

### I. Changing Environment Surrounding Japan and Japanese Economy

- **Japan is facing surges of simultaneous and complex challenges domestically and internationally**, such as the changing environment surrounding Japan (COVID-19 infection, Russia's aggression against Ukraine, climate change, etc.) and structural issues within Japan (rising prices of imported resources, declining and aging population and low birth rate, flagging potential growth rate, increasing frequency and intensity of disasters, etc.).
- **Amid the increasing uncertainty of the global economy, the government will prudently manage the Japan's macroeconomy in two phases for the near term.**

**Phase 1:** The government mitigates any further impact on people's livelihoods and the economy as well as to support people in harsh situations with the utmost effort through Comprehensive emergency measures, which have recovery from the COVID-19 pandemic to be ensured. In addition to the above, it provides reassurance to people to meet unexpected fiscal demands swiftly through the use of the reserve fund.

**Phase 2:** The government will formulate immediately and put into practice Comprehensive Measures to jump-start according to the Basic Policy 2022 and the grand design and action plan for a new form of capitalism.

- **The framework of economic and fiscal management will be maintained** for joint promotion of bold monetary policies, flexible fiscal policies, and growth strategies that will encourage private investment. **The macroeconomy will be managed flexibly without hesitation** to achieve autonomous growth led by private demand, and to break away from deflation.
- Well-planned, focused investment through public-private collaborations will be promoted for sustainable economic growth. All possible measures will be executed, taking on without hesitation the fiscal expenditures necessary to address the crises. **The government will faithfully rebuild the economy.** The government will also work to put **public finances on a sound footing.**
- **The economy is the foundation of public finance. The government will faithfully rebuild the economy.** The government will also work to put **public finances on a sound footing.**

### II. Reform for the Realization of a New Form of Capitalism

- **Working toward solving social issues itself will be regarded as a source of creating added value and incorporated into the growth strategy.**
- **Well-planned, focused investment and reforms will be carried out through government-business cooperation to achieve the resolution of issues and economic growth at the same time.**

#### Focused investment areas for the creation of a new form of capitalism

#### Initiatives for resolving social issues

##### 1. Investment in and distribution to people

- Support upskilling and promote diverse workstyles.
- High-quality education
- Promote increase in wages and minimum hourly wages (at least 1,000 yen as a national weighted average).
- Doubling Asset-based Incomes Plan (drastic expansion of NISA, reform of iDeCo, etc.)

##### ● Creation of social value in cooperation with the private sector

- Promote public-private collaborations through such means as the use of PPP/PFI.
- Promote social impact investment and create a mutual assistance society.
- Improving a competitive environment that will drive innovation.

##### ● Creation of an inclusive society

- Implement measures to increase the birth rate and policies related to children and promote women's empowerment.
- Create a harmonious society, implement measures against loneliness and social isolation, and support the "employment ice age" generation.

##### ● Promotion of multipolarity and regional revitalization

- Vision for a Digital Garden City Nation
- Build the decentralized nation and restructure regional public transport networks.
- Toward decentralized virtual spaces.
- Revitalize mid-tier enterprises and SMEs and address growing debt among companies and households.
- Restore Japan as a tourism-oriented country and promote culture, art, and sports.

##### ● Ensuring economic security

##### 2. Investment in science, technology and innovation

- Drive drastic expansion of investment in quantum technologies/ AI/ biotechnology and medical care through public-private

##### 3. Investment in startups (new establishments)

- Formulate a five-year startup development plan by the end of this year (ten times in five years, etc.).

##### 4. Investment in green transformation (GX)

- To realize a public-private investment of more than 150 trillion yen, embody the vision of "Pro-Growth Carbon Pricing" and consider GX Economy Transition Bonds (tentative name).

##### 5. Investment in digital transformation (DX)

- Develop and implement a Regtech map.
- Promote the use of Individual Number Cards ("My Number Card").

### III. Response to Changing Environments in and outside Japan

#### Response to the changing international environment

##### ● Strengthening of diplomacy and security

- Significantly strengthen both diplomacy and security in the face of increasingly severe security environment.
- Fundamentally reinforce defense capabilities within five years.

##### ● Strengthening of economic security

- Ensure effective enforcement of the Economic Security Promotion Act.

##### ● Strengthening of energy security

- Maximize use of highly decarbonized power sources, such as renewable energies and nuclear power, while promoting energy efficiency.

##### ● Strengthening of food security and promotion of sustainable growth of agriculture, forestry, and fishery industries

- Stable food supply, Measures for achievement of Decarbonization and Resilience with Innovation (MeaDRI), promotion of exports (2030 target: five trillion yen), smart agriculture, forestry, and fisheries.

##### ● Promotion of international economic partnerships

- Strengthen international partnerships (DFFT, CPTPP, RCEP, IPEF, etc.).
- Promote foreign direct investment in Japan (80 trillion yen in foreign direct investment stocks for target year 2030).
- Promote the acceptance and coexistence of foreign nationals.

#### Promotion of disaster risk reduction and national resilience, and reconstruction from the Great East Japan Earthquake, etc.

#### Safety and security of people's lives

### IV. Medium- to Long-term Economic and Fiscal Management, V. Policy for Near-term Economic and Fiscal Management and FY2023 Budget Formulation

- **The government will resolutely pursue fiscal consolidation and work on achieving the current target.** However, the economy is the foundation of public finance, and **macroeconomic policy options in line with the circumstances should not be distorted** by giving a greater priority to meeting the current target year. Adopting a policy as needed to deal with the circumstances is not traded off against working to achieve the fiscal consolidation target. The government will faithfully rebuild the economy. The government will also work to put public finances on a sound footing. But **there is also a need to keep a close eye on traded off situations at home and abroad, etc., at all times**, such as the impact of the infection and the most recent price hike. The government will therefore **undertake the necessary verification depending on the situations.**
- **Well-planned, focused investment through public-private collaboration, correction of the harmful effect of the one-year-budget principle**, effective and efficient spending (**wise spending**) and enhancement of **EBPM**, and tax reform will be promoted.
- A sustainable **social security system for all generations** will be built, and other initiatives in areas of budget expenditure (**improvement of social capital, local public administration and fiscal reforms** and **promotion of educational and research activities**) will be implemented.
- **Integrated economic and fiscal reforms will be promoted based on this Basic Policy and the Basic Policy 2021. However, this should not lead to narrowing the range of available options for important policies.** **1**

# Basic Policy on Economic and Fiscal Management and Reform 2022 Chapter 1

## I. Changes in Environment Surrounding Japan and the Japanese Economy

Japan is facing surges of simultaneous and complex challenges domestically and internationally, such as the changing environment surrounding Japan (COVID-19 infection, Russia's aggression against Ukraine, climate change, etc.) and structural issues within Japan (rising prices of imported resources, declining and aging population and low birth rate, stagnant potential growth rate, increasing frequency and intensity of disasters, etc.).

**Working toward solving social issues itself will be regarded as a source of creating added value and incorporated into the growth strategy.**

**Well-planned, focused investment and reforms will be carried out in the medium- to long-term through government-business cooperation to achieve the resolution of issues and economic growth at the same time.**

**Activating a new form of capitalism aimed at reforming and making the structure of economic society more sustainable and resilient to changes.**

### Macroeconomic Management amidst the Recovery from the COVID-19 Pandemic and the Crisis in Ukraine

#### ◆ Macroeconomic management for the immediate term

• Amid the increasing uncertainty of the global economy, Japan's macroeconomy will be **managed prudently in two phases** for the immediate term.

**Phase 1:** The government will mitigate any further impact on people's livelihoods and the economy by **supporting people in harsh situations with the utmost effort** through Comprehensive Emergency Measures, which will ensure **recovery from the COVID-19 pandemic**.

**In addition to the above, it will provide reassurance to people to meet unexpected fiscal demands swiftly** through the use of the reserve fund.

**Phase 2:** The government will **formulate immediately and put into practice Comprehensive Measures to jump-start** according to the Basic Policy 2022 and the grand design and action plan for a new form of capitalism.

- **The framework of economic and fiscal management will be maintained** for joint promotion of bold monetary policies, flexible fiscal policies, and growth strategies that will encourage private investment. **The macroeconomy will be managed flexibly without hesitation** to achieve autonomous growth led by private demand, and to break away from deflation. We expect the Bank of Japan to achieve the price stability target of two percent in a sustainable and stable manner in light of economic activity, prices and financial conditions.
- ◆ **Countermeasures against infectious diseases to normalize economic and social activities**
- **Strengthen the medical care provision system** (reserving more beds dedicated for COVID-19 care, securing beds for COVID-19 patients with the names of hospitals made public, increasing the number of beds available for immediate use, and increasing the occupancy rate of reserved beds).
- Promote **the full visualization of the actual operational status of medical services** through such means as medical DX, development of the infrastructure of medical information, and use of G-MIS and medical claims data.
- **Promote vaccination, tests, and oral medicine**, etc., and smoothen the health confirmation process at the time of entry into the country through such means as the digitization of vaccination certificates using Individual Number Cards ("My Number Card").
- **Review border measures and ease border measures** to enable entry into Japan as smooth as in other G7 nations in order to revitalize cross-border travel.
- **Put together measures that need to be taken on a medium- to long-term perspective, such as strengthening the "control tower" function** to swiftly and accurately respond to crises.

### Medium- to Long-term Economic and Fiscal Management

- Well-planned, focused investment through public-private collaborations will be promoted for sustainable economic growth. All possible measures will be executed, taking on without hesitation the fiscal expenditures necessary to address the crises. **The government will faithfully rebuild the economy.** The government will also work to put **public finances on a sound footing. The economy is the foundation of public finance. The government will faithfully rebuild the economy.** The government will also work to put **public finances on a sound footing.**

# Basic Policy on Economic and Fiscal Management and Reform 2022 Chapter 2-1

## II. Reform for the Realization of a New Form of Capitalism

### 1. Focused Investment Areas for the Realization of a New Form of Capitalism

#### (1) Investment in and distribution to people

- ◆ **Upskilling (investment in human capital)**
  - Provide a **package of measures to budget about 400 billion yen for three years** until FY2024.
  - **Formulate rules on non-financial information disclosure** during this year, revise the form of quarterly disclosure.
  - Promote recurrent education, support smooth labor mobility, ensure the thorough implementation of equal pay for equal work.
- ◆ **Promoting diverse work styles**
  - Job-type employment, discretionary labor system, side or multiple jobs, selective four-day work week.
  - Promote high-quality telework, create an environment that allows freelancers to work without troubles.
- ◆ **Achieving High-quality education**
  - **Expand scholarship grants, etc., for students from middle-class families including households with multiple children, and offer a flexible repayment arrangements (repayment upon success in career).**
  - **Strengthen the function of universities, etc.** (promotion of reorganization centering around growing fields, target setting for the percentage of students studying natural sciences [about 50%, etc.], development of human resources beyond the boundaries of the humanities and sciences)
- ◆ **Increase in wages and raising minimum wages**
  - **Further build up the momentum for wage increases** (support for business reconstruction, productivity improvement, etc., development of an environment that allows for a fair passing of increased costs to prices).
  - Aim to raise **mandatory minimum wages to at least 1,000 yen on a national weighted average** as soon as possible.
- ◆ **“Doubling Asset-based Incomes Plan” for “a shift from Savings to Investment”**
  - **Formulate the comprehensive Doubling Asset-based Incomes Plan by the end of this year** by deploying every possible policy measure, including the drastic expansion of NISA and the reforming of iDeCo.

#### (2) Investment in science, technology and innovation

- **Drive drastic expansion of investment in quantum technologies, AI, biotechnology, and medical fields through public-private collaboration.**
- **Give greater focus on the fields of space and ocean.**
- Establish a governance system and implement regulatory reforms to develop **globally competitive research universities; drastically strengthen** strategic management of **regional core universities, etc.**, through means such as government-industry-academia collaboration.
- Strongly promote the support for young human resources (**deepening of measures to help them devote themselves to research, vitalization of international global brain circulation** including the progressive implementation of the “Tobitate! (Leap for Tomorrow) Study Abroad Initiative” program).

#### (3) Investment in startups (new establishments)

- **Clarify the “control tower” function** to implement the investment, **formulate a five-year startup development plan by the end of this year** to increase by 10 times in five years.
- **Provide an environment that facilitates fund procurement** (review of the IPO process, expansion of venture capital investment).
- **Develop and secure human resources who can support startups;** support the matching of management talents, etc., with startups.
- Support R&D and sales channel cultivation, vitalize open innovation.

#### (4) Investment in green transformation (GX)

- **Formulate a roadmap to decarbonization by the end of the year** based on the clean energy strategy interim report under public-private partnerships.
- To realize a public-private investment of more than 150 trillion yen, consider raising prior government funds through **“GX Economy Transition Bonds (tentative name)”**, backed by future financial resources and providing investment support in a foreseeable manner, while **embodying the vision of “Pro-Growth Carbon Pricing.”**
- Embody the “investment promotion measure that integrates regulation and support”, develop step-by-step and utilize the GX League, make use of transition finance and other novel financial techniques.
- Accelerate regional decarbonization (develop human resources, decarbonize corporate management, provide funds, etc.).

#### (5) Investment in digital transformation (DX)

- Review laws and regulations, etc., based on the plan to comprehensively review regulations in accordance with digital principles within the next three years in order to achieve **compliance with the Digital Principles.**
- Self-driving cars and eVTOL (electric Vertical Take-Off and Landing), DX and standardization in the fields of logistics and people flow, MaaS, technology roadmap, **looking into ways to resolve vendor lock-in, Cyber Security Strategy**
- **Promote digitalization of administrative procedures, promote the use of Individual Number Card (“My Number Card”).**
- Develop data platforms for medical care, long-term care, etc.
- **Revise the Local Government DX Promotion Plan,** promote the digitalization of local governments.

# Basic Policy on Economic and Fiscal Management and Reform 2022 Chapter 2-2

## II. Reform for the Realization of a New Form of Capitalism

### 2. Efforts to resolve Social Issues

#### (1) Creating social value in cooperation with the private sector

- ◆ **Promoting public-private collaboration by utilizing PPP/PFI, etc.**
  - Significantly strengthen the initiative based on a **new action plan**. Implement relevant measures intensively over **the focused implementation period of the next five years**. Utilize and strengthen the function of **Private Finance Initiative Promotion Corporation of Japan**.
  - **Introduce concessions** to operate stadiums, arenas, cultural facilities, and transportation terminals, etc.
- ◆ **Promoting social impact investment, creating a mutual assistance society**
  - **Strengthen the support for social entrepreneurs, consider creating a new format for corporations** that play a public role in the private sector
  - Implement necessary actions to **review the Dormant Deposits Utilization Act in the fifth year of its enforcement**, provide an environment for promoting PFS and SIB, promote activities of corporations engaging in specified non-profit activities, promote public-private collaboration.
- ◆ **Improving a competitive environment that will drive innovation**
  - Strengthen the Japan Fair Trade Commission's advocacy functions to recommend improvements for trading practices and regulatory revisions.

#### (2) Realizing an inclusive society

- ◆ **Measures to address declining birthrate, child welfare policies**
  - **Establish a "The Children and Families Agency", promote comprehensive efforts** tailored to the life stages of families, introduce a Japanese version of DBS, alleviate child poverty, ensure the smooth enforcement of the revised Child Welfare Act.
  - **Compile necessary policies related to children systematically to ensure the effectiveness of such systems. Discuss a wide range of issues** that need to be addressed to secure stable financial resources for the policies, **including how the burden of costs should be shared across society**.
- ◆ **Active roles for women**
  - **Make the disclosure of gender wage gaps mandatory**; promote paternity leave; expand women's participation in a wide range of fields; **support women in difficult situations**; encourage female students, etc., to major in science and engineering.
- ◆ **Creating a harmonious society**
  - **Develop systems to provide comprehensive support for local residents; strengthen counseling and support for the independence, etc.**, of people in need.
  - Provide support for people with dementia, disabilities, etc.; promote understanding toward sexual minorities.
- ◆ **Measures against loneliness and isolation**
  - Utilize social prescribing, provide support for socially withdrawn people, promote comprehensive suicide countermeasures.
  - Provide an environment aimed at creating local public-private collaboration platforms.
- ◆ **Support for the "employment ice age" generation**
  - Aim to increase the number of regular employees by 300,000 during **two years of the "second stage" of intensive support, starting in FY2023**.

#### (3) Promoting multipolarization and regional revitalization

- ◆ **Vision for a Digital Garden City Nation**
  - Implement smart cities, advance further development of communication infrastructure for 5G and optical fibers, promote post 5G/Beyond 5G systems, **develop 2.3 million digital promotion personnel by the end of FY2026**.
- ◆ **Creating a decentralized country, rebuilding local public transportation networks**
  - **Develop and utilize networks of logistics and people flow at an early stage, accelerate the construction of Linear Chuo Shinkansen**, create AI-operated port terminals, maintain and revitalize airline networks.
  - **Reconstruct regional public transport networks**, develop infrastructure for automated driving, etc.
- ◆ **Create decentralized virtual spaces**
  - Provide an environment necessary for creating a decentralized digital society, where **Web 3.0**, NFT, metaverse, etc., are achieved.
- ◆ **Expansion of relevant populations and community development leveraging individuality**
  - Understand the actual status of the related population, support the *Furusato Nozei* hometown tax payment, **support the expansion of satellite offices**, promote the development of Okinawa and Hokkaido.
- ◆ **Improving the vitality of medium-sized companies and SMEs**
  - **Support business restructuring and productivity enhancement, promote fair transactions**, achieve DX at regional companies.
- ◆ **Dealing with companies and households with increasing debt**
  - **Support companies in their improvement of earning power, business revitalization, and efforts to retry their business** through such means as assistance in debt adjustment including reduction or elimination of debts; introduce a new business restructuring law; exempt the repayment of emergency small loans, etc.
- ◆ **Restoring Japan as a tourism-oriented country**
  - Take measures to increase the demand for domestic tourism; **revitalize and create high added value to tourist sites and the tourism industry**.
  - Strategically recover inbound tourism, improve the CIQ process and other factors in the environment for receiving international tourists, implement border control measures.
- ◆ **Promoting culture, art, and sports**
  - **Communicate and spread information on the attractiveness of Japanese culture, art, and contents domestically and internationally**, make sports **a growth industry**.

#### (4) Ensuring economic security

- Ensure economic security, including access for energy and food; promote free trade and strengthen measures against unfair economic activities.

# Basic Policy on Economic and Fiscal Management and Reform 2022 Chapter 3

## III. Response to Changes in the internal and external environments

### 1. Responding to Changes in the International Environment

#### (1) Strengthening diplomacy and security

- Significantly strengthen both diplomacy and security in the face of an increasingly severe security environment.
- **Actively pursue diplomacy aimed at the upholding and developing an international order** (deepen cooperation with countries and regions such as Australia and India, all the while focusing on the Japan-U.S. Alliance, strengthening diplomatic power through such means as the expansion of ODA and the reinforcement of foreign policy implementation structures).
- Accelerate the examination of new national security strategies, and **fundamentally reinforce defense capabilities within five years**. Consider the FY2023 budget in the course of compiling the budget.

#### (2) Strengthening economic security

- Promote economic security measures in a comprehensive and effective manner while maintaining -freedom of economic activities at the same time.
- **Ensure the consistent enforcement of the Economic Security Promotion Act, introduce measures related to supply chains and public-private technology cooperation as far as possible ahead of other measures under the law.**

#### (3) Strengthening energy security

- **Make maximum use of power sources that will contribute to energy security and have a high decarbonization effect**, such as those with high energy-saving efficiency, renewable energies, and nuclear power.
- Improve electric power networks and systems; maintain and strengthen supply chains; restart nuclear power plants with top priority on safety; execute effective nuclear regulations; build up nuclear emergency preparedness.

#### (4) Strengthening food security and promoting sustainable growth of agriculture, forestry, and fisheries

- Take measures for securing the stable supply of production materials; expanding production of and demand for animal feed, wheat, rice flour, etc.; and to the domestic production of food materials and timber, and examine measures to address soaring fertilizer prices. Initiate the development of comprehensive measures necessary to secure **reliable food supplies**.
- Implement Measures for achievement of Decarbonization and Resilience with Innovation (MeaDRI), **promotion of exports** (2030 target: 5 trillion yen), and introduce **smart agriculture, forestry and fisheries**.

#### (5) Promotion of international economic partnerships

- ◆ **Strengthening international partnerships**
  - Expand a free and fair economic zone; maintain and strengthen the rules-based multilateral trading system.
  - Contribute to the achievement of SDGs internationally.
  - **International rule-makings and international partnerships (DFFT, CPTPP, RCEP, IPEF, etc.)**
  - Promote the respect for human rights in supply chains and resolve global health issues with a view to achieving universal health coverage.
- ◆ **Promoting foreign direct investment in Japan**
  - **Enhance the attractiveness of Japan as an investment destination** to achieve our target of 80 trillion yen in foreign direct investment stocks in by 2030.
  - **Provide support that contributes to pursue DX and GX**, while paying attention to the perspective of economic security.
  - Strengthen functions of international financial centers, promote international arbitration in Japan.
- ◆ **Acceptance and coexistence of foreign nationals**
  - Accept highly skilled foreign professionals and promote effective use of human resources, ensure the appropriate operation of the Technical Intern Training Program.
  - Work toward achieving harmonious coexistence with foreign nationals (e.g., creating local communities that are comfortable for foreign nationals to live in).

### 2. Promotion of Disaster Risk Reduction and National Resilience, Rebuilding from the Great East Japan Earthquake, etc.

- ◆ **Disaster risk reduction and national resilience**
  - **Secure the necessary sufficient budget** and continue to **promote the Five-Year Acceleration Plan, etc.**
  - **After the end of the Five-Year Acceleration Plan, include the measures of the plan in the Fundamental Plan for National Resilience for next the year, in recognition of the importance of continuously and steadily advancing national resilience efforts from a medium- to long-term perspective.**
- ◆ **Rebuilding from the Great East Japan Earthquake, etc.**
  - Make utmost effort for **the reconstruction and revitalization of the affected areas.**

### 3. Ensuring Safety and Security of People

- Prevent terrorism before it occurs; **promote cybersecurity measures, including the strengthening of the intelligence functions**, anti-money laundering, counter the financing of terrorism and counter proliferation financing measures, and contingency measures to protect citizens.
- prevent accidents involving elderly and other drivers, support the victims of car accidents, and take measures to combat special fraud.
- **Formulate the Recidivism Prevention Promotion Plan for the next term**; improve and strengthen preventive justice support and comprehensive legal support; promote digitalization in the judicial branch; enhance support for crime victims and their families based on the Fourth Basic Plan for Crime Victims, etc.; promote Justice Affairs Diplomacy.
- Implement consumer policy, including **the establishment of rules against digital advertisements that mislead consumers in making decisions.**

# Basic Policy on Economic and Fiscal Management and Reform 2022 Chapters 4 and 5

## IV. Medium- to Long-term Economic and Financial Management

### Sustainable economic and financial management from a medium- to long-term perspective

- ◆ **The government will resolutely pursue fiscal consolidation and work on achieving the current target.** However, the economy is the foundation of public finance, and **macroeconomic policy options in line with the circumstances should not be distorted** by giving a greater priority to meeting the current target year. Adopting a policy as needed to deal with the circumstances is not traded off against working to achieve the fiscal consolidation target. The government will faithfully rebuild the economy. The government will also work to put public finances on a sound footing. But **there is also a need to keep a close eye on economic situations at home and abroad, etc., at all times**, such as the impact of the infection and the most recent price hike. The government will therefore **undertake the necessary verification depending on the situations.**

### ◆ Promoting well-planned, focused investment through public-private collaborations

- ◆ **While sharing a roadmap that includes well-planned investment** and institutional reforms necessary for problem solving with the public and private sectors, we will on that basis **secure the necessary financial resources**, utilize funds as suited to the nature of projects, and tax systems, and **undertake bold focused investments through public-private collaborations over the medium- to long-term.**

### ◆ Correcting the harmful effects of single-year budgeting

- ◆ **Correct the harmful effect of the single-year budgeting** and systematically tackle national issues. We will **utilize funds** in keeping with the nature of projects and flexibly to **enable budgets to be implemented throughout the fiscal year.**

### ◆ Striving for sustainable debt management

- ◆ **Need to put in place an environment for steady refinancing of government bonds. It is important to increase the nominal growth rate** from the perspective of controlling the debt-to-GDP ratio.

### ◆ Engaging in effective and efficient spending and thoroughly strengthening EBPM

- ◆ Drastically enhance **visualization, incentive reform**, etc., to promote **wise spending.**
- ◆ **Utilize Administrative Project Review Sheets for budget formulation**; promote the review of funds, etc., using a PDCA cycle.
- ◆ Reforming the tax system for coping with socioeconomic structural changes.

### Reforms in Various Fields

#### ◆ Building a sustainable social security system

- ◆ To build social security for all generations, we will share basic ideas widely across all generations and **promote national discussions** that do not degenerate into conflict between generations.
- ◆ **Identify short-term and medium- to long-term issues** and **plan the process of medium- to long-term reforms** to be implemented until around 2040 in committee on a social security system oriented to all generations, and carry out the reforms through efforts conducted by the entire government.
- ◆ Set up the **Medical DX Promotion Headquarters (tentative name)** with the Prime Minister as the head; **look to, as a general rule, abolish health insurance cards**; establishing a system to efficiently provide high-quality medical care.

#### ◆ Developing social capital that enhances productivity and supports the economy and society

- ◆ **Accelerate DX in the infrastructure sector** through such means as the promotion of the open availability and linking of infrastructure data as well as of the i-Construction initiative.
- ◆ **Promote social capital improvement consistently based on a medium- to long-term perspective** by implementing an effective PDCA cycle, **while maintaining the necessary volume of public works toward the future.**

#### ◆ Establishing a new allocation of roles between the national and local governments

- ◆ **Proceed with discussions to clarify such matters as how the roles should be divided** between the national and local governments and between local governments.
- ◆ When the national government stipulates that local governments are legally obliged and delegated to formulate new plans, limit it to the minimum necessary.

#### ◆ Promoting education and research activities that support socioeconomic vitality

- ◆ Promote **integrated educational reform in relation to hardware, software, and human resources** which is coupled with **education DX**; improve the fundamental environment for learning.
- ◆ **Strive to improve the quality and productivity of research** through such means as **improving internationality.**

## V. Immediate economic and financial management and Guiding Principles in Budget Formulation for FY2023

- ◆ Integrated economic and fiscal reforms will be promoted **based on this Basic Policy and the Basic Policy 2021. However, this should not lead to narrowing the range of available options for important policies.**
- ◆ **Pursue systematic and bold prioritized investment** – investment in science, technology and innovation, investment in startups, investment in GX, and investment in DX – **through public-private partnerships** to achieve the “New Form of Capitalism”.
- ◆ **Rectify harmful effects of single-year budgeting** by utilizing funds in accordance with the nature of projects and taking flexible and appropriate measures that enable budgets to be executed over the entire fiscal year. **Visualize** the usage and results of successive supplementary budgets passed during the COVID-19 pandemic, **pursue EBPM and PDCA efforts**, and carefully **ensure effective and efficient(wise) spending.**