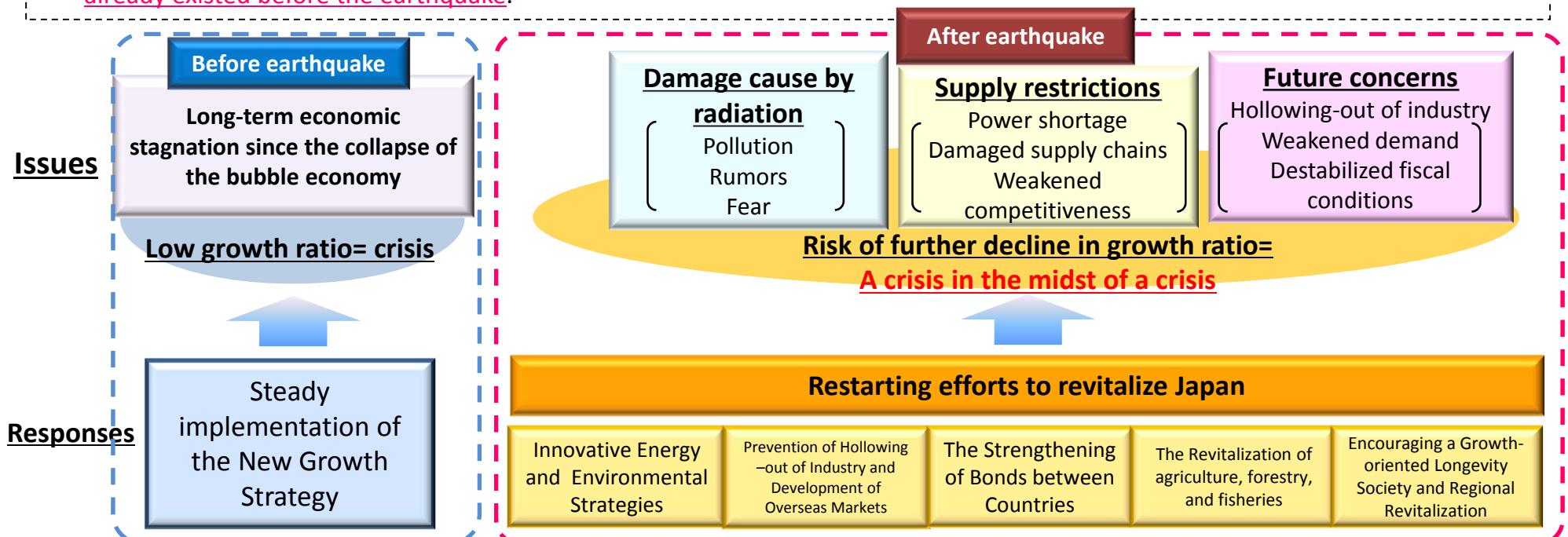


Interim Report on Strategies to Revitalize Japan (Outline)

1. Necessity of revitalizing Japan

- The Great East Japan Earthquake was a “crisis in the midst of a crisis.” Even before the earthquake, Japan had been facing a crisis, namely, the stagnation of the economy and a societal impasse.
- The nation must restart efforts to revitalize Japan in order to support the reconstruction of east Japan and address issues that already existed before the earthquake.



2. Outline of Strategies to Revitalize Japan (Interim discussion points compiled by the Council on the Realization of the New Growth Strategy)

- To review discussions for the realization of the New Growth Strategy that took place after the earthquake and to present policies of strategies for new growth in order to overcome issues facing the Japanese economy.
- To list items to be discussed in a prioritized manner after autumn of 2011, with an aim to formulate Strategies to Revitalize Japan by the end of the year.

I. Basic Policies for Economic and Fiscal Management and the Macroeconomic Outlook

It is possible to achieve in a period between FY2011 and FY2020 average growth ratios of approximately 3% (nominal) and 2% (real). The Government shall take firm actions as necessary for the exchange market.

II. Policies of Strategies to Revitalize Japan

1. Innovative Strategy for Energy and the Environment

- The Government shall (a) reform demand structures; (b) diversify supply methods; (c) reform electricity systems supporting these structures and methods; and (d) take thorough safety measures and use the nuclear power stations where safety has been confirmed in order to stabilize the energy supply and demand situation immediately. Planned power outages and restrictions on the use of electricity shall be avoided. The risks of a power shortage of almost 10% next summer and of electricity costs rising by approximately 20% on an annual basis shall be minimized. Measures shall be materialized in autumn of 2011 by mobilizing each and every policy including the third supplementary budget for FY2011 and reforms of regulations and systems.

- Mid- to long-term strategies shall be materialized based on the Interim Compilation of Discussion Points for the Formulation of Innovative Strategy for Energy and the Environment. The Government shall review the existing Basic Energy Plan from scratch, draw up a scenario for reducing dependence on nuclear energy, and reinforce and accelerate the Green Innovation strategy.

2. Prevention of Hollowing-out of Industry and Development of Overseas Markets

- The Government shall clear away concern caused by electricity restrictions and the nuclear station incident, thereby seeking to restore and reconstruct supply chains and the "Japan brand."

- Measures to be taken to make a shift towards new structures of industries and markets include the strengthening of competitiveness of business locations through steps such as a 5% reduction in the effective corporate tax rate; the fostering of world-class talent; efforts to build infrastructure abroad; support for small- and medium-sized enterprises' expansion to overseas markets; and the reinforcement of the functions of the financial, capital markets.

3. The Strengthening of Bonds between Countries

- The Government shall reinforce efforts to promptly start Japan-EU EPA negotiations and to complete within 2011 a joint study with China and the ROK on a Japan-China-ROK trilateral FTA to launch negotiations in 2012. Efforts on Japan-Australia EPA negotiations as well as Japan-ROK EPA negotiations shall also be strengthened.

- Taking the point that the TPP is a matter affecting the reconstruction of agriculture in the afflicted region – as well as other points such as the status of progress in international negotiations and concern over the hollowing-out of industry – into account, the Government will discuss the matter thoroughly. The timing of a decision on whether to join negotiations for the TPP Agreement will be considered from an overall perspective and decided as early as possible.

4. Revitalization of Agriculture, Forestry, and Fisheries

-The Government shall work intensively in the next five years to enhance the competitiveness and soundness of Japan's agriculture, forestry, and fisheries and to promote regional economies, based on the Interim Report by the Council to Promote the Revitalization of Food, Agriculture, Forestry, and Fisheries.

- In order to make compatible high-level economic partnerships and the revitalization of agriculture, forestry, and fisheries, it is indispensable to resolve issues specified in the Interim Report and secure the understanding of the people as well as stable financial resources in addition. Considerations shall thus be made in a concrete manner on issues such as the shift of burdens from consumers to taxpayers, reforming direct payment schemes, and formation of benefit distribution mechanisms accrued from opening up of the country.

5. Encouraging a Growth-oriented Longevity Society and Regional Revitalization

The Government shall:

- seek to realize an all-participatory society securing decent work;
- promote medical innovation by putting innovative pharmaceutical products and medical equipments in use and prioritizing injection methods for policy resources;
- establish a one-stop support system, review regional revitalization systems, vitalize small- and medium-sized enterprises, and promote the building of disaster-resilient regions and nation.

III. Revision of New Growth Strategy

The objectives and schedules shall in principle be adhered to, with some revisions made in light of matters such as the impact of the earthquake.

* Attachment: Revised Schedules of Items included within the New Growth Strategy for FY 2010(Japanese only)