizo Takenaka, Director of the Global Security Research Institute at Keio University and a Member of the World Economic Forum Foundation Board. “But the basic question is whether this process is sustainable or not.” A major challenge for the government will be how to achieve fiscal consolidation, he noted. “Holding down expenditures especially those relating to social welfare is necessary.” Caps on spending will be needed, some participants advised. Others warned that the first and second arrows of Abenomics – the fiscal and monetary policies that have already been implemented – could backfire and make the growth strategy much more difficult to push through.

“The real point is whether the third arrow is going to be successful or not,” remarked Keiichiro Asao, Member of the House of Representatives of Japan. “Deregulation is the key word, but deregulation policy takes time.” The power, agriculture and medical sectors need reforms, he added. “Whether Minister Amari is prepared to use the dynamite and take the repercussions is key.” The government, Asao said, could move quickly to liberalize the rigid depreciation schedule in the tax regime.



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**The success of Abenomics is not a luxury but a necessity.**

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Robin Niblett Director, Chatham House, United Kingdom; Global Agenda Council on Europe (London)

**01:** Yoshitaka Kitao, Representative Director, President and Chief Executive Officer, SBI Holdings, Japan; Regional Partner





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**01:** Economy Session - Abenomics Moving Forward  
**02:** Economy Session - Abenomics Moving Forward



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**There is no doubt that Abenomics has been successful so far. But the basic question is whether this process is sustainable or not.**

”  
Heizo Takenaka Director, Global Security Research Institute, Keio University, Japan; World Economic Forum Foundation Board Member; Global Agenda Council on Japan

In addition, efforts are needed to improve corporate governance and to enhance research and development.

To a large extent, the success of Abenomics depends on public sentiment. “The sense of corporate stagnation and the deflationary mindset have been so endemic in Japan over the last two decades that changing that mindset is very important,” explained Sir David Wright, Vice-Chairman of Barclays, United Kingdom. If investors are convinced that the government is determined to push ahead with its programme, then the confidence to invest will rise. “I have already done it,” Hasegawa declared. “My war chest is already empty from major acquisitions. The first and second prongs of Abenomics hit the bull’s-eye. But to focus the mindset more, we need more evidence. If the government can continue to implement what it promised, that will accelerate the positive change in people’s mindset.”

Changing the mindset of women will be of particular importance. The Abe administration has pledged to do what it can to promote the participation of women in the workforce. Measures include tax reforms and regulatory changes to promote flexible working hours and make it more feasible for

male workers to share in childcare and household management. “This is not just a woman’s issue,” said Sakie T. Fukushima, President of G&S Global Advisors of Japan. “If you start to introduce work-life management, then it is an issue for both men and women.”

Yet the government can only execute plans. To eradicate the languor that has pervaded the economy for years and replace it with a new resilience and can-do spirit, private enterprise has to do its part, Amari concluded. “We need all Japanese to have the mentality to move the country forward. To implement the legislative measures, we need power from the citizens.”



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**I am more optimistic than before that this administration can free us up and break through the rock-solid regulations.**

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Yasuchika Hasegawa President and Chief Executive Officer, Takeda Pharmaceutical, Japan; Global Agenda Council on Japan





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“  
 This is not just a woman’s issue. If you start to introduce a concept of work-life management, then it is an issue for both men and women.  
 ”

Sakie T. Fukushima President, G&S Global Advisors, Japan; Global Agenda Council on Women’s Empowerment



“  
 Once the mindset changes, this will change spending behaviour. If people don’t feel any change, they will be reluctant to move.  
 ”

Motoshige Itoh Professor of Economics, University of Tokyo, Japan; Global Agenda Council on Economic Imbalance/Japan (2008-2010)

**01:** Economy Session - Abenomics Moving Forward  
**02:** Keiichiro Asao, Member of the House of Representatives, House of Representatives of Japan





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**Of the three arrows, most important is the growth policy.**

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Akira Amari Minister for Economic Revitalization and Minister for Economic and Fiscal Policy of Japan



## Shooting Arrows, Hitting Targets

While the “three-arrow” structure of Abenomics is simple enough – fiscal and monetary policy combined with a growth strategy entailing extensive structural reforms – this is a tricky initiative that has attracted widespread attention and already raised very high expectations around the world. Even the simple step of using “quantitative and qualitative easing” of monetary policy to eradicate deflation and achieve 2% inflation within two years is fraught with pitfalls.

Eliminate deflationary expectations and people will spend, companies will invest and banks will lend. But while it is easy to prime the pump, the difficulty is in exiting. In doing so, Japan will be able to look to the United States for guidance. With the American economy recovering, the Federal Reserve Bank is poised to begin scaling back its “quantitative easing” programme later this year and into 2014. The key is to taper off the stimulus without jeopardizing domestic growth or the global economy.

While monetary policy may succeed in eliminating deflation in Japan and push up inflation to the 2% target and fiscal policy helps to bring growth up (it already hit 4.1% in the first quarter of 2013), in the medium-to-long term, structural reforms are essential to sustaining growth. But because these take time to bear fruit, Japan must act as soon as possible. Indeed, even the long-burning fuse on the time bomb of ageing demographics is just short of the end: by 2030, over one-third of Japan’s population will be 65 years of age or older. The implications of that situation underscore the urgent need for action. Domestic consumption will fall significantly, while the cost of social security and healthcare will rise sharply. The population will continue to decline, as well as employment, which could lead again to declining wages and prices.

Efforts to broaden participation in the workforce, particularly with the inclusion of women, and to expand Japan’s trade and investment activities worldwide, among a host of initiatives, must move forward. Structural reforms are always challenging, but the pain can be mitigated and people will accept the strains, if growth is robust enough, the deflationary doldrums are broken and political will is in good supply. How structural reforms are implemented matters.

In Japan’s nascent rebound, the strongest drivers have been consumption and housing investment, followed by public investment, the fiscal arrow. So far, fixed and corporate investments have been flat. For this recovery to be sustained, companies will have to be convinced to invest again in Japan’s future.

# Geopolitics: New Geopolitical Architecture



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**Geopolitics is emerging as the most crucial challenge for Japan. North-East Asia seems to be on the verge of balkanization.**”

Yoichi Funabashi Chairman, Rebuild Japan Initiative Foundation, Japan; Global Agenda Council on Japan

The rise in tensions in East Asia – concerns about possible conflict on the Korean Peninsula, territorial disputes and maritime skirmishes between neighbours, and questions about the US “pivot” to Asia – have highlighted the lack of any meaningful security architecture in the region and the fragility of geopolitical relationships. In the opening session of the World Economic Forum Japan Meeting on 11 June 2013, Yorihiro Kojima, Chairman of the Board of Mitsubishi Corporation of Japan, insisted that, despite the heat generated between political leaders, businesspeople are communicating with each other well and without rancour. “As far as business is concerned, we have no problems,” he said.

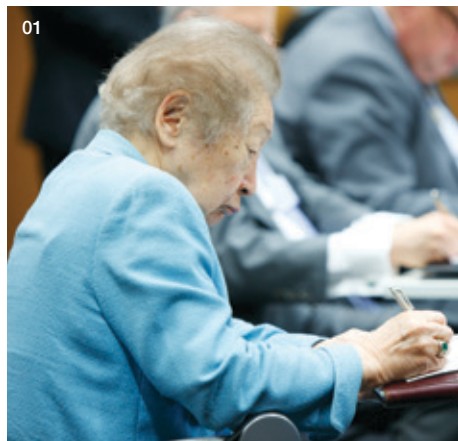
Can B2B relationships serve as a foundation for a new geopolitical architecture in East Asia? And can Japanese business contribute to that effort? After all, businesses have forged ahead of political initiatives such as the ASEAN Economic Community single market and other integration efforts, including the ASEAN-Plus-Three grouping that brings China, South Korea and Japan together with the 10 South-East Asian economies. Korean and Japanese companies are significant investors in China and South-East Asia, while Chinese enterprises have rapidly expanded business in neighbouring markets. The business communities on both sides of the Pacific, meanwhile, are helping to drive the negotiations for the Trans-Pacific Partnership (TPP) and the EU-Japan free trade arrangements.

“We should not overestimate the role of business in terms of shaping regional relationships,” warned Yoichi Funabashi, Chairman of the Rebuild Japan Initiative Foundation. Only the relevant political actors can resolve the conflicts in North-East Asia, he reckoned. “But countries must not allow tensions over the Senkaku/Diaoyu [Islands and other disputes] to prevent high-level communications. They should not be used as the sole reference point for a bilateral relationship.”

Still, trade and investment and regional economic integration could serve as a way to mitigate what Funabashi suggested are the risks stemming from the fragmented geopolitics of North-East Asia. “TPP provides a golden opportunity for Japan, the US and the Asia Pacific region to revitalize their economies and explore ways to cope with the balkanization of the region.” Nationalism, however, could trump commercial camaraderie, he advised. In China, the public is often emboldened by patriotic rallying cries from political leaders, while in Japan and Korea, nationalism can crop up from the grassroots.

**01:** Sadako Ogata, Chairperson, World Economic Forum Japan; Global Agenda Council on Japan

**02:** Geopolitics Session - New Geopolitical Architecture





The emergence of new leaders in China, Korea and Japan in recent months suggests there are fresh opportunities to reset relationships and bolster communications. “We need to proceed with political dialogues,” said Akihiko Tanaka, President of the Japan International Cooperation Agency (JICA), arguing that economics is a more compelling driver of international relations in the region. But “how can we make sure that business can be a game changer?” asked Bold Luvsanvandan, Minister of Foreign Affairs of Mongolia. Geopolitics and geo-economics are indivisible, Funabashi remarked.

There are steps that a more active Japan, buoyed by renewed economic health at home, could take. Participants proposed the creation of a new business-based forum patterned after the Trilateral Commission, which includes the United States, Europe and Japan, but that would add China. Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, noted that, at the World Economic Forum on the Middle East and North Africa, some 200 Israeli and Palestinian business leaders joined to form an initiative aimed at promoting a two-state solution to end the conflict between their two peoples. Japanese and Chinese business leaders could form a similar group to ratchet down the tensions between their countries.



Because of its constitutional rejection of nuclear weapons and its record since the end of World War II, Japan should be more assertive in promoting itself as a new model of a peaceful nation, said one participant, echoing a proposal made in the opening plenary by Kishore Mahbubani, Dean of the Lee Kuan Yew School of Public Policy at the National University of Singapore. Another participant argued that Japan typically works harder when it falls behind. Now that China has overtaken Japan as the world’s second biggest economy, all the more Japan should take an active role in global affairs. Especially important is the need to address the energy security architecture in the region, in light of US moves towards energy independence and growing Chinese demand for energy sources to fuel its growth.

Japan should take a pragmatic approach to its relations in the region, putting off intractable problems to be resolved later, one participant counselled. “Japan’s national strategy should be more solidly based on national interests and long-term strategy than driven by values,” Funabashi concluded. But if economically revitalized Japan is to take a more prominent place in global affairs, it will need to ensure that its people have the education, skills and confidence to engage the rest of the world. One good sign: while the number of Japanese studying abroad had been declining over the past decade to 2011, that trend now appears to be reversing.



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We need to proceed with political dialogues.  
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Akihiko Tanaka President, Japan International Cooperation Agency (JICA), Japan; Global Agenda Council on Japan



**01:** Geopolitics Session - New Geopolitical Architecture  
**02:** Geopolitics Session - New Geopolitical Architecture  
**03:** Bold Luvsanvandan, Minister of Foreign Affairs, Ministry of Foreign Affairs of Mongolia





01

## Japan and Global Food Security

While the necessary resources and land are available to produce sufficient food, about a billion people in the world are chronically hungry due to extreme poverty, with another billion intermittently food insecure. Although its overseas aid has decreased in recent years due to its economic slowdown, Japan has had a strong record of contributing to regional and global food security. It participates in the ASEAN Plus Three Emergency Rice Reserve programme with South-East Asian countries, China and Korea. Just days before the World Economic Forum Japan Meeting, Japan hosted the fifth Tokyo International Conference on African Development (TICAD), an important

meeting held every four years between Japanese and African leaders. On the agenda: What Japan can do to contribute to the development of the continent's agriculture.

"We have been making efforts to improve our self-sufficiency in agriculture and now Asian countries are interested in learning from Japanese farming," said Yoshimasa Hayashi, Minister of Agriculture, Forestry and Fisheries of Japan. "We are delivering our technologies to Africa – not giving them 'fish' but teaching them how to fish." Added Hiroto Arakawa, Vice-President of the Japan International Cooperation Agency (JICA): "Food security is a focal point of our international cooperation." In particular, Japan is contributing to the growth of agriculture in South-East Asian countries such as Myanmar, Cambodia and the Philippines, where land in post-conflict areas

has become available for agricultural development. Japan is also discussing with other countries how to maintain stable food prices.

Japan itself is pursuing reforms of its agriculture sector aimed at transforming it from a subsidy-driven to an entrepreneurship-driven industry. The average age of a farmer in Japan is 66 years old. To attract young people to the business, farming needs to become more competitive through the integration of smallholdings and the creation of value chains. Japan can take advantage of the growing global interest in Japanese food and ingredients and in trends such as the rising interest in healthy eating and organic production. Fishing and fishery development, which tend to be overlooked as a source of food security, are also another niche in which Japan has competitive expertise that it can share.

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We are delivering our technologies to Africa – not giving them 'fish' but teaching them how to fish.  
”

Yoshimasa Hayashi Minister of Agriculture, Forestry and Fisheries of Japan



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**01:** Japan and Global Food Security Session - Shape the role of Japan on the future global imbalance of the food  
**02:** Christopher R. Knight, Chief Executive Officer, Standard Chartered, Japan  
**03:** Masato Ito, Director, Food and Agriculture Organization of the United Nations (FAO), Japan



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Food security is a focal point of our international cooperation.  
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Hiroto Arakawa Japan International Cooperation Agency (JICA), Japan; Global Agenda Council on Poverty & Sustainable Development



**01:** Kumi Fujisawa  
Tsunoda, Co-Founder, Think Tank SophiaBank, Japan; Global Agenda Council on Japan  
**02:** Kohey Takashima, Chief Executive Officer and Founder, Oisix, Japan  
**03:** Taisuke Sasanuma, Representative Partner, Advantage Partners, Japan  
**04:** Hiroto Arakawa, Vice-President, Japan International Cooperation Agency (JICA), Japan; Global Agenda Council on Poverty & Sustainable Development



# Society: Solutions for Sustainable Social Structures

By 2030, over one-third of Japan's population will be over 65 years old. The social and economic implications of this elderly bulge include a decrease in the population and in employment, a rise in the cost of social security and healthcare, and a drop in wages. To avoid the worst-case scenarios and mitigate the demographic risks, Japan must take steps now to implement reforms needed to assist young people who want to have a baby, broaden participation in the workforce to include more women and seniors and ensure that older people, particularly those requiring long-term care, are well looked after in a cost-effective way.

"We need to take adequate measures to cope with these problems," said Atsushi Seike, President of Keio University in Japan. "We need to increase the value-added productivity per worker. This is very important for making Japan more competitive in the global market."

Japan needs to review workplace practices and implement changes required to help individuals lengthen their working lives and, as a result, reduce the burden of supporting the retired that falls on the younger generations. The retirement age, for example, could be raised from 65 to 70, Seike noted. Mandatory retirement and the seniority-based promotion system can also be revised. Older people can be reskilled to allow them to take on a new career, without taking jobs or promotions away from younger workers.

Companies need to take steps to bring more women into the workplace and retain them. This means addressing female employment and advancement not just as a women's issue but as a matter for men as well. Allowing both men and women to manage their work-life balance better will alleviate the pressures on women that typically fall on them when they have a child. Flexible hours, access to day-care facilities and paternity leave are some measure that can improve the level of female employment. Listed companies in Japan should once again be required to report their gender participation rates to identify the strong performers and the laggards.



“

**We need to increase the value-added productivity per worker. This is very important for making Japan more competitive in the global market.**

”

Atsushi Seike President, Keio University, Japan; Global Agenda Council on Ageing



**01:** Georges Desvaux, Managing Partner, Japan Office, McKinsey & Company, Japan

**02:** Society Session - Solutions for Sustainable Social Structures



Japan should be proud of its social security and healthcare systems, given that access is universal and life expectancy is the longest in the world, said Charles D. Lake II, Chairman and Representative of Aflac in Japan. Yet it must implement the reforms needed to ensure that they are appropriately designed to meet the needs of the bulging ranks of senior citizens. With the population decreasing, it is important not to add to the financial burden of the employed. “More sophisticated medical care has to be developed, while attaining fiscal balance,” Lake recommended. Added Seike: “The Japanese medical system has been very successful in treating sickness but hereafter we have to shift our medical resources to more long-term care.”

Japan should look at its immigration policies and how open it is to skilled workers. “Global talent is what is needed for success in the global economy,” Lake remarked. Japan should also examine its approach to migrants, including how it handles the reception and settlement of refugees.



“  
**More sophisticated medical care has to be developed, while attaining fiscal balance.**  
 ”

Charles D. Lake II Chairman and Representative, Aflac Japan; Global Agenda Council on Japan; Regional Associate



**01:** Society Session - Solutions for Sustainable Social Structures  
**02:** Charles D. Lake II, Chairman and Representative, Aflac Japan; Global Agenda Council on Ageing; and Georges Desvaux, Managing Partner, Japan Office, McKinsey & Company, Japan  
**03:** Christopher R. Knight, Chief Executive Officer, Standard Chartered, Japan; Kathy Koll Matsui, Co-Head, Asia Investment Research, Goldman Sachs Japan Co. Ltd; and James Nakagawa, Chief Executive Officer and Chief Care Architect, Mobile Healthcare Inc. (MHC), Japan; Technology Pioneer 2009

Revamping the education system should also be a priority, especially in the context of the global revolution in education that is creating new ways of learning through technology. “We need to shift from just teaching to encouraging young people to think for themselves,” reckoned Seike. Young Japanese have typically been reluctant to go overseas to study or work. This means that “Japan is good in teamwork but not in collaboration with diverse cultures,” observed Chikatomo Hodo, President of Accenture in Japan. “There are countries with very entrenched traditional education systems,” Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, said. “This is the norm in this country and so it needs to address this. Perhaps this should be the fourth arrow [of Abenomics].”

To achieve these tricky reforms, “political leadership has to be enhanced,” Lake said. Japan could become a showcase of the best practices of a country dealing with the challenge of an ageing society, he proposed. But to be that role model, Japan will need to have a clear idea of where it is heading. “One thing we lack is a vision for Japan – what role Japan should play in the world economy,” Hodo concluded. “Mature markets need to have such a vision.”





## Beyond Boundaries

At the World Economic Forum Japan Meeting in June 2013, Members of the Global Shapers Community of emerging leaders in their 20s gathered to exchange their experiences, venturing beyond the boundaries of the possible. They discussed the challenges they face in a society of traditions and rules, where the education system and the workplace are rigidly organized and certain ways of conduct are expected.

While several of the participants confessed to feeling like aliens in their own land, there was no railing against the establishment or the stringency of regulations. Global Shapers from the two Japan hubs – Tokyo and Osaka – shared with senior Japanese leaders how they broke conventions yet persevered against obstacles. Young people, the Global Shapers concluded, should get out of their comfort zone – go abroad, become entrepreneurs, take on roles typically reserved for their elders – to pursue their dreams.

Among the proposals offered by Global Shapers during the session were:

- Address the gender gap: Diversify the workplace. In particular, women-friendly policies are needed to encourage the greater participation of females. These include the introduction of flexible working hours and support for women and men who have children.
- Narrow the generation gap: Promote collaboration across generations, especially in the workplace. Youth should learn to care for the elderly, while seniors should appreciate the ideas of younger people.
- Focus on education: Revise the education system to encourage creativity and innovation. Harness technology to enhance learning and prepare young people to be competitive in the global economy.

- Listen to youth: Embolden young people to speak out more, and their seniors should listen to those voices. Engage more young people in society by lowering the voting age.
- Build trust: Rebuild the trust in institutions and in each other that has weakened over the period of stagnancy in the Japanese economy. Citizens should be more open to new ideas.



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04

**01:** GSC Private Session - Beyond Boundaries  
**02:** James M. Kondo, Special Adviser, Cabinet Office of Japan; Global Agenda Council on Japan  
**03:** Yusuke Matsuda, Chief Executive Officer, Teach For Japan; Global Shaper  
**04:** Sayuri Daimon, Deputy Managing Editor, The Japan Times





01

**01:** GSC Private Session - Beyond Boundaries  
**02:** Yoshie Nakatani, Head, OECD Tokyo Centre, Organisation for Economic Co-operation and Development (OECD); Takeshi Natsuno, Guest Professor, Keio University, Japan; Global Agenda Council on Social Media; and Takaaki Umezawa, Partner and Managing Director, Japan and Director of the Board, A.T. Kearney K. K.  
**03:** Daisuke Iwase, Co-Founder and Representative Director, Lifenet Insurance Company, Japan; Young Global Leader  
**04:** Haruyo Omae, Member of Assembly, Assembly of Hyogo Prefecture; Global Shaper  
**05:** Kazuma Nakatani, Member of Assembly, Kanagawa Prefectural Assembly; Global Shaper  
**06:** Kaori Sasaki, President & CEO, ewoman, Inc, Japan  
**07:** Emmy Suzuki Harris, Japan Director, Change.org; Global Shaper  
**08:** Hiromi Ozaki, Sputnikol, Artist; Global Shaper



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## Global Shapers around the World

In an unprecedented session at the World Economic Forum Japan Meeting in June 2013, Members of the Community of Global Shapers – emerging leaders in the 20s – from Japan linked with counterparts in nine locations around the world to discuss the challenges they face and what they can do together. The Global Shapers Community now includes more than 200 city hubs, with over 2,000 Members. The goal is to have 15,000 Shapers within three years. The Forum's Young Global Leaders serve as curators of the city hubs and mentors to the Global Shapers. With the median age of the world's population at just 27, including the voices of these young people is essential, Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, told participants.



03

- 01:** GSC Private Session - Global Shapers around the World
- 02:** William H. Saito, President and Chief Executive Officer, InTecur, Japan; Global Shapers Community Foundation Board Member
- 03:** Video connection with Shapers around the world





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03



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- 01:** Nhat Vuong, Founder and CEO, i-kifu, Japan; Global Shaper
- 02:** GSC Private Session - Global Shapers around the World
- 03:** Riyo Yoshioka, Acting Japan Director, Human Rights Watch; Global Shaper
- 04:** Atsuyoshi Saisho, Founder and Manager, e-Education project, Japan; Global Shaper
- 05:** GSC Private Session - Global Shapers around the World
- 06:** Haruhiko Kuroda, Governor, Bank of Japan



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## Japan's Central Bank

In a private session with the new Bank of Japan Governor Haruhiko Kuroda, participants discussed the central bank's efforts to break Japan out of deflation and how the government's restructuring programme should lead to sustainable growth.





**01:** Lunch - Plenary Session  
**02:** Borge Brende, Managing Director, World Economic Forum; Yoichi Funabashi, Chairman, Rebuild Japan Initiative Foundation, Japan; Global Agenda Council on Japan; Georges Desvaux, Managing Partner, Japan Office, McKinsey & Company, Japan; and Motoshige Itoh, Professor of Economics, University of Tokyo, Japan; Global Agenda Council on Economic Imbalance/ Japan (2008-2010)  
**03:** Tatsuo Masuda, Visiting Professor, Nagoya University of Commerce and Business Graduate School; Global Agenda Council on New Energy Architecture  
**04:** Lunch - Plenary Session







01



02



03

**01:** Lin Kobayashi, Co-Founder and Chair of the Board, Foundation for International School of Asia, Karuizawa; Young Global Leader  
**02:** Lunch - Plenary Session  
**03:** Børge Brende, Managing Director, World Economic Forum  
**04:** Takashi Inoguchi, President  
**05:** Lunch - Plenary Session

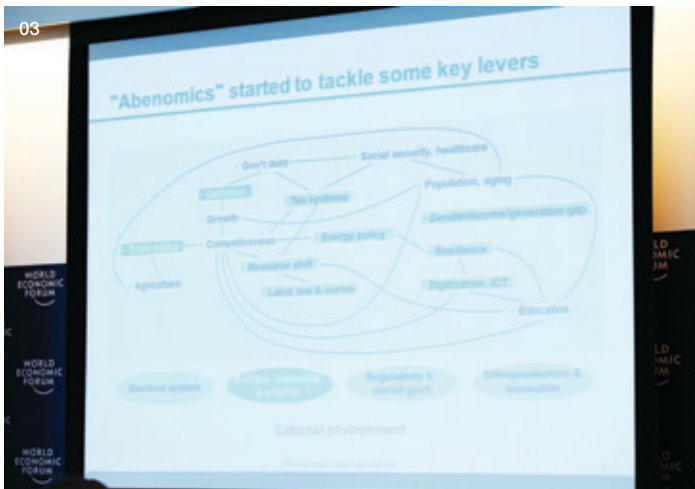


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**01:** Executive Breakfast  
**02:** Sadako Ogata, Chairperson, World Economic Forum Japan; Global Agenda Council on Japan; Klaus Schwab, Founder and Executive Chairman, World Economic Forum  
**03:** Transformation Mapping  
**04:** Yoriko Kawaguchi, Member of the House of Councillors, House of Councillors of Japan; Global Agenda Council on Japan  
**05:** Masako Egawa, Executive Vice-President, The University of Tokyo, Japan; Global Agenda Council on Education & Skills  
**06:** Kiyoshi Kurokawa, Academic Fellow, National Graduate Institute for Policy Studies (GRIPS), Japan; Global Agenda Council on Japan; Yorihiko Kojima, Chairman of the Board, Mitsubishi Corporation, Japan; and Kazuo Hirai, President and Chief Executive Officer, Sony Corporation, Japan





**01:** Børge Brende, Managing Director, World Economic Forum; Klaus Schwab, Founder and Executive Chairman, World Economic Forum; and Kazuo Hirai, President and Chief Executive Officer, Sony Corporation, Japan

**02:** Yoko Ishikura, Professor, Graduate School of Media Design, Keio University, Japan; Global Agenda Council on Education & Skills



**03:** Motohisa Furukawa, Member of the House of Representatives, House of Representatives of Japan; Global Agenda Council on Japan; Yoshihiko Miyauchi, Chairman and Chief Executive Officer, Orix Corporation, Japan; Jun Arai, Representative Director and Chief Operating Officer, Showa Shell Sekiyu KK, Japan; and Kazumasa Yoshida, Representative Director and President, Intel KK, Japan

**04:** Muhammad Yunus, Chairman, Yunus Centre Bangladesh

**05:** Takashi Mitachi, Senior Partner and Managing Director; Co-Chairman, Japan, The Boston Consulting Group; Global Agenda Council on Japan

**06:** Naoki Inose, Governor of Tokyo, Tokyo Metropolitan Government, Japan

**07:** Yoshito Hori, Chairman and Chief Executive Officer, GLOBIS Corporation, Japan; Global Agenda Council on New Models of Leadership

**08:** Motohisa Furukawa, Member of the House of Representatives, House of Representatives of Japan; Global Agenda Council on Japan; Yoriko Kawaguchi, Member of the House of Councillors, House of Councillors of Japan; Global Agenda Council on Japan; and Yoshihiko Miyauchi, Chairman and Chief Executive Officer, Orix Corporation, Japan









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## Further Information



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