Figure 6.5. The Three Arrows of Abenomics

- **Arrow 1**: Fiscal reform (Entitlement, tax)
  - Monetary policy (Exit deflation)
  - Business sector (Corporate governance)
  - Trade integration (TPP, agriculture)

- **Arrow 2**: Capital inputs

- **Arrow 3**: Labor inputs
  - Immigration (Targeting)
  - Labor duality (Contract reform)
  - Domestic employment (Women, young, elderly)
  - Financial sector efficiency (Risk capital, investment strategies)
  - Competitiveness (Deregulation, special zones, energy sector, agriculture)

Source: IMF staff.

Note: TFP = total factor productivity; TPP = Trans-Pacific Partnership.