

**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 21<sup>st</sup> 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