

Part 1

Current Countermeasures against Declining Birthrate, and Tasks

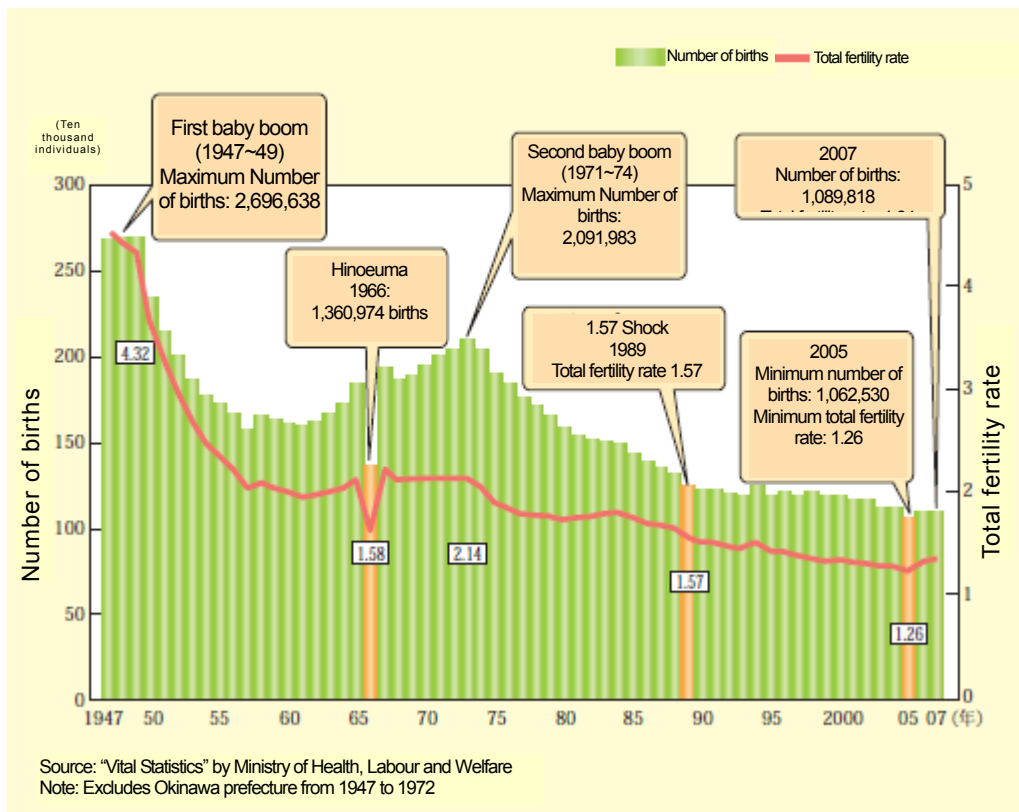
Chapter 1 Current Status of Low Birthrate

Section 1 Status of Declining Birthrate in Recent Years

1. Progress of Declining Birthrate

- The number of births recorded in 2007 was 1,089,818 (in the previous year 1,092,674), and the total fertility rate was 1.34 (in the previous year 1.32).

Dia. Annual transition in the number of births and the total fertility rate



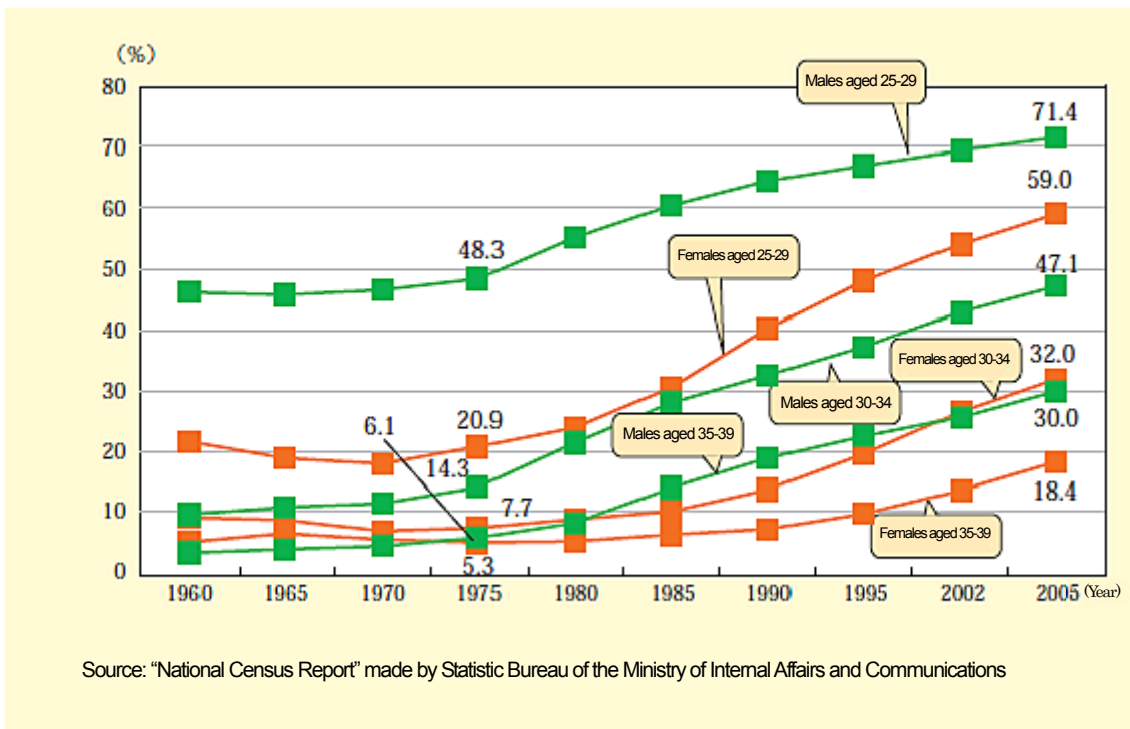
- The percentage of youth (between ages 0~14 years old) in the population of our country is shrinking along with the number of births after the Second World War, and, in 1997, it became even less than the population of senior citizens (above 65 years old). According to the Ministry of Internal Affairs and Communications in the "Population Estimates as of October 1, 2007," the youth population is 17,176,000 (accounting for 13.5 percent of the total population), while the elderly population is 28,216,000 (accounting for 22.1 percent of the total population). This indicates that the country is progressing towards being an aging society with a declining birthrate.

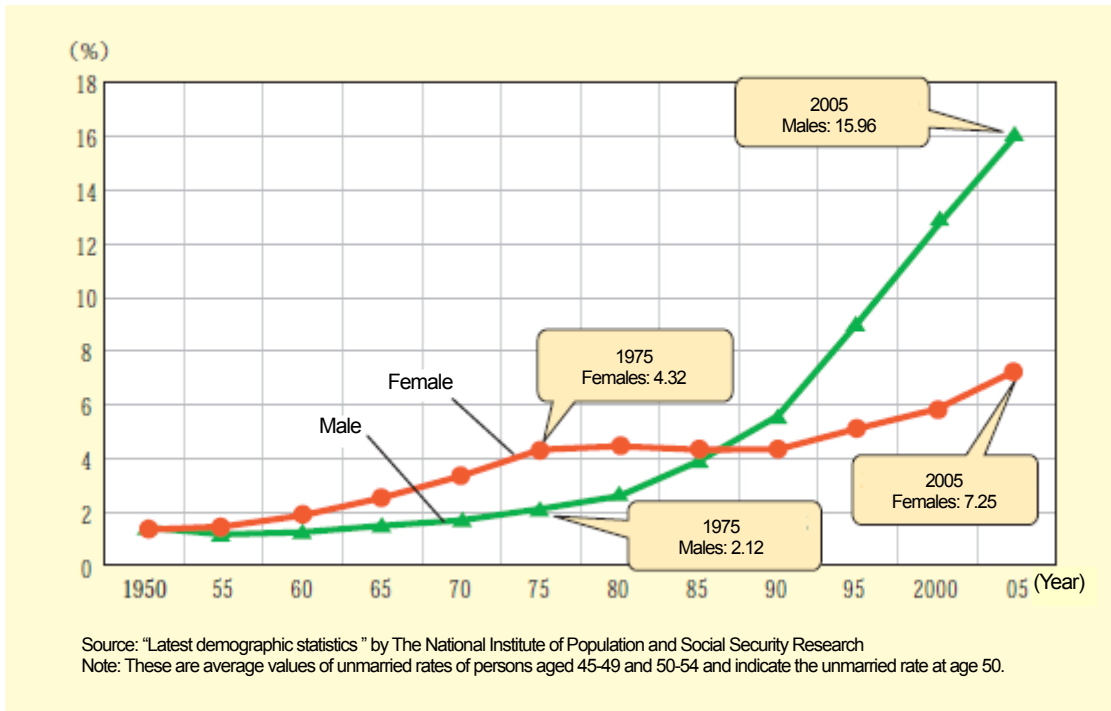
- The percentage of youth in the global population (U.N estimate) in 2005 was 28.3 percent. Our country, with 13.5 percent, was the lowest in the world.
- According to the annual projection of vital statistics for 2008, the number of births in 2008 is estimated to be 1.092 million (an approx. 2,000 decline compared to the previous year), while the number of deaths is estimated to be 1,143,000 (an approx. 35,000 increase compared to the previous year). A negative natural increase of 51,000 is also expected.
- The total fertility rate for the country in 2007 was 1.34. Looking at the status of 47 prefectures reveals that 29 prefectures exceeded this rate and 13 prefectures were below that level. Among all the prefectures, the highest total fertility rate was in Okinawa (1.75) while Tokyo had the lowest (1.05).

2. Unmarried Population/Trend towards Late Marriage

- According to the “the National Census 2005” made by the Ministry of Internal Affairs and Communications the unmarried rate of both male and female persons aged 25-39 has continued to rise: that of males aged 25-29 being 71.4%, 30-34 47.1%, and 35-39 30.0%, while that of females aged 25-29 59.0%, 30-34 32.0% and 35-39 18.4%.
- Comparing the lifetime unmarried rate with that of 30 years ago reveals that that of males has risen from 2.12% (1975) to 15.96% (2005), while that of females from 4.32% (1975) to 7.25% (2005).

Dia. Annual change in unmarried rate by age

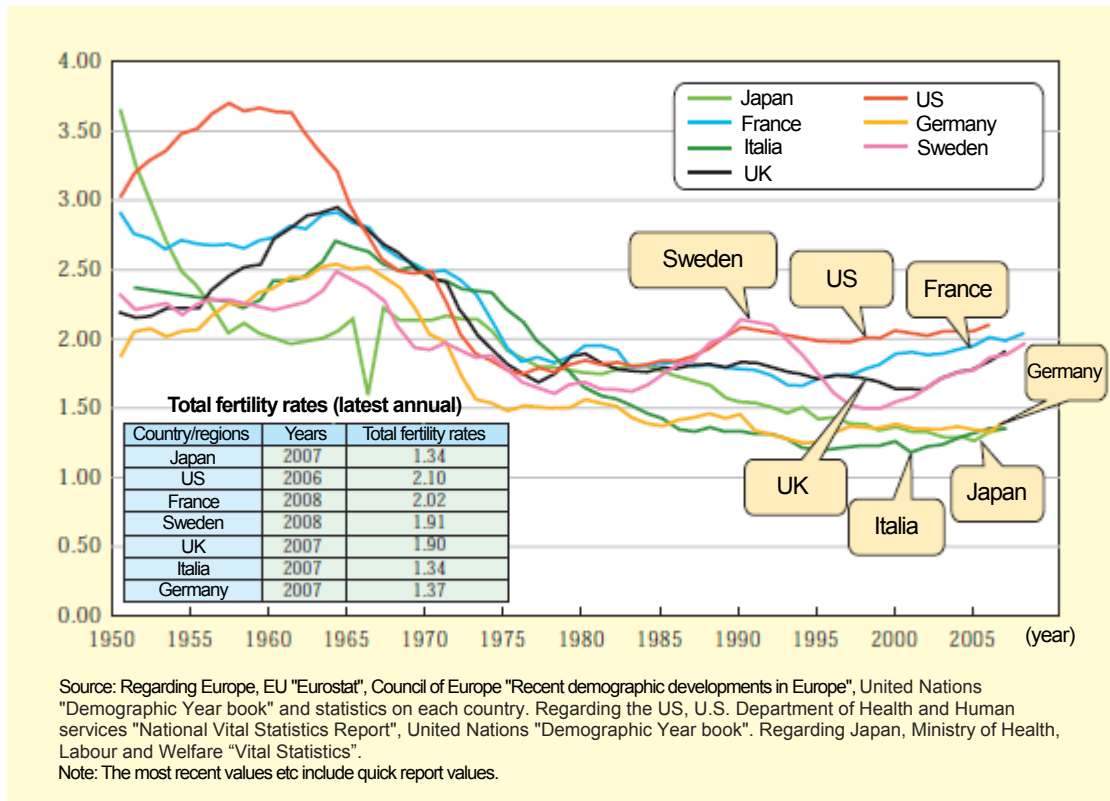


Dia. Annual change in lifetime unmarried rate


3. Situation with declining birthrate in foreign countries

- A review of the total fertility rate of major countries (US, France, Sweden, England, Italy, and Germany) reveals that until the 1960's all the countries were at the level of 2.0 or above, and with despite subsequent declining tendencies some of them having started to recover. The most recent data reveals the rate of France to be 2.02 (2008 (quick report value)), and Sweden 1.91 (2008). That tendency can be seen to have originated in political measures with a focus on "support for simultaneous management" of work, child care, and housekeeping.

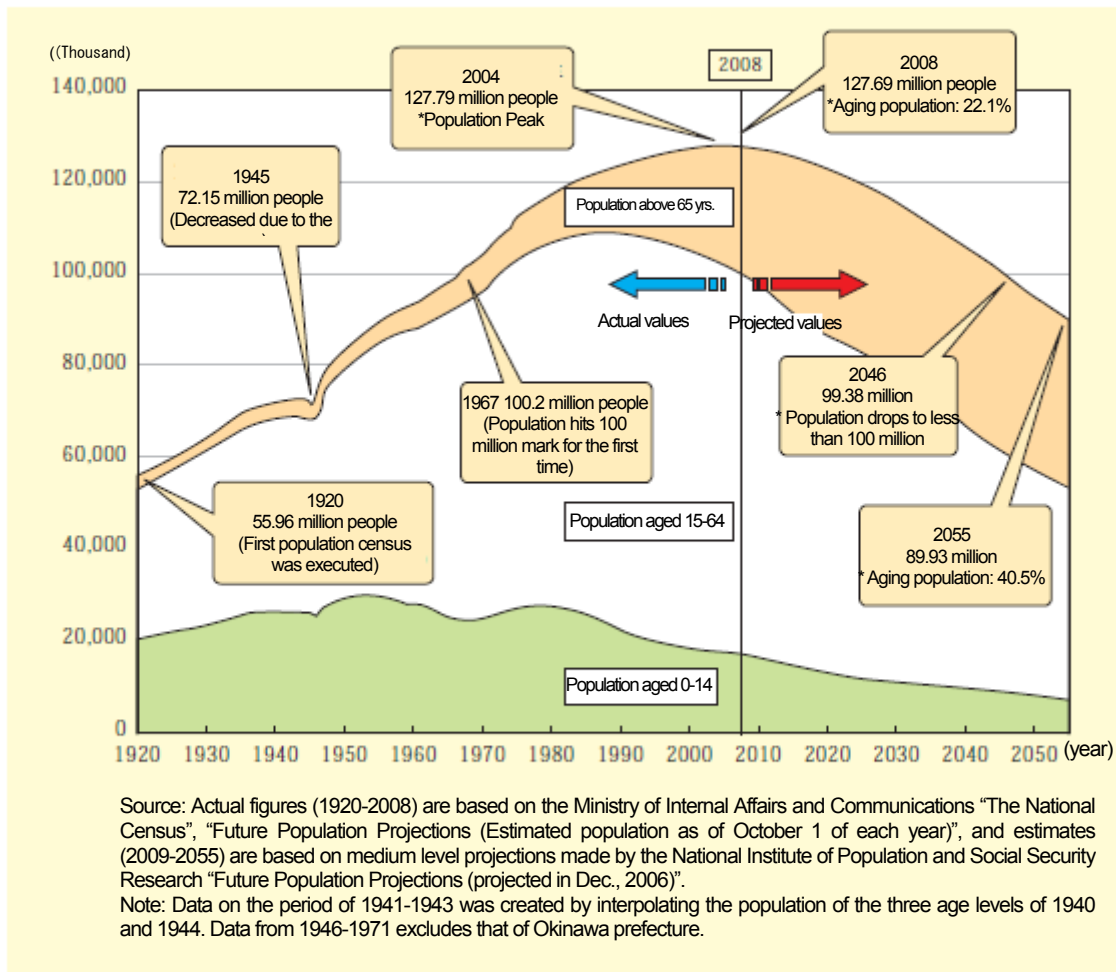
Dia. Trends in total fertility rate of major countries



Section 2 Approach of a Decreasing Population Society

1. Future Population Projections

- According to the middle series (birth and death middle series) of future population projections for Japan as of December 2006, it is estimated that the total fertility rate will be 1.26 in 2055. On the basis of this assumption, the population of our country is estimated to become 89.93 million in 2055. Due to the unmarried population and the trend towards late marriage, it has become all the more worse than the previous projection in January 2002.
- If we look at the size of population in three age categories and the overall transition (the middle series) of percentages in the total population, the youth population (aged 0-14), estimated at 16.76 million for 2009 and occupying 13.2 percent of the total population, is expected to drop to 7.52 million in 2055, occupying 8.4 percent of the total population. The productive population (aged 15-64) for 2009 estimated at 81.64 million and accounting for 64.1 percent of the total population, will keep decreasing and is projected to drop to 45.95 million in 2055, accounting for 51.1 percent of the total population. Finally, people aged 65 years or older, estimated at 28.99 million for 2009 and comprising 22.8 percent of the total population, is projected to hit 36.46 million in 2055, comprising 40.5 percent of the total population.

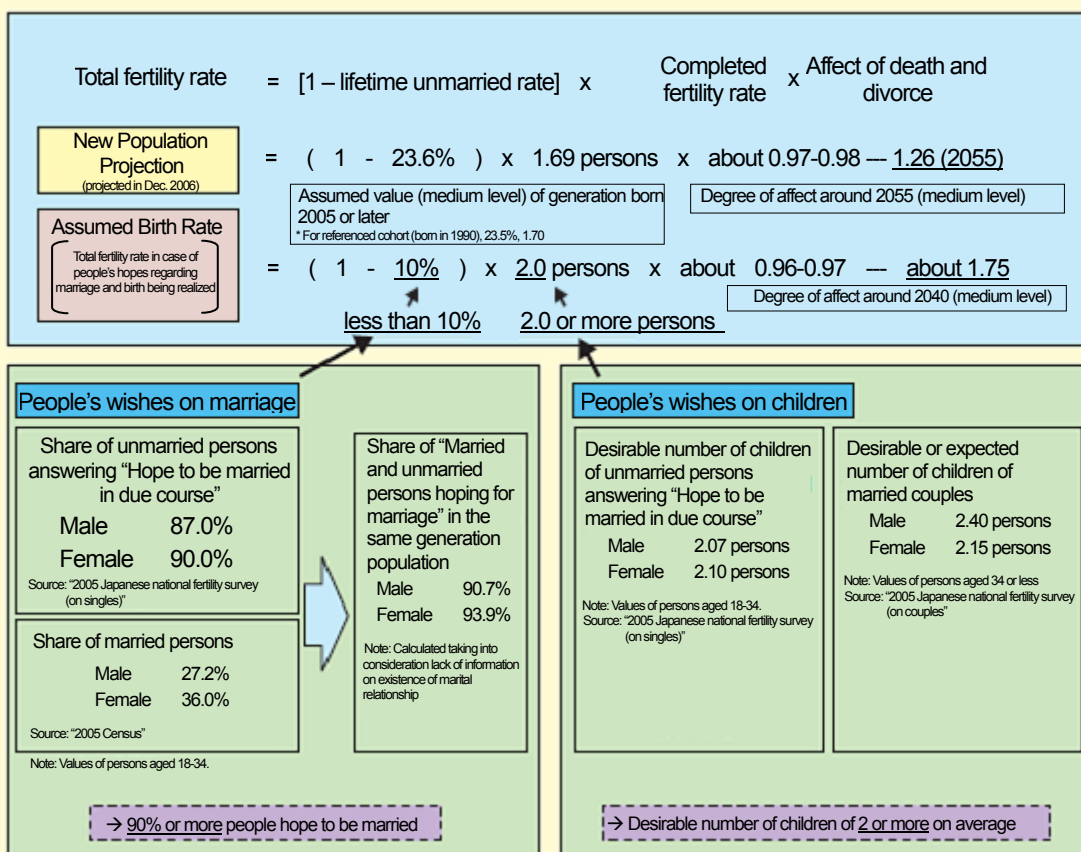
Dia. Transition and Projections of Population Structure in Japan


- According to the "Future Population Projection of Cities, Towns and Villages of Japan (estimated in December 2008)" the number of autonomous bodies with falling populations will increase in the future, with a decrease of 95% or more from 2030 to 2035. In addition, in 2035 60% or more autonomous bodies will have had their population reduced by 20% or more when compared to 2005.
- The percentage of autonomous bodies with a young population percentage of less than 10% will rise from 4.8% to 68.6% between 2005 and 2035. Moreover, approximately 50% of autonomous bodies will have at least 25% of their population aged 75 or older. In this way the declining birthrate and increasing percentage of elderly people will advance even more.

2. Effects of the Decrease in Population

- It is expected that, as the productive population decreases, the declining young workforce and increase in retired elderly people will cause the population of the total workforce to decline as it ages and may have adverse effects on the economic growth.
- According to the “Japanese national fertility survey” etc 90% of unmarried persons do wish to be married in due course. In addition, the number of children that both male and female married people and unmarried ones hoping to get marriage consider desirable is at least 2 on average. The “Population Estimation Based on Hopes” (January 2007), which was based on the assumption that the abovementioned people’s hopes being realized to a certain degree, indicates that if all their hopes were to have been realized by 2040 the total fertility rate would increase to 1.75. The possibility does exist therefore that eliminating the gaps between people’s hopes and actual conditions regarding marriage, and child birth and rearing would be capable of altering the declining birthrate trend.

Dia. Total fertility rate of 1.75 if all the hopes of people were to be realized



Source: Materials of the “Special Committee on Population Structure Changes”, Social Security Council, Ministry of Health, Labour and Welfare.