

Outline of Economic Measures for Realization of Virtuous Cycles (December 5th 2013, Cabinet decision)

[Provisional Translation by Cabinet Office]

Basic Concept

- These measures constitute part of the “Economic policy package” adopted by the Cabinet on October 1, 2013.
- The government will promptly execute these five trillion yen-scale measures to securely pave the way to ending deflation and revitalizing the economy in conjunction with one trillion yen-scale taxation measures, and others incorporated in the package.

(Principles)

- Focus is placed on measures that will take effect during the first half of FY2014 in order to moderate rush demand and recoil reduction associated with the planned hike in the consumption tax rate.
- These measures are aimed not only at mitigating the recoil reduction in demand but also at ensuring a rapid return to a solid economic growth path by focusing on the measures that are highly effective in inducing private-sector demand such as consumption and capital investment and promoting innovations, thereby leading to the investment for the future, with a view to enhancing economic growth potential and achieving sustainable economic growth.

Specific Measures

I. Measures to strengthen competitiveness

1. Promotion of investments, creation of innovations, and others
 - (1) Promoting capital investment, and other measures which lead to strengthened competitiveness
 - (2) Advancing technological innovations and development
 - (3) Facilitating business development in overseas markets
 - (4) Strengthening financial functions, and reviewing the management of public and semi-public funds
2. Measures to save energy costs
3. Improvement of urban infrastructure in view of the Tokyo 2020 Summer Olympics and Paralympics
 - (1) Strengthening transportation and distribution networks
 - (2) Preparing Olympic and Paralympics facilities
4. Vitalization of communities, agriculture, forestry and fisheries industries, and small and medium-sized enterprises
 - (1) Regional and community development
 - (2) Vitalization of the agriculture, forestry and fisheries industries
 - (3) Innovation in small and medium-sized enterprises, and small-scale businesses

II. Policies for women, young people, the elderly and the disabled

1. Encouragement of women’s participation, support for child-rearing, and countermeasures for declining birthrate
 - (1) Encouraging women’s participation
 - (2) Child-rearing support and countermeasures for declining birthrate
2. Support for the fulfillment of young people’s capacities, and employment measures
3. Support for the elderly and the disabled

III. Acceleration of measures for reconstruction, disaster prevention and safety

1. Recovery/Reconstruction of areas damaged by the Great East Japan Earthquake
 - (1) Revival of Fukushima
 - (2) Community development through reconstruction
 - (3) Restoring the industries
 - (4) Supporting people in areas affected by disasters
 - (5) Compensating for the reductions of tax revenue earmarked for reconstruction
2. Improvement of the nation’s resilience, acceleration of disaster prevention/mitigation and addressing aging infrastructure, and enhancement of nuclear accident response and nuclear disaster control measures

- (1) Strengthening systems to address large-scale disasters
 - (2) Improving social infrastructure resilience to reflect specificity of the local economy
 - (3) Enhancing earthquake resistance of school facilities
 - (4) Enhancing nuclear accident response and nuclear disaster control measures
 - (5) Recovery from natural disasters such as typhoons
3. Realization of a safe and secure society
 - (1) Ensuring well-maintained public security
 - (2) Ensuring a sense of security
 - (3) Crisis management

IV. Measures for reducing impacts on low-income earners and child-rearing households and moderating the rush demand and recoil reduction

V. Realization of economic virtuous cycles

VI. Execution of economic measures

- (1) Prompt execution of the economic measures
- (2) Monitoring of their progress

Economic Impacts (preliminary estimate)

- **Expected impact on real GDP is approximately 1%.**
- **Impact on job creation is approximately 250 thousand.**
- **The economic measures for enhancing potential growth, in conjunction with the efforts for realization of virtuous cycles of the economy and one trillion yen-scale taxation measures in the “Economic policy package”, will stimulate business investment and consumption and enhance productivity, leading to economic growth accompanied by higher income and more jobs.**

Financial Size

[Trillion yen (Approximately)]

	Central Government Expenditure	Total Size
I. Measures to strengthen competitiveness	1.4	13.1
II. Policies for women, young people, the elderly and the disabled	0.3	0.4
III. Acceleration of measures for reconstruction, disaster prevention and safety	3.1	4.5
1. Recovery/Reconstruction of areas damaged by the Great East Japan Earthquake	(1.9)	(2.4)
2. Improvement of the nation’s resilience, acceleration of disaster prevention/mitigation efforts and others, realization of a safe and secure society	(1.2)	(2.1)
IV. Measures for reducing impacts on low-income earners and child-rearing households and moderating the rush demand and recoil reduction	0.6	0.6
Total amount	5.5	18.6

Note: Besides the indicated items, increase of tax allocations to local governments (1.2 trillion yen), obligatory assurance of national subsidization for a multiyear construction project (0.3 trillion yen) and fiscal investment and loan programmes (0.1 trillion yen) are included in total amount.