

Program to Accelerate Reforms

(summary)

Cabinet Office

Government of Japan

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I. Overview of policies

A. The building of safety nets in preparation for Japan's economic and social structural transformation

1. Strengthen employment measures

- Establish the Employment Revitalization Intensive Assistance Program (provisional name).
 - a) Provide efficient and effective re-employment assistance and implement practical vocational training based upon market needs while also capitalizing on the vitality of the private sector.
 - b) Substantially expand the Special Fund for Employment Support Accompanying Non Performing Loan(NPLs) Disposal. Establish the Special Fund for Sources of Local Employment (provisional name).
- In response to the accelerated disposal of NPLs, establish the Fund to Assist Prompt Worker Re-employment (provisional name) so as to promote the expeditious re-employment of people who are forced to leave their jobs.
- Create new employment through such steps as establishing the Fund to Assist Business Start-ups by Qualified Recipients (provisional name), expanding and improving the operation of the Emergency Regional Employment Creation Special Grants Works, and expanding projects for “green workers” and “green employment leader training.”
- Take such steps as improving systems related to supporting the efforts of young people, including college graduates who leave their jobs after a short interval and job-hopping part-time workers, to make appropriate occupational choices.
- Take such steps as providing employment assistance to segments of the work force for

whom the employment environment is particularly difficult, such as the elderly and the disabled. Providing employment assistances in Okinawa prefecture

- Offer civil legal aid programs for individuals in a state of bankruptcy, implement measures to assist borrowers who have difficulty making mortgage repayments, and provide scholarships to dependents whose families are experiencing financial difficulties because of the unemployment of their parents or guardians.

2. Expand measures for Small and Medium-size Enterprises

- Introduce lending programs, such as safety-net loans and debtor-in-possession(DIP) financing, for the operators of small and medium-sized enterprises (SMEs) who undertake the rebuilding of their businesses.
- Establish a new business start-up financing system for the purpose of supporting the opening of new operations by women and by workers who are middle-aged and older as well as the launching of new businesses that utilize information technology (IT).
- Expand safety net guarantees, strengthen the fiscal base of the credit insurance system, and establish a guarantee system that will assist with the management of funds.
- Support such endeavors as the development of venture business training facilities with university links and the efforts of the operators of SMEs to enter new fields.
- Establish the SME Local Revitalization Council (provisional name) to serve as a structure that enables the all-out mobilization of an array of policies to revitalize the operations of SME.
- Carry out the smooth provision of funds to the operators of small and mid-sized construction firms and agricultural, forestry, and fishery operations that are making serious efforts to operate their businesses (for example, expand the program of debt guarantees as a safety net for subcontractors and strengthen the base of credit guarantee insurance).

3. Support entrepreneurship and new business start-ups (cultivate new industries)

- Actively promote research and development (R&D) projects for the purpose of economic invigoration that are integrated efforts by industry, academia, and government and that focus on Japan's four priority areas: biotechnology, IT, environment-related, and nano-technology and materials.
- Improve the research facilities and equipment of universities, research institutes, and so forth.

Encourage support with regard to such activities as the transfer of research outcomes and commercialization; develop hub facilities and R&D environments.

- Provide assistance for training highly specialized human resources, including venture capitalists and specialists for the revitalization of operations, who will contribute to new business start-ups and the cultivation of entrepreneurship.
- Through such steps as the provision of Advanced Information and Telecommunications Platform, improve the environment so that it encourages the creation of new businesses that utilize IT.
- Expand investment in the Corporate Revitalization Investment Fund of the Development Bank of Japan (DBJ) and improve support for corporate revitalization and industrial restructuring. Expand special low interest loans for supporting restructuring of business.

4. Establish fair and secure society addressing aging society and declining birthrates

- In order to train the next generation of human resources to support Japan's information society, promote the computerization of school facilities and other places through such steps as setting up intra-school local area networks, installing equipments for IT education, and equipping schools with internal and external network infrastructure.
- Develop an environment that is conducive to the installation of next-generation cable television equipments and to shifting to terrestrial digital broadcasting.
- Make improvements in the education and research environment and so forth, beginning with the promotion of measures related to the seismic resistance and the aging of school facilities and other structures and efforts to upgrade the information network environments of national universities and other institutions.
- Provide such social infrastructure as day-care centers and special nursing homes for the elderly and create infrastructure for a safe, secure society that protects children and the elderly, among others, from accidents, crime, disasters, and so forth. Implement food safety and security measures.
- Encourage the consolidation of municipalities so as to help strengthen the base for the provision of educational and welfare services in local communities.

B. The encouragement of public investment promoting structural reform

1. Promote urban renaissance efforts and the upgrading of urban functions that encourage such

efforts

- Provide financial assistance to endeavors such as government-authorized urban renaissance projects through such channels as the Urban Renaissance Fund (provisional name) operated by the DBJ and Institution for Promotion of Urban Development by Private-sector Initiatives.
- Extend assistance to private-sector urban development projects by encouraging such endeavors as the Urban Development Corporation's program for the efficient utilization of land.
- Facilitate the smooth rebuilding of condominium structures by easing the Government Housing Loan Corporation's financing requirements.
- Undertake such endeavors as the improvement of roads designated in the City Planning Law and urban land readjustment projects in areas where such action will have a substantial impact in terms of attracting private-sector investment.
- Take such steps as strengthening the distribution functions of hub airports in metropolitan areas, core international ports, and other facilities.
- Promote the improvement of loop roads and so forth in Japan's three major metropolitan areas (Tokyo, Nagoya, and the tri-city area consisting of Kobe, Kyoto, and Osaka).

2. Provide infrastructure geared toward attractive cities and regional revitalization

- Equip regions with IT capabilities and develop regional hubs for technological development.
- Encourage the creation of abundant space for daily life through such improvements in public locations as burying power lines and other utility links underground, ensuring barrier-free access, erecting overpasses that allow uninterrupted passage over railway tracks, and renewing urban waterfront districts.
- Strengthen transportation and production infrastructure so as to help heighten the competitiveness of regional industries.
- Embark on the provision of cultural facilities and so forth that will boost the attractiveness and vitality of regions; carry out inner-city revitalization utilizing comprehensive subsidies.

3. Respond to environmental problems and other urgent issues

- Encourage such pursuits as the stable practicing of waste disposal and recycling and the efficient utilization of biomass.

- Prevent global warming by undertaking such efforts as the cultivation of healthy, diverse forests.
- Promote the implementation of projects to improve the quality of water in such locations as designated lakes and reservoirs that supply municipal water systems.
- Strengthen Japan’s capabilities for coping with geographically broad disasters by taking such steps as the provision of emergency rescue / paramedic systems and crisis management systems that capitalize on IT and the development of earthquake countermeasures for strong inland quakes in the southern part of the Kanto region and for tremors in the Tokai, Minami-Tokai, and Nankai areas.
- Undertake such tasks as the provision of fire-fighting and disaster-prevention facilities and so forth as well as the enhancement of urban disaster readiness and the improvement of residential environments.
- Urgently undertake the improvement of prisons and other facilities so as to help maintain and improve safety in the lives of local residents.

II. The scale of the Program to Accelerate Reforms and its impact

A. The scale of projects and so forth

1. The creation of safety nets in preparation for Japan’s economic and social structural transformation	<i>National expenditure: 1.5 trillion yen</i>
1) Reinforcing employment measures ^a	<i>National expenditure: approx. 0.5 trillion yen (Scale of projects: approx. 0.5 trillion yen)</i>
2) Expanding SME measures ^b	<i>National expenditure: approx. 0.5 trillion yen (Scale of projects: approx. 0.5 trillion yen)</i> <i>(Scale of projects and so forth, including financing and guarantees: approx. 10.9 trillion yen)</i>
3) Support for entrepreneurship and new business start-ups (cultivation of new industries)	<i>National expenditure: approx. 0.3 trillion yen (Scale of projects: approx. 0.3 trillion yen)</i>
4) Establishment of a fair and secure society addressing aging society and declining birthrates	<i>National expenditure: approx. 0.2 trillion yen (Scale of projects: approx. 0.5 trillion yen)</i>

2. The encouragement of public investment promoting of structural reform

National expenditure: 1.5 trillion yen

1) The promotion of urban renaissance efforts and the upgrading of urban functions that encourage such efforts

*National expenditure: approx. 0.3 trillion yen
(Scale of projects: approx. 0.6 trillion yen)*

2) The provision of infrastructure geared toward attractive cities and regional revitalization

*National expenditure: approx. 0.6 trillion yen
(Scale of projects: approx. 1.0 trillion yen)*

3) Response to environmental problems and other urgent issues

*National expenditure: approx. 0.6 trillion yen
(Scale of projects: approx. 1.0 trillion yen)*

Total

*National expenditure: 3.0 trillion yen (Project scale: approx. 4.4 trillion yen)
(Scale of projects and so forth, including financing and guarantees: approx. 14.8 trillion yen)*

^a In addition, a sum of approx. 0.4 trillion yen (the scale of projects), which is an amount that has already been budgeted for Japan's Comprehensive Measures to Accelerate Reforms, is to be utilized.

^b In addition, a sum of approx. 3.7 trillion yen (the scale of financing and guarantees), which is an amount that has already been budgeted for Japan's Comprehensive Measures to Accelerate Reforms, is to be utilized.

B. Calculation of the economic impacts of public investment (Preliminary Estimation)

1. Public investment's impact on Japan's gross domestic product over the next year

Nominal GDP: Approx. 1.0%

Real GDP: Approx. 0.7%

2. Public investment's impact on employment over the next year

Employment: Approx. 90,000 additional jobs

Unemployment rate: A reduction of approx. 0.1 percentage points

Note: The above calculation is based on the Cabinet Office's economic model for public investment and so forth in conjunction with the Program to Accelerate Reforms.