

“Economic Growth Initiative” and Productivity Innovation

—Creation of “The Japanese Economic Growth Model” to overcome problems associated with the declining population through improved productivity—

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1. Key Points of Economic Growth Initiative (July 2006)

- Aims at realizing the Japanese Economic Growth Model that enables problems associated with the declining population to be overcome.
- Three essential points for economic growth shall be defined as “Productivity improvement especially driven by IT,” “Technological innovation” and “Co-development of Asian countries and Japan.”
- Aims at establishing institutional environment that compares favorably with international standards in terms of five business essentials comprising Human Resource Development, Infrastructure Building, Financial Capability, Technological Development and Protection of Intellectual Property Rights, among which investment in Human Resource Development shall be given top priority (“Human resource-oriented nation building”).
- Urges concentrated policy measures especially in favor of such “service industries” as healthcare, distribution and banking, where productivity is relatively low and policy support has so far been insufficiently provided when compared to international standards.

2. Medium-Term Strategic Targets

- To achieve a target of no less than 2.2 % annual economic growth in real terms for the next 10 years and 30% per-capita GNI growth in real terms for fiscal 2015, a variety of policy measures such as institutional revisions, tax reforms, budgetary support efforts and creation of coordinating center facilities shall be implemented in a concentrated manner.

- Numerical targets of the respective policy measures are as follows: (based on the effectiveness estimation by the Ministry of Economy, Trade and Industry)
 - Effect of enhanced international competitiveness and improved productivity through promotion of technological innovation: 0.2 % or more
 - Effect of improved managerial performance and greater market expansion in contents business driven by IT Revolution: 0.2 % or more
 - Effect of improved productivity and greater market expansion generated from structural reform in service industry: 0.4 % or more
 - Effect of improved co-determination ratio and human resource quality: 0.4 % or more

Note: The above effects are calculated across the respective policy measures.

3. Framework of Realization

- Concentrate all efforts on goal of realizing sustainable and stable economic growth based on political consensus reached between the government and the ruling political party.
- Check and control the progress of respective policy measures by using “Work Schedule Charts” established for the short-term, medium-term and long-term span respectively. (At the time of initial planning in 2006: 340 items, at the time of its revising in 2007: 513 items)
- While firmly maintaining the concept of budgetary reform, implement strategically weighted preferential budget allocation for such policy measures with high contribution potential to economic growth by making effective use of budgetary framework to accommodate “Requests for Promoting Economic Growth Strategy. (In the 2006 fiscal year)
- Pay cautious attention to accelerating technological innovation and intensifying international policy competition concerning investment in human resource development..

4. Five Policy Instruments with Overriding Priority in the Economic Growth Strategy

(※: Detailed policy instruments are instantiated hereinafter.)

Chapter 1: Enhance International Competitiveness through Accelerated Technological Innovation

- Concept of the Innovation Superhighway
- Creation of 30 world top-level research facilities
- Promotion of collaborative projects joined by industrial, academic and administrative sectors in such strategic business areas as manufacturing robots, semiconductors, aircrafts with minimized environmental adverse effects, machinery parts and materials, where our country has superior international competitiveness.
- Drastic acceleration of investigation procedures for new drug approval by doubling the number of examiners.

- Enhance international competitiveness of our tourism industry (the concept of “Tourism-Oriented Nation-Building”).
- Drastic expansion of our agricultural and marine products exports.

Chapter 2: Productivity Improvement

(Development of IT technologies and Structural Reform of Service Industry)

- Realization of world top-class IT-oriented management in the next five years
- Standardization of Electronic Commerce and Electronic Tag System
- Development and improvement of Service-Related Research Facilities, Service Evaluation Index System, and Service Industry-Related Statistics
- Organize “Japan International Contents Festival”

Chapter 3: Activation of Regional Medium to Small Industries

- Formation of Regional Clusters
- Creation of business networks that may contribute to revitalization of regional enterprises
- Establishment of such policy program that supports creation of new enterprises through maximum exploitation of regional resource potential (Support for creating 1,000 new enterprises)

Chapter 4: Creation of New Demand by Means of Technological Innovation and Institutional Reform

- Revision of restrictive measures inhibiting commercialization of new technologies

Chapter 5: Institutional Infrastructures to Improve Productivity

- Formation of collaborative partnership between industries and universities
- Diversification in human resource development methods (amplification of postgraduate specialist courses provided in favor of working people etc.)
- Internationalization of universities
- 50% reduction in logistics costs and lead-times in the regional production within ASEAN territory (to be realized in fiscal 2015)
- Establishment of International Airway Network based on the Asian Open Sky Principle
- Introduction of Electronically-Registered Securities Trading System
- Introduction of Japanese Depository Receipts (JDR) Trading
- Drastic reduction in waiting times for patent examination
- Two-fold increase in the number of proposals for International Standards originating in Japan

5. Policy Measures that Produced Fruitful Results During the Past Year

- Commencement of collaborative campaign joined by industrial, academic and administrative sectors to improve productivity of service industry
- Revision of Innovation Promotion Act (providing support for technological innovation in

service industries, introduction of comprehensive license registration system, amplification of policy support for technology management, and enhancement of revitalization program for regional enterprises)

- Drastic reform of Writing-Down Allowance System after the elapse of 40 years (to make it more competitive with South Korean or U.S. systems especially with respect to semi-conductor industries facing severe international competition, where depreciation period has been substantially shortened.)
- Drastic revision of “Guidelines for Approving Business Combination (Corporate Merger)” (to update the approval standard for corporate mergers under the Antimonopoly Law in view of the actual status of international competition and technological innovation).
- Foundation of “Economic Research Institute for ASEAN and East Asia (ERIA)”
- Materialization of the “Concept of Asian Human Resource Fund” (aims to establish educational framework to invite talented foreign students to Japanese universities and graduate schools with the future possibility of them finding employment in Japanese enterprises).
- Establishment of the “Council to Foster Highly Specialized Financial Experts” (capable of coping with the age of financial innovation).
- Develop and improve legal frameworks that encourage technological innovation and attract enterprises to the region by regional or medium to small enterprises.

削除: Eastern Asia and ASEAN
Economic Research Center

書式変更: フォントの色 : 自動

1. Objective of Revising

Across-the-board improvement of business environment to accelerate [business &](#) technological innovation (including tax privileges to encourage cooperative ventures, protection system for intellectual property rights, Japanese version of Bye-Dole [Act](#)).

削除: Plan

Facilitation of business revitalization program in favor of regional enterprises.

2. Key Points of Revisions

(1) Improve productivity of service industry.

- While the Japanese service industry occupies 70% of national employment and GDP, the level of its productivity remains at only 60% of that of the U.S.A.
- Guidelines identifying problems and countermeasures to be taken to accelerate productivity improvement are determined with respect to each sector of the industry such as retail business or [Information Technology](#) service.

削除: data

削除: processing

(2) Enhanced policy support for promoting [business &](#) technological innovation

- To promote open innovation, cases that feature effective use of technologies or intellectual properties developed by other companies, or those that feature effective amalgamation of managerial resources owned by outsider companies, have been newly defined as eligible cases for policy support.
- To develop the “Japanese version of the Bye-Dole [Act](#)” as a permanent policy instrument, the software development [contract](#) has been newly included in the [act](#).
- Enhanced policy support has become available in favor of companies actively upgrading their technology management abilities.

削除: Plan

削除: business

削除: plan

(3) Creation of Ordinary License Registration System with respect to patent rights granted in accordance with Comprehensive Licensing Agreement

- Ordinary licenses with respect to patent rights granted in accordance with comprehensive licensing agreements have become eligible for registration with the Patent Office without disclosing the name of licensees.

(4) Facilitation of business revitalization program in favor of regional enterprises

- Problems in disposing of non-performing loans in regional economies remain unsolved.

• To facilitate business revitalization in favor of regional enterprises, out-of-court workout through the alternative dispute resolution procedures (the specially authenticated ADR program) have been newly instituted to settle disputes arising from business revitalization issues. Also newly instituted is a system that guarantees bridge financing granted during creditor consultations (Voluntary arrangement)

削除: off-the-bench

削除: settlement