

# 100 Actions to Launch Japan's New Growth Strategy

—Maximize the Market's Function through Reimagined  
Public-Private Cooperation—

【FY 2011 Key Policies of the Ministry of Economy, Trade  
and Industry】

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Ministry of Economy, Trade and Industry

Japan's deadlocked economy & industry

Problems in the whole industrial structure

- Overdependence on specific industries
- Domestic war of attrition

Industry's delays in conversion of business strategy

- Repeatedly "win in technology, but lose in business"

Japan's loss of attractiveness as a business base

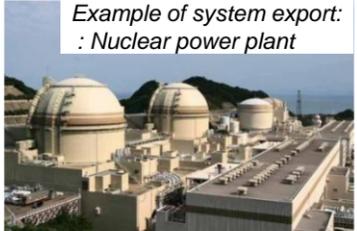
- Problems in the tax system
- Lack of excellent international talent

## I. Dramatic improvement in Japan's attractiveness as a business base to succeed in international competition [Actions 1-15]

- Job creation based on internationalization and enhanced world-class business infrastructure
- Securing investment scale and speed sufficient to compete in the world
- > Corporate tax reform aiming at reaching international standards (a 5% cut targeted at first)
- > Japan as an Asian business hub (attracting Asian headquarters and R&D bases)
- > Creation of companies that can "compete in the world" by promoting business restructuring
  - Consider business-related laws to urge business restructuring and segregation, increase labor mobility (Japanese-version NVQ, etc.)
- > Enhancement of Japan's "human resource power" to global level
  - Attract/develop excellent international talent, support industry-government-academia collaboration to develop excellent human resources in technology, etc.

## II. Strategic fields to drive new growth [Actions 16-68]

- Shift from industries that sell standalone products with advanced functions to industries centered on system sales, problem solving and creative added value
- > Promoting economic growth driven by environment and energy industry (green innovation) and making Japan the world's environment and energy power
  - Promote job-creating domestic low-carbon industries
  - Create Future Cities through large-scale demonstrations of next-generation energy demand-supply systems (Smart Grid)
  - Enhance and accelerate technology development in the environment and energy fields
  - Establish bilateral offset mechanisms and support international expansion of the environment and energy industry
  - Promote carbon reduction in residential/commercial and transportation sectors (consider requiring houses/buildings to meet energy efficiency standards, support installation of residential energy-conservation and renewable-energy systems in coordination with the Domestic Clean Development Mechanism, etc.)
  - Promote nuclear power generation with safety as the major prerequisite (facilitate reactor construction/addition/replacement, increase capacity factor, by further improving the power station development subsidy program towards site-located local government, etc.)
  - Discuss development of a legal framework to meet the introduction of the feed-in tariff scheme
  - Fundamentally improve resource and energy security (conduct resource diplomacy, enhance resource development at home and abroad, develop domestic petroleum supply chain, strategically secure stable supply of rare metals, etc.)
  - Increase fossil fuel taxation to address global warming
- Etc.
- > Promotion of export of infrastructure-related industries and system
  - Conduct top level diplomacy, support forming consortiums, work with the target countries from planning phase, enhance public financing, etc.
  - Fundamentally strengthen overseas business support through JETRO and NEDO
- > Health, medical, and nursing care industries (life innovation)
  - Revise systems in medical and nursing care service sector and create related industries, digitize medical care, medical interaction, support new bio-industry creation, foster development of innovative medical equipment and life support robots, etc.
- > Creative industries strategy (Cool Japan Strategy)
  - Formulate and implement country-/sector-specific strategies to "profit from culture"
  - Establish "Overseas Content Marketing Support Fund"
  - Set up "Creative Industries Department" (provisional name)



## III. Invigoration of regional economies and SMEs [Actions 69-80]

- Support measures to meet diversity
- > Implementation of diverse "regional economic development models"
  - Concentrate policy resources on wide-area centers of international competitiveness enhancement in coordination with comprehensive special zones, enhance agriculture-SME collaboration, accelerate overseas marketing of food culture
- > Stronger promotion of measures to invigorate SMEs
  - Improve productivity by enhancing human resources and technical/managerial capacity ("New Graduate Employment Encouragement Project," etc.), support international business expansion, support entrepreneurship & business conversion, financing facilitation measures, etc.
- > Retention and reinforcement of manufacturing base
  - Establish "Monodzukuri Instructor Training School," support advancement of key manufacturing technologies, etc.

[Budget request] \* excluding transfer to Energy Resources Special Account

>General Account\*: ¥411.9 bn. [Special request: ¥48.6 bn.] (FY10 initial budget: ¥411.0 bn.)

>Special Account: ¥1,046.8 bn. [Special request: ¥58.1 bn.] (FY10 initial budget: ¥1,013.4 bn.)

## IV. Implementation of "open" economic and industrial policies from integrated internal and external perspectives [Actions 81-84]

- > Promotion of EPAs/FTAs and enhancement of partnerships
  - Formulate country-/area-specific strategies in the "Basic Policy on Comprehensive Economic Partnership" and put them into practice
- > Facilitation of domestic reforms to "open Japan"

## V. R&D for "value-creating-technology" and promotion of international standardization strategy [Actions 85-94]

- Shift to business strategy to "win in technology and even in business"
- > Establishment of R&D system enabling to provide solutions for global issues promptly to society under industry-academia-government alliance
  - Promote integrated R&D including technological demonstration, international standardization, and safety/performance evaluation
  - Etc.
- > Formulation of international standardization strategy integrated with business strategy
  - Chart and implement a roadmap to acquire international standards in key strategic fields
- > Investment focused on world-class R&D centers
  - Promote establishment of a collaborative R&D base for industry, academia and government in the suburbs of Tsukuba ("Tsukuba Innovation Arena Initiative")
- > Review of the patent system and stricter trade secret management in order to support a strategic combination of open and closed technologies



## VI. IT as the basis for industrial and social advances [Actions 95-98]

- > Wider use of key next-generation information processing technology (cloud computing)
  - Clarify who should be liable for protecting information and how it should be managed, in addition to promoting the growth of domestic system management activities and data centers
- > Creation of a new society based on the use of next-generation energy use (smart community) and support for its international expansion of this model

## VII. Selection and concentration of projects through the strict scrutinizing of public projects and government project reviews and the lateral application of their results [Actions 99-100]

- > Promotion of the reform of independent administrative agencies and public-service corporations, and selection and concentration of their projects
- > Reduction in the FY 2011 budget request in light of review results : ¥182.7 bn. \*Compared with FY10 initial budget

# CONTENTS

<b><u>Chapter 1 Introduction</u></b> . . . . .	<b>1</b>
<b><u>Chapter 2 How we perceive the country’s current economic situation and position the actions</u></b> . . . . .	<b>1</b>
<b><u>Chapter 3 Policies and measures to be implemented in FY 2011</u></b> . . . . .	<b>2</b>
<p>I. Dramatic improvement in Japan’s attractiveness as a business base to succeed international competition — Job creation based on internationalization and enhanced world-class business infrastructure— — Securing investment scale and speed sufficient to “compete in the world” — . . . . . 2</p>	
<b>1. Corporate tax reform aiming at reaching international standards</b> .....	<b>2</b> <b>action 1</b>
<b>2. Promoting job-creating domestic low-carbon industries (enhancement of Japan’s capacity as a green innovation base for increased energy conservation and CO2 savings)</b> .....	<b>2</b>
<b>3. Promoting Japan as an Asian business hub</b> .....	<b>2</b>
(1) <u>Designing incentives to attract high-value added business bases from abroad</u>	<b>action 2</b>
(2) <u>Inviting, developing, and utilizing high-level global-experienced human resources</u>	<b>action 3</b>
(3) <u>Improving transportation/logistics systems and infrastructure</u>	<b>action 4</b>
(4) <u>Intensively injecting policy resources in “national clusters”</u>	<b>action 5</b>
<b>4. Strengthening the “capability of Japan’s human resources” to an internationally competitive level</b> .....	<b>3</b>
(1) <u>Improving “qualitatively” the labor force that shall support growth (development of frontier human resources)</u>	<b>action 6</b>
(2) <u>Securing a “quantitative” labor force that shall support growth (securing human resources that shall serve as industrial infrastructure)</u>	
① We will promote “second life” for middle- to advanced-aged people.	<b>action 7</b>
② We will improve child-rearing service.	<b>action 8</b>
(3) <u>Facilitating labor movement due to industrial reorganization or business segregation, and upgrading the function of the labor market</u>	
① We will create “Japanese-version NVQ.”	<b>action 9</b>
② We will consider a new pattern of employment.	<b>action 10</b>
<b>5. Creating companies that can “compete in the world”</b> .....	<b>5</b>
(1) <u>Improving the business-related legal system to encourage companies to restructure or segregate business</u>	<b>action 11</b>
(2) <u>Facilitating labor movement in response to industrial reorganization and segregation [referred to earlier]</u>	
<b>6. Industrial finance and corporate accounting that support growth</b> .....	<b>5</b> <b>action 12</b>

**7. Implementing measures designed to support business development for stronger international competitiveness.....6**

- (1) Realizing flexible and open safety product regulation **action 13**
- (2) Increasing added value on products and services based on customers' attitudes **action 14**
- (3) Providing industrial statistics on all industries **action 15**

II. Strategic fields to drive new growth — Shift from industries that sell standalone products with advanced functions to industries centered on system sales, problem solving and creative added value — . . . . . 7
--

**1. Promoting economic growth driven by environment and energy industry (green innovation) and making Japan the world's environment and energy power.....7**

(1) Strongly propelling green innovation

- ① We will develop the world's top-class energy-saving, low-carbon industry (selection and concentration of support measures for industry).
  - We will promote job-creating domestic low-carbon, industries (strengthening the green innovation base toward acceleration of energy- and carbon-saving efforts). **action 16**
  - We will steadily push ahead with energy-saving measures. **action 17**
  - We will reduce tax for green investment **action 18**
  - We will strengthen the ministerial structure to promote the green innovation. **action 19**
- ② We will create “Future Cities” through large-scale demonstration of Smart Grid and other technologies. **action 20**
- ③ We will prioritize and accelerate the development of green innovation technology. **action 21**
- ④ We will promote carbon reduction in residential/commercial and transportation sectors.
  - We will support installation of residential energy-conservation and renewable-energy systems in coordination with the Domestic Clean Development Mechanism. **action 22**
  - We will “visualize” companies’ environmental behaviors. **action 23**
  - We will strengthen energy-saving efforts in houses and buildings. **action 24**
- ⑤ We will support the international expansion of energy and environmental industries and contribute to the world's CO2 emissions reduction.
  - Promotion of overseas demonstration of energy and environmental technologies **action 25**
  - Support for establishing bilateral offset mechanisms and their international expansion **action 26**
  - Support for international expansion of energy industries that contribute to the world's CO2 emissions reduction **action 27**
- ⑥ We will create a new society based on the use of next-generation energy use (smart community) and support for its international expansion of this model. **action 28**
- ⑦ We will accelerate system design for wider dissemination of renewable energy.
  - Development of a legal framework to meet the introduction of the feed-in tariff scheme **action 29**
  - Promotion of technology development and demonstration projects for massive use of renewable energy **action 30**
  - Wider use of clean heat **action 31**
- ⑧ We will promote nuclear power generation with safety as the major prerequisite.
  - Construction/expansion of nuclear power plants and improvement of their capacity utilization rate **action 32**
  - Strengthening industrial power and international contribution by establishing a uranium fuel supply chain **action 33**

➤ Thorough safety of nuclear energy	action 34
⑨ We will consider how the policy approach for global warming countermeasures, including domestic cap-and-trade carbon credit trading system, should be.	action 35
⑩ We will strengthen efforts toward smooth introduction of biofuels and realization of a hydrogen energy society.	
➤ We will facilitate introduction of biofuels.	action 36
➤ We will realize a hydrogen energy society.	action 37
⑪ We will upgrade sophisticated use of fossil fuels.	
➤ Pushing ahead with “shift to gas”	action 38
➤ Use of low-carbon coal	action 39
⑫ We will promote Non-Energy-related GHG Emissions reduction such as CFC substitutes.	action 40
<b>(2) Stable supply of resources and energy</b>	
① We will secure stable supply of resources at home and abroad.	
➤ Promotion of strategic comprehensive resources diplomacy	action 41
➤ Strengthening domestic resources development	action 42
➤ Securing stable supply of rare metals and other metallic resources	action 43
➤ Study of methods that enable rational resources development	action 44
➤ Stable supply of coal resources	action 45
➤ Promoting effective utilization of low-grade coal	action 46
➤ Promoting recycling of waste plastics	action 47
② We will maintain/strengthen Japan’s oil supply chain.	action 48
<b>(3) Stronger efforts to build a low-carbon society</b>	action 49
<b>2. Promotion of export of infrastructure-related industries and system</b> .....16	
<b>(1) Strengthening the government’s structure to promote exports</b>	action 50
<b>(2) Strengthening the international competitiveness of Japan’s infrastructure-related industries</b>	action 51
<b>(3) Enhancing public financing and improving international rules</b>	action 52
<b>(4) Obtaining cooperation from other countries from the project planning phase, and strategic matching</b>	action 53
<b>3. Health, medical, and nursing care industries (“life innovation”)</b> .....17	
<b>(1) Revising systems in medical and nursing care service sectors and creating related industries</b>	action 54
<b>(2) Digitizing medical care</b>	action 55
<b>(3) Medical Interaction</b>	action 56
<b>(4) Supporting regenerative medical technology and creation of bioventures</b>	action 57
<b>(5) Fostering development of innovative medical equipment and life support robots, etc.</b>	
① Promoting development of innovative medical equipment	action 58
② Developing elemental technology for the manufacture of a life-support robot and establishment of the robot’s safety	action 59
<b>4. Creative industries strategy (Cool Japan Strategy)</b> .....19	
<b>(1) Promoting the Cool Japan Strategy</b>	action 60
<b>(2) Setting up “Creative Industries Department” (provisional name)</b>	action 61

(3) Opening up overseas markets

- ① Content sector: We will work to have financing and distribution routes secured for overseas expansion.
  - Establishing “Overseas Content Marketing Support Fund” action 62
  - Support for marketing of Japanese content in the Asian region action 63
- ② Fashion, foods, living space, and local product sectors: We will support the sectors’ overseas marketing by increasing cultural added value. action 64

(4) Opening up domestic market

- ① Content sector: We will improve the infrastructure to accelerate dissemination of content.
  - Facilitating treatment of various rights related to the utilization of the Internet action 65
  - Promoting digitalization of books action 66
  - Developing human resources specialized in content action 67
- ② Fashion, foods, living space, and local product sectors: We will create and cultivate enterprises that can compete worldwide. action 68

III. Invigoration of regional economies and SMEs — Support measures to meet diversity — ...22

**1. Implementation of diverse “regional economic development models” .....22**

(1) Intensively injecting policy resources in “national clusters” 【referred to earlier】

(2) Promoting domestic job-creating domestic low-carbon industries (strengthening the green innovation base toward acceleration of energy- and carbon-saving efforts) 【referred to earlier】

(3) Turning agriculture into a growth industry

- ① Solidifying the alliance between agriculture, commerce, and industry action 69
- ② Intensifying overseas marketing of agricultural products, processed products, plant factories, and Japanese food culture action 70

(4) Aggressively supporting social businesses action 71

(5) Revitalizing regional communities action 72

**2. Stronger promotion of measures to invigorate SMEs.....23**

(1) Facilitating financing to SMEs launching start-ups or changing trade

- ① Support to SMEs’ entrepreneurship & business conversion (including second business start-ups) action 73
- ② Study of taxation that revitalizes SMEs action 74

(2) Supporting SMEs grouping (business takeover, alliance, and rehabilitation) action 75

(3) Supporting SMEs’ international expansion action 76

(4) Improving SMEs’ productivity by enhancing human resources and technical/managerial capacity

- ① Developing and securing human resources who shall play an active role in SMEs action 77
- ② Maintaining and upgrading SMEs’ technologies action 78
- ③ Upgrading SMEs’ managerial capacity action 79

(5) SMEs’ stable business management supported by financing facilitation measures action 80

IV. Implementation of “open” economic and industrial policies from integrated internal and external perspectives . . . . . 26

<b>1. Growth integrated principally with the growth of the Asian economy</b> .....	26
(1) <u>Expanding EPA and FTA networks; promoting conclusion/revision of bilateral investment agreements, tax treaties, and social security agreements; and promoting Doha Round talk.</u>	<b>action 81</b>
(2) <u>Promoting policies to “open the country”</u>	<b>action 82</b>
(3) <u>Exporting infrastructure-related industries and systems</u> 【referred to earlier】	
(4) <u>Promoting Japan as an Asian business hub</u> 【referred to earlier】	
(5) <u>Supporting SMEs’ international business expansion</u> 【referred to earlier】	
(6) <u>Implementing policies that look at the growth of the “volume-zone and next volume-zone” markets</u>	<b>action 83</b>
(7) <u>Obtaining strategic international standards, creating safety and performance evaluation system, and integrating it with R&amp;D</u> 【referred to later】	
(8) <u>International expansion of energy industries that contribute to the world’s CO2 emissions reduction</u> 【referred to earlier】	
<b>2. APEC arrangement focused on growth strategy and promotion of international strategy taking advantage of the occasion</b> .....	27
	<b>action 84</b>
V. R&D for “value-creating-technology” and promotion of international standardization strategy —Shift to business strategy to “win in technology and even in business”— . . . . . 29	
<b>1. Establishment of R&amp;D system enabling to provide solutions for global issues promptly to society under industry-academia-government alliance</b> .....	29
(1) <u>Promoting integrated undertaking from R&amp;D to dissemination of achievements</u>	<b>action 85</b>
(2) <u>Promoting overseas R&amp;D and demonstration</u>	<b>action 86</b>
(3) <u>Giving priority to green innovation and life innovation</u>	<b>action 87</b>
(4) <u>Supporting technology commercialization that utilizes universities and other public research institutes</u>	<b>action 88</b>
<b>2. Investment focused on world-class R&amp;D centers</b> .....	30
	<b>action 89</b>
<b>3. Support for private companies’ R&amp;D investment through improvement of R&amp;D taxation system</b> .....	31
	<b>action 90</b>
<b>4. Integration of R&amp;D with the obtaining of strategic international standards and improvement of safety/performance evaluation system</b> .....	31
	<b>action 91</b>
<b>5. Securing human resources capable of advanced technologies</b> .....	31
	<b>action 92</b>
<b>6. Review of the patent system and IP utilization for promoting innovation</b> .....	32



## **Chapter 1 Introduction**

The New Growth Strategy drawn up this past June is epoch-making. It specifies the period for implementing each specific measure in the form of a “road map”; further, it incorporates a mechanism to continuously follow up the progress being made on each such measure.

It is the duty and responsibility of the Ministry of Economy, Trade and Industry (METI) to strongly push ahead with the measures aimed at achieving the “new economic growth.”

## **Chapter 2 How we perceive the country’s current economic situation and position the actions**

Although our economy shows some signs of gradual recovery subsequent to the Lehman shock, the situation currently surrounding our economy and industry is seriously “deadlocked”.

Lying behind the deadlock are the following:

- ① Problems in the “whole industrial structure” (overdependence on automotive and electronics industries and significantly low profitability stemming from a “domestic war of attrition” among excessive competitors existing in the same industry);
- ② Delayed makeover of business models adopted by Japanese companies (which repeatedly “win in technology but lose in business”); and
- ③ Japan’s loss of “attractiveness as a business base” (due to “problems in the tax system” and insufficient global-experienced human resources, etc.)

On the other hand, over the recent years, focused on the ongoing globalization and new growth areas, major economies of the world have been engaged in strategic, bold policies and actions implemented through a public-private partnership. We are “two laps” behind them in the race.

If we leave this situation unaddressed, obviously we will lose sources of added value and quality jobs. And we are very close to such danger. This serious situation is a “clear and present danger” that requires our immediate action.

We have squarely looked at such a reality, and this past June, we put together and arranged policies and measures that we shall boldly and unflinchingly implement to resolve all the challenges now faced, under the Industrial Structure Vision 2010 and the New Growth Strategy.

Indicated in this Action Plan are 100 specific actions that shall be implemented by METI in order to materialize the various measures set forth in the Industrial Structure Vision 2010 and the New Growth Strategy.

We should also be aware of risk factors becoming actual in the future, such as change in the world’s economic situation. The greatest risk we are currently facing is the persistent yen appreciation, which will not only adversely affect corporate earnings but also likely further encourage Japanese companies to move production and development bases overseas. It may lead to an irreversible loss of jobs and the growth basis.

In implementing the Action Plan, it is necessary for us to objectively identify risks to the world economy and take flexible action as may be required at each moment in the changing economic conditions that surround Japan.

- Shown below are budget amounts requested for FY 2011. Figures in parentheses are initially budgeted amounts for FY 2010. *Italicized* figures represent the Energy Special Account. All other figures not specifically referred to herein represent those of the General Account.
- Symbols affixed to the measures explained herein have the following meanings:
  - ◇: Law/legislation-related; ◆: System improvement/creation-related; ○: Budget-related  
(new budget, amount increase; ☆: Special budget (Genki-na-Nippon-Fukkatsu-Tokubetsu-Waku)-related
  - : Tax-related; ●: Fiscal investment and loan-related; ◎: Organization-related;
  - △: Other efforts made by METI

## **Chapter 3 Policies and measures to be implemented in FY 2011**

- I. Dramatic improvement in Japan's attractiveness as a business base to succeed international competition
- Job creation based on internationalization and enhanced world-class business infrastructure—
  - Securing investment scale and speed sufficient to “compete in the world” —

Over the recent years, Japan has rapidly ceased to be attractive as Asia's core base, principally because of (1) corporate tax rates that far exceed the international level; (2) lack of policies and measures designed to promote growth industries' domestic siting; (3) lack of incentives to induce foreign capital; (4) insufficient human resources capable of global business; (5) weak logistics infrastructure; and (6) various factors that discourage companies from restructuring or segregating business.

We will tackle a bold tax and system reform involving people, goods, and wisdom, and dramatically enhance the attractiveness of Japan's business environment. We will support domestic siting of growth industries and implement bold incentives to attract foreign investment.

At the same time, we will promote business restructuring or segregation with the aim of creating companies that are capable of “competing in the world.”

### **1. Corporate tax reform aiming at reaching international standards action 1**

In order to enhance competitiveness of industrial siting in Japan and companies' global competitiveness, we will gradually reduce statutory corporate tax rates toward the international level and provide a strong backup to investment in research and development (R&D) and in leading-edge areas taking into consideration trends prevalent in countries worldwide.

To begin with, we will seek to reduce the existing corporate tax rate by 5% in FY 2011.

- Corporate tax reform aiming at reaching international standards (a 5% cut targeted at first).
- Implementation of an R&D taxation system non-inferior to the international level.

### **2. Promoting job-creating domestic low-carbon industries (reinforce Japan's position by accelerating the development of green innovations with low energy consumption and low CO2 emissions) referred to later**

### **3. Promoting Japan as an Asian business hub**

To induce high-value added business bases (Asian head offices, R&D bases, etc.), we will promptly address various challenges including: (1) creation of a bold incentive plan to attract foreign capital that favorably compares with similar incentives available in foreign countries; (2) invitation, cultivation, and utilization of high-level global-experienced human resources; and (3) improvement of the infrastructure and system designed to facilitate movement of people and goods between the world and Japan. We will take the lead in pushing ahead with the government's all-out efforts in accordance with the “program for promoting Japan as Asian industrial center and direct investment into Japan (tentative name)”, which will be formulated by the government by the end of FY 2010.

#### **(1) Designing incentives to attract high-value added business bases from abroad action 2**

To promote domestic agglomeration of high-value added bases, attraction of high-level foreign human resources, and domestic job creation, in FY 2011, we aim to introduce bold incentives that shall compare favorably with any incentives offered in foreign countries in regard to taxation and fiscal support measures as well as immigration control procedures.

- Improve the legal system and create an incentive tax system designed to convert Japan into an Asian business hub.
- (☆) Provide a subsidy to support establishment of Asian headquarters or R&D base to make Japan as

**(2) Inviting, developing, and utilizing high-level global-experienced human resources** **action 3**

In order to take in growth markets principally from Asian countries and win global competition, it is essential for us to obtain high-level global-experienced human resources that: ① have a good command of foreign languages; ② are so overseas-oriented as to readily move out of the country seeking to win foreign markets; and ③ are capable of adapting themselves to foreign culture and therefore of managing global businesses.

For such purposes, we will build a mechanism designed to attract high-level global-experienced human resources to Japan from all over the world, by recommending ① the improvement of the existing systems and development of high-level global-oriented human resources by the administrative agencies, universities, and companies and ② utilizing world-class intensive industry-academy-government alliance bases such as the Tsukuba Innovation Arena.

- △ We will push ahead with system reform in collaboration with related ministries and agencies including introduction of “point system” to attract high-level global-experienced human resources.
- △ We will back up efforts by administrative agencies, universities, and companies to upgrade the English ability of all concerned staff.
- △ We will promote global-oriented education through industry-academy alliance in collaboration with the Ministry of Education, Culture, Sports, Science and Technology (MEXT).
- △ We will encourage younger personnel at companies to acquire broader international experience in developing or emerging countries.
- △ We will upgrade companies’ management of international human resources by means of “internationalization indexes.”
- (☆) We will establish a world-class collaborative R&D center for industry, academia and government.

¥1.0 bn (new)

**(3) Improving transportation/logistics systems and infrastructure** **action 4**

We will rationalize various systems so that they may not adversely affect well-developed efficient transportation and logistics services that connect various parts of Japan with the world’s major cities and thereby shorten the lead time and reduce the costs required for the movement of people and goods.

Specifically, we will promote the international standardization of logistics-related information technology (IT) for smoother international logistics operations; and, in collaboration with concerned ministries and agencies, we will promote a thoroughgoing open sky policy, strengthen the international competitiveness of seaports that are strategically important from the international perspective, further simplify trade procedures, and enhance the convenience of inland sea and rail freight transportation.

- We will promote international standardization of logistics-related IT (such as utilization of IC tags) to facilitate distribution and logistics operations both at home and abroad.

¥0.08 bn (new)

**(4) Intensively injecting policy resources in “national clusters”** **action 5**

We will make the utmost of the broad-based policy-coordinating function exerted by our regional economic bureaus beyond the bounds of local governments and will intensively inject policy resources, such as budgets and taxation systems, into “national clusters” (broad-based industrial agglomerations whose formation and development will be promoted at the government’s initiative to increase Japan’s international competitiveness).

We will also seek to coordinate this National Cluster plan with the International Strategic Comprehensive Special Zone Program (tentatively named) and the Regional Revitalization Comprehensive Special Zone Program (tentatively named) for which bills will be presented in the current fiscal year.

- We will provide support for efforts intended to create and develop new clusters of internationally competitive growth industries.

[inc.] ¥1.30 bn (new)

**4. Strengthening the “capability of Japan’s human resources” to an internationally competitive level**

To help our industry achieve both “stronger global competitiveness” and “domestic job creation” at the same time, the most important thing is to strengthen the “capability of our human resources.” For this reason, we

will seek to integrally: ① improve the “quality” of the labor force that shall support our economic growth (development of frontier human resources); ② secure the “quantity” of human resources that shall support our economic growth (obtaining human resources that support industrial bases); and ③ facilitate movement of the labor force and upgrade the function of the labor market so as to cope with industrial reorganization, business segregation, etc.

(1) Improving “qualitatively” the labor force that shall support growth (development of frontier human resources)

**action 6**

We will strengthen the development of younger personnel who shall serve for the expansion of the frontier addressing industrial needs and support companies’ in-house human resources development, which directly lead to their stronger competitiveness. In such a manner, we will develop high-level, global-oriented human resources as well as resources specialized in leading-edge technologies who shall press ahead with technological innovation.

- △ We will formulate “best practices” for in-house human resources development and utilization that shall serve for the expansion of frontiers.
- △ We will back up efforts by administrative agencies, universities, and companies to upgrade the English ability of all concerned staff. 【referred to earlier】
- △ We will promote global-oriented education through industry-academy alliance in collaboration with MEXT. 【referred to earlier】
- △ We will encourage younger personnel at companies to acquire broader international experience in developing or emerging countries. 【referred to earlier】
- △ We will upgrade companies’ management of international human resources using “internationalization indexes.” 【referred to earlier】
- *We will provide subsidies to younger researchers working at domestic universities or other research institutes proposing original and innovative research themes contributing to the progress in industrial technology and green/life innovations.* ¥1.61 bn (¥1.32 bn)
- ◆ We will promote, in collaboration with MEXT, the improvement of the environment at universities for the qualitative enhancement of education and research.

(2) Securing a “quantitative” labor force that shall support growth (securing human resources that shall serve as industrial infrastructure)

In view of the progressing decline in the birthrate and the aging population, we will improve the working environment so that willing young people, women, elderly people, and foreign nationals can work.

① We will promote “second life” for middle- to advanced-aged people. **action 7**

In order to obtain the labor force and to hand down expertise to the next generation by utilizing elderly workers’ knowledge and skills, we will present them with opportunities to work at places other than the companies (“second life”) where they had worked for many years and see that their capability is effectively utilized.

- △ We will formulate “best practices” to help elderly workers develop their “second life”.
- (☆) We will support small and medium enterprises (SMEs) in their efforts to obtain and develop human resources. [inc.] ¥7.00 bn (new)

② We will improve child-rearing service. **action 8**

In collaboration with the concerned ministries and agencies, we will promote the system reform including the integration of nursery schools and kindergartens as well as the improvement of the efficiency of management of child-rearing services. In such a manner, we will seek to have better child-rearing services provided.

- △ We will find out who are actually providing child-rearing services and how they are doing so. Then, we will create an environment where user-friendly child-rearing services are provided that are appropriate both quantitatively and qualitatively.

(3) Facilitating labor movement due to industrial reorganization or business segregation, and upgrading the

## function of the labor market

We will resolve the mismatch between working people and companies and improve the labor market so that it can address diverse ways of working. In such a manner, we will promote smooth labor movement and upgrade the function of the labor market.

### ① We will create “Japanese-version NVQ.” **action 9**

To develop and secure human resources that shall meet the demands of the age, we will introduce and disseminate the “career grade system,” principally in growth areas that are capable of absorbing employment. In doing so, we will use Britain’s national vocational qualifications (NVQ) as a guide while utilizing the existing systems such as criteria for evaluating vocational skills, technical skill tests of various sorts, and the job card system.

△ In collaboration with the Cabinet Office; MEXT; and the Ministry of Health, Labour and Welfare (MHLW), we will work to introduce and disseminate the Japanese equivalent of NVQ.

### ② We will consider a new pattern of employment. **action 10**

For the improvement of non-regular employees’ career, creation of an “intermediate pattern” that comes between regular and non-regular employees will likely be effective. So, we will consider how a new desirable employment pattern (“non-fixed term employment contract” with restricted workplaces and job types, etc.) should be.

△ We will advance the study of how a new desirable employment pattern should be.

## **5. Creating companies that can “compete in the world”**

To promote “selection and concentration” of business including industrial reorganization and business segregation due to be conducted at the “private sector’s” initiative, we will remove “impediment factors” in regulations, funds, human resources, and employment. By doing so, we will create Japanese companies that “can favorably compete in the world.”

### (1) Improving the business-related legal system to encourage companies to restructure or segregate business

**action 11**

To encourage companies to restructure or segregate business, we will consider the legislative measures necessary from the viewpoint of corporate governance, competition policy, financing, etc.

◇□ We will consider revision of related laws to facilitate realignment of strategic industries (including special measures under the Company Code or other laws).

● We will support long-term financing necessary for business restructuring. ¥100.00 bn

● We will utilize Innovation Network Corporation of Japan. ¥20.00 bn

△ We will study revising the regulation of business combinations (examination procedures and criteria).

△ We will advance the study of tighter corporate governance.

### (2) Facilitating labor movement in response to industrial reorganization and segregation 【referred to earlier】

## **6. Industrial finance and corporate accounting that support growth **action 12****

In view of the increasing importance of risk money that supports economic activities such as business start-ups and business restructuring toward further growth of our economy, we will maintain the existing smooth fund supply system through bank loans, seek to diversify players capable of supplying risk-absorbing funds, and strengthen the current system’s credit intermediary function so that it can flexibly and quickly meet companies’ diverse financial needs.

Specifically, we will diversify players who supply funds for growth and increase the amount of such funds;

strengthen the credit intermediary function performed by bond markets, funds, and the like; and improve corporate accounting and disclosure systems that serve as a basis that supports growth. In such a manner, we will aim to have funds smoothly supplied to growth sectors.

- We will implement tax-related measures to expand the scope of aggregation of profit and loss realized in different financial products.
- △ We will revitalize bond markets through creation of a professional-oriented market that is open to and accessible by Asian countries.
- △ We will push ahead with efforts for the effective utilization of funds intended for economic revitalization.
- △ We will consider measures designed to restore credibility to and revitalize emerging markets.
- △ We will advance the study of implementing International Financial Reporting Standards (IFRS) for both “consolidated accounting” and “nonconsolidated accounting”.
- △ We will revise the existing accounting standards and internal control reporting system so that they may better represent the realities prevailing at companies.
- △ We will consider how accounting treatment should be so as to be compatible with the diverse realities prevalent at SMEs.

## **7. Implementing measures designed to support business development for stronger international competitiveness**

### (1) Realizing flexible and open safety product regulation **action 13**

We will work to promote distribution of safe products and smooth commercialization of new technologies and products through: (i) advancing the study of a “new approach” in safety regulation (definition of the legally established performance and preparation of a negative list of products subject to control) and (ii) a thorough risk assessment (prior assessment of risk to technology, products, etc.).

- △ We will promote preventive safety measures.

### (2) Increasing added value on products and services based on customers’ attitudes **action 14**

We will support the implementation of “customer satisfaction index (CSI)” and, following a more careful, detailed analysis of consumer propensity, will recommend that products and services be marketed in line with the points where added value will be increased. In such a manner, we will go on creating a marketing environment that permits added value to be achieved unerringly.

- △ We will have a good grasp of consumers’ real attitudes and promote creation of higher added value on products and services.

### (3) Providing industrial statistics on all industries **action 15**

We will provide the “Economic Census”—the first ever of the kind to be conducted in Japan—on all industries and business establishments (at the end of FY 2011), get a detailed picture of the increasingly diverse overall economic activities, and will then materialize policy planning based on an analysis of more precise statistical data.

- △ In collaboration with the Ministry of Internal Affairs and Communication (MIC), we will conduct the “Economic Census” (we expect to be commissioned by MIC to conduct the census for its account).

## II. Strategic fields to drive new growth

- Shift from industries that sell standalone products with advanced functions to industries centered on system sales, problem solving and creative added value —

We will change the traditional growth pattern that is heavily dependent upon automotive and electronics industries to a pattern that “earns revenue and employs people” across diverse strategic industrial fields.

For such a purpose, we will make the following conversion of sources of added value: (1) “environmental and energy factors” and the “falling birthrate and aging population,” which have traditionally served as “growth constraints,” into “task-solving industries” and (2) the traditional “high quality-oriented, standalone-product selling industry” into an “industry that sells systems” or an “industry that pursues cultural added value.”

### 1. Promoting economic growth driven by environment and energy industry (green innovation) and making Japan the world’s environment and energy power

By means of a comprehensive policy package including system design, regulatory reform, budgeting, and green taxation system, we will disseminate Japan’s top-level environmental technology, products, and services; create demand and jobs; and aggressively expand business overseas drawing on the strengths of the technology, products, and services. In such a manner, we will realize an “environment and energy power.”

At the same time, in accordance with the Strategic Energy Plan of Japan approved by the Cabinet this past June, we will drastically reinforce energy security, upgrade global warming countermeasures, and rebuild an energy policy system designed to realize an economic growth driven principally by the energy sector.

#### (1) Strongly propelling green innovation

① We will develop internationally top-class, energy-saving, low-carbon industries (select and focus policies to support industry).

- We will promote low-carbon job-creating domestic industries (strengthening the basis for green innovation in order to accelerate energy-saving and carbon-saving efforts). **action 16**

By aggressively promoting domestic siting of the industries making the world’s most advanced low-carbon products, such as lithium-ion batteries and LED lighting, we will transform Japan into the world’s core base of the green innovation and, by extension, take the lead in international energy-saving and low-carbon activities. In this way, we will, among other things, lay the basis for a promising domestic low-carbon industrial sector, promote the clustering of low-carbon industries inside Japan, increase domestic capital investments, create new jobs, and revitalize regional economies.

○ (☆) *Support for job-creating domestic low-carbon industries* ¥30.00 bn (new)

- We will steadily push ahead with energy-saving measures. **action 17**

In addition to steady enforcement of the Law concerning the Rational Use of Energy (“Energy Saving Act”), we will strengthen the growth basis of the world-leading energy-saving industry, by a steady implementation of support measures for businesses, such as subsidies for installation of energy-saving equipment.

○ *Support subsidy for companies for rational energy use* ¥24.00 bn (¥24.00 bn)

○ *Interest subsidy for investment in specified equipment for rational energy use* ¥1.00 bn (¥0.70 bn)

- We will reduce tax for green investment. **action 18**

We will drastically revise the existing “Tax System to promote investment for reforming energy demand-supply structure” and introduce tax measures specially designed to encourage installation of energy-saving or low-carbon equipment (next-generation vehicles, hybrid construction machinery, photovoltaic power generation devices, etc.), which is expected to see sharply increasing demand from wide-ranging industries.

We will drastically revise “Tax System to promote investment for reforming energy demand-supply structure”.

- We will strengthen the ministerial structure to promote the green innovation. **action 19**  
 We will create a structure beyond the existing system and industry framework to support the development and subsequent international expansion of a new energy industry that shall drive the green innovation.

We will consider the creation of New Energy Industry Division (tentatively named).

- ② We will create “Future Cities” through large-scale demonstration of Smart Grid and other technologies. **action 20**

By combining Smart Grid, renewable energy, next-generation cars, and some other projects, we will optimize energy management at the city or community level and thereby play a leading role in the creation of “Future Cities.”

<input type="radio"/> (☆) <i>Demonstration of Next-generation energy and social system</i>	¥18.20 bn (new)
<input type="radio"/> (☆) <i>Next-generation energy technology demonstration</i>	¥4.00 bn (new)

- ③ We will prioritize and accelerate the development of green innovation technology. **action 21**

We will give priority to technology development in the green innovation area. Especially regarding innovative energy and environmental technologies, which require the country’s intensive injection of resources, we will draw up a strategic road map leading to their dissemination on a world scale. By such actions, we will prioritize and accelerate support for technology development.

< Acceleration of the introduction of green energy >	
(Photovoltaic power generation)	
<input type="radio"/> (☆) <i>Development of next-generation high-performance technologies for photovoltaic power generation</i>	¥6.02 bn (¥4.08 bn)
<input type="radio"/> <i>Project to create an international innovative solar cell research center</i>	¥2.06 bn (¥1.90 bn)
(Wind power generation)	
<input type="radio"/> <i>R&amp;D of offshore wind power generation technology</i>	¥3.73 bn (¥2.30 bn)
<input type="radio"/> <i>R&amp;D of next-generation wind power generation technology</i>	¥0.79 bn (¥0.29 bn)
(Ocean energy)	
<input type="radio"/> <i>R&amp;D of ocean energy technology</i>	¥1.00 bn (new)
(Battery)	
<input type="radio"/> <i>Program for advanced basic research in innovative storage battery</i>	¥3.00 bn (¥3.00 bn)
<input type="radio"/> <i>Strategic technology development system for commercializing next-generation storage battery system (development of high-performance storage battery system technologies for next-generation vehicles)</i>	¥2.48 bn (¥2.48 bn)
<input type="radio"/> <i>Development of key technology for evaluation of next-generation storage battery materials</i>	[inc.] ¥1.00 bn (¥0.13 bn)
	※An increase in the relevant budget is being requested.
<input type="radio"/> <i>Development of technology for battery system compatible with the new energy system</i>	¥2.00 bn (new)
<input type="radio"/> <i>Program for applied use diversification development for reduction of lithium-ion battery cost for use of non-fossil fuel</i>	¥0.50 bn (new)
(Hydrogen energy and fuel cell)	
<input type="radio"/> <i>Development of technology for the system to manufacture, transport, and store hydrogen</i>	¥1.50 bn (¥1.35 bn)
<input type="radio"/> <i>Social demonstration of regional hydrogen supply infrastructure technology</i>	¥1.00 bn (new)
(Thermal power generation)	
<input type="radio"/> <i>Development of commercialization factor technology for advanced ultra super critical pressure thermal power generation</i>	¥1.10 bn (¥0.74 bn)
<input type="radio"/> <i>Development of clean coal technology (development of innovative CO2-collecting coal gasification technology)</i>	¥1.91 bn (¥1.50 bn)
(Nuclear power generation)	
<input type="radio"/> <i>Development of future commercial reactor (FBR) technologies</i>	¥7.39 bn (¥5.60 bn)

○ <i>Development of next-generation light water reactor technologies</i>	¥2.10 bn (¥1.94 bn)
○ <i>Development of a new glass melter</i>	¥2.45 bn (¥1.80 bn)
(Other)	
○ <i>Program for new energy-venture technology innovation</i>	¥1.60 bn (¥1.60 bn)
<Minimization of electric loss>	
○ (☆) <i>Ultra-low power device project toward achieving a low-carbon society</i>	¥4.23 bn (new)
○ (☆) <i>New material power semiconductor device project toward achieving a low-carbon society</i>	¥3.57 bn (new)
○ <i>Development of key technology for normally-off computing</i>	¥1.31 bn (new)
<Innovative introduction of green materials and processes>	
○ (☆) <i>Development of key technologies for next-generation printing electronic materials and processes</i>	¥1.90 bn (new)
○ (☆) <i>Development of key technologies for “green” sustainable chemical processes</i>	¥1.73 bn (¥1.08 bn)
○ (☆) <i>Innovative carbon nanotube composite materials project toward achieving a low-carbon society</i>	¥1.84 bn (new)
○ <i>Development of key technology for nitride semiconductor aimed at realization of next-generation illumination</i>	¥2.40 bn (new)
○ <i>Development of innovative carbon fiber key technology</i>	¥0.25 bn (new)
○ <i>Technology Development for Environmentally Harmonized Steelmaking Process</i>	¥2.80 bn (¥1.96 bn)
○ <i>Project to develop sophisticated heavy oil treatment technology</i>	¥1.30 bn (new)
○ <i>Development of technology for manufacturing innovative energy-saving ceramics</i>	¥0.31 bn (¥0.17 bn)
<Full recycling, substitution, and utilization of resources>	
○ <i>Project to develop innovative cellulosic ethanol production system</i>	¥2.42 bn (¥1.90 bn)
○ <i>Project to develop next-generation technology for strategic utilization of biomass energy</i>	¥1.58 bn (¥0.54 bn)
<From “standalone product” to “system optimization”>	
○ <i>R&amp;D of next-generation heat pump</i>	¥0.80 bn (¥0.40 bn)
○ <i>Project to demonstrate integration and control system of green sensor</i>	¥1.05 bn (new)

④ We will promote carbon reduction in residential/commercial and transportation sectors.

- We will support installation of residential energy-conservation and renewable-energy systems in coordination with the Domestic Clean Development Mechanism. **action 22**

For domestic use of domestic emissions-reduction effects, we will modify the current subsidy incentive designed for installation of household energy-conservation or new-energy appliances and provide credits for CO<sub>2</sub> emissions reduction through the promotion of personal energy saving and utilization of new energy. By doing so, we will encourage big domestic businesses to utilize such credits.

○ <i>We will support the installation of household energy-conservation or new-energy appliances linked to domestic credits.</i>	
• <i>Support for installation of residential photovoltaic power generation systems</i>	¥42.90 bn (¥40.10 bn)
• (☆) <i>Support for the use of clean-energy vehicles</i>	¥30.40 bn (¥13.70 bn)
• <i>Support for installation of residential fuel cell systems</i>	¥9.07bn (¥6.77 bn)
• <i>Support for the installation of high-efficiency energy systems in houses and buildings (support for pioneering system)</i>	¥7.50 bn (¥4.99 bn)
• <i>Project to create a platform for certification of domestic emissions reduction and emissions trading system</i>	¥1.02 bn (new)
○ <i>Project to measure and certify CO<sub>2</sub> emissions reduction by purchase of energy-saving home</i>	

- We will “visualize” companies’ environmental behaviors. **action 23**  
 To prompt both consumers and businesses to change their consciousness and behaviors, we will promote “visualization” by means of calculating and indicating amounts of greenhouse gases emitted in a consumer’s lifecycle or a business’ supply chains, including carbon footprint. We will also proactively contribute to the creation of an international mechanism drawing on domestic experimental projects.
  - ◆ We will promote “visualization” by means of the carbon footprint scheme in keeping with trends in international standardization.
  
- We will strengthen energy-saving efforts in houses and buildings. **action 24**  
 For the future realization of net zero energy houses (ZEHs) and net zero energy buildings (ZEBs), in collaboration with the Ministry of Land, Infrastructure and Transport (MLIT), we will revise the energy-saving standards and consider making their compliance obligatory.  
 For this year, we will advance the study of targets, time, and support measures for implementing mandatory compliance. Regarding buildings, we will formulate new energy-saving standards within the next fiscal year (due to be enforced in FY 2012). Based on the new standards, we will evaluate amounts of energy consumed by the total amount consumed by all facilities belonging to each building, instead of per facility, as in the past.
  - ◇ We will advance a legislative study of mandatory compliance of energy-saving standards applicable to houses and buildings.
  
- ⑤ We will support the international expansion of energy and environmental industries and contribute to the world’s CO2 emissions reduction.
  - Promotion of overseas demonstration of energy and environmental technologies **action 25**  
 We will have the New Energy and Industrial Technology Development Organization (NEDO), which is a public agency that has technological expertise in energy and environmental issues, expand the scope of its overseas demonstration operations and thereby strengthen its function to support overseas projects.
    - ◇ We will strengthen NEDO’s function to support international marketing of new technologies and systems.
      - (☆) Project to demonstrate technologies and systems to improve international energy efficiency  
 ¥21.0 bn (new)
      - (☆) Projects for international R&D and demonstration in the environment and medical fields  
 ¥5.64 bn (new)
  
  - Support for establishing bilateral offset mechanisms and their international expansion **action 26**  
 We will promote a pilot project designed to build a bilateral offset mechanism scheme. At the same time, we will also support discovery and development of overseas projects conducive to generation of carbon credits. To back up the contribution by developing countries, which are our project partners, we will position NEDO as a core organization internationally responsible for supporting generation and purchase of carbon credits. By doing so, we will build a scheme for bilateral offset mechanisms acquisition.
    - ◇ We will strengthen NEDO’s function to support international expansion of new technologies and systems.
    - △ We will initiate international talks with the aim of building bilateral offset mechanisms.
      - (☆) We will promote a pilot project designed to build bilateral offset mechanisms.  
 ¥6.00 bn (¥0.83 bn)
      - We will promote a project designed to support generation and acquisition of bilateral offset mechanisms.  
 ¥2.0 bn (new)
  
  - Support for international expansion of energy industries that contribute to the world’s CO2 emissions reduction **action 27**  
 To strongly promote exports of infrastructure-related industries and systems such as high-efficiency coal-fired thermal power generation and Smart Grids, on the occasion of policy dialog or other events, we will encourage foreign companies and public organizations to adopt Japan’s excellent technologies and systems. We will carry out projects for their demonstration.

Regarding nuclear energy, through a new company, International Nuclear Energy Development (tentatively named), due to be established principally by electric power companies, we will be engaged in order intake activities through joint efforts made by the public and private sectors and support development of human resources and improvement of the legal system in countries ready to introduce nuclear power generation.

At the same time, we will promote the “low-carbon city model project” agreed on this year at the APEC energy ministers meeting, as well as work to get the APEC region to be low carbon. We will also work to have our energy industries expand internationally in the APEC region starting at the stage of the region’s city planning.

- (☆) *Project to demonstrate technologies and systems to improve international energy efficiency*  
【referred to earlier】
- *Subsidy for projects to create infrastructure for introduction of nuclear power generation*  
¥0.23 bn (¥0.13 bn)
- *Survey for forming a model low-carbon city in the APEC region*  
¥0.36 bn (¥0.36 bn)

- ⑥ We will create a new society based on the use of next-generation energy use (smart community) and support for its international expansion of this model. **action 28**

On the domestic front, we will conduct a social demonstration aimed at realizing a “smart community.” By doing so, we will endeavor to build a Japanese-style Smart Grid and promote international standardization and expansion overseas of the results obtained by the demonstration via the “smart community alliance” consisting of some 400 companies across all types of businesses and industries. Also, we will work to promote more sophisticated energy management on the demand side, including introduction of smart meters, verification of the effects of a smart house and the popularization of the house, and greater efforts for effective area-wide utilization of energy. For such a purpose, we will also consider legislative measures.

In overseas markets, we will repeat demonstration carried out principally by NEDO using Japan’s technology as a core technology with the aim of creating the possibility of the technology being adopted overseas capitalizing on the results obtained by the demonstration. We will also have such projects as are likely to directly strengthen our competitiveness prioritized by the government and the smart community alliance. Based upon such prioritization, we will provide comprehensive support, including effective policy support as appropriate for each target country.

- (☆) *We carried out a large-scale demonstration in Yokohama, Toyoda, Kansai Science City (Kyoto Prefecture), and Kitakyushu (Demonstration of next-generation energy and social systems*  
【referred to earlier】).
- (☆) *Next-generation energy technology demonstration* 【referred to earlier】
- *Project to support the smart community initiative* ¥0.33 bn (new)
- ◇ *Study of legislative measure to encourage the introduction of a sophisticated management system on the demand side*
- (☆) *Feasibility study of a smart community project in East Asia including India*  
[inc.] ¥2.15 bn (new)
- *Strategic international standardization promotion program* [inc.] ¥1.40 bn (new)
- (☆) *Project to demonstrate technologies and systems to improve international energy efficiency*  
【referred to earlier】

- ⑦ We will accelerate system design for wider dissemination of renewable energy.

- Development of a legal framework to meet the introduction of the feed-in tariff scheme **action 29**  
Based on the general framework announced this past July, we will proceed with a detailed system design for the smooth introduction of the scheme taking into consideration the relationship between the scheme and other global warming countermeasures.

◇ We will promote a legislative study on the feed-in tariff scheme for renewable energy.

- Promotion of technology development and demonstration projects for massive use of renewable energy **action 30**

Toward achieving the goal of having renewable energy account for 10% of primary energy by 2020, we will develop technology and carry out demonstration projects, such as system stability measures to cope with a future increase in dispersed power source including photovoltaic generation.

- Demonstration projects to test next generation two-way communication output control ¥1.0 bn (new)
- Demonstration project to test development of technology to predict photovoltaic generation output ¥0.10 bn (new)
- Development of technology for battery system compatible with the new energy system **【referred to earlier】**
- △ Formulation of system rules for greater use of renewable energy

➤ Wider use of clean heat **action 31**

Regarding heat resources that account for a certain percentage of renewable energy, we will support the establishment and adoption of measurement technology for greater utilization of solar heat, biomass heat, geo heat, etc. Further, we will promote use of heat pumps for greater heat efficiency for the purpose of promoting use of air heat and energy generated from differences in temperature such as river heat.

- Demonstration project to test the technology to measure use of renewable energy heat ¥0.80 bn (new)
- Support subsidy for accelerated use of renewable energy heat ¥1.20 bn (new)
- R&D of next-generation heat pump **【referred to earlier】**
- Technology development for “solar thermal energy houses” ¥0.25 bn (new)

⑧ We will promote nuclear power generation with safety as the major prerequisite.

➤ Construction/expansion of nuclear power plants and improvement of their capacity utilization rate

**action 32**

For the construction, expansion, or smooth replacement of nuclear power plants, as well as enhancement of their capacity utilization rate and early establishment of a nuclear fuel cycle, we will work to further improve the subsidy towards site-located local government for power station development and conduct public hearings and publicity activities in an effort to deepen mutual understanding between citizens including local residents and the government. At the same time, we will promote improvement of infrastructure for fostering human resources and technology development.

We will introduce numerical targets for the ratio of zero-emission power sources in the determination standards for operators that we are to determine within the framework provided by the Act on the Sophistication of Energy Supply Structure.

- ◆ ○ Further improvement of the subsidy towards site-located local government for power station development ¥117.70 bn (¥109.70 bn)
- Subsidy for nuclear energy human resources development program ¥0.10 bn (new)
- ◆ Introduction of numerical targets for the ratio of zero-emission power sources under the Act on the Sophistication of Energy Supply Structure

➤ Strengthening industrial power and international contribution by establishing a uranium fuel supply chain **action 33**

For stable supply of uranium fuel and improvement of international nuclear energy marketing capabilities, we will proactively support uranium mine development, domestic stockpiling of enriched uranium for contribution to the International Nuclear Fuel Bank Initiative, and diversification of transportation routes.

- Overseas uranium prospecting support project ¥1.00 bn (¥0.68 bn)
- Enriched uranium stockpiling project ¥0.10 bn (new)
- Demonstration project to test enriched uranium transportation route as established ¥0.08 bn (new)

➤ Thorough safety of nuclear energy **action 34**

We will appropriately examine and inspect nuclear facilities. We will further sophisticate nuclear safety regulation by upgrading examination criteria using the latest scientific technology and expertise, and maintain and improve the nuclear disaster prevention system against an emergency.

- Verification of safety evaluation on nuclear facilities ¥1.19 bn ([inc.]¥1.66 bn)  
※An increase being requested.
- Sophistication of evaluation of seismic safety of nuclear facilities ¥2.10 bn ([inc.]¥2.69 bn)  
※An increase being requested.

- *Sophistication of Ageing Management Technical Assessment through clarification of ageing phenomena deterioration of nuclear power plants and other facilities* ¥1.40 bn (new)
- *Improvement of the base and system of nuclear disaster prevention activities* ¥2.59 bn (¥2.32 bn)

- ⑨ We will consider how the policy approach for global warming countermeasures, including domestic emissions trading system, should be. **action 35**

We will continue to consider how the policy approach for global warming countermeasures, including the domestic emissions trading system, should be from the perspective of combining optimal measures taking into consideration characteristics of various policy approaches within the post-Kyoto framework (after 2013). In doing so, we will adequately take into consideration the anti-global warming efforts made so far by the industrial community and its international competitiveness, employment stability, and the impact on people's life.

- ◇ Review of policy approach for global warming countermeasures including domestic cap-and-trade carbon credit trading system
- Project to create a platform for certification of domestic emissions reduction and emissions trading system **【referred to earlier】**

- ⑩ We will strengthen efforts toward smooth introduction of biofuels and realization of a hydrogen energy society.

- We will facilitate introduction of biofuels. **action 36**

By the end of this year, we will formulate judgment criteria, such as introduction objectives, in accordance with the Act on the Sophistication of Energy Supply Structure. We will support smooth introduction of biofuels for achievement of the objectives.

- *Support for accelerated biofuel use* ¥0.89 bn (new)
- Expansion of targets eligible for taxation designed to encourage bio-derived fuel introduction
- *Project to develop next-generation technology for strategic utilization of biomass energy* **【referred to earlier】**
- *Project to develop innovative cellulosic ethanol production system* **【referred to earlier】**
- ◆ Formulation of numerical targets for use of biofuels in accordance with the Act on the Sophistication of Energy Supply Structure

- We will realize a hydrogen energy society. **action 37**

Aiming for the initiation of the introduction of fuel-cell cars in 2015, in collaboration with concerned ministries and agencies, we will promote demonstrations to test the technology for supply infrastructure such as hydrogen stations, and review related regulations.

- *Development of technology for the system to manufacture, transport, and store hydrogen* **【referred to earlier】**
- *Social demonstration of regional hydrogen supply infrastructure technology* **【referred to earlier】**
- *Research on safety technology for hydrogen pipelines to build hydrogen networks* ¥0.12 bn (new)
- *Development of technology for high-efficiency manufacture of hydrogen* ¥0.08 bn (new)
- ◆ Review of regulation applicable under High Pressure Gas Safety Act and other laws

- ⑪ We will upgrade sophisticated use of fossil fuels.

- Pushing ahead with “shift to gas” **action 38**

To push ahead with fuel switching and utilization of cogeneration in the industrial sector, we will prioritize support for equipment that highly utilizes gas with less environmental load. We will also reinforce gas supply networks.

- *Project to promote gas cogeneration* ¥0.93 bn (new)
- *Support for businesses that rationalize energy use (for what corresponds to fuel switch)* ¥3.30 bn (¥3.00 bn)

➤ Use of low-carbon coal **action 39**

We will promote the development, demonstration, and overseas expansion of low-carbon technologies such as clean coal and carbon capture and storage (CCS), which we plan to introduce on a full-fledged basis in the late 2020s.

○ Development of clean coal technology (development of innovative CO <sub>2</sub> -collecting coal gasification technology) <b>[referred to earlier]</b>	
○ Development of coal utilization technology	¥0.29 bn (¥0.25 bn)
○ International joint coal utilization demonstration project	¥1.50 bn (¥0.87 bn)

⑫ We will promote Non-Energy-related GHG Emissions reduction such as HFCs. **action 40**

In collaboration with the Ministry of the Environment, we will advance the study of the countermeasure menu for reduction of Low-GWP and upgrade support measures to improve the effects of regulation in force.

○ Development of high-efficiency HFCs air conditioner technology	¥0.50 bn (new)
○ Development of innovative Low-GWP heat-insulating material technology	¥0.20 bn (¥0.18 bn)
○ (☆) International R&D demonstration projects in the environmental and medical fields <b>[referred to earlier]</b>	

(2) Stable supply of resources and energy

① We will secure stable supply of resources at home and abroad.

➤ Promotion of strategic comprehensive resources diplomacy **action 41**

We will engage in a strategic, comprehensive resources diplomacy, intensively applying policy resources, with countries in which Japanese companies are expected to obtain new resource interests.

△ Aggressive resources diplomacy at top and minister level	
△ Stronger relationships with resources-rich countries through cooperation in industrial development, human resources development, improvement of regional infrastructure, and the like, which meet diverse needs in such countries	
△ Collaboration between JOGMEC, NEDO, Japan International Cooperation Agency (JICA), Japan Bank for International Cooperation (JBIC), Nippon Export and Investment Insurance (NEXI), and some other agencies as well as strengthening of their function	
○ Projects for cooperation with oil-producing countries	¥1.30 bn (¥1.30 bn)
○ Projects to promote investment in Middle Eastern oil-producing countries	¥0.41 bn (¥0.41 bn)
○ Fee for the commissioning of long-term stable oil supply from Middle Eastern countries	¥0.31 bn (¥0.31 bn)
○ Stronger producer-consumer alliance through the International Energy Forum	¥0.03 bn (¥0.02 bn)
● Projects to invest in or lend to metallic mineral resources prospecting	¥21.10 bn

➤ Strengthening domestic resources development **action 42**

We will: ① explore using the 3D geophysical exploratory vessel *Shigen* or test-drill prospective sea areas; ② work to commercialize methane hydrate and sea-floor hydrothermal deposits by FY 2018 (e.g., offshore production testing), and ③ conduct a survey for exploration of cobalt-rich crust and know amounts of resources in seamounts.

○ Basic survey on domestic oil and natural gas	¥16.20 bn (¥13.40 bn)
○ Project to promote methane hydrate development	¥8.93 bn (¥4.54 bn)
○ Basic survey on deep sea-floor resources	¥0.66 bn (new)
○ Marine mineral resources survey project	¥0.66 bn (new)
○ Fee for the commissioning of development of sea-floor hydrothermal deposit mining technology	¥1.61 bn (¥1.20 bn)

➤ Securing stable supply of rare metals and other metallic resources **action 43**

To address supply stoppage risk on mineral resources of rare metals including “strategic rare metals” (rare earth, lithium, tungsten, etc.), we will work to secure overseas resources, promote recycling, develop substitute materials, and push ahead with stockpiling these materials.

- Support for acquisition of mining rights ¥0.35 bn (¥0.35 bn)
- To establish a platform for promoting development of rare metal resources ¥0.82 bn (¥0.82 bn)
- Project to develop substitute materials for rare metals ¥1.30 bn (¥1.24 bn)
- Projects to invest in or lend to metallic mineral resources prospecting **【referred to earlier】**

➤ Study of methods that enable rational resources development **action 44**

For appropriate, rational management and development of Japan's valuable resources, we will ensure that such resources will be developed rationally by truly capable companies and that resource explorations and scientific surveys will be carried out in an appropriate manner.

- △ Study of a method that enables more rational resources development
- Projects to obtain basic information on domestic resources development ¥0.20 bn (new)

➤ Stable supply of coal resources **action 45**

Through a steady conduct of geological structure surveys overseas, we will endeavor to promote development of overseas coal and secure stable coal resources supply to Japan.

- Feasibility survey on overseas coal development ¥0.28 bn (¥0.15 bn)
- Survey on overseas coal development sophistication ¥0.20 bn (¥0.11 bn)

➤ Promoting effective utilization of low-grade coal **action 46**

For stable coal demand-supply worldwide and a future energy supply source, we will promote effective utilization of unused low-grade coal with abundant deposits.

- Development of coal utilization technology **【referred to earlier】**
- International joint coal utilization demonstration project **【referred to earlier】**

➤ Promoting recycling of waste plastics **action 47**

We will conduct development of technology to demonstrate systems that are necessary for promoting the recycling of waste plastics and other materials with the aim of overcoming environmental or resource constraints.

- Projects to demonstrate resource recycling ¥0.20 bn (new)

② We will maintain/strengthen Japan's oil supply chain. **action 48**

We will support alliances between complexes, more intensive concentration of oil refining capabilities, and development of high-efficiency heavy oil cracking technology. By doing so, we will work to strengthen the oil refinery industry's competitiveness.

We will also promote environmental preservation measures, improvement of distribution networks via measures designed to develop depopulated areas, strengthening of service stations' competitiveness through expansion of next-generation service stations, as well as creation of a fair, transparent, competitive environment.

- Projects to secure stable oil supply through alliance between complexes ¥3.70 bn (¥2.96 bn)
- Projects to intensify concentration of oil refining capabilities ¥3.50 bn (¥2.32 bn)
- Project to develop sophisticated heavy oil treatment technology **【referred to earlier】**
- Projects to improve regional energy supply bases ¥4.26 bn (¥2.12 bn)
- Projects to promote regulation for prevention of leakage from underground tanks ¥2.20 bn (new)
- Projects to support establishment of next-generation service stations ¥0.85 bn (new)
- Projects to maintain and strengthen oil product distribution networks ¥0.20 bn (new)

(3) Stronger efforts to build a low-carbon society **action 49**

To implement the New Growth Strategy and the Strategic Energy Plan of Japan, it is imperative to enhance measures to reduce energy-related CO2 emissions (e.g., energy conservation measures in industries, including SMEs) in the medium- and long-term. To meet the additional fiscal demand for these measures, METI will examine possible increase in fossil fuel taxation (Petroleum and Coal Tax) to address global warming.

- Examination of possible increase in Petroleum and Coal Tax

○ During budget compilation, we will discuss necessary budgetary measures, including those for drastically strengthen industrial energy conservation measures, based on the pay-as-you-go principle.

## 2. Promotion of export of infrastructure-related industries and system

Regarding export of infrastructure-related industries and system, we will forge ahead with the following four pillars: (1) strengthen the government's structure to promote exports; (2) strengthen the international competitiveness of our infrastructure-related industries; (3) enhance public financing and improve international rules; and (4) work with the target countries from planning phase and ensure strategic matching.

Regarding the eleven key fields shown below, we will ensure that specific projects will be created by execution of strategies closely linked to each field related.

### **(Eleven key fields)**

① Water; ② coal-fired thermal power generation and coal gasification plants; ③ power transmission and distribution; ④ nuclear energy; ⑤ railroads, ⑥ recycling; ⑦ space industry; ⑧ smart grids; ⑨ renewable energy; ⑩ information and telecommunications; and ⑪ urban development and industrial parks.

### **(1) Strengthening the government's structure to promote exports action 50**

We will: ① drastically strengthen overseas networks including Japan External Trade Organization (JETRO) and NEDO, which are designed to support the obtaining of orders for infrastructure as well as system exports, taking into consideration their collaboration with the "infrastructure project specialist" due to be in service at each Japanese embassy abroad; ② improve the ministerial structure for stronger collaboration with private-sector companies and related government agencies and proactively contribute to interministerial policy coordination and survey/deliberation, which will be conducted at the National Strategic Project Committee (tentatively named); and ③ positively promote packaging of support measures and top sales.

- ◇ We will strengthen NEDO's function to support international marketing of new technologies and systems. **【referred to earlier】**
- △ We will drastically strengthen the function of JETRO's overseas network.

### **(2) Strengthening the international competitiveness of Japan's infrastructure-related industries action 51**

We will: ① utilize the Innovation Network Corporation of Japan when Japanese companies make overseas investment or enter into an international business tie-up; ② upgrade NEDO's function to support companies' expansion into global markets (by strengthening its function to form a demonstration consortium and act as a bridge to commercialization), to support commercialization of water- or environment-related technologies, and to act as a key public agency that supports generation and purchase of international GHG emissions credits.

- ◇ We will strengthen NEDO's function to support international marketing of new technologies and systems. **【referred to earlier】**
- (☆) Projects for international R&D and demonstration in the environment and medical fields **【referred to earlier】**
- (☆) Project to demonstrate technologies and systems to improve international energy efficiency **【referred to earlier】**
- (☆) We will give priority to the development of human resources in infrastructure-related industries in emerging countries. ¥3.81 bn (¥3.62 bn)
- △ We will promote the signing of a nuclear energy agreement with various countries and back up the international expansion of nuclear power generation.
- △ We will support local government employees with expertise in the water business working overseas.

### **(3) Enhancing public financing and improving international rules action 52**

① For developing countries, we will enhance public financial aid by means of resuming JICA's overseas

investment loans, utilizing yen loans that encourage private investment in long-term infrastructure projects, expediting provision of yen loans, etc; ② for developed countries, we will further expand the scope of JBIC's investment finance to cover coal-fired thermal power generation, water business, smart grids, etc; ③ we will expand the coverage of NEXI's overseas investment insurance for Japanese companies' investment, thus increasing risk-taking utilizing trade insurance; ④ we will back up establishment of or investment in "infrastructure funds" by utilizing trade insurance; and ⑤ in the fields where Japan has strengths, we will seek to improve international rules such as the OECD rules applicable to official export credits.

- △ We will push ahead with efforts to resume JICA's overseas investment loans.
- △ We will establish a system to expedite provision of yen loans.
- ◆ We will create a system designed to expand the scope of investments eligible for JBIC's investment finance.
- △ We will expand risk-taking by utilizing NEXI's trade insurance.
- △ We will back up establishment of or investment in "infrastructure funds" by utilizing trade insurance.
- △ We will improve the OECD Export Credit Arrangement.

#### **(4) Obtaining cooperation from other countries from the project planning phase, and strategic matching**

**action 53**

Through concretization of the Comprehensive Asia Development Plan being drawn up principally by Economic Research Institute for ASEAN and East Asia (ERIA) and policy dialog for the public-private partnerships (PPP) with other countries, we will provide proactive cooperation starting at the stage of formulating infrastructure plans and systems. To that end, we will work to discover candidate projects to be tackled jointly by the public and private sectors and expand/improve the feasibility survey on projects to be carried out by Japanese companies.

In doing so, by collecting information via joint efforts of the public and private sectors utilizing JETRO's overseas network, we will provide country-specific comprehensive support for marketing activities and development of local human resources beyond the bounds of each individual industry. We will utilize NEDO, which has technological expertise in the energy-saving and renewable energy fields as well as in the environment and medical fields.

Especially regarding the aforesaid eleven key fields, we will analyze market trends worldwide and conditions prevailing in interested companies at home and abroad, including their strengths and challenges in case of Japanese companies, and then carry out strategies closely linked to actual business situations in the field concerned for subsequent creation of concrete projects.

- (☆) Expenses related to outsourced surveys to promote the export of infrastructure and systems  
¥2.15 bn (new)
- We will conduct a survey on infrastructure development plans and create model projects in various parts of East Asia via ERIA.  
[inc.] ¥1.00 bn (¥1.00 bn)
- *Survey for forming a model low-carbon city in the APEC region* [referred to earlier]
- ◇ We will strengthen NEDO's function to support international marketing of new technologies and systems. [referred to earlier]
- △ We will drastically strengthen the function of JETRO's overseas network. [referred to earlier]
- △ We will cooperate with foreign governments and companies through the Japan-Arab Economic Forum or the Mekong-Japan Industry Government Dialogue from the planning stage of each project.

### **3. Health, medical, and nursing care industries ("life innovation")**

Japan is the world's healthiest and longest-living nations, and its aging people now find themselves alone in a hitherto unknown frontier ahead of all other nations. We will regard Japan's such situation as a business opportunity, and by strongly promoting life innovation, we will develop new service-based growth industries and manufacturing industries. We will clearly position as Japan's growth-driving industries medical care, nursing care, and health-related industries, which are expected to be capable of high growth and job creation. We will encourage private-sector enterprises to enter these industries principally as service providers and build a system that provides diverse user-friendly services while securing safety and improving such services' quality.

Considering that, in FY 2012, a revision will be made to both medical service fees and nursing care fees simultaneously and that a new medical care plan will be drawn up, in FY 2011, METI will intensively execute projects that will serve for the revision of related rules.

### **(1) Revising systems in medical and nursing care service sectors and creating related industries **action 54****

Between the current fiscal year and FY 2011, we will put in order and define the gray zone involving medical practice, make the utmost of private-sector companies' originality/ingenuity and industrial approach, and thereby present a social framework where a wide variety of quality services that are rooted in our everyday life and therefore are sure to meet each individual's needs will be provided in association with public medical care and nursing care services.

△ We will revise the existing rules as required for promotion of services peripheral to medical care and nursing care and consider improving the environment for creation of a medical care-supported life industry.

◎ We will create an intra-ministerial structure for life innovation.

### **(2) Digitizing medical care **action 55****

To promote provision of quality medical care, nursing care, and health services, we will formulate standardization and handling rules for computerized collection, management, and utilization of health and medical information. We will computerize collected information and then encourage related industries to utilize IT in the fields of medical care, nursing care, and health.

By doing so, we will endeavor to materialize the idea "I have my hospital anywhere," which will enable each citizen's medical and health information to be electronically managed and utilized in any part of the country, as well as regional medical care alliance that will enable seamless sharing of data pertaining to a given sickness between different medical institutions.

○ (☆) Promotion of materialization of the idea "I have my hospital anywhere" (program to accelerate medical digitization) ¥1.50 bn (new)

○ Promotion of development of infrastructure for anonymization of information for secondary utilization of receipt information [inc.] ¥1.73 bn ([inc.] ¥1.66 bn)

### **(3) Medical Interaction **action 56****

With regard to international exchange of medical services, the government will advance the study of easing the existing regulation during the present fiscal year and, in FY 2011, will ease the regulation, establish a system to promote international exchange of medical services, and have the necessary medical certification system in place. The government plans to start receiving foreign patients in earnest in and after FY 2012.

Through these systematized efforts, we will have an environment that will permit foreigners to receive Japan's advanced medical treatment more easily. We will accumulate capital and technology indispensable for the advancement of medical technology. At the same time, we will identify challenges that we will have to address for international expansion of Japanese medical services and strengthen the basis for the development of Japanese medicine.

○ (☆) Program to promote medical interaction ¥1.00 bn (new)

### **(4) Supporting regenerative medical technology and creation of bioventures **action 57****

We will promote joint efforts by industry, government, and academy, and cultivation of new drug development ventures as well as R&D and commercialization of new drugs and leading-edge medical technology such as regenerative medicine.

○ (☆) Project to develop fundamental evaluation technology for stem cell commercialization ¥1.34 bn (new)

△ We will promote development of human resources familiarized with management and intellectual property strategies applicable to bioventures including drug development ventures.

### **(5) Fostering development of innovative medical equipment and life support robots, etc.**

By taking advantage of the country's superior manufacturing technology, we will promote development and commercialization of innovative medical equipment, task-solving medical equipment, and life-support robots, which provide support for care and movement. Commercialization of the life-support robot is much expected in nursing care and other fields.

① Promoting development of innovative medical equipment **action 58**

We will promote R&D of innovative medical equipment through medicine-engineering collaboration and of task-solving medical equipment capitalizing on our technology to manufacture small- to medium-sized articles. Then, we will work to create a system designed to smoothly commercialize such equipment. We will also seek to win international markets by means of joint research and demonstration in collaboration with medical institutions in Asian countries.

- (☆) Project to promote comprehensive R&D on ultra-early cancer diagnosis and treatment equipment ¥2.08 bn (¥1.22 bn)
- (☆) Program to support collaboration between hospitals and businesses to develop and improve solution-oriented medical equipment ¥3.00 bn (new)
- (☆) Project for international R&D and demonstration in the environment and medical fields 【referred to earlier】
- Program to formulate guidelines designed to promote development and commercialization of medical equipment ¥0.07 bn (new)

② Developing elemental technology for the manufacture of a life-support robot and establishment of the robot's safety **action 59**

We will develop “interpersonal safety technology” for the life-support robot, collect and analyze safety-related data, formulate “proposed safety standards,” and establish the “safety verification method.” We will also seek to internationalize the proposed standards and the safety verification method for marketing overseas.

- (☆) Life support robot commercialization project ¥1.89 bn (¥1.53 bn)

#### 4. Creative industries strategy (Cool Japan Strategy)

Japan's *anime* (animated cartoon), fashion, and safe foods are so popular in overseas markets that these industries have the potential of expanding their business globally; however, the popularity of Japanese culture overseas has not necessarily led to business. In order to grow the cultural industry into a “money-making pillar industry,” we will link the popularity of Japanese culture to business and build a mechanism to send back what it earns overseas to Japan by developing and utilizing excellent human resources capable of expanding business in overseas markets. At the same time, we will connect the “cultural power” owned by domestic companies with the capability of big businesses, principally of the manufacturing industry, to expand cultural business on a global scale and thereby increase cultural added value.

**(1) Promoting the Cool Japan Strategy **action 60****

All concerned government ministries and agencies will make cross-ministerial concerted efforts to formulate country-/sector-specific strategies to “profit from culture” (seeking to build a new distribution “mechanism” in alliance with players who govern and control local sales networks), form a production team made up principally of the private sector, support the formation of consortiums or tie-ups with local companies, develop creative human resources, and relax the requirements for creators' residence status.

All the above activities will be carried out in accordance with the strategy that will be developed in consideration of recommendations to be presented by an advisory board made up of the private-sector experts in the matter.

- “Cool Japan” strategy promotion program ¥1.92 bn (new)

**(2) Establishing “Creative Industries Department” (provisional name) **action 61****

We will update the ministry's structure so as to favor a whole-of-government approach with regard to the implementation of policies for creative industries, such as the promotion of the Cool Japan strategy. At the same time, we will push ahead with inter-ministerial policy coordination.

- ◎ Creation of “Creative Industry Department” (provisional name)

**(3) Opening up overseas markets**

Japan is lacking in producers experienced in international business. So, we will proactively get allied with superior foreign producers while providing business opportunities and stages for activities to be performed by SMEs that support the culture industry. To begin with, we will support the joint efforts made by a “strong team”—where producers, creators, and risk money work collaboratively—as well as by manufacturing companies aimed at capturing markets in the following five sectors: ① content, ② fashion, ③ foods, ④ living space, and ⑤ local products.

① Content sector: We will work to have financing and distribution routes secured for overseas expansion.

➤ Establishing “Overseas Content Marketing Support Fund” **action 62**

We will provide financial and personnel support from the development stage of a scenario marketable overseas and develop content destined for overseas markets. Through the Fund’s activities, we will provide OJT (on-the-job training) to prospective producers, present examples of how copyrights were appropriately managed, and disseminate financing techniques.

△ We will promote creation of Overseas Content Marketing Support Fund.

➤ Support for marketing of Japanese content in the Asian region **action 63**

Through the policy dialog and the framework of the private-sector exchange between Japan, China, and South Korea, as well as the framework of the public and private sector exchange between Japan, China, South Korea, Hong Kong, Singapore, Thailand, Malaysia, and the Philippines, we will continue intergovernmental policy dialog toward relaxation of the entry regulation in force in each country and promote international joint production.

In accordance with the agreement reached at the Japan-China summit meeting held in May of this year, we will jointly hold the Japan-China “movie and drama week” and “anime festival.”

△ We will propel content marketing activities in Asia through the joint celebration of the Japan-China “movie and drama week,” “anime festival,” and other events.

② Fashion, foods, living space, and local product sectors: We will support the sectors’ overseas marketing by increasing cultural added value. **action 64**

We will have the sectors’ business established in the world’s most prestigious and influential venues such as “La Semaine de la Mode à Paris,” which is capable of disseminating and popularizing trends and attracts buyers from all over the world. In such a manner, we will enhance the power of the common brand(s) that will be universally marketed across the markets worldwide, and in doing so, we will ultimately consider as target markets those with great growth potential including principally China, India, and some other Asian economies.

In addition, taking into consideration the characteristics pertaining to each sector such as clothing (fashion), foods (food-related industries), and living (living space), which are offerable to the overseas markets Japanese companies are moving into, we will carry out activities strategically combining ① the activities aimed at penetrating consumers of the subject market and ② business matching activities in it.

At the same time, we will back up alliance at home or abroad between SMEs engaged in manufacturing local products and producers and designers who are capable of merchandising such products taking into consideration foreign needs so that Japan’s superior local products will be accepted in overseas markets.

○ “Cool Japan” Strategy promotion program [inc.] 【referred to earlier】

#### **(4) Opening up domestic market**

① Content sector: We will improve the infrastructure to accelerate dissemination of content.

➤ Facilitating treatment of various rights related to the utilization of the Internet **action 65**

We will promote demonstration of a business model that will facilitate coordination of rights between multiple content holders (including producers, distributors, productions, etc.) and multiple customers so that content producers can be directly paid for the content accessible over the Internet for what corresponds to their merits.

○ Projects to demonstrate intellectual property business [inc.] ¥0.20 bn (new)

➤ Promoting digitalization of books **action 66**

In collaboration with the MEXT and MIC, we will push ahead with a reform in institutional and technological aspects to promote book digitalization. Specifically, we will propel the improvement of treatment of copyrights and book information for digitalization purposes and improvement of the environment for use of book data owned by the state and the private sector, such as (international) standardization of file formats and unification of character codes.

○ Intellectual property demonstration project [inc.] 【referred to earlier】

➤ Developing human resources specialized in content **action 67**

We will promote cultivation of human resources (producers) who shall be engaged in international expansion of content business, by providing aid to their study overseas or otherwise supporting them. We will also support development of human resources (creators) including younger people who may be discovered at CoFesta (Japan International Contents Festival) or otherwise.

△ Discovery and development of promising individuals for producers or creators

② Fashion, foods, living space, and local product sectors: We will create and cultivate enterprises that can compete worldwide. **action 68**

Under the overall strategy to be formulated in accordance with the recommendations by the Creative Advisory Board, we will: ① create external demand by foreign tourists traveling in the country and ② cultivate enterprises that shall support Japan's cultural power moving onto the world stage. For such purposes, we will create or improve opportunities for attracting foreign tourists by consolidating or coordinating events organized by the private sector and, in such a manner, we will expand business for SMEs that support and propel the country's cultural industry with their high cultural value added.

○ “Cool Japan” Strategy promotion program [inc.] 【referred to earlier】

### III. Invigoration of regional economies and SMEs — Support measures to meet diversity —

We will achieve economic growth to ensure that every citizen will realize a wealthy, safe, and secure life. We will also revitalize regional economic communities and SMEs that support regional economies, by positively utilizing diverse strengths, characteristics, and potential owned by each region countrywide.

#### 1. Implementation of diverse “regional economic development models”

An analysis of advanced cases permits us to roughly typify development processes of regional economies as shown below. Drawing upon these cases as models, for regeneration or revitalization of regional economies, we will promote a broad-based interregional alliance beyond base municipalities (cities, towns, and villages) and prefectures; further, the state and regions will collaboratively work to create an environment that shall enable each region to achieve an autonomous development.

At the same time, in collaboration with the Ministry of Agriculture, Forestry and Fisheries (MAFF), we will work to enhance agriculture-SME collaboration by solidifying the alliance between agriculture, commerce and industry and expanding overseas our food culture; we will also work to support social businesses that create employment and industries in the territory so far monopolized or left unaddressed by the public sector.

##### **(Five types of development of a regional economy)**

- Model that turns the region into a stronghold of international competitiveness
  - : it will implement “selection and concentration” and “prioritization” in favor of growth industries with high international competitive potential.
- Model that enhances industrial agglomeration in the region
  - : it will create new businesses of regional origin capitalizing on the region’s strengths and capability to develop connections.
- Model that develops key industries of the region
  - : it will develop new key industries of the region capable of earning income outside the region capitalizing on the resources available in the region.
- Model that develops the region through tourism-based exchange
  - : it will develop the region through tourism capitalizing on the characteristics and resources of the region.
- Model that resolves life-related problems faced by the region
  - : it will strengthen the region’s capability to develop connections, promote town building provided with intensive urban functions, and thus address life-related tasks faced by the region.

#### **(1) Intensively injecting policy resources in “national clusters”** 【referred to earlier】

#### **(2) Promoting domestic job-creating domestic low-carbon industries (strengthening the green innovation base toward acceleration of energy- and carbon-saving efforts)** 【referred to earlier】

#### **(3) Turning agriculture into a growth industry**

##### ① Solidifying the alliance between agriculture, commerce, and industry **action 69**

By strengthening our network with those who make forward-thinking efforts in the agricultural sector and farmers, we will create forward-looking projects jointly with the agricultural, commercial, and industrial sectors, and thereby work to turn Japan’s agriculture into a growth industry. At the same time, in collaboration with the business community, we will hold explanatory meetings and seminars and thereby encourage businesses to enter the agricultural sector.

△ We will discover, create, and communicate forward-looking projects to be implemented jointly by the agricultural, commercial, and industrial sectors.

##### ② Intensifying overseas marketing of agricultural products, processed products, plant factories, and Japanese

food culture **action 70**

In collaboration with the MAFF, we will draw up a “comprehensive export strategy” by the end of the current fiscal year; create model export projects; and disseminate, increase, and expand plant factories overseas. Also, in coordination with the Cool Japan strategy, we will intensify marketing of Japanese foods overseas following the study of the system to develop and educate human resources specialized in Japanese foods.

△ We will promote the networking of businesses and farmers for creation of projects for the export of advanced agricultural products.

#### **(4) Aggressively supporting social businesses **action 71****

We will proactively back up social businesses that are intended to address society’s problems by launching a nationwide business network, disseminating and communicating SME-oriented support measures available for use, and strengthening alliance with municipalities and companies.

○ We will support efforts to strengthen the operation base of social businesses through stronger alliance with companies and other entities. [inc.] ¥1.30 bn (new)

#### **(5) Revitalizing regional communities **action 72****

In order for shopping districts to perform their function and role as the “leader of the local community,” we will push ahead with efforts for revitalization of the local commercial activities that correspond to social challenges faced, such as the declining birthrate, aging population, safety, and security. We will also support downsizing efforts, which will permit shopping districts and central urban areas to turn into an appropriate size and function, and promote compact town building in harmony with the environment.

○ Support for town building by SMEs ¥3.18 bn (¥3.18 bn)  
○ Support for building a compact, lively, bustling town ¥0.40 bn (¥0.38 bn)

## **2. Stronger promotion of measures to invigorate SMEs**

SMEs continue to be surrounded by harsh business conditions. We will prioritize policies, promote coordination between policies and between organizations and agencies concerned, support SMEs’ business start-ups or change of trade, grouping, international expansion, or productivity improvement. We will also work to enable SMEs to stabilize their operations by having them adequately financed.

### **(1) Facilitating financing to SMEs launching start-ups or changing trade**

#### **① Support to SMEs’ entrepreneurship & business conversion (including second business start-ups) **action 73****

We will utilize funding and loan programs made available by the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SMRJ) through collaboration with financial or other related institutions. We will also improve lending programs offered by the Japan Finance Corporation (JFC) to support business start-ups and change of trade.

- △ We will reorganize SMRJ’s funding programs for more flexible application in favor of business start-ups and change of trade.  
△ We will link SMRJ’s hands-on support and business feasibility assessment to regional financial institutions’ financing activities and thereby ensure adequate financing to SMEs with high potential.  
○ At SME/Venture Business Support Center, we will conduct support projects on a national scale to promote start-ups and new businesses. [inc.] ¥4.50 bn ([inc.] ¥4.02 bn)  
● We will increase lending to SMEs to support their new business start-ups or change of trade. [inc.] ¥2,100.00 bn  
● Special programs designed to strengthen support capital to be provided to those who launch business start-ups (quasi-equity subordinate loans) ¥3.10 bn

#### **② Study of taxation that revitalizes SMEs **action 74****

We will seek to cut reduced tax rates on SMEs for encouraging their new business start-ups or revitalization

or stronger competitiveness.

We will seek to cut reduced tax rates on SMEs.

## **(2) Supporting SMEs grouping (business takeover, alliance, and rehabilitation) action 75**

In order to organically connect valuable management resources (technology, business connections, employment, etc.) owned by another company to those of an SME and promote the SME's growth, we will consider improving the matching scheme to facilitate business takeover between SMEs and the system designed to provide financial support with the aim of strengthening alliance between SMEs. We will also support SMEs' rehabilitation by utilizing the SME Turnaround Support Committee.

We will consider improving the system designed to facilitate business takeover between SMEs and to strengthen alliance between SMEs including factories and apartment houses.

## **(3) Supporting SMEs' international expansion action 76**

For a Japanese SME expanding into emerging countries overseas including in Asia, it is necessary to provide consistent support both at home and abroad starting from the preparatory stage of the expansion through signing of a related agreement. Proactively utilizing JETRO or SMRJ, we will provide information service and support for cultivation of the SME's human resources as well as a backup for its participation in overseas fairs. We will also provide the SME with more opportunities for business talks.

(☆) Program to support overseas expansion by SMEs ¥3.50 bn (¥2.30 bn)

## **(4) Improving SMEs' productivity by enhancing human resources and technical/managerial capacity**

In collaboration with the MHLW, we will provide comprehensive support for SMEs' productivity improvement from the perspective of strengthening their human resources, technology, and managerial capacity.

### **① Developing and securing human resources who shall play an active role in SMEs action 77**

We will provide job seekers, principally new graduates, with an internship opportunity at SMEs and perform matching between job-seeking individuals and SMEs willing to hire them.

We will also establish "Monodzukuri Instructor Training School" utilizing experienced individuals including senior and ex-employees as well as "hands-on" training designed to cultivate human resources who will be ready to work efficiently.

(☆) Support for securing and cultivating human resources that shall drive SMEs ("Project for supporting new graduate job seekers" and other programs) ¥7.00 bn (new)

### **② Maintaining and upgrading SMEs' technologies action 78**

We will continue to provide financial support for SMEs' activities ranging from R&D to the stage of trial production, which serve for advancement of key manufacturing technologies. We will deploy an "SME Intellectual Property Support Center" across the country, an agency that can single-handedly respond to consultation by SMEs on matters related to intellectual property.

With respect to the Small Business Innovation Research (SBIR), starting in the current fiscal year, we will introduce a "step-by-step competitive selection" method for task-setting subsidies, requesting efforts also by other ministries, and work to increase opportunities for SMEs to participate in.

Program to support advancement of strategic key technologies as part of strategic technology support program ¥15.00 bn (¥15.00 bn)  
 Program to support SMEs' utilization of intellectual property [Patent Special Account] ¥2.00 bn (new)  
 In collaboration with concerned ministries and agencies, we will promote full-fledged introduction of "step-by-step competitive selection method" in the SBIR system.

### **③ Upgrading SMEs' managerial capacity action 79**

We will ensure that SMEs' productivity will be enhanced through stronger managerial capacity, accelerated implementation of IT, opening up new markets, etc.

Program to strengthen coordination of SME managerial support frameworks (establishment of

SME Assistance Center, etc.)	¥4.50 bn (¥4.02 bn)
○ SMEs' greater use of IT by utilizing cloud computing	[inc.] ¥1.73 bn ([inc.] ¥1.66 bn)

**(5) SMEs' stable business management supported by financing facilitation measures action 80**

In order to help stabilize the management of SMEs that continue to operate in difficult conditions, we will ensure they will be adequately financed through public lending or financing by the private sector against a guarantee arranged for by the government.

For an appropriate conduct of business with subcontractors, we will also ensure that the Law on the Prevention of Delay in the Payment of Subcontracting Charges and Related Matters will be strictly enforced by utilizing, if necessary, the "refuge temple for battered SMEs" (*shitauke kakekomi-dera*) or industry-specific subcontract guidelines.

○ We will strengthen JFC's financial and management base.	¥18.30 bn (¥15.60 bn)
○ We will strengthen financial and management base of credit guarantee associations.	¥8.10 bn (¥8.10 bn)
● We will secure from JFC credit lines for SMEs.	[inc.] ¥2,100.00 bn

#### **IV. Implementation of “open” economic and industrial policies from integrated internal and external perspectives**

We will implement economic and industrial policies integrated for both internal and external purposes. Specifically, we will:

- (1) strengthen our “integration with the Asian economy” toward the growth of the Japanese economy integrally with the Asian economy;
- (2) support emerging countries’ growth acting as a “problem-solving” country, create internal demand in Asia, and back up its sustained growth by encouraging their increased infrastructural investment and consumer spending;
- (3) induce high-value added bases (Asian head quarters, R&D bases, etc.) from overseas and convert Japan into an Asian business hub and, by doing so, create a virtuous cycle of internal and external demand as well as jobs; and
- (4) make use of various international frameworks such as APEC (chaired by Japan this year), East Asia Summit, Japan-China-South Korea dialog, bilateral dialog between Japan and any other Asian country, and the like.

##### **1. Growth integrated principally with the growth of the Asian economy**

In view of the growing importance of emerging countries, principally in Asia, and the necessity to formulate new rules compatible with the ongoing globalization, as a “problem-solving” nation, we will support emerging countries’ growth relating to global warming countermeasures and, at the same time, create stable internal demand in Asian economies through exports of infrastructure. In such a manner, we will realize a growth integrally with the growth of growing Asian markets.

##### **(1) Expanding EPA and FTA networks; promoting conclusion/revision of bilateral investment agreements, tax treaties, and social security agreements; and promoting Doha Round talks **action 81****

For expansion of the networks of Economic Partnership Agreement (EPA) and Free Trade Agreement (FTA), by the end of the current fiscal, we will draw up the Basic Policy on Comprehensive Economic Partnership and thereby work out a strategy to promote economic partnership with principal countries and regions including those now being talked to. By furthering EPA/FTA talks, we will seek to achieve concrete results.

We will also work to sign/revise bilateral investment agreements and tax treaties, which will enhance legal stability and predictability of the investees and help reduce the risk of double taxation such as transfer pricing taxation system, as well as social security agreements, which will help people move between Japan and the country that is our trade partner or investment destination.

At the same time, we will tackle the reform of the existing domestic systems to strengthen economic partnerships as part of policy measures to “open” the country to foreign economies.

For a stronger multilateral trade system, we will continue to work to resist protectionism and reach to an early conclusion of the WTO Doha Round.

△ Expansion of EPA/FTA networks by:

- Early signing of an EPA: with India, Peru, Australia, and Gulf Cooperation Council (GCC);
- Early resumption of talks: with South Korea;
- Promoting wide-area economic partnership: such as China-Japan-Korea FTA, Comprehensive Economic Partnership in East Asia (CEPEA), Free Trade Area of the Asia-Pacific (FTAAP), etc.; and
- Promoting Economic Integration Agreement: with the European Union (EU).

△ Advancing talks for an early conclusion of the Doha Round (including Japan’s proposal relating to the sectoral tariff elimination initiatives on non-agricultural products.)

##### **(2) Promoting policies to “open the country” **action 82****

By doubling the flow of people, goods, and money into Japan, we will boldly revise any existing domestic system that obstructs the flow of people, goods, and money, and push ahead with the policy to “open the country” in a comprehensive manner for the purpose of revitalizing our economic society and regions.

◆ We will study a new scheme to comprehensively promote the policy to “open the country.”

**(3) Exporting infrastructure-related industries and systems** 【referred to earlier】

**(4) Promoting Japan as an Asian business hub** 【referred to earlier】

**(5) Supporting SMEs’ international business expansion** 【referred to earlier】

**(6) Implementing policies that look at the growth of the “volume-zone and next volume-zone” markets**

**action 83**

Looking at the potential of the market belonging to the middle income group (volume zone), which is fast growing in India, Vietnam, and some other Asian countries, as well as of the market for the base of the pyramid (BOP, which we may define as the next volume zone) in Asia and other developing countries, we will provide continuous, effective economic cooperation to these countries and back up Japanese companies’ aggressive international expansion in response to increasing local consumption in these countries.

Specifically, through creation, by companies, NPOs, ministries and agencies concerned, and public organizations, of a body responsible for promotion of BOP business or through other means, we will make adequate use of JETRO networks and official development assistance (ODA) and thereby work to promote information exchange and business projects through PPP.

At the same time, for the purpose of securing markets for Japanese products and increasing tools for their marketing and sales, with a focus on convenience stores, department stores, and other retail businesses as well as on the fund settlement-related industry concerned with sales finance, electronic money, and the like, under PPP we will talk to target countries’ governments to ask for removal of entry barriers imposed on foreign capital; then, we will promptly have human resources developed that are necessary for business in target countries, obtain international standards, and push ahead with matching and other activities.

△ We will create “BOP Business Promotion Platform” (tentatively named).

**(7) Obtaining strategic international standards, creating safety and performance evaluation system, and integrating it with R&D** 【referred to later】

**(8) International expansion of energy industries that contribute to the world’s CO2 emissions reduction** 【referred to earlier】

## 2. APEC arrangement focused on growth strategy and promotion of international strategy taking advantage of the occasion **action 84**

As APEC chair for this year, we will review our manner of participating in the Trans-Pacific Partnership (TPP), take the leadership at APEC meetings, and draw up and implement a road map toward the realization of FTAPP.

Also, to realize our economic growth integrally with the growth of the Asia-Pacific region, we will develop an APEC growth strategy focused on “balanced,” “inclusive,” “sustainable,” “innovative,” and “secure” growth, and work for its steady implementation.

○ *Survey for forming a model low-carbon city in the APEC region* 【referred to earlier】

△ Comprehensive cooperation for liberalization and facilitation of investment and service provision

△ We will strengthen the intra-APEC network to further promote SMEs’ international expansion in each economy.

△ We will build woman’s entrepreneurship network in the APEC region.

△ We will create an intra-APEC collaborative website among IP academies (institutions dedicated to development of IP-related human resources).

△ We will develop “smart” socioeconomic activities through IT utilization.

○ (☆) Program to promote Asia-Pacific cooperation on standards and conformity assessment

[inc.] ¥1.00 bn (new)

△ We will facilitate distribution and logistics operations both inside and outside of Japan through international standardization of logistics IT (utilization of IC tags), including in the APEC region.

△ We will promote the international harmonization towards the efficient, effective chemical management

system taking advantage of APEC meetings or other events.

**V. R&D for “value-creating-technology” and promotion of international standardization strategy  
—Shift to business strategy to “win in technology and even in business”—**

Japan will seek to become a “country for value-creating-technology.” To that end, both the public and private sectors will share a concrete vision for solution of global issues through R&D activities. All government organizations concerned will not only engage in R&D activities but also make concerted efforts to disseminate and utilize achievements created from the activities, such as international standardization, creation of a safety/performance evaluation system, and improvement of the intellectual property (IP) environment.

**1. Establishment of R&D system enabling to provide solutions for global issues promptly to society under industry-academia-government alliance**

To lead the government’s R&D investment to economic growth, we will promote integrated R&D including technological demonstration, international standardization, and performance/safety evaluation in order to promptly commercialize and disseminate R&D achievements. Particularly for the purpose of quickly solving global issues, we will make intensive efforts on these activities for “Green innovation” and “Life innovation”.

In addition, we will develop world-class collaborative R&D base for industry, academia and government such as Tsukuba Innovation Arena and thereby promote the most effective R&D system.

**(1) Promoting integrated R&D including dissemination of R&D achievements action 85**

By strengthening and utilizing NEDO’s specialty and international network function, we will conduct advanced R&D projects to strengthen Japan’s international competitiveness under industry-academia-government collaboration and promote dissemination and commercialization of new technologies and systems through domestic/international demonstration projects.

Also, to utilize companies’ originality and ingenuity, we will promote R&D based on public proposal especially for “Green innovation” and “Life innovation”. At the same time, we will support carved-out venture businesses with exploiting technologies that remain unused at companies.

△ We will accelerate R&D projects for “Green innovation” and “Life innovation”.

○ We will promote commercialization of promising advanced technologies owned by SMEs or venture businesses (program to commercialize innovations). ¥8.02 bn (¥5.76 bn)

**(2) Promoting overseas R&D and demonstration action 86**

Through an industry-academia-government collaboration, we will proactively promote overseas R&D and demonstration projects to commercialize/industrialize advanced new technologies, systems, or infrastructure, and thereby resolve global issues ahead of other nations and “take in” international market, including in emerging countries.

○ (☆) Project for international R&D and demonstration in the environment and medical fields  
【referred to earlier】

○ (☆) Project to demonstrate technologies and systems to improve international energy efficiency  
【referred to earlier】

○ Japan-U.S. cooperation project for research and standardization of Clean Energy Technologies

¥0.60 bn (¥0.40 bn)

◇ We will strengthen NEDO’s function to support international marketing of new technologies and systems.

**(3) Accelerating R&D projects for “Green innovation” and “Life innovation” action 87**

We will focus on R&D projects for “Green innovation” and “Life innovation” fields where a prompt dissemination of R&D achievements is expected to resolve global issues.

【Main fields and research themes to be addressed for promoting green innovation and life innovation】

<Accelerated introduction of green energy>

- Greater efficiency and lower cost of photovoltaic power generation
- Development, commercialization, and dissemination of technologies for electric vehicles and fuel cell vehicles
- Development of next-generation storage battery and of core technology for evaluation of materials

<Minimization of electric loss>

- Commercialization of low-voltage devices
- Commercialization of SiC power semiconductors
- Commercialization of high-temperature superconducting cables, etc.

<Innovative introduction of green materials and process>

- Development of key technology for large-area printing electronic materials and process
- Development of innovative chemical technology for evaluation of raw materials, manufacturing process, and materials used for chemical products
- Commercialization of carbon nanotubes and other nano fusion materials
- Commercialization of innovative manufacturing process, etc.

<Full recycling, substitution, and utilization of resources>

- Sophisticated utilization of fossil fuels
- Commercialization of rare metal recycling technology and substitute materials

<From standalone product sales to system optimization>

- Commercialization of smart grids and their widespread adoption
- Commercialization of a low-priced energy management system (EMS), etc.

【Main fields and research themes for promoting life innovation】

<Promotion of anti-cancer measures>

- Development of equipment for ultra-early cancer diagnosis and treatment

<Treatment of diseases by tissue regeneration>

- Commercialization of technology for utilization, measurement, and evaluation of stem cells

<People-friendly life-support robot>

- Commercialization of life-support robot technology
- Establishment of safety verification technology

**(4) Supporting commercialization of new technologies with utilizing universities and other public research institutes** **action 88**

We will provide appropriate support commercialization of new technologies with utilizing expertise and equipment of universities and public research institutes (performance evaluation, technological demonstration, data-collection for regulatory permission, and international standardization, etc.).

Also, by integrating, simplifying, and rationalizing rules for use of competitive funds, we will ensure that researchers and research institutions can use the funds in an effective, efficient manner, and improve R&D efficiency.

△ We will back up joint researches between industry, academia, and public organization with unique and competitive technologies.

◆ Revision of rules for use of competitive funds

**2. Investment focused on world-class R&D centers** **action 89**

We will establish a R&D base for industry, academia and government, such as Tsukuba Innovation Arena. Intensively invest it, develop human resources.

○ (☆) We will establish a world-class R&D center for industry, academia, and government. 【referred to earlier】

### 3. Support R&D investment in private sector through improvement of R&D taxation system **action 90**

To further promote R&D investment in private sector and increase the gross domestic R&D investment to 4% of GDP by 2020, we will improve the existing R&D taxation system.

- Implementation of an R&D taxation system at the global level 【referred to earlier】

### 4. Integration of R&D with the obtaining of strategic international standards and improvement of safety/performance evaluation system **action 91**

In accordance with the road map drawn for the purpose of obtaining international standards for the “Ten strategically important fields for international standardization” due to be determined within the current fiscal year, we will promote an appropriate international standardization compatible with the business strategy adopted by our industry. Especially in the Asian region, we will develop jointly with Asian countries such standards as are likely to adequately evaluate the strengths of Japanese products for presentation as international standards.

At the same time, we will create a safety and performance evaluation system that will permit superior products and technologies to be appropriately evaluated in advanced fields and thereby work to improve our capability of certification.

We will create R&D projects in accordance with the processes of not only technology development but also international standardization, technological demonstration, and formulation of safety/performance standards, with an eye to commercialization and dissemination of subject technologies.

#### (Ten strategic priority fields)

- ① Smart Grid; ② Electric cars; ③ Fuel batteries; ④ LED lighting; ⑤ Stem cells, including iPS cells;
- ⑥ Safety & security, creative industry (comfortable and highly functional fiber);
- ⑦ Lifestyle-support robots; ⑧ Water-related technologies; ⑨ Cloud computing;
- and ⑩ The field of Information Technology, including electronic tags to share information on the movement of international cargo)

- Strategic international standardization promotion program 【referred to earlier】
- (☆) Program to promote Asia-Pacific cooperation on standards and conformity assessment 【referred to earlier】
- Japan-U.S. cooperation project for research and standardization of Clean Energy Technologies 【referred to earlier】

### 5. Securing human resources capable of advanced technologies **action 92**

Utilizing a world-class R&D base, we will develop human resources necessary for creation and realization of the country’s innovation.

Specifically, in collaboration with universities and public organizations, we will promote development of high-level technological personnel at R&D bases such as Tsukuba Innovation Arena where industry and universities jointly engage in advanced researches. We will also encourage the industry and universities to collaborate with each other to increase opportunities for cultivating human resources that meet the needs of the industrial community and for matching such resources with the needs of the industrial community.

- (☆) We will establish a world-class R&D center for industry, academia and government. 【referred to earlier】
- We will provide subsidies to younger researchers working at domestic universities or other research institutes proposing original and innovative research themes contributing to the progress in industrial technology and green/life innovations. 【referred to earlier】
- ◆ We will promote, in collaboration with MEXT, the improvement of the environment at universities for qualitative enhancement of education and research. 【referred to earlier】
- △ Development of human resources specialized in advanced technology making use of R&D projects

△ Backup for practical development and employment of postdoctoral or other human resources

## 6. Review of the patent system and IP utilization for promoting innovation **action 93**

For the promotion of open innovation, it is important for companies to shift to a business model whereby the opening and blackboxing of technology are strategically combined.

For such a reason, we will consider improving the IP management environment by revising the Patent Law (enhancing the convenience of the license system and revising the patent fee in line with the opening of innovation).

We will also upgrade/promote companies' and universities' strategic IP management by means of integrally supporting the acquisition and utilization of IP from its research-planning stage to commercialization through collaboration between the central and municipal governments.

In addition, for further improvement of the environment for companies and universities to blackbox key technologies, we will have a final draft prepared of an appropriate measure to protect the content of their trade secret in criminal procedures and thereby take measures to promote stricter trade secret management.

- ◇ We will promote of the review/revision of the Patent Law.
- Project to support SMEs' utilization of intellectual property [Patent Special Account] **【referred to earlier】**
- We will dispatch “IP Producers” to research and other institutions. [Patent Special Account] [inc.] ¥10.30 bn (new)
- ◇ We will promote of revision to the Unfair Competition Prevention Law.
- △ We will disseminate the guideline on trade secret management.

## 7. Promotion of R&D in cutting-edge fields **action 94**

In order for our country to maintain/improve its competitiveness over a long period, it is necessary to continue opening up frontiers across the world through technology and innovation. The government will therefore provide proactive support, especially for the promising ten cutting-edge fields as shown below.

### **(Ten cutting-edge fields)**

① Robots; ② aircraft; ③ space; ④ high-temperature superconductivity; ⑤ nanotechnology; ⑥ functional chemistry; ⑦ biopharmaceuticals; ⑧ carbon fibers; ⑨ advanced IT; and ⑩ rare metals

#### **【① Robots】**

- (☆) Life support robot commercialization project **【referred to earlier】**

#### **【② Aircraft】**

- Small civil transport aircraft development survey ¥0.07 bn (¥0.07 bn)

#### **【③ Space】**

- (☆) R&D on advanced space systems incorporating miniaturization and other features ¥3.36 bn (new)
- (☆) R&D on small, integrated, transportable terrestrial systems ¥2.28 bn (¥0.63 bn)
- R&D of hyperspectral sensors, etc. ¥2.20 bn (new)

#### **【④ High-temperature superconductivity; ⑤ nanotechnology-related】**

- (☆) New material power semiconductor device project toward achieving a low-carbon society **【referred to earlier】**
- (☆) Ultra-low power device project toward achieving a low-carbon society **【referred to earlier】**
- (☆) Innovative carbon nanotube composite materials project toward achieving a low-carbon society **【referred to earlier】**
- Development of key technology for nitride semiconductor aimed at realization of next-generation illumination **【referred to earlier】**

- *Project to demonstrate integration and control system of green sensor* ***[referred to earlier]***
- 【⑥ Functional chemistry】**
- (☆) Development of key technologies for next-generation printing electronic materials and processes **【referred to earlier】**
- (☆) Development of key technologies for “green” sustainable chemical processes **【referred to earlier】**
- 【⑦ Biopharmaceuticals】**
- (☆) Project to develop fundamental evaluation technology for stem cell commercialization **【referred to earlier】**
- Life science database project ¥0.03 bn (new)
- 【⑧ Carbon fibers】**
- Project to develop key technology for high-output multiple-wavelength complex laser processing ¥1.17 bn (¥0.70 bn)
- *Development of innovative carbon fiber key technology* ***[referred to earlier]***
- 【⑨ Advanced IT】**
- *Development of key technology for normally off computing* ***[referred to earlier]***
- 【⑩ Rare metals】**
- Project to develop substitute materials for rare metals **【referred to earlier】**

## VI. IT as the basis for industrial and social advances

Japan's information and telecommunications technologies are the best in the world in terms of technological sophistication and infrastructure development. With regard to the application of these technologies, however, Japan has fallen behind other developed countries and it is therefore not fulfilling its full potential. Considering the progress in recent years of key next-generation information processing technology (cloud computing) and the efforts made by both the public and private sectors to implement a smart community, we will promote a more thorough application of IT. This effort will strongly influence industry and society's degree of advancement. It will help to improve the convenience of people's daily lives, strengthen international competitiveness by improving productivity, and create new industries.

### 1. Wider use of cloud computing **action 95**

As a result of the use of cloud computing, interactive information exchanges and the processing of anonymized personal information via networks will dramatically increase. For this reason, in parallel with our efforts to tackle the adequacy of international rules and international standardization, we will clarify who should be liable for protecting information and how it should be managed.

At the same time, we will promote the creation of a domestic base for cloud computing by supporting domestic siting of data centers and technological development. We will demonstrate new services and industries (medical care, transportation, etc.) that make use of mass data processing by through cloud computing.

On a different level, we will establish a "community" of SMEs in order to promote their utilization of cloud computing.

- Program to develop and demonstrate key next-generation information technologies that incorporate high reliability and energy efficiency ¥1.73 bn (¥1.66 bn)
- ◆ We will set forth guidelines for the scope of responsibility to be shared among those who utilize cloud computing and for handling of anonymous information.

### 2. Standardization of embedded systems and enhancement of their reliability **action 96**

Given that, in recent years, embedded systems in automotive vehicles or home electronic products have spread dramatically and become more complex, we will further enhance their reliability by having the entire industry make concerted efforts to ensure their functional safety and raise the standard of inspections.

- Project to develop a platform for embedded systems ¥0.87 bn (¥0.73 bn)

### 3. Creation of a new society based on the use of next-generation energy use (smart community) and support for its international expansion of this model **【referred to earlier】**

### 4. Promotion of computerization and information security in the public sector

We will reduce administrative costs by computerizing the public sector. By facilitating the use of public information, we will also create new industries and increase public participation in the administration through greater use/utilization of public information.

Furthermore, in order to appropriately address external threats (new viruses, unauthorized access, etc.) and internal threats (misconduct or negligence committed by employees), we will push ahead with information security measures.

#### **(1) Reforming the public service and creating new industries by promoting public sector computerization and public administration reform **action 97****

All administrative organizations will work collaboratively to promote the computerization of the public sector

including its administrative functions (operational reform and utilization of IT). Doing so will reduce the country's administrative costs.

Moreover, by encouraging citizens to use public information such as statistical data and spatial /geographical data, as well as supporting their further participation in public administration, we will seek to ① create new industries and ②implement policies more effectively based on a deeper understanding of the issues by the population.

△ We will build e-Government through computerization of the public sector, use of computerized information, and utilization of Idea Box and other means.

## **(2) Stepping up information security measures** **action 98**

We will promote the following information security measures: ① establish an early alert system that can rapidly gather and analyze data information on external threats and quickly provide information on countermeasures being taken; ② implement organizational measures such as the formulation of guidelines for preventing confidential information from being leaked due to internal threats; and ③ promote the use of electric signature and take technological measures to cope with new threats.

△ We will have an early computer alert system in place by providing virus information.  
◆△ We will back up companies' and individuals' information security measures by formulating or revising information security guidelines.

## VII. Selection and concentration of projects through the strict scrutinizing of public projects and government project reviews and the lateral application of their results

The government conducted the first-stage budget screening in November of last year and the second-stage screening in April and May of this year with a focus on independent administrative agencies (IAAs) and public-interest corporations (PICs). Prior to the second-stage screening, METI formulated “basics” and “three principles” (so-called Naoshima 3 Principles), based on which METI made a thoroughgoing analysis of each and every IAA and PIC under its jurisdiction as part of its own efforts free of traditional constraints (“budget screening in its own fashion”). As a result, we made two announcements: “Regarding the reform of independent administrative agencies under METI’s jurisdiction” and “Regarding the reform of public-interest corporations under METI’s jurisdiction.” We will forge ahead with the reform in accordance with the two announcements. This past May, we organized a “budget review” in public on projects executed in FY 2009 ahead of all other ministries and agencies.

We will continue to make thoroughgoing efforts in line with the results obtained from the review and steadily push ahead with “selection and concentration” of projects toward the realization of the growth strategy.

### 1. Review of IAAs **action 99**

With respect to IAAs, we will continue to review all of them under the Naoshima 3 Principles: (1) boldly reorganize and trim their projects, (2) make transparent their money flows, and (3) streamline their management support.

At the same time, toward the realization of the growth strategy, we will work to upgrade NEDO’s function and steadily carry out “selection and concentration” of its projects and programs.

#### 【Follow-up on budget screening】

- △ We will urge IAAs to deliver unnecessary assets to the national treasury.
- △ We will follow-up on reform items determined as necessary by METI’s own budget screening (especially items related to the systems).

#### 【Selection and concentration of budgeted projects】

- ◇ We will strengthen NEDO’s function to support international marketing of new technologies and systems. 【referred to earlier】
- △ We will drastically strengthen the function of JETRO’s overseas network. 【referred to earlier】

### 2. Review of PICs **action 100**

With respect to PICs, we conducted screenings in our own fashion on the operations performed by 50 of the PICs under METI’s jurisdiction and announced a message titled “Regarding the reform of public-interest corporations under METI’s jurisdiction.” The message includes three pillars: (1) review of R&D projects; (2) review of the projects that are due to be executed precisely in the manner as previously determined; and (3) review of the projects due to be executed when indicated as executable by the government. In accordance with the message, we will continue to review projects due to be carried out by PICs in a cross-sectoral manner, taking into consideration also the results of the budget screening.

- △ We will have all items indicated in METI’s own screening and the government-wide budget screening reflected in our budget following a cross-sectoral review.
- △ We will follow up on system reform-related items (state-controlled gambling, so called “designated systems,” etc.) in keeping with the screening of individual projects.

### 3. Reduction in the FY 2011 budget request

The following budget reduction was made as the result of a string of reviews conducted.

Budget request / reallocations and reductions from FY 2010		
○ Results of the government-wide first-stage screening further reflected	¥76.20 bn	/ down ¥47.00 bn
○ Amounts reflected in the budget allocated to IAAs (through METI screening and government-wide second-stage screening)	¥137.20 bn	/ down ¥10.00 bn
○ Amounts reflected in budget allocated to PICs (through METI screening and government-wide second-stage screening)	¥7.60 bn	/ down ¥2.40 bn
○ Results of the administrative operations review [publicly opened process]	¥5.60 bn	/ down ¥9.40 bn
○ Results of the administrative operations review performed horizontally	¥118.90 bn	/ down ¥114.00 bn
<b>Total</b>	<b>¥345.6 bn</b>	<b>/ down ¥182.7 bn</b>

## FY2011 Ministry of Economy, Trade and Industry Budget Request (Summary)

(in 100 millions of yen)

	FY2011 Budget Request	FY2010 Initial Budget	Increase/decrease (amount)	Increase/decrease (percent)
General Account (excl. Energy Resources S.S.)	4,119.0	4,109.7	9.3	0.2%
Expenses for SMEs' support	1,310.6	1,254.7	55.8	4.3%
Expenses for Science and Technology Promotion	1,382.5	1,310.6	71.9	5.2%
Energy Resources Special Account	7,579.9	6,938.1	641.9	8.5%
Energy Supply and Demand Adjustment Account	5,531.3	4,886.5	644.8	11.7%
Promotion of Electric Power Resources Development Account	2,048.6	2,051.6	▲ 3.0	▲ 0.1%
Patent Special Account	1,175.8	1,190.9	▲ 15.1	▲ 1.3%
Trade Reinsurance Special Account	1,712.1	2,005.1	▲ 293.0	▲ 17.1%
METI Total (General Account + Special Account)	14,586.8	14,243.8	343.1	2.4%

Budget Request for General Account including Transfer to Energy Resources Special Account amounts to ¥934.3 billion and Special Budget Request ¥106.7 for a total of ¥1,041.0 billion (up ¥48.8 billion or 4.9% from FY2010 budget of ¥992.2 billion).

(Reduction from Request) (Additionally "Desired")

(in 100 millions of yen)

General Account (excl. Transfer to Special Accounts)	$26.9 \times 3 = 80.7$		
	(Request : 3,661)	(Basic Special Request : 405)	
	Request	Special Request	Total
	3,633	486	4,119
(Transfer to Energy Resources Special Account)	(Requested : 5,710)	(Basic Special Request : 581)	
	Request	Special Request	Total
	5,710	581	6,291

Total Requested 9,343 Total Special Request 1,067

Grand Total 10,410

# Special Budget Request Projects (Genki-na-Nippon-Fukkatsu-Tokubetsu-Waku)

(in 100 millions of yen)

Project Name	Total	Special (incl.)
<b>★Targeting “dramatic improvement in Japan’s attractiveness as a base that fosters the ability of business to compete internationally” and “strategic fields to drive new growth”</b>		
<b>1. Promotion of economic growth driven by environment and energy industries (Green Innovation) and making Japan the world's environment and energy power</b>	<b>1,301.7</b>	<b>674.2</b>
<b>(1) Promoting job-creating domestic low-carbon industries (reinforce Japan’s position by accelerating the development of green innovations with low energy consumption and low CO2 emissions)</b>	<b>300.0</b>	<b>300.0</b>
<b>(2) Create “Future Cities” through large-scale demonstration of Smart Grid and other technologies</b>	<b>222.0</b>	<b>102.0</b>
Demonstration of Next-generation energy and social system	182.0	82.0
Next-generation energy technology demonstration	40.0	20.0
<b>(3) Enhancement and acceleration of technology development in the environment and energy fields</b>	<b>205.9</b>	<b>102.2</b>
Development of next-generation high-performance technologies for photovoltaic power generation	60.2	9.2
New material power semiconductor device project toward achieving a low-carbon society	35.7	20.0
Project to develop an ultralow-power device to promote creation of a low-carbon society	42.3	18.0
Innovative carbon nanotube composite materials project toward achieving a low-carbon society	21.4	12.4
Development of key technologies for next-generation printing electronic materials and processes	19.0	19.0
Development of key technologies for “green” sustainable chemical processes	17.3	13.6
Program to construct a world center for collaborative research by industry, government, and academia	10.0	10.0
<b>(4) Support for international expansion by Japan’s environment and energy industries</b>	<b>270.0</b>	<b>70.0</b>
Demonstration of technologies and systems to improve international energy efficiency	210.0	50.0
Feasibility studies program for establishing bilateral offset mechanisms	60.0	20.0
<b>(5) Support for the installation of residential energy-conservation and renewable-energy systems, and coordination with the Domestic Clean Development Mechanismsystem</b>	<b>303.8</b>	<b>100.0</b>
Subsidy for measures to promote the use of clean-energy vehicles	303.8	100.0
<b>2. Health, medical, and nursing care industries (Life Innovation)</b>	<b>108.1</b>	<b>92.8</b>
<b>(1) Promotion of R&amp;D</b>	<b>53.1</b>	<b>37.8</b>
Life support robot commercialization project	18.9	8.4
Project to promote comprehensive R&D on ultra-early cancer diagnosis and treatment equipment	20.8	16.0
Project to develop fundamental evaluation technology for stem cell commercialization	13.4	13.4
<b>(2) Enhanced infrastructure for health, medical, and nursing-care services</b>	<b>55.0</b>	<b>55.0</b>
Program to support collaboration between hospitals and businesses to develop and improve solution-oriented medical equipment	30.0	30.0
Program to promote medical interaction	10.0	10.0
Program to accelerate medical digitization	15.0	15.0
<b>3. Promotion of export of infrastructure-related industries and systems</b>	<b>165.4</b>	<b>139.9</b>
Expenses related to outsourced surveys to promote the export of infrastructure and systems	21.5	15.0
Project for international R&D and demonstration in the environment and medical fields	56.4	56.4
R&D on advanced space systems incorporating miniaturization and other features	33.6	33.6
R&D on small, integrated, transportable terrestrial systems	22.8	22.8
Training program to support the development of human resources for economy and industry	31.1	12.1
<b>4. Creative industries strategy (support for Cool Japan strategy)</b>	<b>19.2</b>	<b>19.2</b>
<b>5. Japan as an Asian business hub (attracting Asian headquarters and R&amp;D bases)</b>	<b>26.6</b>	<b>25.7</b>
Subsidy to support establishment of high-value-added facilities to make Japan as an Asian business hub	20.0	20.0
Expenses to outsource research projects to promote the establishment of high-value-added facilities and to make Japan an Asian business hub	6.6	5.7
<b>★Invigoration of regional economies and SMEs</b>		
Support for international business expansion by SMEs	<b>35.0</b>	<b>35.0</b>
SME human resource development program	<b>70.0</b>	<b>70.0</b>
<b>★R&amp;D for "value-creating-technology" and promotion of international standardization strategy</b>		
Promotion of international standardization strategy (project to promote cooperation for Asia-Pacific standards and conformity assessment)	<b>10.0</b>	<b>10.0</b>
	Total	(Special. incl)
	<b>1,736.0</b>	<b>1,066.8</b>