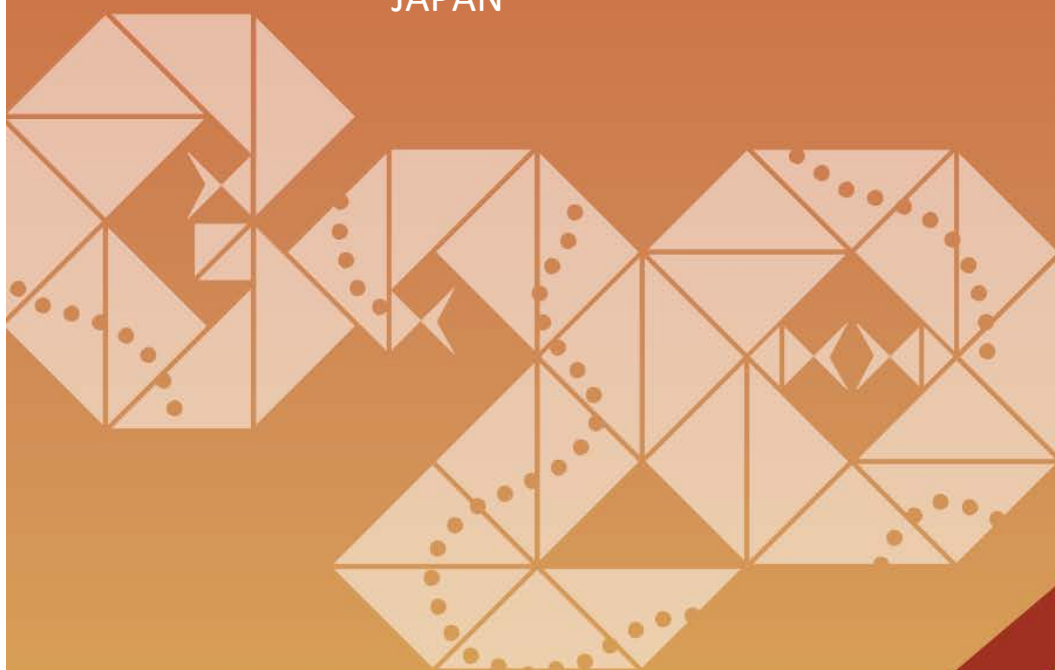


# EMPLOYMENT PLAN 2014

JAPAN



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## 1. Employment and labour market outlook

After a sharp decline triggered by the Lehman Shock in autumn 2008, Japanese economy bottomed out in the beginning of 2009. This momentum continued even after a temporary slowdown caused by the Great East Japan Earthquake in 2011. From mid-2012, however, the Japanese economy stagnated due to the worldwide recession over the debt crisis in Europe. Nevertheless, since 2013, household spending and business confidence have improved primarily owing to rising stock prices driven by, such as, expectations for the new administration's economic policies. Thus, stronger domestic demand has led the economy to recover at a moderate rate. While companies' production activities expand, corporate earnings have improved, resulting in year-on-year increase in summer and end-of-the-year bonuses for the first time in three years and in five years, respectively. Although real GDP growth rate in the second quarter of 2014 turned negative for the first time in two quarters mainly because of a reaction after a last-minute rise in demand before a consumption tax increase, the Japanese economy continues to recover steadily and the reaction is easing.

Additionally, the government introduced tax policies partly aimed to encourage businesses to increase wages, and requested the business community to take concrete measures to increase wages. During the 2014 spring labour offensive, many firms positively responded to hike wages, including pay-scale increase. Survey reveals that, as a result of the labour-management negotiations, the rate of wage increase reached 2.07%, exceeding 2% for the first time since 1999<sup>1</sup>.

These positive changes have been spreading to employment circumstances. In June 2013, the unemployment rate fell below 4.0% for the first time in four years and eight months. In November, the jobs-to-applicants ratio topped 1.0 for the first time in six years and one month. Most recently, the unemployment and jobs-to-applicants ratios posted 3.6% and 1.09, respectively, in the period from April to June 2014. Thus, the employment situation is improving steadily.

On the other hand, Japan has been experiencing population decline resulting from population aging, declining birthrate and intensifying industrial competition due to globalization. This severe social and economic environment surrounding employment demands implementation of bold policies.

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<sup>1</sup> RENGO(Japanese Trade Union Confederation)'s press release in July 3.

Table 1: Economic and labour market conditions, 2008 (LHS) and 2013 (RHS)								
	Real GDP growth <sup>2</sup>		GDP per capita <sup>3</sup> (USD terms)		Employment growth <sup>4</sup>		Employment to population ratio <sup>3</sup>	
Economy	-1.0%	1.5%	\$37,871	\$46,552 (2012)	-0.4%	-0.3%	70.7%	70.6%
G20 median <sup>1</sup>	1.4%	1.9%	\$25,339	\$26,243	1.1%	0.9%	57.7%	57.1%
	Unemployment rate <sup>3</sup>		Incidence of long-term unemployment <sup>3</sup>		Youth unemployment rate <sup>3</sup>		Youth unemployment to population ratio <sup>5</sup>	
Economy	4.0%	4.0%	33.0%	38.5%	7.2%	7.9%	3.2%	2.9%
G20 median <sup>1</sup>	6.3%	6.1%	24.1%	31.0%	n/a	n/a	6.9%	7.8%
	Participation rate <sup>3</sup>		Female participation rate <sup>5</sup>		Working age (15 to 64 years) participation rate <sup>6</sup>		Collective bargaining coverage <sup>4</sup>	
Economy	73.8%	73.9%	48.4%	48.9%	74.2%	74.9%	n/a	16.0%
G20 median <sup>1</sup>	60.2%	60.3%	50.0%	51.8%	70.4%	71.2%	n/a	28.8%
	Informal employment rate		Minimum wage (Per cent of average wage) <sup>3</sup>		Gini coefficient <sup>3</sup>		School completion rate	
Economy	n/a	n/a	34.6%	38.3%	0.329	0.336	n/a	n/a
G20 median <sup>1</sup>	n/a	42.2	34.9%	34.9%	0.341	0.376	76.5%	78.9%
	Literacy rate		Year 12 attainment (among age 25 to 64 years)					
Economy	n/a	n/a	n/a	n/a				
G20 median <sup>1</sup>	n/a	n/a	69.8%	74.2%				

1: G20 median data calculated by ILO and OECD.

2: Data from OECD Quarterly National Accounts Database.

3: Data from OECD StatExtracts.

4: Data from OECD Employment Outlook.

5: Data from Ministry of Internal Affairs and Communications, Labour Force Survey.

6: OECD Short-Term Labour Market Statistics Database.

Table 2: Labour market forecasts for 2014		
Employment growth <sup>1</sup>	Unemployment rate <sup>2</sup>	Participation rate <sup>3</sup>
0.1%	3.9%	74.4%

1: Data from OECD Economic Outlook.

2: Data from IMF World Economic Outlook Database.

3: Data from ILO Statistics and Databases.

## 2. Employment challenges for Japan

### CHALLENGE: PROMOTING FEMALE WORKER EMPLOYMENT

As of 2013, female labour force in Japan amounts to 28.04 million. The labour force participation rate of total female population is 48.9%, and that in working-age women (age 15-64) is 65.0%. The number of female employees is 24.06 million, which amounts for 43.3% of the total employed workers.

Unleashing the “power of women”, Japan’s greatest potential, will lead Japan not only to secure human resources but also to bring various values and creativity to the company, the government and regional communities and to vitalize society while cherishing the values of families and regional communities.

While about 80% of female employees take childcare leave, only 40% of female employees who have first child continue to work after child birth. Also, the proportion of women in managerial posts is at a low level in an international perspective. Those facts show that women are not necessarily active in labour market.

To improve the situation, the government considers new legal framework aiming to achieve a 30%, a rate of female share of leading positions, in 2020. The government provides the childcare arrangement as well as other services so that working couples can raise their children with a sense of security, encourage companies to disclose female workers’ promotion information, and produce neutral tax system and social security system for workers.

### CHALLENGE: PROMOTING LABOUR FORCE MOBILITY AND REDUCING LABOUR MARKET DUALITY

The economic crisis caused by the financial crisis reduced the employment opportunity and caused large-scale unemployment all over the world. In 2009, Japan was in the worst unemployment situation. In this situation, the government implemented measures to stabilize employment and prevented people from falling unemployed in advance. During recent economic recovery, the government drastically changed labour policies from ones which excessively sustain employment, to which facilitate flexible labour movement, so that individuals can change their jobs smoothly, exercise their abilities, and play an active role for economic growth; the facilitation includes supporting re-employment of employees who are forced to leave their jobs due to downsizing business, and subsidizing employers’ costs needed for hiring such employees and vocational training for them.

In addition, the number of non-regular employees such as fixed-term employees, part-time and dispatched ones had increased from 1995 to 2005 and has been still increasing gradually, accounting for over a third of all employees except board members, about 19.06 million people in 2013. The number of unwilling non-regular employees who work on non-regular employment status despite their wishes to get regular employment status also accounts for 19.2% in general and for 30.3% (age 25-34) in 2013. These non-regular employees face challenges such as unstable employment, low wages, few opportunities to develop their skills, and so on.

Therefore, it is important to support “unwilling non-regular employees” to obtain regular employment status and to implement measures for stabilizing their employment and improving their working conditions.

### CHALLENGE: PROMOTING YOUTH EMPLOYMENT

In 2013, as for the employment situation of young people aged 15-24 years, the unemployment rate is 6.9% and the number of the unemployed is 360,000. Regarding those aged 25-34 years, the unemployment rate is 5.3% and the number of the unemployed is 660,000; the employment situation has improved from the previous year, though it remains tough.

In Japan, many companies regularly hire new graduates in April and train within the company. The percentage of graduates who have found their jobs before their graduation in March 2014 has increased from 2013; 94.4% college



graduates and 98.2% high school graduates has found their jobs. However, the government still needs continuous commitment to support for new graduates.

For those reasons, working closely with educational institutions, the government needs to further strengthen employment support for new graduates and other young people, through matching students with companies with strong motivation in recruiting and through developing job opportunities. Also the government needs to encourage companies to allow former graduates to apply for job opportunities under the same conditions as new graduates so that former graduates can obtain jobs.

In addition, the number of casual employees aged 15-34 increased by 20,000 from 2012 and reached 1.82 million in 2013. On the other hand, the number of NEETs (people who are not in education, employment or training) decreased by 30,000 from 2012 and reached 0.6 million in 2013.

To address the problem, the government has conducted comprehensive support such as promotion of regular employment for young people including casual employees, so that young people whom our future relies on can feel a sense of stability and satisfaction and fully exhibit their ability and willingness.



### 3. Current policy settings and new commitments

The “three-arrow” strategy, namely (i) bold monetary policy aimed at eliminating the deflationary mindset, (ii) flexible fiscal policy aimed at reigniting the sluggish economy, and (iii) bold and speedy implementation of growth strategy, has increased robustness of the Japanese economy.

It has been, and continues to be one of the most significant keys to Japan’s growth to achieve “participation by all,” in which all human resources are able to utilize the full expanse of their potential within their own particular areas of participation.

#### BROAD ECONOMIC SETTINGS

The Japanese economy is on a moderate recovery. Recent price developments indicate that Japanese economy is making steady steps forward to break free from deflation, as inflation expectations are rising and the CPI (excluding fresh food) recorded a 3.0 percent increase (1.0%, if effects from consumption tax hike were excluded) in September this year.

Concerning short-term prospects, although weakness remains for the time being, the economy is expected to recover, supported by the effects of the policies, while employment and income situation improve. However, attention should be given to the downside risks of the Japanese economy such as lengthening of the reaction after a last-minute rise in demand and slowing down of overseas economies.

In the medium-term, the government is determined to implement the “three-arrow” strategy with a decisive manner, which would be instrumental in reaching the target of average GDP growth rate of 3 percent in nominal terms and 2 percent in real terms over the ten-year horizon (FY2013-FY2022).

#### Macroeconomic policy

##### ***Fiscal Policy***

Given the very high level of public debt, ensuring fiscal sustainability is essential to achieve a sustainable growth. In this regard, Japan remains fully committed to the fiscal targets included in the Medium-term Fiscal Plan (approved by the Cabinet August 2013), key component of which was included in the St. Petersburg Fiscal Template .

On April 1st this year, the government raised the consumption tax rate from 5% to 8%. This was an important step toward achieving our fiscal targets. At the same time, the government has implemented fiscal stimulus measures in FY2013 supplementary budget (amounting to 1.1% of GDP (5.5 trillion yen)) and this year’s budget in a front-loaded manner in order to mitigate negative impacts of the consumption tax rate increase and to swiftly restore stronger growth trajectory.

The government will determine by the end of this year whether to raise the consumption tax rate from 8% to 10% in October 2015, taking into account the economic conditions and other factors in a comprehensive manner.

With regard to FY2015 budget, the government aims for steadfastly reaching its target, which is to halve the primary deficit to GDP ratio by FY2015 from the ratio in FY2010. In order to achieve the target of a primary surplus by FY2020, the government will advance the consideration of a clear trajectory without delay while taking into account the compilation of the national budget for FY2015, etc.

##### ***Monetary Policy***

The Bank of Japan introduced Quantitative and Qualitative Monetary Easing (QQME) in April 2013 with the aim of overcoming deflation. Since the introduction, it has been working well and Japan has made a steady progress toward achieving the 2 percent price stability target. In October 2014, in the light of increased downward risk on inflation, the Bank of Japan pre-emptively expanded its monetary easing so as to achieve the 2 percent price target.



Achieving 2 percent inflation and anchoring inflation expectations at that level will elicit proactive behavior from firms and households, and will contribute to raising the growth potential of the economy.

## Regulation, finance, incentives, investment and entrepreneurialism

### ***Promotion of ventures***

Relevant government ministries established a forum in September and have held several meetings already in order to discuss how to promote the provision of funds for growth, including equity and mezzanine finance and medium to long-term loans, to enhance growth-oriented business innovation and other medium to long-term measures for improving productivity. The forum will publish a mid-report proposing certain measures by the end of this year and the full report will be published by mid-next year. It is necessary to mobilize private funds supply from banks, quasi-public funds valid for a specified period of time and others are not sufficient at this moment.

In order to encourage active interactions between start-ups and larger firm, the government established “Venture Business Creation Council” in September 2014. It would enhance better matching between start-ups and larger firms as well as serve a platform to develop business seeds into concrete business. The government will also review current government procurement laws to promote procurements from recently launched SME start-ups. Related bill will be presented at the next ordinary Diet session.

### ***Pro-growth corporate tax reform***

The government will strengthen Japan’s locational attractiveness and enhance competitiveness of Japanese companies. In this context, the government aims to reduce the effective corporate tax rate to the internationally-comparable level and embarks on corporate tax reform to be more growth-oriented. To that end, the government aims to reduce the percentage level of the effective corporate tax rate down to the twenties in several years. The government will start the first phase reduction from the next fiscal year.

As regards the revenue sources to fund such rate reduction, including the fact that the Japanese economy is pulling out of the deflation and showing structural improvements, in order to be consistent with the FY2020 target to achieve primary surplus, permanent revenues will be secured through such measures as broadening the tax base and so forth. The government will continue to discuss this issue towards the end of this year when we will reach conclusions on the specifics.

### ***Promoting private investment***

To promote private investment, the government has introduced tax incentives to promote investment in facilities that would improve productivity. Furthermore, in order to reduce regulatory uncertainty surrounding new business activities, the government has put in place a new mechanism under which enterprises are able to check in advance whether any regulatory restrictions apply to their business plans.

At the same time, the government is working toward strengthening financial and capital markets to promote the provision of risk money to growing businesses. A wider variety of financial products and a broader range of investors can stimulate private investment. For example, a bill was approved by the Diet which promotes the use of security based crowd-funding, aiming to provide risk money to new technologies and ideas. This new means of fundraising enables venture businesses to diversify their financing sources. Also, the government has provided tax incentives to promote investments into venture funds by private firms.

## LABOUR MARKETS AND SOCIAL PROTECTION

On the recognition that human resource is the most significant to keep an economy on a growth path in the circumstances of the economic globalization and of low birth rate and longevity, it is necessary to specify drastic policies with setting goals and time frame in order to secure enough labour force and to improve labour productivity.





## Labour market regulation

### ***New system for work not based on working hours but on performance***

In the current working hour system, employers are required to pay extra wages for their employees' overtime work as a general rule. In order to meet the needs of workers who would like to be evaluated not based on working hours but on performance, the government started a discussion on new working hours system for workers whose work responsibilities are determinate and who have high level vocational skills at the Labour Policy Council; the system is considered on the basis of the harmonization of workers' health and work-life balance. After reaching an appropriate conclusion, the government takes necessary legislative measures in the next regular session of the Diet in 2015.

### ***Review of flextime system***

The current flextime system allows flexible allocation of working time only within each month. In accordance with the workers' needs to have further flexible working style in order to raise children and care for the elderly, the government started a discussion on the review of the current system at the Labour Policy Council; the system is considered to introduce flexible working hour allocation over months in longer period, and the system enables workers who finish their work ahead of their fixed working time to obtain their income without getting it cut by utilizing their annual paid leaves. After reaching an appropriate conclusion, the government takes necessary legislative measures in the next regular session of the Diet in 2015.

### ***Occupational safety and Health***

The Industrial Safety and Health Act regulates workplaces to secure the safety and health of workers. In order to effectively enforce the law, the government has taken measures targeting medium-term goals based on the Occupational Safety and Health Programme. This programme is organized every 5 years and the 12th Programme for 2013-2017 is aimed to reduce the number of industrial-accident victims and the number of severe industrial accidents which incurs loss of more than 4 workdays by 15% respectively. The prioritized areas include tertiary, land transportation, construction and manufacturing industry. Emphasis is also placed on necessary measures in response to the Great East Japan Earthquake and the accident at Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Plant.

## Social protection

For Japan, investing in a social protection system is equivalent to investing in the development of the economy and the labour market. The stability of social protection and employment is the key to growth.

The framework of Japanese social protection relatively works well; the government has systems such as pension, medical insurance, public assistance, childcare, and long-term care, as well as employment and labour policies.

Under the basic concept that social protection for unemployed people should function together with policies which promote the return to the labour market, the government promotes a multilayered safety net system consisting of unemployment insurance, job seeker support program and so on, with regards to social protection for unemployed people.

One of the recent reforms in the safety net system is the substantial expansion in job assistance and independence support for needy households. The reform established an entitlement program that helps welfare recipients to step out of public assistance by taking on a stable job. Other programs will be created to provide support for needy households by providing comprehensive and continuous consultation, training on daily life and social life to be prepared for employment, and so on.

### **Active labour market programs**

In order to promote supports for all people, including the young, the disabled, the elderly, and single mothers, who seek for a job opportunity, it is effective to implement job placement services integrated with living security by the



Employment Insurance system and various guidance/supports for companies. Therefore, in Japan, the Public Employment Service Offices (PESO) are operated by the central government and thereby implement job placement services, the Employment Insurance system, and employment measures (including guidance/supports for companies) in an integrated manner. In addition, the nationwide network of PESOs makes it possible to implement various kinds of active labour market policies rapidly and simultaneously-nationwide. For example, the network enabled the relaxation of requirements for the Employment Adjustment Subsidy in a timely manner and development of employment opportunities through a joint effort of Prefectural Labour Bureaus and the PESOs under the instruction of the Ministry of Health, Labour and Welfare, in response to sharp deterioration of employment conditions following the Lehman Shock.

Labour mobility has also been enhanced through various measures. Important measures are described in Commitment 2 in the next section.

## Policy measures targeting labour market disadvantage

### Commitment 1: The Government promises to promote active participation of women.

#### ***Creation of the new legal framework for the promotion of active participation of women***

In order to aim to realize “women’s share of leading positions at 30% in 2020,” the governments considers new comprehensive framework which allows steady promotion of active participation of women.

Specifically, the government considers policies which agents such as national/local government and private companies need to implement; the policies include grasping the current female recruitment/promotion circumstances, setting goals, making voluntary action plans that help agents achieve goals, and disclosing relevant information. Moreover, in order to promote the efforts of each agent, the government will present measures such as recognition systems and incentive rewards. The government takes necessary legislative measures in the current Diet session.

Additionally, the government presented a guideline so that companies’ efforts are promoted by providing more chances of winning public procurement or various subsidy projects. Taking the burden of the companies and contractees into account, the guideline encourages companies to report the status of efforts for the work-and-life balance and the appointment of women, and thus promotes “visualization” of efforts by companies. The guideline also encourages contractees to appropriately evaluate business that actively make efforts promoting the active participation of women.

Moreover, the government will enhance the support to companies which take proactive measures to make it easier for workers to keep working while raising their children. This includes 1) subsidies for companies who make adequate arrangements, such as securing additional workers during childcare leave, establishing support plans and providing training, for workers returning from childcare leave, 2) incentive rewards for companies which receive special recognition on the basis of a revised Act on Advancement Measures to Support Raising Next-Generation Children and 3) award for companies which enhances men to take part in the raising of their children.

At the same time, comprehensive support of women’s health which is better suited for women is needed for promoting active participation of women. For this reason, the government will take necessary comprehensive measures while taking in account the proposals from the ruling party.

#### ***Promoting the reform of working style and the “visualization” of the active participation of women***

Along with obligating companies to include the percentage of female board members in each company on financial statements, request will be made to each financial instruments exchange so that the status of appointing women to managerial posts as well as efforts towards the promotion of women be included on the cooperate governance reports.



Additionally, by centralizing business information related to data such as the status of the recruitment/promotion of women, the government will construct a comprehensive database and promote companies' efforts for active participation of women.

In order to keep the balance between work and family life for both men and women, the government promotes improving working environment revising the Act on Advancement Measures to Support Raising Next-Generation Children, and the reduction of long working hours as well as the utilization of annual paid leave.

In addition, the government considers the promotion of flexible, diversified working style including the way in which workers get to work earlier and leave offices in late afternoon and including the review of flexible time system. Furthermore, in order to promote telework, the government establishes new models to put it into practice and provides information on how to introduce it.

### **Commitment 2: The Government promises to promote labour force mobility and to reduce labour market duality.**

In order to accomplish the change of policies from ones which excessively sustain employment, to which facilitate flexible labour movement, the government plans to reverse budget scale by 2015 by shifting large amount of budgetary resources from employment adjustment fund (113.4 billion yen in 2012) to labour mobility support fund (240 million yen in 2012). By investing more on Labour Mobility Support Subsidy in 2014, the function was enhanced to;

1. target not only small and medium-sized enterprises but also large ones,
2. expand monetary assistance for companies which use training offered by private human resource providers when moving their employees out, and
3. expand monetary assistance for companies which accept employees from other companies and train those employees (including OJT).

In 2014, the government also enhanced intermediary function of the Industrial Employment Stabilization Center of Japan to support labour movement without unemployment by temporary/ perpetual transfer; the Center provides career consulting services, develops support plans responding to individual issues, and offers lectures/job training utilizing private-sector institutions.

In addition, the Employment Insurance Act was amended in 2014 in such a way that trainees could receive benefits up to 60% of tuition fee for vocational education and training of which the content is specialized and practical and contributes to middle-to-long-term career development.

#### ***Promotion of equal and balanced treatment for non-regular employees and their transformation to regular ones***

Non-regular employees, who account for over 30% of the total employees, face challenges such as unstable employment, low wages and few opportunities for skill development. In order to address this problem, the government has intensified the effort for the non-regular employees who wish to obtain regular employment status through providing PESO's support and subsidizing career update. As for the voluntary non-regular employees, such as part-time employees and contract ones, the government has made effort to improve the treatment for them.

For example, in order to create an employment environment which enables part-time workers to effectively perform with their full abilities, the government secures equal/balanced treatment for part-time workers comparing with that for regular workers, and promotes transformation to regular workers, according to the Act on Improvement, etc. of Employment Management for Part-time Workers. A bill on Partial Revision of the Act was submitted to the 186st Diet and passed in April 2014. The revision expands the scope of part-time workers deemed equivalent to ordinary workers whose discriminately treatment is to be prohibited. It also requires employers to be accountable about the concrete measures to ensure adequate employment management.

### **Commitment 3: The Government promises to promote youth employment.**



### **Comprehensive youth employment measures**

The government will take stock of comprehensive youth employment measures including the following ones and aims to submit a necessary bill to the next ordinary Diet session, so that youth employment measures covering each stage of preparation for working, job search and career development in office would be promoted by the whole society.

- enhancing proper display of information about job-offer conditions, recruitment and retention rate of young people, etc.
- supporting transmission of information and recruitment by small and medium-sized businesses with good practice, through drastically enhancing the “Announcement of Corporations Supporting the Youth” project
- promoting companies’ efforts to improve employment management taken by themselves
- enhancing and strengthening countermeasures against companies suspected of unfairly driving young workers into resignation
- enhancing job support of Hello Work\* for Young People and Regional Youth Support Stations and promoting regularization of the employment status of such people as casual employees and NEETs.

\*Hello Work means Public Employment Service Offices in Japan.

- promoting career development by increasing opportunities for vocational education and training

## **SKILLS DEVELOPMENT**

As for growth policies, in order for Japan's economy to achieve stable growth, there is vision that embraces the idea of "people are the country's greatest resource." The policies also shows the direction of development of the society where all people including young people would be able to show their abilities, in response to the current situation in which young people and women are not showing their full potential. The Japanese government promotes the measures for human resource development on the basis of the growth policies.

### **School education**

Young people are facing difficulties in transferring smoothly from school to the workplace or society. On this issue, it has been pointed out that there have been some structural problems.

As school education serves an important role in assisting them with being socially or vocationally independent and supporting with career development through life, it has become much more important to enhance career education.

Accordingly, deploying expert staff to schools, who conduct career counselling, dissemination of knowledge and skills acquisition in counselling to school teachers and staff, and cooperation among schools, companies and relevant governmental institutions have been promoted.

Furthermore, it has been sought at all universities to establish systems for providing career guidance regarding social and vocational independence of the students.

### **Apprenticeships, vocational training and higher education**

While vocational training has been implemented for employed workers at the public human resources development facilities, for employers and employer’s associations who implement vocational training, a part of training expenses and wages during training are subsidized in order to promote effective career development for their employees.

Furthermore, comprehensive support has been strengthened for small and medium-sized companies through advising on the systematic human resource development as well as making it possible for non-regular employees and young employees in those companies to receive career consulting by dispatching career consultants to the companies.



As for training for displaced workers, mainly in the field with growth potential such as nursing care, information communication and environmental affairs, the opportunity of training has been offered, according to the diverse personnel needs through positive utilization of private educational training institutions including specialized training colleges, universities, graduate schools and corporations. At public human resources development facilities, public vocational training for displaced workers has been provided, mainly in the field of manufacturing.

“Job-Card” system was introduced to help acquisition of vocational skills and transition to stable employment; practical training at workplaces and lectures at educational training institutions as well as carrier consulting are provided to the card holders. The card can be used for job applications as it records the card holder’s desire for job and assessment of their vocational skill after the training.



## 4. Monitoring of commitments

This section reports on the implementation of Japan's commitments made under recent G20 presidencies focusing on the Los Cabos Jobs and Growth Plan and the St Petersburg Action Plan.

### LOS CABOS JOBS AND GROWTH ACTION PLAN

- Labour market reforms to increase employment and increase labour force participation, such as: encouraging the participation of females in the labour force by, for example, reforming benefit systems and providing affordable child care services.

### SAINT PETERSBURG ACTION PLAN

- Japan will implement labour reform measures, such as increasing the capacities of childcare services, to raise the employment rate of women (age 25-44) to 73% by 2020.
- The Government will take a wide range of measures such as promoting childcare arrangements to accommodate approx. 200,000 additional children by the end of FY2014, and approx. 400,000 additional children by the end of FY2017. (Annex 3)

The number of wait-listed children at day care centers has decreased over the last three consecutive years, but remains at over 20,000. Therefore the government drew up a "Plan to Accelerate the Elimination of Childcare waiting lists" in April 2013, aiming to promoting childcare arrangements to accommodate some 200,000 additional children by the end of FY2015, and some 400,000 additional children, which is estimated to cover potential need for childcare as well, by the end of FY2017.

The new childcare support projects will be implemented at full-scale from April 2015. Under the projects, the government will promote to develop the environment which makes it easier for parents to raise their children by strengthening measures to expand school education in early years, by improving day-care services for children both quantitatively and qualitatively and by enhancing community-based childcare support.

Additionally, the government will advance the enhancement of "after school children's clubs" to address the challenges of so-called "1<sup>st</sup> Grade Barrier," which is one of the major obstacles for women to continue their career. The government continues to make efforts to realize a society in which people can easily bring and raise their children by resolving a challenge that women cannot stay in their jobs when their children enter elementary school even if there are sufficient day-care centers in their area.

Promotion of men's taking childcare leaves contributes not only to realizing men's work-life balance but also to reducing women's burden on childcare and enabling women to exercise their ability continuously in companies, and thus to boosting employment rates of women.

In order to encourage both men and women to take childcare leaves, the government raised the rate of childcare leave benefits from 50% to 67% of wages paid before the leave for the initial 6 months of leave period.

