

Agenda for the Evolution of the Growth Strategy

January 25, 2016
Council for Industrial Competitiveness

Abenomics has entered the second stage to realize “A Robust Economy that Gives Rise to Hope” with the nominal GDP of 600 trillion yen, the largest ever after the World War II. The gears for a virtuous economic cycle continue rotating steadily. In order to maintain and accelerate this trend as well as place the Japanese economy on a sustainable growth path, we need to turn the record-high corporate earnings into investment for the future, including that in facilities, technologies and human resources, and thereby bring about revolution in productivity to break the growth restraints caused by the declining trend of the population. Moreover, under the collaboration of industry, academia, and government, reform in the fields which pave the way for a new era should be pursued rapidly and thoroughly to ensure that Japan will become a leading country ahead of other countries and regions by seizing the largest opportunity of this century, the Fourth Industrial Revolution which could fundamentally change the economic and social structures. Competitors in the world are making challenges for their survival beyond the borders of conventional common sense, industries, and business categories. There is an opportunity to win, however. Now is the time to make a clear break from the successful experiences in the past, make decisions for new challenges across organizational boundaries, and create the trend in which risk money will flow into new growth fields.

Development of human resources with overwhelming challenging spirits will be the key to realize such revolution in productivity and growth by the Fourth Industrial Revolution. It is essential to promote the development of human resources with an eye for the future society and the era of the Fourth Industrial Revolution in all the educational stages from elementary and secondary to higher education so that creative people, who are capable of generating new value-added by throwing themselves into new challenges and combining different things, can play important roles in every industry and academic field. In addition, we also need to further reinforce measures to promote the participation of various workers in order to strengthen the innovation capability of the economic society by enhancing the diversity of human resources in Japan as well as breaking through the growth restraints posed by the decreasing population.

Moreover, through the promotion of revolution in productivity and innovation, the development of human resources that will shoulder them, and the participation of diversified workers, markets in various fields with growth potentials are expected to expand in Japan. At the same time, it is important to have the perspective that without the vitalization of local economies, there will be no economic growth of the whole country or success of Abenomics. To realize vigorous economies across Japan, it is essential to further strengthen the competitiveness of medium enterprises and SMEs which are supporting the backbone of the Japanese economy, as well as promote reform and the improvement in productivity in the industrial fields that lead local economies (agricultural,

forestry and fishery industries, tourism business, service industries, public services, etc.)

Furthermore, the creation of vast value chains in the Asia Pacific region through the agreement in principle in October 2015 on the Trans-Pacific Partnership (TPP) which is a trump card for the growth strategy will open a new era which enables companies in all sizes and individuals to connect to the markets in the region, the growth center in the world, and to blossom their potentials globally. It is the key for success as to whether we can take an aggressive management stance, by taking this as an opportunity. Government will also need to intensively take measures to vitalize the flow of goods, money, technologies, and human resources in the both out-bound and in-bound directions, such as promoting the overseas expansion of excellent Japanese goods and services and foreign companies' direct investment in Japan, by supporting individual economic entities in changing their thinking and action to the future-oriented.

At the same time, in order to implement and accelerate these reforms, it is necessary to continue utilizing the year 2020—when the Tokyo Olympics and Paralympics, which attract attention internationally, will be held—as the momentum for reforms. Moreover, it is also important to proceed with various reforms from the perspectives as to how we should develop new economic and social systems, and increase the benefits for the Japanese people as a whole which cannot be measured by the economic size alone, in order to overcome fundamental challenges to the development of the Japanese economy and society in the medium- to long-term, including the response to the ageing society with fewer children/the society with decreasing population, and the overcoming of the restraints on environment and energy.

With the above recognition, the Council for Industrial Competitiveness and its Implementation/Realization Inspection Meetings will further examine the following in order to accelerate and evolutionize the Growth Strategy which supports “A Robust Economy that Gives Rise to Hope”:

- Mechanism to realize revolution in productivity
- Creation of human resources to carry on growth
- Strategy to expand strategic growth markets (including the promotion of local Abenomics)
- Capture of overseas growth markets
- Momentum for the reform through the promotion of the “Reform 2020” projects

In doing so, in addition to working together with the “Public-Private Dialogue towards Investment for the Future,” we will closely cooperate with relevant meetings, including the Council for Regulatory Reform, the National Strategic Special Zone Advisory Council, the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan, the National Council for Promoting the Dynamic Engagement of All Citizens, and the Council for Science, Technology and Innovation.

We will reflect the initiatives along with these intentions to the Growth Strategy which aims to promote economic growth through regulatory and institutional reforms etc.

Moreover, regarding the KPIs (Performance targets to be achieved for each policy group) which have been established by the successive growth strategies, we will re-evaluate the appropriateness of all KPIs and sort them out as necessary, from the perspective of implementing the second stage of Abenomics.

I Mechanism to Realize Revolution in Productivity: Igniting Investment in Innovation

1. Promotion of the Fourth Industrial Revolution/ Development of New Institutional Environment for IoT Era

(1) Redesigning systems of economic society which respond to the Fourth Industrial Revolution

The Fourth Industrial Revolution requires us to deal with the “Super Smart Society” (Society 5.0) which brings about new value-added and improvement of the quality of life by utilizing IoT, BD (Big Data), AI (Artificial Intelligence), and robots to the maxim extent, and combining the cyber and physical spaces in a sophisticated manner.

Under such circumstances, competitive environment is changing beyond the existing industries and national borders over the “Data” which are the source of new value added. Accordingly, under the “New Industrial Structure Vision,” the Government will identify the changes in specific industrial and employment structures and the resulting impacts on the life of individual people, and thereby engage in deliberations aimed at reaching a social consensus by the public and private sectors towards the redesigning of new systems of economic society to preempt such a vision of the future.

Specifically, the Government will discuss, while clarifying the timeframe, the development of horizontal infrastructure concerning systems and rules (development of systems to promote the utilization of data, regulatory and institutional reforms concerning entry restrictions etc., vitalizing industries and facilitation of business realignment for companies and industries to respond rapidly and flexibly to structural reforms, intellectual properties and competition rules, etc.), human resources (improvement in the mobility for education and employment), technologies and innovations (vitalization of investment in research and development through the formulation of a technological roadmap, development of the environment to enable the creation of further innovations, etc.), infrastructure (sophistication of important infrastructure, enhancement of industrial security, etc.) among others.

Furthermore, as the public and private sector initiatives to be tackled immediately, the Government will consider the clarification of cooperative and competitive areas in important fields, promotion of strategic initiatives, creation of platforms taking advantage of Japan’s strengths, enhancement of accompanying investment for the global acquisition and development of data-related personnel as well as the promotion of future investment type M&As etc.

(2) Promoting the creation of new businesses to facilitate the Fourth Industrial Revolution

Through the activities of the “IoT Acceleration Consortium” etc., the Government will consider the responses to horizontal issues including regulatory and institutional reforms in each business field, formation of new rules, and distribution of cyber security data, while creating new business models responding to the Fourth Industrial Revolution, developing information and telecommunication infrastructure, developing/verifying/making IoT related technologies as international standards, among others.

(3) Promoting Research & Development for IoT/BD/AI in an integrated manner

Regarding research & development for IoT/BD/AI with an eye for the Fourth Industrial Revolution, the Government will describe, as a roadmap, the next-generation AI technologies necessary for the future, identification of technologies with a high affinity with them, and the future outlook; and engage in deliberations to identify the centralized control tower function to promote it in an integrated manner.

(4) Thoroughly utilizing and developing institutional environment for data and IT with an eye for the IoT/BD/AI era

Given that thorough utilization of data and IT will decide international competitiveness in the IoT era, both private and public sectors will play their part in materializing the initiatives to realize the IT utilization at the world's highest level, with the precondition of securing cyber security through the steady implementation of measures listed in the "Cyber Security Strategy" etc. Specifically, in order to ensure and strengthen cyber security, the Government will consider strengthening measures for companies and public institutions, including the development of human resources by promoting acquisition of special qualifications and utilizing large-scale mock infrastructure, research & development, international cooperation, and important infrastructure.

Moreover, for economic revitalization and resolution of social issues, the Government will consider further utilization of IT in the areas of education, tourism, agriculture, health care/nursing care/health, regional revitalization, finance, etc., as well as further utilization of My Number Cards and My Portals, given the introduction of the My Number system, expanded utilization of public individual authentication services such as the development of the system for authenticating the authority in transactions between corporations etc., further promotion of open data, development of sophisticated IT personnel and so forth. In addition, the Government will consider measures to improve productivity in all industries, companies and businesses, including the utilization of IT by medium enterprises and SMEs.

Furthermore, the Government will design the system for the "Agent Institution (tentative name)" which takes charge of specific ways to disseminate IT principles throughout the society by 2020 and the utilization of safe and secure data; and regarding the sharing economy, it will engage in deliberations from the perspective of rapidly promoting sound development of new industries, while paying attention to the framework of consumer protection and conflict resolution, development of fair competition rules, consistency with individual business laws, and discipline on intermediary businesses through the use of the internet etc.

(5) Developing the environments for mobile and wireless fields with an eye for IoT/BD/AI era

In order to give the benefits of the full-scale spreading of IoT back to the society, it is necessary to develop the information and telecommunication environment to support the creation of innovation. Specifically, it is essential to steadily implement the promotion of competition in the mobile field which supports inexpensive and various

IoT services, and the establishment of wireless technologies which can deal with the exponentially-increasing data traffic etc. Accordingly, the Government will conduct deliberations to promote the spread of MVNO through the rapid disclosure of the functions including the subscriber management function, upgrade the mobile networks in response to IoT, secure the frequency bands to deal with the increasing demand for frequencies, and realize the 5th generation mobile communication system (5G) etc.

2. Strengthening of the Abilities to Create Innovations and Venture Businesses

(1) Implementation of the re-building of a national system of innovation

Aiming for the world's top level, the Government will establish Designated National University system (tentative name) which attracts various resources in Japan and abroad through its high management power. In doing so, the Government will also examine the framework to realize Venture Ecosystem centered on universities (A positive cycle in which technologies etc. owned by universities attract further human resources and funds, and thereby venture businesses are created, which in turn attract human resources, technologies and funds)

Regarding the Distinguished Graduate School (tentative name) which will become the hub for developing excellent personnel and exchanges/joint researches of researchers/students, for the realization of the initiative from FY2016, the Government will accelerate deliberations on the setting out of the fields with an eye for new developments such as IoT/BD/AI, as well as the frameworks etc. to widely involve excellent researchers in industry, academia and government, while aligning with the existing measures to establish bases etc.

Moreover, the Government will continue promoting the further strengthening of the "bridging" function of public research institutions to link universities' technology seeds to industries and the establishment of the venue for co-creation to combine technologies and human resources; at the same time it will examine the framework etc. to accelerate movement of human resources between universities/public research institutions and companies, utilizing the cross-appointment system etc. In addition, regarding the framework to promote open innovations by the cooperation among companies in the same industry or beyond industries, while incorporating aggressively the knowledge and technologies outside the organizations, including global perspectives, the Government will conduct deliberations on measures including the utilization, as the focal point, of public research institutions etc., including the "Designated National R&D Institutes" (tentative name).

(2) Promoting full-fledged cooperation between the industry and academia

Given that the environment surrounding innovations, including the Fourth Industrial Revolution, is changing more rapidly than expected, and it has become important to take in technologies within Japan and abroad regardless of their origin, and new relationship has been created that basic research and development for social implementation have an influence on each other etc., the Government will conduct survey and analysis on developments of science and industrial technologies in Japan and abroad, and at the same time, examine the measures to promote full-fledged industry-academia cooperation between universities and companies (including

initiatives to make joint research larger in size and internationalized) such as new ways of the industry-academia-government cooperation, risk of technology outflow /intellectual property management/system development on the university side, appropriate research expenses in joint researches.

(3) Promoting strategies for intellectual properties and standardization to win in the Fourth Industrial Revolution etc.

The Government will analyze the issues for intellectual properties to emerge with the social implementation of IoT/BD/AI etc. which are not the extension of the previous technologies; at the same time, it will examine the framework led by the government to strengthen the system to promote international standardization, education on intellectual properties, the measures to develop human resources for standardization in order for Japanese companies to win in these areas etc., where competition to capture the market has internationally become intensified.

(4) Developing the eco-system for venture businesses

In addition to venture businesses originating from universities, the Government will examine the measures to create, develop, and utilize venture companies so that research results will be linked to social implementation, including the necessary measures to promote the creation of venture businesses originating from national research and development corporations, and cooperation among universities, large companies, venture capitals and venture companies.

In addition to this, for the development of the venture business eco-system to produce global venture companies which will take on world-wide challenges and venture companies which are capable of bringing out the potentials of local areas to the maximum extent, the Government will organically integrate and cooperate with the measures of relevant ministries and agencies and moreover, formulate rapidly the “Venture Challenge 2020 (tentative name)” which will become a roadmap up to 2020 to further improve the innovative power of large companies and universities that have abundant human resources and technologies etc.

3. Development of the Environment to Encourage Investment for the Future

In order to encourage investment for the future, the Government will conduct deliberations on the strengthening of corporate governance as well as institutional and regulatory reforms in individual business areas; at the same time, it will surely implement growth-oriented reforms of the corporation tax system and the establishment of special measures for fixed asset tax on machinery and equipment, etc. incorporated in the Tax Reform for FY2016.

(1) Promoting the strengthening of corporate governance and medium- to long-term investment

The “Council of Experts Concerning the Follow-up of Japan’s Stewardship Code and Japan’s Corporate Governance Code” will follow up on whether they have been diffused and firmly established; at the same time, it will continue examining necessary

measures to further enhance corporate governance of the listed companies as a whole.

Moreover, in order to encourage medium- to long-term investment, the Government will endeavor to ensure that corporate capital will be effectively utilized, including investment in non-tangible assets (human resources and intellectual capital etc.) in addition to the so-call ESG (Environmental, social and governance) investment. Accordingly, it will examine specific measures to enhance dialogue between companies and investors concerning the ways in which information on these will be appropriately and effectively provided, evaluated and utilized.

(2) Developing the environment as well as institutional and regulatory reforms in individual business areas

1) Accelerating the promotion of National Strategic Special Zones

During the period for intensive efforts until the end of FY2015, the Government, after making a breakthrough for reform of the so-called rock-solid regulations as a whole, will conduct specific deliberations to add bold regulatory reform measures without decelerating the speed of reform after the end of the intensive efforts period, while scrutinizing the issues for regulatory reforms to be tackled, taking into account the deliberations by the National Strategic Special Zone Advisory Council on the promotion of stay/employment of foreign personnel and the reinforcement of competitiveness of agriculture, forest and fishery industries.

Moreover, the Government will deal with them speedily if there are regulatory reform proposals with a high economic impact from local governments and businesses, including the designated zones; realize specific projects one by one including nation-wide measures; and designate new zones, if necessary.

Furthermore, in the 10 designated zones including those of the 3rd designation, the Government will rapidly realize specific projects in a visible way by fully utilizing regulatory reform measures based on the Act on National Strategic Special Zones, and also through various public relations strategies including pamphlets and TV programs; at the same time, it will strictly evaluate the results of such reforms by the National Strategic Special Zone Advisory Council etc. one after another, and thereby make them lead to further reform initiatives.

2) Developing the environment to realize sophisticated autonomous driving including unmanned autonomous driving

In accordance to the policy of developing systems and infrastructure to enable transportation services by unmanned autonomous driving and the autonomous driving on highways at the 2020 Olympics and Paralympics, including the initiatives to enable necessary verifications by 2017, the Government will examine necessary measures including the specification of an action plan for matters to be tackled.

3) Developing the environment to enhance the industrial use of small unmanned aerial vehicle

Aiming at enabling baggage delivery using drones as early as within 3 years etc., the Government will examine specific systems to secure further safety and the development of the environment to promote utilization/technological development for

the realization of the “Industrial Revolution in the Air.” It will 1) decide on the direction of the system design by the summer of 2016, and after that, continue further examination on the details of the system based on this direction; 2) moreover, prepare a roadmap for the utilization and technological development by the summer of 2016; and furthermore 3) will take necessary measures by the summer of 2016 to enable the expansion of frequencies and increase in output power to be used for controlling drones etc. and transmitting data, as well as the utilization of mobile phones in the upper air.

Moreover, in order to promote the development of small unmanned aerial vehicle for various uses such as distribution, the Government will aggressively conduct verification experiments in the National Strategic Special Zones and the robot test field to be developed under the Fukushima Innovation Coast Initiative. Furthermore, the Government will examine the possibility of utilizing small drones in combination with the utilization of the “Special provisions for the face-to-face principle of medication instructions by pharmacists utilizing videophones” on the condition of securing safety and reliability.

4) Facilitating deliberations on the acceleration of utilizing robots in the society

While steadily implementing the initiatives to achieve the targets listed in the “New Strategy for Robots,” the Government will present the whole Japan as a showcase of robot utilization by resolving the social issues we are facing ahead of the world through the realization of daily life with robots in wide-ranging fields. In particular, innovations will be promoted through international competitions and the robot test field to be developed under the Fukushima Innovation Coast Initiative. In addition, the Government will conduct deliberations on developing the environment to encourage the utilization of robots in wide-ranging fields, starting with the accelerated introduction of robots by SMEs, and including the development of platform robots, formulation of the performance evaluation standards with an eye for international standards, standardization of procedures and skills which will become the bases for the system integration function, and development of human resources.

5) Expanding investment in energy and environment field

The Government will achieve economic growth and CO2 emission reduction at the same time, by expanding investment in energy—through the implementation of energy system reform and realization of energy mix—and thereby improving the energy efficiency.

Accordingly, the Government will promote thorough energy efficiency in all sectors, starting with the expansion of the Energy efficiency benchmark Program, and including the support for energy efficiency by SMEs and promote effective utilization of waste heat in the industrial sector; energy efficiency of houses and buildings including the diffusion of ZEHs (Net zero energy houses) in the residential sector; and the initiatives to introduce autonomous driving and next-generation automobiles in the transportation sector. Moreover, the Government will review the Feed-in Tariff Scheme for Renewable Energy etc.; at the same time, enhance the introduction of renewable energies by promoting the development and verification of hydrogen

energy storage technologies which will contribute to reducing grid loads. Furthermore, the Government will conduct deliberations on developing the regimes for creating new energy systems, including the establishment of negawatt trading market where electric power, saved by utilizing solar power and IoT, can be traded. Regarding electricity business, the Government will conduct deliberations on realizing the systems to require power generators and retailers to improve efficiency and reduce CO2.

6) Improving business environment through stable supply and cost reduction of energy

Given the possibility of rising resource prices in the medium- to long-term, the Government will conduct deliberations on developing the environment to stably engage in resource development without being influenced by short-term volatility in resource prices, in order to stably restrain the procurement prices of energy. Moreover, regarding LNG, the Government will endeavor to create and develop flexible and liquid LNG markets, and coordinate international emergency response, through the G7 process and others. Furthermore, the Government will restart the operation of the nuclear power plants which have been acknowledged by Nuclear Regulation Authority as meeting the strictest regulatory standards in the world.

7) Upgrading financial services utilizing IT

For financial services, while there have been the trends of the so-called FinTech that creates new services by combining finance and technology, following the recent developments in IT technologies etc., it is important to upgrade financial services to improve the convenience of users while securing the safety and security of users. Accordingly, the Government will examine and promote necessary measures for their realization.

II Creation of Human Resources to Carry on Growth

1. Human Resource Development and Education Reform

(1) Reforming elementary and secondary education with an eye for the society in the future

For the Fourth Industrial Revolution, it is necessary to develop human resources who are capable of engaging in creative activities to generate new value-added while connecting different and diversified knowledge.

In order to develop necessary qualities and abilities, it is necessary to realize “Academic programs open to the society” in elementary and secondary education, and effectively develop the abilities to think and judge, sensitivity, leadership, and challenging power which are required in creatively finding and resolving issues, and turning them into innovations, through the aggressive and active use of IT, outside personnel, and private sector know-how. For their realization, we need the education which develops necessary qualities and abilities surely and effectively, through the learning from the perspective of active learning, such as focusing on experiential and problem-solving learning as well as the learning according to the proficiency level of individual children (so-called adaptive learning).

Moreover, since human resources with the ability to utilize information are sought after in all fields with the progress of the Fourth Industrial Revolution, we should enhance English education in accordance to the global era, while developing and strengthening the ability to use IT for solving issues and IT literacy through programming from elementary and secondary education, not to mention at higher education.

The Government will conduct specific deliberations to proceed with reforms to improve the quality of education, such as implementing education in response to the requirements of such a new era, enhancing the qualities of teachers who can deal with them, developing the environment in which they can give priority to spending time with children by relieving them of miscellaneous duties and increasing the efficiency of the administrative work etc., utilizing outside personnel and private sector know-how, developing systems to cooperate with the outside, and thoroughly developing IT environment etc.

(2) Institutionalizing new higher education institutions to conduct practical vocational education

The Government will institutionalize new higher education institutions which will offer the knowledge and skills for vocational practice. In doing so, it will consider developing, for example, an evaluation system based on the track records for the employment and entrepreneurial rates of students, ratio of working people participation, and students’ satisfaction levels etc. in order to secure attractive learning programs, environment, and outcome for students.

(3) Producing the world's top level personnel for the Fourth Industrial Revolution

Regarding the Distinguished Graduate School (tentative name) which will become the hub for developing excellent personnel and exchanges/joint researches of researchers/students, for the realization of the initiative from FY2016, the Government will accelerate deliberations on the setting out of the fields with an eye for new developments such as IoT/BD/AI, as well as the frameworks etc. to widely involve excellent researchers in industry, academia and government, while aligning with the existing measures to establish bases etc.

Moreover, as regards the Distinguished Researchers system which enables excellent young researchers to play an active role in a stable post and liberal research environment, the Government will conduct deliberations on developing the environment in which they can engage in researches at universities, research institutions and companies which are doing the most advanced researches including such fields as IoT/BD/AI, while freely interacting among institutions, utilizing the cross-appointment system etc.

Furthermore, the Government will examine competitive research expenditure such as the Grants-in-Aid for Scientific Research, from the perspective of developing and strengthening human resources of young researchers, including distinguished researchers.

(4) Promoting human resource management of companies through the labor market

In providing and making the data base from the workplace information concerning companies' initiatives for human resource development, the Government will consider (i) requesting and encouraging all companies which register job offers at Public Employment Security Offices Hello Works etc., to actively provide workplace information concerning the initiatives for human resource development, while utilizing the formats etc. for reducing administrative burdens; and (ii) developing the framework in which companies actively engaged in human resource development etc. will be evaluated positively in the labor market, through the preparation of a list for easy comparison so that workplace information to be provided from companies to the government will become easy to see and practical for job seekers. The Government will thereby develop the environment for individual workers to exert their potentials to the maximum extent, and play an active role to carry on economic growth, through smooth matching.

2. Development of the Environment for Employment and Participation of Diversified Workers to Break Down Constraints on Growth

(1) Strengthening the initiatives to rectify long working hours

Given that rectifying long working hours is the key initiative to improve the earning power of companies through the improvement in productivity and to realize A Society in Which All Citizens are Dynamically Engaged, the Government will examine the measures to further encourage voluntary efforts of companies to rectify long working hours, including a mechanism in which working hours etc. of companies are disclosed, and a framework to highly evaluate companies which are promoting work-life balance

etc. more widely in public procurement, along with the implementation of the Act for Women's Empowerment and the Act for Promoting Youth Employment (Formulation of employer action plans and information disclosure etc.)

(2) Promotion of active roles for women in local areas

Given that the realization of local communities, where women can play an active role according to the situation of local areas, is yet at a developmental stage, the Government will examine the measures to further promote active roles of women in local areas, utilizing the initiatives based on the Act for Women's Empowerment (Promotional plans and councils in local governments).

(3) Strengthening the initiatives for the "Elimination of Childcare Waiting Lists"

For the elimination of childcare waiting lists by the end of FY2017, the Government will take a comprehensive initiative to accelerate the development of small-sized childcare centers and childcare centers on the business premises etc, and secure childcare workers, following the raising of targets for childcare arrangements (from for 400,000 children to 500,000 children). Moreover, the Government will conduct deliberations on research and analysis on systems and cases in foreign countries to further improve social evaluation of nursery teachers.

(4) Changing to friendly systems etc. for working women

Regarding the tax system, social security system, and spouse allowance etc., the Government Tax Commission etc. and various other meetings will examine and realize changes to friendly systems etc. for working women; for example, household income will gradually increase if women are working, and they will receive security in accordance to their employment.

(5) Accelerating comprehensive measures to employ and develop young people who will create the future

The Government will aim to realize the environment in which young people who bear the future will be able to find and utilize their own abilities and characteristics in their work life. Accordingly, taking into consideration the passing of the Act for Promoting Youth Employment, the Government will conduct deliberations for realizing and accelerating the provision of workplace information and introduction of "Self-career Checkup" by companies, and the initiatives to encourage human resource development etc. by companies.

(6) Further enhancing the opportunities for active roles of the elderly

The Government will aim for realizing the society in which the elderly who are willing to work will be able to play active roles for their entire life, utilizing their abilities and experiences regardless of their age. Accordingly, it will conduct deliberations for realizing the mechanism to create and match various opportunities for the elderly.

(7) Integrated support for international students from acceptance to employment in Japan

It is necessary to strengthen the initiative to enable excellent international students in Japan and abroad to play active roles in Japan after graduation, in order to expand the acceptance of highly skilled foreign professionals and contribute to the cultivation and securing by SMEs of human resources for the development of new markets.

Accordingly, in order to realize the smooth matching between excellent international students and companies highly willing to hire them, the Government will examine an integrated support program from study to employment in Japan, including high-quality Japanese language education, internship, employment support, and support for changing the status of residence categories.

Since it is necessary for international students in finding employment to have the advanced Japanese language ability as well as understanding of corporate culture and hiring process, the Government will consider specific measures to raise the awareness of international students, so that they can make necessary preparations aiming for employment from an early stage at university. Moreover, the Government will examine the mechanism to publish results for finding employment in Japan to create a positive cycle in which these results lead to the evaluation of accepting universities, and to promote: the acceptance of international students more willing to find employment in Japan; and the development of systems for their employment support.

(8) Consideration on medium- to long-term approaches to utilize 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.

III Expansion of Strategic Growth Markets for GDP towards 600 Trillion Yen and Promotion of Local Abenomics

1. Turning High-quality Healthcare Services into Growth Industry

(1) Supporting the creation of the healthcare industry

Possibilities of the creation and utilization of various healthcare industries, including simple tests and exercise guidance, have been enhanced, through the initiatives such as the promotion of establishment of Regional Next-generation Healthcare Industry Councils and the system to remove gray zone areas. The Government will conduct deliberations for the development of the environment to ensure that such trends will lead to behavioral changes in the direction of health promotion and the establishment of sustainable business models. Specifically, the Government will endeavor to promote the mechanism in which the people themselves will manage and utilize the information on health, medical care and nursing care etc. (PHR), and improve social recognition of the initiatives such as health management; at the same time, it will develop business conditions, including the development of supply chains to provide services, including medical institutions and personnel, so that services outside public insurance coverage will appropriately supplement local medical care and nursing services and be utilized.

Moreover, from the perspective of building the society where people are active for their entire life, the Government will endeavor to promote the development and diffusion of services related to health, medical and nursing cares, including those outside public insurance coverage so that people will be able to continue independent (autonomous) life and participate in the society even if they have concerns about health. In addition, the Government will conduct deliberations on health-maintaining services including appropriate meals etc. required to continue work and life of those who are in the state of remission for illness (the state in which symptoms take favorable turns or mostly disappear and are controlled clinically), as well as supporting services to enable people to spend their last stage of their life based on their wishes while appropriate medical and nursing cares are provided at the core, including the coordination functions and appropriate divisions of roles.

(2) Fully utilizing ICT in the areas of medical and nursing cares etc.

For the introduction of ID in the areas of medical care etc., the Government will develop an online qualification confirmation system for medical insurance utilizing personal number cards, gradually start the operation from FY2018 utilizing this online qualification confirmation infrastructure, and conduct deliberations on specific system designs etc., to ensure the introduction in a way that people can feel the convenience, aiming for the full operation by 2020. Moreover, taking into account the examination of data utilization by the “Next-generation Healthcare ICT Task Force,” the Government will conduct deliberations, including necessary institutional measures, for the digitalization/standardization of data, regional cooperation for medical information, further data utilization for medical/nursing cares policies, and

development of the environment for utilization in private sector healthcare businesses.

(3) Developing and commercializing excellent drugs and medical devices made in Japan

The Government will accelerate the development/commercialization of excellent medical devices based on the needs of medical fronts, utilizing IoT etc., to enable the utilization of the medical diagnosis support system using artificial intelligence within 3 years, etc. Moreover, the Government will conduct deliberations on further promoting the development and commercialization of innovative drugs etc., which support pre-emptive medical care by early detection and treatment of illness, and individualized medical treatments/regenerative medicine therapies according to individual differences of patients. In addition, in order to strengthen the competitiveness in these areas, the Government will consider the development of the necessary environment, including the support for mobilization of human resources/technologies/funds and international expansion, and development of networks for relevant parties, while promoting entry from other industries.

(4) Realizing the “Regional Medical Information Cooperation Corporation” system

With the passing of relevant act in September 2015, there are specific developments in local areas with an eye for the establishment of a regional medical information cooperation corporation. While accelerating such developments, the Government will conduct deliberations for identifying and realizing various examples of its utilization across Japan, aimed at linking them to new developments, including better medical and nursing cares cooperation in local areas, optimal business operation of medical institutions, and cooperation with various healthcare services, etc.

2. Expansion of Investment in Energy and Environment

Through the implementation of energy system reforms and the realization of energy mix, the Government will expand the investment in energy, formulate the “Energy Innovation Strategy” to realize economic growth and CO2 emission control simultaneously through the improvement of energy efficiency, and thereby develop new energy related systems in an integrated way. Moreover, the Government will formulate the “Energy and Environment Innovation Strategy,” identify promising areas to concentrate for innovative technological development, and strengthen research and development.

(1) Investing thoroughly in energy efficiency

The Government will promote thorough energy efficiency in all sectors, starting with the expansion of the Energy efficiency benchmark Program, and including the support for energy efficiency by SMEs and promote effective utilization of waste heat in the industrial sector; energy efficiency of houses and buildings including the diffusion of ZEHs (Net zero energy houses) in the residential sector; and the initiatives to introduce autonomous driving and the next generation automobiles in the transportation sector.

(2) Expanding the introduction of renewable energies

The Government will review the Feed-in Tariff Scheme for Renewable Energy etc.; at the same time, it will enhance the introduction of renewable energies by promoting the development and verification of hydrogen energy storage technologies which will contribute to reducing system loads.

(3) Developing new energy systems utilizing IoT etc.

The Government will conduct deliberations on developing the regimes for creating new energy systems, including the establishment of a negawatt trading market where electric power, saved by utilizing solar power generation and IoT, can be traded. Moreover, in the midst of on-going new entry into energy markets which are to be liberalized, the Government will conduct deliberations for realizing the system which requires businesses to improve the efficiency in power generation and lower carbonization.

3. Manufacturing IoT Revolution and Robot Revolution

Through the activities of the “IoT Acceleration Consortium” etc., the Government will consider the responses to horizontal issues including regulatory and institutional reforms in each business, formation of new rules, and distribution of cyber security data, while creating new business models responding to the Fourth Industrial Revolution, developing information and telecommunication infrastructure, developing/verifying/making as international standards IoT related technologies, among others.

While steadily implementing the initiatives to achieve the targets listed in the “New Strategy for Robots,” the Government will present the whole Japan as a showcase of robot utilization by resolving the social issues we are facing ahead of the world through the realization of daily life with robots in wide-ranging fields. In particular, innovations will be promoted through international competitions and the robot test field to be developed under the Fukushima Innovation Coast Initiative. In addition, the Government will conduct deliberations on developing the environment to encourage the utilization of robots in wide-ranging fields, starting with the accelerated introduction of robots by SMEs, and including the development of platform robots, formulation of the performance evaluation standards with an eye for international standards, standardization of procedures and skills which will become the bases for the system integration function, and development of human resources.

4. Reform of Agriculture, Forestry, and Fishery Industries and Export Promotion

(1) Consolidating farmland into large blocks through Public Intermediate Organization for Farmland Consolidation

The Government will steadily implement the measures based on the “Japan Revitalization Strategy Revised in 2015” and consider their realization, including measures to increase/decrease taxation on owned farmlands, and considerations of various policy measures for prefectures which have consolidated farmlands into large blocks. Moreover, the Government will compile the actual results in FY2015 promptly

after the end of the fiscal year; and based on their evaluation, will consider measures for further improvement.

(2) Implementing reform of rice policy steadily

The Government will surely implement the actions for reforming of rice production adjustment aimed at rice to be produced in 2018; at the same time, while reviewing the existing policies, it will consider policies which will lead to further initiatives and independent management.

(3) Improving productivity and utilizing brand power

In order to incorporate in the Growth Strategy a comprehensive package to improve the productivity in agriculture, forestry, and fishery industries, the Government will consider specific measures to combine and utilize every expertise in Japan, including the promotion of development/diffusion of advanced production/distribution systems utilizing robot technologies and ICT, cooperation with distribution/marketing businesses, cost reduction of production materials, development of human resources in agriculture, forestry, and fishery industries with the management sense, and cooperation between the agricultural sector and business sector including chambers of commerce and industry.

Moreover, regarding the country-of-origin for materials, the Government will consider its expansion, while securing the feasibility.

(4) Strengthening the functions of the Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE),

The Government will consider the improvement of systems and operations, including the expansion of investment targets and strengthening of the consulting function, so that the Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan can appropriately play its role of an incubator to support the growth of those in the agriculture, forestry and fishery industries.

(5) Promoting exports of agricultural, forestry, and fishery products and foods strategically

The Government will consider specific initiatives to achieve in advance the target of increasing the exports of agricultural, forestry, and fishery products and foods to 1 trillion yen in 2020, and to aim for higher targets. In doing so, the Government will conduct deliberations on in-depth initiatives so that nationwide cooperation between producing areas will be formed, and by also involving distribution businesses, will lead to actual business to build sales networks overseas.

(6) Turning forestry and fishery industries into growth industries

In order to develop systems to produce domestic timber stably at low costs, the Government will consider promoting the development of systematic supply systems to be able to supply timber stably in accordance to the needs on the demand side, and the clarification of forest borders and owners etc. Moreover, in order to improve the profitability of fishery industry, the Government will consider the initiatives to link

value chains from production to processing and sales, and the sophistication of resource management, and so on.

5. Promotion of Tourism Centered on the Increased Acceptance of Foreign Visitors to Japan

Bearing in mind the wide ranging spillover effects and significance of tourism, it is necessary to promote the tourism with the twin driving forces of “Inbound” and “Domestic tourism,” and thereby proceed with the initiatives to realize Japan as a Tourism-Oriented Country in a comprehensive and strategic way. Moreover, given that the achievement of the targeted annual number of 20 million foreign visitors to Japan is in sight, it is necessary to set a new target; and at the same time, to diffuse and expand domestic and foreign visitors who are concentrating in specific areas to all over Japan. From these perspectives, the Government will conduct deliberations on the following, discuss the issues and additional measures to be taken at the meetings such as the “Tourism Vision Initiative Council to Support Tomorrow’s Japan,” compile a vision for a new tourism strategy; and at the same time, expand and revise the “Action Program toward the Realization of Japan as a Tourism-Oriented Country 2015” at the “Ministerial Council on the Promotion of Japan as a Tourism-Oriented Country.”

(1) Preemptively and aggressively improving the tourism environment to accept foreign visitors

In order to accept rapidly increasing foreign visitors to Japan with perfect preparations, the Government will classify and sort out the issues for each region systematically, specify and clarify those responsible and the work plans, and generalize advanced practices; at the same time, it will conduct deliberations on the development of systems to continuously manage the issues and grasp/respond to new issues.

(2) Setting tourism as a key and growth industry

In order to promote establishing the “Japanese version of DMOs” across Japan, the Government will rapidly establish excellent practices and provide information on their activities, and thereby generalize such practices at the national level, while building consensus with various relevant parties including the existing tourism promotion organizations; at the same time, it will rapidly consider specific measures to support the development of human resources who will lead the initiatives of the “Japanese version of DMOs” and to create the mechanism for matching human resources. In addition, in order to improve the productivity of the tourism industry, the Government will consider the measures for the utilization of IT, the promotion of the initiatives such as operational *kaizen* improvement widely to the level of individual businesses, and the promotion of big data utilization for marketing and so on.

(3) Developing/disseminating attractive tourism contents/utilizing local resources including sports and culture

The Government will conduct deliberations to promote the strategic development and dissemination of attractive tourism contents, including the promotion of the

formation of tourism excursion routes in response to the needs of foreign visitors to Japan, discovery of regional tourism resources taking advantage of the nature, agricultural products, food, culture, etc., the enhancement of products/contents/experience-type tourism etc. Moreover, the Government will also consider specific measures to further increase the spending of foreign visitors to Japan during their stay, including the utilization of direct overseas delivery procedures which are to be simplified and the development of cashless environment.

6. Reinforcement of Competitiveness of Medium Core Enterprises and Vitalization and Productivity Improvement of Service Industries

(1) Promoting regional innovations

In order to create innovations from local areas, the Government will conduct deliberations on strengthening the effective initiatives, starting with global cooperation from local areas, and including initiatives to vitalize local areas and develop human resources with local universities as the core, initiatives to support at the national level cooperation between regional universities/research institutions and companies, cooperation between National Research and Development Corporations and public research and development institutions, support for the utilization and standardization of intellectual properties, comprehensive examinations concerning the dispute resolution system for intellectual properties.

(2) Creating core enterprises to lead local economies

For the mechanism to continuously create core enterprises which lead local economies, the Government will consider measures to consistently support the development of systems to identify and develop candidates for core enterprises, their R&D, commercialization and development of sales channels. In doing so, regarding the identification and development of human resources for management support who are capable of assisting challenges for markets outside the region including abroad, the Government will take necessary actions, in cooperation with Town, People, Job Vitalization Headquarters.

(3) Vitalizing and improving productivity of service industries

While promoting the visualization of the initiatives of individual businesses to improve the quality in services, the Government will consider necessary legal frameworks to promote the wide diffusion of best practices which will contribute to the vitalization of businesses and the improvement of productivity such as the utilization of IT in the businesses of accommodation, transportation (trucks), restaurants and ready-made-meals, healthcare, nursing care, childcare, wholesale and retail, taking into account their characteristics; and to support the initiatives to vitalize business and improve productivity by companies etc. through small- and medium-sized enterprise groups, regional financial institutions and others.

(4) Bottoming up systems to support management of local SMEs

While strengthening general support bases, regarding organizations to support

SMEs, the Government will consider necessary measures to bottom up the systems to support management of local SMEs, such as promoting the leveling-up of business advisors as well as the visualization of individual organizations' track records of support and fields of expertise, and strengthening the cooperation with general support bases.

(5) Improving business conditions for subcontractors

In order to realize the expansion of positive cycle of economy through its expansion to small and medium-sized businesses in local areas and raise of wages, the Government will consider necessary measures to improve business conditions of subcontractors, including thorough implementation and strengthening of the Subcontract Proceeds Act.

(6) Strengthening financial functions to establish the “earning power” of small and medium-sized companies

The Government will conduct deliberations on promoting the utilization by small- and medium-sized enterprise groups and local financial institutions of business indicators and evaluation methods (local benchmarks) which can be referred to for business support etc. to improve productivity of local companies. Moreover, while paying due consideration to business conditions etc. of small and medium-sized companies as well as taking all possible measures to ensure their financing, the Government will make detailed system designs to change the credit guarantee system, so that both financial institutions and businesses will tackle management improvement and productivity enhancement more vigorously than before, under appropriate risk sharing by financial institutions and the Credit Guarantee Corporations. In addition, the Government will consider the measures which contribute to promoting business succession and rehabilitation etc. of small and medium-sized companies in local areas.

(7) Promoting wide diffusion of business continuity plan (BCP)

The Government will consider establishing the mechanism in which third parties will authenticate companies etc. that are engaging in business succession etc. to certain extent, in order to create a strong and resilient economic society against disasters etc., by widely diffusing the business continuity plan (BCP)—to prepare for natural disasters and other emergencies—not only to large companies but also to SMEs etc., and thereby induce investment in disaster-prevention and safety.

7. Expansion of Opening-up of Public Services and Assets to the Private Sector

The Government will accelerate the efforts to realize the numerical targets for concession PFI projects during the Intensive Implementation Period (from FY2014 to FY2016). Accordingly, it will further consider necessary measures by understanding issues, taking into account the needs of motivated local governments etc.

In addition, while considering the change to the targets for the project size of the whole PPP/PFI, for public buildings which have the usage fees for educational facilities and public housing etc., the Government will conduct deliberations on the

feasibilities of concession PFI projects, and the establishment of new priority fields and numerical targets within the framework which includes joint establishment and utilization of auxiliary businesses.

Furthermore, the Government will consider measures to utilize PPP/PFI including concession PFI projects for local and social issues such as tourism promotion and decreasing population, and endeavor to widely promote the understanding of local governments and the private sector as well as create the atmosphere, through active public relations activities and the strengthened cooperation among industry, government, academia and financial institutions in local areas.

IV Capture of Overseas Growth Markets

1. Support for Overseas Expansion of SMEs upon the Conclusion of TPP

The Government will consider strengthening and enhancing the measures for TPP utilization to support SMEs in Japan—including local companies which have not been able to decide on overseas expansion—in participating in global value chains to be created by TPP and entering huge markets.

Specifically, the Government will conduct deliberations in order to create and familiarize, by all-Japan effort, successful cases which have not been created by each existing organization by itself, by giving comprehensive support through the “Consortium for New Export Nation” in cooperation with various support organizations such as the Government, local governments, and JETRO. In doing so, with an eye for expanding virtuous cycle of local economies, the Government will also consider: the promotion of exports including not only the increase of the manufacturing goods export but also export including contents and services through the cooperation with Cool Japan and Visit Japan initiatives; as well as the creation of synergy effects by strengthening cooperation of different industrial fields including industrial products, agricultural products, food and tourism.

2. Acceleration of Foreign Direct Investment in Japan

In order to further improve the convenience of business and life in Japan, in addition to the steady implementation of the “Five Promises for Attracting Foreign Businesses to Japan”, the Government will endeavor to attract foreign direct investment in Japan upon the conclusion of TPP, through the cooperation between foreign companies and local SMEs, as well as the development of global human resources, etc. Moreover, the Government will consider further initiatives in which Japan and each local area aim to become a global hub (an international core base for trade and investment).

It is important for local governments—which are the main players to attract investment—under the leadership of their heads, to promote two-way trade and investment with overseas, and realize sustainable economic growth and industrial vitalization, taking advantage of local attractions and merits.

Accordingly, the Government will consider enhancing the initiatives under which local governments formulate the strategic policy to attract foreign direct investment, taking into consideration of local conditions and characteristics—such as the creation of industrial clusters specialized in local strengths, and the attraction of foreign companies and research centers through the cooperation of local industry, academia and government—and accumulate successful cases in cooperation with Japanese diplomatic missions abroad and JETRO overseas offices, etc. identifying, through their overseas networks, overseas companies interested in investment in Japan.

Furthermore, the Government will mitigate local governments’ concerns and difficulties about attracting foreign direct investment, through the sharing of successful cases and the experiences. At the same time, while enhancing the support including the human resource development for local governments’ staff in charge of

attracting investment, the Government will consider measures to support more local governments promoting foreign direct investment in Japan aggressively and proactively.

3. Promotion of EPA Negotiations

In order to incorporate global economic growth into local economies, the Government will endeavor for the prompt signature and entry into force of TPP agreement, and will promote strategic and prompt negotiations on other EPAs including Japan-EU EPA, RCEP, and the Japan-China-Republic of Korea FTA, in order to conclude comprehensive and high-level EPAs.

4. Expansion of Infrastructure Export

There are increasing opportunities for Japanese companies to receive orders for infrastructure projects overseas, due to the increased global demand for infrastructure arising from rapid economic development of emerging countries, and opening of government procurement markets and relaxation of foreign investment restrictions under TPP, etc. Taking this into account, the Government will appropriately implement and revise the “Infrastructure Export Strategy”, and conduct deliberations on specific measures to ensure the expansion of infrastructure export, including: rapid and steady implementation of the “Partnership for Quality Infrastructure” announced in May 2015 and its additional specific measures announced in November 2015; sharing among relevant organizations of the lessons learned from the past projects; development of human resources to engage in overseas infrastructure projects; and implementation of strategic public relations on Japan’s strengths.

5. Promotion of Cool Japan Initiatives

For the industrialization of Japan’s strengths in culture and tradition by promoting Cool Japan strategy, the Government will consider further promotion of the cooperation beyond borders between the public and private sectors, and those among industries, under “Public-Private Partnership Platform for Promotion of Cool Japan”. Specifically, in order to promote the formation of cooperative projects with high synergistic and spillover effects utilizing attractive contents and so on, it will conduct deliberations on the mechanism for the matching of various relevant businesses, including the measures to strengthen support by Cool Japan Fund.

V Reform 2020

The “Reform 2020” is an accelerator of reform and innovation, which facilitates the measures incorporated in the Growth Strategy, using as leverage the Tokyo Olympics and Paralympics Games etc.

Given that it is the mechanism to formulate public-private projects incorporating reforms and measures to facilitate, and to secure the implementation/realization of reforms by implementing/realizing them, it is extremely important to strictly manage the progress of projects.

Since the time for its preparation is very short if we aim to make projects as showcases in 2020, it is essential to identify the venues to make projects as showcases, and decide on project implementing bodies in a responsible and quick way. Accordingly, the Government will in principle implement them by the end of FY2016 at the latest, sorting out the issues and conditions to solve for them at the same time.

On the other hand, the “Reform 2020” does not solely aim to make showcases in 2020: Making showcases is merely a trigger to proceed with reform and innovation including after 2020 as well. It will become the legacy to be inherited by the later generations if reform and innovation in Japan solve global agenda, and at the same time we appeal to overseas that they lead to growth in Japan. From this perspective, the Government will continue checking the initiatives and directions of individual projects uninterruptedly up to 2020 and with an eye for after that, and increase the momentum for reform, including the examination of necessary regulatory and institutional reforms.

<List of Reform 2020 Projects>

(Resolution of social issues utilizing technologies etc./ system solutions export)

- 1) Next-generation city transportation systems/utilization of automatic driving technologies
- 2) Resolution of energy/environmental issues by utilizing distributed energy sources
- 3) Realization of universal future society by leading-edge robotic technologies
- 4) International expansion of high-quality Japanese healthcare services/technologies (Healthcare inbound)

(Development of the environment to increase foreign visitors to Japan etc.)

- 5) Showcasing Japan as a country of tourism

(Increase of foreign direct investment in Japan and improvement/enhancement of business conditions)

- 6) Measures to attract more foreign direct investment in Japan