Raising labour productivity

1. The second key to a more dynamic Japanese economy is boosting labour productivity, which as shown in the chart on page four of the key issues publication, is relatively low in Japan compared to other major industrialised countries. As we all know, Japan is very productive in a number of sectors, as evidenced by its success in many manufacturing industries in the face of severe international competition. However, this is offset by weak productivity in non-manufacturing - in other words services and agriculture - which are more shielded from competition. Moreover, the gap between manufacturing and non-manufacturing has widened as the latter has experienced a deceleration in productivity. The key is to implement appropriate regulatory changes that improve the business environment and thereby encourage competition and productivity growth.

2. Innovation is one of the keys to accelerating recovery and putting firms on a path to sustainable and greener growth. A carefully-developed innovation plan would thus assist the business environment, or keiki another of the government's four Ks. The OECD is preparing an Innovation Strategy, which will be launched in spring 2010. The aim is to provide key policy principles for an effective government innovation strategy that enables businesses to innovate and flourish.

The role of the OECD

3. Japan can count on the support of the OECD and its member countries in facing these challenges. The OECD is a hub for dialogue on global issues. Drawing on the experience of our 30 member countries, and through Enhanced Engagement with other major economies, such as Brazil, China, India, Russia and South Africa, our aim is to advance international economic co-operation and support the best economic options worldwide with the aim to build a stronger, fairer and cleaner economy. As is evident in the brochure we are presenting today, our aim is to support policy design with evidence-based knowledge.