

## **Section2 Three Action Plans**

### **I. Industry Revitalization Plan..... 1**

#### **1. Vitalizing of industries..... 1**

(1) Progress in achieving KPIs

(2) Progress made in implementing measures

(3) Specific new measures to be taken

i) Promotion of "Proactive Management"

ii) Revitalization and productivity improvement of service industry

iii) Support for venture businesses

iv) Promotion of providing growth capital/risk money, etc.

v) Innovative change in industrial structure/employment structure by IoT, big data, artificial intelligence

#### **2. Reforming the employment system and reinforcing of human resources capabilities.....20**

##### **2-1. Labor mobility without unemployment / Enhancing matching function / Realizing various ways of working / Promoting active social participation by the young and the elderly / Strengthening human resource capabilities to meet the needs of globalization.....20**

(1) Progress in achieving KPIs

(2) Progress made in implementing measures

(3) Specific new measures to be taken

i) Implementation/realization of reforming ways of working

ii) Reinforcement of human resource capabilities that will support the future  
(Support of voluntary effort of workers to develop their own careers)

iii) Creation of a highly foreseeable labor dispute resolution system, etc.

iv) Ensuring of diversified employment/job opportunities, etc.

##### **2-2. Promotion of active social participation by women / Utilization of foreign human resources.....35**

(1) Progress in achieving KPIs

(2) Progress made in implementing measures

(3) Specific new measures to be taken

- i) Promotion of active social participation by women
- ii) Utilization of foreign human resources
- iii) Promotion of the “Japan’s Robot Strategy,” etc.

**3. University reforms / Promoting innovation in science and technology / Becoming the world’s leading intellectual property-based nation.....50**

- (1)Progress in achieving KPIs
- (2)Progress made in implementing measures
- (3)Specific new measures to be taken
  - i) Implementation of a national system of innovation
  - ii)Promotion of regional innovation
  - iii)Promotion of the “Japan’s Robot Strategy,” etc.

**4.Becoming the world’s leading IT society.....65**

- (1)Progress in achieving KPIs
- (2)Progress made in implementing measures
- (3)Specific new measures to be taken
  - i) Cybersecurity protecting citizens and society
  - ii)Utilizing the My Number system under the premise of security and safety
  - iii) System development geared towards the smooth circulation of information and the promotion of business model reforms, etc.
  - iv) Further promoting the use and application of IT
  - v) The development of telecommunication environments to support future societies

**5. Further strengthening Japan’s international competitiveness as a business hub.....84**

**5-1. Realizing National Strategic Special Zones / Opening up rights to operate public facilities, etc. to the private sector (expanding utilization of PPP/PFI) / Improving infrastructure such as airports, ports and harbors / Improving competitiveness of cities.....84**

- (1)Progress in achieving KPIs
- (2)Progress made in implementing measures
- (3)Specific new measures to be taken
  - i)Corporate tax reform
  - ii)Accelerated promotion of National Strategic Special Zones in the rest of

- the period of intensive initiatives
- iii)Utilization of PPP/PFI
- iv)Improving the competitiveness of cities and strengthening industrial infrastructure functions

**5-2. Stimulating financial and capital markets / Management of public and quasi-public funds, etc.....102**

- (1)Progress in achieving KPIs
- (2)Progress made in implementing measures
- (3)Specific new measures to be taken
  - i)Revitalizing financial and capital markets, etc.
  - ii)Reviewing management of public and quasi-public funds, etc.

**5-3. Overcoming constraints of environmental/energy .....109**

- (1)Progress in achieving KPIs
- (2)Progress made in implementing measures
- (3)Specific new measures to be taken

**6. Achieving regional revitalization and regional structural reform / Achieving reform among mid-ranking companies, SMEs and micro enterprises.....114**

- (1)Progress in achieving KPIs
- (2)Progress made in implementing measures
- (3)Specific new measures to be taken
  - i)Establishing “Earning Power” of regional mid-ranking companies, SMEs, and micro enterprises
  - ii) Promotion of regional innovation

**II . Strategic Market Creation Plan.....123**

**Theme 1: Extending the nation’s healthy life expectancy.....123**

- (1)Progress in achieving KPIs
- (2)Progress made in implementing measures
- (3)Specific new measures to be taken

**Theme 2: Realizing clean and economical energy supply and demand.....134**

- (1) Progress in achieving KPIs
- (2) Progress made in implementing measures
- (3) Specific new measures to be taken

**Theme 3: Building safe, convenient, and economical next-generation Infrastructure.....138**

- (1) Progress in achieving KPIs
- (2) Progress made in implementing measures
- (3) Specific new measures to be taken

**Theme 4: Building regional communities that use their unique local resources to appeal to the world.....142**

**Theme 4-1) A rich rural society which produces the world's highest-quality agricultural, forestry and fishery products and food produce.....142**

- (1) Progress in achieving KPIs
- (2) Progress made in implementing measures
- (3) Specific new measures to be taken
  - i) Strengthening production sites
  - ii) Linking domestic value chains
  - iii) Promoting exports, etc.
  - iv) Transforming forestry and fishery into growth industries

**Theme 4-2) A society which makes use of potential such as tourism resources to invite many tourists from around the world to regional communities.....153**

- (1) Progress in achieving KPIs
- (2) Progress made in implementing measures
- (3) Specific new measures to be taken

**III. Strategy of Global Outreach.....164**

- (1) Progress in achieving KPIs
- (2) Progress made in implementing measures
- (3) Specific new measures to be taken

**Section3 Momentum for the reform  
~ Promotion of the “Reform 2020” ~ .....175**

## II. Three Action Plans

### I. Industry Revitalization Plan

#### 1. Vitalizing of industries

##### (1) Progress in achieving KPIs

**<KPI> Bring private capital investment back to the pre-global financial crisis level (¥70 trillion/year) over the next 3 years**

⇒FY2014: ¥69.3 trillion (the second preliminary figures) (FY2013: ¥68.2 trillion)

**<KPI> Ensure that the business startup rate exceeds business closure rate, and raise the current business startup and closure rates to the 10% range (up from the current rates of around 5%), on a par with the US and UK**

⇒FY2013: Business startup rate 4.8%, Business closure rate 4.0%

(FY2012: Business startup rate 4.6%, Business closure rate 3.8%)

⇒Early-Stage Entrepreneurial Activity Index (FY2014): 3.8%

\* Regarding the startup/closure rate, the Government has set a goal to "double the Early-Stage Entrepreneurial Activity Index (the percentage of respondents who answered that they are "entrepreneurs or prospective entrepreneurs" in the "Survey on entrepreneurial spirit") in coming 10 years" as a supplementary index looking ahead for the next 10 years, as it will require not only the government policies but also change in social attitudes toward entrepreneurship, which makes it a long-range goal.

##### (2) Progress made in implementing measures

###### (Drafting the "Corporate Governance Code," etc.)

- By setting up the "Council of Experts Concerning the Corporate Governance Code" for which the Tokyo Stock Exchange and the Financial Services Agency acted as a joint secretariat, as part of the growth strategies and from the perspective of ensuring "growth-oriented governance" that will stimulate healthy corporate entrepreneurship, the Government has compiled the key elements of corporate governance ("Japan's Corporate Governance Code [Final Proposal]") in March 2015, which provides that listed companies should appoint at least two independent directors, and in case of holding shares as cross-shareholdings, companies should disclose their policy with respect to doing so. In response, the Tokyo Stock Exchange has formulated its "Corporate Governance Code" and started applying the code to listed companies since June.

**(Promotion of support by financial institutions, etc. for business management and business reconstruction to accelerate industrial restructuring)**

- In March 2015, the Private Sector Advisory Panel with participation of relevant ministries and agencies as observers has compiled the report on the reassessment of legal systems and practice related to business reconstruction, while the "lending based on customers' business potential" and the "effective financial intermediation to support growth of regional economies and industries and innovation" were indicated as the priority measures in the "Financial Monitoring for Policy for 2014-2015."

**(Promotion of medium- to long-term growth funding through private financing)**

- To strengthen the fields conducive to mid- to long-term productivity improvement, such as growth-oriented business innovation, and aiming to expand funding into growth fields, through equity, mezzanine finance, mid- to long-term loans, etc., the "Study Panel Concerning the Promotion of Expanding Growth Funding" was formed under cooperation of relevant ministries and agencies, in which they discussed and completed the report in November 2014. Based on the above report, the "Act for Partial Amendment of the Development Bank of Japan Inc. Act" and the "Act for Partial Amendment of the Shoko Chukin Bank Act" were enacted in May 2015.

**(Compiling of measures toward promoting dialogue between companies and investors)**

- With regard to the promotion of dialogue between companies and investors, the Government has conducted reviews by setting up "The Study Group on Promoting Dialogue between Companies and Investors for Sustainable Growth," in September 2014, in which they examined and completed a report in April 2015. In the report, recommendation were made on the concepts and methods; of making a schedule of the shareholders' meeting in a manner to realize a dialogue-based shareholders' meeting process; of reviewing the record date for determining voting right, which is the precondition for setting the schedule; on the measures aiming to realize the company information disclosure in an integrated and comprehensive manner, etc.

**(Setting of global benchmarks)**

- By making a comparative study on the business models and growth potential of global leading companies and that of Japanese companies, and after having organized the policies and procedures of deliberation on the evaluation index (global benchmarks) that may serve as a reference to make business decisions and to provide business support, the Government has selected 11 industries as the business fields to which it sets the global benchmarks. Among them, the Government has set the global

benchmarks for 4 industries (petrochemistry, petroleum refinery, iron and steel, and electronics) by April 2015, and indicated the problems of each industry and the directions of efforts, e.g., productivity improvement, scale expansion, clarification of strategic area, etc. As for the petrochemistry and petroleum refinery sector, the Government conducted the survey on the market structure based on the Article 50 of the “Industrial Competitiveness Enhancement Act” and published the results in 2014.

**(Establishment of Venture Business Creation Council)**

- The Government has established the Venture Business Creation Council in September 2014, to which 414 organizations joined from existing businesses, venture businesses, financial institutions, venture capitals, etc. as of the end of May 2015. At the same time with the establishment, the Government held a matching event for venture businesses and large companies and set up 1,480 business meetings, 807 of which turned out to be effective. In addition, "Nippon Venture Award" was established to commend venture business that created new business that has a strong impact, and the first award was given in January 2015.

**(Promotion of participation in government procurement by small and medium-sized venture businesses and clarifying the handling of employment insurance benefits for people preparing for or considering business startup while engaged in job-seeking activities)**

- Regarding the promotion of participation in government procurement by small and medium-sized venture businesses, the Government has submitted a bill to revise the Act on Ensuring the Receipt of Orders from the Government and Other Public Agencies by Small and Medium-sized Enterprise Operators to current Diet session, and immediately after passage of the law, the Government will formulate a "Basic Policy for Contracts of the State, etc." by incorporating the measures to set the target volume of contract with new SMEs as well as to increase the opportunities for such companies to win government contracts. Also, the Government has revised the "Operational Guidelines for Employment Insurance" in July 2014, and clearly stated about the handling of employment insurance benefits for people preparing for or considering business startup while engaged in job-seeking activities.

**(Creation of "Nihon Service Award", formulation of a guideline for small and medium-sized service businesses)**

- The Government has established "Nihon Service Award" to commend mechanism to create and provide excellent services, and will start to invite applicants for the award from July 2015 and give the first award in April 2016. Also, in February 2015, the

Government has formulated and published a guideline that shows the methods and case examples of efforts by small and medium-sized service businesses toward productivity improvement.

### **(3) Specific new measures to be taken**

As a result of the past efforts, the earning capacity and earning power of companies have made a steady improvement. In order not to make it only a temporary phenomenon, but to make it established and further improve, the Government will give an additional boost to the companies' challenges after this.

#### **i) Promotion of "Proactive Management"**

To give a boost to businesses in their challenges, the Government will comprehensively promote initiatives aiming to improve businesses' profitability and productivity by promoting; businesses to properly fulfill their governance functions; various investors including institutional investors to have constructive dialogue with businesses with the creation of long term value in mind; the financial institutions as providers of funds to give support to improve and strengthen the quality and sustainability of the borrower. Under such concept, the Government will need to evolve these initiatives respectively.

The Government should solidify the virtuous economic cycle by establishing and improving companies' earning capacity and earning power, thereby strengthen the driving force toward economic growth and lead them to expand the job opportunity, wage increase and increase in business investments.

#### **[1]Enhancement of corporate governance**

- We need to work actively to prevail and to promote the adoption of Japan's Stewardship Code, established and released in February 2014, and Japan's Corporate Governance Code, which entered into force in June 2015, as 'the two wheels of a cart' such that the sustainable growth of companies will be promoted by both sides of investors and companies. To that end, the Government will, in collaboration with international organizations including the OECD, actively and globally disseminate the approach of Japan's Corporate Governance Code, which seeks "growth-oriented governance" by properly ensuring accountability and encouraging sound risk-taking, while ensuring full explanation and publication of the said approach in Japan. Also, to facilitate dialogue between listed companies and shareholders in adherence with the aim and spirit of the Corporate Governance Code, the Government will assess the overall situation and publish the results in cooperation with the

Stock Exchange. In addition, to ensure that institutional investors' application of the Stewardship Code is firmly established based on their full understanding on its purpose, etc., the Government will assess and publish institutional investors' acceptance of the Code, while sending messages to them as necessary.

- To improve mid- to long-term corporate value, and in light of the development of systems in recent years such as the revision of the Companies Act and formulation of the Corporate Governance Code, the improvement of the environment will be important to encourage the implementation of corporate governance. To that end, the Government will formulate and publish guidelines for interpretations on legal matters of Companies Act on the following points (including specific practices).
  - Regarding the scope of matters that have to be discussed at meetings of board of directors to increase the effectiveness of the supervision by the board of directors, as well as the scope of "the execution of the operation" that causes outside directors to forfeit their outsideness in the event that they perform such acts.
  - Regarding company's indemnification(a procedure under which, in the event that officers' liability for damages is pursued, their companies indemnify them for the amount of money that these officers are liable to pay for the said damages and costs in disputes), so that the management can properly take risks, etc.
- At the same time, the Government will improve a system to enable flexible utilization of stock-based compensation (not money) or performance-based compensation, etc. as incentives to encourage management to create mid-to-long term corporate value.

Furthermore, the Government will promote securing of human resources for independent outside directors by collecting and disseminating specific practice sin Japan and abroad, so that persons with management experience can utilize their vast range of knowledge and experience accumulated in their careers by assuming positions as outside directors of different industry, etc.

## **[2] Fulfillment of steady financing function to strengthen support enterprises' management**

From the perspectives to promote improvement in business management and business restructuring, financial institutions need to further strengthen their functions, capacities and management vitality, which are required to support the

core business of debtor companies, industry revitalization, etc. so that they can provide financing by taking well into considerations the business potential of the debtor companies, as well as to cooperate with relevant stakeholders to improve the business management, productivity, and structure of debtor companies.

In this light, the Government will encourage financial institutions to further enhance their corporate governance, financial soundness and risk management. As the financial institutions have already started appointing independent outside directors and reducing the shareholdings, which is held by financial institutions for business reasons, the Government continues to closely monitor their efforts. Especially, the global systemically important financial institutions need to reduce procyclical factors (that amplify the effects of economic fluctuation) such as the risk of stock price fluctuations, etc. in order to be able to adequately respond to the economic/market changes and business support needs of enterprises during hard times, while taking into consideration the international regulatory changes.

### **[3] Promotion of dialogue between companies and investors toward sustainable growth**

For companies to improve their earning power and enhance corporate value on a sustainable basis, it is important that the companies and investors/shareholders have constructive dialogue, bearing in mind that they have codependent relationships with each other to create value toward mid- to long-term growth together.

Taking consideration of such point as well as broad viewpoints including fulfillment of capital market function, protection of investors/shareholders, etc, the Government will build an effective and efficient system as a whole by conducting a cross-sectional review on the systems and practices concerning the companies' information disclosure, the process of shareholders meetings, etc.

#### **A) Review toward integrated information disclosure, etc.**

Regarding corporate information disclosure, in order to effectively and efficiently provide information necessary for investors, the Financial System Council will set up a study group consisted of members from companies, investors, relevant ministries and agencies, etc. The study group will verify the information disclosures based on the Companies Act, Financial Instruments and Exchange Act and listing rules of stock exchanges, conduct a comprehensive deliberation on possible ways of integrated disclosure which include de-duplication and utilization of cross-reference, effective unification of audit, integration of quarterly disclosures, appropriate determination of dates related to

general shareholders meetings, measures for companies to enhance disclosure in their governance and mid- to long-term business plans, etc., and will reach conclusions within this fiscal year.

B) Review of shareholders' meeting process, etc.

As a measure to solve the problem of the day of shareholders' meetings that conflicts with other company's shareholder meetings, and to secure sufficient time for shareholders to review agendas and to engage in dialogue as much as that of foreign countries, the Government will improve the environment where companies can set appropriate date of shareholders' meetings and the record date for determining voting right, and thoroughly streamline the process through the electronification of convocation notices and related materials and voting, etc.

More specifically, the Government will encourage relevant organizations to consider measures to smoothly carry out these approaches by 2016, that is, to encourage companies to provide shareholders with enough opportunity to exercise their voting rights and to have dialogues, and to set appropriate record dates for shareholders' meetings so that they can reflect shareholders' voices close to the day of shareholders' meeting.

In addition, based on the policies of entire government to promote the use of IT, and by referring to the U.S. system ("Notice & Access" system), the Government will deliberate on the challenges and necessary measures in electronically providing convocation notices and related materials, in principle, and draw a conclusion by 2016.

Also, to promote electronification and to improve the quality of voting, the Government will encourage relevant organizations to consider the problems and measures in promoting electronification of entire process of voting by 2016.

Furthermore, in order to help companies to smoothly create their basic policies for the participation of global institutional investors, etc. not on the shareholders registry, at shareholders' meetings, the Government will encourage relevant organizations to establish guidelines by the end of 2015.

**[4] Corporate tax reform [described below]**

(Described in “5-1. Realizing National Strategic Special Zones / Opening up rights to operate public facilities, etc. to the private sector (expanding utilization of PPP/PFI) / Improving infrastructure such as airports, ports and harbors / Improving competitiveness of cities.”)

**[5] Promotion of proactive IT management in companies**

The Government will let the business administrators understand that IT is not a

cost reduction tool but a strategic management tool that should be actively used when they build up new business models, and encourage them to change their IT investment activities from "defensive IT investment," which focuses on cost reduction, to "proactive IT investment," which focuses on creation of added value (Promotion of proactive IT management). To that end, and to build an environment where the evaluation is made by capital market from the viewpoint of "proactive IT management," the Government will further develop the evaluation scheme "proactive IT management brand," which is currently carried out in cooperation with Tokyo Stock Exchange, and push forward the measures within FY 2015, so that the stock market can evaluate companies' IT management, for instance, by formulating guidelines for IR activities related to companies' IT management. Also, by the spring 2016, the Government will establish a public-private-partnership Think Tank that carries out experimental studies related to the correlation between IT investment and company growth, etc. and promotes development of management talents and awareness-raising, etc. based on the findings of the research, and, while promoting changes in the consciousness of business people through continuous revision of the said guidelines, the Government will compile statistics in FY2016 to understand the actual status of companies' IT management that will become the base of such studies.

**[6] Fulfillment of governance function in overseas expansion**

In order to back up companies in their overseas expansion as part of support for "proactive management," the Government will revise the "Guidelines to Prevent Bribery of Foreign Public Officials" prescribed in the "Unfair Competition Prevention Act" within 2015, and clearly state the desirable form of in-house governance including local corporations by taking into consideration of the difference of legal systems of Japan from that of foreign countries.

**ii) Revitalization and productivity improvement of service industry**

The service industry accounts for about 70% of GDP in Japan, and it is essential for the growth of Japanese economy to vitalize the service industry and improve its productivity. Therefore, based on the "Service Industry Challenge Program" (Decision by Headquarters for Japan's Economic Revitalization on April 15, 2015), the Government will promptly implement following measures, starting from the one that are ready to be put into action, aiming to raise the growth rate of labor productivity in service industry to 2.0% by 2020 (As of 2013: 0.8%).

- Cross-industry measures

Thorough dissemination of best practices (Nihon Service Award, "Visualization"

of business challenges and solutions, etc.), the evaluation of service quality (dissemination and promotion of Japanese Customer Satisfaction Index, etc.), human resource development (promotion of fostering management talents and professionals in universities and professional training colleges, etc.), support of overseas expansion using Japan External Trade Organization, creation of compact cities/networking, etc.

- Measures for individual sector

Promote IT utilization, overseas expansion, improvement of activities (“kaizen”), etc. for each of following industries: accommodation, transportation, food service/home-meal replacement, medical and nursing care, childcare, and wholesaling and retailing.

Also, based on the "Policies for Support and Cooperation in Passing on Price Increases, and Policies Aimed at Improving Service Industries Productivity" decided in Seiroshi (Government, Labor, and Corporate Management) Meeting for Realizing Virtuous Cycles of the Economy held on April 2, 2015, Japan Federation of Economic Organizations(Keidanren), in cooperation with motivated business associations, will expand activities to obtain business solutions toward improvement of productivity in the retail, beverage, hotels, nursing care, land transportation industry, etc. through the opportunities to have advices from experts in manufacturing industry, etc., and the Cabinet Office and the ministries in charge of these industries will arrange the environment by creating frameworks.

It is absolutely critical to build a support system at local level to back up individual SMEs and micro enterprises deeply rooted in the region in their challenges toward revitalization and improvement of productivity. The SME organizations and regional financial institutions are already well aware of the importance of the revitalization of service industry and the improvement of its productivity, and they were informed about the contents of the guideline for more sophisticated service industry and corresponding support measures for SMEs and micro enterprises. They have already started independent initiatives, and the Government will accelerate such movement.

To that end, the Government will conduct analysis of the successful cases and failure cases of business operators, and "visualize" the business challenges and solutions in carrying out business and corresponding measures, and within 2015, the Government will develop the evaluation index/evaluation method that can be used as a reference to the management judgment or management assistance to improve the productivity in the region for a wide range of industry and business category including service industry. As soon as being developed, these measures will be provided to business operators, SME organizations, regional financial institutions, etc. one by one, and will be actively used to promote creation of new businesses.

Also, the Government will make a list of support specialists, including “service Kaizen (improvement) experts,” who can help on-site process improvement by making use of their experience of Kaizen in manufacturing processes, etc., and IT consultants, and by concentrating and sharing the ‘Yorozu (general)’ Support Hub, which will strengthen its business support system for SMEs and micro enterprises, and other SME support organizations, the Government will build a network of regional specialists/experts, from which business operators can have advices at hand, within FY2015.

The regional financial institutions will, while utilizing such approaches and networks, further advance lending based on the customers’ business potentials, consulting services and push forward their efforts, including support for local government in formulating and implementing the regional comprehensive strategies aimed to promote revitalization and productivity improvement of service industry in the region.

### **iii) Support for venture businesses**

Due to ongoing digitalization and networking, business models in the world are tremendously changing and, under such circumstance, to induce a high-impact business metabolism, it is very important to have new industries created by venture businesses.

Especially, fostering of world-class venture businesses is absolutely necessary. Challenge to global market from domestic market or start up a business in overseas and bring in innovation to domestic market and to domestic business players from abroad---The Government will build a mechanism of creating such global entrepreneurial ventures (Global Venture Ecosystem).

#### **[1] Building of global venture network (Silicon Valley-Japan Bridge Project)**

Many venture businesses are being created every day in Silicon Valley, and they grow through the investors' fund and business support, and, by returning profits to investors, which stimulates further financing and business support, they have established a "venture ecosystem (virtuous cycle of venture funding and business creation) ". By connecting Japanese entrepreneurs with the venture business support organization (Accelerator), which is the implementing body of this virtuous cycle, the Government will form a mechanism to sustainably create world-class innovations. The Government will implement a program that will make good use of the resource of Silicon Valley in terms of "company," "people," and "opportunity."

##### **A) Company**

In order to strengthen the network with Silicon Valley, the Government will

send people from Japanese SMEs, medium-sized companies, and venture businesses in the fields of design (craftwork, industrial), robot, biotechnology, healthcare, etc. to Silicon Valley in cooperation with the Stanford University, U.S.-Japan Council, etc. Also in Silicon Valley, the Government will provide support, in cooperation with the Stanford University, U.S.-Japan Council, etc., for the activities to find business partners or to acquire investment fund by making use of the network of local venture business support personnel with insight of global level. The Government will improve the acceptance mechanism in Silicon Valley within FY2015, select companies to be dispatched, and support about 200 companies in the next 5 years after FY2016.

#### B) People

The Government will recruit about 100 entrepreneurs, people who are willing to challenge new business in large companies (intrapreneurs) and venture business support personnel such as fund-related people, then, narrow down to about 20 to 30 people by using the discerning function of those accelerators in Silicon Valley, and dispatch them to Silicon Valley by the autumn this year. The Government will give support to them in staying there for several weeks and in improving business know-how that are necessary to create innovation and finding business partners that will lead to the global market.

#### C) Opportunity

The Government will hold matching events with large companies/investors with venture businesses, etc., of Japan and U.S. in both Tokyo and Silicon Valley to promote partnership in business tie-ups, joint researches, investment, M&A, etc. Also, symposiums of government officials with venture business representatives, etc. will be held to carry out policy dialogues.

### [2] **Interlocking with global venture ecosystem**

Having entered a competitive age of new business models that use IoT, big data, artificial intelligence, etc., vitalization of innovative venture business activities is crucial for the growth of Japan's economy. Especially, fostering of world-class venture businesses is absolutely necessary. The Government will hold a large-scale "Global Venture Summit (tentative name)" in 2020, in cooperation with "Silicon Valley-Japan Bridge Project," etc. On that occasion, the Government will make a plan by referring to the business events in abroad, such as business events jointly held with startup training events, music festivals, etc. under leadership of students and young entrepreneurs. Also, in preparation for it, the Government will organically integrate and align all the venture-related measures,

and formulate "Venture Challenge 2020" by the end of 2015, which will serve as a road map through 2020.

**[3] Support of global venture business development that are responsible for the next generation**

A) Fostering of global venture business that support digital network age

Regarding the "Exploratory IT Human Resources Project" being carried out by the Information-technology Promotion Agency, Japan (IPA) aiming to recruit and cultivate young human resources with unique ideas and excellent skills who can create innovation by making full use of IT, the Government will newly introduce a support system that will lead to business start-up, such as to expand the scope of support not only for the development of software but also for the development of products and business models in IoT field. In the new support system, the Government will introduce a scheme in which, when a supported person started venture business and made the business grow, IPA will recover the funds it has invested, especially, in the form of stock options, etc., with which venture business has less burden.

B) Cultivation of R&D type venture and building of ecosystem taking advantage of Japan's strength

- As Japan has excellent technological capabilities, there is a big potential to create/develop venture business by taking advantage of them. In order to cultivate R&D type venture business and to build ecosystem, New Energy and Industrial Technology Development Organization (NEDO) will homologate venture fund (accelerator), etc. in Japan and abroad, and provide support matching of the venture businesses supported by the subject fund with business partners and investors, etc.
- R&D type venture businesses born from universities, etc. based on innovative technologies of the universities, etc. have high level of competitiveness and hold potential to grow to global venture businesses. Therefore, by discovering/cultivating technologies conducive to the creation of strong venture businesses born from universities, etc., by building a network with overseas investors and by collaborating with the relevant measures such as the matching with globally operating large companies, etc., that is to be carried out by relevant ministries, the Government will accelerate the creation of R&D type venture business and its global expansion.

**[4] University reforms that will become the seedbed to create global venture business**

The Government will add the function as a platform of creating venture business to the "Special Research Universities (tentative name)," which has managerial ability to attract various resources in Japan and abroad and aim to improve global competitiveness. To that end, the Government will support/promote "Special Research Universities (tentative name)" in their attracting venture business support personnel with insights on global market from abroad, supporting business startup, recruitment of excellent entrepreneurial human resources in Japan and abroad, and implementing practical training for entrepreneurial human resources and for people with technical insight by such entrepreneurial human resources, while closely correlating the various venture-related measures of relevant ministries. In a similar fashion, for the "Distinguished Graduate Schools (tentative name)," the Government will create a system by setting courses considering creation of new areas and industries such as integrated area of arts and sciences, IoT, big data, artificial intelligence, etc., in which multiple universities, research institutions, companies, overseas institutions, etc. cooperate each other [described below] (Described in the "3. University reforms / Promoting innovation in science and technology / Becoming the world's leading intellectual property-based nation.")

Furthermore, to cultivate human resources who will take the lead in the innovative biotech/healthcare field (especially, medical devices development), the Government will support the practical education programs in a realistic medical setting to be conducted by the Osaka University, University of Tokyo and Tohoku University in cooperation with Stanford University.

#### **iv) Promotion of providing growth capital/risk money, etc.**

To push forward the "proactive management" through promoting dialogues between companies and investors and by strengthening corporate governance function as well as to support vitalization and productivity improvement of service industry in terms of financing, the Government will enhance and strengthen the framework to smoothly provide growth capital and risk money. To that end, the Government will take following measures.

##### **[1] Promotion of providing growth money by mobilizing a huge variety of financing approaches**

- While using the system related to the investment type crowdfunding, to promote provision of risk money into local area, the Government will promote utilization of various types of crowdfunding in cooperation with "Home town investment" Association established by local governments and relevant stakeholders including regional financial institutions, etc.

- As a system to respond to fund provision to companies rooted in the region, and as a substitute for the Green Sheet Brand system, the Government will support financing by using "Shareholders Community system" (a system that enables solicitation for investment and trading between the members of the Shareholders Community formed by security companies to finance companies rooted in the region, etc.), which reduces the burden of timely disclosure.
- The Government will promote financing to local companies by utilizing "Regional Business Revitalization/ Business Reconstruction Fund" funded and established by regional financial institutions, etc. in cooperation with the Regional Economy Vitalization Corporation of Japan (REVIC) aiming to support local healthcare industry, to revitalize local tourism/urban regeneration, to vitalize local core enterprises, and to support restoration and growth.

Also, by using Private Equity Fund aiming to realize company growth and increase in value in growth fields and new technology development fields, the Government will promote financing to local companies through such funds.

**[2] Further expansion/strengthening of financial intermediation function and promotion of business reconstruction**

- A) The Government will continue its effort on appropriate management of the Financial Monitoring Policy for 2014-2015, etc. to ensure smooth funding by having financial institutions accurately understand the business conditions based on their insights without relying on collateral or guarantees. Particularly, the Government will actively push forward the following approaches.
- To appropriately evaluate the business contents in various stages of enterprises, and to support them in their effort to improve management and productivity, the Government will enhance initiatives of financial institutions to finance based on the customers' business potential, to enhance their consulting function, and to promote further utilization of the "Guidelines for Personal Guarantee Provided by Business Owners" formulated in December 2013, and to the utilization of short-term trainee program for regional financial institutions, a program found by REVIC in January 2015.
  - To facilitate smooth funding of operating money based on the needs of small and tiny companies, the Government will thoroughly disseminate the Financial Inspections Manual (January 2015), which clearly states the handling of short-term extended loans (including loans on bills which are the roll-over of short term loans) by holding a briefing session with

relevant parties.

- B) To make it possible to continue business restructuring promptly and smoothly even when there are oppositions from creditors in out-of-court debt restructuring, the relevant ministries and agencies will conduct studies on the legal framework, etc. based on the contents of the report compiled by the advisory panel in March 2015.

**[3] Promoting medium- to long-term growth funding using private financing**

Based on the report of Study Panel Concerning the Promotion of Expanding Growth Funding , to further enhance the growth funding by private sector in the future, although currently public-private sector fund is taking the complementary role, the Government will encourage financing such as equity fund, etc. through private sector-driven fund formation by business firms and institutional investors, etc. and support active efforts of large companies toward business restructuring aiming to improve profitability and growth of overseas M&As.

To facilitate these efforts, the Government will also make use of the discerning abilities and financial know-how of the public sector financial institutions. To that end, the Government will encourage providing equity funds as an incentive to private sector financing, while cultivating private sector leaders by accumulating the best practices of growth funding, for example, the use of the Development Bank of Japan's function to facilitate growth funding, which was strengthened by the revision of the law.

Also, when it is difficult for private sector financing institutions alone to finance because of high risk, e.g. the fund required for the overseas expansion of global niche top companies, etc., public sector financial institutions are expected to supplement and cooperate to create regional demand, and the Government will consider institutional design in the medium- and long-term, under which such financing will be made by private sector financial institutions.

**v) Innovative change in industrial structure/employment structure by IoT, big data, artificial intelligence**

As for the innovative change in industrial structure/employment structure brought by IoT, big data, artificial intelligence, etc., in order not to lag behind the trends in world, what the Government needs to do first is to pursue collaboration with a wide range of people from industries and universities to respond to new business models, etc. that have already started changing, and to strengthen the industrial competitiveness using IT, while addressing urgent issues such as human resource development and security

measures.

In addition, from the medium- and long-term perspective, it is required to promote measures toward R&D anticipating the future society and enhancement of fundamental technologies while advancing innovative changes with the timeline in mind, clarifying the way to respond, and corresponding measures.

Therefore, the Government will implement the following measures.

## **[1] Strengthening of industrial competitiveness using IT**

A) Building of promotion system by industrial-academic-government cooperation (Establishment of "CPS Promotion Council (tentative name)")

As IoT, big data, artificial intelligence evolve, Cyber Physical System (CPS), which interrelates real world and cyberspace, will be established that will bring about an innovative change of business models centering on data in all industry.

To advance future directions of response based on the business models/technological innovation in Japan and abroad, and to advance specific business solutions in a cross-industrial manner, the Government will establish the "CPS Promotion Council (tentative name)" within 2015 in cooperation with various players including venture business, large companies, etc., as an implementation system. The Council will verify business models in wide range of fields and put in place the cross-sectoral rules based on the results.

More specifically, the Government will formulate a standard contract model to promote linkage/sharing of data between companies within FY2015 aiming to create new business models making use of huge volume of personal data or big data of transaction information between each process of supply chains, etc. Further, the Government will strategically promote international standardization of big data-based business models.

In addition, the Government will promote establishment of core function (Japan version of ACATECH\* (tentative name)) related to survey and analysis, etc. of latest situation of innovative change in the data-based business models in Japan and abroad, while conducting matching of large companies and venture businesses.

\*ACATECH: A specialized institution of Germany that provides recommendations on initiatives and policies to be pursued by private sector in order to advance introduction of various technology innovations, including IT, into the industry. The German government has actively been supporting it since 2008.

B) Emergence of new businesses and response to them

Anticipating 2020 Tokyo Olympic/Paralympic Games, the Government will

promote the following leading projects and promote creation of new industries and new services.

- Promote 9 realization projects (next-generation urban transportation system, hydrogen energy system, etc.) to disseminate Japanese cutting-edge science and technology to the world in 2020. Regarding the automated driving technology, the Government will advance necessary institutional reforms along with the regulatory reform based on Japan's Robot Strategy in conjunction with the initiative related to the demonstration of near-future technology in National Strategic Special Zones.
- Regarding the small unmanned aerial vehicle, the Government will study on institutional reform, etc. to promptly carry out demonstration of near-future technology using National Strategic Special Zones. Concurrently, regarding the rules for safe operation of small unmanned aerial vehicle, etc., the Government will advance efforts step by step starting from feasible ones promptly after coordinating with relevant parties, considering the technological rationality, technology development toward future utilization/dissemination, etc., expansion of business using small unmanned aerial vehicle, and international trend of restricting small unmanned aerial vehicle. Among others, for the regulation of operation of small unmanned aerial vehicle, which requires emergent response, the Government will immediately prepare and submit a necessary bill to current Diet session. After that, the Government will finalize the rule after making sufficient amendments with relevant parties with a view to the development of legal systems regarding the airframe and operator of small unmanned aerial vehicle as well as business that uses small unmanned aerial vehicle.
- Through the high-degree application of space infrastructure such as quasi-zenith satellites, etc. and Geospatial Information (G-space information), and by combining with IoT and big data, the Government, industry and academia will work together to promote sophistication of disaster/emergency response, demonstration and mounting of automated operation of farm/construction equipment, elderly/children watching service, intelligent transport system, etc. In doing so, the Government, will also pursue collaboration with G-space Information Center that has aggregated diverse information of geographical space. At the same time, the Government will improve relevant legal systems (authorization and continuing supervision for space activities, the third-party liability scheme , scope of data that is subject for regulation , etc.) aiming to promote participation into space-related business of private sector business operators toward further sophistication of G-space society. Further, by newly setting up the "Task Force on

Space-system overseas development (tentative name)," the Government and private sector will work together to move on to develop into overseas commercial space market and to promote G-space-related projects.

**[2] Securing and training of human resources**

A) Promotion of active participation of foreign human resources into IT field [described below]

(Described in "2-2. Promotion of active social participation by women / Utilization of foreign human resources")

B) Promotion of programming education to young people [described below]

(Described in "4. Becoming the world's leading IT society")

**[3] Strengthening of cyber-security infrastructure**

**(Strengthening of technical capabilities/fostering industry, human resource development)**

**[described below]**

(Described in "4. Becoming the world's leading IT society")

**[4] Strengthening of common fundamental technology, etc. looking ahead of future society**

- To respond to the creation of new industries in a wide sphere and social changes in the future, the Council for Science, Technology and Innovation (CSTI) will plan the strategies related to common fundamental technology that will support the new era (IoT, big data analysis, artificial intelligence, sensor, materials, nanotechnology, etc.) to focus on and the policy to promote them within FY2015, and implement research and developments from FY2016. Also, by applying new technologies, it will implement advanced projects that will solve the economic and social problems (Intelligent transportation system, etc.) from FY2016. In conjunction with it, it will reflect the ideal form of R&D, etc. necessary to construct a system to sophisticate and integrate new technologies, in the fifth Science and Technology Basic Plan.

- Based on the promotion policy mentioned above, the Government will promote establishment and social implementation of core technologies to collect the world's most advanced technologies and knowledge into Japan such as artificial intelligence, information processing technology, smart device, networking technology, radiowave utilization technology, etc. In a similar fashion, regarding IoT, big data and artificial intelligence, the Government will

carry out R&D and institutional reforms necessary to improve the next-generation platform to be integrated and utilized across various fields, while promoting R&D related to cutting edge supercomputer that will realize the utilization of new big data and high-precision high-speed simulation as well as its industrial use of them.

**[5] Undelayed response to the innovative change in industrial structure/employment structure**

The development of IoT, big data, and artificial intelligence having brought about unprecedented change in the industry/employment structures, it is important to respond to such structural changes without delay. Therefore, the Government will consider including time frame on 1) When and how the IoT, big data, and artificial intelligence will bring about innovative change in the industrial/employment structure and socio-economic system, 2) What kind of business chances will be created for companies, and 3) How the government and private companies should be prepared to seize such chances (regulatory and system reform, investment in R&D, equipment, human resource, etc.), or what will cause Japanese companies to lag behind when we fail to respond, and so on.

## 2. Reforming of the employment system and reinforcing of human resource capabilities

### 2-1. Labor mobility without unemployment / Enhancing matching function / Realizing various ways of working / Promoting active social participation by the young and the elderly / Strengthening human resource capabilities to meet the needs of globalization

#### (1) Progress in achieving KPIs

**(Labor mobility without unemployment / Enhance matching function / Realize various ways of working)**

**<KPI> “Decrease the number of unemployed young people for more than six months by 20% in the next 5 years (2012: 1.51 million)**

⇒ 2014: 1.22 million

**<KPI> Raise the job turnover rate of general workers (excluding part-time workers) who changed their job within a year to 9% in the next 5 years (2011: 7.4%)**

⇒ 2013: 8.7%

**<KPI> Employment rate of age 20-64 in 2020: 80% (2012: 75%)**

⇒ 2014: 77.5%

**(Promotion of active participation by the young and the elderly)**

**<KPI> Employment rate of age 20-34 in 2020: 78% (2012: 74%)**

⇒ 2014: 76.1%

**<KPI> Employment rate of age 60-64 in 2020: 65% (2012: 58%)**

⇒ 2014: 60.7%

**<KPI> 2020: Actual employment rate of people with disabilities: 2.0% (2012: 1.69%)**

⇒ 2014: 1.82%

**(Strengthening of human resource capabilities to meet the needs of globalization)**

**<KPI> Double the number of Japanese students who study abroad from 60,000 (2010) to 120,000 by 2020**

⇒The number of students dispatched overseas via the Government-sponsored scholarship and grant system has doubled from around 10,000 to 22,000.

**<KPI> Double the number of international students by 2020 (achieve the goal of the “300,000 International Students Plan”)**

⇒Number of international students at Japanese universities, etc.: 184,155 (as of May 2014)

**<KPI> 200 schools accredited to offer the International Baccalaureate (16 schools accredited as of June 2013)**

⇒The number of schools accredited to offer the International Baccalaureate has increased to 24 (as of April 2015).

## **(2) Progress made in implementing measures**

### **(Steady implementation of working style reform; overwork prevention and "Highly Professional Working System," etc.**

- The Government has submitted a bill to partially revise the Labor Standards Act in April 2015, of which contents are; Measures to curb long working hours and to promote the use of annual paid leave (abolition of moratorium to SMEs' extra wage rate for overtime work exceeding 60 hours/month; To ensure use of annual paid leave by requiring business owners to designate holiday season for a part of annual paid leave (5 days/year); Promote review of the way of working/taking holidays by negotiation between an employer and a union, etc.; Establishment of "highly professional working system," which enables creative working style in that evaluation is to be made based on performance not on working hours; Expansion of the scope of discretionary working system for management-related work and simplification of procedures; Extension of settlement period for flextime system, and so forth.)
- To prevent overwork, from January 2015, the Labor Standards Inspection Office enhanced its supervision to companies, etc. that are found to have forced their employees work for more than 100 hours/month, and from May 2015, it will publicize the name of the company when influential companies repeatedly and illegally force their employees to work long hours, at the time it gives corrective action guidance.

### **(Promotion of initiative toward diffusion and expansion of job-specific diversified regular workers)**

- In July 2014, in the expert group meeting on dissemination and expansion of "diversified regular workers," the Government compiled the "Points to Remember Regarding Employment Management," and gathered examples of employment rules as model cases of diversified regular workers, and publicized together with the notice on the interpretation of the Labor Contract Act related to the equal treatment between diversified regular workers and so-called ordinary regular workers and the status switching system to ensure widespread awareness of such employment arrangements among companies. In addition, the Government has collected best practices of diversified regular workers and published information by pamphlets and case example booklets.

### **(Implementation of analysis/survey toward creation of a highly foreseeable labor dispute resolution system)**

- The Government has analyzed and organized the cases of "judicial mediation," "labor tribunal decision," and "conciliation," which are used as a means for solving labor disputes, and improved the tools based on the result of analysis, and published them in June 2015. Also, given that major industrial countries have developed mechanisms for

providing workers with pecuniary remedies by court judgments in accordance with their respective employment systems, the Government has conducted surveys and studies concerning relevant systems and their management in other countries, and published in June 2015.

**(Promotion of comprehensive measures aimed at the employment and nurturing of the young people who will shape the future)**

- The Government has submitted a bill to amend the "Act for the Promotion of Employment of Young Persons (Bill for the promotion of youth employment) in March 2015, aiming to support in developing and improving occupational skills, including; Creation of a mechanism that requires companies to provide workplace information in recruiting new graduates; Promotion of initiative aiming to promote young persons' smooth employment, e.g. by requiring HelloWork (public job placement offices) to refuse companies violated labor-related laws and regulations to put recruitment advertisement for new graduates; Dissemination/promotion of job cards; Creation of registration system of career consultant, etc.
- To enhance countermeasures targeting companies suspected of hiring young people as "disposable" workers, the Government has conducted "targeted supervision" in November 2014, and in addition, set up the "Working conditions consulting hotline," which provides consultation during night and holidays and opened a comprehensive information website related to working conditions titled "Make sure your work conditions" from 2014.

**(Comprehensive promotion of measures to secure and nurture human resources in areas of labor shortage)**

- The Government is currently working to comprehensively promote necessary measures to secure and nurture young people and other human resources, including improvement of employment management in the medical care and welfare, construction, manufacturing, and transport sectors, as well as measures focused on matching personnel with suitable jobs.

**(Strengthening of human resource capabilities to meet the needs of globalization)**

- In order to drastically enhance overall English education throughout the elementary, junior high, and high schools, the council of advisers on English education has compiled the "Report on the measures to improve/enhance English education in the future" in September 2014, and consulted the Central Council for Education on the way of curriculum guidelines to enhance English skills indispensable for the global society, including the earlier English language education in elementary schools and to

incorporate English into the curriculum, etc. In addition, the Government enhanced the dispatch of teachers to educational institutions abroad, acceptance mechanism of returnee and foreign children, and Japanese language education system. The Government will continue its efforts to realize high-quality education at educational institutions abroad and to improve the educational environment for returnee children and foreign children.

- Furthermore, with the aim of doubling the number of Japanese students who study abroad by 2020, the Government has started encouraging students to study abroad gradually through the public-private partnership study abroad support program called "TOBITATE! (Leap for tomorrow!) Study abroad campaign JAPAN representative program" by using Study Abroad Program sponsored by national fund or private fund. In addition, to strategically accept international students, with a vision to achieve the goal of the 300,000 International Students Plan, the Investigative Panel has compiled the report in July 2014 on the ideal form of supporting living environment for international students, and in the future, the Government will advance its support improve the dwelling environment for international students including improvement and management of university dormitories, etc., making use of International Community House, etc. Moreover, through the Top Global University Project, the Government has started support to universities from October 2014 targeting universities seeking to bolster their international competitiveness such as to increase in the ratio of international students and professors, increase the number of classes conducted in English, etc. In conjunction with this, the Government has made the requisite institutional reforms to realize the joint degrees offered by Japanese universities in partnership with foreign universities.
- Regarding Japanese nationals in seeking posts with international organizations, the Government has enhanced the public information services for young Japanese, and newly dispatched 44 young Japanese (among whom 30 were female) to international institutions in FY2014 through the Junior Professional Officer (JPO) Program.

### **(3) Specific new measures to be taken**

To realize the "world-class employment environment and ways of working," the "Japan Revitalization Strategy Revised in 2014" set forth initiatives to spread and expand the "diversified regular workers" whose job, etc. are specified and to realize "Highly Professional Working System" that enables creative ways of working that evaluates workers based on performance rather than the time spent on work, in addition to the membership-type ways of working, typified by such practices as lifetime employment and frequent transfer between various job positions.

On the other hand, amid the drastically changing environment surrounding companies and individual persons due to the accelerating technological innovation, intensified global

competition, low birth rate and longevity, etc., in order for the citizens to enjoy high quality employment and stable earnings and, at the same time, to increase productivity of the businesses, it is of the utmost importance for the Government to continue its effort to realize reform of the ways of working including preventing overwork, while enabling individual persons to free themselves from "company-conscious" mind (focusing on company to be employed instead of on their own career), and to improve their expertise according to their abilities and personalities, and choose their workplace at which they can maximize their value, and have chances to achieve their potentials. The Government will lead these efforts to fostering human resources who can realize innovation. Based on the concept that the investment in human capital will bring about certain and long-term return, the Government will significantly increase the investment in human capital through the intensive support across relevant ministries and agencies for "voluntary learning of each individual" in every stage from elementary education to entire lifespan to flexibly respond to the economic and social changes. Under this concept, and from the standpoint of drastically strengthening the ability to use human resources in Japan, the Government will advance approaches by interlocking employment policy and education policy together, while enhancing human resource development which forms the basis of the ability.

Also, in order to solve the problem that Japanese employment practices are not transparent, especially to the eyes of foreign countries, and to improve the temporal/monetary predictability of settlement of dispute over termination of employment, thereby to contribute to the effective utilization of human resources and exercise of individual's capabilities, and to protect workers of SMEs and promote foreign direct investment in Japan, the Government will advance concrete studies aiming to create a system to realize the ideal form of the labor dispute resolution system that is transparent, fair, objective and globally acceptable.

## **i) Implementation/realization of reforming ways of working**

The Government will make efforts to realize the work style reform which was set forth in the "Japan Revitalization Strategy Revised in 2014." To that end, the Government will continue to drive forward the initiatives to prevent overwork, and pursue early enactment of the bill to partially revise the Labor Standard Act, etc. aiming to realize "world-leading employment environment and work style."

### **[1] Enhancing measures to prevent overwork**

The Government will work on for early realization of various approaches to prevent overwork set forth in the bill to partially revise the Labor Standard Act ; Abolition of moratorium on SMEs' extra wage rate for overtime work exceeding 60 hours/month; Realization of work-life balance and well-modulated working

style by extending the settlement period for flextime system; To ensure use of annual paid leave by requiring business owners to designate when their employees take a part of annual paid leave (5 days/year); Promoting review of the way of working/taking holidays by negotiations between management and labor at every company, etc.

Also, the Government will strengthen the systems of inspection and guidance to rectify the long working hours at companies, etc., and will enhance the supervision to companies that are found to have forced their workers work for more than 100 hours/month as scheduled to be started from January 2015.

Also, in order to curb long working hours and realize workers' work-life balance, the Government will launch a national campaign "Change summer life style ("Start early and Leave office early" campaign)" from this summer, so that workers can go to work early in the morning and spend more time with their family in the evening during summer season when the daytime is longer.

To be concrete, the Government will request business groups, etc. and collect and publish example cases to encourage private sector businesses to promote the "morning-oriented work style" and the "flextime system" during summer time, and to change life style to leaving work early in the evening. As for the staffs in the national civil service, the Government will take the lead in them to go to work early in the morning and leave early, and has requested the National Personnel Authority to consider introducing the "flextime system" aiming to a wide range of staffs can choose flexible working style. Further, the Government will inform local governments about measures among the national government staffs.

In conjunction with it, the Government will advance its effort to encourage companies to realize offering of more than 4 successive paid holidays ("Plus-one holiday campaign"), and encourage national and local government, education board and relevant organizations to cooperate and coordinate to set a "hometown holiday" in each region.

## **[2] Early establishment of "Highly Professional Working System"**

From the viewpoint that "highly professional working system" will respond the needs of workers who want to be evaluated based on performance rather than working hours and make workers fully exert their motivation and abilities, on the condition that business that a ministerial ordinance will prescribe to be covered by this system must meet the requirements set forth in the "Japan Revitalization Strategy Revised in 2014" and laws and ordinances, e.g., "more than ¥10 million annual income," "specific scope of duties," etc., the Labour Policy Council will promptly draw a conclusion upon deliberation after the bill was enacted, so that business, which will lead to creation of new industries and market innovations

that change with the times, will be properly covered by this system.

**[3] Improving the environment to raise the minimum wage to facilitate sustainable economic growth**

While supporting SMEs and small enterprises to improve their productivity, the Government will make every effort to raise the minimum wage so that the virtuous cycle of wage growth in all income groups and growth of corporate earnings will be sustained and expanded.

**ii) Reinforcement of human resource capabilities that will support the future  
(Support of voluntary effort of workers to develop their own careers)**

Based on a set of initiatives for "reinforcing of human resource capabilities that will support the future (Employment/Education policies)" (Ministry of Health, Labour and Welfare / Ministry of Education, Culture, Sports, Science and Technology) published on June 4, the Government will implement measures centering on the following approaches integrally.

**[1] Promotion of information disclosure by companies on their efforts toward human resource development, etc.**

To help young people face their abilities and personalities in their working lives and improve and exert necessary expertise, the Government will encourage companies to positively disclose their workplace information (Overall information prescribed in the ministerial ordinance based on the deliberation made by the Labour Policy Council for each category of the conditions; 1) condition of recruitment and employment, 2) condition of working hours, etc., and 3) condition of development and improvement of occupational skills), after the "Bill for the promotion of youth employment" will be enacted.

To that end, the Government will encourage companies that submit job postings at Hello Work(Job Placement Office) to make a registration of a wide range of workplace information, while encouraging job placement agencies and recruitment information providers to actively provide workplace information of companies. Further, the Government will continuously review the contents of information provided, based on the needs of job seekers, attempt to compile a database of workplace information related to companies' efforts to develop human resources and promote "visualization" of the companies' efforts to develop human resources.

**[2] Promotion of introducing "Self Career Dock (tentative name)"**

As an infrastructure of the labor market take proactive measures against socioeconomic changes, it is important to prepare environment that promotes workers to acquire the habit of proactively thinking about their own careers. More specifically, the Government will create "Self Career Dock (tentative name)," which provides opportunities for workers to regularly reflect on their own working careers, and confirm what kind of career paths they should go on, and determine the knowledge, abilities and skills they should acquire. To that end, when a company uses the "career formation subsidy program," the Government will make it a requirement or incentive to conduct "Self Career Dock (tentative name)" and, at the same time, from the standpoint to encourage voluntary ability development regardless of the size of the business, the Government will expand the scope of target business of this subsidy. Also, the Government will support companies that make efforts to introduce, implement and promote the "Self Career Dock (tentative name)" system by actively providing subsidies through employment insurance, and create and disseminate model work regulations and implementation manuals that can be used by those companies. Through such approaches, the Government will actively support companies in introducing "Self Career Dock (tentative name)." Also, regarding the efforts related to the development/improvement of occupational skills, including its introduction and implementation status, the Government will encourage proactive information disclosure of each company through the approach 1) above, after the "Bill for the promotion of youth employment" will be passed, and based on the results of the deliberation by the Labour Policy Council.

Further, for a part of the expense incurred to workers when they personally use the "Self Career Dock (tentative name)," the Government will consider the support measures for individual persons, e.g. to make them eligible for the Training and Education Benefits System, etc., and will reach a conclusion within FY2015.

**[3] Promotion of introducing Training leave system / Short-time work for training**

It is a responsibility of companies to secure sufficient opportunities for their employees to acquire necessary knowledge, abilities and skill in their working careers. Therefore, the Government will promote introduction of the Training leave system and Short-time work for training by companies through the use of the career formation subsidy program, etc. Also, regarding the efforts related to the development/improvement of occupational skills including its introduction and implementation status, the Government will encourage proactive information

disclosure of each company through the approach 1) above, after the "Bill for the promotion of youth employment" will be passed, and based on the results of the deliberation by the Labour Policy Council.

**[4] Promotion of company-led ability evaluation, etc.**

For workers to choose work with which they can maximize their value, secure opportunities with which they can display their abilities and efficiently improve their abilities, it is important that an environment is in place in the labor market where workers' occupational skills are properly evaluated. In order to build an occupational skill evaluation system, it is essential for industry groups and companies, who directly understand the needs for human resources, to play the key roles in its design and operation.

Therefore, while improving the technical skills test in the growth sector focusing on interpersonal service fields, the Government will proactively support industry groups and companies that are making efforts to promote these tests, from the viewpoint to promote practical in-house tests within individual companies associated with industry common certification tests.

**[5] Enhancement of support for companies' efforts toward career progression of employees**

Not only to support the efforts of workers to improve their careers, it is also important for companies to secure opportunities for their workers to have Off-JT while continuing their work, in cooperation with educational institutions. Therefore, the Government will promote the efforts of companies toward Employment and Human Resources Development, which is a combination of OJT and Off-JT, through the use of the career formation subsidies and career up subsidies, while disseminating and promoting such efforts.

**[6] Make the best out of middle-aged and elderly**

Amid rapidly changing environment surrounding companies, it is becoming difficult for a company to sufficiently respond only with the human resource development, and amid increasing workers with various careers because of career change, the Government needs to improve an environment that the people with abilities and experiences can play active roles in other companies, if they want, and can demonstrate their abilities. To that end, from the viewpoint of supporting voluntary challenge of middle-aged and elderly persons toward diversified second carrier/next step, and aiming to establish a system to support internship for middle-aged persons, which bears a function of fostering-style secondment or trial employment by using employment insurance system, the Government will

conduct the "trial secondment program" first at the Industrial Employment Stabilization Center of Japan, through which they can accumulate know-how of trial secondment and extract problems of trial secondment, then, newly create a subsidy device for companies that accept middle-aged and elderly human resources. After that, the Government will create a new support system utilizing private sector human resources service businesses in FY2018.

### **(Educational institution reform to improve professional awareness and practical career skills)**

#### **[7] Promotion of workplace experience activities in elementary, junior high, and high schools**

For the children and students to become socially and vocationally independent, the Government will build an age-appropriate step-by-step career education system. To that end, the Government will, with cooperation from the industrial circle, have elementary, junior high and high schools (especially in comprehensive course) to make arrangements for social experience, such as business start-up, workplace activities, etc., and promote utilization of specialists such as career consultants, etc. In addition, from the viewpoint of active appointment of human resources from outside as teachers, such as adults who have excellent knowledge and experience and skills in various field, the Government will review the traditional way of issuing special teaching certificates, while simplifying and streamlining the procedure of giving certificates, and promote utilization of them in all prefectures.

Further, the Central Council for Education will provide further insights into the ideal form of new curriculum in high schools to acquire necessary abilities to voluntarily participate in society and to have independent social life, and of curriculums in professional courses that meets the social demand, and will draw a conclusion on the desirable form of curriculum guidelines by FY2016.

#### **[8] Creation of education system by partnership of Specialized Training College and industry**

Regarding Specialized Training Colleges that are practical vocational training institutions, the Government will enhance the function of fostering professional human resources to meet the needs of industry. To that end, the Government will create a guideline for creating an education system combining the learning and practice together through cooperation of Specialized Training Colleges and companies, etc. (industry-university cooperative education program).

**[9] Promotion of internship in universities, etc.**

The Government will increase the ratio of internship participants so that the learning in universities, etc. will be seamlessly connected to career choice. To that end, the Government will promote efforts of those universities, etc. that are giving credits for participating internship or providing medium and long term internship longer than several weeks, etc. through the priority allocation of ‘management expenses grants for the national university corporations’ and the ‘subsidy for current expenditures to private institutions of higher education.’ In doing so, the Government will also promote paid internships and internships at SMEs, through cooperation of industry and academia, which will provide opportunities for students to think about the purpose of working and grow personally.

**[10] Enhancement of the function to foster highly specialized professionals in Professional Graduate Schools**

By enhancing the education at Professional Graduate Schools such as graduate school of business administration, the Government will enhance the function of fostering highly specialized professionals in the industrial field with growth potential. At the same time, from the standpoint of globalization and ensuring the quality of education, the Government will inspect the Professional Graduate Schools and conduct a review within a year based on the results of the verification, by positively undergoing evaluation of international evaluation organizations, and by creating a world-class educational program, etc., and immediately take necessary measures including institutional measures.

**[11] Foundation of recognition system for "Professional Practical Skill Training Program" in universities, etc.**

Aiming to expand opportunities for adult persons to improve their abilities required for their work at universities, etc., the Government will build a mechanism in which the Minister of Education grants certification and encourage practical/professional education programs ("Professional Practical Skill Training Program" recognition system) that meet the needs of adult persons and companies (management, accounting, IT, marketing, etc.).

**[12] Institutionalization of new higher education institutions that provide practical vocational education**

In response to the drastically changing industrial structure, and in order for persons to acquire professional expertise at any time, and from the viewpoint to diversify higher education system, the Government will institutionalize "New higher education institutions that provide practical vocational education."

The education programs of this institution should be appropriate to acquire practical expertise, e.g. introduction of "Dual Education Program," in which persons acquire necessary skills and knowledge in the practical vocational activities, and based on such practice, attend classes in schools and discuss so that they can systematize their skills and knowledge. Also, the Government will make a mechanism that enables to provide diversified education programs with which adult persons can effectively learn specific knowledge and skills intensively and in short period of time, while incorporating a process to continuously verify and improve individual education program in close cooperation with industrial circles, so that the individual education program can respond to the change of industrial structure. As for the teachers for these education programs, the Government will actively appoint practical teachers who have acquired knowledge and experience of doing business and effective teaching technique. The facilities and equipment must be the one that can flexibly respond to the changes of the real world and reasonable to conduct high quality practical occupational education regardless of young or adults. Also, certificates to be given at the time of graduation will be the one equivalent to the "Bachelor" degree. In conjunction with it, by ensuring consistency of the public subsidies and scholarship systems with existing universities, the Government will permit the conversion not only from professional training colleges, but also from existing universities.

Based on the above, toward its institutionalization, the relevant ministries and agencies will cooperate each other to build support/cooperation system to meet the needs of individual industry, and to ensure the educational level of each industrial circle by occupational category and industrial field, etc., and toward the opening in FY2019, the Central Council for Education will draw a conclusion on the specific system design by the middle of 2016 and take institutional measures within 2016.

**[13] Enhancement of support by training and education benefits to education programs conducive to acquiring practical expertise**

Based on the "Japan Revitalization Strategy," to support adult persons for their mid-and-long-term career formation, the Government has revised the Employment Insurance Act and founded the "Professional Practice Training and Education Benefits" and carried out from October 2014, which allows the rate of benefit for training and education to be raised or additional benefits to be provided when persons take training courses designated by the Minister of Health, Labour and Welfare, among 1) Training course of training institutions to acquire occupational/title licensing (training period of 1 to 3 years), 2) Professional practice course of specialized training colleges (training period of 2 years), or 3)

Training course of professional graduate schools (training period of less than 2 or 3 years).

In the future, based on the actual conditions of the recognition system for "Professional Practical Skill Training Program" and educational programs to be carried out in the "New higher education institutions that provide practical vocational education," the Government will study on the ideal form of training course subject to the "Professional Practice Training and Education Benefits," in light of being truly effective to form practical expertise for adult persons, including diversified and flexible programs that is easy to balance with work, and promptly draw a conclusion.

**iii) Creation of a highly foreseeable labor dispute resolution system, etc.**

Because legal action, which is an ultimate solution of labor dispute, puts a significant burden in terms of cost and time compared to other methods to solve the dispute, sometimes dispute resolution procedures other than legal action are selected, and in that case, disputes are solved with less money compared with that of legal action. Because of this, and from the fact that the return-to-work rate is low even after the court nullified the dismissal because of conditions of both labor and management, the Government needs to establish a labor dispute resolution system that is transparent, fair, objective and globally acceptable, based on the results of analysis and streamlining of "mediation," "labor tribunal decision," and "conciliation" cases as well as on the results of the research and survey on relevant systems and their management in other countries. To that end, the Government will promptly establish a forum for discussion of specific approaches to highly foreseeable dispute resolution systems, etc. including pecuniary remedies at the time when the dismissal was nullified (cause of termination of employment, nature and level of compensation, etc.) and its necessity, and put in place the requisite institutional measures after the deliberations by Labour Policy Council.

**iv) Ensuring of diversified employment/job opportunities, etc.**

**a) Promoting active social participation by the elderly**

To maintain social vitality and to realize sustainable growth amid the depopulating society, as well as to satisfy the hopes of elderly and have them live fulfilling life, we need to improve social environment where motivated elderly can take active roles in society by taking advantage of their abilities and experience throughout life regardless of their age. Therefore, by advancing initiatives described below, the Government will seek for drastic improvement and enhancement of job-matching function and of diversified employment/job opportunities for elderly.

## **(Enhancement of information, etc. conducive to job-matching function, etc.)**

### **[1] Measures for "quality improvement"**

By improving environment where workers can reflect their own career by having career consulting before their retirement, the Government will encourage elderly to participate in in-house or external job trainings for middle-aged people conducive to rebuild existing abilities by making use of their experience and skills.

### **[2] Measures for "quantitative expansion"**

Based on the Basic Policy for Employment Security Measures for Elderly, etc., the Government will strongly encourage employers, etc. to actively support their employees for re-employment, e.g. to encourage their retiring workers who want to work after retirement to register their job application at Hello Work job placement office or at private employment agencies.

Also, Hello Work that accepted the registration will regularly update the information registered and provides the subject information to private employment agencies with the consent of the registrant.

In addition, to promote further increase in employment of elderly of age over 65, the Government will study on incentives to be provided by companies and desirable form of employment insurance coverages.

### **[3] Measures for "accuracy enhancement"**

The needs of job-seeking elderly are of great variety, and to avoid mismatch of conditions, the Government will arrange so that the job offer information include detailed information such as 1) available area to work (railway line, name of station, etc.), 2) available day of the week, number of days and time, 3) available work, etc. in accordance with the applicant's request.

## **(Creation of diversified employment/job opportunities)**

By creating a mechanism to dig up diversified employment and job opportunities in the region, for example, each local government takes initiative to promote networking of relevant organizations in the region, etc., and by reinforcing the function of the National Silver Human Resources Centers, e.g. by extending job categories, the Government will seek to expand opportunities for elderly to actively participate in the society.

**b) Promotion of social participation by people with disability, etc.**

- The Government will promote support social participation of people with disabilities, intractable diseases, cancer patients, etc., including job assistance.

## 2-2. Promotion of active social participation by women / Utilization of foreign human resources

### (1) Progress in achieving KPIs

#### **(Promoting active social participation by women)**

**<KPI> Aim for the elimination of childcare waiting lists by securing childcare arrangements for about another 200,000 children by the end of FY2014 and about another 400,000 children by the end of FY2017 (Plan to Accelerate the Elimination of Childcare Waiting Lists)**

⇒The childcare arrangement expanded to about 19.1 million in the last 2 years, FY2013 and FY2014. (Estimates as of the end of May 2014)

**<KPI> "Secure 463,000 nursery teachers in nursery schools by the end of FY2017" (Nursery Teacher Retention Plan)**

⇒ FY2013: 378,000

**<KPI> "Boost the employment rate of women (age 25–44) to 73% by 2020"**

⇒2014: 70.8% (2012: 68%)

#### **(Utilization of highly skilled foreign professionals)**

**<KPI> Aim to recognize 5,000 highly skilled foreign professionals by the end of 2017**

⇒A total of 2,799 foreign nationals were recognized as highly skilled foreign professionals by February 2015 since the introduction of the points-based system in May 2012.

### (2) Progress made in implementing measures

#### **(Enhance securing of childcare arrangement and nursery teachers, etc.)**

- It is expected that the Government can secure the childcare capacity for about another 200,000 children (or 190,000 anticipating less capacity due to the decline in the number of children, etc.) in 2 years, FY2013 and FY2014. The Government further aims to secure for about another 200,000 in 3 years from FY2015 (or 210,000 anticipating the decline of number of children as stated above.)
- In order to realize the Zero Children Waiting List by the end of FY2017, the Government has formulated the "Nursery Teacher Retention Plan" in January 2015 by compiling the measures to realize securing of another 69,000 nursery teachers. Also, by launching a campaign called "Nursery Teacher Employment Promotion Month" in March 2015, the Government has intensified its effort to dig up potential nursery teachers and assistance of their employment. In March, the Government issued a

written notification to prefectures, designated cities and major urban areas, to promote utilization of short-time nursery teachers, and to permit, for FY2015, staffing of non-certified nursery teachers with nursing experience during morning and evening hours when they have fewer number of children to care, instead of one certified nursery teacher.

- The Government has compiled "Training subjects for child care support staff," etc. in December 2014, and issued the implementation guideline to the prefectures, etc. and informed about the system.

### **(Steady implementation of the "Comprehensive After-school Program for Children")**

- The Ministry of Education, Culture, Sports, Science and Technology and the Ministry of Health, Labour and Welfare jointly formulated the "Comprehensive After-school Program for Children" in July 2014, which aimed to newly improve the after-school clubs for about another 300,000 children and to implement the integrated form of after-school club and after-school class for children at more than 10,000 locations by the end of FY2019. Also, to support municipalities to improve these initiatives systematically in accordance with the "Comprehensive After-school Program for Children," the Government has described these initiatives in the "Guidelines on Preparing Action Plans" formulated in November 2014 based on the "Act on Advancement of Measures to Support Raising Next-Generation Children," and included the expense required to quantitatively expand and qualitatively improve them in the FY2015 budget.

### **(Building of new legal framework toward active social participation by women)**

- In February 2015, the Government has submitted a bill regarding the promotion of active participation of women in their working life, which required the Government, local government and private sector businesses to formulate action plans for active participation of women including numerical targets.

### **(Newly created a status of residence for highly skilled foreign professionals)**

- The Government held information sessions about the "Points-based System for Highly Skilled Foreign Professionals" for industry groups and universities, and the number of recognition expanded at a pace largely surpassing the level required to achieve KPI. Also, following the "Act on the Partial Revision of the Immigration Control and Refugee Recognition Act" enacted in June 2014, a new status of residence with indefinite period of stay targeting highly skilled foreign professionals was established in April 2015.

- In February and May 2015, in cooperation with business groups, etc., the Government held job matching events for JET participants expected to complete the programme and companies and groups seeking global human resources. Also in June, the Government held a seminar for the university staff in charge of international students and university career advisers to explain the procedures to acquire the status of residence, opportunities for job matching, etc. to support international students in finding jobs.

**(Promotion of initiative for the transition of the Technical Intern Training Program to a new system)**

- To realize the policy to review the systems set forth in the "Japan Revitalization Strategy Revised in 2014," the Ministry of Justice and the Ministry of Health, Labour and Welfare held joint discussion sessions with experts on the revision of the Technical Intern Training Program. Based on its results, the Government has submitted in March 2015, a bill related to proper implementation and the protection of the trainees of the Technical Intern Training Program, which includes enhancement of the management and supervising system (institutionalization of the permission of supervising organizations and the approval of the technical intern training plans, establishment of the Technical Intern Training Organization, etc.) as well as the expansion of the system (extension of the maximum training period from 3 years to 5 years).
- In 2015, newly added 4 fields such as fruit cultivation, etc. in the range of occupation covered.
- In order to add nursing care service to the occupations covered, it was decided that the Government would develop a specific institutional arrangements which can meet the requirements arising from the characteristics of the nursing care service such as the need to guarantee quality; and when the details of the revision of the Technical Intern Training Program are finalized, after confirming they can meet the requirements arising from the characteristics of the nursing care service, the Government would add the service to the occupations covered, at the same time as the start of the new Technical Intern Training Program.

**(Establishment of new employment systems in the fields that require urgent response to ensure sustainable growth)**

- In order to make it possible to accept employees from overseas subsidiaries of Japanese manufacturers to Japan, to have them acquire expertise related to the new products development, and to transfer such technologies to overseas bases, etc., the Government are preparing to establish a system that requires approval of the Minister of Economy, Trade and Industry, aiming to start it within FY2015.
- In April 2015, from the standpoint of promoting active social participation of women,

the Government has submitted a bill to revise the "National Strategic Special Economic Zone Act," which includes exceptional measures that enables foreign housekeeping support workers employed by housekeeping support service companies to enter and stay in Japan under a certain administrative system by the local government, etc.

- In March 2015, the Government has submitted a bill for the "Act on the Partial Revision of the Immigration Control and Refugee Recognition Act," which includes the establishment of a new status of residence "nursing care" which allows foreign workers obtaining the national qualification of care worker, to work in Japan.

### **(3) Specific new measures to be taken**

#### **i) Promotion of active social participation by women**

##### **(Steady implementation of the measure toward "Achievement of the Zero Children Waiting List")**

To ensure elimination of childcare waiting list by the end of FY2017, the Government will steadily improve childcare arrangements based on the "Plan to Accelerate the Elimination of Childcare Waiting Lists" as well as to secure nursing-care staffs based on the "Nursery Teacher Retention Plan" in cooperation with local governments. Especially, amid rapidly increasing volume of childcare-related facilities to be improved, and securing of childcare staffs has become an urgent issue, the Government will respond to the various needs of potential childcare staffs by expanding utilization of short-time childcare staffs and thereby reducing long working hours, while improving the working conditions of childcare staffs, as well as to strengthen initiatives to improve employment rate of new graduate nursery teachers in conjunction with conducting the examination for nursery teachers twice a year, thereby secure nursing staffs.

Also, in order to secure and improve the quality of childcare service amid increasing volume of childcare-related facilities to improve, the Government will promote third-party evaluation of childcare business operators.

#### **[1] Initiatives toward securing nursery teachers**

- Implementation of effective measures to dig up potential nursery teachers

There are many potential nursery teachers who could work for a short time and it is possible to use them from an institutional perspective, but there are cases that local government does not allow utilization of short-time nursery teachers from operational perspective. Therefore, the Government will take further approach to local governments to promote utilization of short-time nursery teachers.

Also, the Government will require all nursery teacher training facilities to make registration of all new graduates at the local government, and require the Nursery Teacher and Nursery School Support Center to regularly update the list of

potential nursery teachers known by them and to approach to the potential nursery teachers on timely basis.

- Initiative to improve employment rate of new graduate nursery teachers

The Government will continue to take measures such as to incorporate the quantitative results of employment rate of new graduate nursery teachers into the evaluation index, etc. for providing subsidies to nursery teacher training facilities.

- Initiative toward reducing quit rate and retention of nursery teachers

By spreading the best practices of nursery schools with low quit rate nationwide, and through the presentation/publication of personnel management techniques nursery schools should aim for (utilization of short-time nursery teachers, introduction of short-time regular employee system, etc.), the Government will promote improvement of employment management at nursery schools.

- Measures with immediate effect to secure nursery teachers (Implementation of region-based nursery teacher system)

There are many concerns that it is difficult to secure nursery teachers in urban area and local region, therefore, the Government will start implementation of nursery teacher test in National Strategic Zoned twice a year (region-based nursery teacher system) from FY2015 after the bill to revise the "National Strategic Special Zone Act," which was submitted to the Diet in April 2015, is enacted. As for the implementation of twice-a-year tests in the areas other than Special Zones, the Government will take necessary adjustment considering the needs of local governments.

## **[2] Securing of childcare staffs**

- Consideration on the number of nursery teachers when the number of children are few

For regions that are especially hard to secure nursery teachers, the Government will verify the measure implemented in FY2015 as an exceptional case (to permit staffing of a non-certified childcare staff with childcare service experience as a substitute of a certified nursery teacher during morning and evening hours when they have fewer number of children to care), and based on its implementation status, examine desirable form of implementation in FY2016 and beyond, and draw a conclusion within FY2015.

- Consideration on utilization of persons who have other national qualifications,

etc.

Regarding the measures to make it easier for persons with welfare-related national qualification or for childcare support staffs to acquire nursery teacher qualifications (by providing partial exemption from nursery teacher training course, examination subjects, etc.), the study panel for securing nursery teachers will promptly start deliberations and upon reaching a conclusion, the Government will implement necessary measures one by one.

**[3] Establishment of nurseries, etc. in the city parks in National Strategic Special Zones**

To respond to the increasing demand for the welfare services such as childcare, etc., the Government will set standards to establish social welfare facilities including nurseries, etc. in the city parks in National Strategic Special Zones and promote utilization of the system after the bill to revise the "National Strategic Special Zone Act," which was submitted to the Diet in April 2015, is enacted.

**[4] Accurate assessment of actual condition of nursery field and active publication**

In order to accurately assess the improvement conditions of nursery fields, and to facilitate implementation of necessary measures, the Government will take measures required to conduct a statistical survey to accurately understand the situation including the new type of facilities, e.g. small scale nurseries, to be improved based on the New Child and Child-rearing Support Project Plan, while making effort to understand the expected volume of improvement of local governments at the beginning of each fiscal year. In addition, the Government will actively publish the data that shows to what extent the childcare waiting lists are reduced, and deepen the public's understanding on improving environment that allows people to leave their children without worries.

**[5] Promotion of third-party evaluation of nurseries**

Aiming to improve the quality of childcare service, and to improve the environment where people can leave their children without worries, the Government will seek to conduct the third-party evaluation of every childcare business operators by the end of FY2019. Also, the Government will actively "visualize" the results of such evaluation and promote improvement of environment where nursery teachers seeking job and users of childcare service can choose better childcare business operators.

## **(Promotion of initiatives of companies to rectify long working hours and to introduce flexible working style)**

In order to further promote active participation by women, it is urgent that both men and women can work in a good balance between work and family according to their life stages. It is important to improve work environment where work hours are reduced in entire workplace so that women who work without overwork can improve their career as men do. Also, there is a report of a case that reducing long working hours consequently contributed to increase in productivity and earning power of the company as a result of the effort to improve productivity per hour. Such initiative is also important not only in terms of women's participation but also in terms of strengthening of "earning power" of companies. With awareness of these issues, the Government will promote companies' efforts to improve their employment management toward reducing long working hours, as well as to introduce flexible work style including diversified regular employees, teleworking, short-time regular employees, etc., and to respond to these issues, the Government will improve the system and advance following initiatives.

### **[6] Thorough disclosure of information regarding companies' efforts**

After the "Bill related to the promotion of women's participation in their working life" submitted to the Diet in February 2015 and the "Bill for the promotion of youth employment" submitted in March 2015 are enacted, Government will accelerate the initiatives of companies by making use of such platforms as "business operators action plan" prescribed in the "Act for the promotion of women's participation in their working life" and the "scheme to provide workplace information" prescribed in the "Bill for the promotion of youth employment" as well as the "Comprehensive site to support participation of women and work-life balance," etc. Also, the Government will thoroughly advance "visualization" of actual condition related to working hours, etc. of each company, and create social environment where companies that are easy to work for women are more "chosen," e.g., proper working hours. In addition, the Government will create a mechanism to make companies properly recognize their problem of long working hours and to make effort to improve it, as well as to encourage companies to conduct effective approaches to correct long working hours, such as "introduction of evaluation system considering productivity per hour" and "incorporate work-life balance as one of the factors of personnel evaluation for management position." The Government will advance deliberation on the ministerial ordinances and the "Guidelines on Preparing Action Plans" after the "Bill related to the promotion of women's participation in their working life" is enacted.

**[7] Promotion of progressive approaches through various recognition systems and Minister's awards**

When the "Bill related to the promotion of women's participation in their working lives" is enacted, the Government will advance consideration that the efforts related to correct long working hours, etc. should be included in the evaluation when granting certification as an excellent company. Also, in the selection of "Excellent Equal Opportunity / Work-Life Balance Companies Award," "Nadeshiko Brand," "Diversity Management Selection 100," "Advanced Corporation Awards for the Promotion of Women," and others, the Government will actively evaluate the efforts of companies to reduce long working hours and encourage progressive approaches of companies.

**[8] Popularization of (Platinum) Kurumin Mark, etc.**

While making effort to popularize (Platinum) Kurumin Mark, a certification of company efforts to support child rearing by employees, and encouraging companies obtained such marks to further improve their employment environment, the Government will aim to carry out proper management of certification standards by putting emphasis on the points related to the change of work style toward reducing long working hours.

**[9] Providing incentives to company efforts to reduce long working hours**

In providing various subsidies related to the improvement of employment management to business operators such as "Positive Action Acceleration Subsidy," etc., the Government will study on the measures to increase incentives for companies' efforts, e.g. by focusing on the evaluation of the effort to prevent overwork aiming to reduce long working hours, etc., and will draw a conclusion within FY2015.

**[10] Consideration on other efforts toward reducing long working hours**

Aiming to promote companies' efforts toward reducing long working hours, the Government will study to revise the guideline based on the "Act on Special Measures for Improvement of Working Hours Arrangements." Also, the Government will give consideration on the provision of task analysis tools for SMEs and creation of consulting service system related to the efforts of companies toward work-life balance.

**[11] Enhancement of change to regular employee status / improve employment management**

To improve the quality of employment, and to further advance women's

participation, the Government will formulate "Project for changing to regular employee status and to improve employment management (tentative name)" which aims to change employee status to regular employee status and to improve employment management by expanding career-up subsidy, within FY2015, and accelerate the change of non-regular employee status to regular employee status.

**[12] Measures for men to take care of their children and for leaving work for caring their family**

Based on the considerations by the study group on the future efforts to support work-family balance, the Labour Policy Council will deliberate and reach a conclusion within FY2015 on the institutional measures necessary to increase the use of childcare/family-care leave, such as enhancing to keep employees informed about the child rearing and nursing care leave system, desirable way to take family care leave in installments, measures to promote flexible working style during family-care period, desirable form of lightening the economic burden during family-care leave, etc.

Also, to promote use of paid leave by men for the purpose of child-rearing, including taking leave immediately after spouse's childbirth, the Government will encourage companies, etc. aiming to achieve "80% of paid leave usage rate of men immediately after spouse's childbirth in 2020."

**(Review toward a system for better working environment for women, etc.)**

**[13] Review toward a system for better working environment for women, etc.**

To promote further participation of women, the Government will review the taxation, social security system, spouse allowance, etc., to put an ideal system for women to work into effect, e.g. system conducive to smooth increase in household income, social security coverage according to work, etc. Regarding taxation, based on the "Summary of issues regarding the revision of taxation on personal income, including the creation of neutral tax system to selecting the way of working (primary report)" compiled by the plenary meeting of the Government Tax Commission in November 2014, the Government will promote national debate extensively and carefully. Regarding social security system, in addition to the expanded coverage of the employees' insurance (employees' pension insurance, national health insurance) (to be enforced in October 2016) in accordance with the "Act on Reinforcing Pension Function," and based on the prescriptions set forth in the "Social Security System Reform Program Act" and in the additional clause of "Act on Reinforcing Pension Function," and taking into consideration the implementation status and effects of the expanded coverage to be enforced in October 2016, the Government will steadily conduct deliberation toward further expansion of the coverage, and will take institutional measures to open the door for SMEs to expand the coverage in conjunction with the enforcement in October 2016. Also, the Government will encourage workers and managements to consider the spouse allowance, while the Government will deliberate on its revision.

## **(Improvement of the environment to support housework)**

### **[14] Ensuring quality of housekeeping support services**

In order to create a mechanism to provide safe and high quality housekeeping support services, the Government will disseminate the "Guideline for housekeeping business providers" formulated in January 2015, and to conduct necessary studies to create "Certification scheme for housekeeping support service providers" by FY2016.

## **(Improvement of women's "quality of life")**

### **[15] Improvement of women's "quality of life"**

For every woman to shine, it is important to improve the quality of daily life, especially toilet is unavoidable in their daily lives. In view of this, the Government will send messages on the best practices of comfortable, clean, and safe toilet, while developing an atmosphere conducive to improve the quality of toilet, aiming to capture overseas markets of excellent Japanese warm water cleaning toilet seat, water-saving toilet system with imitative sound device, through international standardization and advertisement to foreign visitors to Japan.

Also, to further accelerate women's participation, and to lead it to the sustainable growth of Japanese economy, and based on the "2015 priority policies for accelerating the promotion of active participation by women" compiled in June 2015, the Government will drive forward the initiatives to expand women's participation, to foster women who play leading roles to solve social challenges, and to improve the environment for women to actively participate, etc. The Government will also further advance initiatives for women's participation in the national civil services, such as to promote mid-career employment so that women who retired early because of child-caring can participate in public services again.

## **ii) Utilization of foreign human resources**

Amid intensifying global competition in securing human resources, it is important to actively attract excellent foreign human resources to Japan to further revitalize Japanese economy and improve its competitiveness.

To that end, the Government will continue such initiatives so that highly skilled foreign professionals and international students would positively choose Japan and play active roles, and will take measures for promoting participation of foreign human resources in the professional and technical fields, especially IT and tourism, in which demand is expected to increase in the future, and for the active

participation of care worker candidates based on the economic partnership agreement.

**[1] Enhancement of initiative to promote acceptance of highly skilled foreign professionals**

- In consideration of the establishment of a new status of residence "highly skilled professional" in April 2015, the Government will promptly launch a mechanism to strategically publicize the "Points-based System for Highly Skilled Foreign Professionals," etc. and promote the publicity and its utilization in cooperation with relevant ministries and agencies, by selecting effective method and opportunity to appeal it in accordance with the situation of each industry including IT, financial and academic fields, etc., and by making use of industry groups.
- Promote improvement of environment to accept foreign nationals in accordance with the "Five Promises for Attracting Foreign Businesses to Japan" (Decision of the Council for Promotion of Foreign Direct Investment in Japan on March 17, 2015) [described below] (Described in "III. Strategy of Global Outreach."
- To improve the convenience for business operators who employ foreign human resources in the examination procedures of the status of residence, the Government will consider and aim to provide explanations and broadly share information through website, etc. within FY2015, about the most frequent cases and the ways to deal with it regarding documents to be filed and the way to prove them, etc. which are frequently asked by business operators.

**[2] Further acceptance of international students and enhancement of support for their active participation after completion of study**

- Toward the achievement of "A Plan for 300,000 Exchange Students" and to accelerate acceptance of international students, the Government will promote clarification of the policy of accepting international students through the admission policy, etc. of each university. To encourage each university to clarify their admission policies, the Government aim to formulate and publish a guideline within FY2015. Also, to increase international students who pursue degrees in the future, the Government will promote short period study in Japan programs, the ones combined with internship, etc.
- To enhance further support for the employment of international students, relevant ministries/agencies and organizations will cooperate in holding matching events in this summer intended for international students, etc. and companies interested in their employment. At the same time, the Government

will enhance the job seekers/job offerers matching function by collecting job seeking information of international students, etc. and job offering information of companies interested in hiring foreign human resources together at Employment Service Center for Foreigners and at the international student counter of Public Employment Security Offices for New Graduate, etc. Further, the Government will verify the effects of relevant ministries' effort regarding the support for employment of international students, etc., and lead it to further improvement of support measures.

**[3] Promotion of active participation of foreign human resources in the professional and technical fields including IT, tourism, etc.**

A) IT field

- Aiming to double the number of foreign IT human resources engaged in information and communications business from 30,000 (current) to 60,000 by 2020, the Government will implement following measures.
- To promote acceptance of excellent foreign IT human resources from South Asia and ASEAN countries including India, Vietnam, etc., the Government will proceed intergovernmental consultations about the designation of overseas universities that produce highly skilled IT human resources. At the same time, the Government aim to start initiatives in 2015 to newly set up, within Japan, a support group based on the Computer Software Association of Japan, to support graduates from the designated universities, etc. to study and find job in Japan after study, etc. in cooperation with Japanese language schools.
- Especially with India, based on the ministerial-level Joint Statement on IT Cooperation between Japan and India announced in April 2015, the Government will advance considerations about the utilization of Indian IT human resources in the regular intergovernmental consultations to deepen people-to-people exchange. Moreover, to Indian universities that produce top level highly skilled IT human resources, the public and private sector will cooperate in enhancing initiatives to promote the employment in Japanese companies, and publicize the attractiveness of Japan, etc.
- The status of residence "Engineer" and "Specialist in Humanities/International Services" were integrated into "Engineer/Specialist in Humanities/International Services" in April 2015 to make it easier for foreign human resources with knowledge in cultural sciences such as business administration to take active roles as IT engineers. Accordingly, the Government aims to clarify and publicize within FY2015, the requirements for the status of residence by presenting

examples of permitted cases, etc.

B) Tourism field

- In order to actively respond to the increase of foreign visitors, the Government will accurately grasp the needs of the utilization of foreign human resources in the tourism field, and continuously implement measures such as the revision of the requirements for the residential status, for the work considered to be in the professional and technical fields. Specifically, the Government will implement following measures for the time being.
- In order to promote utilization of foreign human resources in the tourism industry, and improve services to foreign visitors in hotels and Japanese inns, the Government will clarify that the current system permits the residence of foreign nationals on condition that they meet a certain condition, i.e. being engaged in services as attendant, concierge, etc. at reception desks in hotels or Japanese inns that require specialized knowledge, and will publicize it on website, etc. within FY2015.
- As the number of foreign visitors who enjoy skiing in Japan is increasing, the Government will promptly conduct a survey on the needs of snow resort-related people about the requirement of the status of residence for foreign ski instructors, and will considerate alternative requirements to years of work experience, and reach a conclusion within FY2015.
- Based on the results of discussions in the study group on the licensed guide interpreters system, and in order to promote multilingual services, the Government will consider the measures to promote further participation of foreign human resources including international students, etc. in the licensed guide interpreters services, and start implementation of specific measures within FY2015.

**[4] Promotion of active participation by certified care worker candidates based on the Economic Partnership Agreements**

With regard to the foreign certified care worker candidates from Indonesia, Vietnam and the Philippines accepted by Japan based on the Economic Partnership Agreements, the Government will start considerations on specific measures to further promote their active participation and reach a conclusion within FY2015.

**(Consideration on medium- to long-term approaches to accept foreign human resources)**

To ensure sustainability of economic and social infrastructure, the Government will advance comprehensive and detailed study on the medium- to long-term approaches to accept foreign human resources while focusing on the field where they are truly required. To this end, the Government will conduct cross-governmental surveys and considerations regarding essential issues including a mechanism that would not be misconstrued as an immigration policy, the way to shape the national consensus, etc.

### 3. University reforms / Promoting innovation in science and technology / Becoming the world's leading intellectual property-based nation

#### (1) Progress in achieving KPIs

**<KPI> At least 10 Japanese universities in the top 100 of world university rankings in the next 10 years.**

⇒ World University Rankings 2014-2015

Times Higher Education: 2 Japanese universities within the top 100, and 5 Japanese universities within the top 200.

QS: 5 Japanese universities within the top 100, and 10 Japanese universities within the top 200.

Shanghai Jiao Tong University: 3 Japanese universities within the top 100, and 8 Japanese universities within the top 200.

**<KPI> Become the No. 1 global innovator within the next five years: No. 5 in the 2013-2014 ranking.**

⇒ 2014-2015: No. 4 (up one rank from last year)

**<KPI> Aim to increase the number of people eligible for annual salary or mixed-salary systems from 6,000 in FY 2014 to 10,000 in FY2015.**

⇒ Approximately 6,600 people eligible for annual salary systems as of October 2014.

**<KPI> Aim to allocate operation cost subsidies for reform initiatives at each university and sums dependent on this to be increased by 30-40% by the end of FY2015.**

(FY2014 results: 21.1% (FY2013 results: 10.1%))

**<KPI> Reduce the time required to acquire patent rights to no more than 36 months by the end of FY2015**

⇒ Excluding the number of exceptional cases (2.9%) that required applicants to make revisions many times over, the time required to acquire all other patent rights was reduced to no more than 36 months in FY2014 and the KPI was achieved ahead of schedule.

#### (2) Progress made in implementing measures

**(Steadily implementing university reforms based on the National University Reform Plan)**

- Laws to revise the School Education Act and part of the National University Corporation Act from the perspective of establishing leadership by university

presidents, etc., were implemented (this year in April.) Other revisions include the expansion of authority of vice presidents assisting university presidents, and the clarification of roles of Faculty Councils.

**(Strengthening of “bridging” functions and other reforms of national research institutes)**

- In its fourth mid- to long-term objective which started in April this year, the National Institute of Advanced Industrial Science and Technology (AIST) has stated that it will increase its acquisition of private sector funds from its current level (4.6 billion JPY per year) to more than triple the amount (13.8 billion JPY per year.) It also published that it will strengthen cooperation with public research and development institutions etc.
- The New Energy and Industrial Technology Development Organization has stated that it has changed its third mid-term objective, etc., in March this year. It also listed objectives such as increasing the ratio of support towards venture companies, medium enterprises and SMEs by more than 20%. These venture companies, medium enterprises and SMEs account for funds allocated to newly-adopted projects and system development for flexible and swift administration by granting greater authority to project managers.

**(Arrangements for the basic framework of the cross-appointment system)**

- “The Basic framework of the cross-appointment system and points for consideration” was compiled last year in December in order for the cross-appointment system to be used actively in universities, research institutions, and corporations. As of April this year, the cross-appointment system is being applied to 92 people in the National University Corporation (27 of which are from internal national research institutions.)

**(Restructuring of the research funding system)**

- Grants-in-Aid for Scientific Research (KAKENHI) is carrying out reforms from the perspective of promoting research in interdisciplinary domains and international joint research.

**(Strengthening of the employee invention system and trade secrets protection)**

- A bill was submitted to the Diet in March this year. This bill revises a part of the Patent Act, including changes to the employee invention system geared towards ensuring a good balance in terms of combining advantages for companies with incentives for investors.
- The Trade Secret Management Guidelines was revised in January this year in order to

devise highly-effective measures to prevent the leakage of trade secrets through initiatives undertaken via collaboration between the public and private sectors. In addition, a bill was submitted to the Diet in March this year to revise part of the Unfair Competition Prevention Law. Namely, contents regarding areas such as increased fines for acts infringing on trade secrets and additional punishments for illegal acquisitions of trade secrets.

**(Achievement of high-quality examination at speeds comparable to other countries)**

- Both the Japanese and U.S. governments reached an agreement in May this year that the Japan Patent Office (JPO) and the United States Patent and Trademark Office (USPTO) would start a Collaboration Search Pilot (CSP) program in August this year, which was designed to share opinions and search results of the inventions in the applications that have been filed with both offices, to promote faster and more accurate investigations.
- A bill was submitted to the Diet in March this year to revise a parts of the Patent Act, etc. to properly deal with Patent Law Treaty and the Singapore Treaty on the Law of Trademarks, both of which were designed to internationally standardize and simplify the filing procedures differing in each country
- By May this year, frameworks for intellectual property cooperation with each of the 10 ASEAN nations were strengthened by the JPO's signing cooperative documents such as MOCs with each nation.

**(Establishment of a standardization system tailored to new market creation)**

- A standardization system tailored to new market creation was created in July last year as a structure for standardizing areas which existing industry groups have found standardization difficult to achieve, such as fusion technologies that span across multiple fields and the advanced technologies of medium enterprises and SMEs, etc.

**(The formulation of Japan's Robot Strategy and the establishment of the Robot Revolution Initiative)**

- Japan's Robot Strategy was compiled at the Robot Revolution Realization Council in January this year, and decided upon in the Headquarters for Japan's Economic Revitalization in February. Japan's Robot Strategy is a compilation of action plans sorted by strategy and field (manufacturing, service, medical and nursing care, infrastructure, disaster response and construction, agriculture, forestry and fisheries, and the food industry) for realizing the robot revolution. In addition, the Robot Revolution Initiative (a powerful parent organization promoting the robot revolution

as a whole) was established in May this year.

### **(3) Specific new measures to be taken**

Measures for rebuilding national system for innovation were proposed last year in April in the Strategy for Reforming Japan's System of National Innovation in order to constantly create innovative technological seeds and realize its swift commercialization. The completion of these measures were seen as a structure via the National University Management Strategy in June this year. The Government implements the measures to reform the national system for innovation in order to become the world's leading innovative country by promoting the contents included in the Comprehensive Strategy on Science, Technology and Innovation 2015 (approved by the Cabinet on June 19, 2015), strengthening the functions of the national Research and Development Agencies and promoting the self-improvement initiatives of universities that create innovative technological seeds, under Strategy for enhancing managerial ability of National Universities.

Regarding the regional innovation, the Government will promote and strengthen the incorporation of seeds and needs that those inside and outside the area have, based on the situation of each area.

Utilizing local intellectual property and initiatives, etc., towards international standardization and certification will be promoted based on the Intellectual Property Strategic Program 2015 (approved by the Intellectual Property Strategy Headquarters on June 19, 2015.)

Moreover, the Government aims to realize the targets set for research and development investments (at least 4% of GDP, and 1% of internal government research and development investment GDP,) based on the fourth Science and Technology Basic Plan. Based on the fact that innovations in science and technology are important pillars supporting the revitalization of Japan, Investment targets and KPIs will be considered in the fifth Science and Technology Basic Plan, and concluded within this year, in order to effectively promote ST policies, an investment for future. In this process, severe fiscal conditions and the characteristics of R&D will be taken into consideration.

#### **i) Implementation of a national system of innovation**

##### **[1] Strategy for enhancing managerial ability of National Universities**

- A) Rejuvenation of competition between universities strengthening their management capabilities by placing importance on supporting universities actively working towards self-reformation

Each university establishes KPIs, etc., according to the plans laid out for initiatives after clarifying its vision and targets, and selecting one of three newly established prioritized support frameworks. Namely, these three newly established frameworks are: the “promotion of regional contribution and national/international educational research in a field that is a strength/specialty of the university,” the “promotion of national/international educational research (rather than regional) in a field that is a strength/specialty of the university,” and the “university-wide promotion of superior educational research and social implementation on a global scale.” Based on performance indicators, etc., transparent objective evaluations will be performed regarding the situation on initiatives for the reforms, and allocate national universities’ operation cost subsidies in accordance with those results.

The logic behind these KPIs, etc., for making these frameworks effective is to aim to compile and publish allocation methods for operating cost subsidies and methods for making objective evaluations in a transparent manner.

In these frameworks, it is proactively evaluated and supported initiatives such as the bold reorganizations and renewals of education and research organizations of departments etc. adapting to changes in the times, partnerships and alliances between universities complementing mutual strengths and characteristics, reform of personnel and salary evaluation systems (converting to salary systems based on ability and educational research results, etc. (annual salary)), the introduction of cross-appointments and the development of personnel creating business newly.

In order to secure prioritized allocation of operation cost subsidies, the Government will aim to establish coefficients and amounts for newly established “Coefficients promoting function enhancement(tentative name)” and “Expenses at the discretion of the university president (tentative name)” sometime this year based on each university’s financial structure and initiatives during the reform acceleration period. In doing so, these will be established based on the essence of (allocation for reform initiatives at each university and sums dependent on this to be increased by 30–40% by the end of FY2015) described in the 2014 revision of the Japan Revitalization Strategy.

B) Expanding the degree of freedom in financial operations to enhance managerial ability of national universities

In order to expand the degree of freedom in financial operations to independently expand income, necessary measures will be taken only after obtaining a certain degree of conclusions sometime this year regarding business expansion accompanying profit (clarification, etc., on the scope of university business prescribed to National University Corporations,) and only after also

obtaining conclusions regarding policies, etc., towards acquiring donations.

Also, in an effort to expand joint research conducted between universities and corporations, efforts towards discussions with active corporations and establishment of cooperative frameworks, etc., by a university will be evaluated as the president's management performance, etc., and will be reflected in the allocation of management expenses grants etc.

Furthermore, regarding contracts for joint research between universities and corporations, consideration will be given to the way patent applications and contracts should be for joint research after having investigated the the form of patent applications, utilized performance of patents and the condition of contracts including non-working compensation regarding joint research. Based on the results of those considerations, universities and corporations will be promoted to utilize the way of flexible contracts

C) The focused strengthening of universities competing on a global scale and promotion of the formation of frontiers supporting future industries and societies, through the establishment of "Special Research Universities," etc.

- Special Research Universities (tentative name)

The system for "Special Research Universities" (tentative name) will be established in order to create universities that have a high level of managerial ability and freedom striving to improve their global competitiveness by calling in a variety of resources both domestically and from overseas. Therefore the Government will examine and establish necessary system including submission of a relevant bill to the Diet which expected timing is next ordinary session.

In doing so, strict management will be demanded to these universities in the system, such as the implementation of world-class rigorous evaluations to set overseas universities as a benchmark by university-related personnel participation from Japan and overseas, etc., and thorough public information disclosure. On the other hand, the system includes policies to strengthen managerial ability such as to increase the flexibility of organizational restructuring and capacity management, and to grant further incentives leading to enhancement of financial bases (greater freedom for asset management and profit-earning businesses, etc.).

In addition, the system includes policies promoting the development of innovative entrepreneurs and the creation of university-launched ventures, etc., taking into consideration the similar overseas cases from the perspective of realizing partnerships and virtuous cycle between venture companies and universities.

- Distinguished Graduate Schools (tentative name)

In order to also respond to the development of IoT, “Big Data,” and artificial intelligence, “Distinguished Graduate Schools” (tentative name) will be established to promote integrated education in the fields combining different fields (integration of liberal arts and sciences, etc.) and cutting edge teaching in the fields Japan excels in, formed through cooperation among universities, research institutes, corporations, and overseas institutions, etc. For this, a study group comprised of members from industry, academia and government will display the mechanisms for setup of fields comprising the Schools and collaboration between multiple organizations incorporating perspectives from creating new domains, industries and businesses within this year. Initiatives geared towards fleshing out details on the framework through partnerships with corporations in universities will start from the next FY.

- Distinguished Researchers (tentative name)

The “Distinguished Researchers” system will be created in order to allow distinguished young researchers to conduct activities in independent and free research environments at Special Research Universities and Distinguished Graduate Schools, etc., while taking up stable positions. The Distinguished Researchers system will be administered starting from next FY after considering how mandatory retirement positions as universities should be utilized, and after considering elimination of excessive centralization, etc., regarding certain universities.

## **[2] Competitive research expenditure reforms**

In recent years, national university corporations have been experiencing problems regarding a comparative decline in the diversity of their research and basic research capabilities, and there is a need to integrally promote university reform and research fund reform.

For this reason, indirect costs will be covered at 30% for newly adopted projects from next fiscal year for competitive research funds offered by the Cabinet Office and the Ministry of Education, Culture, Sports, Science and Technology to universities. In addition, consideration towards appropriate measures for indirect costs in the competitive research expenditures of relevant ministries will begin sometime this year under the Council for Science, Technology and Innovation (CSTI), and the appropriate measures for indirect costs will be sequentially carried out from next fiscal year.

In addition, consideration will be commenced under CSTI for improving the

operation into the agendas such as promoting the sharing of equipment and facilities and enabling seamless partnerships between research funding systems, and for increasing the flexibility of HR-related expenses from direct overhead costs, while considering the conditions such as the progress of personnel salary system reforms at national university corporations. The results will be implemented sequentially starting from next fiscal year.

In order to flexibly allocate the indirect costs of research funds from the private sector, including from the perspective of accelerating collaboration between universities and industries, the Cabinet Office will aim to promote understanding towards the private sector within this year.

Furthermore, sequential implementation will begin from next fiscal year after conclusions regarding policies (such as policies for the continuation of sustained system reform, etc.) for reconstructing the dual support systems of universities through management expenses grants and competitive expenses (not limited to research expenses, but also including all open-type expenses) are obtained sometime this fiscal year. At the same time, regarding KAKENHI, reviews on fundamental structures such as inspections categories will be promoted, and research funds concentrated on the back of a broad base of degrees will be allocated to diverse and original academic research while strengthening the ambitiousness trying to cultivate new frontier and the fusion of wisdom bringing unexpected breakthrough to new research.

### **[3] Strengthening the functions of Research and Development Agencies and actively introducing the cross-appointment system**

Research and Development Agencies will be at the heart of further strengthening “bridging” functions that join the formation of innovative hubs promoting active participation from industry, academia and government that go beyond the borders of respective fields and sectors, with the strengthening of those functions and the commercialization of innovative technological seeds.

For example, establish targets regarding the promotion of joint research with cross-appointments and private sectors, the introduction of annual salary systems, the concentration and utilization of ideas and technology from private sectors, etc., in National Research and Development Agencies such as RIKEN which strives to develop leaders in global research, the Japan Aerospace Exploration Agency (JAXA), etc. as a hub for the international circulation of intellect.

Along with each of the above mentioned National Research and Development Agencies, etc., the promotion of increased cross-appointments and joint research, etc., will be clearly placed in mid- to long-term objectives regarding National Research and Development Agencies that welcome the start of the new mid-term

to long-term objectives period next fiscal year. This particularly includes the National Institute for Materials Science (NIMS,) the National Institute for Environmental Studies, and the Forestry and Forest Products Research Institute.

Furthermore, the introduction of this system will be promoted to encourage the more active and broad use of this system in universities, research institutions, and corporations based on last year December's "Basic framework of the cross-appointment system and points for consideration."

In addition, operations will be improved for National Research and Development Agencies such as increased flexibility for the procurement of goods and labor, the handling of self-income, approval on the efforts of management, and subsidies transfers that last longer than mid- to long-term objective periods. Moreover, the Government will promote measures for the rationalization of procurement through the presentation of detailed cases that can depend on negotiated contracts and new rules regarding procurement based on the Basic Policy on Incorporated Administrative Agency Reform, etc. (approved by the Cabinet on December 24, 2013.) At the same time, the upper limit for dependable negotiated contracts will be considered, including considerations on the overall situation of National University Corporations and balanced standards, etc., while taking into consideration the importance of securing competitiveness in bidding. Along with making efforts to enable speedy and effective procurement based on the characteristics of research and development, the Government will grasp the operating conditions of incorporated administrative agency accounting standards, and consider appropriate management.

Moreover, corporations taking on creative operations that produce world-class research and development results are positioned as Designated National Research and Development Institute (tentative name), and new systems that lay down the CSTI's and competent minister's heavy involvement and special measures for operations will be created as early as possible.

#### **[4] Creation of a new innovation cycle system for promoting open innovation**

The Government will aim to establish a virtuous cycle process (innovation cycle). In this system, the center of open innovation (Open Innovation Arena) will play a central role, with a core of research institutions such as National Research and Development Agencies that are tasked with "bridging" with universities, regional companies will grow into global companies through the commercialization of technological seeds that had been bridged to, and the profit will be returned to research funds to create even more technological seeds.

For this goal, universities with innovative fundamental research capabilities and

the research centers of AIST's, etc., bridging research institutions will cooperate closely together so that technological seeds will form bridges between a wide range of corporations in various business fields, including SMEs and venture companies, and form new hubs to speed up commercialization.

Efforts will also be made to reform necessary systems (system improvements starting with procurement, etc.) in order for several research institutions to conduct joint research in a smooth manner. These research institutions include universities, AIST, NIMS, and the Tsukuba Innovation Arena, a pioneering initiative aiming for industry-academic-government collaboration in the field on nanotechnology.

Regional SMEs, etc., have room for potential growth but are faced with issues such as advancements in their company's own technologies and the expansion of business partners. In order to help free themselves from these issues and challenge themselves to become corporations driving local economies, these regional SMEs, etc., are expanding a wide range of support (including support for research and development, the development of overseas markets, and the development of standards) while creating regional support platforms that will carefully provide these services. Moreover, efforts will be made to promote the use of the Regional Economy Society Analyzing System (RESAS), which visualizes Big Data such as business-to-business data and public statistical data that is consolidated by Japan and provided to local governments, etc. At the same time, consideration will be made towards the addition of data regarding the circulation of local funds, corporations' possession of patents, etc. [Described below] (Written in "6. Achieving regional revitalization and regional structural reform / Achieving reform among mid-ranking companies, SMEs and micro enterprises")

## **ii) Promotion of regional innovation**

Aiming at clarifying the mission of each regional actor like university, research institution and corporation, and enhancing the mobility of personnel and technology by policies such as the cross-appoint system, as well as creating structures that facilitate utilizing resource across Japan, the following policies will be implemented:

### **[1] Enhancing nationwide functions of promoting matching among industry, academia and government through personnel with good judgement**

In order to promote cooperation between coordinators in regional strategic industry and matching planners who are supposed to match needs and seeds among universities, SMEs and corporations, the conference for exchanging information such as matching achievements will be established in this fiscal year,

acquiring assistance by regional financial institutions, public research and development institutes, etc.

**[2] Forming clusters through cooperation between industry, academia and government**

Based on the future visions of regions, at least two research and development hubs cooperating in differing fields will be formed by FY2019. These hubs are where local governments, universities, the Inter-University Research Institute, National Research and Development Agencies, research institutes and corporations cooperate.

**[3] Strengthening the intellectual property strategies of regional SMEs**

The Japanese Government will raise awareness on the intellectual property among SMEs, and promote their use and application of intellectual property by, for example, increasing the ratio of SME's filing patent applications up to approximately 15% by 2019 (this ratio was approximately 12% in FY2013.) This will be achieved by strengthening the services of the IP Comprehensive Support Center, by supporting the leading projects for matching intellectual properties with businesses through the support for regional SMEs, and by assigning the personnel in charge of bridging over intellectual property to regional public institutions, etc., in order to promote intellectual property partnerships between regional SMEs and major corporations, etc.

In addition, the Japanese Government will strengthen the systems of Yorozu Support Centers and its headquarters, which are one-stop consulting service counters to deal with various management issues that SMEs and small business operators are experiencing, targeting doubling the number of intellectual property support cases per year to 2,000 by 2016 (approximately 1,000 cases in FY2014.) These cases may include discovering of underlying needs concerning intellectual property, and providing consultations the protection of, intellectual property, the prevention of the disputes, and the handling of law suits, etc, which major corporation may be mainly concerned with.

Moreover, the Japanese Government will improve and strengthen the examination system that is necessary to promote the support for obtaining IP rights in the regions. One such example will be that examiners visit local regions to conduct speedy and accurate interview examinations based on user needs. By FY2020, the Japanese Government will double the number of interview examination per year to 1,000 (approximately 500 in FY2014.)

#### **[4] Promoting strategic standardization**

Utilize systems such as the standardization system tailored to new market creation, etc., and complete the standardization of 100 projects for the outstanding technology and products of SMEs, etc., by 2020. In order to achieve this, standardization training programs will be implemented for persons in charge of providing support to the corporations of local governments, regional economic organizations, etc., and support structures will be strengthened ranging from consultation to the creation and certification of standards regarding the standardization projects of SMEs, etc., by strengthening structures, etc., for personnel specializing in standardization in the Japanese Standards Association.

### **iii) Promotion of the “Japan’s Robot Strategy,” etc.**

#### **[1] Promoting the “Japan’s Robot Strategy”**

Based on the Japan’s Robot Strategy, cross-cutting measures including the development of next-generation technologies and regulation and system reforms, and field-specific measures will be steadily promoted to realize the Robot Revolution.

Regarding the reform of regulations/systems:

- Considerations will be made by the end of next fiscal year for developing system related to the uses of radio waves in robot controls, data image transmission, sensors for detecting obstacles, etc., and necessary measures will be taken after FY2017.
- Regarding review time of new medical devices including those utilizing robotic technology under the Pharmaceutical and Medical Device Act (PMD Act), the review time of 14 months for normal review items, and 10 months for priority review items will be achieved at 80th percentile by FY2018.
- In order to make public road tests of boarding-type personal assistive mobility devices (devices that were only possible in special zones for structural reform) implementable nationwide, exceptional measures (such as those involved in vehicle divisions and preservation standards for boarding-type personal assistive mobility devices used in public road tests) until now that have been approved in special zones will be developed nationwide for boarding-type personal assistive mobility devices based on the evaluations of the evaluation board and investigation committee of the Headquarters for the Promotion of Special Zones for Structural Reform involved in the results of public road tests held in cities such as Tsukuba City in Ibaraki Prefecture. Moreover, considerations will continue to be made on the handling of boarding-type personal assistive mobility devices in the Road Traffic Act and Road Vehicles

Act including the utilization of the Special System for Corporate Field Tests. After arranging consistencies with international agreements, considerations for unmanned farm machinery running on public roads as they head towards farmland will be made while continually verifying safety.

- Regarding the rules for safe operation of small unmanned aerial vehicle, etc., the Government will advance efforts step by step starting from feasible ones promptly after coordinating with relevant parties, considering the technological rationality, technology development toward future utilization/dissemination, etc., expansion of business using small unmanned aerial vehicle, and international trend of restricting small unmanned aerial vehicle. Among others, for the regulation of operation of small unmanned aerial vehicle, which requires emergent response, the Government will immediately prepare and submit a necessary bill to current Diet session. After that, the Government will finalize the rule after making sufficient amendments with relevant parties with a view to the development of legal systems regarding the airframe and operator of small unmanned aerial vehicle as well as business that uses small unmanned aerial vehicle. [Described above]

- Regarding the practical use of robots in responses to disasters and the preservation/maintenance of public infrastructure, verifications and evaluations will be conducted on the ground for robots used in next-generation social infrastructure, and at the same time evaluation methods geared towards trial introductions will be considered, etc., and full-scale introduction will be promptly conducted. [Described below] (Described in “Theme 3: Building safe, convenient, and economical next-generation infrastructure”)

Measures for the “Fukushima Hama-Dori Robot Testing Zone,” which started from April this year as a demonstration field for new robot technology in disaster response fields, will be promoted and established as a base for robot development in the fields of land, water, and air.

In addition, strategies geared towards the creation of new business models will be established through IoT that include priority fields for international standardization and security measures. These strategies will be centered on the Robot Revolution Initiative, and partnerships regarding collaboration, etc., towards creating new business models with Germany’s Industry 4.0 Platform and America’s Industrial Internet Consortium will be promoted.

Furthermore, cooperation will be made with the Council for Science, Technology and Innovation (CSTI) in order to effectively and efficiently implement the research and development, etc., of innovative next-generation technology for important underlying technology, etc., needed in order for Japan to lead the world technologically through a data-driven society.

Additionally, in conjunction with the Tokyo Olympics and Paralympics in 2020, etc., the research and development of robots will be accelerated and a “Robot Olympics” (tentative name) will be held. The Robot Olympics is a competition and proving test for various robots, and will be held as one method for introducing and popularizing robots into the real world.

**[2] Promoting fundamental technologies that will become driving forces for Japan's growth in the long-term**

The development of fundamental technologies that will become driving forces for Japan's growth in the long term (such as technologies for marine resource investigation and development, next-generation satellites and rockets, next-generation airplanes, observations/predictions/measures against natural disasters, and cyber security) and their implementation in society will be promoted through cross-ministerial partnerships with industries.

#### 4. Becoming the world's leading IT society

##### (1) Progress in achieving KPIs

**<KPI> Reduce the current number of government information systems from 1,450 by half within the next 5 years (until FY2018) such as through promoting the use of cloud computing in government information systems, and decrease operational costs by 30% in 8 years (until FY2021) (Number of systems in FY2012: 1,450; Operational cost for FY2013: 399.8 billion JPY)**

⇒ No. of Systems: 1,238 (end of FY2013)

Operational cost: 374.8 billion JPY (FY2014 budget)

**<KPI> Achieve the world's highest level of public data disclosure in a machine-readable way (with a dataset totaling over 10,000) by the end of 2015**

⇒ The trial version of the data catalog site (DATA.GO.JP) has achieved a dataset in excess of 10,000 (13,000 as of May this year)

**<KPI> Increase the utilization rate at skill standard companies from its current level of 20% to over 25% in the next 4 years (until FY2017)**

⇒ Achieved 27.1% as of FY2014

##### (2) Progress made in implementing measures

**(Promote appropriate utilization of personal data through revisions of the Personal Information Protection Act, etc.)**

- For developing environments to promote the protection and utilization of handling personal information in a balanced manner, such as establishment of framework regulations regarding “de-identified information” that business can freely utilize, the establishment of independent data protection authority, and introduction of punitive clauses for the cases when personal information is illegally provided, etc. and expansion of the use of “My Number” to financial sectors and medical fields, etc. to make it possible to number bank accounts, and to use for operations, regarding specific medical examinations and health guidance, in response to the era of big data, the GOJ has submitted a bill to revise the Act on the Protection of Personal Information and the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (revision of the Personal Information Protection Act and Number Use Act) to the Diet this March.

**(A law was established to revise a portion of the Telecommunications Business Law, etc., and promote competition, etc., in the field of information and communication)**

- A law was established in May this year to revise a portion of the Telecommunications Business Law, etc. Deregulations against businesses dominating the market and enhancements, etc., on the rules for opening mobile telecommunication networks will be conducted. Efforts will also be made to prepare, etc., business environments for MVNO (Mobile Virtual Network Operators), and promote the creation of fair and appropriate competitive market environments. Furthermore, efforts were made to enable the smooth use of mobile phone terminals and wireless LAN terminals, etc., by foreign tourists visiting Japan and bringing in those devices for a temporary period of time.

**(Promoting reform of government information systems)**

- The “Roadmap for Reform of Government Information Systems” was reviewed, etc., in March this year to consolidate government information systems and increase the use of cloud computing. The number of government information systems is expected to be cut by approximately 60% by FY2018, and it is anticipated that aims will be made to reduce operational costs by approximately 20% by FY2021.

**(Starting full-scale operation of data catalog site)**

- The completed version of the data catalog site (DATA.GO.JP) began operation last year in October as an opening of public data to the private sector.

**(3) Specific new measures to be taken**

The efficient management of personal information and the quick and assured exchange of personal information amongst multiple institutions will be enabled in the Administrative Organs of the State and local public organizations through the initialized operation of the My Number system, review on laws concerning personal data, and etc. The enrichment of industrial development and the national life will be promoted by further accelerating the utilization of IT through the usage of new “IT utilization platforms” while improving national IT literacy. Accordingly, the Government will carry out the following measures, sparing no effort in strongly promoting “the Declaration to be the World’s Most Advanced IT Nation” (approved by the Cabinet on June 30, 2015.)

**i) Cybersecurity protecting citizens and society**

IT is currently an essential element in the people’s lives and economic activities, and in order to not only achieve a safe society that citizens can live in with peace of mind, but to also improve the vitality and sustainable development of the economic society,

the creation of free, fair, and secure cyberspace is required.

For this, measures to construct Japan's cybersecurity infrastructure will be drastically strengthened and expanded based on the "Cybersecurity Strategy" scheduled drawn up in the future. Infrastructure for ensuring cyber security will be strengthen while response capabilities of governmental bodies, private enterprises, and other relevant entities will be drastically strengthened.

## **[1] Drastically enhancing response capabilities of government bodies and relevant entities**

The recent data breach incident involving the Japan Pension Service may undermine public trust in government bodies and other relevant entities that handle critical personal information. In order to ensure cybersecurity, measures must be taken to a maximum extent beyond the existing frameworks in addition to the full implementation of the basic measures. For this, the know-how of both internal and external specialists, including those of independent administrative agencies having expertise in detection, analysis, response to cyber attacks, audit, and other relevant areas, will be accumulated for the qualitative and quantitative improvement and enhancement. By doing so, the Government will thoroughly prevent further recurrences and will quickly take the following concrete measures.

Initially, as for the cross-governmental monitoring of the information systems of the governmental bodies and government-related entities, the Government will include, in addition to the governmental bodies, incorporated administrative agencies, special corporations closely working with the governmental bodies to perform their public functions, and other relevant entities, in the subjects of monitoring in a phased manner, taking into consideration equitable-burden sharing among beneficiaries; the Government will also work to advance its monitoring methods. More specifically, the Government will promptly decide its policy regarding the detection and analysis functions of the Government Security Operation Coordination team (GSOC) as well as the enhanced operational framework of the GSOC, and take necessary measures.

In addition, the independent audit implemented by the NISC from this fiscal year will target not only the governmental bodies but also independent administrative agencies, special corporations closely working with the governmental bodies to perform their public functions, and other relevant entities; in this context, the relevant governmental bodies will promptly decide their policy regarding the audit of these entities by the NISC, and take necessary measures.

Moreover, the Government will determine its policy regarding necessary measures taken by the governmental bodies and government-related entities, including risk mitigation by the separation of the information systems handing

critical information, including huge volumes of personal information and others, from the Internet, the enhancement of measures in view of the overall transition to a cloud environment at the governmental bodies and government-related entities, and the urgent consolidation of connections to the Internet in parallel with to the consolidation of the information systems of the governmental bodies, while paying attention to the effectiveness of their functions.

Furthermore, the Government will implement the further functional enhancement, including appointing highly advanced cybersecurity experts from the private sector as the NISC staff.

The Government will take actions Regarding the budgets and organizational arrangements required to the promotion of the measures for the drastic enhancement of cybersecurity response capabilities, including the above-mentioned measures. Specifically, the budget and other resources will be reallocated to additional necessary expenses and others, with cost-saving efforts, such as streamlining and increasing efficiency in administrative affairs by the review of administrative works, system reforms, and the reexamination of other activities.

## **[2] Strengthening measures for the smooth introduction of the My Number system**

The My Number system will take various security management measures from both an institutional and systematic standpoint. For example, personal information possessed by various administrative organizations will be dispersed and managed as in the past and will not be managed centrally in institution. In addition, the exchange of information between various administrative organizations is not simply a matter of turning My Number into linked keys. It employs the use of policies that turn differing codes from each institution into source linked keys, and there are structures in place to obstruct contact between administrative organizations. Furthermore, the independent authority, Specific Personal Information Protection Commission, monitors and supervises the handling of My Number, and, in case that a personal information file containing My Number is provided to a third party without justifiable reason, stiff penalties are to be applied.

In addition, from the viewpoint of achieving sufficient security monitoring and supervising functions for My Number possessed by local governments, the Specific Personal Information Protection Commission develops its monitoring and supervising system by the end of this fiscal year, cooperating with relevant institutions. For instance, the Commission organizes a group with specialized technical knowledge and immediately makes monitoring and supervisory policies.

Moreover, in regard to the Local Government Wide Area Network (LGSAN,) monitoring and detection systems overlooking Japan and local regions as a whole pertaining to the My Number system will be put in place, such as establishing functions that perform concentrated security monitoring, by sharing information with the GSOC. At the same time, the security of the My Number system will be thoroughly ensured by strengthening support functions regarding local government's security measures, etc.

Furthermore, consideration will be made regarding frameworks for authentication cooperation for achieving public-private collaboration, and the Government will aim to formulate policy initiatives something this year.

### **[3] Promotion of countermeasures in private corporations**

#### **A) Promoting security measures utilizing market principles**

The incident at the Japan Pension Service is not simply a problem that only concerns a single company. Both government-affiliated agencies and private corporations are faced with the reality that a similar crisis may occur, and there is a need to face the problem head-on.

More specifically, cyber security management guidelines clarifying items that should be performed in corporate management to ensure cyber security will be formulated sometime this fiscal year. At the same time, the implementation of third party evaluations and audits based on international standards, etc., will be promoted from next fiscal year. Furthermore, in order to promote stronger security by making corporate initiatives more visible, efforts aiming to formulate information disclosure guidelines concerning initiatives, etc., for cyber security measures in corporations will be made sometime this fiscal year. Moreover, awareness regarding evaluations from risk finance markets is expected to increase through the popularization of cyber security insurance.

#### **B) Measures regarding critical information infrastructure**

If social infrastructure (critical information infrastructure or CII) essential to the people's daily lives and economic activities is targeted by an organized and sophisticated cyber attack, such as a targeted attack, its consequences would be enormous; therefore, the further enhancement of cybersecurity measures for CII is indispensable. More specifically, the Government will take its decision conclusively by the end of this fiscal year on the concrete components of the further enhancement of security measures for prompt incident response as the full-scale efforts of the private and public sectors, including: the implementation of a continuous review of the scope of CII sectors, based on the rapid spread of IT use, technological progress, and others; the improvement of organizational

arrangements and infrastructure building for the effective and rapid sharing of information, including information on target attacks and vulnerabilities, among stakeholders; the cross-sectoral implementation of practical training and exercises for stakeholders of the public and private sectors; and the promotion of the certification of control equipment.

**[4] Foundational enhancement geared toward ensuring cybersecurity  
(Enhancing technological expertise, industrial development and human resource development)**

A)

Enhancing technological expertise and industrial development

It is also important to improve Japan's overall security level by creating and developing globally competitive enterprises industries whose expertise lies in cybersecurity technologies. For this, the Government will promote technological development to ensure cybersecurity through frameworks such as the Cross-ministerial Strategic Innovation-Promotion Program (SIP), and make efforts to support the cybersecurity industry to become a growth industry. Such efforts include: promoting international standardization for security-related technologies, developing projects supported by the New Energy and Industrial Technology Development Organization's (NEDO), and utilizing sovereign wealth funds (SWFs) to promote business ventures and enterprises capable of operating large scale business at home and abroad. Furthermore, ensuring security related to the IoT field that is anticipated to become a growth industry will be a key of Japan's economic growth. For this, the Government aims to formulate comprehensive security guidelines for the government-promoted IoT-systems-related businesses by the end of this fiscal year.

B) Human resources development

To assure counteractions against cyber attacks that have become more sophisticated along with spreading and aggravating cybersecurity risks and rapid technological innovation, it is a pressing task to develop cybersecurity human resources capable of supporting such security assurance. The Government will work to expand education for programing and information morality from the elementary and secondary education levels. As for higher education, the Government will make efforts for: network building for participatory education at universities and other institutions; the promotion of cybersecurity education programs at national colleges of technology; practical cybersecurity education in collaboration with industries. Furthermore, the Government will introduce security management examinations to foster managers of security measures for

business management at enterprises and other entities.

In addition, the Government will enhance the development of highly advanced practical personnel in view of the Games of the XXXII Olympiad and the Tokyo 2020 Paralympic Games. To this end, the Government will work to: promote close coordination and information sharing among industries, academia, and the public sector to build organizational frameworks for their cooperation; create a cloud environment for practical cyber training environment; support industries-academia-public partnerships for the joint development of practical educational materials; improve examination systems to timely and appropriately evaluate practical competencies of cybersecurity workforce in public and private coordination; and promote the development and utilization of online materials for every citizen's self-motivated cybersecurity learning. To promote human resources development measures, including those mentioned above, the Government will establish "Comprehensive policy for enhancing cybersecurity human resources development" (tentative) during this fiscal year.

## **[5] Strengthening countermeasures against cyber-crime**

Ensuring security and safety in utilization of IT at national and private corporations, etc. is a prerequisite for consolidating Japan's growth strategy, and the strengthening of countermeasures against cyber-crime(s) that threaten this endeavor is an urgent problem that public and private sectors should cooperate and work on.

Therefore this, the Government will promote necessary efforts so that appropriate measures will be implemented, according to laws, etc., regarding the business activities of private corporations such as cyber-related enterprises and business operators dealing with critical infrastructure and other social infrastructure, in order to secure follow-up traceability important not only for criminal investigations but also for enhancing security measures of private corporations.

Secondly, responses to threats will be accurately promoted improving information gathering and analysis functions through the enhancement of internet observation activities, improving and strengthening investigative skills through a training that utilizes private-sectors' knowledge. At the same time, by promoting technical cooperation with the private corporations of cyber-related enterprises, etc. and by placing efforts in strengthening technical bases for analyzing malware, etc. the Government will take accurate countermeasures against cyber threats. Collectively, the exchanging of personnel and information between public and private sectors will be actively promoted, and information contributing to damage prevention, etc. obtained through analyses and countermeasures will be accumulated and shared entirely, and the response capabilities of society as a whole will be strengthened.

## **ii) Utilizing the My Number system under the premise of security and safety**

The scope for which the My Number system, which will be introduced from October this year, is used and applied will be expanded, etc. while accommodating the strengthening and pace of security measures stated in i) above.

## **[1] Expanding the scope of use and application of My Number**

Within the fields the Government has considered regarding the approaches, advantages, issues, etc. to the use of My Number, inquiries regarding family register-related operations will be made to the Ministry of Justice's Legislative Council aiming for some time after February next year. This will be conducted by

study groups comprised of intellectuals that are established for making considerations in conjunction with how systems should be, etc. in order to process family register-related operations. These study groups will identify necessary issues, promote separate and detailed examinations for arrangements, etc., and take measures within necessary legislation aiming for the ordinary Diet session in 2019.

As for Passport affairs, studies will be made based on the progress in the issue of application of My Number to family register affairs, and legislative measures will be taken as necessary aiming for the ordinary Diet session in 2019. Furthermore, in addition to operations relating to the management of information on Japanese nationals residing abroad, such as residence reports, considerations will also be made regarding the approaches, advantages, issues, etc. to the use of My Number and will be centered around operations of a highly public nature in the field of securities, etc. Based on these results, measures will be taken within necessary legislation, or other necessary measures, aiming for the ordinary Diet session in 2019.

## **[2] Promoting the popularization of My Number cards as well as their use and application**

The integration of My Number cards with government official identification will be promoted from January next year. At the same time, consideration will be given towards using My Number cards as employee ID cards for private corporations as well as local governments, independent administrative institutions, national university corporations, etc. Furthermore, consideration will be made with private business operators towards the use of My Number cards as cash cards, debit cards and credit cards from FY2017, and the realization of accessing My Number Portal Sites from ATMs, etc., under the premise that the protection of personal information and the prevention of financial crime, etc. is sufficiently secured.

In addition, in regard to public personal authentication functions for My Number cards, necessary technological developments and consultations with related personnel will be conducted in order to achieve applications readable through smartphones within 2017, and downloading user authentication functions to smartphones within 2019.

For motor vehicle inspection and registration, systems that can be jointly used by all Japanese prefectures will be constructed and tailored to the drastic expansion of One-Stop Services in FY2017, and submission of documents will be rationalized, etc. by taking necessary institutional measures.

Furthermore, in order to diversify services provided by My Number cards,

efforts to increase the total population of administering organizations to over 60,000,000 people will be made aiming for some time within next fiscal year for convenience stores issuing resident cards, seal registration certificates and official copies of family registers, etc. which use My Number cards. Moreover, the Government will consider issuing My Number cards to Japanese nationals who do not possess resident cards, and services such as the continued use of public personal authentication functions after being transferred overseas, with an aim to start some time during FY2019.

**[3] Confirmation of public qualifications through the use of My Number cards**

The Government will develop an online qualification confirmation system for medical insurance at an early stage sometime after July 2017. Along with enabling the use of My Number cards as health insurance cards, My Number cards will also be integrated with other various cards published by administrators such as seal registrant identification cards etc.

In addition, considerations will be made including the feasibility of placing various public qualification confirmation functions from various licenses into My Number cards, and these efforts will be realized in the order of items that are possible.

**[4] The provision of one-stop services using My Number Portal Sites**

The public personal authentication functions of My Number cards will be used to establish structures created through cooperation between public and private sectors, and the submission of public and private sector identification papers using electronic post-office box systems, one-stop services related to moving, death, etc., and a diverse range of access to electronic administrative procedures using televisions, smartphones, etc. will be realized sequentially in accordance with the start of My Number Portal Sites operation in January 2017.

**[5] Increasing the efficiency of public and private sector government procurement operations using My Number cards and corporate ID numbers**

The Government will carry out considerations towards creating systems and taking institutional measures that enable persons delegated by the presidents of a companies to carry out electronic applications and contracts, etc. without documentation or meeting face-to-face. By using My Number cards and corporate ID numbers, the coherent digitization of government procurement-related operations from screening bidding participation qualifications to contracts will be

successively initialized from FY2017.

In addition, by sharing information on bidding qualifications and procurements between national and local governments, and facilitating the acquisition of procurement information, the use of the above-mentioned systems will be successively enabled in local government offices from FY2017 in order to promote entry through private business operators.

**[6] Provision of highly convenient electronic administrative services in the fields of pension and tax, improving the collection of insurance premiums, and increasing administrative efficiency**

The “Action Program on Improving, etc. the Convenience of Insurance Premiums and Taxes by Using, etc. the My Number System” (a team created to consider strengthening, etc. the June 22, 2015 pension insurance premium collection system) will be steadily implemented in order to improve the convenience of citizens and promote the use of the My Number system.

Specifically, a one-stop type service will be provided which can consolidate and handle various administrative procedures relating to pension, national tax, local tax, etc. based on the start of My Number Portal Sites services combining national and local procedures. At the same time, efforts will be made to introduce one-click exemption applications, and simplify, etc. reporting procedures for medical expense deductions which use medical expense notifications to My Portal Sites.

Moreover, from the perspective of improving convenience for corporations, the format of data and the styles of salary payment reports and tax certificate slips will be standardized in line with when My Number starts to be used, and efforts will be made to create, etc. structures that make collective creation and submission possible.

**iii) System development geared towards the smooth circulation of information and the promotion of business model reforms, etc.**

The foundations for using and applying IT continue to be prepared through reviews, etc. on laws concerning the initial operation of the My Number system and personal data. In the midst of this, in order to enable citizens to actually feel the true richness, convenience, safety and security of using and applying IT in their daily lives and economic activities, the Government will switch conventional principles regarding meetings and documentation and make the securing of electromagnetic processing and highly distributable information, etc. fundamental principles. The Government will also conduct considerations regarding the following items, and will take measures, etc. within necessary legislation sequentially from the next ordinary Diet session.

- Establishing “Agency Service Institutions” (tentative name) that will bear the task of circulating safe and reliable information
- Increasing the number of one-stop services and the digitization of applications, etc. in response to various life events using the My Number system, etc.
- Further shifting application procedures, etc., regulated in individual laws and ordinances, online
- Promoting corporations’ cyber security management
- Developing environments that promote company challenges which create new business models using data
- Vitalizing new markets such as the “Sharing Economy,” etc.

#### **iv) Further promoting the use and application of IT**

##### **[1] Promoting the use and application of IT contributing to regional revitalization issues**

Based on the effective implementation of policies for IT needed by local government authorities to formulate and administer “Regional Comprehensive Strategies” and “IT utilization plan for regional revitalization” (decided upon by the IT Strategic Headquarters on June 30, 2015) which determined Japan’s support policies, the Government will encourage industry revitalization and job creation by promoting the use and application of IT, and will place efforts in areas such as: support for IT personnel by temporarily placing successful and experienced personnel and personnel from the Government CIO, etc. in local government offices, etc.; support for venture companies and SMEs by using regional service innovation cloud computing, etc., discovering and developing regional entrepreneurial talent, and establishing regional IT startup funds; promoting the flow of companies and employment to local regions by promoting Furusato Telework; and reforms, etc. on working methods so women and elderly people, etc. can play active roles in the work place.

In addition, greater emphasis based on the range and business characteristics of beneficiaries will be placed on fields obtaining tangible results or fields expected to become more popular in the future (such as wildlife damage control, forestry, and the use and application of My Number cards) within results (success models,) etc. obtained from the ICT community development demonstration project. The Government will aim to autonomously expand the dissemination of success models to more than 100 local authorities (including those achieved by internal revenue sources) by FY2020 by promoting the creation of autonomous and sustained business operations (commercialization) while participation as a country is sequentially reduced based on the status of expanding dissemination.

**[2] Promoting the aggressive use of IT in corporations [described above]**

**[3] Promoting the use and application of IT through SMEs and local small enterprises, etc.**

The use and application of broadband network and cloud service IT, etc. will be promoted in SMEs and small enterprises, etc. through cooperative structures with participation from networks comprised of regional IT consultant personnel and SME support organizations, cloud service providers aiming to be developed this year, and broadband providers, etc.

**[4] Promoting IT and conducting operational reforms in national and local administrations**

In order to promote economic growth by realizing administrations that are both beneficial to citizens and highly convenient, the promotion of IT and operational reforms in national and local administrations will be promoted mainly in the Deputy Chief Cabinet Secretary for Information Technology Policy based on the “first report submitted by the National and Local IT and BPR Promotion Team at the eGovernment Ministerial Meeting” (June 29, 2015 National and Local IT and BPR Promotion Team).

Specifically, online reforms of administrative services such as considerations for childcare one-stop services using the My Number system will be promoted after the operation of local information provider network systems is initiated in July 2017. In addition, operational reforms geared towards saving labor and increasing the efficiency of each ministry’s individual operations, and improving administrative services, etc. will be promoted, and efforts will be made to increase the efficiency of government affairs while reducing operational costs related to government information systems.

Along with promoting reforms for the information systems of local authorities, the cost of relevant information systems will be reduced in organizations that have not yet implemented local government cloud computing services by accelerating efforts to introduce those services while improving the sharing and standardization of operations. In addition, even if local government organizations have already implemented those services, efforts will be made to further improve the quality of cloud computing services such as by expanding the range of operations for promoting cloud computing by further improving the sharing and standardization of operations. By doing this, the operational cost of local governments’ information systems will be reduced (by 30%.) and considerations regarding policies for further cost reductions and improving quality will be made in order to reach a conclusion by summer next year.

## **[5] Strengthening competitiveness through structural reforms in the IT industry**

The IT industry was originally a labor intensive industry that wrote work processes from top to bottom using computer programming. However, general-purpose package software and cloud computing services, etc. have also been appearing in recent years, and since operations have become more efficient and from the fact that IT's role continues to shift from reducing costs to creating added value, the provision and proposal of creative systems is transforming the IT industry into a knowledge and ability-intensive industry in Western countries.

Also, the appearance of mobile system development techniques that are said to be agile, and the increasing number of security risks that occurred in response to the speed of business reforms have now lead to a need for sophisticated management capabilities in system development and administration.

However, even now there are still deep-rooted business models that remain in Japan's IT industry that deliver products after conducting programming operations according to specified requirements, and it is for this reason that Japan cannot escape from its custom of wholly delegating subcontracts to reduce labor costs and depending on structures that utilize multiple subcontracts. This has led to structures with high security risks and low productivity.

In order to escape from this situation, there is a need to prevent wholly delegating subcontracts and to promote measures that appropriately evaluate abilities, results, risks, etc. From this perspective, reviews will be conducted within this fiscal year on the IT industry fields of the "Guideline for Promoting Subcontracting Transactions, Etc." which explains concepts such as the application of laws such as the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the Subcontracting Act) and other subcontracting transactions, and together with this transactions that violate the Subcontracting Act will also be strictly dealt with.

Moreover, responsibilities in the security management of the information system's ordering party will be clarified within the guidelines created this fiscal year on ensuring cyber security, and efforts will be made to prevent wholly delegating subcontracts.

## **[6] Developing environments for using personal data**

The Government will take measures within necessary legislation aiming for the next Diet session regarding the handling, etc. of anonymously processed personal data in incorporated administrative agencies, etc. in order for data possessed by those agencies, etc. to be used and applied appropriately.

Together with the use of anonymously processed information introduced in the Revised Personal Information Protection Act submitted in this year's ordinary Diet session, the Government will strengthen the structures of the Personal Information Protection Committee which supervises the appropriate operation of that information.

For example, a wide variety of personal data in fields such as medical and health care are accumulated and managed based on consent from each individual, and in order to improve, etc. the quality of several services provided by various service providers and research institutes, the Government will take measures, etc. within necessary legislation aiming for the next Diet session to consider establishing Agency Service Institutions (tentative name) and at the same time allow for the simplification of data collection procedures.

**[7] Thoroughly promoting ICT in the fields of medical and nursing care [described below]**

(Described in "II. Strategic Market Creation Plan" "Theme 1: Extending the nation's healthy life expectancy")

**[8] The use and application of open data**

The Government will work together with private organizations and begin collecting and delivering "Open Data 100," a collection of business and problem-solving use cases, from this fiscal year in order to discover and provide success cases, and plan for development into other regions and business fields in an effort towards creating new industries and services by using and applying open data. In addition, the Government will aim to create scheme by next fiscal year that support the mission and dispatchment activities of "open data missionaries" who preach about methods, know-how, etc. on the release, analysis, use and application of open data pertaining to the public institutions and private corporations of local governments, etc. At the same time, the human development with excellent data science capabilities will be promoted, such as expanding MOOC (Massive Open Online Courses) "data science online courses" where anyone can participate online.

In addition to this, in order to further advance open data in official statistical data, the Government will conduct considerations this fiscal year on the format of provided statistical data and how that data is provided. The Government will also conduct detailed analyses this fiscal year on data utilization methods with users in research fields such as university-related personnel, etc, and model businesses of open data regarding LOD (Linked Open Data), etc. which aims to identify and

organize issues. Based on the results of considerations and the performance of business models, the Government will provide data for LOD, etc. and formulate manuals from next fiscal year.

Furthermore, in order to promote open data initiatives in local governments, the Government will create system that are cross-searchable from Japan's data catalogue site (DATA.GO.JP) in next fiscal year, including a public cloud that will gather and release data possessed by local governments.

Moreover, from the perspective of supporting the overseas development of Japan's corporations, etc. the Government will develop packages of applications, systems and know-how on the release, use and application of open data, etc. in order to promote the use and application of public data in private sectors, and private sector access to public data pertaining to overseas countries where no progress has been made to opening data possessed by their country. The Government will target Asian countries, etc. and will begin development from next fiscal year starting from the countries where Japanese corporations are conducting business development (around 10 countries.)

#### **[9] Creating IoT promotion structures to promote ICT in society as a whole**

By collecting vast amounts of information in real-time from IoT and analyzing big data, etc. using artificial intelligence, the Government will establish the Smart IoT Promotion Council (tentative name) as a structure for promoting the verification of, and developing IoT technology through industry-academic-government partnerships consisting of private corporations, universities, and standard-setting organizations, etc. This will be in an effort to promote a wide range of advanced social demonstrations, and establish common ICT platform technologies, etc. that enable the secure and highly precise management of ICT systems used in many applications including autonomous vehicles and small unmanned machinery. The Government will establish necessary technologies by FY2018 and further promote social demonstrations.

#### **[10] Promoting education in programing for young people**

The development of information literacy is needed in an IoT-type future society. Based on the fact that the introduction of programing education is being promoted from elementary and secondary education stages in overseas countries, the Government will create instruction manuals regarding programing education at elementary, junior-high, and high schools within this fiscal year, using the outcomes of leading practice thus far at school, private corporations, and NPOs, etc. In the following fiscal year, the Government will promote their use on the

frontlines of education. At the same time, the Government will begin to develop a systematic instruction model about the education of information literacy including programming, and to train supporting staff in order to promote the smooth use and application of ICT in school education.

Along with this, the Government will create systems which promote the popularization of programming education conducted by local governments, NPOs, private corporations and universities, etc. in order to expand initiatives promoting programming education and the range of those initiatives. After doing so, the Government will support initiatives towards programming education conducted by local governments, etc. and draw up guidelines within next fiscal year. Moreover, the Government will begin initiatives that support programming education utilizing sophisticated language in FY2017, and try to realize systematic programming education.

**[11] Digitization of textbooks**

Based on the progression of informatization in education, the increasing need for deep learning from the perspective of “active learning”, proactive and cooperative learning towards uncovering and solving issues, etc., and the various proposals, regarding considerations on the positioning of “digital textbooks” etc., the Government will technically consider and consequently reach a conclusion on the positioning of so-called “digital textbooks” and how relevant textbook systems should be sometime next year.

**[12] Promotion of participation by foreign personnel in IT fields [described above]**

**v) The development of telecommunication environments to support future societies**

**[1] Realizing the expansion of frequency bands used for mobile communication systems in an effort to increase demand and provide new services**

In order to respond to increasing demands, etc. in radio frequencies for the 2020 Tokyo Olympics/Paralympics and the sophistication of smartphones, the Government will consider developing technology for sharing, etc. radio frequencies, shifting public radio frequencies for business use, and sharing frequencies. The expansion of frequency bands used for mobile communication systems will be realized by FY2018.

Considerations will be conducted in the Information and Communications Council regarding the expansion of frequency bands which can be used in new

radio communication systems especially for IoT and small unmanned machinery, etc., and a conclusion will be obtained sometime this fiscal year.

**[2] Promoting competition and developing use environments in mobile communication fields**

Regarding period restrictions for cellular phones and automatically renewing contracts, the Government will make efforts sometime this year to promote the realization of extending periods when contracts are cancellable without having to pay contract cancellation fees to major cell-phone companies, and push-type notifications on the month when contracts are renewed. This will be done in an effort to develop use environments and promote competition in mobile communication fields. In addition to these initiatives, the Government will also conduct considerations on how period restrictions and automatically renewing contracts should be, and will reach a conclusion sometime this year.

The Government will also create an environment where users can immediately use MVNO services. This will be achieved by successfully accelerating transfer procedures to MVNO using the portability of cellphone numbers sometime this fiscal year.

Furthermore, in order to help improve customer convenience by providing various inexpensive but rich services such as selling SIM cards for foreigners visiting Japan to attend the 2020 Tokyo Olympics/Paralympics, and M2M services for the age of IoT, etc., the Government will promote discussions between companies regarding the liberalization of mobile network functions including the possession and operation of member management functions through MVNO, and continue making considerations while referring to the status of systems and operations regarding MVNO in major developed countries.

**[3] Promoting the development of free public wireless LAN environments throughout Japan**

In order to invigorate Japan's tourism industry through invitations to regions where foreigners go to visit Japan, and in order to secure means for citizens to gather information and communicate with one another in times of disaster and promote investments through the creation of new innovations, the Government will promote the use of locations, where private companies provide their services, by sharing, etc. advanced cases using the promotion systems of public-private partnerships consisting of concerned business operators, organizations, etc. in local governments, etc. At the same time, support towards local governments, etc. will be further strengthened, and the development of free public wireless LAN environments in major sightseeing and disaster prevention sites will be promoted

with an eye towards 2020.

Moreover, as a measure against foreigners coming to visit Japan, the development of free public wireless LAN environments will proceed in cooperation with initiatives based on the “SAQ<sup>2</sup> JAPAN Project.” The enhancement of communication support between visitors and Japanese will cooperate with initiatives based on “Global Communication Plan,” and the latest multilingual speech translation system will be actively utilized in tourist information centers and transportation facilities, etc.

#### **[4] Developing 4K and 8K technologies**

In order to secure new transmission lines to increase the number of TV channels, necessary systems such as technological demonstrations and frequency allocations will be developed by FY2017, and broadcasting for practical use in satellite broadcasting will be realized by 2018.

Furthermore, in order to use these technologies in the fields of medical care and education, and improve the quality of telemedicine services and remote learning, the Government will flesh out policies for its use and application sometime this fiscal year, and establish necessary technologies some time next fiscal year.

## 5. Further strengthening Japan's international competitiveness as a business hub

### 5-1. Realizing National Strategic Special Zones / Opening up rights to operate public facilities, etc. to the private sector (expanding utilization of PPP/PFI) / Improving infrastructure such as airports, ports and harbors / Improving competitiveness of cities

#### (1) Progress in achieving KPIs

**<KPI> Japan in the top three OECD member countries in the World Bank's Ease of Doing Business ranking by 2020 (19th in 2014)**

⇒2015: 19th (same as the previous year)

- \* There was no major change in evaluation of each category, and thus Japan held the same position as in the previous year.
- \* Due to change of the ranking method, the 2014 ranking of Japan was revised from 15<sup>th</sup> to 19<sup>th</sup>.

**<KPI> Tokyo in the top three of Global Power City Index by 2020 (4th in 2012)**

⇒2014: Tokyo was 4th (same as the previous year)

- \* In the category of "Cultural Interaction," Tokyo jumped from 8<sup>th</sup> to 6<sup>th</sup>, thanks to the improvement of an index due to the number of visitors from other countries, etc. In the category of "Livability," the ranking improved from 20<sup>th</sup> to 17<sup>th</sup> since the score for the unemployment rate increased. On the other hand, the category "Environment" saw Tokyo fall from 1<sup>st</sup> to 9<sup>th</sup> because the data collection method was changed. In the overall ranking, Tokyo reduced the score gap with Paris, the 3<sup>rd</sup> place city, two years in a row but remained in the same position as in the previous year.

**<KPI> Expand PPP/PFI programs to ¥12 trillion over the next 10 years (2013–2022) (¥4.2 trillion by FY2012 (values effective as of March 2014)). Of this, the target of implementing ¥2–3 trillion worth of concession PFI projects over the 10 years to 2022 was brought forward to the intensive implementation period designated to run until the end of FY2016.**

⇒ PPP/PFI programs in FY2013 were worth 228.9 billion yen (as of May 2015).

- \* For Sendai Airport, a concession PFI project, procedure concerning public solicitation of businesses started in June. The same procedure started in last November for Kansai International Airport and Osaka International Airport. The projects are scheduled to be launched in the respective airports by the end of this fiscal year.

**<KPI> Double foreign companies' direct investment in Japan to ¥35 trillion by 2020 (¥19.2 trillion as of the end of 2012)**

⇒ As of the end of 2014: ¥23.3 trillion

## **(2) Progress made in implementing measures**

### **(Progress and current status of the National Strategic Special Zones)**

- With regard to the National Strategic Special Zones that are to serve as the gateway for bold regulatory reforms, based on the Act on National Strategic Special Zones passed in December 2013, six specific zones were designated in May last year including the Tokyo zone (nine wards in the Tokyo Metropolitan area, Kanagawa Prefecture, and Narita City in Chiba Prefecture), the Kansai zone (Osaka Prefecture, Hyogo Prefecture, Kyoto Prefecture), the Niigata City zone in Niigata Prefecture, the Yabu City zone in Hyogo Prefecture, the Fukuoka City zone in Fukuoka Prefecture, and the Okinawa Prefecture zone. This was followed by the launch of Zone Councils first in the Kansai zone and the Fukuoka City zone in June the same year and in all the other zones by October. Zone Councils had total 17 meetings during the period of a year to date.
- As well, starting from January last year, the National Strategic Special Zone Advisory Council, the control tower of this system as a whole, frequently held a meeting in total 14 times, through which as many as 68 projects so far, which took advantage of current regulatory reform in a variety of areas including medical care, employment, urban regeneration and development, agriculture, and utilization of historic buildings, were granted authorization from the Prime Minister.
- The “Tokyo One-stop Business Establishment Center,” first of its kind in Japan, was founded which would provide consultation and assistance with various application procedures for foreign-affiliated companies and venture businesses which wished to open a business.
- An “Employment Consultation Center” was established in the Tokyo, Kansai, and Fukuoka City zones respectively, where lawyers would provide advice for free of charge with an aim to make employment rules known and prevent individual labor-related disputes, in addition to the areas of medical care (special measures on the combination of insured and uninsured healthcare services, regulations on the number of beds, etc.), urban regeneration and development (special measures on the Urban Reconstruction Act and the Road Act).
- In Niigata City and Yabu City zones, agricultural reform was made as in special provisions related to division of clerical work between the agricultural committee and the local government, and easing qualifications for officials of agricultural production corporations, etc.

As seen in the above specific examples, the following projects which would be considered as the results of regulatory reform have been promptly implemented in a

visible manner.

[1] The Tokyo zone (the base for international business and innovation)

Number of authorized projects: 27

Date of authorization of Zone Plans: December 19, 2014, March 19, June 29, 2015

- Special provisions of the Act on Special Measures concerning Urban Reconstruction (one project)
- Special provisions of the City Planning Act (five projects)
- Special provisions of the Road Act concerning the area management (four projects)
- Special provisions related to the combination of insured and uninsured healthcare services (six projects)
- Special provisions of the Medical Care Act concerning the regulations on the number of beds (six projects)
- Lifting the ban on practice by foreign medical doctors based on a bilateral agreement (three projects)
- Employment Consultation Center (one project)
- One-stop Business Establishment Center (one project)

[2] The Kansai zone (the base for medical care and other innovation, assistance for Challenge Human Resources)

Number of authorized projects: 8

Date of authorization of Zone Plans: September 30, December 19, 2014, March 19, 2015

- Special provisions related to the combination of insured and uninsured healthcare services (three projects)
- Special provisions of the Medical Care Act concerning the regulations on the number of beds (one project)
- Special provisions of the Road Act concerning the area management (one project)
- Special provisions of the Ordinance for Enforcement of the Hotel Business Law concerning historic buildings, etc. (one project)
- Special provisions of taxation concerning investment in facilities (one project)
- Employment Consultation Center (one project)

- [3] The Niigata City zone (the reform base for large-scale agriculture)  
 Number of authorized projects: 14  
 Date of authorization of Zone Plans: December 19, 2014,  
 June 29, 2015
- Special provisions of the Agricultural Land Act, etc. concerning agricultural production corporations (seven projects)
  - Special provisions concerning the division of clerical work between the agricultural committee and municipalities (one project)
  - Special provisions concerning establishment of farmer-operated restaurants (four projects)
  - Application of the credit guarantee program to farming (one project)
  - Employment Consultation Center (one project)
- [4] The Yabu City zone (the reform base for agriculture in the semi-mountainous area)  
 Number of authorized projects: 11  
 Date of authorization of Zone Plans: September 9, 2014,  
 January 27, 2015
- Special provisions concerning the division of clerical work between the agricultural committee and municipalities (one project)
  - Special provisions of the Agricultural Land Act, etc. concerning agricultural production corporations (eight projects)
  - Application of the credit guarantee program to agriculture (one project)
  - Special provisions of the Ordinance for Enforcement of the Hotel Business Law concerning historic buildings, etc. (one project)
- [5] The Fukuoka City zone (the reform base for employment for startups)  
 Number of authorized projects: 6  
 Date of authorization of Zone Plans: September 9, September 30, 2014, June 29, 2015
- Special provisions of the Road Act concerning the area management (four projects)
  - Special provisions of the Medical Care Act concerning the regulations on the number of beds (one project)
  - Employment Consultation Center (one project)
- [6] The Okinawa Prefecture zone (the base for international tourism)  
 Number of authorized projects: 2  
 Date of authorization of Zone Plans: June 29, 2015

- Special provisions of the Road Act concerning the area management (two projects)
- In October last year, a bill for the revision of the Act on National Strategic Special Zones was submitted to an extraordinary session of the Diet, which would establish new special measures concerning regulations in a variety of areas including education, medical care, employment, childcare, and promotion of acceptance of foreign human resources, based on proposals made by Zone Councils and collected from the public in addition to regulatory reform included in “The Japan Revitalization Strategy, revised 2014”. Although the bill was shelved and discarded, another bill which included more special measures concerning regulations was submitted to the Diet in April this year.
- As well, in March this year, the National Strategic Special Zone Advisory Council decided that the following three regions would be designated as “Regional Vitalization Special Zones,” the secondary designation of the National Strategic Special Zones, with an aim to realize local revitalization through regulatory reform, provide comprehensive assistance to highly-motivated municipalities through simplification of procedures and dispatch of experts, and demonstrate “near future technology” such as remote medical care and small drones:
  - The Semboku City zone in Akita Prefecture as the center for reform of “agriculture and forestry / medical care”
  - The Sendai City zone in Miyagi Prefecture as the center for reform on “women’s active social participation and start-ups”
  - The Aichi Prefecture zone as the center for general reform for education, employment, agriculture, etc. for “fostering industry leaders”

**(Efforts during the intensive implementation period for utilization of PPP/PFI)**

- With regard to the Sendai Airport, the public solicitation procedure for businesses was started by the publication of the Implementation Policy on the Qualified Project Etc. for Sendai Airport Operation in April, followed by announcement of guidelines for application in June last year. For the Kansai International Airport and the Osaka International Airport, Implementation Policy on the Qualified Project Etc. for Airport Operation of Kansai International Airport and Osaka International Airport was published in July last year and application guidelines were announced in November the same year, thereby the public solicitation procedure for businesses was begun. Efforts are being made for these three airports ahead of other projects.
- A bill for the revision of the Act on Promotion of Private Finance Initiative was submitted to the Diet in March this year, which aimed to facilitate establishing measures to institute a system to realize resignation dispatch of government employees

who had technical knowhow, etc. for smooth and efficient implementation of concession projects.

- With regard to tax treatment concerning replacement investment, etc. in concession projects, handling by concessionaires such as treating as deferred assets was made clear based on the implementation policy (draft) announced by Osaka City in November last year.
- In June last year, the Ministry of Internal Affairs and Communication issued a notification concerning the designated administrator system and handling of public enterprises under the concession system. This was followed by the issuance of a notification by the Ministry of Land, Infrastructure, Transport and Tourism in August last year, with regard to handling of the designated administrator system concerning implementation of qualified projects of local government administration airports in accordance with the Act on the Private Sector Operation of Government-managed Airports, etc.
- A bill for the revision of the Act on Special Districts for Structural Reform, which would enable the private sector to operate toll roads managed by public companies, was submitted to the Diet in April this year.
- While the Government provides physical and financial support in the areas of airports, water supply and sewerage systems, etc. with regard to the burden involved in preparatory work carried out by local government for concession projects, it also started to take special subsidy tax measures from this fiscal year for the burden on local governments concerning inspection and other preparatory work ahead of introduction of concession projects carried out by local governments with a state subsidy.
- The Government has requested (with a notification by the Minister of Internal Affairs and Communications, January this year) all the local governments to produce financial statements, etc. in accordance with a unified standard which requires maintenance of fixed assets ledgers in three years, as a rule. At the moment, the Government is also driving development by announcing manuals and implementing special subsidy tax measures.
- The Government has requested (with a notification by the Minister of Internal Affairs and Communications, January this year) all the local governments to apply public enterprise account to projects which have not adopted the accounting measure, especially sewerage projects and small water utilities, in five years. At the moment, the Government is also driving development by announcing manuals and implementing local financing measures.
- The Government is also providing assistance to local governments through conducting briefing sessions, taking special subsidy tax measures, etc. in order to promote development of the overall administrative plan for public facilities, etc.

- The Cabinet Office strengthened its systems for promotion of concession projects, etc.

**(Establishing the Basic Plan on Transport Policy to strengthen international competitiveness)**

- The Basic Plan on Transport Policy in accordance with the Basic Act on Transport Policy, which prescribed the basic framework for comprehensive transport policy, was approved in a Cabinet meeting in February this year. Based on the Plan, the Government is aiming to enhance international competitiveness of Japan by promoting a variety of measures to strengthen functions of the industrial infrastructure.

**(Enhancing competitiveness of cities)**

- Completion of about forty large-scale, superior urban development projects by the private sector which were authorized by the Minister of Land, Infrastructure and Transportation is targeted by FY2020, of which six projects were finished in the last fiscal year.
- The Government strengthened financial support to businesses which would facilitate enhancement of international competitiveness based on the Revised Act on Special Measures concerning Urban Reconstruction which was enforced in August last year. As well, special provisions for taxation to vigorously push forward large-scale, superior urban development projects by the private sector based on the Act on Special Measures concerning Taxation have been extended for two years until March 2017.

**(Enhancing functions of the industrial infrastructure)**

- The Government established the council for enhancement of functions of the airports in the Tokyo Metropolitan area participated by relevant local governments, etc. in August last year, where paramount importance is placed on efforts to increase the Haneda Airport's annual slots for arrival and departure by about 80,000 by the 2020 Tokyo Olympics and Paralympics and, to this end, discussion has been held on ways to enhance functions such as revising flight paths to and from the Airport.
- In order to enhance the international competitiveness of the Port of Yokohama, its compulsory pilotage will be relaxed starting from August this year based on the conclusion reached in August last year that it should be relaxed to 10,000 tons (from current 3,000 tons) (except for vessels carrying a dangerous cargo). In October last year, Kobe-Osaka International Port Corporation was established from business integration of special port operating companies in the Hanshin Port. In December the same year, the Government invested in the company, through which a system of cooperation among the Government, the port management body, and the private company was established.
- In March this year, the Central Circular Route inaugurated full services in the whole

route, which became the first of the three Circular Routes in the Greater Tokyo area. As seen in this case, the development of circular routes in the three metropolitan areas is underway and stimulating investment from the public sector in the form of increased shipment of manufactured goods and the siting of large-scale distribution facilities.

**(Promoting the formation of compact cities with public transport networks)**

- With regard to the siting adjustment plan system based on the Act on Special Measures concerning Urban Reconstruction, and local public transport network development plans based on the Act on Revitalization and Rehabilitation of Local Public Transportation System, the Government is conducting activities to make them widely known and has established the “support team to form compact cities” participated by relevant ministries and agencies since March this year. The team has organized briefing sessions for local governments and bloc-by-bloc conferences, and thus provided cross-departmental assistance to efforts by local governments.
- In order to provide assistance to projects aiming to reconstruct a local public transport network, a bill to revise the Act on Revitalization and Rehabilitation of Local Public Transportation Systems and the Act on the Japan Railway Construction, Transport and Technology Agency, Independent Administrative Agency was passed in May this year.

**(3) Specific new measures to be taken**

**i) Corporate tax reform**

We will strengthen Japan’s locational attractiveness and enhance competitiveness of Japanese companies. In this context, we aim to reduce the effective corporate tax rate to the internationally-comparable level and complete growth-oriented corporate tax reform that we are promoting as soon as possible.

Accordingly, in the tax revision of FY2016, the Government will aim to further decrease the tax rate of the same year. The Government will aim to continue its efforts for tax reform afterwards to reduce the percentage level of the effective corporate tax rate down to the twenties in several years.

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 Plan to Advance Economic and Fiscal Revitalization”, permanent revenues will be secured through such measures as broadening the tax base and so forth.

In light of the need to achieve the fiscal consolidation target set in “The Plan to Advance Economic and Fiscal Revitalization”, we will proceed with the implementation of the tax reform while checking the progress towards the target.

## **ii) Accelerated promotion of National Strategic Special Zones in the rest of the period of intensive initiatives**

In order to take advantage of National Strategic Special Zones and open the way to reform of the bedrock of Japan's regulatory regime in general during the period of intensive initiatives which will terminate in the end of this fiscal year, it is essential to realize a bold regulatory reform more quickly during the time left, less than a year, in consideration of the "Timetable for Reforms of the Bedrock of Japan's Regulatory Regime (Priority Issues and Schedule)" presented in the 8<sup>th</sup> and 11<sup>th</sup> National Strategic Special Zone Advisory Council.

To this end, it is necessary to further accelerate various initiatives concerning the National Strategic Special Zones, including the following measures, thereby ensuring a flexible and speedy response to the need for specific projects and proposals and achieving visible results.

As well, with regard to the initiatives in the six zones which received primary designation, the Government will evaluate the reform results urgently and strictly in accordance with the "Basic Policy on National Strategic Special Zones" (approved by the Cabinet on February 25, 2014 and partially revised on October 7), and manage progress through the PDCA cycle.

### **a) Fleshing out and implementing projects without delay, adding designated zones, etc.**

It is necessary to put into action, at the earliest possible time, specified projects involving regulatory reforms including additional matters specified in the bill for the revision of the Act on National Strategic Special Zones in not only the six zones but another three zones designated as Regional Vitalization Special Zones. To this end, as soon as receiving ordinance designation, these additional three zones as well need to establish Zone Councils, develop Zone Plans, and have them authorized by the Prime Minister. That way, specified projects will be aimed to start as early as this fall.

The designated zone of the Tokyo Metropolitan area of the Tokyo zone shall be expanded to the whole Metropolis without delay as in the cases of the other designated Prefectures.

As well, second designation of Regional Vitalization Special Zone (the third designation of the National Strategic Special Zones) shall be made during this year, at the earliest possible time, in order to further drive efforts of local governments which are highly-motivated for local revitalization through regulatory reform, and aim to stimulate the country's overall economy even more by promoting competition among designated special zones, as well as demonstrate near future technology including remote medical care, small drones, and automated driving.

## **b) Implementing further regulatory reforms**

In addition to proposals not adopted to date and those from the public collected by June this year, the National Strategic Special Zone Advisory Council and the National Strategic Special Zone Working Group will consider the following regulatory reforms to be tackled in the National Strategic Special Zones, examining which should be added to the Act on National Strategic Special Zones, etc. Based on these deliberations, the relevant legislative measures will be taken without delay, possibly in the next Diet session.

In this regard, as previously done, the Government will combine these initiatives with special measures to be introduced within the special zones, as well as regulatory and institutional reforms to be applied nationwide, with a view to achieving reforms either nationwide or at least within the special zones.

At the same time, the Government will, where necessary, proactively consider regions not designated as National Strategic Special Zones and regulatory reforms that have not yet been included, with a view to implementing them as regulatory reforms in Special Zones for Structural Reform or Comprehensive Special Zones, or as nationwide reforms.

Moreover, based on the Basic Policy on National Strategic Special Zones which states that proposals should be solicited at least twice a year, the Government will make sure to solicit proposals from local authorities and the private sector nationwide every year.

## **(Promotion of “near future technology” including remote medical care, small drones, etc.)**

### **[1] Special provisions to the principle of face-to-face instruction for taking medicine by pharmacists using a videophone**

- Currently, pharmacists are required to provide face-to-face instruction to patients taking prescription drugs. However, in order to meet the need of remote medical consultation, the Government will take legal measures to make an exception to the principle of face-to-face medication instruction by pharmacists and allow providing medication instruction through a videophone demonstratively in the National Strategic Special Zones in cases where face-to-face instruction cannot be provided because of locations such as isolated islands or remote rural areas where medical institutions, pharmacies, and other medical resources are not widely available.
- At the same time, the Government will take necessary measures to make it clear that drugs can be delivered by private businesses in the said provisions.

**[2] Clarification of handling of remote medical consultation**

- The Government will promptly issue a notification to clarify that remote medical consultation is allowed based on the doctor's judgement in cases where the patient is not in an isolated island or remote rural area specified in the existing notification concerning remote medical care, or in cases where consultation would not be one of the nine specified remote medical consultation types, or even in first examination cases where face-to-face contact is hard to provide, in order to meet patients' needs of remote medical consultation.

**[3] Introducing IT-based educational measures which connect schools, etc. located far away from each other**

- The Government will conduct demonstration experiment of joint class connecting remotely situated classrooms by utilizing IT, thereby evaluate and inspect effects and challenges, and promptly develop new rules, etc. for introduction of such educational measures, with a view to ensure that even children studying in downsized schools due to depopulation and declining birth rates can learn through friendly competition.

**[4] Realizing sound utilization of small drones**

- With regard to small drones which could help create a new industry in a variety of areas including disaster monitoring, distribution, etc. and improve convenience and quality of people's life, the Government will develop operation rules without delay through revising the Civil Aeronautics Act, and then hear opinions from the private sectors whenever necessary on additional regulatory system reforms through Zone Councils concerning the National Strategic Special Zones, with a view to realizing sound utilization of small drones and eventually letting them contribute to the country's growth strategies. And then the Government will work on regulatory system reforms necessary to promptly demonstrate the new technology by utilizing the special zone system. Including these efforts, the Government will consistently proceed with initiatives for necessary nationwide system reforms.

**[5] Accelerating issuance of radio station licenses related to demonstration projects, etc. with small drones**

- In order to promote demonstration experiments related to utilization of small drones in the special zones, product development by venture companies, etc., the Government will revise the current system of specified experimental test stations and allow more flexible establishment of licensed area to be

announced according to the needs, for example, of the municipality level, not the local branch office level which is currently permitted, through making finer adjustment so as not to generate problems of interference, etc. At the same time, even frequency bands currently widely used for Wi-Fi, etc. shall be made available for utilization under a speedier procedure.

**[6] Promoting development of environment for fully automated driving**

- With regard to automated driving systems with near future technology which will drive our country's economic growth, it is necessary to conduct demonstration experiments properly and inspect the resulting effects with a view to developing technologies to realize automated driving systems so called "Level 4 (fully automated driving)" according to the "Public-Private ITS\* Initiative/Roadmaps 2015" (decided by the IT Strategic Headquarters on June 30, 2015).

\*ITS: Intelligent Transport Systems

- To this end, the Government will develop environment in the special zones, etc. to proactively and safely conduct demonstration experiments on public roads, which is required to collect safety-related data in light of Level 4, and also make ardent efforts to develop international standards related to automated driving, so as to realize the world's first social systems and structures in line with future technological development. With regard to the disaster danger area in the region stricken by the Great East Japan Earthquake, demonstration experiments may be conducted in places other than public roads.
- Moreover, while discussing revisions to international treaties concerning automated driving, the Government will continue to carefully deliberate on accident liability and drivers' obligations as well as the Road Traffic Act in consideration of data acquired through demonstration experiments on public roads with a view to promptly realizing fully automated driving society.

**[7] Expanding the application area of robots for medical care**

- As the social needs to use robots for medical care grow in the graying society, the Government will take necessary measures to clarify the area where use of medical robots which received approval for manufacture and sales as medical equipment and are considered to be usable for non-medical purposes as well is allowed, by taking account of specific application needs so that such robots could be widely used not only in medical institutions but also in welfare facilities without causing misunderstanding on medical effects.

**(Promoting medical innovation and building sustainable social security systems)**

**[8] Accelerating development of innovative medical equipment through establishing the system for Pharmaceutical Affairs Consultation on R&D Strategy in the special zones**

- In order to promote development of innovative medical equipment originating from Japan and powerfully push forward medical innovation based in the National Strategic Special Zones, the Government will shorten the clinical trial period at clinical trials core hospitals in the special zones, establish the system for “Pharmaceutical Affairs Consultation on R&D Strategy in the special zones” to accelerate the process from development to approval and sales, and promptly develop structures to provide focused assistance at PMDA.
- Moreover, as a national measure, the Government will promptly develop guidance to promote clinical development of medical devices, which classifies clinical test results acquired all the way through approval of manufacture and sales by each medical equipment type.

**[9] More flexible application of medical insurance related to so called “16km rule” concerning a house call, etc.**

- From the perspective of promoting active social participation by women, etc., the Government will make it clear and notify without delay accordingly that insurance covers cases in which a house call or visiting examination is made for a child where medical institutions are not readily available to provide services, for example, house calls or visiting examination conducted together with sick child day care of a visit type, even if the distance between the medical institution and the patient’s residence exceeds 16km.
- In order to secure a system to offer medical care service at home, the Government will deliberate on clarification of qualifications concerning establishment of medical institutions authorized to treat patients with health insurance coverage which do not have functions for receiving outpatients, and come to a conclusion during this fiscal year.

**[10] Promoting preventative healthcare business**

- With regard to approval by prefectures of establishment of medical institutions, they have currently adopted different standards based on which a building with multiple structures and facilities, as in case of multiple floors, can be recognized as one medical institution. In order to promote establishment of medical institutions offering preventative medicine, the Government will deliberate on a clear uniform policy and issue a notification thereof without

delay.

- As well, with regard to a process of taking a blood sample by users themselves in a specimen measurement lab which is not a medical institution, the Government will clarify cases where nurses, etc. can provide assistance to users as non-medical act, and take necessary measures without delay accordingly.

**[11] Relaxing qualifications for domestic quality assurance managers in manufacture and sales of medical equipment**

- In order to promote more companies to enter medical equipment market, the Government will recognize work experience not only in quality management tasks concerning products prescribed in the Pharmaceuticals Medical Machinery, etc. Act but also in quality management tasks concerning ISO9001 and ISO13485 and count it towards three years or more of work experience, a prerequisite for domestic quality assurance managers, in case of handling low-risk medical equipment, and issue a notification without delay accordingly.

**[12] Relaxing enrollment standards for correspondence nursing schools**

- In order to train nurses to improve the community healthcare system, as a national measure, the Government will deliberate on significantly shortening required number of years of work experience as a practical nurse from current 10 years as admission standards of correspondence nursing schools, come to a conclusion during this fiscal year, and then take measures without delay.

**(Realizing bold regulatory reform with local initiatives)**

**[13] Building a new framework related to treatment of naturally contaminated soil**

- By taking into account the importance of urban regeneration and international competitiveness through cost reduction in redevelopment projects, etc. as well as opinions from businesses, the Government will discuss regulations on naturally contaminated soil from the perspective of applying the minimum regulations according to risks for human health. Without delay, the Government will tentatively start implementing measures executable in a short period of time in the National Strategic Special Zones ahead of introducing them nationwide, the result of which shall be applied to the national introduction.

**[14] Deliberation related to establishment of universities and departments for training veterinarians**

- In cases where new plans different from existing veterinarian training through current proposers have taken a definite shape, thereby specific demand in the new area which veterinarians will work on including life science has been clarified, and existing universities or departments cannot handle such new plans, the Government will take into account the recent trend of demand for veterinarians and make deliberation from the national standpoint during this fiscal year.

### **iii) Utilization of PPP/PFI**

The concession system makes it possible to develop and operate infrastructure effectively and efficiently in tight fiscal situation and brings the private sector large market and opportunities to improve their international competitiveness. For this reason, it is necessary to strengthen efforts to achieve numerical goals included in the “Policy on Initiatives during the Intensive Implementation Period of the Action Plan toward the Fundamental Reform of PPP/PFI” (decided by the Council for the Promotion of Private Finance Initiatives on June 16, 2014).

As well, promotion of PPP/PFI is a very important measure not only to enhance industrial competitiveness but also to achieve fiscal soundness, and thus it is necessary to strengthen efforts for the whole PPP/PFI project including concession systems.

From this perspective, the following efforts are to be made.

#### **[1] Providing incentive to strengthen promotion of PFI concession projects**

- With regard to the scheme using anonymous associations, etc., the Government will organize general requirements for their establishment and continuation, make them well known to facility managers, etc., and thereby develop business environment to ensure stable pass-through.
- When local governments work on the concession system, they may subject to a partially greater burden in some business schemes, compared to cases where they operate business by themselves. In such a case, the Government will deliberate on assistance measures for the local government.
- In order to resolve the issues preventing a lump-sum payment of concession fees, the Government will take into account specific business schemes by local governments, discuss specific measures from a broad standpoint, and come to a conclusion roughly in a half year.
- With regard to the burden related to the preparatory work, etc. for the concession system which local governments implement in the priority fields, the Government will discuss assistance by the national and local governments for the areas where the framework of assistance is not yet available.
- In the field of water supply, the Government will consider a measure for

applying the existing system to the concession system to ensure that concession projects are placed on an equal footing with existing projects.

- For the government-managed airports run under concession system, the Government will develop facilities while taking into account that it will earn concession fees.
- In order to realize flexible business plans for concession facilities and development plans covering the surrounding area, the Government will promote regulatory reform concerning concessionaires' proposals and development plans by utilizing the special zones.
- In water projects, the Government will deliberate on measures to further promote enhancement of infrastructure including wider coverage of water supply based on the need to improve business efficiency from the perspective of promoting the concession system as well.

## **[2] Strengthening efforts of the whole PPP/PFI project including concession**

- In order to further promote the entire PPP/PFI project, the Government will revise targets of project scales included in the "Action Plan Toward the Fundamental Reform of PPP/PFI," discuss specific measures to attain goals, and come to a conclusion roughly during this fiscal year.
- With regard to public buildings such as school facilities and public housing which generate usage fees, the Government will deliberate on the concession system's feasibility roughly in half a year, and while taking into account possibilities of opening and conducting incidental business and utilizing public real estate, come to a conclusion regarding selection of facilities designated as a priority and establishment of numerical targets during this fiscal year.
- In response to the request from local governments and concessionaires, the Cabinet Office will aim to provide a unified liaison coordinating various ministries and agencies concerned.

## **iv) Improving the competitiveness of cities and strengthening industrial infrastructure functions**

In order to strengthen Japan's international competitiveness and drive economic growth, the Government will aim to enhance functions of industrial infrastructure through quickly developing and utilizing high-speed transport networks, including arterial high-standard highways, new shinkansen high-speed train lines, and the Chuo Shinkansen maglev line, as well as airports in the Tokyo Metropolitan area and International Container Hub. At the same time the Government will make efforts to maximize stock effects of infrastructure including stimulation for private investment

and improvement of productivity. In addition, it will implement the following measures.

**[1] Improvement of the competitiveness of cities**

Aiming to realize self-reliance and multi-sourcing of energy and strengthen disaster-prevention functions through development and improvement of densely built-up areas, the Government will promote development of communities capable of handling advanced issues such as an aging society through joint initiatives between the public and private sectors, while pushing forward large-scale, superior urban development projects by the private sector. As well, in order to form international business bases and communities' core bases for business and life, the Government will promptly upgrade the urban regeneration system with possibilities of revising relevant laws and take assistance measures gradually, beginning with what is possible, by the next fiscal year.

As well, the Government intends to establish a comprehensive information system concerning real estate; develop distribution environment to promote utilization of inspection at the time of transaction through revising the Building Lots and Buildings Transaction Business Law, aiming at the next ordinary session of the Diet; and expand Japan's secondhand housing and renovation market to 20 trillion yen by 2020 by eliminating the concern about quality through providing assistance for realizing long-life, quality secondhand housing.

**[2] Strengthening industrial infrastructure functions**

To realize enhanced functions of airports in the Tokyo Metropolitan area, the Government will give the highest priority to efforts towards increase of annual arrival and departure slots in Haneda Airport by about 80,000 by 2020 by having interactive dialogue with residents on revisions of flight paths, and developing environmentally friendly measures. With regard to enhancement of functions after 2020, the Government will discuss various challenges including fundamental expansion of capacity of Narita Airport with relevant local governments, etc.

While building a unified vessel traffic control for the Bay of Tokyo with a possibility of revising the Maritime Traffic Safety Act, thereby easing the congestion of the bay, the Government will aim to develop a system which will enable integrated operation of container terminals in three ports of Tokyo, Kawasaki, and Yokohama as Keihinko (Port of Keihin) during this fiscal year with cooperation of the Government, the port management body, and the private sector, through which the Keihinko's international competitiveness will be enhanced.

As well, in order to realize fast and smooth distribution and ease traffic congestion by maximizing stock effects of road network, the Government will promote development of circular routes in the three metropolitan areas including

the three Circular Routes in the Greater Tokyo area while introducing a new fee system in the Greater Tokyo area and timing it at the next fiscal year to coincide with the near completion of the Ken-O Expressway (Metropolitan Inter-City Expressway), thereby stimulating investment for siting for distribution facilities, etc. from the private sector.

## 5-2. Stimulating financial and capital markets / Management of public and quasi-public funds, etc.

### (1) Progress in achieving KPIs

**<KPI> Japan in the top three OECD member countries in the World Bank's Ease of Doing Business ranking by 2020 (19th in 2014)**

⇒2015: 19th (same as the previous year)

- \* There was no major change in evaluation of each category, and thus Japan held the same position as in the previous year.
- \* Due to change of the ranking method, the 2014 ranking of Japan was revised from 15<sup>th</sup> to 19<sup>th</sup>.

**<KPI> Tokyo in the top three of Global Power Inner City Index by 2020 (4th in 2012)**

⇒2014: Tokyo was 4th (same as the previous year).

- \* In the category of "Cultural Interaction, Tokyo jumped from 8<sup>th</sup> to 6<sup>th</sup>, thanks to the improvement of an index due to the number of visitors from other countries, etc. In the category of "Livability," the ranking improved from 20<sup>th</sup> to 17<sup>th</sup> since the score for the unemployment rate increased. On the other hand, the category "Environment" saw Tokyo fall from 1<sup>st</sup> to 9<sup>th</sup> because the data collection method was changed. In the overall ranking, Tokyo reduced the score gap with Paris, the 3<sup>rd</sup> place city, two years in a row but remained in the same position as in the previous year.

**<KPI> Double foreign companies' direct investment in Japan to ¥35 trillion by 2020 (¥19.2 trillion as of the end of 2012)**

⇒ As of the end of 2014: ¥23.3 trillion

### (2) Progress made in implementing measures

#### (Enhancing settlement systems)

- With regard to the expansion of operating hours of the Zengin System, the Japanese Bankers Association published "On the Results of Examining the Future Shape of the Zengin System (final report)" and decided that the Zengin System should be developed to enable real-time bank transfers, etc. 24 hours a day, 365 days a year by the end of 2018. As well, a joint system experiment was carried out in the last fiscal year to test coordination between settlement information and commercial distribution information by using the enlarged information column for EDI (Electronic Data Interchange), through which it was confirmed that operation efficiency could be improved.

- With regard to measures to improve the convenience and efficiency of payments by making cashless payment more prevalent, in December last year, the relevant ministries and agencies published the “Measures to shift into cashless society” which includes the measures for popularization of ATMs dispensing cash with credit cards issued overseas, introduction of credit card payment terminals in regional shopping streets and tourist sites, and wider use of electronic payment in the public sector.

**(Establishment of a cycle in which abundant household assets flow toward growth money)**

- As a result of the efforts to promote the use of NISA scheme in government publicity, etc., total investment through the current NISA scheme had amounted to 4,411 billion yen and the number of accounts had reached 8.79 million by the end of March this year.

On another note, introduction of “Junior NISA” and increase of annual investment limit (from 1 million to 1.2 million) were decided in the FY 2015 Tax Reform. These measures will start from next year.

**(Promotion of an increase in the number of companies voluntarily adopting IFRS)**

- The Government put together advantages of transition to IFRS based on a fact-finding survey and interviews with companies which have voluntarily adopted IFRS, and published “IFRS Adoption Report” in April, 2015. As of June 15, 2015, the total market capitalization of 86 listed companies which announced their voluntary adoption of IFRS was at about 121 trillion yen, accounting for about 20% of the total market capitalization of all the listed companies.

**(Reviewing management of public and quasi-public funds, etc.)**

- With regard to the Government Pension Investment Fund (GPIF), the Government reviewed its policy asset mix in October last year based on the result of “Actuarial Valuation of the Employees’ Pension Insurance and the National Pension” published in June last year, in line with the changes in the long-term economic and investment climate, including Japan’s success in overcoming deflation and transitioning to an environment with moderate inflation. As well, the Government announced establishment of the Governance Council and appointment Compliance Officers, at the time of the said review of its policy asset mix. As another mid-term objective period will start in April this year, the Government also added a director who would be in charge of administering and managing pension reserve as an official of the GPIF, as part of initiatives to secure highly skilled experts in accordance with the Basic Policy on Incorporated Administrative Agency Reform, etc.
- In March this year, the GPIF, the Federation of National Public Service Personnel Mutual Aid Associations, the Pension Fund Association for Local Government Officials, and the Promotion and Mutual Aid Corporation for Private Schools of Japan jointly established an asset mix target (model portfolio) of reserve fund to be considered for deciding on the policy asset mix, and announced that its application would start in October.

**(3) Specific new measures to be taken**

**i) Revitalizing financial and capital markets, etc.**

The following measures will be taken with a view to advancing asset management, increasing financial functions, forming a financial market attractive to investors, and realizing a lively financial market by directing household assets toward growth money while having individuals build assets by properly including risk assets according to their life stage in Japan.

**[1] Deliberation on advancement of payments and transaction banking services and legal framework concerning financial groups**

The Government will develop action plans from the perspective of strengthening growth potential of Japanese companies conducting business globally for advancement of payment and transaction banking services. The action plan will include advancing cash management services by banks, realizing seamless settlement infrastructure across borders, and further utilizing electronically recorded monetary claims.

As well, the Government will discuss legal framework concerning appropriate business and risk management by and scope of permissible activities for financial

groups with a view to improving users' convenience by promoting advancement of payments and transaction banking services and conducive strategic IT investment by the financial industry.

## **[2] Improvement of convenience of financial and capital markets and their revitalization**

As international markets are fiercely competing with each other in financial centers around the world, in order for Tokyo market to keep up with counterparts in other countries, and secure and improve its position as an international financial center, the Government will proactively take the following measures for improvement of convenience of financial and capital markets and their revitalization, including diversifying products of various funds and derivatives in financial instruments exchanges, and enhancing settlement functions in markets. The Government will also continue to provide assistance for the National Strategic Special Zones' efforts contributing to increase of attraction as a financial center.

- The Government will aim to form infrastructure funds and promote listing thereof while developing required environment so that investors could easily put money in infrastructural assets. As well, relevant ministries and agencies as well as industry groups will cooperate and accelerate efforts for popularization and education for healthcare REITs by conducting briefing sessions to healthcare businesses, etc.
- In order to diversify product providers and financiers in real estate investment market, and realize its sustainable growth, the Government will establish a growth target and a policy to achieve it.
- As the exchanges, facing the tough international competition among them, are making alliances in the financial centers overseas, and the financial/ securities and derivatives market and the commodity derivatives market are being increasingly integrated, the Government will continue to make efforts to realize a comprehensive exchange at the earliest possible time and ensure listing of electricity futures and LNG futures without delay.
- The Government will promote the market players' initiatives to revitalize the TOKYO PRO-BOND Market participated by institutional investors in and outside Japan and introduce systems to report and announce transaction information on corporate bonds so that Japanese bond market would play a central role in Asian bond markets. As well, the Government will encourage market players to discuss on expansion of services provided by Book-entry Transfer Institutions and Clearing Organizations and promotion of issuance and

circulation of foreign currency-denominated bonds.

- Market participants including the Japan Securities Dealers Association are deliberating on shortening of settlement period of government bonds, stocks, etc., considering settlement periods in other major developed countries. In addition to ongoing efforts to realize the “Grand design for shortening of JGB Settlement Cycle (T+1)” announced by the Japan Securities Dealers Association in November last year, the Association is also deliberating on realization of T+2 settlement of stocks, etc. The Government will encourage such efforts for shortening settlement periods.

### **[3] Establishing position as an international financial center and supporting Japanese companies entering overseas markets**

With a view to further strengthening assistance in the financial field for Japanese companies, etc. to enter into overseas markets, and powerfully conveying the appeal of Japan’s financial and capital markets overseas, “Asian Financial Partnership Center” will be reorganized to “Global Financial Partnership Center (tentative name)” and the following measures will be taken:

- In order to ensure easier access to the necessary financial services (financial consulting, accounting and legal services, etc.) by Japanese companies, etc., when they expand their business to Asian countries, it will be necessary, in cooperation with relevant organizations including foreign financial authorities, to provide relevant information to companies, to hold and expand various seminars and training programs, and to set up a contact point at the FSA for gathering various information including information on such seminars, thereby disseminating information to both domestic and foreign audiences. Seminars and training programs for the human resource development of foreign financial authorities’ staff, etc. should be systematically implemented as well.
- The scope of technical assistance should be widened from Asia, which has been the primary focus, to emerging economies in other regions such as the Middle East, Africa and Latin America, thereby expanding and strengthening the system of technical assistance.
- In addition, the “Global Financial Partnership Center (tentative name)” will serve to convey the appeal of Japan’s financial and capital markets around the world and it should implement overseas IR in major financial and capital markets around the world. Moreover, conferences and meetings related to international finance should be proactively hosted or invited to be hosted in Japan.

**[4] Promotion of further increase in the number of companies voluntarily adopting the IFRS**

With a view to achieving “a single set of high-quality accounting standards,” which was prescribed in the G20 Leaders’ declaration in 2008, the Government will continue to strive to increase the number of companies voluntarily adopting IFRS.

With a view to facilitating accounting practice at companies which have adopted IFRS or are considering transition to IFRS, and contributing to promotion of further increase in the number of companies which have voluntarily adopted IFRS, the Government will enhance and revise reference formats for preparing financial statements in accordance with IFRS, taking into account examples of disclosure by companies which have adopted IFRS and the recent updates to IFRS.

Listed companies have disclosed their thoughts on adoption of IFRS in “Basic views on selection of accounting standards” in their earnings reports since the fiscal year ending on or after March 31, 2015. With regard to this, the Government, in cooperation with Tokyo Stock Exchange, will make analysis and publicize the situation of IFRS adoption in order to contribute to deliberation on transition to IFRS by listed companies.

**[5] Promotion for providing quality investment products for individuals and expanding the use of NISA scheme**

In order to realize a lively financial market where household assets are directed to growth money through implementing environment to enable individuals to take appropriate risks according to their life stage, the Government will encourage both sales companies and investment management business operators to fulfill their roles and responsibilities (fiduciary duty\*) and provide better-quality products to truly meet the needs of investors, through monitoring efforts by the Financial Services Agency, etc. The Government will also take measures to promote further use of NISA scheme, including the “Junior NISA” (the upper limit of annual investment: 800,000 yen) which is scheduled to be launched next year. As well, the Government expects to see greater use of the post office network for sales of quality products satisfying investors’ needs.

(\*) A general term indicating a wide variety of roles and responsibilities borne by an entity which is to perform a certain task based on trust conferred by others.

**[6] Improving the defined-benefit corporate pension system**

In order to develop environment where companies could easily implement corporate pension plans, the Government will discuss the defined-benefit corporate pension system regarding introduction of a corporate pension system of a hybrid type, in which business owners and members could share operational risk, and measures to realize flexible operation with an eye to the future economic fluctuations, and thereby reach a conclusion during this year.

**[7] Promotion of a cashless society**

The Government will seek to improve the convenience and efficiency of payments by making cashless payment more prevalent, in light of the forthcoming 2020 Tokyo Olympic and Paralympic Games. Accordingly, based on the “Measures for a cashless society” formulated by the relevant ministries and agencies in December last year, the Government will promote measures to improve the convenience for foreign visitors to Japan through further popularization of ATMs dispensing cash with credit cards issued overseas, to develop environment where credit cards can be used more safely through encouraging shift to IC credit cards, and to expand the use of electronic settlement in the public sector including further popularization of electronic payment of public service fees.

**ii) Reviewing management of public and quasi-public funds, etc.**

In terms of approaches to the management of public and quasi-public funds, including the GPIF, in light of the recommendations by the Panel, the Government will take the requisite steps to ensure that the necessary measures are implemented swiftly and steadily, taking into account the need to ensure long-term soundness, according to the scale and nature of the funds in question.

With regard to the governance system of the GPIF, the Government will accelerate efforts to implement the necessary measures with possibilities of the future legal reforms from the viewpoint of the whole pension system and its organizational structure.

### 5-3. Overcoming constraints of environmental/energy

#### (1) Progress in achieving KPIs

**<KPI> Complete the Electricity System Reform by 2020 at the latest**

⇒ In April this year, the Organization for Cross-regional Coordination of Transmission Operators was established. As the final stage of the reform, Amended Electricity Business Act (3<sup>rd</sup> stage) including legal unbundling of the transmission and distribution sector was enacted in June this year.

**<KPI> Aim for practical use of 1500°C-class IGCC during the 2020s**

⇒ Design work for plants for commercial use was started the last fiscal year.

#### (2) Progress made in implementing measures

**(Compiling Long-term Energy Supply Demand Outlook and the draft greenhouse gas emission reduction target)**

- In June this year, The Long-term Energy Supply Demand Outlook (draft) for 2030 was compiled, which included a policy objectives of reducing electricity cost, improving the rate of energy self-sufficiency (to roughly 25%, exceeding the pre-earthquake level), etc. Also, in the same month, the greenhouse gas emissions reduction target in FY2030 (26% compared to FY2013 (25.4% compared to FY2005)) was developed as a draft INDC consistent with the aforementioned outlook.

**(Implementing the Electricity System Reforms, etc.)**

- With regard to the Electricity System Reform, based on the first-stage and second-stage legal amendments, the Organization for Cross-regional Coordination of Transmission Operators was established in April this year as an authorized corporation of which all the electric utilities must sign up as members, while detailed system design of ministerial ordinances, etc. for full liberalization of the retail market was promoted. Moreover, as the final stage of the reform, Electricity Business Act (3<sup>rd</sup> stage) was enacted in June this year, thereby enabling to secure the neutrality of the transmission and distribution sector through legal unbundling, etc).
- With regard Gas and Heat Supply System Reform as well, the aforementioned bill partially revised both the Gas Business Act and the Heat Supply Business Act. The former now includes full liberalization of the gas retail market and is securing the neutrality of the gas pipeline service while the latter has changed in the entry regulation from the conventional license system to a registration system

**(Deciding to further enhance FC (frequency converter))**

- With FC (frequency converter), preparatory work for construction is underway for capacity increase up to 2.1 million kW by 2020. Moreover in April this year, the

Government requested the Organization for Cross-regional Coordination of Transmission Operators to deliberate on actualization of the policy of capacity enhancement up to 3 million kW, including its implementation time.

**(Developing guidelines for-Trading Negawatts)**

- In order to promote Negawatt (amount of reduced demand) trading, the Government developed guidelines for negawatt transactions related to how to measure the amount by which demand reduced, in March this year.

**(The Nuclear Regulation Authority approving changes in reactor installation of four units in two nuclear power plants)**

- The Authority certified that Unit 1 and 2 of Sendai Nuclear Power Station and Unit 3 and 4 of Takahama Nuclear Power Station satisfied the new regulation standard, and thereby granted permission to make changes to the reactor installation respectively.

**(Acquiring a participating interest in the ADCO Onshore Concession in Abu Dhabi)**

- In the end of April this year, a Japanese company acquired a participating interest in the ADCO Onshore Concession in Abu Dhabi, one of the world's largest deposits of oil, and became the first Asian participating company to do so.

**(Promoting optimization of facilities and restructuring of operations at petrochemical complexes)**

- In order to promote optimization of facilities and restructuring of operations at petrochemical complexes, the Government announced new criteria concerning the "Act for Upgrading the Energy Supply Structure" in July last year.

**(3) Specific new measures to be taken**

The Government will push forward the following initiatives based on the Fourth Strategic Energy Plan (approved by the Cabinet on April 11, 2014) in order to reinforce systems for a stable supply of energy, both in normal times and in times of crisis, while curbing energy costs and greenhouse gas emissions as much as possible, as Japan's energy costs are already at a higher level compared to other major countries' due to the increase in import costs of fossil fuel and the recent trend of weak yen, and CO2 emissions of FY2013 reached at a record high level of 1,480 million tons.

More Specifically, the Government will plan further improvements in energy efficiency and conservation by promoting thorough efforts to achieve energy efficiency and conservation, while, not only curbing power and gas service fees as much as possible through reforms of electricity systems, gas systems, and heat supply systems, but also

aiming to create new industries and employment by promoting new business entry from other industries to a wide variety of fields including related industries from upstream to downstream markets.

With regard to renewable energy, the Government will take necessary measures including a review to the feed-in tariff system based on the “Strategic Energy Plan” and the “Outlook of long-term energy supply and demand” which is currently under development. Other measures to be implemented include resumption of nuclear power generation at safety-confirmed plants, diversification of resource suppliers through acquiring a participating interest and realizing import from North America, etc., stabilization of supply, diversification of fuel types used in transportation industry.

As well, the Government will continue to promote enhancement of monitoring measures against nuclear disaster including establishing evacuation plans, conducting evacuation drills, and securing evacuation routes by road maintenance and improvement, etc.

#### **[1] Promotion of thorough energy efficiency and conservation initiatives**

- For industrial, commercial, residential and transport sectors, the Government will promote further energy efficiency and conservation activities through revising top-runner standards for machinery, equipment and other items, establishing a benchmark system for the operation sector, while popularizing energy management using IoT including FEMS, BEMS, and HEMS.

As well, with a view to introduction and diffusion of demand response, the Government will develop rules related to trade Negawatt including wheeling consignment contract for such-tradings.

- The Government will also promote development and introduction of high-efficiency thermal power generation (coal, LNG), co-generation, storage batteries, and innovative materials including next-generation semiconductors, etc. for example using gallium nitride (GaN) which makes further energy-saving possible.

#### **[2] Pushing through reforms of electricity systems, gas systems, and heat supply systems**

In order to promote an integrated system reform securely by cutting through the barriers among electricity, gas, and heat supply markets according to the schedule, the Government will push forward preparatory work including laying down necessary ministerial ordinances for full liberalization of the electricity retail market (roughly in April next year), legal unbundling of the electricity transmission and distribution sector (April, 2020), full liberalization of the gas retail market (roughly in 2017), and legal unbundling of pipe divisions of three

major gas companies (April, 2022), and liberalization of heat supply business (roughly next year). The Government will also prepare for establishment of the Electricity and/ Gas Markets Surveillance Commission with the independency and a high degree of expertise in order to ensure properly functioning markets which will be liberated by these reforms . As well, the Government will promptly proceed with deliberation on development of natural gas pipelines, and reach a conclusion without delay. In addition, the Government will develop energy futures markets by promptly making detailed design of electricity futures market and enhancing LNG over-the-counter market.

**[3] Reviewing the feed-in tariff system**

The Government will review the feed-in tariff system in order to realize introduction of well-balanced mix of renewable energies and compatibility between introduction at the largest volume and the least national burden in consideration of characteristics and reality concerning renewable energies, based on which the Government will take necessary measures.

**[4] Utilization of nuclear power stations once their safety has been confirmed**

Based on the premise of prioritizing safety above all other considerations and sparing no effort to eliminate the concerns of citizens, the Government will leave matters concerning the safety of nuclear power stations to the judgment of the Nuclear Regulation Authority (NRA), so if the NRA accepts that a nuclear power station complies with the world's most stringent regulatory requirements, the Government will respect its judgment and move forward with the restart of that nuclear power station. In doing so, the national government will be at the forefront of efforts to secure the understanding and cooperation of interested parties, including the local authorities of the areas in which they are sited.

Moreover, as well as engaging in international cooperation focused on the development of technology to reduce the volume and toxicity of radioactive waste through utilizing test reactors and experimental breeder reactors owned by universities, etc., and the development of nuclear technologies that serve the safety improvement of nuclear use, such as high-temperature gas-cooled reactors, the Government will promote nuclear nonproliferation initiatives. At the same time, it will implement human resource development in these fields.

**[5] Maintaining and improving domestic supply chains for oil and LPG, etc.**

The Government will promote oil companies to make early implementation of

plans spanning until the end of next fiscal year to achieve targets for facility optimization, based on criteria for the Act for Upgrading the Energy Supply Structure (announced in July 2014), while promoting development of action plans for resilience investment to strengthen disaster-response capabilities at oil-refineries, etc. The Government will also implement measures for regional stable supply under the Council for Underpopulated Areas with Few or NoSS (Service Stations).

## 6. Achieving regional revitalization and regional structural reform / Achieving reform among mid-ranking companies, SMEs and micro enterprises

### (1) Progress in achieving KPIs

**<KPI> Ensure that the business startup rate exceeds business closure rate, and raise the current business startup and closure rates to the 10% range (up from the current rates of around 5%), on a par with the US and UK**

⇒FY2013: Business startup rate 4.8%, Business closure rate 4.0%

(FY2012: Business startup rate 4.6%, Business closure rate 3.8%)

⇒Early-Stage Entrepreneurial Activity Index (FY2014): 3.8%

\* Regarding the startup/closure rate, the Government has set a goal to "double the Early-Stage Entrepreneurial Activity Index (the percentage of respondents who answered that they are "entrepreneurs or prospective entrepreneurs" in the "Survey on entrepreneurial spirit") in coming 10 years" as a supplementary index looking ahead for the next 10 years, as it will require not only the government policies but also change in social attitudes toward entrepreneurship, which makes it a long-range goal.

**<KPI> Increase the number of profit-making SMEs and micro enterprises from 0.7 million to 1.4 million by 2020.**

⇒FY2013: 805,979 enterprises (FY2012: 734,646 enterprises)

### (2) Progress made in implementing measures

**(Construction of a support platform for bringing regional revitalization measures together as a single package)**

- As the Local Revitalization Act was amended in November last year, one-stop authorization by the Prime Minister can now replace authorization procedures spanning across different ministries and agencies for plans related to regional revitalization. As efforts for comprehensive reform of local industry, ministries and agencies concerned have cooperated and provided consultations and follow-up supports to the "model cases of local revitalization" (33 cases) chosen in May last year, while 26 Local Revitalization Plans including these model cases were authorized by the Prime Minister by March this year based on the Local Revitalization Act. As well, as of June this year, four areas have been designated as Coordinated Core Metropolitan Areas which, in the midst of depopulation, declining birthrate and a growing proportion of elderly people, keep a certain level of population and aim to maintain active social economy while 90 settlement and independence areas have been founded as places to accept settlers.

### **(Adding design technologies to the support target by the Small and Medium Sized Enterprise Manufacturing Enhancement Act)**

- In February this year, the Government revised the policy related to advancement of specified fundamental manufacturing technologies of small and medium sized enterprises based on the Small and Medium Sized Enterprise Manufacturing Enhancement Act, thereby included technologies concerning design development in the specified fundamental manufacturing technologies. In consideration of this, the Government has selected technologies concerning design development in the project for promotion of cooperation in establishment of innovative manufacturing industry.

### **(Promoting regional startups)**

- Based on the Industry Competitiveness Enhancement Act, over 1,000 municipalities are working on startup support business plans developed in cooperation between local governments and startup support businesses, of which 547 cases (605 municipalities) have been approved to date. As well, by April this year, 215 businesses which were firmly linked with communities and had a large capacity of employment through the use of regional resources and funds were launched as pilot models for Regional Economic Innovation Cycles. As well, the Japan Finance Corporation held the 2nd Business Grand Prix for High School Students, which saw 4,928 participants from 207 schools, exceeding the previous year's result, while it established and enhanced a loan system for young or female entrepreneurs in February of this year, as well as strengthened a financing facility exclusive for social business operators including nonprofit organizations.

### **(Cultivation of strategic industries centered on mid-ranking companies in Japan's regions)**

- In April this year, the Regional Economy Vitalization Corporation of Japan, etc. established the "Regional Core Business Revitalization Fund" which would provide financial support and human resource for early improvement and growth of regional core companies' performance. Through financing from the Fund, the Corporation will provide assistance for improvement and growth of regional mid-ranking companies' performance. Also starting April this year, a certain proportion of investment in mid-ranking companies by financing business of the Organization for Small & Medium Enterprises and Regional Innovation, is considered as investment in SMEs. This way, support for business expansion of mid-ranking companies has grown.

### **(Backing for hometown specialties)**

- With a view to regional revitalization by utilizing "hometown specialties" made of

local industrial resources, the Government submitted a bill to revise the Small and Medium Sized Enterprise Local Resource Utilization Act in the current Diet session. After it has been enacted, the Government will ensure promotion of product development and cultivate markets catering to the needs of consumers through proactive involvement by municipalities in the form of making “hometown specialties supporter declaration,” etc., and cooperation with retailers and internet businesses well-versed in the consumer needs.

- In order to introduce the system for license plates with a design, for the first time in Japan, which would allow license plates with a regional design, the bill to partially revise the Road Transport Vehicle Act and the Automobile Inspection Independent Administrative Agency Act was enacted in the current Diet session.

**(Promoting smooth business succession, etc.)**

- Since February this year, the low-interest financing system for businesses conducting succession or M&A has been enhanced. As well, in April this year, the “Guidelines for business succession” was developed and announced while Business Succession Support Centers, located in 20 different places in the country as of the end of May this year, in cooperation with regional financial institutions are promoting smooth business succession, etc. through providing matching services between business owners who do not have successors and companies which aim to expand their business by taking advantage of management resources of such owners’ business. The Government is aiming to spread Business Succession Support Centers to the whole country during this fiscal year.

**(Promoting efforts for international expansion)**

- The Japan External Trade Organization (JETRO) has provided hands-on assistance to more than 1,600 mid-ranking companies and SMEs to date, through the expertise of former corporate employees well-versed in business, as part of efforts to help with international expansion. As well, JETRO established a local assistance platform for overseas expansion in 17 locations by March this year.

**(3) Specific new measures to be taken**

Were it not for revitalization of regional economies, growth of Japan as a whole would be impossible and Abenomics would fail. In response to “The Japan Revitalization Strategy, revised 2014,” the “Headquarter for Overcoming Population Decline and Vitalizing Local Economy” was established in September last year and the “Comprehensive Strategy” was approved by the Cabinet in December the same year, in order to tackle Japan’s structural challenges squarely, such as regional revitalization and overcoming depopulation. The “Headquarter for Overcoming Population Decline and

Vitalizing Local Economy” is working on further promotion of policies, providing follow-up activities for individual measures, and conducting regional assistance, through “information support” utilizing the Regional Economy Society Analyzing System (RESAS), “human support” for the formulation of Regional Comprehensive Strategies and for the implementation of its measures, and introduction of “new type grant for regional revitalization” which financially support pioneering projects beyond conventional “vertically-segmented project,” with a view to accomplishing regional revitalization.

The “Comprehensive Strategy” and the “Basic Policy for Overcoming Population Decline and Vitalizing Local Economy, 2015” (approved by Cabinet in June 30, 2015) focused on regional revitalization including a virtuous cycle of regional economies, together with the growth strategy for growth of the country as a whole, need to make “the two wheels of a cart” to powerfully drive Local Abenomics, thereby putting Japanese economy on a growth path. While ensuring efforts to revitalize regional economies are made following the PDCA cycle based on the “Comprehensive Strategy,” etc., cooperate with the “Headquarter for Overcoming Population Decline and Vitalizing Local Economy”, growth strategy will focus on improvement of profitability and productivity of mid-ranking companies, SMEs, and micro enterprises across the country. In light of 2020 Tokyo Olympics and Paralympics, the Government will also consider sports as business seeds with potential to create and grow business, and thus promote a variety of measures so that sports could lead to revitalization of regional economies and development of new business models.

**i) Establishing “Earning Power” of regional mid-ranking companies, SMEs, and micro enterprises**

**[1] “Visualization of growth strategies for businesses,” and getting across measures/ ensuring publicity**

In order to support initiatives to strengthen “earning power” by highly-motivated mid-ranking companies, SMEs, and micro enterprises, the Government will “visualize growth strategies of businesses” by plainly organizing business management challenges, solutions for them, and inquiry counters. As well, the Government will make sure to give the widest possible publicity to assistance measures for SMEs through aggressive advertising and enhanced contents listed in the catalog of measures with a view to increasing registrants to a website (Mirasapo) which supports SMEs and micro enterprises in their future endeavors.

**[2] Creation of core companies driving regional economy**

- In order to support initiatives of regional companies with a potential to grow,

although with challenge in refining their own technologies, developing customers, expanding into global market, etc., to transform themselves into companies driving regional economy, the Government will build a regional assistance platform which provides a variety of fine support catering to the needs of such companies (support for research and development, development of overseas sales channels, improvement activities on site, and development of standards). More specifically, industrial support institutions of prefectures and regions will play a central role, and ensure that they and other support institutions, including local universities, public research and development institutions, regional intellectual property support institutions, JETRO, and SME supporting institutions, cooperate and share information with each other, and thereby manage the progress of support provided. In the meantime, it will make sure that KPIs, related to understanding of regional corporate activities and the number of supported companies, are established and that adoption of the PDCA cycle is promoted.

- The Government will promote the use of the “Regional Economy Society Analyzing System (RESAS)” which visualizes big data, including public statistics data and transaction data among corporations, compiled and provided to municipalities by the Government, and deliberate on addition of data concerning a regional funds flow and patents owned by corporations, as needed. While linking with RESAS, the Government will also promote new analysis of economy and industry by combining data owned by the national and local governments as well as the private sector, including the use of the “Chart for Creation of Regional Industry and Employment” which has made it possible to acquire information on key industry with a competitive edge by each municipality.

### **[3] Strengthening business support system for SMEs and micro enterprises**

- The “Yorozu Support Centers,” that serve as comprehensive consultation centers for a variety of inquiries from SMEs and micro enterprises, will aim to substantially enhance their support system through the initiatives to increase support staff and accessibility while improving evaluation items, and raising their support standard in order to play a central role in consultation and support for regional businesses and cover many enterprises with their service. As well, with a view to making high-quality consultation service catering to the needs of enterprises available, the Government will make prompt effort to train and develop support staff of the “Yorozu Support Centers” through the use of SME training institute, etc., while securing superior supporting human resources.
- The Government will support efforts towards improvement of sales force and

productivity of SMEs and micro enterprises by working for enhancement of business support quality by the Commercial and Industrial Associations and the Chambers of Commerce and Industry, supporting bodies closest to SMEs and micro enterprises, while utilizing the framework of approval of “business development support plans” based on the Act for Supporting Small Businesses. In addition, the Government will promote the initiatives to enhance support from the National Organization for SMEs which supports the Commercial and Industrial Associations and the Chambers of Commerce and Industry providing business support in various locations. The Government will also visualize results of support provided and fields of expertise of Support agencies for business innovation based on the Act for Facilitating New Business Activities of Small and Medium-sized Enterprises. In addition, by enabling the “Yorozu Support Centers” and SME organizations, etc. to make referrals to each other with cases of consultation and provide joint assistance, the Government will promote building the coordinated system with the “Yorozu Support Centers” at its center.

**[4] Enhancement of support for recruitment by SMEs and micro enterprises**

For regions which have seen the number of workers decrease, in order to realize enhancement of productivity through securing fine human resources for SMEs and micro enterprises which are exposed to structural challenge of human resources shortage, the Government will enhance efforts to provide regional SMEs and micro enterprises with fine and thorough support ranging from discovery of a variety of talent in and outside the region, making referrals, to long-term employment, through, for example, collecting and rolling out to other regions good business cases where sales or productivity has improved due to the employment of human resources of UIJ Turn types (those who come back to their hometown to find a job after a stint in urban areas, are originally from urban areas but go to the country side for employment, or move from urban areas to a region other than their home town for a job), and enhancing efforts to provide business owners employing new workers with seminars related to specific examples of improved work environment with a view to long-term employment, human resources management for enhanced productivity, etc., when support is provided for regional SME recruitment or training and dispatch is conducted for regional human resources who can help on-site process improvement.

**[5] Strengthening capabilities concerning sales and development by cooperation of SMEs and micro enterprises**

- With a view to expansion of a virtuous cycle to SMEs and micro enterprises throughout the country, the Government revised guidelines for subcontract transactions in 14 industries, and thereby added good practices such as preferable business practices for passing the costs of raw materials and energy. The Government is strongly requesting industrial circles to make transactions in accordance with the said guidelines based on “Policies for Support and Cooperation in Passing on Price Increases, and Policies Aimed at Improving Service Industries Productivity” decided in Seiroshi (Government, Labor, and Corporate Management) Meeting for Realizing Virtuous Cycles of the Economy held on April 2, 2015, and will check on improvement by conducting inspection as needed.
- With a view to enhancing sales force of SMEs not through conventional business relationship with large corporations but in open business environment, the Government will promote efforts for development of new customers through mutual exploitation of management resources amongst a coordinated group of small and medium-sized subcontractors; appropriate intellectual management and utilization in SMEs’ joint development; and cooperation/networking of multiple businesses centered around core companies in the fields of research and development and manufacturing processes.

**[6] Enhancement of financing functions to establish “Earning Power” of SMEs and micro enterprises**

- As the recent financing environment increasingly recognizes the importance of supply of funds for growth, the Government will encourage the efforts of government financial organizations, and at the same time, promote cooperation and partnership between private financial institutions and government financial organizations through providing opportunities to discuss, etc. As well, with a view to further enhancing private financial institutions’ support for improvement of business and productivity, the Government will promote disclosure of information (publicity) on results of their efforts, etc. In addition, it will enforce transparency in the results of business support and reconstruction support extended by supporting institutions, the SME Revitalization Support Council, the Business Improvement Support Center, etc. Furthermore, while taking all possible measures to ensure financing for SMEs and micro enterprises in consideration of their business environment, the Government will deliberate on the credit guarantee system during this year, thereby clarify future directions thereof, and take necessary measures.
- In order to promote vitalization of SMEs and micro enterprises and support smooth withdrawal and new trials, the Government will take necessary

measures including promotion of fundamental reconstruction support by the SME Revitalization Support Council, encouragement of utilization of “Guidelines for Personal Guarantee Provided by Business Owners” by financial institutions through announcement of utilization results, request for local governments’ establishing relevant regulations with a view to promoting prompt debt consolidation in so called lawful voluntary liquidation, and development of relevant rules at governmental institutions.

**[7] Building regional support network for start-up business and supporting women and the young in starting business**

- For regional economic structural reform, region-based start-up, possibly realized by opening of infrastructure owned by local governments to the private sector, are important. From this standpoint, based on the Industry Competitiveness Enhancement Act, the Government will strengthen cooperation with SME organizations and local governments by forming partnership among municipalities, SME organizations, and regional financial institutions, and ensuring publicity to support measures for SMEs and micro enterprises.
- In order to support start-up in the regional service sector and assist women and the young in starting business, the Government will promote smooth financing to those launching new business and stimulate entrepreneurship in the public by aiming to further encourage utilization of loan programs for startups provided by Japan Finance Corporation, etc. and enhance entrepreneurship education. As well, the Government will strengthen structure of regional support for start-up business including establishment of the consulting counter at Japan Finance Corporation, so accessible that female entrepreneurs could ask for advice comfortably, development of networks of those experienced in starting business and those supporting new businesses in each community, and creation of a cofinancing scheme by governmental financial institutions concerning start-up and private financial institutions.

**[8] Visualizing growth strategies for regional shopping districts, and further enhancing advanced efforts and promotion thereof**

Shopping districts have an important role of attracting customers from outside the region and promoting communication in the region thereby realizing growth and liveliness in the region. Strategic understanding is deemed to be necessary concerning the region’s strengths and how shopping districts should be positioned in the whole picture of the region. While each community is taking revitalization measures for shopping districts utilizing subsidies for urgent support for regional

residential life, it is important to roll out superior efforts, such as utilizing IT, providing additional services for elderly and child care, etc., to other regions in the country without having them disappear as temporary success, although taking into account different strengths of regions. In consideration of this, the Government will visualize effective efforts to revitalize shopping districts, including details of involvement by local governments, efforts by shopping districts for their own revitalization, specific talent required, and specific efforts to secure and develop such human resources, learned by analyzing success factors and challenge in shopping districts throughout the country. Based on understanding acquired from such analysis, the Government will provide further support for advanced efforts by highly-motivated shopping districts working together with the local government, and aim to promote the result in other regions.

## **ii) Promotion of regional innovation**

While clarifying a mission of each type of bodies, including universities, research institutions, and companies in regions, and aiming to increase personnel and technology mobility through utilizing the cross-appointment system, the Government will promote measures to enhance nationwide industry-academia-government matching functions by connoisseurs, form complexes through industry-academia-government collaboration, strengthen strategies for intellectual properties of regional SMEs, and encourage strategic standardization, in order to build the structure allowing active use of resources located throughout the country without being limited to one's own region. [Described above]

## **II. Strategic Market Creation Plan**

### **Theme 1: Extending the nation's healthy life expectancy**

#### **(1) Progress in achieving KPIs**

**<KPI> Extend the nation's healthy life expectancy by one year or more by 2020 [70.42 years for males and 73.62 years for females (2010)]**

⇒ 2013: 71.19 years old for males and 74.21 years old for females

**<KPI> By 2020, reduce the number of citizens with metabolic syndrome by 25% from FY2008 [14 million (FY2008)]**

⇒ FY2012: Actual and would-be patients of metabolic syndrome decreased by 12.0% from FY2008

**<KPI> Eliminate the assessment lag of pharmaceuticals and medical devices to “zero” by 2020[Pharmaceuticals: 1 month, Medical devices: 2 months (in FY2011)]**

⇒ FY2012: Drugs – zero month, medical devices – zero month

#### **(2) Progress made in implementing measures**

**(Creating the “business alliances through a new healthcare corporation system”)**

- In April this year, a bill was submitted to the Diet, incorporating the creation of the “business alliances through a new healthcare corporation system” which enables to integrate multiple medical corporations etc. by the general meeting of members, and manage it integrally, in order to promote sophistication and efficiency in medical services etc. and construct the system to provide high-quality and efficient medical services in local areas.

**(Providing incentives to individuals for disease prevention and health promotion)**

- In May this year, the Diet passed the Act which incorporated additional support for the self-help of subscribers as health services by insurers, aimed at giving incentives to individuals for disease prevention and health promotion. Going forward, the Government will set out in the guideline and publish, by the end of this fiscal year, the thinking on specific criteria etc. when insurers award health care points or support for insurance premiums according to individuals' efforts to promote their own health and prevent disease.

**(Creating “patient-proposed health care services”)**

- In order to fulfill the wishes of patients to use drugs etc. awaiting approval in Japan promptly under the system for combining insured and uninsured health care services, the Government submitted a bill to the Diet in March this year to create “patient-proposed health care services” as a new health care service under the combining system in response to proposals from patients (to be implemented in April 2016). The bill was passed and promulgated in May.

**(Accelerating assessments of the advanced medical services, and promoting the international expansion of medical services etc.)**

- As for accelerating and streamlining assessments of the advanced medical services (regenerative medicine therapies and medical devices), creating a mechanism for regularly identifying examples of selected health care services that should be introduced, and developing groundbreaking drugs etc., the Government implemented measures for creating the “Priority Examination Designation System” that would give prioritized treatments etc. in approval examinations, and promoting the international expansion of medical services to develop Japanese medical bases overseas etc.

**(3) Specific new measures to be taken**

**[1] Support for the creation of the health care industry**

In order to realize the development of new growth industries and revitalization of local areas, while extending the healthy life expectancy and restraining the demand for medical and nursing care services, it is necessary to promote the vitalization of the health care industry, which is outside the scope of public insurance, in local areas. Accordingly, relevant ministries and agencies will implement the following specific measures by the end of this fiscal year, aimed at promoting the creation of the health care industry in collaboration with local comprehensive care systems and local resources (agriculture/food and tourism etc.) through local versions of the Next-Generation Health Care Industry Council and so on.

- Promote expansion of advanced efforts all over Japan, including successful business models in local areas and Living Lab (social verification experiment) etc., by promoting the establishment of local versions of the Next-Generation Health Care Industry Council and creating a network of said councils.
- As for the business seeds to be created by local versions of the Next-Generation Health Care Industry Council etc., in order to strengthen functions to supply human resources together with risk money from the

pre-investment stage, cooperate with the Regional Economic Vitalization Corporation of Japan (REVIC) and other institutions to establish the “Platform for Commercialization of Regional Health Care Business (tentative name)” to develop the systems across the regions for providing programs and supplying management talents etc. to accelerate health care business.

- Prepare a “Guidebook for Promoting Utilization of Services outside the Public Insurance (tentative name)” and distribute it to regions for reference by companies and local governments when creating services outside public insurance in the areas of support for daily life, nursing care and disease prevention services, and nursing food, in order to promote the utilization of private services linked to local comprehensive care systems.
- The Government will develop the following business conditions aimed at creating new health care businesses linked to local resources (agriculture/food and tourism etc.):
  - Aimed at strengthening business development for the combination of health and agriculture/food, prepare a “Dietary Life Infrastructure Development Package to Support Health through Food and Agriculture” including the construction of database on the evidence concerning healthy agricultural products and diets; and
  - Aimed at strengthening business development for the combination of health and tourism, examine the creation of a third-party accreditation system to evaluate the quality of services in health tourism, while creating attractions of tourist sites utilizing local resources.
- Aiming to establish the brand of “Japan as a Healthy Long Life Nation” and expand into health and disease-prevention services in emerging countries etc., endeavor to improve the recognition level by holding overseas exhibitions etc., in cooperation with Japan External Trade Organization (JETRO) and Medical Excellence JAPAN (MEJ).

## **[2] Thorough ICT use in health care and nursing care etc.**

The My Number system will start by notifying My Numbers to Japanese people all over Japan from October this year. Taking this opportunity, in the field of medical care etc., the Government will strongly promote the use of ICT, so that Japanese people can receive medical and nursing care with the peace of mind, あ aiming at improving the convenience for patients by enhancing and reinforcing local comprehensive care systems; improving the quality of medical service and creating R&D environment in the field of medical care including drug discovery etc., contributing to vitalization of health care industry, after taking sufficient information security measures. Accordingly, the Government will implement

policy measures in the following four areas intensively during five years to 2020:

- Introduce an ID number system in health care and similar fields, utilizing the infrastructure of the My Number system

The Government will introduce an ID number system in health care and similar fields, utilizing the infrastructure of the My Number system such as public personal authentication and My Number cards; and using it as the base, will strongly promote the cooperation in information in health care and similar fields.

Specifically, first, the Government will develop an online qualification confirmation system early after July 2017 to enable ID number cards to be used as health insurance cards at the reception of medical institutions, and thus construct the common base for information cooperation in health care and similar fields. Moreover, for improving information sharing between regional medical institutions, promoting R&D, improving the quality of medical services, the Government will examine specific designs for the ID number system to be implemented in health care and similar fields, and rules for managing personal information associated with specific numbers; and after reaching a conclusion on the above issues by the end of this year, commence—utilizing the base of the online qualification confirmation system—phased operation in medical care and similar fields starting in FY2018, aimed at full-fledged operation by 2020.

- Promote digitalization and standardization of data in health care and similar fields/ Promote information-sharing between regional medical institutions (incl. nursing care)

The Government will promote collection and utilization of information on medical care including the medical check, medical treatment, and prescription, through digitalization and standardization of data in health care and similar fields. Moreover, it will promote the information-sharing on the site of health care/nursing care utilizing the numbers in health care and similar fields, from the viewpoint of improving the convenience for patients.

Accordingly, the Government will achieve nationwide expansion of the regional medical information sharing network by the 2018 fiscal year (including the mutual sharing between hospitals and clinics). By fiscal 2020, it will raise the national diffusion rate of electronic medical records to 90% at general hospitals with 400 or more beds (hospitals which are particularly expected to serve a core role in regional medical care), aimed at creating the environment for promoting the introduction of electronic medical records by small- and medium-sized hospitals and clinics.

To achieve the above objectives, the Government will take measures to provide

financial support for network creation in order to specialize and coordinate sick bed functions via the Fund for Comprehensive Securing of Regional Medical and Nursing Care, while encouraging prefectures to include in their health care plans their future initiatives for the regional medical information sharing network. Additionally, at the time of the next revision of remuneration for medical services, the Government will discuss evaluations of medical information sharing that utilizes ICT for remuneration of medical services. At the same time, it will reduce the costs for network construction and management by constructing the standardized digital data on the executed results (outcome) of medical services, standardizing system specifications of network construction etc., promoting cloud computing for them and the like.

Moreover, in order to improve the quality of medical services, the Government will aim to enable individuals to grasp and use medical information around 2018 by utilizing the infrastructure of the My Number system including specified health checkup data and My Portal so that patients themselves can grasp their medical information over time in their life and use it for their health management. For starters, the Government will discuss and reach a conclusion on methods for transferring data approximately by the end of this fiscal year, to enable smooth transfer of specified health checkup information even when insurers are changed.

Furthermore, in order for patients themselves to be able to acquire prescription information anytime and anywhere, as well as to receive appropriate prescription guidance etc. from pharmacists at pharmacies, the Government will discuss the improvement of the functionality of electronic medicine notebooks by the end of this fiscal year, and promote their diffusion to Japanese people along with the regional medical information sharing network which is targeted to be spread all over Japan by FY2018.

In addition to the above specified health checkup data and prescription information, the Government will discuss and reach a conclusion by the end of the next fiscal year on measures which enable patient themselves to grasp the medical information over time during their life.

In addition, the Government will take initiatives toward standardization of information items etc. to be shared by many occupations in the fields of home health care and nursing care.

Above objectives will be constantly reviewed through the PDCA cycle, including reviews by the Next-Generation Medical ICT Infrastructure Council on the status of achievements etc., from time to time.

- Further utilize data in policies for medical and nursing care (improvement of the quality in medical and nursing care, promotion of research and

development, adjustment of costs for medical and nursing care etc.)

Aiming for the further realization of healthy long life society, the Government will drastically promote the utilization of medical and nursing care data in policies under appropriate rules upon the introduction of the number system in health care and similar fields, including reinforcement of insurers' functions such as health care guidance based on data, improvement of medical and nursing care as well as adjustment of medical and nursing costs through benchmarking utilizing data base analysis, and creation of environment for research and development on drug discovery etc. as well as promotion of safety measures for drugs etc. by collecting and analyzing large-scale medical information etc.

Accordingly, as for relevant data bases in health care and similar fields held by the Government etc., targeting for the implementation by 2020, the Government will develop infrastructure to realize long-term follow-ups of patients' data and their sharing between individual data bases, and proceed in stages with what are possible.

Furthermore, at the same time, the Government will also discuss the following for utilizing these data: frameworks for standardization of health care and evaluation of quality; cost and benefit analysis as well as adjustment of medical and nursing care; analysis on specialization and cooperation of medical functions in the region; research and development (clinical research, cohort study and so on); and methods to utilize safety measures etc. for drugs and the like (including discussions on rules for the treatment of information).

The Next-Generation Medical ICT Infrastructure Council will formulate, by the end of this fiscal year, the "Program for Utilizing Data in Health Care and Similar Fields (tentative name)" incorporating specific measures and implementation schedule for the realization of the above. Moreover, the Government will reinforce the headquarter functions to be charged in an integrated manner with the utilization of information in health care and similar fields, including management of various data bases as well as collection and analysis of information.

- Develop the environment for utilization of data in health care and similar fields by private health care businesses etc.

By utilizing the "Agency Organization (tentative name)" system which is aimed for the creation at the next ordinary session of the Diet, the Government will invigorate the health care industry which provides health management and promotion services in cooperation with R&D activities in health care and similar fields as well as medical and nursing care services, by developing the enabling environment for the utilization of medical and health information by private companies, research institutions etc., while paying due consideration to characteristics and treatment of medical and health information. Moreover, the

Government will also promote the utilization by the private sector of the data held by the central government etc.

**[3] International expansion of medical services (Outbound and inbound)**

In cooperation with international organizations such as WHO, the Government will support the reinforcement of health service systems in emerging and developing countries, which could become the infrastructure of outbound services from Japan. In doing so, it aims to promote the international dissemination of Japanese technologies and expertise which could contribute to the global efforts to deal with public health crisis, ageing and dementia etc., as well as international expansion of the nutrition improvement project through public and private cooperation.

Moreover, the Government will implement initiatives to attract foreign patients to Japan by disseminating information on medical services in Japan. This includes certifying corporations that provide comprehensive support for the acceptance and care of foreign patients, and providing easy-to-understand information to foreign countries regarding “Japan International Hospitals” (tentative name), which are domestic medical institutions that possess the desire and ability to accept foreign patients, based on the “Approach to the certification of companies supporting travels for medical treatment and information-dissemination to foreign countries by medical institutions accepting inbound medical examinees” formulated by the Inbound Working Group under Task Force for International Expansion of Medical Services.

**[4] Creation of the framework to evaluate quality of nursing care services**

The Government will start verifying the effect of additions as the outcome evaluation related to the quality of nursing care services which was introduced at the time of the FY2015 revision of nursing care service compensation. At the same time, based on the results of the “Research study project concerning the evaluation of the quality in nursing care insurance services” etc. which was implemented in the last fiscal year, the Government will examine steadily the creation of a framework for evaluating the quality of nursing care services, while collecting and analyzing the data that contribute to improving the quality of nursing care services.

**[5] Promotion of international regulatory harmonization and international cooperation based on the Strategy for International Harmonization of Pharmaceutical Regulations**

Based on the Strategy for International Harmonization of Pharmaceutical

Regulations, the Government will enhance reliability and attraction of pharmaceutical approval in Japan by creating the environment where innovative drugs and medical equipment are approved ahead of the rest of the world as well as proactively disseminating information to the international community. At the same time, it will invigorate the pharmaceutical and medical equipment industries in Japan by encouraging investment in Japan by domestic and foreign manufacturers and increasing export of excellent products. These should be done by eliminating entry barriers arising from differences etc. in pharmaceutical regulations with foreign countries through the promotion of international harmonization and cooperation clarifying the medium- to long-term visions as well as priorities.

**[6] Creation of the “business alliances through a new healthcare corporation system”**

The Government will make efforts for early passage of the bill to partially revise the Medical Service Act incorporating the creation etc. of the “business alliances through a new healthcare corporation system” which enables integrated management of multiple medical corporations etc. At the same time, it will continue discussions on necessary matters including the governance between the new type of corporations and participating existing ones, and requirements of financing and capital contributions etc. for the smooth implementation after the passage of the bill so that this new corporation system will become an influential tool for the sophistication and streamlining of regional medical services etc., achievement of regional medical initiatives and promotion of regional comprehensive care.

**[7] Providing individuals, insurers and business managers with incentives to promote health and prevent disease**

A) Incentives for individuals

In formulating the guideline concerning assistance for insurance premiums and health care points to be awarded from insurers to insured individuals, the Government will conduct examination to enable provision of incentives with large differences in order to encourage the self-help of insured individuals to prevent disease and promote health, taking into account the results of a trial of a health promotion model using ICT.

B) Incentives for insurers

Regarding the system for increasing or reducing funding for health care for elderly people aged 75 and over, as well as the “system to support insurers’

efforts,” the Government will conduct deliberations to make the scheme a vigorous one to proactively evaluate the implementation status of specified medical checkups and health guidance as well as the status of using generic drugs in order to encourage the efforts of insurers for the insured’s maintaining/promoting health, and adjustment of medical costs. Moreover, it will discuss the creation of a new incentive system for Japan Health Insurance Association and the medical insurance system for the elderly aged 75 or over.

C) Incentives for managers etc.

In order to promote health-management by companies, relevant ministries and agencies will take necessary measures, as incentives for managers etc., within this fiscal year to enable the promotion of health-management through the following efforts according to the size of companies.

- Small- to medium-sized companies etc.
  - In cooperation with chambers of commerce and industry, the Government will promote development and utilization of health-management personnel through the establishment of the “Health-management advisor system (tentative name),” while collecting and publishing excellent examples of health-management by small- to medium-sized companies etc.
  - Utilizing the system for publishing excellent safe and hygienic companies etc., the Government will formulate evaluation standards for the establishment of a system to recognize excellent health-management companies; at the same time, it will discuss incentive measures (facilitation of acquiring and maintaining human resources etc.) linked to these systems from the viewpoint of promoting the utilization by private companies etc.
- Large companies etc.
  - The Government will continue implementing initiatives to spread health-management by such as stocks of companies with health-management and surveys on health-management levels. Moreover, while analyzing and compiling advanced initiatives of companies selected for health management stocks etc., the Government will trace their impact etc. on corporate earnings, productivity, and medical costs over time to inform corporate managers of the results.
  - In order to develop the environment where health management initiatives can be grasped qualitatively and quantitatively, the Government will formulate the “Guidance for information disclosure on investment by companies in health promotion (tentative name)” to promote information

dissemination to stakeholders such as investors.

- Focusing on medical insurers and service businesses, including companies practicing advanced health management and health insurance societies, the Government will consider formulating evaluation indicators on health management and health business activities by companies and insurers, while developing the data format etc. for distribution and utilization of health information
- Other
  - Utilizing private funds and services, the Government will consider introducing social impact bonds in the health care field as an incentive for insurers including municipalities etc. which are engaged in health promotion and disease prevention projects effectively and efficiently.

**[8] Construction of clinical innovation networks (Creation of clinical development infrastructure utilizing disease registration information)**

The Government will facilitate invigoration of domestic development of anticancer drugs, intractable diseases therapeutic agents, biomedicines etc., and attract overseas drug manufacturers for domestic development, by solving issues in clinical development in Japan with higher development costs than in other countries and constructing new clinical development methods.

Accordingly, utilizing the registered information on various diseases, including that in the disease registration system to be developed by National Research Center for Advanced and Specialized Medical Care (NC), the Government will formulate the clinical trial consortium by the industry-academia collaboration by constructing a network centered on NC, core clinical research hospitals, Pharmaceuticals and Medical Devices Agency (PMDA), and Japan Agency for Medical Research and Development (AMED); at the same time, it will promote the utilization by companies of the registered information on diseases accumulated by NC and others through personnel exchanges between hospitals in the network and PMDA, as well as regulatory science studies on clinical evaluation methods. Moreover, the Government will enlarge this network to the Asian regions to construct the system which facilitates multi-region joint clinical trials.

**[9] Promotion of initiatives for the realization of genome medical care with secured confidence**

Given that genetic checkups are conducted with the progress in analytical technologies for genes and genomes etc., the Government will consider various

issues for the practical use and utilization of genetic information in medical care (prediction of onset of diseases, disease prevention, diagnosis, decision on optimal prescription volumes, development of new drugs and so on) to promote initiatives for realizing the “genome medical care” according to physical constitutions and symptoms of individual persons.

Moreover, as regards the genetic examination business for consumers, the Government will endeavor for its sound development, by providing information based on scientific evidence, ensuring the quality of examinations, protecting personal information, and so forth.

#### **[10] Development and commercialization of medical equipment etc. from Japan utilizing its collective manufacturing power**

The Government will accelerate the development and commercialization of the “only one” most advanced innovative medical equipment in the world and deliver its benefits to Japanese people, in order to improve the quality and efficiency of medical care taking medical care needs into consideration, extend healthy life, and invigorate the medical equipment industry.

Accordingly, the industry, government and academia will collaborate in promoting international standardization of medical equipment made by Japan, international expansion of medical equipment along with developing overseas local human resources who can handle Japanese medical equipment, and so on, while acquiring intellectual property rights of developed medical equipment and encouraging their strategic utilization.

Moreover, aiming for promoting development and commercialization of medical equipment by businesses and universities etc. with technologies in local areas, the Government will promote the “networks to support medical equipment development” which provide support from the initial development stage of medical equipment to commercialization, strengthen development of consulting personnel required for them, and reinforce support for developing companies in each phase of grasping medical needs, cultivating markets, applying for pharmaceutical approvals, etc.

In addition, the Government will promote research and development, as well as the diffusion, of prostheses utilizing Japan’s manufacturing power.

#### **[11] Further promotion of anti-cancer measures**

The Government will accelerate initiatives to overcome cancer, a national disease, and formulate by the end of this year a “plan to accelerate anti-cancer measures” with the pillars of prevention, treatment and research, and symbiosis. Based on this, it will further accelerate its efforts for anti-cancer measures.

## **Theme 2: Realizing clean and economical energy supply and demand**

### **(1) Progress in achieving KPIs**

**<KPI> Market size of advanced storage batteries to be captured by Japanese companies Annual 500 billion yen in 2020 (about 50% of the global market)**

⇒FY2013: Annual 240 billion yen (total market size of in-vehicle storage batteries and electricity-storage ones)

\*KPI was changed from “Capture 50% of the global market by 2020” in order to steadily acquire markets of advanced storage batteries and ensure profitability, without fixated on the market share.

**<KPI> “Add windows to the target of products covered by the top-runner program by the fall of 2014.”**

⇒ **Newly add** windows (sashes and multi-layered glasses) to the target of products covered by the top-runner program.

**<KPI> “Aim for residential fuel cells (ENE-FARM) 1.4 million units in 2020, and 5.3 million in 2030.”**

⇒115,000 units (as of end of FY2014)

Current period required to recover investment by users: 18 years

\* “Aim for the investment amount by users recoverable in 7-8 years by 2020” is set as a supplementary index, as it will be spread with increasing speed if the investment recovery period is shortened to the level which is acceptable to users.

**<KPI> “Aim to increase the share of new automobiles accounted for by next-generation automobiles to between 50% and 70% by 2030.”**

⇒ FY2014 (preliminary figure): 24.3%

**<KPI> “Conclude consultation and establish the Joint Crediting Mechanism (JCM) with 16 countries by the end of 2016.”**

⇒Having concluded the bilateral consultation and signing the documents with 3 new countries by the end of May 2015 (14 countries in total).

## **(2) Progress made in implementing measures**

### **(Requiring large-scale building to comply with the energy consumption performance standards)**

- In addition to requiring buildings—other than those for residential use—with no less than a certain size to comply with energy consumption performance standards, the Government submitted to the Diet in March this year a bill concerning the improvement of energy consumption performance of building to create incentive measures including the accreditation system for plans to improve energy consumption performance.

### **(Promoting research on maritime resources)**

- Having conducted research for identifying the volume of shallow methane hydrate reserves, the Government confirmed by March 2015 the existence of 971 gas chimney structures with the possibility of shallow methane hydrate reserves.
- As for maritime mineral resources, following the institution of government ordinance to extend Japanese continental shelves last September, the Government started exploring the extended continental shelves in October. In December last year, it confirmed the existence of new sea-floor hydrothermal deposits in the northwest offshore of mainland Okinawa, and in January this year promising sea-floor hydrothermal deposits in the offshore of Kumejima Island of Okinawa prefecture.

## **(3) Specific new measures to be taken**

Seeing the restraints on environment and energies Japan is facing as good opportunities, the Government will strive to acquire global markets through active international expansion, positioning as growth industries energy-saving/renewable energy technologies, products, services, and systems which Japan excels, while realizing the supply and demand of clean and economic energies. At the same time, it will promote development of maritime resources.

### **[1] Creating a hydrogen-based society with less CO<sub>2</sub> emissions**

Based on a roadmap with a view to creating a hydrogen-based society, the Government will steadily proceed with introductory support to encourage the diffusion of residential fuel cells and fuel cell vehicles; and development of technologies and review of regulations on hydrogen stations including permission of self-charging. Moreover, while increasing the demand for hydrogen, the Government will promote development and demonstration of technologies for establishing large-scale production and supply systems for hydrogen to utilize unused energies; combining CCS (Carbon dioxide Capture and Storage) with hydrogen production; or establishing CO<sub>2</sub>-free hydrogen production and supply

systems utilizing hydrogen originating from renewable energies.

**[2] Creating societies overcoming restraints on environment and energies**

Under the cooperation between relevant ministries and agencies, municipalities etc., the Government will promote the realization of regionally-distributed energy systems which contribute to reducing the environmental burden and the expansion of virtuous cycles of local economies by combining energy saving, renewable energies, low-carbon technologies such as hydrogen and fuel cell technologies, etc.; at the same time, targeting for the 2020 Tokyo Olympic and Paralympic Games, it will demonstrate the results at the sites of Olympics/Paralympics games and in other regions for people in Japan and abroad to see. Specifically, on the demand side of energies, the Government will proceed with developing innovative materials such as next-generation semiconductors and putting them in practical use for home electric appliances and transportation such as buses and railways, as well as putting in practice energy cell technologies for buses and others. On the supply side of energies, in addition to renewable energies, the Government will actively expand the introduction of utilization of waste heat from waste disposal facilities and cogeneration, from the viewpoint of achieving high energy efficiency through the effective use of heat. Furthermore, the Government will demonstrate a model of the virtual power plant which makes a region function as if it is a power plant by effectively utilizing storage battery banks, demand response etc., for adjusting supply and demand, utilizing sophisticated energy management technologies.

**[3] Expanding the balanced introduction of renewable energies**

Aiming to expand the introduction of renewable energies, the Government will engage in the balanced introduction, while taking into consideration the characteristics and actual status of each electric source, including development of power grids and their operations in wider areas, research and development as well as demonstration of storage batteries, facilitation of environmental assessment procedures, and reinforcement of supporting measures for geothermal electric power generation which is a base load power source.

**[4] Promoting international transfer of excellent energy-saving and clean-energy technologies**

The Government will contribute to reducing the emission of greenhouse gases on a global scale, while facilitating the penetration of overseas markets for the energy industry, by promoting international transfer of excellent energy-saving and clean energy technologies (Highly Efficiency Low Emissions (HELE) electric

power generation, energy-saving home electric appliances, energy-saving components, next-generation automobiles, renewable energy related technologies, etc.). In this regard the Government will promote the “Enevolution” initiative which prompt international expansion of the energy industry through infrastructure export etc.; realizing Japan’s highly efficient and reliable energy infrastructure exports through policy dialogues with emerging countries etc. Furthermore, it will promote overseas activities such as supporting for establishment of energy-conservation systems dispatching of government-private missions, and partnering with local companies through demonstration projects. In addition, Japan aims to increase the number of partner countries to the Joint Crediting Mechanism (JCM) from the current number of 14 to 16 by 2016, supports the formulation of projects, evaluates Japan’s contributions to GHG emission reductions or removals appropriately in a quantitative manner, and uses it to achieve Japan’s emission reduction targets.

**[5] Promoting maritime resource development and developing related industries**

- Regarding the deep hydrate, the Government will endeavor to develop long-term and stable production technologies by conducting a long-term offshore production test, Japan-U.S. joint research etc. In addition, as for the shallow methane hydrate, the Government will implement concentrated drilling surveys to identify the resource volume, and based on their results, engage in a full study and research and development of resource recovery technologies etc. For sea-floor hydrothermal deposits, surveys and technology development for the extraction and lifting of minerals will be conducted jointly by the government and the private sector in order to start trial production ahead of the world by the end of FY2017. Moreover, evaluation of resource potentials will be given for rare earths by the end of this fiscal year.
- In order to develop the environment to promote the entry by private businesses into the field of maritime resource development, the Government will support the development of technologies for maritime resource development related industries. At the same time, aiming to develop engineers as the infrastructure, the industry, government and academia will cooperate in coordinating the establishment of a special institution/organization to coordinate the matching between universities and industries during this fiscal year to start the operation of personnel development system from next fiscal year.

### **Theme 3: Building safe, convenient, and economical next-generation Infrastructure**

#### **(1) Progress in achieving KPIs**

**<KPI> “By 2030, achieve efficient inspection and repair of all important and aged domestic infrastructure using advanced technologies, including sensors and robots”**

⇒As regards the inspection by robots for next-generation social infrastructure etc., the Government conducted evaluation in preparation for the trial introduction by implementing on-site inspections in 5 fields. On the monitoring technologies for social infrastructure using sensors etc., it decided the technologies to implement on-site inspections in 5 fields, and started on-site inspections.

**<KPI> “By 2030, ensure safety driving support equipment and systems are installed in all new automobiles sold in Japan, as well as in most existing ones”**

⇒Among passenger cars produced in 2013 to be sold in Japan, the number of cars which have braking equipment (including that mitigates such damage at low speeds) which are being spread as safety driving support equipment and systems.

About 653,000 cars (Ratio of the equipped: about 15.4%)

(About 185,000 cars in 2012 (Ratio: about 4.3%))

#### **(2) Progress made in implementing measures**

##### **(Formulation of the “Action Plan for Life Extension of Infrastructure”)**

- As of April 2015, Action Plan was formulated by Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Agriculture, Forestry and Fisheries, Ministry of Justice, National Police Agency, Ministry of Education, Culture, Sports, Science and Technology, 2. Ministry of Health, Labour and Welfare, Ministry of Economy, Trade and Industry, and 75 municipalities. Among 3,185 organizations required to formulate an Action Plan, about 99% are planning to do so.

##### **(Research and development/introduction of robots and monitoring technologies for next-generation social infrastructure)**

- As regards the inspection by robots for next-generation social infrastructure, the Government publicly solicited proposals for on-site inspections from April 2014 in five fields of bridges, tunnels, underwater maintenance and management, disaster surveys, and emergency recoveries; and formulated 101 on-site inspection plans; and conducted 91 on-site inspections by January 2015. Afterwards, it conducted 53 evaluations in preparation for trial introduction.
- As regards the monitoring technologies for social infrastructure using sensors etc., the

Government publicly solicited proposals for on-site inspections from September 2014 in five fields of bridges, slope and slant faces, river embankments, maritime and coastal structures, and airport facilities; and decided 40 cases of technologies for on-site inspections by December; and started on-site inspections.

**(Executing a strategy for world-leading ITS)**

- Based on the “Public-Private ITS Initiative/Roadmaps 2015,” which was decided by the IT Strategic Headquarters in June 2014 and revised in June 2015, the Government has established a joint meeting structure for the SIP Automated Driving System Promotion Committee—under Council for Science, Technology and Innovation (CSTI)—and the Road Transportation Sub-committee of Expert Panel on New Strategy Promotion under the IT Strategic Headquarters; and is promoting the strategy for the automated driving system.
- Under the “Public-Private ITS Initiative/Roadmaps 2015,” the Government is deciding on the future direction, specific initiatives to be taken for the time-being etc. to utilize transportation data, and promoting strategies for them. Moreover, the Government formulated the Future Vision for Utilizing Automobile-related Information in January 2015, in order to utilize automobile-related information.

**(3) Specific new measures to be taken**

As regards life extension of infrastructure aimed at reducing and averaging the total cost, developing new technologies and cultivating the maintenance industry, while ensuring the peace of mind and security of Japanese people, those which are managing and in charge of each infrastructure—including the national government and local governments—will formulate, following the existing initiatives, the “Action Plans for Life Extension of Infrastructure” by the end of the next fiscal year, formulate plans for individual facilities, and promote maintenance cycles. Furthermore, each ministry will announce and enhance various supporting measures to be used for formulating plans for measures to deal with aged infrastructure and for promoting such measures. In addition, the following measures will be taken in order to develop and put into practice new technologies that support new infrastructure businesses and translate into reality the vision for a society in which people and goods can move safely and smoothly.

**[1] Conducting research and development and introducing robots for next-generation social infrastructure**

As regards robots for next-generation social infrastructure, the Government will publicly solicit proposals, facilitate development and improvement by conducting on-site inspections and evaluation in national projects, and examine evaluation methods etc. in preparation for trial introduction. In particular, as for some

technologies such as disaster surveys etc. based on on-site inspections and evaluation, the Government will bring forward their trial introduction in national projects, which are planned for next fiscal year and after, to as early as possible including implementation during the current fiscal year. Furthermore, the Government will establish a portal site, develop a collaboration system of industry, academia and government in each local block and so on, in order to provide technical support for the introduction by local governments. The Government will strive for expeditious and full introduction by promoting these initiatives.

**[2] Developing and invigorating the infrastructure maintenance industry**

Aimed at developing and invigorating the infrastructure maintenance industry which is to become the basis for the implementation of the “Action Plans for Life Extension of Infrastructure” etc., the Government will establish a National Council on Infrastructure Maintenance (tentative name) as a platform by which the industry, government and academia will tackle this issue with all their might from next fiscal year. At the same time, it will create a Maintenance Award (tentative name) to honor best practices and diffuse the philosophy.

**[3] Executing a strategy for world-leading ITS**

Based on the “Public-Private ITS Initiative/Roadmaps 2015,” the Government will execute the strategy, while implementing research and development projects of the Strategic Innovation Promotion Program (SIP) under the Council for Science, Technology and Innovation.

As regards automated driving systems, taking into consideration the issues Japan is facing, including the reinforcement of competitiveness in global markets, reduction of traffic accidents, and response to the on-going ageing of the society, the Government—with a view to starting trial use of fully automated driving systems in the latter half of the 2020s—will proceed with the following developments in advance for the time-being: “Automated Driving System to Contribute to Strengthening International Competiveness in Global Markets”; “Local Public Transportation System” aimed for the introduction at the 2020 Tokyo Olympic and Paralympic Games; “Small Automated Driving Systems for Local Communities” bearing in mind transportation means for the elderly etc. in local areas, and so on.

Moreover, as regards the utilization of road transport data, the Government will promote: research and development under the government and private cooperation on the map information infrastructure (the dynamic map) which is required as the basic information for automated driving etc.; consideration of necessary rules etc. for common use of probe data; initiatives to cleverly use roads by enabling the

road networks as a whole to function to the maximum extent in terms of time and space through the elimination of traffic jam bottle necks and potentially dangerous locations for traffic accidents with the utilization of big data and focused measures based on scientific analyses; more flexible procedures of permission with the utilization of ITS technologies for those who use roads appropriately in order to ensure appropriate traffic of large vehicles; and initiatives to create new services and innovate industries based on the “Future Vision for the Utilization of Automobile Related Information” which aims to realize new insurance services utilizing telematics, the traceability service to collect and utilize the history information of automobiles, and so on.

**Theme 4: Building regional communities that use their unique local resources to appeal to the world**

**Theme 4-1) A rich rural society which produces the world's highest-quality agricultural, forestry and fishery products and food produce**

**(1) Progress in achieving KPIs**

**<KPI> “Increase the ratio of farmland used by business farmers to 80% in the next 10 years”**

End of FY2013: 48.7% ⇒ End of FY2014: 50.3%

**<KPI> “Reduce the cost of rice production by business farmers by 40% in the next 10 years compared with the current national average cost, including through efforts by industry”**

National average cost of rice production in 2011: ¥16,001/60kg

⇒ The cost of rice production by business farmers in 2013:

- Individual management\* ¥11,374/60kg (29% reduction from ¥16,001/60kg)
- Incorporated organizational management\*\* ¥11,931/60kg (25% reduction from ¥16,001/60kg)

\* Among certified farmers, individual management bodies in which agricultural income per agricultural worker from rice-farming is equivalent to income from other industries (with the cropping acreage of paddy rice no less than 15 ha)

\*\* Incorporated organizational management bodies whose sales amount of rice is the highest (average cropping acreage of rice: about 29 ha)

**<KPI> “Increase the number of corporate farmers four-fold from the 2010 level to 50,000 in the next 10 years”**

2010: 12,511 ⇒ 2014: 15,300

**<KPI> “Expand the market size of agriculture based on collaboration among the primary, secondary and tertiary industries (sixth industry) from the current ¥1 trillion to ¥10 trillion in 2020”**

FY2010: ¥1.2 trillion ⇒ FY2013: ¥4.7 trillion\*

\* Total market size of 7 areas which are expected to grow (processing and direct sale, export, interactions between cities and villages of agriculture, forestry and fishery etc.); it was compiled as the market size of sixth industry by the Council of Food, Agriculture and Rural Area Policies

**<KPI> “Increase the value of exports of agricultural, forestry and fishery products and foods to ¥1 trillion by 2020 (2012: approximately ¥450 billion)”**

2012: ¥449.7 billion ⇒ 2014: ¥611.7 billion

**<KPI> “Increase the number of projects to promote collaboration among the primary, secondary and tertiary industries with regard to dairy farming to 500 by 2020”**

2014: 236 projects ⇒ 2015 (as of end-April) 284 projects

## **(2) Progress made in implementing measures**

### **(Implementation of agricultural cooperatives reform)**

- In order to implement integrated reform of agricultural cooperatives, agricultural committees, and agricultural production corporations, the Government submitted a bill with the following main contents to partially revise the Agricultural Co-operatives Act etc. to the Diet in April this year.

#### [1] Revising the Agricultural Cooperatives Act

- Clarify the management objectives of agricultural cooperatives; while giving the maximum consideration for increasing agricultural income, and stipulate that they should realize high profitability through appropriate business activities and endeavor to distribute the surplus in accordance with the amount of use of businesses to farmers etc.
- Stipulate that a majority of board members of regional agricultural cooperatives should be certified farmers and the like in principle.
- Stipulate that National Federation of Agricultural Cooperative Associations can be converted into stock companies if it chooses to do so.
- Abolish the Central Union of Agricultural Cooperatives system, shifting Prefectural Central Unions to Federations of Agricultural Cooperatives, and National Central Union to a general incorporated association. Moreover, abolish mandatory National Central Union audit on agricultural cooperatives, and instead require audit by certified public accountants.

#### [2] Revising the Act concerning agricultural committees etc.

- Change the selection method of committee members from the public election to the appointment by the heads of municipalities
- Newly establish Farmland Utilization Optimization Promotion Commissioner (tentative name)
- Appoint the agricultural committee network organizations at the prefectural

and national levels to support agricultural committees

[3] Revising the Agricultural Land Act

- Review requirements for agricultural production corporations (requirements for directors and voting rights)

**(Promotion of collaboration among the primary, secondary and tertiary industries)**

- In order to accelerate the promotion of collaboration among the primary, secondary and tertiary industries by the Agriculture, Forestry and Fisheries Fund for Innovation, Value-chain and Expansion Japan (A-FIVE), the Government took such measures in 2014 as the formulation of the guideline for the utilization of A-FIVE by various entities engaging in agriculture, forestry and fishery as well as the raising of the sub-funds' ratios for capital contributions.

**(Diversifying distribution channels of dairy farming)**

- The Government implemented measures last year, including improvement of fresh milk transactions by enabling dairy farmers to sell distinctive fresh milk directly to milk producers etc., and the easing of regulations on the establishment of milk production facilities.

**(Promoting exports)**

- In order to promote the Japan Brand, since last fiscal year to this fiscal year, the Government has established the nation wide export promotion institutions of seven major products such as rice and processed rice food, and beef. In October 2014, moreover, the Fisheries Agency started the HACCP approval of fishery processing establishments required for exports of fishery products to the EU.

**(Promoting urban farming)**

- The Basic Act on Urban Farming Promotion was passed in April this year to facilitate policy measures concerning the promotion of urban farming comprehensively and systematically.

**(3) Specific new measures to be taken**

In order to transform agriculture, forestry and fishery into growth industries and increase income of farmers, the Government will steadily implement a series of agricultural reforms identified in the “‘Japan Revitalization Strategy’ Revised in 2014” and the “Plan to Create Vitality for Agricultural, Forestry and Fishery Industries and Local Communities” (revised by the Headquarters on Creating Dynamism through

Agriculture, Forestry and Fishery Industries and Local Communities on June 24, 2014), including the reform of rice production adjustment program, farmland consolidation through the Public Corporations for Farmland Consolidation to Core Farmers through Renting and Subleasing (Farmland Banks), and expansion of farmland partitions and the creation of multi-purpose paddy fields. At the same time, taking advantage of the EXPO Milano 2015 and the 2020 Tokyo Olympic Paralympic Games, the Government will further policy measures by taking in new demand frontiers such as disseminating the attractions of diversified Japanese food and food cultures in local areas as well as rural villages, and thereby increasing inbound demand and promoting export more.

In order for agriculture, forestry and fishery to transform into growth industries, value chains that connect demand and supply need to be sophisticated based on a market-oriented approach, along with further improvement of productivity through the promotion of agricultural land improvement projects, reduction of costs in production and distribution systems, utilization of ICT technologies, and so on. Accordingly, it will be of importance to: (i) develop managers who accurately identify market needs at the production level; (ii) increase added value by linking value chains from production to processing and sales; and (iii) link higher value added agricultural, forestry and fishery products and processed ones to markets in Japan and abroad. At the same time, the Government will also (iv) strive to transform forestry and fishery into growth industries.

From these perspectives, the Government will promote the following initiatives. In promoting these policy measures every year, the Government will conduct constant inspections and reviews on them to ensure steady results of these projects.

## **i) Strengthening production sites**

### **[1] Steadily implementing reform of rice policy**

- In order to create an environment that enables farmers to choose their crops based on their management decision, the Government will implement the initiatives for the reform of rice production adjustment program, aimed at rice to be produced in 2018. In doing so, aiming to promote the production based on the market demand, the Government will further encourage stable transactions through the contracts before sowing and those for multi-year etc. Moreover, it is important to form transparent and fair prices reflecting the supply and demand movements by utilizing various functions of the market. Accordingly, the Government will make necessary encouragement to invigorate the spot market to become an indicative one with representative brands.
- As regards strategic crops including rice for feed, the Government will promote the enhancement of productivity to encouraged production, along with the expansion of production, based on the Basic Plan for Food, Agriculture and

Rural Areas. In particular, as for the productivity of rice for feed, the Government will improve it to twice as much in 10 years (FY2025) through cost reduction and yield growth by accelerating the development of high-yield varieties, reduction of costs, consolidation farmland to business farmers, and so on. To achieve this target, the Government will monitor the implementation of policies through the PDCA cycle, while grasping and making public the cost structure of rice for feed.

- In promoting the production according to demand, the Government will actively promote policy measures to increase the export of rice, directing its attention to overseas demand as well.
- Based on the “Plan to Create Vitality for Agricultural, Forestry and Fishery Industries and Local Communities,” regional agricultural cooperatives will aim to increase returns while taking appropriate risks, in such ways as gradually expanding purchase and sales of agricultural products by setting numerical targets, with the cooperation of the agricultural cooperative associations and agricultural economic federations.

## **[2] Strengthening the functions of the Public Intermediate Organization for Farmland Consolidation**

In order to steadily achieve the target of increasing the ratio of farmland used by business farmers to 80% in the next 10 years, relevant parties, including the Government, prefectures, municipalities, together will accelerate the efforts for consolidating farmland, by taking the following and other initiatives. The Headquarters on Creating Dynamism through Agriculture, Forestry and Fishery Industries and Local Communities will evaluate the Public Intermediate Organization for Farmland Consolidation every fiscal year.

### **A) Announcing achievements of the Public Intermediate Organization for Farmland Consolidation**

Achievements of the consolidation of farmland by each prefectural Public Intermediate Organization for Farmland Consolidation will be made public along with the ranking.

### **B) Improving the system of the Organization**

The Government will require Public Intermediate Organization for Farmland Consolidations and prefectures to fundamentally change their mindset and develop the system for their executives and employees etc.; and request Public Intermediate Organization for Farmland Consolidations to make public their improved system of the executives and staff in charge of coordinating farmland consolidation on site (including the placement of the staff at contractors as well).

In addition, the Government will require Public Intermediate Organization for Farmland Consolidations to report to it such improvements, examine the contents of the report, and request further improvements, if necessary.

Furthermore, the Government will request municipalities, through prefectures, to steadily conduct dialogues with farmers in the region, including reviews on personnel and farmland plans for farmland consolidation so that Public Intermediate Organization for Farmland Consolidations is able to rent farmland in large volumes.

C) Developing the environment for farmland consolidation

In order to increase the incentives for Public Intermediate Organization for Farmland Consolidations to consolidate farmland, the Government will construct a system to encourage governors of prefectures, who should play a leading role, to consolidate farmland. It will do so by such efforts as collecting best practices of prefectural Public Intermediate Organizations for Farmland Consolidation and sharing them with prefectures and Public Intermediate Organizations; strengthen the linkage to agricultural infrastructure development; and give consideration for various policy measures of the prefectures which have achieved good results.

D) Strengthening or reducing taxation on idle farmland etc.

The Government as a whole will consider and reach a conclusion as early as possible during this fiscal year on a system of incentives/disincentives by strengthening/reducing etc. taxation on ownership of farmland, aimed at eliminating idle farmland through the leasing etc. to the Public Intermediate Organization for Farmland Consolidation in cases where there is no intention to use farmland effectively and efficiently as farmland; and promoting more efficient and sophisticated use of farmland through the increase of the size of agricultural management etc., and thereby improving the productivity of agriculture.

E) Improving the system for disclosing information on agriculture

The Government will construct and start operating a system which is capable to reflect the latest information on agriculture (the reference number for each cultivator, the status of implementation of measures on idle farmland, the intention of owners on leasing etc.)

**[3] Securing and developing business farmers with excellent management sense, and promoting incorporation**

- In order to realize sustainable and powerful agricultural structure, it is

important for business farmers (such certified farmers as corporate farmers and family farms) to manage and prosper by playing a leading role through creative initiatives. As for corporate farmers, they have advantages in sophisticating business management and securing human resources stably, succeeding management smoothly, taking leaves easily etc. Accordingly, aimed at incorporation of agricultural management, the Government will establish target for incorporation at the prefectural level; at the same time, it will develop a supporting system by experts such as agricultural management advisors, certified tax accountants, small- and medium-sized enterprise management consultants, and regional financial institutions.

- In order to secure and develop leading farmers with excellent management sense, it is important not only that agricultural producers grasp their own business situation accurately, and improve and develop it but also that financing from financial institutions, including policy-based finance, should be provided more smoothly and so on. Accordingly, the Government will consider creating supporting systems in accordance to the stages of managerial development, including a system to objectively evaluate marketing skills (marketing, financing, etc.), and to promote lending based on customers' business potentials; or one to encourage employed farmers in agricultural corporation to develop their career towards succeeding business, or starting up and becoming independent.
- Regarding the introduction of income insurance for agricultural producers, the Government will consider its structure and relevant systems (e.g. an agricultural mutual relief system) while conducting a feasibility study. Consequently, the Government will take the necessary legislative action.

## **ii) Linking domestic value chains**

### **[1] Promotion of collaboration among the primary, secondary and tertiary industries**

- In order to facilitate the creation of management bodies to practice collaboration among the primary, secondary and tertiary industries under clear business strategies, the Government will promote the utilization of supporting measures according to the development stages of business etc., including the Act for Collaboration among the Primary, Secondary and Tertiary Industries /Local Production for Local Consumption, and the Agriculture, Forestry and Fisheries Fund for Innovation, Value-chain and Expansion Japan (A-FIVE). At the same time, it will promote supporting systems for farmers etc. willing to engage in collaboration among the primary, secondary and tertiary industries as well as regional collaboration among the primary, secondary and tertiary

industries.

- The Government will promote initiatives for collaboration between the medical care, welfare, food and agricultural sectors, including domestic production of medicinal plants.

## **[2] Strengthening livestock and dairy farming**

- In order to strengthen the foundation of production for livestock and dairy farming, it is important to change the production structure to support livestock and dairy production by the region as a whole. Accordingly, by promoting livestock clusters in which relevant parties cooperate in improving profitability and other initiatives, the Government will proceed with strengthening the business foundation of dairy farming which is the common breeding foundation for dairy and beef cattle, developing the breeding base (cattle breeding stations etc.), making breeding and fattening of beef cattle a continuous operation and so forth. Moreover, the Government will promote more efficient production and distribution systems etc., such as streamlining the distribution and transaction of fresh milk.
- As livestock and dairy farming business requires a lot of funds for construction of barns and production materials, it is important to lower costs and to reduce risks. Accordingly, the Government will consider initiatives to review regulations etc. such as simplification and acceleration of relevant procedures, and smoother financing from financial institutions, including policy-based finance.
- Moreover, the Government will proceed with initiatives for the differentiation and branding based on a market-oriented approach that responds appropriately to changes in market needs; at the same time, it will promote initiatives for collaboration among the primary, secondary and tertiary industries and export based on innovative ideas of livestock and dairy producers.

### **iii) Promoting exports, etc.**

#### **[1] Promoting the Japan Brand**

- The Government will aim at achieving ahead of schedule the target annual export value of ¥1 trillion by 2020 for Japanese agricultural, forestry and fishery products and foods. For this purpose, the Export Strategy Executive Committee, serving as the headquarters for export promotion throughout Japan, will establish yearly policies for increasing exports of each products. Under such policies, the Government will further promote exports under the Japan Brand together with the export promotion institutions of seven major products, Japan External Trade Organization (JETRO) and others; through focusing on

products with the “room for growth” going forward such as rice with potential substantial demand as well as beef that is easy to differentiate from other countries’ beef.

- Taking advantage of the 2020 Tokyo Olympic and Paralympic Games, the Government will promote overseas expansion combining Japanese foods and liquors effectively, and at the same time, facilitate exports of regional specialties utilizing the Geographical Indication protection system (GI Mark etc.).

## **[2] Improving the export environment**

- The Government will develop, as model export zones, export bases for agricultural, forestry and fishery products and foods, by promoting one-stop services for certificate issuance and exporting procedures such as quarantine in wholesale markets near international airports including the Narita International Airport.
- In order to enhance the food safety of agricultural products and strengthen the competitiveness of the food industry, the Government will promote formulation of an internationally acceptable GAP (good agricultural practices) standard from Japan by the end of this fiscal year so that the standard will be applied in FY2017, and promote standards concerning food safety management based on HACCP by the end of this fiscal year. The Government will support for establishing food value chains in the wide range of regions and countries including advanced countries to promote overseas business and investments of the food industry.
- The Government will identify impediments for export promotion, including restrictions in export-destination countries; issue annual report to clarify the status of efforts for improvements; and systematically promote initiatives to solve issues by prioritizing them in a well-planned manner. Moreover, the Government will establish a mechanism to ensure that the trade in animal products can continue even in an outbreak of a foreign animal disease through exporting from disease-free zones within the affected country.

## **iv) Transforming forestry and fishery into growth industries**

### **[1] Transforming forestry into a growth industry**

- To create new demand for wood products, the Government will promote efforts to popularize domestic CLT (Cross Laminated Timber), while developing fireproof materials , realize the production capacity of about 50,000 m<sup>3</sup> at the beginning of the next fiscal year, and construct the production system of

approximately 500,000m<sup>3</sup>/annum by FY2024. On the occasion of the 2020 Tokyo Olympic and Paralympic Games, the Government will promote the use of wood products.

- As regards wood biomass energy, considering that the procurement price category was newly established for biomass electric power generation utilizing unused timber from forest thinning in small volumes (less than 2,000kW) in the feed-in tariff system from April 2015, the Government will promote the use of energy using a combination of small-scale regional power generation and heat utilization, as well as the use of new materials while proceeding with research and development focused on cellulose nano-fiber for international standardization.
- The Government will establish a low-cost and efficient production/supply system for wood products (wood product value chain) by consolidating forestry practices, improving wood transportation system etc.
- Moreover, the Government will promote systematic harvesting and forest management (including the conversion to forest with less pollen to contribute to the circular utilization of forest resources), and at the same time, accelerate efforts to clarify owners and boundaries of forests in order to consolidate forestry practices.

## **[2] Transforming fishery into a growth industry**

- The Government will increase “Fishing Village Revitalization Plans”— under which fishing regions themselves aim to achieve structural reform of the fishery industry and fishing villages with the support of companies, NPOs, etc.—to 600 cases (427 cases as of end-FY2014) by the end of the next fiscal year to cover about 70 % of the landing volume all over Japan. At the same time, the Government will aim for the formulation of “Wide–Area Fishing Village Revitalization Plans” in 60 regions by the end of FY2017 for the cooperation of multiple fishing villages. Through these initiatives, the Government will increase the income of regions that have formulated the plans by more than 10% within five years of formulation, and thereby lay the foundations for a sustainable and highly profitable fishery and fish farming industry. Moreover, the Government will convert marine fishery (using fishing boats) to one with highly profitable fishing and production systems, and promote the utilization, of IT technologies and cost reduction in the fish farming industry and fishing sites.
- The Government will promote the enhancement of resource management by starting the evaluation of the effects of the test-case of IQ(Individual Quota) scheme from this summer and implementing the assessment/evaluation of

resource management plans made by fishermen from this fiscal year.

- The Government will expand exports and promote distribution of fishery products through HACCP authorization of fishery processing establishments for export to the EU and hygiene management of fishing ports. By FY2017, the Government will formulate the guideline for introduction of traceability which also contributes to countermeasures against illegal fishing.

**Theme 4-2) A society which makes use of potential of tourism resources and others to invite many tourists from around the world to regional communities**

**(1) Progress made in achieving KPIs**

**<KPI> “Increase the annual number of foreign visitors to Japan to over 30 million by 2030”**

⇒2014: 13.41 million (2012: 8.36 million)

**(2) Progress made in implementing measures**

**(Strategically relaxing visa requirements)**

- Visa requirements have been relaxed, primarily for countries from which many foreign visitors to Japan are expected. Specifically, visitors from Indonesia are exempt from visa requirements based on a system of e-passport registration; issuing requirements are substantially relaxed for multiple-entry visas for visitors from the Philippines, Vietnam, and China; and multiple-entry visas are introduced for those from India and Brazil. As a result of a combination of the effects of strategic promotion of visits to Japan, expansion of airline networks, and exchange rate movements, the number of visitors from these regions has increased significantly.

**(Creating a program for longer stays of foreign visitors in Japan)**

- In June 2015, the Government created a program to grant wealthy foreign visitors the permission for longer stays in Japan.

**(Further expanding the consumption tax exemption system for foreign visitors)**

- The Government has achieved ahead of the schedule the target of “Doubling the number of tax-free shops across Japan to 10,000 towards 2020”: The number of tax-free shops across Japan increased to 18,779 as of April 1, 2015, through such efforts as enhancing prior consultation services at Regional Transport Bureaux and Regional Bureaux of Economy, Trade and Industry; holding briefings all over Japan; establishment and promotion of use of the logo for tax-free shops; and expanding the scope of tax exemption items to all items in October 2014.
- Following up on the expansion last year, with a view to further increasing the number of tax-free shops in regions and improving the convenience, the Government created in April 2015 a system to outsource tax-exemption procedures by installing “Tax-free Counter”; where tax-free procedures is completed at once in shopping districts, etc. and created a notification system for tax-free shops at the ports at which international cruise ships call. New systems are already starting to be used in local shopping districts or port facilities.

### **(3) Specific new measures to be taken**

The annual number of foreign visitors to Japan was about 13.41 million in 2014 (29.4% increase from the previous year) with the consumption reaching to ¥2,027.8 billion (43.1% increase from the previous year), both showing a substantial increase from the previous year. As regards the number of foreign visitors to Japan, aiming at the early realization of the “age of 20 million” foreign visitors, as well as exceeding 30 million by 2030, the Government will set tourism—including inbound and domestic tourism—as a key industry which leads the Japanese economy, given its wide ranging spillover effects and significance. Accordingly, the Government will promote a tourism-oriented country, with more emphasis than before on “earning” and “revitalizing regional economy,” aimed at “expanding the consumption by foreign visitors to ¥4 trillion in the year when foreign visitors exceed 20 million,” “creating 400 thousands new jobs across Japan in the year when foreign visitors exceed 20 million,” and “increasing the number of tax-free shops in regions from current about 6,600 (April 2015) to around 12,000 in 2017 and around 20,000 in 2020.”

Therefore, the Government will conduct an effective promotion, and engage in strategic relaxation of visa requirements etc., while more strongly conscious about the importance of strategic policy guidance than before. In addition, in order to strategically create the flow of tourists from inside and outside of Japan, and promote the revitalization of regional economy through tourism, the Government will promote establishing the organizations/functions which play a central role in developing tourism areas from the viewpoint of “tourism management” (Japanese version of DMOs: Destination Management/Marketing Organizations); polishing up local attractiveness thoroughly, including the promotion of tourism-based community development; and disseminate information widely by networking local areas with specific themes and stories as if joining the dots into lines, and then combining the lines into larger objects.

Moreover, in preparation for accepting 20 million foreign visitors to Japan annually, and 30 million of them later, the Government will establish necessary systems in each local area, while both the public and private sectors carefully look at the situation so that capacities of transportation such as the gateway function of airports, airlines and buses as well as accommodation facilities etc. will not become restraining factors.

Furthermore, the Government will rapidly improve the tourism environment to accept foreign visitors, including acceleration and facilitation of immigration procedures through the development of necessary physical and human resources for CIQ, increase in the supply of paid guide interpreters by changing the system of the licensed guide-interpreter, multilingual services, and reinforcement of base functions of airports, sea ports, and roadside stations.

Including these policy measures, the Government will take the following initiatives

based on the Action Program toward the Realization of Japan as a Tourism-Oriented Country 2015 (approved at a meeting of the Ministerial Council on the Promotion of Japan as a Tourism-Oriented Country on June 5, 2015):

- Taking strategic initiatives for new age of inbound tourism;
- Further expanding tourism consumption, incorporating wide-ranging industries as tourism-related ones, and reinforcing tourism industry;
- Developing tourism areas which contribute to revitalizing regional economies, and promoting domestic tourism;
- “Aggressively” improving the tourism environment to accept foreign visitors in advance;
- Actively attracting foreign business visitors etc., and enabling high-quality touristic exchanges; and
- Accelerating tourism promotion in preparation for “after the Olympic Games in Rio de Janeiro,” “Tokyo 2020 Olympic and Paralympic Games” and “After the Games in Tokyo.”

Among these initiatives, the following are the ones which should be taken in particular to achieve KPIs.

#### **[1] Taking strategic initiatives for new age of inbound tourism**

- While establishing numerical targets for each regional block, the Government will induce foreign visitors who tend to concentrate on the so-called golden routes to regional areas through various strategic promotions including the formation of wide-area tourism excursion routes and dissemination of information to overseas etc.
- The Government will disseminate information on regional attractions throughout the world by inviting trend setters abroad including producers of travel programs in foreign countries, and power-bloggers/Youtubers.
- The Government will create the demand for visiting Japan throughout the year, by appealing attractions of seasons not only those in summer which has been the high season for travelling to Japan but also cherry blossoms in spring, autumn color of leaves, and snow in winter.
- As regards educational trips from overseas, aimed at increasing the annual number of visitors by 50% by 2020 from about 40,000 in FY2013, the Government will treat the Japan National Tourism Organization (JNTO) as the sole contact point for matching cultural exchanges; at the same time, it will compile and implement a “Program to promote school exchanges and experiences” (tentative name) by considering the invitation of relevant parties of overseas schools, holding of seminars abroad, and a policy package of identifying schools to participate in understanding-promotion and exchanges of

schools.

- In order to take in the demand for visiting Japan by those in the U.S. and Europe who are highly interested in history and culture of Japan but have not yet come in large numbers, the Government will change once again the promotion strategy for people in the U.S. and Europe, implement promotion under the themes of Japanese history and traditional culture aimed at visitors from the U.S. and Europe, and enhance experience-type visiting Japan tour products.
- Overseas offices of JNTO will play a central role in directly and powerfully promoting the Japan brand as a whole, by forming a consortium with local Japanese companies and government related organizations that endeavor to provide attractive goods, services and food.
- In order to powerfully appeal attractions of Japan to overseas, the Government will disseminate information on Japanese cuisine, local sake, culture etc. that Japan is proud of, and thereby promote visits to specific regional areas, by strengthening cooperation among relevant organizations and combining policy measures of Visit Japan, Cool Japan etc.
- With capital contribution from the “Japan Localization and Promotion +” and the Cool Japan Fund, the Government will further strengthen the dissemination of information on contents etc. to introduce regional specialties such as Japanese TV travel programs, and famous local sweets and local sake, and thereby strive to attract visitors to regional areas.
- When Japan External Trade Organization (JETRO) implements the “Project contributing to local areas” which appeals to overseas local attractions across sectors such as local handicrafts, manufacturing, and agriculture, and thereby realize exports and investment in Japan, it will endeavor to attract visitors for tourism by strengthening dissemination of information to overseas through the invitation of media people etc. with the cooperation of JNTO.
- Aimed at the realization of the annual number of foreign visitors to Japan to 20 million, the Government will endeavor to strategically relax visa requirements further with the emphasis of ensuring national security. As for visitors from the Philippines and Vietnam, with the cooperation with these countries, the Government will make efforts, while monitoring the operational situation of the system which was newly introduced last fiscal year.
  - Realize issuance of multiple-entry visas for Mongolia at an early date.
  - Conduct intensive promotions in countries and areas for which visa requirements have been relaxed.
  - In response to the increase in foreign visitors to Japan, develop necessary physical and human resources for visa examinations at Japanese diplomatic

missions overseas in order to enable foreign visitors to apply visas for Japan smoothly.

**[2] Further expanding tourism consumption, incorporating wide-ranging industries as tourism-related ones, and reinforcing tourism industry;**

- Regional Transport Bureaux and Regional Bureaux of Economy, Trade and Industry will cooperate in strongly encouraging relevant parities of municipalities, chambers of commerce and industry, and shopping districts to realize “tax-free shopping districts” utilizing tax-free counters. Moreover, they will create the environment for foreign visitors to shop comfortably in regional areas, by enhancing support for the introduction of necessary terminals for cashless settlement, tax-free systems, Wi-Fi equipments and others. That shopping districts conduct along with the realization of “tax-free shopping districts.”
- JNTO will strongly disseminate information on the courses created for each regional block to visit attractive local shopping areas where visitors can enjoy shopping while experiencing local specialties, Japan-specific products and traditional handicrafts.
- In coordination with export promotion measures for agriculture, forestry and fishery products and food, the Government will develop the environment and system which enables for foreign visitors to purchase local agriculture, forestry and fishery products and food and bring them back to their own countries.
- Regional Transport Bureaux will select high-quality services and products that can appeal to foreign visitors and provide the brand mark for each regional block. For the acknowledged regional brands, it will dispatch producers to teach how to attract visitors to the regional area, expand to overseas, and enlarge sales channels, utilizing said services and products.
- Aimed at creating and diversifying the sales channels of high-quality optional tour products all over Japan, the Government will invigorate region-specific travel businesses to “concierges for travels in regional areas” by reviewing necessary requirements to engage in region-specific travel business and promote entry into such business.

**[3] Developing tourism areas which contribute to revitalizing regional economies, and promoting domestic tourism**

- In order to induce foreign visitors to regional areas, the Government will certify multiple wide-area tourism excursion routes, and support as a package the initiatives promoted by regions by inputting policy measures of relevant ministries and agencies intensively; at the same time, it will strongly appeal to

overseas.

- In model regions across Japan, the Government will promote establishing Japanese version of DMOs (Destination Management/Marketing Organizations) and support its initiatives to promote tourism such as consensus-building among relevant parties, formulation of strategies based on marketing, “tourism management” to manage the consistency between strategies and tourism related projects of various entities, development of new products and so on.
- The Government will strive to establish Japanese version of DMOs with desirable functions across Japan. Accordingly, the Government will formulate a manual with required functions and disseminate it to relevant parties so that DMOs can be improved gradually according to the actual situation of each region, taking into account advanced practices in the U.S. and Europe.
- In order to improve the quality of regional initiatives, the Government will strengthen the dissemination of information on advanced practices of creating tourism areas in various regions, including the development of organizations with the functions of the Japanese version of DMOs, cooperation with relevant parties in sectors other than tourism, development of the environment to accept foreign visitors, and the creation of comfortable tourism sites including through the maintenance of cleanness and the construction of toilets.
- Treating the “Roadside Stations” as the core of promoting tourism in the regions, the Government will support initiatives to make them the bases of tourism by selecting the “Roadside Stations” with excellent initiatives as national model “Roadside Stations” and priority “Roadside Stations,” while fully mobilizing policy measures of relevant ministries and agencies.
- Aimed at promoting tourism-based community development in a comprehensive way, while utilizing relevant policy measures such as the establishment of good scenery, development of historical landscape, and development of international business environment, the Government will prepare and disseminate the “Guideline for tourism-based community development” (tentative name), and establish the consultation desk for the tourism-based community development at the Ministry of Land, Infrastructure, Transport and Tourism.
- The Government will promote full-scale removal of utility poles in tourism sites etc., by newly preparing a plan to facilitate removal of utility poles, in order to improve attractions of tourism sites, maintain historical streets, and revive regional culture etc. such as traditional festivals etc.
- The Government will utilize nature and scenic areas which are representatives of Japan such as national parks and Geoparks\*, and disseminate their

attractions.

\* Geopark: An area, with distinct boundaries, that not only includes numerous geological heritages—which clearly show the geohistory and geological phenomena in the regions—but also ecologically, archeologically, or culturally valuable sites.

- In order to link the dissemination of attractions to overseas and export promotion of Japanese foods and culinary culture to the inbound demand for tasting them at their “home,” the Government will promote the initiatives to disseminate the attractions of foods and agriculture, including the utilization of the system to protect geographical indications.
- Aiming to further vitalize inter-regional exchanges in Japan and the flow of foreign visitors within Japan, the Government will strive to create new demand for travelling as well as enhance the networks of LCCs and highway buses which are inexpensive and good-quality transportation services, by establishing a council for invigorating LCCs etc. and highway buses (tentative name); implementing promotional strategy to improve images; securing inexpensive and convenient access to airports, and promoting LCCs and access to the airport together; developing the information platform for highway buses, and promoting cooperation with “Roadside Stations”; and so on.

#### **[4] “Aggressively” improving the tourism environment to accept foreign visitors in advance**

- Aiming to enhance the functions of Tokyo Metropolitan Airports, the Government will strive, as the top priority, to increase the number of annual landing slots by about 80,000 by 2020, by conducting dialogues with residents on changes of flight routes from/to the Haneda Airport, formulating measures paying due attention to the impact on the environment, and so on. Moreover, as regards the reinforcement of functions after 2020, the Government will have more in-depth discussions with relevant local governments on various issues including the fundamental expansion of capacities at the Narita Airport. [Described above]
- In order to meet a rapid increase in demand for visiting Japan, the Government will continue not only enhancing the functions of airports at Tokyo Metropolitan areas, but also promoting the entering of service to all airports across Japan, and with the cooperation with relevant ministries and agencies, reinforcing the systems to accept all over Japan as soon as possible.
- In response to the increasing number of foreign visitors to Japan, the Government will develop necessary physical and human resources for CIQ, in order for foreign visitors to enter/exit from Japan expeditiously, smoothly and

comfortably, paying also due attention to the situation of immigration examinations at local airports and sea ports.

- In preparation for cases where demand for staying at hotels, inns etc. becomes too high, the Government will relax regulations on the operations to offer ones' own houses etc. temporarily at the time of events, and expand the scope of special measures for the standards of structural equipment concerning small-scale agricultural, forestry and fishery guesthouses. As regards private house lodging services utilizing ordinary houses etc. and advertising through the internet, since it is a new form of business, the Government will have discussions among relevant ministries and agencies for starters including the grasping of the actual situation.
- In order to flexibly meet the increasing demand for chartered buses, the Government is implementing flexible treatment until September 2015 to expand the operating areas of chartered buses to the unit of regional blocks and to the neighboring prefectures of the ones where there are business offices; it will consider its policy for October 2015 and after.
- As regards the expansion in the supply of paid guide interpreters through the changes in the system of the licensed guide-interpreter, the Government will ensure the quality of those for all over Japan through the training after their acquisition of qualification, while introducing the "regional guide interpreter system" for municipalities to develop guide interpreters on their own to meet the demand for various guide interpreters in the region.
- By utilizing regional liaison committees—mainly consisting of regional organizations of the Ministry of Land, Infrastructure, Transport and Tourism—geared toward accepting 20 million foreign visitors to Japan annually, the Government will compile an interim report of information on the status of regions' tourism environments, as well as any issues and related countermeasures by around this summer, and implement the necessary measures. Information to be compiled should include that regarding airport/seaport CIQ systems, airport capacity, the securing of highway buses, accommodations, etc. to be provided.
- The Government will take necessary initiative to ensure the integrity and continuity of multilingual services, based on the multilingual service guideline (March 2014).
- In order for restaurants to take initiatives such as preparation of multilingual menus, the Government will inform advanced practices and hold seminars in cooperation with business groups.
- In view of the Tokyo 2020 Olympic and Paralympic Games, the Government will consider ideal road signs that are easy-to-understand for foreign drivers.

- Utilizing the council for promoting the development of free public wireless LAN, the Government will: 1) develop systems to enable the sign-in at about 200,000 spots across Japan with one-time registration, by simplifying certification procedures beyond the walls of operators; and 2) disseminate information effectively through the media such as HP and apps by promoting the “visualization” through the spread and utilization of the common trademark “Japan. Free Wi-Fi” as well as making available venues as open data.
- In order to introduce mutually usable transportation IC cards in all prefectures in Japan by 2020, the study group for spreading and enhancing the convenience of transportation IC cards will discuss specific approaches to spread such cards and increase their convenience, and reach a conclusion by this summer.
- The Government will promote “Hands-Free travel”—i.e., enabling visitors to do tourism without carrying luggage—by temporarily keeping luggage and shopping goods of foreign visitors and deliver them to airports, stations, hotels and so on; at the same time, it will sophisticate services by allowing tax-exempt and delivery procedures to be done together at shopping districts etc.
- To increase sales of local products, Regional Development Bureaux will cooperate with seaport management bodies in strongly facilitating the utilization of the notification system for temporary tax-free shops at the piers for cruisers.
- The Government will enhance systems to accept foreign patients so that foreign visitors can receive medical services in Japan safely and with the peace of mind; and in cooperation with local governments, will select medical institutions which can treat wide-ranging cases of foreign visitors at least one for every prefecture by the end of this fiscal year.

**[5] Actively attracting foreign business visitors etc., and enabling high-quality touristic exchanges**

- JNTO will enhance regional cities’ ability to attract MICE, by conducting finely-tuned consulting according to the needs and resources of regional cities.
- In order to increase the possible venues for medium-sized conventions, the Government will select 4 cities or so for the “city to be strengthened for global MICE.”
- The Organization for Promoting Urban Development will provide long-term financing at low interest rates for excellent private urban development projects including development of MICE facilities.
- Integrated Resorts (IR) are expected to contribute to the promotion of tourism, regional prosperity and industrial development. Meanwhile, as a precondition,

it is necessary to study institutional measures to prevent problems from the perspective of preventing crime, maintaining security, ensuring the sound development of youth, and preventing pathological gambling. Therefore, relevant ministries and agencies will study this matter in light of the status of the IR promotion bill (\*) and public debate on IR.

\* IR promotion bill: The Bill on Promotion of Development of Specified Complex Tourism Facility Areas.

- As regards the program for longer stays of foreign visitors in Japan, aiming to promote the utilization by wealthy visitors, the Government will disseminate information overseas and hold briefings in prospective markets; at the same time, it will hold briefings for domestic private companies, local governments, and so on.
- Aiming to fully inform foreign visitors of the value and attractions of cultural assets which embody Japan's history and culture, the Government will consider approaches and points etc. for easy-to-understand explanatory displays in English, including the utilization of ICT; at the same time, it will support the dissemination of information on cultural assets in English.
- The Government will attract visitors to regional areas from within and outside Japan by promoting the initiatives to make a digital archive, with high-resolution images, of works in museums and art galleries, cultural assets in various regional areas, natural and cultural heritages, and furthermore, aerial photographs of landscapes across Japan which show many different beauties; and to disseminate them with presence on the internet.
- Starting from this fiscal year, with the "World Cultural Heritage Invigoration Project," the Government will support initiatives to plan and disseminate information etc. of multilingual guided tours, visiting groups for cultural assets preservation and repair, programs to experience preservation and repair and the like; and invigorate regional economies which have world heritages to attract visitors.
- By FY2020, the Government will certify approximately 100 cases (18 cases in this fiscal year) of "Japan Heritages" which express Japan's culture and tradition in stories through historical attractions and features in local areas. Furthermore, local areas will play a leading role in developing and utilizing, in a comprehensive way, groups of attractive tangible and intangible cultural assets which are essential for telling stories, and strategically disseminate information in Japan and abroad.
- By creating tourism resources out of Noh and Kabuki, experience in the tea ceremony, visiting to temples and shrines, and characteristic local culture across Japan such as experiences in making traditional local handicrafts and

traditional entertainment, the Government will enhance them as high-quality programs to experience Japanese culture which appeal to foreign visitors from the U.S. and Europe who are highly interested in Japanese history and culture; promote the participation in experience programs; and prolong their length of stay.

**[6] Accelerating tourism promotion in preparation for “after the Olympic Games in Rio de Janeiro,” “Tokyo 2020 Olympic and Paralympic Games” and “After the Games in Tokyo.”**

- After the end of Rio de Janeiro Olympic Games in 2016, taking advantage of cultural programs across Japan, the Government will disseminate the attractions of Japanese culture etc.—including world-class tangible and intangible cultural assets, festivals and fireworks with full sense of the seasons, traditional local entertainment, and cuisine—and attract visitors to regional areas.
- The Government will endeavor to attract visitors to various regional areas from within and outside Japan by reliably hosting not only the Tokyo 2020 Olympic and Paralympic Games and advance training camps, but also the Rugby World Cup in 2019 to be held in Japan and other international competitions.
- The Government will strongly promote the “Host city/town initiative” that local governments across Japan will attract athletes and spectators from participating countries to regional areas to learn the history and culture of participating countries to the Games (the “One school one country campaign”) and to study Paralympics and deepen exchanges with the handicapped.
- In preparation for the Tokyo 2020 Olympic and Paralympic Games, the Government will not only steadily promote initiatives based on the Act on Promotion of Smooth Transportation, etc. of Elderly Parsons, Disabled Parsons, etc., but also focus on the promotion of smooth transportation on multiple routes at major terminals and in major regional tourism spots, as well as promote the “elimination of prejudices in people’s mind.”

### **III. Strategy of Global Outreach**

#### **(1) Progress in achieving KPIs**

**<KPI> Aim to raise the FTA ratio to 70% (2012: 18.9%) by 2018**

⇒ As of June 2015: 22.3%

\*The share of trade value in total Japanese trade value with countries with which EPA/FTA has entered into force or signed as of June 2015 (based on 2014 trade value).

\*Negotiations on 8 EPAs are under way with a view to an early conclusion.

**<KPI> Double inward foreign direct investment (FDI) stocks to ¥35 trillion (as of the end of 2012: ¥19.2 trillion)**

⇒ As of the end of 2014: ¥23.3 trillion

**<KPI> Double the value of exports by SMEs by 2020 compared with the 2010 level**

⇒ The value of exports by SMEs owning overseas subsidiaries increased by 40%, from approximately ¥3.7 trillion in FY2010 to approximately ¥5.3 trillion in FY2013.

**<KPI> Raise overseas infrastructure project orders received to approximately ¥30 trillion by 2020 (2010: approximately ¥10 trillion)**

⇒ 2013: Approximately ¥16 trillion

\*KPI figures include “income from business investments on overseas infrastructure, etc.”

**<KPI> Triple overseas sales of broadcast contents by FY2018 from the FY2010 level**

FY2010: ¥6.63 billion ⇒ FY2013: ¥10.57 billion

#### **(2) Progress made in implementing measures**

**(Progress made in EPA negotiations with various countries, including the entry into force of the Japan-Australia EPA, the signature of the Japan-Mongolia EPA, etc.)**

- In terms of economic partnerships, the Japan-Australia EPA entered into force in January 2015, and the Japan-Mongolia EPA was signed in February. As regards the Japan-EU EPA, the both sides agreed at the Japan-EU Summit in May 2015 to

accelerate negotiations further, aiming to reach an agreement in principle within this year. Regarding the TPP (Trans-Pacific Partnership) negotiations, it was agreed at the TPP Leaders' meeting in November 2014 to accelerate work for an early conclusion of the negotiations. Since then, with a series of negotiation meetings of all 12 countries and bilateral consultations including those between Japan and the U.S., significant progress has been made in the negotiations.

**(Actively implemented the Infrastructure Export Strategy through sales pitches by the Prime Minister and Cabinet Ministers)**

- Regarding infrastructure exports, the Prime Minister and Cabinet Ministers made a total of 74 sales pitches in 2014 (including 32 made by the Prime Minister), far surpassing the KPI of at least 10 sales pitches each year. These efforts have steadily led to such results as receiving (in February 2015) the order for the “Doha Metro” project that is the first subway system to be constructed in the State of Qatar, and agreeing (in May 2015) on the policy of introduction of Shinkansen bullet train technologies into the high-speed rail project in Thailand. Moreover, the Government promoted strategic implementation of ODA through the improvement of various systems for strategic use of ODA loans and JICA’s Private Sector Investment Finance, as well as through active use of Grant Aid and Technical Cooperation. In February 2015, the Cabinet decided the “Development Cooperation Charter” that shows the expansion of scope of cooperation through ODA, etc. In March, the Government submitted a bill to revise the Trade and Investment Insurance Act aiming at changing Nippon Export and Investment Insurance (NEXI) into a special stock company to realize more flexible, efficient and agile management. Furthermore, the law to establish the Fund Corporation for the Overseas Development of Japan’s ICT and Postal Services (Japan ICT Fund) which supports projects related to overseas telecommunications, broadcasting and postal services was enacted in May 2015, and the revised “Infrastructure Export Strategy” for FY2015 was formulated in June.

**(Supported overseas business in emerging markets in many aspects)**

- Aiming to formulate the rule making strategy under which products and services of Japanese companies that contribute to solving social issues—such as 3R/waste disposal and treatment including water and food disposal, and ageing society—are properly appreciated, the Government is taking initiatives such as submission of proposals at international conferences, exchange of views with other governments, and dialogues between the public and private sectors, while making effective use of the Economic Research Institute for ASEAN and East Asia (ERIA). Moreover, for the construction of the new state capital of the Andhra Pradesh State in India, the Government signed a memorandum on industrial cooperation in November 2014, and

is participating in the project from the designing stage in order to contribute to the export of Japanese products and services to local market. In March 2015, with a view to spreading Japanese rules to emerging countries, the Government compiled a joint document for Japan-EU regulatory cooperation in the areas of robots, chemicals, automobiles, etc.

- The Government strengthened the function of sales route support of the Japan External Trade Organization (JETRO) and provided hands-on support to more than 1,600 SMEs by the retired experts in international business. In addition, under the “SMEs' Overseas Development Fastpass” program, the Government has provided support to companies in cooperation with more than 350 organizations supporting overseas expansion, including local governments and financial institutions.
- In order to facilitate the building of the network, exchanges, and co-creation of pro-Japanese foreign nationals such as former international students with experience studying in Japan and former trainees at HIDA (The Overseas Human Resources and Industry Development Association), the Government is promoting the initiatives for creating the “Community of pro-Japanese and Japan experts” utilizing online network.
- Aiming at strengthening cooperation with Regional Economic Communities (RECs) in Africa for the promotion of wide-area development, the Government newly posted the ambassador in charge in October 2014, held high-level policy dialogues, and supported developing local human resources, etc.
- In Asia, the Government provided technical assistance in the area of legislative system including development of human resources, and supported overseas Japanese companies utilizing Japanese legal professionals.

#### **(Cool Japan Strategy Promotion Council formulated Strategies)**

- With regard to the Cool Japan Initiative, the Cool Japan Strategy Promotion Council established in January 2015, discussed the promotion of cooperation between the public and private sectors, the measures to strengthen information dissemination, etc., and compiled in June the “Cool Japan Strategy Public-Private Partnership Initiative”. Moreover, the Cool Japan Fund has decided investment for 12 projects in total, for the maxim amount of about ¥32 billion by the end of May 2015, in contents-related businesses, Japan mall development projects and so on. As regards overseas expansion of Japanese contents, the Government supported 2,611 localization projects and 1,204 promotion projects by the end of the FY2014. In ASEAN and other Asian countries, furthermore, in cooperation with Broadcast Program Export Association of Japan (BEAJ), the Government has disseminated attractive Japanese broadcast contents continuously by securing broadcast/distribution slots in terrestrial broadcast, satellite broadcasts, video distribution platforms, etc. (Implemented 43 projects in 13 countries/areas)

### **(Adopted priority measures and strengthened the system to promote inward FDI)**

- In March 2015, the Council for Promotion of Foreign Direct Investment in Japan adopted the “Five Promises for Attracting Foreign Businesses to Japan” to improve what have been requested by foreign companies to enhance the convenience of business and life in Japan, including: 1) enhancement of multilingual services of retail shops, restaurants, hospitals, public transportations, etc.; 2) promotion of preparation and simplification of usage procedures for free public wireless LANs in urban areas; 3) development of a protocol for receiving business jets with shorter advance notice at regional airports; 4) support for the employment of foreign students in Japan; and 5) implementation of the “Investment Advisor Assignment System” which enables foreign businesses that have made important investments in Japan to consult directly with the State ministers. Moreover, Japan’s diplomatic missions abroad and JETRO overseas offices have cooperated in identifying and attracting investments, and a total of 73 sales pitches have been conducted by the Prime Minister and Cabinet Ministers since April 2014 in which the Council for Promotion was established, by May 2015. Furthermore, industrial specialists—assigned in Japan and abroad to strengthen functions to attract foreign companies and enhance support system—have approached 3,000 or more foreign companies individually, and are continuing the efforts to attract them to Japan. In April 2015, in Tokyo area National Strategic Special Zone, the “Tokyo One-Stop Business Establishment Center” was established to integrate the counters for consultation and various application procedures for entrepreneurs, including registration of corporations and tax matters, labor matters, insurance, employment, etc. In the same month, the Government submitted to the Diet a bill to revise the Act on National Strategic Special Zones promoting acceptance of foreign entrepreneurs and clarifying the availability of certification of Articles of Incorporation by the notaries outside notary’s offices.

### **(3) Specific new measures to be taken**

Regarding EPA negotiations, the Government will push forward to achieve early conclusion on TPP negotiations in a way that maximizes Japan’s national interests. At the same time, the Government will promote strategic and prompt negotiations on other EPAs including RCEP, the Japan-China-Republic of Korea FTA and the Japan-EU EPA, in order to enhance Japan’s external economic relations and to promote domestic structural reforms through progress in global rule-making concerning trade and investment.

In terms of infrastructure exports, the Government will pursue its order target by quickly and steadily implementing further initiatives stipulated in the revised

“Infrastructure Export Strategy” for FY2015. In particular, in order to contribute to developing business conditions for promoting Japanese companies’ overseas business expansion and infrastructure exports, the Government will strategically strengthen the JICA training program through the implementation of measures prescribed in the above mentioned revised Strategy.

At the same time, in order to promote inward FDI and tap into foreign markets in a strategic manner, the Government will reinforce the public-private partnership between government offices and relevant organizations—including Japan’s diplomatic missions abroad—and private companies. Furthermore, the Government will take the following new measures.

### **[1] Improving business conditions and developing system for promoting foreign direct investment in Japan**

For further vitalization of the Japanese economy, it is important to make foreign companies—that may bring with them into Japan new business models and research and development activities for advanced technologies—select Japan as their bases.

Accordingly, ministries/agencies in charge will promptly and steadily implement the measures in the “Five Promises for Attracting Foreign Businesses to Japan”.

Moreover, in the midst of fierce competition among countries to attract foreign investment, it is important to continue developing the system to attract foreign investment incessantly to the level comparable with competing countries. Accordingly, the Government will strengthen public relations and information dissemination on investment environment in Japan through sales pitches conducted by the Prime Minister and Cabinet Ministers (at least 10 sales pitches per year) as well as the cooperation among Japan’s diplomatic missions abroad, JETRO and local governments. Furthermore, JETRO’s special team for attracting foreign investment, established in major cities abroad will lead intensive promotion in the areas where further growth and vitalization of the Japanese markets are expected. Through these efforts, the Government will engage in “aggressive” marketing, along with the domestic initiatives including multilingual consultation services and support for the foreign companies already in Japan.

In addition, utilizing the “Platform for Regional Vitalization” :—a joint data base of Ministry of Internal Affairs and Communications and all local governments—the Government aims to start this autumn the provision of information from local governments to JETRO about investment environment, etc., as well as information from JETRO to local governments about methods, cases, etc. for attracting foreign companies. Furthermore, the government will

deepen cooperation with local governments by starting JETRO's customized support by the end of FY2015 according to the needs of local governments from formulating strategies to attracting investment.

## **[2] Implementing “Partnership for Quality Infrastructure”**

The Government will fully mobilize Japan's public and private sector resources to respond to global demand for infrastructure, especially huge demand in the Asian region. It will realize, in cooperation with local public and private sectors, “quality infrastructure investment” which leads to low life cycle costs, consideration for environment protection and disaster risk reduction, etc., development of local human resources, which are the key features of Japan's infrastructure development. Especially in the Asian region, the Government, in cooperation with the Asian Development Bank (ADB) which strengthened its function, will provide approximately \$110 billion (about 30 % increase) for “quality infrastructure investment” over the next five years (about \$53 billion through the ADB, about \$33.5 billion through the Japan International Cooperation Agency (JICA), and about \$20 billion through the Japan Bank for International Cooperation (JBIC) and others). The Government will pursue both “quality” and “quantity” by mobilizing private funding and know-hows in addition to public funding.

Accordingly, the Government will launch “Partnership for Quality Infrastructure”, which consists of the following four pillars: expansion and acceleration of assistance through the full mobilization of Japan's economic cooperation tools; strengthening cooperation with the ADB; doubling the supply of funding for projects with relatively high risk profiles by such means as the enhancement of the function of JBIC; and promoting “quality infrastructure investment” as an international standard.

Through this initiative, Japan, in collaboration with the ADB and others, will lead innovation in infrastructure development by attracting various financial resources, including those from private sector from all over the world to Asia.

- Expansion and acceleration of assistance through the full mobilization of Japan's economic cooperation tools

The Government will increase the amount of Japanese ODA Loans for Asia's infrastructure by about 25% by way of coordinating Japanese ODA Loans, Technical Cooperation, and Grant Aid, as well as enhancing the implementation of F/S and JICA's Private Sector Investment Finance. It will promote the mobilization of private funding for infrastructure projects through the utilization

of new types of ODA Loans that support developing countries to provide capital and guarantee for Public Private Partnership (PPP) infrastructure projects. Also, the Government will make continuous efforts to further expedite Japan's ODA Loans procedures.

- Strengthening cooperation with the ADB

The Government supports the ADB's initiatives such as the expansion of its lending capacity, the expansion of its lending portfolio to the private sector, and the reduction of the project preparation period. It will also establish a new collaboration mechanism between JICA and the ADB to facilitate the use of PPP for infrastructure investment by utilizing JICA's Private Sector Investment Finance.

- Doubling the supply of funding for projects with relatively high risk profiles by such means as the enhancement of the function of JBIC

By enhancing the functions of JBIC, the Government will establish a new mechanism to provide funding for overseas PPP infrastructure projects with relatively high risk profiles, etc., utilizing private funding and know-hows.

Specifically, the Government will enhance the functions and the organization of JBIC so that it will more actively provide funding for overseas infrastructure projects—in which technologies, know-hows and others of the Japanese companies are expected to be utilized—that are deemed to be risky because of the difficulty in forecasting changes in demand and business environment. At the same time, the Government will further promote exports of infrastructure, by utilizing NEXI, the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN), Japan ICT Fund and others.

- Promoting “quality infrastructure investment” as an international standard

The Government will edit a casebook on “quality infrastructure investment”, which consists of infrastructure projects supported by Japan, and actively disseminate it widely across the world. At the same time, the Government will offer more opportunities for relevant parties overseas to visit successful infrastructure projects with Japan's excellent technologies and investment. In collaboration with international organizations such as the World Bank, the ADB, and ERIA, and other foreign countries, the Government will hold more seminars on “quality infrastructure investment” while stressing its importance at international fora, etc., including G20 and APEC. In response to requests from overseas, the Government will enhance the provision of technical cooperation necessary for “quality infrastructure investment”.

### **[3] Strengthening the public-private partnership to promote comprehensive regional development including urban development**

In emerging countries, etc., rapid urbanization has exacerbated various urban problems, including disfunctioned traffic system and serious environmental problems according to their development stages. Moreover, many regions need development of wide areas including suburbs, industrial bases, and networks to connect them. Development projects to deal with such problems can be characterized as large and complex ones with many companies and areas involved, and requiring a long project period. Accordingly, the project risk tends to be high and it is difficult for private companies alone to be engaged. For such projects, it is necessary for Japan's public and private sectors, including the national and local governments as well as companies, to cooperate with each other while collaborating with local public and private sectors overseas, and to be involved in projects from their "upstream" planning stage.

Bearing these in mind, in order to make "Quality Contribution" with high QOL and excellent safety and functionality, the Government will newly strengthen the systems to promote comprehensive regional development including urban development overseas, through the provision of know-hows based on the past experiences in development projects, excellent relevant technologies and services, etc. Through these measures, while effectively utilizing sales pitches by the Prime Minister and Cabinet Ministers, the Government will engage in information gathering, marketing, and the subsequent project identification and implementation seamlessly. Then it is important not only to get involved in a one-shot problem-solving project but also strive to continuously get involved in a series of projects for a long term as well as successively formulate and promote the subsequent diversified projects. In addition, it is also important to expand economic spillover effects including further overseas expansion of Japanese companies including SMEs. Through these efforts, the Government will proactively get involved in various development initiatives overseas as well, while having the strategic perspectives of deepening effective relationship between development of overseas regional economic zones and Japan's economic growth.

#### **- Strengthening activities for identifying development projects**

In foreign countries, the Government will gather information and identify projects in cooperation with private companies and relevant organizations including the Ministry of Foreign Affairs, the Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Internal Affairs and Communication, JICA, JBIC, JOIN, and JETRO, while

closely collaborating with Japan's diplomatic missions abroad.

In order to attract interest from overseas on urban development utilizing Japan's strengths, it is effective to explain and disseminate, to relevant parties overseas, individual excellent examples implemented in various parts of Japan. The Government will encourage participation of local governments, where companies having problem-solving means are located, and which are eager to disseminate local development examples to overseas.

- Strengthening planning and coordinating function

The Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism will lead the efforts to analyze information on prospective development projects. Especially, for important projects which should be promoted by the entire government, relevant ministries, agencies and organizations will closely cooperate under the Ministerial Meeting on Strategy relating Infrastructure Export and Economic Cooperation, to discuss and share information on appropriate directions and specific actions. To that end, a coordination team will be formed for each project, and the ministry or agency closely related to the project will take the lead in taking the initiatives below, with the participation of private companies when necessary:

- For each project, coordinate roles of public and private sectors, and present a proposal package to other countries in accordance to local issues and requests.
- Utilize policy resources in terms of human resources and budget of relevant ministries, agencies and organizations in a cross-governmental way. Specifically, coordinate cross-utilization of F/S research budget and master plan formulation project budget, and comprehensive utilization of public financing tools (including ODA, investment and loans from relevant organizations, etc.).
- Consult with other countries to win projects. In doing so, coordinate to have participation of entities with close ties to the projects.

- Mobilizing experts who support the realization of Quality Development

Realization of Quality Development requires experts who know very well the actual situation of the businesses and development projects, and can support flexible negotiations, etc. with other countries. Accordingly, relevant ministries, agencies and organizations will develop, in cooperation with private organizations and local governments, the lists of experts in each public and private field who can provide technical and professional assistance, advice and so on. Moreover, by sharing these lists, the Government will develop systems to enable experts to

respond promptly as a group even in cases where a package proposal of multifaceted supporting measures is essential, including development of social infrastructure such as industrial parks in littoral regions, transportation and energy infrastructure as well as development of relevant legal systems related to land readjustment, the housing supply system, etc.

- Expanding the supply of risk money, etc.

The Government will promote the expansion of the supply of risk money, etc., under the “Partnership for Quality Infrastructure”. Moreover, it will continue considering measures to actively utilize JOIN further.

#### **[4] Promoting Cool Japan initiatives utilizing contents**

In order to link the promotion of the Cool Japan Initiative to specific economic growth, the Government will mobilize all policy measures of relevant ministries and agencies, and tackle cross-sectorial policy issues as the entire government. Accordingly, the Government will promptly implement the Action Plan based on the “Cool Japan Strategy Public-Private Partnership Initiative” compiled by the Cool Japan Strategy Promotion Council in June 2015.

As regards overseas exports of Japanese contents, together with the effects of improving image of Japan, attracting interest in Japanese culture, and promoting Japanese language education, it is important to “earn” effectively, by linking them to Japan’s characteristic products and peripheral industries such as tourism, Japanese food. On that occasion, it is also important to utilize attractive regional resources to promote further vitalization of regional economy.

Accordingly, the Government will promote—the contents production while taking overseas sales into consideration from the beginning, the further acceleration of rights management, the localization and promotion of contents, the international joint production, and the continuous broadcasting of contents. Moreover, the Secretariat of Intellectual Property Strategy Headquarters of the Cabinet Secretariat will take initiatives to establish, around this autumn, Public-Private Partnership Platform for Promotion of Cool Japan (tentative name) composed of Cool Japan related ministries, agencies, organizations, etc., and formulate the basic policy for disseminating information utilizing Japanese contents and for integrated overseas expansion of contents and their peripheral industries by all-Japan effort; collect and share information; consider necessary system reform and supporting measures; conduct the matching to formulate collaborative projects; and so on. As a specific way to conduct the matching, the Government will hold Matching Forum (tentative name) under this Platform with the participation of diversified relevant business operators not only from the field

of contents but also from the non-contents fields such as Japanese food, tourism, manufacturing, etc. By utilizing this Forum, in cooperation with Cool Japan Fund, BEAJ, Visual Industry Promotion Organization (VIPO), JETRO, etc., the Government will continuously create cross-industry collaborative projects which have high synergistic and spillover effects, such as product placement, collaboration overseas of company advertisement and contents.

Moreover, the Government will realize the second dissemination of Cool Japan by foreigners by strengthening dissemination of Japan's attractions to overseas through active utilization of Japan's diplomatic missions abroad, promotion of people-to-people exchange of media people and young people with high disseminative ability, contributing to the Cool Japan Strategy. Furthermore, the Government will promote development of human resources who will take charge of the Cool Japan initiative.

### **III Momentum for the reform ~ Promotion of the “Reform 2020”**

It is important to accelerate reform and innovation, using as a momentum the year 2020 when the 2020 Tokyo Olympic and Paralympic Games are to be held; Japan attracts much attention from all over the world; and many foreigners visit Japan.

Accordingly, while using as the leverage the 2020 Tokyo Olympic and Paralympic Games, the Government will make all-out efforts to promote core projects—which should be accomplished by 2020 and will become legacies succeeded to future generations—as accelerators of reform and innovation. Specifically, the Government will implement the following six projects in the three priority areas, as the ones which can generate high policy effects by the implementation along with the rising attention from the world; put Japan’s strengths in practical use and show cases; appeal to overseas; and lead to economic growth afterwards.

#### **(Technology-utilizing solutions to social problems and export of system solution technologies)**

##### **[1] Use of next-generation transportation systems and automatic driving technology**

- The Government will make the utmost use of the research and development results of ITS public-private collaboration promotion body, and the Strategic Innovation Promotion Program (SIP) under the Council for Science, Technology and Innovation to realize A) next generation transportation systems (ART : Advanced Rapid Transit). Moreover, by utilizing sophisticated automatic driving technology, the Government will strive to realize: B) securing of transportations for those with restraint on movement such as the elderly, and C) convoy traveling of trucks

##### **[2] Solutions to energy/environmental problems through use of distributed energy resources**

- It is a common issue for the world to deal with energy and environmental problems. It should be realized simultaneously to supply energy inexpensively and stably, and to reduce carbon dioxide (CO<sub>2</sub>) emissions. On the other hand, since energy and environmental issues are common across the world, global competition has been intensified seeing this issue-solving as a growth market: Hydrogen and new energy management systems are which Japan can take the lead in such competition. In doing so, it also requires the development of competitive business models, taking into consideration the progress in digitalization and network society.
- Taking these developments as good opportunities, the Government will strive to establish: A) utilization of CO<sub>2</sub>-free hydrogen derived from renewable energy sources; and B) innovative energy management systems.

**[3] Realization of a universal future society through leading-edge robotic technology**

- Currently, Japan is the No. 1 “Robot Super Power” in the world in terms of industrial robots’ annual shipment value and the number of operating machines within the country. In the midst of the social issue of emerging labor shortage in the population decreasing society, the Government will take advantage of technologies to create the scenes where robots are active in every space of life, and diversified people, including the elderly, the handicapped and foreigners, can enjoy a wide-ranging services necessary for realizing stress-free life; and offer opportunities to actually experience them.

**[4] International implementation of high-quality Japanese medical services and technology (inbound use of medical care)**

- Seeing the year 2020 as a good opportunity to disseminate Japanese medical services to overseas, and focusing on the areas where there are high needs from overseas and Japan’s medical care has an international advantage, the Government will list the medical institutions which actively accept patients for medical services (health checkups, medical treatment and examination (including follow-ups after medical treatment)) from foreign countries (hereinafter referred to as “visiting foreign patients”); and thereby enhance opportunities for visiting foreign patients to experience Japan’ medical care in person (prevention not to become sick, early detection, medical treatment after contracting diseases and return to normal life through rehabilitation etc.).

**(Developing an environment to increase the number of foreign tourists to Japan)**

**[5] Showcasing Japan as a country of tourism**

- Aiming to realize a tourism-oriented country full of attraction, with a view to achieving the number of visiting foreigners to Japan 20 million in 2020, and 30 million in 2030, the Government will develop world-class attractive tourism areas, taking advantage of potentials of tourism resources etc.; and therefore, it will strive to upgrade the tourism industry as one of Japan’s core ones by taking the following initiatives in A) tourism area, B) Tokyo, and C) Narita and Haneda International Airports:

**A) Tourism areas**

- The Government will select a private-public-run tourism management organization (Japanese version of DMO\*), among areas thought to be the top tourist areas of Japan, into which policy resources of individual ministries and agencies are intensively input. It will polish up tourism resources, develop a stress free environment including multilingual translation, disseminate information to overseas, and thus create the tourism areas representing the tourism-oriented nation to be selected by more visiting foreign tourist to Japan by 2020.

## B) Tokyo

- By 2020, the Government will realize best practices in Japan where the unprecedented aging of the population is in progress, by thoroughly promoting barrier-free and easy-to-understand guiding information in the continuous areas of Tokyo linking major terminal stations, Olympic and Paralympic Games facilities, and popular tourist spots, in addition to the initiatives for stress-free environment etc. in the area selected for Japanese version of DMO.

## C) Narita and Haneda International Airports

- At the Narita and Haneda International Airports, the Government will enhance the convenience and comfort by improving access to the airports by railways and busses as well as developing the bases for information dissemination with the airport as the gateway (including latest bathrooms in the world, utilization of robots, dissemination of information on tourism resources of the target areas for Japanese version of DMO), in addition to the initiatives for stress-free environment etc. in the area selected for Japanese version of DMO. Moreover, the Government will diffuse similar initiatives to local airports other than Narita and Haneda International Airports.

## **(Expanding foreign direct investment in Japan and improving business environments)**

### **[6] Policies to attract more foreign direct investment in Japan**

- It will be effective for the expansion of foreign direct investment in Japan to focus on it towards the year 2020 when international attention to Japan is heightened due to the hosting of the 2020 Tokyo Olympic and Paralympic Games etc. At that time, it will be important to develop attractive business environment etc. for domestic companies as well, not to mention taking into consideration the needs of foreign companies. It is necessary to strategically engage in identifying and attracting investment projects, by actively disseminating the improvements in business environment etc. through the promotion of policy measures in the Growth Strategy, under the cooperation with local governments etc. Moreover, using the developments in such identifying and attracting activities as the leverage, the Government will accelerate reforms in regulations and systems in Japan.
- For the expansion of foreign direct investment in Japan, going forward, with the target year of 2020, the Government will disseminate information on the initiatives that Japan is making full-fledged efforts such as hosting of business conferences, making the utmost use of international events including the 2020 Tokyo Olympic and Paralympic Games,

Going forward, while improving the above six projects towards 2020, the Government will manage the progress strictly to ensure the realization by 2020. Moreover, the Government will conduct reviews continuously to enhance the momentum for reform, including the addition of projects if necessary.