

Provisional Translation

Basic Policy on Economic and Fiscal Management and Reform 2025

June 13, 2025
Cabinet Decision

The content of the Basic Policy on Economic and Fiscal Management and Reform 2025 is as described in the Attachment.

(Attachment)

Basic Policy on Economic and Fiscal
Management and Reform 2025
—Toward a Society in which People can Feel
“Tomorrow will be Better than Today”—

June 13, 2025

Basic Policy on Economic and Fiscal Management and Reform 2025

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Chapter 1 Basic Views on Macroeconomic Management

1. Environment surrounding the Japanese Economy and the path to aim for

The international order that has brought stability and prosperity to the world is now being transformed by the rise of country-first policies and authoritarian states. Attempts to unilaterally change the status quo through force and coercion are also continuing.

The government will protect our national interests under all circumstances. To that end, we will maintain and strengthen a free and open international order based on the rule of law, while at the same time preparing for the formation of a new international order under power politics. We will ensure the sustainability of our country's economy and society while contributing to the stability and prosperity of the world.

It is not only the international environment that is becoming increasingly difficult. In Japan, for example, there are many challenges to building a resilient economic structure, such as coping with frequent natural disasters and large-scale earthquakes that are expected to cause serious damage, preserving aging infrastructure, and establishing energy, food, and economic security.

Efforts to address structural reforms that have been pointed out but not necessarily progressed sufficiently, such as ensuring the sustainability of economic, fiscal, and social security systems in anticipation of a full-fledged population decline. Innovation and productivity improvement in order to prevent the economic pie from shrinking even in the face of a declining population, and the securing of high-quality jobs as its prerequisite. Even in the midst of major changes in the international order surrounding Japan, the realization of a New Form of Capitalism is nothing less than for public and private sectors to collaborate, to promote efforts to solve these problems, and to aim at the sustainable growth of our country's economy and improvement in the affluence of people's lives.

Efforts to realize a New Form of Capitalism are bringing to an end the cost-cutting economy that lasted for 30 years, and wages have been raised by more than 5% for two consecutive years.¹ The Ishiba Cabinet will further advance these efforts and achieve wage increases that consistently exceed price hikes, including the

¹ The "2024 (Final) Aggregate Results of the 7th Responses to the Spring Labor Offensive" (published by the Japanese Trade Union Confederation on July 3, 2024) and "2025 Aggregate Results of the 6th Responses to the Spring Labor Offensive" (published by the Japanese Trade Union Confederation on June 5, 2025).

minimum wage increase, based on the idea that wage increases are the cornerstone of the Growth Strategy. The government also aims to realize "a new Japan and an enjoyable Japan" in which people can feel that tomorrow will be better than today and where they can enhance their feelings for their hometown. This Basic Policy is the very basic policy on economic and fiscal management and reform to that end.

2. Coping with risks of the moment and realizing a growth-oriented economy driven by wage increases

A series of U.S. tariff measures and the subsequent tit-for-tat countermeasures, which undermine the free and open trade and investment system that has been fostered by the international community, not only reduce exports from Japan but also put downward pressure on consumption and investment through cautious sentiment among households and businesses, posing downside risks to the whole Japanese economy. In addition, prices, particularly food prices, have continued to rise, and households and businesses remain in a severe situation.

First, we will make every effort to prepare for and respond to these risks.

As a country that has benefited from the free trade system built up by the international community since the end of World War II, Japan will strongly urge the U.S. to reconsider its tariff measures and will persistently continue consultations to powerfully promote the cooperative relationship for the mutual growth of Japan and the U.S.. At the same time, the government will provide necessary support, including financing measures, on the assumption of the impacts of the tariff measures on domestic industries and the economy. In addition, we will take every possible measure, assuming all possible situations. Furthermore, the government will work on expanding domestic investments, making supply chains more resilient, promoting foreign direct investment in Japan, and facilitating labor mobility, while also building an economic structure that is resilient to changes in the external environment, by expanding domestic demand to give an instance.

With regard to the current price hikes, in addition to measures included in the FY 2024 Supplementary Budget and FY 2025 Budget, the government has added measures such as the sale of the government stockpiled rice, a fixed price reduction in fuel oil prices, and support for electricity and gas rates according to the situation of prices and people's lives, while paying close attention to the impact of these developments. The government will use all available measures to protect people's lives and business activities.

While the Japanese economy faces these risks, a virtuous cycle of growth and distribution has begun, with nominal GDP now exceeding 600 trillion yen and wage increases exceeding 5% for two consecutive years. We will make every effort to prepare for and respond to risks of the moment and strengthen the growth potential of the Japanese economy in every corner of the country in order to ensure the transition to a growth-oriented economy by breaking away from a cost-cutting economy and not returning to deflation.

Wage increases are the cornerstone of the growth strategy. Under sustained and stable inflation, the government aims to keep a real wage increase of around 1% in the Japanese economy as a whole, thereby raising people's income and the productivity of the whole economy. Toward the realization of this, in order to promote wage increases by small and medium enterprises (SMEs) and Small Business, the government will mobilize all measures to support wage increases, such as passing on prices, enhancing productivity, and backing business succession and M&As to strengthen management foundations. We will steadily raise the minimum wage and continue to work tirelessly toward our lofty goal of achieving the national average of 1,500 yen in the 2020s. We will also work to increase wages and income in the future. In order to continuously enhance the earning power of enterprises, the government will implement initiatives for “Stimulating Japan’s Investment Power” in which the public and private sectors cooperate in investments in such fields as GX and DX, startups, and economic security. We will implement initiative for “Promoting Japan as a Leading Asset Management Center” that ensure a shift from savings to investments and support their asset building by households from a medium- to long-term perspective.

Regional Revitalization 2.0 is at the heart of the policy to realize “a new Japan and an enjoyable Japan.” We will promote this as the Reiwa Era remodeling of the Japanese archipelago and restore Japan’s vitality as a whole through initiatives, such as those realizing “local areas chosen by young people and women.”

Ensuring the safety and security of the people is the cornerstone of the transition to a growth-oriented economy. We will work on the recovery and reconstruction from natural disasters such as the Great East Japan Earthquake and the 2024 Noto Peninsula Earthquake, disaster management, mitigation, and building national resilience, responding to changes in the diplomatic and security environment, strengthening crime countermeasures, etc.

Under the basic view that the wage hike measures, rather than the tax cut measures, will be the core of growth strategies, we intend to further increase spendable income through future wage hikes, in addition to the already-

implemented tax cut measures. To this end, while expanding the whole economy, we aim to realize a growth-oriented economy driven by wage increases, in which wages and income will keep growing in the present and future, by spreading and keeping wage increases above price hikes.

The government will continue to closely cooperate with the Bank of Japan and flexibly manage macroeconomic policies in response to economic and price conditions. The government will implement structural reforms to enhance competitiveness and growth potential, while advancing measures to establish a sustainable fiscal structure. At the same time, we expect the Bank of Japan to achieve the price stability target of 2% in a sustainable and stable manner, while confirming the virtuous cycle between wages and prices, by conducting appropriate monetary policy management in light of economic activity, prices and financial conditions.

The Council on Economic and Fiscal Policy will continue to conduct regular reviews on economic and fiscal conditions, the conduct of macroeconomic policy management, including monetary policy, and efforts in reforms toward a resilient economic structure against changes in the external environment.

3. Building a sustainable economic society under population decline

Our country's working-age population will shrink by almost 15 million, or by 20% or more, over the next 20 years.² Under these circumstances, it is necessary to transform the economic and social system that was created during the period of population growth into a system that is sustainable over the medium to long term.

We need to secure economic growth consistently exceeding 1% in real terms over the medium and long term to ensure the sustainability of Japan's economy, public finances, and social security even amidst the accelerating working-age population decline. We aim to achieve even higher growth rates. Once the economy reaches this stage assuming the price stability target of 2% inflation is achieved, an economic scale of some 1,000 trillion yen nominal GDP would be within reach by around 2040.

We intend to achieve sustainable economic growth exceeding 1% in real terms even beyond the 2030s, when the population will start to decline in earnest, and address reforms to restrain the rising trend of healthcare and long-term care

² According to Population Projections for Japan (2023 Projections) (Birth (Death) Median) by the National Institute of Population and Social Security Research, the working-age population (15-64 years old) is expected to decrease by approximately 14.78 million over the 20-year period from 2025 to 2045.

expenditures as a percentage of GDP, while maintaining a certain margin of surplus in the primary balance over the long term. This approach will enable us to ensure the long-term sustainability of the economy, public finances, and social security.

Under this vision, and based on the “Economic and Fiscal Plan for New Stage” stipulated in the Basic Policy 2024,³ we will carry out policies that put emphasis on raising the potential growth rate and continue reforms in terms of both expenditures and revenues, based on the understanding that the economy is the foundation of public finance. As Japan’s population declines, we need to generate even higher policy effects from limited resources. We will promote efforts for integrated economic and fiscal reforms, including the construction of social security systems for all generations, measures against the declining birthrate, and the promotion of policies for children and young people, the revitalization of public education and the revitalization of research activities, the promotion of strategic social capital development, and the strengthening of local administrative and fiscal foundations.

In the age of uncertainty in which the international order is at risk of being shaken to its very foundations, in order for Japan to continue to assume an important position in the world, we aim to build a vibrant economic society in which public finances play a sufficient role in supporting the medium- and long-term development of the national economy to realize growth. Then, along with the expansion in wages and income, a virtuous cycle of growth and distribution will be realized and people's lives will be enriched.

4. Human-centered nation-building

With Japan having become “a society in which human resources are dwindling in number,” it is important to promote people-centered nation-building. All measures will be mobilized to eliminate the public’s anxiety, enhance the content and quality of public education, create an environment that enables self-actualization, develop national and regional economic societies, and enhance people's feelings for their hometown. Through these measures, we will build a vibrant economic society where each and every person can feel a high sense of well-being, abundance, prosperity, safety/security, freedom, and authenticity.

In order to eliminate the public’s anxiety and to realize a safe and secure livelihood, we will work to firmly establish wage increases, create high-quality industries and employment opportunities in regional areas, strengthen the income

³ Basic Policy on Economic and Fiscal Management and Reform 2024 (decided by the Cabinet on June 21, 2024).

redistribution function based on the actual situation of various households, correct disparities, and dispel the anxiety about the future felt by the employment ice-age generation and younger generations. In order to maximize the potential of each individual, the public and private sectors will collaborate to develop human resources as well as to revitalize and reform public education. Furthermore, in order to develop an environment where people with diverse values can respect each other and promote self-actualization, the government will work on encouraging women and young people to start up their business, increasing the number of regular employees, supporting those engaged in reskilling and upskilling, and promoting diverse working styles. We will promote human-centered nation-building and build a society that respects human resources in which all people can feel happiness and respect people as assets. In order to enhance people's feelings for their hometown, the government will construct strong economic foundations and affluent living foundations in regional areas through initiatives under "Regional Revitalization 2.0." Strengthening connections among individuals and organizations creates new value which will attract new people, further diversify regions, and create a richer and stronger virtuous cycle, making a new platform for creating values. Moving beyond the dichotomy between urban and regional areas, we will create a more integrated Japan. To this end, the government will strongly promote the framework for the next 10 years based on the Basic Concepts for Regional Revitalization 2.0,⁴ which will be formulated separately. Through these efforts, we aim to realize "a new Japan and an enjoyable Japan."

5. Preparation for increasing uncertainties of the international situation

The international order surrounding Japan is changing, with heightened geopolitical risks, such as Russia's aggression against Ukraine, the rise of protectionism and authoritarian states, the confrontation between the United States and China, and the struggle for supremacy over digital technology.

Capitalism has undergone major changes, with the rise of neoliberalism since the 1980s, following laissez-faire, modified capitalism, and welfare states. While neoliberalism, together with the progress of globalization, has been a driving force for global economic growth, it is also said to have exposed problems that cannot be expected to be solved based on market principles, such as widening economic disparities, deepening climate change, and weakening supply chains. It has also been pointed out that some authoritarian states have achieved rapid economic growth while benefiting from the free trade system and digitalization, resulting in a growing global imbalance. Under these circumstances, protectionism and country-

⁴ Decided by the Cabinet on June 13, 2025

first policies are intensifying in some countries, and there is concern that international cooperation will become a dead letter and that international division will progress.

As an economic power with the world's second largest GDP, China is competing with the United States in trade and advanced technologies. There have also been cases in which China imposes economic coercion on other countries, taking advantage of their dependence on China. Some observers fear that the expansion of yuan settlement transactions linked to the Belt and Road Initiative could have a considerable impact on the dollar's role as a key currency in the future.

These heightened uncertainties in the international situation represent a paradigm shift for our country's economic and fiscal management. From the viewpoint of economic security, we need to strive to enhance Japan's self-reliance and to secure the advantage and indispensability concerning technologies and others, by strengthening the supply chains of essential goods as well as preserving and fostering cutting-edge technologies, while bringing together the wisdom of the public and private sectors. In addition, while making the policy efforts consistently to maintain and strengthen the free and open international order based on the rule of law in cooperation with allies and like-minded countries that share values and principles, we are required to thoroughly prepare strategies and measures to respond to and participate in the creation of new international order and rules.

It is important to earn the understanding and empathy of the public for the policy concept and direction set forth in this Basic Policy. Regarding the important policies of the Cabinet, including this Policy, we will strengthen our agile and strategic public relations for both inside and outside Japan.

Chapter 2 Realizing a Growth-Oriented Economy Driven by Wage Increases

1. Spreading and keeping wage increases above price hikes— Implementing all possible policy measures to support wage increases—

(1) Implementing the Five-year Plan for Promoting Wage Increases at Small- and Medium-sized Enterprises and Small-scale Business Operators

In the five years through fiscal 2029, the government will establish a norm of around 1% annual real wage growth in the Japanese economy as a whole, that is, around 1% higher than price hikes under sustained and stable inflation. Toward the realization of this, and in order to promote wage increases at SMEs and Small Business, the government will work on passing on prices and ensuring proper transactions, improving productivity, strengthening the management base through business succession and M&As as well as developing human resources and improving workers' conditions in local communities.

With regard to price pass-through and proper transactions, as measures based on the Policy Package for Price Pass Through in Public Sector Demand,⁵ the government will promote efforts for expanding the introduction and utilization of a low bidding price survey system⁶ and a minimum price limit system,⁷ adjusting the sliding scale system in response to price increases and the relevant contract modification during the fiscal year based on the Basic Policy on Contracts of Government Agencies, etc. for Small and Medium Enterprises,⁸ and securing the necessary budgets for the national government, independent administrative agencies,⁹ etc.¹⁰ and local governments. While strengthening the enforcement system for the Act on Proper Transactions with Small and Medium-Sized Entrusted Business Operators,¹¹ we will thoroughly publicize the "Guidelines on Price Negotiations for the Appropriate Passing-Through of Labor Costs."¹² We will

⁵ Grand Design and Action Plan for a New Form of Capitalism 2025 Revised Version (Cabinet Decision on June 13, 2025).

⁶ A system applied to cases where a person who has applied for bidding in a construction, manufacturing, or other contract at the lowest price may not be able to perform at that price in accordance with the contract. The application enables investigation to determine whether the person is appropriate as a counterparty to the contract, and if the person is found to be inappropriate, this system enables the exclusion of the person from being the successful bidder.

⁷ A system in which a minimum price is set in advance for a construction, manufacturing, or other contract, and among those who apply for the bidding at a price higher than the specified price, the one who applies at the lowest price becomes the successful bidder.

⁸ Decided by the Cabinet on April 22, 2025

⁹ This includes addressing mandatory expenses, inclusion in local fiscal plans, and implementing local fiscal measures.

¹⁰ This includes setting appropriate public works design labor rates commensurate with those with relevant qualifications.

¹¹ An abbreviation for Act Against Delay in Payment of Fees, etc. to Small and Medium-sized Entrusted Business Operators in Manufacturing and Other Specified Fields (Act No. 120 of 1956).

¹² Formulated and published by the Cabinet Secretariat and the Japan Fair Trade Commission on November 29, 2023.

promote initiatives to ensure proper transactions throughout the supply chains, including expanding and improving the effects of the Declaration of Partnership Building. In addition to conducting fact-finding surveys on infringement of intellectual property affecting SMEs and formulating guidelines under the Antimonopoly Act,¹³ the government will work on improving literacy through the IP Business Management Support Network.¹⁴

With regard to productivity improvement, in order to achieve the targets of public and private initiatives based on the Labor Saving Investment Promotion Plan⁵ formulated for 12 sectors, such as food service, accommodation, and retail, the public and private sectors will invest approximately 60 trillion yen in productivity improvement over the five years until fiscal 2029 as intensive efforts by that fiscal year, through support using digital support tools, nationwide accompanied support, and multi-year productivity improvement support. In order to secure human resources in local communities, the government will promote the "Vice President Once a Week" campaign,¹⁵ strengthen matching support, and promote by-jobs and side-jobs.

With regard to business succession and M&As, support institutions will strengthen their engagement to uncover the needs of sellers and strengthen the structure of business succession and transfer support centers, based on the Package of New Policies concerning Business Succession and M&As.⁵ With regard to the business succession tax system (special provisions), the government will consider how business succession-related policies should be, and work on developing successors' management capabilities, in light of the provisions of the ruling parties' FY 2025 Tax Reform Outline.¹⁶

With regard to developing human resources and improving workers' conditions in local communities, the government will urge universities, junior colleges, colleges of technology (KOSEN), and professional schools to work on developing advanced essential workers,¹⁷ including incumbent ones. In addition, we will make efforts to reduce the burden of insurance premiums and to improve workers' conditions, such as by raising official prices, with the aim of securing human resources in healthcare, long-term care, childcare, welfare, and similar sectors.

In addition, the government will promote initiatives based on the Five-year Plan for Increasing Wages at Small and Medium Enterprises and Small Business,⁵

¹³ The Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947).

¹⁴ A framework in which the Japan Patent Office, National Center for Industrial Property Information and Training, Japan Patent Attorneys Association, and the Small and Medium Enterprise Agency cooperate with the Japan Chamber of Commerce and Industry to support SMEs and small-sized business operators from the perspective of intellectual property.

¹⁵ In this campaign, managerial personnel in urban areas are involved in the management of local SMEs, etc. about once a week in the form of a by-job or a side-job.

¹⁶ We will continue to discuss how business succession should be, in light of concerns about the stagnation of generational change and the impact of business succession on the growth of regional economies.

¹⁷ Essential workers who earn higher wages than they currently do by utilizing digital technologies, etc.

including those mentioned in (2) above.

With regard to the minimum wage, the public and private sectors will intensively implement maximum measures over the next five years by supporting wage increases of affected SMEs and Small Business through proper price pass-through and backing for productivity improvement, and will continue to make untiring efforts to achieve the high target of the national average of 1,500 yen in the 2020s.

The government will implement a policy package set forth in the Five-Year Plan for Increasing Wages at Small and Medium Enterprises and Small Business: 1) thorough implementation of price pass-through and proper transactions, including measures for public sector demand that is important for local SMEs and Small Business; 2) improvement of productivity of SMEs and Small Business through the enhancement of the Labor-saving Investment Promotion Plan by sector and the relevant detailed support measures as well as the development of support systems; 3) improvement of an environment in which business owners and executives of SMEs and Small Business can make management decisions for the future in a systematic manner by removing their concerns and barriers related to business succession and M&As; and 4) development of human resources who play an active role in local communities and improvement of their treatment. In addition, in the EU Directive, 60% of the median wage and 50% of the average wage are given to member countries as reference indicators for setting minimum wages. With regard to raising the minimum wage, the Central Minimum Wage Council is requested to discuss the minimum wage based on the data of the three statutory elements, and in light of the fact that the minimum wage in Japan is at a lower level than in Europe as well as the above-mentioned policy package, while also paying attention to some differences in systems and employment practices between Japan and Europe.

The Five-Year Plan for Increasing Wages at Small and Medium Enterprises and Small Business stipulates improvements in their productivity and the price pass-through in public sector demand, etc. Based on the plan, the national government will use various policy measures to help prefectural and municipal governments work on developing an environment for wage increases in a fine-tuned manner according to their local conditions. In cases where Local Minimum Wage Councils in the respective prefectures raise the minimum wage in excess of the guidelines set by the Central Minimum Wage Council, the government will provide focused support through government subsidies and fully support various efforts of such prefectures using subsidies as special measures to expand sales and improve productivity in a sustainable manner, and thereby boldly support SMEs and Small Business that take initiatives to improve productivity and respond to minimum wage increases.

Local Minimum Wage Councils are requested to discuss the minimum wage based on the data of the three statutory elements to make deliberative decisions in light of the actual situation, taking into account these government-wide efforts and

the wage increase environment in the respective prefectures.

The government will narrow regional disparities, such as increasing the ratio of the lowest regional minimum wage to the highest regional minimum wage.

(2) Trinity labor market reforms and supporting wage increases at leading medium-sized and small enterprises

After the collapse of the bubble economy in the 1990s, when the economy as a whole lacked strength, enterprises were forced to cut costs and held down their labor costs while maintaining existing employment, and also hired non-regular workers. As a result, changes in labor productivity were not accurately reflected, and overall wages stagnated. In order to ensure the transition to a growth-oriented economy amid the expected intensifying labor shortages, it is necessary to improve the employment quality and labor productivity of each worker, as well as to enhance the mobility of the labor market, which should lead to productivity improvement and sustainable wage increases in the Japanese economy as a whole.

(Trinity labor market reforms)

The government will work on effective reskilling and upskilling support¹⁸ for a wide range of workers based on technological trends, taking into account the possibility that labor demand for some office workers, etc. will decrease in the future when generative AI replaces human work. Specifically, the government will expand the digital skills -related courses eligible for, including AI, for educational training benefits, and make it possible for nationwide non-regular employees, etc. to take online vocational training courses. We will support career planning, including reskilling and upskilling of middle-aged and elderly people for second careers. The reskilling and upskilling program through industry-academia collaboration will be expanded in terms of its venues and its coverage/content so that approximately 3,000 people can learn the program every year. Taking the opportunity of the decision to host the WorldSkills Competition 2028 in Japan, the government will develop an environment for improving the skills and treatment of frontline personnel and will carry out a national campaign aimed at improving their skills. We will disseminate the Job-Based Personnel Management Guidelines,¹⁹ review the Human Capital Visualization Guidelines,²⁰ and enhance information disclosure regarding human capital in annual securities reports. With regard to facilitating labor mobility, the government will enhance the collection and analysis of public job postings from the public and private sectors and the skill evaluation in the certification system, and strengthen the functions of Japan's occupational

¹⁸ This includes the use of reskilling and upskilling-related platforms.

¹⁹ Formulated and published by the Cabinet Secretariat, the Ministry of Economy, Trade and Industry, and the Ministry of Health, Labour and Welfare on August 28, 2024.

²⁰ Formulated and published by the Non-Financial Information Visualization Study Group on August 30, 2022.

information network called “job tag.” We will strengthen the system of Hello Work (Japan’s public employment service) system) and promote the use of AI to enhance career support, including such support for incumbent employees.

The government will promote the work structure reform in an integrated manner with economic and industrial structural reforms by raising the labor participation rate through the facilitation of labor mobility to growth sectors and enterprises with high productivity, as well as the promotion of diverse and flexible working styles.

(Promotion of diverse and flexible work styles)

The government will promote the introduction of a variety of regular employee systems,²¹ including short-time regular employees, the introduction of a working-hour interval system, the spread of a selective four-day work week, support for balancing work with childcare and caregiving, and work support that reaches all people with employment difficulties.²²

By the end of fiscal 2025, the government will implement measures to support employers who raise workers' income by extending working hours or raising wages, The purpose of such measures is to enable people to work without being conscious of the so-called “1.3-million-yen annual income barrier”.

The government comprehensively reviews the Act Related to Work Style Reform²³ after five years of enforcement, and will consider how to review the labor standards legislation based on the actual conditions and needs of work styles.

For national public employees, the government will promote the flexibility of working hours and places, the strengthening of management, the flexibility of the recruitment process, and the improvement of working conditions,²⁴ in order to acquire and retain excellent human resources, considering efforts to acquire human resources in the private sector.

(Efforts to raise wages in Individual industries)

In order to raise wages in the construction and automobile transportation industries, the government will promote improvements in working conditions and proper transactions by measures such as setting standards for labor costs and ensuring their effectiveness, expanding the use of the Construction Career Up System, setting fares in response to wage increases, and strengthening corrective guidance to shippers. As for raising wages in the security and building maintenance industries, the government will promote the price pass-through of labor costs by

²¹ Systems that limit working hours, places of work, job types, and duties, etc., including the short-time regular employee system and the location-specific regular employee system.

²² Persons who have difficulty in working due to poverty, disability, social withdrawal, illness, or being released from prison.

²³ An abbreviation for the Act on the Arrangement of Related Acts to Promote Work Style Reform (Act No. 71 of 2018).

²⁴ In this regard, the National Personnel Authority (NPA) is considering a review of the size of enterprises that will be subject to salary comparison between the public and private sectors.

setting proper unit prices and thoroughly implementing separate orders, including additional premiums based on the degree of risk and importance in the public sector demand.

With regard to the improvement of working conditions in healthcare, long-term care, and disability welfare, we will ascertain and examine the effects of past efforts to revise remuneration, etc., and discuss how to improve them, aiming to draw a conclusion by the end of 2025.

(Backing for wage increases by LMEs and SMEs)

The government will consider a mechanism to encourage business operators to provide information to regional financial institutions and Credit Guarantee Corporations (CGC) on a regular basis. Concurrently, we will promote IT adoption by regional financial institutions and CGC to strengthen predictive management. Through the support by government-affiliated financial institutions, the Organization for Small & Medium Enterprises and Regional Innovation or the SME Vitalization Support Centers, the government will promote the roll-up²⁵ of enterprises in need of revitalization support.²⁶ We will follow up on the utilization of the Business Operators' Choice-Based No Provision of Debt Guarantees by Business Owners System,²⁷ aiming to establish lending practices that do not rely on debt guarantees by business owners. The government will promote initiatives based on the Revitalization and Re-Challenging Support Facilitation Package.²⁸

The government will select priority support enterprises that will have a large ripple effect on local economies, and develop a proper support system for each region. We will support R&D and large-scale capital investment by leading medium enterprises (LMEs). In addition, their financing environment will be improved through investment from funds and other sources. The government will encourage LMEs and SMEs to accept high-level human resources that can take on roles for overseas expansion. Family-run businesses will be encouraged to strengthen their governance. The government will support capital investment by enterprises that have declared that they aim to achieve sales of more than 10 billion yen, and will support SMEs and Small Business in entering new businesses, transforming their business structures, engaging in R&D, and developing new products and services.

In order to develop local-zebra companies that will take on roles for solving regional social issues, the government will promote the development of an

²⁵ Consolidation and integration through continuous M&As.

²⁶ Business segments in need of financial support (condition changes, debt reduction, etc.) because, for example, their financial position is deteriorating or is likely to deteriorate in the future and they have problems with future business continuity.

²⁷ A system under which SMEs that meet certain requirements for loans with a credit guarantee can choose not to provide a debt guarantee by their respective business owners on the condition that the guarantee fee rate should be additionally raised.

²⁸ Formulated and published by the Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of Finance on March 17, 2025.

environment that links social impact assessment to financing. We will support the Regional Cooperative Platforms,²⁹ which maintain and develop the supply of services that support the regional livelihood.

The government will strengthen the systems and functions to support the management of SMEs and Small Businesses, including their human resource management.³⁰ We will enhance the functions of the SEKAMACHI platform for matching SMEs with support institutions, which aggregates the information and support needs of enterprises. The government will provide support through Society of Commerce and Industry, and Chambers of Commerce and Industry to improve the management capabilities of small enterprises based on the Basic Plan for Small Enterprise Promotion.³¹ We will work on expanding the activities of the National Center for Industrial Property Information and Training to regional areas.

2. Promoting Regional Revitalization 2.0 and addressing regional social issues

(1) Promoting Regional Revitalization 2.0— the Reiwa Era remodeling of the Japanese archipelago

(Basic Concept of Regional Revitalization 2.0)

We will create a vigorous regions and nation, "a new Japan and an enjoyable Japan," in which all people feel safe and secure, pursue their own dreams, and feel that tomorrow will be better than today, as well as in which individuals with diverse values can respect each other and aim to achieve self-realization. These images depict vibrant regions and the vigorous state. To achieve this, it is important to further develop the strong economy and affluent living environment, which are Japan's foundations, as a sustainable society, and to build on these foundations to create diversity among regions and people, and diverse happiness among the people. We will work toward the realization of "strong," "affluent," and "new and enjoyable" regions. In a society in which human resources and labor are becoming more scarce than ever, the government will build a society that respects human resources, maximize the potential of each person's life through education and human resources development, and expand their options.

As a basic stance and perspective to be taken in promoting the relevant measures, it is important to face head-on the situation where the total and working-

²⁹ In light of the fact that it is becoming difficult for areas with a declining population to provide essential services to local communities, new mutual assistance-type business entities, mainly consisting of cooperatives, and resident-funded companies, work on maintaining and developing the supply of such services by improving productivity through labor-saving, digitalization, coalition, etc.

³⁰ Support for business owners and executives to secure, retain, and utilize human resources based on the Guidelines on Human Resources Utilization for SMEs and Small Businesses (Published by the Small and Medium Enterprise Agency on June 22, 2023).

³¹ Decided by the Cabinet on March 25, 2025.

age populations will decline for the time being, even if the pace of population decline may slow down owing to measures such as those against the declining birthrate, and then to take adaptation measures to enable economic growth and the functioning of society even if the population size shrinks. There is a gap between the changed consciousness of the younger generation and the recognition in local communities including workplaces. From the viewpoint of the former, the concept that both men and women work together and raise children together has become common, while in the latter, there remains an unconscious bias related to fixed views of gender, such as the concept that men work and women stay at home. This gap has contributed young people and women moving away from regional areas. Therefore, we need to develop local areas chosen by young people and women.

The thorough use of AI and digital technologies will create a safe and comfortable living environment for local residents. Moreover, it will address structural issues, such as the shortage of human resources and the aging population, and will also combine new technologies with local unique natural resources, culture, and traditional technologies, etc., enabling us to create high-value-added products and services.

By creating a flow of exchange and combination of people, goods, and technologies centered on the population with strong relationship to the areas, and cross-sectoral cooperation and collaboration between urban and regional areas, as well as within and outside regions, urban and regional areas can transcend the binary oppositional structure and have symbiotic relationships, thereby enhancing Japan's sustainability as a whole.

This time, the government is formulating a basic concept that quantitatively describes the status we aim for (our vision of an ideal society) 10 years from now, and vigorously promoting the Regional Revitalization 2.0 as the Reiwa Era remodeling of the Japanese archipelago in line with the following five policy pillars.

Achievements of advanced initiatives will be independently and proactively understood by each region, involving diverse stakeholders such as industry, government, academia, finance, labor, media, and professionals, and will be incorporated flexibly, according to the characteristics, resources, and issues of each region, instead of being imitated or transplanted to other regions without any changes.

- 1) Creating a regional living environment where people can work and live with peace of mind

The government aims to double the flow of young people from the Greater Tokyo Area to regional areas in order to realize local areas chosen by young people and women. To this end, the government will promote social change starting with the reform of working styles and workplaces in regional areas and the development of human resources who are attached to regional areas and play an active role in

them, thereby enhancing the attractiveness of regional areas and developing an environment that increases the desire to move into regional areas. In order to realize regions where people can live with peace of mind, our goal is for 100% of municipalities to make efforts to maintain and improve shopping environments, for 100% of local governments to make efforts to maintain and secure healthcare and long-term care services, and for 100% of municipalities to make efforts to eliminate the traffic vacuum in districts without transportation. For this purpose, we will work on the development of sustainable regional service bases with an eye to the future, the maintenance and ensuring of the regional healthcare provision system, community development by the public and private sectors' co-creation utilizing the power of willing and capable private citizens, the lifelong active community (Japanese version of CCRC) 2.0 for all members and all generations, and the full-scale rollout of redesigning regional transportation. In order to realize a society in which each and every individual can play an active role, the government aims to make companies that have created a working environment where their employees are allowed to have by-jobs or side-jobs if they wish account for 100%. To this end, local governments, regional financial institutions, and Japan Agricultural Cooperatives, etc. will develop the necessary environment, including the promotion of flexible permission standards and revision of employment rules, so that employees are allowed to have by-jobs or side-jobs if they wish. The government will review measures, such as strengthening disaster management capabilities to protect local areas; improving working conditions of non-regular employees with their employment period limited to one fiscal year, and making them full-time employees after their abilities are verified—including those engaged in specialized fields such as those with national qualifications in local public entities.

2) Enhancing earning power and creating a new regional economy driven through value creation—Regional Innovation and Creation Initiative

In order to realize a high-value-added local economy that utilizes local resources, the government aims to raise the annual value-added labor productivity per worker in prefectures other than the Greater Tokyo Area to the same level as that in the Greater Tokyo Area. The government also aims to triple the total value of exports of agricultural, forestry and fishery products and foods (including Japanese alcoholic beverages), which are representative products of local origin, plus the value of food-related consumption by inbound tourists. Moreover, our goal is for 100% of municipalities that are home to enterprises, such as start-ups, that seek to create value by solving local problems and creating new industries. For this reason, as the Regional Innovation Creation Initiative to create vitality in regional economies and draw out Japan's potential growth by creating various new combinations³²

³² To combine elements from different fields or domains in a way that has not been done before.

across Japan, the government will focus on new combinations of measures to create high added value by making maximum use of regional resources through joint support among the relevant ministries and agencies, such as combining local food and traditional industries with culture, arts, sports, content, and startups; new combinations of human resources to attract new human resources from outside the respective regions through cooperation and collaboration among various stakeholders inside and outside the regions, such as young people, women, and industry, government, academia, finance, labor, media, and professionals; and new combinations of technologies to combine new technologies, such as AI and digital technologies that are the fruits of innovation. We will also provide integrated support for exports and overseas expansion, increase the creation of luxury destinations, make agriculture, forestry and fisheries industries smarter, expand exports of Japanese alcoholic beverages, strengthen regional financial power, and build an ecosystem and hubs to create startups.

- 3) Decentralization of people and enterprises—Revitalization through the relocation of the industry, government, and academia to regional areas, and the exchange between urban and regional areas, etc.

In addition to the relocation of government agencies to regional areas and the decentralization of enterprises and universities, the government will establish the Hometown Resident Registration System to visualize the population with strong relationship to the areas in order to promote new ties between urban and regional areas, the exchange, circulation, and ties of human resources, and create a new flow of people to regional areas, with the aim of quantitative expansion and qualitative improvement of the population with strong relationship to the areas (10 million people in the actual number, 100 million people in the total number). The government will categorize the population with strong relationship to the areas according to the way they interact with the respective regions, and will carry out measures according to each type, such as promotion of dual residency, promotion of regional exchanges among young people and women, and utilization of hometown tax payment.

- 4) Development of new era infrastructure and thorough utilization of new technologies such as AI and digital

It is important to adapt local economies and communities to the new era of GX and DX, and the government will promote Watt-Bit Collaboration as infrastructure development to promote industrial location (GX industrial location) that advances GX and DX as well as economic growth. The government will promote the development of digital lifelines across the nation in order to accelerate the social implementation of new technologies, such as autonomous driving, drones, and AI technology, in rural areas above all else. Our goal is for 100% of municipalities to

make efforts to solve regional issues, such as maintaining and improving their living environment, as well as increasing the added value of their local economy by utilizing AI and digital technologies.

5) Wide-area regional cooperation

Economic activities and people's lives in regions are not limited to within prefectural or municipal areas. The government will promote Wide-Area Regional Cooperation in order to create conditions for measures that lead to regional economic growth to be seamlessly carried out across a wide area. In this form of cooperation, local governments and various entities, such as enterprises, universities, and research institutes, will work on Regional Revitalization 2.0.

In light of the shortage of regional leaders and the need for wide-area policy rollout, it is necessary for the Regional Revitalization 2.0 initiatives mentioned above to be tackled by everyone, including industry, government, academia, finance, labor, media, and professionals. The national government will support small and medium-sized local governments through programs, such as the regional revitalization accompanied support system, and will also strengthen institutional approaches to address structural issues facing local communities. We will consider how to provide nationwide support, including the issue of financial resources, in light of the role of the national government in children, childrearing and education, as well as the relevant national standards. In order to realize bold regulatory reforms with regional challenges as the starting point, the government will drastically strengthen the operation of special zone systems through measures such as quickly universalizing the results and providing thorough support for regional challenges. The target special zones include Super Cities, Digital Garden Healthcare Special Zones, and “*Kizuna*” Special Zones for Cooperation, all of which are model regions. In order to advance the basic concept to the implementation stage, the government will formulate a comprehensive strategy that includes appropriate KPIs on the premise of thorough implementation of the PDCA cycle by the end of 2025. We will also prepare the roadmap for each period, such as one, three, and five years, to show how policy effects will steadily be built up.

(2) Responding to social challenges through local initiatives

(Redesigning for developing a sustainable and vibrant national land and transportation systems)

In order to build a sustainable national land with regional life zones³³ as its basis,

³³ Zones that meet the actual conditions of daily life and the economy, where the services necessary for daily life are continuously provided.

the government will deepen and develop the initiatives of the Compact Plus Network by promoting the formation of the consolidation bases of various service functions, as well as by strengthening the connection of all national land.

In order to further consolidate urban functions and create earning power, the public and the private sectors will collaborate to strengthen urban revitalization and international competitiveness that will also create public value, develop unique communities utilizing regional resources, and promote sustainable area management.³⁴ The government will promote community development GX initiatives, local activities for the realization of nature positivity,³⁵ and the utilization of green infrastructure, etc.³⁶ In accordance with the Policy for Eliminating the Traffic Vacuum 2025,³⁷ we will work to eliminate the traffic vacuum during the intensive measures period until fiscal 2027, under comprehensive national support, which will be greater than in previous years. Specific measures include the spread of public and Japan's version of ride-sharing services, the utilization of private-sector technologies, accompanied support by the national government, the development of new institutional frameworks for coalition and collaboration or the complementation and strengthening of local government functions. The government will fully implement the redesigning of regional transportation by promoting labor-saving measures, securing key personnel, as well as spreading and expanding automated driving.

Further efforts will be made to reconstruct local railways, deepen discussions on the ideal railway network, and make trunk railways more functional in accordance with local circumstances. In order to secure a shopping environment that meets local circumstances, the government will promote the establishment of a system centered on municipalities, the development of base facilities, the introduction of mobile sales vehicles, the joint sharing of deliveries, and the securing of last-mile logistics through the use of new technologies.

In order to strengthen international competitiveness, the government will work on the early development and utilization of logistics and people-flow networks, such as high-standard roads, new shinkansen lines,³⁸ Linear Chuo Shinkansen, urban

³⁴ This includes the promotion of the development of people-centered town streets that make people feel comfortable and want to walk on. In addition, we will work on the use of parks, measures to address traffic congestion, traffic safety measures for school routes and others, promotion of the use of bicycles, use of post offices as a base for consolidating various services, and so on.

³⁵ Based on the Act on Promotion, etc. of Activities for the Promotion of Biodiversity in Local Areas (Act No. 18 of 2024).

³⁶ This includes the preparation of data on natural capital, etc., the dissemination of such information, and the initiative to form international rules.

³⁷ Decided by the Headquarters to Eliminate the Traffic Vacuum at the Ministry of Land, Infrastructure, Transport and Tourism on May 30, 2025.

³⁸ Currently, necessary studies are being carried out, and we will further work on the early development of the sections where construction has not yet started. As for the Hokkaido Shinkansen (between Shin-Hakodate-Hokuto and Sapporo), there remains a considerable degree of uncertainty about the opening schedule at present. Therefore, when a certain prospect is established for the tunnel penetration, the entire process will be

railways, ports and airports, the strengthening of modal connections, and the maintenance and activation of aviation networks,³⁹ as well as the securing and nurturing of personnel in charge.

In order to revitalize the Japanese shipbuilding industry and strengthen the maritime cluster centered on the maritime shipping and shipbuilding industries, the government will work on developing and securing maritime human resources. Specific initiatives include significantly strengthening maritime supply chains, including Japan-U.S. cooperation, promoting the introduction of zero-emission ships etc. by utilizing GX Economy Transition Bonds etc., strengthening the competitiveness of Japanese ship owners by reducing the cost of owning Japanese-flagged ships, realizing commercial autonomous ships, stable transportation by coastal shipping and passenger ships, and securing shipbuilding human resources by utilizing grants for creating New Regional Economy and Living Environment Creation Grant.

With regard to trunk railway networks, including the basic planned routes, the government will further promote initiatives, taking into account the respective local circumstances. As part of such initiatives, we will conduct studies on the enhancement of trunk railway functions that will contribute to the realization of Regional Revitalization 2.0, and will examine the direction. With regard to the Linear Chuo Shinkansen, based on financial investment and loan program support, the government will strictly monitor the status, etc. of the environment and water resources, provide necessary guidance and technical support, and work with local governments along the line to develop the environment for the opening of the entire line under the current assumed timing.⁴⁰

For logistics innovation during the Intensive Reform Period until fiscal 2030, based on the next-term Comprehensive Logistics Policy Outline, the government will promote functional enhancement of logistics bases and networks, a new modal shift among land, sea, and air, automated driving, logistics DX and its standardization, review of business practices such as correction of multi-transaction structures, change in the behavior of shippers and consumers, as well as the securing of an enforcement system for the revised Logistics Act.⁴¹ In addition, we will promote the further utilization of foreign human resources in order to strengthen measures to address the shortage of key personnel in the logistics and passenger

reexamined, and procedures and others will be devised, aiming for completion and opening as soon as possible. In addition, responses to the impact of the delay in opening will be carefully addressed through hearing from local governments along the line, etc.

³⁹ The Advisory Council on Domestic Aviation will consider measures for the structural reform of the domestic airline business.

⁴⁰ The government provided long-term, fixed, and low-interest loans of three trillion yen for two years in 2016 and 2017, using the fiscal investment and loan program, in order to move up the assumed timing for the opening between Tokyo and Osaka by up to eight years (2037 at the earliest) from the initial target of 2045.

⁴¹ The Act Partially Amending the Act on Advancement of Integration and Streamlining of Distribution Business and the Motor Truck Transportation Business Act (Act No. 23 of 2024).

transport industries.

(Promoting sustainable tourism)

Aiming to attract 60 million international visitors to Japan and 15 trillion yen in their consumption by 2030, while refining and promoting cooperation with Japan's unique tourist and cultural resources, such as hot springs, inns, food, and history, the government will promote initiatives for inbound expansion. Specific measures include the creation of diverse tourism content, such as adventure tourism and the improvement of profitability, the development of human resources for tourism, including local guides, the creation of luxury inbound tourist destinations, improvement of the appeal of national parks, quasi-national parks, national gardens, and public facilities,⁴² the improvement of environments for accepting foreign nationals such as airports,⁴³ CIQs, and secondary transportation, expanding the use of domestic aviation networks, including regional routes, through inbound tourism, the sustainable growth and the base formation for cruises, strategic promotion, the attraction and holding of MICE, the development of integrated resorts (IR), including enforcement of strict casino regulations, attracting digital nomads, and the expansion of interactive exchanges by outbound promotion.

In order to create sustainable tourism destinations, the government will promote wide-area initiatives by renovating facilities, developing the seamless reception environment of tourist spots, including the removal of abandoned buildings, and strengthening the management system of Destination Management / Marketing Organization (DMO). At the same time, we will promote initiatives related to the expansion of the domestic exchange market, including the improvement of operational efficiency and labor saving, measures against human resource shortages, the prevention and curb of overtourism, and the promotion of universal tourism.

In order to enhance and strengthen these tourism measures, the government will formulate a new Basic Plan for the Promotion of a Tourism Nation by the end of fiscal 2025, and will specifically consider measures to secure necessary national financial resources.

(Watt-Bit Collaboration)

While promoting the implementation of all photonics network technology⁴⁴ through the collaboration between electricity and telecommunications (Watt-Bit Collaboration), the government will deploy optical fibers and 5G across the nation, including the attraction of data centers in areas that are desirable from the viewpoint

⁴² This includes the maintenance and conservation of mountain huts and trails as well as utilization of long trails.

⁴³ This includes promoting efforts to secure and nurture human resources in airport operations, including local airports, such as ground handling and security screening, and to improve their working conditions.

⁴⁴ Low latency of communications high capacity, and low power consumption services will be realized, and digital infrastructure location constraints are expected to be eased.

of electricity infrastructure (including areas with abundant decarbonized power) and areas that contribute to the maintenance of digital services in the event of a large-scale disaster. We will also develop the electricity and telecommunications infrastructure in a consistent and systematic manner, and promote the decentralization of data centers.

In order to attract domestic and foreign investments intensively in areas rich in decarbonized electricity and areas where existing infrastructure, such as industrial complexes, can be used, the government will consider improving the business environment, including utilizing and reviewing the special zone system.

In addition to supporting the development of industrial infrastructure by local governments, the government will consider revising the related laws and regulations to promote the systematic development of industrial sites.

(Community development expanding the population with strong relationship to the areas and leveraging individuality)

In order to create and expand human flows, the government will strengthen efforts to encourage young people and others to migrate to regional areas, as well as promote the relocation of enterprises to regional areas and the enhancement of their bases through the improvement and maintenance of the relevant environments, including the use of the tax system. We will also promote the establishment of community-based enterprises through industry-government-academia-financial-labor-media-profession cooperation and encourage the efforts by Local Vitalization Cooperators⁴⁵ to secure local human resources. In order to expand the population with strong relationship to the areas and promote dual residency, the government will promote the establishment of a hometown resident registration system, the formation of a second hometown, the advancement of workation and the improvement of the relevant exchange and basic facilities, as well as the matching support through intermediate support organizations.

With the aim of creating a region that takes advantage of its individuality, the government will promote the development of Okinawa and Hokkaido, and take measures to address disadvantaged areas, such as depopulated areas, peninsulas, remote islands, Amami, Ogasawara, and areas with heavy snowfall, etc. In order to realize a strong Okinawa economy, the government will comprehensively promote measures to promote Okinawa as a national strategy, such as by improving the quality of tourism, promoting industries such as the industry-academia cooperation by the Okinawa Institute of Science and Technology Graduate University, acquiring the site of the U.S.military base in advance, making efforts for the early realization

⁴⁵ This includes the use of community revitalization entrepreneurs and specific community development project cooperatives.

of GW2050 PROJECTS,⁴⁶ developing the northern part of the prefecture and remote islands, working on measures against child poverty and working to realize their well-being. With the aim of steadily advancing the Hokkaido Comprehensive Development Plan,⁴⁷ the government will promote initiatives of maintaining and developing production spaces that support food, tourism, and Zero-Carbon Hokkaido, promoting the integration of digital industries, promoting the development of the Region neighboring the Northern Territories further in an integrated manner with the region, as well as promoting the public and private sectors' co-creation initiatives. The government will strive to create a society in which the pride of the Ainu people is respected, such as by enhancing Upopoy National Ainu Museum and Park.

(3) Making agriculture, forestry and fisheries a growth sector through their structural transformation, and ensuring food security

During the initial five-year period (fiscal 2025 to fiscal 2029) of intensive measures for agricultural structural transformation based on the new Basic Act⁴⁸, the government will promote measures, such as ensuring food security and strengthening the production base of agriculture and livestock. To this end, based on the new Basic Plan,⁴⁹ the government will secure necessary and sufficient budgets in a separate framework in an agile and flexible manner, which should enable the government to intensively and systematically promote the action toward consolidation and expansion of farmland parcels, the reorganization and consolidation of facilities for shared use, the development of smart technologies, the conversion and implementation of production methods, and the development of export production areas, and will enhance, strengthen, and review the relevant measures. At the same time, we will secure necessary systems to promote the relevant measures, including those in local areas, and strive to raise income through the improvement of profitability.⁵⁰

In order to calm the current rapidly rising rice price and ensure a stable supply of rice to consumers, the government will promote comprehensive measures, including the facilitation of the distribution of rice, especially its stockpiled rice, and providing detailed information to consumers, producers, distributors, and other stakeholders.

In order to ensure that farmers working to improve productivity are able to be

⁴⁶ The PROJECTS are aimed at the integrated use of Naha Airport and the site of the future return of the base by Okinawa's business community and local governments.

⁴⁷ Decided by the Cabinet on March 12, 2024.

⁴⁸ Act for Partial Revision of the Basic Act on Food, Agriculture and Rural Areas (Act No. 44 of 2024).

⁴⁹ Basic Plan for Food, Agriculture and Rural Areas (Decided by the Cabinet on April 11, 2025).

⁵⁰ This includes reducing the burden of production areas for restructuring and consolidating country elevators, etc., and generous local fiscal measures.

engaged in agriculture with enthusiasm as well as to secure a stable supply of food, the government will promote a review of paddy field policies in a concrete manner, expand demand for rice for developing new markets and rice for rice flour, improve productivity of wheat, soybeans, and domestic feed, promote organic farming and reduction of chemical pesticides and fertilizers, and review and strengthen the existing systems to support farmland consolidation based on regional plans. In order to ensure food self-sufficiency, the government will promote the transformation of agriculture into a growth sector by promoting land improvement projects, supporting new farmers and corporate entry, including support for agricultural, forestry and fisheries high schools, implementing management stabilization measures, introducing high-yielding varieties, improving the information and communications environment, fostering start-ups and service entities, and strengthening animal and plant quarantine. To enhance the earning power in the global market, we aim to achieve the export target of five trillion yen, as well as create a virtuous cycle of exports, overseas expansion and inbound tourism. In order to establish a sustainable and environmentally harmonious food system, the government will promote rational pricing of food, such as rice and vegetables, sustainable development of the food industry, ensuring food access, accelerating the MIDORI Strategy for Sustainable Food Systems, leveraging the private sector's vitality to promote GX, and promoting the deployment of Initiative for Net-zero compatible with Food security through INternational expansion of Innovative Technology (MIDORI ∞ INFINITY) overseas.⁵¹ To foster public understanding, the government will promote Shokuiku(Food and Nutrition Education)for adults and expand opportunities to experience agriculture, forestry and fisheries. In order to promote hilly and mountainous areas, etc., the government will support infrastructure development and the introduction of machinery that suit the actual conditions, measures to prevent wildlife damage, and the maintenance of local communities. We will promote the incorporation of inbound tourism demand into countryside stays and other initiatives in SATOGYO, MORIGYO, and UMIGYO.

The government will promote forest consolidation, demarcation using digital technology, development of diverse human resources and management bodies responsible for the circular use of forest resources, forest road infrastructure development and reforestation, smart forestry, conversion of domestic wood and expansion of wood use through CLT and JAS structural materials.

In light of the drastic changes in the marine environment, we will promote the fundamental improvements in resource surveys and assessments, the shift to new forms of operation, the securing of management bodies and human resources, the strengthening of fisheries by improving fishing ports and grounds, etc., the initiative

⁵¹ Building on consultation with supply chain stakeholders, the government will advance initiatives to formulate and publish cost indicators, which take into account raw material costs, labor and other costs, so as to contribute to price formation. Such indicators are designed to be used in transactions.

to turn aquaculture into a growth sector, and the nationwide development of the UMIGYO.

(4) Promotion of culture, arts, and sports

The government will expand public-private partnership investment to an internationally comparable level and realize a culture-and-arts-oriented country through soft power by leveraging a virtuous cycle of economic growth and development of culture and arts. The government will accelerate the development of highly specialized human resources and core specialized human resources in the field of content creation as well as overseas expansion through cooperation among ministries and agencies, and promote the development of a proper environment to secure human resources. In addition, the government will promote the development of bases that function as the National Center for Media Arts (tentative name) in cooperation with the industrial circle while reorganizing and strengthening the functions of the national art museums as a whole. The government will take responsibility for the urgent opening of the National Theatre. In addition, we will strengthen the functions of national cultural facilities, including the global expansion of the New National Theatre, strengthen the foundation for artists' activities and the development of a dignified creative environment, promote the performing arts and Japanese films, including the utilization and cooperation of theaters and music halls across Japan to address the shortage of theaters in the Tokyo metropolitan area, and revitalize the art market. The government will promote regional economic revitalization by utilizing cultural resources and pass on cultural resources to the next generation. Specific measures include understanding, preserving, repairing, and increasing the added value of the NEXT Japan Cultural Expo (tentative name) and sustainable cultural properties, promoting cultural tourism through the revitalization of Japan Heritage, encouraging traditional events, traditional performing arts, and lifestyle culture such as food culture, and strengthening the functions of regional cultural facilities such as museums and art galleries.⁵² We will enhance opportunities for children and persons with disabilities to view and experience culture and arts, promote the preservation and inheritance of dialects, encourage written and printed culture, promote the Bookstore Revitalization Plan,⁵³ and create digital archives. By strengthening the functions of

⁵² This includes the promotion of securing human resources, including raising the wages of repair technicians based on the Artisans Projects for Cultural Properties (Decided by the Minister of Education, Culture, Sports, Science and Technology on December 24, 2021, revised on December 16, 2022), the development of the National Cultural Properties Repair Center, the promotion of improvement of the Takamatsuzuka Tomb Mural Painting Preservation and Management Publicity Utilization Facility (tentative name), the full opening of the Museum of the Imperial Collections, Sannomaru Shozokan, and the publication and utilization of cultural properties, such as local exhibitions of some of the collections.

⁵³ Formulated on June 10, 2025 (the Ministry of Economy, Trade and Industry, Small and Medium Enterprise

Kitanomaru Park, we will improve its appeal as a hub for the transmission of cutting-edge science and technology, culture and arts. In addition to promoting the Showa 100-related measures, the government will strengthen the functions of the National Archives of Japan and improve its systems in preparation for the opening of its new building.

The government will realize "a new Japan and an enjoyable Japan" by connecting the power of sports to regional and economic revitalization. We will advance regional development and the fostering of growth sectors through the promotion of martial arts"BUDO"/sports tourism, sports complexes and hospitality, the promotion of DX including the utilization of e-sports, overseas expansion, business creation through cooperation with other industries, and multilateral business development of regional sports commissions. The government will work to improve life performance through sports and promote Para Sports.⁵⁴ We will support various aspects of event hosting and improve international competitiveness,⁵⁵ in light of the significance of large-scale international competitions, such as World Athletics Championships Tokyo 25, 25th Summer Deaflympics Tokyo 2025, 20th Asian Games Aichi-Nagoya 2026, Aichi-Nagoya 2026 Asian Para Games, and World Masters Games 2027 KANSAI.

3. Increasing future wages and income through “Stimulating Japan’s Investment Power” and “Promoting Japan as a Leading Asset Management Center”

In order to increase wages and income both now and in the future, the public and private sectors will work together to accelerate domestic investment toward the realization of the targets of 135 trillion yen in fiscal 2030 and 200 trillion yen in fiscal 2040.⁵⁶ At the same time, we aim to transform household cash and deposits into investments and create a flow of funds that will increase wages and financial income and assets.

(1) Promotion of Green Transformation (GX)

Firmly maintaining the target of net-zero by 2050, and toward the realization of this target, the public and private sectors will collaborate to promote GX-related

Agency, Cabinet Secretariat Headquarters for Creating New Regional Economies and Living Environments, Fair Trade Commission, the Ministry of Education, Culture, Sports, Science and Technology, Agency for Cultural Affairs, the Ministry of Land, Infrastructure, Transport and Tourism).

⁵⁴ This includes cooperation with Japan Para Sports Association, Japanese Federation of the Deaf, and Special Olympics Nippon Foundation, etc.

⁵⁵ This includes improvement of the proper environment for athletes, such as ensuring integrity.

⁵⁶ At the Public-Private Partnership Forum on increase Domestic Investment held on January 27, 2025, the Chairperson of Keidanren expressed these targets, and the Prime Minister stated that the public and private sectors would work together to achieve them.

investments of more than 150 trillion yen over 10 years based on sector-specific investment strategies in accordance with the GX 2040 Vision, the Strategic Energy Plan, and the Plan for Global Warming Countermeasures.⁵⁷

With regard to energy conservation, the government will support energy conservation and the shift to non-fossil fuel at factories and households, promote energy conservation diagnosis, strengthen support systems, including financial institutions, and secure specialist human resources.

Positioning renewable energy as a major power source, the government will promote maximum introduction on the premises of harmonious coexistence with local communities, restraining the people's burden, and ensuring safety. In order to expand domestic renewable energy, the government will build a resilient supply chain in Japan in cooperation with universities, National Research and Development Agencies, startups, etc. The government will support the introduction of perovskite solar cells, including tandem solar cells,⁵⁸ encourage the technological development for floating offshore wind power, the relevant infrastructure improvement, the related-project arrangements as well as the formulation of a human resources development strategy, and support the social implementation of next-generation geothermal systems. We will also support the creation of small and medium hydropower projects and the replacement of existing hydropower generation facilities. In addition to the development of inter-regional interconnection lines, including submarine high-voltage, direct current power transmission between Hokkaido and Honshu, the government will study a framework for the systematic development of local grids.⁵⁹ In order to reduce curtailment and flexibility, the government will advance the introduction of safe and sustainable storage batteries and the use of DR.⁶⁰ We will work on expanding the domestic production capacity for storage batteries, parts, materials, and manufacturing equipment, as well as developing next-generation battery technology.

The government will advance the reactivation of nuclear reactors based on the reviews and inspections conducted by the Nuclear Regulation Authority. The reactivation will proceed with the utmost priority on safety and with the understanding of local communities. The government will work on the development and installation of next-generation innovative reactors,⁶¹ and will progressively realize the replacement of the nuclear power plants scheduled for the

⁵⁷ These were all decided by the Cabinet on February 18, 2025.

⁵⁸ A type of solar cell that performs highly efficient photoelectric conversion by laminating materials with different absorption wavelengths of sunlight.

⁵⁹ Development in anticipation of the expansion of introducing renewable energy and the increase in local electricity demand from data centers among others.

⁶⁰ Abbreviation for Demand Response. A mechanism to balance electricity supply and demand by controlling electricity demand.

⁶¹ Innovative light water reactors, small light water reactors, fast reactors, high temperature gas-cooled reactors, fusion energy.

decommission with new ones on the same sites owned by the electric power providers who have decided on decommission, on the utmost premise of securing the understanding of local communities. The government will work on R&D and human resources development, the maintenance and strengthening of supply chains, the promotion of the nuclear fuel cycle, and the advancement of the decommissioning of nuclear power plants in a steady and efficient manner. The national government will take the lead in actively engaging with local governments to achieve final disposal. We will enhance the nuclear emergency preparedness system, including securing evacuation routes through road development, and responses during a complex disaster.

For smooth investment in decarbonized power infrastructure, in anticipation of large-scale investment expansion in the future, the government will consider institutional arrangements in the market and business environment to enhance the predictability of investment recovery. We will also consider the use of public credit enhancement as well as loans backed by the creditworthiness of the Government.

With regard to low-carbon hydrogen and its derivatives,⁶² the government will support research and development, capital investment, as well as the development of hubs and related infrastructure,⁶³ aiming to construct domestic and international supply chains. With regard to SAF (Sustainable Aviation Fuel), the government will promote R&D and capital investment toward the realization of internationally competitive prices. We will study systems to create demand for biofuels and others, while also promoting the introduction of electrified vehicles. In the fields where electrification is difficult, the government will encourage the fuel conversion to natural gas and the utilization of hydrogen and its derivatives and CCUS,⁶⁴ including artificial photosynthesis. We will consider support systems for CCS⁶⁵ and implement measures for forest carbon sinks.⁶⁶

Regarding the circular economy, in order to expand the usage of recycled materials and promote the efficient use of products, the government will consider proper systems for the collaboration between arterial and venous industries⁶⁷ as well as systems for the disposal and recycling of solar panels, and will support the R&D for and capital investment in recycling plastics and metals, such as aluminum. We will also promote international cooperation and the establishment of rules.

Toward the realization of the Pro-Growth Carbon Pricing Scheme,⁶⁸ the

⁶² Hydrogen, ammonia, e-fuels, e-methane.

⁶³ This includes hydrogen stations.

⁶⁴ Abbreviation for Carbon dioxide Capture, Utilization and Storage.

⁶⁵ Abbreviation for Carbon dioxide Capture and Storage.

⁶⁶ This includes the utilization of the J-Credit and blue carbon (carbon derived from carbon dioxide sequestered by marine ecosystems) through the conservation, restoration, and creation of blue infrastructure (seagrass beds, tidal flats, etc., and bio-symbiotic port structures).

⁶⁷ This includes the establishment of a resource circulation network and its domestic bases that collect and dispose wastes, etc. even from overseas and stably supply high-quality recycled materials to manufacturers.

⁶⁸ The concept of accelerating GX investment by providing incentives for upfront investments through the use of GX Economy Transition Bonds and carbon pricing.

government will utilize GX Economy Transition Bonds⁶⁹ through the steady issuance of labeled bonds, fully operate the system, review the GX League, and strengthen information dissemination by the GX Acceleration Agency. We will promote ESG finance,⁷⁰ including transition finance.

For communities and daily life, the government will take measures the nationwide deployment of advanced initiatives in decarbonization leading areas, and consider establishing a pilot project for introducing new technologies. We will work on the decarbonization of infrastructure,⁷¹ buildings, and mobility⁷²-related fields, the establishment of the LCA system⁷³ for buildings, the widespread use of decarbonized products and services by formulating labeling rules, and the promotion of “Decokatsu”⁷⁴ and reuse. In order to secure the fuel supply system, the government will support the maintenance of the service station (SS) network, and the strengthening of LP gas disaster responses.

In order to promote the Asia Zero Emission Community (AZEC), the government will promote the development of rules through visualization of GHG⁷⁵ emissions, promotion of transition finance,⁷⁶ and expansion of the JCM.⁷⁷ We will also advance our support through the Asia Zero Emission Center and other international organizations, and proceed with international cooperation by utilizing Japan’s technologies and systems.

With regard to energy security, the government will advance the transition to a more resilient energy supply and demand structure. On the demand side, the government will promote thorough energy efficiency improvement as well as fuel switching and electrification within the manufacturing sector. On the supply side, we will maximize the use most of renewable and nuclear power, both of which contribute to improving energy self-sufficiency and have significant decarbonization effects. To ensure stable supplies of oil and critical minerals, such as minor metals, we will secure sufficient stockpiles. In addition, we will promote the strengthening of supply chains through upstream development abroad, including Japan’s own independent initiatives, which will also encompass natural gas. The government will strategically secure buffer LNG. In order to secure domestic marine resources, the

⁶⁹ To be issued not only as financial instruments identical to existing government bonds (construction bonds, etc.), but also as labeled bonds.

⁷⁰ This includes green finance and sustainable finance.

⁷¹ This includes Carbon Neutral Ports for stably receiving and supplying hydrogen and other clean energy sources.

⁷² This includes fuel-cell railway vehicles, zero-emission ships, and next-generation aircraft.

⁷³ Assessment of CO₂ emissions throughout the entire life cycle from construction to demolition (Life Cycle Assessment).

⁷⁴ A new national campaign to facilitate behavior change and lifestyle transformation among citizens, aiming to achieve net-zero by 2050.

⁷⁵ Abbreviation for GreenHouse Gas.

⁷⁶ Including initiatives from the Asia Transition Finance Study Group, launched in September 2021 by private financial institutions from Asia and Western countries, as well as the Asia GX Consortium, which was established in October 2024 with the participation of Asian financial authorities and institutions.

⁷⁷ Abbreviation for Joint Crediting Mechanism.

Headquarters for Ocean Policy and the National Ocean Policy Secretariat will drastically strengthen their command functions, and will work to develop and verify technologies for methane hydrate, manganese nodules, and rare earth mud, etc. to support social implementation and industrialization.

(2) Promotion of Digital Transformation (DX)

In order to promote DX for society as a whole, the government will strengthen the control tower function of the Digital Agency, promote the social implementation of digital technologies, including AI and web 3,⁷⁸ and create new value through the use of data. We will build a society in which every citizen can feel the benefits of these technologies. The government will advance the development of systems based on the Strategic Plan for Data Utilization Frameworks⁷⁹ and a common infrastructure for data integration. In order to promote DFFT⁸⁰, the government will work on the promotion of cross-border data flows and data security. We will advance the development of the Portal for Business Operators (tentative name).⁸¹ In response to illegal and harmful information on the Internet, including dis/mis-information, the government will work to develop technologies, raise awareness through public-private partnerships, and properly distribute digital advertisements. Based on the DX Innovation Acceleration Plan 2030,⁸² we will improve the digital infrastructure and develop structural technologies and systems.

The government will promote the "Digital Lifeline Development Plan"⁸³ as well as building a platform for data sharing and system linkage across the borders between enterprises and industries (Ouranos Ecosystem), thereby supporting the resolution of social issues and fostering innovation through DX.

In order to improve productivity and generate new economic growth in a wide range of fields, the government will promote the enhancement and utilization of geospatial information (G-spatial information), which is common infrastructure supporting new technologies in various fields, and strongly promote the development and renewal of National Geospatial Infrastructure, such as GNSS Continuously Operating Reference Stations and three-dimensional Digital Japan Basic Map, which serve as the foundation for accurate G-spatial information. From the perspective of promoting DX on these common infrastructures, the government will strongly promote the social implementation of new technologies utilizing the G-spatial information and National Geospatial Infrastructure in a wide, cross-sectional,

⁷⁸ This includes blockchain technology-based NFT (Non-Fungible Token).

⁷⁹ The Priority Plan for Realizing a Digital Society (Cabinet Decision on June 13, 2025).

⁸⁰ An abbreviation for "Data Free Flow with Trust."

⁸¹ A portal site that helps business operators smoothly obtain procedural information and prepare applications for administrative procedures.

⁸² Formulated and published by the Ministry of Internal Affairs and Communications on May 23, 2025.

⁸³ Decided by the Meeting for Digital Administrative and Fiscal Reform on June 18, 2024.

and comprehensive manner.

(AI and semiconductors)

Based on the AI Act,⁸⁴ the government will promote the R&D and utilization of AI while both promoting innovation and mitigating risks. We will also develop and secure human resources. The government will promote the improvement of high-quality data, the strengthening and utilization of R&D capabilities, and the upgrading of computing resources and information and communication infrastructure. The government will take the lead in using AI to promote the implementation of AI across society. For this purpose, we will build the AI infrastructure of the government, etc. through internal development as well as, ensure governance based on the Guideline for Procurements and Utilizations of Generative AI.⁸⁵ For the ethical and fair social implementation of AI, we will strengthen the perspective of ethics and diversity from the institutional design stage, and promote a system to prevent gender bias and enhance human resources development. The government continues to take the lead in international policymaking by increasing the number of organizations participating in the “Reporting Framework” for Hiroshima AI Process, promoting its Friends Group, and developing safety assessments and tools by AISI.⁸⁶

The government will invest in mass production of next-generation semiconductors among other things. The government will support capital investment, strengthen supply chains through infrastructure development, support design and development, and foster highly skilled human resources. Japan will build a domestic ecosystem that extends from the design and manufacturing of advanced semiconductors, the assembly and operation of servers, through the development and use of sovereign AI. By the end of fiscal 2025, the government will formulate a strategy for expanding the implementation and strengthening competitiveness of robots to which AI and advanced semiconductors will be implemented.

A regional consortium, in which semiconductor-related companies, the National Institute of Advanced Industrial Science and Technology (AIST), and universities, etc., are participating, will promote the entry of SMEs into the semiconductor supply chain through ongoing support by corporate human resources, etc., while also taking into account the future market and technological trends. In this way, the private sector will take the lead in this initiative.

⁸⁴ Act on Promotion of Research and Development, and Utilization of AI-related Technology (Act No. 53 of 2025).

⁸⁵ The Guideline for Japanese Governments’ Procurements and Utilizations of Generative AI for the sake of Evolution and Innovation of Public Administration (Decided by the Promotion of a Digital Society Executive Committee on May 27, 2025).

⁸⁶ An abbreviation for “AI Safety Institute.”

In line with the Intellectual Property Strategic Program 2025,⁸⁷ the government will consider developing an industrial property rights system with a view to promoting DX and spreading AI.

(Digital skills)

The Information-technology Promotion Agency, Japan (IPA) will build a platform for developing digital skills in fiscal 2026. The government will review the information technology engineer examination system with a view to taking into account the use of AI and modernizing the system and will foster young top-talent. In order to foster digital skills in local areas, the government will encourage the education of digital skills eligible for receiving New Regional Economy and Living Environment Creation Grant,⁸⁸ and will encourage local governments to utilize this grant.

(Digital Administrative and Fiscal Reform)

In order to address the rapid decline in population, the government will review an appropriate modus of Japan's administrative and fiscal conditions at the user's point of view, and implement measures based on the Report of Digital Administrative and Fiscal Reform 2025⁸⁹ to maintain and enhance public services, advance regional economic revitalization, and realize social transformation by making the best use of digital. With regard to fields that are closely related to people's lives and are of high social and economic importance (education, childcare, healthcare, long-term care, mobility, infrastructure, disaster management, etc.), the government will review regulations and systems from the user perspective and promote digital utilization, as well as promote the development of shared national and local infrastructure. Based on the Strategic Plan for Data Utilization Frameworks, the government will accelerate efforts and establish a virtuous cycle of data and AI. We will also conduct necessary studies regarding a cross-sectional legal system, including a fundamental revision of the Basic Act on the Advancement of Public and Private Sector Data Utilization⁹⁰ and a new law, aiming to submit a bill to the next ordinary Diet session. We also aim to reach an early conclusion on a bill to amend the Act on the Protection of Personal Information,⁹¹ which supports the effort mentioned above.

(Digital government)

The entire government, centered around the Digital Agency, will promote the digitalization of administration, including the utilization of AI, the promotion of web

⁸⁷ Decision of the Intellectual Property Strategy Headquarters on June 3, 2025.

⁸⁸ The government will clarify that this program is one of the priority allocation projects of this grant.

⁸⁹ Decided by the Meeting for Digital Administrative and Fiscal Reform on June 13, 2025.

⁹⁰ Basic Act on the Advancement of Public and Private Sector Data Utilization (Act No. 103 of 2016).

⁹¹ Act on the Protection of Personal Information (Act No. 57 of 2003).

3, and the development of digital human resources, based on the Priority Policy Program,⁸⁰ etc., in a consistent manner among administrative frameworks, operations, and systems, from the viewpoint of users, and in a trinity. We will promote the visualization of the cost-benefit performance to ensure that both the demand side and the supply side can fully appreciate the benefits of digitalization by quantitatively assessing benefits, etc. In addition, we will strengthen the review of digitalization in legislation to ensure that no new analogue-based regulations are introduced. In order to promote policy making based on data, the government will put into place the Japan Dashboard to visualize the Japanese economy, finance, and living.

With regard to the My Number Card, which serves as the passport to the digital society, the government will work to develop an environment where citizens can obtain My Number Cards smoothly, enable card functions to be integrated into smartphones, and continuously improve the My Number portal site. In addition, we will enhance convenience through the Online City Hall Service, which delivers public services tailored to residents in a push-type manner, and the Initiative of Making the My Number Card a Digital ID for Citizens, which enables users to receive various high-quality services with a single card. The government will strive to expand utilization in various fields, such as the online digitalization of national qualifications, the integration of the My Number health insurance card with a recipient card of medical expenses subsidies, the nationwide promotion of ambulance services with the use of My Number Card, the integration of the My Number Card with the Residence Card, and smooth operation of the My Number driver's license system. The government will accelerate the use of My Number Cards in the private sector by using authentication apps, such as providing services free from impersonation, aiming to further establish them as digital public infrastructure.

We will work on the shift to standards-based systems by local governments and advance initiatives based on comprehensive measures relating to system operation costs after the shift. Based on the Basic Policy on the Development and Operation of Common Digital Infrastructure for National and Local Governments,⁹² the national and local governments will cooperate, according to the commonality promotion policy, to promote initiatives in the operations and systems to be selected by the National and Local Digital Infrastructure Promotion Liaison Council.

The government will work on strengthening digital governance by promoting the commonality and modernization of public sector systems, including the establishment of data integration infrastructure in quasi-public sectors, as well as by promoting the shift to Gov-Cloud.

⁹² The Priority Plan for Realizing a Digital Society (Cabinet Decision on June 21, 2024).

(DX for healthcare, long-term care, and childcare)

Based on the Healthcare DX Promotion Roadmap,⁹³ the entire government will strongly promote the establishment of a system or systems to provide high-quality and efficient healthcare and long-term care services nationwide through the rapid implementation of technological innovations of DX for healthcare and long-term care, while also providing necessary support. To this end, the government will promote the use of My Number health insurance cards as the basis of healthcare DX. In December 2025, when the transitional period expires, the relevant mechanism will be smoothly shifted to the one that is based on My Number health insurance cards. The government will build the Nationwide Healthcare Information Platform, promote the dissemination of the Clinical Information Sharing Service, expand the use of electronic prescriptions, and promote the utilization of PHR⁹⁴ information. In addition, the government will consider necessary support measures, including the publication of specific details about the full-scale operation of standard electronic medical records by the end of fiscal 2025, and promote their dissemination. We will also promote the development of the Long-Term Care Information System, the DX of medical fee revisions, and the standardization and DX of information held by pharmacies. The government will support the practical application of AI drug discovery and AI hospitals. The government will formulate standard specifications and advance discussions toward the development and introduction of hospital information systems utilizing cloud technology, as part of such discussions, an appropriate modus of necessary incentive measures, such as regulatory and fiscal approaches, will be examined. The government will promote the central management of the master data based on the examination of an appropriate modus of standard codes for drugs and tests, the digitalization of vaccination procedures, electronic reporting of suspected vaccine adverse reactions, and the development of a vaccination database. In order to make the most effective use of healthcare and long-term care data and promote innovation, the government will promote the development of systems that enable the use of pseudonymized information from public healthcare and long-term care databases. We will also smoothly implement the reorganization of Health Insurance Claims Review & Reimbursement Services and online qualification confirmation in the public expense healthcare system, etc. In order to improve medical safety, we will build a product database that contributes to the logistics DX for pharmaceuticals and medical devices etc. and promote cyber security measures at healthcare institutes⁹⁵. In addition to these initiatives, the government will consider a review of the Healthcare DX Roadmap as necessary.

⁹³ Roadmap for the Promotion of Healthcare DX (Decision at the Healthcare DX Promotion Headquarters on June 2, 2023)

⁹⁴ Personal Health Record.

⁹⁵ Including cybersecurity measures for medical equipment.

In consideration of ease of use for child-rearing generations, the government will promote the DX of Child-Related Measures, including measures for childcare or maternal and child health, etc.

(DX for education)

Focusing on the GIGA School Program, which have been promoted as a national policy⁹⁶, the government will accelerate education DX, including the use of generative AI, to integrate children's personalized and self-regulated learning and collaborative learning as well as to reduce the workload of teachers. The government will enhance educational environments from both hardware and operational perspectives. Specifically, this includes device replacements under a joint procurement scheme and accelerating support for the development of the next-generation school work DX environment, improving the network environment at schools, promoting exploratory, interdisciplinary, and practical learning through the continuous implementation of the DX High School Project, etc., creating good examples for the use of ICT and for the development of children's information ethics and strengthening follow-up support, as well as promoting the use of digital textbooks. Based on the Education DX Roadmap,⁹⁷ in order to promote the collection, analysis, and utilization of educational data through collaboration among systems while thoroughly ensuring the protection of personal information, the government will promote the standardization and the accompanied support for local governments. We will also advance the research, studies and demonstration of technologies concerning the authentication infrastructure to ensure the authenticity of subjects and data.

(DX for regional transportation and logistics)

The government will promote initiatives, such as the advancement of transportation services through mobility as a service (MaaS) and the utilization of data, to enhance the sustainability, productivity, and convenience of regional transportation. We will also promote DX for regional transportation, such as the promotion of cashless transactions and ride-hailing apps. The government will promote the social implementation of eVTOLs (electric Vertical Take-Off and Landing). To accelerate the social implementation of autonomous driving mobile services, the government will make institutional arrangements⁹⁸ and promote nationwide projects based on the Mobility Roadmap 2025. We will also promote the development and demonstration of autonomous driving technologies and provide

⁹⁶ This includes the promotion of systematic digital education from the compulsory education stage.

⁹⁷ Revised and published by the Digital Agency, the Ministry of Internal Affairs and Communications, the Ministry of Education, Culture, Sports, Science and Technology, and the Ministry of Economy, Trade and Industry on June 13, 2025.

⁹⁸ This includes developing the accident investigation system of the Japan Transport Safety Board based on the Roadmap.

support from the aspect of road infrastructure. In order to solve the shortage of mobility across the country, the government will advance necessary initiatives for autonomous driving and ride-sharing based on the Basic Policy 2024, etc. In particular, we will discuss an appropriate modus of systems to solve the shortage of mobility in small and medium-sized cities in rural areas and other regions⁹⁹ where the public transportation mode is less convenient. To promote the wide use of UAS (Unmanned Aircraft Systems), the government will expand the areas where UAS Lines are implemented and work on the institutional arrangements and technological development.

Regarding Autoflow Road, which will contribute to the resolution of the logistics crisis, the government will conduct early experiments for technological verification, with the aim of conducting experiments on the under-construction sections of the Shin-Tomei Expressway by fiscal 2027 and starting the operation on the first section by the mid-2030s. We will make necessary institutional arrangements for the operation. The government will promote the automation in logistics facilities. We will promote DX for ports through AI terminals¹⁰⁰ and Cyber Port.¹⁰¹ The government also aims to achieve the operation of autonomous ships by around 2030.

(DX for disaster management)

In order to obtain disaster information as a whole and enhance support for disaster victims, the government aims to realize a disaster management digital platform as early as possible. We will also further strengthen the functions of the new Integrated Disaster Management Information System (SOBO-WEB), which will play a central role in the platform; as well as will build, coordinate, and utilize the data integration infrastructure, L-Alert,¹⁰² and D24H¹⁰³; improve the Integrated Disaster Information Mapping System; promote the information distribution among regional disaster management organizations; and build a mechanism for wide-area collaboration of disaster victim support systems. The government will develop and upgrade National Geospatial Infrastructure as the basis for various economic and social activities and disaster response. The use of AI technology will sophisticate weather observations and forecasting, etc.

⁹⁹ In these areas, for example, some of the residents have difficulty in securing mobility, such as visits to hospitals or long-term care facilities, commuting to and from their office or school, and going shopping, etc.

¹⁰⁰ This initiative aims to realize container terminals that ensure both the productivity and the proper working environment, including through the introduction of cargo-handling machines that combine AI, IoT, and automation technologies.

¹⁰¹ A data platform to digitalize related procedures for improving overall port productivity and enhancing support during a disaster.

¹⁰² A system that simultaneously distributes disaster information collected from local governments across the country to media organizations, etc., and delivers it quickly and efficiently to residents.

¹⁰³ A support system for health, medical, and welfare activities during a disaster. The government will gather Information about healthcare facilities, shelters and supporters, etc. during a disaster, and provide the aggregated information to the relevant parties.

(DX for tourism)

The government will advance the use of reservation, settlement data and generative AI, etc. in tourist destinations and the tourism industry. The government will work towards rigorous and smooth immigration control by taking the initiatives toward the advancement of DX in airport operations, including the streamlining of passenger procedures using new technologies such as facial recognition, and the early introduction of the Japan Electronic System for Travel Authorization (JESTA). We will advance discussions about the relevant issues, such as the utilization of the fees to be collected from foreign nationals to use JESTA, as a financial resource for policies for foreign nationals

(DX for judiciary)

In order to enhance convenience of the judicial system and fairness and expedition, the government will advance the digitalization of civil and criminal procedures, etc. in the judicial field. We will also promote DX for legal administration, as a foundation for economic activities, and the safety and security of the people. As part of this initiative, national bar examinations and registrations will be digitalized.

(Central Bank Digital Currency)

The government and the Bank of Japan will further advance their consideration of Central Bank Digital Currency (CBDC), taking into account developments in other countries, based on the interim reports,¹⁰⁴ in order to clarify fundamental perspectives and options on key issues as a broad outline for institutional design. Then, we will together proceed with the examination of legal aspects and the possibility of issuing CBDC.

(3) Developing frontiers

(Outer space)

Based on the Basic Plan on Space Policy¹⁰⁵ and the Space Technology Strategy (revised in fiscal 2024),¹⁰⁶ the government will strengthen its space policy, with the Strategic Headquarters for National Space policy serving as the control tower. In order to increase the added value of earth observations and satellite communications, which also contribute to disaster management, mitigation, national resilience and security, the government will build satellite constellations, develop and demonstrate next-generation technologies, and proactively procure

¹⁰⁴ Relevant Ministries and the Bank of Japan Liaison Meeting on Central Bank Digital Currency, 'Interim Report,' April 17, 2024, and 'The Second Interim Report,' May 22, 2025.

¹⁰⁵ Decided by the Cabinet on June 13, 2023.

¹⁰⁶ Decided by the Committee on National Space Policy on March 25, 2025.

satellite data from domestic startups, etc. under public-private partnerships. We will support rocket development by the public and private sectors and raise the frequency of their launches. Under the Artemis program,¹⁰⁷ we will advance the development of a pressurized rover for the achievement of a moon landing by Japanese astronauts. We will enhance Low Earth Orbit activities, advance research and development for exploration beyond the moon and Mars, and advance the construction of the seven-satellite constellation of the Quasi-Zenith Satellite System and the development towards an eleven-satellite constellation. The government will aim to promptly provide approximately one trillion yen in support to the Space Strategy Fund and will promote medium- to long-term government procurement to facilitate the business expansion of startups, etc. We aim to submit to the next ordinary Diet session a bill to amend the Act on Launching Spacecraft and Launch Vehicle and Control of Spacecraft¹⁰⁸ to enable private companies to carry out new space transportation projects. The government will promote the institutional arrangements that will enable smooth screening in response to the expansion of space use and the sustainable operation of quasi-zenith satellites. We will also promote the strengthening of JAXA's technical foundation and human resources.

(Ocean)

Based on the Ocean Development Strategy,¹⁰⁹ in order to strategically lead the achievements of technological development to social implementation and industrialization, the government will support the use and demonstration of Autonomous Underwater Vehicles and their peripheral technologies, research for the advancement and oversea expansion of maritime domain awareness systems using satellite data combined with AI analysis technologies and preparation for oversea countries' MDA capacity development with this systems, research and development for rare earth production in the waters around Minamitorishima Island, and the construction and actual service of Mirai II, the Arctic Research Vessel (ARV). The government will discuss an appropriate method of a mother ship that has the exploration and sampling platform functions for deep seas and trench areas. The government will examine the efforts for the conservation of populated remote territorial islands and the maintenance of local communities based on the Act on Populated Remote Territorial Islands,¹¹⁰ which will expire at the end of fiscal 2026, and will promote related measures.

¹⁰⁷ An international space exploration project proposed by the United States, aiming for continuous activities on the Moon with a view toward Mars exploration. Japan decided in October 2019 to participate in the project.

¹⁰⁸ The Act on Launching of Spacecraft, etc. and Control of Spacecraft (Act No. 76 of 2016).

¹⁰⁹ Decided by the Headquarters for Ocean Policy on April 26, 2024.

¹¹⁰ Act on Special Measures Concerning Conservation of Populated Remote Territorial Island Areas and Maintenance of Local Communities in Specified Populated Remote Territorial Island Areas (Act No. 33 of 2016)

(4) Promoting advanced science and technology

The public and private sectors will collaborate to make bold investments in order to strengthen Japan's science, technology, and innovation capabilities, which are directly linked to our national strength, as well as to win international competition, thereby invigorating an ecosystem that produces diverse and abundant knowledge. To this end, we will consistently promote R&D and social implementation through cross-sectional technology integration in areas such as AI, quantum, fusion energy, materials, biotechnology, semiconductors, next-generation information and communications infrastructure (Beyond 5G), and health and medical care, etc., which are the driving forces for solving social issues. The government will promote strategic international cooperation, such as cutting-edge joint research and exchanges of researchers and students like-minded countries, including the G7, and the Global South, including ASEAN and India. In addition to providing researchers based in Japan with opportunities to experience cutting-edge research overseas, the government will actively attract outstanding researchers from foreign research institutes and establish international talent mobility and circulation by taking initiatives, including emergency measures in light of recent changes in the international situation.

Towards the sustainable creation of innovation, the government will advance efforts to create world-class research universities through the Universities for International Research Excellence program as well as to form a diverse and robust group of research universities while also examining the effectiveness of such efforts. Moreover, we will build a mechanism to promote the strategic development, share, and upgrade of advanced research facilities and equipment. The government will innovate scientific research through AI for Science as well as the strengthening of the information infrastructure that supports the utilization of research data. We will promote the larger scale and globalization of industry-academia-government cooperation.

The government will strengthen the development of human resources in science and technology. The government will strengthen the functions of universities, colleges of technology (KOSEN), and vocational schools. As part of such efforts, we will support reorganization of university and colleges of technology (KOSEN) faculties in growth fields, establishment of new colleges of technology (KOSEN), as well as advancement and internationalization of human resources development¹¹¹ in response to cutting-edge technologies.

(Quantum technology, fusion energy, and materials)

For quantum technology, the government will work on creating use cases and building business models. We will also study ways to stimulate initial demand and

¹¹¹ This includes the development of statistical experts.

promote international standardization activities and collaboration among bases. With regard to fusion energy and materials, we will promote initiatives based on the new national strategies.¹¹²

(5) Support for startups

The government will promote initiatives based on the Startup Development Five-year Plan.¹¹³

We will enhance entrepreneurship education, work on overseas dispatch, invitation, and entrepreneur training, and strengthen information transmission to the international community. The government will foster the startup ecosystem in startup cities by increasing the number of selected cities in the second-term.¹¹⁴ We will encourage the creation and growth of startups as well as entrepreneurship education at colleges of technology (KOSEN). Both the national and local governments will expand public procurement¹¹⁵ from startups, thereby accelerating the social implementation of their new technologies. In order to embody the Global Startup Campus (GSC) Initiative, the government will implement international research, commercialization support, and fellowship programs as proactive initiatives based on the Basic Policy.

The government will enhance support ranging from start-up to operationalization and commercialization in the deep tech field. We will develop an environment in which funds can be smoothly supplied to startups in accordance with their growth stages, including the later stage and post-listing, by activating the distribution of unlisted shares and expanding debt guarantees. Aiming to achieve the overseas standard level of initiatives, the government will promote initiatives, such as improving the governance of venture capitals (VCs) and investment contract practices, as well as introducing fair value assessment, etc.^{116 117} In addition to strengthening the investment function of JAPAN INVESTMENT CORPORATION (JIC), the government will proceed with measures such as verifying asset allocation¹¹⁸ and making institutional arrangements, etc.¹¹⁹ to raise alternative

¹¹² Fusion Energy Innovation Strategy (Decided by the Integrated Innovation Strategy Promotion Council on April 14, 2023, revised on June 4, 2025) and Strategy for Strengthening Materials Innovation: Building a Knowledge Value Chain (Decided by the Integrated Innovation Strategy Promotion Council on June 4, 2025).

¹¹³ Decision of the Council of New Form of Capitalism Realization on November 28, 2022.

¹¹⁴ In order to accelerate the globalization of base cities, the second-term base cities are to be newly selected after the public invitation in January 2025.

¹¹⁵ This includes joint public procurement by multiple local governments over a wide area.

¹¹⁶ This includes building a system to attract overseas investment.

¹¹⁷ It also includes the consideration of measures based on policy needs and issues concerning the special provisions for taxation on foreign partners of overseas investors (special treatment of the permanent establishment (PE)).

¹¹⁸ This including the status of investment commitments to Japan-based PE funds and VCs as a result.

¹¹⁹ It includes the upgrading of investment methods through collaboration with other investors, and an annual proper assessment of efforts to cap alternative investment assets.

investment¹²⁰ by the Government Pension Investment Fund (GPIF) up to the limit.

The government will revitalize M&As to diversify exit strategies. We will carry out new open innovation involving startups, in addition to universities and large corporations. We will support discussion among relevant parties over the state of accounting procedures concerning goodwill.

Based on the discussions at the Impact Consortium,¹²¹ support measures will be promoted, including the development of data and indicators necessary for measuring and managing impacts and the promotion of the use of donations.

(6) Leveraging overseas vitality

(Enhancement of economic connectivity)

A series of tariff measures imposed by the United States and the subsequent tit-for-tat countermeasures could undermine the free trade system that has been built up by the international community since the end of World War II. Japan strongly urges the United States to reconsider its measures, and will work to maintain and strengthen the free and fair rules-based international economic order. We will lead discussions on the expansion and development of the CPTPP, expand EPAs, ensure the implementation of the RCEP Agreement, and promote domestic measures to utilize these economic partnership agreements. In addition, Japan will strengthen the WTO systems and cooperate with like-minded countries well as to make supply chains more resilient, thereby enhancing economic connectivity with other countries.

(Expansion of trade and investment)

The government will promote trade DX, including the use of the trade platform (Trade PF), data standardization, and the electrification of bills of lading through the amendment of the Commercial Code.¹²² We aim¹²³ to raise the proportion of trade transactions digitalized through the Trade PF to 10% by fiscal 2028, and will strengthen ERIA¹²⁴ activities.

Amid the expansion of AI and other digital-related markets, Japan will promote overseas expansion of Japan's digital-related overall services, including not only so-called digital deficit fields but also financial services, such as fund settlement and intellectual property royalties, thereby aiming to improve digital-related balance of payments.

¹²⁰ Investments in infrastructure, PEs including VCs, or real estate. Up to 5% of total assets.

¹²¹ Established in November 2023 as a forum for dialogue and communication related to impact investment. The participants include investors, financial institutions, companies, NPOs, and local governments.

¹²² Act No. 48 of 1899.

¹²³ Action Plan Roadmap for the Digitization of Trade Procedures (Compiled by the Review Meeting for Promoting the Use of the Trade Platform on June 25, 2024).

¹²⁴ Economic Research Institute for ASEAN and East Asia.

To provide whole-of-the-government support to the overseas expansion of Japanese companies, including startups, the government drives the Infrastructure System Overseas Promotion Strategy 2030,¹²⁵ which aims at 45 trillion yen orders receiving in 2030. It enhances public-private partnerships leveraged by overseas diplomatic offices, support functions of public finance bodies, and risk-response capabilities of export and investment insurance. To strengthen collaboration with the Global South, the government engages in high level promotion by the Prime Minister and Cabinet Members and support for project demonstrations in such fields as GX, DX, health and medical care, disaster management, urban development, and the water cycle.

For the reconstruction of Ukraine, the government supports the on-site activities of Japanese companies.

(Export and overseas expansion by SMEs)

The government will enhance support based on the Support Program for 10,000 New Exporters. For businesses considering export, the government will support their test marketing. Meanwhile, for businesses ready to export, we will provide them with the accompanied support by experts, and the sales channel expansion support through overseas e-commerce sites.

(Overseas expansion of the content industry)

The government will promote consistent support and system development for the fostering of creators¹²⁶ and the overseas expansion of content, including the use and further integration of the Creator Support Fund. With regard to broadcast content, in order to create a variety of intellectual property, the government will support initiatives such as matching with domestic and overseas distribution and financial service providers at the planning and development stages as well as promoting the use of advanced technology. We will reach an early conclusion on the introduction of the right to remuneration for communication of phonograms to the public. Statistical data on the content industry will be prepared.

In order to improve the trading environment involving creators and promote the return of profits, the Japan Fair Trade Commission will conduct a fact-finding survey or surveys in the film and animation fields with the aim of publishing the results in autumn 2025. Based on the results, the government will formulate guidelines. The government has been working to realize compliance with the film industry's self-regulation guidelines for working styles and the price pass-through in the content industry. These efforts will be disseminated.

¹²⁵ Decision made at the Ministerial Meeting on Strategy relating to Infrastructure Export and Economic Cooperation on December 24, 2024.

¹²⁶ Centering on highly specialized personnel and core specialized personnel.

Based on the “Virtuous Cycle of Content and Regional Revitalization Plan”,¹²⁷ the government will select Content Regional Revitalization Bases and accelerate community-wide efforts, such as animation tourism and location incentives. The government will encourage the production of works that take a long time and the invitation to overseas producers, etc. for shooting on location. We will also facilitate and expedite procedures for permission to shoot on location.

(Promotion of foreign direct investment in Japan)

The government aims to achieve the foreign direct investment balance of 120 trillion yen in Japan in 2030 and 150 trillion yen in the early 2030s. Based on the Program for Promotion of Foreign Direct Investment in Japan 2025,¹²⁸ the relevant ministries and agencies will work together to promote investment in strategic fields such as DX, GX, and life sciences, recommend the initiative¹²⁹ to support the attraction of foreign direct investment in Japan through New Regional Economy and Living Environment Creation Grant, utilize and review the special zone system, build a new system for attracting foreign direct investment in Japan through cooperation among the national government, local governments, and the private sector, as well as strengthen JETRO’s system for attracting Foreign Direct Investment in Japan.

(Expo 2025 Osaka, Kansai, Japan)

At the Expo 2025 Osaka, Kansai, Japan, the government will demonstrate and disseminate technologies that will help solve social issues. We will also work to disseminate the attractiveness of all regions across Japan, attract visitors to rural areas, and provide opportunities for business matching that will contribute to promote international exchanges and foreign direct investment in Japan as well, and make these achievements a legacy.

The government will steadily prepare for International Horticultural Expo 2027, Yokohama, Japan. As part of the preparations, we will construct the venue, invite participants, and build momentum.

(7) Promoting Japan as a Leading Asset Management Center

The government will carry out further reforms toward Promoting Japan as a Leading Asset Management Center. In order to enable citizens of all generations to build assets in line with their own life plans, the government will consider further enhancing the NISA program and develop an environment in which financial assets and cash flows can be easily identified. In addition, we will promote improvements

¹²⁷ Intellectual Property Strategic Program 2025 (Decision of the Intellectual Property Strategy Headquarters on June 3, 2025).

¹²⁸ Decision of the Council for Promotion of Foreign Direct Investment in Japan on June 2, 2025.

¹²⁹ The government will clarify that this program is one of the priority allocation projects of this grant.

in the management of corporate DC (corporate-type defined contribution pension plans) and iDeCo (individual defined contribution pension plans). The government aims to promptly raise the contribution limit based on the Outline of the Tax Reform for Fiscal 2025.¹³⁰ Investment management will be visualized for participants in corporate pension plans. The government will enhance financial and economic education as a foundation for steady asset building for households. From the perspective of strengthening fund supply to growth sectors, the government will improve the functions of the TSE Growth Market, expand the impact investment market, promote the incorporation of data centers into REITs (Real Estate Investment Trusts), consider cross-regulatory measures to encourage the disclosure of annual securities reports before shareholder meetings, reform corporate governance, and review the regulations on the firewall between banking and securities operations.¹³¹ From the perspective of making the asset management sector more sophisticated, the government will focus on the promotional activities of the Special Zones for Financial and Asset Management Businesses for overseas asset management companies in collaboration with the four regions designated as the special zones and promote the acceptance of Asset Owner Principles.¹³²

These and other initiatives will be disseminated at Japan Weeks and the Asset Management Forum in October 2025. In addition, the government will strengthen the structure of the Financial Services Agency that is necessary to promote these measures.

With regard to the organizational design of a Company with a Nominating Committee, etc., in light of the increasing importance of strengthening the nominating function of the Board of Directors, the government will promptly advance considerations of the formulation and enactment of an amendment proposal to resolve the issues.

4. Ensuring the safety and security of the people

(1) Promoting disaster management and mitigation and national resilience

Given the concern over mega-disasters on a national scale in Japan, the government will reinforce the country's crisis management system to protect lives and ensure the continuity of essential state and social functions, including enhancing its capacity to respond to complex and multiple disasters. By fully leveraging new technologies and combining the expertise of both the public and

¹³⁰ Decided by the Cabinet on December 27, 2024.

¹³¹ These regulations prohibit banks and securities firms within a financial group from sharing customers' non-public information without the customers' consent, and from engaging in actions that create conflicts of interest.

¹³² Common principles related to asset owners' investment management, governance and risk management.

private sectors, we will work to improve our disaster response capabilities. From a medium- to long-term perspective, taking into account the ongoing population decline, we will also aim to reshape the structure of our land use and regional communities, such as by encouraging people to live in safe areas, to make them more resilient to disasters in safe areas. Japan must become a global leader in disaster management and contribute to disaster-resilient world.

(Fundamentally strengthening disaster management)

To build a disaster-resilient nation that places the highest priority on protecting lives and human rights, the government will establish an agency for disaster management by FY 2026. The new agency under the Cabinet will take a comprehensive view of government-wide disaster policies and break administrative silos across ministries and agencies to serve as a central command for integrated pre-disaster mitigation and preparedness, emergency response, and recovery and reconstruction efforts. Reporting directly to the Cabinet, it will lead and accelerate disaster-related initiatives of the national government even in non-emergency periods, with the authority to issue recommendations and exercise other powers. A dedicated minister will be appointed to support the Prime Minister in overseeing the new agency. The agency will be provided with sufficient budget, personnel, and organizational capacity, including expert staff, to ensure parallel and ongoing implementation of emergency response from the earliest stages of large-scale disasters and a wide range of disaster management efforts. These will include improving the evacuation living environment; enhancing welfare support; strengthening local disaster management; promoting public-private collaboration; advancing education for disaster management and awareness; training and capacity building; promoting digital transformation in disaster management; and developing and globally promoting advanced technologies for disaster response, such as rescue robots that can operate on-site using AI and robotics. We will also explore the establishment of regional disaster management hubs.

(Promoting disaster management and mitigation and national resilience)

Weather-related disasters are becoming more intense and frequent owing to climate change, and the risk of major earthquakes—such as a Nankai Trough earthquake, a Tokyo inland earthquake, and a trench-type earthquakes in the vicinity of the Japan and Chishima Trenches—is growing more imminent. In the event of such disasters, the government must protect lives, property, and livelihoods and ensure the continued operation of vital national and social functions. To this end, we will steadily promote initiatives to strengthen national resilience, including disaster management, mitigation, and countermeasures against aging infrastructure, without interruption. We will secure necessary and sufficient budgets, appropriately combine self-help, mutual support, and public support, and strongly

promote efforts that integrate hard and soft measures, in accordance with the Fundamental Plan for National Resilience.

The government will steadily promote the engagement based on the First Mid-term Plan for the Implementation of National Resilience¹³³ and will proceed with national development that will not succumb to disasters. In promoting these initiatives, we will respond flexibly and swiftly by appropriately reflecting the impact of recent increases in material and labor costs, while also taking into account the occurrence of future disasters, the progress of projects, and the overall economic and fiscal conditions.

To adapt to the three categories of key changes—changes in external forces from and resistance to disasters, shifts in social conditions, and transformations in project implementation environments—the government must develop and manage disaster management infrastructure that protects the lives and property of our citizens. To this end, we will advance measures, including accelerating and deepening River Basin Disaster Resilience and Sustainability by All based on the anticipated impacts of future climate change¹³⁴; improving the safety of embankments; strengthening public-private collaboration for protecting ports; enhancing disaster meteorological information by improving the forecasting accuracy of linear precipitation zones, typhoons, floods, landslides, and storm surges through the use of next-generation geostationary satellites; and promoting forest management and conservation. To reinforce lifelines such as transportation, communications, and energy that form the foundation of economic development, we will implement initiatives such as introducing phase-free approaches¹³⁵; accelerating upgrades for infrastructure such as aging and earthquake-prone water and sewer systems; completing missing sections of high-standard highways; building disaster-resilient transportation networks by developing ports and airports as disaster response hubs; promoting the removal of utility poles; and strengthening measures against heavy snow. We will also work to improve the effectiveness of Plans for Road Clearance after Disasters. To further enhance national resilience measures through digitalization and emerging technologies, we will promote the following initiatives: expanding and strengthening national disaster response capabilities, including the Technical Emergency Control Force (TEC-FORCE) and other related functions¹³⁶; advancing digital transformation in firefighting and disaster management; and developing and deploying disaster-related science and

¹³³Decided by the Cabinet on June 6, 2025.

¹³⁴ Includes coastal erosion countermeasures, disaster management and mitigation measures related to reservoirs, and the promotion of green infrastructure.

¹³⁵ An approach that seeks to eliminate the boundary between normal times and times of disaster by enhancing living conditions in everyday life, thereby making living environments more comfortable even during emergencies.

¹³⁶ This includes the disaster response structures and functions of Regional Development Bureaus, District Transport Bureaus, the Geospatial Information Authority of Japan, the Japan Meteorological Agency, and research institutions, as well as the working conditions and treatment of personnel at these organizations.

technology. As part of efforts to strengthen public-private collaboration—particularly to ensure business continuity during disasters—the following initiatives will be implemented: enhancing the resilience of supply chains; promoting disaster risk reduction measures integrated with land use planning; establishing a medical care system utilizing ships¹³⁷; utilizing medical containers; ensuring continuity of medical care through mobile dental clinics and the use of disaster medical systems in affected areas; and improving disaster waste management systems, including necessary institutional arrangement. Efforts that should be implemented to strengthen disaster management in local communities, based on regional circumstances, include organizing disaster risk information; providing clear and accessible weather and disaster related information; enhancing the disaster resilience of evacuation shelters, including schools, and installing renewable energy systems and storage batteries at such facilities; and implementing protective measures to safeguard valuable local cultural assets.

In implementing the Mid-term Plan for the Implementation of National Resilience, the government must respond steadily to genuinely necessary fiscal needs. Taking into account local conditions as well as the burden-sharing status among beneficiaries, we will begin examining concrete approaches to monitor project progress and secure financial resources.

(2) Reconstruction and revitalization from the Great East Japan Earthquake and recovery and reconstruction from the Noto Peninsula Earthquake, etc.

(Reconstruction and revitalization from the Great East Japan Earthquake)

Guided by our unwavering commitment that "Without the reconstruction of Fukushima, there can be no reconstruction of Tohoku; and without the reconstruction of Tohoku, there can be no revitalization of Japan," we will devote our full efforts to reconstruction and revitalization following the Great Earthquake, based on the revised Basic Guidelines¹³⁸ to be finalized in the summer of 2025. The five years following the second term reconstruction and revitalization period¹³⁹ will be a critical period for addressing the remaining challenges. To promote stronger and more effective recovery measures than in the previous five years, we will secure the necessary financial resources.

For earthquake and tsunami affected areas, the government will respond to medium- and long-term issues, such as mental health care by utilizing government-wide policies. The national government will play a leading role in the reconstruction and revitalization of areas affected by the nuclear disaster. We will safely and

¹³⁷ Based on the Plan for Promotion of Development of Medical Care Provision System Utilizing Ships in Disaster, etc. (Decided by the Cabinet on March 18, 2025).

¹³⁸ Basic Guidelines for Reconstruction from the Great East Japan Earthquake After the Second Term Reconstruction and Revitalization Period (Cabinet Decision on March 19, 2024).

¹³⁹ FY 2021 to 2025.

steadily proceed with the decommissioning of Fukushima Daiichi Nuclear Power Station. Regarding the discharge of ALPS treated water, we will carry out all possible measures to ensure safety, prevent adverse impacts on reputation, and support continuation of livelihoods. We will strongly call for the immediate lifting of import restrictions on Japanese food products. We will promote the managed recycling of removed soil arising from decontamination activities in reconstruction and revitalization projects, and take a whole-of-government approach to ensuring its final disposal outside Fukushima Prefecture. With our firm commitment that even if it takes many years, we will eventually lift all evacuation orders in the restricted areas and take full responsibility for reconstruction and revitalization, we will proceed with decontamination and infrastructure development in the specified living areas for returnees. Under the principle of "from area-based to individual-based approaches," we will begin exploring ways to allow freer activity in restricted areas, based on the premise of ensuring safety. The living environment must be improved in evacuation-order-lifted areas. Restoration initiatives must be launched in forests where no restoration program has yet been implemented. In coordination with regional revitalization initiatives, and based on the revised "Industrial Development Blueprint Based on the Fukushima Innovation Coast Framework ¹⁴⁰," the government will promote the efforts of the Fukushima Institute for Research, Education and Innovation and the Fukushima Plan for a New Energy Society. We will also advance the reconstruction of livelihoods, including in agriculture, forestry, and fisheries, and support the development of new industries such as energy, robotics, and space, thereby encouraging people to return, relocate, and settle in Fukushima. Our initiatives will also include promoting "Hope Tourism ¹⁴¹," where the Fukushima Hamadori Cycle Route can serve as a key attraction, and capitalizing on cultural and art assets of the prefecture to expand non-residential visiting and/or relational population.

(Recovery and reconstruction from the Noto Peninsula Earthquake, and promotion of disaster control measures)

The 2024 Noto Peninsula Earthquake caused extensive damage, particularly in Ishikawa Prefecture and other parts of the Hokuriku region. Furthermore, Okunoto, the northernmost part of the Noto Peninsula, was struck by heavy rainfall during the reconstruction phase, leading to compounded devastation. In response, the government will continue working toward the swift restoration of the victims' daily lives and livelihoods, recovery of infrastructure, demolition of damaged buildings funded by public expenditure, the implementation of projects based on community-based recovery and reconstruction plans, and the development of public housing

¹⁴⁰ Revised and published on June 6, 2025, by the Reconstruction Agency, METI, and Fukushima Prefecture.

¹⁴¹ Refers to an educational travel program promoted by Fukushima Prefecture that takes place in areas affected by the Great East Japan Earthquake and the nuclear power plant accident.

for disaster victims. In parallel, we will support the creative reconstruction of the Noto region, including efforts in areas of culture and the arts. To revitalize tourism in Noto, we will take various demand-stimulating measures in accordance with the reconstruction situation.

The government will advance disaster management measures a Nankai Trough earthquake based on the revised damage projections, a Tokyo inland earthquake, subduction-zone earthquakes along the Japan Trench and Chishima Trench, and a possible eruption of Mount Fuji. In addition, based on the Act on Special Measures for Active Volcanoes¹⁴⁴, we will promote measures against volcanic disasters, the research such as analysis of volcanic products at the Headquarters for Volcano Research Promotion and the development and retention of experts in these fields. We will also work to strengthen crisis management systems, taking into account the need to back up core administrative functions. We will also foster the disaster management industry and promote its expansion into overseas markets.

We will support local governments in stockpiling essential equipment and supplies so they can quickly provide toilets, partitions, portable beds, hot meals, and bathing facilities at the time of a disaster, in order to fundamentally improve conditions in evacuation shelters and ensure hygiene. To accelerate push-mode assistance, we will also promote decentralized stockpiling of such resources. In addition, we will advance pre-disaster measures such as the use of trailer houses, the introduction of comfortable Western-style toilets, and the installation of air conditioning in schools that serve as shelters. We will further enhance systems and develop human resources for teams engaged in health, medical, and welfare services, as well as for disaster school support teams.

To enhance disaster resilience in local communities, the government will promote a wide range of initiatives in line with the revised Basic Act on Disaster Management¹⁴². These include disaster case management securing personnel for victim support through collaboration with civil society organizations and private companies, including efforts to encourage participation in volunteer activities; improving the operating environment for support activities through systems such as the Certified Organizations for Victim Assistance; establishing and reinforcing coordinating organizations for disaster response; enhancing evacuation measures for persons requiring special care; and facilitating wide-area evacuations. We will also promote timeline-based disaster preparedness by encouraging the use of meteorological disaster advisors and community disaster managers; the development of disaster management hubs that contribute to regional revitalization and local economic vitality; support for innovative and cross-sectoral pre-disaster initiatives in cooperation with relevant ministries and local governments; disaster education; and enhanced firefighting and disaster response capabilities, including

¹⁴² Act for Partial Revision of the Basic Act on Disaster Management (Act No. 51 of 2025).

volunteer fire corps. In light of recent large-scale forest fires, we will strengthen preventive measures and firefighting systems. To prepare for compound disasters, we will improve emergency response systems, including the assessment of post-disaster site conditions, safety evaluations, and risk communication. We will also advance pre-disaster mitigation and community-based reconstruction planning.

The government will advance the following measures: accelerating the practical implementation of decentralized water and sewer systems; securing alternative water sources, including the use of emergency wells and other groundwater resources; conducting subsurface cavity surveys beneath road surfaces; implementing liquefaction countermeasures; enhancing the hub functions of roadside stations (Michi-no-Eki); reinforcing the resilience of communication and broadcasting networks; and improving earthquake and tsunami resistance at industrial complexes. We will also promote disaster management and national resilience measures for peninsulas and remote islands.

(3) Strengthening diplomacy and security

(Diplomacy)

The government will pursue diplomacy that upholds and reinforces a free and open international order based on the rule of law, in order to protect our national interests¹⁴³. At the same time, we will strengthen our diplomatic capabilities to lead the international community toward global stability and prosperity. To realize a Free and Open Indo-Pacific, we will elevate Japan-U.S. cooperation to new heights, recognizing the Japan-U.S. Alliance as the cornerstone of regional peace and prosperity. In parallel, we will deepen coordination with like-minded countries and organizations, including the G7, ASEAN, Australia, India, the Republic of Korea, the EU, and NATO. We will also work to enhance global governance through stronger engagement with the Global South¹⁴⁴.

Japan will continue support for Ukraine and sanctions against Russia. To advance international cooperation, the government will expand Official Development Assistance (ODA) through a variety of approaches, including implementation of new frameworks such as the CO-creation for common agenda initiative and the amendment of the JICA Act to further promote private capital

¹⁴³ At the Japan-U.S. Summit held on February 7, 2025, the two leaders reaffirmed their commitment to working closely together to realize a Free and Open Indo-Pacific and to elevate the Japan-U.S. alliance to new heights. They also exchanged views on various issues related to China, confirmed their opposition to any unilateral attempts to change the status quo by force or coercion including in the East and South China Sea, and underscored the importance of peace and stability across the Taiwan Strait.

¹⁴⁴ This commitment includes strengthening cooperation with ASEAN and India, as well as Japan's leadership in frameworks such as the Tokyo International Conference on African Development (TICAD), the Pacific Islands Leaders Meeting (PALM), and the "Central Asia plus Japan" Dialogue.

mobilization¹⁴⁵ ; leveraging the JICA Overseas Cooperation Volunteer; strengthening collaboration with international organizations and other partners; responding to humanitarian crises, including assistance for Palestine; and addressing global challenges in areas such as food security, health, climate change, and plastic pollution. We will also strategically strengthen Official Security Assistance (OSA).

Japan will lead efforts under the NPT regime to realize a world without nuclear weapons. We will also work to strengthen the functions of the United Nations, including reform of the Security Council; contribute to the development of international norms through international organizations and increase the number of Japanese personnel serving in these bodies; resolve disputes based on international law; advance the Women, Peace and Security (WPS) agenda; promote human security; cultivate people with great affinity toward or knowledge of Japan, including individuals of Japanese descent; actively provide accurate information concerning such subjects as territory and sovereignty, recognition of history both in Japan and abroad; and enhance cultural diplomacy. The government will achieve the normalization of relations with North Korea, in accordance with the Japan-DPRK Pyongyang Declaration, through comprehensively resolving outstanding issues of concern such as the abductions¹⁴⁶, nuclear, and missile issues, as well as settlement of the unfortunate past.

The government will fundamentally reinforce our diplomatic and consular infrastructure. While improving efficiency and streamlining operations, we will strengthen our human resource capacity; build a more robust financial base, including support for diverse working styles; improve the resilience of overseas missions; expand consular services; and enhance our information security infrastructure.

(Security)

Amid the most severe and complex security environment since the end of World War II, the government will promote efforts to fundamentally reinforce defense capabilities, based on the National Security Strategy and other documents¹⁴⁷. In doing so, the government will focus on “Seven Pillars”¹⁴⁸, including Stand-off Defense Capabilities and Unmanned Defense Capabilities. To maximize the

¹⁴⁵ Act for Partial Revision of the Act on the Japan International Cooperation Agency, Independent Administrative Agency (Act No. 21 of 2025).

¹⁴⁶ At his policy speech at the Diet session on January 24, 2025, the Prime Minister stated, "with the aging of the abductees and their families, the abductions issue is a time sensitive, humanitarian issue with no time to spare and is a top priority for the ISHIBA's administration."

¹⁴⁷ The National Security Strategy, the National Defense Strategy, and the Defense Buildup Program (National Security Council Decision and Cabinet Decision on December 16, 2022).

¹⁴⁸ Stand-off Defense Capabilities, Integrated Air and Missile Defense Capabilities, Unmanned Defense Capabilities, Cross-domain Operational Capabilities, Command and Control and Intelligence-related Functions, Mobile Deployment Capabilities / Civil Protection, and Sustainability and Resiliency.

effective use of existing equipment, the government will promote improving the number of operationally available equipment, securing ammunition and fuel, and improving resiliency of defense facilities. In the acquisition of equipment and related items, the government will fully pursue further efficiency and rationalization in procurement.

Based on the Basic Policy on Improving the Treatment and Working Environments and Establishing New Lifetime Career Plans of Self-Defense Forces Personnel¹⁴⁹, the government will reinforce the human resource base of the Self-Defense Forces and also enhance their medical functions. To reduce the burden of crisis management on the Minister of Defense and ensure full readiness to respond to various contingencies, the number of State Ministers of Defense will be increased from one to two.

By implementing the Act on Enhancing Defense Production and Technology Bases¹⁵⁰, the government will promote the development of a strong and sustainable defense industry, effective responses to various risks, cooperation with the defense industry, and the transfer of defense equipment. The government will promote research and development—including the joint development of next-generation fighter aircraft—and the utilization of advanced technologies from the private sector, including startups, which serve as key players in dual-use applications. Through these efforts, the government will build an ecosystem that identifies and nurtures innovative technologies and delivers their benefits to society. The government will strengthen the deterrence and response capabilities of the Japan-U.S. alliance while also enhancing cooperation with like-minded countries and others. The government will promote the realignment of U.S. Forces in Japan and base-related measures.

With regard to financial resources for the fundamental reinforcement of defense capabilities, the government will continue to secure these financial resources in line with the Defense Buildup Program, etc. including agile and flexible approaches. The government will continue to examine tax measures related to personal income tax, based on the Outline of the Tax Reform for Fiscal 2023¹⁵¹ and other relevant policies.

The government will further promote efforts in four key areas—research and development, public infrastructure development, and others—to strengthen our comprehensive defense posture, while also enhancing the organizational capacity of relevant ministries and agencies. The government will also advance the strategic reinforcement of essential foundations that support the nation and people's lives, including energy and food.

¹⁴⁹ Decided by the Ministerial Meeting on Improving the Treatment and Working Environments and Establishing New Lifetime Career Plans of Self-Defense Forces Personnel on December 20, 2024.

¹⁵⁰ Act on Enhancing Defense Production and Technology bases(Act No. 54 of 2023).

¹⁵¹ Decided by the Cabinet on December 23, 2022.

The government will implement a study regarding wide-area evacuation and reception arrangements for residents, focusing on regions such as the southwestern islands. In particular, the government will develop a Basic Reception Guideline for the evacuation of residents from the Sakishima Islands by the end of FY 2026. To secure shelters in the event of armed attacks, the government will work to promote the use of underground facilities and formulate an implementation policy by the end of FY 2025, thereby strengthening our civil protection framework.

The government will promote comprehensive maritime security and other initiatives through Maritime Domain Awareness (MDA) based on the Basic Plan on Ocean Policy¹⁵². The government will also reinforce and renew Japan Coast Guard's patrol vessels and the like, secure operating expenses, promote the use of new technologies such as unmanned aircraft, strengthen cooperation and collaboration with the police, the Self-Defense Forces and overseas coast guard agencies, as well as advance effort to secure and develop human resources, improve work environment, and enhance personnel treatment based on the Policy on the Strengthening Maritime Security Capabilities¹⁵³.

Based on the Basic Plan on Space Policy, the government will strengthen comprehensive efforts related to national security, such as building a satellite constellation.

We will reinforce our structure and capabilities to strengthen measures against disinformation, and efforts on collection and analysis of information, including human intelligence, and strategic communication.

(Cybersecurity)

To implement the Cyber Response Capability Strengthening Act and other related laws¹⁵⁴, the government will establish a new command structure to serve as the core of our national cybersecurity framework. Based on the "Urgent Priorities for Responding to Cyber Threats"¹⁵⁵, we will pursue the following initiatives: building infrastructure for advanced collection, analysis, and sharing of information; strengthening cross-government monitoring functions; use of JC-STAR¹⁵⁶ in government procurement by the end of FY 2025; expanding R&D projects on next-generation cybersecurity technologies—including post-quantum cryptography—using programs such as the Key and Advanced Technology R&D through Cross Community Collaboration Program, and exploring social implementation with a view toward international standardization; enhancing supply chain security measures,

¹⁵² Decided by the Cabinet on April 28, 2023.

¹⁵³ Decision at the meeting of the Council of Ministers on the Strengthening of Maritime Security Capacity on December 16, 2022.

¹⁵⁴ The Act on the Prevention of Damage from Unauthorized Acts Against Critical Computers (Act No. 42 of 2025), and The Act concerning Development of Laws Related to Enforcement of the Act on the Prevention of Damage from Unauthorized Acts Against Critical Computers (Act No. 43 of 2025).

¹⁵⁵ Decided by the Cybersecurity Strategic Headquarters on May 29, 2025.

¹⁵⁶ A certification system that verifies the safety of IoT devices based on specific security standards, which was launched in March 2025.

including for small and medium-sized enterprises; fostering human resources; and improving our cybersecurity capabilities by leveraging domestic technologies as the core. Through these efforts, we will enhance our international competitiveness. We will formulate the next Cybersecurity Strategy, incorporating these initiatives, by the end of 2025.

(4) Strengthening economic security

To ensure economic security, the government will strengthen our whole-of-government framework with the National Security Secretariat serving as the command center. At the same time, we will work to uphold and reinforce a free and open international order based on the rule of law, deepen cooperation with allies and like-minded countries, and promote collaboration and mutual understanding among national and local governments, industry, academia, and civil society.

We will assess the risks faced by our industries and work to strengthen our response capabilities—including economic intelligence functions and integrated think tank capabilities¹⁵⁷—while also enhancing the resilience of critical infrastructure.

Based on the supplementary provision of the Economic Security Promotion Act¹⁵⁸, we will promptly begin reviewing the Act with a view to securing Japan's strategic autonomy and indispensability. We will consider measures to ensure a stable supply of goods essential for providing services, including international communications, submarine cables, and shipping, and also ensure service delivery essential for supply of these goods. At the same time, to secure Japan's strategic autonomy, we will consider ways to enhance the effectiveness of efforts to ensure a stable supply of critical goods. We will also study measures to advance digitalization, robotics, and data integration to address labor shortages. A list of critical technology areas must be defined to accelerate the development of advanced key technologies and promote international collaboration for that purpose. The following measures must be considered: adding the Health Insurance Claims Review & Reimbursement Services and medical institutions to the Essential Infrastructure System; ensuring appropriate regulations for major data holders, as well as entities responsible for data storage and processing; strengthening AI and digital infrastructure; and supporting the overseas expansion of projects that help maintain and enhance economic connectivity with allied and like-minded countries and the Global South, such as those on ports and repair docks project. We will promote the development of manufacturing technologies and strengthen supply

¹⁵⁷ An integrated think tank function that provides the government with comprehensive policy recommendations in the field of economic security from the perspectives of diplomacy, intelligence, defense, economy, and technology.

¹⁵⁸ Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures (Act No. 43 of 2022).

chains for next-generation aircraft, while also establishing production infrastructure for unmanned aerial vehicles, including drones.

Based on The New International Standards Strategy¹⁵⁹, we will promote the following efforts to foster innovation and market creation, as well as to ensure national autonomy and to maintain and strengthen the international order: supporting rulemaking for strategic domains such as quantum, digital, and AI technologies; building public-private networks; enhancing domestic testing and certification infrastructure; and promoting the application of international standards in government procurement.

The government will work to ensure the effectiveness of investment screening under the Foreign Exchange and Foreign Trade Act¹⁶⁰; control the export of advanced technologies; safeguard research security and integrity; strengthen the screening of foreign students and researchers; implement measures to prevent technology leakage, including the management of trade secrets; address economic coercion; and respond to various sanctions and trade remedy measures.

(5) Realization of an orderly society and harmonious coexistence with foreign nationals

To harness global dynamism while ensuring the safety and security of our citizens, we will strengthen cross-government leadership, including the Ministerial Conference on Acceptance and Coexistence of Foreign Nationals, to realize well-ordered inclusion and integration foreign nationals. We will also enhance our understanding of the actual situation and improve the information infrastructure of both national and local governments. In parallel, to promote legal compliance, proper use of institutional frameworks, and transparency, we will carry out a comprehensive and cross-cutting review of systems and administrative practices that were not originally designed with a globalized society in mind.

(Enhancing the relevance of immigration and residency management)

To enable centralized management of information from entry to departure, the government aims to introduce the Japan Electronic System for Travel Authorization (JESTA) in FY 2028. We will set and review fees of visas and immigration procedure, taking into account factors including the standards of other major countries. By utilizing digital technologies and strengthening both personnel and physical resources, we will enhance and sophisticate immigration screening and residency management; improve support for foreign residents to realize a society of harmonious coexistence; introduce a new type of residence card (Specified

¹⁵⁹ Decision of the Intellectual Property Strategy Headquarters on June 3, 2025.

¹⁶⁰ Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949).

Residence Card); ensure the swift and reliable protection and assistance for refugees and others in need; tighten measures against illegal employment and improve monitoring the movements of provisional releasees; and pursue the principle of “Zero Illegal Foreign Residents” through detection and deportation.

Under the framework of the Employment-for-Skill-Development-Program and the Specified Skilled Worker System, the government will establish industrial fields and expected numbers of foreign nationals to be accepted, tighten the requirements for supervising and support organizations, and establish the necessary administrative infrastructure, including the Employment-for-Skill-Development Organization. We will also develop the system of nationally accredited Japanese language educational institutions and promote their active use.

(Improving procedures for foreign driver’s license conversion and social security compliance)

To improve the process of converting foreign driver’s licenses into Japanese driver’s licenses, the government will tighten address verification procedures and strengthen the confirmation of applicants’ knowledge and driving skills. To prevent non-payment of taxes and social insurance premiums by foreign nationals and to ensure their appropriate use of the social security system, we will consider better integration of information on outstanding payments and unpaid medical expenses into the residence screening process, and review the framework for insurance coverage for foreign nationals. We will take necessary measures to ensure that foreign nationals use child allowances and financial aid for educational expense appropriately and in line with their actual circumstances.

(Appropriate usage and management of national land)

The government will conduct a comprehensive review of how land and assets are managed and utilized, including acquisition by foreign nationals, with a leadership under a whole-of-government coordination framework. To enhance the transparency in land ownership across the country, including for foreign nationals, we will consider enhancement to owner information in land-related registries and upgrade to relevant databases.

In terms of national security, we will continue to implement measures under the Act on the Review of Important Real Estate and Facilities¹⁶¹ and other relevant regulations. At the same time, we will closely monitor the domestic and international situation and consider further actions, including a possible review of the Act.

¹⁶¹ Act on the Review and Regulation of the Use of Real Estate Surrounding Important Facilities and on Remote Territorial Islands (Act No. 84 of 2021)

(Strengthening responses to foreign tourists and short-term visitors)

To balance the acceptance of foreign tourists and short-term visitors with the need to maintain residents' quality of life, we will strengthen measures against crimes and nuisance behavior.

(6) Realization of Japan as the world's safest country

To ensure public safety, we will advance the following initiatives: countermeasures against CBRNE¹⁶² threats; counter-terrorism measures, including responses to illegal drone flights and lone-offender¹⁶³ threats; enhancing civil protection measures; strengthening efforts against money laundering, terrorist financing, and proliferation financing in anticipation of the FATF's¹⁶⁴ 5th round Mutual Evaluation of Japan; and promoting the use of drones by law enforcement agencies.

Based on the Comprehensive Measures to Protect People from Fraud 2.0¹⁶⁵, we will enhance our response to fraud, the dissemination of criminal perpetrator recruitment information, and issues such as online gambling and malicious “host clubs”. These efforts will include more sophisticated investigation methods, aiming to eliminate anonymous and fluid criminal groups. In parallel, we will reinforce local crime prevention capabilities, including support for the installation of security cameras.

Based on the Second Term Recidivism Prevention Promotion Plan¹⁶⁶, the government will enhance treatment of inmates in penal institutions and promote measures such as enhancing support for volunteer probation officers¹⁶⁷. In line with the next Basic Plan for Crime Victims, to be formulated within FY 2025¹⁶⁸, we will strengthen relevant measures. We will enhance preventive justice support functions both in Japan and overseas and comprehensive legal support, reinforce measures against human rights violations on the internet, and develop the necessary human and material infrastructure by securing legal professionals and taking other measures¹⁶⁹

We will promote international cooperation and advance “Justice Affairs Diplomacy”, including through legal technical assistance¹⁷⁰, under the principle of

¹⁶² CBRNE refers to terrorist acts involving chemical, biological, radiological, nuclear, or explosive materials.

¹⁶³ Lone offenders are individuals who have become radicalized without any affiliation to specific terrorist organizations.

¹⁶⁴ Financial Action Task Force

¹⁶⁵ Decision of the Ministerial Meeting Concerning Measures against Crime, dated April 22, 2025.

¹⁶⁶ Decided by the Cabinet on March 17, 2023.

¹⁶⁷ Includes such measures as enhanced support for offender rehabilitation facilities and strengthening collaboration with local governments.

¹⁶⁸ Includes the Further Promotion of Measures for Crime Victims (Decision of the Council for the Promotion of Policies for Crime Victims on June 6, 2023).

¹⁶⁹ Includes promotion of law-related education and consideration of necessary support to broaden the activities of young and mid-career legal professionals engaged in public-interest work.

¹⁷⁰ Includes strengthened cooperation with countries in Central Asia and other regions.

a unified diplomatic policy, and actively promote the use of United Nations Standards and Norms on Reducing Reoffending, promote international arbitration, develop international legal human resources, and accelerate translation of Japanese laws and regulations into foreign languages.

The government will work on safety measures in the transportation sector, prevent fraud by automobile manufacturers, etc., prevent accidents involving elderly drivers, and support victims of automobile accidents.

To reinforce consumer administration in local governments, we will revise the Local Consumer Administration Enhancement Grant to support initiatives such as revitalizing community monitoring activities and recruiting and training consumer affairs consultants. We will also promote Food Loss and Waste reduction and food donations by leveraging digital transformation (DX). In preparation for the enforcement of the amended Whistleblower Protection Act¹⁷¹ in FY 2026, we will update the relevant guidelines.

Based on the revised Act on Comprehensive Promotion of Labor Policies¹⁷² and related laws and regulations, we will promote workplace harassment prevention measures, including the development of guidelines to address customer harassment by the summer of 2026.

We will advance surveys and studies on post COVID-19 condition and adverse reactions to vaccines. Based on the National Action Plan for Novel Influenza, etc.¹⁷³, we will work closely with the Japan Institute for Health Security to ensure full readiness for the next infectious disease crisis. As part of measures against zoonotic diseases¹⁷⁴, we will reach a conclusion within FY 2025 on the online processing of procedures related to the Rabies Prevention Act. We will promote source control measures based on the Overall Picture of the Measures Against Pollen Allergy¹⁷⁵, measures against heat illness, including the use of Special Heat Stroke Alert information, Measures to Prevent Bear-Related Harm Based on the Amended Wildlife Protection and Management Act¹⁷⁶ and the Policy Package for Bear Damage Countermeasures¹⁷⁷, and invasive alien species management. Regarding PFAS¹⁷⁸ measures, we will enhance scientific knowledge and provide support to water suppliers.

¹⁷¹ Act for Partial Revision of the Whistleblower Protection Act (Act No. 62 of 2025).

¹⁷² The Act to Partially Amend the Act on Comprehensively Advancing Labor Measures, and Stabilizing the Employment of Workers, and Enriching Workers' Vocational Lives, etc. (Act No. 63 of 2025).

¹⁷³ Decided by the Cabinet on July 2, 2024.

¹⁷⁴ Refers to addressing cross-cutting issues related to human and animal health and the environment through concerted efforts by relevant parties, and such efforts are promoted based on the one-health approach.

¹⁷⁵ Decision at the meeting of the Council of Ministers on Pollen Allergy on May 30, 2023.

¹⁷⁶ The Act Partially Amending the Act on the Protection and Management of Wildlife, and the Optimization of Hunting (Act No. 28 of 2025).

¹⁷⁷ Published on April 15, 2024, by the Ministry of the Environment, Ministry of Agriculture, Forestry and Fisheries, Forestry Agency, Ministry of Land, Infrastructure, Transport and Tourism, and National Police Agency.

¹⁷⁸ PFAS is a generic term for perfluoroalkyl compounds and polyfluoroalkyl compounds.

(7) Realization of a society where no one is left behind

(Inclusive and cooperative society)

We will build an inclusive regional community where everyone can find a sense of purpose and contribute to society. To secure the necessary long-term care and welfare services across the country, we will promote the measures, for securing human resources including foreign nationals. We will support local government initiatives for caregivers¹⁷⁹, such as young and working caregivers, regardless of age or employment status and promote youth support in collaboration with private organizations, including NPOs. We will also advance the development of platforms¹⁸⁰ for diverse actors to collaborate across sectors and address local issues through multi-generational participation; and the establishment of a comprehensive support system centered on the self-reliance support for needy persons.

We will strengthen the functions of the Self-reliance Support System for Needy Persons, starting with educational and daily life support for children to prevent intergenerational poverty and housing assistance to ensure secure living environments. To ensure that the public assistance system continues to fulfill its role, we will promote necessary measures, including promoting public understanding of the system and ensuring its proper administration; supporting employment and education to help recipients achieve self-reliance; and promoting appropriate medical visits and health management through digitalization, reducing burdens on frontline staff, and securing the necessary operational framework. Toward the next review of the standards for livelihood assistance, we will work to improve and utilize consumption data of general low-income households and examine necessary measures based on trends in the socio-economic situation.

We will provide compensation in accordance with the Act on the Payment of Compensation, etc. to Persons Who Underwent Eugenic Surgery, etc. Under the Now-defunct Eugenic Protection Law¹⁸¹, and advance policies based on the concept of the social model of disability in line with Action Plan Toward a Society of Coexistence Without Prejudice or Discrimination Against Persons with Disabilities¹⁸². Based on Basic Programme for Persons with Disabilities (Fifth Term)¹⁸³, we will promote the elimination of discrimination; promoting universal

¹⁷⁹ Local government initiatives to support caregivers who assist family members in need of care due to disabilities, illness, or other conditions.

¹⁸⁰ Platforms include Region Management Organizations (RMOs).

¹⁸¹ Act on the Payment of Compensation, etc. to Persons Who Underwent Eugenic Surgery, etc. Under the Now-defunct Eugenic Protection Law (Act No. 70 of 2024)

¹⁸² Decision made by the Headquarters for Promoting Measures for Building an Inclusive Society Free from Prejudice and Discrimination against Persons with Disabilities on December 27, 2024

¹⁸³ Decided by the Cabinet on March 14, 2023.

design community development¹⁸⁴ and barrier-free mindset initiatives; support for employment and independent living for persons with disabilities; and improvement of accessibility.

In addition to implementing measures under the General Principles of Suicide Countermeasures Policy¹⁸⁵, we will enhance support for socially withdrawn individuals (*hikikomori*) by promoting initiatives based on an assessment of the actual conditions and effectiveness of self-reliance support, including group living programs. We will advance comprehensive rights protection, including adult guardianship, and work to promote the resolution of the problem involving persons without a family register. With regard to sexual orientation and gender identity, the government will promote measures based on the Act on Promoting Public Understanding¹⁸⁶. We will promote animal welfare and management.

Based on the record-high number of child suicides and the growing prevalence of single-person households, we will move forward with a range of initiatives in line with the Priority Plan for the Advancement of Measures to Address Loneliness and Isolation¹⁸⁷. Recognizing the importance of prevention of loneliness and social isolation, the government will promote initiatives such as backing up local governments at the stage of establishing the local Public-Private Coordination Platforms, supporting various activities of NPOs on an ongoing basis, creating loose social connections and places, fostering principal supports and those who are interested in those around them, and that they support troubled people where possible (so-called “Tsunagari Supporters”), promoting cross-sectoral coordination, to create social connections, and advancing efforts by the related governmental ministries and agencies as well as local government collaborating to prevent the loss of social connections that leads to isolated death, while also utilizing grants and other resources.

The government will strengthen support for private entities working to solve social issues, including the promotion of donations and support through intermediate support organizations that support NPO activities, and work to develop the social sector. With the aim of promoting activities of incorporated NPOs, the government will put into place a proper environment to promote online procedures as well as measures against the financing of terrorism. In order to promote the resolution of social issues by public interest corporations and charitable trusts, the government will develop the necessary systems for implementing the new system, as well as an information platform. With regard to the Dormant Deposit Utilization System, we will

¹⁸⁴ Barrier-free design in the transport, building, and facility sectors, such as the installation of platform doors at train stations.

¹⁸⁵ Decided by the Cabinet on October 14, 2022.

¹⁸⁶ Act on Promoting Public Understanding of Diversity in Sexual Orientation and Gender Identity (Act No. 68 of 2023).

¹⁸⁷ Priority Plan to Facilitate the Promotion of the Policies Regarding Measures to Address Loneliness and Isolation (Decided by the Headquarters for Advancement of Measures to Address Loneliness and Isolation on June 11, 2024, and partially amended on May 27, 2025).

support initiatives driven by private-sector creativity to foster and empower civil society organizations to become self-reliant. The government will work to further expand the use of the Pay for Success (PFS) contracting system, including SIBs¹⁸⁸, by improving the enabling environment to promote public-private understanding and collaboration, facilitating project development, and supporting performance evaluation.

(Support for the employment ice age generation, etc.)

Based on a basic framework decided by the Ministerial Meeting on Support for the Employment Ice Age Generation and Others¹⁸⁹, we will strengthen ongoing efforts along the following three pillars: support for employment and better working conditions, such as enhanced reskilling and upskilling opportunities; step-by-step support for social participation, such as providing places for connection; and support with a view toward old age, such as assistance for household budget improvement and asset building.

Going forward, we will conduct surveys to better understand actual conditions and policy needs. Taking into account discussions held under the National Platform for Promoting Support for the Employment Ice Age Generation, we aim to compile a new program within FY 2025. This program will include KPIs and be accompanied by enhanced outreach to the individuals concerned, their families, and support providers.

(Active participation of women and elderly people)

We are committed to ensuring women's participation in all decision-making processes as a fundamental principle. From the perspective of gender equality, we will improve the quality of decision-making across all fields by planning and implementing policies and projects that consider sex-disaggregated differences in the impact and needs, and by strengthening sex-disaggregated data collection and analysis.

Based on the Basic Policies for Women 2025¹⁹⁰, we will promote measures aimed at increasing women's income and achieving their economic independence, with a view to resolving the "L-shaped curve". These measures include supporting women's entrepreneurship; disclosing information concerning pay differences

¹⁸⁸ Social Impact Bonds. SIB is a system where a private business operator that is entrusted with a results-linked private contract type project procures funds for the project from financial institutions or other fund providers, and repays the funds according to the amount of payment from local public entities linked to the project results.

¹⁸⁹ Basic Framework for the New Support Program for the Employment Ice Age Generation and Others (decided by the Ministerial Meeting on Support for the Employment Ice Age Generation and Others on June 3, 2025).

¹⁹⁰ The Basic Policy on Gender Equality and Empowerment of Women 2025 (Decided by the Headquarters for Creating a Society in which All Women Shine and the Headquarters for the Promotion of Gender Equality on June 10, 2025).

between men and women and the proportion of women in managerial positions under the revised Act on the Promotion of Women's Active Engagement in Professional Life¹⁹¹; helping women balance work with childcare, long-term care, and health issues; developing female talent in digital fields; and formulating action plans in five industries with large pay differences between men and women. We will also implement initiatives to increase the proportion of women in science and engineering, including in AI and IT, among university and technical college students, faculty, and others. For example, we will foster interest among female junior and senior high school students and enhance their motivation and potential by providing early and continuous opportunities to learn cutting-edge science and technology and to engage with female role models in STEM. These efforts will be supported through coordinated initiatives involving industry, academia, government, and local communities, as well as by promoting the appointment of women to senior positions at universities. We will further strengthen reskilling and upskilling support for women living in regional areas and promote initiatives that help them find jobs where they can make use of their skills¹⁹².

Based on an Act of the Incorporated Administrative Agency- Japan Gender Equality Promotion Agency (provisional English name)¹⁹³, we will establish a new organization to replace and strengthen the functions of the National Women's Education Center and promote gender equality in local communities. To promote a broader understanding and response to women-specific health issues¹⁹⁴ and health challenges stemming from biological differences between sexes¹⁹⁵, we will advance research and studies conducted at the Integrated Center for Women's Health, universities, and research institutions, and the development of a nationwide support network. In parallel, we will support KENKO investment for Health efforts in small and medium-sized enterprises and promote the use of femtech as part of broader women's health initiatives. We will improve access to and conditions for women's restrooms by monitoring domestic and international trends and advancing necessary measures. We will address the following areas: disaster management and reconstruction from the perspective of gender equality; Women, Peace and Security (WPS); countermeasures against sexual crimes, sexual violence, domestic violence, and stalking, including expanding consultation and support for diverse victims¹⁹⁶; and assistance for women facing complex challenges, including

¹⁹¹ The Act to Partially Amend the Act on Comprehensively Advancing Labor Measures, and Stabilizing the Employment of Workers, and Enriching Workers' Vocational Lives, etc. (Act No. 63 of 2025).

¹⁹² We will consider conducting research on factors that hinder employment even after reskilling and upskilling, such as time constraints and limited work locations, and supporting the creation of flexible job opportunities.

¹⁹³ Bill on the Incorporated Administrative Agency for Gender Equality (Decided by the Cabinet on March 14, 2025)

¹⁹⁴ Includes gynecological cancers, osteoporosis, disorders related to pregnancy, childbirth, and postpartum recovery, and menstruation-related anemia.

¹⁹⁵ Includes male menopause.

¹⁹⁶ Includes dissemination of the Act for Partial Revision of the Penal Code and the Code of Criminal Procedure

young women, through the development of collaborative support systems between the public and private sectors.

Japan is entering an era of super-aging. Based on the Guideline of Measures for an Ageing Society¹⁹⁷, we will work to build a sustainable society in which people of all generations can continue to play active roles according to their aspirations, regardless of age. For the elderly, we will facilitate access to diverse employment and other opportunities through public-private collaboration by improving matching services that reflect their individual needs. Based on the Basic Plan for the Promotion of Policies on Dementia¹⁹⁸, we will implement policies grounded in a new perspective on dementia¹⁹⁹. At the same time, we will support local governments in formulating corresponding plans. We will encourage the use of the adult guardianship system for persons living with dementia. We will consider ways to support elderly persons without family and to provide comprehensive assistance to protect the rights of the elderly. In addition, we will adopt cross-ministerial responses to address the needs of elderly individuals living alone, including ensuring the effectiveness of the Guidelines for Lifetime Support Service Providers for the Elderly. We will also consider amending the will system.

(Act No. 66 of 2023) and the Act Prescribing Punishments for the Non-Consensual Recording and Distribution of Sexual Images, and Establishing Measures for Deleting the Electronic and Magnetic Records of Non-Consensual Images That Have Been Recorded on Seized Articles (Act No. 67 of 2023); and implementation of surveys on the reality of sexual harm, including difficulty in reporting.

¹⁹⁷ Decided by the Cabinet on September 13, 2023.

¹⁹⁸ Decided by the Cabinet on December 3, 2023.

¹⁹⁹ Includes compiling the findings of the J-DEPP (Japan Dementia Early Phase Project) and promoting early identification and support for dementia and mild cognitive impairment.

Chapter 3 Realizing a Sustainable Economy and Society over the Medium and Long Term

1. Promoting the “Economic and Fiscal Plan for New Stage”

(The importance of achieving economic revival and fiscal consolidation at the same time)

The government will promote policies based on the basic approach outlined in Chapter 1. At the same time, as we enter a world with the rise of interest rates, we must ensure the sustainability of the economy, public finance, and social security, developing a medium- to long-term view of our economic and fiscal outlook, by taking into account the perspective of securing fiscal space to respond to large-scale disasters or emergencies.

The understanding that the economy is the foundation of public finance is the cornerstone of our economic policy. We remain firmly committed to this direction. Since the driving force of the economy lies in the vitality of businesses and individuals, the ideal approach is for the government to actively support those undertaking new actions through a range of policy tools, thereby bringing about economic growth as a result. While vigorously promoting such efforts, we will also pursue fiscal consolidation. To enhance predictability for private enterprises, it is important to implement key policies over multiple fiscal years in a planned and consistent manner. From this perspective, we will fully enforce wise spending based on the evidence-based policy making (EBPM) approach and work to expand the virtuous cycle of growth and distribution. Through these efforts, we will return the structure of government expenditures to normal.

At the same time, we must continue our efforts to further encourage domestic ownership of government bonds to prevent a sharp rise in long-term interest rates due to a deterioration in the supply-demand balance of government bonds. In addition, amid the increasing frequency of natural disasters and shifts in the security environment, securing fiscal space to respond to emergencies has become even more important. Going forward, while maintaining conditions that allow for the stable issuance of government bonds in the market, we must pursue fiscal consolidation to secure fiscal space.

Based on the basic understanding outlined above, our basic policy is to uphold the fiscal consolidation targets and continue expenditure reform efforts, within the framework of the “Economic and Fiscal Plan for New Stage”²⁰⁰ set forth in the Basic Policy 2024. Specifically, we will remain committed to achieving both economic revival and fiscal consolidation in line with the following approach.

²⁰⁰ The plan covers the six-year period from FY2025 to FY2030.

(Future initiatives based on the “Economic and Fiscal Plan for New Stage”)

Based on the understanding that the economy is the foundation of public finance, macroeconomic policy options in line with the circumstances, including the response to the U.S. tariff measures, and appropriate response to price hikes, should not be distorted by giving priority to the fiscal consolidation target. We will ensure that our efforts to adopt a policy as needed to deal with the circumstances, which is not traded off against working to achieve the fiscal consolidation target. The government will expand the economy and also work toward achieving fiscal consolidation. Through these efforts, in a rising interest rate phase, we secure fiscal space to respond to large-scale disasters or emergencies and ensure the sustainability of the future economy, public finance, and social security.

In this context, in a world with the rise of interest rates, it is essential that we will resolutely pursue fiscal consolidation, and we need to present a clear and consistent direction for our economic and fiscal policies with a long-term perspective to ensure market confidence in Japan's economic and fiscal management. Over the period from FY2025 to FY2026, we aim to achieve a primary surplus of the central and local governments as early as possible. However, since impacts of the U.S. tariff measures are unclear, we should examine their economic and fiscal impacts and respond to them appropriately. So, we will recheck the target years as necessary. Then, throughout the period of the “Economic and Fiscal Plan for New Stage”, while securing a certain surplus margin of the PB, we firstly aim to steadily reduce the public debt-to-GDP ratio toward the level before the COVID-19 pandemic and move further forward with efforts to achieve both economic revival and fiscal consolidation.

With regard to budget formulation, until FY2027, the government will continue expenditure reform efforts set forth in the Basic Policy 2024, and as being clear that the Japanese economy is entering a new stage, we will adequately reflect the details in the budget formulation process in each fiscal year in light of economic and price trends and other developments. In particular, regarding social security-related expenditures²⁰¹, we will respond appropriately. On the one hand, we will continue our efforts to restrain insurance premium burdens through past reforms, by taking into account the difficult conditions faced by frontline medical and long-term care services, and on the overall fiscal situation, including tax revenues. On the other hand, we will implement measures that surely lead to stable business management and wage increases for a wide range of professionals working in the field, in light of the strong wage increases secured in the 2025 spring labor-management negotiations and the recent rise in prices. Specifically, we will add an increment, which corresponds to responses based on economic and price trends, to

²⁰¹ The increase in social security-related expenditures is attributable to factors such as population aging and the advancement of social security.

expenditure growth attributable to population aging. As for non-social-security expenditures²⁰² and local public finance, we will also reflect economic and price trends appropriately, taking into account Section 4, Chapter 3, "Review and Revision of public systems in line with rising prices."

We will continue to implement necessary policy measures in response to changing conditions. At the same time, we will also begin examining the establishment of a rule whereby, if a primary balance turns into a surplus and exceeds a certain level, it will be returned to the economy and society by expanding policies that contribute to economic growth and other objectives.

(Reforming the tax system)

Taking into account the Basic Policy 2024 etc., and under the basic approach of shifting from a cost-cutting economy to a growth-oriented one, we will strive to achieve both economic growth and fiscal consolidation. At the same time, we will conduct comprehensive studies to manifest the best tax system for coping with a declining birthrate, an aging population, globalization, and other socioeconomic structural changes.

From the perspectives of addressing rising prices, correcting disparities, and ensuring effective income redistribution, the government will undertake a fundamental reform of the personal income tax system²⁰³. This includes a review of how different types of income are taxed and a reassessment of various tax deductions, including personal exemptions. The government will steadily promote efforts for EBPM. At the same time, from the perspectives of building a tax system and improving the tax compliance environment suited to a digital society as well as ensuring proper and fair taxation, we will step up efforts both in terms of the system and its enforcement and seek to respond to new international taxation rules.

2. Priority issues and engagement policies for major policy sections

(1) Building a social security system for all generations

In the face of accelerating population decline and the rapid aging of society with a low birthrate, we will promote technological innovation and establish a resilient and sustainable social security system that can withstand medium- to long-term structural changes. To achieve this, we must continue with reforms to build a sustainable social security system based on the Economic and Fiscal Plan for New

²⁰² The increase in non-social security expenditures in the FY 2025 budget is approximately 300 billion yen. This amount maintains the same level as the increase of about 160 billion yen in the FY 2024 budget, which reflected recent changes in the inflation rate. Additionally, around 140 billion yen was added to offset the increase in personnel expenses for public employees, thereby preventing a real-term reduction in non-social security spending.

²⁰³ Based on The Act for Partial Amendment of the Income Tax Act, Etc. (Act No. 13 of 2025).

Stage, thereby preserving universal health insurance and pension coverage into the future and passing it on to the next generation.

To ensure wage increases, business stability, retention of workers, and effective recruitment in sectors with government-regulated fees such as healthcare, long-term care, and disability welfare, it is essential to make a clear shift away from cost-cutting-oriented policies. To this end, while continuing efforts to restrain premium burdens through the expenditure reforms implemented so far, we will take appropriate and necessary actions, such as the next revision of service fees, to ensure that the robust wage increases achieved in the 2025 spring labor-management negotiations²⁰⁴ and the effects of recent price hikes firmly lead to stable management and wage increases for a wide range of professionals working in the field.

To this end, we will assess and verify the actual impacts of the revision of medical fees for FY2024, including improvements in working conditions and management circumstances, and consider appropriate future measures so that we can reach a conclusion by the end of 2025. In addition, for personnel working in the fields of long-term care and disability welfare, we will strive to achieve improvements in treatment that are on a par with other occupations, as well as to reduce their workload. At the same time, we will assess and verify the actual outcomes of the improvements that have been implemented to date, and consider future measures with the aim of reaching a conclusion by the end of 2025. We will also explore effective responses for service providers, tailored to their management structure and the nature of services they offer.

To implement reforms for a sustainable social security system and reduce the financial burden on the public, including premium payments by the working-age population, we will thoroughly examine the following items in the course of budget formulation by the end of 2025: reviewing of insurance benefits for over-the-counter (OTC) equivalents²⁰⁵; expanding the adoption of regional formularies nationwide²⁰⁶; reducing hospital beds in preparation for the next phase of Community Health Care Visions²⁰⁷; promoting more efficient and higher-quality care through medical digital

²⁰⁴ According to the compilation by the Japanese Trade Union Confederation (RENGO), as of the sixth tally, the average wage increase rate, including regular wage raises, is 5.26% (of which the base pay increase alone accounts for 3.71%). For unions with fewer than 300 members, the average is 4.70% (3.51% for the base pay portion only).

²⁰⁵ The review will include studying appropriate use policies for specific items and exploring effective approaches to promote the adoption of OTC medicines and test kits for self-medication. In the course of the review, we will ensure that necessary access to medical care at healthcare facilities is maintained and that consideration is given to children, individuals with chronic conditions, and low-income patients in terms of out-of-pocket expenses.

²⁰⁶ We will consider measures to promote the use of regional formularies and support efforts so that such formularies are developed in each region.

²⁰⁷ For general, long-term, and psychiatric care beds that are likely to become unnecessary owing to population decline and other factors, we will conduct surveys based on local conditions. Toward the new round of Community Health Care Visions to be formulated in two years, we will take irreversible steps and aim to reduce beds based on the survey results before the next plan is finalized.

transformation (DX); ensuring fair burden-sharing based on the ability to pay, by revising the current structure that places a disproportionate load on working-age generations²⁰⁸; and advancing reforms such as preventing the aggravation of lifestyle-related diseases, including certain cancers, and promoting the Data Health initiatives²⁰⁹. In this process, we will take into account the ongoing discussions on social security reform. For measures that are ready for early implementation, we will begin execution starting in FY 2026.

(Building a social security system for all generations with a long-term perspective)

As the working-age population continues to decline rapidly and the number of elderly is expected to peak around 2040, it is essential to adopt a medium- to long-term perspective and build a social security system for all generations that eases the burden on the working-age population and encourages individuals to contribute based on their ability, regardless of age, and to support each other by making the most of their unique strengths. Based on the Reform Plan for Building a Social Security System for All Generations (Reform Process)²¹⁰, the government will work to achieve productivity improvements and labor savings in the medical, long-term care, and disability welfare sectors and to reduce the workload of personnel while enhancing their skills by promoting healthcare and long-term care DX, ICT, long-term care technologies, the implementation of robotics and digital tools, and the secondary use of data; making better use of nurses who have completed training in specified medical procedures; and encouraging task shifting and task sharing. At the same time, the government will utilize Regional Medical Coordination Promotion Corporations and Social Welfare Coordination Promotion Corporations, and build networks among small-scale providers. These efforts aim to promote collaborative and large-scale management and reduce regional disparities in disability welfare services. We will also work to further enhance the visibility²¹¹ of management information of medical institutions, nursing care facilities, and disability welfare service providers. Furthermore, we will implement effective measures to address the issue of inappropriate staffing agency practices in the medical, nursing care, and disability welfare sectors.

To realize a virtuous cycle of growth and distribution through activating consumption by the working-age population, we will thoroughly implement wise

²⁰⁸ To reflect financial income in the premium burden under the medical and long-term care insurance systems, we will develop specific policy designs. In doing so, we will take into account the current status of statutory reports on financial income under the tax system and will carefully consider issues such as the inclusion of My Number and the digitization of data submission, fairness in burden-sharing, and the administrative workload for relevant parties.

²⁰⁹ For more details, refer to the "Agreement among the Liberal Democratic Party, Komeito, and the Japan Innovation Party" (concluded on June 11, 2025).

²¹⁰ Reform Plan for Building a Social Security System for All Generations (Reform Process) (Cabinet decision, December 22, 2023)

²¹¹ Includes digitization of the submission, analysis, and publication of management information.

spending based on EBPM, including various data analyses and research, while controlling the rise in insurance premium burdens. At the same time, we will provide clear and accessible information to the public, including young people, about the future vision of the social security system for all generations.

(Securing the long-term care provision system for the medium to long term)

The number of elderly persons with medical and long-term care needs, including those living alone, is increasing. To enable people requiring care or living with dementia to continue living with peace of mind in familiar communities, we will formulate, by the end of 2025, a policy direction for securing a sustainable long-term care service delivery system. Looking beyond 2040, we will organize strategies to deepen community-based integrated care systems in each region, including flexible responses in mountainous areas, that reflect regional differences in service demand due to demographic shifts such as depopulation and ever-growing aging society. Specifically, we will support the following initiatives: promoting coordination between medical and long-term care services and strengthening preventive care efforts, based on the Community Health Care Visions; enhancing collaboration and consultation frameworks among diverse professionals, including improving care management quality²¹²; improving productivity through demonstration, introduction, and hands-on support for the social implementation of long-term care technologies; supporting efforts to improve management through collaboration and scale-up among service providers; expanding non-insurance-based services through public-private partnerships, including support for working caregivers; and securing and retaining care workers, including foreign nationals. We will also ensure the transparency and quality of the operation and services of fee-based long-term homes.

We will examine issues related to the revision of benefits and contributions under the long-term care insurance system, including a review of the criteria for determining user copayments, with the aim of reaching a conclusion by the end of 2025.

(Securing medical service provision over the medium to long term)

To respond to the growing number of people aged 85 and over with complex medical and long-term care needs, as well as the declining working-age population, we will ensure the provision of high-quality and efficient health care services across the country with a view toward around 2040. In doing so, we will also take into account changes in health care-seeking behavior observed after the COVID-19 pandemic. To this end, while optimizing the number of hospital beds in line with evolving medical demand, we will advance the following initiatives: developing a

²¹² Includes revising the renewal training for long-term care support specialists.

system that ensures the effective functioning of primary care physicians; promoting the functional differentiation and coordination of medical services, as well as collaboration between health care and long-term care; securing emergency medical services; and ensuring the safe and sustainable operation of doctor helicopters, including the renewal of necessary equipment. In parallel, we will strengthen physician dispatch systems by supporting university hospitals and core medical institutions; establish an environment that enables medical students to focus on clinical training; promote appropriate use of online medical consultations; and support the surgeon, which is in decline. Furthermore, we will work to reinforce the governance of prefectural governments.

To facilitate smooth coordination within each region regarding the Community Health Care Visions, we will formulate guidelines by the end of FY 2025. These will clarify the functions of medical institutions and hospital beds, and define the division of responsibilities among the national government, prefectural governments, and municipalities. Based on these guidelines, we will support prefectural governments in developing new Community Health Care Visions starting in FY 2026.

To correct the uneven distribution of physicians across regions and specialties, we will sequentially implement a comprehensive package of measures. These will include mechanisms for mutual support among local medical institutions, such as financial incentives and regulatory approaches. We will also evaluate the effectiveness of these initiatives.

The government will review approaches to supporting the appropriate placement of physicians by the end of 2025. This review will cover, in addition to the above, establishing a nationwide matching function and enhancing recurrent education; fostering physicians with comprehensive medical care capabilities, including through medical education; and improving the overall physician training process. While taking into account potential impacts on local physician availability, we will work to correct imbalances in distribution. From a medium- to long-term perspective, considering future physician demand and population decline, we will proceed with optimizing the number of medical school admissions from FY 2027 onward. In addition, we will secure and train nursing personnel for the purpose of addressing regional disparities and other issues; promote digital transformation in nursing, including the use of ICT in home-visit care; and advance home-based medical and long-term care, such as by diversifying home care services.

With regard to the medical insurance system, we will proceed with a comprehensive review of benefits and burdens, while trying to balance between the two and restrain the rising burden on the working generation²¹³. Regarding the high-cost medical expense system, we will carefully listen to the views of stakeholders, including long-term care patients themselves, and decide on a policy after thorough

²¹³ This includes Medical Care Assistance for the Elderly Aged 75 and Over.

deliberation by the autumn of 2025.

Reducing the economic burden of pregnancy, childbirth, and postpartum care, we will work toward eliminating out-of-pocket costs for standard childbirth expenses by around FY 2026. We will promote public funding for prenatal checkups. We will expand the functions of “Shussan Navi (Website for Providing Information on Childbirth Facilities)”. Additionally, to ensure that children can be safely born and raised in their communities, we will secure a pediatric and perinatal medical system that includes advanced medical care. To this end, considering the severe management environment surrounding obstetric and pediatric medical institutions, we will provide necessary support, including promoting cooperation, consolidation, and prioritization of medical facilities. We will create an environment where safe and high-quality painless childbirth options are available.

We will promote the use and normalization of a prescription refill system, while also working to reduce excessive medication and unnecessary repeat testing. At the same time, we will encourage expanding the scope of combined medical expenses outside insurance not covered by insurance; encouraging to develop private insurance products that broadly cover services not reimbursed under public insurance and complement the public system. We will examine how to provide financial support²¹⁴ to standardize National Health Insurance premium levels within each prefecture; and strengthen the functions of insurers and enhance the governance of prefectural governments.

(Building a work-style-neutral pension system)

Regarding the public pension system, we will work to create a framework that is neutral to working styles. Based on the amended Pension Act²¹⁵, we will further expand employees' insurance coverage and review the old-age pension system for current workers. At the same time, to address the so-called "annual income barriers," we will promote the use of the Annual Income Barrier and Support Enhancement Package²¹⁶.

(Measures to combat cancer, cardiovascular diseases, and other conditions)

We will promote measures tailored to specific diseases, including cancer²¹⁷,

²¹⁴ This includes reviewing the framework of fiscal support, including Adjustment Subsidies and the Insurer Effort Support System; examining the structure of the Medical Care System for the Latter-Stage Elderly (currently administered by the Association of Medical Care Systems for the Elderly Aged 75 and older); and considering the future direction of medical assistance under public assistance recipients.

²¹⁵ Act Partially Amending the National Pension Act, Etc., to Strengthen the Functions of the Pension System Based on Socio-economic Changes (enacted on June 13, 2025). Under the revisions adopted in this Act, the future income replacement ratio is projected to improve by 1.3% and 1.4%, respectively, in the growth-transition-and-continuation case and the 30-year historical projection case in the FY 2024 actuarial valuation, compared to a scenario with no reform.

²¹⁶ Decided on September 27, 2023, by the Headquarters for Social Security System Oriented to All Generations.

²¹⁷ Initiatives based on the Basic Plan to Promote Cancer Control (Decided by Cabinet on March 28, 2023).

cardiovascular diseases²¹⁸, chronic kidney disease²¹⁹, chronic obstructive pulmonary disease (COPD), and chronic pain. We will also promote efforts addressing intractable diseases, transplant medicine²²⁰, allergies²²¹, addiction, deafness, nutrition, unwanted second-hand smoking, as well as infectious diseases such as pneumonia, including the promotion of scientifically grounded vaccinations²²². In addition, we will advance comprehensive support for women's health, including responses to menopause and osteoporosis²²³. We will step up efforts to address sleep apnea in the transport industry, improve access to medical care for sleep disorders and promote sleep-related research, raise awareness through the dissemination of Sleep Guidelines for Health Promotion 2023, and advance KENKO investment for Health practices. At the same time, we will further promote market development and business support in the sleep-related sector.

We will utilize evidence on the relationship between overall health and oral health, such as the link between diabetes and periodontal disease, and promote specific initiatives for lifelong dental checkups. We will enhance oral health management by dental professionals to address oral frailty and prevent the progression of dental diseases; promote multi-professional collaboration including between dental institutions and medical-dental-pharmaceutical cooperation; implement measures to secure dental hygienists and dental technicians, including addressing staff turnover; ensure the quality of dental laboratories; promote the use of ICT in the dental field; and work to develop and strengthen dental health care service delivery systems, including examining the appropriate allocation of dentists based on analysis of shortages in certain regions. In addition, we will promote the coverage under insurance of digital technologies and other new techniques and materials that have been verified to be effective and safe. We will also promote rehabilitation to support patients' self-reliance, return to home, and reintegration into society.

(Disease prevention and health promotion, aggravation prevention of diabetic nephropathy)

The elderly in Japan, who boasts one of the world's longest healthy life expectancies are showing signs of rejuvenation, as seen in their labor participation and medical expenditures. Building on these positive developments, we aim to further extend healthy life expectancy, enhance well-being, and create a society in which people can remain active throughout their lives, regardless of gender or age.

²¹⁸ Initiatives based on the Basic Plan to Promote Cardiovascular Disease Control (Decided by Cabinet on March 28, 2023), including infrastructure development, promotion of research, and support for patients with aftereffects.

²¹⁹ Includes palliative care for patients with renal failure.

²²⁰ Includes comprehensive restructuring of systems for domestic organ donation, coordination, and transplantation based on the Istanbul Declaration.

²²¹ Includes the promotion of uniformity of medical care for allergic diseases such as atopic dermatitis.

²²² Includes pediatric infectious diseases.

²²³ Includes efforts to increase cancer screening rates, such as promoting breast cancer screening with consideration for women's specific needs based on scientific evidence.

To that end, we will support the following initiatives: collaborative efforts between insurers and employers based on the Data Health Plan (Collaborative Health); evidence-based PHR initiatives using ICT in insurers' health services; and effective programs developed in partnership with KENKO Investment for Health. In addition, to promote workplace cancer screening settings among working-age individuals, we will further advance efforts to improve both screening rates and accuracy control. We will also work to promote evidence-based healthcare services through support provided via platforms such as AMED's Primary Health Care Platform. We will encourage the application of programs developed based on large-scale pilot projects, including those for preventing the aggravation prevention of diabetic nephropathy. To promote social participation among the elderly and reduce the rate of long-term care certification, we will expand evidence-based initiatives using data. These will include coordinated efforts by diverse local stakeholders; and outcome-oriented approaches for effective long-term care prevention and rehabilitation.

(Strengthening drug discovery and development capabilities and promoting innovation)

We will enhance our whole-of-government control tower function while advancing structural reforms in the pharmaceutical industry. At the same time, based on the Healthcare Policy²²⁴, we will implement integrated policies to strengthen the drug discovery ecosystem, expand the healthcare market, and reinforce the foundation for pharmaceutical innovation. We will develop a system to conduct international-level clinical trials, including new facilities capable of First-in-Human (FIH) studies. We will reinforce the frameworks of MEDISO²²⁵ and CARISO²²⁶ to provide robust support for healthcare startups. In addition, we will consider expanding the scope of the Fund to Support the Practical Application of Innovative Pharmaceuticals and Related Products, thereby supporting the commercialization of promising drug discoveries. The government will implement appropriate drug pricing that balances reducing the public burden with encouraging pharmaceutical innovation²²⁷; strengthen the approval review and consultation systems; and advance the development of manufacturing infrastructure for pharmaceuticals, including biopharmaceuticals, and promote the training and retention of related human resources. Through these efforts, we will establish a research and development environment that meets global standards, while also addressing drug lag and drug loss and facilitating the approval of program-based medical devices. We will also

²²⁴ Decided by the Cabinet on February 18, 2025.

²²⁵ Medical venture total support office called MEDical Innovation Support Office.

²²⁶ Similar to MEDISO in the nursing care field, the CARE Innovation Support Office (CARISO) serves as a consultation desk.

²²⁷ In the FY 2024 and 2025 drug pricing revisions, the prices of innovative new drugs eligible for the pricing premium for the promotion of new drug development and the elimination/resolution of off-label use were generally maintained. In light of this, we will also consider how to handle such drugs during their patent period from the perspective of promoting pharmaceutical innovation.

utilize overseas offices of the Pharmaceuticals and Medical Devices Agency (PMDA) to advance pharmaceutical regulatory consultation and harmonization. The government will strengthen support for industrial promotion hub functions and research and development aimed at late-stage development and international expansion. For example, we will establish demonstration platforms jointly operated by universities, national centers, and medical institutions. Through these efforts, we will promote the creation of Japan-originated medical devices, including therapeutic devices and software devices (Software as a Medical Device: SaMD).

To ensure a stable supply of medicines, we will work to reinforce supply chains for antibiotics and other essential drugs, and develop a sustainable distribution system that reflects changing circumstances. At the same time, we will take measures against risks such as surges in demand during infectious disease outbreaks and address the current supply uncertainty surrounding essential pharmaceuticals²²⁸. We will also promote reorganization within the generic drug industry to resolve the issue of producing small quantities of a wide variety of items. Regarding biosimilars, we will steadily establish domestic production systems and develop and secure skilled personnel, thereby encouraging their use. We will further promote the switch to over-the-counter (OTC) status for pharmaceuticals and test kits such as medicines regularly taken by patients with stable conditions based on an initial diagnosis or prescription by a physician, and test agents for minimally invasive samples such as puncture blood. For these and related initiatives, we will develop a concrete roadmap to promote self-care and self-medication, while reviewing out-of-pocket costs for medications. We will promote whole genome analysis. Specifically, we will work toward the establishment of an implementing organization in FY 2025, the development of a genomic information infrastructure, and the utilization of analysis results. We will promote drug discovery utilizing iPS cells and research and development in regenerative medicine, cell and gene therapy. We will also ensure the availability of antimicrobials effective against antimicrobial-resistant bacteria by introducing market incentives for the development of new antibiotics. In addition, we will formulate development strategies for medical countermeasures for responding to infectious disease crises—such as vaccines, diagnostics, and therapeutics—and promote their research and development. From the perspectives of promoting innovation and considering the insurance premium burden on the working generation, we will seek to further utilize the Cost-effectiveness Evaluation System based on objective reviews. To that end, we will examine appropriate evaluation methods, the scope of coverage, and implementation systems under the current framework, while also considering ways to apply the system within pharmaceutical pricing and clinical practice. To establish standard drug therapies, we will conduct research on effective

²²⁸ Includes a portion of pharmaceuticals listed in the Japanese Pharmacopoeia.

and efficient treatment approaches, including drug suspension and dose reduction, and incorporate the findings into clinical practice guidelines. In addition to promoting the proper use of pharmaceuticals and encouraging the use of generic drugs, we will promote the adoption of regional formularies as part of efforts to optimize healthcare spending. We will work to deepen understanding of blood donation from the elementary and junior high school level. Furthermore, we will promote domestic self-sufficiency, stable supply, and proper use of blood products for transfusion and fractionated plasma products such as immunoglobulin and fibrinogen preparations. Based on the Action Plan²²⁹, we will take steps to establish necessary systems for the domestic production and expanded use of medical radioisotopes.

(Promoting global health)

We will work strategically to promote global health, particularly in the Indo-Pacific region, in collaboration with the World Health Organization (WHO) and the World Bank, with a focus on strengthening health financing in low- and middle-income countries. For example, we will establish the UHC Knowledge Hub in Japan as a global center for universal health coverage (UHC), thereby accelerating efforts to achieve UHC. Through ‘Impact Investment Initiative for Global Health (Triple I for GH)’ we will continue encouraging Japanese companies to expand overseas and to contribute to global health. We will also promote contributions to addressing global health challenges, including developing foreign healthcare personnel in collaboration with ERIA; expanding international initiatives in health, medical care, and long-term care, including inbound medical travel; and combating infectious diseases²³⁰ and strengthening health systems, particularly in low-income countries.

(2) Promoting measures to cope with the declining birthrate and for children and young people

The declining birthrate in Japan has reached a critical stage. For example, the number of births in 2024²³¹ dropped to approximately 686,000—the lowest ever recorded. At the same time, the environment surrounding children today is also extremely serious and includes bullying, chronic absenteeism, child abuse and poverty, and an increase in suicides among children. Placing the best interests of all children and young people—both those living today and those yet to be born—at the center of our considerations, we will implement policies based on the Future

²²⁹ Action Plan for Promotion of Production and Utilization of Radioisotopes for Medical Use (Decided by Japan Atomic Energy Commission on May 31, 2022).

²³⁰ This includes international collaboration to improve vaccination coverage and address antimicrobial resistance (AMR).

²³¹ Annual Total of the Monthly Report on Vital Statistics, 2024 (Preliminary figures) (Published on June 4, 2025)

Strategy for Children²³², the General Principles for Child-Related Measures²³³, and the Action Plan for Achieving a Children-Centered Society 2025²³⁴, and realize a "Children-Centered Society." Through these efforts, we will reverse the trend of declining births and enhance the well-being of children and young people. In implementing these measures, we will make full use of indicators—including the environment surrounding children, the status of local child-rearing support, and numerical targets such as the percentage of women who continued working and the percentage of male workers who take childcare leave—and ensure the effective application of EBPM to achieve wise spending. At the same time, we will carry out careful public communications to gain broad public support, especially from children and young people, as well as child-rearing households.

(Implementing the Acceleration Plan and thoroughly examining the effects)

To realize a society where people's wishes to have and raise children are fulfilled and where children can grow up in a healthy and nurturing environment, and to reverse the declining birthrate trend, it is essential that we mobilize all available policy tools. During the intensive implementation period, we will move forward with the substantial implementation of measures in line with the Economic and Fiscal Plan for New Stage and the Acceleration Plan for Child and Childrearing Support²³⁵, including economic support, assistance for all children and child-rearing households, and initiatives to promote dual-income and co-parenting families. Specifically, we will improve the treatment of nursery staffs and kindergarten teachers, etc. and improvement of the staff-to-child ratios, and national rollout of the Connecting All Children to Early Childhood Education and Care System. In addition, we will strengthen support for after-school children's clubs, etc.²³⁶ and provide housing assistance for households with children. Furthermore, we will thoroughly assess the overall impact of these measures using indicators related to fertility rates and children's well-being. Based on the findings, we will consider reprioritizing and revising the policies to improve their effectiveness. To that end, we will secure financial resources by rigorously pursuing expenditure reforms in line with the Reform Process. Furthermore, we will prepare to raise public awareness about the significance and intended use of the System of Child and Child-rearing Support Contribution to ensure its smooth introduction starting in FY 2026 and to gain public understanding. In addition, recognizing the critical and urgent nature of the declining birthrate, we will foster a shared awareness throughout society through public-private collaboration that children and child-rearing households must

²³² Cabinet Decision on December 22, 2023.

²³³ Cabinet Decision on December 22, 2023.

²³⁴ Decided by the Council for the Promotion of Child-Related Measures on June 6, 2025.

²³⁵ Plan to accelerate child and child care support based on the Future Strategy for Children (Cabinet Decision on December 22, 2023).

²³⁶ Implementation should include the promotion of diverse experiential activities.

be supported.

(Promoting the General Principles for Child-Related Measures, including support for youth and children facing difficulties)

We will support the sound development of all children and youths as society as a whole. To this end, we will advance related policies in line with the Economic and Fiscal Plan for New Stage and the General Principles for Child-Related Measures. We will strengthen support for children and young people facing difficult circumstances, such as abuse, through initiatives, including shelters for children and young people. We will also implement measures to help sustain the activities of organizations mainly led by young people, which often struggle with funding shortages and maintaining membership²³⁷. In addition, we will promote participation of children and young people in society and reflection of their views in policymaking, including appointing them as members of various councils and committees. Furthermore, we will provide support for life planning and marriage among young people through public-private collaboration.

We will enhance the quality of early childhood development based on the First 100 Months of Growth Vision²³⁸, provide support aligned with the Guidelines for the Creation of Ibasho (place where one feels comfortable, safe and accepted) for Children²³⁹, and work to reduce the workload in childcare settings and secure childcare personnel as outlined in the amended Child Welfare Act²⁴⁰. We will also implement the following measures: maternal and child health services such as postpartum care, newborn screening, newborn hearing screening, and health checkups for infants and children; consultation support for infertility and recurrent pregnancy loss; and support for those who have experienced miscarriage or stillbirth. We will advance initiatives outlined in the Five-Year Plan for Promoting Preconception Care²⁴¹ and work to establish an environment that facilitates access to information and evidence collection related to egg freezing. To ensure children's safety and peace of mind and promote the development of Children *Mannaka* communities, we will advance preparations for the enforcement of the Prevention of Sexual Violence against Children Act²⁴² and promote Life Safety Education; responses to internet-related issues among youth; and disaster preparedness from the child's perspective. We will continue efforts to eliminate child poverty and

²³⁷ Report by the Children and Families Agency titled "Survey and Research on Organizations Mainly Led by Young People."

²³⁸ "Basic Vision for the Growth of Children up to Early Childhood" (Cabinet Decision on December 22, 2023).

²³⁹ Cabinet Decision on December 22, 2023.

²⁴⁰ Act for Partial Revision of the Child Welfare Act, etc. (Act No. 29 of 2025).

²⁴¹ Decided by the Study Group on the Provision of Preconception Care on May 22, 2025. The five-year plan pertains to preconception care, a concept in which individuals of all genders gain accurate and timely knowledge about sexual and reproductive health and manage their health with consideration for their future health and life plans including pregnancy and childbirth.

²⁴² Act on Measures to Prevent Sexual Violence against Children by School Establishers and Private Education and Daycare Providers (Act No. 69 of 2024).

strengthen watching over by supporting children's cafeterias, meal deliveries for children, learning assistance, and opportunities for experiential activities. We will strengthen multi-faceted, hands-on support for single-parent households, including securing child support payments while considering each child's specific circumstances. In parallel, we will review the approaches to employment and financial support, taking into account broader socioeconomic trends. To prevent child abuse, we will take measures such as strengthening the capacity of Child and Family Centers(including improving staffing) conducting home visits to provide support, and promoting the acquisitions of professional certifications.

We will establish a support system sensitive to the needs of children who have experienced sexual violence. We will provide support through foster parents and family homes based on the concept of permanency guarantee²⁴³ and the principle of giving priority to family rearing²⁴⁴; and assist young pregnant women and those with experience in social child care. We will work to raise awareness for the smooth implementation of the amended Civil Code²⁴⁵, while also improving the caregiving functions of foster homes and enhancing the capacity of Child Guidance Centers. We will provide support for children with disabilities, including those with developmental disabilities or under medical care, and their families; promote inclusion; work to expand children's hospices nationwide; and offer assistance to young carers. Given the serious challenges surrounding children, we will strongly promote support for children and parents facing bullying, chronic absenteeism, or emotional distress, as well as measures to prevent suicide among children and youth, through collaboration between the education and welfare sectors. We will promote the creation of diverse Ibasho (place where one feels comfortable,safe and accepted) for Children outside of school and home, and improve mental health support for children. We will promote Child Death Reviews (CDR) with the aim of preventing child deaths. We will strongly promote the revitalization of high-quality public education.

(3) Revitalizing public education and vitalizing research activities

(Revitalization of high-quality public education)

Taking into account children's diverse characteristics and regional circumstances, including the rapidly declining birthrate, we will pursue more authentic and high-quality learning. At the same time, we will revise the National Curriculum Standard to enable the development of flexible curricula that support the growth of each child's potential. In parallel, we will aim to further improve the quality of school

²⁴³ Ensuring a stable and long-term family-based living environment for children.

²⁴⁴ A target foster care placement rate of at least 75% for infants and toddlers is set for achievement by FY 2029 at the latest.

²⁴⁵ Act for Partial Revision of the Civil Code, etc. (Act No. 33 of 2024).

education in Japan through the revitalization of public education, fundamentally enhancing support by the national government for reforming upper secondary education and related areas. With regard to so-called tuition-free upper secondary education, free school lunches, and support for early childhood education and care for children including those aged 0 to 2, we will move forward with concrete measures based on extensive discussions conducted thus far²⁴⁶. We will finalize the details through the process of formulating the FY 2026 budget and realize their implementation.

To attract and retain high-quality teachers, we will implement a comprehensive approach that includes further accelerating workstyle reforms, improving treatment, enhancing the instruction systems, and strengthening professional development. Positioning the period through FY 2029 as an emergency reform phase, we will aim to reduce teachers' hours spent at school after working time to around 30 hours per month. To achieve this, we will work to optimize school and teacher duties, improve operational efficiency through digital transformation (DX), make visible the progress of initiatives by individual boards of education, strengthen the PDCA cycle, and enhance the instruction systems. We will improve the treatment of teachers through measures such as raising the additional adjustments for the teaching profession to 10 percent by FY 2030 and introducing a well-defined salary system based on responsibilities and workload. We will submit a bill to amend the Act on Standards in Compulsory Education Schools²⁴⁷ to the ordinary Diet session in 2026. Based on the revised act, we will increase the number of teaching staff to achieve 35-student classes in lower secondary schools starting in FY 2026, expand the allocation of external personnel to support workstyle reform, and take other related measures to build an optimal educational environment and instructional system in schools, while securing the necessary financial resources. We will also take action to strengthen the functions of teacher training universities, including through the use of regional admission quotas; reform systems to nurture and secure teacher candidates from the training stage onward; enhance teacher development programs; and further examine support for scholarship repayment, including at the undergraduate level.

In order to realize rich learning for children through work-style reforms in schools, the government will accelerate integrated initiatives for community schools and collaborative activities between schools and communities, as well as the nationwide implementation of transformation to community club activities and cooperation with

²⁴⁶ Agreement among the Liberal Democratic Party, Komeito, and the Japan Innovation Party (February 25, 2025); Outline of Key Issues Concerning Tuition-Free Upper Secondary Education Based on the Tripartite Agreement (June 11, 2025, by the LDP, Komeito, and Japan Innovation Party's Study Team on Diverse and High-Quality Education Including Tuition-Free Measures); Summary of Issues Related to "Free School Lunches" (December 27, 2024, Ministry of Education, Culture, Sports, Science and Technology), among others.

²⁴⁷ Act on Standards for Class-size and the Standard of the Number of School Personnel in Public Compulsory Education Schools (Act No. 116 of 1958).

communities in school club activities. At the same time, to ensure educational opportunities for diverse children and students, the government will promote the enhancement of the systems and environments for special needs education²⁴⁸; the improvement of support systems for yogo teachers; the nationwide establishment and functional enhancement of special schools for chronic absentees and evening classes at junior high schools; the development of local systems for Japanese language education; the strengthening of support systems for foreign students; the enhancement of the functions of overseas educational facilities institutions by leveraging their distinctive characteristics; and the dissemination of the principle that school supplies should be provided as school property. We will also promote the creation of attractive schools where everyone can learn with peace of mind, through measures such as developing environments in which people can consult with SCs and SSWs²⁴⁹; strengthening functions of educational support centers inside and outside schools; advancing measures to prevent chronic absenteeism, serious bullying, and suicide by strengthening cooperation with the medical and welfare sectors, and promoting school safety that incorporates the concept of safety promotion schools²⁵⁰, among others²⁵¹. We will also promote the qualitative improvement of education and childcare in early childhood and during the transition to elementary school; and experiential activities and reading activities to nurture rich sensitivity and creativity. In addition, measures will be strengthened to improve physical strength and prevent the decline in vision; and to promote dental health education and food education, including the use of local products in school lunches. English education will be promoted through the use of AI and initiatives aimed at highlighting the appeal of regional areas. To foster skilled professionals who will support Japan's development, we will promote the development of practical vocational high school models with hands-on support, including the dispatch of personnel from industry and other sectors²⁵².

In light of the rapidly declining birthrate and changes in regional population and industrial structures, while ensuring access to higher education, the government will advance the optimization of scale through collaboration, reorganization, and integration of national, public, and private universities, including the downsizing or withdrawal of some institutions; and the enhancement of the quality of education. To reduce the financial burden of higher education, we will steadily implement the expanded new financial support system for higher education and the deferred payment system for tuition fees. At the same time, we will advance necessary considerations,

²⁴⁸ This includes sharing of information from individual support plans for coordination with the welfare sector.

²⁴⁹ SC: School Counselor, SSW: School Social Worker.

²⁵⁰ This includes safety measures for commuting to school, such as the promotion of school guard leaders and the use of school buses.

²⁵¹ This includes integrated implementation of disaster preparedness enhancements and deterioration countermeasures for school facilities.

²⁵² This includes the development of mechanisms to dispatch personnel to fields where teachers and other human resources are in short supply.

such as expanding support through the use of private funds. To achieve the goal of sending 500,000 Japanese students abroad annually and accepting 400,000 foreign students annually²⁵³, we will work on the strategic utilization of public-private support measures.

(Construction of a mechanism to enhance the quality of research)

To drastically strengthen Japan's basic research capabilities by securing research time and improving productivity, the government will promote integrated reforms of education, research, and governance while also strengthening EBPM (evidence-based policymaking) across all science and technology policies. Taking into account factors such as rising prices, we will secure basic funding, including operating grants and subsidies for private universities. In order to further enhance research capabilities through the enhancement of competitive research funds such as the Grants-in-Aid for Scientific Research, we will consider appropriate forms of support. Through public-private collaboration, we will strive to maintain and enhance the nation's research capabilities by promoting the strategic development, public utilization, and upgrade of advanced large research facilities²⁵⁴²⁵⁵; fostering and securing highly skilled professionals; improving the treatment of doctoral students and young researchers by securing stable positions; creating platforms for co-creation among industry, academia, and government²⁵⁶; and promoting work-style reform for physicians at university hospitals to ensure the quality of education, research, and clinical care. As a long-term national strategy, the government will formulate the next Science, Technology, and Innovation Basic Plan within FY 2025, monitor and evaluate its progress using indicators, and use the results to further promote science, technology, and innovation policies.

We will support the Science Council of Japan in strengthening its functions under the new law²⁵⁷, with the aim of advancing academic excellence and contributing to the resolution of social issues.

(4) Promoting strategic infrastructure development

(Sustainable infrastructure management and enhancement of urban development)

In response to the road collapse incident in Yashio City, Saitama Prefecture, we will address the ongoing deterioration of infrastructure by taking into account factors such as urgency and economic and social impacts, clarifying priorities, and steadily

²⁵³ In achieving these targets, attention will be paid to ensuring diversity in the countries and regions of origin of international students.

²⁵⁴ Large synchrotron radiation facilities SPring-8 and NanoTerasu, supercomputer Fugaku, etc.

²⁵⁵ This includes international facilities that will lead the world's academic frontiers in fields such as biology/medicine, particle physics, astronomy, and informatics.

²⁵⁶ This also includes further development of co-creation hubs on campuses through the use of diverse funding sources such as donations.

²⁵⁷ Act on the Science Council of Japan (enacted on June 11, 2025).

advancing countermeasures. Through the implementation of wide-area and strategic infrastructure management, the use of new technologies and data, and the promotion of collaboration among operators and between the public and private sectors, we will promote a full-scale shift to preventive maintenance, enhance and streamline maintenance and management, and advance the consolidation and reorganization of infrastructure in line with regional future visions as well as the optimization of public stock. We will also work to visualize the effects of aging countermeasures. From the viewpoint of the burden on beneficiaries and appropriate maintenance and management, the government will consider financial resource measures.

We will enhance efforts based on Location Optimization Plans and promote the compact development of urban areas across broader regions, also taking into account the goal of building disaster-resilient national and regional land. We will promote the strategic management of national and public properties in a manner rooted in local communities, aiming to enhance area value. By attaching geospatial information to real estate IDs and advancing the integration of three-dimensional models, such as BIM²⁵⁸ and PLATEAU, we will promote digital transformation (DX) in architecture and urban development, thereby advancing disaster preparedness, upgrading community planning, and facilitating the creation of new businesses.

(Efficiency and prioritization of public investment)

We will continue to promote i-Construction 2.0 to advance automation and labor saving at construction sites, while also promoting the active participation of diverse human resources, including women and foreign nationals, and working to secure and develop the workforce in the construction industry. We will accelerate infrastructure DX by promoting the cross-sectoral development and disclosure of infrastructure data²⁵⁹.

In light of the increasing severity and frequency of disasters and the further deterioration of infrastructure, we will promote stable and sustainable public investment from a medium- to long-term perspective to ensure that social capital continues to function over the long term and that private businesses can make capital investments²⁶⁰ and develop human resources with confidence. At the same time, we will advance strategic and well-planned efforts. In doing so, we will take into account the need to secure labor costs and the impact of the recent surge in material prices, encourage appropriate price pass-through, and steadily improve social capital through effective PDCA cycles while continuing to secure the necessary volume of projects.

²⁵⁸ An abbreviation for Building Information Modeling. This modeling is designed to improve the efficiency of the entire construction production and management system by sharing data among related parties.

²⁵⁹ This includes the Land, Infrastructure, Transport and Tourism Data Platform, and Project LINKS, which will engage in EBPM and business creation through data preparation and utilization.

²⁶⁰ This includes securing work vessels and other equipment and materials.

(Promoting PPP/PFI)

With regard to PPP/PFI, which will provide public services efficiently and effectively, with the aim of steadily achieving the targets set forth in the revised Action Plan²⁶¹, we will promote the establishment of systems to provide hands-on support in priority areas such as water PPPs, and promote streamlining of examination procedures and shortening of deliberation periods. We will also work to build an environment in which private companies can obtain appropriate profits through their efforts and ingenuity, promote the creation of cross-sectoral and wide-area projects, promote the spread of Small Concessions that utilize existing stock such as vacant houses, and strengthen public-private collaboration through the use of local platforms.

(Sustainable use and management of land and water resources)

In order to achieve sustainable land use and management, we will work to ensure the smooth conversion of land use, including the conversion to non-residential use. With support for local governments, we will comprehensively and integrally promote measures to address vacant houses—aimed at enhancing disaster resilience and contributing to regional revitalization—through initiatives such as renovation and promotion of distribution. These will be pursued in tandem with efforts to address issues related to land with an unknown owner²⁶², including raising public awareness of and enhancing systems for complying with mandatory registration of inheritance and changes to name and address, as well as conducting cadastral surveys and preparing maps by the Legal Affairs Bureaus. Efforts will be made to secure real estate appraisers who support public land appraisals. We will work to facilitate proper management of condominiums and their revitalization. With regard to housing loans, we will take comprehensive measures to respond to changes in the financial environment, including efforts to facilitate the use of fixed-rate mortgages.

We will promote the maintenance and restoration of a sound water cycle and the effective use of water resources in river basins. In addition to River Basin Disaster Resilience and Sustainability by All, we will promote Comprehensive Watershed Water Management, whereby stakeholders collaborate in efforts such as water use for power generation and the conservation and creation of watershed environments. We will also promote the creation of a healthy water environments from a multifaceted perspective, including biodiversity and landscape, and overall human well-being²⁶³.

²⁶¹ PPP/PFI Promotion Action Plan (2025 Revised Edition) (Decision at the Private Finance Initiative Promotion Council on June 4, 2025).

²⁶² Based on the Basic Policy on Promotion of Measures for Land with an Unknown Owner (Decision at the relevant ministerial meeting to promote measures against land with an unknown owner, etc., on June 6, 2025).

²⁶³ In parallel, based on local conditions such as population decline, we will promote the utilization of wastewater treatment facilities, including Johkasou.

(5) Enhancing fundamentals of sustainable local administration and public finance

Amid ongoing rapid population decline and the overconcentration of population and functions in Tokyo, in response to the growing shortage and uneven distribution of local resources—including human resources of each local government who are responsible for supporting communities—and from the perspective of ensuring the sustainable delivery of public services into the future, we must address operational challenges faced by local governments. To that end, we will promote efforts such as vertical support from the national and prefectural governments to municipalities, horizontal cooperation among municipalities, collaboration with a variety of stakeholders, and the use of digital technologies. We will also facilitate discussions to resolve these challenges, including a review of the respective roles of the national, prefectural, and municipal governments. In addition, we will promote initiatives in which local governments work together to secure and develop the human resources needed in their regions, as well as efforts to consolidate, integrate, and jointly use public facilities across multiple jurisdictions.

As the overconcentration of population and functions in Tokyo continues and regional disparities in administrative services become more pronounced, we will analyze the causes and issues behind the widening gaps in tax revenue distribution and fiscal capacity among local governments, and work toward the development of a local tax system characterized by a more even distribution of tax sources and stable revenue.

We will promote initiatives such as the appropriate transfer of cost increases to prices in public works, facility management, and services provided by local governments; ensure the proper management of aging infrastructure that supports regional communities; and take measures to secure regional healthcare delivery systems. In parallel, we will ensure the total amount of local governments' general revenue sources²⁶⁴, thereby securing and strengthening the sustainability of local administrative and fiscal foundations that support a growth-oriented economy driven by wage increases in local regions.

To build a sustainable local fiscal and administrative system, we will promote productivity improvements in each region. At the same time, we will encourage the simplification and streamlining of administrative operations at the local level through measures such as improving the efficiency of planning processes, eliminating intermediary administrative procedures, reviewing intermediary surveys, and

²⁶⁴ The Basic Policy 2024 states that, for the three-year period from FY 2025 through FY 2027, "the government will ensure that the total amount of general revenue sources necessary for stable fiscal management of local governments, including those receiving local allocation tax grants, shall be maintained substantially at the same level as that of the FY 2024 Fiscal Plan of Local Governments, and not below." (See also Chapter 3, Section 1: Future initiatives based on the Economic and Fiscal Plan for New Stage.)

utilizing digital technologies. Through these efforts, we will advance decentralization reform.

Regarding local government DX, while ascertaining the quantitative effects, we will work on front-yard reforms, such as online application and the "one-stop counter without writing," and backyard reforms, such as the unification and standardization of core service systems and utilization of eL-QR for payment of public money other than local taxes, in an integrated manner. We will support efforts to jointly procure and use systems and tools across local governments. In addition, we will drive efforts for prefectural governments and municipalities to establish a system for promoting the DX, in which they ensure the human resources pool function to support the municipalities. We will strengthen efforts to further enhance security by promoting the formulation of policies to ensure cybersecurity in local governments and reinforcing their security infrastructure. In parallel, we will continue to improve "Govbot", an administrative service information chatbot, from the user perspective.

3. Strengthening efforts to promote plans

(Inspection and evaluation of integrated economic and fiscal reforms)

In implementing the Economic and Fiscal Plan for New Stage, we aim to realize budget formulation and institutional reforms that appropriately respond to changes in the economy, society, environment, and technology. To achieve this goal, we will manage the process with a focus on ensuring sustainable fiscal and administrative operations at both national and local levels under population decline, enhancing people's job satisfaction and well-being, and improving productivity through the introduction of digital and other emerging technologies. The Council on Economic and Fiscal Policy will monitor, review, and evaluate the progress of reforms each year based on the EBPM Action Plan, the Reform Implementation Program, and the Table of Progress Management, Checking evaluation. The results will be used to assess progress and policy impacts, and to inform the planning and development of future measures.

(Strengthening EBPM across the government)

In implementing the Economic and Fiscal Plan for New Stage, it is essential to maximize policy outcomes with limited resources. To this end, relevant ministries and agencies will fully advance EBPM across the government in accordance with the EBPM Action Plan. At the end of each year, we will review and reinforce the plan, and reflect the results in the Basic Policy for the following fiscal year and beyond, thereby further strengthening EBPM.

To reinforce EBPM and promote cross-sectoral measures, we will strengthen inter-ministerial collaboration in the development and visualization of data, including administrative records. Through closer coordination with the Administrative Project Review process, we will promote the integrated and efficient collection, analysis, and evaluation of data. In doing so, we will enhance the functionality of the Administrative Project Review system and promote greater utilization of data through AI technologies. We will also advance the use of big data for analysis and the practical application of relevant indicators.

Regarding government funds, we will promote the use of EBPM to assess their effectiveness and strengthen PDCA-based management, with a view to utilizing financial resources more effectively. Based on a cross-sectional policy for reviewing such funds²⁶⁵, we will continuously examine and evaluate the necessity of each fund, the extent to which intended outcomes are being achieved, the implementation outlook, including administrative costs, and the eligibility of the organizations managing the funds.

²⁶⁵ Cross-Sectional Policy for Checking and Reviewing the Fund (Decision of the Administrative Reform Promotion Council on December 20, 2023).

As for assets held by the public sector, we will consider ways to improve their management and make better use of them, taking into account the purposes for which they are held.

(Advancing policies from the perspective of well-being)

To build a society with a high level of well-being, we will encourage the incorporation of effective KPIs that help improve well-being in key plans and strategies related to employment, education, health, child-rearing, and community life. At the same time, we will continue and strengthen efforts to monitor well-being across the population. We will examine economic indicators that reflect changes in the next generation's social life and values, and will promote initiatives with an eye toward their future incorporation into international SNA standards.

4. Review and Revision of public systems in line with rising prices

With wage growth gaining momentum and investment rising, Japan is beginning to break free from a cost-cutting economy. In this context, the government will take the lead in ensuring that wage increases outpace inflation by comprehensively implementing the following three measures. In doing so, we will place particular emphasis on properly recognizing and reflecting in prices the value of labor and the importance of everyday preparedness.

In light of continued price hikes, we will conduct a comprehensive, cross-ministerial review and revision of the long-standing fixed benchmark amounts and thresholds in public systems related to the budgets and tax systems, so as to prevent serious adverse effects on people's lives²⁶⁶. Alongside this review, in order to ensure policy effectiveness, we will develop mechanisms that allow timely responses to current inflation by establishing rules that require regular updates of benchmark amounts and thresholds in line with the characteristics of each public system.

At the same time, we will promote the following initiatives described in Chapters 2 and 3 of this Basic Policy on a cross-ministerial basis:

- raising government-set prices (such as those for medical care, long-term care, childcare, and social welfare); and
- ensuring full price pass-through in government procurement to secure sufficient funding for wage increases for workers.

²⁶⁶ Examples of public programs in which benchmark amounts and thresholds have long remained unchanged include educational and living support benefits for children who have lost a parent in a traffic accident; learning and daily life support services for children (under the Self-reliance Support System for Needy Persons); the personal income tax exemption limit for employer-provided meals; and the personal income tax exemption limit for commuting allowances related to commuting by private car. These benchmarks will be reviewed without delay.

Chapter 4 Immediate Economic and Fiscal Management and Approach to Fiscal 2026 Budget Formulation

1. Economic and fiscal management for the immediate future

Japan's economy is recovering moderately. At the same time, close attention must be paid to downside risks stemming from developments such as the impact of U.S. tariff measures and the continued rise in prices, which may weigh on private consumption.

We will make all-out efforts for our economic and fiscal management, including the response to the U.S. tariff measures, and responses to immediate price hikes. We will continue to implement agile policy measures in response to economic conditions and inflation trends.

To ensure a smooth transition toward a "growth-oriented economy driven by wage increases and investment," we will aim to raise both household income and the overall productivity of the economy, starting with wage increases that exceed the pace of inflation. To help create an environment that enables wage increases, including raising minimum wages, among regional mid-sized and small and medium enterprises (SMEs), we will mobilize a full range of measures, such as facilitating appropriate price pass-through and productivity improvements, and supporting business succession and M&As to strengthen their management foundations.

To this end, the government will swiftly and steadily implement the Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth²⁶⁷, the supplementary budget for FY 2024, as well as the budget for FY 2025 and related measures.

At the same time, we expect the Bank of Japan to achieve the price stability target of 2 % in a sustainable and stable manner, while confirming the virtuous cycle between wages and prices, by conducting appropriate monetary policy management in light of economic activity, prices and financial conditions.

2. Guiding Principles in Budget Formulation for FY 2026

- 1) We will make every effort to prepare for and respond to immediate risks, mobilize all measures to support wage increases, and strengthen the growth potential of the Japanese economy in every corner of the country, in order to ensure a smooth transition to a growth-oriented economy.
- 2) In the FY 2026 budget, based on this Basic Policy, and the Basic Policy on Economic and Fiscal Management and Reform 2024, we will formulate a

²⁶⁷ Decided by the Cabinet on November 22, 2024.

budget in line with the medium-term economic and fiscal framework. However, this should not lead to narrowing the range of available options for important policies.

- 3) We will ensure a well-prioritized and focused budget formulation by allocating necessary budgetary resources to address key policy challenges, such as advancing Regional Revitalization 2.0; promoting widespread and sustained wage growth that exceeds inflation; expanding investment through public-private collaboration; enhancing disaster management, mitigation, and national resilience; responding to changes in the international and security environment, including fundamentally strengthening our defense capabilities; building an economic structure resilient to external shocks; and steadily implementing measures to address the declining birthrate and child-related policies.
- 4) We will promote the EBPM and PDCA initiatives and thoroughly implement wise spending. We will move forward with efforts to ensure the sustainability of the economy, finance, and social security from a medium- to long-term perspective, such as addressing the key issues set forth in the Economic and Fiscal Plan for New Stage.