

**Comprehensive Economic Measures to Secure  
People's Lives and Livelihoods toward Relief and Hope**  
Cabinet Decision on December 8, 2020  
(Summary)

December 2020  
Cabinet Office

# New Economic Stimulus Package (December 8)

## Comprehensive Economic Measures to Secure People's Lives and Livelihoods toward Relief and Hope

2020.12.8

### Underlying economic conditions:

- Despite the subsequent economic recovery from a large drop in the second quarter, the economic activities remain far below the pre-pandemic level, as indicated by the existence of large output gap in the third quarter.
- The recent surge of COVID-19 infections both inside and outside Japan generates great uncertainty over the economy.
- The pace of economic recovery is expected to be slower than that of other developed countries. Thus the full recovery to the pre-pandemic economic level would take time.
- As a background of the weakness of economic recovery, the delay in adapting to new growth model in the post-Corona era characterized by digitalization and green society might be reflected in weak business investment.

### Basic Concept of the new economic stimulus package:

- Making every effort to contain COVID-19 and supporting jobs and businesses
- Tackling challenges emerging amid this pandemic, such as delay of digitalization and monopolar concentration in Tokyo
- Focusing on policies that stimulate private investment in the fast growing fields such as digitalization and green society.
- Utilizing all available policy instruments including fiscal expenses, taxation and regulatory reform to achieve the economic recovery to the pre-pandemic level within FY2021.

# New Economic Stimulus Package : Pillar

## Components of the economic stimulus package

- I. Containment measures for COVID-19
- II. Promoting structural change and positive economic cycles for Post-Corona era
- III. Securing safety and relief with respect to disaster management
- IV. Proper and timely implementation of reserve fund

### . Containment measures for COVID-19

1. Securing the medical treatment system & Supporting medical institutions
  - Additional subsidy for securing beds at hospitals and accommodations for patients with mild symptoms, Supporting medical institutions for preventing infections, Preferential remuneration for pediatrics etc.
2. Enhancing the testing system & Developing vaccine distribution system
  - Financial assistance for taking PCR & antigen-detecting tests, Supporting productions of test kits, Ensuring the vaccination system including making the fee free for all applicants up until the first half of 2021
3. Containment measures based on data and technology
  - 1.5 trillion-yen increase in "Local Revitalization Grant for the Novel Coronavirus Disease," (including financing cooperation money to those businesses accepting the request of cutting operating hours)
4. International cooperation for containing COVID-19
  - Cooperating with international organizations to achieve fair access to vaccines and the circulation of remedies at reasonable prices among developing countries

# New Economic Stimulus Package : Pillar

## . Promoting structural change & positive economic cycles for Post-Corona era

### 1. Realizing digitalization and green society

- (1) **Digitalization:** New fund (170 billion yen) for standardizing IT systems in local governments, Prevailing “my-number card”, Digitalization of education, Promoting R&D towards Post 5G and Beyond 5G
- (2) **Green society:** 2 trillion-yen fund to support innovative technology developments which contribute to achieving 2050 carbon neutral target, Promoting EV (Electric Vehicle) and ZEH (Net Zero Energy House)

### 2. Enhancing productivity through structural changes and innovation

- (1) **Supporting business-style changes of SMEs & re-building businesses of firms:** New subsidy up to 100 million yen for supporting business-style changes of SMEs, Extending concessional (interest-free) loans and establishing new financial measures to support re-building businesses
- (2) **Promoting Innovation:** Establishing a university fund amount to 10 trillion yen to improve research environments and support young researchers with management reform of top universities in place
- (3) **Making supply chains resilient & improving international competitiveness:** Additional subsidy for making supply chains resilient, Promoting foreign investment to Japan & international financial centers

### 3. Realizing positive economic cycles in regions & employment led by private demand

- (1) **Regional revitalization including encouraging people to go to regions:** Extending “Go To Travel & Eat” campaign, Developing environment for teleworking, Supporting online activities of culture, art, and sport
- (2) **Employment package to facilitate workers to move to growth sectors:** New subsidy for both assignor and assignee firms, Extending and then gradually decreasing job retention scheme after next March
- (3) **Boosting agriculture, forestry and fisheries:** Supporting exports of agricultural and fishery products
- (4) **Supporting household & private demand:** Extending emergency small loans and life support loans & housing benefit, Tax measure to promote employment and wage hike, Point reward for residential investment, Additional grant for single-parent households, Expanding grant for Infertility treatment

## . Securing safety and relief with respect to disaster management

1. Promoting national resilience with respect to disaster management
  - Making 5-year plan for promoting national resilience (project scale amounting 15 tn yen from FY2021 to 25), which accelerates measures to deal with severe natural disasters, preventive maintenance of infrastructures, and digitalization
2. Recovery from aftermaths of natural disasters
  - Supporting housing, employment and infrastructure to recover from aftermaths of severe natural disasters, such as the intense rainstorm disasters in July 2020
3. Securing people’s safety and relief
  - Strengthening self-defense equipment, Subsidizing barrier-free investment of local public transportations, Continuing subsidy for special cars supporting elderly drivers

## . Proper and timely implementation of reserve fund

### Size and Effect of Comprehensive Economic Measures

Size of Economic Stimulus (trillion yen)							Total
	Fiscal expense	5.9	18.4	5.6	10.0		40.0
	Project scale	6.0	51.7	5.9	10.0		73.6

Effect of Economic Stimulus	Expected Increase in GDP
	Around 3.6 %