

(Provisional Translation)

Economic Measures for Realizing Investment for the Future

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Economic Measures for Realizing Investment for the Future

Chapter 1 Current state of the Economy and Basic Stance behind Economic Measures

With respect to the current state of Japanese economy, as structural factors such as the declining birthrate and aging population as well as slump in potential growth have progressed, despite improvement of employment and income situation, there is a lack of strength in private consumption and business investments. Also, risks of declining demand of the global economy and slowdown of global economic growth are concerned due to the sluggish emerging market economies and the outcome of the referendum on the UK's membership of the EU.

Abenomics, despite bringing about clear results such as improvement of employment and income situation, is still at about the halfway point. In order to overcome long lasting deflation completely, and to achieve medium- to long-term economic growth, over 2% in real GDP and 3% in nominal GDP, the government must pave the way for steady economic growth, maximizing the escape velocity from deflation. The government will promote structural reforms for raising potential growth to cope with aging society as well as support domestic demand.

At the recent Ise-Shima Summit, the G7 nations shared their strong concerns, and reached an agreement on mobilizing all the policies to cope with global economic risks. As the presidency of the summit who compiled this agreement, in light of the G7 leaders' declaration, Japan will further accelerate Abenomics by mobilizing monetary policy, fiscal policy, and structural reforms in cooperation with the Bank of Japan.

To achieve this, the government will implement comprehensive reforms of industrial structure, working style, labor market, and human resources development. The government will also accelerate the implementation of structural reforms, such as social security reforms, according to the reform progress schedule¹. Furthermore, the government decided to implement

¹ Roadmap of the Reform for the Economic and Fiscal Revitalization Plan (Committee on Promoting Both Economic and Fiscal Reform Simultaneously, on April 28, 2016)

comprehensive and bold economic measures for accelerating investment for the future.

This economic measures focus on policies that will lead to sustained economic growth led by private-sector demand and to steady realization of a society in which all citizens are dynamically engaged, beyond short-term demand stimulus.

The future is in our hands, and we can create our own bright future. This economic measures for realizing investment for the future will allow us to get a jump start in achieving that.

Chapter 2 Measures for Implementation

Based on the basic stance described in Chapter 1, this economic measures will securely support domestic demand. Specifically, the government will place a priority on: 1) accelerating efforts to build a society in which all citizens are dynamically engaged; 2) 21st-century-type infrastructure developments; 3) implementing measures against risks such as the lack of stability resulting from Brexit as well as measures for supporting small and medium-sized businesses, owners of small businesses, and local communities; 4) reconstruction from the 2016 Kumamoto Earthquake and the Great East Japan Earthquake, safety and security, and disaster prevention. In doing so, the government will observe firmly the goal for fiscal consolidation by FY2020.

I. Accelerating efforts to build a Society in which all citizens are dynamically engaged

First comes a society in which all citizens are dynamically engaged. The government have already started building it and will accelerate the engine for implementing measures. This is how Japan will turn into a place where we all feel that we can pursue our dreams, improve our skills, have a sense of belonging and work hard.

To achieve this the government will carry out measures that will accelerate the implementation of Plan for Dynamic Engagement of All Citizens², while attempting to make use of the fruits of Abenomics.

(1) Improving the children care and nursing care environment

In an effort to eliminate childcare waiting lists, the government will promote providing childcare arrangements. The government will also prepare nursing care arrangements for 500,000 people earlier than planned aiming to reduce the number of people leaving their jobs to take care of their family member to zero. The government will implement measures for improving working conditions in an effort to secure human resources who provide the necessary childcare and nursing care services. The government will ensure that these

² Japan's Plan for Dynamic Engagement of All Citizens (decided by the Cabinet on June 2, 2016)

measures are implemented by providing a budget for the necessary measures in the FY2017 budget, in addition to the FY2016 supplementary budget.

1) Providing childcare and nursing care arrangements

As part of the Urgent Policies to Realize a Society in Which All Citizens are Dynamically Engaged³, which was compiled at the end of last year, the decision was reached to raise additional childcare arrangements to 500,000 by the end of FY2017 and nursing care arrangements to over 500,000 by the start of the 2020s. The government will provide a budget for the measures in the FY2017 budget, in addition to the FY2016 supplementary budget, and will implement the measures continuously.

2) Improving working conditions for childcare providers

The government will implement a pay rise equivalent to 2% for the FY2017 budget. In addition, childcare providers with sufficient skills and experience will be provided with a raise of about 40,000 yen in an effort to eliminate the gap in wages between female workers across all industries. The government will make budgetary provisions for these measures in the FY2017 budget and will implement the measures continuously. Moreover, wage gaps between male and female workers across all industries will be reduced in the process of establishing the Act to Advance Women's Success in Their Working Life⁴ as well as carrying our efforts aimed at equal pay for equal work. The government will make further improvements to working conditions for childcare providers if the need arises.

3) Improving working conditions for nursing care providers

With respect to working conditions for nursing care providers, the government will build a career development scheme, within the Nursing Care Insurance System, and improve their wages by 10,000 yen per month on average. The measures will be implemented starting in FY2017. The government will make budgetary provisions for these measures in the FY2017 budget and will implement the measures continuously. Furthermore, rather than waiting for the revision to the system for nursing-care benefits, which will take place in FY2018, the government will implement the necessary measures (such as special increases to the

³ Urgent Policies to Realize a Society in Which All Citizens are Dynamically Engaged -Toward a Positive Cycle of Growth and Distribution- (Council of Realizing a Society in Which All Citizens are Dynamically Engaged, November 26, 2015)

⁴ Act to Advance Women's Success in Their Working Life (Japanese Law No. 64, 2015)

Fiscal Stability Fund in an effort avoid raising insurance costs) in advance starting in FY2017 to ensure the thorough implementation of the measures. As for working conditions for nursing care providers for persons with disabilities, the government will implement measures based on the same line of thinking as the measures for nursing care providers.

4) Improving measures for securing a broad range of human resources providing childcare and nursing care services

The government will improve measures for helping childcare and nursing care providers find employment once again after leaving their jobs, through loan programs with repayment exemptions. In addition, as measures for improving the work environment, the government will make improvements to the support system for assistant childcare providers in the workplace as well as create a support system for childcare providers who have preschool age children.

5) Reducing the burden on childcare and nursing care providers and improving productivity

In an effort to reduce the burden on childcare and nursing care providers as well as improve productivity, the government will promote the adoption of ICT and robots. In addition, in an effort to allow nursing care providers to spend more time on actual nursing care, their primary duty, the government will reduce the amount of paperwork required by governments by half by the beginning of the 2020s. As for childcare, the government will also promote efforts to streamline paperwork, such as childcare records and applications for administrative cost subsidies. The government will also eliminate inconsistencies between different municipalities. In addition, the government will also support business operators that provide an environment for balancing nursing with jobs.

6) Reassessing the employment insurance system

In light of the steady improvement of the job climate, a result of the achievements of Abenomics, among other reasons, the government will consider the necessary measures such as temporary reduction of the cost of employment insurance as well as the level of public funding, and come up with a concrete plan, which will be implemented starting in FY2017.

7) Extending the length of childcare leave and other measures

To allow men as well as women to balance work and childcare, the government will promote efforts to improve childcare centers as well as

consider necessary measures for creating a balance between the two including extending the length of childcare leave for those who are approved as needing the extension to continue working, etc., and come up with a concrete plan, which will be implemented in FY2017.

8) Providing facilities at schools

The government will create a safe and comfortable learning environment at schools, which serves as evacuation areas in the event of a disaster, by providing facilities, beginning with those for making schools resistant against earthquakes and aging.

9) Utilization of the Career Development Grant

In preparation for the expanded eligibility for employees' health insurance, which will take place in October 2016, the government will engage in efforts to utilize the Career Development Grant, which assists part-time workers in receiving raises or working longer hours.

Others

(2) Enhancement of supports for youths and promotion of the empowerment of women

It is important not to make inequalities descendent. For this reason, the role of education is important, and the government will enhance the scholarship system. The government will also accelerate the process of building a society where every single woman can play an active role according to her own will.

1) As for the scholarship system under which students are exempted from having to repay the scholarship amount, the government will reach a conclusion over its contents in the course of the FY2017 budget-making process, and will accordingly realize the system.

2) As for interest-free scholarships, the government will promptly enable students who are qualified to receive interest-free scholarships which remain not awarded yet to receive them without omission. Furthermore, by virtually removing scholastic requirements imposed on children from low-income families effective from students newly entering higher education in FY2017, the government will enable all children who need to receive interest-free scholarships to do so.

- 3) The government will implement leadership training programs for women who are candidates for executive positions, and will develop human resources who will lead corporate management in the future.
- 4) The government will work on measures to enhance supports of marriage, realize regional cohesive societies, and promote the empowerment of women at an accelerated pace.

Others

(3) Boosts in both gross income and consumption across the entire society

In order to boost sluggish consumption and solidly expand domestic demand, it is important to boost the level of gross income of the entire society. To this end, the government will take the following measures:

- 1) Promoting working-style reform (to be discussed later)
- 2) Shortening the pensionable period
The problem of receiving no pension is an urgent issue, and the government will submit necessary bills which will enable shortening of the pensionable period from 25 years to 10 years to be effected with certainty during FY2017.
- 3) Effecting a simple benefits package
The government will effect a simple benefits package in a lump sum for the two and half years ending September 2019. Effective from October 2019, the reduced tax rate will be introduced as a low-income measure or regressive measure after the consumption tax hike. Accordingly, the simple benefits package will come to an end.
- 4) Reviewing the employment insurance system [re-posted]
- 5) Revitalizing markets for transaction of existing houses and reform
The government will set up new measures to help youths acquire existing houses, for example, by promoting both inspections of building conditions and sign-up of a defects insurance policy.

The government will also set up new measures to support renovation or reconstruction that will enhance the energy-saving performance while also ensuring quake resistance.

The government will promote the spread of new residential housing that excels in durability, environmental performance, quake resistance, etc. In that regard, the government will support three generations of a family to realize their intention of living under one roof.

- 6) Carrying out a national campaign to vitalize consumer demand in cooperation with the industry circle and communities.
- 7) Encouraging the public to build their assets in a stable manner through diversified investment.

In order to boost the flow “from savings to asset-building” in family finances, the government will improve and familiarize people with the Nippon Individual Saving Account (NISA) for the purpose of promoting the reserve and diversified investment starting from petty sums, and will familiarize financial institutions with customer-first behaviors.

Others

II. 21st-century-type infrastructure developments

The government will make 21st-century-type infrastructure developments. Specifically, the government will improve infrastructures both in order to stimulate tourism and in order to promote exports of agricultural, forestry, and fishery products and enhance the competitiveness of agriculture, forestry, and fishery. The government will also bring forward the plan of the Linear Chuo Shinkansen Line and will accelerate construction of the planned Shinkansen lines in accordance with the Ordinance for Enforcement of The Nationwide Shinkansen Railway Development Act. The government will boldly make investments for growth and construct the foundation for mid- and long-term growth.

- (1) Infrastructure developments toward the era of 40 million foreign tourists

Japan has various attractions that can be conveyed not only across the

country but also around the world. With this potential in mind, tourism is a main pillar of Japan's growth strategy as well as a decisive factor for facilitating regional reinvigoration.

- 1) Toward the goals of achieving 40 million foreign tourists to visit Japan in 2020 and 60 million of them in 2030, the government will formulate a "Infrastructure Improvement Program for tourism" (tentative name), assumedly by the end of the year, in order to proactively improve both hardware and software infrastructures in a consistent and planned manner.
 - Improving ports and harbors to receive large-sized cruise ships; strengthening functions of capital-area airports and those of regional airports, such as improving aircraft parking aprons; proactively making public facilities, such as railway stations and bus terminals, barrier-free; improving and refining tourism-hub information centers and exchange centers; and others (in terms of hardware)
 - Promoting the construction of Japanese-style inns and hotels by easing the floor-area ratio restrictions; enhancing the convenience of Wi-Fi; improving the credit-card transactions environment for foreign visitors to Japan; improving the multi-language environment on board trains and buses; driving the urgent promotion for foreign visitors to Japan in order to attract tourists to regions; promoting the Cool Japan initiatives; improving CIQ systems; and others (in terms of software)
- 2) Working on the preparation of hosting the Tokyo Olympic and Paralympic Games in 2020
In order to host the Tokyo Olympic and Paralympic Games in 2020 successfully, the government will improve relevant facilities and proactively strengthen relevant functions so as to expand the processing capacity of capital-area airports.

Others

- (2) Promoting exports of agricultural, forestry, and fishery products, and enhancing the competitiveness of agriculture, forestry, and fishery

Agriculture is the national foundation and a source of attractiveness that regions are proud of. In anticipation of effectuation of the Trans-Pacific Partnership (TPP) Agreement, the government will proactively improve both

software and hardware infrastructures that will form the foundation to realize “proactive agriculture, forestry, and fishery” as embodied in enhancing competitiveness as well as export promotion for agricultural, forestry, and fishery products and foodstuffs.

- 1) Promoting exports of agricultural, forestry, and fishery products
Toward the goal of achieving one-trillion yen in the total export amount of agricultural, forestry, and fishery products and foodstuffs in 2019, the government will formulate an “Infrastructure Improvement Program for Agriculture, Forestry, and Fishery Products” (tentative name), assumedly by the end of the year, in order to proactively improve both hardware and software infrastructures, which are necessary for the implementation of the “Strategy to Strengthen the Export Power of Agriculture, Forestry, and Fishery,”⁵ in a consistent and planned manner.
 - Improving export bases and export-handling type facilities (including food processing facilities and wholesale markets); and others (in terms of hardware)
 - Reforming export-related procedures; strengthening the support system for business operators; enhancing supports from funds that intend to make agriculture, forestry, and fishery a growth industry; and others (in terms of software)

- 2) Enhancing the competitiveness of agriculture, forestry, and fishery
 - (i) In order to enhance the competitiveness of agriculture, forestry, and fishery, the government will accelerate infrastructure improvements with the aims of making a breakthrough innovation and raising the level of agricultural income in hilly and mountainous areas.
Besides, based on the Comprehensive TPP-related Policy Framework⁶, the government will steadily implement the relevant measures, develop human resources who will lead the next generation, promote the production area innovation initiatives, and strengthen the overall earning power of the livestock/dairy industry.
 - Promoting the large compartmentalization/general use of farm lands; improving woodlands; improving fishing ports; and others (in terms of hardware)

⁵ Strategy to Strengthen the Export Power of Agriculture, Forestry, and Fishery (Headquarters of Agriculture, Forestry and Fishery and Vitalization of the Local Areas, May 19, 2016)

⁶ Comprehensive TPP-related Policy Framework (Headquarters of Comprehensive TPP Measures, November 25, 2015)

- Strategically developing technologies; promoting higher earnings in hilly and mountainous areas; deploying agricultural management schools in regions; raising the earning power of paddy agriculture; strengthening the competitiveness of plywood/lumber sawing; converting to an operational framework with higher earning power; and others (in terms of software)
- (ii) Moreover, in order to raise the income of farmers, it is important to reduce production costs and ensure profitable sales terms, and thus the government will put all our efforts into reducing production material prices; reforming the distributive processing structure; reviewing the land improvement system; and introducing labeling requirements of ingredients/place of origin. To this end, the government will formulate a “Competitiveness Enhancement Program for Agriculture, Forestry, and Fishery” (tentative name) assumedly by the end of the year.

Others

(3) Acceleration of infra-developments such as the opening of the Linear Chuo Shinkansen line and the Planned Shinkansen lines

The government will improve environments where fruits of growth will prevail across the country by integrating all regions into a single nationwide economic zone. To this end, the government will construct corridors for facilitating regional reinvigoration that will connect the regions one after another while big cities will serve as the respective hubs.

- 1) Improving infrastructures by utilizing the low-interest situation
By taking advantage of the current low-interest situation, the government will proactively utilize/wield the fiscal investment and loan techniques funded by FILP bonds. In doing so, the government will bring forward the opening of the entire Linear Chuo Shinkansen line by up to eight years, and will also accelerate the construction of the planned Shinkansen lines.
- 2) Improving infrastructures that will form the foundation for growth
 - The government will proactively enhance logistics networks such as metropolitan area beltways and will promote measures to address

traffic congestion or to tackle problems such as the one with any railway crossing whose gates always seem to be closed.

- The government will proactively improve international strategic ports and harbors in response to the trend toward larger-sized ships, while also promoting private-sector urban development projects.
- In regions that face challenges such as the diffusion of urban areas, the government will promote measures such as consolidating functions in a base district and re-constructing regional public traffics so as to form the Compact Plus Network.

Others

(4) Support for overseas expansion of infrastructure business etc.

1) Support for overseas expansion of infrastructure business

Based on the objective of providing approx. 200 billion dollars to the infrastructure sector in the coming five years in the “High Quality Infrastructure Export Initiative”⁷, the government will support Japanese companies’ overseas infrastructure business expansion through making positive use and reinforcing financial grounds of the Japan Bank for International Cooperation (JBIC), Japan International Cooperation Agency (JICA), Japan Oil, Gas and Metals National Corporation (JOGMEC), Nippon Export and Investment Insurance (NEXI), and other organizations concerned. The government will also strengthen external affairs.

2) Promotion of Cool Japan strategy

The government will promote the development of Cool Japan through export of our country’s attractive contents, traditional culture, domestic food and liquor, etc. as well as cultural creation and overseas public relations.

(5) Acceleration of efforts toward productivity improvement

Backed by the Fourth Industrial Revolution involving IoT and artificial intelligence (AI), the government will promote innovation, research and

⁷ High Quality Infrastructure Export Initiative (Council of Strategy for Economic Cooperation on Infrastructure, May 23, 2016)

development, and intellectual property strategy to boost potential growth ability through productivity improvement. The government will also expand a free and fair economy to the world by promoting TPP, Japan-EU EPA, etc.

1) Fourth Industrial Revolution

The government will create IoT businesses. The government will develop and improve AI-related research centers to promote societal implementation. The government will also promote introduction of robots for improvement of care work environment, etc.

2) Promotion of innovation

The government will promote science and technology innovation by: a) enhancing basic research and encouraging technology development in materials development, the space industry, the energy industry, manufacturing, agriculture, forestry and fisheries, etc., b) reinforcing government-industry-academia collaboration leading to regional revitalization, etc., and c) developing and improving research facilities and equipment of universities or national research and development corporations, which serve as a foundation for those above while the government strives to develop human resources that can contribute to creation of innovation.

3) Promotion of research and development of medicinal products and medical equipment through government-industry-academia collaboration

Aiming at creation of innovative new drugs and medical equipment, the government will improve the environment for research and development through government-industry-academia collaboration. The government will also promote digitalization and ICT use in medicine.

4) Efforts toward early entry into force of TPP Agreement and early agreement of Japan-EU EPA

In order to maintain and strengthen the free-trade system, the government will advance negotiations for economic partnerships strategically with a sense of urgency. Specifically, the government will make efforts at early entry into force of the Trans-Pacific Partnership (TPP) Agreement while aiming at broad agreement of Japan-EU EPA as early as possible within this year.

Others

III. Response to risk such as uncertainty due to UK's exit from the EU and support for SMEs and microenterprises as well as local communities

Against risk such as the instability and uncertainty accompanying the UK voting to leave the EU, and the economic trends of emerging nations, as well as for productivity improvement, the government will enhance support of domestic SMEs and microenterprises.

With the vision of “letting local economies take the lead, aiming for world outreach,” the government will promote initiatives toward full-fledged development of facilitating regional reinvigoration to summon communities' energies.

(1) Financing support of SMEs and microenterprises

The government will provide support in financing, etc. for SMEs and microenterprises. The government will also support companies making efforts at overseas business expansion.

- 1) The government will cut interest rates of the safety-net loan system for SMEs and microenterprises (at Japan Finance Corporation and Shoko Chukin Bank), create a financing system for business operators whose plans to strengthen their management power are certified, and give a guarantee in refinancing of an existing guaranteed loan.
- 2) The government will support overseas business expansion by utilizing JBIC's loan facility to support overseas development.

Others

(2) Support for strengthening the management power and improving productivity of SMEs and microenterprises

The government will enhance support for strengthening the management power and improving productivity of SMEs and microenterprises. The

government will also take action to improve an environment for increase in the minimum wage.

- 1) The government will provide support for innovative development in manufacturing, commerce, and the service industry, as well as support for IT introduction, overseas business expansion, and improvement in the attractiveness of shopping malls, to improve the productivity of SMEs and microenterprises. The government will also facilitate change of business by SMEs.
- 2) For improving the environment for increase in the minimum wage, the government will promote and enhance support measures for SMEs and microenterprises to strengthen the management power and improve productivity. The government will also realize time-limited reduction of employment insurance premiums paid by business owners from FY2017 after required consideration and making a definite plan.
- 3) As for subcontracts, in order to mend problems in business practices including payment by bill and mold storage, which came from the past research, the government will strengthen application of the Antimonopoly Act and other related laws such as enhancement of the examples of violation in the application standards of the Subcontract Act⁸ while enhancing and improving subcontract guidelines according to the type of business. Through these measures, the government will improve business terms for SMEs including subcontract enterprises.
- 4) Aiming at sustainable management meeting changes of local demand, the government will support small businesses' efforts at market development.
- 5) In order to support improvement in corporate productivity, the government will promote initiatives across the government such as: a) utilization of "local benchmarks," b) promotion of debt waiver by public and private finance-related institutions, c) strengthening local financial functions, and d) promotion of use of the Regional Economy Vitalization Corporation of Japan (REVIC).

Others

⁸ Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Japan Law No.120 of year 1956)

(3) Promotion of Regional Reinvigoration

As for facilitating regional reinvigoration in a full-fledged development phase, it is necessary to promote local governments' initiatives steadily and powerfully and broaden the base of initiatives. Therefore, the government will promote efforts to facilitate regional reinvigoration originated in small bases, focusing on three aspects: information, human resources, and finance. The government will also create employment opportunities by establishing or developing industries of high value by utilizing the characteristics of local communities. In addition, the government will execute the budget smoothly and appropriately taking utilization of local companies into consideration.

- 1) Creation of a subsidy for promotion of regional reinvigoration, aiming at investment in the future
The government will encourage local governments' efforts to improve facilities, etc. in voluntary and independent projects to develop regional centers, etc., based on regional comprehensive strategies while respecting local situations.
- 2) Development and improvement of life-connected infrastructures
The government will promote barrier-free environments to develop communities where the elderly and people with disabilities can live at ease while promoting construction of overpasses for railways and installation of platform screen doors. The government will also promote development and improvement of life-connected infrastructures such as water and sewage works while promoting removal of utility poles, measures for traffic safety, etc.
- 3) Positive use of PPP/PFI
The government will make positive use of PPP/PFI including concession contracts while utilizing Private Finance Initiative Promotion Corporation of Japan as a method for infrastructure development and improvement.
- 4) Promotion of disadvantaged areas
The government will vitalize disadvantaged areas such as the Amami Islands, Ogasawara Islands, and remote islands.

- 5) Local revitalization by vacant house renovation, etc.
The government will support renovation of vacant houses to use them as stay and experience facilities or exchange and exhibition facilities to encourage local revitalization.
- 6) Securing and fostering leading workers in the construction industry
Through educational training and workshops as well as improvement of the construction industry's image, the government will secure and foster human resources with excellent construction skills from home and abroad.
- 7) Utilization of the National Strategic Special Zones
Defining the period through the end of next fiscal year as a "period of intensive reform," the government will implement the reform of as-yet unreformed areas of the bedrock of Japan's regulatory regime in the priority areas, and promote nationwide expansion of the special zones' achievements with powerful economic effects and no particular negative effect by starting with what is needed.

Others

(4) Responding to risks

In order to ensure the stability of financial functions, the government will extend the terms of recapitalization systems based on the Act on Special Measures for Strengthening Financial Functions⁹.

Others

IV. Reconstruction from the 2016 Kumamoto Earthquake and the Great East Japan Earthquake, safety and security, and disaster prevention

In addition to further strengthening efforts to create a future for the area hit by the 2016 Kumamoto Earthquake and to rebuild after the disaster, the

⁹ Act on Special Measures for Strengthening Financial Functions (Japan Law No.128 of year 2004)

government will accelerate reconstruction work related to the Great East Japan Earthquake. Furthermore, the government will move forward with efforts to build a country resilient to earthquakes, torrential rains, heavy snow, and natural disasters, promote measures to prevent disasters, maintain order, develop responses to the harsh security environment, and ensure the safety and sense of security of Japanese.

(1) Recovery and reconstruction from the 2016 Kumamoto Earthquake

Many victims of the earthquake have no choice but to live in shelters and emergency temporary housing, and the government will not only move forward with work to look after victims of the disaster, support counseling, etc., but also accelerate various other endeavors, including the construction of public housing for the disaster victims so that they can quickly move to new housing where they can regain a sense of security. The government will also promote recovery efforts related to roads, facilities, etc., and provide meticulous support for people to regain their livelihood and for industries to rebuild. Furthermore, in regard to the various projects that local governments impacted by the disaster are undertaking to respond to conditions in their local communities, the government will support the creation of a reconstruction fund so that they can flexibly respond without being constrained by single-year budgets.

(2) Accelerate reconstruction from the Great East Japan Earthquake

Japan cannot recover unless the Tohoku region rebuilds. This fiscal year, the first year of a five-year reconstruction and reinvigoration period, the goal is to achieve reconstruction that can serve as a model for regional reinvigoration and lead to victims of the disaster becoming independent, which will be based on the Basic Policy On Reconstruction Following the Great East Japan Earthquake During the Reconstruction and Reinvigoration Period¹⁰. In addition to accelerating work on various fronts, including the construction of specially designated “reconstruction roads” and “reconstruction-support” roads and ports that support reconstruction, the

¹⁰ Basic Policy On Reconstruction Following the Great East Japan Earthquake During the Reconstruction and Reinvigoration Period (decided by the Cabinet on March 11, 2016)

government will further more forward with efforts to rebuild tourism in Tohoku. As for areas impacted by the nuclear accident, the government will work to respond to the accident (this includes moving contaminated soil and other items to interim storage facilities and ensuring surface decontamination work based on the decontamination plan is completed by March 2017, etc.), strive to relaunch projects and implement other measures related to urban revitalization, and build a new Tohoku different than the one before the disaster.

(3) Measures to reinforce disaster response and respond to aging infrastructure

The government will promote various efforts, including measures to prevent or mitigate damage from disasters, in order to prepare for disasters that frequently occur in Japan, a country often hit by disasters. In particular, the government will not only expand projects to build communication systems to disseminate disaster prevention information, etc., and projects that have been successful in terms of emergency disaster prevention and damage mitigation, but also strengthen the disaster prevention functions of government offices, which are used as designated shelters and disaster response bases. Furthermore, the government will reinforce numerous types of measures, including those to combat aging infrastructure so that it can continue to fulfill its role in the future.

(4) Ensuring safety and security

In order to ensure the safety and security of Japanese citizens, the government will not only strengthen our ability to collect information and manage crises in case of terrorist attacks and ensure order but also respond to a security environment that is growing more perilous by strengthening the system to manage the Self Defense Forces. As Japanese companies launch operations overseas, the government will also work to ensure the safety and security of Japanese overseas. Furthermore, the government will pay close attention to international trends. In addition, the government will promote efforts to reinforce the crisis management system of various entities, including the Prime Minister's Official Residence, cyber security measures, and international infectious disease countermeasures, to promptly provide Japanese citizens with accurate information, and to ensure their safety and security in daily life.

V. Promoting restructuring to strengthen a virtuous cycle of growth and distribution

(1) Promoting working-style reform

The key to achieving the dynamic engagement of all citizens is a transformation in society that makes it possible for people to work in diverse ways. The biggest challenge is working-style reform. Therefore, the government are moving forward with efforts to achieve equal pay for equal work, to resolve the problem of long working hours, and to reform the labor system and are determined to eliminate the word “non-regular” from Japan.

- 1) The government will formulate guidelines that provide cases of differences in treatment that are reasonable and those that are not in order to properly implement the Labor Contract Act,¹¹ Part-Time Workers Act,¹² and Dispatched Workers Act.¹³
- 2) While fully keeping in mind Japan’s employment practices, the government will resolutely move forward with preparations to amend laws in order to achieve equal pay for equal work.
- 3) As for resolving the problem of long work hours, the government will launch a re-examination of the ideal form of overtime work regulations for so-called article 36 agreements, which permit unlimited overtime work if agreed to by labor and management.
- 4) In addition to promoting telecommuting, the government will review various acts including the Act on Promotion of Women's Participation and Advancement in the Workplace and Next-Generation Children Act¹⁴ with the goal of resolving the problem of long work hours for young people.

11 Labor Contract Act (Japan Law No. 128 of year 2007)

12 Act on Improvement, etc. of Employment Management for Part-Time Workers (Japan Law No.76 of year 1993)

13 Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (Japan Law No. 88 of year 1985)

14 Act on Advancement of Measures to Support Raising Next-Generation Children (Japan Law No.120 of year 2003)

- 5) In order to promote the employment of the elderly, the government will not only move forward with aid for rehiring the elderly but also call on companies and other entities to extend the age that employees can work beyond 65 and to extend the retirement age to 65 and provide support to entities that do so, so that more companies will independently take such steps.
- 6) As for making use of non-Japanese workers, the government will focus on fields that truly need such workers and move forward with a comprehensive and detailed examination of the best way to bring in non-Japanese workers in order to secure the sustainable potential of Japan's economic and social infrastructure.

(2) Minimum wage

The Central Minimum Wage Council set a target for an increase in the minimum wage by region for this year of 24 yen (national weighted average), 6 yen more than for the previous year, and this translates into a 3% increase, substantially greater than the 2.3% increase for last year. For all prefectures throughout Japan, this is an increase of more than 20 yen/hour. It is expected that this will stimulate consumer spending, raise the standard of living, and contribute to the dynamic engagement of all citizens.

Furthermore, in order to create an environment conducive to a higher minimum wage, the government will promote and expand support measures for small and medium-size enterprises so that they can strengthen their businesses and increase productivity.

The government will consider the necessary measures about temporary reduction of the cost of employment insurance paid by employers, and come up with a concrete plan, which will be implemented starting in FY2017.

(3) Monetary policy

The Government expects the Bank of Japan to achieve the price stability target of two percent in light of economic activity and prices.

(4) Promoting other structural reforms

The government will accelerate system and regulatory reforms included in policies such as the Japan Revitalization Strategy. The government will also

steadily implement structural reforms to social security, local administration and finances, and the tax system in line with the reform schedule and Economic and Fiscal Revitalization Action Program¹⁵.

¹⁵ The Economic and Fiscal Revitalization Action Program: Reform with Innovation Utilizing “Visualization” and “Wise Spending”(December 24, 2015, Council on Economic and Fiscal Policy)

Chapter 3 Main concrete measures for each item

I. Accelerating efforts to build a society in which all citizens are dynamically engaged

(1) Improving the childcare and nursing care environment

- Promote the construction of childcare facilities such as preschools (including parts of kindergarten-type certified *kodomo-en* that function as preschools) (Ministry of Health, Labour and Welfare [MHLW])
- Develop an environment conducive for facilities such as certified *kodomo-en* (Ministry of Education, Culture, Sports, Science and Technology [MEXT])
- Improve working conditions for childcare providers and nursing care providers (Cabinet Office [CAO], MHLW)
- Expand programs that provide loans for attending childcare provider training programs, etc. (MHLW)
- Increase special contributions to fiscal stability funds (MHLW)
- Expand programs that lend funds for reemployment reserves for programs that provide loans to attend nursing care provider training programs, etc. (MHLW)
- Launch a program that supports the introduction of nursing care robots and conduct research to verify the benefits from introducing such equipment (MHLW)
- Review the employment insurance system (MHLW)
- Improve the environment for school facilities, etc. (MEXT)
- Launch programs to reinforce the ICT environment to ensure information security at schools (MEXT)
- Develop facilities for promoting integrated after-school kids' classes (MEXT)
- Reinforce efforts to prevent child abuse, etc. (MHLW)
- Promote the construction of infrastructure for welfare services that target people with disabilities (MHLW)
- Launch programs to promote the use of public individual authentication services (provide one-stop service to support childcare that is linked to the My Number portal) (Ministry of Internal Affairs and Communication [MIC])
- Introduce programs to undertake urban development that supports childcare and the elderly making use of ICT (promote telecommuting)

(MIC)

- Develop medical equipment, etc., to strengthen pediatric and perinatal care (MHLW)
- Support efforts to prevent nursing care providers from leaving their jobs (Subsidy to Support Efforts to Prevent Nursing Care Providers from Leaving Their Jobs [tentative name]) (MHLW)
- Create new subsidies for business owners who employ livelihood protection recipients, etc. (MHLW)
- Examine measures to prevent downward adjustments in the government's portion of national health care payments and reach a conclusion by the end of the year taking into consideration the work of the investigative committee on issues such as ideal form of the healthcare system for children (MHLW)

Others

(2) Enhancement of supports for youths and promotion of the empowerment of women

- Establish scholarships that do not need to be repaid (MEXT)
- Increase interest-free student loans (MEXT)
- Review the lower limit on interest on FILP loans (review the interest rate on interest-bearing student loans [Japan Student Services Organization], etc.) (Ministry of Finance [MOF])
- Develop a system to introduce scholarships whose monthly repayment amount is linked to income (MEXT)
- Launch programs to promote the training of female leaders (Ministry of Economy, Trade and Industry [METI])
- Expand support for marriage, including subsidies that promote efforts focused on local measures to prevent the decline in the number of children (CAO)
- Introduce subsidies to support the future of local children (CAO)
- Introduce subsidies to promote the empowerment of women in local communities (CAO)
- Increase information included on items such as My Number cards in response to various developments, including efforts to promote the empowerment of women (MIC)
- Promote work to expand and strengthen efforts to secure legal professionals, including reducing the financial and time burden of graduate work in the field of law and providing financial assistance to

students of the Judicial Research and Training Institute. (Ministry of Justice [MOJ], Supreme Court, and MEXT)

Others

(3) Boosts in both gross income and consumption across the entire society

- Reduce the length of time it takes to become eligible for an employees' pension (MHLW)
- Promptly reform the employees' pension system, including expanding pension eligibility to employees of small and medium-size enterprises working reduced hours (MHLW)
- Simplified Benefits (MHLW)
- Review the employment insurance system (MHLW) (listed twice)
- Launch a program to accelerate the spread of net-zero energy houses (ZEH) (METI)
- Invigorate the market for existing homes and home renovations (Ministry of Land, Infrastructure, Transport and Tourism [MLIT])
- Provide support related to housing for households with children, etc. (MLIT)
- Introduce programs to stimulate consumption demand tied to industries and local communities (METI)
- Further improve and spread Nippon individual savings accounts (NISA) to promote accumulation of funds and diversified investments using small amounts (Financial Services Agency [FSA])
- Encourage practical investing education, primarily for beginner investors (FSA)
- Promote the use of individual defined contribution pension plans (MHLW and FSA)
- For all aspects of developing, managing, and selling financial instruments, establish the general principle that financial institutions should act in the best interest of clients (fiduciary duty) and promote the disclosure of sales fees for financial instruments, etc. (FSA)
- Reform corporate governance through the participation of asset holders in entities that manage assets (FSA)
- Challenge hometown and work (MIC)
- Launch a project to expand the virtuous cycle by introducing local economy support points (use My Number card) (MIC)
- Distribute My Number cards in a stable fashion (MIC)

- Develop new general indicators to capture individual consumption trends (MIC)
- Undertake various efforts such as promoting local consumer administration in order to ensure the safety and sense of security of consumers (Consumer Affairs Agency [CAA])
- Launch a program to promote COOL CHOICE (Ministry of the Environment [MOE])
- Formulate guidelines to achieve equal pay for equal work (MHLW)
- Re-examine the ideal form of overtime work regulations in article 36 agreements (MHLW)
- Promote the employment of the elderly (65-or-older Employment Promotion Subsidy [tentative name]) (MHLW)
- Provide support for companies that introduce work intervals in order to remedy the problem of long work hours (MHLW)
- Verify benefits from measures that have been implemented to stimulate consumption and examine the ideal form for the future (Cabinet Secretariat [CAS]) (CAO)

Others

II. 21st-century-type infrastructure developments

(1) Infrastructure developments toward the era of 40 million foreign tourists

- Improve the environment for receiving large cruise ships (MLIT)
- Strengthen the functions of Haneda Airport and similar facilities (MLIT)
- Implement measures such as making train stations barrier free (including efforts based on support for the Development Bank of Japan) (MLIT, MOF)
- Launch projects to create the infrastructure and speed up the process for receiving foreign visitors to Japan (MLIT)
- Launch a program to promote security measures related to credit transactions (METI)
- Introduce promotions to attract visitors on sudden trips to Japan to local areas (MLIT)
- Expand CIQ facilities (MLIT)
- Accelerate the introduction of body scanners at airports (MLIT)

- Establish a system for smooth but strict immigration control and customs (MOJ, MOF)
- Launch a program to promote various types of projects, including ones that make it possible for visitors to fully enjoy national parks (MOE)
- Introduce programs to promote local responses to flotsam that washes ashore, etc. (MOE)
- Launch programs to improve the environment for receiving foreigners at medical facilities (MHLW)
- Raise the appeal of tourist areas by creating pleasant waterfront spaces (MLIT)
- Promote urban development that makes use of tourism resources, including scenic spots (MLIT)
- Promote the construction of traditional Japanese hotels and modern hotels (loosen floor-area ratio regulations) (MLIT)
- Develop responses to inbound demand for national parks, etc., and renovate stadiums so that they can handle international events (MLIT)
- Create the infrastructure for an information system appropriate for high performance centers (MEXT)
- Undertake the bold opening of attractive public facilities (CAO)
- Launch efforts to build a new National Archives of Japan (CAO)
- Repair and develop items such as cultural assets that contribute to Japan as a tourism-based country (MEXT)
- Verify the benefits from partnerships between cool Japan office (CAO)
- Construct facilities for various events including the 2020 Tokyo Olympic and Paralympic Games (MEXT)
- Expand the National Training Center (MEXT)
- Launch a program to strategically secure and pilots (MLIT)

Others

- (2) Promoting exports of agricultural, forestry, and fishery products, and enhancing the competitiveness of agriculture, forestry, and fishery
- Create export bases both in Japan and overseas (Ministry of Agriculture, Forestry and Fisheries [MAFF])
 - Reinforce the support system for expanding exports (MAFF)
 - Develop an environment conducive to exports, primarily by the government (MAFF)

- Strengthen support using the Agriculture, Forestry and Fisheries Fund for Innovation, Value-chain and Expansion Japan (A-FIVE) (MAFF)
- Make the know-how of experienced agricultural workers visible (MAFF)
- Make research results visible (MAFF)
- Strategically develop technology with clear objectives (MAFF)
- Introduce measures to raise incomes in hilly and mountainous areas (MAFF)
- Introduce comprehensive measures to promote the use of CLT (MAFF)
- Train personnel with superior business sense who will be responsible for the next generation (expand farm management schools to local communities, increase the size of agricultural tracts, etc.) (MAFF)
- Encourage innovation in areas that produce goods that are internationally competitive (MAFF)
- Promote integrated projects to strengthen the profitability of stockbreeding and dairy farming (MAFF)
- Improve the international competitiveness of plywood and lumber (build lumber processing facilities and road networks, etc.) (MAFF)
- Transform operation systems into ones that are sustainable and highly profitable (introduce leases for fishing vessels, etc.) (MAFF)
- Strengthen partnerships with consumers (MAFF)
- Make the price of production materials visible (MAFF)
- Introduce measures to rebuild production and prevent damage from wildlife (MAFF)
- Transform the forestry industry into a growth industry (MAFF)
- Restore Japan as a country with a strong fisheries industry (MAFF)
- Increase safety-net funds for the agriculture, forestry and fisheries industries (MAFF)
- Introduce emergency measures to eliminate key pests (MAFF)
- Lower the price of production materials (MAFF)
- Improve the distribution and processing structure for agricultural, forestry, and fisheries products (MAFF)
- Review the land improvement system linked to farmland accumulation banks (MAFF)
- Examine feasible measures related to labeling that indicates place of origin for ingredients with the goal of introducing it for all processed foods (MAFF)
- Examine a revenue insurance system with a focus on overall agricultural business as a safety net for agricultural business owners that appropriately manager their businesses (MAFF)

- Provide support for the introduction of agricultural, forestry, and fishery products, food products, and tourism resources that makes use of entities such as overseas establishments (Ministry of Foreign Affairs [MOFA])
- Introduce subsidies for the designated managed wildlife capture, etc., program (MOE)

Others

(3) Acceleration of infra-developments such as the opening of the Linear Chuo Shinkansen line and the Planned Shinkansen lines

- Build and make use of wide-area rapid transportation networks, which include the Linear Chuo Shinkansen, planned Shinkansen lines, and high-grade highways (including measures such as expressway fee discounts for ETC2.0 users based on large, frequent use) (MLIT)
- Improve the logistics network, which includes beltways in major metropolitan areas, and introduce measures to combat congestion (MLIT)
- Introduce measures to remedy problems such as railway crossings that seldom open due to heavy train traffic—that is, promote projects such as the construction of continuous grade separations, etc. (including efforts based on support for the Development Bank of Japan) (MLIT, MOF)
- Promote private urban development projects that contribute to greater international competitiveness, etc. (MLIT)
- Improve the functions of facilities such as strategic international container ports and promote the formation of ports linked to Singapore, an LNG fuel supply base (MLIT)
- Form compact plus networks (MLIT)
- Strengthen the functions of Haneda Airport and similar facilities (MLIT) (listed twice)
- Construct ports that contribute to greater competitiveness of regional core industries and reinvigoration of local communities (MLIT)

Others

(4) Supporting the introduction of products such as infrastructure overseas

- Support Japanese companies' introduction of infrastructure overseas through the Japan Bank for International Cooperation (JBIC) (MOF)
- Fundamentally expand the supply of risk money to promote resource development through various efforts including amending laws to make it possible to support the acquisition of overseas resource companies by Japan Oil, Gas and Metals National Corporation (JGMEC) and other activities (exploration, asset purchases, corporate acquisitions, etc.) (METI)
- Support Japanese companies' introduction of infrastructure overseas through the Japan International Cooperation Agency (JICA) (MOF)
- Increase the supply of risk money and strengthen the financial position of Nippon Export and Investment Insurance (NEXI) (METI)
- Support Japanese companies' introduction of infrastructure overseas through the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) (MLIT)
- Launch programs to support packages that strengthen the international competitiveness of Japanese ICT (MIC)
- Launch projects related to the integrated development of a foundation for the overseas expansion of broadcast content (MIC)
- Support Japanese companies' introduction of infrastructure overseas through the Fund Corporation for the Overseas Development of Japan's ICT and Postal Services (JICT) (MIC)
- Support the overseas expansion of SMEs and microenterprises and other entities and the export of infrastructure through ODA (MOFA)
- Implement measures to accelerate negotiations on investment agreements (MOFA)
- Introduce programs that promote the international expansion of healthcare (MHLW)
- Launch programs that support the Asia Human Well-Being Initiative (MHLW)
- Launch programs to promote the spread of high quality infrastructure (METI)
- Launch programs to examine the feasibility of detailed high quality infrastructure projects (METI)
- Launch projects to develop infrastructure to stimulate global demand for content (METI)
- Promote the introduction of infrastructure systems overseas (MLIT, MOFA)
- Promote the introduction of services such as nursing and healthcare

overseas through the Cool Japan Fund (METI)

Others

(5) Acceleration of efforts toward productivity improvement

- Launch projects to promote the creation of new businesses that make use of the IoT (METI)
- Launch projects to develop social systems that make use of the IoT (METI)
- Launch projects that support the creation of IoT services (MIC)
- Launch a project to create global research bases related to artificial intelligence (METI)
- Create an advanced AI data testbed with the goal of creating businesses in numerous economic fields (MIC)
- Promote the development of an environment that makes use of data (METI, CAS, MIC)
- Launch projects that promote more advanced broadcast services such as terrestrial 4K broadcasts (MIC)
- Launch a program that supports the introduction of nursing care robots and conduct research to verify the benefits from introducing such equipment (MHLW) (listed twice)
- Introduce a program to train system integrators in order to promote the introduction of robots (METI)
- Research and develop technology to miniaturize extremely high resolution synthetic aperture radar (METI)
- Create the infrastructure for innovation in entities such as R&D corporations, starting with the introduction of superconducting technology to linear accelerators (MEXT)
- Develop core rockets, next-generation satellites, and space station supply vehicles and create aerospace related facilities (MEXT)
- Accelerate the realization of advanced energy technology (MEXT)
- Promote new energy policies, etc. (METI)
- Build the education and research infrastructure for national universities (MEXT)
- Implement measures such as promoting the research and development of pharmaceuticals and medical equipment through industry-academia-government collaboration (CAO)
- Launch a project to achieve a digital revolution in the field of healthcare (MHLW)

- Introduce programs to promote the commercialization of research results with the goal of creating future industries (tentative) (MEXT)
- Create an environment conducive to technological innovation by local communities in order to strengthen industry-academia-government collaboration (MEXT)
- Train ICT related people (MIC)
- Improve the infrastructure for using healthcare and health data (MIC)
- Introduce programs to support innovation by R&D-type venture companies and similar entities (METI)
- Implement measures such as creating access points to the My Number portal (CAS, CAO)
- Promote i-Construction (MLIT)
- Encourage the introduction of innovative production technology for ship building (i-Shipping) (MLIT)
- Realize IT-based agriculture and independent operation of vehicles (trucks, etc.) through a quasi-zenith satellite system (CAO)
- Promote greater productivity in the trucking industry (MLIT)
- Implement measures such as developing an environment conducive to FinTech trends and creating an international network (FSA)
- Promote the Tokyo International Financial Center concept (FSA)

Others

III. Response to risk such as uncertainly due to UK's exit from the EU and support for SMEs and microenterprises as well as local communities

(1) Financing support of SMEs and microenterprises

- Support the overseas expansion and fund raising by SMEs and microenterprises through the Japan Finance Corporation and similar entities (MOF, MHLW, METI)

Others

(2) Support for strengthening the management power and improving productivity of SMEs and microenterprises

- Introduce programs that promote investment in the future of local communities (METI)
- Launch programs to reinforce the infrastructure for jump starting investment in the future of local communities (METI)
- Introduce programs to support the development of sales channels for microenterprises (METI)
- Facilitate business conversions for SMEs (METI)
- Examine measures such as those to facilitate business succession of SMEs (METI)
- Introduce programs to improve the business skills and raise productivity of SMEs with an eye toward raising the minimum wage (MHLW)
- Strengthen implementation of related statutory regulations, such as expanding cases of violations in implementation standards of the Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Japan Fair Trade Commission, METI, ministry responsible for the business)
- Launch projects to improve business terms (strengthen and improve outsourcing guidelines for each type of industry, etc.) (METI)
- Make use of local benchmarks (FSA, METI)
- Review the system of credit guarantees (METI)
- Promote measures such as debt forgiveness by public sector and private sector financial institution (FSA, MOF, METI, MIC)
- Strengthen the regional finance functions (FSA)
- Promote the use the Regional Economy Vitalization Corporation of Japan and similar entities (CAO, FSA)
- Strengthen support to smoothly shift labor to growth companies, etc. (MHLW)
- Obtain and make use of intellectual property by SMEs (METI)
- Launch projects to spread and promote energy-efficient natural-cooling equipment that uses cutting-edge technology (MOE)
- Launch projects involving PR, education, and consulting related to personal information protection for SMEs and microenterprises (Personal Information Protection Commission)

Others

(3) Promotion of regional reinvigoration

- Establish regional reinvigoration subsidies in order to invest in the

future (CAO)

- Develop an intellectual foundation for promoting regional reinvigoration (CAO)
- Train and secure human resources through entities such as the regional reinvigoration colleges (CAO)
- Create high-added-value industries in local communities (CAO)
- Introduce measures to remedy problems such as railway crossings that seldom open due to heavy train traffic—that is, promote projects such as the construction of continuous grade separations, etc. (including efforts based on support for the Development Bank of Japan) (MLIT, MOF) (listed twice)
- Promote the installation of platform screen doors for trains (including efforts based on support for the Development Bank of Japan) (MLIT, MOF)
- Implement measures such as making train stations barrier free (including efforts based on support for the Development Bank of Japan) (MLIT, MOF) (listed twice)
- Promote the removal of utility poles and implementation of transportation safety measures (including efforts based on support for the Development Bank of Japan) (MLIT, MOF)
- Form compact plus networks (MLIT) (listed twice)
- Create an environment that is conducive for viewing homes as infrastructure for daily life (making use or removing empty houses, etc. (MLIT)
- Implement measures such as seismic retrofitting of water facilities (MHLW)
- Promote efforts to create sewer facilities that are safe and provide a sense of security (MLIT)
- Introduce subsidies for the promotion of a recycling-oriented society (water purification tanks) (MOE)
- Implement stimulus measures for disadvantaged areas (MLIT)
- Provide funding for measures to counter Carolina anole on the Ogasawara Islands, a World Natural Heritage site. (MOE)
- Support the formulation of a plan to maintain local communities on designated remote habited islands on Japan's borders (CAS)
- Strategically secure and train both Japanese and non-Japanese human resources skilled in construction (MLIT)
- Promote the creation PFI projects (make use of the Private Finance Initiate Promotion Corporation of Japan, etc.) (CAO)
- Provide support that contributes to the promotion of water supply and

sewage system concession projects (CAO)

- Conduct research on moving the Agency for Cultural Affairs from Tokyo (MEXT)
- Launch programs to support the formation of networks among villages in sparsely populated areas (MIC)
- Launch programs to promote the develop telecommunication infrastructure (MIC)
- Promote internships related to regional reinvigoration (CAS)
- Support the formation and expansion of small bases and locally operated organizations (CAO)
- Promote efforts to accelerate structural reforms through national strategic special zones, etc. (spread ones that have a strong economic impact throughout Japan, etc.) (CAO)
- Challenge hometown and work (MIC) (listed twice)
- Introduce programs to promote the creation of ICT-based cities, people, and work (MIC)
- Launch a project to expand the virtuous cycle by introducing local economy support points (use My Number card) (MIC) (listed twice)
- Implement measures such as creating quality employment in local communities (MHLW)
- Promote the creation of a CLT verification and test building, etc. (MLIT)
- Implement safety measures developed following the Karuizawa ski bus accident (MLIT)

Others

(4) Responding to risks

- Extend the expiration date of programs such as the recapitalization program based on Act on Special Measures for Strengthening Financial Functions (Strengthening Financial Functions Act) and the stock purchase program by the Bank's Shareholdings Purchase Corporation (FSA, MOF)
- Collect and analyze information relation to Japan-EU and Japan-UK relations following UK's decision to exit the EU (MOFA)

Others

IV. Reconstruction from the 2016 Kumamoto Earthquake and the Great East Japan Earthquake, safety and security, and disaster prevention

(1) Recovery and reconstruction from the 2016 Kumamoto Earthquake

- Launch projects to build public housing for disaster victims (MLIT)
- Implement measures such as support for fund raising to aid recovery from and reconstruction following the 2016 Kumamoto Earthquake through entities such as Japan Finance Corporation (MOF, MHLW, MAFF, METI)
- Implement measures to support efforts to look after and provide counseling for victims of the disaster (MHLW)
- Introduce projects to restore facilities used jointly by SME associations, etc., damaged by the 2016 Kumamoto Earthquake (METI)
- Implement measures to restore or reconstruct facilities related to agricultural, forestry, and fisheries industries, etc., damaged by the 2016 Kumamoto Earthquake (MAFF)
- Restore damaged public civil engineering facilities, etc. (MLIT, MAFF)
- Promote recovery and reconstruction following the 2016 Kumamoto Earthquake (measures to prevent damage from water and landslides, roads, ports, etc.) (MLIT)
- Restore police facilities, etc., damaged by the 2016 Kumamoto Earthquake (National Police Agency [NPA])
- Support the disposal of waste from the disaster, restore damaged national park facilities, etc. (MOE)
- Introduce subsidies for the promotion of a recycling-oriented society (water purification tanks) (MOE) (listed twice)
- Launch projects such as ones to restore damaged social welfare facilities, medical facilities, and similar facilities (MHLW)
- Launch projects to restore cultural assets damaged by the 2016 Kumamoto Earthquake (MEXT)
- Restore damaged schools and similar facilities (MEXT)
- Expand subsidies for employment (MHLW)
- Implement measures such as providing school subsidies and partial and full tuition waivers to children, etc. (MEXT)
- Disseminate information on urgent issues both in Japan and overseas (CAO)

- Increase special tax grants to establish a reconstruction fund (MIC)
- Restore damaged public housing and similar facilities (MLIT)
- Implement measures such as support for debt consolidation for victims of natural disaster (FSA)
- Conduct a basic survey of the border of areas hit by the 2016 Kumamoto Earthquake (MLIT)

Others

(2) Accelerate reconstruction from the Great East Japan Earthquake

- Accelerate the construction of specially designated “reconstruction roads” and “reconstruction-support” roads, and ports that support reconstruction (MLIT)
- Launch projects to restore tourism by promoting inbound travel to the Tohoku region (MLIT)
- Create a Tohoku Tourism Fund (tentative name) through private sector leadership (Reconstruction Agency, MLIT)
- Implement measures such as decontaminating soil and other items that have been contaminated by radioactive material (MOE)
- Launch projects to respond to decommissioned nuclear reactors and contaminated water, including promoting the innovation coast concept (METI)
- Support efforts by farmers impacted by the disaster to restart farming activities (twelve municipalities impacted by the Fukushima nuclear accident) (MAFF)
- Introduce programs to support activities such as the creation of business in the area impacted by the nuclear accident (METI)

Others

(3) Measures to reinforce disaster response and respond to aging infrastructure

- Launch programs to promote the introduction of various types of facilities that contribute to disaster prevention and mitigation, a more resilient Japan, and local communities with a smaller carbon footprint, such as independent distributed energy facilities (MOE)
- Expand and reinforce disaster prevention measures in areas around

nuclear power plants (CAO)

- Implement measures to prevent damage to the sites of former brown coal mines from a massive Nankai Trough Earthquake (METI)
- Implement measures to prevent or mitigate damage to and respond to aging agricultural irrigation facilities, mountainous areas, fishing ports, and sea embankments (MAFF)
- Implement responses to volcanic eruptions (MAFF)
- Implement measures to prevent or mitigate damage to and respond to aging MOJ facilities, court facilities, and police facilities (MOJ, Supreme Court, NPA)
- Promote efforts such as massive disaster measures, including creating disaster prevention training facilities and communication infrastructure (NPA)
- Restore public civil engineering facilities, etc. (MLIT, MAFF)
- Provide concentrated support for various types of measures, including ones to prevent or mitigate damage and respond to aging facilities in local communities (MLIT)
- Implement measures to prevent or mitigate damage to and respond to aging rivers, roads, ports, etc. (MLIT)
- Build a network that can serve as an alternative network (missing link, etc.) (MLIT)
- Implement measures such as providing subsidies to promote the formation of a recycling-based society (MOE)
- Strengthen the disaster response capabilities of emergency firefighting teams and local fire brigades (MIC)
- Introduce more advanced disaster information communication methods, etc. (MIC)
- Strengthen efforts related to disaster prevention and mitigation by constructing a quasi-zenith satellite system (CAO)
- Improve the resilience of broadcast networks (MIC)
- Implement measures such as installing sprinklers and conducting seismic retrofitting of medical facilities, facilities for the elderly, and similar facilities (MHLW)
- Provide subsidies for industrial water supply projects (METI)
- Launch project to make oil supply infrastructure more resilient (METI)
- Launch programs to support the stable supply of petrochemical products (METI)
- Introduce subsidies for construction related to preventing damage from abandoned mines, etc. (METI)
- Implement measures to prevent or mitigate damage to and respond to

- aging government facilities, existing infrastructure, etc. (MLIT)
- Implement measures such as seismic retrofitting of water facilities (MHLW) (listed twice)
- Promote efforts to create sewer facilities that are safe and provide a sense of security (MLIT) (listed twice)
- Move forward with land surveys in case of disasters such as earthquakes and torrential rains (MLIT)
- Develop facilities related to disaster prevention and mitigation and responding to aging facilities of entities such as the National Research and Development Agency (MEXT, METI)
- Strengthen the disaster prevention functions of government offices, which are used as designated shelters and disaster response bases (local finance measures) (MIC)
- Investigate models to broadly spread BCPs (CAS)
- Implement disaster prevention measures such as developing a central disaster prevention radio network and system for estimating flooding by tsunamis (CAO)
- Promote seismic retrofitting of homes and buildings (MLIT)

Others

(4) Ensuring safety and security

- Strengthen safety measures for Japanese schools and Japanese nationals overseas, including ones related to support staff (MOFA)
- Provide support for efforts to strengthen the ability to respond to public safety in developing countries (MOFA)
- Assign personnel and strengthen the system for emergencies (terrorist attacks, etc.) (MOFA)
- Strengthen the ability to collect information on issues such as international terrorism and to disseminate overseas safety information, etc. (CAS, MOFA, MOJ)
- Reinforce terrorism countermeasures, including creating material and equipment for such measures (NPA)
- Establish a system for smooth but strict immigration control and customs (MOJ, MOF) (listed twice)
- Reinforce the crisis management system for facilities such as the Prime Minister's Official Residence (CAS)
- Develop an information gathering satellite to strengthen crisis management and implement similar measures (CAS)

- Strengthen cybersecurity (MIC)
- Promote industry-related cybersecurity (METI)
- Promote various efforts including the use of cybersecurity insurance by SMEs and microenterprises (METI)
- Commission evaluations of cybersecurity measures for independent administrative agencies and designated corporations (CAS)
- Create a joint response system with entities such as major service providers with an eye toward the 2020 Tokyo Olympic and Paralympic Games (CAS)
- Strengthen the cybersecurity at Japan Pension Services (MHLW)
- Develop emergency measures for Ebola, Zika, and other international infectious diseases (CAS)
- Construct a strategic maritime safety system and implement similar measures (MLIT)
- Implement measures to stabilize the housing market (“sumai-kyufukin” (housing benefit), a benefit paid to lessen the burden of the consumption tax increase on home buyers) (MLIT)
- Promote local consumer administration in order to ensure the safety and sense of security of consumers and implement similar measures (CAA)
- Introduce programs to operate a system to monitor compliance with laws (antimonopoly law, etc.) (METI)
- Implement measures such as conducting nation-wide surveys of children’s health and the environment, building facilities to process PCB waste, and developing a system for monitoring particulate matter 2.5 (MOE)
- Reinforce the ability to conduct investigations and manage sites, such as maintaining police vehicles (NPA)
- Strengthen the security system at correction facilities (MOJ)
- Implement measures to prevent people from escaping court facilities (Supreme Court)
- Hold a Nippon Fair in order to educate people about the appeal of Japan (MOFA)
- Strengthen Japan-Russia relations by expanding youth exchanges with Russia (Japan-Russia Youth Exchange program) (MOFA)
- Strengthen Japan-Russia relations by conducting projects that introduce Japan to Russians (MOFA)
- Strengthen the Self Defense Forces’ monitoring system, increase the ability to quickly deploy and respond, and respond to ballistic missile attacks (Ministry of Defense)

Others

Note: When implementing the measures of the various ministries given above, efforts will be made to link measures in order to eliminate vertically segmented administration and benefit from synergies between the policies.

Chapter 4 Size and economic impact of included measures

The size of this economic measures is shown in the Annex. It is projected that at the current time, the overall short-term economic impact of the budget for these measures is to boost real GDP (demand) approximately 1.3 percentage.

Furthermore, since this package includes FILP loans used for investments in the future to build a foundation of growth in the medium and long term, it is expected that investment by the private sector and other parties will be promoted. It is also expected that development of concrete measures and their implementation will lead to stimulating private-sector investment and consumption, raise productivity, and generate economic growth as the employment and income environment improve further.

Notes: The economic impact given above is estimated using the scale of projects calculated based on percentages of total expenses accounted for by subsidies, etc.

Size of these measures

	Total size	Fiscal component
I. Accelerating efforts to build a society in which all citizens are dynamically engaged	approximately 3.5 trillion yen	approximately 3.4 trillion yen
II. 21st-century-type infrastructure developments	approximately 10.7 trillion yen	approximately 6.2 trillion yen
III. Response to risk such as uncertainly due to UK's exit from the EU and support for SMEs and microenterprises as well as local communities	approximately 10.9 trillion yen (In addition, extension of the Strengthening Financial Functions Act, etc.: 32 trillion yen ¹)	approximately 1.3 trillion yen
IV. Reconstruction from the 2016 Kumamoto Earthquake and the Great East Japan Earthquake, safety and security, and disaster prevention	approximately 3.0 trillion yen	approximately 2.7 trillion yen
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Total	approximately 28.1 trillion yen (In addition, extension of the Strengthening Financial Functions Act, etc.: 32 trillion yen (listed twice))	approximately 13.5 trillion yen

Note 1: As emergency measures to respond to financial conditions, terms such as the expiration date of the ceiling on purchases of stocks, etc., by the Bank's Shareholdings Purchase Corporation (up to 12 trillion yen in government guarantees) and ceiling on public funds based on the Strengthening Financial Functions Act (up to 20 trillion yen in government guarantees) may be extended.

Breakdown of fiscal component (reference)

	Fiscal component	Of which are expenditures from the central government and local government	Of which are FILP loans
I. Accelerating efforts to build a society in which all citizens are dynamically engaged	approximately 3.4 trillion yen	approximately 2.5 trillion yen	approximately 0.9 trillion yen
II. 21st-century-type infrastructure developments	approximately 6.2 trillion yen	approximately 1.7 trillion yen	approximately 4.4 trillion yen
III. Response to risk such as uncertainly due to UK's exit from the EU and support for SMEs and microenterprises as well as local communities	approximately 1.3 trillion yen	approximately 0.6 trillion yen	approximately 0.7 trillion yen
IV. Reconstruction from the 2016 Kumamoto Earthquake and the Great East Japan Earthquake, safety and security, and disaster prevention	approximately 2.7 trillion yen	approximately 2.7 trillion yen	approximately 0.0 trillion yen
Total	approximately 13.5 trillion yen	approximately 7.5 trillion yen ¹	approximately 6.0 trillion yen ²

Note 1: Of which, 6.2 trillion are central government expenditures

From general account: an additional 4.0 trillion yen for FY2016, an addition 0.1 trillion yen of treasury liabilities, and an additional 0.3 trillion yen for FY2017 and after

From special accounts: an additional 0.5 trillion for FY2016, an additional 0.2 trillion for FY2017 and after, and 1.0 trillion in reduced insurance premiums in FY2017 and after

Note 2: There is an addition 3.3 trillion yen in FY2016 FILP plans, and an addition 1.8 trillion yen for FILP plans for FY2017 and after (the 0.9 trillion yen of projects for lowering interest rate on interest-bearing scholarship (for March 2017 and after graduates) was posted in the fiscal 2016 FILP plans).