

Asian Gateway Initiative

The Council for the Asian Gateway Initiative
May 16, 2007

Table of Contents

Introduction	p. 2
1. Ten Major Policy Priorities	p. 7
1. Change in aviation policy to achieve “Asian Open Skies”	p. 8
2. Implement a program for streamlining trade measures	p.10
3. Restructure policy for foreign students in order for Japan to serve as a hub for a human resource network in Asia	p.12
4. Further open up universities to the world	p.14
5. Create a financial and capital market attractive to Asian Customers	p.15
6. Transform agriculture into a successful growth industry during the time of globalization	p.17
7. Create an “Asian Gateway Special Zone”	p.19
8. Implement concrete policies in line with a comprehensive strategy for “creative industries”	p.20
9. Promote Japan’s attractiveness overseas	p.21
10. Strengthen Japan’s central role in promoting regional study and cooperation for solving common problems	p.23
2. Seven Priority Areas	p.25
(1) “Big Bang” in travel and transportation	p.26
(2) Strategy for human resource development	p.28
(3) Strengthen financial and capital markets in Japan and Asia	p.30
(4) Enhance the competitiveness of “inward-looking” industries	p.32
(5) Promote every region of Japan, incorporating the vitality of Asia	p.33
(6) Enhance and Publicize Japan’s attractiveness	p.35
(7) Assist in the creation of a common platform for development in Asia	p.37
Conclusion	p.39
Reference 1 Members of the Council for the Asian Gateway Initiative	
Reference 2 Summary of Discussions by the Council for the Asian Gateway Initiative	
Appendix 1 Program for Streamlining Trade Measures	
Appendix 2 Comprehensive Strategy for “Creative Industries”	
(References and Appendixes are available only in Japanese)	

Introduction

The 21st century is the century of Asia. Economic recovery in ASEAN countries after the currency crisis and the rise of China as a major economy demonstrate Asia's high potential for growth. Under the banner of creating an East Asian Community, regional cooperation has progressed, changing the region at unprecedented speed. The economic order in Asia has changed dramatically over the past few years, with Asian countries becoming more active in pursuing economic partnership and cooperation with other countries. The change was accelerated by signing of free trade agreements (FTAs) among Asian countries, even sometimes including a non-Asian country like the U.S. In such an era, every country needs to reform its domestic systems and opens up its country in a speedy fashion.

Japan's economy and its society cannot be considered outside the context of the globalization taking place today, especially the rapid change occurring in Asia. The Japanese economy is closely woven into the increasingly complex regional order of Asia. Japan's relationship with Asia was once viewed as a vertical one, emphasizing the difference between the two. The relation now becomes a horizontal and strategic one, with more emphasis on Japan's place in the region. Japan must keep up with every move in Asia.

We should recognize that the age when Japan was the only giant in Asia is over. Asia has been developing into a region willing to accept globalization, especially since the currency crisis. We should rather face the reality that it is Japan, than any other Asian country, that is likely to be left out. Unfortunately, Japan is still viewed as a closed country by most other countries. In fact, there are a number of fields where Japan's competitiveness is weakening due to delayed measures to cope with globalization.

However, we do not have to be pessimistic. Japan will be able to share in the prosperity with other Asian countries by showing its vision of becoming a gateway connecting Asia and the world, stepping up efforts to create an open society, and strengthening its ties with neighboring countries. It is essential for both Japan and the world that Asia, a global center of economic growth, should remain open to the world while continuing its development as an open Asia.

Even with its population shrinking due to a declining birthrate and the aging society, Japan can incorporate the vibrant growth of Asia and the world by further opening its society. Openness is key to the creation of innovation. What

is significant for Japan is not just expanding imports of labor-intensive products for more effective utilization of domestic human resources, but also emphasizing the development of competent human resources in cooperation with other Asian countries and providing them with career opportunities in Japan. With regard to exports, Japan should strengthen its traditional competitiveness in manufacturing, as well as foster innovation in sectors that have traditionally focused on domestic markets so that companies in these sectors can be encouraged to enter global markets. Publicizing Japanese culture and soft power is also crucial to successfully enhancing the added value of Japan's exports. For example, agriculture and other areas that traditionally centered on imports have become able to aggressively export products with high added value.

The promotion of exchanges and integration between Japan and the outside world will create new values. These exchanges are not limited to trade, investment and other economic activities. Emphasis should be placed on allowing Japan to further attract people from Asia and other parts of the world through its cultural heritage and industries that are built upon its assets, such as its long history, culture and traditions closely related to the country's beautiful nature. This will require the government as well as its individual regions to advertise their own attractiveness and enhance direct interaction with Asia and other regions of the world. As Confucius said in *Analects*, "A wise man harmonizes with others but never comes around to them." Japan should create an open society while maintaining its characteristics.

Deepening of economic inter-dependence as well as promotion of intellectual and cultural exchanges through tourism, education and culture have political and diplomatic significance as they all promote mutual understanding among people. Asia, which is still vulnerable in various ways in the midst of globalization, expects Japan's wisdom and leadership. Closer regional ties between Japan and other Asian countries will not only invigorate its economy, but even mitigate the impact of globalization on the region, thereby strengthening Japan's position internationally.

It is said that the God and devil dwell in the details. In order to realize the vision expressed in the Asian Gateway Initiative, Japan must do many things. Every reform must be undertaken from a broad perspective, with sufficient attention paid to the details. Mindful of these key elements, the Council for the Asian Gateway Initiative (also known as "Asian Gateway Strategy Council." Here in after referred to as "the Council") has held in-depth discussions and consequently identified the "Ten Major Policy Priorities" and "Seven Priority Areas." They are lists of extensive and detailed policy agendas and demonstrate the breadth of the issues Japan needs to address.

What should be stressed here is that these reform efforts must be made in line with a grand vision: the vision of the nation which Japan should pursue. A true Asian Gateway will be established only when the Japanese people share the basic philosophies of this vision and people in Asia and other regions recognize these philosophies.

The Council has held discussions with the following objectives and basic philosophies.

[Objectives]

(1) To incorporate Asia's growing and vibrant economy into Japan and to achieve new "creativity and growth."

(2) To play a responsible role in the development of Asia and its regional order.

(3) To create a "beautiful country" which is attractive, trustworthy and respected.

[Basic philosophies]

(1) Towards an Open Japan

- To make Japan a country that people want to visit, study, work and live in.

Japan should become a more open market and a more attractive country to people in Asia and the rest of the world. It should also break its stereotypical image of a closed and inward-looking society, and make itself a country that people from Asia and other parts of the world want to visit, study, work and live in. Japan should also become a meeting place where arts and cultures from around the world can create new values.

(2) Working towards an Open Asia

- To maintain and further deepen an open regional order with an emphasis on the economy

By welcoming direct investment from abroad and using closer economic relationships in the private sector as a driving force, Asia is establishing a substantial regional order. Japan should help maintain and deepen the current open regional order. Together with other Asian countries, Japan should also create a regional order aimed at new sustainable growth.

(3) Respect for a Diverse Asia

- To establish relations of mutual understanding and trust while respecting the region's diversity

Asia is a diverse region in terms of language, religion, culture and many other aspects. It is therefore important for its members to share basic values to accept such diversity and allow their coexistence. Japan should work

toward deepening mutual understanding among Asian countries through acceptance of diversity in different cultures as well as diversity in other areas and strengthening relations of mutual trust, while sharing of universal values such as freedom and the rule of law.

As the Council's name implies, the Asian Gateway Initiative must be "strategic." There are four prerequisites to making it strategic: (1) Be speed-conscious and do not miss the right timing; (2) Have a broad perspective, breaking free from conventional practices, (3) Identify an area of great potential or a bottleneck hindering change and focus on that area; and (4) Gain understanding from Asia and other regions of the world and work in cooperation with them, rather than take a one-way approach dictated by Japan. These issues are elaborated below, together with concrete policy measures.

The first prerequisite is about time. Reforms that Japan should implement in travel and transportation, including those by air and sea, are a race against time. For example, in the aviation market, where deregulation is in progress at the global level and our Asian neighbors are expanding their transport capacities, Japan cannot afford delays in taking necessary measures. If the government mishandles its policy for managing the fourth runway at the Tokyo International Airport (Haneda Airport), which is scheduled for completion in 2010, Tokyo's as well as the entire nation's aviation market will suffer a serious setback. For Japanese seaports, which are said to lag behind Asia's other major seaports in competitiveness, actions planned under the Program for Streamlining Trade Measures should be implemented as early as possible in order to improve the competitiveness of Japanese seaports. In the agricultural sector, although efforts have begun to adapt to the reality of the global economy, the pace of change is too slow. With its majority of farmers aging, Japan should accelerate its reform effort, with more emphasis on industrial aspects of agriculture so as to enhance its competitiveness. A clear time frame should be set for these policies so that tangible results can be made visible as soon as possible.

Second, it is important to have a broad perspective and to break free from conventional practices. Economic partnership agreements (EPAs) promoted by the government are major means to achieve the Ten Major Policy Priorities and the Seven Priority Areas. They are also the essential elements of the Asian Gateway Initiative.

In many policy areas including EPAs, Japan should address the challenges in a strategic manner. In other words, it should take into account not only the bilateral relationship with a given country, but also relationships with all the

countries in the region including that country. Major countries have recently accelerated their moves toward economic partnerships, as seen in initiatives to strengthen ties among ASEAN nations and the launch of research on economic partnerships by private-sector experts through the East Asia Summit. These moves represent an important challenge that Japan must overcome in order to realize the vision expressed in the Asian Gateway Initiative: expediting the negotiation of EPAs and seeking to conclude EPAs with its major neighboring countries.

At the same time, there is a need to strengthen partnerships with other countries and regions through a comprehensive and across-the-sector approach rather than a sector-specific one. Each Asian country is in a different stage of development. A strategic relationship with each country needs to be formed in a detailed yet comprehensive manner to the extent possible. The traditional approach that only considers interests of individual sectors is highly likely to result in misleading the course of Japan's national strategy.

From this perspective, the Council believes that aviation is the sector most crucial to achieve the objective of the Asian Gateway Initiative. Aviation is a strategic infrastructure which is a foundation for promoting exchanges of people, goods and money. Enhancing the aviation network is therefore a prerequisite to Japan's becoming an Asian and international gateway. In this regard, Japan's national interest should be defined in a broad term, encompassing such areas as improving consumer convenience, invigorating regional economies, and strengthening industrial competitiveness. Mindful of the impact that the reform in this sector will have on the nation's economy as a whole, the government should make major policy changes, for example, promotion of rapid liberalization in aviation.

Third, it should be emphasized that addressing various issues from the perspective of the Asian Gateway would prove highly effective for Japan in solving its critical problems where reforms are needed. The government set a high priority for the policy of enhancing the presence of the Japanese financial market.

In this regard, the emphasis made through the Asian Gateway Initiative on "creating a financial market attractive to Asian customers" should be able to present a series of convincing policy measures that will allow a breakthrough into a stronger financial market to be made. This will also open the way for redressing Asia's irregular system of brokerage as well as its unstable financial structure where massive amounts of savings in Asia are invested in Asia through Western financial institutions. From this perspective, the Chiang Mai Initiative and other efforts to nurture Asian's own bond markets should be continued.

Globalization is also an indispensable factor in the education reforms advanced by the government, especially higher education reforms. Nowadays, every major country considers higher education in the context of globalization. It is regrettable that Japan lags far behind in this regard.

Fourth, the Asian Gateway must be discussed based on the assumption that Japan is now built in as a part of Asia, rather than on the old perception of "Japan and Asia" which emphasized the difference between the two. For example, the issue of foreign students should not be addressed from the domestic consideration of attracting a greater number of foreign students to study in Japan. Rather, it now requires an approach aimed at enhancing partnerships in the education sector through which Japan can work in harmony with various policies of education in Asia. This approach includes Japan's increased support for Asian countries that would increase the number of potential students wishing to study in Japan. To take such an approach, Japan needs to consider how it intends to engage itself in the education system of Asia as a whole, beyond the traditional goal of simply increasing the number of foreign students it accepts.

Asian countries also face a variety of difficult problems amid globalization, such as the environment, energy, transnational crime and infectious diseases. Finding effective solutions to these problems will contribute to Asia's sustainable development. Asian countries are carefully watching how Japan will address these global issues.

Globalization is not only about opening up a country or society to the outer world. More importantly, it means that a nation, in the face of growing activities across national boundaries, identifies its position and, if necessary, strongly and skillfully expresses its opinions. The Council stresses the need to "Enhance and publicize Japan's attractiveness," because without such efforts, Japan will not be able to prosper in a globalized world.

1.Ten Major Policy Priorities

From the perspectives described in the Introduction section, the Council has set the following ten items (“Ten Major Policy Priorities”) as priority factors in realizing the Asian Gateway Initiative.

- 1. Change in aviation policy to achieve “Asian Open Skies”**
 - Form a strategic international aviation network through aviation liberalization (“Asian Open Skies”); Make Haneda Airport more international; Facilitate 24-hour operation of major international airports.
- 2. Implement a program for streamlining trade measures**
 - Reforms in customs clearance and other relevant procedures so as to enhance logistic capacity for international trade
- 3. Restructure policy for foreign students in order for Japan to serve as a hub for a human resource network in Asia**
 - Mobilize stakeholders in order to formulate a new national strategy.
- 4. Further open up universities to the world**
 - Target educational funds and improve evaluation of universities to encourage universities to become more international.
- 5. Create a financial and capital market highly attractive to Asian Customers**
 - Promoting further integration of financial network in Asia
- 6. Transform agriculture into a successful growth industry during the time of globalization**
 - Invigorate agriculture with the focus on entrepreneurial spirit
- 7. Create an “Asian Gateway Special Zone”**
 - Promote regional exchange in Asia by means of the special zone system for deregulation.
- 8. Implement policies in line with a comprehensive strategy for “creative industries”**
 - Provide a stimulating environment to nurture creative industries and strategically promote them.
- 9. Promote Japan’s attractiveness overseas**
 - Create a Prime Ministerial award to honor those who contribute to the promotion of Japanese design and culture; Establish “Japan Creative Center.”
- 10. Strengthen Japan’s central role in promoting regional study and cooperation for solving common problems**
 - Take the initiative in holding international forums for cooperation in areas such as the environment and energy, as well as establishing a research network

1. Change in aviation policy to achieve “Asian Open Skies”

- **Form a strategic international aviation network through aviation liberalization (“Asian Open Skies”); Make Haneda Airport more international; Facilitate 24-hour operation of major international airports.**

<Form a strategic international aviation network through aviation liberalization (“Asian Open Skies”)>

- Recognize the formation of an international aviation network with other Asian countries as essential for invigorating regional economies and improving consumer convenience.
- Drastically change the traditional aviation policy in order to strategically promote the rapid liberalization of aviation (“Asian Open Skies”). The new policy is comparable to aviation liberalization taken place in the rest of the world yet different from the American-style “open skies policy.”
- More specifically, promote aviation liberalization in order to remove restriction on carriers, entry points, and the number of both passenger and cargo flights. With regard to Kansai International Airport and Central Japan International Airport, accelerate such liberalization through bilateral negotiation with Asian countries so as to allow increase of routes and flights that are suitable for their role as Japan’s major international airports. At the same time, implement measures to strengthen the international competitiveness of these international airports, such as improving the networks between these and other Japanese airports and distributing functions among them.
- For local airports, accelerate ongoing liberalization negotiations and give provisional permission to increase routes and flights even before negotiations have been fully settled in order to promote tourism. Basically allow carriers to change their flights on notification basis (not subject to permission) with exception of procedures for safety verification, CIQ and coordination with the Self-Defense Forces. Promote international passenger charter flights which pave the way for introducing regular flights.
- Strategically utilize the airports in the metropolitan Tokyo area for the time being, while considering further liberalization, being mindful of the expanded capacity in the future.
- Start liberalization negotiations with China and other Asian countries (give high priority to Asia).

<Make Haneda Airport more international; Facilitate 24-hour operation of major international airports>

- Make the most of international airports in major cities as important junctions connecting domestic aviation networks to overseas destinations, through

promoting the use of late-night and early-morning slots (24-hour operation), whose usage is currently low.

- Further internationalize international airports in the metropolitan Tokyo area, even before the completion of ongoing re-expansion projects.
- Specifically, at Haneda Airport, which is the only airport in the metropolitan area operating in late-night and early-morning hours, promote international charter flights to and from Europe and the U.S. At the same time, initiate negotiations to accommodate international charter flights in specific time periods (departure at 20:30-23:00 and arrival at 6:00-8:30, which are off-peak hours). Implement every possible measure to make the most of the facility around the clock, such as one for improving late-night/early-morning access to the airport.
- In addition, increase the number of daytime departure and arrival slots to accommodate charter flights to and from Shanghai Hongqiao Airport and extra international charter flights to Beijing during the Beijing Olympic Games. Also, make efforts to expand the temporary international terminal, enhance capacity for CIQ systems, and improve flight variety and transit connections on the routes linking Haneda Airport and overseas destinations via Kansai International Airport.
- Make airports more international by 2010 through re-expansion projects. Use departure and arrival slots to be added to Narita (20,000 slots annually) and Haneda (30,000 slots annually) Airports in a strategic and integrated manner. The aim is to expand international networks of Tokyo metropolitan area, by enabling the smooth connection between domestic and international flights between the two airports, while improving access to both airports.
- Ensure that Haneda Airport is capable of serving 30,000 regular international passenger flights during the daytime upon opening of its expanded facility. Examine routes appropriate to Haneda from closer routes. The consideration will be based not only on distance (a conventional standard), but also on demands and significance of the routes, and they will be determined through aviation talks. For late-night and early-morning services, introduce regular international passenger and cargo flights (including those to and from Europe and the U.S.), with due consideration to noise pollution.
- In addition, discuss every possible way of expanding the capacity of airports in the metropolitan Tokyo area (Narita and Haneda Airports).

2. Implement a program for streamlining trade measures

- Reforms in customs clearance and other relevant procedures so as to enhance logistic capacity for international trade

- Being an island nation, Japan cannot access global markets overland. The competitiveness of its airports and seaports has a direct impact to the competitiveness of its industry. However, Japanese seaports are particularly outperformed by Asia's major seaports in terms of both efficiency and cost.
- A major challenge is establishing programs and systems aimed at achieving both security and efficient logistics. In doing so, various factors should be taken into account, such as the development of information technology, the construction of worldwide "linear" management models (or so-called supply chains) by companies which is accelerated by the advance in IT technology, and stricter cargo security management since the 9.11 attacks in the U.S.
- With these issues in mind, the government and the private sector have jointly formulated the "Program for Streamlining Trade Measures." This is the first joint attempt to review national goals and future directions and to consolidate basic concepts and concrete activities into a single program accompanied by a progress schedule. The aim of the program is to transform the current Japanese trade procedures, which are said to be complex and inefficient, into simple and efficient ones that are acceptable internationally.
- From now on, the government and the private sector will conduct follow-up the progress of this program in order to ensure that it is implemented as intended. Follow-up will be conducted in order to allow changes of the Program to be made in a speedy and drastic fashion when necessary so as to meet changes in the international environment.

<An overview of the Program for Streamlining Trade Measures (see Appendix 1 for details)>

- **Review the principles on the delivery of bonded goods:** Present in detail the direction and time frame of the reform of the entire bond and customs clearance systems, including the current system that requires goods to be carried into a bonded area for export declaration (the so-called "principles on the delivery of bonded goods"), and finalize them by the end of FY 2007.
- **Enhance the use of the Authorized Exporter's Declaration System:** For the Authorized Exporter's Declaration System, which is designed to exempt companies with outstanding track records of compliance from the need to carry their goods into a bonded area, for the time being, the government and the private sector aim to increase the share of the export value of the companies eligible to be included in this system to over 50% of the total export value by the end of 2008.

- **Promote late-night/early-morning use of seaports:** Implement relevant measures by the end of FY 2007, such as reviewing the fees for the temporary opening of the office for companies with outstanding compliance track records, and, according to regional needs, using the system for special zones for structural reform and conducting intensive trials within a specified period.
- **Integrate and simplify port procedures:** Set the first national-level target to achieve a system that provides electronic procedures and one-time input to freighters calling at multiple ports. (Define a unified model as an urgent measure in FY 2007, set the first half of 2009 as the initial implementation target, and seek realization for the most part within the three-year “intensive reform period” through FY 2009.)
- **Foster wide-area collaboration among port administrative organizations:** Foster the integrated and strategic operation of so-called Super Core Ports, for example, through measures to reduce burdens (e.g. port dues) associated with multiple port calls (within FY 2007).
- **Construct a Japanese-version AEO system:** Improve preferential treatment programs for companies with good compliance track records, and enhance inter-governmental talks with the U.S. and other major trade partners, with a view to mutual recognition of security-related programs. (Japan and the U.S. have already agreed to set up a joint study group.)
- **Review NACCS:** To integrate NACCS (Japan’s main information system for customs clearance, quarantine, and port procedures) with the port EDI systems, arrive at a conclusion within 2007 on concrete measures to achieve this and the operation model of the NACCS Center.
- **Conduct follow-up activities:** Taking into account opinions from the private sector, make a comprehensive revision of the Program for Streamlining Trade Measures through a government-wide approach, and address this as a major priority of the Cabinet. In related ministries, create implementation status reports every year at least until the end of FY 2009 in preparation for this program revision, based on the framework of the Partnership for International Logistics Competitiveness program.

3. Restructure policy for foreign students in order for Japan to serve as a hub for a human resource network in Asia

- Mobilize stakeholders in order to formulate a new national strategy

- It is of vital importance for Japan to take steps to welcome bright minds from Asia and other parts of the world and play a key role in developing internationally competitive people. By doing so, Japan can serve as a hub for a human resource network in Asia. This is crucial if Japan is to achieve sustainable economic growth and strengthen its soft power.
- In particular, increasing international exchanges of both Japanese and international students is an investment for the future, aiming to build such a human resource network. It will serve as the touchstone for the Japanese society as a whole, including Japanese industry and regional societies, to create an environment attractive to foreigners. The strategic importance of this agenda should be reaffirmed as, in light of its potential contribution to nurturing supporters of Japan, future human resources for innovation in Japan and Asia, and people who understand and publicize the attractiveness of Japan.
- Against such backdrop, the government, industry and academia should cooperate to promptly draw up a concrete action plan and to set up a new foreign student strategy in line with the “Basic policy on the formulation of a new foreign student strategy,” described below. It should be born in mind that a quarter century has already passed since the formulation of “The 100,000 Foreign Students Plan” and that the situation at home and abroad has changed significantly since then,
- A variety of initiatives toward attracting foreign students are predicated upon whether Japan can assess and reconfirm its own appeal (strength and originality) of studying in Japan to foreign people. In particular, increasing the international appeal of research and education at universities is essential (see the next section, “Further open up universities to the world”).

< Basic policy on the formulation of a new foreign student strategy >

- (1) Secure a share of students studying abroad:** Considering that the global foreign-student market is rapidly expanding (some estimate it will grow to 5 million students by 2015 and 7 million by 2025), aim to secure at least the current share (around 5%) in the number of foreign students accepted, while maintaining the quality of students, in order to maintain Japan’s level of intellectual contribution and impact on the world.

- (2) Provide more opportunities for Japanese to study abroad: With the aim of nurturing internationally competitive Japanese people, help universities develop off-shore programs and short-term study abroad programs, while promoting the improvement of programs to send young researchers overseas, the expansion of youth exchanges, and the dispatch of competent individuals to strategically important countries.
- (3) Foster industry-academia collaboration oriented toward career path development: Recognizing that opportunities to find employment with Japanese firms is a major drawcard for studying in Japan and that the Japanese economy can also significantly benefit from the opportunities to develop and hire outstanding foreign human resources, implement the Asia Human Resource Fund initiative, provide job search support and foster program development and internships through industry-academia collaboration. Also, continue discussions on the review of the visa and other relevant systems in order to encourage foreign students to find employment or start businesses in Japan.
- (4) Enhance the function of overseas government agencies (establish gateways to Japan across the world): Enhance the role of overseas government offices in attracting and supporting local people that have an interest in studying in Japan to the levels of other developed countries', in all stages from preliminary consultation to follow-up activities after students have returned home, so that these offices can serve as gateways to Japan across the world. To this end, encourage universities to provide international programs (e.g. double degree programs), to cooperate with foreign universities, and to matriculate foreign students before they come to Japan. Take measures to assist relevant institutions (e.g. Japanese diplomatic missions abroad, the Japan Student Services Organization, the Japan Foundation) to work in closer cooperation with universities and the private sector, and review their existing responsibilities so that the functions of, and collaborations among, these organizations can be strengthened. Promote Japanese language education through the introduction of a franchise system, as this would contribute to dramatically increasing the number of overseas establishments for such education.
- (5) Attract foreign students via Japanese culture: Recognizing that interest in Japanese culture, such as its pop culture, is a major motivation for studying in Japan (including studying at vocational schools), implement the Comprehensive Strategy for "Creative Industries" and foreign student strategies in an integrated manner, through the exploitation of the "Japan Creative Center" (provisional name; explained later), for example, as a single place to offer Japanese language education and publicize Japanese culture as well as provide support for foreign students.

- (6) Enhance government-financed foreign student programs: To motivate universities to accept more foreign students, further promote preferential allocation of government-financed foreign students to universities with strategic programs to accept foreign students, based on each university's track record in foreign student education. Strengthen the Young Leaders' Program with emphasis on fostering future international leaders with pro-Japanese views.
- (7) Accept more short-term foreign students: Considering that short-term exchange programs that range from a few weeks to less than one year in duration are becoming the mainstream approach worldwide, especially in developed Western countries, provide assistance to universities in developing short-term foreign student programs and providing or securing accommodation for foreign students.

4. Further open up universities to the world

- **Target educational funds and improve evaluation of universities to encourage universities to become more international**

- In the 21st century, knowledge and information are most valued, and people, goods and money gather where knowledge and information are collected and produced. If Japan is to become a gateway connecting Asia and the world, it is crucial for Japan to make Japanese universities knowledge centers of not only Japan, but even Asia and the rest of the world.
- To achieve this goal, individual universities need to be able to offer quality education and research that have international appeal. Many universities can effectively meet this challenge by enhancing international exchanges of students and faculty members and promoting collaboration with overseas universities in both education and research. These efforts would enable them to become more international and to incorporate the vitality of institutions overseas. Universities can invigorated as centers for promoting innovation and eventually help Japan improve its innovative capacity.
- From these perspectives, the following measures should be taken. However, it should be noted that university internationalization is a multi-layered concept consisting of such diverse ideas as enhancing international exchanges of students and faculty members, making the campus a multilingual and multinational community, providing double degree programs, conducting and participating in international joint research projects, establishing and operating overseas offices, and improving international recognition and reputation. Therefore, internationalization is not something that all universities should pursue in unison, but something that each university should address voluntarily, based on its characteristics.

(1) Conduct surveys on the status of internationalization at universities and announce results

- In addition to utilizing past survey results, regularly conduct nationwide surveys in a manner that accommodates improvements, and announce results effectively, in order to foster internationalization in universities and the widespread adoption of best practices.

(2) Radically increase educational funds for allocation to encourage universities to become more international

- Radically increase the competitive allocation of educational funds to facilitate diverse activities of universities with a view to becoming more international institutions, such as by developing international programs (e.g. double degree and joint degree programs with foreign universities), creating systematic education programs offered in the English language, and participating in international inter-university networks.

(3) Improve the self-evaluation and third-party evaluation of the degree of internationalization of universities

- Improve and advance the methods used by universities and third parties to evaluate the degree of internationalization so that universities can internationalize themselves through a voluntary self-improvement process, which consists of setting clear philosophies and targets, formulating a plan based on them, implementing the plan, performing a self-evaluation or third-party evaluation of results, formulating an improvement plan in light of evaluation results, and implementing the plan.
- In implementing the above measures, give consideration to trends in other countries and regions in benchmarking and setting indicators to measure the degree of internationalization, as well as to ensuring that multidimensional evaluations, including international evaluations by foreign researchers and evaluations by the market (e.g. students, industry), be conducted based on as much concrete data as possible.

5. Create a financial and capital market highly attractive to Asian Customers

- Promoting further integration of financial network in Asia

- Since the financial big bang, deregulation has progressed in Japan's financial market. In the meantime, the global economy has also changed dramatically, including the rapid rise of the Chinese economy. Unless Japan takes steps to go beyond domestic reform and makes efforts to increase the level of customer satisfaction in Asia, it will be difficult for Japan to maintain its grounds in the world of international finance.
- With respect to the recent trend of global finance, the City is outdoing Wall Street, attracting global funds to London as the international financial center. The Euro market operates beyond national borders. It is supported by Wimbledon type financial players in London, the financial system in Benelux countries, as well as other global investors and issuers. The Euro market system still have various restrictions; for example, it does not allow the issuance of bonds in Asian currencies, except for those issued in yen or allows only subordinated notes in Asian currencies. In addition, the Euro market is moving away from being a free market toward a more regulated system under the EU directives.
- In Asia, irregular forms of financial transactions still persists. Large amounts of accumulated capital in Asia flow out to the US and European markets via non-Asian financial intermediaries and settlement systems and is then reinvested in Asia. Such flow of capital prevents efficient and self-sustaining economic growth and innovative development in the financial services sector in the region.
- Given such global trends, Japan should identify itself as a market with its own distinctive strength, different from those of London and New York. Japan should cooperate with Asian countries, for the benefit of Asian customers, to promote further integration of an Asian financial network and create a cross-border market that is highly attractive to them. This would enable the capital accumulated in the Asian region to be invested and circulated within the region. At the same time, it is important to define clearly the financial rules and regulations as well as a set of objective regulatory standards relevant authorities. This would improve further the transparency and predictability for financial operators.
- Given the intensified market competition on a global scale, Japan cannot afford any delay and has no time to waste. Necessary reforms should be implemented immediately and intensively.

<10 Reform Proposals>

* The Council will propose the following subjects as priorities to the Council on Fiscal and Economic Policy and other policy discussion groups:

[Make Japan a financial center oriented toward Asian customers and vitalize capital flows within Asia]

(1) Establish a system to provide growth funds to Asia

- Provide capital to growing companies in Asia, by promoting utilization of a Japanese depository receipt (JDR), collateralized issues, and disclosure of information in English, improving provision of information in English, enhancing investment in the venture companies in Asia, and creating an integrated financial market.

(2) Build a globally competitive financial capital market infrastructure and other systems

- Establish a centralized clearing system to handle the settlement of funds and securities.
- Promote investment in Asia by utilizing REIT (real estate investment funds) and other financial instruments.
- Develop institutional investors, promote diversification of financial products, improve their merchantability, and enhance corporate governance.

(3) Create a professional financial market and foster financial professionals

- Establish a trading venue for and between professionals and promote deregulation in disclosure of information in English, the taxation system and disclosure standards, etc.
- Review the personnel system of financial institutions, enhance academic-industrial alliance to support job placement for foreign students, etc.

(4) Improve access to Japanese market as an international financial center

- Facilitate 24-hour operation of major international airports and promote aviation liberalization (“Asian Open Skies”).

[Further improvement of transparency of financial authorities and administration]

(5) Improve financial regulation and administration system and their transparency

- Strengthen the functions of genuine self-regulatory organizations.
- Define clearly the financial and capital market rules and an objective standard of behavior for competent authorities.
- Improve communication through the promotion of public-private exchanges

[Liaise with Asian countries to create an international financial and capital market in Asia]

(6) Eliminate barriers that block the flow of funds within the Asian region

- Aggressively promote financial services deregulation at EPA negotiations and other talks.

(7) Enhance regional financial cooperation that goes beyond the Chiang Mai Initiative

- Promote Multilateralisation of the Chiang Mai Initiative.
- Conclude an agreement with India to support liquidity.

(8) Create a cross-border international bond market in Asia

- Further step up efforts to create an international bond market in Asia.
- Promote Islamic Finance.

(9) Build a common financial platform for Asian countries

- Enhance intellectual and technical support to improve Asian markets, based on Japan's experience in financial reforms.

[Implement focused reforms rapidly]

(10) Implement required policies in about three years in a focused manner

- In particular, implement policies related to the disclosure of information in English within a year.

6. Transform agriculture into a successful growth industry during the time of globalization

- Invigorate agriculture with focus on entrepreneurial spirit

- Agriculture in Japan is characterized by detailed quality control to meet the needs of consumers. This is due to Japan's food culture, in which people attach much emphasis on freshness, quality and the issue of health.
- Capitalizing on this characteristic, it is important to encourage farmers with entrepreneurship to manage their business from a broad perspective. It should encompass every activity from production to sales, while collaborating with other industries and taking advantage of latest technology.
- Industrial policies to support such farming should be strengthened to make farming a profitable business and a self-sustaining industry. Such bright prospects will consequently invigorate agricultural regions.
- With this in mind, measures aiming at not just the domestic market but large potential markets in Asia should be taken, with an eye toward transforming Japan's agriculture into a strong industry open to Asia and the world.

<Reform proposals (Four proposals for invigorating agriculture)>

(1) Encourage entrepreneurial farmers to expand their businesses

- Strengthen the capacity to sell agricultural produce.
 - Phased transition from shipping to the market to selling to consumers, supermarkets and food companies, to achieve a shift to a form of farming that is more needs oriented.
 - 1st phase: Small volume sales to consumers through direct sales stores and direct deliveries
 - 2nd phase: Large volume sales to supermarkets, restaurants and food companies (This will require efforts to provide more attractive produce than imported items through differentiation or other measures.)
 - 3rd phase: Expansion of exports mainly to East Asia
- Foster collaboration with other industries.
 - Collaboration with other industries, such as distribution, logistics, food and financial industries, to enhance managerial capacity concerning sales, finance, etc.
 - Utilization of skilled people, especially baby boomers, who have experience in other industries in order to improve farm management
 - Incorporation of farms, which particularly enables farms to hire diverse human resources and strengthen their comprehensive managerial capacity

- Encourage farmers to enter into food-processing and restaurant industries.
- Increase production and sales of produce directed at non-food sectors, such as raw materials for bioethanol.
- Exploit cutting-edge science and technology, such as ICT and robots
 - Systematization of quality control procedures, which are currently dependent on personal expertise, in order to increase the scale of farming and reduce costs
- Address the issue of core farmers in community farming through either of two approaches: organizing community farmers to form a fully incorporated farm business or educating local farmers in entrepreneurship so that they become capable of undertaking farming in the community.
- To enable such diverse courses of development, advance production technology and, more importantly, improve the managerial capacity of farmers, for example, with the help of external professionals.

(2) Reform the agrarian policy

- Concentrate the ownership of farmland in the hands of entrepreneurial farmers, for the purpose of increasing the scale of farming by such farmers.
- Consolidate geographically dispersed, and thus inefficient, small fields owned by a single farmer.
- From these perspectives, radically reform the agrarian system, mainly with respect to farmland use.
- Consequently eliminate idle farmland and conserve the land and environment across the country.

(3) Invigorate hilly and mountainous areas

- Farms in hilly and mountainous areas account for about 40% of Japan's agricultural production.
- Based on direct payments to farmers in specific hilly and mountainous areas, maintain production in such areas in cooperation with urban dwellers, using regional characteristics (e.g. unique products, rice paddy terraces) to powerfully brand the region.

(4) Create an environment to facilitate the globalization of the agriculture and food industry through EPA negotiations

- Promote exports of food as well as agricultural, forestry and fishery products.
 - Promotion of the sharing of information on the destination country's systems related to food and agricultural, forestry and fishery products
 - Promotion of smoother and faster trade procedures

- Help the food industry to enter the East Asian market.
 - Start by exporting and then transition stepwise to local production and sales
 - Development of internationally competitive food companies that are protected against M&A attempts
- Publicize Japanese food culture and the brand image of Japan in foreign countries.
- Strengthen the protection of intellectual property rights, for example, for new varieties of plants.
- Foster interaction and cooperation between Japanese farmers and farmers in other parts of Asia so that Japanese farmers can provide technical support based on Japanese agriculture models to these countries, which share natural conditions and farming practices similar to those of Japan.

7. Create an “Asian Gateway Special Zone”

- Promote regional exchange in Asia by means of the special zone system for deregulation

- Japan consists of regions blessed with diverse charms in terms of their local natural environment, history, culture and traditions. To take full advantage of such regional assets, Japan should extensively publicize its regional attractiveness overseas (i.e. develop attractive regions, or regional brands, with international competitiveness). This can be achieved through promoting broader cooperation among different regions, helping individual regions fully utilize their local products and resources based on their own ideas, and harmonizing regional initiatives with the government-led Visit Japan Campaign.
- Through the effective application of the “Asian Gateway Special Zone” system, the government can encourage each region to take initiatives to publicize their unique attractiveness to the world, using their own ideas.
- To be more specific, the government will intensively support regional initiative aimed at enhancing exchange with Asia. This would encourage such initiatives to improve the efficiency of logistics, those to simplify trade procedures in a way that increases the nighttime use of facilities, and those to create special zones in which entry formalities are streamlined with an eye to attracting international tourists as well as conferences. When calling for proposals for such initiatives, the government will extensively publicize the special zone system so that innovative ideas can be submitted.
- The government will also consider giving high priority to supporting comprehensive efforts toward developing physical and institutional infrastructures that are essential for local communities to increase their exchange with Asia, provided that both public and private sectors cooperate to draw up a plan for a regional cooperation.

8. Implement concrete policies in line with a comprehensive strategy for “creative industries”

- Provide a stimulating environment to nurture creative industries and strategically publicize them

- The Council has formulated the “Comprehensive Strategy for Creative Industries,” which analyzes creative industries holistically, rather than examining each individual industry. The strategy examined the factors behind the growth of diverse creative industries and the significance of these factors, and presented basic philosophies.
- All relevant Ministries should fully implement concrete policies in line with the basic philosophies presented in the strategy. Such integrated and strategic approach will ensure that government-wide efforts increase the international competitiveness of Japanese culture and Japan’s capacity to publicize its culture.

<An overview of the Comprehensive Strategy for “Creative Industries” (see Appendix 2 for details)>

- Creative industries not only exert an influence through the individual works they produce, but also help people understand Japanese culture, arts and traditions as sources of creative works and industries. A yearning to be better acquainted with Japan’s diverse culture attracts people from across the world, producing substantial effects on a broad range of industries over the medium to long term. This also contributes to increasing the value of the “Japan brand” and fostering mutual understanding with foreign people by encouraging their visits to and exchanges with Japan.
- Japanese creative industries are supported by the sense of beauty and the power of expression of ordinary people, who have embraced diverse cultures at home and abroad and refined them. These assets of the people have blossomed in many ways, producing various products and services (e.g. sophisticated industrial products) and leading to today’s pop cultures and lifestyles.
- For Japanese creative industries to keep blooming in an attractive way in the global landscape, it is essential that Japan should constantly enrich the “soil” it has nurtured for a long time, namely, original lifestyles, manners and customs, traditional cultures as well as performing arts. The key to this is developing human resources, from children to professional creators, that undertake such an endeavor, and also making people conscious of their lifestyles.
- Japan is an affluent country in terms of its cultural resources, which have been produced through a mix of tradition and technology. This holds even

more true if art, design, content, cultural assets and even elements related to lifestyle (e.g. food, clothing and shelter) are included into cultural resources. For example, a lifestyle that has maintained a relationship of harmonious coexistence with nature will become an important cultural asset in the future. It is important that Japanese people themselves recognize and evaluate anew these charms of Japan.

- This can be achieved, for example, if the importance of new “blooming” fields of art, such as anime (Japanese animation) and manga (comics), are shared across the entire society.
- Furthermore, there is a need to communicate Japan’s attractiveness to the world and expand the market with the aim of increasing the international competitiveness of Japanese creative industries. It is also necessary to improve the infrastructure for creative industries through such measures as human resource development and reforms of legal and contract systems.
- In the meantime, it should be born in mind that the way people interact with arts and culture is diverse and varies widely over time and space. The government should be fully aware of what it can do and what it is expected to do so that solid measures can be taken from a long-term perspective.

9. Promote Japan's attractiveness overseas

- **Create a Prime Ministerial award to honor those who contribute to the promotion of Japanese design and culture; Establish "Japan Creative Center"**

<Create a Prime Ministerial award to honor those who contribute to the promotion of Japanese design and culture>

- To promote Japan's attractiveness overseas, Japanese people themselves should, first and foremost, reaffirm what is attractive about Japan. Then, Japan should present to the world their own standards of awarding such attractiveness in diverse forms (e.g. awards, prizes, ranking, and recognition).
- For example, top baseball and soccer players in Japan often prefer playing abroad, such as in the U.S. major leagues, whereas professional sumo is attracting talented athletes from Mongolia and other parts of the world. To promote Japan's attractiveness overseas, Japan should develop its own scale of assessing achievements and contributions and publicize them in many different ways. This will encourage people overseas to put themselves to the test in Japan or to be assessed in relation to Japanese standards, as in the sumo world.
- Japanese pop cultures, such as manga and anime, are valued highly on a global level. For example, in order for Japan to attract talent and investment from around the world as the home of pop culture in the digital age, it must create an environment where creators cannot deem themselves to world leaders until they gain recognition in Japan.
- As a policy measure to address this issue, the government should show Japan's original scale of assessment to the world in a simple and clear manner. This will contribute to increase the number of potential individuals at home and abroad who could promote Japan's attractiveness. Specifically, the government should establish a Prime Ministerial award. This award will honor manga and other forms of artistic work created using a mode of expression unique to Japan, as well as internationally respected Japanese creators, and non-Japanese who have contributed to enhancing or promoting Japan's attractiveness.

<Establish the "Japan Creative Center">

- The Japan Creative Centers (provisional name) should be established at different locations around the world, first in Singapore, as a place that can offer hands-on experience of Japan's attractiveness to people from different countries so that they can realize the charm of today's Japan and develop a desire to visit Japan and a liking for Japan.

- In addition to providing Japanese language education and support for people interested in studying in Japan, the Center should host visible and attractive events on a regular basis through government-private cooperation, in connection with such initiatives as the Japan Media Arts Festival, Japan Fashion Week, Japanesque Modern, Good Design Award, and should even offer manga classes by famous Japanese artists.
- In light of the effect of publicity through the sale of the latest fashions and designer products, the government should take measures that account for the fact that what to sell can represent a critical means of communicating Japanese “kansei” (aesthetics) to the world.
- Measures should also be taken to set up more bases for promotion overseas by considering a proposal such as: offering assistance for a specific period to Asian universities that have established a “Japan Creative Program,” for sending their faculty members and students to Japan for short-term study programs.
- In Singapore, emphasis should be placed on improving measures to communicate Japan’s attractiveness through the joint production of a TV program introducing Japan.

10. Strengthen Japan's central role in promoting regional study and cooperation for solving common problems

- Take the initiative in forming international cooperation and research networks for the environment and energy

- To allow Asia to continue developing as an open region and driving the global economy as the world's growth center, Japan will have to play a major role as the largest economy and the leading technology center of Asia.
- In particular, Asia is faced with the same growth constraints, including environmental and energy problems, that Japan once faced and overcame. Being the most advanced country in Asia in overcoming these common problems, Japan should use its wisdom and technology and take the initiative in solving these problems. This will also contribute to Japan's further development.
- From these perspectives, Japan should work toward constructing Asian and worldwide networks of information, human resources and science and technology, with the aim of solving Asia's common problems of the environment, energy, infectious diseases, and cross-border mobility of people. Japan can play a central role in addressing all these issues, by using all kinds of measures, including holding international conferences and forums, conducting international joint research, enhancing the function of international research centers, and exploiting information and communication technology (ICT). At the same time, Japan should make extensive efforts to send more specialists to international organizations.
- To achieve the above, emphasis should be given to the following actions.
 - The environment and energy: Construct a human resource development network among Asian universities; Form cooperation and research networks in areas such as energy conservation, traffic pollution, chemical substances, marine pollution, acid rain, and the 3Rs (Reduce, Reuse, Recycle); Jointly implement R&D and demonstration projects in biomass technology and other new energy areas; Widely promote Japanese environmental technologies, for example, by holding international forums.
 - Health: Promote risk management and joint research through collaborations among WHO, national governments, universities and research institutes, for the purpose of fighting against emerging and reemerging infectious diseases such as avian and pandemic influenza; Construct international joint clinical research and experiment networks to help Asia quickly develop outstanding pharmaceuticals and medical equipment/technology, and implement research on mutual utilization of clinical data for the approval process; Construct a center for personnel, information and infrastructure for clinical research/experiment in Japan (urgent issue for Japan in pursuing the

- above); Support the fight against counterfeit drugs in cooperation with other countries.
- Water management and supply: Focus on active involvement in the First Asia-Pacific Water Summit (in December 2007) and support for the formulation of water management and supply policies in Asia, considering the strong need for measures to tackle issues such as drinking water and sanitation in Asia, water shortages, declining quality of water, and floods.
 - Marine safety and marine environment conservation: Promote international cooperation for enhancing aids to navigation in the Malacca-Singapore Straits, which connects Asia and the world, in order to contribute to marine safety; Provide support for coastal countries in increasing the capacity of their maritime safety organizations.
 - Fire fighting and disaster prevention: With an eye toward improving Asia-wide capabilities in this area, promote institutional initiatives, such as hosting the “Fire Fighting and Disaster Prevention Forum” (provisional name), cooperating with the World Meteorological Organization (WMO) and other international institutions, developing human resources and providing information.
 - Enhance the function of the Economic Research Institute for ASEAN and East Asia and the Economic Information Sharing Mechanism of the Asia-Pacific as frameworks equivalent to the OECD in East Asia, in order to create an environment where Asian countries can perform joint study and research on their common problems concerning Asia’s economic development and eventually harmonize their policies.
 - Construct an academic network between Japan and Europe, based on state-of-the-art optical technology so that Japan can serve as a hub of information and communications networks between Asia and Europe, which have a relatively low capacity in this regard.
- From the perspective of jointly creating Asia’s public property toward the goal of an open Asia, Japan should focus more on support for developing not just physical infrastructure, but also institutional infrastructure (dissemination of Japanese standards across Asia) through the following measures:
- Provide support for improving legal systems related to civil affairs, economy, labor, social security, the environment, etc.
 - Promote the widespread adoption of Japanese systems, such as energy conservation programs (e.g. energy conservation standards, labeling programs), examination systems to certify Pollution Control Managers, Small and Medium Enterprise Management Consultants and Information Technology Engineers, maternity health record books, and “koban” police boxes.

- Promote and utilize the Clean Development Mechanism (CDM) for the purpose of supporting initiatives for sustainable development and the prevention of global warming.
- Actively participate in international standards setting processes.
- In implementing the above, emphasis should be placed on not only helping individual recipient countries, but comprehensively supporting Asia as a whole. It is also important for Japan to raise the overall capacity of Asia through dialogue and interaction with countries and regions that have reached relatively advanced stages of development.
- To implement these concrete measures, Japan needs to step up efforts to nurture and accept highly professional human resources, such as core researchers, and make its universities and other educational and research institutes internationally attractive

2. Seven Priority Areas

The following seven areas constitute the priority areas for the Asian Gateway Initiative (“Seven Priority Areas”). These areas are policy fields that should be emphasized in realizing the Asian Gateway Initiative, among which those assigned top priority are detailed as the “Ten Major Policy Priorities.”

- (1) “Big Bang” in travel and transportation
 - User-friendly but drastic reforms to aviation, seaports and trade procedures.
- (2) Strategy for human resource development
 - Make Japan a hub of networks for highly-competent human resources in Asia.
- (3) Strengthen financial and capital markets in Japan and Asia
 - Make Japan an international financial center and foster Asian financial and capital markets
- (4) Enhance the competitiveness of “inward-looking” industries
 - Forward-looking reform of domestic market-oriented industries, such as agriculture and services, in response to globalization.
- (5) Promote every region of Japan, incorporating the vitality of Asia
 - Provide a way for Japanese regions to dramatically enhance their exchanges with Asian regions.
- (6) Enhance and Publicize Japan’s attractiveness
 - Make Japan a creative country, in line with the Comprehensive Strategy for “Creative Industries.”
- (7) Assist in the creation of a common platform for development in Asia
 - Contribute to the development of an “Open Asia,” which is the key to sustaining global economic growth.

(1) “Big Bang” in travel and transportation

- **User-friendly but drastic reforms to aviation, seaports and trade procedures**

[What is at stake]

- **Arrival of an era of large-scale exchanges in Asia - A need to compensate for declines in population by increased exchange of people with the rest of Asia**
- **Air and marine transport vital to Japan, a country surrounded by the ocean**
- **Intensifying international competition in travel and transportation in the rapidly growing Asian market**

[Basic philosophies]

- **Give high priority on the user-friendliness of the services and facilities, and make the full use of existing facilities.**
- **With emphasis on openness and shift the focus from domestic market to to.**
- **Make every part of Japan as a gateway to Asia – Encourage local airports to become more international**

[Specific policy measures to be taken]

- **Promote the use of late-night and early-morning slots at Kansai International Airport and Central Japan International Airport and strengthen their international competitiveness**
 - **Emphasize making the most of Kansai International Airport and Central Japan International Airport, which are closely related to Asia both geographically and economically, by taking advantage of their 24-hour operation. For Kansai International Airport, which will be the first airport in Japan to offer a true 24-hour service when its second runway opens in August 2007, pursue this by considering improving access (e.g. reducing the access bridge toll) to the airport, increasing international competitiveness through radical improvements to financial structure, and constructing additional logistics facilities, with competition with other Asian airports in mind. For Central Japan International Airport, which has only one runway and is therefore forced to suspend late-night services due to maintenance three days a week, do this by considering allowing the airport to offer a true 24-hour service so that it will be able to better serve late-night international freighters.**

- **Expand international aviation networks between Japan's rural regions and Asia**
 - Help local airports to attract more international charter flights. In connection with this, relax the charter rules and establish appropriate CIQ systems.
- **Promote international charter flights to Haneda Airport**
 - Even during the re-expansion project, expand the temporary international terminal and, on the capacity side, establish CIQ systems that can offer services any time of the day and better serve the convenience of passengers (e.g. secondary examination).
- **Strengthen the function of Narita Airport as an international hub**
 - Extend the runways of Narita Airport, Japan's core international airport, and improve access to Haneda Airport.
 - Reduce the travel time between central Tokyo and Narita Airport (from 50 minutes-plus to 30 minutes-plus) to a level comparable to that of international airports abroad by constructing a new access railway (by FY 2010).
 - Promote more efficient and streamlined logistics through the improvement and rearrangement of cargo facilities and collaborative efforts with Haneda Airport.
- **Improve passenger convenience at Kansai International Airport and Central Japan International Airport, promote the use of late-night and early-morning slots, and provide fast and convenient international logistics**
 - Promote various initiatives to improve international passenger convenience, including the creation of special zones.
 - Promote measures for late-night freighters that take advantage of 24-hour airport operation, such as those that will enable next-morning cargo delivery services between Japan and China, through the use of intact transport.
 - To encourage late-night use, make such improvements as the construction of logistics facilities on the second island of Kansai International Airport and the enhancement of logistics facilities on the Central Japan International Airport island and the reclaimed land on the coast opposite it (called Maejima), as well as the possible creation of special zones.
- **Step up efforts to build a seamless network of land, sea and air transport**
 - Improve access road networks for airports and seaports. In particular, accelerate the construction of roads that give access to key airports and seaports within ten minutes (so that this goal can be achieved at 90% of the designated facilities through road construction for 3 airports and 13 seaports over about the next ten years).
 - Construct a trunk network for international logistics (approx. 34,000 km) by expediting efforts to turn the 47 areas currently not navigable by container trucks of international standard size (44 tons in total weight when the vehicle

is fully laden and 4.1 meters in height) into navigable ones (within about the next ten years), as well as by constructing loop roads and other high-standard trunk roads.

- To allow the Super Core Ports to offer world-class seaport logistics services, implement comprehensive measures that integrate physical and institutional instruments through government-private cooperation, taking advantage of scale economies.
- Achieve more efficient and seamless logistics by facilitating in coastal areas the creation of large-scale sophisticated logistics centers that work in harmony with container terminals and other facilities.
- Promote the development of aids (e.g. nighttime quarantine support facilities, common depots) that contribute to advances in seaport logistics, such as the nighttime use of port facilities and the alleviation of traffic congestion on the roads in the vicinity of ports.
- Strengthen the competitiveness of international seaports by creating a progress schedule for each Super Core Port to achieve the goals of shortening the time required between arrival and receipt to one day and reducing the port costs to the level of those at the Ports of Busan and Kaohsiung.

○ **Construct an Asia-wide seamless logistics zone**

- Remove bottlenecks hindering companies from constructing supply chains that potentially cover the entire Asia region by providing support for ASEAN's initiatives to create wide-area logistics networks and enable electronic trade procedures (establishment of the ASEAN Single Window). Support should also be given to India's commitment to expand transport infrastructure such as seaports and railroads (e.g. the Delhi-Mumbai Industrial Corridor project), and to human resource development programs (e.g. International Joint Program to Foster Asian Sailors).
- To facilitate fast, seamless international transportation between Japan and East Asia, promote sea-rail and sea-road services by enhancing railway cargo transport capacity.

(2) Strategy for human resource development

- **Make Japan a hub of networks for highly-competent human resources in Asia.**

[What is at stake]

- **Intensifying competition to obtain highly-competent human resources worldwide, with Japan being left out**
- **Acceptance and development of international human resources considered as the primary source of innovation**
- **Japanese universities lagging behind in internationalization - A closed attitude that regards internationalization as a confined and partial activity.**

[Basic philosophies]

- **Change the basic position toward highly-competent human resources from acceptance-oriented to acquisition-oriented, and view them as people absolutely welcome rather than admissible people.**
- **Position foreign student policies not only as an international contribution but as a national strategy.**
- **Extend the competition field of universities beyond national boundaries**

[Specific policy measures to be taken]

- **Review the visa and other relevant systems for highly-competent human resources**
 - **With a view to aggressively acquiring highly-competent human resources, including outstanding foreign researchers and engineers, effectively review the eligibility criteria for acquiring residency status and the period of stay, considering the possibility of**
 - **A review of the scope of activity (technology, knowledge in humanities, and international services) eligible for an “intra-company transferee” visa, to meet globalization in corporate activities.**
 - **An increase in the number of outstanding human resources accepted into the content industry, investment, business management and other fields.**
 - **A review of the reentry permission system, taking into account the treatment of highly-competent human resources in other countries and the conditions of each type of residency status, with an eye toward making it easier for highly-competent human resources to enter and stay in Japan.**

- **Internationalize research environments by promoting the acceptance of outstanding foreign researchers**
 - Create international research environments where Japanese researchers can closely interact with outstanding foreign researchers by inviting more young foreign researchers and foreign research advisors.
- **Enhance assistance to foreigners in their lives in Japan**
 - Enhance opportunities for Japanese language education and education programs for foreign school children.
- **Review the residence control system for foreigners**
 - Under the current residence control system, foreigners' information is checked only during immigration examination and visa renewal, making it difficult for the authorities to keep a close track of their residence and employment information. To address this problem, consider establishing a mechanism for keeping track of such information so that related administrative organizations, including municipal governments, can make use of it.
 - Consider reviewing the visa system for highly-competent human resources in conjunction with the establishment of the above new residence control system.
- **Improve global human resource management by companies**
 - With a view to vitalizing organizations by means of diverse values and ideas and increasing their international competitiveness, encourage companies to reform their human resource management models in such a way that they can acquire and utilize outstanding foreign human resources for their domestic and overseas offices, for example, by actively hiring highly-competent foreign human resources and assigning them to higher positions.
- **Develop Asian human resources for industry**
 - Facilitate the transfer of industrial technologies to Asian countries through companies' manufacturing sites, and assist the efforts of local institutions involved in industrial human resource development to increase their functionality and become self-reliant (e.g. initiatives at the Thai-Nichi Institute of Technology) in cooperation with local individuals who formerly participated in study or training programs in Japan.
 - Strengthen educational support aimed at nurturing young human resources with the potential to contribute to East Asian industry in the future.
 - Promote Japanese professional certification systems overseas that have helped Japan lay the groundwork for industrial development, such as those for Medium Enterprise Management Consultants, Information Technology Engineers and Pollution Control Managers as well as the National Trade Skills Tests, with the aim of establishing them as Asian standards.

○ **Review the Industrial Training and Technical Internship Program**

- Consider reviewing the program from the perspective of contributing to human resource development in Asia, for such purposes as reviewing legal protection of trainees during on-the-job training, relaxing standards for training conducted by individual enterprise management (which is less problematic), optimizing the problem-prone association-managed training, tightening rules to regulate misconduct, and discussing a mechanism to smoothly and promptly respond to changes and requests concerning the job types offered to technical interns.

(3) Strengthen financial and capital markets in Japan and Asia

- **Make Japan an international financial center and foster Asian financial and capital markets**

[What is at stake]

- **Financial services and financial and capital markets in Japan are not conveniently set up**
- **Low profitability in asset management**
- **Unstable money flow structure – Asian capital is funneled back to Asia via US and European markets**

[Basic philosophies]

- **Make the financial and capital markets in Japan and Asia more attractive to global fund managers and financing managers.**
- **Utilize Asian capital within Asia through Japan.**
- **Promote growth of financial services industry, strengthen the basis for growth, and vitalize asset management.**

[Specific policy measures to be taken]

- * The Council will propose the following subjects as priorities to the Council on Fiscal and Economic Policy as well as to other policy discussion groups:

<Make Asia a financial center>

- **Promote utilization of a Japanese depository receipt (JDR) and disclosure of information in English, improve provision of information in English, and enhance investment in the venture companies in Asia**
- **Build a globally competitive financial capital market infrastructure and other systems**
 - Establish a centralized clearing system to handle the settlement of funds and securities.
 - Examine pension fund management and its mechanism.
 - Consider enhancement of defined-contribution pension plans (401K). For the enhancement of business pensions, also examine their relevance to public pensions.
 - Lend support to Asian countries to help them establish their pension systems.
 - Consider enabling the trade of commodities (e.g. ETF, which is linked to commodity price) that are commonly traded in other countries, while paying

appropriate attention to investor protection. (However, there is some doubt about the idea that commodity trading can be stimulated simply by allowing the commodities traded at the Tokyo Commodity Exchange to be traded at the Tokyo Stock Exchange.)

- Improve the merchantability of investment funds and other related products so that those who take a high investment risk are guaranteed a high return on average over the long term.
- Enhance corporate governance from the viewpoint of stock holders (investors). As for listed companies, consider strengthening directors' independence in order to protect shareholder profits.
- On the premise that the private sector is making proactive efforts to create a cross-border international market, consider the elimination of tax on the proper interest on general corporate bonds (settled online) received by non-residents in Japan.
- With the aim of developing bond and other capital markets, emphasize promoting the liquidation of bank loans, and other related financial products and applying the philosophy of "fair formation of price" stipulated in the Financial Product Transaction Law.

○ **Create a professional financial market and develop financial professionals**

- Establish a trading venue for and between professionals and promote deregulation in disclosure of information in English, the taxation system and disclosure standards, etc.
- Review the personnel system of financial institutions such as a short-term personnel rotation system, in order to develop highly specialized professionals.
- Enhance academic-industrial alliance to support job placement for foreign students. [aforementioned]
- Encourage universities to offer systematic programs in English. [aforementioned]
- Increase the number of Japanese professionals and staff working at international organizations.

○ **Facilitate 24-hour operation of major international airports and promote aviation liberalization ("Asian Open Skies"). [aforementioned]**

○ **Improve financial regulation and administration system and their transparency**

- Strengthen the functions of genuine self-regulatory organizations.
- Consider improvement of independent dispute settlement functions (financial ADR).
- Define clearly the financial market rules and an objective standard of behavior for competent authorities.

- Enhance the market administration system such as securing and developing professional human resources.
- Improve the surcharge system.
- Improve the communication between the financial authorities and financial operators by reviewing continuously the “no action letter system” and promoting public-private personnel exchanges.

<Create an international financial and capital market in Asia in cooperation with Asian countries>

- **Aggressively promote financial services deregulation at EPA negotiations and other talks**
- **Promote Multilateralisation of the Chiang Mai Initiative and conclude an agreement with India to support liquidity**
- **Create a cross-border international bond market in Asia**
 - Further step up efforts to create an international bond market in Asia, ultimately aiming at cooperating with other Asian countries to create a cross-border market within the Asian region that allows as much freedom as the Euro market, beyond the regulatory framework of each country.
 - Accumulate knowledge on Islamic Finance and promote its utilization in Asia.
- **Promote a streamlining of the process of investment in the Asian region**
 - Take the approach of providing technology, human resources, and financial support in an integrated manner, in addressing small-business financing, regional development, support for development finance, and the transfer of expertise.
 - Enhance intellectual as well as technical support to improve the financial and capital market in Asia, in order to facilitate the business activities of private financial institutions in this region.
 - In the implementation of the above, promote the sharing of knowledge and expertise through inter-governmental and public-private exchanges, based on Japan’s experience in bad-debt write-offs and other financial reforms.

(4) Enhance the competitiveness of “inward-looking” industries

- **Forward-looking reform of domestic market-oriented industries, such as agriculture and services, in response to globalization.**

[What is at stake]

- **Japanese is facing declining population and an increase of foreign competitors entering into its market**
- **Opportunities have arrived for all industries to seek expansion in international business thanks to technical innovation and globalization**
- **An era has come when intangible values are appreciated, such as safety, the environment, aesthetics and tradition**

[Basic philosophies]

- **Consider turning nontradable goods into tradable goods.**
- **Transfer outstanding know-how in the manufacturing industry to agriculture and service industries.**
- **Establish strong brands based on Japan’s national and regional characteristics**

[Specific policy measures to be taken]

- **Strengthen the managerial capability of non-manufacturing sectors to meet the needs of borderless markets**
 - Promote the transfer of the manufacturing sector’s expertise in production management to non-manufacturing sectors by assisting the huge number of retirees from the manufacturing sector to find another job in non-manufacturing sectors.
 - Support corporate initiatives toward global human resource management (e.g. hiring foreign human resources), by collecting and disseminating pioneering practices.
 - Foster globalization of supporting industries (e.g. financial and legal industries), with the aim of increasing the country’s overall capability in the areas of information collection and research and analysis on Asian and other overseas markets.
 - Invigorate cross-border in-out M&A.
 - Help public service industries (government-owned businesses), such as the water supply business, to expand their business overseas.

- **Assist local industries and service industries in expanding their business abroad through branding.**
 - Actively communicate Japan's attractiveness (e.g. safety, the environment, aesthetics, tradition) abroad.
 - Support initiatives to establish and advance the "Japan Brand" by capitalizing on regional strengths.
 - Enhance the function of the government, JETRO and other related organizations as collectors and providers of information on trade and investment climate abroad.
 - Strengthen intellectual property protection overseas.
- **Promote foreign direct investment in Japan**
 - Steadily implement the Foreign Direct Investment Acceleration Program, with an eye toward early achievement of the government plan to double the contribution of foreign direct investment to GDP by 2010.
 - Increase the volume of highly-competent foreign human resources who enter and stay in Japan through such measures as improving their living environment and reviewing immigration formalities.
 - Increase the number of foreign visitors entering Japan to travel or study, regarding them as valuable consumers, and thus promote the internationalization of domestic markets.

(5) Promote every region of Japan, incorporating the vitality of Asia

- **Provide a way for Japanese regions to dramatically enhance their exchanges with Asian regions.**

[What is at stake]

- **Visitors from Asia account for 70% of foreign visitors. Increasing the exchange of people with Asia is key to regional development.**
- **When focusing on the vibrant economic growth in Asia, rural regions have a chance to outperform major urban cities as industrial locations.**
- **Japan consists of regions blessed with a wide variety of attractive characteristics, including nature, history, culture and tradition.**

[Basic philosophies]

- **Encourage regions across Japan to take advantage of the vitality of Asia, and shift their focus from Tokyo to Asia.**
- **Enhance wide-area collaboration so that the government and the private sector can cooperate to foster voluntary and independent initiatives.**
- **Publicize unique attractiveness of each region, using local resources, wisdom and ideas.**

[Specific policy measures to be taken]

- **Enhance support for initiatives to nurture regional leaders and human resources**
 - **To discover and communicate regional attractiveness, invigorate regional activities by fostering the development of human resources and their networks in diverse fields and for diverse entities (e.g. NPOs, companies, community groups, individuals, local public bodies) and the formation of partnerships between government, industry and academia.**
 - **Promote inter-regional exchanges of people so that people in different regions can cooperate to autonomously solve their problems.**
 - **Support universities' initiatives that aim to, in cooperation with various kinds of local entities, construct internationally certified regional centers and then use them for establishing international networks, conducting research and exchange projects, and invigorating the local economy.**
- **Establish programs to support initiatives based on local wisdom and ideas**
 - **Utilize policy measures of relevant ministries, such as programs for regional resource exploitation and pilot research projects, for assisting unique or**

pioneering initiatives that capitalize on various regional resources (e.g. collaboration with universities, promotion of exports of agricultural produce, establishment of regional brands, practical field trials).

- **Formulate an action plan to attract more international conferences**
 - Provide national-level support for regions and universities that seek to invigorate regional economies by attracting international conferences or international research/exchange centers. For this purpose, formulate an action plan to attract international events (e.g. conferences, cultural events, exhibitions, trade fairs) that incorporates actions such as the formulation of the basic strategy, the establishment of a nationwide implementation structure, human resource development, and incentives to help interested parties to succeed in attracting international conferences.
- **Promote smooth immigration procedures to help increase the number of foreign tourists**
 - At Haneda Airport, which is expected to handle an increased number of international flights, and local airports, expand the introduction of secondary examination (a system designed to examine in a separate booth the foreign nationals whose purpose of entry appears questionable) and examination support teams formed through the cooperation of local public bodies. Extend the implementation period of the pre-clearance system (in which immigration officers are sent to foreign airports for preliminary checks of foreign nationals traveling to Japan) by extending the term of dispatch of officers to Taiwan, and consider applying the system to other major countries of origin of foreign tourists, after examining the effectiveness in South Korea and Taiwan.
 - To attract governmental/private international conferences and sports/cultural events and increase the number of visitors to Japan attending such events, consider installing a permanent or temporary priority lane for event participants at major international airports and the nearest airport to the event venue, or consider giving such special visitors access to the existing priority lane.
- **Establish mechanisms to foster international/inter-regional exchange**
 - Improve road infrastructure in a way that provides better access to tourist attractions and logistics centers.
 - Promote support aimed at fostering foreign investment in Japan and invigorating tourism, with an eye toward extending and advancing initiatives for regional development beyond the home region, rather than confining them within that region.

(6) Enhance and Publicize Japan's attractiveness

- **Make Japan a creative country, in line with the Comprehensive Strategy for "Creative Industries."**

[What is at stake]

- **Japan has a rich store of cultural resources produced through a mix of tradition and technology.**
- **Digitization has generated new means of expression and an image that everyone can become a producer.**
- **Creative industries are directly related to Japan's economic and diplomatic interests.**

[Basic philosophies]

- **Encourage Japanese people to reaffirm Japan's attractiveness and promote their own scale of assessment.**
- **Publicize not only superficial attractions, but lifestyles and aesthetics**
- **Center on ordinary people's sense of beauty, power of expression and other capabilities that constitute the foundation of creative industries.**

[Specific policy measures to be taken]

- **Make Japan the world's creative center and publicize its attractiveness**
 - **Strongly publicize Japan's attractiveness by holding at home and abroad events related to Japan Fashion Week, Japan Media Arts Festival, Japan International Contents Festival, Japanesque Modern, and Good Design Award,**
 - **Enhance the archiving of examples of modern Japanese culture and make Japan an international center of media arts, by expanding the function of the National Film Center, which is Japan's center of film archives.**
 - **Foster international joint contents production in order to increase opportunities to communicate relevant information to foreign creators and experts and to introduce Japanese works to overseas markets.**
 - **Extensively advertise Japanese cuisine and food materials overseas.**
 - **Prepare strategically for the 2011 UIA (International Union of Architects) congress in Tokyo, which is considered the Olympics of architecture.**
 - **Effectively publicize Japan's natural environment and Japanese ways of enjoying nature and living in harmony with nature (by having foreign students studying in Japan provide such information in their native languages).**

- **Establish infrastructure for publicizing Japan's attractiveness overseas**
 - Use international airports as a place to advertise, and offer hands-on experience of, products, aesthetics and food culture that effectively demonstrate Japan's attractiveness, as well as a place to provide opportunities for regional brands and next-generation artists to enhance their recognition.
 - Effectively advertise Japan's attractiveness by holding events at embassies and diplomatic missions abroad.
 - Promote the Cultural Ambassadors for Anime project (provisional name).
 - Foster cooperative efforts by the government and related organizations to enhance the international broadcast of advertising videos produced for foreigners.
 - To give people abroad easier access to information on Japan, promote activities to provide information on creative industries in English and other foreign languages, as well as activities to take advantage of ICT to offer realtime information.
 - Establish permanent stores overseas that sell Japan's agricultural, forestry and fishery products
 - Establish communication centers in Asia as a place to publicize Japanese culture.
- **Strengthen the competitiveness of creative industries, with an eye toward globally expanding their business**
 - For the globalization of the content industry, formulate a global content strategy that includes action plans for individual sectors and regions, and accelerate the industry's offshore expansion.
 - Foster content production and the multiple use of content with overseas markets in mind, and establish a transparent and open content exchange market. At the same time, pass the results on to creators and users appropriately.
 - Improve content companies' capability to handle legal affairs.
- **Build infrastructure for creative industries**
 - Promote creative activities for children and activities to nurture children's aesthetic sensibilities (by letting them enjoy designing, craft making, drawing, etc.)
 - Enhance hands-on programs that help nurture children's creativity through elementary and junior high school education
 - Foster diverse human resources for the content industry through cooperation between industry and academia
 - Promote activities to make Japan Asia's center for developing young creators, such as the establishment of the home of fashion contests in which student teams compete with each other.

- Develop internationally competitive human resources with specialized knowledge (e.g. international produces, entertainment lawyers).
 - Support “Kansei (aesthetics) and Value Creation” activities and promote them on a national level.
 - Establish a copyright system that supports business schemes.
 - Promote the development and proliferation of world-leading content-related technologies.
- **Strategically assist cultural and artistic activities and preserve and utilize cultural assets**
- Enhance Japan’s cultural capacity to attract people from around the world by fostering diverse kinds of culture and arts, from the traditional to the modern.
 - Consolidate the foundation for regional vitality and a “Beautiful Japan” through activities to preserve and utilize cultural assets, such as restoring and preserving wooden buildings that represent regional characteristics and preserving traditional local festivals.
- **Promote international cultural exchange and enhance Japanese language education**
- Foster international exchange centering on culture and arts, such as mutual exchange between artists.
 - Enhance Japanese language education by significantly increasing the number of overseas education centers in Asia and reviewing the Japanese Language Proficiency Test program.
 - Strengthen cooperation among related organizations, with an eye toward establishing integrated centers overseas that provide, in one place, information on Japanese culture, Japanese language education and support for people interested in studying in Japan.
 - Assist Asian countries in preserving their tangible and intangible cultural heritage, taking into account their cultural diversity.

(7) Assist in the creation of a common platform for development in Asia

- **Contribute to the development of an “Open Asia” which is the key to sustaining global economic growth.**

[What is at stake]

- **Creation of an “Open Asia” that is achieving dynamic development driven by the private sector**
- **Shift of the perspective from “Japan versus Asia” to “Japan as a part of Asia”**
- **Asia becoming the world’s growth center while facing various constraints in the face of development**

[Basic philosophies]

- **Make Japan a hub of ideas and technology that helps Asia solve its common problems**
- **Maintain and develop an “Open Asia,” making the most of private sector capability**
- **Establish a seamless Asia in which companies can conduct business without being conscious of national borders.**

[Specific policy measures to be taken]

- **Establish common infrastructures and systems to seamlessly connect Japan and Asia with other parts of the world**
 - **Create wide-area logistics networks and enable electronic procedures in order to establish a seamless logistics network. [aforementioned]**
 - **Create a financial and capital market in Asia. [aforementioned]**
 - **Enhance Asia’s ICT infrastructure by making broadband access more widely available and increasing information distribution in Asia so that Asia can become the world’s information center.**
 - **Provide in multiple languages more information contributing to Asia’s common infrastructure for development, for example, by creating a web site that provides Japanese laws in foreign languages and has other useful functions.**
 - **Promote cooperation in Asia concerning intellectual property systems (e.g. improvement of such systems, relevant examination systems, human resource development, and electronic procedures) through such frameworks as EPA negotiations and APEC**

- Foster East Asian activities to establish new measures for competition and evaluation that incorporate factors such as the environment and long-term business prospects, for example, by proposing new indicators.
- **Improve the business environment in Asia by capitalizing on private sector capability**
 - Promote Asia's independent initiatives to improve its investment climate by leveraging the opinions and evaluations received from companies, such as the ASEAN Common Investment Climate Initiative.
 - Foster government-private and inter-ministerial cooperation to improve the business environment in individual countries, through the frameworks set by EPAs for such purposes.
 - Increase the opportunities for baby boomers to contribute their expertise to Asia.
- **Enhance collaboration among related organizations and strengthen their roles**
 - Foster close collaboration among related organizations overseas, including diplomatic missions, the Japan International Cooperation Agency (JICA), Japan Bank for International Cooperation (JBIC), Japan External Trade Organization (JETRO), Japan National Tourist Organization (JNTO), Council of Local Authorities for International Relations (CLAIR), and Japan Foundation.
 - Review the role of the ASEAN-Japan Center (to add to its responsibility the promotion of tourism and foreign investment in Japan, as well as exports from Japan).
- **Strategically implement EPA policy**
 - Promote research on an EPA with India and on wide-area economic alliances in East Asia and the Asia-Pacific region, in order to strengthen economic integration in Asia.
- **Strategically foster international cooperation**
 - Shift the focus from nation-specific support to support for regional cooperation frameworks, and establish a structure to implement this. (shift from support with a focus on individual project and area to support which emphasize the area-wide support)
 - Strengthen cooperation between government and the private sector (e.g. NPOs, NGOs).
 - Conduct international cooperation strategically and responsively, for example, by streamlining and expediting yen loan processes.
 - Expand intellectual infrastructure and transfer Japan's expertise to Asian countries by enhancing support for basic and higher education in Asia.

Conclusion

Last September, Prime Minister Shinzo Abe declared in his policy speech that he would create an open, vibrant economy and society that would assist Japan to achieve strong growth. One of the key policies for the creation of the “beautiful country” he envisions is the Asian Gateway Initiative.

This initiative aims to make Japan a bridge between Asia and the rest of the world through which people, goods, money, culture and information are exchanged, thereby allowing the country to incorporate the growth and vitality of Asia and other regions of the world. As Special Advisor to the Prime Minister in the areas of economic and fiscal policy, I have undertaken the responsibility of realizing this initiative on the orders of the prime minister. Subsequently, I organized the Council for the Asian Gateway Initiative, which consists of knowledgeable experts who endorsed this policy.

Since its first meeting on November 8, 2006, to date, the Council for the Asian Gateway Initiative has held extensive discussions over the course of nine meetings, together with experts invited from various fields. To facilitate profound debate, the Council also conducted a substantial exchange of opinions outside the meeting.

The Council established the Logistics (Trade Procedures) Study Group by bringing together related ministry officials and experts from the private sector for intensive discussion on diverse issues concerning streamlining trade procedures. Through this study group, the government and the private sector cooperated to prepare a draft program for the reform. The details of the measures to be taken were examined by task forces consisting of specialists at the working-level both from the government and the private sector.

The Council also tried to deepen discussion by holding informal study meetings on culture, agriculture and the internationalization of universities with the participation of experts and business professionals from these areas.

At the same time, in an effort to gather different information and ideas expeditiously, my staff and I, as well as Council members, directly exchanged opinions with many specialists, business people, and market analysts at home and abroad.

This is how the initiative has been formulated. I would like to express my sincere gratitude to over 200 individuals who have kindly provided cooperation, although not every one of them can be named here.

The Asian Gateway Initiative is a comprehensive policy package containing basic philosophies as well as concrete policies. It aims to contribute to the creation of a “beautiful country,” based on the concept of an “Asian Gateway.” The entire government should commit itself to realizing this. I wish to hear candid opinions and proposals on this initiative. And more importantly, public participation is essential to the realize this initiative. I would like to ask every citizen of Japan for their cooperation and active participation.

May 16, 2007

Takumi Nemoto
Special Advisor to the Prime Minister
(Economic and Fiscal Policy)