

FY2019 Report on Priority Measures and Others for Innovative Business Activity Action Plan

1. About this Report

In December 2012, the “Japan Economic Recovery Headquarters” was established as a cabinet decision, chaired by the Prime Minister and composed of all the Ministers of States, under which they decided to hold the “Council for Industrial Competitiveness” in January 2013, and to hold, in September 2016, the “Council for Future Investment” that expansively integrated the Council for Industrial Competitiveness and the communications between the public and private sectors toward future investments, and they have done the following so far:

- Made the cabinet decision of the “Japan Revitalization Strategy” in June 2013
- Made the cabinet decision of the “Implementation Plan regarding Reinforcement of Industrial Competitiveness” in January 2014
- Made the cabinet decision of the “Revision 2014 of the ‘Japan Revitalization Strategy’ ” in June 2014
- Made the cabinet decision of and submitted to the Diet the “Report on Priority Measures for Reinforcement of Industrial Competitiveness of FY2015” in February 2015
- Made the cabinet decision of the “Implementation Plan regarding Reinforcement of Industrial Competitiveness (2015 version)” in February 2015
- Made the cabinet decision of the “Revision 2015 of the ‘Japan Revitalization Strategy’ ” in June 2015
- Made the cabinet decision of the “Implementation Plan regarding Reinforcement of Industrial Competitiveness (2016 version)” in February 2016
- Made the cabinet decision of and submitted to the Diet the “Report on Priority Measures for Reinforcement of Industrial Competitiveness of FY2016” in February 2016
- Made the cabinet decision of the “Japan Revitalization Strategies” in June 2016
- Made the cabinet decision of the “Implementation Plan regarding Reinforcement of Industrial Competitiveness (2017 version)” in February 2017
- Made the cabinet decision of and submitted to the Diet the “Report on Priority Measures for Reinforcement of Industrial Competitiveness of FY2016” in February 2017
- Made the cabinet decision of the “Future Investment Strategy of FY2017” in June 2017
- Made the cabinet decision of the “New Economic Policy Package” in December 2017
- Made the cabinet decision of the “Future Investment Strategy of FY2018” and the “Implementation Plan regarding Innovative Business Activities” in June 2018
- Made the cabinet decision of the “Implementation Plan for Growth Strategy / Follow-up on the Growth Strategy / Implementation Plan regarding Innovative Business Activities of FY2019” (hereinafter called “Implementation Plan”) and made the cabinet decision of and submitted to the Diet the “Report on Priority Measures for Implementation Plan for Innovative Business Activities of FY2018” in June 2019.

This Report pulls together the contents the measures, their progress and the status of implementation, etc. of the measures

relating to innovative business activities specified in the Implementation Plan (hereinafter called “Priority Measures”).

Article 6, Section 9 of the Act on Special Measures for Productivity Improvement (2018 Law, No. 25) requires preparation of a report for every year concerning the status of the progress and implementation of the Priority Measures as well as the result of their evaluation, and its submission to the Diet. This Report has been prepared for FY2019 pursuant to this rule.

2. Status of Progress and Implementation and Effectiveness

I. Realization of Society 5.0

1. Development of Rules for the Digital Market

(1) Major progress of KPI¹

《KPI》 Create 30 projects for cross-industrial/operators data sharing by FY2020. 【2】

⇒32 cases (February 2020)

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge ²
Establish an expert organization to evaluate the status of competition in the digital market for the Cabinet Secretariat	<ul style="list-style-type: none"> Quickly create an organization of experts for domestic and foreign data digital market comprised of experts with diverse and advanced knowledge across ministries and agencies (“Digital Market Competition Headquarters” (provisional name)). This organization is granted the authority for promotion of innovation through dealing with various problems relating to data usage including data portability and opening of API, along with the authority to hear the report on result of investigation based on related legislation such as the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (1947 Law, No. 54, hereinafter called “Antimonopoly Act”), the authority for planning and general coordination of the basic policy regarding the digital market, and the authority to cooperate and collaborate with competition authorities of other countries, from 	<ul style="list-style-type: none"> Pursuant to the “On the establishment of the Digital Market Competition Headquarters” (cabinet decision on September 27, 2019), established the Digital Market Competition Headquarters that takes charge of evaluation of digital market and planning and designing of competition, as well as the general coordination with domestic and foreign related agencies, with the purpose of speedy and effective implementation of competition policy, in order to promote competition and innovation in digital market. Also, established on the same day the digital market competition council by the decision of the said Headquarters and implemented investigation 	Prime Minister (the minister in charge of economic revitalization, minister appointed by the cabinet office in charge of affairs relating to the Fair Trade Commission), Minister of Internal Affairs and Communications, Minister of Economy, Trade and Industry

¹ The number in parentheses at the end of KPI is the reference number in the “Regarding the Progress of KPI” attached, shown just for reference.

² The Prime Minister is listed here as the minister in charge of the affairs relating to the Cabinet Secretariat and the Cabinet Office, because “Minister in charge” under Article 6, paragraph 2, in (ha) of each of (3) to (5) of the Act on Special Measures for Productivity Improvement is said to refer to the chief minister under the Cabinet Law (1947 Law, No. 5). However, as a reference in handling the business of evaluation, etc. of the progress of the Priority Measures and the effect of implementation based on the Act on Special Measures for Productivity Improvement, the ministers of state who support the Prime Minister on the applicable measures as of the time of formulation of the Implementation Plan are listed in parentheses.

	<p>the viewpoint of overviewing and assessing the digital market where global digital platform companies compete with each other and promotion of competition and innovation.</p> <p>The Digital Market Competition Headquarters (provisional name) will create the strategic framework for a data-driven society through close collaboration with IT General Strategy Headquarters, the Cybersecurity Strategy Headquarters and various ministries and agencies.</p> <ul style="list-style-type: none"> Also, under the Cabinet Secretariat, the government begins in stages the lump sum request and bloc appropriations of budgets relating to project management of the government's information system with an eye on the service-oriented operational reform throughout the year and the digital infrastructure of the government. 	<p>and discussion on important issues relating to digital market.</p> <ul style="list-style-type: none"> In August 2019, the government designated the "Promotion of formation and utilization of the second common governmental platform, and utilization / intention of utilization of cloud service by the government" as an important project of the government, and the focused management is under way by direct control of the government CIO. Also, with regard to the lump sum request and bloc appropriations of budgets, the Cabinet Secretariat made the lump sum request for the expenses necessary for maintenance and operation of 34 systems at the budget demands for 2020, and posted the sum of 67.4 billion yen. 	
Development of rules for ensuring transparency and fairness of trading between platform company and users	<p>(Corporate Merger)</p> <ul style="list-style-type: none"> Improve the guideline and/or legal system for corporate merger review that includes evaluation of value of data. At that time, be careful not to interfere with innovation. 	<ul style="list-style-type: none"> Based on the arrangement for developing rules for antimonopoly law including the evaluation of data at the Digital Market Competition Council on December 17, 2019, the Fair Trade Commission on that day revised the "Operation Policy for Antimonopoly Law relating to Corporate Merger Review" and "Handling Policy relating to Procedure for corporate 	<p>Prime Minister (minister in charge of IT policy), Minister of Internal Affairs and Communications, Minister of Finance</p> <p>Prime Minister (minister for special mission of Cabinet Office in charge of affairs relating to the Fair Trade Commission)</p>

	<p>(Transparency/ fairness of trade practices, etc.)</p> <ul style="list-style-type: none"> • Improve legal system and guideline for ensuring transparency and fairness of trade practices, etc. that arise uniquely in the digital market. For this purpose, try to submit a bill “Digital platformer trading transparency law” (tentative name) to the 2020 Diet. 	<p>merger review”.</p> <ul style="list-style-type: none"> • The digital market competition council on December 17, 2019 summarized the following points: (1) direction of the bill “digital platformer trading transparency law” (tentative name at the time), (2) direction of reconsideration of the “Act on the Protection of Personal Information” (2003 law, No. 57; hereinafter called “Personal Information Protection Law”), (3) development of rules for the antimonopoly law including evaluation of data (revision of guidelines, etc. for corporate merger by the Fair Trade Commission), (4) handling of abuse of superior bargaining position by digital platform operator against customers relating to acquisition/use of personal information, etc. (formulation of guideline for consumer superiority by the Fair Trade Commission), and (5) discussion points for evaluation of status of competition in the digital advertisement market. <p>Also, at the digital market competition council on January 28, 2020, a legislative bill regarding improvement of transparency and fairness of the specific digital platform was summarized, and it was submitted to the 201st National Diet.</p>	<p>Prime Minister (the minister in charge of economic revitalization, the minister for special mission of Cabinet Office in charge of affairs relating to the Fair Trade Commission), Minister of Internal Affairs and Communications, Minister of Economy, Trade and Industry</p>
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Review of Personal Information Protection Law	<ul style="list-style-type: none"> • With regard to the Personal Information Protection Law, devise some means of preventing undesirable usage of personal information, including adoption of the system to allow individuals to demand corporations, etc. to stop using personal data of themselves, and measures applicable to domestic and foreign corporations indiscriminately, and also with regard to anonymized processed information that has not been fully utilized, consider reviewing it so as to promote more active utilization, and strive to submit a reform bill to the ordinary session of National Diet's of 2020. 	<ul style="list-style-type: none"> • Based on the “Personal Information Protection Law, so-called system reform outline subject to review every 3 years” publicized in December 2019, and the result of invited suggestions for the said outline, a reform bill ³ for the Personal Information Protection Law, etc. was submitted to the 201st National Diet, loaded with measures necessary from the view points of the rise in awareness of own personal information, balance of protection based on technological innovation and utilization, response to the new risk associated with increased circulation cross-border data. 	Prime Minister (the minister for special mission of Cabinet Office in charge of affairs relating to the Personal Information Protection Commission)
Promotion of transfer of data and opening	<ul style="list-style-type: none"> • The government considers specific system designs about portability and API opening for each specific field such as financial field and medical field. Also regarding legacy regulations, etc., develop rules in conformity with digital society. 	<ul style="list-style-type: none"> • At the digital market competition council on December 17, 2019, “points to be discussed in the future” were sorted out regarding the digital advertisement field, which is the subject of market evaluation as a specific field. The subject related to the access to accumulated data was picked up at that time, and the discussion shall continue toward the mid-term sorting in the spring of 2020. • In the summary of the legislative bill regarding improvement of transparency and fairness of the specific digital platform arranged at the digital market competition council on January 28, 2020, disclosure of information regarding access to data of transactions of merchandise, etc. was also included as a regulation. 	Prime Minister (the minister in charge of economic revitalization, the minister for special mission of Cabinet Office in charge of affairs relating to the Fair Trade Commission, the minister for special mission of Cabinet Office, the minister for special mission of Cabinet Office (finance), the minister for special mission of Cabinet Office (regulatory reform)), Minister of Internal Affairs

³ Legislative bill to reform part of the law regarding protection of personal information

		<ul style="list-style-type: none"> • With respect to the finance field, at the industry/government council called “FinTech/ Cashless Trend”, the first meeting (held on October 18, 2019) and the second meeting (held on February, 27, 2020), an examination was held about opening of API to investigate the status of connection, conditions for connection, and the like between banks and electronic payment agencies, from the viewpoint of pushing forward the innovation such as practical application of FinTech. • With respect to the medical field, in November 2019, we summarized the points to be considered when we examine the handling of health , etc.at PHR, such as effective coordination of information by standardization of data format and opening of API, etc. and how to set rules necessary for private business operators. Also, based on the said points to be considered, we are integrally considering the utilization of health, medical and nursing information, with the goal of promoting the system to allow each individual to grasp his/her own health care information electronically and the system to check it at medical institutions nationwide. The time schedule for development of specific system is expected to be out by summer of 2020. 	and Communications , Minister of Economy, Trade and Industry
International discussion for realization of DFFT and development of rules for data circulation at WTO	<ul style="list-style-type: none"> • It is necessary to aim at promotion of internationally free flow of data, allowing data that is useful for resolving problems of business and society to freely go around without being conscious of national borders, while maintaining the trust for 	<ul style="list-style-type: none"> • At the G20 Osaka Summit in June 2019, an agreement was reached on the concept of “data free flow with trust (DFFT)” that promotes free flow of data by securing the “trust” of consumers and 	Prime Minister (the minister in charge of information technology (IT) policy, the minister for

	<p>privacy, security and intellectual property right. For that goal, Japan will have leadership of leading the international discussions, taking advantage of opportunities like G20 under the concept of “data free flow with trust (DFFT)”.</p> <ul style="list-style-type: none"> • For the negotiation of rules regarding electronic commercial transactions at WTO including free flow of data, the government will push forward the formation of international consensus by working with as many member countries as possible for creating high-level rules. 	<p>businesses regarding privacy and security, and the “G20 Osaka Leaders’ Declaration” was pronounced. Also, at the opportunity of this Summit, the leaders of 27 countries issued the “Osaka Declaration on Digital Economy” to create “Osaka Track” that is the process for developing international rules for digital economy, especially data flow and electronic commercial transactions.</p> <ul style="list-style-type: none"> • Under the “Osaka Track” and based on the idea of DFFT, the government has promoted a variety of rule making, from data flow and electronic commercial transactions to regulation and governance of each country, in various international stages, by having the industrial circles involved as well. Especially with respect to the negotiation of WTO’s electronic commercial transactions, the government conducted discussions with the goal of making specific rules including free flow of data by holding five meetings of negotiation since the summer of 2019. Also, the government delivered messages at WTO public forum or at the global forum on OECD trading, and the like, about the importance of rule making at WTO, the necessity of discussing digital policy by the public and private sectors. 	<p>special mission of Cabinet Office in charge of affairs relating to the Personal Information Protection Commission), Minister of Internal Affairs and Communications , Foreign Minister, Minister of Economy, Trade and Industry</p> <p>Prime Minister (the minister in charge of information technology (IT) policy, the minister for special mission of Cabinet Office in charge of affairs relating to the Personal Information Protection Commission), Minister of Internal Affairs and Communications , Foreign Minister, Minister of Economy, Trade and Industry</p>
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For consolidation of 5G and realization of G space society	<ul style="list-style-type: none"> • Towards the realization of Society5.0, the government will begin the 5G service in the districts of all prefectures by the end of the year 2020, and will deliver the support necessary for nationwide development of information communication infrastructure such as 5G base stations and optical fiber by telecommunication carriers, etc., with a care for ensuring security, and accelerate the 5G consolidation plan by the year 2024. At that time, for the goal of realization of countryside revitalization, the support is provided with the priority to pioneering local public organizations that have specific engagements to resolve their own local problems. 	<ul style="list-style-type: none"> • For popularization and development of the service, etc., the government drew up the “ICT infrastructure local development master plan” in June 2019 in order to integrally promote the measures to support development of ICT infrastructure as well as measures to facilitate utilization of 5G. Based on this, the government propelled support for development such as 5G base stations and optical fiber for the stations, and also plans to start the initiative from the year 2020 to support the creation of a model for resolving local problems by pioneering local public organizations that have specific engagements to resolve their own local problems by utilizing local 5G, etc. as well as local businesses. In this connection, the 5G services started at some localities from the spring of 2020. 	Minister of Internal Affairs and Communications
Refinement of regulation on the basis of societal implementation of digital technology	<ul style="list-style-type: none"> • It is pointed out that the way to ensure safety and security is changing on the background of the exponential development of digital technology, and that the regulatory framework is not catching up with the change. It is necessary to push forward regulatory reform across various industries by coordinating with the Regulatory Reform Promotion Council. 	<ul style="list-style-type: none"> • The government began demonstration projects in early part of 2020 on the mid-to-long term view, with a focus on 3 fields of mobility, FinTech/finance and construction, and began identifying problems and challenges in the way of regulation in the future by holding the Conference for Thorough Structural Reforms (the 1st meeting of “Refinement of regulation 	Prime Minister (the minister in charge of economic revitalization, the minister for special mission of Cabinet Office (regulatory reform)), Minister of Economy, Trade and Industry

Provisional Translation

		on the basis of societal implementation of digital technology”, held on February 14, 2020).	
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2. FinTech/Finance

(1) Major progress of KPI

《KPI》 By June 2020, introduce open APIs into over 80 banks. 【10】

⇒As of March 2020, 129 out of 136 Japanese banks (excluding foreign bank branches) have announced that they will introduce API. 124 out of 129 banks have announced they will introduce API by June 2020.

《KPI》 By June 2025, double the percentage of cashless transactions to about 40%. 【11】

⇒2019: 26.8%

* The numerator is the sum of payments made by credit cards, debit cards, electronic money, and QR codes in 2019. The denominator is the private final consumption expenditure in 2019 (in nominal terms, the second preliminary estimates).

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Realization of function-based, cross-sectoral financial regulations	<p>(Fields of payment)</p> <ul style="list-style-type: none"> The government plans to adopt a cross-segment framework in the payments field that has been cited as an area in which the vertical structure by business segment under current laws interferes with free selection of business models and services by service providers. This initiative aims to realize flexible, highly convenient cashless payment methods, besides existing bank fund transfers and conventional relatively high-sum credit card payments, through market entry by newcomers and competition among various services by ① allowing seamless payments that combine prepaid and post-pay formats (note 1) and ②creating a new fund transfer type positioned between banks and existing fund transfer firms and thereby facilitating a wide range of fund transfers (note 2) other than just bank fund transfers. In this process, the government also intends to introduce frameworks that enable smooth business deployment by fintech companies and other payment service firms, such as utilization of performance provisions in credit reviews under the 	<ul style="list-style-type: none"> Regarding money transfer service provider, “the Amendment Bill of the Act on Sales, etc. of Financial Instruments, etc. for the Purpose of Improving Convenience for Users of Financial Services and Protecting Them”, which incorporates the revises such as developing a new category of money transfer service providers that can handle remittances over the existing upper limit (1 million yen), was submitted to the 201st National Diet. ”The Amendment Bill of the Installment Sales Act”, which incorporates the revises such as developing a registration system for businesses providing small-sum post-pay in installments service and introducing specific safety guideline for credit examination, was submitted to the 201st National Diet. 	Prime Minister (the minister for special mission of Cabinet Office (finance)), Minister of Economy, Trade and Industry

	<p>Installment Sales Act. It plans to submit necessary bills for these changes to the National Diet's 2020 Ordinary Session.</p> <p>(Cross-sectoral regulatory framework)</p> <ul style="list-style-type: none"> • The government intends to review measures for realization of a cross-segment financial services brokering legal framework that allows provision across segments of services for various functions, such as payments, fund provision, asset management, and risk transfer. It hopes that this initiative will enable provision of a highly convenient one-stop channel that meeting the needs of individual users utilizing smartphones and other devices, simplify selection of financial services that meet personal needs by users, and encourage competition for financial service quality. The government aim to prepare its fundamental approach for this initiative during 2019. 	<ul style="list-style-type: none"> • “the Amendment Bill of the Act on Sales, etc. of Financial Instruments, etc. for the Purpose of Improving Convenience for Users of Financial Services and Protecting Them”, which incorporates the revises such as establishing a license for financial service brokerage business which can handle financial services spanning all financial sectors (banking, securities firms and insurance companies) with a single registration, was submitted to the 201st National Diet. 	<p>Prime Minister (the minister for special mission of Cabinet Office (finance))</p>
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3. Mobility

(1) Major progress of KPI

《KPI》The launch of driverless automated driving transport services in specified areas on the public roads is planned for 2020. 【13】

⇒The service started in 2019.

《KPI》Driverless automated driving transport services in specified areas will be implemented in more than 100 locations nationwide by 2030. 【14】

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Paid passenger transportation in a personal-use automobiles	<p>(Creation of system of paid passenger transportation in a personal-use automobiles in cooperation with the general passenger automobile transportation business operators)</p> <ul style="list-style-type: none"> The government will develop laws and regulations for the general passenger automobile transportation business operators (taxi business operators, etc.) to cooperate with paid passenger transportation in a personal-use automobiles through their own know-how, or more specifically, to cover the case where transportation business operators receive a commission or they participate in the implementing body. Since this case is based on the premise that the business operators will participate, it is aimed to simplify the procedure for forming consensus at the regional level, thereby promoting the provision of secure and safe transportation services and reducing the burden on the implementing body. Any necessary bills are aimed to be submitted to the National Diet's 2020 Ordinary Session. 	<ul style="list-style-type: none"> With respect to future regional public transportation, a discussion was held at the "Regional Public Transportation section of the Transportation Policy Board", and based on the interim report summarized on January 29, 2019, a bill⁴ was prepared and submitted to the 201st National Diet, that is aimed to reform relevant laws including the Road Transportation Act (1951 law, No. 183), incorporating therein development of the system in which the transportation business operators (taxi business operators, etc.) cooperate with paid passenger transportation in a personal-use automobiles through their own know-how, and more specifically, the transportation business operators take upon 	Minister of Land, Infrastructure and Transport

⁴ A legislative bill to revise part of the Act on Revitalization and Rehabilitation of Regional Public Transportation Systems, etc. in order to propel the effort to ensure a provision of sustainable transportation services.

		themselves the operation and management, etc. by receiving a commission.	
Adoption of shared ride of taxi	<ul style="list-style-type: none"> Implementation of ride sharing in taxis offers usage at a lower fee for customers and improves the productivity of taxi businesses. Taxi ride-sharing service should be generally adopted without restrictions on regions and conditions because it provides access to cheap mobility to as many people as possible with limited transportation entities. The government plans to prepare the environment with a Road Transportation Act notice and other adjustments during FY2019. 	<ul style="list-style-type: none"> For shared ride of taxi, proposed rules under the Road Transportation Act were prepared and publicized in March 2020. 	Minister of Land, Infrastructure and Transport
Realization of Mobility As A Service (MaaS)	<ul style="list-style-type: none"> A convenient service (so called MaaS: Mobility-as-a-Service), which collectively manages multiple reservations, etc. for transportation, lodging and services using a smartphone, on a cashless basis, without wasteful waiting time, and enables smooth move, is a global trend now. In Japan also, it is expected to boost potential demand not only of residents but also of tourists and to contribute to revitalization of regional. The government intends to create a variety of positive examples of these services and to support the efforts being made by various local businesses and local public organizations so as to expand it nationwide. 	<ul style="list-style-type: none"> The Ministry of Economy, Trade and Industry, and the Minister of Land, Infrastructure and Transport promoted the “Smart Mobility Challenge” that supports the regions and companies that challenge the resolution of mobility issues and regional vitalization through implementation in the society of new mobility including MaaS, and, in June 2019, selected 28 regions to be supported (new mobility service promotion projects: 19 regions, pilot regional analysis : 13 regions) that have pioneering engagements. Symposiums were held throughout the country in per-region basis to support initiatives of new mobility service in each region. A bill⁵ to reform laws for regional public transportation vitalization and regeneration was submitted to the 201st National Diet, that is aimed to establish a certification 	Prime Minister (the minister in charge of information technology (IT) policy, Minister of Economy, Trade and Industry, Minister of Land, Infrastructure and Transport

⁵ A legislative bill to revise part of the Act on Revitalization and Rehabilitation of Regional Public Transportation Systems, etc. in order to propel the effort to ensure a provision of sustainable transportation services.

		<p>system of new mobility service project plan formulated by businesses, etc. that participate in MaaS.</p> <ul style="list-style-type: none"> • “Guidelines for MaaS-related Data Linkage ver.1.0” (March 2020) was formulated. 	
Flights of drone beyond the visual line of sight in populated areas	<ul style="list-style-type: none"> • The target period for flights beyond the visual line of sight in populated areas, excluding the prohibited areas for flight, on the premise of securing the security of flight route, is set for FY2022, and towards that end, the government will show a specific roadmap by determining the basic policy of designing the system within this year. 	<ul style="list-style-type: none"> • The basic policy of designing the system was determined at the 13th public-private sector council for improvement of environment for small unmanned aircraft on March 31, 2020. <p>Preceding this, with respect to the registration system to identify the owners, that should be conducted promptly, a reform bill ⁶ for the Civil Aeronautics Law (1952 law, No. 231) and others that govern the implementation of this system was submitted to the 201st National Diet.</p>	Refer to footnote ⁷

⁶ A legislative bill to revise part of the Civil Aeronautics Law for prevention of occurrence of hazard by flight of unmanned aircraft, etc. as well as the law regarding prohibition of flight of unmanned aircraft, etc. over the surrounding area of important facilities

⁷ Prime Minister (Chief Cabinet Secretary, the minister in charge of information technology (IT) policy, the minister in charge of economic revitalization, the minister of state in charge of business regarding cyber security strategic headquarters, the minister for special mission of Cabinet Office (countryside revitalization), Chairman of National Public Safety Commission, Minister of Internal Affairs and Communications, Minister of Justice, Minister of Foreign Affairs, Minister of Education, Culture, Sports, Science and Technology, Minister of Health, Labour and Welfare, Minister of Agriculture, Forestry and Fishery, Minister of Economy, Trade and Industry, Minister of Land, Infrastructure and Transport, Minister of Defense, Minister for Reconstruction

4. Corporate Governance

(1) Major progress of KPI

《KPI》 Improve ROA of large Japanese companies (TOPIX500) to the level which is comparable to those of US and Europe by 2025. 【18】

⇒FY2019 TOPIX500: 3.3% U.S. S&P500: 5.7% EU BE500: 3.9%

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Practical Guideline	<ul style="list-style-type: none"> The government plans to newly formulate “Practical guideline on the group governance system” that presents a listed-subsubsidiary governance format and encourage compliance 	<ul style="list-style-type: none"> The Ministry of Economy, Trade and Industry formulated “Practical guideline on the group governance system” (June 28, 2019). 	Minister of Economy, Trade and Industry
Response of Tokyo Stock Exchange	<ul style="list-style-type: none"> The Tokyo Stock Exchange should take additional measures to enhance the independence of listed subsidiaries from the controlling shareholder, such as revising its autonomy standards in accordance with the direction of the guidelines in order to raise the efficacy of “Practical guidelines on the group governance system.” 	<ul style="list-style-type: none"> In February 2020, with respect to the governance of listed subsidiaries, the Tokyo Stock Exchange made necessary revisions concerning increasing transparency and requiring more information disclosure by parent company as well as the subsidiaries, and strengthening the independence standards for independent directors/auditors, and thereby has advanced the development of listing rules for improving governance of listed subsidiaries. 	Prime Minister (the minister for special mission of Cabinet Office (finance))

5. Smart Public Services

(1) Major progress of KPI

《KPI》 Reduce the administrative costs in priority areas * by 20% or more by March 2020. 【19】

(*Refers to the 9 priority areas indicated in the "Administrative Procedure Group Summary" (29 March, 2017 Decision on Regulatory Reform Promotion Committee Administrative Procedure Subcommittee). Certain areas may be given more time until March 2022, with the exception of national and local taxes that have separate targets, such as increasing the usage of the online tax payment system by large corporations to 100%).

《KPI》 To be within the top 3 developed countries of the World Bank's business environment ranking by 2020. 【20】

⇒Ranked 18th as of the announcement in October 2019 (moved 7 ranks upward compared to the previous year)

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Building of new infrastructure for the life of the people and economic policy utilizing My Number cards	<ul style="list-style-type: none"> The government aims to utilize the platform for My Key that contains a user ID obtained through strict personal authentication and local government point management clouds in public and private scenarios. It also intends to harness private-sector dynamism to the greatest extent possible and enable resident use of local public entity points in cashless purchases, and plans to consider exchanges with private-sector points in the future. Through these initiatives, the government will allow use of local public entity points in local mobility assistance, shopping assistance, care support, and other applications and facilitate policies that contribute to stimulation of local shopping districts. Furthermore, the government aims to achieve effective policy execution by enabling detailed responses that truly address citizens' needs, prevent improper receipt, and lower administrative costs through reviews with related ministries and agencies and local public entities and with a 	<ul style="list-style-type: none"> With the goal of implementing consumption activation measures utilizing Mynapoint from September 2020, the preparation is under way based on the study by the task force of public- and private-sector members established in September 2019. For implementation of the above-noted measures, the government intends to create the system in which the platform for My Key is utilized as the basis and provide management, etc. of limit amount of Mynapoint usable for cashless settlement services of private companies. Also at the working group formed under the private-public task force, the promotion of measures for resolving regional problems utilizing the private-public joint-usage style cashless settlement basis is being 	Prime Minister (the minister in charge of information technology (IT) policy, the minister for special mission of Cabinet Office (My Number system)), Minister of Internal Affairs and Communications, Minister of Finance

	<p>future vision of supplying child-rearing assistance and other cash benefits implemented by the national government and local public entities via points.</p> <p>The government plans to review a detailed approach to consumption standardization measures for the consumption tax hike in light of progress with measures, such as formation of a task force of public- and private-sector members, aimed at achieving a foundation as a national system with future expandability after implementation, and compatibility from the perspective described above after progress in preparations to issue local public entity points utilizing the My Number card.</p> <ul style="list-style-type: none"> • Additionally, the government is targeting the full-fledged usage of the My Number card as a health insurance card in March 2021 with the aim of boosting efficiency of medical insurance administration and enhancing patient convenience through definite confirmation of personal identity and insurance qualifications when giving treatment. It intends to provide sufficient assistance for prompt deployment of reading terminals and systems at medical entities and related locations, with a goal of coverage at almost all medical entities and related locations to ensure the quickest and smoothest response possible at medical entities and related locations nationwide. • The government intends to formulate specific My Number card acquisition promotion measures by insurance recipients for the respective insurance providers and promote the acquisition 	<p>considered.</p> <ul style="list-style-type: none"> • With the goal of starting the operation of the online qualification check for usage of the My Number card as a health insurance card from March 2021, the preparation for the system construction is under way in cooperation with insurers and medical personnel, etc. Also, the government intends to provide sufficient assistance for prompt deployment of reading terminals and systems at medical entities and related locations, by utilizing the Medical Informatization Support Fund, with a goal of coverage at almost all medical entities and related locations to ensure the quickest and smoothest response possible at medical entities and related locations nationwide in FY2022. • The digital government cabinet meeting in September 2019 presented promotion measures for acquisition of My Number card of insurance recipients 	<p>Prime Minister (the minister for special mission of Cabinet Office (My Number system)), Minister of Health, Labour and Welfare</p> <p>Prime Minister (the minister for special mission of Cabinet Office (My Number</p>
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	<p>of the My Number card by national and regional civil servants.</p> <ul style="list-style-type: none"> • The government envisions almost all residents having My Number cards during FY2022 from the perspective of realizing a digital society that is safe, reliable, and highly convenient, as quickly as possible, and plans to strongly promote the proliferation of My Number cards by promoting the formulation of My Number card issuance facilitation plans at each municipality, periodically following-up and giving necessary assistance. • The government aims to improve the My Number card convenience and further promote expansion of usage scenes, and to realize fairness in social guarantees and enhance the convenience of public administration and operating efficiency. 	<p>for the respective insurance providers, and each insurance provider to use various channels to support publicity for card acquisition to business operators and recipients, etc. and application for acquisition of cards; following up with questionnaire survey. Also, the government encouraged national public service personnel and local public service workers, etc. to acquire My Number card within 2019 from the perspective of leveling of paperwork of issuing the cards at municipalities. It implemented the initiatives to encourage prompt acquisition through a variety of conferences, etc.</p> <ul style="list-style-type: none"> • The government requested municipalities to prepare a My Number card issuance facilitation plan in September 2019, and all municipalities completed the creation of their My Number card issuance facilitation plan by December of that year. The Ministry of Internal Affairs and Communications executed necessary follow-ups and assistance whenever need arose. • For the improvement of convenience of My Number card and expansion of usage scenes, the government laid down “Work schedule for digitalization, etc. of various cards utilizing My Number card” (decide by digital government cabinet meeting on December 20, 2019), and it aims to further promotion based on it. 	<p>system), Minister of Internal Affairs and Communication s, Minister of Finance, Minister of Health, Labour and Welfare</p> <p>Prime Minister (the minister in charge of information technology (IT) policy, the minister for special mission of Cabinet Office (My Number system)), Minister of Internal Affairs and Communication s</p> <p>Prime Minister (the minister for special mission of Cabinet Office (My Number system)), Minister of Finance, Minister of Education, Culture, Sports,</p>
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Procedure automation by individuals and corporations	<ul style="list-style-type: none"> • With regard to the services that allow applications for procedures related to child rearing from pregnancy until before the first school year, such as vaccination and child allowance, with the push of a single button, some local public organizations will begin from next year, and the national government intends to deploy this service nationwide from FY 2023. • In addition, regarding the year-end tax adjustment procedure from next year, begin automation of batch acquisition of necessary documents, input to various applications forms and attachment through data linkage using Mynportal. • The government intends to proceed with the online one-stop service for the procedure of corporation establishment to realize the business environment at the world's highest standard. It will also regularly verify the status of efforts, conduct a review by FY2021, and take necessary measures, while working on the following matters. <ul style="list-style-type: none"> — One-stop service for the procedure after registration will commence by 	<ul style="list-style-type: none"> • The “Child-rearing non-stop working-level conference”, comprised of experts, relevant business persons, relevant local governments and relevant government agencies, was held from October 2019, and conducted examination for realization of specific services. In March 2020, at the said conference, the roadmap toward realization of the services was formulated. • With the goal of realizing digitization of year-end tax adjustment procedure and automated input of deduction certificates, etc. from those for FY2020, the government is working on development of linkage function with Mynportal and software for preparing deduction application, as well as on electronic issuance of deduction certificates by issuer of each deduction certificate. • Provision of the “corporation establishment one-stop service” for the procedure after registration commenced from January 2020. Also, corporation establishment registration within 24 hours by online application commenced from March 2020. Aiming to commence the one-stop services for all procedures including articles 	<p>Prime Minister (the minister in charge of information technology (IT) policy, the minister in charge of economic revitalization, the minister for special mission of Cabinet Office (My Number system), the minister for special mission of Cabinet Office (countermeasures to falling birthrate)), Minister of Education, Culture, Sports, Science and Technology, Minister of Health, Labour and Welfare</p> <p>Prime Minister (the minister for special mission of Cabinet Office (My Number system), Minister of Finance</p> <p>Prime Minister (the minister in</p>

	<p>January 2020, while the following services will be started by February 2021: one-stop services for all of the procedures including articles of incorporation certificate and corporation establishment registration, voluntary registration of seal for corporation establishment registration, an initiative for completing corporation establishment registration within 24 hours covering simultaneous online application of articles of incorporation certificate nationwide for paperless filing under certain conditions, and launch an online complete service that eliminates the need for attached documents for paperless filing. At the same time, online registration of the seal will be considered.</p> <p>— For the realization of voluntary seal registration, the government intends to work on revising the Commercial Registration Act (1963 law, No.125) during FY2019, while also considering the issues and policies for generalizing the acquisition and retaining of the future corporate commercial registration electronic certificate, and reach a conclusion during FY2019.</p>	<p>of incorporation certificate and corporation establishment registration by February 2021, the government continues considering the connection specification of each relevant system and Mynaportal, as well as efforts for complete online process and paperless filing of attached documents.</p> <p>• The Commercial Registration Act was revised ⁸ on December 4, 2019, for the realization of voluntary seal registration at incorporation registration, and the preparation is under way for its enforcement with the target of February 2021.</p> <p>• In order to enhance the convenience of electronic certification of commercial registration and further promote and spread it, the government revised the commercial registration rules and took such steps as establishment of system for requesting reissuance of electronic certificate, elimination of requirement to present seal card at the application for certificate by electronic certificate, and review by registrant of</p>	<p>charge of information technology (IT) policy, the minister in charge of economic revitalization, the minister for special mission of Cabinet Office (My Number system)), Minister of Internal Affairs and Communications, Minister of Justice, Minister of Finance, Minister of Health, Labour and Welfare</p>
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⁸ The law concerning the development of relevant laws pertaining to enforcement of the law to revise part of corporation law (2019 law, No. 71).

		frequency of renewal of electronic certificate.	
Promotion of digital transformation (DX) at administrative bodies	<ul style="list-style-type: none"> • The government plans to review the “Basic policy on the use of cloud services in government information systems” (decided by the liaison conference of Chief Information Officer (CIO) of each ministry on June 7, 2018) during FY2019 in order to ensure consistency with safety evaluation systems for cloud services, which is scheduled to start operation in autumn 2020. In introducing an information system, the principle of cloud by default at each ministry and agency, which considers the use of public cloud services as the first choice must be clarified and established. • For both the public and private sectors to employ cloud services more securely and safely and to use them continuously, the government intends to conduct demonstrations of a safety evaluation system for cloud services during FY2019 and establish evaluation criteria, and a system aiming for the start of use at all government organizations and agencies in autumn 2020. 	<ul style="list-style-type: none"> • In the “Digital Government Implementation Plan” (cabinet decision on December 20, 2019), the government decided to consider utilizing cloud services in principle when relevant agencies develop government information systems upon clarifying the administrative services and businesses and the information to be treated, based on the merits, the scale of development and the expenses, etc. The government also plans to review the basic policy for usage of cloud services in government information systems, based on the cloud services safety evaluation systems to be hereafter determined. • From July 2019, the government held “study conference for cloud services safety evaluation” to consider the said system and demonstration of the system, along with the said meetings. Based on results of the demonstration and public comments, the government published a summary of the said meetings in January 2020, and determined the following at the 23rd Cyber Security Strategic Headquarters in the same month: (1) basic framework of the system, (2) concepts in each governmental agency about usage of the system, and (3) jurisdiction and operational structures of the system, and thereby established the outline of the system. Relevant government offices are currently designing the 	<p>Prime Minister (the minister in charge of information technology (IT) policy)</p> <p>Prime Minister (the minister in charge of information technology (IT) policy, the minister of state in charge of business regarding Cyber Security Strategic Headquarters)), Minister of Internal Affairs and Communications, Minister of Economy, Trade and Industry</p>

	<ul style="list-style-type: none"> • For the promotion of the secure use of the public cloud by the local governments, technical requirements according to operations will be arranged and disseminated promptly. In addition, based on the national principle of cloud by default and the review results of the safety evaluation system for cloud services, contents will be added concerning the said requirements as required. • The government intends to advance the standardization of municipal information systems, such as the resident record system and the construction of a standardized model through the comparison of operations between municipalities from FY2019 for further improving the local government's operation and the shared use of ICT systems AI and RPA. At the same time, the government intends to strongly promote the standardization of AI and assist in the introduction of RPA, and aims to realize the provision of the standard systems and AI and RPA services in each administrative area nationwide in the 2020s at the latest, as well as implementing electronic and paper-free approaches for all procedures at local governments. 	<p>details of the system.</p> <ul style="list-style-type: none"> • The government held “study conference for revision of guidelines on information security policy at the local governments” and in January 2020, prepared the mid-term report about security requirements for making connections from internal environment of the local governments to public cloud, and notify that to the local governments. The government hereafter intends to continue studying the ways to utilize public cloud safely at the said conference on the basis of the result of discussion about the nation's safety evaluation system for cloud services. • On the standardization of municipal information systems, the 3 parties of municipalities, business operators and the national government set up the “study conference for standardization of municipal systems” in August 2019 in order to move forward on standardization of municipal information systems, and begun the study for standardization of resident registration system that is the core of the municipal system. With respect to standardization of business processes, 8 study groups of municipalities identified by the size worked on construction of standardized model of business processes in the basic resident register and taxation, etc. at the Municipal Administration Smart Project that started in FY2019. Also, under the “Innovative Big Data Processing Technology Introduction and Promotion 	<p>Prime Minister (the minister in charge of information technology (IT) policy), Minister of Internal Affairs and Communications</p> <p>Prime Minister (the minister in charge of information technology (IT) policy), Minister of Internal Affairs and Communications</p>
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	<ul style="list-style-type: none"> • The government plans to start adjusting a marketplace with useful digital services and applications for the government and citizens centralized in one place, developed by startup companies and NPOs, from FY2019, and advance its full-fledged introduction after FY2020, enabling efficient horizontal development of best practices by the local government. 	<p>Project” in FY2019, 6 municipalities (3 groups) executed demonstration of the development of shared use of cloud AI, and also assisted introduction of RPA to 78 municipalities. The government further decided to provide funding to municipalities from FY2020 for equipping generic electronic application system in order to advance the online procedure of municipalities.</p> <ul style="list-style-type: none"> • In FY2019, the government organized the overall designs, basic functions, etc. and constructed β version of the “Digital Service Square” as the local government application market by actively accepting the opinions from local government staff and IT vendors, and conducted user tests. 	Minister of Economy, Trade and Industry
Improvement of ICT environment of schools	<ul style="list-style-type: none"> • Fix the goal and formulate the roadmap for ICT environment necessary in elementary, middle and high schools, etc. within this year. 	<ul style="list-style-type: none"> • The “Comprehensive Economic Measures to Create Future of Security and Growth”(cabinet council decision , December 5, 2019) stated to “promote the development of high-speed / large-capacity network environment in school (school LAN), and, especially at compulsory education level, to aim for realization of environment where every one of the students of all grades has a terminal and fully utilize them by FY2023, and to ensure finances continuously as the government to the municipalities that 	Prime Minister, Minister of Education, Culture, Sports, Science and Technology, Minister of Economy, Trade and Industry

		implement the project and provide necessary assistance”, and showed the roadmap for that realization.	
Realization of the world’s best country for companies to engage their business	<p>(Applying IT to litigation proceedings)</p> <ul style="list-style-type: none"> • While respecting the autonomous judgment by the judicial branch and considering the discussions at the Liaison Conference for Relevant Ministries and Agencies on the promotion of the civil justice system reform, the government tries to implement the following initiatives in stages with the aim to realize full digitization of court proceedings on civil litigation. — Under the current law, the government expects the judicial branch to swiftly start new operations to arrange issues and evidence actively using IT tools, such as web conferencing at some large-scale courts nationwide and expand courts exercising the said new operations nationwide sequentially after FY2020. — The government will make efforts with a view to consulting the Legislative Council of the Ministry of Justice during FY2019 and revising the Code of Civil Procedure during 2022, with the aim to realize online filing, digitization of the record of litigation, electronic payment of fees etc., and online conference without appearance at courts. The government will consider comprehensive measures with the cooperation of the judicial branch to ensure the right of access to the courts, particularly by those who are not familiar with IT, so their right of access to the courts is not harmed due to the introduction of IT to the court proceedings. The judicial branch will be expected to conduct swift initiatives aiming for the realization of new systems, while the executive branch will take necessary measures. 	<ul style="list-style-type: none"> • In February 2020, the new operation of the procedures to determine the points at issues by utilizing IT tools such as web conference started at 8 head offices of the District Courts of the regions where the Intellectual Property High Court and the High Courts are located, and it is scheduled to be expended to the head office of each District Court in Yokohama, Saitama, Chiba, Kyoto and Kobe in May of the year. The judicial branch aims to expend it to the head office of District Courts throughout the country within FY2020, with the view toward expending to other offices sequentially thereafter. • Aiming to realize online filing, digitization of the record of litigation, electronic payment of fees etc., and online conference without need for appearance of the parties at courts, a consultation with the Legislative Council of the Ministry of Justice was made on February 21, 2020. The initiative will continue with the view toward revision of the Code of Civil Procedure during 2022. 	Prime Minister (the minister in charge of information technology (IT) policy, the minister for special mission of Cabinet Office (in charge of consumers and food safety)), Minister of Justice, Minister of Economy, Trade and Industry

6. Next Generation Infrastructure

(1) Major progress of KPI

《KPI》 Goal of 20% improvement in construction site productivity by FY 2025
【26】

《KPI》 For businesses engaged in inspection and diagnosis of domestic critical infrastructure & aging infrastructure, the proportion of facility managers who are adopting new technologies, such as robots and sensors that achieve a certain level of technological capability, to reach 20% by around 2020 and 100% by 2030. 【27】

⇒2019 : Ministry of Health, Labour and Welfare 36%
 Ministry of Agriculture, Forestry and Fishery 27%
 Ministry of Economy, Trade and Industry 20%
 Ministry of Land, Infrastructure and Transport 35%
 Ministry of the Environment 10%

《KPI》 By 2020, Tokyo to come within the top 3 in city comprehensive strength rankings. 【28】

⇒2019 : 3rd place(2012 : 4th place)

《KPI》 Expand the PPP/PFI business scale to 21 trillion yen over the next ten years (from FY2013 to FY2022). Out of which, 7 trillion yen will come from PFI businesses that utilize the concession-method. 【32】

⇒FY2013-FY2018 business scale

- PPP/PFI business : About 19.1 trillion yen
- PFI business using the concession-method : About 8.8 trillion yen

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Advancement and streamlining of infrastructure maintenance and management work	<ul style="list-style-type: none"> • An ICT database system that works to centrally manage data, such as inspections and maintenance repair data, and that will upgrade and streamline the infrastructure maintenance management work of local public entities, will be introduced nationwide. In addition, the government will accelerate the field implementation of new technologies, such as drones in regard to bridge inspections, etc. In conjunction with these efforts, the government will use local financial measures for the initiatives engaged by local public entities, limited to a period of 5 years. 	<ul style="list-style-type: none"> • The government is proceeding with trials at model sites of local public entities for introduction of database of maintenance management information owned by local public entities. • In conjunction with the above, it also aims to promote introduction of new technologies through the initiatives of the Japanese Congress for Infrastructure Management, etc. 	Minister of Internal Affairs and Communications, Minister of Health, Labour and Welfare, Minister of Agriculture, Forestry and Fishery, Minister of Land, Infrastructure and Transport

	<ul style="list-style-type: none"> • Additionally, the government will take the lead in using BIM (Building Information Modeling) in the construction works ordered by national and local public entities, and will lead its horizontal expansion to private projects. 	<ul style="list-style-type: none"> • The government worked on spreading of utilization of BIM at designing and construction stages in the government buildings projects. Also, “Guidelines for Standard Workflow of BIM and its Utilization Methods in Construction Field” that summarized the workflow, etc. standardly anticipated in the use of BIM, 1st Edition (decided in March 2020 by Construction BIM Promotion Council)” has been notified and disseminated to relevant parties. 	Minister of Justice, Minister of Finance, Minister of Education, Culture, Sports, Science and Technology, Minister of Health, Labour and Welfare, Minister of Agriculture, Forestry and Fishery, Minister of Economy, Trade and Industry, Minister of Economy, Trade and Industry, Minister of Land, Infrastructure and Transport, Minister of the Environment
Accelerating the introduction of PPP/PFI approaches	<ul style="list-style-type: none"> • The government will make specific action plans through FY 2022 that focus on three priority areas (medical care and health, welfare, prevention of recidivism) in which Japan is already formulating concrete initiatives for advancing the “Pay for Success”(PFS) methods, which is a outcome-based private consignment contracting methods. The relevant ministries will promote popularization of PFS methods in the three priority areas based on the action plan. The results will be further expanded horizontally outside the three priority areas. 	<ul style="list-style-type: none"> • The Action Plan on Promoting the PFS methods (decision by the Ministerial Meeting on Promoting the Pay for Success methods on March 27, 2020) was formulated .It summarized the undertakings of relevant ministries by FY2022, treating the three priority areas (medical care and health, welfare, prevention of recidivism), as the areas for advancing PFS methods. From FY2020 on, relevant ministries will promote popularization of PFS methods based on the action plan, and will be further expanded horizontally outside the three priority areas. 	Prime Minister (the minister for special mission of Cabinet Office (countermeasures to falling birthrate), Minister of Justice, Minister of Health, Labour and Welfare

7. Aiming for realization of a decarbonized society

(1) Major progress of KPI

《KPI》 On April 1, 2020, implement the legal separation of the power transmission and distribution sectors, which is the final stage of power system reforms. **【39】**

⇒An organization for cross-regional coordination of transmission operators was created on April 1, 2015. Full liberalization of electricity retail sales was implemented on April 1, 2016.

《KPI》 Aim to have 50%-70% of new car sales of passenger cars be next-generation vehicles by 2030. **【53】**

⇒Next-generation vehicles account for 38.4% of new car sales (FY 2018)^a

《KPI》 Have about 160 commercial hydrogen stations by FY 2020, 320 stations by 2025. **【34】**

⇒117 stations are already operating (end of March 2020)

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Formulation of “The “Long-term Strategy under the Paris Agreement” and promotion of investments to SDGs and ESG	<ul style="list-style-type: none"> • Formulate a Progressive Environment Innovation Strategy within 2019. • In autumn 2019 Japan will host RD20 (Research and Development 20 for Clean Energy Technologies) to bring together leaders from G20 member country research institutes. 	<ul style="list-style-type: none"> • “Progressive Environment Innovation Strategy” was formulated on January 21, 2020, by the Integrated Innovation Strategy Promotion Council. • The first RD20 was held by inviting leaders of top research institutes of G20 to Japan in October 2019. Also, Japan held “Green Innovation Summit” by assembling the representatives of RD20 as well as leaders of industrial circles, financial circles, and researchers of the world, wherein, with the attendance of the Prime Minister Abe, an exchange of opinions was made regarding the methods 	Prime Minister (the minister for special mission of Cabinet Office (Science and technology policy)), Minister of Education, Culture, Sports, Science and Technology, Minister of Economy, Trade and Industry, Minister of the Environment Minister of Education, Culture, Sports, Science and Technology, Minister of Economy, Trade and Industry, Minister of the

	<ul style="list-style-type: none"> • Revitalize a green finance by promoting information disclosure and visualization rather than by conventional regulations so as to draw the ESG funds that grow around the world to innovation. 	<p>for accelerating non-sequential innovations.</p> <ul style="list-style-type: none"> • To realize “virtuous cycle of environment and growth,” the government is promoting the disclosure by corporations of climate-related information based on the idea of the Task Force on Climate-related Financial Disclosures (TCFD), and the number of approving entities has exceeded 250, making it the largest in the world. In October 2019, the government sponsored the world’s first “TCFD Summit” where the top representatives of the world’s industrial circles and financial circles assembled, and published to inside and outside Japan the “Guidance for the usage of climate-related information for the promotion of green investment” that explains the viewpoint of investors when they evaluate information disclosure of corporations, which was formulated by a TCFD consortium established under a private-sector initiative in May 2019. Also at the TCFD consortium, a discussion is going on for a revision of the “Guidance for disclosure of climate-related financial information.” In Addition, the government provided assistance in FY2019 to 12 corporations on analysis of scenarios corresponding to TCFD, and based on the cases handled in this project, it published “Recommendation of designing business utilizing TCFD - Practical guide for analysis of scenarios for embracing the opportunities ver.2.0” in March 2020. 	<p>Environment</p> <p>Prime Minister (the minister for special mission of Cabinet Office (Finance)), Minister of Economy, Trade and Industry, Minister of the Environment</p>
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	<ul style="list-style-type: none"> • Japan will take the lead in setting up a framework in which ASEAN countries cooperate with the public and private sectors in order to spread the results of innovation to the world through business environment improvements and market creation. 	<ul style="list-style-type: none"> • In September 2019, “CEFIA: Cleaner Energy Future Initiative for ASEAN” was created under the leadership of Japan, as a private-public sectors platform for realization of energy conversion and low-carbon society in ASEAN, and the first CEFIA public-private joint forum was held in November 2019. 	Minister of Economy, Trade and Industry
Introduction of large volume of renewable energy and realization of decarbonization	<ul style="list-style-type: none"> • In order to make renewable energy the main energy source, the government intends to do all it can to introduce it to the maximum capacity. In doing so, with the aim to promote maximum introduction while controlling the burden on the nation, it intends to work on reduction of cost, overcoming of system constraints and reform of power network. For this purpose, with the goal to realize decarbonization, it encourages innovative technology developments so as to support Japanese companies that have a technological edge in the renewable energy field, and promotes power network reforms, including upgrading interregional interconnection lines and system improvements, and establish a mechanism for securing power generation investment together with the development of necessary supply capacity and coordination capabilities. 	<ul style="list-style-type: none"> • The basic policy of the government regarding renewable energy is to proceed on its maximum introduction while controlling the burden on the nation. Depending on the characteristics of the power source, with regard to the competitive power source with anticipated growth, the government will adopt new FIP (Feed in premium) system to aim for integration to power market, and with regard to the power source that can be used locally, the government will continue supporting it for the meantime by FIP system upon setting up the requirements for local utilization. With regard to reduction of costs, the government sets the mid-to-long-term price target aiming for international standard, based on the FIP system, and it is in the process of setting the procurement cost toward that target by way of top-runner format, and the bidding system to aim for cost reduction through competition. For the elimination of system constraints, the 	Minister of Economy, Trade and Industry, Minister of Land, Infrastructure and Transport

		<p>government sequentially adopted the plan to approve power connections to the system under a certain conditions in order to make full use of the existing systems, and that has proven to be effective to some degree.</p> <p>Also, as for the system formation in the future, the government intends to strengthen the interregional interconnection lines as well as to develop push-style network, with the potential of power source such as renewable energy in mind.</p> <p>In order to realize the support as shown in the above to renewable energy corresponding to the characteristics of the power source and to develop the systems, the government submitted a bill to the 201st National Diet to reform part of the Electricity Business Act, etc. that aims to establish a tough and sustainable supply system.</p> <p>Incidentally, in terms of technological development for realization of decarbonization, the development of coating type and super lightweight type (perovskite type, etc.) that can overcome the constraint of land, and offshore wind power is underway.</p>	
	<ul style="list-style-type: none"> • In order to make up for the responsiveness of renewable energy that has been the bottleneck to its expansion, aim for enhancement of high-performance/low-cost storage technologies, such as storage batteries and hydrogen, and the next-generation power network by 	<ul style="list-style-type: none"> • For dissemination of usage of storage batteries and hydrogen energy, the government is implementing research and development and technological demonstration as well as assistance in their 	Minister of Education, Culture, Sports, Science and Technology, Minister of Economy, Trade and

	<p>spreading the advanced energy management using digital technologies.</p> <ul style="list-style-type: none"> • In the case of nuclear power, promote safety as the first priority more than anything else. Restart nuclear power plants in the event that they are recognized to conform to the regulation standard at the most stringent level of the world by the Nuclear Regulatory Commission, while securing the understanding and cooperation of the relevant parties of the municipalities where the plants are located. Begin the efforts for the maintenance of technologies and human resources for further improvement of safety and for dealing with smooth decommissioning. • Encourage and activate the non-fossil fuel pricing transactions market created in 2018, with an eye on post-FIT energy sources, aim to enlarge non-fossil energy by utilizing market mechanisms. • With respect to offshore wind power generation, whose cost reduction is rapidly progressing in Europe, aim to apply the rules for using the ocean area that are conducive to expansion 	<p>introduction to achieve high performance and low cost. Also, for the goal of next-generation power network, the technological demonstration of adjustment of power supply balance by integral control of consumer-side energy source remotely by way of IoT technology is being conducted.</p> <ul style="list-style-type: none"> • Nine nuclear power plants have been restarted so far, and further restarting is on its way with safety as the top priority. And, with the budget of FY2019, the government carries out the support for the technological development that helps to improve safety of nuclear power, and human resources development to ensure the safety of nuclear power. In addition to these, with the budget of FY2020, for the reinforcement of the nuclear industry as a whole, government will begin the support for suppliers with superior technology that is top-ranked in the world. • The volume of business of non-fossil certificates in FY2019 was about 440 million kWh, which as an increase of 12.5 times that of FY2018. Also, for the electricity generated from April 2020, the object of non-fossil certificates will be extended to all non-fossil power sources. • In April 2019, the government enforced the law on promotion of usage of ocean areas for development of facilities for offshore 	<p>Industry</p> <p>Prime Minister (the minister for special mission of Cabinet Office (Nuclear Emergency Preparedness)), Minister of Education, Culture, Sports, Science and Technology, Minister of Economy, Trade and Industry, Minister of the Environment</p> <p>Minister of Economy, Trade and Industry</p> <p>The minister for special mission of Cabinet Office (Ocean Policy),</p>
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	<p>of its introduction.</p>	<p>renewable energy generation (2018 law, No. 89) (hereinafter called “Renewable Energy Ocean Areas Usage Law”) as the system to allow the government to designate the areas to promote feasible projects of offshore wind power generation, to select project operators through public offering, and to make a long-term occupancy of the areas possible.</p> <p>In July 2019, based on the guideline for designation of promotion areas, formulated in June of the year, the government sorted out 4 areas (“offing of Mitanecho and Oga City, Noshiro City, Akita-ken”, “offing (north side, south side) of Yurihonjo City, Akita-ken”, “offing of Choshi City, Chiba-ken”, “offing of Goto City, Nagasaki-ken”) as the promising areas, and organized a conference in each area, and in December 2019, designated the offing of Goto City of Nagasaki-ken as the first promotion area based on the Renewable Energy Ocean Areas Usage Law.</p>	<p>Minister of Economy, Trade and Industry, Minister of Land, Infrastructure and Transport, Minister of the Environment</p>
	<ul style="list-style-type: none"> • Strengthen local revitalization and resilience through social implementation of interspersed area energy system, as in genuine local energy production for local consumption in cooperation with local governments and through the introduction of renewable energy in ways that synergize with areas that have competitive local renewable energy sources such as geothermal power generation, which is 	<ul style="list-style-type: none"> • The system reform subcommittee on renewable energy as primary power source, the sectional meeting on basic policy of the Advisory Committee for Natural Resources and Energy has considered, since September 2019, the specific plans and operation for post-FIT system review, and prepared a mid-term summary in February 2020. 	<p>Minister of Internal Affairs and Communications, Minister of Agriculture, Forestry and Fishery, Minister of Economy, Trade and Industry, Minister of</p>

	<p>inexpensive and stable power source, and biomass.</p>	<p>Based on this summary, it is expected that the power sources that can be installed flexibly near the area of demand (solar photoelectric generator for residence, solar photoelectric generator for small business, etc.) and the power sources that can use the energy source available in the area (small-scale geothermal power generation, small hydraulic power generation, biomass power generation, etc.) can be utilized in the supply-demand unified-type model so as to contribute to strengthening of the resilience at the time of disasters as a “local use power source”, and for the meantime, the basic framework of the current FIT system will be maintained upon setting certain requirements (local use requirements”.</p> <p>Also, in order to promote dissemination of the supply-demand unified-type model, “Interspersed Energy Platform” was held as the occasion for various players to get together to share the cases and discuss common challenges. The summary states that the subcommittee would continue their consideration of the measures for spreading the interspersed energy model, as needed and at appropriate occasion, as well as the consideration of the next step for creating the environment where the players would co-create.</p>	<p>Land, Infrastructure and Transport, Minister of the Environment</p>
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8. Construction of Innovation Ecosystem for Realizing Society 5.0

(1) Major progress of KPI

《KPI》 By 2025 triple corporate investment in universities and national research institutes etc. 【57】

⇒ 143.1 billion yen (FY 2018 actual results)

《KPI》 By FY 2020, combined public-private R&D investment that is 4% or more of GDP 【55】

⇒ 3.56% (FY 2018 actual results)

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Promotion of open innovation through the cooperation among industry, academia, and government	<ul style="list-style-type: none"> • In 2019, examine a system to effectively carry out large-scale joint research and development by companies, universities and national research institutes in order to promote social implementation of the research results coming from universities and national research institutes and to further diversify financial resources. • For making full use of the technical research associations for promotion of open innovation of joint researches by large corporations and universities, etc., by the fall of 2019, gather examples where a new corporation was established by using a technical research associations or successful examples of collaboration between business and universities, and prepare, disseminate and 	<ul style="list-style-type: none"> • On November 20, 2019, the Expert Panel on Basic Plan, Issues on the System Working Group of the Council for Science, Technology and Innovation summarized a report. Based on that report, a bill⁹ was submitted to the 201st National Diet to reform part of the law relating to vitalization of creation of scientific technology and innovation to clarify that joint researches, etc., can be implemented by the businesses that may receive investments by research and development firms. For national universities, etc., they are planning to handle it by way of revisions to governmental ordinances. • Based on the problems with the use of technical research associations extracted from hearings of relevant parties, etc., the operation of technical research partnerships and the direction of efforts to reform the system were discussed at the meeting for promoting structural reform of future 	<p>Prime Minister (the minister for special mission of Cabinet Office (Science and Technology Policy)), Minister of Education, Culture, Sports, Science and Technology, Minister of Economy, Trade and Industry, Minister of Internal Affairs and Communications</p> <p>Minister of Economy, Trade and Industry</p>

⁹ Bill to revise part of the Science and Technology Basic Laws, etc.

	publicize a guidance that summarizes the gist of establishment and utilization.	investment conference on November 25, 2019. Based on the mid-term report prepared in December of the year, the legal system pertaining to the issue is under consideration now, along with simplification of procedure for establishment and operation, and clarification by formulating guidelines. In addition, as part of this effort, “Collaborative Innovation Partnership (CIP)” was adopted and publicized as the name for the “technical research association”, and the promotional activities are underway.	
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9. Human Resources Development for the Society 5.0 era

(1) Major progress of KPI

《KPI》 Have wireless LAN be standard in 100% of classrooms by FY 2020. 【76】

⇒FY 2018: 45.6%

《KPI》 Have computers for student learners in 1 of every 3 classes by FY 2020. 【77】

⇒FY 2018: 1 for every 5.4 child students

《KPI》 Certify 100 courses as Fourth Industrial Revolution skill acquisition courses by FY 2020. 【73】

⇒April 2020: 72 courses

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Human resource development in universities, etc.	<ul style="list-style-type: none"> Universities will develop standard curricula and teaching materials for beginners in mathematics, data science and AI in FY 2019 and proliferate this to universities and higher vocational schools across the country. Also, in order to acquire the basic ability to apply mathematics, data science and AI to one's special field in both the humanities and science, develop standard curricula and teaching materials at the applied basic level by FY 2020. 	<ul style="list-style-type: none"> At the base consortium of education in mathematics, data science and AI, the “model curricula for mathematics, data science and AI (literacy level)” and the like were developed within FY2019 and were deployed in universities and higher vocational schools across the country. 	Minister of Education, Culture, Sports, Science and Technology
Human resource development at the primary and secondary education stages	<ul style="list-style-type: none"> To realize the world's most advanced high-quality education using the latest technology for all students, introduce the use of digital technologies in all elementary, middle and high schools as soon as possible within 5 years and implement comprehensive measures to maximize the educational impact. As for having needed ICT environments in elementary schools, junior high schools and high schools, eventually achieve an environment in which each student has his/her own computer and can fully utilize it by setting goals and developing a roadmap in FY 2019. 	<ul style="list-style-type: none"> The “Comprehensive Economic Measures to Create Future of Security and Growth” (cabinet council decision, December 5, 2019) stated that the government “will promote development in schools of the high-speed/large capacity network environment (in-school LAN), and especially, aims to realize by FY2023, in the compulsory education level, the environment in which each student has his/her own computer and can fully 	Minister of Internal Affairs and Communications, Minister of Education, Culture, Sports, Science and Technology, Minister of Economy, Trade and Industry

		<p>utilize it, and the government will secure the funds and provide necessary assistance on a continuous basis to local public bodies that implement the project” and presented the roadmap for its realization. The supplementary budget of FY2019 included the expenses necessary for integral maintenance of the one-terminal-per-person policy in school and high-speed/ large-capacity communication network as the “realization of GIGA School idea.” Also, in the environment in which terminal are installed in schools, in order to create the opportunity for as many school children as possible to come in touch with EdTech software services, the “EdTech introduction subsidy” was incorporated in the supplementary budget of FY2019. Furthermore, with the project to establish a model of utilization of local 5G for resolving the problems in the field of education, the plan to demonstrate the ways for leaning and educational guidance that takes advantage of the merits of 5G in underway.</p>	
Human resource development and utilization in the industrial world	<ul style="list-style-type: none"> • In the “unexplored IT human resource discovery and development business,” identify individuals with high mathematical ability and in FY 2019 begin studying new methods for developing individuals who create information processing technology including AI technology and carry out implementation from FY 2020. 	<ul style="list-style-type: none"> • On the new methods for the “unexplored IT human resource discovery and development business,” the embodiment of the project through hearings of experts, etc. aiming to review it in FY2020 is proceeding. 	Minister of Economy, Trade and Industry

II. Reforms to Social Security Systems for All Generations

1. Securing employment opportunities up to the age of 70

(1) Major Progress of KPI

《KPI》 “2025: Employment rate for people aged 65-69: 51.6%” [96]

⇒2019: 48.4%

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Securing employment opportunities up to the age of 70	(Providing a variety of options) • To secure employment opportunities from the age of 65 up to the age of 70, we will provide the legal system with a variety of options, and let relevant companies examine mechanisms that enable the labor and management to discuss which of the options should be made available in the companies, and mechanisms that enable the companies to consult with respective employees to decide which option to apply to them.	• In relation with the Act on Stabilization of Employment of Elderly Persons, ¹⁰ we submitted a bill of law amendment ¹¹ to the 201st Session of the National Diet, which included an obligation of taking new measures and making the best endeavor to secure employment opportunities up to the age of 70, which was added to the existing obligations related to securing employment for workers up to the age of 65. The bill was enacted on March 31, 2020 (to be enforced on April 1, 2021).	Minister of Health, Labour and Welfare
	(Relation between this measure and the pension system) • Now people can start to receive pension at any point between the ages of 60 and 70, as they choose. We will extend the age range beyond 70. In addition, soon after discussions at the Social Security Council, we will revise the pension system for elderly people still working, paying attention to fairness, and keeping in mind the prospect of abolishing the system in the future to avoid discouraging their motivation for work.	• Based on the results of the financial review conducted in 2019, we discussed revision of the pension system for elderly people still working, expansion of the range of optional ages for starting receipt of pension, etc. at the review commission on social security systems for all generations and other meetings, so that we could secure and increase funds for pension by prolonging the period of employment. Then	Minister of Health, Labour and Welfare

¹⁰ The Act on Stabilization of Employment of Elderly Persons (Act No. 68 of 1971).

¹¹ The bill to amend the Employment Insurance Act, etc.

		<p>we compiled an “interim report of the review commission on social security systems for all generations” on December 19, 2019. Based on this report, we submitted a bill to amend the National Pension Act and other regulations for strengthening the functions of the pension system to the 201st Session of the National Diet, which included expansion of the age range for starting receipt of pension from the current 60-70 to 60-75, and hike of the reference value of monthly income for suspension of payment of employees’ special old age pension for people aged 60 to 64 from the current 280,000 yen to 470,000 yen, which is equal to the reference value for suspension of payment of old age pension for people aged 65 or older.</p>	
	<p>(Environment Improvements)</p> <ul style="list-style-type: none"> • We will provide an improved environment where the elderly can demonstrate their abilities and play active roles without any concern, by supporting construction of evaluation and reward systems that place emphasis on abilities and results for ensuring elderly people’s motivation and satisfaction; encouraging measures for employment of elderly people taken mainly by local governments; supporting career development and promoting recurrent education; and ensuring elderly people’s safety and health. <p>We will also support employment of women of middle and older age, for example by strengthening the functions of Silver Human Resources Centers, including promotion of participation of female members.</p>	<ul style="list-style-type: none"> • We increased subsidies for promoting employment of people over 65 and advanced regional cooperation projects on encouraging never retire, in order to create an environment where the elderly can demonstrate their abilities and play active roles without any concern. • In order to support career development in preparation for older age, we are striving, from FY2020 on, to establish career support centers, to provide training sessions for existing workers of middle and older age, and to develop and expand training programs for job losers of middle and older age. • We are giving publicity to the “Guidelines for Ensuring Older Workers’ 	Minister of Health, Labour and Welfare

		<p>Safety and Health.” From FY2020 on, with subsidies, we will support SMEs’ efforts to ensure older workers’ safety and health.</p> <ul style="list-style-type: none"> • In order to support employment of women of middle and older age, we have made efforts to promote exploration and matching of employment opportunities in shorthanded fields, as a measure to strengthen the functions of Silver Human Resources Centers, including promotion of participation of female members. 	
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2. Promotion of Mid-career Hiring and Hiring of People with Experience

(1) Major Progress of KPI

《KPI》 “2020: Ratio of hirees who have changed jobs: 9.0%” [98]

⇒2018: 8.2%

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Promotion of mid-career hiring and hiring of people with experience	<ul style="list-style-type: none"> Given 100-year-life, it is necessary to pursue reform of the employment system so that all workers with the desire to work can demonstrate their abilities fully. Especially it is important to make necessary revisions to large companies' traditional practice of hiring new graduates all at once in spring and to expand hiring of mid-career workers and persons with experience through year-round recruitment. <p>To this end, companies have to revise their employment system and their evaluation and reward system. The government will request individual large companies to disclose their ratio of hired mid-career workers and persons with experience to all new employees.</p>	<ul style="list-style-type: none"> In relation with the Labor Measures Comprehensive Promotion Act ¹², we submitted a bill of law amendment ¹³ to the 201st Session of the National Diet, which requires large companies to disclose their ratio of hired mid-career workers and persons with experience to all new employees. The bill was enacted on March 31, 2020 (to be enforced on April 1, 2021). We released a video introducing good practices of employment systems and evaluation and reward systems of companies which are active in hiring mid-career workers and persons with experience. 	Minister of Health, Labour and Welfare

¹² The Act on Comprehensive Promotion of Labor Measures, Stabilization of Employment of Employees and Enrichment of Their Working Lives (Act No. 132 of 1966).

¹³ A bill to amend the Employment Insurance Act.

3. Expansion of Diverse and Flexible Work Styles

(1) Major Progress of KPIs

《KPI》 “2020: 3-fold rise vs. FY2012 in the percentage of companies adopting telework” [102]

⇒2019: 20.2% (2012: 11.5%)

《KPI》 “2020: 55% of women continue employment after birth of first child” [108]

⇒2015: 53.1%

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Expansion of diverse and flexible work styles	<ul style="list-style-type: none"> • We will promote propagation of side jobs and multiple jobs, paying attention to restriction of long working hours and securement of workers' health. We will give publicity to the guidelines and the revised “model work rules.” In addition, we will accelerate discussions at the review commission about ways to enhance securement of workers' health and effective ways to manage working hours, and reach conclusions by the end of 2019. Furthermore, we will start discussions at the Labor Policy Council to reach conclusions as soon as possible. • Now, compensation for work-related accidents in case of side jobs and multiple jobs is discussed at the Labor Policy Council. We will proceed with summarizing various arguments to reach conclusions as soon as possible. • At a “review commission for summarizing issues related to employment-like work styles,” we will summarize, by summer of 2019, 	<ul style="list-style-type: none"> • We are giving publicity to the guidelines, through distributing pamphlets, holding seminars, etc. • We compiled a report on ways to manage working hours and to secure workers' health at the review commission in August of 2019, and we are furthering arguments at the Labor Policy Council. • In regard to how to compensate for work-related accidents, we compiled a report titled “Workers' Compensation Insurance Payment to Workers with Multiple Jobs” at the Labor Policy Council in December of 2019, and submitted a bill of law amendment¹⁴ to the 201st Session of the National Diet in February of 2020, which was enacted on March 31, 2020 (to be enforced on April 1, 2021). • At the “review meeting for summarizing issues related to employment-like work styles,” we examined how to 	Minister of Health, Labour and Welfare

¹⁴ The bill to amend the Employment Insurance Act.

	<p>some challenges related to work styles free from employment relationship, such as freelancing, including specification of contract terms, clarification of rules for deciding, changing and terminating contract terms, and adequate remuneration, so that we can investigate them from a medium- and long-term perspective, including the necessity of legal protection. The challenges of special priority will be examined promptly.</p>	<p>give protection to employment-like work styles, and made an interim report in June of 2019.</p> <p>We will continue to examine the issue with focus on items identified in the interim report as challenges of special priority, including specification of contract terms, clarification of rules related to deciding, changing and terminating contract terms, and adequate remuneration.</p> <p>After grasping and summarizing the present situation in a centralized manner, the Cabinet Secretariat will formulate government policies for the future in cooperation with concerned government agencies.</p>	
Support for realizing the work style that enables the maximum productivity	<ul style="list-style-type: none"> • With thorough supervision and guidance, we will strive to ensure appropriate operation of the regulation with penalty on overtime work which came into effect to large companies as of April of 2019. In addition, in preparation for application of the rule to SMEs in April of 2020 and to construction businesses, doctors, etc. in April of 2024, we will enhance the consulting system and give the widest possible publicity to the regulation. In the grace period for application, we will formulate necessary laws and encourage and help relevant employers to take measures for reducing overtime work and ensuring workers' health in order to ensure smooth application of the regulation. 	<ul style="list-style-type: none"> • We are seeking to operate the regulation appropriately. For example, when large companies violate the overtime cap, we give guidance to them so that they can correct their practice. • In preparation for its application to SMEs in April of 2020 and to some industry types eligible for a grace period in April of 2024, we are striving to make the regulation known to all members of the working hours counseling/support units set up at Labor Standards Inspection Offices all over Japan, and of the Work Style Reform Promotion Support Centers established in 47 prefectures. • Three new laws¹⁵ were 	Minister of Health, Labour and Welfare

¹⁵ The Act to Amend the Act for Promoting Quality Assurance in Public Works (Act No. 35 of 2019), and the Act to Amend the Construction Business Act and the Act for Promoting Proper Tendering and Contracting for Public Works (Act No. 30 of 2019).

		<p>enacted for reform of work style in the construction industry, and they have been enforced sequentially.</p> <ul style="list-style-type: none"> • The revised Motor Truck Transportation Business Act ¹⁶ was enacted for reform of work style in the truck transportation industry. While striving to operate the law properly, we have been executing the government's action plans for realization of work style reform steadily, including deployment of a "white logistics" promotion movement aimed at fairness in transactions and creation of an employee-friendly working environment. In addition, we are giving publicity to the guidelines formulated in November of 2018 at seminars held in various prefectures. • At the "review commission for promoting reform of doctors' work style," we are discussing matters related to doctors' work style that require actions to be taken in medical jurisprudence and medical care policies, including a change in the system. To reduce doctors' overtime work, we are considering propagation and promotion of task shifting/sharing, including institutional measures, at the "review commission for promoting task shifting/sharing for reform of doctors' work style." In addition, we are discussing management reform (especially change in awareness of managers of medical facilities and reform of personnel management) and improvement of 	
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¹⁶ The Act to Amend the Motor Truck Transportation Business Act (Act No. 96 of 2018).

		business efficiency by use of ICT, while we are taking budgetary steps for those measures.	
Further expansion of women's active participation and promotion of diversity management	<ul style="list-style-type: none"> We will correct the present situation of women overburdened with childcare and housework by encouraging men's participation, so that women can continue their career after giving birth. 	<ul style="list-style-type: none"> To promote men's participation in childcare, we are not only giving the widest possible publicity to the Child Care and Family Care Leave Act¹⁷ and striving to ensure its appropriate operation, but also taking measures, including the Ikumen (childcare men) Project, to encourage companies to create workplace culture in which it is easy for men to take paternity leave. In addition, we are providing subsidies to employers who have created working environments where taking paternity leave is easy. 	Minister of Health, Labour and Welfare

¹⁷ The Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children and Other Family Members (Act No. 76 of 1991).

4. Prevention of Disease and Nursing Care

(1) Major Progress of KPI

《KPI》 “Aim to prolong healthy life expectancy by at least three years for men and women to at least 75 years” [113]

(2) Major Progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Promotion of disease prevention	<p>(System to support insurers' efforts (National Health Insurance))</p> <ul style="list-style-type: none"> It is necessary to enhance incentives for insurers to prevent diseases and to promote health in order to roll out advanced local governments' models horizontally. We will strengthen the support system for insurers' efforts drastically in order to give a higher position to disease prevention in the public insurance system. At the same time, we will evaluate initiatives contributive to disease prevention, and increase variation in support allotment by (a) giving higher points to prevention of the aggravation of lifestyle diseases, introduction of incentives to individuals and rise in dental checkup rate and cancer screening rate, and (b) giving higher points according to results of disease prevention and health promotion measures to promote introduction of excellent private services. 	<ul style="list-style-type: none"> In July of 2019, after discussing evaluation indicators with local governments for the FY2020 support system for insurers' efforts, we increased variation in support allotment by giving higher points to evaluation indicators related to disease prevention and health promotion (specific health examination and specific health guidance, prevention of the aggravation of diabetes and other lifestyle diseases, introduction of incentives to individuals, rise in dental checkup rate and cancer screening rate), and made some revisions to the system, including introduction of an outcome indicator related to prevention of the aggregation of a disease (the number of incident dialysis patients). In addition, with the FY2020 budget, we strengthened the support system for insurers' efforts drastically, appropriating 50 billion yen newly (200 billion yen for operating expenses and 300 billion yen for items linked to operating expenses), to promote 	Minister of Health, Labour and Welfare

	<p>(System for addition and subtraction of the amount of payment to the late-elderly support fund (health insurance societies))</p> <ul style="list-style-type: none"> • We will strengthen incentives for insurers' (health insurance societies') disease prevention and health promotion measures by increasing the maximum percentages of both addition and subtraction of the amount of payment to the late-elderly support fund to 10% on both sides in FY2020, from 0.23% in FY2017. 	<p>disease prevention and health improvement.</p> <ul style="list-style-type: none"> • Since FY2018, we have been increasing the scope and maximum rate of additional payment to the late-elderly support fund gradually. We set the maximum rate of addition for FY2020 at 10%. As for subtraction, we made comprehensive evaluation with several indicators, including specific health examination rate and specific health guidance rate as well as cancer screening rate and dental checkup rate, and set three categories of subtraction according to the status of their achievements. We set the maximum subtraction rate for payment to the support fund at 10% in FY2020. 	Minister of Health, Labour and Welfare
Promotion of prevention of nursing care	<p>(Nursing care incentive grants (grants for promotion of insurers' enhancement of their functions))</p> <ul style="list-style-type: none"> • It is necessary to improve insurers' and prefectures' incentives in order to roll out advanced local governments' nursing care prevention models horizontally. We will enhance incentive grants for nursing care drastically to give a higher position to prevention of nursing care in the public insurance system. At the same time, we will evaluate initiatives contributive to prevention of nursing care, and increase variation in grant allotment, based on (a) use of private services leading to activation of elderly persons' mind and body, such as exercise services, expansion and improvement of facilities where local old people can meet and interact with one another, and utilization of points, for prevention of nursing care, and (b) the number of elderly persons participating as nursing assistants and 	<ul style="list-style-type: none"> • To give a higher position to nursing care prevention in the public insurance system, we have introduced support grants for insurers' efforts related to long-term care insurance (20 billion yen for improving the social security system), in addition to the existing grants for promotion of insurers' enhancement of their functions (20 billion yen), and decided that the new grants should be used only for initiatives contributive to nursing care prevention and health promotion to ensure their effective utilization for these ends. <p>In the criteria for allotment of the grants in FY2020, we</p>	Minister of Health, Labour and Welfare

	points given to volunteers and nursing assistants, for promotion of employment and active roles of the elderly.	have focused our assessment on prevention of nursing care and promotion of health as well as initiatives contributive to promotion of the elderly's employment and active roles.	
Promotion of evidence-based policy making	<ul style="list-style-type: none"> In promoting initiatives contributive to prevention of disease and nursing care, it is important to reflect evidence-based evaluation in the initiatives. To this end, we will make verification projects to accumulate evidence and to confirm the health promotion effects of disease prevention and health promotion measures using data. To ensure statistical accuracy, the government will make basic policies for the verification, including target fields and verification methods, and encourage insurers and others to implement appropriate prevention and health promotion projects based on results of the verification. 	<ul style="list-style-type: none"> The Ministry of Health, Labour and Welfare (MHLW) and the Ministry of Economy, Trade and Industry (METI) will start large-scale verification projects for confirming the health promotion effects of disease prevention and health promotion measures using data, sequentially from the summer of 2020. In preparation for the verification, we have exchanged opinions with experts of statistics to ensure statistical accuracy. As they are large-scale projects related to disease prevention and health promotion, we have appropriated 730 million yen of MHLW (the budget for FY2020) and 1.5 billion yen of METI (the sum of the revised budget for FY2019 and the budget for FY2020). 	Minister of Health, Labour and Welfare, and Minister of Economy, Trade and Industry
Promotion of behavioral change by use of nudge theory	<ul style="list-style-type: none"> To ensure that health examination results and health examination notices will lead to individuals' behavioral change and increase in examination rates, we will improve our way of providing information, using nudge theory, for greater ease of understanding for examinees, with use of overall statistics, comparison with mean values, provision of future predictions, etc. 	<ul style="list-style-type: none"> In various scenes, we are giving publicity to the "Handbook on Measures for Increasing Examination Rates (the second edition)" that uses nudge theory. In addition, we are supporting insurers' efforts to recommend medical examinations. In regard to specific health examination, we divided the country into 7 blocks in FY2019. In respective blocks, we held meetings with local staff, and attempted to roll out advanced and good practices related to encouraging people 	Minister of Health, Labour and Welfare

		to receive examinations horizontally.	
Promotion of disease prevention and health improvement services	<p>(Promotion of companies' health management and health investment)</p> <ul style="list-style-type: none"> We will promote cooperation between health insurance societies and companies by using health scoring reports that visualize the societies' efforts to prevent disease and to promote health. By visualizing the amount of their health investments, we will ensure that the capital market evaluates companies' health management properly. <p>(Improvement of the quality of health care services)</p> <ul style="list-style-type: none"> We will formulate a guideline for improving the quality of health care services. We will also standardize health care data. 	<ul style="list-style-type: none"> We started sending health scoring reports to health insurance societies in FY2018 (in FY2019, reports were sent in September). From FY2021 on, reports for respective employers will be prepared. To visualize companies' health investments, we have been holding review commission meetings titled "Visualization of Health Investments" since September of 2019, making discussions for visualization of health investments and their effect. Based on these discussions, we will compile a "Health Investment and Management Accounting Guideline" in June of 2020, setting up a framework for companies' effective health management and dialogues with various markets, including the capital market. In line with the guideline, by the end of FY2020, we will summarize how to disclose information regarding health management to be used in the capital market, in anticipation of introduction of incentives further promoting companies' health investments. In April of 2019, we compiled a document titled the "Principles of Health Care Service Guidelines". We are encouraging all industrial associations related to health care to formulate their own voluntary guidelines, and assisting them in their 	<p>Minister of Internal Affairs and Communications, Minister of Finance, Minister of Education, Culture, Sports, Science and Technology, Minister of Health, Labour and Welfare, and Minister of Economy, Trade and Industry</p> <p>Minister of Economy, Trade and Industry</p>

		<p>voluntary efforts to improve the quality of health care.</p> <p>In regard to use of information from health examinations, we set up a “review commission for promoting use of PHRs (personal health records) to improve people’s health” at MHLW, and based on the “Points to Consider in Examining PHRs from the Point of Views of the Public and Patients” compiled at the commission, the private sector utilization working unit is examining how to provide information in the form of PHRs, how to use PHRs in private businesses, rules to observe, etc. in coordination with relevant ministries and agencies.</p>	
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III. Reinforcement of Regional Measures under Population Decline

1. Maintenance of Community Infrastructure and Competition Policy

(1) Major progress of KPI

《KPI》 Aim for a service industry labor productivity growth rate of 2.0% by 2020 [130]

⇒2018: -0.03% (2017: 0.18%)

《KPI》 Increase the number of profitable SMEs and micro businesses from 700,000 to 1.4 million by 2020 [131]

⇒FY2017: 990,983 companies (FY2016: 954,546 companies)

(2) Major progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Maintenance of community infrastructure and competition policy	<ul style="list-style-type: none"> The failure of “core community businesses,” such as regional banks and bus service operators that provide core services in the community, would have an immense adverse impact on the region and their sustenance continues to pose a national challenge. <p>On the other hand, the local business of operators in these two sectors is deteriorating rapidly today with the declining birthrate and population decline. Management integration and joint management are some of the alternatives that such businesses can use to strengthen their management capabilities quickly to sustain community infrastructure functions.</p> <p>For this reason, special measures on management integration, etc. should be implemented exclusively for such core community businesses to sustain the local community. In doing so, it is essential that the “interests of general consumers,” the ultimate objective of the Anti-Monopoly Act, are secured to prevent any harmful impact of management integration from reaching consumers and users, and to utilize the fruits of management integration for the sustenance of local community infrastructure and economic</p>	<ul style="list-style-type: none"> In order to maintain the services provided by bus service operators and regional banks, a bill on special measures of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, which establishes special measures of the Anti-Monopoly Act for the maintenance of the provision of basic services related to the general passenger motor transport business and banking business in the region, was submitted to the 201st session of the Diet. 	Prime Minister (Minister in charge of Economic Revitalization)

	<p>development. Close cooperation between the Japan Fair Trade Commission and competent government agencies is presupposed to ensure that the findings of both agencies are utilized to the maximum extent possible.</p> <p>First, it is imperative to maintain bus services, which constitute an important means of transportation for local residents, particularly for senior citizens. Many people have voiced their concerns about the unpredictable conditions in their regions. One typical case would be to allow bus service operators to optimize the number of frequent services in the city center through joint management or other measures, so that they can adjust their revenue and maintain services on low-demand routes. This should lead to enhanced convenience for local residents. The new scheme will be realized on the premise of establishing a stakeholder council in the region.</p> <p>Second, regional banks support the local economy as the main banks for 70 to 80 percent of businesses in their respective regions. If their performance were to deteriorate, the negative effects including reduced lending would extend to depositors and borrowers, hindering the banks' ability to provide smooth financial intermediation in the region. In order to improve the business of regional banks at an early stage, management integration will be approved as a special measure, even if that meant the banks would command a large market share, in accordance with the extra capacity generated by management integration on the premise that efforts will be made to maintain services in regions.</p> <p>A law on special measures will be established for these purposes. The measures will be in effect for a period of 10 years and the bill for the law on special measures will be submitted to the ordinary session of</p>		
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	the Diet in 2020.		
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2. Supplying Human Resources to Regions

(1) Major progress of KPI

《KPI》 Aim for a service industry labor productivity growth rate of 2.0% by 2020 [130] (Repeat)

⇒2018: -0.03% (2017: 0.18%)

《KPI》 Increase the number of profitable SMEs and micro businesses from 700,000 to 1.4 million by 2020 [131] (Repeat)

⇒FY2017: 990,983 companies (FY2016: 954,546 companies)

(2) Major progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Supplying human resources to regions	<ul style="list-style-type: none"> To increase productivity across Japan, more flexible options must be made available for all occupations nationwide in all regions and industries. <p>In particular, in regions that face decline, securing professional and management human resources that would help enhance their corporate management levels carries huge significance. Meanwhile, with the arrival of the era of the 100-year life, there will be a growing trend to seek job changes, freelancing and side businesses as well as opportunities for retirees to play an active role post mandatory retirement, primarily for those in major urban centers. These two needs mutually complement one another and strategically matching them will be one of the top priorities in promoting the active role of human resources and increasing productivity in the future.</p> <p>Often, however, SMEs and micro businesses in regions have not identified the kind of human resources they require and the functions they expect from human resources. This often translates into the difficulty of posting appropriate job offers or providing appropriate compensation to the talent they have acquired.</p> <p>Consequently, the labor market in regions remains immature. This is why employee placement businesses</p>	<ul style="list-style-type: none"> In professional human resources business, the Professional Human Resources Strategic Bases established in 45 prefectures (excluding Tokyo and Okinawa) are working together with regional financial institutions, etc. to enable regional companies to launch “aggressive management” by starting new businesses or developing new sales channels while supporting the matching of professional human resources to support their growth strategies. Also, the bases collaborate with leading companies in urban areas to execute a backflow of human resources in temporary assignment, training and other forms. <p>As of the end of March 2020, there were 43,867 consultations and 8,617 contracts since the project was implemented in January 2016.</p>	Prime Minister (Minister of State for the Promotion of Overcoming Population Decline and Vitalizing Local Economy in Japan)

	<p>are reluctant to expand into regions and the local inflow of human resources is limited.</p> <p>Considering the current situation, efforts will be focused and concentrated on the following: (i) reinforcing the functions for supporting local companies at the receiving end to clarify their management strategy and human resource requirements (promote the involvement of local financial institutions, etc.); (ii) fundamentally improving matching functions with human resources in major urban centers; and (iii) building a framework for promoting the supply of human resources from major urban centers to regions and promptly speeding up the flow of professional and management human resources from major urban centers to regions.</p>		
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3. Revitalization of Communities with Rapidly Declining Populations

(1) Major Progress of KPI

《KPI》 Aim for a service industry labor productivity growth rate of 2.0% by 2020

[130] (Repeat)

⇒2018: -0.03% (2017: 0.18%)

《KPI》Increase the number of profitable SMEs and micro businesses from 700,000 to 1.4 million by 2020 [131] (Repeat)

⇒FY2017: 990,983 companies (FY2016: 954,546 companies)

(2) Major progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Revitalization of communities with rapidly declining populations	<ul style="list-style-type: none"> In communities with rapidly declining populations, human resources who shoulder responsibilities in local industry, such as agriculture, forestry, fisheries and commerce, are in short supply, which has added to the difficulty of sustaining the local community and economy. For this reason, measures will be taken to secure human resources for community development and encourage them to play an active role. 	<ul style="list-style-type: none"> The Act on the Promotion of Specific Regional Development Projects to Cope with the Rapid Decline in Regional Population (Act No. 64 of 2019) was enacted at the 200th session of the Diet, and will come into effect in June 2020. To this end, in the budget for fiscal 2020, a grant for the promotion of the specific regional development project was allocated to support business cooperatives that dispatch human resources to businesses in regions based on the Act, as well as the promulgation of the enforcement regulations¹⁸ and the holding of briefing sessions in each regional block. 	Prime Minister (Minister of State for Regional Revitalization), Minister for Internal Affairs and Communications

¹⁸Enforcement Regulations for the Act on the Promotion of Specific Regional Development Projects to Cope with the Rapid Decline in Regional Population (Ordinance of the Ministry of Posts and Telecommunications No. 11)

4. Tourism, Sports, and Culture and the Arts

(1) Major progress of KPI

《KPI》 Aim to increase the number of international visitors to Japan to 40 million in 2020 and 60 million in 2030 [146]

⇒2019: 31.88 million (2012: 8.36 million)

《KPI》 Aim to increase the amount of consumption by international visitors to Japan to 8 trillion yen in 2020 and 15 trillion yen in 2030 [147]

⇒2019: 4.8135 trillion yen (2012: 1.0846 trillion yen)

《KPI》 Expand the sports market size to 10 trillion yen by 2020 and 15 trillion yen by 2025 [153]

⇒2017: 8.4 trillion yen (provisional estimate of sports GDP)

《KPI》 Expand GDP of arts and culture to 18 trillion yen (about 3% of GDP) by 2025 [156]

⇒2016: 8.9 trillion yen (2015: 8.8 trillion yen)

(2) Major progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Realization of a tourism-based country	<ul style="list-style-type: none"> Measures to make Japan a world-class tourism destination will be continued as tourism is a decisive factor in the achievement of regional revitalization and a pillar of the growth strategy. 	<ul style="list-style-type: none"> The Government has launched measures to make Japan a world-class tourism destination based on the "Tourism Vision Realization Program 2019" (adopted by the Ministerial Conference on Promotion of Tourism-oriented Country of June 2019). The concrete steps adopted to develop the environment for receiving visitors include announcements in multiple languages, free Wi-Fi and cash-free transactions. Also, to develop new attractions in regions, the Government has promoted the development of internationally competitive snow resorts, the use of museums and art galleries as cultural tourism resources, and the expansion of hands- 	All ministers

		<p>on content in national parks.</p> <p>In addition, as part of its efforts to promote the appropriate role sharing and enhanced collaboration between the Japan National Tourism Organization and regions, the Government has made clear that the regions assume the role of developing the environment for receiving visitors. Furthermore, measures to sophisticate promotional activities and consultation services in each region have been stepped up so that the Japan National Tourism Organization can effectively disseminate the appeal of different regions.</p>	
Future development of the sports industry	<ul style="list-style-type: none"> • Governance codes for sports organizations will be formulated and a mechanism for their implementation will be established during FY2019 to encourage management reforms based on the two pillars of ensuring governance and improving the profitability of national sports federations. A manual on the promotion and marketing strategy will be developed during FY2019 and an advanced model will be formulated. Also, a review will be conducted on new forms of support including encouraging national sports federations to secure their financial base through management reform. 	<ul style="list-style-type: none"> • Governance codes for sports organizations for both the national sports federations and other general sports organizations were formulated (June 10 and August 27, 2019, respectively). Starting in FY2020, each of the national sports federations will explain and announce their compliance status while the governing body will conduct a compliance review every four years. • The Government formulated a manual on dissemination and marketing strategy in March 2020 and supported two organizations towards the formulation of an advanced model. • The Government examined new forms of support including encouraging national sports federations to secure their financial base through management 	Minister of Education, Culture, Sports, Science and Technology

		reform. Starting in FY2020, the Government implemented budget measures to support outstanding promotion and marketing efforts by national sports federations.	
Economic vitalization through arts and culture	<ul style="list-style-type: none"> The “Tokyo National Museum New Era Plan” that seeks to upgrade the Tokyo National Museum into a world-class facility will be implemented steadily, and the outcomes will be rolled out horizontally at other museums. In addition, the Government will promote initiatives that feature the respective regions by, for instance, showing well-known works with close ties with the locality that are owned by the national government at regional museums, art museums, and other facilities. As another initiative, the Government will examine a new framework geared towards creating culture-related inbound tourism. Furthermore, the legacy of the International Council of Museums (ICOM) Kyoto Conference 2019 will be utilized to reinforce the functions of local museums. Efforts will be made to create a positive cycle by thoroughly utilizing cultural stock at cultural facilities, such as working to enhance and visualize collections and improving the quality of curators. 	<ul style="list-style-type: none"> The Tokyo National Museum will promote multilingual announcement and guidance to make it more accessible to foreign visitors. The four national museums decided to raise the fees for permanent exhibitions (from April 2020) to support the improvement of the viewing environment. To promote cultural tourism in regions, a draft law on the promotion of cultural tourism in regions centered on cultural tourism facilities was submitted to the 201st session of the Diet. With regard to the strengthening of museum functions, the Museum Division of the Council for Cultural Affairs was newly established in November 2019 to promote ongoing discussions on museum policy, with a view to the discussions at the International Conference of Museums (ICOM) Kyoto 2019. To create a positive cycle by thoroughly utilizing cultural stock at cultural facilities, the Government has exchanged opinions with the art world and industry at the “Industry-Academia-Government Collaboration Roundtable” and other meetings. 	Minister of Education, Culture, Sports, Science and Technology

5. National Strategic Special Zones

(1) Major progress of KPI

《KPI》 Japan aims to be ranked within the top three among the developed countries in the World Bank's Ease of Doing Business ranking by 2020 [20] (Repeat)

⇒Ranked 18th at the time of announcement in October 2019 (7 places higher than previous year)

《KPI》 Tokyo aims to be ranked in the top three in the Global Power City Index by 2020 [28] (Repeat)

⇒Ranked 3rd in 2019 (4th in 2012)

(2) Major progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
National Strategic Special Zones	<ul style="list-style-type: none"> From the perspective of creating a sound competitive environment and based on the National Strategic Special Zone System, efforts will be made to develop the technological foundation for Society 5.0 and urgently establish a legal system that simultaneously and comprehensively promotes multiple regulatory reforms distinctive to the regions based on the consensus of local residents. Their aim is to realize the "Super City" initiative that seeks to develop, as global pioneers, "whole future cities" that materialize the future living through the use of AI and big data. In addition, efforts will be made to create a 'sandbox system' for area-specific regulations in order to speed 	<ul style="list-style-type: none"> With regard to the "Super City" initiative, a bill¹⁹ to revise the Act on National Strategic Special Zones was submitted to the 201st session of the Diet. The bill, centered around the data collaboration platform projects for National Strategic Special Zones, aims to promote rapid and integrated regulatory reform for the implementation of advanced projects based on the consensus of local residents. Also, to realize this plan, the FY2020 budget incorporated research and studies on the construction of a cross-sectoral data collaboration platform in the selected cities, support for the creation of advanced business plans by utilizing data, and operational support for holding council meetings and other activities. With regard to the sandbox system for area-specific regulations, a bill²⁰ to revise 	<p>Prime Minister (Minister of State for Regional Revitalization)</p> <p>Prime Minister (Minister of State for</p>

¹⁹Draft bill to partially revise the Act on National Strategic Special Zones

²⁰Draft bill to partially revise the Act on National Strategic Special Zones

Provisional Translation

	up and facilitate the demonstration testing of technologies of the near future.	the Act on National Strategic Special Zones to create the said system was submitted to the 201st session of the Diet.	Regional Revitalization)
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6. Increase Productivity of SMEs and Micro Businesses

(1) Major progress of KPI

《KPI》 Aim for 2.0% growth of labor productivity of service industry by 2020 [130] (Repeat)

⇒2018: -0.03% (2017: 0.18%)

《KPI》 Aim to promote the introduction of IT tools for approximately 1 million firms, that are equivalent to about 30% of SMEs and micro businesses in the three years until 2020 [132]

⇒132,139 companies(as of March 2020)

《KPI》 Increase the number of profitable SMEs and micro businesses from 700,000 firms to 1.4 million firms by 2020 [131] (Repeat)

⇒FY2017: 990,983 companies (FY2016: 954,546 companies)

《KPI》 Aim to raise the business entry rate above business exit rate at levels comparable to those in the US and the UK (10% range) [133]

⇒FY2018: Entry rate 4.4% (FY2017: 5.6%), exit rate 3.5%(FY2017: 3.5%)

《KPI》 Increase the ratio of SMEs which have overseas subsidiaries by 1.5 times compared to that in 2015 by 2023 [134]

⇒2017: 1.09 times (2016: 1.03 times)

(2) Major progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Support for digital implementation	<ul style="list-style-type: none"> In order to disseminate initiatives for utilizing digitalization for productivity improvement, the Government will continue to promote support in different forms including the Manufacturing Promotion and IT Introduction Subsidy. Also, plans to expand the scope of subsidies that promote digitalization, including cloud accounting in the start-up stage and the use of digital tools, such as crowdfunding, will be examined as positive factors to be considered at the time of introduction. 	<ul style="list-style-type: none"> Some 9,531 projects were adopted and supported under the “Manufacturing, Commercial and Service Productivity Improvement Promotion Subsidy” as FY2018 supplementary budget projects and 1,429 projects (as of March 2020) as FY2019 supplementary budget projects (first deadline). In addition, some 7,386 projects were adopted and supported as "Projects to Support the Introduction of IT for Improving Productivity in Services, etc." (FY2018 supplementary budget projects), and 2,464 projects (as of March 2020) as 	Minister of Economy, Trade and Industry

		<p>FY2019 supplementary budget projects (first deadline).</p> <p>Also, regarding subsidies in which the application of digital tools is regarded as positive factors to be considered at the time of introduction, their application was incorporated as a positive factor in the “subsidies for the sustainable development of small-scale business operators” in addition to the “Manufacturing, Commercial and Service Productivity Improvement Promotion Subsidy.”</p> <ul style="list-style-type: none"> • Measures to support dissemination to be examined in addition to digitalization on a company-by-company basis include data lending, bridge financing services based on electronically recorded receivables for allocated subsidies, EDI-related services, and promotion of digitalization by support organizations. • Regarding the method of operating the credit guarantee system involving data lending for transaction data-based short-term and small-lot loans, the parties involved in the system reached certain conclusions regarding the possibilities for simplifying the procedure. • The number of financial institutions that offer bridge financing services based on electronically recorded receivables for allocated subsidies is scheduled to be increased to 10 (with 51 other institutions studying the collaboration). Also, the number of eligible subsidies will be expanded. • The “Standards for Promotion” under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises (Act No. 145 of 1970) were revised in January 2020 to improve the productivity of small- and medium-sized subcontractors. The revised law encourages subcontracting entrepreneurs 	Minister of Economy, Trade and Industry
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		<p>to take the lead in subcontractors' initiatives to promote digitalization including the introduction of electronic ordering system based on common EDI for SMEs and electronic means of settlement. Also, the "Supply Chain Efficiency Improvement Type" was newly added to the Subsidy for Manufacturing and Service of SMEs to assist the measures for the introduction of EDI-related services.</p> <ul style="list-style-type: none"> • An IT platform named "Kokokara App" was developed as an IT tool that supports responses to management issues (some 142 tools are listed as of March 2020). 	
Promotion of management resource succession	<ul style="list-style-type: none"> • In order to promote new business development on the occasion of business succession, the existing business succession subsidy will be expanded and prioritized on second start-ups and venture business succession. In addition, measures to encourage management resource-transfer type business startups and third-party succession, etc. will be promoted by radically expanding the business succession support database and business successor human resource banks. 	<ul style="list-style-type: none"> • In September 2019, the business succession support database was made available to private financial institutions, which led to an increase in the number of registered projects (approximately 4,400 projects were registered as of January 2020). • The "business successor human resource banks" will be expanded into 48 Business Succession Support Centers across Japan by the end of FY2020. 	Minister of Economy, Trade and Industry
Personal guarantee	<ul style="list-style-type: none"> • The special provisions of the "Guidelines for Personal Guarantee Provided by Business Owners," which ensure that financial institutions would in principle not demand overlapping guarantees from both the previous business owner and their successor, will be formulated before the end of this year to prevent a situation where personal guarantee stands in the way of business succession. A system will be put into place where businesses can receive professional advice for confirmation 	<ul style="list-style-type: none"> • The special provisions of the "Guidelines for Personal Guarantee Provided by Business Owners," which ensure that financial institutions would in principle not demand overlapping guarantees from both the previous business owner and their successor, were formulated on December 24, 2019. • Support operations by professionals aimed at 	Prime Minister (Minister of State for Financial Services), Minister of Finance, Minister of Economy, Trade and Industry

	<p>and support so that SMEs, etc. can fulfill the requirements without personal guarantee. Also, policies will be promoted to establish new credit guarantee menus that do not require personal guarantee by business owners at the time of business succession and to reduce the fee burden to as low as zero at a maximum. In addition, the Shoko Chukin Bank will no longer require guarantees in principle while government-affiliated financial institutions and Credit Guarantee Associations will strengthen their measures. Further efforts will be made through these measures to encourage private financial institutions to extend loans without personal guarantee.</p>	<p>eliminating personal guarantee requirements at the time of business succession starts in April 2020.</p> <ul style="list-style-type: none"> • New credit guarantee menus that do not require personal guarantee by business owners at the time of business succession will be established and put into operation in April 2020. The credit burden will be reduced to as low as zero at a maximum when the case is confirmed by professionals. • The Shoko Chukin Bank removed the credit guarantee requirement in principle in January 2020. 	
Promotion of appropriate and industry-specific business relationships	<ul style="list-style-type: none"> • The cost reduction pressure by dominant subcontracting entrepreneurs could be a reason why SMEs serving as subcontractors find it difficult to raise the level of their wages and capital investment. Consequently, issues related to transactions experienced by SMEs in each individual industry will be identified and competition legislation, SME legislation, etc. will be fully utilized to make fine-tuned improvements. In this process, following an analysis of the conditions of profits and added value, labor and capital allocation by industry, industry sector and company size, a survey on the status of subcontractors will be conducted by investigators of subcontracting relationship with a focus on industries where the disparity between the main subcontracting entrepreneur and subcontractor is particularly large. These measures should encourage large firms and SMEs to share their fair share of cost increases and big companies to cooperate with SMEs in implementing digital technologies, thereby improving the productivity of SMEs across the supply chain and adding values to the economy to 	<ul style="list-style-type: none"> • A meeting by the “Eminent Persons Group on Value Creation Businesses” was held to identify the issues such as the price pass-through by SMEs based on an analysis, etc. by industry, industry sector and company size. An interim report compiled in February 2020 confirmed the direction that further efforts should be made to promote the optimization of individual transactions and the spread of the co-existence, co-prosperity model based on collaboration among businesses and other means. • Also, in this fiscal year, investigators of subcontracting relationship visited some 4,566 companies (as of the end of March 2020) and conducted interviews. • (Repeat) The “Standards for Promotion” under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises (Act No. 145 of 1970) were revised in January 2020 to 	<p>Prime Minister (Minister of State for Special Missions of the Cabinet Office in charge of affairs concerning the Fair Trade Commission, Chairman of the National Public Security Commission), Minister of Internal Affairs and Communications, Minister of Agriculture, Forestry and Fisheries, Minister of Economy, Trade and Industry, Minister of Land, Infrastructure and Transport</p>

	<p>build a relationship based on coexistence and co-prosperity.</p>	<p>improve the productivity of small- and medium-sized subcontractors. The revised law encourages subcontracting entrepreneurs to take the lead in subcontractors' initiatives to promote digitalization including the introduction of electronic ordering system based on common EDI for SMEs and electronic means of settlement. Also, the "Supply Chain Efficiency Improvement Type" was newly added to the Subsidy for Manufacturing and Service of SMEs to assist the measures for the introduction of EDI-related services.</p>	
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7. Realization of reform across the entire agriculture, forestry and fishery industries and realization of smart industries

(1) Major progress of KPI

《KPI》 In the agricultural sector, almost all the business farmers will be engaged in data-based agriculture by 2025 [143]

*Progress will be ascertained based on the Census of Agriculture and Forestry, etc.

《KPI》 Increase the export value of agricultural, forestry, and fisheries products and foods to one trillion yen in 2019 (2012: 449.7 billion yen) [136]

⇒2019: 912.1 billion yen

《KPI》 Double the added value of forestry and wood industries derived from privately owned planted forest by 2028 (2015: 250 billion yen) [145]

⇒2018: 320 billion yen

(2) Major progress of measures

Item of Measures	Contents of Measures and Implementation Period	Status of Progress and Implementation	Minister in Charge
Acceleration of agricultural reform	<ul style="list-style-type: none"> In order to develop an environment for the steady and full-scale field implementation of smart agriculture by FY2022, comprehensive measures for research and development, demonstration and dissemination, and environmental development will be promoted. They include the development of smart agriculture technologies that can be introduced in various fields and a consultation system on smart agriculture for farmers in accordance with “the Program for Promotion of New Farming Technology Implementation (approved by the Headquarters on Creation of Regional Vitality in Agriculture, Forestry, and Fisheries on June 7, 2019).” 	<ul style="list-style-type: none"> Comprehensive measures to develop the environment for the full-scale field implementation of smart agriculture were adopted. They include the research and development of harvesting robots for vegetables and fruit trees, the demonstration and dissemination of an integrated system from production to shipment in 69 districts across the country, and the formulation of the "Guide on Preparing Farmland for Autonomous Farming Machines." 	Minister of Agriculture, Forestry and Fisheries
Promotion of export	<ul style="list-style-type: none"> In response to overseas food safety regulations, etc., domestic responses will be examined and strengthened to expedite the certification of facilities compliant with the standards in the destination countries. The introduction of legislation and other steps will be examined to strengthen the domestic system and enable the government to adopt an integrated approach in negotiations aimed at removing and relaxing regulations. 	<ul style="list-style-type: none"> Following an examination aimed at strengthening the system for overseas food safety regulations, a draft law on the promotion of export of agricultural, forestry and fisheries products and foodstuffs was submitted to the 200th session of the Diet session, and was enacted on November 20, 2019 (enacted 	Minister of Agriculture, Forestry and Fisheries

		on April 1, 2020). The law provides for the establishment of the “Agricultural, Forestry and Fishery Products and Foodstuff Export Division,” headed by the Minister of Agriculture, Forestry and Fisheries, formulation of basic policies for consultations with export destination countries and creation of an environment for export facilitation, measures to facilitate exports such as the issuance of export certificates and certification of facilities, and support for business operators engaged in export.	
Forestry industry reform	<ul style="list-style-type: none"> • A review of forest owners’ cooperative associations will be conducted for the purpose of diversifying collaboration methods between cooperatives to raise the scale of lumber mills and address other issues. 	<ul style="list-style-type: none"> • In order to contribute to the expansion of exports, and to respond to the needs for raising the scale of lumber mills, forest owners’ cooperative associations examined ways to strengthen the marketing system and submitted a bill to the 201st session of the Diet as part of the Forest Cooperative Act. The bill provides for the diversification of collaboration methods between cooperatives through the introduction of business transfers, division-mergers and independent mergers. 	Minister of Agriculture, Forestry and Fisheries

3. Implementation of KPI review

The “Action Plan” contains 157 KPIs, which are classified into three categories, A, B, and N, based on the progress of the respective KPI. KPIs that have progressed toward target achievement at a pace that exceeds the ratio of the transitional period to the period of target achievement period rate are categorized as A, while those that have not progressed as quickly as A are defined as B, and those that are difficult to evaluate at this point because data will not become available until the future (evaluation will be conducted as soon as data become available) are included in the N category. As for the current progress of the 157 KPIs, 63 are placed in category A, 74 in category B, and 20 in category N (see Appendix). Based on their progress, the "Innovative Business Activity Action Plan in Fiscal Year 2019" (approved by the Cabinet on July 17, 2020) will be revised to strengthen measures to improve productivity in a short period of time through innovative business activities.