

Tentative Translation
by Cabinet Office

Economic Measures for Realization of Virtuous Cycles

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Economic Measures for Realization of Virtuous Cycles

Chapter 1 Basic Concept

1. Current conditions of economy and basic concept of economic measures

In order to pave the way to ending deflation and revitalizing the economy, the Abe administration has been boldly promoting the “three-arrows strategy” as a package including “aggressive monetary policy”, “flexible fiscal policy” and “a growth strategy that promotes private investment”. Thanks partly to the effects of such policies, the Japanese economy has been steadily improving as evidenced by the fourth straight quarter of positive real GDP growth. However, a sense of economic recovery is not fully felt by small and medium-sized enterprises/small-scale businesses or local economies, and business conditions vary from industry to industry. Likewise, in terms of price trends, we still have halfway to go to end deflation.

Against this background, the government has confirmed its decision to hike the consumption tax rate (national and local) from 5 to 8 percent on April 1, 2014, with the objective of ensuring the compatibility between the revitalization of the economy and the reconstruction of finance, securing the sustainability of increasing social security costs, ensuring a sense of security, and maintaining faith in the country.¹ The government has also decided on the “Economic policy package”, not only to mitigate the rush demand and recoil reduction which is expected to occur with the hike in the consumption tax rate and address downside risks for the economy, but also to improve the growing economic strength and realize virtuous cycles leading to sustainable economic growth.

In the meantime, in addition to efforts to realize economic virtuous cycles in collaboration among the government and the labor and business communities such as measures to accelerate and improve the execution of the growth strategy or tax breaks for investment, the government has developed new five trillion yen-scale economic measures and shown that it will execute measures such as considerations for low-income earners, cash benefits for demand leveling, the acceleration of reconstruction and measures concerning shifting consumption tax.

The economic measures are a part of “Economic policy package” and by promptly executing them in conjunction with measures incorporated in the package such as one trillion yen-scale taxation measures, the government aims to securely pave the way to ending deflation and revitalizing the economy. The government expects that the Bank of Japan achieves the 2 percent price stability target at the earliest possible time.

2. Principles of economic measures

Under the above basic concept, the economic measures will focus on measures that will

¹“Regarding the hike in the national and local consumption tax rate and relevant measures” (Cabinet Decision on October 1, 2013)

take effect during the first half of FY2014, in order to moderate the rush demand and recoil reduction associated with the planned hike in the consumption tax rate. These measures are aimed not only at mitigating the recoil reduction in demand but also at ensuring a rapid return to a path of solid economic growth by focusing on the measures that are highly effective in inducing private-sector demand such as consumption and capital investment and promoting innovations, thereby leading to investment for the future, with a view for enhancing economic growth potential and achieving sustainable economic growth.

Chapter 2. Specific Measures

I. Measures to strengthen competitiveness

In order to improve the growing economic strength, etc., based on “Action Plan to Implement the Growth Strategy” (Decision of the Headquarters for Japan’s Economic Revitalization on October 1, 2013), the government will be committed to the acceleration and enhancement of the execution of the growth strategy such as the Industrial Competitiveness Enhancement Act or institutional reforms through the creation of National Strategic Special Zones. It will also take measures to support the enhancement of Japanese industries’ international competitiveness. For that purpose, the government will strongly promote capital investment and creation of innovations which serve to enhance competitiveness, and improve the business environment which promotes the establishment of new business facilities in Japan. It will also take measures to save energy costs which can be a constraint on the growth. Furthermore, in view of the Tokyo 2020 Summer Olympics and Paralympics, the government will improve infrastructure such as transportation and distribution networks and facilitate the community development which brings out communities’ vitalities, and promote support programs for the agriculture, forestry and fisheries industries or small and medium-sized enterprises/small-scale businesses.

1. Promotion of investments, creation of Innovations, and others

In addition to tax cuts aiming to promote capital investments or investments in venture companies as specified in the “Economic policy package”, the government will take measures to promote capital investments and new innovations which will lead to the country’s strengthened international competitiveness. Furthermore, it will support Japanese companies’ business development in oversea markets and will work on measures such as the enhancement of financial functions which will serve to the supply of funds for the growth.

(1) Promoting capital investment, and other measures which lead to strengthened competitiveness

The government will support capital investments which are necessary to facilitate business innovations or the metabolism of small and medium-sized enterprises/small-scale businesses, and the infrastructure development for research and development activities in communities. It will also take measures to stimulate capital investments in leading-edge equipment through supports for practical applications of technologies that research and development venture companies and others have or through leasing. Likewise, the government will develop the environment which serves to increase the provision of funds for health care facilities.

- Project for the innovation of manufacturing, commerce and services by SMEs and small-scale businesses (Ministry of Economy, Trade and Industry)
- Project for the promotion of community open innovations (Ministry of Economy, Trade and Industry)

- Support program for the commercialization of R&D outputs (Ministry of Economy, Trade and Industry)
- Support for capital investment in leading-edge equipment by lease (Ministry of Economy, Trade and Industry)
- Promotion of the provision of funds to health care facilities through the promotion of the listing of Health Care Reit <Non-budgetary measure> (Financial Services Agency, Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Health, Labour and Welfare)

(2) Advancing technological innovations and development

In addition to promoting technological innovations, the government will support research and development activities and practical applications of technologies which will open up a new frontier or serve to business solutions. It will also provide supports for the infrastructure development for leading-edge research facilities and equipment, and others. In particular, the government will strongly facilitate high-risk, high-impact innovative research and development activities as well as R&D and technology development activities for innovative medical and other products or in space and marine areas.

- Impulsing PARadigm Change through disruptive Technologies (ImPACT) (Cabinet Office)
- Acceleration of technological research and development activities for the creation of innovations, infrastructure development for leading-edge researches at national universities and other institutions (Ministry of Education, Culture, Sports, Science and Technology)
- Support program for the commercialization of R&D outputs (Reproduction) (Ministry of Economy, Trade and Industry)
- Project for the acceleration of industrial technology development project (Ministry of Economy, Trade and Industry)
- Promotion of research and development activities for innovative medical and other products (Ministry of Health, Labour and Welfare)
- Experimental project for the introduction of robot nursing-care equipment (Ministry of Economy, Trade and Industry)
- Project for the facilitation of business development of the health-care and medical industries in oversea markets (Reinforcement of fund supplies for the health-care and medical sectors) (Ministry of Economy, Trade and Industry)
- Promotion of launching of quasi-zenith satellites for practical use (Cabinet Office)
- Strategic promotion of the marine development, use and preservation (Ministry of Land, Infrastructure, Transport and Tourism)
- Project for the development of infrastructure for global certifications (Ministry of Economy, Trade and Industry)
- Promotion of the economic growth and solutions of social challenges through ICT (Ministry of Internal Affairs and Communications)
- Project for decommissioning and countermeasures relating to contaminated water (Ministry of Economy, Trade and Industry)
- Realization of the fastest and top-quality intellectual property system

<Non-budgetary measure> (Ministry of Economy, Trade and Industry)

(3) Facilitating business development in overseas markets

In order to incorporate the world's growing economic strength into the Japanese economy, the government will support the business development of Japanese health-care and medical industries and other enterprises in overseas markets as well as improvement of infrastructure through ODA programs, etc.

- Support for the efforts to diffuse Japanese methods and export infrastructure systems in developing and emerging countries (Ministry of Foreign Affairs)
- Support for Japanese enterprises' business development in overseas markets through human resource development in African countries (ABE Initiative) (Ministry of Foreign Affairs)
- Support for the international business development to capture overseas markets; Project for the facilitation of business development of the health-care and medical industries in overseas markets (Reproduction) (Ministry of Economy, Trade and Industry)
- Support program for small and medium-sized enterprises/local governments' international business development (Ministry of Foreign Affairs)
- Facilitating business development of ICT systems, broadcast contents and others in overseas markets (Ministry of Internal Affairs and Communications)
- Strategic execution of the government's public relations efforts, etc. (Cabinet Office, Ministry of Foreign Affairs)
- Supports for Japanese-affiliated companies by trade facilitations in custom offices in developing countries through technical assistance in the custom area and others <Non-budgetary measure> (Ministry of Finance)
- Enhancement of public finance schemes through revisions of the international trade insurance system (Newly covering risks related to terrorism, wars, etc.) <Non-budgetary measure> (Ministry of Economy, Trade and Industry)
- Promoting exports of infrastructures related to the disaster prevention or marine area through bilateral regular consultations with partner countries <Non-budgetary measure> (Ministry of Land, Infrastructure, Transport and Tourism)

(4) Strengthening financial functions, and reviewing the management of public and semi-public funds

The government will be committed to the enhancement of financial functions, particularly through actively providing funds for growth areas and enhancing management supports for small and medium-sized enterprises, and small-scale businesses.

Likewise, the government will promptly and steadily review the management of public and semi-public funds depending on each fund's scale and nature.

Example:

- In order to promote active fund provisions by financial institutions through the

financial administration, and to enhance supports for the improvement of small and medium-sized enterprises' business management and standing, based on the Supervisory Policy and others, the government will focus on inspections of new loans by financial institutions or the situation of efforts to support the management improvement and revitalization of businesses. In addition, it will publish and publicize leading-edge or desirable practices which should be taken widely. <Non-budgetary measure> (Financial Services Agency)

- In addition, based on the Financial Monitoring Policy, the government will promote lending which will focus on the feasibility of the borrower's business. With regards to the assessment of small assets, it will respect decisions by financial institutions as much as possible. <Non-budgetary measure> (Financial Services Agency)
- Strengthen and expand necessary functions of Regional Economy Vitalization Corporation of Japan, including the reinforcement of the corporation's capital injection function, so that the corporation can provide supports for the revitalization of businesses or for the revitalization of the community more effectively. <Non-budgetary measure> (Cabinet Office)
- Implement projects to support the financing of small and medium-sized enterprises/small-scale businesses as well as the revitalization of business. (Ministry of Economy, Trade and Industry, Ministry of Finance, Ministry of Health, Labour and Welfare)
- Realize a more generous financing support by shifting to the regular operation of safety-net guarantees and enhancing management supports for small and medium-sized enterprises/small-scale businesses by governmental financial institutions. <Non-budgetary measure> (Ministry of Economy, Trade and Industry)
- With regards to the administration of public and semi-public funds such as Government Pension Investment Fund (GPIF), depending on the scale and nature of each fund, relevant ministries including the Ministry of Health, Labour and Welfare will pay attention to the maintenance of their long-term soundness and take required actions to promptly and steadily implement necessary measures. In doing so, relevant ministries will consider recommendations by the council of advisors, which is committed to reviewing the administration of funds in view of ending deflation and their governance including risk management and other systems. <Non-budgetary measure> (Cabinet Secretariat, Ministry of Health, Labour and Welfare, Ministry of Finance, Ministry of Internal Affairs and Communications, Ministry of Education, Culture, Sports, Science and Technology)
- Strengthen financial functions of Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI) and consider measures including the liquidation of claims in bearing investments by GPIF and other institutions in mind. Build upon such considerations, and consider the expansion of funds administered by GPIF. <Non-budgetary measure> (Ministry of Finance, Ministry of Economy, Trade and Industry, Ministry of Health, Labour and Welfare)

2. Measures to save energy costs

In order to address the impact that the high energy price will have on the growth of the Japanese economy, the government will accelerate energy-saving and other measures and support responses to changes in the business environment. Likewise, in order to stably secure resources and energy at a low price, we will secure exploration rights for resources and energy and commit to a reinforcement of the business standing of the oil industry.

- Energy use rationalization business support program (Ministry of Economy, Trade and Industry)
- Energy-saving device introduction support program (Ministry of Economy, Trade and Industry)
- Promotion of energy-saving measures for truckload transportation (Ministry of Land, Infrastructure, Transport and Tourism)
- Promotion of low carbonization of small and medium-sized businesses and remote islands (Ministry of the Environment)
- Project for securing exploration rights of oil, natural gas and mineral resources (Ministry of Economy, Trade and Industry)
- Project for measures relating to petroleum distributions (Ministry of Economy, Trade and Industry)
- Industry/Energy infrastructure resilience improvement program (Ministry of Economy, Trade and Industry)

3. Improvement of urban infrastructure in view of the Tokyo 2020 Summer Olympics and Paralympics

Taking the opportunity of the Tokyo Summer Olympics and Paralympics scheduled in 2020, the government will accelerate the renewal and improvement of urban infrastructures such as the transportation and distribution networks. Likewise, it will promptly advance the preparation of Olympic and Paralympics facilities which will be visited by top athletes and many spectators from all over the world and attract international attention.

(1) Strengthening transportation and distribution networks

In order to strengthen international competitiveness, the government will implement measures including the enhancement of distribution networks such as belt highways connecting three major metropolitan areas, measures to relieve traffic jams for smoother city/community activities, the improvement of functions of strategic international container ports and the improvement of functions of airports in the capital sphere.

- Focused improvements of belt highways connecting three major metropolitan areas and roads to access airports, ports or other facilities as glueless networks (Ministry of Land, Infrastructure, Transport and Tourism)
- Measures related to major traffic jam hot spots for smoother city/community activities (Ministry of Land, Infrastructure, Transport and Tourism)

- Improvement of functions of strategic international container ports (Ministry of Land, Infrastructure, Transport and Tourism)
- Improvement of functions of airports in the capital sphere, such as the transformation of Haneda airport to a round-the-clock international hub airport (Ministry of Land, Infrastructure, Transport and Tourism)
- Comprehensive improvement of social capitals aiming to improve the growing strength of communities, such as the enhancement of distribution networks, etc. (Comprehensive Subsidies for Social Capital Improvement) (Ministry of Land, Infrastructure, Transport and Tourism)
- Enhancement of public transports through the promotion of barrier-free public transportation systems (Ministry of Land, Infrastructure, Transport and Tourism)
- Realization of a round-the-clock electronic processing system for import and export declarations <Non-budgetary measure> (Ministry of Finance)

(2) Preparing Olympic and Paralympics facilities

Advance measures for the renovation of Kokuritsu Kasumigaoka Rikujo Kyogjo (National Olympic Stadium) which is planned to be a main venue for the Tokyo 2020 Summer Olympics and Paralympics.

Example:

- Advance measures for the renovation of Kokuritsu Kasumigaoka Rikujo Kyogjo (National Olympic Stadium) (Ministry of Education, Culture, Sports, Science and Technology)

4. Vitalization of communities, agriculture, forestry and fisheries industries, and small and medium-sized enterprises

For the purpose of revitalizing communities, the government will promote measures such as the development of compact communities and implement measures and policies to vitalize the agriculture, forestry and fisheries industries or small and medium-sized enterprises/small-scale businesses which support local economies.

(1) Regional and community development

In addition to supports for efforts to extract attractiveness that each community has, the government will commit to measures such as attracting international visitors for the promotion of tourism or strengthening the systems of customs, immigration and quarantine (CIQ). Likewise, it will promote compact communities which will allow communities to properly address their challenges and enable residents to promptly feel effects of the economic measures, considering the possibility of restructuring the whole city. It will also provide supports for the regional and community development aiming at addressing energy and other issues, such as the vitalization of shopping streets and downtowns and enhancement of local public transportations.

Example:

- Powerful promotion of “Community Energy Creation Plan”, etc. (Ministry of Internal Affairs and Communications)

- Creation of *Ganbaru Chiiki Koufukin* (Subsidies for Active Communities) (tentative name) (Cabinet Office)
- Promotion of a tourism-oriented country through promotional campaigns to encourage foreign tourists to visit Japan and others; infrastructure development for an accelerated immigration procedure (Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Justice)
- Improvement of attractiveness and vitalities of communities, through improvement for internationalization of national parks and reinforcement of measures to prevent bird and animal damages (Ministry of the Environment)
- Development of infrastructures such as roadside stations, which will support local economies (Ministry of Land, Infrastructure, Transport and Tourism)
- Comprehensive improvement of social capitals aiming to improve the growing strength of communities, such as the enhancement of distribution networks, etc. (Comprehensive Subsidies for Social Capital Improvement) (Reproduction) (Ministry of Land, Infrastructure, Transport and Tourism)
- Reduction of expressway tolls (Mitigation of drastic changes upon termination of the convenience enhancement program) (Ministry of Land, Infrastructure, Transport and Tourism)
- Dissemination of electric vehicles which address energy and other issues; promotion of long-life quality housing reforms (Ministry of Land, Infrastructure, Transport and Tourism)
- Shopping streets vitalization support program (Ministry of Economy, Trade and Industry)
- Convening regional industry competitiveness councils <Non-budgetary measure> (Cabinet Secretariat)
- Revision of the urban regeneration system to promote compact cities, etc.; development of a new project recognition system for the vitalization of downtowns, etc. <Non-budgetary measure> (Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry)
- Improvement of the market environment for the exploitation of existing homes; securing the transportation which responds to issues related to a declining population or aging society; improvement of systems related to regional public transportations to improve the living environment; and rationalization of plot ratio restrictions for elevators, etc. <Non-budgetary measure> (Ministry of Land, Infrastructure, Transport and Tourism)
- Review of standards related to wooden buildings to promote the use of wood building materials <Non-budgetary measure> (Ministry of Land, Infrastructure, Transport and Tourism)

(2) Vitalization of the agriculture, forestry and fisheries industries

For the development of infrastructures to vitalize the agriculture, forestry and fisheries industries, the government will work on the intensification of agricultural lands, secure human resources for the future, etc. Likewise, aiming to realize “aggressive agriculture, forestry and fisheries industries”, the government will be committed to measures such as the promotion of sixth sector industrialization and the promotion of exports. We will also aim to build a firm understanding on Japanese cuisine and food culture in and outside Japan. Furthermore, in addition to measures to promote the use of regional materials in view of future efforts for forest carbon sinks, we will promote structural reforms of production areas and provide supports to respond to changes in the business environment.

- Agricultural land intensification project, including the establishment of intermediary institutions for farmland management (Ministry of Agriculture, Forestry and Fisheries)
- Project to secure future human resources (Ministry of Agriculture, Forestry and Fisheries)
- Project for the promotion of sixth sector industrialization, etc. (Ministry of Agriculture, Forestry and Fisheries)
- Project for measures to promote exports (Ministry of Agriculture, Forestry and Fisheries)
- Project for measures to promote the use of regional materials (Ministry of Agriculture, Forestry and Fisheries)
- Project for the promotion of structural reforms of production areas (Ministry of Agriculture, Forestry and Fisheries)
- Project for measures to promote the production of agricultural and marine products (Ministry of Agriculture, Forestry and Fisheries)
- Project for measures related to fishing costs (Ministry of Agriculture, Forestry and Fisheries)

(3) Innovation in small and medium-sized enterprises, and small-scale businesses

In order to restore an entrepreneurial country and promote innovations in SMEs and small-scale businesses which are the foundation of local economies, the government will enhance supports for SMEs and small-scale businesses, including start-up/venture supports and the promotion of lending which does not depend on personal guarantee of owners. As part of such efforts, we will propose a basic law for the promotion of small-scale businesses in the next regular session of the Diet (Ministry of Economy, Trade and Industry).

- Start-up and venture support program (Ministry of Economy, Trade and Industry)
- Project for the support of the commercialization of R&D outputs (Reproduction) (Ministry of Economy, Trade and Industry)
- Small-scale businesses support package program (Ministry of Economy, Trade and Industry)
- Project for the innovation of SMEs and small-scale businesses, manufacturing,

commerce and services (Reproduction) (Ministry of Economy, Trade and Industry)

- Project for the promotion of community open innovations (Reproduction)(Ministry of Economy, Trade and Industry)
- Program to support the financing of small and medium-sized enterprises, and small-scale businesses as well as the revitalization of business (Reproduction) (Ministry of Economy, Trade and Industry, Ministry of Finance, Ministry of Health, Labour and Welfare)
- Expansion of supports for small and medium-sized enterprises, and small-scale businesses to prepare for the rise in the minimum wage (Ministry of Health, Labour and Welfare)
- Promotion of movement of labor without creating unemployment (Ministry of Health, Labour and Welfare)
- Comprehensive measures for the facilitation of shifting and incidence of the consumption tax by small and medium-sized enterprises, etc. (Ministry of Economy, Trade and Industry)
- Promotion of active fund provisions by financial institutions through financial administration and enhancement of management supports for small and medium-sized enterprises, and small-scale businesses <Non-budgetary measure> (Reproduction) (Financial Services Agency, Cabinet Office)
- Realize a more generous financing support by shifting to the regular operation of safety-net guarantees and enhancing management supports for small and medium-sized enterprises, and small-scale businesses by governmental financial institutions. (Reproduction) <Non-budgetary measure> (Ministry of Economy, Trade and Industry)
- Promotion of the use of “Guidelines on personal guarantees by business owners” <Non-budgetary measure> (Financial Services Agency, Ministry of Economy, Trade and Industry)
- Reduction and simplification of application documents for subsidies for small and medium-sized enterprises, and small-scale businesses <Non-budgetary measure> (Ministry of Economy, Trade and Industry)

II. Policies for women, young people, the elderly and the disabled

It is essential to draw out the potential of women and young people to realize sustainable economic growth amid the ongoing globalization of the economy and the acceleration of demographic aging resulting from the decline in the birth rate. Therefore, the government will enhance efforts to promote women's participation, including supports for the balancing of work and child-rearing, re-employment and capacity building of women. We will be also committed to efforts for the fulfillment of young people's capacities including the enhancement of employment measures and vocational trainings or employment supports. Furthermore, in order to expand employment opportunities for those making efforts to find a job (including women, young people and the elderly), the government will support communities' efforts in the development of human resources or expansion of job opportunities. Likewise, in order to promote the improvement of living environments to make the elderly and others feel safe to live and to mitigate impacts of the increased consumption tax rate on the elderly and others, we will include additional cash benefits in the "Simple Cash Benefit Measure" (Provisional Welfare Benefits) (tentative name).

1. Encouragement of women's participation, support for child-rearing, and countermeasures for declining birthrate

(1) Encouraging women's participation

In order to move toward the realization of a "society where women shine," in which women can show their abilities to the fullest in various sectors in society, the government will be committed to supporting efforts for the expansion of job opportunities or improvement of working conditions, employment supports utilizing private human resource businesses, promotion of employment of job seekers who have had inactive periods in their careers for child-rearing and other reasons, and capacity building after their return to work. Likewise, we will seek to enhance preventive medical services, such as measures to prevent women's cancers.

Example:

- Expansion of job opportunities, promotion of increased salaries and capacity-building for women, young people and others (Ministry of Health, Labour and Welfare)
- Expansion of employment-related grants relating to women, young people and others <Non-budgetary measure> (Ministry of Health, Labour and Welfare)
- Strategic execution of the government's public relations efforts, etc. (Reproduction) (Cabinet Office)
- Enhancement of preventive medical services, health controls and others (Ministry of Health, Labour and Welfare)

(2) Child-rearing support and countermeasures for declining birthrate

Aiming to achieve the zero-waiting list for nursery schools, the government will

allocate and properly secure the budget for expenditures on development of day-care centers for children in the initial budget of the next year. Likewise, the government will enhance child-rearing supports such as the promotion of the “Accelerating the Zero Childcare Waiting List Project” which include supports for small-scale childcare facilities, extended-hours childcare at kindergartens and day-care facilities in workplaces, promotion of the establishment of authorized kindergartens (*Nintei Kodomo-en*) and provision of rental housing for child-rearing households. Furthermore, the government will support countermeasures to the falling birth rate in communities.

Example:

- Measures to reduce the number of children on the childcare waiting list and encourage women’s participation (Ministry of Education, Culture, Sports, Science and Technology, Ministry of Health, Labour and Welfare)
- Support for the establishment and operation of day-care facilities in workplaces <Non-budgetary measure> (Ministry of Health, Labour and Welfare)
- Support for child-rearing utilizing the Good Quality Regional Rental Housing system <Non-budgetary measure> (Ministry of Land, Infrastructure, Transport and Tourism)
- Enhancement of countermeasures to the falling birth rate in communities (Cabinet Office)

2. Support for the fulfillment of young people’s capacities, and employment measures

In order to enable young people to fully develop their capacities and promote the fulfillment of young people’s capacities as an engine for growth, the government will reinforce efforts such as the enhancement of opportunities for vocational trainings, employment supports utilizing private human resource businesses or supports for their employment as regular employees. Likewise, it will work to secure and cultivate future human resources in the agriculture, forestry and fisheries industries. Furthermore, we will secure education opportunities for students who find it difficult to continue their studies for economic reasons and work on the self-reliance support and promotion of employment for unemployed or needy persons.

- Expansion of job opportunities, promotion of increased salaries and capacity-building for women, young people and others (Reproduction) (Ministry of Health, Labour and Welfare)
- Expansion of employment-related grants relating to women, young people and others <Non-budgetary measure> (Reproduction) (Ministry of Health, Labour and Welfare)
- Project to secure future human resources (Reproduction) (Ministry of Agriculture, Forestry and Fisheries)
- Support for students who find it difficult to continue their studies (Ministry of Education, Culture, Sports, Science and Technology)
- Enhancement of communities’ function as safety nets (Ministry of Health, Labour and Welfare)

3. Support for the elderly and the disabled

Considering the planned hike in the consumption tax rate as well as the dissolution of the special pension standard in April 2014, the government will include additional cash benefits in the “Simple Cash Benefit Measure” (Provisional Welfare Benefits) (tentative name) for beneficiaries of the Old-age Basic Pension, Disability Basic Pension, and others. Likewise, toward realization of a society where we can remain active throughout life, we will promote employment supports for the elderly as well as efficient and effective health services based on data analyses of medical and medical check-up information, etc. (data health).

With regards to medical expenses for persons from 70 to 74 years-old which are not covered by medical insurance, the government will consider in the direction that the amount to be covered by patients will be shifted to the legal ratio (20%), gradually from those who will reach the age of 70 years-old in 2014 and allocate necessary budgets in the original budget. In the meantime, we will also consider implementing the revision of High-Cost Medical Care Benefits in January 2015. Furthermore, we will start to examine the special measure to reduce medical insurance fees for the elderly aged 75 or over, with a view of a gradual review of the measure.

- Simple cash benefit measure (Provisional Welfare Benefits) (tentative name) (additional cash benefits) (Ministry of Health, Labour and Welfare)
- Expansion of job opportunities, promotion of increased salaries and capacity-building for women, young people and others (Reproduction) (Ministry of Health, Labour and Welfare)
- Enhancement of preventive medical services, health controls and others (Ministry of Health, Labour and Welfare)
- Establishment of a stable medical insurance system and others (Ministry of Health, Labour and Welfare)
- Promotion of the development of frameworks for community comprehensive care systems (Ministry of Health, Labour and Welfare)
- Experimental project for the introduction of robot nursing-care equipment (Reproduction) (Ministry of Economy, Trade and Industry)
- Promotion of the provision of funds to health care facilities through the promotion of the listing of Health Care Reit <Non-budgetary measure> (Reproduction) (Financial Services Agency, Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Health, Labour and Welfare)

III. Acceleration of measures for reconstruction, disaster prevention and safety

For the earliest possible recovery from the Great East Japan Earthquake, the government will accelerate projects for the recovery of damaged areas, including the recovery/reconstruction from the nuclear disaster in Fukushima.

Likewise, amid concerns for imminent large-scale disasters such as the Nankai Trough Earthquake or Tokyo Inland Earthquakes, we will promote measures of vital importance such as efforts for the improvement of the nation's resilience as well as for disaster prevention/mitigation, as well as measures for the improvement of aging social infrastructures' resilience.

In such efforts, we will give sufficient considerations to the co-existence with the nature, harmony with the environment and maintenance of sceneries which are attractive as tourist sites.

1. Recovery/Reconstruction of areas damaged by the Great East Japan Earthquake

In order to accelerate the recovery/reconstruction of areas damaged by the Great East Japan Earthquake, the government will be committed to the enhancement of support measures for the early repatriation of evacuees, acceleration of the community development through reconstruction which is well underway in tsunami-devastated areas, and restoration of the industries. For that purpose, the government will work on the revival of Fukushima, community development through reconstruction, restoration of the industries and support for people in areas affected by disasters.

(1) Revival of Fukushima

The review of evacuation zones was completed in August this year and the realization of early repatriations of evacuated residents will be one of the challenges for the future. Therefore, in addition to support measures for long-term evacuees, the government will enhance support measures for the early repatriation of evacuees, including the improvement of their living conditions. We will also support the restoration of the industries and accelerate decontamination works.

- Creation of the grant program for the acceleration of the recovery of Fukushima, as a more convenient subsidy program which covers “from supports for long-term evacuees to measures for their early repatriation”, etc. (Reconstruction Agency)
- Project for the development of infrastructures and hubs for experimental studies on renewable energy and IT in Fukushima (Reconstruction Agency)
- Subsidy program for job creation and establishment of new business facilities in tsunami and nuclear disaster-devastated areas (Reconstruction Agency)
- Disaster recovery project for joint facilities of SME associations (Reconstruction Agency)
- Project to support financing of small and medium-sized enterprises, and small-scale businesses (Reconstruction Agency)

- Restoration of the agriculture, including PR activities for agricultural products of Fukuoka (Reconstruction Agency)
- Support for fire brigades in affected areas and fire-fighting operations within evacuation areas (Reconstruction Agency)
- Strengthening systems for the realization of early and secure compensation for nuclear damages (Reconstruction Agency)
- Acceleration of decontamination works, etc. (Reconstruction Agency, Ministry of the Environment)
- Strengthening systems for disposal of waste contaminated with radioactive materials, etc. (Reconstruction Agency, Ministry of the Environment)
- Project for decommissioning and countermeasures relating to contaminated water (Reproduction) (Ministry of Economy, Trade and Industry)

(2) Community development through reconstruction

In light of circumstances in which the implementation of projects such as the project to promote group relocation for disaster mitigation is steadily advancing in tsunami-devastated areas and efforts for the community development have gained momentum, the government will promote measures such as the community development with the Great East Japan Earthquake Reconstruction grants, post-disaster restoration, development of roads for the reconstruction and accelerate the community development through reconstruction.

- Great East Japan Earthquake Reconstruction grants (Reconstruction Agency)
- Post-disaster restoration (of public civil engineering facilities, facilities for agriculture, forestry and fisheries, public school facilities, nursing-care facilities) (Reconstruction Agency)
- Enhancing earthquake resistance of school facilities (Ministry of Education, Culture, Sports, Science and Technology)
- Development of roads for the reconstruction, etc. (Reconstruction Agency)
- Improvement of infrastructures for agriculture, forestry and fisheries (Reconstruction Agency)
- Promotion of improved resilience of waste disposal systems (Reconstruction Agency, Ministry of the Environment)
- Special measure to create medical schools in the Tohoku region for the reconstruction <Non-budgetary measure> (Ministry of Education, Culture, Sports, Science and Technology)

(3) Restoring the industries

In order to ensure efforts for the restoration of the industries which have been making steady progress, the government will provide supports such as the restoration of facilities based on restoration business plans prepared by groups such as small and medium-sized enterprises which are core actors in local economies. It will also vitalize local economies through measures such as the creation of new jobs or recovery of businesses through a subsidy system for the establishment of new business facilities, in order to support the restoration of the industries. Furthermore, we will advance efforts

such as establishing the council for the promotion of cooperation between the public and private sectors for the creation of “New Tohoku”, which will be a model for domestic and international efforts.

- Disaster recovery project for joint facilities of SME associations (Reproduction) (Reconstruction Agency)
- Subsidy program for job creation and establishment of new business facilities in tsunami and nuclear disaster-devastated areas (Reproduction) (Reconstruction Agency)
- Project to support the financing of small and medium-sized enterprises, and small-scale businesses (Reproduction) (Reconstruction Agency)
- Employment supports in affected areas combined with industrial policies, through the expansion and extension of “Business Reconstruction Type Employment Creation Project” and the extension of “Emergency Job Creation Project for Earthquake and Other Disasters” (Reconstruction Agency)
- Improvement of joint facilities for the fisheries industry (Reconstruction Agency)
- Establishment of the council for the promotion of cooperation between the public and private sectors for “New Tohoku <Non-budgetary measure> (Reconstruction Agency)

(4) Supporting people in areas affected by disasters

In order to avoid the inequality of burdens among disaster victims that the hike in the consumption tax rate would cause, the government will take measures such as cash benefit measures which can cover typical increases in burdens related to the hike in the consumption tax rate, such as those related to the reacquisition of housing.

Example:

- Cash benefits related to the reconstruction of disaster victims’ houses (Subsidies for home reconstruction) (Reconstruction Agency)

(5) Compensating for the reductions of tax revenue ear-marked for reconstruction

In ending the special corporate tax surcharge for disaster reconstruction a year ahead of schedule, the government will incorporate the amount which is necessary to secure the funding for the so-called “Frame for the Reconstruction Funding” of about 25 trillion yen for the “intensive reconstruction period”² in the Special Account for Reconstruction from the Great East Japan Earthquake, utilizing a part of the surplus carried over from the year 2012.³

² 0.8 trillion yen

³ As to the reconstruction funding in the “intensive reconstruction period” until 2015, the necessary amount will be secured. In doing so, when it became necessary to secure further funding, it will be secured by utilizing the non-tax revenue in the general account in the preparation of the fiscal year 2015 budget.

2. Improvement of the nation's resilience, acceleration of disaster prevention/mitigation and addressing aging infrastructure, and enhancement of nuclear accident response and nuclear disaster control measures

The government will further accelerate its efforts for the improvement of the nation's resilience and disaster prevention/mitigation. In particular, we will be committed to strengthening systems to address large-scale disasters, improving the resilience of aging social infrastructures, and enhancing earthquake resistance of school facilities which will be the key for evacuations.

Likewise, we will promptly advance the enhancement of nuclear accident response and nuclear disaster control measures and the post-disaster restoration of areas affected by natural disasters such as typhoons.

(1) Strengthening systems to address large-scale disasters

In light of the lessons learned from the Great East Japan Earthquake, and in order to ensure that wide support systems will be effectively established at the time of actual disasters, the government will be committed to the enhancement of disaster response systems, including the improvement of disaster-response capacities of the Self-Defense Forces, enhancement of the disaster resistance of police communication infrastructures, enhancement of fire brigades' equipment and trainings, and promotion of the installation of J-alert automatic starters.

- Improvement of disaster-response capacities of the Self-Defense Forces (Ministry of Defense)
- Promotion of large-scale disaster response measures, such as the enhancement of disaster resistance of police communication infrastructures (National Police Agency)
- Early enhancement of fire brigades' equipment and training as well as infrastructures for fire safety and disaster communications (Ministry of Internal Affairs and Communications)
- Improvement of communication infrastructures' resilience, which serve as disaster prevention and mitigation (Ministry of Internal Affairs and Communications)
- Support for the retention of construction machines by construction companies which have concluded a disaster-related agreement with national and local governments <Non-budgetary measure> (Ministry of Land, Infrastructure, Transport and Tourism)
- Promotion of efforts to promptly grasp earthquake and tsunami information and research on the disaster mitigation (Ministry of Education, Culture, Sports, Science and Technology)

(2) Improving social infrastructure resilience to reflect specificity of the local economy

In order to move toward the full-scale maintenance period, the government will promote the reconstruction of strong infrastructures by accelerating measures to improve aging

infrastructures or proactive measures for disaster prevention. For that purpose, we will advance measures to enhance earthquake resistance of lifelines, petroleum supply infrastructures, transportation facilities and others, as well as measures to address problems of aging facilities.

Example:

- Promotion of measures to enhance earthquake resistance of waterworks facilities and to improve aging waterworks facilities to secure a stable supply of safe and good-quality water at facilities such as hospitals and shelters (Ministry of Health, Labour and Welfare)
- Project for measures relating to petroleum distributions (Reproduction) (Ministry of Economy, Trade and Industry)
- Industry/Energy infrastructure resilience improvement program (Reproduction) (Ministry of Economy, Trade and Industry)
- Measures to enhance earthquake resistance of subways, major terminal stations, elevated bridges installed crossing or in parallel with emergency transportation roads, etc., airports, bridges connecting Honshu and Shikoku, and others. (Ministry of Land, Infrastructure, Transport and Tourism)
- Urgent maintenance and repair works of roads, tunnels, rivers, sand erosion control systems, railways, ports, seacoasts, airports, and others (Ministry of Land, Infrastructure, Transport and Tourism)
- Intensive support for measures to improve aging facilities and proactive measures for disaster prevention by communities (Disaster-prevention and safety grants) (Ministry of Land, Infrastructure, Transport and Tourism)
- Improvement of road networks to secure alternative roads; elimination of all utility poles; and others (Ministry of Land, Infrastructure, Transport and Tourism)
- Disaster prevention and security measures for national and other facilities (Ministry of Land, Infrastructure, Transport and Tourism)
- Measures to improve aging facilities and disaster prevention, such as the improvement of earthquake resistance of water facilities in farming mountain and fishing villages (Ministry of Agriculture, Forestry and Fisheries)
- Disaster-prevention and safety measures for remote islands (Ministry of Land, Infrastructure, Transport and Tourism)
- Promotion of the improvement of infrastructures for local regeneration (Cabinet Office)
- Support for cadastral surveys by municipalities and others (Ministry of Land, Infrastructure, Transport and Tourism)
- Further utilization of the joint shipbuilding program (Ministry of Land, Infrastructure, Transport and Tourism)
- Strengthening monitoring systems for concentrated heavy rains, volcanic mountains and others (Ministry of Land, Infrastructure, Transport and Tourism)

(3) Enhancing earthquake resistance of school facilities

As school facilities are not only places of education and living for children but are also used as shelters for local residents at the time of emergency and disaster, there is an urgent need to ensure safety of school facilities. Therefore, the government will

implement measures to enhance earthquake resistance of school facilities or buildings used by residents including the disabled ahead of schedule. We will also take measures to improve aging facilities and enhance their disaster-prevention functions ahead of schedule.

- Promotion of disaster-prevention measures, such as measures to enhance earthquake resistance of school facilities and improve aging school facilities, etc. (Ministry of Education, Culture, Sports, Science and Technology)
- Promotion of measures for the enhancement of earthquake resistance and fire prevention measures of social welfare facilities, and others (promotion of measures for the enhancement of earthquake resistance and installation of sprinklers in social welfare facilities; measures for the enhancement of earthquake resistance in disaster base hospitals; and installation of sprinklers in clinics and others) (Ministry of Health, Labour and Welfare)
- Disaster-prevention measures to maintain functions of government offices and others (Ministry of Justice, Board of Audit, Supreme Court, Ministry of Foreign Affairs)
- Enhancement of functions of national cultural facilities and others, etc. (Ministry of Education, Culture, Sports, Science and Technology)

(4) Enhancing nuclear accident response and nuclear disaster control measures

In addition to nuclear accident responses which are technically challenging and require an active involvement of the state, the government will advance the enhancement and reinforcement of nuclear disaster-prevention measures, including the enhancement of the Nuclear Regulation Authority's organization and radiation protection measures for indoor sheltering and other facilities. We will also promote the improvement of roads which will help evacuations.

- Project for decommissioning and countermeasures relating to contaminated water (Reproduction) (Ministry of Economy, Trade and Industry)
- Enhancement of the organization of the Nuclear Regulation Authority (Ministry of the Environment)
- Enhancement and acceleration of nuclear disaster-prevention measures (Ministry of the Environment, Cabinet Office)
- Intensive support for countermeasures against facility obsolescence and proactive measures for disaster prevention by communities (Disaster-prevention and safety grants) (Reproduction) (Ministry of Land, Infrastructure, Transport and Tourism)
- Improvement of road networks to secure alternative roads; elimination of all utility poles; and others (Reproduction) (Ministry of Land, Infrastructure, Transport and Tourism)

(5) Recovery from natural disasters such as typhoons

The government will promptly implement projects for the post-disaster restoration of public and other facilities affected by natural disasters such as typhoons.

- Support for the post-disaster restoration of public school facilities (Ministry of Education, Culture, Sports, Science and Technology)
- Post-disaster restoration of social welfare facilities (Ministry of Health, Labour and Welfare)
- Post-disaster restoration of railway and waterworks facilities (Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Health, Labour and Welfare)
- Project for the post-disaster restoration of public civil engineering and other facilities (Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Agriculture, Forestry and Fisheries)

3. Realization of a safe and secure society

(1) Ensuring well-maintained public security

In order to ensure well-maintained public security, the government will strengthen enforcement capacities at the field level to respond to the situation of recent crimes. We will also improve court operations and reinforce detention and treatment systems in correction facilities.

- Strengthening investigative skills and enforcement capacities at the field level, such as through the improvement of materials, vehicles and vessels (National Police Agency)
- Strengthening border control against goods harmful to the society with the improvement of control devices (Ministry of Finance)
- Strengthening detention and treatment systems in correction facilities to ensure well-maintained public security (Ministry of Justice)
- Enhancing court operations, such as through the improvement court support devices (Supreme Court)

(2) Ensuring a sense of security

The government will promote efforts to ensure the safety and security for consumers, such as efforts to promote proper food labeling and the enhancement of accessible consultation services within communities. Likewise, we will be committed to the development of suicide prevention measures in communities as well as the improvement of waste disposal facilities which support living infrastructures of communities.

- Promotion of proper food labeling; measures to enhance the administration of consumers' affairs corresponding to the development of community systems (Consumer Affairs Agency)
- Promotion of suicide prevention measures in communities (Cabinet Office)
- Promotion of improved resilience of waste disposal systems (Reproduction) (Ministry of the Environment)

(3) Crisis management

In order to secure prompt and sure transmissions of information to the public, the government will strengthen the prime minister's office's crisis management system and measures for information security, etc. Likewise, we will be committed to the enhancement of maritime security infrastructures and the development of information-gathering satellites. Furthermore, in view of strengthening the country's defensive readiness, we will make efforts to secure stable operations of the Self-Defense Forces.

- Strengthening the crisis management system and response capacities of the prime minister's office (Cabinet Secretariat)
- Development of information-gathering satellites, and others (Cabinet Secretariat)
- Strengthening the Japan Coast Guard's security measures for the territorial sea (Ministry of Land, Infrastructure, Transport and Tourism)
- Strengthening operational organizations of the Self-Defense Forces (Ministry of Defense)

IV. Measures for reducing impacts on low-income earners and child-rearing households and moderating the rush demand and recoil reduction

In order to ensure that excessive fluctuations in demand related to the planned hike in the consumption tax rate would not lead to downside risks for the economy, based on the "Economic policy package", the government will take cash benefit measures to address the rush demand and recoil reduction and to mitigate impacts on low-income earners. Likewise, we will take cash benefit measures to mitigate impacts on child-rearing households.

- Cash benefit measures related to general housing acquisitions (Housing cash benefits) (Ministry of Land, Infrastructure, Transport and Tourism)
- Cash benefits related to the reconstruction of disaster victims' houses (Subsidies for home reconstruction) (Reproduction) (Reconstruction Agency)
- Simple cash benefit measure (Provisional Welfare Benefits) (tentative name) (Ministry of Health, Labour and Welfare)
- Temporary special cash benefit measures for child-rearing households

V. Realization of virtuous economic cycles

In view of an early realization of virtuous economic cycles, the government will be committed to the expansion of the tax system to promote income growth as incorporated in the "Economic policy package" as well as efforts in trilateral conferences of the government and the labor and business communities. We will also end the special corporate tax surcharge for disaster reconstruction a year ahead of schedule so that it will trigger an immediate raise in corporate earnings. In order to secure positive outcomes, we will continue our efforts such as thorough requests to the economic community and follow up/publish the situation of salary increases, including impacts on local small and medium-sized enterprises, etc.

VI. Execution of economic measures

(1) Prompt execution of the economic measures

The government will promptly substantiate measures so that effects of the economic measures will appear quickly and properly address the recoil reduction which would be caused by the hike in the consumption tax rate. It will also request local governments to take prompt measures. In addition, in promoting such efforts, amid an increasing sense of shortage in labor in the field of the construction industry, we will expend all possible means so that so that local construction companies can secure profitability and ensure smooth construction in public projects. Such means will include concluding contracts at a proper price through the application of the latest unit labor price, etc., using engineers and technicians effectively with larger order lots while considering using local companies, ensuring proper payments for the procurement of outside materials depending on the actual situation of communities, thoroughly promoting the streamlining of bidding and contract procedures, and facilitating financing arrangements.

(2) Monitoring their progress

In terms of measures and policies listed in the economic measures, the government shall check on their progress, etc., and properly publish the outcomes.

Chapter 3 Financial Size and Impacts of the Economic Measure

The annex shows the financial size of the economic measures. If we calculate the economic impacts of the measures at the present moment, the expected impact on real GDP is approximately 1% and impact on job creation is approximately 250 thousand.

In addition to measures and policies leading to an improved growth dynamic as included in the economic measures, the government will be committed to efforts towards the realization of economic virtuous cycles and the tax measure of approximately 1 trillion yen as decided under the “Economic policy package”. It is expected that such efforts will result in the stimulation of private investments and consumptions, and the improvement of productivity, leading to an economic growth with increased incomes and employment.

(Annex)

Economic Impacts

[Trillion yen (Approximately)]

	(Central Government Expenditure)	(Total Size)
I. Measures to strengthen competitiveness	1.4	13.1
II. Policies for women, young people, the elderly and the disabled	0.3	0.4
III. Acceleration of measures for reconstruction, disaster prevention and safety	3.1	4.5
1. Recovery/Reconstruction of areas damaged by the Great East Japan Earthquake	1.9	2.4
2. Improvement of the nation's resilience, acceleration of disaster prevention/mitigation efforts and others, realization of a safe and secure society	1.2	2.1
IV. Measures for reducing impacts on low-income earners and child-rearing households and moderating the rush demand and recoil reduction	0.6	0.6
Total amount	5.5	18.6

Note: Besides the indicated items, increase of tax allocations to local governments (1.2 trillion yen), obligatory assurance of national subsidization for a multiyear construction project (0.3 trillion yen) and fiscal investment and loan programs (0.1 trillion yen) are included in total amount.