

International Policy Forum 14 September 2016



Agenda

- 2016 House of Councillors (HoC) election results
- Abe Cabinet - current situation
- Democratic Party election
- Key legislation for the upcoming Extraordinary Diet session
- Work culture reform
- Discussions on tax reform
- Political agenda

HoC election results: LDP performance

GR Japan prediction and actual results

District Type	No. of Districts	No. of Seats	High-End Alternative	GR Japan Prediction	Low-End Alternative	Actual Results
1-seat	32	32	25	25	21	21
2-seat	4	8	4	4	4	4
3-seat	5	15	7	7	5	6
4-seat	3	12	3	3	3	4
5-seat	0	0	0	0	0	0
6-seat	1	6	2	2	2	2
PR	-	48	20	18	17	19
Total	45	121	61	59	52	56

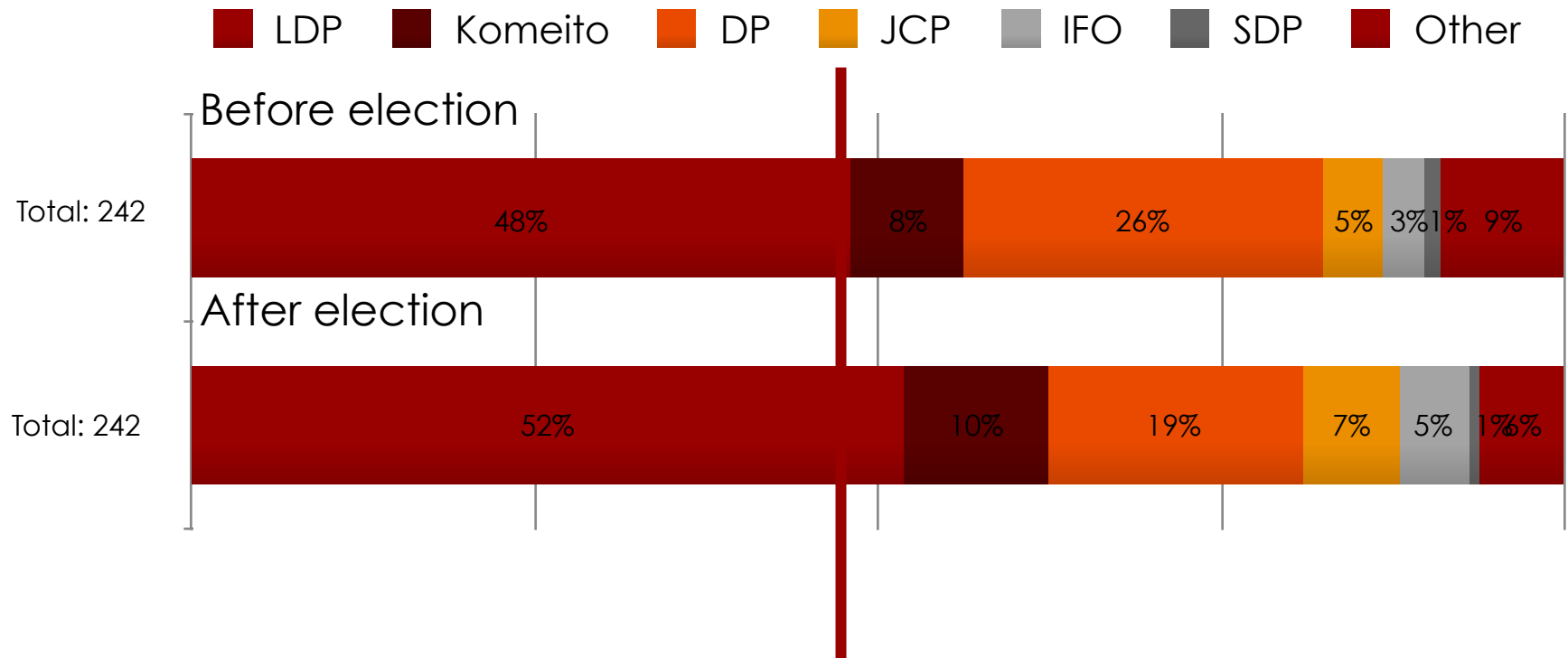


HoC election: performance of each party

Type of District	Districts	At Stake	LDP	Komeito	Osaka	DP	JCP	SDP	Other
1-seat	32	32	25 (21)	0 (0)	0 (0)	4 (7)	0 (0)	0 (0)	3 (4)
2-seat	4	8	4 (4)	0 (0)	0 (0)	4 (4)	0 (0)	0 (0)	0 (0)
3-seat	5	15	7 (6)	3 (3)	1 (1)	4 (5)	0 (0)	0 (0)	0 (0)
4-seat	3	12	3 (4)	3 (3)	2 (2)	2 (3)	1 (0)	0 (0)	1 (0)
5-seat	0	0	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
6-seat	1	6	2 (2)	1 (1)	0 (0)	2 (2)	1 (1)	0 (0)	0 (0)
Prefecture Total	47	73	41 (37)	7 (7)	3 (3)	16 (21)	2 (1)	0 (0)	4 (4)
48-seat National (PR)	-	48	18 (19)	7 (7)	4 (4)	11 (11)	7 (5)	1 (1)	0 (1)
Total	45	121	59 (56)	14 (14)	7 (7)	27 (32)	9 (6)	1 (1)	4 (5)

NB: for data on party performance, non-bracketed numbers are GR Japan prediction, numbers in brackets are actual results

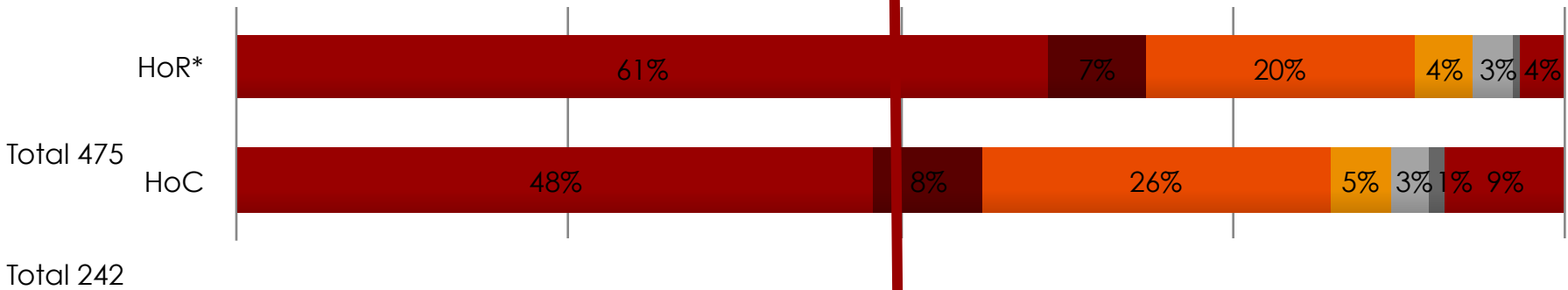
Seat distribution in HoC



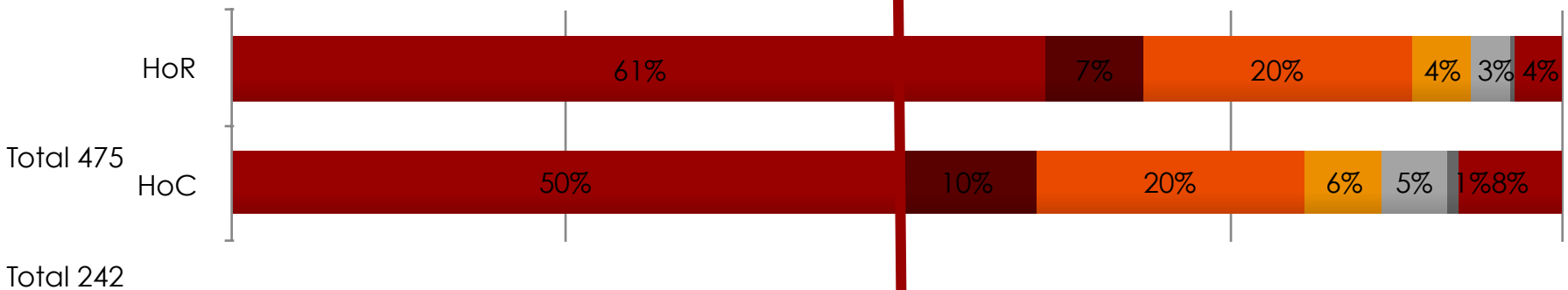
Seat distribution in both houses



Before HoC election



After HoC election



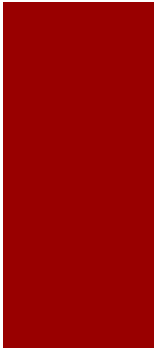
■ LDP
 ■ Komeito
 ■ DP
 ■ JCP
 ■ IFO
 ■ SDP
 ■ Other

*HoR=House of Representatives

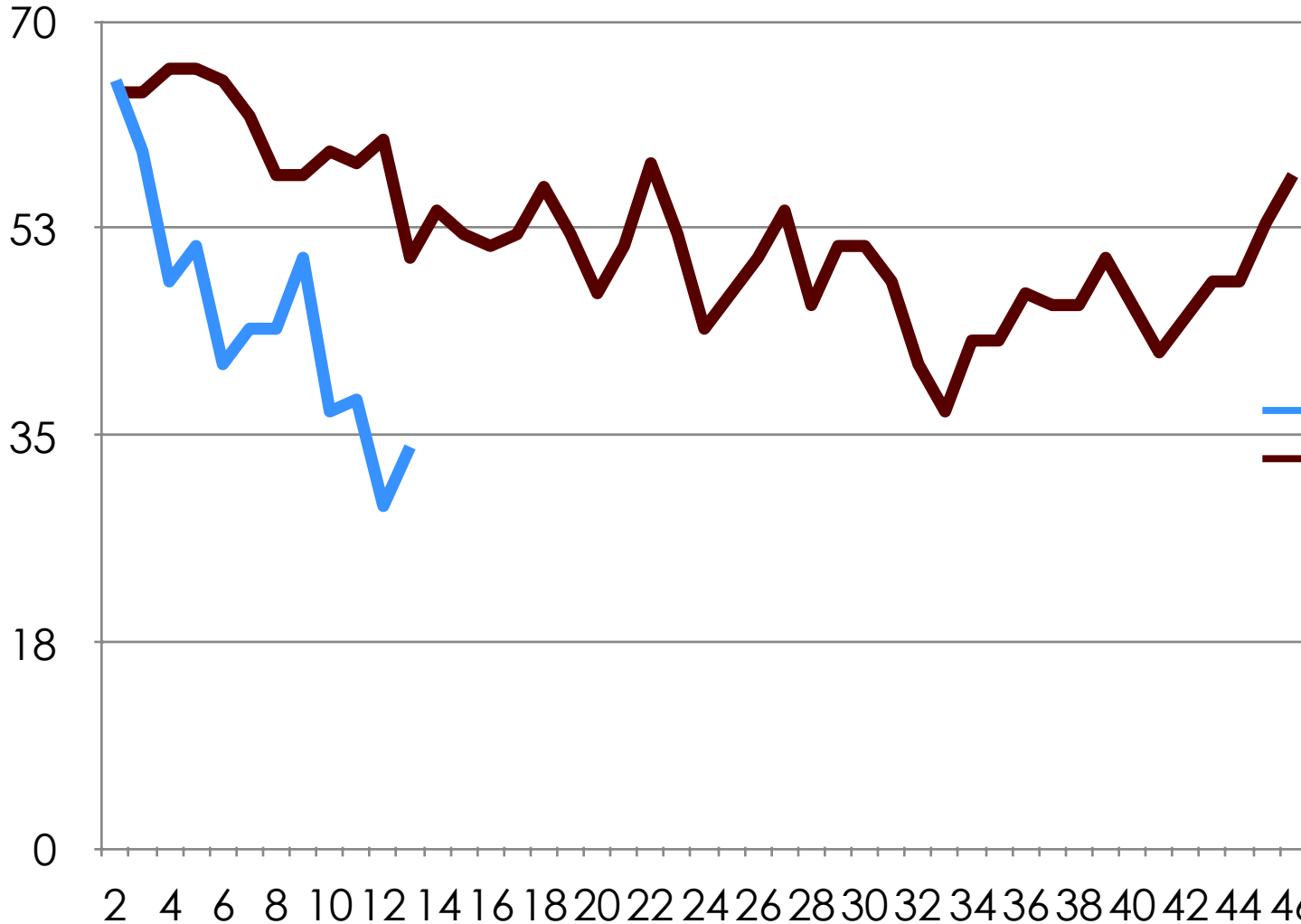
Current Abe Cabinet



Approval ratings for PM Abe remain high, and keep growing!

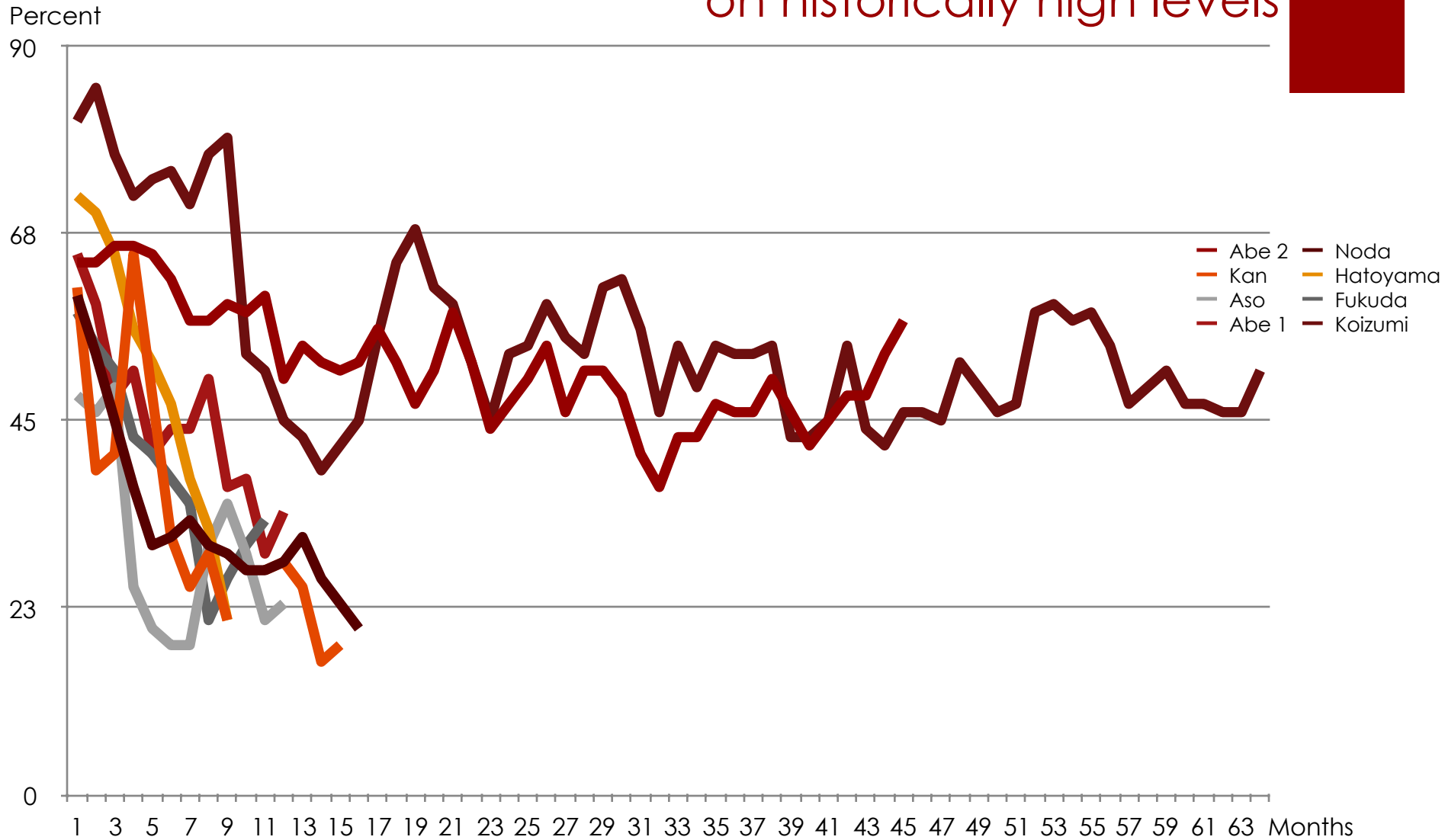


Percent



— Abe 1 (1st term)
— Abe 2 (2nd term)

Approval figures for a Prime Minister are on historically high levels





Japan

Democratic Party (DP) leader elections



Renho



Seiji Maehara



Yuichiro Tamaki

Candidates:

- Renho, Acting President
- Seiji Maehara, Former Minister of Foreign Affairs
- Yuichiro Tamaki, Chairman of Diet Affairs Committee



Election System:

147 diet members of DP have 2 points each

118 prospective Diet candidates of DP for national election have 1 point each

1600 local assembly members have 206 points

235,000 party members have 231 points

	Diet Members	Prospective Candidates	Local Assembly Members
Renho	around 70 members	around 60 members	?
Seiji Maehara	around 40 members	around 20 members	?
Yuichiro Tamaki	around 20 members	around 10 members	?
Not decided yet	around 20 members	around 30 members	?



Key legislation for the Extraordinary Diet Session

- Trans-Pacific Partnership (TPP) Approval and Related Bills (承認案・関連法案)
- Consumption Tax Increase Postponement Bill (消費税増税延期法案)
- Supplementary Budget Bill (補正予算)
- Labour Standards Act Amendment Bill (労働基準法改正法案)
- Integrated Resort Promotion Bill (IR推進法案)
- Pension System Reformation and Related Bill (年金制度改革関連法案)
- Bill on Revision of the Punishment of Organised Crime Act (組織的犯罪処罰法改正法案) (preparation of terrorist acts)
- Imperial House Reform (皇室典範改正) (?)



Work culture reform

- Adapt a concrete plan to change Japan's work culture by March 2017 to enable more women to join the workforce
- Improve welfare networks (child care and elderly care) to facilitate female participation in the workforce
- Set rules based on the principle of "equal pay for equal work" before the end of the year
- Support elderly seeking re-employment
- Raise the minimum wage
- Introduce system exempting white-collar employees from work-hour regulations
- Renew rules for severance pay
- Review the retirement age (currently at 60)

However:

- Criticism against unpaid overtime work is likely to surface again
- Criticism that severance pay is likely to make it easier for employers to fire their employees is also possible



Second Supplementary Budget (4.1 trillion yen)

4.11 trillion yen in total, of which:

- 711 billion yen for day-care and nursing-care facilities
- 1.4 trillion yen for post-earthquake restoration and for strengthening disaster emergency response and preparations
- 1.4 trillion yen for infrastructure development (linear Shinkansen, port infrastructure, agricultural export facilities, etc.)
- 430 billion yen for emergency response to cope with aftermath of Brexit, and to support small and medium enterprises



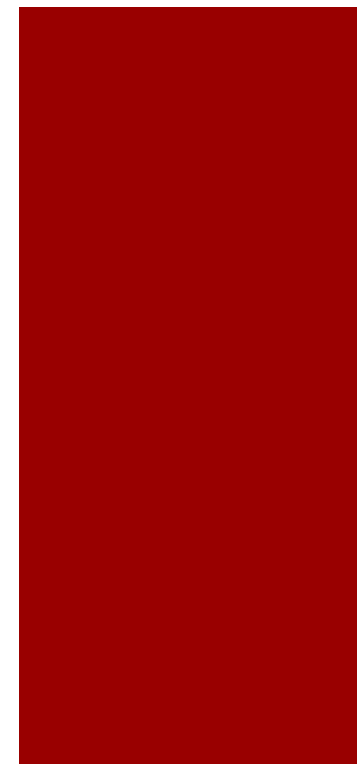
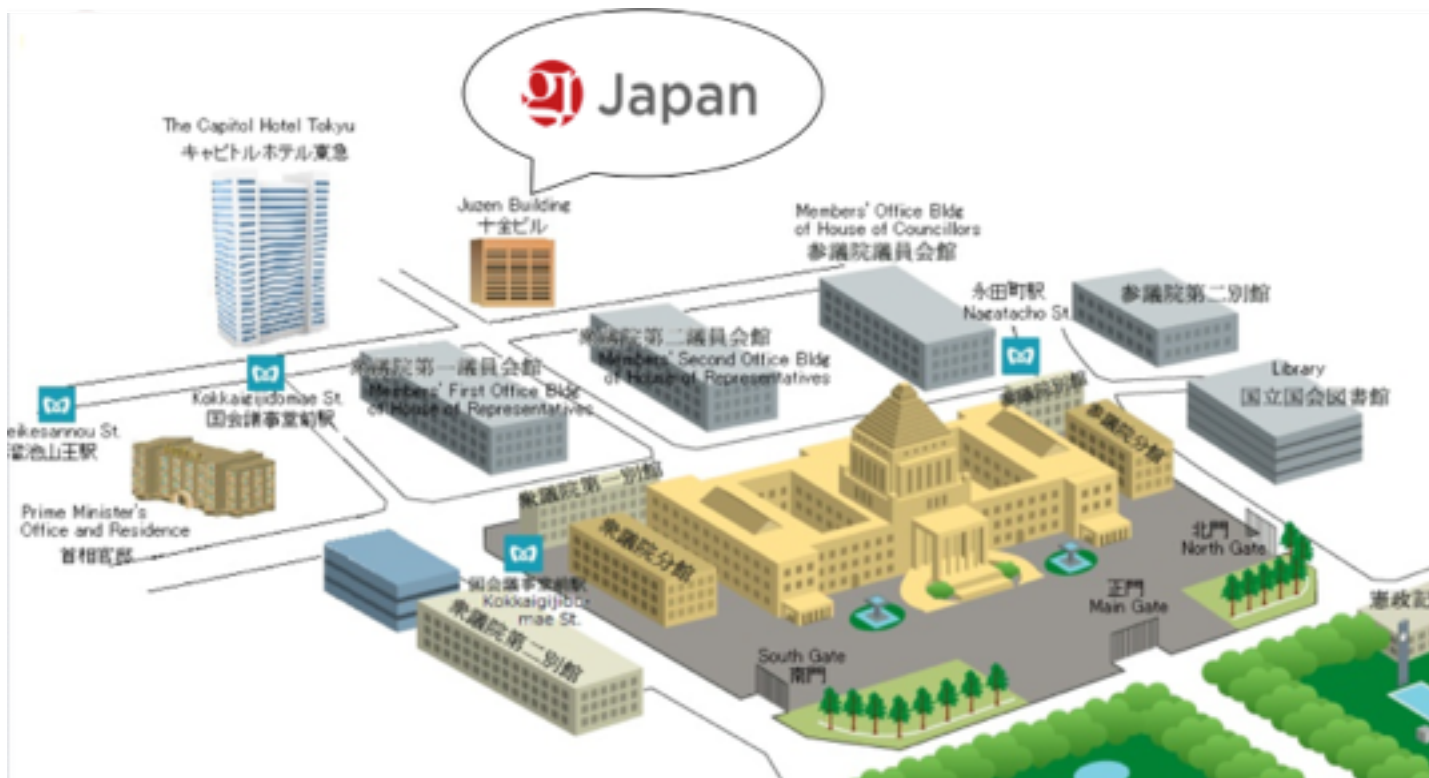
Tax reform: BEPS and spousal exemption

- Base erosion and profit shifting (BEPS) measures are likely to be a key part of the 2016 tax reform
- The spousal tax exemption system, which is built on the assumption that only the husband is employed, is under discussion. Instead of a current spousal exemption, a new “family exemption” (under which both spouses will be entitled to a tax deduction, regardless of their employment status or income) is likely to be introduced, to act as an incentive for more women to enter the workforce.
- Taxation of beer likely to change
- Revision to the Net Operating Loss carry-forward system
- Automotive taxation
- Etc.



Political Agenda

- 15 September Democratic Party leader elections
- 16 September Decision on Okinawa Governor's appeal to ban relocation of Futenma Base
- 21 September Prime Minister Abe's speech at the UN General Assembly
- 26 September Start of the Extraordinary Diet Session
- 16 October Niigata Governor election
- 23 October By-elections for the Fukuoka 6th District and Tokyo 10th District in the House of Representatives
- 23 October Toyama Governor election
- 19-20 November APEC Meeting in Peru
- 8 December Tochigi Governor election
- Early December LDP Tax Reform proposal
- December Submission of 2017 Budget
- 15 December President Putin visiting Japan



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