

(Provisional Translation)

**Guidelines for Formulation of the FY 2004 Budget
Government of Japan
(Summary)**

Cabinet Decision

5 December, 2003

. Promotion of Structural Reforms for Revitalization of Japanese Economy

1 Japanese economic and fiscal situation

(Current state of Japanese economy)

(Japanese economy in FY 2003 and FY 2004)

(Fiscal situation)

2 Towards the revitalization of the Japanese economy

(Promotion of structural reforms and the Japanese economy)

(Revitalization of local economies)

. Basic Concepts for the FY 2004 Budget

(Continuation of the "Budget for Reform Resolution")

(Innovation of budgeting process)

(Administrative reform)

(Tax reform)

. Review of Government Expenditure and Promotion of Structural Reforms

1 Progress and utilization of human resource - education, culture, science and technology, IT -

2 Attractive urban areas and local areas with their own ideas and characteristics

3 Measures to build a fair and secure aging society addressing the aging society and declining birthrate

- 4 Creating an environment - friendly society and economy to deal with global environmental problem -
- 5 Development of social infrastructure
 - (Review of long-term for public works plans)
 - (Prioritization in public investment)
 - (Improving efficiency and transparency in public works)
 - (Review of individual projects)
- 6 Social security system
 - (Pension)
 - (Healthcare, nursing care, public assistance, employment insurance, etc.)
- 7 Local finances
 - (Review of local expenditures)
 - (Reform of the three major policies)