

Overview of the Revision of Japan Revitalization Strategy (June 2014)

Basic Principles for the Revision

- Push forward the changes brought about by the “three arrows” in past 12 months and keep the positive cycle of the economy running.
- Therefore, enhance the “earning power” or the profitability of the country. At the same time, address the areas such as labor market, health and agriculture, which had not been addressed enough in Japan Revitalization Strategy.
- With the economy almost exiting from the deflation, now is the last chance. Encourage company managers and individuals to take concrete actions.

10 Key Reforms to be Tackled

1. Regain the Earning Power

Businesses Change Themselves – Enhancement of Earning Power

- ① Enhancement of Corporate Governance
 - Drafting of corporate governance code
- ② Reform of Public and Quasi-public Funds
 - Revision of policy asset mix and enhancement of governance structure of GPIF
- ③ Corporate Structural Reforms, Promotion of Ventures, Provision of Risk Money
 - Support in conjunction with large enterprises, preferential treatment in the government procurement, provision of risk money such as equity

Changing the Country

- ④ Pro-growth Corporate Tax Reform
 - aim to reduce the percentage level of the effective corporate tax rate down to the twenties in several years.
- ⑤ Promotion of Innovation and the “Robot Revolution”
 - Establishment of a “National System” that create business from innovative technology
 - Addressing social challenges by robots and new industrial revolution

2. Reinforcing Workforce – Promotion of Women’s Participation and Working Style Reform

⑥ Promotion of Women’s Participation

- Enhancement of childcare services for elementary school kids
- Tax and social security systems which are neutral to women’s participation in work

⑦ Reform of Working Styles

- Measures against overwork
- A new working-hour system which place value on performances rather than the hours worked
- Promotion of “diversified regular workers”
- Establishment of a transparent labor dispute resolution scheme

⑧ Utilization of Foreign Human Resources

- Review of training programs for foreign workers
- Acceptance of employees from overseas subsidiaries in the manufacturing industry
- Acceptance of foreign household workers in the Special Zones
- Utilization of foreign students in nursing care services

3. New Growth Engines and Development of Industries that Play Central Roles in Local Economies

⑨ Developing Aggressive Agriculture

- Integrated reform of agricultural committees, agricultural production corporations and agricultural cooperatives
- Diversification of distribution channels for dairy farmers
- Connecting domestic and overseas value chains (promotion of the “sixth industry” (i.e. collaboration among primary, secondary and tertiary industries) and promotion of exports)

⑩ Vitalization of Health Industry and Provision of High-quality Healthcare Services

- Establishment of a new non-profit holding-company style corporation system
- Introduction of incentives for health promotion and prevention
- Expansion of insurance scheme for combined use of medical treatments covered and not covered by public insurances

Spreading Achievements of the Growth Nationwide

Regional Vitalization / Innovation of SMEs and Small Businesses

- Establishing a platform to implement measures for regional vitalization as one package
- Promotion of regional specialties by SMEs and small businesses and development of strategic industries
- Promotion of the “sixth industry” of agriculture as unified movements in regions, creative efforts by dairy farmers, development of regions that attract tourists
- Realization of infrastructure management utilizing PPP/PFI

Structural Reform of the Regional Economies

- Consolidation/accumulation and networking of the city functions, industries and employments
- Prevention of population outflow from rural areas
- ⇒ Launching a new headquarter and developing a framework to push forward related policies in a unified manner

Actions for the Further Growth

strategy that will be realized and that evolves / continuing effort for the positive economic cycle / concentrated efforts for the reform, e.g. National Strategic Special Zones