

## Agenda for the Evolution of the Growth Strategy

January 29, 2015

Decided by the Council for Industrial Competitiveness

As a result of the “three-arrow” economic policy, a virtuous economic circle has begun to turn, as corporate profits have recovered, leading to expanded employment and wage hikes, which in turn is contributing to a further economic recovery through increases in consumption and investments.

In order to make the virtuous economic cycle robust and put the Japanese economy on a full-blown growth path, companies and individual people must take full advantage of their potential for developing domestic and overseas markets to improve the Japanese economy’s earning power.

Reform for a future society is indispensable for the Japanese economy to maintain its competitiveness in the face of intensifying international competition.

As corporate and individual behaviors dramatically change along with the diffusion of the Internet, the emergence of a big data society and breakthroughs in artificial intelligence, a competitive society beyond traditional business models is emerging. It is necessary to promptly respond to such change.

In order to achieve and accelerate these reforms on schedule, it is effective to take advantage of momentum which involves the whole of Japan and has the deadline effect. In this sense, it is important to set the year 2020, when the Tokyo Olympics and Paralympics will be held attracting international attention, as momentum for reform.

Recognizing the above, the Industrial Competitiveness Council will examine specific measures from the following three viewpoints:

- Strengthening of Japan’s growth potential
- Reform for the future society
- Momentum toward reform

## 【Strengthening of Japan's growth potential】

The growth strategies (Japan Revitalization Strategy, June 2013, and Japan Revitalization Strategy Revised in 2014, June 2014) have proceeded with structural reform to mobilize human resources, goods and capital. Further enhancement of Japan's growth potential necessitates the acceleration of the structural reform in the areas of capital, labor and productivity enhancement and the development of a business environment backing up the enhancement of international competitiveness.

Specifically, the government will change the quality and behavior of companies as the driver of "earning power" and promote investment for companies' growth and business model reform.

The government will also take full advantage of human potential by developing an environment to cultivate various human resources in response to economic and social structure changes with flexibility.

Furthermore, the government will develop an environment to attract domestic and overseas human resources, goods and capital, and will promote regulatory and institutional reform to create new markets and explore overseas growing markets.

《Major measures for examination》

- Establishing "earning power"  
(Promotion of "proactive management," vitalization of the services industry and productivity enhancement, enhancement of "earning power" of small and medium-sized enterprises)
- Developing an environment for cultivating human resources  
(Promotion of the participation of women and foreign human resources)
- Developing domestic business environments  
(National Strategic Special Zones, foreign direct investment, energy)
- Creating growing markets  
(Healthcare services, agriculture, tourism, PPP/PFI)
- Exploring overseas growing markets  
(Export of infrastructure and systems, Cool Japan, economic partnership)

### **【Reform for the future society】**

It is important to enhance the creation capacity of innovation bringing about changes toward a future society made by big data and artificial intelligence.

Specifically, the government will build a system to continuously create “innovations” in pursuit of the most innovative country in the world, and nurture human resources bringing higher added value. To this end, the government will reform advanced education institutions including universities and senior high schools and support workers’ career development.

In order to realize the world’s most advanced utilization of IT, it is necessary to build a network society where IT is utilized as a general rule in principle.

Industry is expected to fundamentally change as the utilization of data and networking makes progress in product/service development and production processes and as the utilization of robots is integrated with big data analyses and artificial intelligence. In the face of the coming of a new economic society, the development of a common understanding and the presentation of specific measures are required with regard to how companies and individual people should take on challenges and how the government should support them.

《Major measures for examination》

- Realization of a national system of innovation (university reform, etc.)
- Enhancing human resources for the future (support for workers’ career development, etc.)
- Fundamental reform of IT utilization (reform of regulations/system, information and communication environment development)
- Industrial structure reform through big data, artificial intelligence, IoT (Internet of Things), etc.

### **【Momentum toward reform】**

The 2020 Tokyo Olympics and Paralympics will bring

global attention to Japan and attracts great domestic interests, leading to the largest momentum for Japan's growth for the time being. Therefore, the government will accelerate reform by making use of the chance of "the year 2020" and demonstrate a new Japan to the world. Furthermore, reform achievements should be carried over to the next generation to promote further reform.

《Major measures for examination》

- Developing "Reform 2020"

### 【Revising growth strategy】

The Industrial Competitiveness Council has promoted the steady implementation and realization of measures in the growth strategy. In order to further advance the growth strategy, the "Agenda for the Evolution of the Growth Strategy" presents measures to be examined.

Based on this Agenda, the Industrial Competitiveness Council and the Examination/Realization Check Meeting and the Working Groups will examine specific measures. The Council will work together with the Council for Regulatory Reform, the Council for Science, Technology and Innovation, the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan, the Council on National Strategic Special Zones and other relevant panels.

The growth strategy aims to achieve economic growth through structural reform including regulatory and institutional reform. Measures consistent with this aim will be incorporated in the revision of the growth strategy planned in the middle of this year.

## I Strengthening Japan's growth potential

In order to escape from deflation and realize economic revitalization, it is necessary to make robust the improvement of corporate earnings and the employment situation. To put the Japanese economy on a steady growth path, it is essential that the government develops an environment in which Japanese companies and individual workers further develop and fulfill their potential.

A report by the "Committee for Japan's Future" (November 2014) states: "For the economy, we should aim to maintain GDP growth at around 1.5 to 2.0 percent in real terms even 50 years from now. We anticipate downward pressure on the economy in the 2030s and 2040s as working generation populations will start declining at a faster pace. A decreasing population and consequent stagnation of the economy would send it into negative growth in the 2040s, a situation we might find difficult to get out of once having fallen into it. What is critical here is to make the economy more resilient to such downward pressure by delivering innovations and enhancing potential for growth by the 2020s."

Therefore, the Government will attempt to realize the improvement of productivity by promoting initiatives to enhance Japan's "earning power" as cited in the growth strategy. An environment where workers can fulfill their potential will be developed to cultivate human resources.

The National Strategic Special Zone and other initiatives will be utilized to develop an environment to attract human resources, goods and capital. In this process, the Government will try to develop healthcare services, agriculture, tourism and other sectors into growth industries and open public organizations' business areas to the private sector. The government will take maximum advantage of Japan's strength to expand into overseas markets and benefit from their growth.

At the same time, the Government will attempt to enhance potential in rural areas facing severe population declines by promoting local economic structure reform in line with local Comprehensive Strategies.

## 1. Establishing “earning power”

### (1) Promotion of “proactive management” to improve profitability

In order to prevent the robust corporate profits at present from ending up as only temporary and to sustain the improvement of profitability, companies must make forward-looking, proactive investment in human resources, equipment, and research and development, as well as implement bold business realignment. To this end, we will consider further measures for encouraging corporate managers to promote “proactive management” through courageous decisions and for developing an institutional environment to support “proactive business decisions” intended to improve profitability, including a system that encourages investors to evaluate corporate management proactively.

In order to promote improvements in business quality and business/corporate restructuring for enhancing the productivity of companies including local enterprises, the government will consider how best to further promote supervision, inspection and other measures to encourage financial institutions to proactively fulfill their financing and consulting functions taking well into consideration the growth potential of debtor’s business.

### (2) Vitalization of the services industry and productivity enhancement

The government will further consider the establishment of targets for the services sector and sector-wide horizontal measures including the prioritization and packaging of measures for small and medium-sized enterprises in service industry, the development of human resources and IT utilization, as well as the establishment of targets by service category and measures concerning how to create new demand and improve value added and business flow, and other measures in line with the actual state of respective service categories and their problems, and compile these measures as a “program for vitalizing the services sector and enhancing its productivity (as tentatively named).” In this process, the government will also consider how to diffuse productivity

enhancement measures nationwide and the PDCA (plan-do-check-act) cycle to ensure the effectiveness of the program.

(3) Enhancing “earning power” among mid-ranking companies, SMEs and micro enterprises

In order to spread the improvement of corporate profits to regional economies, the government will further consider measures for enhancing the “earning power” of mid-ranking companies, SMEs and micro enterprises and for vitalizing them based on specific cases, and consider support systems to effectively and efficiently use these measures.

2. Developing an environment for cultivating human resources

(1) Promoting further social participation by women

(i) Implementing measures securely to “eliminate childcare waiting lists”

The Plan to Accelerate the Elimination of Childcare Waiting Lists and the Plan for Securing Nursery Teachers will be securely implemented. To this end, the government will continuously review the adoption of the number of nursery teachers secured as a new KPI (key performance indicator) and other relevant measures in the PDCA cycle and consider additional measures as necessary.

(ii) Promoting enterprises’ initiatives to correct long working hours and introduce flexible working styles

Working styles to allow both men and women to balance work and life according to childcare, nursing and other life stages should be realized urgently to promote women’s further social participation. It is important to improve workplaces to reduce working hours and allow women workers without overtime work to develop careers in the same way as men. With this in mind, the government will comprehensively consider measures to promote enterprises’ initiatives to correct long working hours and introduce flexible working styles, and their utilization of relevant systems and cooperation with these measures until the middle of this year.

- (iii) Measures for men to leave jobs to implement childcare or nursing care of family members

In order to develop an environment in which men and women can work while taking care of children, the government will consider effective measures for increasing the low rate of men taking childcare leave and encourage men to take care of children. At the same time, the government will consider measures for a large number of workers who are forced to leave jobs for nursing care of their family members.

- (2) Developing an environment for promoting foreign human resources' social participation

- (i) Promoting acceptance of highly skilled foreign professionals

The government will flesh out detailed plans for attracting highly skilled foreign professionals through proactive public-private PR initiatives and the development of a comprehensive environment for their living, education, etc. Universities should clarify the admission policy for accepting foreign students and promote continuous measures for recruiting students from strategically important regions and for supporting their job placement. The government will constantly revise the scope of “professional and technical fields” from a wide perspective in order to flexibly respond to new changes in foreign human resources' needs such as an increase in the number of foreign visitors to Japan.

- (ii) Approaches for utilizing foreign human resources in the medium- to long-term

The government will comprehensively and concretely consider approaches for utilizing foreign human resources in the medium- to long-term focusing on the fields where they are truly necessary for securing the sustainability of economic and social infrastructure, while taking care to ensure that this is not misconstrued as an immigration policy, seeking to shape the national consensus.

### 3. Developing domestic business environments

- (1) Accelerated promotion of National Strategic Special Zones

As for the National Strategic Special Zones, the

government will open the way to reform of the bedrock of Japan's regulatory regime in general within the remaining period of one and a half years until the end of FY2015 which has been designated as a period of intensive initiatives. In the process, the government will proceed with consideration based on the Schedule for Reforms of the Bedrock of Japan's Regulatory Regime (the Priority Issues and Reform Schedule through the End of the Next Fiscal Year) submitted by private-sector experts at the eighth meeting of the National Strategic Special Zone Advisory Council (on September 30, 2014).

In order to accelerate reform, the government will specifically consider the addition of bolder regulatory reforms in the National Strategic Special Zone Act, etc. as well as "Regional Vitalization Special Zones" for "ambitious, motivated local governments" to realize regional vitalization through regulatory reforms, and "institutional constraint reforms and bold regulatory reforms" for realizing near-future technology demonstration projects including remote medical treatment and pilotless planes.

(2) Developing business environments for promoting inward FDI

The Council for Promotion of Foreign Direct Investment in Japan should lead, as the headquarters, the prompt implementation of regulatory reforms contributing to improving environments for inward FDI, based on the needs of foreign companies investing in Japan. To this end, the government will promptly identify cross-ministerial priorities for the immediate future and consider specific measures that should be taken.

The government will consider reinforcement of the function to invite inward FDI through cooperation between relevant ministries, organizations and local governments, as well as promotion of the intensive invitation of investment in areas where further growth and revitalization of domestic markets are expected.

(3) Improving business environments through stable energy supply and cost reduction

The government will promote integrated energy supply structure reform, including electricity and gas system reform, and promptly consider and propose the energy mix.

In order to hold down energy costs and greenhouse gas emissions as far as possible and enhance stable energy supply arrangements irrespective of peacetime or crisis, the government will implement measures for promoting thorough energy conservation, utilizing nuclear power plants reaffirmed as safe, diversifying resources supply sources and stabilizing resources supply based on the fourth basic energy plan. Particularly, the government will proactively promote the introduction of renewable energy and consider the feed-in-tariff system and other measures with a view to both holding down the public financial burden and stabilizing electricity supply.

The government will also proceed with institutional reform and technology development to step up social application of hydrogen to realize a hydrogen society from the viewpoint of promoting innovation in the energy field.

4. Creating growing markets

(1) Securing sustainability of social security and developing high-quality healthcare services into a growth industry

(i) Promoting international (outbound and inbound) expansion of healthcare

The government will cooperate with Medical Excellence Japan and other relevant organizations to help emerging and developing countries nurture doctors, nurses and other healthcare human resources, develop public health insurance systems and expand medical equipment, technology and services. In addition, the government will promote international joint clinical research and trials, and simplify licensing procedures in foreign countries for drugs and medical equipment approved in Japan.

The government will also consider a scheme for certifying companies responsible for integrated inbound healthcare services (including acceptance of foreign patients) as

“healthcare visit support companies (as tentatively named)” and measures for selling domestic healthcare organizations providing cancer treatment, regenerative medicine and other services rated top in the world as a virtual “Japan international hospital (as tentatively named),” attempting to develop an environment for healthcare organizations’ acceptance of foreign patients.

(ii) Helping create the health industry

The government will accelerate the establishment of a “regional Next-generation Health Industry Council (as tentatively named),” assistance including investment by healthcare funds formed by the Regional Economy Vitalization Corporation of Japan and local financial institutions, the creation of new healthcare services using regional agriculture, food and tourism resources, the promotion of human resources utilization, and the development and commercialization of medical equipment using a “medical equipment development support network.” The government will also implement the international expansion of local health and prevention services.

In order to establish qualitative infrastructure for the health industry, the government will consider support for using information and communications technology to acquire and accumulate scientific grounds for the effects of services and systems for the collection and industrial utilization of health and prevention information such as vital signs, amounts of activities, contents of meals, etc.

The government will also consider specific measures to promote arrangements for companies’ healthy business management (including the establishment of a chief health officer) and their information disclosure and diffuse these arrangements among small and medium-sized enterprises.

(iii) Creating a system for rating nursing care service quality

The government will announce the results of a “survey and research project for rating the quality of nursing care insurance services” within the current fiscal year and consider a system for rating nursing care service quality based on the

results.

- (iv) Considering using a numbering system in healthcare-related areas

Based on an “interim report by a research panel on using a numbering system in healthcare-related areas,” the government will consider the early introduction of an online system for identifying health insurance eligibility.

Regarding the numbering system for integrating information in healthcare-related areas, the government will consider an information integration system where safety including the protection of personal information will be secured along with efficiency and convenience, using infrastructure for the online eligibility identification system.

- (v) Developing digital infrastructure for healthcare, nursing care and health areas

Based on the consideration of digital infrastructure by a “Next-generation Healthcare ICT Infrastructure Council,” the government will develop a system to implement advanced digitization of healthcare, nursing care and health areas, collect available data from service fronts and promote their utilization regarding large-scale accumulation and smooth, affordable distribution while securing interoperability and transferability of data.

- (2) Reform to develop agriculture, forestry and fisheries into growth industry

- (i) Promoting structural reform of rice farming

The government will promote improvement of the environment so that producers, etc. can undertake rice production in response to demand, based on their own management decisions without relying on production volume targets set by the government from 2018 and will consider the presentation of supply and demand outlooks for crops, vitalization of the private rice market, improvement of productivity for crops other than table rice (including feed rice), clarification of model rice farmers, incorporation of farms, promotion of exports through the organization of exporters,

and other measures to restructure rice farming. The government will compile these measures into a package and make a schedule for their implementation.

(ii) Consolidating farmland through Regional government supported institutions (Farmland consolidation banks)

Regarding the Regional government supported institution, the government will grasp, verify and assess the performance of farmland consolidation and new entry of farmers including corporations into the agricultural sector in the spring (toward April) of 2015. Later, the government will consider necessary measures.

(iii) Promoting exports

In order to promote the export of Japan-brand food products, the government will forward the establishment of the nation-wide export promotion institutions for fishery products and others as early as possible in 2015 in addition to existing ones for rice and rice products, beef and Japanese tea. The government will consider how to promote initiatives to publicize the attractions of Japanese culinary culture for promoting branding of Japanese foods. The government will also consider creating international food standards based on HACCP (Hazard Analysis and Critical Control Point) and GAP (Good Agricultural Practice) systems to improve the safety of Japanese agricultural products and the competitiveness of the Japanese food industry. The government will work out a relevant schedule as well.

(3) Promoting tourism to produce economic effects

To achieve the target of increasing the number of annual foreign visitors to Japan to more than 20 million by 2020 and more than 30 million by 2030, with the wide-ranging spillover effects and significance of tourism in mind, the government should expand tourism by addressing various challenges including the securing of accommodation facilities and transportation systems, the proactive invitation and hosting of MICE (meetings, incentives, conventions and exhibitions) events, cooperation with the Cool Japan initiative and the

overseas expansion of broadcasting contents. The government will also have to enhance the promotion of domestic tours.

To this end, the government will consider the future direction of and plans for the further relaxation or elimination of visa requirements for countries already subject to relaxed requirements, and for the relaxation of visa requirements for other countries under the precondition of sufficient security consideration.

From the viewpoint of improving environments for accepting foreign visitors, the government will consider revising the regulation of the Licensed Guide Interpreter with a view to reforming it thoroughly.

In addition, the government will consider measures to enhance external communications, to secure accommodation facilities based on demand, to expand functions of airports, ports, roadside stations and other transportation bases and the capacity and networks of various transportation systems, to increase multilanguage support, to brush up tourism resource under local initiatives and to promote Tourism-Based Community Development initiatives.

The government will also consider setting a new KPI to identify the economic effects of tourism as policy effects.

After the consideration, the Ministerial Council on the Promotion of Japan as a Tourism-Oriented Country will discuss issues and additional measures in a bid to expand or revise the "Action Program toward the Realization of Japan as a Tourism-Oriented Country 2014".

#### (4) Promoting the creation of PFI concession projects

As for PFI concession projects, the government will promote the creation of projects to achieve a numerical target for the priority areas (six airport, six water supply, six sewage and one road projects) and a total project target worth 2-3 trillion yen through the end of FY2016, based on the Policy on Initiatives during the Intensive Implementation Period of the Action Plan toward the Fundamental Reform of PPP/PFI.

The government will identify the needs of local governments ambitious to create projects, conduct research on the measures taken for public facility development in foreign

countries and consider how to promote further relevant initiatives.

In cooperation with the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan, the measures will be studied to promote local governments' asset management through effective utilization of PRE (public real estate), utilization of PFI concession projects and development of property ledgers by standard development procedures, etc.

## 5. Exploring overseas growing markets

### (1) Expanding infrastructure system exports through overall overseas urban development

The government will take advantage of Japan's strength to implement overseas overall urban development projects.

To this end, the government will identify and consider urban development needs and types of development projects to be undertaken by Japan; risks and other conditions to be considered for the selection of projects; specific methods for exploring and materializing development projects in which the projects are actively created and led by Japan; cross-sectorial promotion systems involving relevant public and private sectors; and other relevant matters.

### (2) Enhancing strategic overseas public awareness of the Cool Japan initiative through Japanese contents

With a view to linking the promotion of the Cool Japan initiative to substantial economic growth, it is important to identify projects having greater economic spillover effects and strategically create them while also taking into account their feasibility and profitability.

To this end, the government will particularly consider systems to comprehensively promote, through public-private cooperation, the continuous broadcasting of Japanese contents, and the creation of projects for earning profit overseas through collaboration between various contents and peripheral industries.

The government will also consider setting and managing new KPIs in order to comprehensively verify economic effects

of relevant measures and to clarify their progress.

(3) Promoting strategic economic partnership negotiations

It is essential for Japan to actively expand into fast-growing external markets, especially those of emerging countries, and to benefit from world economic growth. To this end, the government will push forward to achieve early conclusion of the TPP negotiations in a way that maximizes Japan's national interests and will promote strategic and prompt negotiations on other EPAs including RCEP, the Japan-China-Republic of Korea FTA and the Japan-EU EPA in order to enhance Japan's external economic relations and to promote domestic structural reforms through progress in global rule-making concerning trade and investment.

## II Reform for the future society

As data distribution volume increases explosively, utilization of big data and artificial intelligence have accelerated. Various countries are creating new business models responding to such change. The new trend is expected to produce a new competitive environment beyond traditional industrial structure and business model concepts.

To respond flexibly to such environmental changes, Japan should continuously produce high value added goods and services without sticking to traditional business models.

Therefore, the government will pave the way for Japan to continuously produce innovations and thoroughly promote reform of regulations/systems on precondition of IT utilization. Changes in industrial structure will greatly affect personal working styles. The government will develop an environment for workers to be conscious of their careers, learn necessary knowledge in a timely manner and achieve highly productive working styles to respond flexibly to changes.

The government will consider measures to promote reform of industrial structure over a medium to long term in anticipation of dramatic socio-economic and competitive environment changes represented by big data, artificial intelligence and IoT (Internet of Things) systems and the wider utilization of robots in the economic society and the integration of robots and IT.

### 1. Achievement of an innovative national system

#### (1) Accelerating university reform, etc.

The government will consider introducing a system for providing support primarily to reform-implementing universities to vitalize university functions. The government will reach some conclusions and publish them by the middle of 2015 to smoothly implement the system when it starts the third medium-term objectives period of national universities (from FY2016).

#### (i) Realizing assessment and distribution of resources based on

objective indicators

The government will establish budgetary frameworks for national universities, one which is subject to primary support for local vitalization and enhanced research in specific areas and the other subject to primary support for realizing the world's most advanced education and research, and implement transparent assessment of national universities under objective indicators for each framework. Based on the assessment, the government will consider reflecting assessment results in distributing subsidies for the operation of national university corporations. Particularly for universities to play a core role in local vitalization, the government will attempt to enhance the education and research environments in these universities contributing to local societies in line with "the Comprehensive Strategy for Overcoming Population Decline and Vitalizing Local Economy in Japan."

(ii) Developing systems for Japan to survive global competition

The government will consider creating an Excellent Graduate School system which includes attractive education and research environments and serves as a hub for nurturing excellent human resources as the key to innovation and for promoting exchange and joint research between researchers and students, an Excellent Researcher system which makes research jobs an attractive career path for young researchers, and a Specific Research University system which aims at the world's top level.

(iii) Reforming competitive funds

The government will consider how competitive funds should be (e.g., how direct and indirect expenses should be) from the viewpoint of enhancing support for excellent researchers and developing research cores leading to excellent achievements.

(2) Promoting local innovation

The government will promote strengthening "bridging" functions of local innovative technology seeds to

commercialization on a nationwide level (cooperation between local universities, research institutes, public research and development institutes, and enterprises). The government will also promote strengthening the support system to strategically utilize and standardize intellectual property rights of small and medium-sized enterprises in cooperation with universities and large companies.

Furthermore, the government will attempt to enhance the nationwide matching functions by discerning experts and industry experts in strategic fields to match university research achievements and private enterprise needs. (The enhancement of such functions includes nurturing discerning experts.)

The government will also promote the development of innovation-creating centers where universities, research organizations and enterprises get together around core research facilities under local future visions based on local characteristics.

## 2. Reinforcing human resources capabilities to support the future

### (1) Developing an environment for companies' career management

Given that companies must proactively support their employees' career development to improve the productivity of the limited labor force and achieve medium to long-term growth while responding to structural changes in the market and industry, the government will consider how to encourage companies to implement information disclosure, company certification, leave for educational training, and other initiatives to nurture human resources.

### (2) Supporting workers' voluntary efforts to develop their careers

In order to allow workers to voluntarily develop their vocational capabilities for any workplace while they are always conscious of their careers, the government will consider creating regular opportunities to take stock of personal careers, expanding support for companies and individuals to develop workers' careers and visualizing capabilities and careers.

### (3) Reforming higher education institutions to develop

capabilities outside companies

The government will consider the early establishment of a new higher education institution system for practical vocational education to nurture high-quality professionals ready to respond to human resources demand accompanying social and economic changes by allowing workers to develop their skills and knowledge inside and outside their companies and by expanding education for young people's career development before their job searching.

The government will also consider initiatives to develop and quantitatively expand education programs for senior high schools to cooperate with the industrial world and local communities. The government will consider the revision, improvement and expansion of internships for "education combined with practical company training," including the development of a medium to long-term internship system under cooperation between universities, vocational schools and other higher education institutions and the industrial world.

### 3. Fundamental reform of IT utilization

#### (1) Reform of regulations/systems for building an IT Utilization Society

In order to realize the utilization of IT at the world's top level, improve the convenience for the people and promote economic activities, the government will push through regulatory reform and make new rules to achieve IT utilizing administrative procedures as a rule in principle.

Specifically, the government will review regulatory institutions and administrative procedures that require face-to-face communications and documentation and impede the IT utilization promotion and will examine further promotion of the development of environments to utilize personal data.

The government will accelerate the examination for the purpose of expanding the scope for the utilization of the My Number system, utilizing public personal identification services and electronic post-office boxes upon the operational start of the My Number system and realizing electronic

applications and other one-stop services across the border between the public and private sectors.

With regard to corporate ID numbers, the government will consider materializing such utilization measures as Corporate Portal and Procurement Portal.

(2) Developing information and communications environments as source of industrial competitiveness

For IT utilization to induce innovation and contribute to economic revitalization and social problem solutions, the government will promote the development of information and communications environments and the seamless utilization of IT in such fields as agriculture, medical services, education, employment and disaster prevention.

To improve Japan's industrial competitiveness before and after the 2020 Tokyo Olympics and Paralympics and promote an IT-oriented society for sustainable growth, the government will consider promoting competition and developing IT-utilizing environments in mobile communications and other telecommunications fields, leading to new businesses and comfortable, high-quality and affordable services, promote the optimum allocation of frequency bands for the effective utilization of limited resources, support the development of world-leading 4K/8K television technology, back up IT utilization and investment to improve industrial and administrative efficiency, and establish cyber security.

4. Reforming industrial structure with big data, artificial intelligence and IoT systems

In order to address the realization of a Robot Revolution through the promotion of regulatory/systematic reform under the New Robot Strategy and industrial structure changes through the rapid development of big data, artificial intelligence and IoT systems in production, distribution, sales, transportation, health and healthcare services, public services and other areas, the government will consider cross-industry challenges and solutions anticipating future business models and accelerate the development of environments for human resources development, security measures and international standardization designed for

global markets.

The government will also make consideration from new viewpoints including how to take advantage of Japan's strength to induce such economic and social structure changes, and promote industry-academia-government initiatives.

### III Momentum toward reform (“Reform 2020”)

It is important to accelerate reforms and innovation by using “the year 2020” as momentum, when Japan will attract global attention with the Tokyo Olympics and Paralympics and welcome a large number of foreign visitors.

The government will accelerate the growth strategy by using the Tokyo Olympics and Paralympics as leverage and select core projects including institutional reforms that Japan should implement by 2020, and that the next generation of Japan should inherit as a legacy. The government will formulate an action plan “Reform 2020” which consists of the selected projects and its implementation schedule.

- With a view to taking maximum advantage of such opportunities as the Tokyo Olympics and Paralympics utilizing the National Strategic Special Zones and promoting regional vitalization, the government will strictly select projects in the following priority policy areas that (1) can produce higher policy effects focusing on a rise in global attention on Japan and (2) can socially implement, showcase and demonstrate Japan’s strength, and that will lead to later economic growth, from measures into “the Japan Revitalization Strategy” and “the Japan Revitalization Strategy Revised in 2014”. The government will also consider how to showcase these selected projects in 2020, identify institutional reforms and other environmental improvements for these projects and work out how to implement the projects by 2020.

#### <Priority policy areas>

- (i) Technology-using solutions to social problems and export of system solution technologies

The government will marshal technology-using solutions to social problems including the realization of automatic driving and a hydrogen-based society, the utilization of carbon fibers and other new materials, and others that will be able to be showcased by 2020 and expanded overseas later.

- (ii) Deepening the Cool Japan initiative and promoting global awareness

The government will marshal projects that contribute to promoting the Japan Brand, enhancing functions of strategic external communications, international expansion of Japanese contents, foods fashions, etc.

- (iii) Developing an environment to increase the number of foreign tourists to Japan

The government will marshal projects that can contribute to accelerating and facilitating immigration procedures, increasing the number of tax-free shops and improving the convenience of their users, facilitating the utilization of public transportation systems, developing free public wireless LAN networks and multilanguage support, utilizing IT and promoting functional barrier-free facilities.

- (iv) Expanding foreign direct investment in Japan and improving business environments and so on

The government will marshal measures to improve and upgrade business environments in Japan and consider how to invite foreign investment in order to expand foreign direct investment in Japan.