

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

December 8, 2020

Cabinet Decision

The "Comprehensive Economic Measures to Secure People's Lives and Livelihoods toward Relief and Hope" shall be determined as attached hereto.

(Attachment)

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

December 8, 2020

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Chapter 1 Recognition of Current Circumstances and Concept of the Economic Measures

I. Current Situations of the Novel Coronavirus and the Current Status of the Economy

Under the declaration of a state of emergency based on the Act on Special Measures Concerning Countermeasures against Pandemic Influenza and New Infectious Diseases Preparedness and Response¹, our country's economy fell into its worst postwar state in April and May this year as a result of an artificial halt to the economy. However, since the declaration was lifted, the level of socioeconomic activities has been gradually raised in a manner compatible with the prevention of the spread of infection. In July and August, in addition to the increase in the number of new positive cases, due to the effects of the heavy rain in July 2020, there was a standstill in the economy. However, the recovery of the economy in our country continues, with the increase in exports due to the recovery of the European and American economies after the termination of lockdown, and the combined effects of the "Emergency Economic Measures to Cope with the Novel Coronavirus (COVID-19)"² and the 1st and 2nd supplementary budgets for FY 2020, to improve private consumption.

However, after the GDP gap³ worsened significantly in the April-June quarter of this year, the gap remained to the considerable degree also in the July-September quarter, when economic activity resumed and a high growth rate was shown. Economic recovery is still under way, with economic levels remaining below pre-Corona levels. Under the circumstances, the employment and income environments, which form the basis for private consumption, remained weak, falling far below the pre-Corona level, although the number of employees and wages remained firm. The impact on the employment and income of non-regular workers and women in particular was evident. In addition, given that bonuses are expected to decrease significantly this winter and employment is a lagging index, it is necessary to pay sufficient attention to the possibility that adverse effects may develop later depending on future trends in infectious diseases.

With regard to the spread of the Novel Coronavirus disease, it has spread again in Europe and the United States since October this year, and major European countries have

¹ Act on Special Measures Concerning Countermeasures against Pandemic Influenza and New Infectious Diseases Preparedness and Response (Act No. 31 of 2012).

² Cabinet decision on April 20, 2020.

³ According to an estimate by the Cabinet Office (Published on November 27, 2020) based on the 1st preliminary report of GDP for the July-September quarter of 2020 (Published on November 16, 2020), the figure for the April-June quarter was minus 10.5%, and the figure for the July-September quarter was minus 6.2%. The size of the GDP gap depends on the underlying data and estimation methods, so it is necessary to consider the gap in some breadth.

reintroduced restrictions on socioeconomic activities. As a result, downward pressure on the economy from the effects of the disease, particularly on private consumption, is rapidly emerging. The Japanese economy is also concerned about downside risks to exports and production. In Japan as well, the number of new positive cases began to increase in November, surpassing the highest level ever, and there is a growing concern among the public that the diseases will further spread and economic activities that have started to move will stagnate.

Furthermore, seeing into the post-corona era, for example, as for face-to-face services, the business model used in the past does not work and the circumstances don't give opportunity to conduct economic activities in response to changes in the new era. Such unassailable mindset is reflected in the decline in private investment, which is the engine of growth, including the software required for digitization. According to the outlook of the international organizations⁴ as well, among the major developed countries, it is expected that the growth rate of our country in the post-Corona recovery phase would be low, and the time to return to the pre-corona stage would be delayed. Therefore, strengthening the growth potential, which has been an issue for many years, is essential for realizing a sustainable recovery led by private demand.

First of all, the Government will continue to take all possible measures to prevent the spread of the disease with a strong sense of crisis, including the results of data analysis using information technology (IT) and artificial intelligence (AI), through well-defined infection control measures based on knowledge gained from the experience since the beginning of the year. And, while controlling the spread of the disease, the Government will continue to support employment and business, and firmly move the economy. At the same time, in order to realize a new economic structure and growth model in post-corona era, it is necessary to strongly promote regulatory reform, enhance growth potential through wise spending, encourage companies to make use of their cash and deposits, and attract private investment, which is weak, compared to major countries. In light of the considerable GDP gap, strong economic measures must be taken to restore our country's economy to its pre-corona level by the end of next fiscal year and return it to a growth path led by private demand, in order to avoid falling into deflation by any means.

II. Concept of Economic Measures

Based on recognition of the current situation mentioned in the above, the Government will formulate these new economic measures to protect the lives and livelihoods of the people, to maintain employment, to restore the economy, and to make a new breakthrough

⁴ The International Monetary Fund (IMF) "World Economic Outlook" (Published October 2020) and the Organisation for Economic Co-operation and Development (OECD) "Economic Outlook 108" (Published December 2020).

for growth, and will formulate the FY 2020 3rd supplementary budget.

These economic measures are composed of two major viewpoints, one of them is to strengthen the sure “defense” to address the concerns of households and businesses, and another one is to shift its focus to "offense" for a new era. "Defense" means, first and foremost, to ensure a comprehensive medical care system and make every effort to prevent the spread of the disease, while at the same time mitigating as much as possible the economic impact of the domestic and overseas epidemic situations particularly on employment, business and livelihoods.

On the other hand, "offense" refers to the challenges which have come to surface through the COVID-19 Crisis: significant delay in digitization in the national and local governments, monopolar concentration in Tokyo, and vulnerability of our country's supply chains with high concentration of production bases overseas. While boldly attracting private investment, the Government should concentrate its resources on measures that will increase productivity, encourage continuous wage increases, and lead to sustainable income growth and stronger growth potential, such as the realization of green society that creates a virtuous cycle between the environment and the economy, the strengthening of the business structure of SMEs and small businesses that support the economic foundation through support for business reconstruction, the smooth movement of labor across industries and occupations, and the strengthening of an environment that generates discontinuous innovation.

From this perspective, the three pillars of the economic measures are as follows. The first is measures to prevent the spread of the novel coronavirus disease. Based on the knowledge, etc. gained so far, the Government will take all possible containment measures to ensure compatibility with socioeconomic activities, and will work to further strengthen the medical care provision system and develop a prompt and stable vaccination system in order to prevent hospital beds shortage. In addition, the Government will provide support for initiatives in accordance with the actual conditions of the region, including providing additional support when local governments request restaurants, etc., which provide alcoholic beverages, to shorten their business hours, and provide support of the payment of cooperation funds. In addition, the Government will make every effort to ensure effective infection countermeasures in preparation for the Olympic and Paralympic Games Tokyo 2020 next summer.

The second is the realization of a virtuous cycle and a transformation of the economic structure toward the post-corona. In order to establish a growth model for the new era, the Government will strengthen the growth potential and boldly attract private demand by mobilizing all possible measures including the budget, regulatory reform, and tax reform under wise spending from the following viewpoints.

(i) "Realization of digital reform and green society"

Integrated and fundamental acceleration of digitization at national and local levels, enhancement of promotion of the use of My Number Cards, development and improvement of advanced digital infrastructure, promotion of digitization of

education including high schools, and promotion of early development and social implementation of innovative technologies toward carbon neutrality by 2050

- (ii) "Improving productivity through economic structural transformation and innovation"
- (iii) As a matter of course, the purpose of the program is not to eliminate SMEs and other entities that support local communities. The Government provides support for business reconstruction and positive investment, accelerates innovation such as world-class University Fund, and strengthens supply chains effectively by diversifying production bases
- (iv) "Realization of a virtuous cycle led by private demand in local communities, society and employment"

Measures to assist the smooth movement of labor to growth fields and the investment in human resources necessary for it, while supporting employment and livelihoods in addition to promoting flow of people to provincial areas through backing vitalization of domestic sightseeing and regional unique efforts after having taken thoroughly prevention measures against the spread of the disease, and expansion of export of agricultural, forestry, and fishery products and food which underpin the local economy, as well as measures to stimulate household demand

The third is to ensure safety and relief by promoting disaster prevention, mitigation and building resilience of national land. In addition to accelerating recovery and reconstruction from disasters such as torrential rains in July 2020, the Government will take quick and flexible measures for disaster prevention, mitigation, and building national land's resilience in accordance with the situation of natural disasters from the next fiscal year to FY 2025. The Government will promptly compile a "5-Year Acceleration Measures for Disaster Prevention, Disaster Mitigation, and National Land's Resilience (tentative name)" which will focus on measures against severe storms and floods and imminent large earthquakes, measures against deterioration for preventive maintenance, and measures for the promotion of digitalization. In particular, the additional project scale required for measures to be accelerated and deepened will be aimed at approximately 15 trillion yen, and for the first fiscal year, measures will be taken in the FY 2020 3rd supplementary budget.

In light of the current impact of the spread of the disease, the Government will execute the reserve fund for countermeasures against the novel coronavirus in this fiscal year in a timely and appropriate manner as necessary. Under these 3 pillars, based on the concept of "15 month budget", the Government will formulate the FY 2020 3rd supplementary budget in an integrated manner with the FY 2021 initial budget, and implement thorough fiscal policies in a seamless manner. In doing so, in light of the fact that the economic support and boost effects of the previous economic measures and supplementary budgets are expected to be realized mainly in the current fiscal year, the Government will secure a scale that is large enough to generate sufficient effects to stimulate private demand, including capital investment, while trying to support the economy through public

expenditure under the concept of wise spending. The expeditious implementation as possible will lead to a virtuous cycle of the economy, together with the self-sustaining recovery of private demand. Taking advantage of the current low interest rate situation, the Government will actively utilize the methods of the Fiscal Investment and Loan Program (FILP), and take comprehensive measures by mobilizing all possible policy measures, including regulatory and institutional reforms and tax system reforms, with the aim of certainly realizing a growth path led by private demand through improving productivity and continuously increasing wages.

The Bank of Japan enhances monetary easing with a view to doing its utmost to support financing mainly of firms and maintaining stability in financial market. The Government will continue to share a strong sense of tension with the Bank of Japan and work closely together under an appropriate policy mix of fiscal and monetary policies. The Government expects the Bank of Japan to pay careful attention to the economic impact of the novel coronavirus disease and conduct appropriate monetary policy.

Chapter 2 Measures to be taken

Based on the concept in Chapter 1, these economic measures aim to firmly protect the lives and livelihoods of the people and to realize a sustainable growth path led by private demand in the new post-corona era. Specifically, the Government will focus on the following measures, which will lead to private demand-led growth at its core, such as encouraging private investment under the concept of wise spending, with three pillars: (1) measures to prevent the spread of the novel coronavirus disease; (2) transforming the economic structure and creating a virtuous cycle toward post-corona; and (3) ensuring safety and relief by promoting disaster prevention, mitigation and building national land's resilience.

At the same time, the Government will effectively disseminate information and publicize the government's efforts and situation regarding the novel coronavirus disease, including the measures incorporated in these economic measures, so that the public will be able to understand them clearly and accurately.

I. Containment Measures for the Novel Coronavirus Disease

1. Securing the Medical Treatment System and Supporting Medical Institutions

In response to the spread of the novel coronavirus disease, it is extremely important for the public to work together once again to thoroughly implement basic measures against the disease, and to ensure a complete medical care system, including securing hospital beds.

The "Emergency Comprehensive Support Grant for the Novel Coronavirus Disease" will be increased, and prefectures will continue to strengthen the medical care provision system, etc., by securing beds at priority medical institutions, etc., supporting the securing of accommodation facilities for patients with mild symptoms, and improving measures for foreign nationals, etc., corresponding to their local circumstances. As an emergency and temporary response in light of the current impact of the spread of the disease, support will be provided to medical institutions, including medical institutions for treatment and examination, to prevent the spread of the disease, and special measures will be approved in terms of medical fees for supporting pediatrics, etc. and supporting the transfer of patients recovering from the disease. In addition, in order to respond to the pressing medical conditions, the Government will expand the Gathering Medical Information

System on COVID-19 (G-MIS⁵), and support the development of facilities such as negative pressure and private rooms necessary for inpatient medical institutions and institutions to inspect returnees and out-contacts, in order to accept patients with the disease.

The "Emergency Comprehensive Support Grant for the Novel Coronavirus Disease" for nursing care, welfare for persons with disabilities, and child welfare will be increased, and support will be provided for the purchase of goods necessary for disease control measures, etc. In addition, in order to further promote infection control measures for elderly care facilities, foster care facilities, support facilities for persons with disabilities, etc., support will be provided for renovating private rooms, etc.

Through these efforts, the Government will firmly support medical and nursing care professionals who continue to be at the forefront of the fight against the disease and are committed to their work.

- Emergency Comprehensive Support Grant for the Novel Coronavirus Disease (Medical care, nursing care, welfare for persons with disabilities, child welfare) (Ministry of Health, Labour and Welfare (hereafter MHLW))
- Support for preventing the spread of infection, etc. to medical institutions, etc. including medical institutions for treatment and inspection (MHLW)
- Special Measures on Medical Fees for Support to Pediatrics and Support for Transfer of Patients Recovered from Novel Coronavirus Infection (MHLW)
- Expansion of G-MIS functions, etc. (MHLW)
- Project for Facilities Improvement of Hospitalized Medical Institutions for Patients with the Novel Coronavirus Disease (MHLW)
- Improvement of the Medical Care Provision System at the National Hospital Organization (MHLW)
- Support for renovation, etc. to convert foster care facilities, elderly care facilities, support facilities for the disabled, etc. into private rooms (MHLW)
- Concessional (interest-free and no collateral) and other crisis response loans provided by the Welfare and Medical Service Agency (WAM) for medical and welfare services (MHLW)
- Emergency Comprehensive Support Grant for the Novel Coronavirus Disease (MHLW)
- Subsidies to Medical Institutions, etc., that Add Workers' Accident Compensation Benefits to Qualified Medical Practitioners, etc. (MHLW)

⁵ Gathering Medical Information System on COVID-19. An information system that unitarily grasps information from medical institutions across the country and provides such information and support, regarding the operation status of hospitals, the status of hospital beds and medical staff, and the status of securing medical equipment and materials.

- Expansion of Support Project for Enhancement of Insurer Functions Related to Health Insurance Societies (MHLW)

, etc.

2. Enhancing the Testing System and Developing Vaccination System

(1) Improvement of PCR⁶ and Antigen-Detecting Test System

In addition to continuing to conduct administrative tests based on the Infectious Diseases Control Law⁷, such as paying public expenses for insurance-applied out-of-pocket expenses for PCR tests, etc., the national government shall provide support for increased and stable production⁸ of antigen-detecting test kits, etc., so that necessary tests can be certainly received. In addition, necessary support will be provided for the improvement of PCR testing equipment at local institutes for health and inspection agencies that carry out the inspection. At the same time, external quality control surveys will be conducted to ensure the accuracy of PCR tests conducted at various locations, including private inspection agencies.

- Implementation of PCR and Antigen Tests (MHLW)
- Purchase of Antigen Test Kits (MHLW)
- New Coronavirus Infection Emergency Comprehensive Support Grant (Medical Care) (MHLW) [Listed again]
- External Quality Control Survey for PCR Inspection, etc. (MHLW)

(2) Development of Vaccination System and Therapeutic drugs, etc.

With regard to vaccines, the top priority will be to confirm their safety and effectiveness, and the Government aims secure enough vaccines to be provided to all citizens by the first half of next year. In doing so, the Government will take all possible measures to improve the vaccination system, such as providing subsidies for the expenses required for the development of the system by local governments and having the vaccination expenses borne by the national government, so that the people who wish to receive the vaccination can receive without delay.

⁶ Polymerase Chain Reaction

⁷ Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases (Act No. 114 of 1998).

⁸ The ministry will request an increase in production based on the assumption that the Government will buy surplus test kits.

With regard to pharmaceuticals developed in Japan and overseas, the Government will make efforts to ensure the delivery of promising drugs to the public through the national government's purchase of such pharmaceuticals while ensuring their safety. In addition, the Government will continue to promote research and development to create innovative pharmaceuticals and medical devices through industry-academia-government collaboration.

- Project for Improvement of Vaccination System for the Novel Coronavirus Disease (MHLW)
- Expansion of the Emergency Improvement Fund for Vaccine Production Systems (MHLW)
- Project to Ensure the Safety of New Coronavirus Vaccines (MHLW)
- Project to Ensure the Quality and Safety of Biological Products Including Vaccines (MHLW)
- Securing Drugs for the Novel Coronavirus Disease (MHLW)
- Support for Costs Required for Clinical Trials of the Novel Coronavirus Treatment Drugs and Pharmaceutical Applications (MHLW)
- Project for Urgent Investigation of Drugs for the Novel Coronavirus Disease (MHLW)
- Medical Research and Development Innovation Platform Creation Project (CiCLE⁹) (Cabinet Office (hereafter CAO))

, etc.

3. Thorough Implementation of Infection Prevention Measures based on Knowledge

In response to the recent spread of the disease, local governments, with the involvement of the national Government, will request restaurants and other establishments that provide alcoholic beverages to shorten their business hours, and will make payments for the cooperation. In this case, local governments will get support for flexible responses by using the "fund frame for promoting cooperation" provided in the Local Revitalization Grant for the Novel Coronavirus Disease. The Government will firmly expand the subsidy (1.5 trillion yen), including by adding the said promotion fund frame, and support the expenditure required for these economic measures and the effective, efficient and detailed efforts by local governments responding to the actual conditions of each region to prevent the spread of the disease, etc.

In order to prevent the spread of the disease including nosocomial infections, the

⁹ Abbreviation of Cyclic Innovation for Clinical Empowerment.

current temporary measures, that have been revised so that patients who wish to receive medical treatment by online or telephone, and patient compliance instruction by online or telephone can receive such services, will be steadily implemented until infection is resolved, and support will be provided for the development of facilities related to online diagnosis. In addition, the Government will promote the unification of highly needed information, such as infection control measures and online responses at medical institutions and pharmacies nationwide.

In order to strengthen the function of the control tower for the infectious disease countermeasures, the system of the National Institute of Infectious Diseases and cooperation with the National Center for Global Health and Medicine will be strengthened.

Establishing a foundation for managing clinical and genomic information in an integrated manner, the Government promotes research and development of new testing methods and treatments. Furthermore, the Government will conduct surveys and research for the early detection of the beginning of the spread of the disease using AI, etc. and the utilization of simulations for the spread and control of infection, etc., and utilize them for the disease control. In addition, the Government will promote infection prevention measures based on the past knowledge in every aspect of daily life.

All concerned parties will work together to ensure effective infection countermeasures at the Olympic and Paralympic Games Tokyo 2020 next summer¹⁰. In addition, the Government will strengthen border control measures at airports by utilizing private inspection agencies in order to respond to visitors to Japan, which is expected to increase in the future, and implement smooth and prompt customs clearance through non-contact customs inspections.

- Expansion of Local Revitalization Grant for the Novel Coronavirus disease (CAO)
- Establishment of a Medical Information Website Foundation that Allows Users to Search Hospitals and Other Information Nationwide (MHLW)
- Project for Establishing a System to Provide Functional Information on Pharmacies Nationwide (MHLW)
- Telemedicine Facilities Improvement Project (MHLW)
- Project for Establishing a Unified Platform for Clinical Information, Genomes, etc. on New Coronavirus Infections (MHLW)
- Enhancement of the Functions of the Information Gathering and Management Support

¹⁰ On the basis of the interim summary (December 2, 2020) of the Coordination Meeting for COVID-19 Countermeasures at the Olympic and Paralympic Games Tokyo 2020 by the national government, the Tokyo Metropolitan Government, and the Tokyo Organising Committee of the Olympic and Paralympic Games, rigorous infection countermeasures shall be promoted for safe and secure Games.

System for Persons Infected with the Novel Coronavirus Disease (HER-SYS), etc. (MHLW)

- Epidemiological survey of new coronavirus infections (MHLW)
- Research and Development on Promotion of Diagnosis, Treatment and Epidemiological Surveys of New Coronavirus Infection (MHLW)
- Project to Promote Public Awareness of Contact Confirmation Application COCOA, etc. (Cabinet Secretariat (hereafter CAS))
- Analysis of Infection Status through Various Data Analysis Using AI and Survey and Research for Utilization of AI for Infection Control Measures (CAS)
- Support for measures against infectious diseases at daycare centers, kindergartens, elementary schools, junior high schools, senior high schools, and special needs education schools etc.(Ministry of Education, Culture, Sports, Science and Technology (hereafter MEXT), MHLW)
- Infectious Disease Control Project associated with the Postponement of the Olympic and Paralympic Games Tokyo 2020 (MEXT and CAS)
- Strengthening of Measures against Infectious Diseases at Kyoto Congress, etc. (MOJ)
- Strengthening of Border Control Measures against New Coronavirus Infections (MHLW)
- Measures to Prevent the Spread of Infectious Diseases at Customs at the Border (Ministry of Finance (hereafter MOF))
- Supporting Measures to Prevent the Spread of Infection for Foreign Residents (Ministry of Justice (hereafter MOJ))
- Support for the Improvement of Educational Facilities for Training Medical Personnel for Infectious Diseases (MEXT)
- Support for Japanese Nationals Residing Overseas and Japanese Descendants (Ministry of Foreign Affairs (hereafter MOFA))

, etc.

4. International Cooperation for Containing Infectious Diseases

In order to prevent the further spread of the novel coronavirus disease overseas and its influx into our country, the Government will continue to cooperate with international organizations and others working in the field to support efforts to settle the spread of the disease and improve medical systems and public health in developing countries. In order to ensure equitable access to vaccines and therapeutics for early containment of the diseases in developing countries, comprehensive efforts will be promoted for the

development, manufacture and procurement of vaccines and therapeutics. As part of this effort, the Government will further expand international cooperation, including through supporting a patent pool and promoting the supply of pharmaceutical so that therapeutics that have been successfully developed can be mass-produced rapidly and can be procured at low cost.

- Contributions to Gavi Vaccine Alliance (MOFA, MHLW)
- Contributions to CEPI¹¹ (MHLW)
- Support of a Patent Pool for Novel Coronavirus Pharmaceuticals and Promotion of Procurement of Therapeutics through Unitaid (Contributions to Unitaid) (MOFA)
- Contributions to Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) (MOFA)
- Preventing Further COVID-19 Outbreaks through the Japan International Cooperation Agency (JICA) (Expansion of "COVID-19 Crisis Response Emergency Support Loan Program") (MOF)
- Preventing Further COVID-19 Outbreaks including through MDBs.¹² (MOF)
- Support for Research and Development of Pharmaceuticals for Infectious Diseases (Contributions to GHIT¹³) (MOFA, MHLW)
- Comprehensive Program for improving infrastructure to promote clinical application of innovative medical seeds (Promotion Program for implementing multi-regional clinical trials) (MHLW)

, etc.

II. Promoting Structural Change and Virtuous Economic Cycle for Post-Corona Era

1. Realizing Digitalization and Green Society

(1) Digitalization

This crisis caused by the novel coronavirus disease highlighted the problem of the delay in digitization of administrative services, as evidenced by the difficulties in simple online

¹¹ Coalition for Epidemic Preparedness Innovations.

¹² International Monetary Fund, World Bank Group, Asian Development Bank, etc.

¹³ Global Health Innovative Technology Fund.

application, confirmation, and payment procedures for some benefits and grants.

The Government will radically accelerate the digitization of administrative procedures of the central government ministries, agencies, and offices, and will strongly support the reform of the digital infrastructure of local governments, such as standardization and commonization of systems based on cloud computing in principle, as a multi-year initiative. In order to promote the proliferation of My Number Cards at one stretch, which hold the key to digital government, and to contribute to the further promotion of digitization in private sectors, the Government will accelerate the development of technologies for upgrading telecommunications networks, which are an important infrastructure for digitization.

(i) Establishment of Digital Government

In order to digitize the administration of the central and local governments as a whole and provide appropriate administrative services from the viewpoint of users, the Government will intensively expedite administrative procedures and make them online by, for example, implementing unified operation of systems between ministries and agencies. With regard to information systems in local governments, the Government will make all-out efforts to ensure that standardization and commonization based on cloud computing will be realized within the next five years. In doing so, financial support will be provided in a form that enables local governments to advance digital reform systematically and stably with predictability as a multi-year initiative¹⁴.

- Promotion of Standardization and Commonization of Local Government Information Systems (CAS, Ministry of Internal Affairs and Communications (hereafter MIC))
- Promoting Digitization of Local Governments (Support for Information Security Measures) (MIC)
- System Improvement for Further Acceleration of Digitization of Administrative Services (MIC)
- Unification of Application System Functions (CAS)
- Acceleration and Expansion of Government Network Development Projects (CAS)
- Project to Establish the Base Registry¹⁵ (CAS)
- Online Tax Payment, Registration, Passport Application, and Other Administrative Procedures (CAO, Financial Services Agency (hereafter FSA), MIC, MOJ, MOFA, MOF,

¹⁴ A temporary fund will be established in the J-LIS (Japan Agency for Local Authority Information Systems), and the status of the fund will be considered when the law is revised to strengthen the governance of the nation to the J-LIS.

¹⁵ "Base registry" refers to a database that is registered and disclosed by public organizations, etc. and used in various situations as the basic data of society, such as people, corporations, land, buildings, qualifications, etc., and that serves as the basis of society in which accuracy and recency are ensured.

MEXT, MHLW, Ministry of Agriculture, Forestry and Fisheries (hereafter MAFF), Ministry of Land, Infrastructure, Transport and Tourism (hereafter MLIT), Ministry of the Environment (hereafter MOE), National Diet Library, Supreme Court, etc.)

, etc.

(ii) Promotion of the Spread of My Number Cards and Their Further Utilization

The My Number card, which can be used to apply for various online procedures, is the key to digitizing the administration. By the end of FY 2022, the Government aims to spread the system to almost all citizens, but the current diffusion rate is in the range of 20%, and it is necessary to significantly accelerate the diffusion pace. To this end, the Government will intensively promote the dissemination of "My Number cards" through the further use of "My Number Points" and integration with health insurance cards and drivers' licenses. At the same time, the Government will promote the utilization of My Number cards by appropriately connecting administrative procedures and systems.

- Expansion of the Number of People Eligible for Consumption Revitalization Measures Using My Number Points¹⁶ (MIC)
- System Development for Integrating Driver's Licenses and My Number Cards (National Police Agency (hereafter NPA))
- Dissemination of Acceptance Functions Using My Number Cards at Medical Institutions and Pharmacies (MHLW)
- Strengthening Measures to Promote My Number Cards (MIC)
- Demonstration of My Number Card Functions toward their Installation in Smartphones, etc. (MIC)
- Promotion of the Utilization of Information Coordination for Clerical Work with Unique Use of My Number (CAO)
- Publicity of the My Number System toward its Dissemination Promotion (CAO)
- Enhancement of Mynportal's Digital Infrastructure Functions (CAO)
- Project for System Improvement to Utilize Information on Medical Examination Results, etc. in Coordination with My Number Information System (MHLW)

, etc.

¹⁶ The person who apply for the My Number card by the end of this fiscal year will become the object of giving the My Number Point.

(iii) Further Promotion of ICT in Education, Medical Care, Welfare, etc.

With the advent of the novel coronavirus disease, there is an increasing need for the introduction of ICT and online education that can ensure the continuation of learning in the event of an infection expansion. For this reason, online education is being implemented as a special measure under the novel coronavirus disease. In addition to further enhancing the content of the system as a mechanism suited to the digital age, with the development of the environment in which an online device is provided for each pupil during this fiscal year at the compulsory education stage, ICT adoption and online use will be promoted at each stage of education, including the high school stage, and new learning will be realized through a hybrid of face-to-face instruction, and online and distance education suitable for the digital society so that no one is left behind. With regard to online medical care and patient compliance instruction, although temporary measures are being implemented from the viewpoint of preventing the spread of the novel coronavirus disease, as a system suited to the digital age, based on safety and reliability and based on evidence, the Government will make it permanent, and continue to promote ICT, etc. to enhance convenience in fields such as medical care and welfare, which are closely related to daily life.

- Nationwide Development of Online Learning System (CBT¹⁷ System) (MEXT)
 - Promoting EdTech/STEAM Education (Program to Promote Collaboration between Learning and Society) (Ministry of Economy, Trade and Industry (hereafter METI))
 - Implementation of “Smart DX Vocational High School (MEXT)
 - Expansion of the GIGA School Concept (MEXT)
 - Advancement of Universities and Technical Colleges Education by Digital Technology (MEXT)
 - Establishing an ICT Environment for Kindergartens (MEXT)
 - Promotion of ICT Use in Nursery Schools and Child Guidance Centers (MHLW)
 - Further Enhancement of Online Education (MEXT)
 - Making Online Medical Care and Patient Compliance Instruction Permanent (MHLW)
 - Establishment of NDB (National Database of Health Insurance Claims and Specific Health Checkups of Japan) (MHLW)
 - Computerization Project of Home-visit Nursing Claims (MHLW)
 - Addition of Systems and Functions for Utilizing Health Examination, Medical Care, and Nursing care Information across Prefectures and Municipalities (MHLW)
- , etc.

¹⁷ Abbreviation of Computer Based Testing.

(iv) Improvement of Environment for Development and Utilization of New Technologies in the Digital Field

In order to realize a data-driven "super-smart society," it is necessary to have communication infrastructures that are more advanced than 5G, and can safely and reliably distribute extremely large amounts of information in any situation without delay. In addition to strengthening the development and manufacture of post-5G and advanced semiconductors with enhanced functions for multiple simultaneous connections and ultra-low latency, the Government will accelerate and succeed the development of Beyond 5G, a next-generation wireless communication technology that is expected to be introduced around 2030 and will serve as the foundation of all industries and societies, ahead of other countries, and aim to be deeply involved in the international standardization process. The Government will actively support research and development in the digital field, including these innovative new technologies, and promote digitization in the fields of infrastructure, transportation, logistics, etc.

- Measures to Strengthen the Infrastructure of Post-5G Information and Communications Systems (METI)
- Beyond 5G Research & Development Promotion Project (MIC)
- Promotion of Digital Reform Utilizing Government Assets (Development of 5G Communication Network) (MOF)
- Digital Utilization Environment Creation Promotion Project (MIC)
- Establishment of an Integrated Intellectual and Human Resource Development Infrastructure of Cybersecurity (MIC)
- Establishment of Research & Development Bases to Promote AI Strategies (MIC)
- Research and Development of Innovative Optical Network Technology for New Social Infrastructure (MIC)
- Establishment of Verification Environment for Key Processing Device¹⁸ for Satellite Quantum Cryptographic Communication (MIC)
- Digitization of Community Development through Promoting Smart City and Promotion of Overseas Development of Smart City (MLIT)
- Smart City Promotion Project to Promote Data Collaboration (MIC)
- Promotion of the Super City Initiative (CAO)
- Strengthening the Science Information Network (SINET) as the Foundation for the Next Generation of Research and Education (MEXT)

¹⁸ A device that generates and manages encryption keys and detects eavesdropping.

- ICT International Competitiveness Enhancement Package Support Program (MIC)
 - Promoting Digital Transformation¹⁹ through the Development Bank of Japan <Including the Fiscal Investment and Loans> (MOF)
 - Promoting Digital Transformation in the Fields of Infrastructure, Transport, Maritime Industry²⁰ and Ports (MLIT)
 - Taxation System to Promote Investments for Business Restructuring²¹ (METI)
- , etc.

(v) Promoting Regulatory Reform toward Digital Reform

The Government will actively promote regulatory reforms that create value from the perspective of the people and society. In order to deal with various issues such as the delay in digitization of administrative services revealed through coping with novel coronavirus disease, the following regulatory reforms will be promoted to digitize the entire society, in addition to those related to online medical care, patient compliance instruction and online education.

○ Review of Documents, Seals, and Face-to-Face Meetings (All Ministries, Agencies and Offices)

The necessity of documents, seals and face-to-face meetings shall be checked and reviewed for all administrative procedures. With regard to procedures between private business operators, the Government will examine the necessity of regulations requiring written documents, seals, or face-to-face meetings under laws and regulations, and will, if necessary, reframe the procedures, introducing the digitization of receipts and various documents related to contracts for leasing, buying, and selling real estate, etc.

If necessary, the government will submit to the next ordinary Diet session a bill to revise the law, including a package of bills.

In addition, all administrative procedures will be brought online within five years, except for those that, by their nature, are not appropriate to be done so. The online usage rate in the fields where the number of procedures is particularly high and where there is high demand from business operators are supposed to be intensively increased. The Government will also do a review to the current methodology so that the use of cloud-

¹⁹ In addition to this, through the Development Bank of Japan, support will be provided for initiatives to realize a green society, such as the utilization of renewable energy (Establishment of the "Green Investment Promotion Fund"), as well as urban redevelopment and infrastructure development, such as electricity, that contribute to disaster prevention and mitigation, and national land's resilience.

²⁰ For example, digital transformation of shipyards will be promoted to improve efficiency throughout the life cycle of ships.

²¹ Discussed and concluded in the FY 2021 Tax Reform.

based digital signatures can be used for contracts that the national or local governments make.

○ Review of Exclusive and Resident Duties (MHLW)

With the review of documents, seals, and face-to-face meetings, as well as the recent advancement of ICT technology, it will become possible to review regulations for the appointment of specific persons and regulations requiring the personnel stationed permanently at specific locations. Rationalization of requirements for concurrent serving of building environment and sanitation management engineers of specified buildings, deregulation of requirements for on-site work and concurrent serving of industrial physicians, and review of over-the-counter drug sales regulations, etc. will be implemented.

○ Dissemination and Promotion of Telework (MHLW)

In order to promote and spread teleworking, we will review the "Guidelines for the Appropriate Introduction and Implementation of Off-site Work Using Information and Communication Technology" (by the MHLW on February 22, 2018), that provide application and attention points of labor-related laws and regulations concerning telework as well as points to be noted in personnel and labor management.

○ Digital Transformation of Regulations (MEXT, MIC, and MHLW)

As part of the digital transformation of regulations, the Government will review the copyright system so that rights can be processed smoothly at the same time when broadcasting programs are distributed on the Internet, and review the approval review system based on the Pharmaceutical Affairs Law²² to promote the development and introduction of cutting-edge medical devices such as medical device programs.

○ Development of System for Automated Delivery Robots (CAS, NPA, MLIT, and METI)

Based on the results of the demonstration tests on public roads, the basic policy of the system will be decided by next spring, and related bills will be submitted as soon as possible in the next fiscal year, in order to enable services using a large number of low-speed and small automatic delivery robots remotely.

²² Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Act No. 145 of 1960).

○ Realization of Virtual General Meeting of Shareholders (METI, MOJ)

The government will submit related bills to the next ordinary Diet session so that a virtual general meeting of shareholders can be held for next year's shareholders meeting.

(2) Realization of a green society

The challenge to reduce greenhouse gas emissions to net-zero, that is, to realize carbon neutrality by 2050, is our country's "new growth strategy" and the Government will make a big step forward in environmental investment in these economic measures in order to realize a green society. The key is innovation. The Government will promote the implementation of new technologies and research and development in the energy and industrial fields, including SMEs, at an accelerated pace, while mobilizing all available policies, such as conducting a comprehensive review of regulations concerning renewable energy, etc., and taking bold steps to ease them, as well as considering the development of necessary systems including a cross-sectoral legal framework.

In addition, by shifting to "decarbonized society," "circular economy," and "decentralized society," the Government will redesign the economy and society, create new demand, and reform the economy and society in order to realize green society. The Government will also promote international cooperation on greening through international organizations.

(i) Developing New Technologies for Carbon Neutrality

Toward the carbon neutral target by 2050, the Government will reform the energy sector and change the structure of its manufacturing industry, given that energy-related CO₂ accounts for about 85% of greenhouse gas emissions in our country. In particular, with regard to priority areas such as (1) electrification and the greening of electricity (Next-generation storage battery technology, etc.), (2) the realization of hydrogen society (Technology to supply and use large quantities of hydrogen to decarbonize the thermal and electric power fields), and (3) CO₂ fixation and reuse (Carbon recycling using CO₂ as a raw material or fuel, etc.), the Government will establish a fund of 2 trillion yen and continue to support companies' ambitious research and development activities over the next 10 years, which show a commitment to specific target periods and targets, with the aim of establishing innovative technologies at an early stage and implementing them in various fields such as power generation, steel manufacturing and chemical manufacturing, and the transportation sector such as automobiles. In addition to the above, the Government will actively support the practical application and research & development efforts of various new technologies in the green field such as carbon recycling, CCUS²³ and renewable energy.

²³ Abbreviation of Carbon Dioxide Capture, Utilization and Storage. To separate carbon dioxide discharged from factories from other gases and store and effectively use it.

- Funding Project to Provide Continuous Support for Innovative Technology Development toward Carbon Neutrality (METI)
- Development Project of Bio-derived Product Production Technology to Accelerate Realization of Carbon Recycling (METI)
- Promotion of Carbon Neutrality in Maritime²⁴ and Port Areas (MLIT)
- Project for Technological Advancement for Verifying Emissions from the Greenhouse Gas Observation Satellites (MOE)

, etc.

(ii) Changing the Lifestyles of the People to Realize Green Society

From the viewpoint of consumption of goods and services, household consumption accounts for about 60% of greenhouse gas emissions in our country, and it is necessary to change people's lifestyles in order to realize green society. The Government will also implement socioeconomic reforms, such as creating a "decarbonized area" with net zero CO₂ emissions. To this end, the Government will promote "decarbonization of mobility" through the spread of electrified vehicles such as electric vehicles and fuel cell vehicles that are green and resistant to disasters, and "decarbonization of houses, etc." through the support of thermal insulation renovation, etc., in order to shift to a decarbonized lifestyle. The Government will also realize the mainstreaming of local renewable energy in zero-carbon cities through the spread of independent and distributed energy. In addition, Japan will make contributions internationally to a greener world through the Japan Bank for International Cooperation (JBIC) and international organizations.

- Promote the Spread of Electric Vehicles and Fuel-cell Vehicles in Combination with the Introduction of Renewable Electricity and Charge-discharge Facilities that Can Supply Electricity in Times of Disaster (METI, MOE).
- Tax System²⁵ to Promote Decarbonization Investment by Enterprises (METI)
- Thermal Insulation Reform and ZEH²⁶ Support Project for Houses (MOE)
- Promotion of the Spread of Wooden Houses with High Energy-saving Performance

²⁴ For example, in order to make a fundamental shift from petroleum fuels to hydrogen and other gaseous fuels in the future, the Government will establish state-of-the-art production methods for various types of gas-fueled ships.

²⁵ Discussed and concluded in the FY 2021 Tax Reform.

²⁶ Abbreviation of Net Zero Energy House. A house is to achieve around zero balance of annual primary energy consumption by introducing renewable energy, etc., after realizing substantial energy conservation while maintaining comfortable living environment through the introduction of highly efficient equipment systems, as well as significantly improving the thermal insulation performance of the housing shell.

toward the Realization of a Decarbonized Society <Including the Fiscal Investment and Loans> (MLIT)

- Green Housing Point System (MLIT)
- Project to Promote Decarbonization and Resilience of Buildings, etc., Including Support for the Introduction of High-performance Ventilation Systems, etc.²⁷ (MOE)
- Project for Promoting Regional Mainstreaming of Renewable Energy and Strengthening of Resilience through On-site PPA²⁸ for Realizing a Green Society (MOE)
- Project to Promote the Introduction of Advanced Resource Recycling Facilities for the Construction of a Decarbonized Society (MOE)
- Program to Promote the Introduction of High-efficiency Heat Pumps in the Industrial and Operational Sectors (METI)
- Program for the Promotion of Compensation for the Introduction of Advanced Low Carbon Equipment (METI)
- Measures for Livestock Biomass for Local Consumption (MAFF)
- Realization of a Green Society through Forest Maintenance and Increased Consumption of Wood Products (MAFF)
- Formulation of Indo-Pacific Initiative for Decarbonization of the LNG Value Chain (METI)
- Support for Japanese Companies' Overseas Business Activities toward a Decarbonized Society, etc. through JBIC ("Post-COVID-19 Growth Facility (tentative name)²⁹") (MOF)
- Survey and Research on Integrated Regional Development of Offshore Wind Power (METI)
- Support for the Achievement of a Decarbonized Society through Contributions to the United Nations Framework Convention on Climate Change Secretariat (UNFCCC) (MOFA)

, etc.

²⁷ Specifically, this refers to equipment that can ventilate while maintaining room temperature by simultaneously exchanging heat between outside air and inside air during air intake and exhaust.

²⁸ Abbreviation of Power Purchase Agreement. In this case, the term refers to a direct contract for the sale of electric power between power consumers (Companies, etc.) who provide places to install self-consuming solar panels and use the electricity, and power producers.

²⁹ Reorganized "Growth Investment Facility" established in January 2020. Funding will be provided including through the Foreign Exchange Fund Special Account to support the overseas development of quality infrastructure toward a decarbonized society, as well as the strengthening of supply chain's resilience.

2. Enhancing Productivity through Economic Structural Changes and Innovation

(1) Supporting Business-Style Changes of SMEs and Re-Building Businesses of Firms

The Government will strongly encourage SMEs, which serve as the base of local economies by generating more than 50% of added value and 70% of employment, to continue business, transform business-type, develop new business fields, and transform management-style towards the post-corona era, not for the purpose of eliminating them, but for aiming at increasing of their productivity and raising wages of labor on a continual basis. Efforts will continue to be made to improve the environment for raising minimum wages.

The Government will establish a new subsidy scheme for business restructuring for SMEs that are seeking to respond to changes in the economy and society under the influence of the novel coronavirus disease. The subsidy up to 100 million yen for the capital investment expenses for facilities, etc. will be granted to SMEs for their efforts in developing new business or converting business type/industry³⁰ or enterprises who plan to expand the business scale through the restructuring.

As funding supports for SMEs in improving and transforming their business, the Government ensures that the concessional (interest-free and without collaterals) loans through private financial institutions are available until the end of March next year and that those loans offered by public financial institutions such as the Japan Finance Corporation will continue until the first half of next year for the time being, taking into account the infection situation and funding conditions.³¹ In particular, the Government encourages financial institutions to provide flexible and attentive funding support to SMEs toward the end of the year and the fiscal year. For positive investments by business owners with stronger growth orientation, the Government will continue to provide prioritized support for their introduction of IT tools that allows employees to work from home, etc., and their investment in infection prevention measures that contribute to balance the infection control and economic activities. Due to the impact of the disease increasing numbers of business

³⁰ For example, we assume cases where a restaurant whose sales decreased due to the novel coronavirus disease has introduced new services accepting orders on line or offering home delivery and take-out services while shrinking its existing services and saving costs by reducing the capacity to accommodate guests and kitchen facilities, or cases where a manufacturer which decided to enter the medical device field taking advantage of its own technology has newly made investments to procure necessary facilities for such purpose while shrinking and abolishing its conventional business and equipment.

³¹ In addition, the Government will promote to support the management improvement, business restructuring or conversion of SMEs, etc. by making use of funds or capital loans offered by the Regional Economy Vitalization Corporation of Japan (REVIC) or other institutions as well as exerting efforts in strengthening the collaboration and sharing know-how between local support organizations and financial institutions.

are closing or suspending their business. The Government will take all possible measures to tackle this situation by expansion of consultation systems for SMEs, development of systems related to business succession and revitalization support including utilization of experts at the time of business succession, and support for new challenges thereafter.³²

In order to revitalize local public transport operators facing severe business conditions and to ensure their business continuity, the Government will provide intensive support for their use of new technologies, such as the introduction of air purifiers with high-performance filters, and for their efforts to improve the financial performance through cooperation with tourism operators.

By promoting the establishment of partnerships between large enterprises and SMEs, which enables SMEs and small enterprises to pass on the fair cost to product prices, the Government will ensure that the fruits of business activities will be distributed in an appropriate balance so that SMEs and small enterprises can keep profits.

For companies that intend to make bold investments in business restructuring and reorganization, the Government will consider to give tax incentives³³ such as raising the upper limit on the deduction of operating loss carryforwards for a certain period. At the same time, the Government will promote regulatory reform that enables business development in response to changes in demand caused by the novel coronavirus disease.

Furthermore, looking ahead to the post-corona world, the Government will review the scope of permissible activities of banks so that financial institutions can engage in a wide range of businesses that contribute to build a sustainable economy including digitalization and regional revitalization. In addition, along with “Special Deposit Facility to Enhance the Resilience of the Regional Financial System” that the Bank of Japan is considering, the Government will establish a scheme to grant funds for regional financial institutions that will drastically improve their business efficiency through measures such as mergers and the establishment of a joint holding company, in order to maintain financial intermediary functions in depopulated areas.

- Establishment of business restructuring subsidies (METI)
- Extension of concessional loans through private financial institutions and measures for new credit guarantee system for SMEs' efforts in improving management, etc. (MOF, METI, and FSA)
- Continuation of concessional loans through the Japan Finance Corporation, etc. and expansion of loan system for SMEs' business transformation, etc. (MOF, METI, MHLW, and CAO)
- SME productivity revolution promotion project (Special scheme) (METI)

³² Including promotion of application of special provisions under the “Guidelines for Personal Guarantee Provided by Business Owners.”

³³ Discussed and concluded in the FY 2021 Tax Reform.

- One-stop comprehensive support project for SMEs and small enterprises (METI)
 - Promotion of business succession and transfer (METI)
 - Strengthening the functions of the SME Business Rehabilitation Support Co-operative (METI)
 - Revitalizing and continuing local public transportation with a view to the post-corona era (MLIT)
 - Taxation system to promote investments for business restructuring³⁴ (METI) [Listed again]
 - Taxation system for concentration of management resources³⁵ (METI)
 - Promotion of joint transportation and non-face-to-face delivery to improve logistics efficiency (MLIT)
 - Smooth transition to the new system in conjunction with simplification of procedures concerning special measures for relaxation of road occupancy permission standards for restaurants, etc. (NPA and MLIT)
 - Review of regulations on the scope of permissible activities of banks and establishment of a fund granting scheme (FSA)
 - Support for SMEs and small enterprises to raise minimum wages (MHLW)
- , etc.

(2) Promoting Innovation

Amidst the resurgence of the disease, European countries are shifting their focus to “aggressive” economic measures to accelerate innovation that will drive growth in the post-corona world, including the digital and green sectors. In Japan, keeping up to this trend, the Government will drastically strengthen our research base, which will generate discontinuous innovation that will lead to improved productivity and quality of life, not only in the fields of digital and green technology, but also in the fields of space, ocean, AI, quantum technology, genome, biology, and materials, etc.

In particular, the Government will establish University Fund with a scale of 10 trillion yen³⁶ and apply gains resulting from the investment of the fund to develop common facilities and data linkage infrastructure for universities that conduct research and development on a world-class level and to foster young human resources such as doctoral students, thereby building our country's innovation ecosystem.³⁷ In selecting universities

³⁴ Discussed and concluded in the FY 2021 Tax Reform.

³⁵ Discussed and concluded in the FY 2021 Tax Reform.

³⁶ The Government will strive to promptly realize a fund with a scale of 10 trillion yen, while taking into account the institutional design of university reform, etc.

³⁷ This is a system like an ecosystem in which each player relates to each other and autonomously

that are eligible for participating in the fund, the Government will require applicant universities to commit themselves to university reforms, such as autonomous management, responsible governance, and increasing efforts to acquire external funds, as well as to make contribution to the fund, while reviewing existing related projects.³⁸ For the time being, this fund will be financed by national funds, including fiscal loan funds, and will gradually require more financial contribution from participating universities and the private sector. The goal is that the participating universities will manage the fund with their own financial resources in the future. Contribution of the fiscal loan funds should be tentative to promote the independence of the fund. They should be repaid in a timely manner, taking into account the impact on the market. For this, a mechanism to ensure safe and efficient management and stable redemption of the fund³⁹ will be established.

While developing cutting-edge research infrastructure at national universities and public research institutes, the Government will support universities improving the treatment of doctoral students and securing their career paths in an integrated manner. In addition, it will create an environment in which young researchers can devote themselves to research, and expand the number of researchers eligible for the support system (Emergent Research Support) for up to 10 years. In order to enhance international competitiveness, the Government will formulate a strategy for promoting the use of standards for products and services in priority fields that should be tackled across ministries and agencies, and will guide the policies of each ministry and agency.

- Creation of University Fund to build a world-class research infrastructure <including the fiscal investment and loan program> (CAO and MEXT)
- R&D contributing to the international space exploration "Artemis Program" (MEXT)
- Inter-ministerial R&D project to promote space development and utilization (CAO)
- Development of the supercomputer "Fugaku" (MEXT)
- Digital transformation of the research environments⁴⁰ (MEXT)
- Establishment of facilities and equipment for the quantum life science research center (MEXT)
- Promotion of the next-generation synchrotron radiation facility through a public-private

accelerates the creation of innovation.

³⁸ For choosing eligible universities, the Government will discuss necessary institutional reform and get a conclusion.

³⁹ Based on the purpose of timely disclosure, the Government will build a system to verify the status of investment at an appropriate frequency, and if the status of investment falls below a certain level for a certain period of time, take necessary measures, such as providing for mandatory review on the investment in a law, including the suspension of investment and early redemption.

⁴⁰ Realization of remote and smart research facilities, etc., development of advanced material research infrastructure (data creation), etc., construction and strengthening of data and computation sharing infrastructure in the field of ocean and disaster prevention, promotion of strengthening research universities, etc.

regional partnership (MEXT)

- Establishment of R&D bases to promote AI strategies (MIC) [Listed again]
- Development and demonstration project of the smart farming technology (MAFF)
- Realization of the genomic analysis of 100,000 human genome through public-private cooperation (MEXT)
- Establishment of a system for promotion of genomic medicine through whole genome sequencing analysis, etc. (MHLW)
- Platform project for supporting drug discovery and life science research (MEXT)
- Development of open innovation bases for prioritized industry technologies (METI)
- Maintaining and strengthening the innovation ecosystem by expanding entrepreneurship education and creating startups, etc. (MEXT)
- Development of the cutting-edge research infrastructure and related base facilities at national universities (MEXT)
- Preparation for establishment of university fellowships towards the creation of science technology innovation (MEXT)
- Expansion of the number of personnel eligible for the emergent research support program (MEXT)
- Formulation, etc. of strategies for promoting use of standards (CAO)
- Funding project to provide continuous support for innovative technology development toward carbon neutrality (METI) [Listed again]

, etc.

(3) Making Supply Chains Resilient and Improving International Competitiveness

(i) Improving the Effectiveness of Supply-Chain Resilience

Based on the fact that the novel coronavirus disease has exposed supply chain vulnerabilities in our county, such as disruptions in the supply of products whose manufacturing base has concentrated overseas, necessary support will be continued to strengthen our supply chain resilience domestically and overseas. In doing so, the Government will give more focused support, such as reviewing the requirements for subsidies. Specifically, the support will focus on capital investments which will contribute in increasing the domestic production or in diversifying their overseas manufacturing bases for important products and materials that would suffer significant risk if their supply chain were disrupted and essential goods for healthy lives of the people.

In addition, from the perspective of improving the supply-chain resilience and productivity, the Government will promote the development of access roads to airports and ports and the reinforcement of the functions of the international container hub ports.

- Subsidies for promoting domestic investments to strengthen supply chains (METI)
- Support for stable supply of pharmaceuticals (MHLW)
- Program for strengthening overseas supply chains(METI)
- Support for Japanese companies' strengthening supply chain resilience, etc. through JBIC ("Post-COVID-19 Growth Facility (tentative name)") (MOF) [Listed again]
- Program for the stabilization of international food and input markets (MAFF)
- Promotion, etc. of the development of road networks and ports that contribute to strengthening the resilience of supply chains and improving the productivity of logistics⁴¹ (MLIT)

, etc.

(ii) Incorporating Overseas Vitality such as Promotion of Foreign Direct Investment in Japan

Foreign direct investment in Japan contribute to the improvement of our economic productivity through the acquisition of superior foreign technologies and know-how, and also leads to the continuous expansion of employment and income. While giving due consideration to economic security, the Government will put the following measures in practice as soon as possible, prior to the formulation of the medium to long term strategy including concrete KPIs and schedules to be formulated within this fiscal year, in order to further promote foreign direct investments.

Specifically, in order to accelerate an attractive innovation ecosystem using our country's technology and R&D capabilities, the Government will establish and operate an open innovation platform (J-Bridge Initiative) within this fiscal year with the aim of matching and collaborating between domestic and foreign companies in important fields such as digital and green technologies and businesses. Upon deciding the important fields, the Government will also support base cities⁴² that promote creation of startups in formulating business plans for the overseas expansion of domestic startups, attracting investment from overseas investors and companies, matching with experts, and facilitating promotional activities. In addition, based on the efforts toward the realization of the global financial center to be mentioned later, the Government will accelerate the development of business and living environments for people working and living there by introducing an online system and support in English for corporate establishment procedures and securing

⁴¹Including the extension of the measures for large transaction and frequent users discount on expressway tolls.

⁴² Base cities for the startup ecosystem under “Beyond Limits. Unlock Our Potential. –Strategies for Creation of Startup Ecosystem to Compete with the World Top Ecosystems–” implemented by the CAO; Four (4) Global Start-up Cities (Tokyo area, Nagoya/Hamamatsu, Kansai area, and Fukuoka) and four (4) Start-up Cities (Sapporo, Sendai, Hiroshima, and Kitakyushu).

a sense of security and safety for the life such as medicine, health, education, and employment, including anti-infection measures for foreigners. At the same time, the Government will also develop an environment for accepting investment taking advantage of tourism resources and other regional resources.

In addition, in order to capture demand in overseas growth markets, mainly in Asia, and to strengthen the competitiveness of domestic industries through economic partnership agreements, etc., the Government will provide support for overseas expansion through trans-boundary EC markets, as well as for the development of sales channels and the creation of new businesses by enterprises engaging in overseas expansion.

- Support for overseas expansion of SMEs (J-Bridge Initiative through the JETRO and reinforcement of the support system centering on "Consortium for a New Export Nation ") (METI)
- Program for acceleration of the foreign direct investment in Japan (Support for Creation of Startup Ecosystem Cities) (CAO)
- Support for the creation of new businesses such as Asia DX (METI)
- Promotion of the digitalization and IT introduction in legal administration (MOJ) [Listed again]
- Promotion of the digitalization of tax procedures (MOF) [Listed again]
- Supporting Measures to Prevent the Spread of Infection for Foreign Residents (MOJ) [Listed again]
- Telephone interpretation service for consultation and reception facilities for patients with novel coronavirus infections (MHLW)
- Promotion of multilingual employment support for foreign nationals (MHLW)
- Support for overseas development of content and strengthening of the content infrastructure (METI)

, etc.

(iii) Realization of “Japan as a Global Financial Center” (Finance Place Japan)

While Japan, as a financial business center, offers advantages in terms of good public security, a favorable living environment, and business potential with household assets worth more than 1.9 quadrillion yen, it still faces challenges in attracting global investors and businesses to its market as well as promoting linguistic and social diversity. Taking advantage of lessons learned from the successful inbound tourism campaign, the Government intends to make a breakthrough in the financial sector, mainly in the asset

management business sector, with the aim of making Japan an attractive place for foreign nationals to do business in addition to a tourism destination. The Government intends to strategically reform financial and capital markets to make them more attractive for foreign businesses and highly-skilled professionals, thereby realizing “Japan as a global financial center” (Finance Place Japan).

In particular, the Government will remove regulatory and taxation bottlenecks⁴³, enhance the attractiveness⁴⁴ of financial and capital markets, and carry out corporate governance reform in order to make it easier for foreign businesses and professionals who are already engaged in asset management business⁴⁵ overseas to conduct the same kind of business in Japan. The national and local governments, and private sectors will jointly collaborate to provide seamless consultative support for foreign nationals intending to conduct asset management businesses in Japan, mainly in terms of establishing corporations, commencing businesses, and settling in and establishing secure livelihoods. The Government also cooperates with local authorities and private sectors to make English communication available in supporting newly entering foreign asset management companies and others in terms of pre-application consultation, registration, supervision and others, and to relax requirements for obtaining status of residence and expand incentives. Moreover, the Government enhances information sharing in respect of multi-lingual services related to livelihoods, laws, accounting, education, real estate, medicine, and others, so that the foreign nationals may consider Japan as an anxiety-free "choice location" for conducting business as part of potential market entrants' global business schemes.

⁴³ Bottlenecks of regulations and taxation were assessed and concluded to be lifted in anticipation of the enforcement of the 2021 Tax Reform

⁴⁴ Key initiatives to enhance the attractiveness of financial and capital markets are as follows: market re-classification of the Tokyo Stock Exchange (TSE) (starting April 2022); formulation of measures to prevent the recurrence of system failures; expansion of the product line on the Comprehensive Exchange; commencement of holiday trading on the Osaka Exchange; review of "best-execution policy" for order execution on exchanges and private trading systems; review of regulations for firewalls between banking and securities businesses; improvement of the environment for issuing security token offerings (STO); elasticity in eligibility requirements for professional investors toward their trade activation; issuance of shares by unlisted companies and revitalization of secondary markets; smooth supply of funds (facilitation of financing) through VC- and PE-funds; digitalization/streamlining of financial institutions' regulatory reporting, etc.

⁴⁵ Business operators who are engaged in investment management business, investment advisory and agency business, Type II financial instruments business, and foreign businesses that manage mainly foreign funds that are permitted to enter under the special provisions newly set forth

- Preparation of a special provision that grants market entrance by foreign businesses managing mainly foreign funds with simplified entry procedures (FSA)
 - Revision of the Corporate Governance Code to encourage companies 1) improve the quality and quantity of independent directors and 2) to ensure diversity through the promotion of women, foreign nationals, mid-career hires; and to promote timely and appropriate corporate disclosure (FSA)
 - Improvement of the attractiveness of financial and capital markets (FSA)
 - Establishment of a "Support Network for Startups in the Financial Sector" jointly run by the public and the private sectors (FSA)
 - Communication in English with applicants as new foreign asset management companies and others in terms of registration and supervision (FSA)
 - Special provision to eligibility requirements for status of residence⁴⁶, the introduction of bonus points for highly-skilled foreign professionals, the relaxation of employment requirements for foreign domestic workers, and the improvement of convenience for working spouses (MOJ)
 - Promoting the availability of financial administrative services in English through the use of AI multilingual translation technology and by translating remaining finance related laws and regulations (FSA, MIC and MOJ)
 - Broadening the scope of borrowers to asset management companies and others under the credit guarantee system and Japan Finance Corporation, etc. (FSA, MOF and CAO)
 - Further enhancement information sharing and surveying issues pertaining to livelihoods, including multi-lingual professionals⁴⁷, healthcare, housing, and international schools (FSA, MOJ, MIC, MOF, MHLW, MLIT, MOFA and MEXT)
 - Utilization of subsidies granted to the local governments providing support to foreign financial businesses according to the respective needs of the businesses (CAO)
- , etc.

⁴⁶ Implement a special measure (exception) for the granting of status of residence so that a business operator can commence business after entering the country with the status of residence of "temporary visitor" without having to return home

⁴⁷ Attorneys at law, judicial scriveners, certified administrative procedures legal specialists, and tax accountants involved in supporting start-ups

3. Realizing Virtuous Economic Cycles Led by Private Demand in Regions, Society and Employment

(1) Regional Revitalization including Encouraging People to Go to Regional Areas

The consumption of the Tokyo metropolitan area and the three prefectures (Kanagawa, Chiba and Saitama) accounts for only 30% of the nation's total. It is essential to boost local income and stimulate local consumption for the Japanese economy to return to a growth path led by private demand. To this end, the Government will encourage people to visit rural areas and revitalize the regions, while steadily developing the infrastructure that supports the movement of people, by supporting tourism, arts and culture, sports, and other activities and by promoting the unique efforts of local communities.

(i) Recovery in Domestic tourism Demand

Tourism-related industries, which employ about 9 million people nationwide, are the base supporting local economies. In order to overcome the crisis caused by the novel coronavirus disease, to encourage people to visit rural areas, and to protect regional economies, the Government will aim to recover lost travel demand by focusing on domestic tourism, which accounts for about 80% of travel consumption in Japan, while further ensuring that measures to prevent the spread of the disease are put in place. The Government will continue to appropriately promote the Go To Campaign (Travel, Eats, Events, Shopping District), using the reserve funds against the novel coronavirus disease and taking measures to prevent the spread of infection, while promptly making up for the current budget shortfall in Go To Travel and flexibly responding to the infection situation. With regard to the Go To Travel program, for example, the Government will give consideration to businesses and regions facing sluggish recovery of tourism demand, while taking measures to distribute tourism demand on weekdays. The Government will also review and extend the Go To Travel program in stages until the end of June next year in principle, and will respond to it flexibly based on the infection situation. As for the Go To Eat program, meal coupons with a reduced premium effective until the end of June next year will be additionally issued. In order to revitalize tourism bases and further enhance their attractiveness and profitability, the Government will provide short-term intensive support for improving management capabilities through renovation of accommodation facilities, restaurants, souvenir shops, etc., as well as dispatching experts. In addition, the Government will promote support for improving tourism resources through cooperation between different industries in the region, and develop an environment for accepting long-stay tours and Workation (Work + vacation) at National Parks and hot spring resorts by utilizing digital technology. In addition, landing fees of national airports paid by airlines will be reduced.

In anticipation of the resumption of international traffic in the future, the Government will support enhancement of the functions of key airports and the development of facilities to minimize the risk of infection at airports. At the same time, the Government will promote the development of the reception environment including measures to prevent the spread of the disease in public transportation and accommodation facilities, and promote initiatives for gradual recovery of inbound traffic, while taking into account the situation of infection in Japan and overseas.

- Go To Campaign (Travel, Eat, Event, Shopping District) (CAS, MLIT, MAFF, and METI)
 - Project to revitalize and add value to existing tourism sites (MLIT)
 - Promotion of intra-regional cooperation by improving regional tourism resources (MLIT)
 - Promotion of long-stay tours and Workation (Work + vacation) in National Parks and hot spring resorts (MOE)
 - Presentation, etc. of Q&As on work-related accidents and tax treatment when introducing the “Workation (Work + vacation)” scheme (MLIT)
 - Reduction of landing fees, etc. for maintaining the air flight networks (MLIT)
 - Support for improving reception environments at airport (MLIT)
 - Promotion of enhanced airport functions <Fiscal investment and loan program> (MLIT)
 - Promotion of initiatives to attract visitors to the National Ainu Museum and Park (Upopoy) (MLIT)
 - Urgent measures to improve the environment for receiving foreign tourists to Japan (MLIT)
 - Promotion of visit of tourists to the specific inhabited remote national border islands (CAO)
- , etc.

(ii) Support for Unique Regional initiatives, such as Generating New Flow of People

With the outbreak of the novel coronavirus disease, the attractiveness of rural areas has been reevaluated, and the flow of people from urban to rural areas has been created not only by tourism but also by strong promotion of migration and settlement to rural areas, etc. The Government will support the development of satellite offices by utilizing new grants and the fiscal investment and loan program for local governments, and promote teleworking at regional areas by matching the needs of enterprises and local governments. In order to create the flow of people from large enterprises to regional SMEs and small enterprises and to support the securing of management personnel at regional enterprises,

the Government will promote human resource matching by regional financial institutions through the human resource list managed by REVIC. It will promote regional development in disadvantaged areas. In addition, as various issues have become apparent due to the disease, the Government will actively support independent efforts by local governments to promote women's empowerment and take measures against the declining birthrate in accordance with local circumstances, while establishing KPIs.

In addition to preventing the spread of the novel coronavirus disease, the Government will increase Local Revitalization Grant for the Novel Coronavirus disease and support the necessary expenditures associated with the economic measures and effective, efficient and detailed efforts by local governments in accordance with local conditions, with regard to the transformation of the economic structure toward post-corona times and the realization of a virtuous cycle.

- Grants and programs for promoting teleworking for regional revitalization (CAO)
- Support for the development of satellite offices utilizing government assets (MOF)
- Support for the development of teleworking bases, etc. to support new ways of working and living (MLIT)
- Review of the "Guidelines for the Appropriate Introduction and Implementation of Off-site Work Using Information and Communication Technology" (by MIHW on February 22, 2018) to promote and spread teleworking (MHLW) [Listed again]
- Program to promote matching of local business management personnel (FSA)
- Program for matching of leading human resources (CAO)
- Subsidy for the development of regional revitalization bases (CAO)
- Program to enhance the dissemination of local information through broadcasting contents (MIC)
- Measures for promoting the development in disadvantaged areas (MLIT)
- Support for unique efforts of local communities through budget for specified projects on Okinawa-promotion (CAO)
- Green housing point system (MLIT) [Listed again]
- Grants to promote women's participation and advancement in local communities (CAO)
- Promotion of measures against the declining birthrate in accordance with local circumstances and challenges (Support for marriage and new life) (CAO)
- Expansion of special grants for regional revitalization to respond to the novel coronavirus infections (CAO) [Listed again]

, etc.

(iii) Support for Cultural, Artistic and Sports Activities

Amid a prolonged impact by the novel coronavirus disease, the Government will continue to support cultural, artistic and sports activities and encourage the flow of people to rural areas, thereby revitalizing local communities.

The Government will also help cultural, artistic or sports-related organizations and cultural facilities that have been forced to refrain from activities due to the disease, in conducting activities in response to "new routine" such as infection control measures at cultural facilities, enhancement of online contents, and live distribution, and will make efforts to discover and foster profit opportunities, and to contribute to profitability and the sustainability of activities by a wide range of stakeholders.

- Support for enhancement of cultural and artistic activities to overcome the Corona pandemic (MEXT)
- Projects for expanding the anti-infection measures at cultural facilities and improving environment to support activities (MEXT)
- Strengthening the functions of national cultural facilities (MEXT)
- Japan Expo Innovation Project (MEXT)
- Comprehensive package for children's cultural and artistic appreciation and experiences (MEXT)
- New lifestyle support project for the inheritance of regional intangible cultural heritage (MEXT)
- Support for exhibitions utilizing cultural assets associated with the region (MEXT)
- Promotion of global demand creation for contents (METI)
- Support for holding national sports events toward the post-corona era (MEXT)
- Project for the promotion of public-private partnerships for encouraging children to exercise and play on a regular basis (MEXT)

, etc.

(iv) Developing Infrastructure to Support Private Demand-Led Growth in Local Communities

Under the idea of the wise spending, the Government will promote, intensively and with priority, infrastructure projects that have significant positive effects, such as encouraging private demand, creating diverse exchange and activities by securing comfortable public spaces such as pedestrian and bicycle lanes, raising the competitiveness of local key industries, and improving productivity, while making use of the methods of the fiscal investment and loan program.

- Development of urban infrastructure serving as a base of the economic growth (MLIT)
- Regional revitalization through urban parks, etc. (MLIT)
- Urban renaissance and promotion of the private urban developmental investment <Fiscal investment and loan program> (MLIT)
- Port and harbor development that contributes to the industrial revitalization and job creation, etc. (MLIT)

, etc.

(2) Employment Package to Facilitate Workers to Move smoothly to Growing Sectors

Aiming to balance preventing the spread of infection and socioeconomic activities, the Government will continue to work to maintain and secure employment through special measures for employment adjustment subsidies and other measures. In addition, the Government will comprehensively implement an employment measures package, with a view to securing employment by shift of business type and other ways, including support for the smooth movement of labor to new fields through secondment and early re-employment, improvement of an environment in which workers can learn while working, reinforcement of recurrent education, and expansion of support for job seekers, so that each person can work with satisfaction while fully demonstrating their abilities.

The Government will flexibly deal with special measures for the Employment Adjustment Subsidies and other measures, taking into account the infection status and employment situation. As for the employment adjustment subsidies, it is basically assumed that the current measures will be extended until the end of February next year, gradually reduced from March, and then from May to June, made to the special measure with the same level as during the financial crisis. Specifically, monitoring the infection status and employment situation as of the end of January and the end of March, and if the employment situation is significantly deteriorated due to a sharp increase in the number of the furloughed and the unemployed, the Government will take special measures for the regions where the infection is spreading and for the firms with particularly severe business conditions.

Moreover, in addition to continuing to provide support to an assignor firm through Employment Adjustment Subsidies and to an accepting firm through Labor Movement Support Subsidies, the Government will establish a new subsidy program for both assignor and assignee firms and strengthen a matching system of the Industrial Employment Stabilization Center. In addition, through the active use of career consulting and consulting for business change and other matters, support will be provided to prefectural efforts to promote re-employment involving shifts across business and job types.

In addition to strengthening education and training for IT human resources and IT utilization human resources in response to the digital age, the Government will support

business operators in providing training costs for employees who are needed for the operators to switch to other business types and improve the usability of the educational training leave system. From the viewpoint of securing employment in the field of nursing care, employment support will be provided through a combination of vocational training, workplace experience and loans for employment support (forgivable) after completion of training.

Given that the novel coronavirus disease are largely affecting vulnerable people, such as non-regular employees and women, the Government will establish a wage subsidy program for business owners who employ workers on a trial basis for a certain period of time in order to support early re-employment of those who have left their jobs due to such effects and wish to work in jobs without work experience. At the same time, the Government will promote the conversion of such workers into regular employees through employment placement dispatching. In addition, the Government will continue to promote the active labor participation of women through the realization of diverse and flexible working styles that correspond to their life stages, and implement active recruitment and other measures at public employment security offices to meet the needs of women raising children. In addition, in order to prevent the creation of a second employment ice age generation amid the severe employment environment for new graduates and other persons, the Government will promote matching with SMEs that are willing to hire new graduates and those who have graduated within three years, and strengthen the counseling support system at public employment security offices and other places to support new graduates.

- Extension and review of special measures for employment adjustment subsidies and other measures (MHLW)
- Establishment of an integrated subsidy program for assignor and assignee business owners (Industrial employment stability subsidy (tentative name)) (MHLW)
- Expansion of the structure of the Industrial Employment Stabilization Center of Japan (MHLW)
- Support for prefectural efforts to promote re-employment involving shifts across business and job types (MHLW)
- Review of courses subject to education and training benefits in response to changing needs (MHLW)
- Support of shifts to other business types by human resources development support subsidies, relaxation of requirements for long term education and training leave grant courses, and enhancement of IT human resource development support (MHLW)
- Employment support for unemployed workers in the nursing care field through collaboration between employment and welfare (MHLW)
- Subsidies to business owners who hire those who have left their jobs due to the effects

of infectious diseases on a trial basis (Trial employment subsidies) (MHLW)

- Expansion of the scope of subsidy to business owners at dispatch destinations who work on the conversion of workers into regular employees through employment placement dispatching (Career advancement subsidy) (MHLW)
- Securing job openings for women and other persons raising children that enable them to balance work and family life (MHLW)
- Strengthening employment support for new graduates and graduates within three years at new graduates support Hello Work and other programs (MHLW)
- Establishment of specialized services for support measures for the employment ice age generation and implementation of team support (MHLW)
- Promotion of multilingual employment support for foreign nationals (MHLW) [Listed again]

, etc.

(3) Revitalizing the Agriculture, Forestry and Fisheries by Further Expanding Exports

Following the entry into force of the TPP 11 Agreement, the Japan-EU EPA, and the Japan-US Trade Agreement, and the signing of the Japan-UK Comprehensive Economic Partnership Agreement and the Regional Comprehensive Economic Partnership (RCEP) Agreement, Japan's overseas market will be further expanded. Taking full advantage of this opportunity, the Government will make every effort to strengthen the production base and export capacity in accordance with the "Comprehensive TPP Related Policy Framework"⁴⁸ in order to further increase exports of agriculture, forestry and fisheries products and food aiming to achieve the five trillion yen target for 2030 and also fully support agriculture, forestry and fisheries workers affected by the novel coronavirus disease.

(i) Strengthening Production Base and Export Capacity to Further Expand Exports

The Government will provide comprehensive support to production areas that are systematically working to enhance profitability, and strengthen the production base by promoting livestock clusters. In order to expand the range of production areas and increase the number of business operators engaged in export, the Government will support efforts in response to issues such as product categories under the GFP⁴⁹ (Global Farmers, Fishermen, Foresters, Food Manufacturers Project). At the same time, the

⁴⁸ Decided by the Cabinet Secretariat The Government Headquarters for the TPP on December 8, 2020.

⁴⁹ Abbreviation of Global Farmers / Fishermen / Foresters / Food Manufacturers Project.

Government will strengthen export capabilities, including support for the strengthening of overseas sales capabilities for priority products and target countries/regions through the joint efforts of the public and private sectors, and the development of an export environment to overcome export impediments. In addition, in response to the declining demand for staple food rice, the Government will support the planting of new high-profit crops and the establishment of processing and manufacturing facilities in order to create new demand.

- Local production base power-up project (MAFF)
 - Promoting livestock cluster project and grassland development to support livestock clusters (MAFF)
 - Promotion of further large compartmentalization and generalization of farmland (MAFF)
 - Promoting the conversion of paddy fields to upland fields and the enhancement of the functions of upland fields and tree orchards (MAFF)
 - Paddy field renovation project for developing new markets (MAFF)
 - Project for emergency measures to create global production base (MAFF)
 - Emergency measures to support overseas demand creation (MAFF)
 - Development of facilities for HACCP⁵⁰ and other standards for food industry exports (MAFF)
 - Development of facilities for exporting agricultural and livestock products and promotion of consortiums for exporting livestock products (MAFF)
 - Strengthening international competitiveness of plywood, lumber and laminated wood and promoting exports (MAFF)
 - Emergency program to enhance competitiveness of the fisheries industry, project for emergency measures to expand fishery products export (MAFF)
 - Emergency project to reconstruct overseas food value chain (MAFF)
 - Project to promote the export expansion strategy of Japanese liquor, etc. (MOF)
- , etc.

⁵⁰ Abbreviation of Hazard Analysis and Critical Control Point. A method of sanitation management in which food business operators, after understanding the hazard factors (Hazard) such as contamination by food poisoning bacteria or contamination by foreign substances, manage processes that are particularly important for removing or reducing such hazard factors in all processes from the arrival of raw materials to the shipment of products, and ensure the safety of products.

(ii) Support for Business Continuity in Light of the Impact of Novel Coronavirus Disease

The Government will provide necessary support for business continuity to agriculture, forestry, fishery, and other workers affected by the novel coronavirus disease, as well as continue to provide measures for labor shortage, and support diversification of sales channels for agriculture, forestry and fishery products, and other matters.

- Business continuation subsidy (MAFF)
- Grant to support the next production of high-profit crops (MAFF)
- Measures to support capacity building of forestry management bodies (MAFF)
- Project to stabilize fisheries income, project to equalize the supply of specific fishery products (MAFF)
- Emergency support project to secure labor force in agriculture and fisheries (MAFF)
- Project for emergency measures to diversify the sales channels for agriculture, forestry, fishery, and other products (MAFF)

, etc.

(4) Supporting Household and Private Demand

(i) Supporting the Livelihoods of Households, Reducing Economic Burdens, Stimulating Demand, and Other Measures

In order to support households that financially suffer from the impact of the novel coronavirus disease, the Government will extend the deadline for applications for special measures for emergency small loans and comprehensive support funds until the end of March next year, and also the period of payment of housing security benefits to a maximum of 12 months only for those who newly applied within FY 2020. In addition to strengthening the function of the support for the independence of the needy, a grant will be established to comprehensively support the efforts of prefectures and other organizations such as strengthening a suicide prevention counseling service. The Government will strengthen the support for single-parent households through the construction and strengthening of the counseling system. Furthermore, the Government will reissue temporary special benefits for single-parent households (basic benefit) for single-parent households with low income within the year by utilizing reserve funds. The Government will enhance the financial support to students in need and the awareness of scholarship loans repayment support. From the perspective of supporting livelihoods and employment, the Government will also support the financing of SMEs.

Although private consumption continues to recover, its level remains low, particularly in service consumption, and housing investment remains sluggish, partly due to the effects

of the novel coronavirus disease. In addition to efforts to maintain and secure employment and improve productivity, as well as various measures to stimulate consumption, the Government will consider taking tax measures⁵¹ to encourage income growth, such as increasing employment and wages. And, in order to effectively stimulate demand for stagnant housing investment, immediate support measures such as tax⁵² and point systems will be implemented from the perspective of dealing with post-corona issues such as telecommuting, migration to rural areas, and decarbonization.

In order to reduce mobile phone charges, which account for about 4% of the household burden, the Government will strongly promote efforts to develop a fair competitive environment in the mobile phone market, including the facilitation of transfers among mobile phone operators.

The Government will tackle countermeasures to the falling birthrate, which has been a problem for many years and move it forward significantly. In order to steadily promote the movement toward the elimination of children on waiting lists, the Government will continue to promote the development of facilities for child care. Also, regarding the subsidy for treatment expenses for those suffering from infertility, the Government will, looking ahead to medical insurance coverage from FY 2022, abolish the income restriction, and raise the upper limit of the subsidy on the premise of the expansion of the coverage to reduce the economic burden. The maximum amount of the subsidy is 300 thousand yen for one time from the second time onward for up to six times, and the same is for the second and subsequent children. In addition, economic support will be promoted for patients with recurrent pregnancy loss, and pediatric and AYA⁵³ patient with cancer and other disease. Furthermore, the Government will promote continuous support from pregnancy to child care through the postpartum care project.

- Extension of special measures such as emergency small loans (MHLW)
- Extension of the period of payment of housing security benefits (MHLW)
- Financial support for municipalities that have conducted reduction and exemption of national health insurance premiums (MHLW)
- Establishment of the new coronavirus infectious diseases safety net enhancement grant (tentative name) (MHLW)
- Support for lowering rent for safety-net housing (MLIT)
- Project to strengthen the monitoring of children subject to support (MHLW)
- Project to strengthen the counseling system for single-parent and other families (MHLW)

⁵¹ Discussed and concluded in the FY 2021 Tax Reform.

⁵² Discussed and concluded in the FY 2021 Tax Reform.

⁵³ Abbreviation of Adolescent and Young Adult. Adolescents and young adults

- Temporary special benefits for single-parent households (MHLW)
 - Financial support for high school students (MEXT)
 - Three-year extension of the burden adjustment measures for fixed asset taxes on land and other measures depending on economic conditions⁵⁴ (MLIT)
 - Tax system that encourages income growth such as increasing employment and wages⁵⁵ (METI)
 - Tax measures such as tax cut for housing loans⁵⁶ (MLIT)
 - Green housing point system (MLIT) [Listed again]
 - Thermal insulation remodeling and Net Zero Energy House project for houses (MOE) [Listed again]
 - Housing market stabilization project (Residence benefit) (MLIT)
 - Expansion of childcare acceptance capacity(MHLW)
 - Special treatment support project for those suffering from infertility (MHLW)
 - Funding support through private financial institutions, the Japan Finance Corporation, and other organizations (MOF, METI, FSA, MHLW, and CAO) [Listed again]
 - Debt consolidation support utilizing "Special Provisions of the Natural Disaster Debt Consolidation Guidelines" (Established in October 2020) (FSA)
- , etc.

(ii) Support for the Employment Ice Age Generation

For the employment ice age generation, the Government will make every effort to improve the job support system by further expanding the specialized services of public employment security offices, which will be the pillar of the accompanying support that provides consistent support from counseling and employment to settlement.

The Government will strongly support advanced and proactive efforts in local communities in cooperation with relevant parties, such as support for employment and settlement, holding joint briefings and matching seminars, with grants for accelerating support for the local employment ice age generations.

Utilizing the national public officials mid-career recruitment examination (employment ice age generation), the existing recruitment of experienced personnel, and other recruitments, the Government will intensively implement the mid-career recruitment of national public officials by the end of FY 2022. With regard to mid-career recruitment of local officials, the Government will promote efforts such as the expansion of mid-career

⁵⁴ Discussed and concluded in the FY 2021 Tax Reform.

⁵⁵ Discussed and concluded in the FY 2021 Tax Reform.

⁵⁶ Discussed and concluded in the FY 2021 Tax Reform.

recruitment examinations in line with the actual conditions of each local governments.

In addition, the Government will promote counseling support by socially withdrawn people and used-to-be socially withdrawn people for those who need support for social participation.

Including the measures mentioned above, by the end of the year, the Government will consider strengthening support measures tailored to the circumstances of each and every person of the employment ice age generation, and will revise the "Action Plan to Support the Employment Ice Age Generation."

- Support for advanced and proactive efforts for the employment ice age generation in local communities (CAO)
- Measures to accelerate the securing of new farmers (MAFF)
- Establishment of specialized services for support measures for the employment ice age generation and implementation of team support (MHLW) [Listed again]
- Promotion of mid-career recruitment of national public employees (CAS)

, etc.

III. Ensuring Safety and Security by Promoting Disaster Prevention and Mitigation and National Resilience

1. Promotion of Disaster Prevention and Mitigation and National Resilience

Severe and frequent storms and floods due to the climate change, and imminent large-scale earthquake disasters such as the Nankai Megathrust Earthquake are indeed crises that “when happen is unknown.” The promotion of disaster prevention and mitigation, and national resilience, which contribute to the protection of people's lives and property and the construction of a foundation for sustainable growth, remains an urgent issue. Moreover, the infrastructure that was intensively developed after the high economic growth period is deteriorating, and there is a concern that if these infrastructures are damaged in disasters, our country's administration and socioeconomic system will malfunction. During the five years from the next fiscal year to FY 2025, the Government will implement flexible and elastic responses in line with the situations of occasional natural disasters, and will compile the "Five-Year Acceleration Measures for Disaster Prevention, Disaster Mitigation, and National Resilience (tentative name)." The main pillars of these measures are countermeasures against severe wind and flood damage and massive earthquakes, acceleration of measures against the infrastructure deterioration through preventive maintenance, and promotion of digitization. The additional project scale for measures which need to be particularly accelerated and deepened will aim to amount to approximately 15 trillion yen, and for the projects in the first fiscal year, the costs will be covered in the FY 2020 3rd supplementary budget.

The Government will promote the development of national land that does not succumb to disasters by carrying out the measures in disaster prevention and mitigation and national resilience in an integrated manner beyond the boundaries of the government ministries and agencies, the central and local governments, and the public and private sectors. In response to natural disasters, the Government will take measures to prevent and minimize damage to the people's lives and property, such as the promotion of "River Basin Disaster Resilience and Sustainability by All" through cooperation between government ministries and agencies and the public and private sectors, maintain transportation networks and lifelines, and take measures to support the economy and the people's livelihoods. At the same time, the Government will accelerate measures against deteriorating infrastructure in order to shift to preventive maintenance of infrastructure. At the same time, in order to smoothly and efficiently promote national resilience, the Government will make strong efforts to promote digitization such as in i-Construction, improve rainfall prediction accuracy, and implement digital transformation in disaster prevention.

In addition, "the supplementary budget bonds" will be utilized by local governments to reduce their additional burden associated with public works projects and other projects under these economic measures and to facilitate public investment in the region. When placing orders for public works projects, in order to ensure smooth construction and to promote work-style reform of the construction industry, the Government will make efforts to implement appropriate estimates and setting of construction period, equalize the construction period.

- Promotion of "River Basin Disaster Resilience and Sustainability by All" through cooperation between government ministries and agencies and the public and private sectors considering climate change (Improvement of rivers, sewage, erosion control, coasts, forests and afforestation, agricultural irrigation facilities, and other facilities, improvement of the storage function of paddy fields, implementation of preliminary discharge of dams, development of flood control basin and storage facilities utilizing national land, too) (MOF, MAFF and MLIT)
- Seismic reinforcement and tsunami countermeasures of houses, buildings, schools, and fishing ports in anticipation of the Nankai Megathrust Earthquake and the Tokyo Metropolitan Earthquake (MEXT, MAFF and MLIT)
- Strengthening disaster resistance of disaster prevention bases and evacuation facilities including hospitals, public facilities, school facilities, and correctional facilities, social welfare facilities, and other facilities (MOJ, MEXT, MHLW, METI and MLIT)
- Ensuring the police's ability to respond to disasters by improving equipment and materials (NPA)
- Development of materials and equipment, and promotion of digitization which are necessary to strengthen the capabilities in fire service and disaster management (MIC)
- Strengthening the disaster response capabilities of the Self Defense Force (hereafter SDF) and infrastructure (Ministry of Defense (hereafter MOD))
- Multiplexing and upgrading of transmission means for disaster information(CAO, MIC, and MLIT)
- Provision of missing links on High-standard highway networks, expansion of some highway sections from the current 2 lanes to 4 lanes, disaster prevention measures for the National Highways under jurisdiction of MLIT , to allow rapid passage after a disaster, <Including the fiscal investment and loan program> (MLIT)
- Local measures for road infrastructure which include burying electric cables underground (MLIT)
- Strengthening the disaster resilience of land, sea and air networks (Railways, ports, sea routes, airports, and other facilities) (MLIT)
- Strengthening the disaster resilience of lifelines such as water supply and sewerage

systems, petroleum products, and information and communications (MIC, MHLW, METI, and MLIT)

- Development and renewal of Municipal solid waste disposal facilities that will also serve as disaster response bases (MOE)
- Free provision of government assets to local governments prior to the disaster (MOF)
- Measures against deterioration of critical infrastructures such as rivers, dams, roads, railways, airports, ports, reservoirs, agricultural water facilities, and schools (MEXT, MAFF and MLIT)
- Promotion of digitization, including development and management of infrastructure utilizing 3D models, camera images, and other technologies (MLIT)
- Enhancement of GNSS earth observation network system for reliable monitoring of crustal deformation (MLIT)
- Measures to upgrade meteorological data for disaster mitigation, such as improving the accuracy of forecasts for heavy rain due to stationary linear mesoscale convective systems, typhoons, and other reasons (MLIT)
- Strengthening disaster prevention functions of Quasi-Zenith Satellite System, accelerating its development, and other matters (CAO)
- Promotion of digitizing disaster response, including the disaster victim support system (CAO)
- Consideration of local evacuation methods in light of infectious diseases and of measures against infectious diseases at shelters (CAO)

, etc.

2. Acceleration of Rehabilitation and Restoration from Natural Disasters

The Government will continue to make all-out efforts to reconstruct, rehabilitate, and restore the livelihoods and businesses of the victims of natural disasters such as the torrential rains in July 2020. The Government will encourage the reconstruction of livelihoods of disaster victims through the reconstruction and repair of public housing, the reduction and exemption of the burden on the users of daycare centers and other facilities, reduction and exemption of co-payment for medical and long-term care insurances, debt consolidation support⁵⁷, and other measures. Support will also be provided for the reconstruction of business through subsidies, etc. for the rehabilitation of facilities for small and medium-sized and other firms which are under severe conditions due to the impact of

⁵⁷ Utilization of "Guidelines for Debt Consolidation of Victims of Natural Disasters" (Established in December 2015)

the novel coronavirus disease. The Government will also promptly and fully recover damaged infrastructure and public facilities such as schools.

- Disaster recovery of public housing (MLIT)
- Support for reducing and exempting the burden on the users of daycare centers, admission facilities for children, and other facilities (CAO and MHLW)
- Financial support for reduction and exemption of co-payment for medical and long-term care insurances (MHLW)
- Occupation reconstruction support project (METI)
- Disaster recovery of infrastructure such as rivers, roads, and railways (MLIT)
- Disaster recovery of facilities for agriculture, forestry and fisheries (MAFF)
- Disaster recovery of school facilities and cultural properties (MEXT)

, etc.

3. Ensuring the Safety and Relief of the People

In addition to disaster prevention and mitigation, building national resilience, and disaster rehabilitation and restoration efforts, the Government will steadily advance efforts to ensure the safety and relief of the people in various fields including national security. The Government will work to ensure the stable operation of the SDF, construct the strategic coast guard system, and develop information-gathering satellites to strengthen crisis management. The Government will advance easily accessible public transportation, including railways, and continue to support the purchase of safety support cars that contribute to traffic safety measures for elderly drivers⁵⁸. The Government will also strengthen consumer protection against cross-border electronic commerce troubles and mislabeling, which are increasing under new coronavirus infections.

The Government will promote the "Life safety education"⁵⁹ and strengthen the counseling and support system for victims of spousal violence, sexual crimes, sexual assault which are becoming more serious amid the protracted situation of the novel coronavirus disease. In addition, factors related to the rapid increase in female suicides after the summer will be analyzed and responses will be considered.

In addition, the Government will ensure the payment of benefits to the victims of specific hepatitis B virus infection and their heirs.

⁵⁸ The subsidies for safety support cars in the FY 2019 supplementary budget will be carried over to fiscal 2021.

⁵⁹ Education to lean the importance of lives, not to become a perpetrator of sexual crimes and assault, not to become a victim, and not to become a spectator.

- Ensuring the SDF's stable operational readiness (MOD)
- Construction of the strategic coast guard system (MLIT)
- Support for fishers affected by illegal operations of foreign fishing vessels (MAFF)
- Development of information-gathering satellites to strengthen crisis management (CAS)
- Promotion of barrier-free local public transportation and railway stations (MLIT)
- Grant to strengthen local consumer administration (Consumer Affairs Agency (hereafter CAA))
- Strengthening the counseling and other systems for cross-border consumer problems (CAA)
- Strengthening counseling and support for victims of spousal violence (CAO)
- Strengthening counseling and support systems for victims of sexual crimes, sexual assault (CAO)
- Measure for prompt control of serious pests (MAFF)
- Improvement of measures to relieve victims of automobile accidents (MLIT)
- Grant for operational costs to provide benefits for those infected with specific hepatitis B virus (MHLW)
- Clarification of the procedure that dispatched ambulances are allowed to take expressways free of charge when returning to fire stations after operation (MLIT and MIC)
- Clarification of regulations related to accommodation of truck drivers during disasters (MLIT)

, etc.

IV. Timely and Appropriate Execution of Reserve Funds for Measures against the Novel Coronavirus disease

In light of the current impact of the spread of the novel coronavirus disease, the Government will promptly and flexibly respond to necessary expenses incurred due to unexpected shortages resulting from the spread of infection through the timely and appropriate execution of the "Reserve Fund for the Novel Coronavirus Disease."

Scale of the measures

	(Financial Expenditure)	(Project Scale)
I. Containment Measures for the Novel Coronavirus Disease	Approximately 5.9 trillion yen	Approximately 6.0 trillion yen
II. Promoting Structural Change and Virtuous Economic Cycle for Post-Corona Era	Approximately 18.4 trillion yen	Approximately 51.7 trillion yen
III. Ensuring Safety and Relief by Promoting Disaster Prevention and Mitigation and National Resilience	Approximately 5.6 trillion yen	Approximately 5.9 trillion yen
IV. Timely and Appropriate Execution of Reserve Funds for Measures against the Novel coronavirus disease		
	(FY 2020)	
	Approximately 5.0 trillion yen	Approximately 5.0 trillion yen
	(FY 2021)	
	Approximately 5.0 trillion yen	Approximately 5.0 trillion yen
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Total	Approximately 40.0 trillion yen	Approximately 73.6 trillion yen

(Reference) Breakdown of Financial Expenditure

	(Financial Expenditure)	(National and Local Government Expenditures)	(Fiscal Investment and Loan Program (FILP))
I. Containment Measures for the Novel Coronavirus Disease	Approximately 5.9 trillion yen	Approximately 4.5 trillion yen	Approximately 1.4 trillion yen
II. Promoting Structural Change and Virtuous Economic Cycle for Post-Corona Era	Approximately 18.4 trillion yen	Approximately 13.4 trillion yen	Approximately 5.0 trillion yen
III. Ensuring Safety and Relief by Promoting Disaster Prevention and Mitigation and National Resilience	Approximately 5.6 trillion yen	Approximately 4.4 trillion yen	Approximately 1.3 trillion yen
IV. Timely and Appropriate Execution of Reserve Funds for Measures against the Novel Coronavirus Disease			
	(FY 2020)	Approximately 5.0 trillion yen	Approximately 5.0 trillion yen
	(FY 2021)	Approximately 5.0 trillion yen	Approximately 5.0 trillion yen
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Total	Approximately 40.0 trillion yen	Approximately 32.3 trillion yen (Note 1)	Approximately 7.7 trillion yen (Note 2)

(Note 1) The national budget is 30.6 trillion yen, of which the third supplementary budget for FY 2020 is 20.1 trillion yen (General account: 19.2 trillion yen, special account: 1.0 trillion yen).

(Note 2) The additional amount in the FY 2020 third supplementary budget is 1.4 trillion yen.