

Restore Japan.

J-File 2013

Comprehensive policy collection

Feel it in your hands.

The Liberal Democratic Party

Page 3

Feel it in your hands.

J-File – table of contents

First, fast restoration.

Let's restore the economy.

Let's restore the vitality of regional areas.

Let's restore the power of rural agricultural villages.

Let's restore diplomacy and defense.

Let's restore our peace of mind.

Let's restore education.

Now, political and administrative reform for the citizens.

Now, a constitution the current era demands.

Page 4

Important: fast restoration.

We will prioritize the restoration and reconstruction after the Great East Japan Earthquake.

We will do our best to offer the victims new hope for their lives and welcome the third New Year after the disaster.

1. Present goals for reconstruction and securing the necessary budget

Now that two years have passed since the earthquake, a fast reconstruction cannot wait.

Our party - the government - will promote an urgent proposal this March for accelerating the reconstruction to offer victims hope for a new life in the third New Year after the disaster.

Based on this, we will clarify a concrete schedule and define residential reconstruction goals concerning future restoration and reconstruction projects, relocations, accompanying town development and improvement of rebuilding houses. And since the estimation of 19 trillion yen of

the Democratic Party's administration is insufficient as a project budget necessary for restoration and reconstruction, our party reviewed the budget frame of the former administration and secured 25 trillion yen.

Regarding the use of this reconstruction budget, priority is naturally given to those contributing to the reconstruction of the afflicted areas and we will endeavor to execute the restoration appropriately and immediately in the future.

2. Accelerating the rebuilding of houses by improving material and manned conditions

We will accelerate efforts for the reconstruction in the disaster area, especially the relocation and land subsidy arrangement, and aim to complete the minister consent and business approval until the first half of FY2013.

However, a shortage of personnel in the public sector, such as civil engineers, technical staff and government officials, who is responsible for the realization of projects and material shortage of raw concrete becomes obvious so that we want to improve the material conditions.

In order to not hinder the acceleration project implementation, we will promote measures like the introduction of an Urban Revitalization Agency, the support of government personnel in the afflicted area by dispatching staff from other local governments, the use of civil servants or experience private workers, the reduction of administrative burdens on local governments, the CM method¹ and the elimination of material shortages.

In addition to expanding tax cuts on housing loans, we will take appropriate profit measures to not relay the rebuilding of houses by a raising consumption tax rate.

3. Acceleration and early completion of the rubble and debris removing process

Our party will tackle to accelerate the rubble and debris removal process and its early completion because we believe that "a delay in the process of garbage and debris removing will lead to a delay in the reconstruction of houses and towns".

Currently, we have completed the installation of 31 temporary incinerators in the Iwate and Miyagi prefectures and have implemented a wide area treatment in 13 prefectures. In February this year, we started the operation of full-scale incinerators in the prefecture of Fukushima.

For both the prefectures of Iwate and Miyagi, we aim to complete the process of garbage removal until the end of the current fiscal year and also in the Fukushima prefecture, we will steadily proceed with the removal of garbage and debris by promoting temporary incinerators or other facilities.

4. Proper medical and nursing care for a prolonged life and regeneration after evacuation

Regarding mental care of victims living in temporary housings, public health nurses carry out visits and health guidance while parallelly mental care centers were established in all three prefectures - Iwate, Miyagi and Fukushima. The maintenance of mental and physical health has become an important issue and we will enhance our support for victims while securing necessary personnel.

¹ CM is a short form for a construction management method and system. Here, the construction manager guarantees and supervises the work process as an assistant or agent of the subscriber.

In addition, the shortage of personnel (doctors, nurses or care workers) is still serious and in order to secure necessary personnel and to reorganize the long-term medical supply system, we will promote the enhancement of facilities alongside other measures, such as further dispatching of personnel by related organizations and progress in town development.

Based on the experiences from the Great East Japan Earthquake, we will support the training of private medical personnel specialized on disaster relief and the improvement of equipment as a system to cope with catastrophes.

5. Thorough support for industrial restoration

Reconstructing the industry is an important issue directly connected with the reconstruction of houses and towns.

Page 5

Our party will accelerate the rebuilding of small businesses, agricultural businesses or forest and fishery businesses by promoting land use planning and infrastructural development, securing work and employment and preparing an environment that allows people to live peacefully in their hometown.

In particular, we will promote double loans and cash flow, promptly restore farmlands and fishing ports, raise collapsed areas and expand corporate group subsidies² which are highly requested (new establishment of joint facilities and rearrangement of block districts). In addition, we will strongly advance the development of new industrial projects, such as renewable energy or medical related projects.

6. Development of the social infrastructure in afflicted areas

The development of social infrastructure is indispensable for the livelihoods of victims and industrial revitalization in the disaster areas to enable employment.

Our party promptly carries out the improvement of social infrastructure like shredded roads, railroads, river levees, medical and social welfare facilities, farmlands, fishing ports and construct a sewage sludge system.

Based on the experiences of the Great East Japan Earthquake, we will support efforts to maintain the functions of the social infrastructure at the time of large-scale disasters.

7. Enhancing the reconstruction agency³ and reconstruction fund⁴ according to local needs

To accelerate reconstruction, it is imperative that the reconstruction agency, serving as a command center, functions firmly and fulfills its role.

In this fiscal year, the party already strengthened its structure by raising the staff of the reconstruction agency by 15%, and in February this year, the “Fukushima reconstruction and revitalization office” was established and is responsible for, for example, decontamination. Regarding the reconstruction

² If a reconstruction project by small and medium sized enterprises in the afflicted area is deemed useful for the regional economy, employment, etc., a part of the expenses will be subsidized.

³ An organization established by the Cabinet to constantly implement the restoration and reconstruction plan of the Great East Japan Earthquake.

⁴ Disbursement for disaster-stricken regional public entities to support necessary projects.

of Fukushima, for which the Minister of Reconstruction will be in command, we have established a system to eliminate the vertical division of ministries and agencies and take responsive measures based on local needs.

From now on, we will strive to accelerate reconstruction by improving the structure of the reconstruction agency according to the needs of the disaster area.

Moreover, regarding the reconstruction fund, which was criticized as a “rigid method” by the former Democratic administration, we strive to flexibly expand the scope of the fund and design a process chart to increase housing and residential land supply. We are also promoting the improvement of the fund project by publishing “policy packages” including measures like excavation investigations by the reconstruction agency.

We will endeavor to flexibly respond to the needs of the worksite by adding to and improving aspects of the “policy package” and respond flexibly to problems caused to the progress of reconstruction projects as well as changes in social conditions.

8. Implementing radiation and environment monitoring⁵

To resolve public health concerns as soon as possible, we will conduct environmental monitoring in the affected areas of hazardous substances, such as asbestos, in the atmosphere, waterways, oceans and soil to resolve concerns about contamination by radioactive materials.

9. Accelerating decontamination

We will also accelerate decontamination to realize the immediate return of victims to their hometowns. To this end, we will promote measures to accelerate the introduction of new and effective decontamination technologies and intermediate storage facilities. Also, we will strive to establish a supervision guidance system for business operators to enable appropriate work in the areas.

10. Comprehensive respond to the damage by nuclear accidents

Although the extent of the nuclear accident damage is literally unprecedented, we will surely deal with various problems such as compensation, employment and municipality functions for the evacuees inside and outside of Fukushima based on special circumstances caused by the nuclear accident so that people can resume their normal way of life.

We will also make every effort to take measures against the damage of agriculture, forestry, fisheries, tourism or other industrial sectors and respond to national food standards.

11. Support for health affliction

Many residents are anxious about their health due to radiation. In order to cope with health concerns, we will improve radiation dose and health surveys, monitor the possible pollution of the environment by radioactive substances, implement standard values of radioactive substances for food security and promote measures to reduce medical expenses, especially to protect children’s health.

⁵ Monitoring measurements.

Furthermore, in cooperation with academic organizations and NPOs, we aim to strengthen risk communication to foster security.

12. Response to nuclear disasters and enhancing nuclear experts

To ensure the reliability of regulatory nuclear entities under the regulatory nuclear committee, we realize nuclear power regulation in compliance with international standards by the International Atomic Energy Agency (IAEA) and we will hire and train personnel with profound knowledge on nuclear power.

As stipulated in the Law Concerning the Establishment of the Regulatory Nuclear Commission, we intend to increase the personnel in this commission by incorporating the expertise and human resources of the Nuclear Energy Safety Organization (JNES) and other independent administrative agencies as well as related organizations. To improve this necessary system, we will increase the functions of all regulatory nuclear organizations on reviews and inspections.

Page 6

At the same time, to establish a new philosophy for the regulatory work by the regulatory nuclear committee, we will develop and deepen the present “organizational philosophy” via “regulatory principles” and will implement a reform of the nuclear regulatory culture.

Furthermore, based on lessons learned from the TEPCO Fukushima Daiichi Nuclear Power Plant accident and in the light of reflections that the emergency response centers, so-called off-site centers, did not function, we must improve the security of local residents in case of emergencies. To ensure the effectiveness of measures for nuclear disaster prevention, off-site centers will be set sufficiently away from nuclear facilities and the disaster prevention equipment for protecting inhabitants will be enhanced. We will establish the world’s best crisis management system by conducting more evacuation drills.

13. International sharing of knowledge on nuclear energy

To contribute to the safety of other countries, we will share our knowledge gained from the TEPCO Fukushima Daiichi Nuclear Power Plant accident with other countries.

In addition, by investigating and publishing the influence of radioactive substance diffusion caused by the accident on human bodies and the ecosystem, we will contribute to safe living conditions and fulfill our responsibilities to the world and future generations.

We will also strengthen the training of human resources and energy specialists in our country via overseas personnel exchanges.

14. Responding to the nuclear accident and reexamining nuclear research with safety as top priority

With the Fukushima Nuclear Power Plant accident measures, we are expanding our existing measures on environmental monitoring and assistance for local residents, while the treatment after nuclear accidents requires new research and development. We will promptly establish decontamination methods, like the disposal of waste by radiation visualization technology. In addition, we will steadily advance the efforts to the decommissioning of the Fukushima Nuclear

Power Plant and not leave this to private business operators but by fulfilling the responsibility of the nation.

With regard to nuclear fuel and reactors, we will carefully check the future orientation of energy supply currently stipulated in our energy policy. Regarding fundamentally necessary medical research and development, quantum and radiation application research or heavy-particle cancer treatment will be advanced by taking safety into consideration

15. Promoting national projects in affected areas

Based on the philosophy of the “Great East Japan Earthquake Disaster Reconstruction Law” established under the leadership of our party, we aim to rebuild the entire Tohoku region and realize “new hope for Tohoku”.

To this end, we will promote disaster prevention research, energy research and so on as a national project to develop the world’s best wide-area disaster prevention bases and advanced medical bases⁶.

16. Support for the restoration and reconstruction after the Great East Japan Earthquake by G space⁷

As a result of the G space project, disaster prediction can be realized by collectively managing and operating accurate and efficient surveying and mapping techniques as an earthquake prediction technology, early tsunami detection technology and evacuation guidance technology using satellites. A disaster prevention system will be established by the G Space Information Center that can contribute to disaster response, restoration and reconstruction. Regarding the restoration and reconstruction after the Great East Japan Earthquake, we will promote the realization of a secure G space society via the complementing use ICT⁸. In addition, we plan the nationwide deployment of these technologies for disaster prevention and reduction in preparation for anticipated future earthquake disasters.

17. Combining the reconstruction with ICT and economic growth

ICT is now indispensable for the social infrastructure, and the use of ICT is indispensable for the restoration and reconstruction of disaster areas and support for victims. We have learned lessons from the earthquake disaster and nuclear accident and we will implement a new reconstruction and disaster prevention mechanism using ICT as a starting point for economic growth.

Especially, looking at the damage done to municipalities, medical institutions, etc., it is urgent to construct a victim support system, for example local government clouds⁹ and medical information sharing systems. In addition to continuing civil and medical services, we will quickly develop a wide range disaster prevention system and local government continuity plans.

⁶ Frontier centers.

⁷ G is an abbreviation of “Geospatial” which relates to “geography”. The “Law for the Promotion of Geospatial Information Utilization” has already been enacted.

⁸ Information and Communication Technology.

⁹ Cloud computing technology reduces information system expenses and improves public services by implementing this technology for e-municipalities.

By strengthening the social infrastructure, such as tunnels, roads or bridges, ICT is introduced on a national level for maintenance, training of experts, analyzing big data, restoring regional economies and securing service personnel.

Triggered by the nuclear accident and relocations in the affected areas, the realization of smart cities¹⁰ also contributes to solving environmental and energy problems. The measure to use ICT for the reconstruction not only contribute to economic growth, creating employment and solving social problems after the reconstruction, but also contribute to the improvement of peoples' lives. We will make maximized use of ICT to promote the improvement of public and national services.

Page 7

Let's restore the economy.

For the "Land of Abundant Rice"¹¹, capitalism creates dynamic economic activities through free competition in open markets and long-term domestic investments, while respecting diligence and protecting morality. For those who work hard, we realize a fast growing economy.

A bold growth strategy

18. Revitalizing the Japanese economy by constructing the new national economic model of a "hybrid economic nation"

Seeing the end of deflation as a top priority, we established the "Japan Economic Revitalization Headquarter" immediately after inauguration of the new administration in cooperation with the Council on Economic and Fiscal Policy as the economic commanding center with central functions. In order to regain a "strong economy", we will shift from "a declining equilibrium distribution policy" to "creating wealth through growth". We aim to become an "expanding country" and a "country where most companies can operate globally" and where "individual possibilities, employment and income are maximized" by establishing the "Law to Strengthen Industrial Competitiveness" (provisional name) in the next five years.

At the same time, to enable prosperity, we will create a new national economic model which will incorporate overseas economic growth into the enhancement of our domestic economy and which will be resistant to domestic or international financial and economic fluctuations. In other words, we aim to become a strong "hybrid economic nation" and an "industrial investment nation" that enables the creation of new added value to the country where these two dimensions lead to synergistic effects rather than just being a simple "trade nation".

For the revival of the Japanese economy, we will realize an economic growth via a bold monetary policy (3% nominal and 2% real interest rate) over the next 10 years and a growth strategy evoking private investment to achieve employment and increased income.

¹⁰ Cities developing an advanced and efficient energy supply and demand as well as an advanced social infrastructure by using ICT technology.

¹¹ Translator's note: „The Land of Abundant Rice“ is an alternative term used for „Japan“.

19. Economic expansion and strategic international development to create employment and to become a new GNI major power

To expand the economy as a whole and to create employment, the GDP must be maximized by economic activities of Japanese people and companies worldwide (Gross Domestic Product, namely the GNI)¹². Japanese companies will take on a strategy to actively enter foreign markets and expand domestic and international activities to create new overseas bases and acquire more national wealth. Therefore, we will realize the globalization of the Japanese economy, the regional industrial clustering, the metabolism of businesses and people and create domestic wisdom. Specifically, for example, we will develop global human resources and develop an educational, research and living environment to gather the world's "brains" in Japan to strengthen the international competitiveness of our companies. We will create an environment to create a "virtuous cycle of capital" that returns wealth to the domestic market and creates new businesses and employment.

To promote the conclusion of the Economic Partnership Agreement¹³, which aims to establish a solid international resource strategy, to incorporate Japanese companies into emerging market economies including the Asia-Pacific region and to enable strategic overseas investment, we will establish an "international development strategy" to expand the overseas activities of industries and human resources.

20. "Strategic market creation plan"

With the "Industrial Competitiveness Council" at the Japanese Economic Revitalization Headquarters, the government clearly takes on the "social issues" Japan faces and the "desired social image" necessary to meet the needs of the world. Additionally, we will establish a three-year intensive investment period and realize regulatory reforms and tax cuts to thereby create a financial environment to realize this social image. From a mid- to long-term perspective, we will carry out the "strategic market creation plan" which summarizes the four areas of Japan's international strength as a developed country and will encourage private investment in companies.

Specifically, in order to tackle the social issues that the world and Japan is facing, "Japan will demonstrate international power" and offer cutting-edge technology "which is expected to be highly coveted in the global market" to "realize a clean economic energy supply and demand", "build a safe, convenient and next-generation infrastructure" and "earn regional resources attractive to the world".

We identified industrial sectors and markets as strategic fields and formulated a "road map" to concentrate policies on the deregulation of R&D of core technologies.

¹² GNI (Gross National Income), Real GDP and Trade Gain: Total Income by each economic entity (including overseas) represented by the net receipt of income.

¹³ An agreement aimed at strengthening a wide range of economic aspects like investment, people's movement, knowledge, protecting intellectual property, rulemaking of competition policies or cooperation in various fields.

For example, to make Japan the center of biotechnological research on iPS cells¹⁴, we support the field of regenerative medicine by making use of the technology of Japan's leading industry and of the Keihanshin¹⁵ region as industrial center and will support the agglomeration of various industries, such as developing bio bays (BB)¹⁶.

In addition, we will make maximum use of the MEJ (international medical cooperation organization) and aim to acquire international medical technology and services.

21. "Japanese Industry Revival Plan"

By implementing the "Japanese Industry Revival Plan", we will promote advanced capital investment, intensify innovative research and development, revitalized corporate and economic financing, a reinforced manufacturing industry and strengthened industrial competitiveness. By also strengthening long-term funds (shift from "financing" to "investment"), we will also revitalize a metabolic industry and establish a framework to train the world's best human resources.

We want to maintain an internationally competitive corporate environment that tackles the international leakage and national decline of innovations while also creating employment based on countermeasures on deflation, energy constraints and industrial concentration.

22. Reduction of the corporate tax (improvement of the corporate environment leading to the expansion of employment).

To enable Japanese companies to compete in the world, it is necessary to have equal competition conditions, including the tax system, to not only let Japanese companies operate overseas, but also to prepare an environment for foreign companies to enter Japan. Therefore, with regard to the corporate tax and paying attention to the substantial burden on companies (also social security charges), we will deductively reduce the corporate tax according to international standards.

23. Constant regulatory reform

We constantly review the consumer administration to correct various types of regulations and we will support economic activities in accordance to demand. We conduct steady "international surveys" on regulations and operations to find unreasonable institutional obstacles and eliminate them within three years to realize the world's most advanced system and to ease business activities.

Regarding the establishment of new regulations under the new legislation, we will continue to conduct thorough reviews to ensure the safety and security of citizens and prevent hindrances to free and vigorous economic activities. Regarding the restrictions of various businesses, we will implement a "refining policy" and continue to diligently review regulations that impede the growth of industries immediately. At the same time, we will reorganize the authorities in each ministry to enhance competitiveness.

¹⁴ iPS cells are universal cells which can transform into various cells, for example ES cells (embryonic stem cells) and are expected to be used in regenerative medicine.

¹⁵ Translator's note: Keihanshin describes the region of the three big cities Kyoto, Osaka and Kobe.

¹⁶ Bio-bay is a term describing biotechnological research centers accumulated in coastal areas.

To ensure that companies can conduct new businesses, (1) mechanisms to confirm that they do not operate in legal gray areas and (2) motivation and skills to operate safely are needed. We will establish a system (corporate operation exception system) that relaxes regulations for companies.

24. Worldwide breakthrough of national projects from Japan

We support advanced environmental energy technologies (e.g. renewable energy) and seek to achieve the world's highest-level energy network technology, such as smart communities¹⁷, innovations in the storage battery industry and next-generation Smart LIB¹⁸. We will strengthen the support system for the management of railway technology, like the linear Shinkansen, membrane technology used for water supply, water regeneration technology and systems for electricity and gas. We strongly support the international cooperation of Japan's excellent infrastructure-related industry, service industry and content industry, with the national government to position them as key industries for next-generation technology and equipment. We will take advantage of "competitive loss" for our own competition. We will actively support international development as a package of technology, know-how and products to developed and developing countries.

At the same time, we will actively train project management experts whose role is increasing in recent years.

25. Acquisition of international standards

To enable our domestic industry to compete advantageously in the international market, it is important to acquire "international standards" for industrial products and it is important to know the precise "standards" required for "each specific industrial field". And it is important to standardize products and start mass production.

For this reason, the government takes the initiative to strive to gather such information, and at the same time, the government and industries form a system to acquire international standards and improve the certification process. Especially, in fields of "Japan's strengths" such as renewable energy, smart grid¹⁹ technology, advanced manufacturing, we will develop a system to actively work on maximizing effectiveness. In addition, we will tackle "strategic standard acquisition" to make Japan's intellectual property system the standard for Asia and we will strengthen expert training through technical assistance targeting Asia and emerging countries where remarkable growth is shown.

26. Intellectual property strategy to create "national wealth"

Japan is a resource-scarce country, but rich in creativity.

Page 9

"Intellectual property", which is a gift of creativity, is our very source of "national wealth". Based on a firm intellectual property strategy, we will realize the "world's best intellectual property nation". In

¹⁷ A community optimizing energy consumption, transportation systems, public service, medical care or information by integral management and control.

¹⁸ Lithium Ion Secondary Battery.

¹⁹ Electric grid optimizes the power supply by installing IT measurement instruments which automatically adjust the power supply to demand.

order to support the acquisition and utilization of IP as a national strategy, first of all, we must further enhance the examination system of the JPO so that research and development output is protected at home and abroad based on intellectual property rights. We will also promote the “acceleration of licenses” while responding to the rapid increase of foreign literature and we will also advance the system for rapid reviews in other countries. In addition, we review the “Design Law” and “Trademark Law” to strengthen Japan’s industrial competitiveness.

Supplementary to promoting the effective use of unused patents buried in archives at universities and other institutions, we will strive to develop a support system to secure sufficient training of global intellectual property personnel playing. Thereby, research institutes like universities can play an active role in the world since they are equipped with experiences intellectual property professionals. At the same time, we aim to attract worldwide research and development institutes to Japan.

Meanwhile, our national interests will be greatly detracted if the state-of-the-art technology established in Japan is leaked without being protected as intellectual property. We want to improve the procedure to prevent leakage and strengthen the protection of trade secrets.

In addition, we will further strengthen countermeasures against pirated or counterfeit products.

27. Promoting the “Cool Japan”²⁰ campaign

We will promote the “Cool Japan” campaign and aim to create truly original Japanese content that is unrivaled by crossing Japan’s *monozukuri*²¹ technology and Japanese anime to boast world-class animation.

Specifically, we will improve the status of the Green Carpet of the Tokyo International Film Festival in Asia, promote the construction of MICE²² facilities such as large exhibition halls for international conferences and promote Akihabara as the center of contents in the world. We will promote efforts to increase not only tourism but also opportunities to become the best host country in the world for events.

We also actively disseminate Japan’s appeal (soft power), including our culture or traditions, on food or clothing abroad. For this reason, we newly established the “Overseas Demand Development Support Organization” to support investments and the dispatch of experts and advice. However, we are also promoting JAPAN brands and traditional Japanese crafting. We will make a leap toward the world with new forms of attractive products reflecting the characteristics our life and culture. In addition, by supporting overseas expansion of broadcast contents, promoting e-books, electronic magazines or electronic signage (digital signage), we will expand the digital content market. In order to promptly sell popular contents overseas, it is necessary to improve the centralized rights

²⁰ A project to disseminate Japanese culture to the world and to commercialize it through efforts of cross-ministerial and public-private partnerships by the Secretariat of the Ministry of Economy, Trade and Industry.

²¹ Translator’s note: *Monozukuri* literally means „process of making“. But is commonly used to describe a state of mind and spirit to not only produce excellent products but also constantly improve the production system and its processes.

²² Abbreviation for „Meeting (Conference), Incentive Travel (Incentive Trip), Convention (Scientific Conference), Exhibition/Event and is a generic term for multiple events.

processing mechanism (enhancement of the functions of video content rights processing mechanism) and promote rights processing contracts for overseas production.

In addition to creating contents, such as animation, manga or games, we will support the profit generation with “event creation” or “selling methods”. Additionally, we will also provide comprehensive support to nurture creators and producers by financing studying abroad, overseas training or content creation.

Aside from promoting research and development on content platforms originating from Japan, the strategy connects R&D with the development of robot manufacturing technologies such as life assistance robots or other products sensible to Japanese cultural characteristics.

28. Achieving a “lifelong active society” where elderly people continue to be active

We will use the individual capabilities and experience of motivated people, even if they reached the age of 100, by creating an environment that enables lifetime working. We promote employment support, entrepreneurship support and the active participation in our society to realize a “lifelong active society”.

For this reason, and to ensure that all applicants can continue to work until the age 65, small and medium-sized enterprises responding to the enforcement of the “Revised Elderly Employment Stability Law” will receive support, including support for continued employment through flexible working modes after official retirement. We also intend to strengthen the support for reemployment of elderly people seeking a “second career”. Furthermore, even after retirement in one enterprise, employment and social participation should be carried out according to age, motivation and physical fitness and we will create an environment for elderly people to contribute to our society with their abundant knowledge and professional experience. In order to maintain this, we will advance the operation of the Silver Human Resource Center and promote diverse working styles by securing employment opportunities for the elderly.

29. Creating the Asian No. 1 financial and capital market in five years

To make Japan the center of financial operations in Asia, we will establish a dynamic financial capital market that secures fair competitive conditions and enables vigorous economic actions and national assets. First of all, we will push the financial sector’s ratio of the GDP to 10% comparable to the UK, foster finance as “business” and aim for the establishment of a government organization to develop a financial strategy.

Page 10

By doing so, we seek to achieve sustainable growth in the real estate investment market through the expansion of assets covered by real estate funds such as the JREIT²³.

Therefore, we will review the simple and easy-to-understand security taxation system that encourages the shift “from savings to investment”. We promote the use of “NISA” established by the 20th Heisei Tax Reform (tax exemption for gains/transfer gains on equity investment from 1

²³ One of the real estate investment trusts that purchases real estate (commercial facilities, office buildings) with the funds collected by JREIT investors and distribute their rental income and sales profit to investors.

million up to 5 million yen) and promote the “Global 300 companies” index. We will reinvigorate private financial institutions and security markets, strengthen the asset management market by creating indices, promote the creation of a “Japanese Comprehensive Exchange” and create new special zones to attract foreign capital. With regard to the handling of recruitment solicitation regulations for future commodity trading, we respond appropriately by taking the creation of cross-cutting exchanges and an improved convenience for users into consideration. Furthermore, we aim to stipulate a new policy that integrates corporate legislation and capital market legislation to realize a healthy economy and growth for the public.

30. Corporate governance reform

We promote the employment of outside directors, the clarification of multiple independent director appointment obligations at listed companies, the promotion of corporate and independent auditors to independent directors, the implementation of a public interest notification system²⁴ and the legislation on heads of companies. We review the audit corporation and certified public accountant system regarding rigorous penalties on illegal acts and exemptions from responsibilities and we consider the introduction of various concrete measures to promote corporate governance reforms. In addition, institutional investors should fulfill fiduciary responsibilities (the Japanese version of the stewardship code²⁵) and we urge companies to realize medium- to long-term dialogue.

31. Fair, just and transparent financial markets

In recent years, problems such as the AIJ case²⁶ have been occurring frequently so that the recovery of trust is the most prominent proposition. Like mentioned above, in order to enhance the reliability of the financial system, we will amend it by strengthening regulations on insider trading or information transmission practices and will strengthen sanctions on false statements in investment reports made by investment supervisors.

We continue to strengthen the financial inspection and monitoring system via an improved appointment of financial inspectors (people with experience in financial businesses) and a strengthened assistance of foreign authorities to realize a fair, just and transparent financial market.

32. Reviewing the operation of public or semi-public funds

Regarding public or semi-public funds in our country, we will try to upgrade our operational and risk management, taking the size and nature of each fund into consideration.

33. An improved corporate environment for a more competitive Japan

While the economy is heading towards a multipolar system after the former concentration on the US, in Japan consumption is still primarily domestic. Therefore, we will speed up the current business merging evaluation process to strengthen companies to become large-scale companies and to ensure

²⁴ This system aims to protect workers (including civil servants) who reported for public benefit and to enhance business compliance management.

²⁵ Guidelines on shareholder behavior formulated by the UK corporate financial reporting council for institutional investors holding shares in UK companies.

²⁶ Incident in Heisei 24 (2012). It was discovered that the investment adviser company „AIJ Investment Adviser” failed to report that they covered assets such as corporate pension funds collected from customers and hid it. The damage amount is over 190 billion yen.

transparency and predictability. We will create an environment of enterprises active in various industries and strengthen our industrial competitiveness necessary for our country to be successful in global competition.

Furthermore, we aim to maintain and improve the relative position of the Japanese economy by preventing the erosion of the Japanese industry and attracting overseas companies. Specifically, we will deepen the special economic zone system to promote advanced medical research, to realize sustainable cities²⁷, to establish international content bases and to attract domestic and foreign enterprises and research facilities.

To ensure that foreign nationals with advanced abilities and qualities, who are expected to contribute to the economic growth of Japan, are able to come to our country without difficulties, it is necessary to review the annual migration quota. We will review aspects such as shortening the residence period from five to three years.

We will implement intensive support measures for the local dispersion of key factories, while keeping in mind the regional revitalization, taking the lessons learned from the disruption of the supply chain²⁸ due to the Great East Japan Earthquake into account and while taking care not to lead to a deterioration in management efficiency of enterprises and a decrease in international competitiveness.

34. Actively support venture businesses

Taking the venture together with existing companies as two wheels of economic growth, we actively support the angel tax system²⁹ and promote new business opening for the challenge to further strengthen Japan.

We consider establishing a “venture creation conference” (provisional name). We will gather the total power of the government to improve the venture ecosystem to continuously create strong ventures with technological and managerial capabilities. In doing so, we will strictly select research results.

Page 11

We selected “good and promising seeds” and “vigilant human resources” will be secured at the same time. With regard to the angel tax system, based on the current situation that its dissemination is not progressing, we will make considerations to let it be used by enterprises and others working on town development and village revitalization aside from simplifying it.

Independence (spin-off) from large scale companies and second foundations by small and medium sized enterprises will be strongly supported. We will also consider revising the necessary system for cloud funding that connect new and growing companies such as venture companies with investors on the internet and collects funds in small amounts from investors.

35. New employment by the evolution of social businesses and community businesses

²⁷ A sustainable city that can comfortably live in a good balance of energy usage and economic vitality.

²⁸ Supply network.

²⁹ Angel Taxation is also called Venture Business Investment Promotion Taxation. When an individual investor (angel) invests in a venture company and meets certain conditions, tax incentives will be given.

In the event of an unprecedented disaster such as the Great East Japan Earthquake, we once again realize the importance of cooperation between people and the community and that the “bonds” of Japanese people shows great power while restoration and reconstruction.

On the other hand, regarding community development, there are in reality many areas, such as environmental problems, a low birthrate and an aging population, struggling with problems or inherited problems.

Therefore, using the regional “bond strength (*kizuna ryoku*)” of NPOs and regional companies that are rooted in the community and cooperating with local residents, we will realize businesses that can provide services according to the needs of the region. WE will support social and community businesses and aim to improve the service for local resident while also creating employment.

36. Support for business restructuring, the conversion of small and medium enterprises and upgrade core and conventional industry

Industrial erosion due to a declining domestic production base and declining purchasing power of the whole country, in addition to the business slump of successive large enterprises, is a major problem for small and medium enterprises which depend on domestic demand. Also, to restore the supply chain damaged by the earthquake and to create strong management entities, it is necessary to eliminate squandering in enterprises and develop new businesses. For that reason, we will strengthen the consultation system with experts to eliminate unprofitable company departments, create new departments and develop a support fund system. For small and medium enterprises, we will build a structure that mutually complements management resources by collaboration and organize corporate groups and strengthen the management foundation. We will also augment conventional industries such as the manufacturing or distribution industry.

Furthermore, even in the case of business transformation to a completely new field, we will develop a system that can support management stability (management know-how, product development, IT conversion, etc.) so that a medium- to long-term perspective, not a short-term one, is opened for companies.

In addition, to strengthen the management foundation of small and medium-sized enterprises, we have relaxed the application requirements of the business success tax system in FY2010 and we will promote the reformed tax system. Regarding the taxation of small-scale enterprises, we will consider balancing the taxation of individual business operators, family companies or salaried employees by implementing the employer compensation system. Additionally, we will support revitalizing individual business owners and support business succession by restructuring the foundation of schooling and upgrade various funds to increase employment.

37. “From Japan to the world”: supporting the globalization and overseas deployment of small and medium enterprises

There are many companies that are not globalized despite high productivity in Japan, especially small and medium-sized enterprises. The globalization of highly productive and competitive

companies will further increase their productivity and eventually contribute to Japan's economic growth and increase domestic employment.

In order to bring those leading companies from the domestic level to an international one, we set up the "overseas development strategy" corresponding to the one-stop service³⁰ of the government. We will strengthen our system to support marketing, capital procurement, human resource development and risk taking in correspondence with All Japan. To fundamentally expand support for intellectual property, including the reduction and exemption of patent fees, JETRO provides advice on educational activities that provide opportunities for export and overseas expansion to small and medium-sized companies, tax accountants and regional financial institutions. In addition to involving accredited support organizations, such as diagnostic experts, we will actively support marketing via OBs of large companies.

38. Regional development of headquarters and base functions

To stop the erosion of industries, we will give incentives to new locations of industries in strategically selected areas and promote the regional development of industrial activities as a remedy for crisis management. We will also provide further support concerning the relocation of headquarters functions, research and development centers and data centers that are currently concentrated in metropolitan areas.

39. Support companies to formulate a business continuity plan (BCP)

As a lesson learned from the damage to the supply chain due to the Great East Japan Earthquake, companies will formulate a more effective BSP in preparation for emergency situations and we will continuously improve the support system for the introduction of BCMs.

Page 12

In addition, since the conventional BCP used to be centered around responses to earthquakes, we will provide support to formulate "corporate collaborative BCP/BCM" to replace the former "inter-
corporate type BCP" as a lesson learned from the Great East Japan Earthquake and to maintain the nationwide supply chain and support for disaster-stricken areas. Also, as a support on formulating BCPs, we will establish a system to disclose content of our emergency assistance to the disaster area and how to prepare for emergency situations.

40. Promotion of practical application of innovative pharmaceuticals and medical equipment

We promote research and development and the dissemination of innovative medicines and medical devices originating in Japan, such as regenerative medicine³¹ and medical care robots. In particular, while fully paying attention the safety and security of medical care, we will implement improvements and reinforce the examination system for pharmaceutical and medical devices by

³⁰ The one-stop service completes business procedures related to each other with one procedure.

³¹ Medicine that restores biological functions of damaged cells by using stem cells.

implementing early clinical trials (POC)³² and reforming various regulations to eliminate the drug lag³³ and device lag³⁴.

Furthermore, we will evaluate the coverage of innovative pharmaceuticals and medical equipment with an appropriate medical insurance and we will enrich the development of human resources related to pharmaceutical development. To promote the international collaboration on clinical trials, we will promote the FDA's (Japan Food and Drug Agency)³⁵ plan in Japan to let clinical trials and the approval of pharmaceutical products meet international standards.

Also, to extensively raise the practical use of innovative medical technology, it is necessary to conduct standardized research management. That is why we will create a commanding center function (Nippon Version NIH) for research conduction as a system to ensure high-quality international clinical research and clinical trials.

41. A growth strategy for the pharmaceutical industry and developing measures to contribute to national medical treatment and health

In order for the pharmaceutical industry to strengthen its creative power for added-value medicines through innovations and to further contribute to the national medical care, we promote industry-university collaboration and open innovation³⁶ via the drug discovery support network. We will also promote the internationalization of the pharmaceutical industry, the use of R&D taxation³⁷ and promote the introduction and permanent addition of new medicine as a measure to contribute to a stable supply of basic medicines. In addition, we will adhere to a highly transparent drug pricing system based on market prevailing pricing that appropriately reflects the role of generic products. Also, to improve medical efficiency and maintain people's health, we will promote the spread of generic products and promote self-medication (self-health management).

42. Promoting nursing care as business

We will support the provision of high quality nursing care services responding to various needs as a new field and support diverse private services including private insurances responding to specific needs that cannot be handled adequately by public mechanism.

³² A test to confirm the safety and efficiency of administered drugs on a small number of patients.

³³ The time difference until new drugs can be administered overseas or until they get approved for the domestic market.

³⁴ The latest models of medical devices are not readily introduced to the Japanese market.

³⁵ A government agency in the United States that professionally conducts permission and investigates violating items on products familiar to consumers including medicine.

³⁶ Using not only resources of one company but also the technology of other companies to produce innovative products and business models.

³⁷ A "four schemes" deduction system: "tax credit system on total research and development expenses", "tax credit system on special study research", "tax system to reinforce small business technology" and "tax amount according to increased expenses on R&D".

43. Promoting the *monozukuri*³⁸ of new “products”

In order for the Japanese economy to grow, it is essential not only to make the best use of the strength of traditional *monozukuri* but also to develop a new way of *monozukuri* in anticipation of people's needs and to enter the world market.

In other words, we believe that not only domestic consumption but also “making money overseas” will play a part in our new national economic model.

To create a new way of *monozukuri*, it is important to combine more ideas and technologies to connect humans and things without borders whereby the current attention is directed on “products” like “Facebook” or “Google”. To strongly promote the creation of world-class “products” in our country, we will also create an information platform about industries creating “monozukuri”.

44. Rebuilding and strengthening the tourism industry

Since the Great East Japan Earthquake, the tourism industry mainly in the affected areas has suffered from physical and rumor damage, what in turn led to a sharp decline in foreign visitors, we, the government, will take the initiative to rebuild and strengthen touristic destinations throughout Japan. Specifically, to foster domestic travels by cooperating with the public and private sector, it is necessary to advance the “Visit Japan Campaign”³⁹ which includes planned tours throughout Japan. We will consider tax exemptions for foreign travelers, the relaxation of visa requirements, the acceleration of the immigration review, the promotion of bilateral international tourism exchanges and the hosting international conferences to become a “nation of tourism”.

In addition, we will advance regional revitalization by developing attractive tourist areas, promoting town planning that takes landscape into account and improving information provision and displaying.

Page 13

Considering high-speed tour bus accidents and to prevent the reoccurrence of accidents to restore the trust of users, we will improve the safety of travelling by for example high-speed busses and charter busses and will continuously improve travel safety further.

We will consider a contract with NHK regarding hotel fees.

45. Revitalizing the real estate market

Using private funds and other means, we will work on revitalizing the real estate investment market to promote earthquake resistant and energy saving offices and houses to form a high-quality real estate stock and to escape the asset deflation. We will promote real estate investment, transparency of the real estate investment market, diversification of real estate investments, entry of overseas funds and promote its use by individuals and pensions.

In addition, to revitalize the second-hand housing market, we will promote market transparency by enhancing the provision of information necessary for consumers to evaluate appropriate prices.

Aside from supporting the real estate market to rebuild businesses by using empty houses or empty

³⁸ Translator's note: *Monozukuri* literally means manufacturing products but it also describes a spirit of producing excellent products and the ability to constantly improve production systems and processes.

³⁹ Campaign Activities by the Ministry of Land, Infrastructure and Transport mainly to promote foreign travelers to visit Japan.

stores nationwide, we will promote human resource development of residential building dealers to challenge new business opportunities. We will also promote the overseas expansion of the Japanese real estate industry.

46. A country “promoting scientific and technological innovation”

We aim to become the “country most suitable for innovation in the world” by realizing the earthquake reconstruction, reforms on human resources, budget, institutions and a research system to strengthen science and technology. We will also include security, diplomacy, economic and fiscal regulations and regulatory reforms into a comprehensive strategic scientific and technological innovation policy and we will develop a system enabling us to become an innovation center. In particular, based on lessons learned from the accident at the Fukushima Nuclear Power Plant, we will try to strengthen political decisions and scientific advice to the official residence.

Furthermore, by aiming for the total amount of government R&D investment exceeding 25 trillion yen like formulated in the 4th Science and Technology Act, we will secure strategic budget for the enhancement of science and technology.

47. Strengthen R&D capabilities

To strengthen our R&D capabilities, we will carry out the following initiatives.

- (1) Cultivate excellent researchers responsible for innovative research and enhance financial support for graduate students, establish career paths for researchers and cultivate specialized human resources such as research administrators⁴⁰ and “eye-catching” human resources.
- (2) We incorporate our country into the cerebral circulation and gather excellent researchers from around the world. We will realize a treatment and salary that can compete in the international talent acquisition.
- (3) Maintaining the world’s best research environment – we will substantially invest in universities including private schools and reform the university governance to strengthen R&D capabilities.
- (4) Promoting research activities to produce innovative results – Compared to the US Defense Advanced Research Projects Agency (DARPA), Japan’s defense related R&D expenditures are significantly subordinate to other developed countries (difficulties in attaining goals). Due to the limited spillover effect from defense technology to consumer technology (spin-off), we will fundamentally strengthen our system to promote research (high risk research) on dual use technology⁴¹ resulting in socially and economically valuable research. For that reason, we select an innovative research theme with great impact from a long-term perspective and establish an “Innovative Research and Development Support Program” (provisional name) to advance research under the responsibility of an authorized program manager. In addition, we will train specialized human resources.
- (5) Since the creation of innovations is stagnating, we have immediately taken measures in the FY2012 supplementary budget after the change of administration to regain the energy of science

⁴⁰ Officials who are researchers but are directly involved in the management of universities, research institutes, companies, etc.

⁴¹ Technologies that were developed for the civilian sector but can be diverted for military purposes.

and technology in our country and started sorting businesses to create a R&D corporation system that enables the creation of the world's highest innovation standards.

To constantly create new world leading assets of knowledge, it is essential to further promote research conducted based on the spontaneity and creativity of researchers. In order to support scientific research, we will greatly expand competitive funds also covering expenses of supported projects while securing diversity and continuity. At the same time, we will secure indirect expenses to 30% for all competitive funds and further promote institutional improvement. In addition, to promote innovation and practical application in the life science field of medicine, medical equipment or regenerative medicine, it is necessary to establish a new examination system for research subjects. The fund allocation function is indispensable and we will establish a promotion system for overseas expansion of the life science sector.

Page 14

48. Institutional reform to realize innovation

In order to create new industries and employment, we will realize an innovation policy with different dimension to become a center for innovation. Since innovations cannot be realized by companies alone but only via industry-university collaboration, a drastic reform of the current system and various regulations which impede innovation is necessary.

Specifically, to fundamentally strengthen the R&D capabilities of our country and companies, related ministries and agencies will work together in an efficient manner while taking into consideration to review institutions and organizations of all involved administrative agencies. (1) We aim to maximize the achievements of R&D (achievement of the mission) (2) Based on the national strategy on R&D and since corporations, universities and enterprises are difficult to address, we will institutionally tackle the position of research institutes (3) We will establish a system of the highest standard in the world and therefore review the salary level, a way to efficiently improve business operations, review the handling of self-income and improve the procurement method.

Moreover, we will promote the utilization of the R&D taxation and angel tax system, reform the financial policy to, for example, supply risk money⁴² for innovative technology and invest in ventures initiated by universities. We will reform the intellectual property system to enable appropriate protection of intellectual property, like patents, and review regulations and the social system which are the bottleneck of innovation. We will strongly promote the realization of this priority reform of the government concerning new technologies.

To create a strategic market field, it is necessary to exceed the current framework of the Ministry of Public Works that only focuses on basic technologies and research (commercialization, practical application) and we will therefore create a "Strategic Innovation Creating Program" (provisional name) and resources will be allocated over multiple years.

Since every country races to acquire international standards, and while keeping in mind the promotion of cooperation with Asian countries, we will ensure strategic international standardization

⁴² Risk money is a fund conducting high risk investment and returns.

of public-private partnerships. Also, we will greatly strengthen overseas export and deployment activities of public-private partnerships by building a core infrastructure for advanced technology and contributing to personnel training.

49. Promoting an innovation platform as a large-scale project

We will promote a large-scale and long-term project for space transportation technology, marine and ocean research technology, nuclear fusion and accelerator technology, or supercomputers to create innovative technology and support private enterprises.

50. Becoming the world's best R&D base

To create innovation, it is necessary to build a “place” where universities, public research institutes, industries and others can gather and collaborate on R&D. In particular to form the world's most advanced R&D base that responds to enable innovations while flexibly using regional resources by “competition” and “cooperation”, we as the new government will actively develop a “International Scientific Innovation Base” to further strengthen the project for the expansion of businesses in Japan's strong areas.

In order for Japan to take a central position to acquire the world's “brains”, it is essential to form a world-class research environment that attracts excellent researchers not only from Japan but also from overseas as well as to establish a site for international research networks. We have greatly expanded the “World Premier International Research Center” (WPI), accelerated the supply of technology for the world's leading large-scale laboratory “International Linear Collider”⁴³ in the elementary particle field as well as the research on iPS cells. We will fundamentally strengthen the support for universities and public research institutions doing superior research beyond world standards.

51. Strengthen international cooperation on science and technology

To further improve the sophistication of science and technology in our country and actively contribute to worldwide serious problems, such as natural disasters or infections, we will further strengthen our collaboration and cooperation with other countries. We will substantially fortify science and technology diplomacy for cooperation in advanced fields and utilize ODA for scientific and technological cooperation to strengthen this field in our country and rapidly boost science and technology capabilities of emerging countries.

In addition, we will promote cooperation between domestic universities conducting excellent education and research and overseas universities and use this education and research of domestic institutions for diplomatic means. Furthermore, in addition to establishing a system for collecting and analyzing overseas trends, we will strengthen the management of technologies related to security. On the other hand, we will actively strengthen Japan's technology to contribute to the international nuclear nonproliferation regime.

⁴³ We plan to conduct a collision experiment of electrons and positrons with the highest energy attainable by creating a linear accelerator of a total length of 30km.

52. Strategic space policy

Aside from promoting constant space science and R&D, we will accelerate promoting this industry by securing the necessary budget to ensure its international presence and fulfill Japan's national interest to improve the quality of people's lives and security.

The development and utilization of the space system is based on the "Basic Universe Law" and space plan. In particular, we will implement a strategic space policy, including the allocation of resources for key sectors and priority projects, and promote the development and use of space technology such as rockets, satellites or other transportation systems. To achieve this, the Cabinet Office Space Policy Committee will be authorized for budgeting and arranging personnel for important policies coined by the Prime Minister. To promote space science and the space industry, we will work on Japan's security, securing sea lines, strategic ODA, resource diplomacy and a maritime and space policy.

53. Realizing a "leader" function as a powerful driving force for science and technology

To develop our future society and economy, Japan's industries will have to undertake leadership on science and technology innovation as a national initiative towards new growth since corporate R&D investment drastically decreased.

However, as for the science and technology budget of about 3.6 trillion yen per year, the budget is mainly allocated by related ministries and agencies such as the Ministry of Economy, Trade and Industry, the Ministry of Education, Culture, Sporty, Science and Technology and the Ministry of Health, Labor and Welfare whereby adverse effects of the vertical division is remarkable. Despite the limited budget, an effective allocation has not been realized yet.

Therefore, to become "the country most suitable for innovation in the world" and "create a valuable base" to promote science and technology as the life line of industries as a national strategy, we will strengthen the "authority", "organization" and "budget system" of official agencies or science and technology conferences and rebuild Japan a true "science and technology innovation leader".

Specifically, based on the frameworks of various foreign countries and lessons learned from the Great East Japan Earthquake, we are trying to strengthen the functions of political decision makers and scientific advisers regarding science and technology innovation policies and strengthen cooperation among innovative leaders to create a "plural dimension" innovation strategy and eliminate the vertical division in each ministry.

We will develop human resources capable of concentrating on a strong budget allocation authority and conducting appropriate evaluation. For example, Japan is leading in the fields of iPS cell research and large-scale elementary particle projects, ILC (construction of the International Linear Collider Research Institute), regenerative medicine and energy saving technology. We will strongly promote priority, fields such as energy storage, as a national strategy combining the knowledge of industries and academia.

54. Promoting an ICT society

By converting to ICT, the convenience of citizens' lives has drastically improved, including the efficiency of businesses and improved services in various fields. As the industry will change globally

in the future, we will further advance the use of ICT by industries as well as realize an “ICT society” so that national and regional enterprises and individuals will benefit from ICT. For example, the introduction of smart grid leads to an improved power supply efficiency. We will promote the development of smart cities, the facilitation of transportation by ITS⁴⁴, the realization of e-government and e-municipality, the utilization of ICT for education and the traceability of agricultural, forestry and fishery products⁴⁵ to improve productivity and the convenience of citizens while also reducing environmental pollution by inspecting the aging of infrastructure, maintaining water resources, using the G space project and explore resources by ICT.

Furthermore, by expanding the use of ICT on teleworking and telemedicine, we contribute to the expansion of employment, collaboration and advancement of a standardized medical, emergency and nursing care and health and present a new success model by solving various problems.

To actively increase investment opportunities in these fields, we will double the capital investment in data information services, data centers and the content industry to enlarge the production ripple effect and increase employment. Therefore, we realized a tax system promoting the relocation of data corporations concentrated around Tokyo by the tax system revision in FY2005. We promote the analysis of big data in industrial sectors such as agriculture and tourism and the use of open data in governmental or public services (publication of the world’s highest level of public data (more than 10.000 data sets) in FY2015). We will establish a Japanese IT dashboard disclosing information on governmental IT investment and optimize ICT investment to promote economic growth by converting to ICT.

55. Promoting information literacy education

As the utilization of the internet spreads in every field, it is very important for the public to acquire the ability to handle information correctly and we will therefore develop information literacy education on various levels such as schools, PTA or the community.

Page 16

56. Government CIO⁴⁶ system (Cabinet Information and Communication Policy Administration)

The Government CIO establishes current plans, goals and progress evaluation cycles and publicizes the results in order to thoroughly review the reconstruction to e-government under a unified design philosophy. Therefore, we will include the control of the ICT and cyber security related budget and publicize the results.

The Government CIO can make use of various information provided by the government, such as industrial or individual information, to realize the world’s highest level open governance by open data that also considers the full protection of personal information. We will thereby improve the convenience of people’s lives and contribute to economic growth. To this end, we will increase the

⁴⁴ Expressway Transportation System (Intelligent Transportation System). A system that reduces congestions and accidents on expressways by using IT.

⁴⁵ The possibility to monitor the distribution process of products from production to consumption.

⁴⁶ Chief Information Officer responsible for government information and technology.

quality and quantity of Government CIO personnel and we will consider the full-scale installation of CTO (Chief Technology Officer) to support Government CIOs.

57. Cyber security and economic growth

To protect citizens from frequent cyber-crimes, we will further strengthen the cooperation between ministries and establish a system to demonstrate comprehensive power and contribute to economic growth by priming investment and private diversion in the government.

Especially, the National Police Agency, Ministry of Defense and Japan Coast Guards will quickly construct dynamic defense and backup systems similar to those of the United States. In addition, we will take immediate steps to ensure strict security surveillance of information equipment and multifunction devices used by government agencies.

We will promote the development of laboratory facilities (cyber ranch) that can be used by the industry for training, development and the demonstration of cyber security and we will improve the security level of the whole nation by an advanced cyber security qualification system similar to the United States and develop human resources.

Together with these measures, we have created Japan's advanced information security industry with pride on products and services of the highest degree of security technology, delivery to government agencies and diversion to the private sector. We will create new employment and contribute to economic growth with these measures.

58. Strengthen the international competitiveness of the ICT industry

ICT is a strategic field contributing greatly to the creation of new wealth and the efficiency of production activities and makes the lives of people more convenient. It is important to foster a highly viable ICT industry with a strong position in the international market and use it as a key for the growth of the Japanese economy and our contribution to the international community.

However, currently, the innovation and utilization of ICT in Japan is not proceeding like in the United State or South Korea. Therefore, we will strategically strengthen our efforts to let Japan become a world leading country regarding ICT.

For this to achieve, we aim to develop next-generation television, establish a new receiver and broadcasting system able to respond to bi-directional transmission and reception of smart televisions with high picture quality (4K or 8K television). We will also promote content production in Japan. As part of the Cool Japan Strategy, we will also support the settlement in overseas broadcasting areas, promote overseas expansion of Japanese broadcasting programs and also expand the market of Japanese culture, food and products via inbound tourism.

Since expanding the overseas deployment of ICT technology from Japan is also important, we actively urge for the adoption of the Japanese terrestrial digital broadcasting system in South American countries and further evaluation has been established in South African and Central American countries. We support the transition to digital broadcasting in those countries, deepen the technical cooperation regarding ICT and enable the deployment of Japanese products in various markets.

Further regarding mobile phones, we are aiming for an early realization of the fourth-generation mobile phones with improved LTE (3.9 generation), meeting international standards by allocating frequencies. We will promote the expansion of these products in the global market share via attractive developments.

In addition, we conduct social projects, such as regional revitalization by ICT, and will position Japan as a model to solve problems such as education, medical care, telework, e-government, resources or aging by using ICT. In addition to promoting uniformization, we will promote early deployment to overseas market.

59. Creating new industries by promoting the G space project (geospatial information)

By promoting the practical application of Japan's unique satellite positioning system (Semi-Zenith Satellite "Michibiki" as the Japanese version of GPS) and establishing a nationwide uniform map based on the "Basic Law on the Promotion of Geospatial Information Utilization", we will realize the world's most advanced geospatial G space society, a "society where public safety and security is protected" and where "sophisticated administrative efficiency is improved". Additionally, we will contribute to the revitalization of industries, the "creation of new industries, new services and regional revitalization" in Japan by promoting the commercialization of related products.

Page 17

By providing our G space social infrastructure technology to other countries, we contribute to the international community by supporting developing countries while also realizing economic growth in our own nation.

Specifically, in order to strengthen Japan's industrial competitiveness, we will promote the establishment of electronic reference points overseas and support the initialization of projects using semi-zenith satellites.

60. Securing resources by the G space project and promoting the maritime disaster prevention system

Our country is a strong nation which is said to have the sixth largest exclusive economic zone in the world. By combining the proposition of the Basic Law of the Sea, Basic Law of the Universe and the Basic Law on the Promotion of Utilizing Geospatial Information, we accurately measure the terrain of our country's ocean in metric units and by parallelly measuring continental shelves and the deep sea, we will strive to discover energy and rare metal resources and secure fishery resources. Additionally, by developing a system constantly monitoring the tectonic plates and the height of tsunamis, we will also use advanced technology for earthquake prediction, tsunami detection and disaster prevention.

A steady way towards fiscal consolidation

61. Ending deflation by monetary mitigation

In order to escape deflation, although we have already set price targets (2%) comparable to other developed countries like Europe or the US by a policy-based collaboration between the government and the Bank of Japan, we implemented a policy for monetary mitigation. We continue to respond

appropriately and in a timely manner to market trends while keeping in mind the stability of the government bond market. We will continue to consider a revision of the Bank of Japan Law as a future option.

In addition, we strongly promoted currency diplomacy and economic negotiations towards forming a consensus on international macro policy coordination (mainly between Japan, the US and Europe)⁴⁷.

62. Flexible and resilient economic and fiscal management

Immediately after the inauguration of the new administration, we formulated “Emergency Economic Countermeasures for the Recovery of the Japanese Economy”, which combine a large-scale supplementary budget of FY2013 and implement economic stimuli and economic measures.

We continue to devise a more flexible and resilient economic and fiscal management that will be able to respond to future risks, such as uncertainty over economic developments in other countries, trends in foreign exchange markets or restrictions on electricity supply.

63. Fiscal restructuring for the next generation

Regarding the FY2013 budget, we reexamined bloated expenditures due to the political measures of the Democratic Party government, reduced personnel expenses of public officials in national and local governments and reviewed the social insurance system. We will continue to thoroughly eliminate squandering and prevent the expansion of expenditures.

In addition, our flexible fiscal policy will facilitate a strategy for economic growth in Japan via an increased tax revenue, allocated funds and disaster prevention measures.

By implementing these measures, we will balance the GDP ratio of national and local governments (FY 2010 level) from FY2015 until FY2020. We will maintain the goal of achieving a national and local balance and surplus. And until the early 2020s, we will steadily lower the national and local debt ratio of the GDP.

Therefore, we will formulate a medium-term fiscal plan based on the mid- to long-term policy for fiscal consolidation. In addition, to achieve both the goals and the implementation of new measures, we will stick to the principle of permanently securing financial resources for this new policy while taking the impact of future growth into consideration.

Based on the policy mentioned above, we will proceed to consider a “Fiscal Consolidation Liability Law” from a long-term perspective. In doing so, we will respond flexibly to trends of the international economy, such as Europe’s debt crisis, so that the lives of Japanese citizens will not suffer from any serious impacts.

64. Stabilizing the government bonds market

It is extremely important to secure confidence in government bonds, and we will endeavor to issue government bonds which are conducive to fiscal consolidation. In addition to implementing

⁴⁷ Louvre Consensus in February 1987 accomplished at the G7 conference at the Louvre Palace in Paris, France in September 1985. The agreement tried to solve the problem of the deprecation of the dollar and restore it to its starting mark.

appropriate government bonds management policies, we will also prevent decreasing prices for government bonds on “day X” by assuming all risks.

65. Drastic tax system reform to realize a secure society

Our party clearly stated the idea of a drastic tax system reform including the raise of the consumption tax in the previous general election’s administrative pledge and included a successive “revision of the tax system” during the Upper House election in July 2010. Due to the worsening fiscal crisis, fiscal financing has remarkably lacked its responsiveness in recent years and it has become increasingly important to provide necessary resources for social security, security measures, international competitiveness measures, human resource development or the correction of regional disparities. If the distribution is not enhanced, it will severe Japan’s present and future.

On the other hand, to establish a sustainable social security system against the background of a rapidly declining birthrate and an aging society, which has drastic impacts of people paying taxes and social insurance fees, we must build a system that guarantees social security while suppressing the financial burdens for individuals.

Page 18

In consideration of Japan’s present and future as well as next generations, our party and the new *Komeito* as the ruling coalition have concluded a three-party agreement with the Democratic Party on social security and the tax system reform, which has already been promised in our 2009 manifesto. As a result, and based on future discussions of the National Congress on the Social Security System Reform, the plan of a sustainable social security system with balanced benefits and burdens on the premise of stable financial resources will be publicized.

In addition, as the consumption tax is raised, flexible fiscal responding will be feasible and measures such as growth strategies for the Japanese economy will be enabled while focusing on the allocation of funds for these growth strategies and disaster prevention.

(Use and timing of the raised consumption tax)

In accordance with the Act Concerning the Partial Revision of the Consumption Tax for a Drastic Reform of the Tax System to Secure Stable Resources for Social Security, it is decided that the consumption tax will raise in two steps, from 5 to 8% in April 2014 and from 8 to 10% in October 2015.

Before the consumption tax will be raised, we check the economic situation six months before implementation and will conduct the raise based on the conclusion of the National Congress on the Social Security System Reform.

Especially, as we can flexibly respond to FY2014 and beyond, we will realize growth for the Japanese economy by focusing on the allocation of funds for different sectors related to the growth strategies and an enhanced disaster prevention.

Regarding the use of the raised consumption tax, we will cover the expenses required to raise the basic pension and we will continue to improve social security benefits and measures against a

declining birthrate by covering the full amount of expenses for pensions and medical and nursing care.

(Considering low-incomes as well as small and medium sized businesses)

To alleviate the burden of the raised consumption tax on low-income earners, we aim to introduce multiple tax rates in the future to gain the understanding of concerned parties.

As for simple benefit measures, we will implement provisional and temporary measures until realizing comprehensive measures concerning the redistribution with consideration of low-income people.

Regarding the smooth and proper reform of the consumption tax, since the three-party talks last year, we have claimed that the parties should take effective countermeasures against large-scale retailers and pass-throughs not subject to the “Subcontractor Act” to prevent substantial discount compulsion by powerful businesses, including transactions between shops and suppliers. In addition, to ensure a smooth pass-through and while paying attention to the administrative burden of business operators such as the replacement of price tags, the obligation to indicate the total amount will be reinstated only in a short period before and after the consumption tax rate increases.

(Considering the general lives of people)

Regarding the consumption tax burden related to high-level investment of healthcare providers, appropriate allowances will be made until the consumption tax rate is raised to 8%. A specific method of classifying it from other medical practices in the medical insurance system will be considered. In addition, when the consumption tax rate is scheduled to be raised to 10%, consideration should be paid to the burden of purchase taxation of medical institutions and the burden of patients. We will comprehensively consider and obtain a conclusion drawn from the opinions of medical personnel, insurers, etc. so that appropriate measures can be taken toward ensuring fairness and transparency for all parties concerned.

Housing investment is a pillar of expanding domestic demand and since it has a large ripple effect on the local economy, we have greatly expanded housing tax cuts. In addition to mortgage tax cuts, we will provide benefits for house acquisition based on the FY2010 taxation revision outline for income groups with limited tax reduction effects.

Regarding personal income taxation, it is necessary to reconsider various deductions and tax rate structures at once. We have revised the maximum personal tax rate in the tax system revision of FY 2013 but furthermore, since the foundation of our society is “self-help”, the role of family cooperation must also be appropriately appreciated. From this perspective, spousal deduction will be maintained and child allowances will be arranged and deduction will be reinstated.

To promote the growth of the Japanese economy, especially regarding the prolonged deflation, sharp appreciation of the yen, a declining birth rate, a rapidly aging population and a turbulent international economic and financial environment, we aim to realize a R&D tax system, investment promotion

tax system, income expansion tax system and tax exemptions for educational funds to create a virtuous cycle for growth and wealth.

Regarding asset taxation, we revised the inheritance, donation and business succession tax by the tax system revision in FY2010 and we will steadily implement our acquired insights.

Regarding the automobile acquisition and weight tax, we will review the relevant national and regional tax systems and secure stable financial resources while also considering local finances, simplifications, reductions and greening of the tax system. From this viewpoint, we carry out the following fundamental alternations:

(A) Regarding the automobile acquisition tax, on the premise of securing stable financial resources and taking appropriate supplementary measures for local finances, fundamental reforms are carried out bases on the opinion of local governments and the revision of the tax system in FY2008.

The automobile acquisition tax will be reduced in two stages and will be abolished when the consumption tax is raised to 10%. When the consumption tax will be raised to 8%, we will strengthen the greening of the tax system by expanding eco car tax cuts. We will separately acquire necessary financial resources.

When the consumption tax will be raised to 10%, we will implement automobile taxation in accordance with environmental performance and take the greening function of the automobile acquisition tax into account while enhancing the autonomy and independence of regional decisions to maintain and strengthen further greening and secure financial resources. The implementation will not affect local finances and stable financial resources will be secured elsewhere.

(B) Regarding the automobile weight tax, we will review the following aspects and obtain concrete conclusions from the tax system revision in FY2008.

We will permanently implement a basic structure for eco car tax reductions. When the consumption tax will be raised to 8%, we will take measures for further greening such as securing financial resources and alleviate financial burdens in accordance to fuel efficiency. We will consider taxation according to environmental performance to maintain and strengthen greening and secure stable financial resources.

Automobiles are taxed according to vehicle weight to tackle road damages. In the future, a large amount of financial resources will be necessary for the maintenance, disaster resistance and upgrading of roads. In order to clarify burdens and benefits, we will review the automobile weight taxation so that it will be returned to drivers as a source for funds for maintenance and renewal. In doing so, we also note that part of the tax is used as a source for compensation for pollution health damage.

Regarding local taxation systems, we promote decentralization by not letting tax revenues be subjects to economic fluctuation and stabilize tax sources. Specifically, as part of the drastic tax system reform including the consumption tax, we will steadily implement the enhancement of regional consumption taxes and will review local corporation taxes.

Regarding the tobacco taxation, we will comprehensively consider the effect of tobacco on health and we will examine the impact on tobacco farmers or retailers.

With regard to liquor taxation, we consider reviews based on the fairness of tax burdens among similar liquors and on the provisions of the tax law established last year.

From the viewpoint of promoting low carbonization, we will promote the greening of the entire tax system.

As countermeasures against global warming, it is necessary to promote control measures for energy-originated CO₂ emissions and measures for forest absorption sources. From the viewpoint of implementing various measures to control energy-originated CO₂ emissions, special measures for the tax rate of petroleum coal will be taken. On the other hand, it is necessary to position forests and forestry as a national strategy greatly contributing to national land conservation and global warming prevention and to promote forest maintenance, such as afforestation and thinning, as measures for less CO₂. Therefore, based on the provision of the tax law established last year, we will promptly and comprehensively consider securing resources for forests and regional global warming countermeasures.

In order to improve the convenience of the tax system for citizens and improve the tax payment environment, we aim to further improve social security services including using personal numbers for pensions and further optimize the income taxation based on the “Common Number Law”. While enhancing the reliability, transparency and efficiency of administrative services, we will take security measures that take privacy into consideration, distribute personal number cards to all citizens and enhance the common number system.

At the same time, the Government CIO (Cabinet Information and Communication Policy Supervisor) will oversee the safety and efficiency of the governmental information system and strive to build a system with improved reliability. As for personal number cards, we will make it possible for private business operators to have a future-proof mechanism via biometrics and we will elaborate the usage of this system on smartphones.

It is against the so-called Revenue Agency Initiative that staff of the National Tax Agency collects the annual insurance fee so that the Japan Pension Organization will become the conducting institution.

Page 20

Challenging major resource and energy issues

66. Diversification of the energy supply structure

Japan depends on energy resources imports and our economy is greatly affected by global energy trends such as crude oil prices. For Japan, a resource scarce country, energy security is one of the major challenges. In order to deal with this, it is necessary to diversify the energy supply structure. As a top priority for Japan, we intend to maximize the introduction of renewable energy such as sunlight and wind power and maximize energy conservation for three years. In addition to promoting

new expansion and the replacement⁴⁸ of highly efficient LNG /coal power plants with small environmental impact, we will control the CO2 emission of thermal power plants and use those as reinforcing agents. We will promote research to make effective use and reduce practical costs of power plants, aim to reduce the environmental burden of existing thermal power plants and will also promote effective utilization of existing oil power plants. At the same time, by implementing the power system reform described later, we will proceed with creating a mechanism to use power plants with high efficiency.

In order to secure fundamental fossil fuels such as petroleum, coal or natural gas, we will develop strategic resource diplomacy based on Japan's state-of-the-art technologies and also develop a system for resource diversity.

In addition to efforts to secure fossil fuels, we will also utilize Japan's outstanding advanced energy technologies to improve the efficiency of energy supply and demand in the industrial, transportation and civilian sector to shift away from fuels. We will encourage the introduction and diffusion of high-efficient gas appliances, LPG vehicles and boost fuel transformation by using LP gas contributing to the realization of a low-carbon society as a gas with low CO2 emissions.

As part of the "public infrastructure", gas stations play an important role in securing the stable supply of petroleum products and we will continue to support their use in the future.

67. Development of natural resources and efforts towards industrialization

Japan, as a resource scarce country, should promote the voluntary development of domestic energy resources and mineral resources by improving the cooperation system between the industry, academia and government as soon as possible and by improving marine exploration as well as mining technology. We will strategically proceed with the steady securing of rare earth and metals which are indispensable for developing and manufacturing international competitive high-tech products.

We conduct recycling (recycling of rare metals) to efficiently collect rare metals (so-called urban mines⁴⁹) that can be found in machineries discarded in Japan and use them as new resources. Furthermore, the existence of rare earths and metals has been confirmed in the exclusive economic zones of Japan, such as the Ogasawara Islands or Minami-Torishima, and we will proceed with the exploration and development of these resources.

On the other hand, due to the Fukushima Daiichi Nuclear Power Plant accident, dependency on thermal power plants is increasing right now. We will conduct more diplomatic development (joint resource exploration, technical support, etc.) with different countries and diversified suppliers.

Regarding natural gas, the core raw material for thermal power, we will strategically reduce procurement costs by new imports of shale gas from North America. Additionally, it has been confirmed that natural gas and methane hydrate⁵⁰ can also be found in the ocean surrounding our

⁴⁸ Constructing new power plants at the same spot after an aged power plant has been removed.

⁴⁹ Name of electric household appliances which are abandoned as garbage in urban cities and which entail valuable resources such as rare metals.

⁵⁰ Solid crystals made from natural gases, such as methane hydrate, combined with water to form a hydrate.

country so that further exploration and research will be promoted. For the next three years, Japan will conduct intensive research and development for its practical use such as developing mining technologies and cost reductions.

68. “Electric power system reform” – economic revitalization and creation of employment

The Great East Japan Earthquake exposed the vulnerability of our energy system. It is urgent to secure our national safety and to achieve a stable energy supply system for the growth of our economy, so we will review the energy policy and proceed with a comprehensive reform of the power supply system.

We will carry out a drastic reform in three stages for a major turnover of the electricity market system that has been unchanged for 60 years after the war. (1) “Expansion of wide area operation” (to be implemented in 2015 and bill we submitted to the ordinary Diet session in 2013) to simplify the distribution of electricity across regions and strengthen stable supplies. (2) We will carry out the “total liberalization of retail entry” (planned to be completed in 2016 and we plan submit the bill to a Diet session in 2014) so that citizens can freely choose electricity companies. (3) We will enhance neutrality and independence by converting the power distribution sector into separate companies so that everyone can use electric transmission and the distribution network fairly (“Secure further neutrality of the electricity distribution department by legal separation”). We will furthermore abolish electrical regulation charges (both will be carried out from 2018 to 2020 and we aim to submit the bill to an ordinary Diet session in 2015). In addition, consideration will be made carefully so as not to interfere with the lives of people and economic activities with the mentioned reforms.

As a result of the electric power system reform, it is necessary not only to secure the safety of people’s lives by securing a stable energy supply but also to suppress the electricity fee, promote the growth of industries in Japan and strengthen the economic foundation to create new employment.

Page 21

69. Promoting renewable energy and realizing a variegated energy society

With the “Renewable Energy Introduction Acceleration Program” formulated in January this year, we will expand the introduction of renewable energy sources such as wind power, geothermal power, hydropower or biomass⁵¹ to build an independent and self-sufficient energy society. Currently, we are already working on a fund to increase the investment in businesses related to renewable energy. In addition, while focusing on renewable energy, we aim to achieve a stable energy supply by constructing an energy supply system for communities to distribute energy to the whole society evenly.

Therefore, we will (1) realize the reduction of costs by promoting renewable energy and maintaining a fixed prices system; (2) introduce smart meter⁵², HEMS⁵³ /BEMS⁵⁴ and use smart energy saving

⁵¹ Industrial resources originating from the present living matter constituents since biomass is a non-exhaustible resource.

⁵² Next-generation watt-hour meter with smart meter communication function.

⁵³ Abbreviation for Home Energy Management System. Energy supervision system at home.

⁵⁴ Abbreviation for Building Energy Management System. Energy monitoring system for commercial buildings.

(demand response); (3) increase the efficiency and introduction of home fuel cell (energy farms); (4) introduce next-generation cars (electric vehicles, plug-in hybrid cars, fuel cell cars, etc.); (5) work on support measures to spread cogeneration including fuel cells; (6) establish a support system for highly efficient equipment for petroleum, etc.

We will also take measures for system stabilization, such as the expansion of renewable energy, and establish an evenly supplied energy society through (7) the improvement of electricity transmission networks, wide area operation or the introduction of large storage batteries for sustainable energy supply; (8) and since Japan has globally advanced technology for storage batteries, we will support research and development by promoting large-scale storage batteries and strengthen their competitiveness.

Furthermore, to achieve regional revitalization through the introduction of an evenly supplying energy system, it is necessary to establish an environment to realize smart communities, install solar power facilities and public storage battery facilities alongside highly-efficient power equipment for waste incineration facilities. We will promote the introduction of biomass power plants and sewage plants.

In addition, we will take comprehensive measures necessary to promote the efficiency of an evenly supplying energy system in all regions.

70. Economic revitalization to become a major power on resource and energy technology

With the reform of the electric power system for the first time after its installment 60 years ago, it will be expected that the expansion of renewable energy and an evenly supplying energy system will create new energy and retail businesses. By maximizing the potential capacity and high technical capabilities of local and private enterprises, a new business sector will be born and it will constitute a driving force for the economic revitalization of our country. As a result, a major expansion of employment is expected.

In addition, while resource and energy consumption are expected to increase internationally, technologies such as smart communities that utilize Japan's outstanding renewable energy technology and nuclear power, are related to a wide range of industries. In order to create a lot of new employment opportunities by linking related technologies and human resources such as SMEs in Japan, we will establish a next-generation infrastructure for exports and develop a new cooperation system for the public and private sector. We will convert our country from a resource scarce country (importing country) to a resource rich country (exporting country) to revitalize the economy and create new employment.

71. Promoting the space photovoltaic power satellite program (R&D on a space photovoltaic power generation system)

The space photovoltaic power generation system positions a large-scale photovoltaic generation device in outer space, transmits it to the earth by radio wave (microwave) or laser beam and uses it as electric power.

For the realization of that magnificent plan, based on the results of research on energy transmission technology currently being advanced, we used the Japanese experimental module “Kibo” installed at the International Space station to develop a prototype-plane and we will promote R&D for the future use on new energy.

72. Recovering confidence in nuclear policy

The accident at the TEPCO Fukushima Daiichi Nuclear Power Plant due to the Great East Japan Earthquake caused a threat of radiation not only to Japan but the entire world due to the severity of the damage. Our party, which has been promoting nuclear power so far, apologizes for causing such an accident and we would like to express our sincere condolences to those still affected.

Our party recognizes that the Fukushima Daiichi nuclear accident has not yet reached compensation and we will do our utmost to fully compensate affected entities and will also thoroughly investigate the cause of the accident.

With regard to nuclear safety regulations, priority is placed on expert judgement offered by the independent nuclear regulatory committee on authority, personnel affairs and budgetary with regard to our future energy policies and in particular, the “safety first principle” (including measures against terrorism) will be included into these. Concerning the restarting of nuclear power plants, which the responsible government judged to be safe, we will make every effort to obtain the understanding of local municipalities.

Based on the reform of the electric power system, we will review the future nuclear power policy from a global perspective and consider the “crisis management and human resource development and decommissioning” of nuclear power generating facilities and nuclear power companies in Japan. We will collect wisdom from all over the world centered on world-class technologies and spent fuel (volume reduction, shortening of harmful period, etc.). We will work with our heart to sincerely regain trust in our nuclear policy by establishing an international cooperation system and consider underground plants which do not pose the potential risk of large-scale evacuations.

Page 22

73. Securing the safety of personnel in radiation related work by the “safety first principle”

Regarding the importance of improving the personnel’s ability on nuclear safety to ensure nuclear safety regulations, we will enrich our training system via personnel exchanges with international organizations, universities and research institutes both inside and outside of Japan.

In addition, we will consider ways to enhance the treatment of workers to gather talented personnel with advanced expertise by for example appropriately evaluating capabilities by a qualification system and creating a compensation system commensurate with abilities.

Furthermore, regarding radiation related work at nuclear power plants or decontamination work, we will consider establishing a national qualification for “radiation related worker” (provisional name) to ensure work quality, test workers’ skills, secure the capabilities as supervisors and leaders of radiation related work and improve the treatment of those workers. As the number of qualified workers increases, it is expected that employment will be expanded and we will contribute to

qualified workers and the acquisition of correct knowledge about radiation to achieve peace of mind for citizens.

In addition, to fulfill our responsibility to next generations, we will accelerate research and development to reduce the harmful period of high-level radioactive waste, create detailed contamination maps, implement effective decontamination and guarantee proper disposal.

74. Creating new jobs at areas around nuclear power plants

In areas around nuclear power plants, concerned ministries and agencies cooperate by utilizing the Special Zone System for Structural Reforms and the Regional Revitalization System as a local proposal for local governments to create new employment. We will work on regulatory reform and regional revitalization by supporting regional efforts. We will also consider new necessary systems.

Towards a Japan where women shine

75. Realizing a society where women shine

We aim to realize a society where all women have confidence and pride in their way of living, demonstrate their full potential in various fields and can shine.

Utilizing the potential power of women is an important key to the success of the country's growth strategy. For this reason, while cherishing the ties of families and communities, we will promote to reform men's consciousness and review working styles. We aim to create a framework for a flexible and diverse society so that women can participate according to their own lifestyle and life stages leading to self-realization.

(A world for women to shine)

To reduce the proportion of women who leave employment after childbirth by 2017, we will accelerate the annual average growth rate five times to increase the proportion of women in leading positions in all fields, like female officers and managerial positions, to 30% by 2020. In addition, we will double the number of female entrepreneurs until 2017.

(Regions for women to shine)

Taking advantage of the experiences and wisdom of the baby-boomer generation, we aim to train 200.000 child rearing aid workers in regional areas and raise the number of women working in agricultural, forestry and fishery industries to more than 10.000 each year.

Within three years, we will hold a women's social entrepreneurial summit in Japan.

(Frontier for female success)

We will select the 100 best practices for women to be active at reconstruction sites and we will promote women to get involved in disaster prevention throughout the country.

We will encourage female researchers to make progress and aim to win the first female Nobel prize. In addition, we aim to double the number of female candidates for national elections in our party.

(Improving the social infrastructure for women's success)

In the next fiscal year, we will formulate new indicators for women's participation. By 2017, we will double male housework and childcare participation time and aim to double the so-called "*rikenjo*" (science girls) entering universities.

We will consider measures to reduce the expanses for babysitters and housekeepers.

At the same time, to facilitate social activities of women while maintaining family ties, we aim to submit a bill that allows the widened use of maiden names.

76. Improving the working environment for women

As assistance for women, especially for mothers during child rearing, we will establish a support system for companies actively engaged in reemployment and expand the Mother Hello Work system. Also, until children reach the age of three, if desired, both men and women can devote themselves to child rearing or, if they want to return to work, we will work on improving the working environment by boosting companies' voluntary effort for "childcare until the age of three years". We will also promote the provision of learning programs and aim to become a "society where women can continue working".

Furthermore, by supporting companies working on efforts to eliminate the gap between male and female workers (positive actions), we encourage women's success. Based on a new family image and vision, we promote an awareness reform and practices towards work/life balance⁵⁵, such as couples working together, and enhance the workplace so that housework can be shared (collaboration).

In addition, with the implementation of the "waitlisted child⁵⁶ resolution acceleration plan" and the steady enforcement of the "new system for child rearing support", we will expand nursery schools mainly in metropolitan areas and further increase the amount of after school child clubs. We will not only support the quantity and quality of those but also local government initiatives unique to areas with many children on waiting lists.

77. Youth employment support.

In regard to the fact that the employment environment for students has gone through the worst period and that the situation is still severe, we will rebuild our employment system so that young people doing their best for job hunting can be optimistic in an employment system offering future prospects. Especially, in cooperation with public institutions and universities, we will make efforts not to isolate those who could not find a job right after college graduation. We will enhance vocational and career education to acquire skills and practical knowledge, improve the employment environment including the expansion and quality of long-term internships, enhance training that emphasizes practical training at company sites, set senior freeters (25 to 39 years old) as a prioritized target group,

⁵⁵ A "balance of work and life": Preparing the workplace and social environment so that personal life can be improved while working.

⁵⁶ Children waiting for school entry due to the lack of nursery schools approved by the state.

strengthen the human resource development cooperation between industries, academia and government and improve the employment support for NEET⁵⁷. By doing so, we will establish an employment system offering a matching system for job seekers to ensure a smooth supply of human resources to regional companies and industries. It will also guarantee sound competition by labor force mobilization. Thereby, we will aim for a “society suitable for the right people” where human resources are properly placed.

Page 24

Let's restore the vitality of regional areas.

Without regional revitalization, there is no revitalization of Japan.

We will bring economic activities to every corner of the Japanese archipelago.

We will ensure that each individual “realizes” economic revitalization in their lives!

Strengthen regional capabilities

78. Enhancing the local tax finances

Given the difficult situation of local finances, we will enrich and strengthen regional financial resources. In doing so, as part of the drastic reform of the tax system, we aim to construct an ubiquitous local tax system, review the regional consumption tax, review the statutory rate of local tax allocation and review local corporation taxation.

Furthermore, with the idea that “there is no cheeriness of localities and regional areas”, the local governments should promote decentralization as the foundation for local taxes so that they can realize distinctive regions with their own ideas.

We will give due consideration to municipalities proceeding with the merging of national and regional policy and we will enrich the local tax allocation system by considering administrative circumstances of new municipalities.

79. Expanding grants to rural areas

Since “the key to Japan’s revitalization is the regional economy”, we will secure sufficient funds and boldly promote the revitalization of rural areas. We steadily enforce the regional vitalization by, for example, enforcing regional energy subsidies (regional economic revitalization and employment creation temporary grants) stipulated in 2012 by the supplementary budget.

80. Reviewing the big city system

To cope with raising serious question about double administrations in prefectures and rural areas, governments and cities which we see as squandering, and based on the discussion of the local institutional investigation committee, we will transfer the administrative authority from the prefecture to city governments and expand the role of the ward of city governments to cope with the concern of a decline in residential services due to the enlargement of administration.

⁵⁷ Translator’s note: NEET is an abbreviation for Not in Education, Employment or Training.

81. Reviewing the ideal of small-scale municipalities

Regarding small-scale municipalities in rural and mountainous regions where the population continues to decline, we will continue to discuss new mechanisms to ensure as much support as possible while enhancing measures against depopulation.

Supporting small and medium-sized businesses

82. Revising the “Basic Loan for Small Businesses” and establishing a new “Basic Law on Small Businesses”

Currently, the legal system has not been able to respond to changes in the industrial structure due to the delineation stipulated by the Basic Law on Small and Medium Enterprises which conversely became a barrier for expansion and various needed measures. For this reason, we revised the Basic Law on Small and Medium Enterprises partially in the previous Diet to clarify the basic principles and policies on small-sized companies and promote their overseas development and other important matters of today.

Based on the revised “Basic Law on Small and Medium Enterprises”, small and medium-sized enterprises as well as ventures of related fields with the ability to grow will receive benefits and funds so that they can acquire human resources.

In addition, since small companies, which are the key to regional economy, are in a weak position in various aspects such as cash flow, overseas development or new business opening, we will enact the “Basic Law on Small Businesses” to carry out support for specialized small-scale enterprises and regain vitality in local communities.

83. Establishing the new regional growth model

Economic growth in regional areas with unique characteristics leads to an overall economic boost in Japan. Based on this assumption, a new regional growth model with the keywords “region”, “small businesses/ agriculture” and “business innovation” will set growth strategies for prefectures, create new regional industries and lead to an expansion of employment.

Page 25

In order to capture current trends (global, ICT, longevity, environment, etc.), we set up a council of industries, academia and the government at prefectural level and we decided to support related business field for the past five years.

Also, in order to expand employment and income and revitalize the regional economy by improving the productivity of the service industry, we are promoting efforts to strengthen and utilize the “Service Industry Productivity Council” and we will rebuild it as a national campaign.

84. Supporting corporate activities and create regional “employment”

To overcome the rise in energy and imported raw material prices and to ensure the trend of economic recovery and promptly realize economic revitalization, we will expand new business opportunities and develop small businesses since it is important to change expectations for economic recovery.

We promote the reduction of the application burden of small and medium-sized businesses, improve the spread of small and medium-sized enterprise policies by the Ministry of Economy, Trade and

Industry and utilize the accreditation of support organizations to enrich and strengthen SME measures. In addition, we aim to institutionalize a system reflecting the opinions of local companies in governmental policies by, for example, setting up “Regional Industrial Competitiveness Councils” (provisional name) for each region.

We will actively utilize support personnel, such as tax accountants, regional financial institutions, industrial coordinators or business consultants, to promote the vitality and uniqueness of all regions and initiatives to create “bonds”. Also, based on the fundamental mission of regional financial institutions to return funds to the region, we will encourage regional revitalization and positively tackle community-based finances.

In addition, for the government agencies and local governments to procure orders for public goods and services, we will try to optimize contracts that emphasize “quality” to maximize the consideration of order opportunities for local small and medium-sized enterprises. Furthermore, we will establish a boost in regional purchases and local products for large-scale retailers who are significantly expanding recently.

85. Enhancing SME finances and strengthening local finance functions

In order to secure an environment that allows SMEs, which are in a severe situation due to the rapid economic decline after the Great East Japan Earthquake, to escape from recession and secure funds leading to future prospects, we will steadily implement “Enhanced Emergency Guarantees after the Earthquake” or “Safety Net Loans” which will be prolonged until the disaster-stricken area recovers completely.

With the finalization of the “Small and Medium Enterprise Finance Facilitation Act”, regional financial institutions are working closely with external experts and organizations to support small and medium-sized enterprises. It is important to proactively engage in the supply of risk money and consulting according to the stage of development, growth, business development or business revival. For this reason, we will encourage community-based financial institutions to work on community budgets while also trying to expand the function of the Regional Economic Activation Support Corporation.

At the same time, to promote voluntary efforts by regional financial institutions, we encourage regional operators to communicate information on their efforts in a concise and easy-to-understand manner.

86. Promoting SME finances to not depend on personal guarantees

We are planning to enhance alternative methods for personal warranties such as ABL⁵⁸ to provide SMEs with financial resources if they meet certain conditions, such as the separation of corporate and individual assets or personal warranties. We will formulate guidelines and a framework as incentives for early initiatives to revitalize businesses by disposing certain assets.

⁵⁸ Lending by judging the value of various assets based on the businesses of companies.

87. Realizing a fair-trade environment

We will realize a fair-trade environment so that hard working small and medium-sized enterprises are not unjustly ordered, discounted and contracted when dealing with large companies.

Regarding the smooth and proper transformation of the consumption tax, and since the three-party talks last year, we have claimed that all parties should take effective countermeasures and include large-scale retailers to the “Subcontracting Act”. We strongly promoted countermeasures against more intensive pass-throughs, such as transactions between shops and suppliers, to prevent substantial discount compulsion by powerful business operators and we will protect small businesses from “subcontract bullying”.

In addition, while paying attention to the administrative burden on small businesses, we will promote the prohibition of price displaying which does not include the consumption tax and establish special measures for the obligation to display the total amount (accepting tax-free price displays only within a limited period) and will accept the transferring and display entity to make it easier to pass on the price.

Additionally, we will strengthen the “Law to Prevent Delays in Proceeding Subcontracts” and the “Guideline to Promote Proper Transactions” and strengthen consultation systems such as the “Last Minute Subcontract Temple”.

On the other hand, we will implement appropriate guidelines for the impact of large stores on local retailers (abuse of unjust sale or superior position).

Page 26

88. Supporting the technological development of “sellable good” by small and medium-sized enterprises

There is no company development without technological progress. On the other hand, research and development by small and medium-sized enterprises alone places a heavy burden on the management of human resources and budget. Therefore, we will double the subsidies to support resurrected manufacturing, promote the formation of support networks for regional SMEs and promote the establishment of research centers and other universities in prefectures. We will support systematic development that allows cooperation and R&D by small and medium-sized enterprises.

To boost SMEs, it is essential that “goods to sell” are developed and “goods can be sold”. In order to develop “goods to sell”, it is necessary to have the personnel, “idea” and “human resources” creating eye-catching products that can “sell!”. Therefore, we will improve the function of consultants for SMEs and will create an environment where people can find “sellable goods” and can match with the “selling side”.

89. Enhancing the support for “from the regional area to the whole nation of Japan” and “the whole world”

We will support local companies and producers so that they can devote themselves to “demanded goods” for consumers and to create products that are also widely understood nationally and globally. At the same time, we will eliminate barriers and regulations to enable flexible responses to business

challenges from overseas while taking geographical aspects into consideration. In addition, to strengthen sales promotion from rural to urban regions and from rural areas to the world, we support the practical utilization of ICT technologies, such as worldwide BtoC and BtoB⁵⁹ matching sites, and we will uphold financial support and the early maintenance of sales channels.

We will establish efficient and effective distribution channels that will capture the Asian demand via a consistent support system for discovering regional resources for prototype development, commercialization and sales.

90. Revitalizing regional economies by active SMEs and nurturing and securing human resources

The further development of small and medium-sized enterprises is indispensable for the development of regional economies. On the other hand, by developing SMEs, we must also develop new products and further promote products for the domestic and international market. Especially, “consulting” related R&D and human resources as a link between selling points, experience, wisdom and technology of individual SMEs and the needs of consumers and “sales” are important and it is no exaggeration to say that fostering and securing these human resources is the fate of corporate management.

We will strengthen our training programs conducted by accredited support organizations to develop advanced support personnel responding to specialized management tasks by reviewing the contents of the training at SMEs schools. We will improve our professional skills and formulate management improvement plans. In addition, we will establish the “Human Resource Development Study Group” (provisional name) to strengthen collaboration between educational research institutes at universities and small and medium-sized enterprises so that the latter can nurture and secure their own personnel. We will develop a system for the cooperation between the government and educational institutions to secure experts on human resource development.

91. Responding to the impact of the depreciation of the yen

We will take specific measures by paying close attention to the impact of the yen depreciation on businesses in areas suffering from significantly increasing costs due to the fuel price surge.

92. Strengthening the matching of regional universities and industries

We will carry out drastic measure to strengthen the organizational functions of the Chamber of Commerce and Industry and other organizations so that graduates who learned at local universities and industrial high schools, as original talent from local areas, can fully demonstrate their abilities in this region. We will urgently prepare a system to “embed people in the community”. As a result, in order for students, companies and the community to be in a win-win relationship, the industry, academia, government and private universities collaborate to utilize the new graduate support system for small and medium-sized enterprises and enhance the matching of advanced experts and the regional industry. At the same time, by promoting local investment and strengthening the support of

⁵⁹ BtoC and BtoB are forms of e-commerce (EC). BtoC describes transactions between businesses and general consumers while BtoB describes transactions between businesses.

regional research institutes and local companies on technological innovations and R&D, we will proceed with creating cycles that can return the benefits of independently cultivated technology to the regional areas.

93. Compact city development and revitalization of shopping districts

The “shopping commuters” problem and the expectation towards shopping districts to act as a “community leader” is increasing more than ever. By restoring the bustle of stations and central urban areas, and not only by the revitalization of the regional economy but also by the revitalization of shopping districts, we aim for town planning involving the feeling of connection to the community and a safe living for elderly people since the society is further aging.

Page 27

Via the angel tax system, management guidance and training for new business formats development in shopping districts, the effective use of vacant shops and unused areas by town development companies and the development of arcades, parking lots and bicycle parks connected to public transportation facilities will be facilitated. We will provide both soft and hardware support for ambitious efforts to accelerate and strengthen the revitalization of shopping districts and the revitalization of central urban areas by, for example, maintaining street lights or installing energy-saving lights. In particular, we aim to increase subsidies (town planning and bustling town subsidies) for the promotion of local shopping districts.

In addition, while reconsidering the support system for shopping districts, we will realize town planning (compact city) that considers social issues such as aging, safety and security or the environment and thereby make shopping streets “familiar and comfortable”.

94. Activating central urban areas

In order for regional areas to become healthy, it is essential to revitalize central urban areas since they are the center of the regional economy. Various people and industries cross each other and act as agents for spreading the regional attraction in the world. Since the center of urban areas is the “face of the town”, we will rebuild it as a highly convenient space where functions necessary for consumers accumulate and respond to the declining birthrate and aging population.

To stimulate private investment into central urban areas while promoting regional motivation, it is necessary to promote the utilization of land and vacant stores via taxation, to strengthen the management by giving a legal position to the town development company, to promote wide area coordination beyond the urban area and to construct new cooperative relationships to make use of the vitality of large stores and to revitalize the town. In addition, we will adapt measures appropriately to the size of towns, without excluding small towns, to achieve a broadened revitalization of central urban areas.

95. Regenerating local communities

In order to regenerate the emotional ties between people in local communities, we support organizations who carry out activities rooted in the community, such as neighborhood associations and self-governing associations. We will implement the “Basic Act on Community Activities” to

support community activities in each village, elementary school districts and school districts by local community associations or NPOs conducting familiar group activities to revitalize the local area.

Also, in order to encourage citizens to settle in rural areas, we will promote the settlement autonomous region concept via various policies to strengthen mutual cooperation between central cities and surrounding municipalities, based on the idea of “consolidation and networking” in rural areas.

In addition, we will promote human resources support, such as dispatching private advisors, to support proud regional community development and the improvement of regional human resources.

96. Measure for depopulated areas

With our party leading the government, the “Act to Promote the Independence of Depopulated Areas” was greatly expanded and strengthened. By utilizing the preciously held bonds in depopulated areas for soft businesses, we are able to take countermeasures according to the circumstances of depopulated areas such as securing doctors and community busses. Also, until the end of fiscal year 2020, an extension for five years has been realized. We will do our utmost to prevent depopulation in the future by supporting efforts to revitalize settlement promoted mainly by residents and local NPOs.

97. New development of postal businesses and securing universal service to improve the convenience for local residents

With the “Revised Postal Privatization Law”, we aim to develop new businesses so that citizens can realize the outcome of the privatization which secures universal postal service⁶⁰ and improves the convenience of local residents through the appropriate duty manifestation.

98. Vitalizing the regional economy by ICT

We will integrate and centralize the business systems of indirect departments such as personnel, salary and accounting of central government agencies and will promote regional relocation by utilizing ICT and private sector consignment of business itself. We will promote the regional ICT industry while reducing the labor costs of the central government office by improving the efficiency of the business system and relocation by ICT investment such as cloud technology and the duplication of systems and channels.

The Central Government Office takes the initiative and tackles the reorganization of local governments which will encourage the transfer of business systems of private enterprises concentrated in Tokyo to rural areas.

99. Realizing an autonomous regional economic circle by using regional resources

We will use regional resources such as local companies, human resources and know-how.

Municipalities will thereby become the nucleus, create employment, collaborate with regional financial institutions for financial support and utilize the opinions of local experts and residents to build an economic cycle so that regions can stand on their own. At the same time, we will promote

⁶⁰ Universal Postal Service includes three projects: (1) geographical fairness (2) social fairness regarding forms of BtoC and BtoB as well as e-commerce (EC) (3) maintaining fairness by reasonable and uniform fees.

the vitality of the regional economy with the aim of expanding demand by disseminating regional brands nationwide and expanding local production.

100. Protecting the high-quality local construction industry by implementing “Invest in the Future”

To facilitate the procurement of funds for the construction industry, we have created a system to support the efforts of companies to possess machinery by preventing chain collapses, taking efforts to solve management problems as well as promoting disaster-resistant constructions. Thereby we want to protect our high-quality construction industry that supports the development and safety of regions by building the infrastructure necessary for the future and carrying out advanced maintenance. We will aim for a balanced development of the land to maximize the characteristics of each area.

Page 28

In addition to facilitating the acquisition of proper management of national land, as state-owned land and public land, we will try to improve the law to protect Japan's water sources and forests.

Furthermore, we will also utilize the power of the public and private sector by PPPs⁶¹/PFIs⁶² to revitalize regions. For this reason, public and private partners jointly establish private funds and private businesses. We will provide risk money to PFI business with allocated funds to improve fees and social capital. In addition, we will drastically expand the concession-based PFI business. We will contribute to the world by exporting excellent civil engineering and construction technology as well as transportation and water systems by promoting overseas projects and implementing top sales to promote the overseas expansion of our construction industry.

101. Securing a healthy development of the local construction industry and proper wages at public construction sites

We have revised the cost per unit of public construction work to be raised to 15.1% in FY2011 compared to the previous fiscal year to ensure the sound development of our high-quality construction industry which supports regional development and safety. While continuing to maintain proper materials at public construction sites, we will secure wages and protect the lives of construction workers and architects. For that purpose, we will also review and improve the bidding system and minimum price limit and we will drastically improve public procurement to eliminate damages caused by improper dumping and we will also eliminate defective or unqualified contractors.

We will properly evaluate the public role that the construction industry plays on the regional level regarding disaster response and winter snow removal work and will also conduct necessary systematic reviews to secure order opportunities for local businesses. By doing this, we aim for a healthy development of the regional construction industry.

⁶¹ Abbreviation for public private partnership.

⁶² The utilization of private funds, management skills and technology for the construction, maintenance and operation of public facilities.

102. Comprehensive promotion of barrier-free measures

In order to facilitate an easy to live in community and society for elderly people or disabled people, public transportation, buildings or roads will be based on the “Barrier-Free Law” to accommodate the use of transportation services and facilities to needs of these people. We will comprehensively promote barrier-free measures. For that reason, we will steadily promote the improvement of vehicles that take disabled people into consideration and the elimination of steps in passenger facilities such as railway stations. In addition, we will display information in an easy-to-understand manner by different means considering various obstacles.

We also support the implementation of projects based on the barrier-free concept created by municipalities. Regarding a “barrier-free mind” that deepens the understanding and cooperation of citizens, we will cooperate with elementary and junior high schools and other educational institutions to mediate respect for various personalities.

With regard to providing information to elderly or handicapped people, we will promote barrier-free access to information by adding dubbing to foreign language television broadcasts and enrich commentated broadcasting, news bulletins and emergency disaster bulletins.

103. Promoting housing development and compact town development according to life stages by raising the asset value of housings

We assess housing with economic ripple effects on every industry as an important national wealth and will realize a “stock society” that allows residential houses to remain as an asset via comprehensive housing taxation and loan support systems. Also, to obtain a comfortable living environment that responds to each life stage including young people with low capital and various ways of working and living, we will supply long-term superior housing (housing for 200 years) and promote renovation regarding earthquake resistance, energy saving or barrier-free reconstruction. To maintain and increase the asset value of related companies, we will promote the installation of elevators in residential complexes and develop a market environment for easy relocation and second-hand selling of houses. We will strive to disseminate smart houses to improve energy efficiency and to reduce CO2 emissions.

In consideration of our fast aging population, we will advance the development of child rearing support and welfare facilities together with the centralization of residential services in suburbs and we will promote efforts to revive local residential functions such as large-scale housing complexes. In order to allow parenting households and elderly people to live peacefully, we promote urban revitalization, the establishment of child rearing facilities in close proximity to residential areas as well as rental housing for two to three households.

Since Japan faces a low birthrate and an aging society, we are planning to utilize and mobilize the housing stock of the elderly to create a sustainable, healthy and secure social system while enhancing town planning in collaboration with comprehensive medical functions via medical care and public transportation as well as small mobility projects. We will promote next-generation living support by

promoting an efficient energy use in towns and improve buildings according to energy saving, energy creation and energy storage.

Also, via using domestic timber materials, we are trying to improve the environment of regions and revitalize the economy. We will also thoroughly simplify documents and procedures in various systems to support small and medium-sized construction companies by reducing the excessive administrative burden for those. We will review procedures concerning the confirmation and inspection system so that building procedures can be carried out reliably and smoothly.

104. Enhancing remote island measures based on the “Remote Island Promotion Act”

Based on the fact that remote islands play an important national and civil role in protecting and enhancing the interests of our nation and people, we will expand and further strengthen the remote islands grants (soft power business grants).

Since the remote islands air routes play the same role as national highways on the mainland, we want to secure the basic means of transportation (roads and airways) by enacting a new “Remote Islands Air Route Maintenance Law”. We will clarify the role of the society and realize remediation of disparities in human flows and logistics. In addition, for students who forced to commute to the mainland or other islands for high school, we will support school expenses while also enacting medical measures such as securing medical professionals and supporting pregnant women. We will additionally improve garbage disposal and correct information gaps.

Regarding Amami, we aim to extend the “Special Measures Law” which is bound to expire this year and harmonize it with the laws regarding Okinawa. For Ogasawara and other remote islands, we will strengthen disaster prevention measures and expand support for oil transportation costs.

Based on the fact that remote islands project the maritime border of our country, and since the retention of exclusive economic zones plays an important role in our national defense, we will secure their safety and security through an adequate maintenance of ports and airports and promote settlement on remote islands to strengthen industrial promotion. We also aim to establish the “Specific Border Remote Island Conservation Promotion Act”.

In addition, we will further enrich peninsula promotion measures by for example creating disaster-resistant communities, improving road networks, promoting industries like agriculture, forestry or fishery and promoting comprehensive island development to ensure safe, secure and comfortable living conditions.

105. Realizing a “strong and self-sustaining Okinawa” based on the new “Okinawa Promotion Act 2”

The amended “Okinawa Promotion Law” fully reflects our party’s commitment to establish collective grants since it enables the deduction 50 Mio. Yen for land owners through subdivided funds. Under the “Okinawa Promotion Act 2” and the “Act on Special Measures to Promote the Effective and Appropriate Use of Stationed Military Land in the Okinawa Prefecture”, a new promotion plan for the next ten years will be formulated and concrete measures will be implemented.

In particular, the construction of a second landing strip at Naha Airport is regarded as an eye-catching feature among promotion policies and is positioned as an extremely important project for Okinawa. The construction started this fiscal year and will be shortened to last five years and ten months.

In the future, we will make full use of measures to promote industrial accumulation in international logistic bases as a hub connecting Asia and Japan which will also promote our tourism, industry and culture. We will work on a “strong and self-sustaining Okinawa” so that Okinawa will become a growth model of the 21st century.

Moreover, by opening the Okinawa Science and Technology Graduate School in accordance with the regional philosophy of becoming the “world’s best” research and education base, we will create the world’s leading innovation base in Okinawa.

Page 30

Let’s restore the power of rural agricultural villages.

Since ancient times, rural agricultural and fishing villages protect our beautiful national land and nurture the proud culture of Japan. The agriculture, forestry and fishery industry is a “life industry” and will take pleasure in a growth of production!

Towards a strong agriculture

106. Strategy to double rural income in ten years – Making agricultural villages strong by mobilizing policies and on spot strength

Agricultural and rural areas are the cornerstone of our country’s development by steadily supplying food, protecting the beautiful and rich nature and cultivating Japanese traditional culture. On the other hand, agricultural workers grow older (66 years old on average), their income has decreased (halved in 20 years), abandoned cultivation areas increased and depopulation poses a serious threat to the progress of agricultural und rural areas.

We will create strong agricultural and rural villages full of vitality and total regional participation, distinguished by the size of the business scale but regardless of age and full or part-time employment. For that reason, while taking the healthy growth of the economy as a whole into consideration, we will mobilize an agricultural and rural policy based on a ten-year strategy and bring out the full power of those areas to maximize self-sufficiency and double the income of people.

First of all, as a basic policy, we will promote the aggregation of farmland and in the next decade, we will create an efficient framing system using 80% of the area as agricultural land. Based on the actual conditions of mountain areas, we will promote sustainable cultivation of abandoned land. In addition to maximizing the utilization of agricultural land, we will accelerate the creation of large farmland compartments, cultivation areas and field irrigation to improve agricultural productivity and produce high-quality products.

We will double the number of new farmers of all ages and create a structure for diverse agents of family management, village farming and enterprises coexistence. We will strengthen innovative research and development of agricultural technology for a high-quality level so that producers can

engage in agriculture with pride and confidence. In addition, we will drastically strengthen countermeasures against wildlife damage to secure profits.

We aim to double the market size of the 6th industrial sector in rural agricultural areas from one to ten trillion yen until 2020 by supporting agricultural commerce and industry collaboration as well as local production and consumption. Thereby, we ensure value-added agriculture, forestry and fishery products and the growth of the food industry in rural communities. We also aim to double the export of agricultural, forestry and fishery products by 2020 based on realistic and concrete national export targets for each item. We will implement the “Japanese direct payment system” to pay directly for maintaining multifaceted functions of farming and rural areas since they play an essential role in the conservation of land and water sources.

Our item-specific policies are, (1) Regarding the agricultural land-use types (paddy field/ upland farming), farmland accumulation is aiming for every agricultural worker to cultivate ten hectares on average since new demand for rice is proceeding. We will make full use of rice paddy fields by an increased production and we will also increase the production of soybeans and wheat to meet the domestic demand. (2) Regarding animal husbandry and dairy farming, we aim to increase the feeding self-sufficiency rate by 1.5 times over the next 10 years. We also aim to improve the distribution environment and strengthen management stabilization measures to ensure a stable food supply system as well as a profitable animal husbandry and dairy farming. (3) Regarding vegetables, fruit trees and flowers, we plan to increase the shipment volume of vegetables for processing in the next ten years by establishing a mechanized production and distribution system that allows large-scale expansion and support for high quality facilities and horticulture. By enacting these measures, we will create a low-cost but high-profit production structure with diverse workers and production areas. Thus, with the goal to double the income of motivated workers based on the “Basic Law to Maintain Food Security and Multifaceted Functions of Agricultural Rural Areas”, we will carry out effective policies to enhance on-site capabilities and build agricultural rural villages allowing farmers to feel pleasure while creating food.

107. Maintaining and improving the food self-sufficiency rate

To ensure food security, we introduce the philosophy of food self-sufficiency that aims at cultivating and securing agricultural land, workers and technology by promoting regional autonomy and productivity with innovative ingenuity.

We aim to achieve food self-sufficiency rates for both calorie and production value bases (50% calorie base and 70% production base. In accordance with the FY2002 Food, Agriculture and Farm Village Basic Act, we will realize the stipulated policy goals for food self-sufficiency including agricultural land, workers and technology. Additionally, we introduce the philosophy of “food self-sufficiency” by strengthening agricultural grants, farming production funds, agricultural land accumulation, the development of diverse workers and the development of productivity improving technology and appropriate stockpiling.

108. Establishing the Japanese direct payment system

We will review the legislation on direct payment to maintain the multifaceted functions of agricultural and rural areas such as national land conservation, water source recharge and village functions. We are also reviewing the income compensation system for households specialized on rice.

Focusing on the cost of maintaining agricultural land, we carry out a detailed survey not only about paddy fields, but also about upland fields, tree fields and grasslands and reflect on the current system while considering specific conditions of each area. Therefore, we will develop a basic agricultural ledger registry and use it as a basic dataset to confirm whether or not land is actually used as farmland. We will enact laws and regulations involving direct payment for inter-mountainous areas, the management of agricultural land and water conservation and we will boost additional payments for the environment and farmland maintenance.

109. Plan for utilizing 80% of farmland (agricultural land accumulation)

During the next decade, we will foster the accumulation of farmland by farmers in rural areas and in will create an efficient farming system to enable 80% of potential farmland to be cultivated by workers (currently 50%).

We aim to strengthen the various function of agricultural land as well as the budget for “medium basins for agricultural land” while also encouraging management, legal development, agricultural land maintenance and the cultivation of abandoned fields. In addition, we will enrich regional support and cooperation to enhance the support for agricultural debtors and expand measures for agricultural land accumulation cooperation funds for cooperators and recipients of agricultural land. Also, by creating human resources and farmland plans based on regional discussions, we will clarify the future management entity and promote farmland accumulation. Therefore, we will strengthen support measures for agricultural committees and will implement the basic agricultural ledger registry or map information as a basis for agricultural land accumulation.

110. Plan to cultivate abandoned land (measures against abandoned land for cultivation)

By surveying the agricultural land use situation, we will prevent the abandonment of land and will re-cultivate already abandoned land in the next decade.

In order to facilitate the re-cultivation of agricultural land, we will try to secure abandoned land by borrowing it from former holders. Furthermore, to eliminate and prevent abandoned land, we will speed up the procedures formulated in the Agricultural Law regarding the reservation of abandoned cultivation areas for absent landowners or the enabling of non-farmers to become landowners. In addition, we will simplify the procedures of the mandatory use right of abandoned farming land. We also support the reuse of software projects and citizens' farms. At the same time, we will promote the reuse of abandoned areas for cultivation by improving the production infrastructure.

111. Creating a strong foundation for agriculture (promoting the agricultural rural development project)

To realize the utilization of 80% of farmland by workers, we will accelerate the compartmentalization, generalization and upland irrigation of farmland to improve the agricultural productivity and add value to this industry. We will also proceed with disaster prevention and affect reduction measures.

(1) We will accelerate the agricultural land accumulation of large paddy field and upland areas while also promoting the development of pipelines as irrigation canals and underground irrigation. (2) We will promote the generalization of paddy field to introduce highly profitable crops. (3) We will sponsor upland field irrigation for aged water systems. (4) We will take measures for earthquake resistance such as measures against the drainage of lowlands by irrigation facilities and ponds and prevent damages by earthquakes or heavy rainfall. (5) We will bolster the maintenance of farm roads to prevent accidents. In addition, we will expand the local infrastructure and sponsor infrastructure development project costs to improve “the contribution and convenience of farmers”. Furthermore, by promoting the introduction of small hydropower generators, we will complement the high profitability of rural areas. In addition, we will promote the rapid restoration and reconstruction of disaster-stricken agricultural land for example by the Great East Japan Earthquake and realize advanced agricultural areas by large scale-partitioning.

112. New plan to double farming (fostering diverse workers)

We will create a structure with diverse farmers and companies coexisting by doubling the number of new farmers (from 10.000 to 20.000 per year), expanding the number of farmers in their 40s and younger to 400.000 in the next ten years, balancing the number of farmers between generations and improving family management.

Page 32

We aim to enhance and strengthen agricultural employment projects, youth employment support payments, support funds or agricultural management education support and we aim to support new farmers in securing preferred farmland. We will also subsidize corporate management and large families regarding financing, taxation and investment by Super L funds⁶³ for various purposes like management, village farming and enterprise founding. Furthermore, we will actively utilize the capabilities of female managers for the development of regional agriculture and we will promote the creation of human resources, farmland plans and community farming by promoting coordination support measures, such as the extension of agricultural staff OB. We will also encourage efficient management of small-scale farmers by collaborative farming and promote the establishment of village farming. We will also cultivate environmentally conscious agricultural work.

We encourage companies to participate in agricultural production corporations by improving usage rights and contract agriculture and utilizing the sales channels and management know-how of

⁶³ A fund system disbursing necessary long-term funds to improve the management of farmers and which are certified as an agricultural management improvement plan.

companies. Based on the existing system of agricultural mutual aid, which acts as a safety net for stable management, we promote the introduction of new income insurances by improving return measures for subscribers.

We aim to legislate comprehensive support measures for independent agricultural workers.

We as the LDP will establish an agricultural graduate school.

113. Supporting highly profitable agriculture with new technologies (Promoting R&D)

We will push our R&D towards solving issues such as adding high value, responding to climate change and improving incomes in agriculture and rural areas so that regional producers can engage in agriculture with pride and confidence.

We will bolster the development of new varieties and technologies, the improvement of livestock and the strengthening of brands to improve the competitiveness of domestic agricultural products. We will develop agricultural and livestock production systems using large-scale and labor-saving state-of-the-art technologies such as computer technology and robots.

We will refine good agricultural and livestock products as well as food in general to enhance the rich and healthy diet in our country. We will buttress large-scale empirical research using cutting-edge technologies to remove radioactive materials and develop reduction measures in line with the accelerated reconstruction in the disaster areas.

114. New demand for rice and processed products by 1.5 million tons (full utilization of paddy fields)

We will expand production according to the demand for rice, WCS (fermented rice) and processed rice by fully exploiting paddy field and producing 1.5 million tons over the next ten years.

We will set up a production system responding to new demands for rice or processed rice products, advertise the use of rice and WCS for feeding and endorse these effort by fostering entrusted organizations. We aim to reduce the production costs by promoting the introduction of a high variety of crops, direct sowing and double cropping to enhance the profitability of our agriculture. We will support consumers by improving the distribution and utilization system regarding drying, preparation and storage. We will also review production targets for rice or rice flour.

We will promote the development of a production supply system responding to the increased demand for food and meals. We will revitalize efforts to make full use of regional characteristics and ingenuity via the enhancement of local production funds.

115. Expanding the production of soybeans and wheat to meet the domestic demand (measures regarding soybeans and wheat)

We will secure the domestic demand in the next ten years by doubling the introduction of new varieties of soybeans and by introducing wheat bread, Chinese noodles and various other products. We also intend to raise the production capacity to respond to expectations for a stable supply and expand the introduction of new varieties and cultivation techniques. At the same time, we aim to

improve co-drying and preparation facilities for soybeans and wheat to meet the actual demand of consumers.

Therefore, we will introduce mechanized systems and an improved productivity via measures for fertilization or drainage based on field conditions. In addition to accumulating agricultural land for workers, we promote block rotation⁶⁴ as regional efforts to realize a stable production and highly profitable structure.

116. Plan for 1.5 times raised fodder self-sufficiency rate (livestock and dairy measures)

In the next ten years, we aim to raise the fodder self-sufficiency rate by 1.5 times (currently 26% →40%), establish a stable fodder supply system and further upgrade the shared use of livestock barns as well as the externalization of work. In addition, we will implement measures to stabilize the management of specific livestock breeds (dairy farmers, meat cattle, pig farmers, chicken) and improve the distribution system to create highly profitable animal husbandry and dairy farming.

We will realize a highly profitable animal husbandry and dairy farms independent of imported grains and based on domestic fodder. In order to alleviate the impact of soaring fodder prices, we will promote eco-fodder and enrich the fodder price stabilization system.

Page 33

Regarding livestock management stabilization measures, we will rebuild the system to reflect cost changes properly and create a stable production. In addition, to improve productivity, we will strive to stabilize the fodder supply via the externalization of contractors⁶⁵, securing key players, introducing TMR centers (mixed fodder home delivery centers), introducing a station management system and promoting the use of helpers. We will improve profitability via the rationalization of livestock products distribution. We will also promote bioenergy to generate revenues from livestock excreta.

117. Reform of the production structure corresponding to change (measures for vegetables, fruit trees and flowers)

By promoting the improvement of the production and distribution system including its mechanization, scale expansion and rationalizing, we aim to increase the shipment capacity of vegetables for processing and other businesses in the next decade by 50% and offer management support as well as quality improvement measures. We will create a low-cost but high-profit production structure by diversified retailers and production areas. To expand the domestic vegetable demand, we will implement a structural reform of the production distribution system. By reviewing vegetable price stabilization measures, we will promote the participation of diverse workers and production areas. In addition, by introducing low-cost and labor-saving technologies, we will develop a production and distribution system for processing and other businesses.

⁶⁴ A method for collective transformation. Paddy fields are divided into several blocks, each block is converted every year and all the blocks in one area are circulated over several years.

⁶⁵ Fodder production contractor organization.

We will promote infrastructural development, transportation support and countermeasures against unprofitable periods for the production of high-quality fruits. We will also fortify the maintenance and improvement of the share of processed fruits products such as domestic fruit juice by promoting higher quality, local production and consumption as well as the 6th industrialization. Furthermore, we will realize an increased scale and energy conservation by promoting horticulture facilities utilizing local woods to become more independent from fossil energy and high fuel prices. In addition, we will promote the development of new varieties and high-value products via local production and consumption.

In order to flexibly respond to the demand of flowers in Japan and overseas, we will strengthen the production and supply system of domestically produced flowers.

118. Promoting community-based special crops (measures for regional crops such as tea and sweetening crops)

We will promote measures based on the “Law for the Promotion of Tea” and aim to expand the tea production from 85.000 to 95.000 tons in the next ten years. Regarding sweetening crops, we will secure production and management stability by reinforcing our production system and implementing management support measures to secure local employment.

In order to contribute to the stability of tea management, we urge for an improved quality, production stabilization, support for the rejuvenation of old tea fields, measures for unprofitable periods and improved frost fans.

We will steadily advance the sugar cane production project by utilizing the sugar cane production fund and establishing an integrated mechanized system for an improved work efficiency of sweetening crops including red pepper.

We will maintain a proper rotation system of Hokkaido upland crops by promoting crops plants and potato cereals.

We promote soba production according to the demand.

119. Plans for countermeasures against wildlife damage (measures against harming birds and wild animals)

We will strengthen countermeasures against harming birds and wild animals and encourage damage prevention according to local circumstances by doubling the number of wildlife damage countermeasures squads set up by municipalities (from currently 500 to 1.000) and we will thereby drastically reduce the damage in the next ten years.

We will promote comprehensive countermeasures for communities based on the “Law for Special Measures for the Prevention of Birds and Wild Animals”. In addition, we will further hunt measures, such as population control based on surveys of wildlife and inhabitants, as well as the promotion of advanced knowledge, technology and know-how leading to damage mitigation. Additionally, we will double the number of implemented wildlife damage countermeasures squads and implement correlating support measures. For that reason, we encourage private sector entities, such as the

Bunkai Foundation, and other agricultural organizations to participate. In addition, we will promote flexible responses by municipality units such as set hunting seasons and areas.

From a medium- to long-term perspective, we will develop measures regarding the cooperation of forestry and agricultural fields on habitat management based on a harmonious coexistence with nature. We also support the installation of processing and incineration facilities for hunted birds and animals.

120. Plan to double the consumption of domestic agricultural, forestry and fishery products (local production and full utilization of the 6th Industrialization Law)

We will expand the market of agricultural commerce and industry collaboration, local production and consumption and tertiary industrialization from one to ten trillion yen by 2020 while increasing high-value agricultural, forestry and fishery products. At the same time, we will promote “local production and consumption” by capturing the growth of food-related industries which are expected to expand in the future.

Page 34

Based on scientific knowledge, we will aid efforts to further improve food security, including animal and plants protection.

We will create high-value agricultural, forestry and fishery products and increase employment by installing value chains from primary industries to secondary and tertiary industries via agricultural commerce and industry collaboration, local production and consumption and the 6th industrialization. We also support local efforts for local consumption and the 6th industrialization based on community farming. We will build networks of various business operators regarding local agriculture, forestry and fishery, tourism and school meals. We will develop and secure personnel familiar with marketing and coordinating efforts for agricultural, forestry and fishery workers. We support companies on invoking sales channels and commercialization know-how.

We aim to instill educational appreciation for food and dietary education as a national campaign to acquire the ability to choose proper food. We also support the coexistence and convection of urban and rural agriculture areas to enable residents of cities and rural villages to communicate with each other. At the same time, to secure disaster prevention and our landscape, we progress the effective utilization of urban agricultural farmland and sustainable management. Furthermore, we will raise public awareness on agriculture and rural areas and will expand the system to familiarize children with agriculture and rural areas.

We will advance domestic cultivation support and a stable domestic supply system for agricultural, forestry and fishery products by establishing a full-year agriculture via “gardening house complexes” using renewable energy, establishing a stable production, distribution and consumption system, supporting local supply and demand plans for school meals, supporting the restaurant industry and upholding Kampo⁶⁶ crops. In addition, we will work out a stable supply and distribution system for

⁶⁶ Translator’s note: Kampo is traditional medicine.

jivi (wild animal meat). Additionally, we will strengthen our support for fodder and biomass reuse such as “food loss⁶⁷ and food residue⁶⁸”. We will promote full-scale utilization of agricultural, forestry and fishery growth funds and establish overseas demand development support organizations.

121. Export doubling strategy by country and item (export expansion of agricultural, forestry and fishery products)

Based on realistic and concrete country and item export targets, we will develop strategies aiming to double the export of agricultural, forestry and fishery products as well as food in general (one trillion yen) by 2020.

We will set agricultural products and food export targets for each country and item based on food culture of each export destination. For this reason, we will conduct overseas marketing surveys to expand export channels and effectively increase exports.

Furthermore, to meet quarantine standards of partner countries, we will deepen negotiations and try to improve the export environment by eliminating import restrictions of other countries while trying to dispel rumor damage caused by the nuclear accident. In addition, to establish “Japanese brands”, we will implement an “annual supply system” of Japanese agricultural products in line with the wholesale market and will develop overseas utilization of Japan’s “food culture and industry” and processing technology. We will promote the export of domestically produced agricultural, forestry and fishery goods in cooperation with Japanese overseas restaurants. In addition, we will ameliorate the provision of “Japanese food culture” information to foreign overseas officials (8,800 in 194 countries) and will make full use of agriculture, forestry and fishery growth funds and establish overseas demand development support organizations.

122. Revitalizing the power of agriculture and forestry affected by the Great East Japan Earthquake and Fukushima nuclear power plant accident

We will do our best to revitalize agriculture and forestry affected by the Great East Japan Earthquake and the Fukushima nuclear power plant accident. On the premise of the country’s responsibility, we will carry out thorough measures to eliminate salt, remove sludge, regenerate farmland, plant horticulture and revive the coastal forest.

We will disburse thorough payment so that we can properly and promptly pay compensation for the TEPCO’s nuclear power plant accident. Also, we will utilize the newly established funds to support the resumption of farming in evacuation areas. In addition to thoroughly conducting the contamination inspection system for radioactive substances on rice, livestock products, vegetables, fruit trees or shiitake mushrooms, we will take all possible measures to provide safe food to consumers. Furthermore, we will do everything possible to deal with measures taken in reviewing food safety standards regarding radioactive substances.

⁶⁷ Food that is discarded despite being still eatable. Mostly unsold, expired or leftover food.

⁶⁸ Food leftovers, byproducts from the food service industry or residue food.

Towards a strong forestry

123. Strong forestry development and visionary forest maintenance

We will revise the forest management plan system so that we can facilitate necessary measures according to actual on-site conditions regarding not only individual forest groups⁶⁹ but also the nationwide forest management system. We will try to simplify procedures such as the application for, certification by and change of the forest management plan.

We will support efforts to improve the constitution of forestry associations, material producers, forest owners and forest owner agreements. We will make it possible to truncate thinning in areas and districts where no plan has been created yet by institutionalizing forest management projects based on the plan of the new Thinning Special Measures Law and institutionalizing forest management projects by public entities. Clear-cutting will be limited to 25 years or less but it will also be possible cut parts irrespective of forest age. We will take budget measures to promote the formulation and guidance of forest management plans of municipalities.

Page 35

We will stimulate the purchase of high-performance forestry machinery and develop catchment collection material technology responding to the current steep incline. In order to respond to the actual situation of each area, the road network development will encompass a multilevel unit price including the principle of “14.000 yen fixed per meter” for core roads to realize lower operation costs. As measures against forest reduction, we will expand subsidies for afforestation, undercutting, clearing or thinning to secure an upper limit of 3.5% of forest reserves and we will construct a mechanism to enable reforestation after clearing. We also encourage proper maintenance of water sources in forests by public entities and the sound management of public forestry corporations. By reviewing the national forest insurance, we will establish a permanent and stable system with governmental involvement. In addition, we will promote forest exploitation and maintenance with less pollen.

124. Enhancing green employment and human resource development

We will promote the establishment and consolidation of young new workers via green employment and human resource development to upgrade the skills of municipal officials such as forester or forest management planner. Therefore, we will improve the training for forestry engineers and technicians and enhance key players such as forestry companies.

125. Strengthened measures to promote mountain villages

We will enhance and strengthen support measures for regional activities of mountain villages and forestry initiatives (forest or bamboo management) that cultivate the multifaceted function of forests. For this reason, we review current subsidies for regional activities on forest management and create direct payment for maintaining forests and mountain villages and concurrently consider direct

⁶⁹ Forest section units set as forest locations and operate with the natural topography such as the leaf canopy or rivers as boundaries.

payment for agricultural activities. By revising the “Mountain Villages Promotion Law” which will expire in two years, we will work on the necessary maintenance and activation of mountain villages to counter the deterioration of living conditions and intensified wildlife damage.

In order to protect the lives of people and forests from natural disasters such as landslides, we will promote the creation of diversified forests by steadily implementing reclamation projects, creating coastal disaster prevention forests and providing guidance for mixed forests.

We will strengthen the support for the production, distribution and selling system of special forest products expected to be highly profitable and diversify the use of forests for the cultivation of mushrooms, medical herbs or charcoal.

126. Clarifying forest owners and boundaries

By utilizing the procedures of the “Forest Law”, which are namely accelerated cadastral surveys and forest information sharing with municipalities, we will promote a proper forest maintenance and prevent foreign capital to acquire forests. We will promote the electronic registration of forest owners to clarify ownership and boundaries of forest sections.

127. Expanding timber and promoting illegal logging measures

We will consider introducing stockyards to stabilize wood prices. We will comprehensively consider a new system to expand the demand for timber. We will also strengthen our timber distribution system including measures for remote islands.

We aim for a self-sufficiency rate of domestically produced timber of 50% and therefore actively promote the use of timber in public buildings based on the “Wood Utilization Promotion Law” and we will also advocate the use of domestic timber in the field of public civil engineering.

We will develop new wooden products and promote the conversion from steel to wood structures and review building standards. By doing so, we will expand the use of timber in factories, schools, warehouses, offices, construction sites as well as houses. We will actively exploit domestic timber for the reconstruction of private and public buildings after earthquakes. We will promote a wood utilization system to exchange local agricultural, forestry and fishery products.

We will thoroughly conduct PR on the fire resistance of wooden buildings and promote the utilization of thinned timber for laminated wood. We will facilitate wood growth and experimental learning about the quality of forests and trees (expansion of school education on forests) to establish an understanding for Japanese architecture while also nurturing wooden buildings engineers.

We will strongly execute efforts to combat illegal logging and thoroughly advocate the use of legal timber according to the “Green Purchasing Law”.

128. Promoting the utilization of wooden biomass

In order to secure the resettlement in and revitalization of mountain villages and rural areas, we started to supply wooden biomass power facilities, such as unused thinning wood power generators or coal-fired thermal power plants, to expand the employment and income in mountain villages and rural areas and guarantee a stable energy supply. We will actively promote the use of wooden biomass including chips or pellets for agricultural facilities and firewood boilers or stoves.

129. Forest maintenance as a measure against global warming

Regarding countermeasures against global warming, it is necessary to recognize both energy-originated CO2 emission control measures and measures for forests as absorption sources. As various measure for the control of energy-originated CO2 emissions, we implement special measures on the tax rate of petroleum or coal. On the other hand, regarding the general reduction of forests, it is necessary to set up forests and forestry as a national strategy contributing to conservation of our national territory and the prevention of global warming and to endorse forest maintenance, such as afforestation and thinning, as measures to reduce CO2 emissions. Therefore, and based on the tax law established last year, we will promptly and comprehensively secure financial resources for forests as an absorption source and regional global warming countermeasures.

130. Promoting the export of wood and wooden products

In order to spread the virtue and culture of our country's wood globally, we will formulate a national timber export strategy that takes the use of our timber in other countries into consideration. We actively work on exporting wood and wooden products. As part of that, we aim to expand the use of domestic materials at diplomatic residences abroad.

131. Measures to decontaminate forests that are contaminated with radioactive materials

We will steadily offer support and compensation for the future management of forests contaminated with radioactive materials and the production of special forest products, such as shiitake mushrooms.

Towards a strong fishery industry

132. Accelerating the revitalization of the fishery industry after Great East Japan Earthquake and the Fukushima nuclear power plant accident

We will do our utmost to accelerate the revitalization of the fishery industry after the Great East Japan Earthquake and the Fukushima Daiichi nuclear accident. In addition to accelerating the restoration and reconstruction of related industrial facilities, such as fishing boats, fishing ports, aquaculture facilities, processing facilities, ice production facilities and other fishery production bases, we will set forth flexible measures according to the actual situation in different areas for recovery and reconstruction. Aside from ensuring measures against restrained fishing and ramification damage, we will fully support the rebuilding of the fishery industry via, for example, double loans.

We will also thoroughly monitor the radiation in the Pacific Ocean and the seabed.

133. Measure to cope with soaring fuel prices

In order to protect the fishery industry from the soaring price of fish oil which accounts for a large part of the costs of fish farming and aquaculture, and in addition to "emergency measures for rising fuel prices owing to a sharp depreciation of the yen", we will draft a "safety net for fishery management and businesses". We will take measures to enable the survival of fishery businesses

based on the national responsibility for abnormally soaring prices. We will also continue taxing and refund measures for heavy and light oil to permanently stabilize the fishery industry in the future.

134. Securing the income of fishers

To stabilize the management and revenue of fishermen, we will further augment the “fishery mutual aid system” and “fulfillment plus system” and we will thoroughly review requirements for subscription to enable the admission of motivated fishermen. In addition, to support the popularization of ecolabels by Japanese fisheries, fishermen will determine the value of fish and the brand name of fishery products to create a high-quality fishery enabling sustainable development and a proud and motivated fishing management.

Page 37

In addition, we are revising the loan system so that fishermen working towards further soundness of the fishery management will be able to swiftly and smoothly obtain necessary funds. We will also broaden the system to allow unsecured people to use the guarantee system.

135. Become a fisherman! Supporting new employment in the fishery industry

We will inject new power into the fishery industry, the core industry of rural areas, and activate fishing villages. In order to achieve this, we will support the construction of a system transmitting detailed information to new applicants. Also, we aim to expand the support of the national government for organizations and host institutions, such as fishery cooperatives and fishery related companies, conducting on-site training and seminars.

136. Reconstructing fishing boats and relaxing regulations

We will support the construction of highly profitable fishing boats and the management of old fishing vessels with new support measures to construct low-cost but highly productive fishing vessels that take ecology and energy saving into consideration. Regarding regulations, such as fishing boat standards and qualifications of workers, we will revise those based on the current situation to enable safe navigation and operation and proactively promote deregulations commensurate with the current developments.

137. Expanding the consumption of domestic seafood and promoting local production

While the consumption of marine products is drastically decreasing, we will further enhance and strengthen efforts for local consumption, including the supply fishery products for school meals. We will promote experiential fishery at educational facilities to familiarize people with eating habits that involve eating fish from childhood onwards. We will endorse the “Domestic Fishery Distribution Promotion Act” to establish a coordinating system serving as a bridge to match the needs of the producers and consumers of marine products. In addition, we will promote agricultural commerce and industry collaboration to eliminate the clogged distribution of fishery products, secure the cooperation of fishermen on the exploitation of unused fish and expand consumption of fishery products. We will assist ambitious management regarding the acquisition raw materials, development of processing technology and expansion of sales channels.

138. Enhancing the wholesale market as an important base for distributing marine products

We intend to strengthen the functions of wholesale markets as an important base that connects producers and consumers and enables fishery product retailers to directly meet consumers. By building an integrated distribution channel (supply chain), we will strengthen our support for logistics, facility development related to information provision, the improvement of an advanced hygiene control infrastructure, including HACCP⁷⁰ compliance, and stable management measures.

139. Promoting the export of marine products by constructing sanitary control for the fishery industry

In order to expand exports to countries seeking high safety standards for imports, such as the EU, we actively support the introduction of HACCP systems and the improvement of processing and distribution facilities according to this system. We aim to simplify inspections and procedures accompanying exports, assist detailed marketing in target countries for specialized fishery products, promote the regional fishery industries and facilitate fishery exports to contribute to the stability of fish prices. We will steadily expand the domestic consumption of marine products, revitalize the fishery industry and fishing villages and increase the income in this economic sector.

140. Improving the supply system for a stable supply of marine products by regional resource management and enhancement of aquaculture fishery

We will position the fishing ground maintenance and cultivation as a social infrastructure project for a stable food supply and proactively advance the fishing ground improvement project under direct state control. Via the seed and sewage discharge project that acts in accordance with the actual circumstances of each area, we will steadily promote the recovery of low-level fishery resources and support the fishery management.

In addition, we will also promote the creation of “*satoumi*”⁷¹ from the beautiful sea to the ocean with abundant marine resources.

Also, in addition to aiming at the restoration of stable supplies of eel and salmon and the introduction of new technologies, and with respect to items with a high domestic and foreign demand such as tuna, we will amend the management of sea surface cultivation and land-based farming by supporting the development of a diverse aquaculture and fishery considering both profitability and environmental consciousness to enable the steady consumption and export of aquaculture fishery products.

Page 38

Furthermore, we will refine measure for a rich river and lake fishery by improving the steep topography unique to our country.

⁷⁰ Hygiene management method continuously monitoring and recording important information to prevent the occurrence of harm in all processes from exploiting raw materials to manufacturing and shipping.

⁷¹ Translator’s note: *Satoumi* describes a coastal sea area with high productivity and high biodiversity with human interaction.

141. Executing resolute diplomacy to preserve public safety and national interests

Since the safe operation in the waters surrounding Japan is threatened by foreign fishing boats, we will hold resolute diplomatic negotiations with other governments to secure a safe operation of Japanese fishermen. We strive to thoroughly manage resources while also expanding anti-damage measures for the waters surrounding Japan.

As an independent nation, we will resolutely address undue obstructive activities threatening human lives, such as extreme environmental protection groups and restrictions on catches due to undue pressure. Japan will take the leadership and tackle international resource management and whaling issues based on scientific investigation to guarantee a sustainable utilization of fishery resources, such as bonito, tuna or whales. We will conduct resolute diplomatic negotiations to preserve our national interests and we will also exploit overseas fishing grounds via international cooperation and ODA.

Especially regarding whaling for research, we will arrange a system that will be implemented as a national project.

In trade negotiations with the WTO and EPA/FTA negotiations, we strive to formulate international rules to protect the achievements and pride of our predecessors as our national interests and to strengthen international competitiveness of our fishery industry as an important core industry in our prefectures.

142. The nation, not the fishermen, is responsible for management difficulties

Regarding fishing restrictions for resource management according to regulations by international treaties, consideration is given to minimize the impact on fishery companies regardless of stipulated permission. For fishermen, we will provide management stability support as well as support for “international ship reduction” to counter the decreasing income in the fishery industry.

Based on the importance of the fishery industry, which is required to improve the food self-sufficiency rate and to supply a stable quality of marine products to consumers, we will continue discussing measures to improve past financial debt cuts due to a deteriorating business environment and develop a financial structure that enables sound management performance since the fishery industry is strongly affected by international economic fluctuation.

143. Promoting the safety and resistance of fishing ports and fishing villages

Regarding the Tonankai and Nankai Earthquake⁷², we will fortify disaster prevention and damage reduction measures to be prepared for tsunamis.

While taking safety and security into consideration, we will adhere to sanitary control and ecological measures for fishing ports and actively forward the maintenance of fishing ports as well as aging facilities to be resistant against natural disasters such as earthquakes, tsunamis and typhoons.

We do not allow closedown of small fishing ports.

⁷² An earthquake occurring in the western part of Enshu Nada along the Nankai trough to the southern tip of the Kii Peninsula is called the Tonankai Earthquake and an earthquake occurring of the Kii Peninsula in the Shikoku region is called the Nankai Earthquake.

We also strive for rich and safe fishing villages with pleasant living conditions while considering the treatment of domestic wastewater.

144. Further supporting multifaceted function of fishery

The fishery industry provides various multifaceted functions for citizens such as “guarding” (precaution) our territory and borders as well as providing health, rest, exchange and education places. In order to further support the effort of fishing villages, we aim to expand the “multifunctional fishery demonstration project” and “remote island fishery revitalization support grant”.

145. Pest control and damage countermeasures

We closely cooperate with various research institutes and neighboring countries to deal with harmful organisms, such as large jellyfish, Northern sea lion, seal, ascidian, gumi or cormorant, as well as the general mechanism of pests and red tide damages which cause severe harm to the fishery industry beyond imagination. We will prevent and minimize the occurrence of fundamental fishery damages by eradicating pests and promptly providing information on pest occurrence and disinfection for fishermen.

146. Establishing the “Agricultural Mountain and Fishing Village Planning Law” (provisional name)

In order to promote settlement support measures for agricultural mountain and fishing villages struggling under severe conditions, such as a remarkable population decrease, an aging society and a lack of personnel, we will promote settlement in those villages by a new law and we will examine U-turns and I-turns.

Page 39

Let's restore diplomacy and defense.

Japan is the center of the world.

We will prosper along with the international community.

By developing a strategic diplomacy based on the Japan-US Alliance and an unwavering security policy, we firmly protect the lives of our citizens and national interests.

Developing strategic diplomacy

147. Rebuilding a strong Japan-US alliance

The basis of Japan's diplomacy is the Japan-US Alliance as the cornerstone of peace and stability in the Asia-Pacific region. The summit meeting of Prime Minister Abe and President Obama in February this year has rebuilt the relationship of trust between Japan and the United States and led to great results. Based on this, we will further promote cooperation on all levels including security, politics and economy, to further strengthen the relationship.

In addition, we will constantly make efforts to further enhance the effectiveness of Japan's defense capabilities and will try to maintain and strengthen our deterrence capabilities. Furthermore, in order to alleviate the burden of Okinawa while listening closely to the local voice, we will promote the

relocation of the Futenma Air Station to Henoko in the Nago prefecture based on the “Japan-US agreement” and reorganize the US forces in Japan.

148. Realizing a free, rich and stable Asia

We strive for friendship and cooperation with neighboring countries to realize a free, rich and stable Asia. In addition to improving the relations to China, Korea and Russia, we will promote cooperation with the ASEAN countries, India and Australia regarding security and energy policies.

Besides these countries, we will establish a broad cooperative friendship contributing not only to our bilateral partners but also to peace, stability and development in Asia and the whole world. In particular, in addition to promoting efforts to cooperate on environmental problems and the protection of intellectual property rights, we aim to maintain the cooperation with related countries concerning common challenges such as the general principle of the rule of law in the South China Sea and the East China Sea.

149. Strengthening the relationship with a dynamic Africa

We will strive to strengthen the comprehensive and reciprocal relationship between Japan and Africa in response to expectations from Africa and the international community as indicated at the 5th African Development Conference (TICADV) this June.

In particular, we will broaden our support by making use of Japanese technology, knowledge and experience to contribute to infrastructural and human resource development, “human security” and efforts on environmental problems.

Via these efforts, we will encourage investment by Japanese companies in Africa which has abundant resources, will become the center of future global growth and will lead to the vitality of the Japanese economy. The employment and technology transfer brought by investment of Japanese companies not only contributes to further growth in Africa but also lead to Japan’s strengthened presence in Africa as the world’s focus. We will also contribute to the prosperity of the international community through such efforts for growth and development in Africa.

150. Continuing the fight against terrorism

Supply support activities in the Indian Ocean contribute not only to the “fight against terrorism” in cooperation with the international community but also to the reconstruction of Afghanistan. Supply support activities implemented by Japan are an important foundation for international maritime activities in the Indian Ocean and have received high praises from all countries. Moreover, these activities are carried out in cooperation with the international community and at the same time contribute to the national interest of Japan to secure the safety of important sea lanes connecting Japan and the Middle East.

Our party opposes the so-called “check-diplomacy” which only provides money. As a member of the international community, we aim to establish the “Supply Support Special Measures Law” to conduct not only maritime blocking activities to counter terrorism but also to provide vessels

engaged in countermeasures against piracy. Also, we will take advantage of the lessons learned from the terroristic incident in Algeria⁷³ and strengthen countermeasures against international terrorism.

151. Strengthening anti-piracy measures

For Japan, safe navigation and maritime security are directly linked to the existence and prosperity of our nation. Anti-piracy measures are an important issue to protect the lives and property of Japanese citizens.

Page 40

Until now, we have been working on countermeasures against piracy, such as strengthening the nation's maritime surveillance capabilities and cooperating on human resource training to ensure that armed security guards will be able to board Japanese ships, while we continue to cooperate with the international community. By doing so, we will actively counteract piracy off Somalia and the Gulf of Aden. For this purpose, we will establish the "Supply Support Special Measures Law" mentioned earlier and enable support to refuel vessels for anti-piracy measures.

152. Developing marine resources and securing marine interests

Based on the "Basic Maritime Act" formulated by our party, we will secure national marine interests such as the development and use of marine resources like energy resources, the development of exclusive economic zones and the extension of the continental shelf. We will promote aggressive development and exploitation of resources while supporting environmental conservation and harmony. We will advance the marine industry in order for us to become a truly maritime nation, including a comprehensive legislation on exclusive economic zones.

153. Strengthening international cooperation regarding disasters

We appreciate the support received from the international community after the Great East Japan Earthquake and will continue to actively cooperate on international support regarding disasters. At the same time, we also proceed with the maintenance of necessary equipment and consider establishing hospital vessels. Also, we will provide our lessons learned and knowledge gained on disaster responses, disaster prevention, evacuation and relief system for the world as a soft power.

In addition, based on the third UN Conference on Disaster Reduction held in Japan, we aim to further promote the provision of disaster prevention in international cooperation and formulate a framework (Post Hyogo Framework⁷⁴) for effective disaster prevention.

154. Contributing to the international community and reforming the UN Security Council

As a new era approaches, participation in the decision-making of the Security Council by countries with the intention and ability to play a major role in maintaining international peace and security will improve the representation and effectiveness of the Security Council. We will continue to work for

⁷³ At the terroristic incident in Algeria in January 2013, an armed Islamic group attacked multinational natural gas facilities in Algeria and Japanese workers were also killed.

⁷⁴ The Hyogo Framework of Action describes the "Action Framework 2005-2015" adopted after the United Nations World Conference on Disaster Reduction held in January 2005 in Kobe, Hyogo Prefecture. We compile disaster prevention guidelines until 2015.

an early realization of the “Security Council Reform” so that Japan enters this council as a permanent member.

In addition, we will reinforce Japanese executives and staff at various international organizations and play a leading role in these institutions.

155. Promoting nuclear disarmament

We will take the initiative to strengthen the international disarmament and non-proliferation regime. We will promote realistic and concrete efforts especially concerning nuclear disarmament. Also, in order not to give rise to security concerns, we will start a fundamental discussion on our “nuclear deterrence policy” and draft a basic policy.

156. Enhancing ODA and the support for developing countries

Official Developmental Aid (ODA) is an indispensable means of our foreign policy. Based on our medium- to long-term strategy, we aim to expand ODA both in volume and quality while promoting the prioritization and efficiency of ODA based on the concept of “human security” and the responsibility to achieve the Millennium Development Goals. Therefore, we will establish a basic principle of ODA and a “Basic ODA Law” aiming to make the management of ODA transparent.

We will continue to strengthen the cooperation with private economic circles and NGOs and contribute to the revitalization of the Japanese economy via strategically using JICA’s overseas investments and loans by improving the institutional foundation of ODA loans⁷⁵. At the same time, we will support law enforcement systems and customs capacity and improve the investment environment of developing countries.

In addition, we will actively utilize ODA to stimulate private trade and investment regarding the promotion of infrastructural systems and the overseas deployment of Japanese enterprises and local governments including small and medium-sized enterprises to incorporate the demand of emerging and developing countries into the growth of Japan. The support of Japanese companies entering overseas markets will be the primary task of overseas diplomatic institutions and we will therefore provide maximum support, such as network information and general information.

We will also establish a mechanism to maintain a smooth relationship with ODA receiving countries.

157. Enhancing resource diplomacy

We will focus on “resource diplomacy”, including diplomatic officials, daily activities by overseas diplomatic embassies and diplomatic tools like ODA, to strengthen the relationship with major resource countries and diversify supplier countries. At the same time, we will establish a win-win relationship between our country and partner countries by providing human resources for developing countries.

⁷⁵ Long-term loans made for the purpose of infrastructural development provided by the Japanese government to developing countries.

158. Strengthening strategic foreign communication

In the international society countries compete for an improved image of their own country. Therefore, strategic information dissemination is important to deepen the understanding of Japan in foreign countries. Through promoting national cooperation, we will strengthen our efforts to bring the international opinion on our side by enhancing the interest and close affinity to Japan and forming a good image of Japan.

Specifically, we will carry out efforts to forward the understanding of Japan's strengths and attractiveness, as well as the understanding of Japanese values by introducing and exporting diverse Japanese cultural and regional attractions while also disseminating the Japanese language. We will also intensively promote intellectual exchange by creating networks of think tanks and other institutions.

We will also promote cooperation between the public and private sector while fulfilling our promises on budget and personnel.

159. Strengthening efforts on global issues

Based on the principle of human security, we are calling for global-scale environmental conservation regarding climate change and global warming measures to cope with new types of influenza and improve health systems and the health sector in general. We will strengthen efforts toward various issues, such as resources, that are directly related to the lives of citizens like water and sanitation.

Page 41

In particular, we will actively contribute to accelerating efforts to achieve the Millennium Development Goals (MDGS)⁷⁶, to formulate international developmental goals ahead of 2015 and to formulate an international framework for global warming countermeasures (Post Kyoto Protocol). In addition, in October this year, we strive to settle measures against mercury contamination by holding a diplomatic conference in the Kumamoto Prefecture to adopt and sign the "Minamata Convention" on mercury.

160. Strengthening the security of nationals and companies in foreign countries

In order to assure the safety of Japanese companies overseas, we will strengthen information gathering, our analysis and dissemination structure, strengthen information sharing and cooperative relations between the public and private sector and broaden our support to protect Japanese nationals and companies overseas in case of emergencies. As part of that, we will revise the "Self-Defense Forces Law" to expand the means of transportation of Japanese nationals living in foreign countries.

161. Strengthening the diplomatic implementation system

In the ever-changing international society, it is necessary to further strengthen our comprehensive diplomatic force to secure global peace and prosperity while taking Japan's national interests into consideration. For this reason, we have compiled the "action plan 10 to strengthen comprehensive

⁷⁶ Eight goals of the international community for the 21st century adopted at the United Nations Millennium Summit in 2000, which encompasses the eradication of poverty and hunger.

diplomatic capabilities” (nurturing of human resources to become the foundation of diplomacy, realizing the 150 embassies system, etc.) and “concrete efforts” will be implemented (medium-sized government specialized institutions, maintenance of diplomatic facilities overseas and securing local staff, cost reduction due to the consolidation of facilities and procurement of public establishments and offices overseas such as JICA, JBIC, JETRO or the Japan Foundation).

Based on these strategies, we aim to expand our budget and personnel to strengthen our diplomatic implementation system including the activities of diplomatic overseas missions.

162. Developing diplomatic lawmakers

We will actively develop diplomatic lawmakers and make use of experienced ministers to enlarge the range and sophistication of Japan’s international relations.

Promoting economic partnership that matches our national interests

163. Approach on free trade

Free trade is the pillar of our foreign trade policy. Regarding the WTO Doha Round⁷⁷, we will continue to work towards an early conclusion of the negotiations. Regarding agricultural negotiations, we aim for the establishment of rules to enable the coexistence of diverse agricultural activities of each country and sustainable use of forestry and fishery resources.

Regarding economic partnerships such as EPA, FTA or regional agreements, we will actively promote items with great merit according to our national interest and maintain necessary border measures⁷⁸ and we will carry out thorough domestic and regional economic measures.

Regarding TPP, Prime Minister Shinzo Abe confirmed at the Japan-US summit talks that TPP negotiations were not based on the “elimination of tariffs” and subsequently expressed the participation in negotiations. We will use our bargaining power and pursue the best strategy to meet national interests by protecting what we should protect and attacking what we should attack. In particular, sacred areas (vital interests) such as the agriculture, forestry and fishery industry, which is restricted by natural and geographical conditions, will be prioritized and protected via a public insurance system. For this purpose, the government and ruling coalition partner will closely work together and proceed negotiations together.

- Secure sanctuaries for the five important items (rice, wheat, beef/pork, dairy products, sweetening crops) in agricultural, forestry and fishery industry restricted by natural geographical conditions.
- We do not accept numerical targets for industrial products such as automobiles since they are contrary to the idea of free trade.
- Protecting the public/national insurance system.
- Preserving standards for food security.

⁷⁷ One of the trade negotiations in the WTO.

⁷⁸ Measures such as tariffs taken when importing or exporting.

- We do not agree with the ISD clause⁷⁹ which does not include measures to submit complaints and would harm the sovereignty of our country.
- Government procurement and financial services take the characteristics of our country into account.

164. Promoting international economic partnership

While the Japanese economy is said to be dependent on foreign demand, the actual export share is only about 10% of the GDP. In order to achieve strong economic growth driven by domestic and foreign demand, we need to establish a multilateral free trade system while prioritizing national interests and incorporate the vitality of other countries into our growth. To this end, Japan will demonstrate international leadership.

Page 42

In addition to strategically selecting priority countries, we will actively negotiate on Economic Partnership Agreements (EPA) and Free Trade Agreements (FTA)⁸⁰. We will carry out efforts for participating in wide-area economic partnerships in the Asia-Pacific region such as the Pacific Rim Strategic Economic Partnership Agreement (TPP), CJK FTA, East Asia Regional Comprehensive Economic Partnership (RCEP) and the Economic Partnership Agreement with the EU. In order for Japan's trade to be carried out stably while facing intensifying trade competition worldwide, we will promote free trade through mutual cooperation relationships based on the needs of foreign countries including developed and emerging countries.

165. Promoting investment and tax agreements

We will promote the liberalization of capital flows via bilateral investment and tax agreements and will thereby enable profits gained in overseas markets to create new added value in our country. We aim to completely eliminate the double taxation subsidiaries of reflux funds such as dividends and royalties of overseas companies. For this reason, we will strive to improve the quality of Japan's investment agreement which is currently lagging behind in 31 countries (as of May 25, 2005) and other developed countries to be in line with the actual demand of the business world.

Building strong and agile defense capabilities and security system

166. Enhancing personnel and budget to adapt to a changing security environment

With the inauguration of the Abe Cabinet, the defense and SDF budget increased for the first time in 11 years.

As the security environment surrounding Japan becomes increasingly stringent, including nuclear tests and missile launches by North Korea, military expansion and activation by China and intrusion into Japan's territorial waters and airspace, we will strive to further strengthen our defense capability

⁷⁹ Abbreviation for Investor-State Dispute Resolution Clause (Investor-State Dispute Settlement): The right to allow a local government to appeal to an international arbitration institution when a company or investor suffers losses due to local government interference or legal deficiencies in the targeted country of the enterprise.

⁸⁰ An agreement aimed at reducing or eliminating tariffs on goods and barriers to service trade among specific countries or regions.

and steadily enrich the defense budget to secure necessary equipment and personnel for the SD to steadfastly protect the lives, property and territory of our country. The outline of a new defense plan and the medium-term defense capability improvement plan will be formulated by the end of this year and we will do everything possible to defend the present and future of our country.

By doing so, we will seek to further increase the efficiency of procurement and by reviewing traditional policies and existing organization with unconventional ideas, we will realize not only quantitative but also qualitative improvements and expansion of our defense capabilities. In order to improve the responsiveness and reinforcement of the SDF, we will ensure the necessary personnel for units, improve the age structure of the SDF personnel and enrich human resources including the reserve SDF⁸¹. We will enhance the medical system of the SDF by establishing an accurate lifesaving and retrofitting system to be able to respond diverse situations. At the same time, from the viewpoint of readiness, we will enrich the government buildings near garrison sites and bases.

In addition, we will improve the treatment of SDF personnel, including support for re-employment after retirement, and we will reward the commitment of citizens.

167. Strengthening the role of the SDF in conjunction with the new US national defense strategy

We will review the “Guidelines for Japan-US Defense Cooperation” to respond to the new US national defense strategy and enrich our deterrence capabilities. We will also promote defensive cooperation with allies and partner nations including the conduction of visible bilateral and multilateral joint trainings and agreements for the exchange of goods, services and information. Thereby, we will increase the deterrent power of the entire Pacific region.

168. Establishing a “National Security Law”

The government will implement the “National Security Law” to manifest the right to self-defense (including the right to collective self-defense) necessary to safeguard Japan’s safety. This law includes the responsibilities of national and local governments as well as citizens, necessary domestic policies regarding security concerns, upholding the SDF and civilian control and measures for peace and stability of the international community. We will preserve defense industries and weapon exports and promote comprehensive security policies.

169. Establishing a “National Security Council”⁸²

In order to strengthen the functional center of the official residence⁸³ concerning diplomacy and security, a “National Security Council” will be established by the Cabinet. We will fortify this system to improve national information gathering, analysis capabilities and regulations as well as laws

⁸¹ Reserve Self-Defense Forces. Personnel normally participating in training to maintain the skills necessary as a SDF member while living as a civilian or student.

⁸² Meeting to consider Japan’s diplomacy and defense policy with four central members: Prime Minister, Chief Cabinet Secretary, Foreign Minister and Defense Minister.

⁸³ Translator’s note: Official residence e.g. of the Prime Minister.

concerning information preservation and disclosure and we will utilize accurate information to protect our national independence and public safety.

170. Reforming the Ministry of Defense

We will accelerate the reform of the Ministry of Defense. In particular, by strengthening integrated operations, reconsidering the relationship of internal departments and staff offices, properly placing SDF (U) and civilian (C) personnel according to expertise (reorganizing into UC mixed organization) and integrating unit operations, we will proceed with the reform of the Ministry of Defense and SDF to work more aggressively and efficiently.

Page 43

171. Establishing an “International Peace Cooperation Act”

In order to promote international peace cooperation activities by the SDF contributing to peacebuilding in the world, the prompt dispatch of the SDF will not only be based on the “Supply Support Special Measures Law” or the “Iraq Humanitarian Reconstruction Assistance Special Measures Law” but also on the new “International Peace Cooperation Act” as a comprehensive law. Based on the experience and lessons learned from the activities of the International Emergency Relief Team, we will organize related laws to enable faster and more effective dispatching. The overseas dispatch of the SDF, such as the UN PKO or anti-piracy operations off the coast of Somalia and the Gulf of Aden, will be carried out in accordance with our national interests and international cooperation.

172. Strengthening the crisis management system

With regard to emergency situations (including armed attacks), we will improve the legal system and organization by strengthening cooperation among relevant ministries and agencies and establishing emergency clauses in the constitution to be able to respond promptly as a nation.

173. Defending Japan from new threats

Concerning our necessary level of defense capability, we will uphold the deployment of a ballistic missile defense system with high responsiveness and effectiveness, measures to counter large-scale terrorism or guerilla and measures against NBC weapons (nuclear, biological and chemical weapons). In particular, we will try to promote using the space for security measures and to enhance our ability to respond in the cyberspace as soon as possible. For this end, we will also encourage Japan-US cooperation.

174. Securing important facilities such as nuclear power plants

In order to protect important facilities, such as nuclear power plants, from unforeseen threats, for example terrorism, we will strengthen the collaboration between the police, Japan Coast Guards and SDF and enrich the necessary personnel, organization and equipment. In addition, the National Police Agency, Japan Coast Guards as well as the SDF cooperate with the Nuclear Regulatory Commission and business operators to conduct joint training assuming security emergencies at

nuclear power plants. We will attempt to improve the cooperation to enhance our comprehensive coping capacity.

Additionally, in order to strengthen our comprehensive crisis response ability, the relevant ministries and agencies are required to verify the response procedures and the division of roles via realistic simulations. We will continue to examine various issues including legal aspects that appear during collaborative training.

175. Enhanced training for large-scale disasters

We appreciate the selfless activities of the SDF, police, fire departments or Japan Coast Guards who have devoted their fullest efforts to the relief of victims, restoration and reconstruction after the Great East Japan Earthquake. We will prepare a system to cope with large-scale disasters by implementing joint drills on local levels.

176. Collaborating with regions supporting our defense

Defense facilities are the basis of various activities of the SDF and the US Army in Japan and are indispensable for supporting the SDF and the Japan-US security system. In order for these facilities to fully demonstrate their functions, we will cultivate awareness of protecting the nation as a whole, strengthen countermeasures around the bases by sufficiently taking local needs into account and collaborate with relevant local governments, residents and support organizations.

177. Promoting burden reduction on residents around military bases

Based on the fact that various burdens are imposed on residents living around military bases, we are working on reducing these burdens, improving the living environment and creating jobs, which also includes various policies concerning the arrangement, consolidation and reduction of the US military bases in Okinawa.

We will pay special attention to Okinawa regarding the construction of the Futenma airfield and will carry out special consideration and measures for relevant local governments.

178. Maintaining and strengthening defense technology and production sites for the future technology of the Japanese nation

In order to maintain and strengthen the technology and productions bases of our domestic defense industry based on our national defense policy, we will promote voluntary technical research and development and joint development and production by Japan and the US. We will urge for participation in international joint development and production based on the achievements made possible by domestic enterprises involved in manufacturing the F-35 jets. We will implement drastic reforms such as the global utilizing Japan's outstanding technologies and products and the dissemination of the equipment developed by the Ministry of Defense, other ministries and private companies.

179. Constructing a robust social infrastructure by the G space project (geospatial information)

The G space project integrates geospatial information and satellite positioning information as basic information on territory, territorial waters and airspace. We will endeavor to secure Japan's diplomatic, economic and defense security and toughen the country by establishing a social infrastructure based on these comprehensive information.

We also contribute to strengthening the security, disaster countermeasures, marine surveillance and mainland management of Japan and ASEAN countries by linking the satellite systems of each country based on the mid-zenith satellite system.

180. Constructing a space system directly linked to improving Japanese diplomacy and defense

While monitoring the trends of major space countries, we will capture and utilize Global Commons⁸⁴ directly linked to the national interests of Japan. Specifically, we will accelerate R&D necessary for high-resolution and high-frequency information gathering satellites and early warning satellites necessary for Japan's missile defense. It will also be used for various other purposes such as communication, weather observation or reconnaissance for the SDF. We will promote the development of a dual-use⁸⁵ space system and devise a plan to maintain and improve the related transportation system. We will also establish a domestic system for space monitoring and will build new launch sites.

In addition, we aim to launch seven mid-zenith satellites and also promote a position measuring policy and enhance Japan's international presence to secure stability in the Asia-Oceania region. Furthermore, since effective cooperation with foreign countries is necessary, we will hold a "Comprehensive Japan-US Space Field Dialogue" and will continue to cooperate in monitoring the space with the United States.

181. Strengthening cyber security measures

Japan's information security technology is still far from the world's highest level and we therefore aim to be able to deal with related emergencies by 2020. Regarding national security, diplomacy and public safety, we aim to drastically strengthen information security to appropriately respond to cyber-attacks⁸⁶ from foreign countries.

Specifically, we will shorten the period to achieve our goals to five years and promote comprehensive measures such as intensive training of the public and private sector by capital investment and information system personnel, develop human resources and improve educational activities as well as R&D. While establishing funds and budgetary measures, we will legally improve emergency-related and secret-related laws and regulations and reinforce information security organizations.

⁸⁴ International public goods such as the space, ocean, cyberspace and so on.

⁸⁵ In particular, technologies that can be used for both civilian and military purposes.

⁸⁶ Terrorism conducted via cyber-attack networks.

Furthermore, we will promote cooperation via bilateral efforts and participation in international conferences to establish an effective comprehensive dialogue between the governments of Japan and the United States regarding the cyber space while also establishing effective cooperation with other foreign countries.

For this reason, we are raising the budget for such measures, which is currently inferior to that of the United States and other advanced cyber countries. We will boost the budget especially for the National Police Agency, the Ministry of Defense and the Japan Coast Guard to expand our cyber space defense force and develop a dynamic defense and backup system. In addition, we will take immediate steps to ensure that all information equipment and multifunction devices of government agencies are under strict security surveillance.

Regarding government procurement and taking cyber security into consideration, we will construct a mechanism to eliminate problematic products.

From the viewpoint of national security, we will enrich our budget to actively introduce the technologies of developed cyber countries and boldly allocate budget to nurture our own cyber security technology parallelly.

The North Korea Problem

182. Preventing North Korea's nuclear development and missile launches

A comprehensive solution for the abduction, nuclear and missile issues is important. North Korea's nuclear tests and missile launches pose a serious threat to Japan's security and challenge the NPT (non-proliferation of nuclear weapons) regime. Along with the continuing measures against North Korea, we will take actions based on the UN Security council resolutions and in accordance with concerned countries.

183. Resolving the abduction issue

Abduction is a serious crime committed by states. North Korea shifted from the Kim Jong Il to the Kim Jong Un regime⁸⁷ but as long as there is no specific change in the attitude towards the abduction issue, our basic policy is to return all abducted victims, investigate the truth and urge for the rendition of the offenders while offering no economic assistance.

Page 45

Moreover, we will thoroughly investigate missing people other than the ones specified by the government and further restrict the movement of "humans", "goods" and "money" based on the consistent idea of "dialogue and pressure". We strongly urge North Korea to redo the full investigation of the abductions.

Furthermore, since the suspected abduction of Americans by North Korea is also an important issue, we will strengthen the approach of the US government urging Japan and the United State to solve the problem and strongly requesting China's cooperation while Japan leads the cooperation of the

⁸⁷ On December 17th, 2011, due to the death of General Secretary Kim Jong Il, Kim Jong Un became the righteous leader of North Korea.

international community including the cooperation of the Investigation Committee set up by the United Nations on the human rights situation in North Korea. We will also realize the prioritized returning of abductees victims.

Territorial issues

184. Establishing a government organization in charge of territorial sovereignty issues

As part of our policy to rebuild our national territory, we will further strengthen our internal and external dissemination of territorial and sovereignty information via the “territorial and sovereign countermeasures planning and coordination office” newly established under the Minister in charge of territory. Furthermore, we will develop and strengthen the government organization concerned with territorial and sovereignty issues. Regarding the continuing problems of the Northern Territories and Takeshima, we will revitalize negotiations and show our strong resolution.

185. Establishing research institutes on territorial, sovereignty and historical issues

New institutions will be established to conduct historical and academic research on territorial issues. The institutions will utilize the research results to raise awareness and advertise PR content in the domestic and international society on Japanese claims based on law and history. Also, regarding various post-war compensation trials and the discourse on so-called comfort women, unjustifiable arguments contrary to historical facts have been made public and the honor of our country has been severely impaired. We will use the research of the new institutions to refute and disprove these arguments.

186. Maintaining laws related to the upholding and promotion of remote border islands

The “Special Remote Border Island Upholding Promotion Law” and the “Unmanned Remote Border Island Control Act” contributing to the appropriate promotion and management of remote border islands will be established and the examination of the “Territorial Waters Guarding Law” will be forwarded.

187. Strengthen effective control and stable maintenance of the Senkaku Islands

We will review the policies on the Senkaku Islands which continue to be uninhabited but are still part of our national territory and we will therefore strengthen effective control measures. We strive for a stable maintenance of the islands and waters by reconsidering the competences of public officials to protect the island and will establish support measures for the surrounding fishery environment.

188. Strengthening territorial security

To ensure the safety of the world’s sixth largest exclusive economic zone and 6.852 islands, we will improve the personnel, equipment and budget of the Japan Coast Guard and establish a system to protect our territory and national seas. Especially regarding the Nansei Islands, we will place emphasis on the police, Japan Coast Guard and SDF and enhance their capabilities by improving our maritime transport capacity.

Let's restore our peace of mind.

We will protect valuable life and wealth from crime, terrorism and disasters.

We want to create the “safest country in the world” where everyone wants to live and go to.

Strengthening security and terrorism measures

189. Formulating a new action plan based on the new mobilization “to regain the best security in the world”

By promoting measures based on the “eight declarations to realize the safest country in the world” formulated in 2008, the number of penal code offenses was halved compared to 2002 when the highest number of penal code offenses were recorded. However, in recent years, the private safety formation system was deteriorated in its capacity by a decline in volunteers and crimes on which it is difficult to gather evidence, such as severe threats of cyber-attacks, are emerging. Currently, we are not the “safest place in the world”. Therefore, based on the plan to “regain the world’s best security” formulated in May 2013, we will draft a new action plan in the next five years to enforce comprehensive security measures.

190. Enhancing the support for the private safety formation system

So far, we have been supporting dedicated activities such as those of crime prevention volunteers and voluntary probationers who have supported Japan’s good security. The existence of such a “private safety formation system” can be regarded as a culture Japan should be proud of.

However, recently, volunteers and probation officers have become quite inconstant, and the average age also rises, so that challenges for the future are looming.

For this reason, our party supports sustainable street crime prevention activities, advocates the installation of street lights and security cameras in shopping districts, reduces burdens imposed on officers, enhances the rehabilitation protection support center and promotes the future sustainability of the private sector to strengthen the private safety formation system.

191. Strengthening measures against crimes and new measures on cyber-crime

In recent years, threats of cyber-crimes and cyber-attacks become more serious, conflicts caused by organized crime groups threatening the lives of citizens become visible and there is also the need to respond to other threats such as terrorism, international terrorism and terroristic acts on power plants and sport events.

Regarding these crimes, it is more difficult to gather evidence and information. For this reason, our party is working on the elimination of illegal or harmful information in the cyberspace by establishing the NCFTA (cybercrime science training alliance) in Japan. We will do everything against cyber-crime, organized crime and terrorism by strengthen security organizations, examining the sophistication of investigation methods and reviewing information collection and security systems.

192. Establishing a reliable security infrastructure

Despite holding consultations with the police in advance, it has been impossible to prevent the occurrence of tragic incidents and cases of prison offenders committing crimes again.

Therefore, our party aims to strengthen the structure of legal and police departments according to the needs of citizens, such as improving the skills of consultation workers, establishing a wide area information management system and improving the skills of corrective staff, to establish a proper security infrastructure.

Promoting a tougher country

193. Promoting a “resistant country (strong and flexible Japan)” to protect the lives and property of citizens

To be prepared for the Tonankai/Nankai earthquake, which is expected to be linked to the Tokaido earthquake⁸⁸ in the future, we will contribute to an advanced disaster prevention and prompt restoration and reconstruction by amending the draft of the “Basic Law on Disaster Resistance” and adding a special measures law (Act on Special Measures Concerning the Promotion of Earthquake Disaster Mitigation Measures for the Nankai Earthquake) so that we will be able to enact earthquake disaster prevention measures. We will formulate a bill with immediate earthquake countermeasures in the next decade to realize “prompt and urgent evacuation”:

We will strongly promote measures that reduce the impact of disasters, such as the improvement of roads, tsunami evacuation facilities and rescue systems. In particular, we will develop intensive efforts over the next three years.

Page 47

In addition to maintaining, strengthening and diversifying capital functions, we are promoting the formation of multi-axial national projects, such as the Japan Sea Land Shaft, the multi-line distribution network and the smoothing of logistic support systems to fortify the whole national country. Furthermore, we will explicate efforts for toughening our country by medium- to long-term development of the regional economy and creating employment. In particular, we will promote initiatives aimed at strengthening the national land based on the “immediate response for the toughening of our national country” formulated in May 2013.

Also, by utilizing the newly created disaster prevention and safety grants, we will prioritize budget for aging countermeasures and will promptly respond in the future based on the process chart of aging countermeasures implemented in March 2013 for three years. We will systematically update road facilities such as aging bridges, ports, river management facilities and sewers to secure the safety, lives and wealth of citizens.

At the time of the Great East Japan Earthquake, local outsourcing organizations responsible for the emergency transportation road revitalization and restoration such as the operations by the Tohoku

⁸⁸ An earthquake expected to occur directly under the metropolitan area where political and economic operations are concentrated.

Regional Development Bureau and the TEC-FORCE⁸⁹ played a major role. With regard to local agencies, we aim to further strengthen our ability to respond to wide-area disasters without transferring the responsibilities to specific higher authority levels.

194. Strengthening citizens and cities for the occurrence of disasters

Based on the lessons learned from the Great East Japan Earthquake disaster and to prepare for other large-scale earthquake disasters, it is necessary to construct earthquake-resistant houses and building, which also includes the dissolution of the public transportation infrastructure, resolving densely built urban areas and developing wide-ranging backbone networks and double tracks as well as storm surge countermeasures. We will proceed with the maintenance of evacuation routes and tsunami evacuation facilities. In order to cope with torrential rains, such as heavy rains frequently occurring in recent years, we will also utilize the newly created disaster prevention and safety grants, upgrade the flood control function of dams and rivers and fortify emergency measures of urban flooding via sewer systems. In particular, we will promote the construction of dams and embankment projects while taking local opinions into consideration. Regarding heavy snowfall greatly exceeding recently, we will utilize a system to temporarily support snow removal expenses of municipalities and promote public emergency and disaster plans to prevent regional isolation.

In addition, we will introduce comprehensive measures for disaster-resistant town development including the establishment of wide area disaster prevention bases and construction management systems. We will advance earthquake monitoring, provide earthquake warning systems and sediment-related disaster warning information systems.

Furthermore, in addition to supporting intensive urban development projects, it is necessary to secure a safe environment for bicycle users and pedestrians, for example the maintenance of bicycle roads, and we aim for a town planning that is convenient for all citizens while considering the environment and public health. We will bolster the creation of compact cities with appropriate transportation and conditions for pedestrians. In order to attract highly valuable industries and talents, and to promote the competitiveness of large cities, such as Tokyo, as a base for international business, we encourage private investment in urban development and we will create a strategy for entire urban areas to support the living of foreigners and functions of city sales⁹⁰.

We will take necessary support measures, such as establishing the idea of the preliminary disaster prevention system and examine compensation payments for the relocation for areas in need of relocating towns after earthquakes or tsunamis and we will assist stepwise town planning.

Furthermore, we will simplify the access to information on the occurrence of disasters and will promote barrier free constructions to allow elderly people, disabled people, children and pregnant women who need assistance to be evacuated safely. Especially for people having difficulties to obtain information, such as visually handicapped or deaf people, we will launch various

⁸⁹ Emergency Disaster Measures Delegation Corps.

⁹⁰ Measures for revitalizing cities by improving the image and recognition to effectively and strategically disseminate the charm of cities.

communication channels such as letters, symbols, sign language, recording or vibrations with consideration of various obstacles. In addition to promoting the provision of information via various means, we will facilitate the provision of easy-to-understand information according to the specific situation, urgency and amount of information.

195. Enhancing and strengthening the firefighting disaster prevention system and firefighting teams

It is an urgent task to be able to deal with major earthquakes such as the Tokyo Metropolitan Earthquake or the Tokai, Tonankai and Nankai Earthquakes. Using the bitter lessons learned from the Great East Japan Earthquake, we will enrich emergency fire support aid teams and regular firefighting vehicles and equipment and promote the development of firefighting and disaster prevention facilities to strengthen our capability to respond to large-scale disasters.

In order to amend our ability to respond to disaster damages on industrial and energy infrastructure such as petroleum industrial complexes, we will work on R&D and the maintenance of firefighting vehicles, equipment and materials and tighten the collaboration of firefighters and business operators. Additionally, we will promote the increase of firefighters, the enhancement of the equipment of firefighting teams, the improvement of the treatment of firefighters, the upgrading of earthquake-resistant facilities and the diversification of disaster information transmission means for residents and firefighting departments. In addition to enhancing the disaster prevention capability of our country, we will establish a new law to improve the activity of firefighting teams and voluntary disaster prevention organizations which are indispensable for regional disaster prevention.

196. Promoting urban disaster prevention

To protect the functions (including government functions) of big cities such as the three metropolitan areas with a dense population, it is important to secure communication networks, implement measures for people who are unable to return home and construct incombustible and earthquake-resistant wooden housings. Aside from enacting countermeasures against liquefaction in residential areas and ports, we will proceed with the effective maintenance of aging water and sewerage systems, improve the river and underground control to prepare for heavy rainfall and implement further disaster prevention measures. Utilizing PPP projects, we will jointly rebuild cities and expressways by integrating the aging of metropolitan expressways and private urban development.

Page 48

Furthermore, we will promote large-scale seismic diagnosis for buildings used by many people and also create a mechanism to maintain port functions even when earthquakes occur.

In addition, we will complete the Yodogami Dam to prevent flood damages in the Ichikawa area and meet the water demand in the metropolitan area.

197. Maintaining the road network including the core network of the country as promised to our citizens

We will upgrade of the nationwide road network like promised to the citizens and this also includes the elimination of missing links of expressways and four lane roads. Regarding expressway fees, we

will maintain the principle of allowances and aim to expand the discount system contributing to the convenience of citizens and affective use of expressways. We will also simplify the discount system and revise the law on the privatization by public road corporations. We will review the operation of privatized highway companies. In addition, we will clarify the maintenance method in an easy-to-understand manner and in light of the Japanese Grand Design.

We will proactively develop alternative routes demonstrating tide-keeping functions during tsunamis, emergency evacuation routes and centers, transportation restoration and reconstruction assistance materials, safety measures for residential and school roads as well as regional roads without being bound by traditional project evaluation.

Since roads are valuable assets of citizens, we will also maintain and update infrastructure inspections and repairs of local governments via newly established disaster prevention and safety grants and clarify the obligation to conduct technology-based road inspections.

198. Improving the comprehensive transportation system

In order to secure convenient regional public transportation as a “living foundations”, and in addition to establishing a framework to promptly and systematically upgrade public transportation, we support efforts contributing to an increased use of public transportation. We will implement fiscal and legislative measures as support for efforts by stakeholders and local governments. Additionally, to optimize taxi projects, we submit a draft amendment of related laws within this year to improve the working environment of drivers.

We will carry out efforts to improve the management of public transportation and improve the railway access from Haneda and Narita international airports to the central city of Tokyo and steadily improve the airspace in Yokota⁹¹. We will arrange a comprehensive transportation system contributing to international competitiveness by steadily improving backbones of this very network such as airports, ports and highways.

Regarding the maintenance of shinkansen, we will do our utmost to complete the shinkansen route between Nagano and Kanazawa by the end of FY2014 and the new Aomori shinkansen of Hokkaido at the end of FY2015. With regard to the driving problem, we will realize high-speed driving based on time zone classification by spring 2018 and will continue to study the measures for a new driving system. Concerning the new Kaodate – Sapporo, Kanazawa – Tsuru – Takeo Onsen – Nagasaki route, the construction plan was approved last year and we aim to drastically shorten the construction period and to reduce the local burden imposed by the parallel conventional line. Also, we will proceed to extend the Hokuriku shinkansen to Osaka.

With regard to superconducting magnetically levitated railways, we decided to implement a maintenance plan and will promptly proceed with the environmental impact assessment for the construction between Tokyo and Nagoya while the construction is scheduled to start in 2014. Concerning this construction, we will create an environment for local businesses to participate

⁹¹ The airspace of the Yokota base is a vast area that spans eight prefectures and one city and this airspace managed by the US military is funded to prevent the overcrowding of airways.

actively under the principle of “local production and consumption”. In addition, we will promote all necessary measures towards an early opening of the line between Tokyo and Osaka. Above this, we will create access control for an effective utilization of the line and establish a preferential treatment system to attract enterprises and we will support the export of the superconducting railway technology. We also aim to realize the free gauge train⁹². We will review the overall transportation system to promote modal shift⁹³ and CO2 reduction.

199. Improving airport and port functions to improve international competitiveness

Regarding our aviation policy, we aim to comprehensively promote various policies to maintain the network of routes necessary for people’s daily lives. We strive to sustain our airline network by expanding and strengthening the functions of airports as an international competitive base. We will broaden the departure and arrival capacity of Tokyo metropolitan airports and revitalize airports serving as the core infrastructure of local provinces. Moreover, in order to advance the Japanese aviation industry by strengthening its international competitiveness, we will strategically promote air liberalization (open sky)⁹⁴ to be able to compete with other Asian countries, further reduce the fuel tax, aim for equal footing⁹⁵ with foreign countries, reduce the landing charge and navigation aid usage fee and carry out regulatory reforms. We will work on improving the environment of new aviation businesses such as LCC (low cost carrier).

In addition, regarding ports supporting regional economies and industries, it is necessary to secure port functions, improve their accessibility, port operation and service levels, develop industrial locations and respond to bulk cargoes. We aim to enhance the international competitiveness of our country by introducing a system to form import bases, shifting to national management and maintaining port functions even in the event of large-scale earthquakes. We aim to strengthen harbor disaster response capabilities since they are the lifeline of the Japanese industry. Furthermore, we will renovate aging port facilities and infrastructure related to industrial complexes and secure the safety of industrial and logistic infrastructure.

Page 49

200. Protecting critical infrastructure

Aside from the administrative and communication infrastructure, the importance of defending critical infrastructure, such as medical facilities, roads, airports, harbors or electric power, gas, water, petrochemical facilities and power plants, became obvious during the Great East Japan Earthquake and nuclear accident. However, at present, each infrastructural facility is managed by different business operators and measures against disasters fall apart. For example, at a hospital in a disaster-stricken area, its functions do not completely recover if only the electricity is restored but also the

⁹² A train that can run with various wheel spaces according to the width of tracks of free gauge train lines. It is possible to use bullet trains (width of 1435mm) and conventional trains (width of 1067mm) on the same routes.

⁹³ Transferring cargo transports to railways or marine routes with low environmental impact.

⁹⁴ Airports decide the arrival, departure, route and flight number for airlines.

⁹⁵ Equal footing means equivalent conditions to sell goods and services. It involves identical conditions to allow different parties to compete freely.

communication network, water supply, transportation network and emergency medical system must be restored.

Therefore, we will strengthen each infrastructural facility to be independent, grasp the situation at all times with sensors and coordinate them by a new network. We will routinely analyze the priority of disaster recovery and interdependency of each infrastructure and improve information sharing. This applies not only to medical institutions, but also to administrative organizations such as local governments and financial institutions. In particular, considering the current situation of a permanent threat of earthquakes, we will improve the infrastructure defense system by considering the establishment of important infrastructure protection centers (provisional name) and accumulating budget for these goals.

201. Strengthening the information infrastructure development and promoting the ability to quickly respond to disasters

Since the need for mobile phones and wireless access points via new transmission technologies increases, the overloading of the current transmission system becomes serious day by day. From the viewpoint of disaster prevention, we will also minimize obstacles for the mobile phone network, as the most important social infrastructure, while also aiming for decentralization and local industrialization of data centers with heightened capacity to strengthen our core communication network. In addition to distributing the government information systems that is currently concentrated in the metropolitan area, we will urgently develop backup systems by, for example, establishing an ultra-high-speed network.

During the Great East Japan Earthquake, many submarine cables of the Boso Peninsula were damaged. This poses a great hindrance to the communication network and we will promptly reconnect this area.

Furthermore, since the enormous amount of information and big data analysis play a vital role for the industry, government and public sector, it is essential to expand the information infrastructure and further advance the development of high-speed broadbands.

We will also utilize ICT to introduce an infrastructure based on the “public cloud” as contributing to the regional management and to create vibrant regions. In the whole country, including remote islands, disparities between urban and rural areas in the means of communicating information to residents at the time of disasters must be tackled so it is imperative to develop a reliable information infrastructure in all regions. For that reason, it is necessary to achieve high-speed broadband maintenance and to enhance backup systems of local governments via cloud technology. We will also integrate local handicaps as an opportunity, establish a decentralized information shift in companies and industries and carry out initial investment. We will secure the necessary budget to financially support related operational costs.

Preserving the global environment

202. Promoting “offensive environmental policies” making full use of the world’s advanced technologies

We will select technical development fields that are expected to create a huge demand as a national project, such as storage batteries, fuel cells, next generation cars or smart grid. We will also disseminate energy-saving technologies as the strength of Japan. For example, we aim to achieve outstanding energy efficiency of Japanese manufacturers by promoting thermal efficiency of coal-fired thermal power plants with the highest standards, heat pumps⁹⁶, electric vehicles, storage batteries, CCS (Carbon Dioxide Recovery and Storage)⁹⁷, smart grid and other technologies to contribute to the worldwide reduction of carbon dioxide.

203. Fast spread of eco cars and the modal shift

Regarding environmentally friendly eco cars, we will increase their share of new car sales by 2020 in accordance to the automobile green tax system.

Furthermore, we are committed to contributing to global warming countermeasures, such as mass marketing and production of electric vehicles, by leading the R&D competition and at the same time contributing to the growth of the Japanese economy. We will accomplish the world’s fastest spread of eco cars, such as electric or hybrid cars.

In addition, by promoting the distribution of goods via railways or ships and improving the convenience of public transportation facilities, sidewalks or bicycle paths, we will carry out the modal shift (promote environmental preservation by shifting from automobiles to transportation methods with less greenhouse gas emissions).

Page 50

204. Accelerating the construction of eco houses

Until 2030, we will greatly advance the construction of eco houses and new public buildings, accelerate the construction of zero emission buildings⁹⁸ and promote energy-saving housing (eco houses) to constitute 80% of all new houses.

205. Promoting environmental business

To contribute to the preservation of the global environment while developing superior environmental technologies and businesses, and while also supporting the development of new technologies and overseas dissemination of, investments in and loans to environmental businesses, we actively sponsor the increase of “environmental budget”. Specifically, according to this year’s priority policy “Financial Initiative to Create a Low Carbon Society”, we will shift to an environmental business operation contributing to economic growth and regional revitalization via low-carbon city

⁹⁶ A device creating high temperatures via a heat medium such as a semiconductor.

⁹⁷ A technology to artificially collect released carbon dioxide and contain it underwater.

⁹⁸ The United Nations University advocates zero emission since *heisei* year 6 (1994). It promotes a recycling system aiming at zero waste by effectively using waste as raw material.

development, renewable energy and energy conservation. We will also work on the creation of new businesses which will help to reduce the greenhouse gas emissions.

Furthermore, we push for the usage of eco points and the “visualization” of environmental information of each product and service to improve the environmental performance of our market.

In addition, as a new environmental business model, we will try to spread the “carbon offset”⁹⁹ system to enable citizens and business operators to offset their own CO₂ emissions by purchasing credits.

206. Establishing the “Basic Law to Promote a Low Carbon Society”

We will lead the formulation of an international framework as an effective Post-Kyoto Protocol¹⁰⁰ by involving all major emitting countries and thereby aiming to reduce greenhouse gas emissions by 80% until 2050 compared to 2005.

Based on changes after the nuclear accident and other circumstances, we will review the reduction of 25% and set a zero-emission target. We will implement a new alternative to the Kyoto Protocol Target Achievement Plan to realize a feasible reduction target. Also, we will create a countermeasure plan and an aggressive global warming diplomacy strategy for the COP 19 (19th Conference of the Parties to the United Nations Framework Convention on Climate Change) in November by using Japan’s superior environmental technologies and carrying out realistic and effective policies. Specifically, we will implement a mechanism to invite private funds to invest in environmental businesses by utilizing a financial mechanism (Financial Initiative to Create a Low Carbon Society) and a program to accelerate the introduction of renewable energy.

Also, we strive to prevent global warming and realize a society enabling the environment and economy to grow together by stimulating each other. Also, to advocate low carbonization and in order to encourage changes in the behavior of the economy and society, we will accomplish emission reductions in all sectors, while keeping in mind the impact on the international competitiveness of our national economy and industry. Aside from providing support and regulatory measures, we will review the whole tax system to include a comprehensive environmental tax and advance the further greening of the whole tax system.

207. A totally new international framework for greenhouse gas reduction

To overcome the stagnation of international negotiations on the Framework Convention on Climate Change, Japan will propose to create a global framework to reduce greenhouse gas emissions.

In order to disseminate greenhouse gas reduction technologies to developing countries, the cost of introducing state-of-the-art technology shall be compensated by a Global Relief Fund (provisional name).

⁹⁹ To offset a part of greenhouse gas emissions, which is inevitable in economic activities, by reducing or absorbing emissions.

¹⁰⁰ The Kyoto Protocol was agreed on at the „3rd Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 3) held in Kyoto in December 1997. It entails targets to reduce greenhouse gas emissions for each country.

We will consider financing this relief fund by constructing a new global fund system, including common carbon taxes and international solidarity taxes, while not significantly changing competition conditions among nations. As a result, strong incentives to introduce state-of-the-art technology in developing countries will be given and at the same time, no burden is imposed on these countries or developed countries which provide this technology.

208. Promoting adaptation measures

To promote adaptation measures to global warming, it is important to preserve biodiversity, the life and health of citizens and the living environment as well as to maintain the productivity of agriculture and forestry and to improve social capital. To achieve this, we will take comprehensive and systematic measures.

In particular, while strengthening the observation and surveillance system on the impact of global warming, we will actively support the prevention of infectious diseases, the improvement of agricultural crops, the prevention of damages by floods, storms or droughts and the prevention of sediment disasters.

209. Promoting the information disclosure on greenhouse gas emissions

We will establish and enhance statistics on emissions, greenhouse gases and the progress of necessary measures to realize a low carbon society. We will promptly announce and publish the results and take successive measures.

In addition, we will disclose information on emitted greenhouse gases and business activities taking the creation of a low carbon society into consideration will be evaluated by a wide range of entities.

Page 51

210. Promoting Green ICT¹⁰¹

By using the information transmission system, we promote the reduction of greenhouse gas emissions and promote an energy-saving use of devices and public transportation as well as a rationalization of the distribution, production and consumption of goods.

211. Promoting a public campaign to create a low carbon society

We will deepen the interest and understanding about the creation of a low carbon society among business operators and citizens. In addition, we will carry out an annual national campaign through voluntary actions by each citizen and various public events on the “Cool Earth Day” on July 7th to appeal the change of business style and lifestyle.

212. Promoting a low carbon society and environmental education

Based on the revision of the “Law to Promote Environmental Education and Environmental Preservation Activities”, we will promote environmental education under the leadership of our party.

¹⁰¹ We will contribute to the drastic reduction of CO₂ by increasing the use of Green ICT.

By promoting a ten-year strategy concerning education on sustainable development (ESD), we will advance the leading role of citizens in realizing a low carbon society. We will also contribute to human resource development in Asia.

In addition, we will adopt education on environmental preservation (environmental education), enhance public relation activities and support grassroot activities. In particular, to improve environmental education at home, school, workplaces, communities and all other possible places, we will ensure teaching materials, human resources and environmentally friendly school facilities as well as improved learning conditions.

213. International Leadership after the COP 10

Based on the results of the COP 10 (10th Conference of the Parties to the Convention on Biological Diversity) held in Nagoya, Aichi in 2010, we will demonstrate international leadership and aim to become an advanced country in ensuring biodiversity.

214. Creating a mechanism to regain a rich natural environment

We strive to create a magnificent mechanism to regain a rich natural environment, while taking into consideration the declining population, including the loss of forest rangers during the promotion of postwar development, the revival of undeveloped woodland near populated areas and biodiversity. Regarding future town planning as well as infrastructure and regional development in Japan, more environmentally friendly efforts are required. We will promote compact town planning as well as environmentally friendly lifestyles and communities. Thereby, we will create sustainable 21st century urban or living areas where urban functions and an abundant natural environment coexist.

215. Realizing national parks displaying the grace of biodiversity

In order to let national parks represent our beautiful country and make it more attractive, we will maintain and recover ecosystems in national parks as well as maritime preservation areas based on the revised “National Park Law” established in May 2009.

While protecting the natural environment, we will maintain national parks as valuable sites to get into contact with nature and will thereby boost ecotourism, protect hot springs and support the activities of NPOs and rangers (nature preservation officials).

216. Responding to changing habitats due to global warming

As the opportunities to use insecticides increases due to changes in habitats resulting from global warming, there is a risk that the influence on human health and the environment by the use of insecticides will expand.

For this reason, we aim to establish a “Draft Law on the Proper Control of Insecticides” (provisional name) and establish necessary measures concerning the promotion of proper control of insects to protect human health and environmental conservation.

217. Protecting and managing rare fauna and flora

In order to protect and manage rare species of plants and animals threatened by extinction, we will promote survey for an improved cultivation of habitats and promote the reclamation of rare animals

such as Toki and the Tsushima Catfish via training on wild habitats. We will also prevent damage to ecosystems by alien species.

Regarding the protection of rare animals, we have already strengthened penalties on actions, such as fraudulent trading, at an ordinary Diet session this year and we will take even more effective measures to greatly increase the number of species subject to regulation.

Page 52

Meanwhile, with regard to alien species, we will strengthen the regulations on crossbreeds and prepare an alien species damage prevention plan as well as a list of invasive alien species to further strengthen countermeasures against these.

218. Realizing a society coexisting with animals

Based on the amended “Animal Welfare Management Law”, we will eliminate the “mass killing of dogs and cats” and will put efforts into the maintenance of facilities for straying animals and thereby create a society living in harmony with animals.

In addition, to protect the life of pets, we will consider introducing an information management system operating with microchips.

219. Promoting the greening of private land

In addition to urban parks, we will carry out measures, support and regulations to green private land (plantings, lawns, roofs and walls on privately owned land).

220. Establishing a system to prioritize public institutions to acquire national parks

Over 40% of the Oze National Park are owned by a private company. If the sale of the property is targeted, Oze’s valuable nature can be threatened.

Likewise, there are many cases in which private people own sites of parks originally managed by local governments, so for the purpose of “protecting our natural scenery and land”, which is one of the objectives of the “Natural Park Law”, it is necessary to create a system that favor public agencies when private owners sell premises.

For this reason, we strive to establish a system that allows public institutions to preferentially acquire privately owned land as well as national and prefectural natural parks.

221. Expanding the survey on the preservation of the natural environment

Japan’s “Natural Environment Preservation Survey” and ecosystem maps operate with the world’s top-class accuracy. For Japan, since having world-renowned ecological and biological resources, surveying and proper management of ecosystems contributes to our national interests and we intend to expand these projects.

222. Promoting measures against fluorocarbons

We will expedite the development and diffusion of alternative substances contributing to the control of fluorocarbons which also causes global warming.

Based on the amendment of the “Fluorocarbon Recovery and Elimination Law”, we will achieve the reduction of CFC emissions by strengthening comprehensive measures aimed at the entire cycle, from manufacturing to disposal, of fluorocarbons.

223. Creating a recycling-orientated society making full use of local characteristics

To further advance the establishment of a recycling-orientated society in Japan, we will promote “wastefulness” and an appropriate use of waste by reduction, reuse and recycling (“3R”). In addition to expanding our efforts, the government and municipalities cooperate to advance the utilization of waste energy as well as biomass and encourage cooperation via national and regional networks. Thereby, we will accelerate the creation of a low-carbon and recycling-orientated society.

224. Promoting the recycling of waste

We will enact eco points that citizens receive upon bringing clothes, electronic equipment, books or reusable PET bottles to resellers and recyclers. In addition, we will nurture and encourage second-hand markets and rebuild these as an individual industry while keeping in mind that reasonable recycling is conducive to our original goal of “reducing the environmental burden”.

Furthermore, to facilitate the conversion to business operations treating waste as valuable resources and to not only dispose and recycle waste in the waste disposal industry, we will introduce a certification system for effectively performing industrial waste disposal companies and advertise the transmission of the best practices to nurture excellent reuse businesses and to actively implement green purchasing as well as environmentally friendly contracts.

225. Promoting domestic wastewater measures and eradicating illegal dumping

In order to promote efficient domestic wastewater measures, we will increase the dissemination of merger septic tanks¹⁰² and improve the system to optimize their management while obtaining the understanding of municipalities.

In addition to ensuring proper disposal of industrial waste, we will promote efforts to prevent and promptly deal with illegal dumping to protect Japan’s beautiful land.

226. Children’s health and environment

It is a basic duty of the government to preserve a safe and affluent environment allowing people to live in peace. Therefore, we will try to elucidate the influence of chemical and radioactive substances on the environment to realize an environment enabling children, our next generation, to grow up healthily. We will also push for safety assessment and management taking all chemicals, radioactive materials and international trends into account.

¹⁰² Septic tanks are able to process wastewater for cooking, washing or bathing.

227. Preserving a safe and secure environment including the atmosphere, water and soil

Regarding environmental preservation, we respond to new issues, such as fine particulate matter (PM 2.5), photochemical oxidant tending to be gradually increasing or poor oxygenation¹⁰³ in the bottom layers of lakes and bays. In particular, we will try to revitalize the rich lake environment in accordance with the creation of coastal areas with abundant natural blessings (so-called *satoumi*) and the characteristics of each lake. In addition to promoting efforts based on the “Coastal Landfall Disposal Law”, we will formulate measures to preserve the marine environment in prioritized areas. Additionally, we will steadily implement countermeasures against soil contamination based on the revised “Soil Contamination Countermeasure Act”.

228. Responding to transboundary pollution

We are concerned about the impact of transboundary pollution originating from Japan’s neighboring countries. In order to take measures to prevent health damages and to take up fundamental correspondence with the countries producing the pollution, we will investigate the mechanism of environmental pollution in East Asia.

We encourage voluntary responses of neighboring countries and, if necessary, provide assistance.

229. Steady implementation of pollution health damage countermeasures

At the diplomatic conference to be held in the Kumamoto Prefecture in October this year, we will adopt the “Minamata Convention on Mercury”. We played a leading role in formulating it and will present the world the environmental nation Japan. We will steadily implement pollution health damage countermeasures that encompass solving problems, supporting asbestos victims and taking general measures against asbestos.

We will continue to consider necessary countermeasures such as environmental investigation on domestic gas emission.

It is a major duty of politics to realize everyone’s peace of mind, both now and in the future.

Towards a society supporting childbirth and parenting

230. Improving the quality of school education as well as childcare in infancies and communities by steadily implementing the “New Child Care Support System”

Last August, we enforced the “Law on Children and Child Care”, which the LDP revised and established in FY2005, by utilizing the stable financial resources of national and local governments secured by the reformed tax system. We will realize both school education and childcare in early childhood, expand the regional child rearing support and improve the quality of child rearing facilities in consideration of regional circumstances.

¹⁰³ Oxygenated phenomenon caused by the consumption of oxygen in the decomposition of organic matter and phytoplankton carcasses accumulating on sea grounds.

231. Accelerating efforts to resolve the issue of children on waiting lists

Regarding nursing care, we are committed to improve and expand the current nursing care system centered on approved childcare centers and thereby ensuring the healthy growth of children and a safe and secure childcare. We will also actively support parenting families.

Furthermore, to ensure that all children who need childcare receive high-quality childcare,

- We will maintain and improve nursery facility standards, raise the nursery teacher placement standards and the treatment of nursery teachers by securing personnel, establishing training for nursery teachers and creating a specific career system.
- Based on the “Plan to Eliminate Waitlisted Children”, we will secure about 400.000 childcare places by the end of FY2017. Especially since the next two years will be an “emergency concentration initiative period”, we will intensively prepare 200.000 more nursery care places.
- We will carry out countermeasure against the closing of nurseries in rural areas.
- We will secure appropriate childcare hours to ensure childcare and education regardless of the working hours of parents.

Page 54

Regarding the administrative expenses for private childcare centers, we will adhere to the obligation to provide municipal nursing care in accordance with Article 24 of the “Child Welfare Law” and we will ensure that national subsidies cover facility maintenance expenses.

232. Family support from pregnancy to child rearing

As measures against the declining birthrate and since children are the foundation of the entire Japanese economy and social security, we will continue our unbroken support based on the new system for supporting children and child rearing.

- Disseminating knowledge about pregnancy and infertility
- Enhancing support for those who suffer from infertility, including subsidies for specific infertility treatment and consultation support
- Continuing to pay the expenses for medical pregnancy examinations and considering the improvement of lump sums
- Enhancing the consultation service during pregnancy, childbirth and child rearing
- Supporting obstetric medical institutions to improve the birth giving environment in residential areas and develop and enrich perinatal care networks
- Enhancing the care of mothers after childbirth and improving the childcare support depending on the developmental stage from newborns and babies up to three years
- Promoting measures aimed at making gratuities for all nursery schools and kindergartens from the age of three until elementary school enrollment
- Supporting the improvement of the system for childcare, postnatal child care and temporary child care in regional child rearing support centers and family support centers
- Establishing a mechanism to protect the lives of infants against infections via pediatric medical care

- Improving infant health examinations and developing a system to enable early diagnosis of developmental disorders
- Reviewing and enhancing countermeasures against chronic diseases of children and providing the medical expenses for children in need of long-term medical treatment
- Considering support for families with elementary or junior high school children to enhance school attendance
- Promoting children clubs after school. We will secure safe activities on Saturdays and after-school activities at elementary and junior high schools and officially promote learning support and experiences/exchange activities using local education entities. We will introduce after-school clubs in all elementary school districts and for all grades by using existing elementary school facilities. We will guarantee an appropriate scale and quality of these clubs by increasing the number of instructors and enhancing the legal basis of “public responsibility” and “minimizing regulations”.
- Enriching the opportunity of “papa mama classrooms” to learn the importance of life and growth development before delivery
- Aside from childcare leave and introducing the spouse maternity leave system (8819 movement), parents will more likely take childcare leaves if we improve the settings to not be disadvantageous for career paths and by promoting child care for babies.
- If both men and women want to work until the children reach the age of three, we will maintain a working environment enabling easy childcare leave or short-time work.
- Promoting living and employment support to enable mothers, fathers and families to balance child rearing and employment
- Improving the system to support parenting families by involving experienced child caretakers or grandparents
- Promoting multiple generations living together
- Promoting harmony between work and life (work / life balance)
- In order to support a smooth return to work after childcare leave, we will try to improve the childrearing environment based on the “Support Plan for Returning after Childcare Leave” according to the needs of individual workers at small and medium enterprises.

From the viewpoint that the foundation of our society is “self-help” and that the cooperation of family members has to be appropriately appreciated, we will restore the deduction of youth and child allowances.

233. Acceleration efforts by local communities and the society for an early detection of child abuse

Child consultation centers are obliged to disseminate and operate common nationwide hotlines. We will ensure appropriate personnel in charge and at the same time, the Regional Council for Protective Children’s Countermeasures further strengthens cooperation with related organizations such as medical institutions and the police. In addition to conducting training for an early detection of child

abuse by healthcare professionals surrounding children, we also accurately grasp the actual condition of child abuse and implement necessary law revisions to check facts after receiving notifications. We also actively develop educational strategies to prevent child abuse.

Page 55

234. For abused children to smile again

To enable children growing up in child care homes to be independent, we have expanded the system of employment and living support after the age of 18 and we will broaden the social care functions of child care facilities and child consultation centers to enable children to live in a homely atmosphere and strengthen exchange and communication between related institutions. Also, we will work on raising the number of professional staff and standards for employment so that each worker can respond to each child in detail.

Furthermore, we will enhance our support measures so that abused parents and children can regain their smiles again by promoting group homes¹⁰⁴ and foster care systems.

Establishing a stable and sustainable social security system

235. Establishing a pension system that relieves young people and the elderly

In order to curb the rise of the annuity insurance premium rate, we will secure the necessary financial resources and permanently raise the share of the basic pension national treasury burden to one half. As a measure for pensioners, we will shorten the period of eligibility from 25 to 10 years and will take further measures, such as separating welfare benefits from the pension system, as efforts against low pensions.

To take advantage of the work force and motivation of the elderly people, the amount of pension payment decreases according to salaries so that individuals can choose the starting date of pension payments as well as the amount according to life designs. Therefore, we will review the old-age pension system.

Regarding the expansion of employee insurance fees (including medical and nursing care) for part-time and non-regular workers, we have already revised the related law but we will continue considering the impact on employment and management in the future. We will restore confidence in the pension system by clarifying and solving urgent pension record problems. We will introduce a social security and tax number system to improve the reliability, transparency and efficiency of social security services which include pensions.

Regarding the future of the pension system, we will revise necessary pension plans based on the results of the deliberations of the National Congress on Social Security System Reforms and in accordance with the “Law to Promote Social Security System Reforms”.

¹⁰⁴ Homes for sick and disabled people receiving assistance from professional staff and are engaged in community life in small groups.

236. Realizing a sustainable medical treatment for citizens' peace of mind

We will implement the following measures to ensure high-quality medical care and secure necessary medicine for the citizens.

- Support local efforts on medical issues with regional medical revitalization funds, such as securing doctors in communities
- Correct the unbalanced settlement of doctors as well as specified doctors between different regions and secure necessary medical faculty capacities
- Review the clinical training internship system
- Improve the conditions/treatment of workers
- Improve the working environment of female doctors
- Enhance functions of clinics
- Based on the survey of necessities for medical treatment in communities, the number of clinic and hospital beds for each medical treatment course will be adapted, appropriate placement of medical equipment will be secured and the collaboration system of medical institutions will be enhanced
- Training and introduction of family doctors
- Enhance the functions of emergency medical institutions
- Enrich family care pharmacies
- Promote team medicine conducted by medical personnel
- Enhance and strengthen regional occupational health center via the collaboration of industrial physicians and psychiatrists

In order to uphold the dignity of people and enable a gentle last stage of life, we will revise necessary information to respect the will of patients concerning medical care and especially terminal medical care. We will also improve care facilities and provide various services, such as home services, for that purpose.

By implementing guiding measures like, for example, granting incentives to consultants regarding the formulation of preventive medical programs as well as active medical examinations and by promoting specified health examinations or health guidance, we will actively enable disease prevention and early diagnosis to contribute to the extension of healthy life expectancy. To optimize the range of medical treatments covered by insurances, such as generic medicine, we will restrain double medical treatment (overdose) and self-payment of meal feeding medicine (excluding medically necessary items) and thereby alleviate the financial burden on citizens.

In order to stabilize the operation of the National Health Insurance and strengthen its functions, we will broaden the operation unit from municipal to prefectural level. Regarding the correcting of the gap between the public and private sector, we will promote the integration of mutual aid associations, such as the Kenpo Association, to maintain the insurance functions and leveling the insurance rate for employees.

Since “the maximum amount of current high-cost medical expenditure is said to be high”, and in addition to promoting review on this matter, we will lower the maximum amount of high-cost medical care expenses to guarantee appropriate medical treatment for everyone. After introducing the tax number system, we aim to establish a comprehensive expense system covering all other social security services, including medical and nursing care. Furthermore, it is difficult to say that all aspects act in accordance with financial burden ability, such as raising the upper rate of the monthly salary share of employee’s insurance, disintegrating each municipality and focusing only on assets within the same municipality. We will aim for reviews of such calculation methods of the National Health Insurance.

Page 56

The elderly medical care system is based on the current insurance system, and by focusing on the consumption tax on the premise of securing necessary financial resources for the increasing public expenses on medical matters, we will protect the public health insurance system by reviewing the financial burden ability, suppressing the rise in insurance rates for the National Health insurance, Kenpo Association or Union Health Insurance and by supporting the elderly medical care system.

To enable the use of state-of-the-art medicine and medical equipment suitable for the needs of patients as soon as possible, we will actively utilize the current uninsured insurance coverage medical care expense system (evaluation of recuperative treatment) and make it easier to use medicine and medical equipment not covered by insurances.

For elderly insureds, we consider combining services such as pension, medical care and nursing care according to their individual situation and enable a comprehensive use of these services. In addition, some medical insurers are increasingly encouraging self-help efforts for young and middle aged via the cafeteria plan (selective welfare system) and the country will promote its popularization.

Regarding the taxation of medical treatments, we will verify the tax burden on medical institutions and pharmacies and will continue to adapt the rate.

There are 863 public hospitals playing a core role in regional medical care throughout the country but about 50% of those are in a deficit condition and extremely difficult business situation. Since the private medical care system mainly focuses on depopulated areas, we will advocate efficient management of public hospitals, including obstetric, pediatric and medical emergency departments, and will also provide appropriate financial support via local tax allocation. We strive to improve management soundness and enhance regional medical care.

We aim to improve the life expectancy by improving the medical system that guarantees the admission of emergency patients in medical institutions anywhere in the country and ensures the operation of medical helicopters¹⁰⁵ throughout the country and also at nighttime.

¹⁰⁵ Helicopters specialized in emergency medical care. A doctor and nurse get on a helicopter, equipped with medical devices, and conduct medical treatment while transporting the patient to the hospital.

237. Promoting R&D on and the dissemination of medical devices

By establishing the “Law on the Promotion of Research and Development and Promotion of Medical Devices for an Improved Medical Care Quality” as the basic law to promote R&D on and the dissemination of medical devices and by constructing a system on the characteristic of medical devices through amending the “Pharmaceutical Affairs Law”, we are advancing the review of approvals and establish a system driven by R&D. Thereby, we will eliminate the fact that medicines and medical devices from abroad cannot be used in Japan. We will promote the development and prompt introduction of more suitable medical equipment.

238. Comprehensive measure for citizens to receive regenerative medicine

We will promote comprehensive measures for the research and production cycle of regenerative medicine ahead of the world to improve the quality of medical care and sanitation for citizens. The “Law on Comprehensive Measures for Citizens to Promptly and Safely Receive Regenerative Medicine” was passed during our legislation. Along with its basic objectives, we will promote a system reform by revising the “Pharmaceutical Affairs Law” and enacting the “New Regenerative Medicine Act”.

239. Enhancing cancer countermeasures

In order to respond to the needs of citizens for specialized medicine for cancer or heart diseases, we will urgently concentrate on the medical functions of medical facilities or hospitals required in all areas (specialized cancer hospitals, palliative care centers, rehabilitation centers).

We will “reduce cancer deaths”, “reduce the pain of all cancer patients and their families by improving the quality of medical care” and “construct a society in which people can live with confidence with cancer” by further improving radiation as well as surgical therapy and chemotherapy, promoting team medicine, enhancing palliative care after cancer has been diagnosed, advancing cancer registration and related legislation and improving the cancer treatment of working people and children. We will furthermore upgrade cancer hospitals for children, establish a collaborative system of regional medical care services, improve cancer examination, uniformize the medical treatment of cancer by enhancing medical institutions and concentrate on the interplay between disease and treatment. We will enhance the training of specialists, introduce information consultation support and information provision systems, formulate a new comprehensive cancer research strategy and work on systematic measures against cancer in accordance to the needs of patients and citizens.

As a cancer countermeasure specifically for women, we will implement the screening of cervical and breast cancer and promote early examination of adult males regarding prostate cancer.

240. Vaccination policy

Since Japan is said to be a country inappropriately carrying out vaccination and in order to further utilize vaccines as an active response to vaccine-preventable diseases, and to secure health security, we aim to improve R&D on vaccines and improve our supply system under a new policy. Cervical cancer preventive vaccines, pediatric pneumococcal vaccines and Hib vaccines have been added to the objectives of periodic vaccination. Furthermore, we aim to establish and promote a new

vaccination policy to prevent infectious diseases and will include mumps vaccines and varicella vaccines to periodic vaccination.

After gather information on possible reactions to vaccinations, we periodically analyze and evaluate these by experts and actively publish information.

Page 57

In preparation for new threats, and in accordance with the “Law on Special Measures for Pandemic Influenza and Other Diseases”, we will develop a framework for a new spread of influenza (derived from highly pathogenic avian influenza) by involving all administrative agencies, local governments, companies and the whole nation to adapt the framework to needs of citizens.

241. Enhancing the communication of medical health information

It is urgent to enact measures against diseases, including infectious diseases, to protect public health and ensure safe and secure living. In order to strengthen the communication and sharing of correct information, we will reorganize and evaluate public health information on medical science from an academic point of view.

242. Death cause investigation system contributing to medical security

In order to secure safe medical care for patients and to prevent the recurrence of unfortunate accidents, we are considering ways to deal with death causes, including deaths due to medical accidents. We will also promote a diagnostic system for death causes and necessary financial support.

243. Promoting the death cause investigation system

We aim to eliminate “unknown death causes” based on the discussion of the government’s investigation of death causes to maintain and improve public health by preventing crime overlooking, improving the consent of survivors and the society as well as medical development. As a first step, we actively evaluate necessary measures such as implementing Ai¹⁰⁶ on all cases of childhood deaths and enrich the nationwide dissection system.

244. Promoting mental health welfare

Based on the fact that mental illnesses have been included as one of the five diseases in medical planning, we will further promote psychiatry medical care and improve its quality to contribute to the mental health and wellbeing of citizens.

In response to the expansion of new social needs for psychiatric medical care, such as psychiatric emergency medical care for suicide attempts, depression, physical complications during adolescence or dementia, we will support research on the spread of correct knowledge on psychiatric disorders, promote early diagnosis and treatment, advance mental health education for children and at workplaces and improve diagnostic methods and treatments.

In addition, we aim to realize a symbiotic society enabling a stable life in local communities and encourage the support for the independence and social participation of disabled people.

¹⁰⁶ Abbreviation for Autopsy Imaging. Diagnosing the image at death.

As measures for long-term hospitalization and to provide services supporting local life, it is necessary to secure the residence in communities and to provide a spirit of appropriate psychiatric department functions by establishing psychiatric geriatric hygiene facilities. We strive to improve the efficiency and quality of medical welfare.

245. Promoting measures against dementia

As measures against dementia, in addition to early diagnosis and differential diagnosis of dementia, we aim to enhance appropriate psychiatric medicine capable of functionally differentiating various disease levels such as physical complications, mental symptoms, problematic behavior or terminal dementia care. We aim to establish a system of comprehensive medical nursing care that integrates regional and facility care to support the lives of patients. In addition, we focus on a consultation system based on family doctors for elderly people and families in cooperation with other medical staff.

246. Promoting nursing care treatment

We will promote measures to secure nurses, introduce a mechanism to improve nursing work conditions and strengthen the support for potential nurses to reemploy. Given the necessity of improving home and nursing care, we will secure nursing care workers engaged in nursing care facilities and visiting nursing care and improve their treatment. In addition, to further improve the capacity of nursing professionals (including midwives and public health nurses) education at universities and graduate schools and related will be improved to expand their roles. We will offer support for nursing schools and other related institutions as well as people willing to become nurses.

247. Enriching national dental care

We promote dental and oral health care throughout the whole lifetime of citizens and advocate “food” as the foundation of our lives.

We will introduce dentistry examinations to specify health checkups (measures against metabolic syndromes) and uphold the 8020 movement¹⁰⁷.

We will include dentistry examinations to the general medical examinations of workers and aim to clarify the role of industrial dentists.

We will enrich necessary home dental care and support for the elderly.

Also, to stably maintain the dental care system, we will try to improve the working environment of dental specialists.

248. Countermeasures against hepatitis B and C

According to our party’s agreement, we will take further efforts to resolve hepatitis B and C lawsuits. We also plan to enhance general measures for hepatitis.

¹⁰⁷ A plan to “keep all of your own teeth, even at the age of 80” formulated in cooperation with the Ministry of Health and Welfare (now Ministry of Health, Labor and Welfare) and the Japanese Dental Association in 1989.

249. Measures against intractable diseases such as the human T cell leukemia virus, tuberculosis and the renal disease

Regarding the human T cell leukemia virus, we will advance the prevention of mother-to-child transmittance by nationwide uniform pregnancy medical examinations with antibody tests.

We will also enrich R&D on treatment methods for intractable diseases and further expand the research on intractable disease to achieve advanced medical technologies and we will also further enhance intractable disease countermeasures. In addition to improving the medical treatment system for infected people and patients with T cell leukemia and HAM¹⁰⁸, we will also raise subsidies to reduce the financial burden on people with intractable diseases. In order to alleviate the burden on people with intractable diseases, we aim to establish and disseminate treatment policies such as promoting the development of new medicine, expanding the application of pharmaceuticals, providing consultation and employment support and improving the general medical care environment.

With 23.000 new patients per year, tuberculosis is the major infectious disease in our country and we will formulate comprehensive TB control measures to realize of reliable treatment. We promote awareness raising activities concerning renal diseases, diabetic nephropathy prevention measures and dialysis treatment and encourage research on the cause of kidney diseases. In addition, we strive to develop a system allowing dialysis patients to receive appropriate treatment.

We will sustain research projects on lifestyle-related diseases such as diabetes, chronic obstructive pulmonary diseases (COPD), rheumatism, allergies and chronic kidney diseases (CKD).

250. Expanding the functions and roles of pharmacists and pharmaceutical institutions

In order to enrich national medical care and the dissemination of self-medication (self-health management), we will further expedite the decentralization of medicine and actively utilize local pharmacies (about 55.000 nationwide) and pharmacists. As part of strengthening medical safety measures, we will promote pharmacist's work in team medical care and the placement of pharmacists in medical institutions. We will consider institutionalizing post-graduate training of pharmacists.

Furthermore, to secure safety while paying attention to convenience and to prevent the online sale of medicine, it is necessary to establish an appropriate system and to advance the expansion of the switch to OTC¹⁰⁹.

251. Drug abuse prevention

Regarding the prevention of drug abuse, regulations governing each kind of drug and responses by multiple regulatory authorities have already been implemented, but it is necessary to comprehensively and physically prevent drug abuse by measures, such as education, regulation and treatment of drug dependents. We will try to formulate a basic law as a comprehensive legal basis to

¹⁰⁸ Rare neuro difficulties caused by HAM HTLV-1 (related to the human T cell leukemia virus).

¹⁰⁹ Enabling the purchase of medicines that could only be used at the discretion of a doctor at a pharmacy.

implement measures to prevent drug abuse more effectively. Also, in light of the increasing health damage caused by so-called deadly herbs, we will further create a comprehensive system to crack down designated drugs. We will build a healthy society without substance abuse by reinforcing the revised “New Drug Regulation” and revised “Pharmaceutical Affairs Law”.

252. Growth strategy for the pharmaceutical industry and development measures to contribute to national medical treatment and health

In order for the pharmaceutical industry to take advantage of its creative power for innovative medicine and further contribute to national medicine, we will encourage industry-academia collaboration and open innovation via drug discovery support network, foster the internationalization of the pharmaceutical industry and research, advance the utilization of the development tax system and support the creation of new medicine as well as the elimination of indications. We aim for the full introduction and permanent addition of this system and measures to contribute to a stable supply of basic medicines. In addition, we will adhere to the highly transparent medicine pricing system based on market prevailing prices that appropriately reflects the role of generic products. Additionally, to improve medical efficiency and maintain public health, we encourage self-medication as well as generic products.

253. Enhancing the distribution system of pharmaceutical products

In order to guarantee a safe and reliable medicine distribution, we will establish the traceability of pharmaceutical products, promote new influenza/pandemic¹¹⁰ measures and enhance the crisis management system which includes the provision of gasoline and electric power. In addition, we will improve the distribution of pharmaceutical products to ensure the smooth operation of the medical insurance system.

254. Reinforcing the rehabilitation system

To realize a safe and lively society for everyone, we will enrich the rehabilitation system and encourage team medicine with unbroken cooperation in medical and nursing care. We will endorse the home returning function of elderly people health facilities and strengthen home support.

Page 59

255. Promoting traditional Sino-Japanese medicine

We will establish a scientific basis for research on traditional medicine in Japan to educate and train instructors and clinicians. We will create an environment enabling a stable supply of traditional Sino-Japanese medicine.

256. Promoting the utilization of general health foods for citizens to voluntarily improve their health

To enable citizens to voluntarily improve their health, it is necessary to develop a mechanism that enables functional labeling that is easily understood by citizens so that they can select general health

¹¹⁰ Pandemic infections. Fastly spreading, sometimes worldwide, infection.

foods based on appropriate information. We will construct a health food market and at the same time, we will respond positively to the needs of people wishing for healthy longevity.

257. Integrated medical care enhancing the quality of life (QOL)

Integrated medicine aims at patient-centered medical care with emphasis on the mind by combining traditional medicine and various health methods and western medicine and is thereby more effective and very safe.

We will establish integrated medical research institutions in the Ministry of Health, Labor and Welfare, facilitate research on the safety and effectiveness of various health methods and release relevant information.

In addition, we will work on education for integrated medical care, human resource development, environment improvement for practitioners and dissemination of psychosomatic medical approaches.

258. Town development aiming at healthy and high-quality lives

Regarding local residents facing health problems, there are various factors surrounding residents such as social, cultural and urban development that can affect the “mental and physical health” of each individual. For an effective comprehensive town planning, we will actively promote health information dissemination from families and regions to individuals by, for example, supporting local governments in participating in the “Healthy City Project” advocated by the WHO.

259. Enhancing financial stability, long-term care insurance services and suppressing insurance premiums

With regard to the progress of aging, we will suppress the rise in nursing care insurance premiums. For that purpose, we aim to streamline nursing care services by optimizing the range of nursing care services covered by insurances, increase the public expense burden and adhere to the sustainability of our long-term care insurance system. At the same time, by improving the treatment of care workers and establishing career paths, we will set up long-term care fees, verify the scale of appropriate nursing care management and develop supply and demand plans of care workers. We will establish a system offering high-quality care based on gender.

Also, to improve the nationwide option to receive nursing care, including special nursing care, we will proceed to maintain nursing, geriatric and other specialized facilities, group homes and serviced housings for elderly people.

In response to the needs of residents and local governments, we will nurture “multi-bedroom specialists” to ensure necessary care for elderly people after taking the protection of privacy into consideration.

At the same time, to achieve satisfactory nursing care services for elderly people in their communities, we will enrich home care services offered by using nursing care facilities and enhance safety functions and 24-hours nursing care. We will thereby build a comprehensive regional care system, eliminate insecurities about regional nursing care by improving nursing and visiting medical

treatment and contribute to convenient living conditions. In addition, we will promote measures to mitigate the mental burden of family care takers.

We will revise the necessities of nursing care facilities until 2018 by reviewing the “Long-Term Care Insurance Law”.

In the event of major disasters, the creation of support teams and enhanced facilities to provide nursing care for disaster-affected people will be feasible.

We will promote the nursing care volunteer system by utilizing the nursing-care insurance tackled by some local governments. We will also expand the application to volunteer activities by, for example, child rearing support.

260. Proactively using nursing care specialists

Proper care management by nursing care specialists (care manager) is necessary for people in need of medical care, nursing care and welfare services and for them to live independently in familiar areas. For that reason, we aim for the independence and neutrality of the management of the in-home long-term care support offices and support the specialization of nursing care specialists at “nursing care insurance facilities” while also supporting self-reliance and returning home. We aim to revitalize facility functions and create a system providing high-quality nursing care services. In addition, we will implement a national qualification for nursing care specialists responsible for our social security system. Regarding the in-home nursing care expenses, we will adhere to the current system covering the full amount of nursing care so that everyone can receive care fairly.

261. Supporting home care

We will revise related laws and regulation to prepare a creative and diversified business environment enabling various high-quality home care services in all regions.

Page 60

262. Enhancing practitioners and early diagnosis of the locomotive syndrome

To provide necessary support for nursing care and prevent the decay of equipment, we will try to enhance the rehabilitation of practitioners in the field of medical treatment. In addition, to enable early diagnosis of the locomotive syndrome corresponding with the risk of falls, fractures and bedridden patients, we will introduce the equipment health examination project to enabled instructed exercise and rehabilitation.

263. Measures for disabled people

The Liberal Democratic Party vigorously revised the “Disabled People Autonomy Support Law” by restructuring the disability classification and support classification. While trying to steadily promote this law, we will try to improve the infrastructure of systematic services based on the actual circumstances of local communities and based on appropriate role sharing between the national and local governments.

In addition, we strive to promote employment by steadily implementing the “Disability Priority Procurement Act (Heart Purchasing Law)” formulated by the LDP. Furthermore, to allow mentally disabled people to live with peace of mind, we are reforming mental health care welfare measures

including the amendment of the “Mental Health Welfare Law”. To facilitate the use of the disability welfare services, we will further utilize the adult guardian system.

The Liberal Democratic Party has taken the initiative in reforming the “Basic Law on Disabled People” to realize a society in which everyone respects and supports each other’s personality regardless of being disabled or not. We enacted the draft bill to prevent discrimination based on disability (discrimination of disabled people) and revised the “Law to Promote the Employment of Disabled People”. We enforce these bills while obtaining the understanding of a wide range of people. We will continue to proactively promote measure for the independence and social participation of disabled people.

264. Supporting the employment of young people and expanding the living support for low-income elderly people

We will promote the prevention of child poverty to not let the future of children depend on an inappropriate environment.

For mainly young people who able to work, we encourage their employment by utilizing the job seekers support system to urge employers to create work. In order to accurately support living of elderly people with low-income in need of help, we are trying to use NPOs familiar with the support of people with severed living conditions. We will implement countermeasures such as benefits for low-income people. In addition, to respond to elderly singles and aging nursing care, we will develop nursing homes, group homes and special facilities for elderly people.

We will enrich the adult guardian system¹¹¹ to not let people suffer from disadvantages or lose their dignity due to insufficient judgement abilities in a society premised on contracting.

265. The welfare protection system

As for the welfare protection system, we will protect the lives of all citizens, improve it to be fair system that gains understanding by taxpayers and regain public trust and peace of mind. Therefore, based on measures to those who cannot maintain livelihood by self-help, it is necessary to establish benefits to enhance self-reliance by employment, to support the focus on health and living according to the situation of individual people and to prevent fraud. We will enact measures against inappropriate recipients, clarify requirements of the designated medical institution system and optimize medical assistance by promoting the use of generic medicine. Therefore, we will revise the “Livelihood Protection Law”.

Regarding living standard aid and considering the balance of people who have not yet received welfare protection, we will take fluctuations in prices into consideration based on the results of verification by the Social Security Council and we also consider reducing deflation by 6.5% in three years.

¹¹¹ A system to appoint a person in order to protect people with insufficient judgement (reasonable judgement ability) who, in certain cases, restrict the ability of the individual to act and also conduct legal actions based on the principled of assistance.

In addition, we will broaden the range of support for junior high school students and prevent high school students to be engaged in intergenerational poverty by different efforts such as preventing the withdrawal from welfare support. Also, we will expand the manpower of the welfare protection system.

Page 61

In order to promote self-reliance in daily life, we will implement autonomous counseling support projects by local governments, enhance measures for people with poor living standards or whose income is below a certain level by providing housing funds and we will prepare working support project. For that reason, we will establish the “Independent Living Support Law”.

266. Support for atomic bomb victims

Based on the fact that Japan is the only A-bombed country¹¹² in the history of humanity, we will implement support measures for victims and survivors of atomic bombs.

267. Support for Japanese residents in China¹¹³

We carried out drastic support measures for Japanese nationals living in China, including living support, but we will promote fine-grained measures to incentive Japan nationals to come back in the future.

268. Amending the “Social Insurance Labor Service Law” responding to public consent

In order to enable social insurance labor staff to respond to citizens’ convenience and further strengthen their competences, consistent engagement in the resolution of individual labor disputes and a corporate system by amending the “Social Insurance Labor Service Law” will be introduced.

269. Safety and security of life sanitation services

We will try to revitalize the Home Life Sanitation Marketing Instruction Center and Living Sanitation Fellowship Association to provide safe and secure daily sanitation services. We also plan to enhance the sanitary environment of buildings and provide financial resources by the Japan Finance Corporation.

270. Rediscovering *judo* therapy¹¹⁴

We aim to properly review the reduction of *judo* therapy costs and institutionalize a postgraduate clinical training. We strive to clarify calculation criteria and improve the law concerning the work of *judo* therapy practitioners.

¹¹² During the Pacific War, US Navy troops dropped an atomic bomb on Hiroshima on August 6, 1945 and on Nagasaki on August 9, 1945.

¹¹³ Many Japanese who settled in the former Manchurian area of China were forced to escape during the war with the Soviet Army’s involvement in August 1954. Amidst such confusions, children were separated from their families and were left in China as orphans.

¹¹⁴ Translator’s note: *judo* therapy involves traditional non-surgical osteopathic tissue and bone therapy.

271. Acupuncture, moxibustion treatment, massage and acupressure treatment and *anma*¹¹⁵
We strive to improve the medical system to enable the public to further use acupuncture, moxibustion treatment, massages, acupressure therapy and *anma* as familiar treatment methods. We also actively support further technical improvements and strive to implement a qualification system.
272. Actively utilizing dietician and administrative dieticians
In the future, we will establish a system providing appropriate nutrition management for home care recipients and elderly people who are expected to increase in numbers and will proactively utilize dieticians and administrative dieticians to ensure safe lives.
273. National qualification system for psychologists
The current Japanese society is becoming complicated and mental health problems and other developmental or health problems are more and more increasing. Therefore, a professional training of psychological personnel is urgent. In order to respond to the growing national needs, we aim to realize a national qualification system for psychologists comparable to other developed countries.
274. Employment support and improvement of working conditions according to individual situations
By strengthening the Hello Work project, we will actively advance employment support for young people, women and elderly people. In addition, we will support hard-working individuals regarding the balance of child rearing and work by expanding the scope of childbirth and childcare leaves. We will also promote the globalization of our economy and improve the working conditions to realize a vital society.
275. Establishing an environment facilitating employment and career change
By enhancing the professional judgement system and job cards, we will work on vocational training and vocational ability development and parallelly establish a matching system leading to employment.
We will also promote recruitment and smooth shifting of personnel for growing industries and will expand regular employment. For this reason, it is necessary to provide employment opportunities and a career change support system via the improvement of the worker dispatch system, career development support and expanded subsidies to support labor migration. We will set up a mechanism to support the training of social workers by reviewing the employment insurance system.
We will improve the treatment of irregular workers by aiming for equal treatment on the premise of equal labor value and equal wages. We will work on the necessary legal foundation for an equal treatment of part-time workers. In addition, we aim to increase the minimum wage while expanding support for small and medium sized enterprises to improve productivity.

¹¹⁵ Translator's note: *anma* is a traditional Japanese type of massage.

276. Employment measures for young people and new graduates

As the severity of the employment situation of new graduates continues and in order to support young people to enter the society in the future, we aim to achieve a full-time employee proportion of 100% for the first jobs of regular employment candidates. We will strengthen the matching with small and medium sized enterprises by sustaining the cooperation of universities with the Hello Work project and we will support small business associations working on vocational training for newly hired employees. We provide consistent support for job hunting activities in schools to develop skills. Furthermore, we will enact measures to prevent early termination of young full-time employment contracts and will deal with companies suspected of “disposing” young people.

Page 62

277. Asbestos countermeasures

We will promptly take up comprehensive measures against asbestos. To further strengthen measures for the prevention of asbestos scattering, we revised the “Air Pollution Control Law” this year. We will continue to consider damage prevention and victim relief in the future.

278. Securing an appropriate pension level

We will provide payment to support the lives of people and their families who have fulfilled their loyalty by dedicating their lives to the nation and citizens and we will therefore secure an appropriate pension level as national compensation.

279. Early return of the remains of soldiers killed in action

2.4 million people were killed in the last great war and 67 years after the war, the remains of 1.1 million people are still missing. In view of this situation, we examined past circumstances and a method of gathering information on the remains of these people and we increased the number of local and dispatched staff. We will speed up our work and concentrate on efforts to return all remains 75 years after the war and also consider legal measures to achieve this goal.

We will also promote memorial service.

280. Enhancing consumer protection and education

By returning to the philosophy during the foundation of the Consumer Agency, we will broaden its administrative competences to be truly conscious of consumers. We will enrich the function of the command tower (Consumer Agency), the monitoring function (Consumer Committee) and the center (National Life Center).

In addition, to promote food security, we heighten the standardization of food indicators and establish a “collective victim relief system” as a remedy measure for the small number of victims to inappropriate food. By building a relationship of trust between consumers and businesses, we will try to revitalize the economy.

Furthermore, by promoting “consumer education”, we will foster socially autonomous consumers who are not easily deceived and create a fair and sustainable social environment.

281. Realizing a money lending market of appropriate scale to solve repayment difficulties

Since the establishment of the revised “Money Lending Business Law” in December 2006 and the full enforcement of this law in June 2010, various adverse influences are emerging, such as neglected people, market contradictions, adverse macroeconomic effects, new black-market lending dramas and repayment difficulties. For that reason, we will ensure user convenience by optimizing regulations on small markets, such as maximum interest rate and total amount regulations. At the same time, in addition to strengthening regional consumer administration, we aim to realize a money lending market of appropriate size for borrowers as well as sound lenders and solve repayment difficulties by promoting consumer education, supporting the system for multiple debtors, bolstering the detection of black-market lending firms and fostering appropriate suppliers.

282. Promoting the “Basic Law on Secondary Crime Victims” and establishing a new crime victim compensation system

By implementing the “Basic Law on Secondary Crime Victims” from 2011 in the next five years, new crime victims will be able to regain a peaceful life and we will establish a new crime victim compensation system.

283. Enhancing corrective education

Regarding the improvement of corrective education at prisons, we will introduce assistance and guidance programs to prevent offense repetition and support rehabilitated prisoners to reenter our society.

284. Halving the number of traffic accident casualties

The number of traffic accident casualties used to exceed 15.000 per year but decreased to 5.000 in recent years. In the future, to halve the traffic accident casualties, we intend to strengthen penalties for drunk driving or unlicensed driving. Parallely, we focus on vulnerable people, such as the elderly or children, and will take measures against traffic accidents.

At the same time, we will realize a safe driving support system by promoting Intelligent Transportation Systems (ITS), create cities where traffic accidents are less like to occur, develop vehicles minimizing the damage in case of an accident, take measures for bicycles and other comprehensive traffic safety measures will be promoted.

285. Strengthening suicide measures

The number of suicide deaths in our country has remained at a high level in recent years. In order to reduce the number of suicides, we aim to realize a society that detects depressions in an early state by introducing mental health checkups by professional physicians, specialists and psychologists. We will consider promoting psychiatrists and mental health care workers with depression responding abilities.

Furthermore, to save as many lives as possible, we first enforce visible measures such as the obligation to install safety doors at train stations in urban areas.

286. Deepen family ties, enrich the foundation of households and realize an all-participating society

Since we cherish families as the basic unit of our society, we will strive to deepen family ties and enhance the foundation of households. In addition, we will manifest the functions of families and communities and advance social development allowing these units to work on individual lives. In particular, we will promote tax system reforms allowing the formation of household assets, preferring three generations living together and guaranteeing high-quality owner-occupied houses as well as a rental house system.

We will promote the creation of a social environment enabling people to be active in every life stage in the community, workplace or household regardless of age, gender or possible disabilities. To eradicate domestic violence, we will enhance the consultation system for DV victims and nighttime and weekend operation of women's counselors.

In addition, we will establish a "Basic Law on Youth Development Training" contributing to the healthy growth of young people who will be responsible for the next generation.

287. Expanding the public safety compensation system for volunteer probation officers

Volunteer probation officers helping with the correction of criminals only received compensation for probation observations or physical damages. Since FY2012, a public safety compensation system for the protection of probation volunteers was introduced to cover not only physical injuries but also mental damage and support for families of probation. Our party will try to expand the compensation system based on the public duty to protect officials and to create a safe workplace.

288. Amending the adult guardianship system

Regarding the commission agreement on the permanent dedication to regulate the procedure of dead bodies and funeral, guardians are required to have the right to decide on these aspects so only a chosen guardian can decide and a legal guardian cannot. However, as the problem of elderly people living alone becomes an increasing social phenomenon, legal guardians are also increasing. Therefore, we will revise and expand the adult guardianship system.

289. Including the Electronically Recorded Monetary Claims Law to the Civil Code amendment

The current Civil Code clearly stipulated that, regarding mortgage, only notes and checks are required to prove transactions done by the obligor (Civil Code Article 398 Part 2, Paragraph 3) but no electronically recorded monetary claims are intended. From the viewpoint of reforming the current situation and promoting the work of related electronic recording facilities by granting legal stability and further facilitating financing, we will add "electronically recorded monetary claims" (including claims on electronically recorded guarantees) to this paragraph to secure "claims on drafts and checks".

290. Promoting cashless economic activities

With the advancement of IT technology and the diversification of services, cashless activities of the economy and society (use of credit cards, debit cards or electronic money) is rapidly progressing worldwide and in Japan. We will strive to improve the convenience and transparency in the field of consumers and sales by progressing the infrastructure and standardizing the usage in accordance with global standards.

In doing so, we focused on fields with comparatively weak responsiveness to lift the convenience for consumers including elderly people and to encourage the efficiency of clerical sales work of small and medium sized retailers in rural areas. We aim for the development and expansion of a consumer society.

291. Utilizing dormant bank accounts

So-called “dormant bank accounts” are not used for deposits or withdrawals for a long time. We will consider transferring these from financial institutions to more appropriate institutions while paying due consideration to the convenience and rights of the account holder and the convenience of the refund procedure.

Page 64

Let's restore education.

Education is the foundation of our nation. Children are our future and are the treasure of Japan. We will promote educational revitalization and nurture children with world-class academic ability, normative consciousness and who respect history and culture.

292. Enrich educational investment to realize the world's top human and academic abilities

Based on the philosophy of the “Basic Law on Education”, we will nurture motivated people by the principles of “self-supporting and self-reliant people”, “citizens being emotionally tied to their family, local community and our country” and “citizens who value our history, tradition and culture”. Therefore, referring to the situation of educational investment such as public expenditures by OECD countries, we are planning to implement the “Second Phase Basic Law on Education” formulated in accordance with the “Basic Law on Education” and “Educational Guidelines” to steadily secure budget for education and reproduction.

We will continuously conduct nationwide academic achievements and learning situation surveys to test the academic abilities of everyone. Via these surveys, we will grasp possible problems of all children and to improve the guidance of schools and teachers. Furthermore, we aim to realize Saturday classes.

293. Fostering global human resources contributing to our growth strategy

In order to realize our growth strategy, it is urgent to develop human resources able to play an active role in the world. To fundamentally expand education contributing to global human resources, involving practical English education and the use of ICT, we have formulated the “Global Human

Resource Development Act” (provisional name) and concentrated on the necessary budget. It is a very important task to acquire English communication skills since it becomes an international common language and relates to the future of our children and to the further development of our country. We will continue to enhance foreign language education by improving the quality of teachers and supporting international studies.

Regarding English education at elementary, junior high and high schools, we will consider how to accelerate the introduction of English education at elementary schools, how to instruct leadership and conduct English classes at junior high schools and how to thoroughly teach English. We will drastically reform and improve the facilitation of teachers to introduce practical English education as well as English camps and we will further enrich the JET program concerned with the introduction of young people whose mother tongue is English. Also, in order to nurture global leaders active in the economic world and political or academic circles, we will support high schools taking efforts to acquire international education by remarkably increasing opportunities to speak English and we will therefore establish the “Super Global High School System” (provisional name).

To improve the English skills of students, it is necessary to promote the TOEFL test and other external examinations in college entrance exams in which context a certain score is a graduation requirement and we will thereby develop human resources capable of fluently speaking English. We will provide support for universities aimed at the conceptualization and implementation of educational programs. In addition, we have developed the Japanese DP program allowing curriculums to combine courses taken in Japanese as well as international baccalaureate¹¹⁶ courses to acquire internationally recognized university entrance qualifications. We will add about 200 schools to this program by 2018. In addition, we designate about 30 universities to introduce world-class education and research to promote rapid internationalization by drastically increasing the number of classes taught in English and actively recruiting youngsters who obtained degrees abroad. Regarding mathematics education, we will respect the diversity of students and nurture creativity towards the development of children having clear purposes to become the leader of the world and innovations in the future. We will strengthen the education of talents to extend our qualities. In order to increase the number of children who like science and mathematics, it is necessary to improve experimental classes by utilizing external human resources such as students or corporate stakeholders of scientific and technological faculties and to improve the management of involved teachers and thereby substantially enhance mathematics education. Also, in addition to the national language and mathematics education, we regularly conduct scientific survey on the national academic skills and learning situation.

Parallely to promoting Super Science High Schools (SSH)¹¹⁷ and “Ultra SSH” by increasing the number of science teachers, systematically developing scientific faculties and advancing science education, we will also support talent education beyond schools. We will promote “Science

¹¹⁶ Baccalaureate is a national exam to gain qualification for university admission in France.

¹¹⁷ A system developed by the Ministry of Education, Culture, Sports, Science and Technology designating high schools to focus on science, technology and mathematics education.

*koshien*¹¹⁸” for high school students and significantly increase the number of students participating in the International Science Olympics while also amplifying international exchange opportunities. Also, regarding higher education, we will support efforts emphasizing the power of science as well as skill development necessary for the enrollment in educational programs.

Page 65

Regarding ICT education, we will designate a total amount of 100 educational facilities in each prefecture to provide one tablet and PC per person as well as electronic blackboards and Wi-Fi to develop a leading educational system.

In addition, we will improve the ICT education at elementary, junior high and senior high schools in the next five years. Regarding the training teachers, faculty recruitment selection and licensing renewal courses, all teachers will work on acquiring leading ICT skills and ICT support staff will be placed at all schools. We will work on technological developments such as the maintenance of tablet PCs, digital textbooks and teaching materials and the standardization of various information terminals to create the world’s best ICT educational contents and systems. Additionally, we are thoroughly working on the world’s highest level of literacy, provide information on moral education according to age and establish ICT education suitable for children.

294. Establishing national public education as a national responsibility

In compliance with the national responsibility to provide compulsory education, we will work on improving the public education to not let regional disparities in education arise by standardizing education and in order to prepare an environment enabling the realization of dreams of all children throughout Japan if the children to their best.

Based on the results of the international academic achievement survey, Japan belongs to the lower level countries compared to the top-level countries. It is the mission of public education to prevent “drop-outs”. From this point of view, we will guarantee the quality of education by establishing standards, including guidelines for teaching, and enrich the guidance system to ensure a firm eye on every child.

To prevent the occurrence of educational gaps due to the economic situation of families, we will work on reducing the financial burden of educational expenses. In addition, to prevent disparities in education due to the financial situation of local governments, we will consider the national government to bear the full amount of expenses for compulsory education.

Furthermore, while respecting the spirit of local autonomy, regarding cases where laws or regulations are violated or children’s “right to education” is inhibited by local educational administrations by, for example, hiding bullying, we will revise the “Law on the Organization and Management of Local Educational Administration” to enable related entities (such as the Ministry of Education, Culture, Sports, Science and Technology) to fulfill the country’s responsibility for public education.

¹¹⁸ Translator’s note: *koshien* describes national tournaments of different fields, such as baseball or science.

295. Educational and experiential activities cultivating citizens that love our country with all their heart

We implement the respect for our national flag and anthem at educational facilities and promote education to nurture sovereign citizens who will bear the future of our country. Inappropriate sex education and gender free education¹¹⁹ as well as biased historical education will not be tolerated. We actively promote volunteer activities and internships for junior and senior high school students to cultivate social minds and sociality. We will promote career education, vocational education and long-term experience learning in agricultural or mountain fishing villages to complement children's growth with rich experiences. In addition, we will substantiate efforts to protect regional bonds including traditional culture, sport clubs and circle activities rooted in regional areas (for example enhancing the "traditional culture of parent-child classrooms").

296. Promoting Education to cultivate normative consciousness and a new class on "community"

Regarding moral education which by teaching normative and social rules and manners is necessary for human to live as a social person, it is necessary to teach moral education according to our new framework based on the characteristic of morality, learning biographies of proud predecessors and Japan's rich tradition. In addition, to promote social participation and consumer education at high schools, we set up a new subject called "community" and increased the number of home education units.

297. Education on food culture and healthy lives

Among the five pillars of education intellectual training, physical education and food education comprise basic living education and will be permeated into all generations via the "Basic Law on Education".

Page 66

We will also take necessary measures to proudly spread the Japanese food culture in the world.

298. New educational reform (*heisei* reform of the school system) responding to a turbulent era

To become the world's top educational nation, we will deviate from the principle of equality and try to diversify our school system according to the social and regional conditions of children's growth. Regarding "Compulsory Education Schools" (provisional name) which have been improved immediately after the end of the war, the until now unchanged 6-3-3-4 system has become more flexible and from the age of six until 15, nine years of consecutive education are guaranteed. In addition to upholding conversion, we are considering the idea and manner of a new 4-4-4 or 5-4-3 system for high schools while also promoting comprehensive compulsory education at elementary, middle and high schools. We will carry out the "Great *Heisei* School Reform" corresponding to a

¹¹⁹ Education denying gender differences, masculinity and femininity as well as denying traditional culture.

new era. In doing so, we will create a comprehensive support system for leading initiatives and facilitate these efforts with financial support.

In addition, we introduce a new curriculum for the fifth and sixth grade of elementary schools, diversify learning via after-school clubs and Saturday classes, establish a system for catching up in junior high and high schools and achieve a learning guarantee system according to ability and aptitude. Furthermore, to achieve double-tracking of secondary education, we will implement consistent five-year vocational education by involving specialized high schools and colleges and cooperatively connecting special high schools and vocational schools. In accordance with such efforts, we review related laws corresponding to the revised "Basic Law on Education".

We will evaluate academic achievements after graduation from primary and junior high schools and implement achievement exams at high schools to ensure the acquirement of academic skills. Additionally, regarding university entrance examinations, we will establish achievement exams (Japanese version of baccalaureate) at multiple times during high school. We will elaborate the ideal college entrance that encompass evaluating thesis, interviews and admission reforms based on empirical evaluations.

We promote experiential activities of college students (in addition to studying abroad, working to protect the country, home or environment or working for NGOs) by using the gap term (half a year) after high school graduation until enrollment for activities or internships in the fields of agriculture, welfare, SDF or firefighting departments since these activities can be used for job hunting later on.

Even after once entering the society, we enable skill upgrade via training, the change of occupation or reemployment after child rearing for motivated worker. We encourage companies to create a suitable learning environment as a practical approach based on the needs of the industry. We will support universities and vocational schools to offer special educational programs, introduce a system to realize a society enabling people to re-enter universities or vocational schools, promote guaranteed opportunities and support career changes in response to modifications of the industrial structure.

299. Establishing a board of education and examining the authority of educational administrations

By decentralization, the role of municipalities and local councils on educational policy decisions and educational administrative management in local governments is rising. We reestablished the responsible Board of Education which faces criticism regarding its moratorium but which honorary profession became clear. We will ensure political neutrality of education to fulfill our basic responsibilities. It is necessary to reflect the public opinion on educational administration by the board and to operate it efficiently.

For example, the head of the Board of Education poses the full-time chief executive appointed with the consent of the local council. We will carry out reforms concerning the authority and responsibility of local educational administrations and the interplay of the national and local government.

300. Creating and adopting textbooks truly compliant with the Basic Law on Education and Course of Study

Although new textbooks were adopted after the “Basic Law on Education” was revised and new guidelines for teaching were set up, there are still biased descriptions of, for example, a self-directed historical perspective in many textbooks.

We will establish a textbook certification system allowing children to learn from textbooks to “truly love our nation and the local people who respect tradition and culture and “truly love our nation and community” and which meet the instructional guidelines of the “Basic Law on Education”. The Ministry of Education, Culture, Sports, Science and Technology will also specify items to be stated to readers in common textbooks.

Page 67

In addition, we will fundamentally neglect matters not proved as facts by research or reference material. We will advance a radical reform to show only the true theory and no numerical description of periods without evidence by reviewing the so-called “neighboring countries clause”. Furthermore, depending on the region, we will consider the current situation of specific textbook companies printing old textbooks.

301. Reducing the financial burden of educational expenses to thoroughly support children’s dreams

Regardless of the economic situation of families, we will strengthen efforts to reduce the financial burden of educational expenses at each school level to thoroughly support the realization of children’s dreams. Regarding the time before entering elementary school, we will work towards early childhood education free of charge and enhance schooling support until compulsory education. With regard to exemptions from high school fees, it is necessary to set income limits, create scholarships for low-income earners and to eliminate disparities between public and private education by lowering the tuition fees according to incomes for private school students. We will review the schooling system by considering those in need of public assistance.

Regarding higher education, we will establish scholarships and fellowships for doctoral students, establish financial support for enrollment and tuition fees and enhance teaching¹²⁰ and research assistants¹²¹ to create an environment for everyone to learn with confidence.

302. Realizing a society enabling everyone to receive education to fulfill their dreams

In order to provide high-quality education and detailed guidance, we reviewed the general principle of faculties and staff according to the “Law on Classroom Organization of Staff and Staff Qualifications of Public Compulsory Education Schools” which was accepted and amended by our

¹²⁰ Graduate students wanting to give advice, experiences and exercises to undergraduate students and provide educational support to enhance university education. Because salaries are paid, this work also provides economic support.

¹²¹ Students employed as research assistant of a faculty member of a university. Because salaries are paid, this work also provides economic support.

party. In addition, we will continue to enact other measures, such as providing faculties and staff to the areas affected by the Great East Japan Earthquake and enhancing school counselors. Also, we will take care of the minds of teachers in the affected areas.

To solve the problem of bullying and school refusal, we will strive for an early detection of these problems by enriching school counselors and creating a system responding appropriately. In FY2011, 174.000 young people did not attend elementary, junior high or senior high schools and the number of high school dropouts exceeded 54.000 and therefore, we will lower these numbers.

In addition, we will further advance the cooperation of schools, families and communities as stipulated in the “Basic Law on Education” and will assist children by enriching our support for after-school learning and schools by creating school support headquarters in different areas. We will build a collaborative system in all school district. At the same time, we will introduce a school supporter system by involving 300.000 external workers such as retirees with abundant knowledge and experience for after-school activities and Saturday classes to guarantee sufficient learning time and morality.

303. Eliminate bullying and cherishing each other

By sharing the consciousness that “bullying is absolutely unforgiveable” throughout Japan, we will realize an education system without perpetrators or bystanders. The first thing is to prevent victims from being bullied. Therefore, we will implement immediate measures, such as suspending students for repeating bullying, reporting to the police (while keeping a clear distinction between bullying and crimes) when the act is clarified as a crime and strengthening moral education. Based on the “Bullying Prevention Measures Law”, we will implement integrated bullying measures and financially support local governments working on bullying countermeasures.

302. Correcting inequalities between public and private education by enhancing subsidies

In consideration of the importance of both private and public education, and while fully respecting the spirit of private schooling, we will realize all objectives of the “Private School Promotion Funding Act” which encompasses the maintenance and improvement of educational conditions while lowering the economic burden of schools. We will try to resolve disparities between the public and private sector by increasing the number of employees, alleviating disparities and improving management soundness. In addition, we will enrich private school grants to halve the financial burden.

303. The “Three New Laws on Education” to ensure political neutrality of education

By establishing the “Educational Civil Service Ethics Code” (provisional name) educational civil servants are clearly positioned as “educational professionals and are entrusted with disciplined duties”. Penalties are set up by the “Special Law on Educational Civil Service” to ensure the political neutrality of faculties and staff unions (such as the Nichiren Group) and to prevent illegal activities including election activities and compulsory campaigns. We will oblige faculties and staff unions to exclude illegal groups from registered bodies like stipulated in the “Local Public Service Act” and lay open private and public funding in income and expenditure reports. The amended “Law on

Temporary Measures to Secure Political Neutrality of Education at Compulsory Education Schools” manifests the obligation of the committee to survey related objectives.

Page 68

In the case of illegal donations to the Hokkaido Teachers Association, the survey conducted by the Board of Education revealed the actual situation of many unlawful acts being done such as union activities during working hours. Our party pointed out that there are misconducted salaries (compulsory education expenses as national treasury burden), and we conducted a survey by the Board of Audit. Furthermore, we will conduct a nationwide survey about the unauthorized use of PTA membership expenses discovered by our party and we will prevent recurrence. Our party will continue to thoroughly address political neutrality and standardization of education.

304. Improving the “New Human Resource Securing Law” (improving the skills of teachers and assuring appropriate educational content)

In order for Japan to become the world’s leading nation in training capable teachers, we will conduct reforms on various stages of teacher qualifications, including granting of association licenses after graduating from university, improving the process of employment after the intern period based on the judgement of principals and granting licenses after certification. At the same time, we will develop a new mechanism for new teachers at public elementary and junior high schools to focus and concentrate on training for one year without becoming homeroom teachers.

Education is based on people. In the future, we will consider a mechanism (“Teacher Scholarship Exemption System” provisional name) that enables exemptions for the refunding of scholarships for teachers to nurture many excellent and talented teachers. In addition, to secure diverse human resources, we aim to double the number of appointed teachers (about 10% of all hired teachers) by recruiting social workers and expanding special licenses. Furthermore, to eliminate problems of the teacher license renewal system, we will work closely with graduate and postgraduate schools to improve the training. By promoting efforts to improve the qualification of teachers, we will strengthen the cooperation of universities and the Board of Education regarding the training of teachers. In addition to promoting the nationwide dissemination of “teacher cram schools” responsible for training teachers, we will core hubs to improve teacher via training and recruitment. We will not allow concise weaknesses of teachers. Via the “long-term social experience training project” at faculties, we will expand the view of teachers by dispatching incumbent teachers to private enterprises, social welfare facilities or trainings. We will improve the treatment of motivated personnel working hard and raise their morale. In doing so, we will promote a school governance reform that examines the qualification of school managerial positions.

In order to ensure adequate educational content, we promote team education for perceptible classes, small group counseling, specialized guidance, special support education, response to bullying problems and the placement of head teachers. We will endeavor to enhance the teaching system including faculty and staff to lead to an educational revitalization. We will clarify responsibilities of educational chiefs and principles to ensure proper educational service evaluation and treatment. In

addition, we specify the role and responsibilities of educational chiefs, supervisors, principals and teachers by establishing a legal system for responsibilities. We eliminate the intervention of teachers and staff unions in faculty personnel affairs and realize balanced teacher placement. We will abolish the chief allowance and supervision system diverting faculty and staff unions in some areas, which is arbitrarily installed as “mandatory”.

Also, to reward enthusiastic teachers, we reflect the results of teacher evaluations, establish a profitable salary model including departmental work allowances and create social contribution allowances. We build an educational system to enable teachers to focus on children and thoroughly support teachers doing their best. To carry out the objectives mentioned above, we examined the financial burden of compulsory education to the national treasury and established the “New Human Resource Securing Law” aiming at securing high-qualified personnel from a long-term perspective.

307. Creating a safe and secure school environment

In addition to protecting children’s lives from disasters, school facilities play an important role as regional evacuation centers in the case of disasters, such as large-scale earthquakes. Because of this, we will accelerate renovation and ensure earthquake resistant buildings and ceilings. We will also consider creating a subsidy system for seismic retrofitting to further promote earthquake-resistant private schools. In addition, since school facilities are used as evacuation centers in the event of disasters, it is necessary to establish communication networks to enable independent external communication and establish disaster prevention for school facilities, such as private power generators, stockpiling or water tanks. Furthermore, we will endeavor to boost our support in the light of financial difficulties of local governments.

Page 69

Based on the lessons learned from the Great East Japan Earthquake, we will develop a disaster response system based on the position of parents and children and ensure the safety of children by keeping them at school if parents cannot return home in time. We recognize, disasters such as earthquakes or typhoons, as familiar hazards and prepare a daily routine considering this by enriching “disaster education” suiting local circumstances to prevent future disaster damage. In addition, we will maintain a safe school environment for children to go to school with confidence by taking various efforts, such as ensuring the safety of school paths, into consideration.

308. Improving and reinforcing free early childhood education

As stipulated in the “Basic Law on Education”, early childhood education is important to cultivate personality formation and we will therefore guarantee high-quality early childhood education to all children. In particular, to respond flexibly to diversifying educational and child care needs before the entrance of elementary school, we will enhance the educational functions of kindergartens, nursery schools and certified day-care centers.

At the same time, we will work towards early childhood education free of charge for all three years until elementary school entrance in national public and private kindergartens, nursery schools and certified day-care centers.

309. Support system for home education

The starting point of all education is the family and the “Basic Law on Education” clarifies that parents have primary responsibility for children’s education and that national and local governments should strive to support home education. As a prerequisite for early childhood education, a stable home is indispensable and firstly, it is necessary for parents to fulfill their responsibilities, but that is not necessarily easy. For example, we will strengthen our support system for young parents who tend to be isolated by accurately arranging functions at familiar places such as schools to support home education.

310. Improving reading skills via Japanese language education

Japanese language skills form the foundation to learn all other subjects. Therefore, it is necessary to further improve Japanese language education in elementary, junior high and senior high schools. It is also crucial to emphasize the importance of reading skills for the development of the ability to think, judgmental and expressive skills and reading comprehension is also vital to acquire further knowledge and skills. For that reason, we improved the national language classes to become “classes to nurture children’s language skills” and specifically, classes will be developed in accordance with OECD¹²² and PISA¹²³ surveys to nurture reading comprehension capabilities (learning → thinking → transferring).

311. Japanese education enabling friendship with foreigners

Since foreign children often do not attend public schools because they cannot keep up in class due to a lack of Japanese language skills, we will establish a detailed school acceptance system according to Japanese language skills and create arrangements to enable the school entrance of foreign children. The system for Japanese education for foreign adults cannot be said to be well developed. In order to fully secure the quality and quantity of Japanese language education for foreigners, it is necessary to expand the opportunities to learn Japanese. By enacting the “Japanese Language Education Promotion Law”, we will develop an environment for nurturing “Japanese language education as a lifestyle for foreigners” and enable true friendships with foreigners. We will also work on spreading Japanese in overseas country.

312. Special support education to cherish individual strength

We will improve the pluralization of nursing school teachers and strengthen the functions of special support education coordinators as well as the placement of support staff at high schools to improve the educational environment necessary for individual progress of students and children with developmental disabilities. By conducting research on teaching materials and using ICT as well as other technologies, we will improve the ingenuity of contents and instruction methods, implement high school entrance exams with consideration for disabled students, improve the course guidance via the collaboration of junior high and high schools and cooperate with special support schools to

¹²² Abbreviation for Organization for Economic Cooperation and Development.

¹²³ International survey on educational achievements advanced by the OECD.

promote and enhance special support education at affiliated schools, national universities and corporations.

We will also ensure that all teachers at elementary, junior high and senior high schools can acquire basic skills for special support education and promote appropriate education according to the needs of each disabled child.

Page 70

313. Education with diverse options without swamping

In order to respond to the social need for human resource development, we will enable diverse options and expertise by preparing special high schools providing state-of-the-art vocational education in addition to ordinary high schools. Aside from strengthening industry-academia cooperation on higher education, we are working on further quality assurance and improvement based on the achievements of vocational schools. Due the creation of new higher education institutions dedicated to vocational education, we will consider their status based on the “School Education Law”. We will fully recognize the significance of various school models including vocational schools and aim to eliminate institutional differences to other school models. We will additionally provide financial and public support for the enhancement of educational content.

Via the broad cooperation of universities, vocational schools, industries and communities, we will work on the training of professional human resources playing a core role in the future. We will support skill acquisition and employment by setting up local community colleges.

314. Promoting career education and vocational education to encourage independence and self-reliance of young people

We will strive to realize compulsory workplace experience (including agricultural work or volunteer activities) of at least three days at all elementary, junior high and senior high schools to develop self-reliant young people. We will also strengthen our system to promote these activities of schools throughout Japan by combining the power of educational institutions, regional companies and NPOs. Parallely, we will enhance opportunities to learn about career education and various occupations in trainings.

In order to raise the internship participation rate of students to 50% or more, we will develop an environment enabling the collaboration of large and regional companies so that students can participate in internships as early as possible. In addition, by working on problem-solving classes, internships and business contents, we will enrich our career education system enabling students to choose freely how to live and work.

As prevention measures for dropouts, we strengthened “outreaching support” that is operated by the cooperation of educational institutions and community youth support centers for NEET¹²⁴. This cooperation promotes information sharing on dropouts and advertises a wide range of employment opportunities. We will realize a system responding to consultation and will provide intensive support

¹²⁴ Translator’s note: NEET is an abbreviation for young people Not in Education, Employment or Training.

for dropouts. In addition, we are considering the establishment of the “Career Education and Vocational Education Promotion Act” (provisional name) to establish a system to promote career and vocational education throughout Japan.

315. Promoting our higher education and university policy (university big bang)

The “power of universities” is a national strength itself and it is necessary to enhance both its quality and quantity. We will promote subjective learning of students at universities by greatly increasing studying time and expanding the training environment. Moreover, by reviewing the system to endorse universities, we will adapt the new entrance examination process to the need of the society and students and support universities on sound management.

Regarding national universities, in order to respond to expectations from the society such as responding to globalization and develop human resources and innovation, we will accelerate the following reforms in the next three years: (1) reform of the personnel salary system by fully introducing an annual salary system (2) resource distribution, visualization of resource allocation by universities and organizational restructuring beyond the current framework (3) a mechanism to strategically and intensively allocate fund grants based on the results of the pioneering efforts mentioned above.

The world’s top-level universities will become special zones without regulations. We will establish open laboratories (open research facilities) and research support staff. We will carry out mass scouting and financial support for young Ph.D. researchers from global top-level universities.

We will enrich the general system (installing standard and university evaluation) to ensure the quality of university education and will allocate funds for universities working on reforming their education. Parallely, to create an open education and research system and to strengthen the leadership of university presidents, we conduct fundamental governance reforms, clarify the role of university presidents, faculty meetings, personnel supporting university presidents (also directors, vice presidents, professional staff and the finance department) and strengthen the president’s discretionary expenses.

Approximately 80% of the budget of private university derives from student payments and this financial burden is heavy. Therefore, we reconsider the system of fiscal expenditures by reviewing the management of expenses in public and private universities. Also, in order to enable a stable management by ensuring diverse financial resources, we will improve the environment to procure private funds voluntarily and actively expand donations. We intensively support regional cooperation (of universities, regional and local communities and industries) and provide information on various initiatives by domestic and foreign universities. Furthermore, in order to secure learning time and study opportunities for students, such as studying abroad, universities and other institutions will revise the time of job hunting to foster personnel responding to social demands.

316. Securing stable subsidies for operational expenses of national universities

The base for science are universities with diverse human resources conducting educational and research activities, but in recent years the fundamental subsidies supporting stable education and

research (national universities subsidies for administrative expenses and facility maintenance expenses, including private subsidies) are on a downward trend.

Page 71

It has been pointed out that there are great difficulties in maintaining the number of faculty members as well as the operation of the management and facilities, so to strengthen the base of science in our country, we will stabilize these fundamental expenses. In order to fortify the indispensable functions of national universities, we will realize strategic allocation of operational expenses grants. We will focus our support on universities in areas affected by the Great East Japan Earthquake so that they can conduct research and education as a base for recovering the disaster areas.

317. Reform of graduate school education

Regarding graduate schools, not only research but also educational activities are increasingly emphasized. We will therefore ensure diversity according to the objectives of both liberal arts and sciences and strengthen systematic human resource development. In addition, to nurture and secure personnel actively engaged in various social fields, we promote close cooperation of industries and other public research institutions taking efforts to develop excellent human resources. We will strengthen educational activities at graduate schools including the improvement of the studying environment.

In order to promote the formation of the world's leading graduate schools, we will realize universities conducting excellent education and research and will focus our support on universities conducting high-quality education and research in specific fields. Also, to eliminate the exclusiveness of education and research, we will promote a reform of academic associations by subdividing them according to academic disciplines.

318. Promoting the success of young researchers

To increase the number of permanently employed young researchers, we will actively support professionals conducting research, such as industrial research workers and intellectual property manager, by diversifying career paths¹²⁵. We will sustain opportunities to cultivate professional personnel for postdoctoral fellowships¹²⁶ at public research institutes. We will create "crown projects" bearing the name of the specific researchers as a new research funding system so that young researchers can devote themselves to independent research.

319. International exchange of students and researchers based on the "300.00 international students plan"

By aiming to realize the "300.000 international students plan" (targeting 200.000 people for the time being), we will strategically acquire excellent international students while paying attention to our country and regions. In order to increase the number of international students and researchers

¹²⁵ Consistent career plan combining past work experience with current duties and connecting future hopes and job history based on expectations.

¹²⁶ Researcher at research institutions such as universities who acquired their Ph.D. but do not have full-time employment. Generally, it is a short-term contract.

studying in Japan, we will disseminate information on local education and research using overseas bases and local entry examination. Furthermore, to improve the quality of the studying environment, it is necessary to expand the government-sponsored international student system and to improve the living support by the cooperation of local governments, universities, private organizations and NPOs. We will promote social acceptance after completing enrollment, internships or graduation. On the other hand, in addition to increasing the number of accepted international students, we will devise concrete strategies to win truly excellent talents.

In order to revitalize the Japanese economy, it is necessary to cultivate “strong” Japanese who can play active global roles and we will therefore promote an environment giving students the opportunity to study abroad to become motivated and competent students. For this reason, we will establish a mechanism in cooperation with private organizations concerning the necessary expenses for studying abroad, including overseas activities in gap terms, avoiding impacts on job hunting and enabling students to improve their language skills.

To develop world-class educational and research activities, it is indispensable to accept excellent researchers from overseas and work on collaborative research. It is furthermore essential to enhance scholarships and improve the system of host institutions. In addition, by introducing a flexible academic calendar and improving the support system for studying abroad, we will promote thorough internationalization via efforts to encourage student exchanges and promoting international education collaboration with universities in Asia, the United States and Europe.

320. Realizing a “sports nation” by the “Basic Law on Sports”

In order to manifest sports as a national strategy, we strongly promoted various measures to realize a “sports nation” based on the “Basic Law on Sports” established by our legislation, and at the same time, we will consider reconstructing sports agencies and sport-related ministries. Additionally, to use sports for a harmonious development of citizens, we consider sports as a unity with culture and education and not only in terms of its competitive value but also from the viewpoint of education, health, community revitalization, national economic development and promoting international exchange. We will advertise sports to citizens and increase its cultural, educational and social impact.

Page 72

We will enact various measures to improve our international competitiveness such as the free use of the National Training Center¹²⁷ to enable Japanese athletes to play an active role in the Olympic Games and other international competitions. Furthermore, as a symbol of Japan’s restoration, and in order to hold the Tokyo Olympic Games and Paralympic Games in 2020, we will cooperate with business circles and fully restore the National Kasumigaoka Stadium and host competitions in the disaster area by deploying camp grounds nationwide. Also, we will do our best to succeed at the 2019 Rugby World Cup. In the meantime, we will try to attract further international competitions.

We will enrich physical education at schools, eradicate corporal punishment in exercise departments and enrich the activities of exercise department. Parallely, we conduct surveys on national physical

¹²⁷ A training facility for top level athletes in Japan, set up based on the “Basic Law on Promoting Sport”.

fitness and exercise capacity and promote efforts to improve the physical fitness of children by using the results of this survey. Furthermore, it is important to increase the number of people familiar with sports from childhood to seniority. Therefore, we will enhance various sports promotion projects such as National Sports Festival, Regional Sports Clubs and Training projects. We also consider developing an environment enabling the easy use of school grounds and gyms by everyone, including women, elderly people and disabled people.

We will advance familiarity with sports according to individual physical strength.

321. Enhancing the sports promotion system

In order to secure further financial resources for sport promotion, we revised the “toto Law” and expanded the scope of the “sports promotion lottery (toto)”¹²⁸ conducted by the Japan Sports Promotion Center to European soccer teams. In the future, we will consider developing a system that facilitates the application by eligible organizations for grants and facilitate donations.

In order to realize lifelong sports exertion and improve competitive skills, we aim to further revitalize sports-related organization, promote the employment of professional and amateur athletes and enhance social security of athletes after retirement. In addition to promoting second careers, we aim to secure superior human resources and financial resources as well as a virtuous cycle of athletes contributing to the promotion of sports in communities and the whole society. To that end, we will provide support for athletic sports careers.

322. The 2020 Olympic and Paralympic Games in Tokyo

The “2020 Olympic and Paralympic Games Tokyo Promotion Headquarter”, which is under direct control of the president, became the operational center and will be organizational expanded to conduct diplomacy and enhance the momentum for the Tokyo invitation. We will continue to strengthen our assistance to the Anti-Doping Organization and JICA by dispatching leading athletes to developing countries, promoting sports diplomacy and encouraging worldwide participation in the Olympic Movement aiming for peace.

Also, after holding the Tokyo Olympic Games in 2020, it is necessary to not only fully utilize the infrastructure, including stadiums and transportation network, as the Olympic legacy (heritage) but also to propose “Olympic education” to learn various guidelines and values and enable children to cultivate friendship and fair play spirit via sports.

323. Creating a “cultural and artistic nation” the world should be proud of

Since culture creates new national wealth, we have formulated a medium-term plan to systematically strengthen the cultural power of Japan, support artistic activities, success and develop traditional culture and preserve cultural properties. We aim to become a “cultural and artistic nation” the world can be proud of via strengthening functions, renovating cultural facilities and actively fostering human resources such as young artist. We will revitalize theaters or music halls to facilitate the

¹²⁸ People can bet on anticipated results of matches in the J League and receive a refund if they guessed the right outcome. Revenue is used for sports promotion.

demonstration of art and also to revitalize communities via cultural arts. In order to disseminate Japanese culture strategically to foreign countries, we will continue to pursue the succession and development of traditional culture and art, promote media arts as a new Japanese brand, such as animation, develop human resources and improve the treatment of producers. We will furthermore prioritize cultural exchange partners and contents, advance international exchange of excellent art and expand Japanese language education abroad.

Page 73

We will support nationwide “cultural art creating cities” fashioning creative cultural art and leading to the revitalization of industries and regions. In addition, based on the view that cultural art experience will contribute to a rich sensibility and creativity of children responsible for the future of our nation, the nation is obliged to familiarize children with high-quality cultural art. To enable citizens to appreciate and experience traditional arts or contemporary performing arts, we will enrich our efforts at schools to let students experience traditional arts in their community by measures such as the “traditional culture parents and children class”.

Electronic publications such as e-books are on the rise due to the progress of digitalization and networking, and countermeasures against unlawful electronic publications on the internet are urgent. In order to promote the character of print culture, we will revise the “Copyright Law” in line with the digital age and review current publishing rights. Also, Japan’s cultural budget cannot be said to be on a high standard, and we will therefore secure the necessary cultural budget to realize a “cultural and artistic nation”.

324. Supporting cultural and artistic activities for posterity to inherit cultural assets

For a smooth operation of cultural and arts organization, we will grant great assistance to nurture professional human resources and to motivate their activities. We will consider tax incentives to foster donation. There are many cultural facilities, including the National Theater in Tokyo, but by strengthening the networking of cultural facilities, we will enhance opportunities to appreciate culture and art across our nation.

We will accelerate disaster prevention measures to protect cultural properties from natural disasters such as earthquakes while also furthering the restoration of cultural assets affected by the Great East Japan Earthquake. We will encourage the usage of video recording (digital data) to ensure that valuable folk cultural assets will be handed over to future generations.

325. Preserving World Heritage and Intangible Cultural Heritage

This year, Mt. Fuji was registered as a “World Heritage” and our nation now has 13 cultural heritages and four natural heritages. Japan now has 21 “Intangible Cultural Heritages” symbolizing the diversity of cultures, traditions and customs rooted in regions, such as the *nogaku*¹²⁹, *ningyo joruri* *bunraku*¹³⁰ and *kabuki*¹³¹. In addition, Sado in Niigata Prefecture, the Noto Peninsula in Ishikawa

¹²⁹ Translator’s note: *noh* theater is a traditional Japanese theater play.

¹³⁰ Translator’s note: traditional Japanese puppet theater accompanied by a shamisen (three-stringed Japanese guitar).

¹³¹ Translator’s note: a Japanese classical drama.

Prefecture, the Kakegawa region in Shizuoka Prefecture, the Aso region in the Kumamoto Prefecture and the Kanto Region in Oita Prefecture are registered as “World Agricultural Heritage” by the United Nations Food and Agriculture Organization. By preserving these world heritages and intangible cultural heritages, we will promote the dissemination of Japanese culture abroad and deepen mutual understanding. We will actively promote the preservation of cultural properties to future generations by reaffirming our culture and respecting history and culture.

Page 74

Now, political and administrative reform for the citizens.

While our party forms the government, we will implement true political, administrative and decentralizing reforms for our citizens.

326. Reducing the number of parliament members

At the House of Councilors, the “4 Increase, 4 Reduction Bill” was established and thereby the disparity of votes was resolved. We aim to realize a fundamental election system reform until the election of the Upper House in 2016.

Regarding the House of Representatives, we first realized “0 increase, 5 decrease” and avoided an unconstitutional situation. Furthermore, we will reduce the proportion of members by 30 and aim to realize drastic changes to reflect diverse public opinions.

327. Reconsidering the bicameral system

Parallely to the debate on amending the constitution, we will examine the operation of the bicameral system in our nation.

328. Realizing a slim National Assembly Secretariat

As a reform of the National Assembly Secretariat, we will review organizational reforms including restructuring departments, selling facilities and assets of the Diet to eliminate squandering and thereby realizing efficiency and slimness.

329. Enriching the public recruitment system to select the best candidates

Regarding the selection of candidates, we will arrange a mechanism allowing the best candidates to be selected at all times. We will reflect the impartial and fair intent of party members and recruiters concerning the selection of candidates based on the principle of the public recruitment system and will actively use selection rules, such as verification, consideration and preliminary selection. The Central Political Graduate school and local political schools collaborate to discover and nurture talents responsible for the future of our nation and regions, and we will nurture candidates for each election.

We consider letting candidates running for election leave their enterprises temporarily, enable the reinstatement after the term as members of the House of Councilors or legislations is over and to enable public political participation by citizens.

330. Realizing citizen-centered politics

After the previous general election, we greatly increased opportunities to exchange opinions with the public and reflect on party management and policy marking by platforms such as the “Furusato Dialogue”, “Youth and Women’s Bureau National Caravan” or “Offline Meeting with the Net Supporters Club”.

In addition, by holding similar events at central political graduate schools and local political schools, we are also working on exchange with a wide range of people. Furthermore, we will enhance the cooperation with each party of more than 10.000 active members as nationwide opinion leaders, and we will implement citizen-oriented politics respecting the public opinion.

331. Securing transparency of political funds

We will ensure even more transparency of political funds. We try to make the revenue and expenditure of political activities, including labor unions, transparent. Also, in order to seek support from the whole population, we will promote personal donations by expanding tax incentives.

332. Establishing the “Law on Standards for Political Parties”

In order to guarantee transparency of the political party management, we aim to establish the “Law on Standards for Political Parties” which sets definitions for the functions, principles and funds of political parties.

333. Promoting a “true administrative reform”

Our party will carry out administrative reforms based on the purpose of using limited human and material resources most efficiently and flexibly by improving administrative functions and policy effects. In addition, we will clarify shared roles of political officers and aim for a political leadership based on true mutual trust. It is also our political responsibility to ensure firm supervision by assuring that the administration sticks to the common sense of the public, and at the same time, we will maximize the capabilities of the administration.

Page 75

For this reason, and to comprehensively promote administrative reforms by a unified government after inauguration, the cabinet established the “Administrative Reform Promotion Headquarters” where all cabinet members cooperate with the prime minister as the head of the cabinet to continue to promote true administrative reforms.

334. Central government reform

The main purpose of the reorganization of governmental ministries in 2001 was to strengthen the functions of these and eliminate harmful effects of the vertical administration division. Ten years have passed since then and we will verify whether this purpose was has been achieved. Furthermore, based on changes in administrative needs and future trends, we reviewed the roles of national and local governments and thereby aim for an efficient, agile and flexible administrative structure. Aside from the reform of governmental ministries and agencies, we will reform the structure of the central government.

For this reason, we formulate a reform plan, including legislative measures, and will realize it promptly.

335. Improving the quality of administrative services

One of the most important objectives of the administrative reform is the “improved quality of administrative services” beneficiary to citizens. Currently, the Ministry of Internal Affairs and Communication conducts a nationwide survey of government policies and on “public security”, “administrative squandering”, the eradication of inefficiency” and other issues and problems of each ministry. We conduct “administrative evaluations” to empirically grasp issues and present solution methods, but follow-ups have not necessarily been carried out finely and prompt responses have not been issued so that the restructuring is currently not working sufficiently (for example, “failure of the emergency system due to a shortage of local doctors”, “prevention of drug abuse”, “reducing the public burden”).

For this reason, and in order to enhance the effectiveness of “administrative evaluations” carried out by our party, we will monitor the evaluation and follow-ups while also boosting and accelerating the efforts to realize a high-quality administration trusted by citizens.

336. Eradication campaign to reduce pointless government operations

In order to realize the monetary easing of the finance by the Bank of Japan, advanced fiscal discipline is required. To that end, and in order to review loopholes in the governmental and administrative budget, the “squandering-eradicating project team” set up the “administrative reform promotion headquarters”. We conduct hearings, identify ineffective and inefficient operations and call for improvements and abolitions.

337. Civil servant system reform

Regarding the national civil servant system, based on the “Civil Servant System Reform Law”, we will improve its capacity and achievements to enable it to respond to the needs of citizens and for the personnel to feel the significance of working for citizens. We will evaluate incentives and awards for the staff and establish a system rewarding hard-working people. For that reason, we rigorously implement evaluations on capacity, performance principles, the appointment to executive positions and personnel affairs and we rigorously promote increased salaries or reduced salaries if the evaluation portrays the system to work “bad” in three consecutive years. In addition to eliminating squandering, we clarify the responsibilities of evaluators to ensure a fair personnel evaluation and we proceed with implementing the training of evaluators. Additionally, the government cannot grasp the whole results of the personnel evaluations (for example, the number of those evaluating the lowest rank of civil servants is unknown), and therefore, we will investigate the personnel evaluation and establish an environment for the process to be operated more appropriately.

We will fundamentally reform salary schemes including retirement allowances on national and regional levels. Especially regarding civil servants in their 50s, we will boldly review salary schemes peculiar to civil servants whose salaries are expected to rise. At the same time, we will make the salary system more dependent on capacity and achievements to motivate civil servants and maximize

the power of citizens. Regarding the salaries of local civil servants, we will adapt them to the actual conditions of local private enterprises.

Page 76

We are considering a system to nurture executive candidates, establishing a senior personnel system and arranging a “Cabinet Personnel Bureau” to centralize executive personnel affairs. Regional officials will also carry out reforms similar to the reform of the national civil servant system by reinforcing reemployment regulations and introducing personnel evaluations based on the principles of capacity and performance. In particular, we will thoroughly comply with standards of private enterprises for salaries.

338. Promoting the renewal of civil service organizations

The age structure of civil servants has turned into an inverted triangle due to the aging of the society and as a result of work restructuring until retirement due to the prohibition of “decreasing”, capacity and continuous new hiring is suppressed. In the future, as the number of elderly people increases due to the connection of employment and pension, aging will increasingly progress. Therefore, and in order to maintain and improve the vitality of the organization, the planning of future national statutes is necessary.

In order to facilitate the transfer of executive civil servants, while maintaining an environment for people to work until the age 65, it is necessary to regularize the salaries of executive civil servants including postal allowances and pensions. In addition to utilizing the newly established early retirement and recruitment system, we will promote the renewal of the organization by strengthening measures for early retirement and reviewing retirement allowances.

Regarding the recruitment system, we will consider fundamental reviewing based on difficulties in securing human resources of the baby-boomer generation while also promoting mid-career recruitment and public-private exchange. Regarding new recruitment in particular, we have revised the extreme restraint (the upper limit of new employees in each ministry) after regaining governmental power, but in order to secure talented people, we will develop an environment to encourage young people to aspire becoming proud civil servants.

339. Reform of the Board of Audit

We will prevent unauthorized use and wasteful management of public money and clarify the responsibilities of civil servants. For this reason, the partial revision of the “Accounting and Audit Institution Act” was established to expand the authority of the Board of Audit, promote the correction of unfair matters and clarify the responsibilities of budget executive officials. At the same time, we will set up penalties to prevent the backing of money and aim to establish the “Penalties Bill to Prevent Civil Servants and Public Officials to Be Falsely Punished” which will prevent civil servants from storing illegal funds. Also, the Board of Audit is independent and can monitor securely.

340. Independent administrative agencies reform

The independent administrative agency system separates the planning from the executive department within administrative bodies, positions the planning department at the center of administration and

thereby improves its capabilities. By dividing the executive department as an independent administrative institution, its efficiency is secured. The system is designed to improve equality and quality and by implementing a system reform, we will regain its original purpose.

Basically, it is the mission of the government to form independent administrative bodies and due to the severe financial situation, minimal expenditures, personnel selection and concentration on work by ingenuity and effort will be advanced. We will review the internal organization and salary levels and provide funds to improve its efficiency.

Even though administrative agencies are independent, the system has to be tailored to the specific characteristics and nature of various tasks. Especially regarding R&D, by utilizing the general science and technology conference, we aim for consolidation and integration not bound to the vertical division of ministries and agencies.

Regarding evaluations, we will review the necessity of evaluated items, prevent "evaluation fatigue", and separate it into the degree of achievements and degree of efficiency. Furthermore, since each task is strongly related to policies, these are subject to "evaluation and monitoring" by the Ministry of Internal Affairs and Communication. Therefore, we will establish a committee within our "Administrative Reform Promotion Headquarters" to compile the reform and revise necessary laws.

In addition, in order to further improve the planning function of administrative agencies, we will further advance the separation of the executive departments into independent administrative agencies.

341. Special accounting reform

Regarding special accounting, reforms including consolidation, utilization of surpluses and reexamination of expenditure are steadily progressing based on the "Law on Special Accounting" established in 2007.

We will continue to take up existing efforts and constantly review administrative projects concerning special accounting and further improve the efficiency and transparency of national finances. We will proceed with reforms to realize necessary amendments such as organizing accounting where the necessity of segmental accounting is not given.

342. A new system of public benefit corporations

Regarding the new public benefit corporation system which started in December 2008, we will continue to respond to it in detail to enable a smooth transition in five years. In addition, we will abolish the consignment of public benefit corporations and we will do so only in essential businesses among national or independent administrative agencies to realize a low-cost but high-standard system.

343. Eliminating *amakudari*¹³²

In order to eliminate *amakudari*, it is necessary to establish a civil servant system not giving incentives for *amakudari* in the first place but also implement a mechanism to enable civil servants to truly appreciate public services as a “citizens ministry”.

To that end, as an environment improvement enabling working until retirement, and in addition to the introduction of an early retirement system and expansion of professional personnel, and in order to prevent retirement without proper payment due to the increasingly aging society, we have enacted the expansion of the appointment system as an immediate measure and we will develop an environment enabling working until the age of 65, while taking trends of the private sector into account. Based on this, we strictly manage current reemployment regulations including labor migration and *amakudari* to dispel doubts of citizens about reemployment.

Regarding reappointment, we will thoroughly improve personnel management offering rewards and incentives based on ability and performance. Regarding local officials not legally appointed based on ability and performance, the Ministry of Internal Affairs and Communication provides necessary guidance and advices each local public entity to ensure that the targeted purposes are thoroughly enforced.

344. Strengthening the official document management system

By recognizing that official documents, recording activities of the state, are an intellectual resource which should be shared with the citizens and preserved for eternity, they are organized in National Archives. We aim to drastically enhance our official document management system by constructing new facilities and reinforcing older ones around the Kasumigaseki area.

345. Promoting regional reforms

We will promote regional reforms, such as optimizing salaries of civil servants to be at the same level as private wages, improving public services by using market tests and reducing the number and expenses of personnel.

Meanwhile, we will strengthen vocational training and reemployment support for career transfers to industries as a growing sector.

346. Regulating political activities of local civil servants

While promoting decentralization, it is imperative that local government officials, responsible for the administration, are aware of residents and maintain political neutrality. Therefore, we implement penalties on local civil servants, like national civil servants, and amend the “Local Civil Service Law” to regulate certain political activities.

¹³² Translator’s note: *amakudari* are retiring high-ranking government officials taking a lucrative job in private or semi-private corporations.

347. Promoting decentralization

Based on recommendations of the Decentralization Reform Promotion Committee¹³³ and on discussions of the Government's Decentralization Reform Promotion Headquarters and the Decentralization Reform Experts Conference, we will steadily advance our efforts such as (1) transferring administrative authority from the national to the regional level, (2) reviewing obligations and framing the scope of tasks, (3) securing basic finances such as local taxes or tax allocation which are essential for a stable fiscal management of local public entities.

348. Strengthening regional functions by decentralization

We will carry out a thorough consolidation of national and rural areas by using the six regional organizations¹³⁴ such as the National Governors Association to conduct consultations. In addition to enhancing the functions of local councils whose roles are expanding via decentralization, we aim to clarify and legislate the scope of legal responsibilities and duties of local assembly member by grasping the opinions of residents.

349. Promoting the *Doshu* system¹³⁵

The *Doshu* system fundamentally reforms the ideal way and the governance structure of our country. We revised the centralized system, formed a decentralized state, eliminate squandering by revitalizing regional economies and societies, form a multipolar nation, improve the efficiency of administrative and financial entities throughout the nation and eliminate double and triple administration. We thereby advance a true administrative reform.

Since the existence of the state is related to the nation, we will concentrate on national functions such as the national crisis management, protecting lives, health and property of citizens and an improved infrastructure for the national economy. The *Doshu* system is part of these national functions since it encompasses regional management with international competitiveness and the citizens-orientated work of municipalities as local public organizations familiar to residents.

Page 78

Therefore, we will promptly establish the "Basic Law on the Promotion of the *Doshu* System" and aim to introduce the *Doshu* system within the next five years after taking up a public debate to carefully consider local and other opinions.

350. National personnel authority recommendation system

We respect recommendations by national personnel authorities to secure appropriate salaries for national civil servants as a compensatory measure based on the constitutional basic labor rights.

¹³³ Established in April 2007 by the Cabinet Office to investigate and discuss basic aspects of promoting decentralization.

¹³⁴ Collective name for the National Governors Association, National Mayors Association, National Town Village Association, National Prefectural Assembly and National City Council.

¹³⁵ System to restrict and abolish national authorities and creates wide administrative bodies integrated in multiple prefectures and transfers authority as well as financial resources.

Although the recommendations exclusively concern national civil servants, they also effect the salaries of local civil servants. Because of this, we ask the national personnel authorities to determine local salaries in a more realistic way.

252. Amending the criminal law to prohibit damaging the Japanese flag

In addition to penalties for destructing foreign flags stipulated in the current Criminal Code, we will add penalties for destructing our national flag including the destroying, taking down or soiling of our national flag for the purpose of insulting Japan. The penalties consist of up to two years of imprisonment and a fine of 200.000 yen at maximum.

352. Promoting specific laws to protect human rights

Our party has been striving to protect human rights via the “Stalker Regulation Law” (2000), “Child Abuse Prevention Law” (2000), “Domestic Violence Prevention Law” (2001), “Comprehensive Support Law” (2004), and enacted detailed measures such as the “Extrajudicial Dispute Resolution Law” (2004), “Elderly People Abuse Prevention Law” (2005) and the “Disabled People Abuse Prevention Law” (2011).

We will continue to protect people having difficulties to protect themselves, such as victims of discrimination and abuse, and we will improve specific laws.

353. Opposing the “foreign residents’ right to vote” which destroys the shape of our country

Granting foreigners local suffrage is a serious threat to our national sovereignty and democracy. According to the constitution, only “Japanese citizens” have a guaranteed right to vote, including local elections, so the bill to grant permanent foreign residents the right to vote in local elections is a constitutional violation and this has been reinforced by the decision of the Supreme Court. Our party will oppose the introduction of the bill to grant foreign residents local suffrage.

354. Commemorative ceremonies at the “Day of Recovering Sovereignty” and the “Takeshima Day”

On April 28th, we held a ceremony to celebrate the emperor’s appointment and the “restoring of sovereignty and international independence”. It will be held each year from now on. Also, we consider holding a commemorative ceremony on February 11th and February 22nd as “Takeshima Day”.

Page 79

Now, a constitution the current era demands.

The constitution is the highest regulation of the state. It is the precise starting point of a nation. The LDP has already revised all provisions of the current constitution and announces the draft version of the Japanese constitution responding to the demands of the current era and new issues. We will restore the constitution for the citizen.

355. Proposing a draft version of the constitution

Our party announced the “draft version of the Japanese constitution” in accordance with the 60th anniversary of the San Francisco Peace Treaty (April 28th, 1954) on April 28th, 2012 which is the day when our sovereignty was restored.

In the preamble, we express to form a nation based on inheriting the three basic principles of sovereignty, pacifism and fundamental human rights, respecting the history and culture of Japan, the spirit of protecting our country as well as the harmonic families and society with mutual help.

In the emperor’s chapter, the provision of a head of state, national flag and anthem and provisions of the era and public acts of the emperor are added.

In the chapter on security, we clearly state the right to self-defense, regulate the establishment of defense forces and, in addition, we have newly established the protection of our territory. In the chapter on rights and obligations of the people, national environmental preservation, protection of overseas citizens, attention to victims of crimes and the improvement of the educational environment has been added.

In the chapter about local autonomy, we stipulated cooperation among local governments.

In the case of an emergency or cataclysm, it is possible to declare a state of emergency whereby the Prime Minister is able to exercise certain legal authority. We stipulated the obligation of citizens to comply with the instructions of the state. In addition, we stipulated the possibility to remove Diet member from office in special cases.

In this revised section, we will add the opportunity to lower the needed majority in both houses required to adopt the amended constitution from two-thirds and will review the public consent needed for adoption.

356. Submitting the “draft version of the constitution” to the Diet

As a policy of our party, we have formulated a voluntary constitutional law. In order to break out of the occupying regime and to make Japan a sovereign state, we have made many recommendations for revising the Constitution. In the meantime, our party established a Constitutional Investigation Committee in both Houses in 2000 and formulated the “Constitution Reform National Referendum Act” in 2007. On May 18th, 2010, the referendum law was enforced and the way to revise the constitution was opened.

With the enforcement of the “National Referendum Law”, it became feasible for us to submit the “draft version of the constitution” to the House of Representatives. While gaining broad understanding of citizens, our party aims to submit the draft to Diet and we will revise the constitution.