

Industrial Competitiveness Enhancement Action Plan (January 24th, 2014, Cabinet Decision)

Summary of the “Action Plan”

- The purpose of the plan is **to accelerate and deepen the implementation** of priority measures related to the growth strategy, based on the Industrial Competitiveness Enhancement Act.
- The plan **specifies the deadlines for and ministers in charge of regulatory and institutional reforms to be implemented over the next three years.**
- Concrete actions are provided to implement the measures such as: tax reforms to promote investment in highly productive equipment, establishment of a “control tower” function for research and development in the medical sector, full liberalization of electricity retail market, etc.

Examples of Priority Measures

Promotion of private investment and restructuring of businesses, innovation of SMEs

—Japan will make its economy strong and lean enough to compete in the global market by correcting the economy's three distortions (underinvestment, overregulation and overcompetition)

- Implementing schemes based on the Industrial Competitiveness Enhancement Act and tax reforms including investment tax incentives.
- Passing Companies Act revision bill for promoting outside directors as early as possible and compiling a Japanese version of stewardship code by February.
- Introducing a legal framework to promote “crowd-funding.”

* Other measures include: introducing a legislative framework to promote small businesses, protecting regional brands, Public and quasi-public fund investment reform in line with the roadmap, etc.

Employment and human resources system reform for realizing “ALL-HANDS society”

—Japan will promote labor movement without creating unemployment and expand opportunities for women and the young to play active roles in society so that people can fulfill their potential.

- Drastically shifting budget from subsidies for maintaining employment within single companies to subsidies for smooth labor relocation.
- Extending the period of time before limited-term workers with advanced expertise and relatively high income get the right to switch to unlimited-term employment.
- Reviewing the regulation on the period of worker dispatching.
- Reforming the “points-based preferential immigration treatment system” to invite more highly skilled foreign professionals.

* Other measures include: review of employment insurance to promote participation in the “re-learning” programs, extension of the Act for Measures to Support the Development of the Next Generation, etc.

Promotion of innovation, IT utilization, and enhancement of Japan’s competitiveness to attract investment

—Japan will establish itself as a “technology-driven nation” that explores frontiers and realize the world’s most advanced IT society. Also, Japan will achieve the world’s most business-friendly environment by reinforcing the foundation for business activities and cities’ competitiveness.

- Enhancing a control-tower function of the Council for Science and Technology Policy.
- Designating specific regions of National Strategic Special Zones around the coming March and approving specific regulatory measures to be applied to each zone.
- Promoting “compact cities” while establishing public transportation network suited for the sustainable regional society and invigorating city centers.
- Promoting personal data utilization in the “Big-Data” age.

* Other measures include: Reconstruction of Tokyo metropolitan expressways in tandem with urban renaissance, opening up public data to promote new businesses, etc.

Enhancement of competitiveness in strategic markets, promotion of global outreach

—Turning social problems such as energy constraints and healthcare issues into opportunities, Japan will win the growing world market, with its state-of-art technologies.

- Reviewing rice production control and halving direct payment for rice farmers from the production in 2014, with the aim of abolishing the payment in 2018. Also, reforming direct payment subsidies for dry-field crops.
- Establishing an independent administrative agency for unified management of healthcare research (the Japan Medical Research and Development Agency) .
- Removing entry regulation in the electricity retail market as the second step of Japan’s electricity system reform.
- Establishing a scheme to support exports of transportation infrastructure and urban development.

* Other measures include: Establishment of “Farmland bank”(intermediary redistribution scheme of farmlands) in each prefecture, Review of international trade Insurance for expanding the coverage of risks to promote infrastructure exports.