Outline of the Basic Policy on Economic and Fiscal Management and Reform 2019
A New Era of Reiwa: Challenges toward Society 5.0
(Cabinet Decision on 21 June 2019)

Chapter 1 Current Situation of the Japanese Economy
1. Current situation of the Japanese and overseas economies and challenges
   1) Current situation of the Japanese economy and challenges
   2) Changing global economic environment and challenges

2. Direction of economic and fiscal management
   1) Basic concepts
   2) Challenges toward the new era:
      - Acceleration to realize “Society 5.0”
      - Establish a system suitable for the age of “Society 5.0”
      - Virtuous cycle of economic revitalization and fiscal consolidation
   3) Short-term economic and fiscal management, etc.

3. Reconstruction from the Great East Japan Earthquake and other disasters
   1) Reconstruction and revitalization after the Great East Japan Earthquake
      - Seamless support for affected people and revival of industries and livelihoods
      - Post-nuclear disaster reconstruction and revitalization of Fukushima
   2) Reconstruction from recent natural disasters, acceleration of prevention and reduction of disasters
      and national land resilience

Chapter 2 Establish a System Suitable for the Age of “Society 5.0”
1. “Action Plan of the Growth Strategy” and other measures to boost growth potential
   1) Realization of “Society 5.0”
      - Definition of rules for the digital market
      - Fintech/ finance
      - Mobility
      - Corporate governance
      - Smart public services
   2) Reforms to social security system for all generations
      - Securing employment opportunities up to the age of 70
      - Promotion of mid-career hiring and experienced personnel hiring
      - Prevention of diseases and nursing care
3) Reinforcement of regional measures under population decline
   - Maintenance of community infrastructure and competition policy
   - Supplying human resources to regions

2. Human resource development, work-style reform, promotion of measures to increase household income
1) Promotion of human resource development in accordance with decreasing birthrate and aging of the population
   - Free early childhood education and nurseries
   - Reform of primary and secondary education, etc.
   - Making tuition fees of private high schools effectively free
   - Free tertiary education
   - University reform
   - Recurrent education
   - Measures to cope with decreasing birthrate, support for children and child-rearing
   - Promotion of active participation of women
   - Improvement of working conditions of nursing-care workers
2) Promotion of work-style reform
3) Promotion of measures to increase household income
   - Support program for the “employment ice-age” generation
   - Raising minimum wages

3. Promotion of regional revitalization
1) Correction of the monopolar concentration in Tokyo, creation of new movement of people to regions
2) Revitalization of regional industries
   - Revitalization of the tourism industry
   - Revitalization of agriculture, forestry and fishery industries
   - Regional revitalization by bringing vitality from abroad
3) Support for SMEs and microenterprises
4) Promotion of decentralization reform
5) Creation of a nation with mutual flow of people across regions
6) Development of Okinawa

4. Cooperation with the global economy and society
1) Commitment to sustainable growth at the occasion of G20
2) Promotion of economic partnerships, making the 21st century trade rules, such as TPP11, as international standards
3) Rules and framework of cross-border data flow toward expansion of the data-driven economy at international level

4) Contribution to environmental and global issues, with a focus on SDGs
   - Quality infrastructure investment
   - Coping with environment and energy issues including formulation of a long-term strategy based on the Paris Agreement
   - Actions on marine plastic litter
   - Coping with global health issues

5. Initiatives for important policy issues
   1) Promotion of regulatory reforms
   2) Promotion of science and technology, innovation and investment
      - Promotion of science, technology and innovation
      - Promotion of public investment to boost and sustain growth potential
   3) Acceptance of human resources from overseas and creation of a suitable environment
      - Promotion of smooth and appropriate acceptance of human resources from overseas
      - Development of an environment for the creation of a society of coexistence
      - Establishment of a scheme to control entry and residence of human resources from overseas
      - Promotion of employment of foreign students in Japan
   4) Measures for successful implementation of large-scale international games, realization of a nation of sports, culture and art
      - Successful implementation of large-scale international games
      - Realization of a nation of sports
      - Realization of a nation of culture and art
   5) Natural resources and energy, environmental countermeasures
      - Natural resources and energy
      - Environmental countermeasures
   6) Diplomacy and security
      - Diplomacy
      - Security
   7) Safety and security of life
      - Disaster prevention and reductions, national land resilience
      - Public order and the administration of justice
      - Crisis management
      - Consumer safety and security
      - Building a society of mutual assistance and coexistence
      - Improving housing safety net, etc.
Chapter 3 Virtuous Cycle of Economic Revitalization and Fiscal Consolidation

1. Steady promotion of the New Plan to Advance Economic and Fiscal Revitalization

2. Promotion of “Integrated Economic and Fiscal Reforms”, etc.
   1) Efficient and high-quality administrative and fiscal reforms through next-generation administrative services
      □ Enhancement of efficiency of administrative procedures through digital government
      □ Promotion of efficient and effective budget implementation
      □ Promotion of administrative reforms, including the EBPM (Evidence-Based Policy Making)
   2) Reforms in major policy areas
      □ Social security
      □ Social infrastructure
      □ Local public administration and fiscal reforms
      □ Education, science and technology
      □ Tax reforms, scaling back government assets and liabilities
   3) Acceleration and expansion of policy efforts in expenditure reforms, etc.
      □ Thorough implementation and expansion of “visualization”
      □ Nationwide dissemination of advanced and good practices, etc.
      □ Incentive reforms

Chapter 4 Short-term principles in economic and fiscal management and guiding principles in budget formulation for FY 2020

1. Short-term economic and fiscal management
   1) Coping with the consumption tax rate hike
      □ Measures to smooth demand fluctuations
      □ Implementation of the reduced consumption tax rate schemes
   2) Short-term economic and fiscal management

2. Budget formulation for FY2020