

With Deflation Ending, Japan ' s Abe Moves on Structural Reform

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- Japan is on the way to achieving its goal of 2% inflation and robust GDP growth
- The focus now is structural reform, including corporate taxation and deregulating the employment system
- The theme of the 44th World Economic Forum [Annual Meeting](#) is The Reshaping of the World: Consequences for Society, Politics and Business
- For more information, visit <http://wef.ch/Davos>
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Davos-Klosters, Switzerland, 22 January 2014 – Japan is about to break free from chronic deflation and is getting back on track on fiscal consolidation, Shinzo Abe, Prime Minister of Japan, told participants in a special address at the 44th World Economic Forum Annual Meeting. The world ' s third-largest economy has also engineered a dramatic turnaround from negative GDP growth in 2012 to positive expansion in the first three quarters of 2013.

“ It is not twilight but a new dawn that is breaking over Japan, ” Abe declared. “ I am willing to act like a drill bit strong enough to break vested interests. Over the next two years, no vested interests will remain immune from my drill. ”

The government has decided to lower the effective corporate tax rate by 2.4 percentage points from April 2014,

bringing down the top rate to 35.6% from 38%. At the same time, the consumption tax will be raised to 8% from

5%. The decades-old subsidies for rice production will be abolished and the electricity market liberalized.

Abe pledged to continue with forward-looking reforms, including working towards having women occupy 30% of top

business posts by 2020, giving foreign shareholders more say in the governance of Japanese companies and

overhauling the labour markets that tie workers to old industries so they can move on to new industries.

Asked to explain his visit to the Yasukuni Shrine last year, Abe said the memorial is dedicated to all the war dead of the world, not only Japanese soldiers. China and South Korea had been angered by the visit, which they saw as honouring military leaders who had committed atrocities on their population during the Second World War.

“ Japan has sworn an oath never again to wage war, ” Abe stressed. “ We have never stopped, and continue to be, wishing for the world to be at peace. It is my hope that through [Abenomics](#), we can create a vibrant Japan that can bring peace and prosperity to the region and the world. ”

In an earlier address, Didier Burkhalter, President of the Swiss Confederation and Minister of Foreign Affairs, also promised to help bring peace. “ Switzerland is ready to offer its traditional good offices and assure its role as a mediator, ” he said, referring particularly to a peace conference on ending the conflict in Syria that started in

Switzerland today.

This year, Switzerland will chair the Organization for Security and Co-operation in Europe, one of the world ' s largest regional security organizations. Next year it will increase its official development assistance spending to equal 0.5% of gross national income. “ Switzerland is, therefore, ready to contribute to greater security and stability in the world, ” Burkhalter said.

The Annual Meeting 2014 is taking place from 22 to 25 January under the theme, The Reshaping of the World: Consequences for Society, Politics and Business. Participating this year are over 2,500 leaders from nearly 100 countries, including 300 public figures, 1,500 business leaders and representatives from civil society, academia, the media and arts.

The Co-Chairs of the Annual Meeting 2014 are: Aliko Dangote, President and Chief Executive Officer, Dangote Group,

Nigeria; Kris Gopalakrishnan, President, Confederation of Indian Industry (CII); Vice-Chairman, Infosys, India; Jiang Jiangqing,

Chairman of the Board, Industrial and Commercial Bank of China, People ' s Republic of China; Joseph Jimenez, Chief

Executive Officer, Novartis, Switzerland; Christophe de Margerie, Chairman and Chief Executive Officer, Total, France; Mariassa Mayer,

Chief Executive Officer, Yahoo, USA and Judith Rodin, President, Rockefeller Foundation, USA.

Notes to Editors

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