

Report on Promotion of Regulatory Reform

July 2, 2020

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I General Remarks

1. Introduction

The Council for Promotion of Regulatory Reform (hereinafter referred to as “ the Council ”) is an advisory body to the Prime Minister for comprehensively researching and deliberating the status of regulations required for promoting the structural reform of the economy and society, and is set up as a permanent body on October 24, 2019.

At the first meeting of the Council held on October 31, 2019, Prime Minister Shinzo Abe expressed the significance of regulatory reform as follows.

"In all fields, whether it is business, finance, agriculture, telecommunications, broadcasting, education or healthcare, we must constantly take up the challenge to advance future-oriented reforms with bold visions and not be constrained by conventional thinking. ... Regulatory reform has been and will continue to be the centerpiece of the Abe Cabinet’s Growth Strategy.

I would like Chairperson Kobayashi, Acting Chairperson Takahashi, and all members of this Council to formulate bold reforms from the perspectives of innovation, global practices, and, most importantly, users."

This report has compiled the results of the deliberation on regulatory reform items that the Council has been working on for about eight months.

2. Circumstances Surrounding Regulatory Reform and Roles of the Council

As the globalization of the economy is progressing rapidly, and the digitization of economies and systems is accelerating the trend. In order to maintain and strengthen the growth potential of the Japanese economy in the future, there must be no delay in responding to globalization and digitalization. In regard to regulatory reform, the regulations and systems that inhibit economic growth must be reviewed and replaced with growth-accelerating regulations and systems that encourage innovation. On the other hand, prompt regulatory reforms for the structural issues of Japanese society, such as the declining birthrate, and aging population, labor shortages, and regional revitalization are also required. Conventional regulations and systems also need significant reform.

In these changing economic environments, the Council has been mandated with the role of promoting reforms in a speedy manner by constantly assessing the necessity of regulations, challenging regulations that have lost their necessities, and urging the change in the regulatory system to cope with emerging issues. In addition to accumulating discussions on the review of individual regulations and systems, regarding the future regulation and system in the digital age, it is necessary to organize the way of thinking as a comprehensive and principle theory about the recognition of the era and direction of discussion.

At the 1st Council meeting held on October 31, 2019, chair Kobayashi stated, “Regulatory reform should be promoted immediately to agile based on the three keywords of global, digital, and open". "Global" means thinking from a global perspective. "Digital" means that promoting ICT, further utilization of data, and digitization such as digital governments is the main engine of economic growth. "Open" means to have a great deal of discussion in an open place, to crush the existing bedrock of the mind, and in order to promote open innovation, to crush existing silos and to build the foundation for realizing destructive innovation.

Afterwards, considering the growing spread of coronavirus infections, Prime Minister Shinzo Abe requested two studies on the compilation of emergency response measures. At the Meeting of the Council on Economic and Fiscal Policy held on March 31, 2020, Prime Minister Shinzo Abe stated as follows:

“ Amidst the situation where the public has been called to refrain from going out unless it is absolutely necessary and urgent in Tokyo and other areas, for instance, in response to the growing spread of novel coronavirus infections, telework and distance education, have become urgent issues from the perspective of maintaining the daily lives. Furthermore, it is also important to utilize online medical consultations to protect not only patients, but also the doctors and nurses working on the frontlines of the battle against

coronavirus, from the risks of hospital-acquired infections. With this in mind, I ask the Council for Promotion of Regulatory Reform to swiftly compile emergency response measures based on the current sense of urgency. “

At the Meeting of the Council on Economic and Fiscal Policy held on April 27, 2020, Prime Minister Shinzo Abe stated as follows:

“Towards the promotion of teleworking, I request that the Council for Promotion of Regulatory Reform swiftly compile immediate measures on the review of systems and practices involving physical seals and paperwork, and that each ministry start implementing what it can in collaboration with the IT Strategic Headquarters.”

Efforts to prevent the spread of the new coronavirus infection are urgent issues as a country, and the Council also energetically discussed.

Most of the regulatory reforms that the Council has worked on so far, a single report would not be enough to help accomplish the goal. Even after the submission of a report, it will be necessary for us to monitor the progress of reform efforts in the areas we have identified and to patiently follow up on those efforts until the expected effects can be seen. This is also an important role entrusted to the Council.

In addition, as in the former terms, we invited opinions and requests from all levels of civil society through the Regulatory Reform Hotline and other mechanisms, and took up as many of them as possible for discussion in order to take into our consideration the real opinions of people working on the front line.

3. Consultation Process

(1) Topic Selection and Organizational Framework for Consultation

At the 1st Council meeting held on October 31, 2019, the Council decided to deliberate from the following four perspectives.

- Review of regulations in response to technological innovation for growth strategy
- Nurturing the human resources who will support the future
- Responding to the labor shortage economy due to the development of a declining population society
- Digital government and efficient of administrative services

the following six working groups were established as the discussion system for this term: Growth strategy, Employment and Human Resources (education, child care), Investment (financial technology, radio system, energy, distribution), Medical care and long-term care, Agriculture, Forestry, and Fisheries, and Digital government (reduction of administration procedure cost). After consideration in each working group, at the 2nd Council meeting held on December 2, 2019, around the above four pillar topics, 14 priority areas of action to be worked on during this term have been identified. Each working group discussed regulatory and institutional reforms in their respective areas, focusing on these priorities.

As the digitalization of the economy is progressing rapidly, conventional regulations and systems need significant reform and replace with growth-accelerating regulations and systems that encourage innovation of digital technologies. Under these circumstances, the Council compiled a report on the regulations and systems desirable in the digital age.

In addition, as COVID-19 is spreading, prevention of the spread of infection including nosocomial infections and learning support at home have become major issues. In order to utilize online/telephone guidance for medical care and medication and enhance remote education, the Council established the "Task Force on Countermeasures against COVID-19" on April 1, and discussed necessary reconsideration of regulations and systems.

Furthermore, remote workstyles is being promoted as measures to prevent the spread of COVID-19 are required. But there are many situations in which remote workstyles is difficult due to institutions and customs that require seals and paper submission. Discussed the review of requiring paper documents, use of seals and face-to-face interaction, and requested the relevant ministries to take emergency reactions and systematic reactions.

(2) Follow-up on the progress of the Regulatory Reform Implementation Plan

As following up on the progress of the regulatory reform, with careful examination and assessment of the progress of the actions specified in the Implementation Plan, the Council designated those of special importance as “priority follow-up areas” on which discussions were made.

(3) Receiving ideas and opinions through the Regulatory Reform Hotline

As former Council for Promotion of Regulatory Reform, the “Regulatory Reform Hotline” has been open to receive opinions and ideas to promote regulatory reform. Includes 152 opinions submitted by October 23, 2019 before the Council was set up, 505 opinions (as of May 31, 2020) have been received.

Ideas and opinions submitted through the Hotline were communicated to relevant ministries for their consideration and 415 responses received from them (as of May 31, 2020) were published on our website. Organized the responses obtained from relevant ministries according to the matters in charge of each working group. In principle, about once a month, each working group carefully selected and discussed matters that require further examination and deliberation. Then the Council used the results in formulating specific reform actions.

4. Working toward Realizing this Report

After this report is submitted to the Prime Minister comes the stage “implementation.” In order to immediately set out to reform all regulatory reform items cited here to steadily realize reforms with deadlines set, it is necessary to formulate a schedule detailing the process to be followed through realization of reforms, which means “the Implementation Plan for Regulatory Reform”, and have it decided by Cabinet.

Many regulations involve a structure where interest conflicts, which is a principal factor in preventing reforms from being advanced. In order to move reforms forward, interested parties in a variety of positions will need to be persuaded and coordinated to surmount such a structure. There are strong expectations for political leadership so that the content of this report may be realized to the greatest extent.

5. Progressing to the Next Step

Time and time again, reports and Cabinet decisions have been made regarding regulatory reforms. As they have not been followed up properly, however, there are some cases where the reforms have not progressed as initially intended.

In order to avoid having decisions watered down, the Council is required to carefully confirm that regulatory enforcement ministries’ and agencies’ examinations appropriately reflect the Council’s opinions or reforms are not going backward, etc.

II Promoting Regulatory Reform in Each Sector

1. Growth strategy sector

Strategic use and application of digital technologies such as robots, artificial intelligence (AI) and big data are essential in order to improve productivity and achieve sustainable economic growth for Japan. Meanwhile, it is imperative to develop systems as a regulatory framework is cited as falling behind from the rapid development of technologies resulting from the fourth industrial revolution.

As the use of new technologies such as AI and IoT advances further in the digital age, data that is being distributed in large volumes is connected to virtually everything and becoming a source of competitiveness for the economies and companies of each country. The utilization of the ability to collect and analyze vast amounts of data is creating new business models such as the sharing economy and platform strategies, and is shifting people's behavior patterns, including communication and consumption trends.

In order for society in Japan to align smoothly and swiftly to the digital age, it is essential to rapidly build a data-driven society with a landscape and infrastructure equipped for data utilization. Specifically, a fundamental review of various systems and operations is needed to realize a fair and competitive environment, including the development of an ecosystem that facilitates data distribution and utilization, data portability and discussions on data access for open APIs. Economic growth is anticipated through having data readily accessible to everyone by ensuring smooth distribution while keeping watch on the protection of personal information and privacy.

From the above viewpoints, the following regulatory reform items to be addressed were compiled.

(1) Regulations and systems in the digital age

[a: To be implemented sequentially what can be achieved.

b: To be examined and concluded in FY2020.

To be implemented as soon as a conclusion is drawn,

c: To be examined and concluded in FY2020]

<Basic Stance>

As the globalization of the economy and society is progressing rapidly, advancements in digital technology is forging great changes both economically and socially. The regulations and systems that inhibit the use of digital technologies must be reviewed and replaced with growth-accelerating regulations and systems that encourage innovation. Conventional regulations and systems also need significant reform overall.

With such an awareness of the issues, the Council for Promotion of Regulatory Reform discussed extensively on the regulations and systems desirable in the digital age, and compiled a summary ("Regulations and Systems in the Digital Age (decision of the Council for Promotion of Regulatory Reform on June 22, 2020)").

In this report, the development of economic and social digitization is a means to increase the productivity of business activities of companies, deliver added convenience to consumers and public services and provide solutions to the challenges facing Japan. On the other hand, the current regulations and systems have shown their limits in their ability to respond to the new challenges and problems that arise with advancements in digitization.

Under these circumstances, if the current regulations and systems hinder the use of new technologies, such regulations and systems need to be reviewed. And in the event existing regulations and systems do not adequately protect legal benefits, they need to be reviewed to address the new challenges.

The review of regulations and systems should be based on the following criteria: 1) Review of regulations and systems that require the use of certain technologies and methods; 2) Review of face-to-face and written regulations through the substitution to digital technologies; 3) Review of business regulations; and 4) Review towards devising flexible regulatory systems.

The Council for Promotion of Regulatory Reform will strategically review specific regulations

and systems in light of this report.

From the standpoints of preventing the spread of COVID-19 and attaining digital government, the Council will continue to review regulations on written documentations, seals and regulations on face-to-face requirements. The review of industrial regulations as well as discussions toward establishing flexible regulatory systems will be worked on based on the actual conditions of business development in Japan and overseas and specific requests voiced. Discussions on these reforms should help roll out changes as a model reform eyeing holistic improvement. And when new regulations are established, it is necessary to ensure the regulations and systems align with the digital age.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

- a Continue to review regulations on written documentations, seals and face-to-face requirements from the standpoints of preventing the spread of COVID-19 and attaining digital government.
 - b Discussions by regulatory enforcement ministries and agencies on regulations and systems that the Council for the Promotion of Regulatory Reform has designated as the most important items to be reviewed in high need of reform, based on the criteria in “5. Classification of Regulations and Systems and Specific Review Criteria” of “Regulations and Systems in the Digital Age” that are based on the actual conditions of business development in Japan and abroad together with specific requests voiced from business operators.
 - c In cases where new regulations are established or the content thereof is to be changed, the measures for regulatory enforcement ministries and agencies to consider digitization in perspective for the regulations and systems will be discussed, such as developing standardized procedures for pre-evaluation to meet evaluation criteria based on the criteria abovementioned for assessing whether the system is designed from a digitization standpoint and requiring them to work in accordance with those procedures.
- (2) Comprehensive review of regulations in light of developments in digital technology
- A. Development of an environment to promote the use of new technologies and data in the maintenance and management of infrastructure facilities

[To be examined and concluded in 2020]

<Basic Stance>

Aging infrastructure is becoming a serious social issue in Japan. Due to the shortage of manpower and funds, there are a considerable number of facilities in need of urgent countermeasures as they cannot keep up with the necessary inspections and repairs. Under such circumstances, together with the shift from “corrective maintenance” to “preventive maintenance” anticipated to extend the service and reduce the total cost by implementing countermeasures for facilities requiring emergency measures at an early stage, new methods of securing safety utilizing digital technologies are expected, such as those that capture images of damage using drones and underwater drones, identify changes in tunnels and road surfaces traveling measurement vehicles, and predict aging through AI-backed analysis of big data. These new technologies and data will make it possible to carry out precise inspections, while anticipating improved labor productivity and reduced costs through substituting manual inspection with appropriate assistance and substitution.

However, the environment to promote the utilization of these new technologies is not yet in place. For example, many of the infrastructure inspection procedures prepared by respective ministries and agencies are based on methods that rely on human senses and experience such as “close visual inspection” and “percussion”. In addition, it is not fully understood by operators and local governments that these can be substituted by new technologies, thus causing facility managers from private sector companies and local governments to be hesitant in taking advantage of the new technologies.

In addition, while the decision on the use of technology lies with persons who conduct the

inspections, the Japanese government has not presented clear standards or judgment methods based on numerical values, etc., with regard to the performance of technologies that can substitute for manual inspections. As the number of technical experts is decreasing amid Japan's aging population, the government should provide clearer standards and approaches to take for the facility managers of operators and local governments to make decisions on the adoption of technology.

It is important to publicize technologies that meet the standards as those that can be used for inspections. For example, the "Performance Catalog" prepared for the roads sector in February 2019 is said to be helping with the utilization of new technologies and should be rolled out to other sectors. On the other hand, given the number of technologies listed is still limited, it is necessary to improve the contents as the technology advances in the future and to make them known to the public as technologies that can generally be used for inspection.

While it is essential to prepare and utilize data in order to maintain and manage infrastructure efficiently, most of the applications and management are still print-based. At present, databases for various facilities, including those of the Airport Facility Management Information System in the aviation sector and the Maintenance Management Information Database for the ports sector, have started development. Further enhancements are needed, such as examining registration items and data formats with future data utilization in mind, building a mechanism for sharing data among facility managers, inspection service providers, and other related parties, improving data accessibility, and formulating policies for data utilization.

Furthermore, since the development of sound infrastructure is considered to be the responsibility of the national government, it is very important for it to demonstrate that it is actively involved in promoting the introduction of new technologies. Firstly, the national government should take the initiative in utilizing new technologies, and given many local governments are the main entities in charge of managing infrastructure, the national government should thoroughly inform and exchange opinions with them on the use of new technologies and data. It is also essential to inform and exchange opinions with venture companies, manufacturing, sales, and leasing companies, etc., who are potential market players. Furthermore, all parties involved need to work as a team with a shared understanding on the importance of the use of new technologies and data by breaking down barriers between departments in respective organizations, including local governments.

Infrastructure maintenance using new technologies serves as a great opportunity to utilize Japan's high level of technology and is anticipated to contribute significantly to its economic growth as an industrial sector with a growing market. Japan's sustainable growth should be attained by pushing forward precise and efficient maintenance and management powered by new technologies and data.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

The Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the Ministry of Health, Labour and Welfare (MHLW), the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Economy, Trade and Industry (METI), which have formulated the Plan for the Longevity of Infrastructure (Action Plan) and have jurisdiction over infrastructure facilities, will determine the current status of each infrastructure facility under their jurisdiction (see the attached table), review implementation of 1) through 7) below according to the characteristics of the project, and announce the review results and scheduling of initiatives.

1) In the inspection guidelines, the active use of new technologies shall be indicated and the availability of substitution of conventional inspection methods with new technologies should be explicitly described. In doing so, the new technologies available, including drones, underwater robots, traveling measuring vehicles, infrared illumination devices and image analysis devices, shall be described in as much detail as possible. However, while examples

of available technologies are promoted, no limitations shall be imposed.

- 2) With regard to visual inspection, percussion and other manual inspections that can be substituted with technology, numerical performance standards for detection accuracy among other criteria shall be worked on according to advancements in technology.
- 3) Technologies that meet the standards shall be listed in catalogs, etc., and the listed technologies shall be described in the inspection procedures, etc., as generally applicable for inspections.
- 4) Specific inspection methods and application examples using new technology, and examples of order specifications assuming the use of new technology shall be compiled as guidelines and case studies. Particularly in the aviation sector, the “Basic Plan for Preparation of Maintenance, Management and Renewal Plans” shall provide concrete examples on the use of new technologies for the maintenance and management methods defined in the “Maintenance and Management Guidelines for Airport Facilities.”
- 5) A database shall be developed on data related to facility specifications and inspection results. In doing so, the items to be registered and the data format shall be established with effective use of the data in mind, and a mechanism that enables smooth sharing of data among the parties concerned shall be examined. In particular, for the ports sector, the “Maintenance and Management Information Database” shall also allow the registration of information pertinent to the technology used for maintenance and management.
- 6) The facilities under the direct control of the government shall be inspected using new technology to verify its effectiveness.
- 7) The initiatives 1) through 6) above shall be actively publicized and opinions exchanged with local governments and business operators. In addition, opportunities for opinions to be exchanged and cross-examining departments in charge of infrastructure, including local governments, shall be provided.

B. Environmental improvement for drone utilization in infrastructure maintenance

- [a,c,d: To be implemented in FY2020,
b: To begin examination in 2020 and be implemented as soon as a conclusion is drawn,
e: To be implemented in 2020, f: To begin examination in FY2020]

<Basic Stance>

For the use of drones, the Civil Aeronautics Act (Act No. 231 of 1952) uniformly requires the approval and permission of the Minister of Land, Infrastructure, Transport and Tourism with regard to the reliability of the aircraft, the skills of the pilot, and the appropriateness of the verification method of the safety system in the event that certain conditions are met, such as flights in densely populated areas, nighttime flights, and off-sight flights. With the increasing use of drones for the infrastructure facility inspections, these uniform procedures shall be reviewed and simplified when the use of drones is deemed appropriate to be in line with the diversification of the environment in which drones are used and the development of technologies to increase safety, such as when facility owners fly over their facilities, safety measures such as functional or mooring features and propeller guards are in place to limit the range of flight, and cameras capable of 360-degree surveillance with functions and performance equivalent to that of a visual inspection are equipped.

In addition, although the DIPS (Drone Information Platform System) currently enables efficient online procedures for application based on the Civil Aeronautics Act, it takes about 10 days for the flight application process and several days for the modification application process. Furthermore, together with applications based on the Civil Aeronautics Act, confirmations with respective administrators may be required on whether or not drones can be flown when flying over parks, harbors, and seashores. Given ordinances vary by local governments, it takes time and effort for operators to grasp the necessary procedures.

In addition, there is a growing need for drones to be equipped with mobile phones (4G, LTE) with a wide coverage area and are capable of high-speed, large-capacity data transfer to be used for the transmission of images of infrastructure facility damages spanning long distances and

expansive areas. At present, mobile phones may be used aerially under the Development Test Station system, but a faster-procedure is required as it takes a total of about two months from preparing the application to using aerially.

As the value of using drones is rising, it is necessary to implement radio wave administration in anticipation of needs expanding for the use of drones, such as taking measures on interference when using mobile phone systems that are designed for ground use and considering the expansion of the available bandwidth.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

- a The MLIT, in cooperation with relevant ministries and agencies, shall prepare a manual compiling the safety measures required for infrastructure inspections using drones, publish on its website, and simplify and facilitate the required procedures for applications that use this manual, such as omitting the screening process. In doing so, it shall exchange opinions with drone operators and manufacturers to gain an accurate understanding of the latest conditions while taking into account the diversification of the operating environment and technological advancements.
- b The MLIT shall review the types of flights that clearly have no impact on people on the ground and aircrafts, regardless of the reliability of the body used, the skills of the pilot and implementation method of safety measures (e.g., mooring measures to limit the flight range), and shall take steps to further simplify the procedures, including reviewing the scopes of permits and approval.
- c The MLIT shall make efforts to improve the performance of DIPS in order to shorten the timespan required for the application procedures for the use of drones and changes under the Civil Aeronautics Act and to enhance convenience of the procedures.
- d The Cabinet Secretariat, with the cooperation of relevant ministries and agencies, shall once again investigate the actual conditions of the ordinances established by local governments and reflect the results on the MLIT's Civil Aviation Bureau website to enhance its contents.
- e The Ministry of Internal Affairs and Communications (MIC) shall reduce the time required for procedures for aerial use of mobile phones to one (1) week or less.
- f The MIC shall conduct technical studies on expanding the bandwidth available for drones, including 5G frequencies, based on the assumption of expanding the use of drones in infrastructure inspections, etc., and use over long distances, including out-of-sight flights, based on trends in the use of drones, to resolve technical issues.

C. Use of remote monitoring technology to reduce the frequency of maintenance and inspection of large septic tanks

[To begin examination in 2020 and be concluded in FY2020]

<Basic Stance>

In accordance with the Building Standards Act (Act No. 201 of 1950), there are two types of Septic Tanks: The "Structural Demonstration Type" that uses the structural method specified by the Minister of Land, Infrastructure, Transport and Tourism and the "Performance Evaluation Type" approved by the Minister of Land, Infrastructure, Transport and Tourism. Most of the septic tanks newly installed in Japan today are the Performance Evaluation Type. The frequency of maintenance and inspection of the Structural Demonstration Type is specified in Article 6, Paragraph 2 of the Ordinance for Enforcement of the Act on Septic Tanks Related to the Ministry of the Environment (Ordinance of the Ministry of Health and Welfare No. 17 of 1984) and is applied mutatis mutandis to the Performance Evaluation Type. The frequency of maintenance and inspection of large septic tanks is stipulated to be once per week or 2 weeks, depending on the treatment method, etc.

However, IoT technology currently enables large septic tanks to be remotely monitored. And even if an abnormality occurs, it can be quickly resolved. Therefore, it has been pointed out that there is no need for maintenance and inspection to be conducted at the current frequency.

Given large septic tanks require frequent inspections, so if remote monitoring can reduce the frequency of trips to the site, it will make maintenance more efficient and improve the productivity of inspectors. In addition, running costs can be reduced, which will greatly benefit septic tank users.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

The Ministry of the Environment shall conduct technical verifications on the frequency of maintenance and inspection of large septic tanks using remote monitoring technology and a conclusion shall be drawn.

(3) Development, integration and opening of information for a data-driven society

A. Promotion of data utilization in the transportation sector

[a,f: To be examined and concluded in FY2020.

To be implemented as soon as a conclusion is drawn,

b,c,d,e: To be implemented in FY2020,

g: To begin examination in FY2020 and be concluded in FY2021]

<Basic Stance>

The materialization of MaaS (Mobility as a Service) is intended to meet the mobility needs of every person, optimally combine multiple public transportation services and other mobility services, and enable searches, reservations, settlements, and other functions all at once to increase consumer convenience. In doing so, it is necessary to develop a system that can link the information held by each operator and transportation service provider as electronic data that can be used in a myriad of ways. However, at present, the timetables, fares, operation status, location information and other data held by operators are not sufficiently developed and linked.

Data development and integration are essential in promoting innovation in the transportation sector, and the government has a major role to play proactively, with an eye to openness. The MLIT has held MaaS-Related Data Study Group four times (including in writing) since September 19, 2019, with the understanding that it would be beneficial for both users and service providers through organizing the scope of data to be integrated, the rules of the integration and data format prior to the nationwide expansion of MaaS, and to present a certain direction on future plans. In March this year, the “Guidelines for Integration of MaaS-Related Data Ver. 1.0”¹ was compiled. With the need to ensure effectiveness and validity pointed out in promoting the development and use of data and integration. Follow-up including continuous renewal is needed.

In addition, some applications and notifications submitted by transportation operators to the government are still in print, with online applications and processing operations yet to be streamlined. From the perspective of promoting digital transformation (DX) in the transportation industry, digitization should be pushed forward as soon as possible.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

a In order to ensure the effectiveness of the Guidelines for Integration of MaaS-Related Data compiled by the MaaS-Related Data Study Group, necessary measures, including the development of systems in each transport sector, for data development and integration to improve user convenience shall be considered. The introduction of systems to facilitate

¹Text of "Guidelines for Integration of MaaS-Related Data Ver. 1.0" (March 19, 2020)
<https://www.mlit.go.jp/sogoseisaku/transport/content/001333985.pdf>

feedback from MaaS platformers and MaaS providers shall also be considered in doing so.

- b The basic policy of the Act on Revitalization and Rehabilitation of Regional Public Transport (Act No. 59 of 2007), which was enacted as an amendment to the Act on Revitalization and Rehabilitation of Regional Public Transport (Act No. 59 of 2020) during the ordinary Diet session in 2020, shall mention the importance and necessity of data development and integration and explicitly state the significance of data utilization in the transportation sector. The new mobility service project system of the amended law shall also be effectively utilized.
- c In addition to increasing the momentum for data development and integration, the Guidelines for Integration of MaaS-Related Data shall be widely publicized to transportation operators as well as to local governments and relevant parties in an effort to enhance skills and know-how required for the appropriate implementation of the guideline. In addition, as MaaS includes personal and location data such as reservations and payments, the guideline will be revised to align with a data-driven society by introducing a framework to periodically update the guidelines in about a year with an eye to the future use of personal and location information.
- d Given data in the transportation sector includes various types of information in which their items, contents and formats range extensively, opportunities shall be held for further standardization of data formats and items exchanged by data formats and APIs, while keeping in mind the consistency of MaaS as a whole, in order to promote further standardization for mobility technology.
- e As data development in a standardized format for buses, ferries and passenger ships is already in progress, necessary measures such as the establishment of a subsidy system for the use of a standardized format shall be taken to further promote utilization. In addition, specific measures to promote data development and integration among public transportation systems other than buses shall be considered, with necessary measures implemented while referring to the initiatives in place to standardize bus information formats.
- f The use of a standard bus information format is a requirement for the introduction of bus location systems in projects such as innovation of public transport usage environments. However, in other subsidized projects such as the Japanese version of MaaS promotion and support projects as well, data development and integration shall be made as requirements for issuance. Thus, the creation of an environment to promote data development and integration for grants shall be further pushed forward, together with formulations of specific roadmaps and KPIs.
- g Reviews shall be made on the digitization of applications and notifications submitted to the national government by transportation operators such as railways and buses, together with the development of machine-readable data.

B. Data development and integration of data for vitalization of real estate-related markets

- [a,b,c,e: To begin examination in 2020, d: To be implemented in FY2020, f: Survey is to be conducted in FY2021. To be implemented in FY2021]

<Basic Stance>

The real estate industry in Japan is facing a major turning point following the country's population decline. In order to realize sustainable growth, it is necessary to carry out regulatory reform and industrial revolution in the real estate market to improve productivity and efficiency through proactive utilization of new technologies. In this context, it is essential to improve the transparency and reliability of the real estate distribution market for revitalization and pivotal to enhance the quantity and quality of real estate-related data. It is also desirable to eliminate the asymmetry in information while taking into account the protection of personal information and privacy.

In particular, the Real Estate Information Network System (hereinafter "REINS") operated by

the Designated Real Estate Information Network System², in which registration is required under the Real Estate Brokerage Act (Act No. 176 of 1952) is expected to play a significant role as a real estate information infrastructure. However, in REINS, items such as price, area, address, floor plan, number of rooms, and transaction form (exclusive, full-time, general, etc.) are required for registration, and only required for exclusive, full-time brokerage contracts and full-time brokerage contracts in sales and purchases. Although REINS is operated by four real estate distribution networks comprising Eastern Japan, the Chubu region, the Kinki region, and Western Japan, three different systems are used by the four (with Eastern Japan and the Chubu region using the same system), and further utilization of data is encouraged.

The MLIT has considered and implemented measures to improve the utilization and dissemination of information such as on closing prices possessed by REINS, but the initiatives are short of being sufficient.

Therefore, it is necessary to further expand and enrich information in REINS. This not only improves the transparency of information, but also allows more sophisticated decisions to be made pertaining to real estate and promotes the revitalization of the real estate market and the effective use of assets. It also builds the foundation for the real estate market's growth strategies.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

- a In REINS, increasing the number of registered properties, reviewing essential items for registration, and considering appropriate registration periods shall be discussed to further enhance contents of registered property information.
- b In order to build information in and expand use of REINS to revitalize the real estate market and make more effective use of assets, ways to provide incentives to brokers who register transaction information shall be reviewed prior to expanding registered property information. In addition, in cooperation with external academic institutions and experts possessing insights on information processing technology regarding personal information protection, ways of maintaining personal information protection, including processing measures, shall be examined.
- c For RMI (REINS Market Information), a real estate transaction information service for consumers, given it is more than a decade since the start of its operation, the information available to the public shall be reviewed for enhancement in order to further promote data utilization and improve usability, possibly adding drastic updates and improvements. In doing so, the protection of personal information, including processing measures, shall also be considered.
- d In the data-driven society, it shall be demonstrated that improved convenience in society can be anticipated through the development and integration of real estate-related data by continuously engaging in demonstration experiments in which data analysis, etc., are conducted in cooperation such as with real estate agents, IT vendors and technology companies, and measures to organize and integrate data shall be reviewed also in cooperation with external academic institutions.
- e In order to promote the use of real estate registry IDs as real estate IDs, cooperation with other real estate-related databases, and the development of existing real estate-related data, such as real estate registration information, past transaction histories, infrastructure development

²The Real Estate Information Network System was established under the revised Real Estate Brokerage Act of 1988 (Article 34, Paragraph 2 of the same Act), with 4 organizations – Eastern Japan, Chubu, Kinki and Western Japan – currently designated by the ministry of the MLIT. Its main roles are (1) To register information on sale and purchase properties, etc., related to exclusive full-time brokerage contracts and full-time brokerage contracts with the REINS System under Paragraph 5 of Article 34-2 of the Real Estate Brokerage Act. Information is extensively exchanged among real estate agents to promote the proper and swift conclusion of real estate transactions and facilitate distribution; and (2) To disclose analysis information on market conditions based on the closing price information notified by real estate agents and promote the transparency of the real estate market.

status and legal restrictions, the MLIT shall proactively promote various initiatives to push forward data integration among private sector businesses and make efforts to collaborate with relevant ministries and agencies.

f From the perspective of revitalizing the real estate market, a survey on the use of international real estate data, such as in the US and Europe, shall be conducted. This shall be followed by publicity of the significance and effects of data utilization .

C. Creation of new added value through the use of smart meter data

[a: To be examined in FY2020 and be implemented in FY2022,

b: To be examined in FY2020 and be implemented in FY2021,

c: To be implemented in FY2021]

<Basic Stance>

From a medium- to long-term perspective, there is a growing need for cooperation not only with the electric power industry but also with other industries, such as the creation of new electric power businesses through new technologies such as AI and IoT. From the perspective of data utilization, it is expected that new added value will be created in a wide range of fields, such as the sophistication of local governments' disaster prevention and evacuation plans, the monitoring of the elderly and business area analysis, through the use of data on the amount of power consumed by users, among others. However, there is currently no system in place to enable the appropriate use of such data.³

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

a Based on the Electricity Business Act (Act No. 170 of 1964) amended in the ordinary Diet session in 2020, systems necessary for the steady promotion of efforts by businesses that want to utilize electric power data shall be developed through engaging in detailed system planning. In designing the system, all possible measures shall be taken to protect personal information and maintain information security. In particular, measures such as imposing confidentiality obligations on the exchange of electric power data, requiring neutral organizations and information providers to have appropriate privacy protection levels, and presenting guidelines on how information providers should operate information shall be discussed.

b The format of power data shall be determined by setting up a working group, etc., with the participation of both general transmission and distributors (the provider) and the operators (the user) so that the opinions of both parties are taken into account.

c The Agency for Natural Resources and Energy shall actively publicize to encourage the entry of business operators who intend to make effective use of electric power data in a wide range of industrial fields.

D. Utilization of personal information in the data-driven society

[To be implemented in FY2020]

<Basic Stance>

Based on the provisions (Article 12 of the Supplementary Provisions) regarding the "The Every-Three-Year Review" established in the Act on the Protection of Personal Information and the Act on Partial Amendment of the Act on the Use of Numbers to Identify Specific Individuals in Administrative Procedures (Act No. 65 of 2015) and from the perspectives of increased

³A smart meter is a device that can measure power consumption every 30 minutes, with the information obtainable remotely. As of March 2019, 51,820,000 smart meters have been installed and scheduled to be installed in all households and offices across Japan by March 2024. The smart meter data is held by general power transmission and distribution companies and consists of equipment information (smart meter location information) and power consumption information (power data). The equipment information includes the meter ID, installation completion date and removal completion date and time, and location information. The power information includes the meter ID, date, power flow category, and power consumption every 30 minutes.

awareness of one's personal information, balancing between protection and utilization following technological innovation and responding to new risks associated with the increase in the distribution of cross-border data, a bill to partially amend the Act on the Protection of Personal Information was submitted to the 2020 ordinary session of the Diet and was enacted.

In the meantime, from the viewpoint of promoting innovation, "pseudonymously processed information" with names deleted was established. As the obligation to respond to requests for disclosure and suspension of use is eased on the condition that usage is limited to internal analysis, etc., it is expected that businesses will promote understanding and use of the system.

As for the protection of personal information, the system shall be reviewed because there are imbalances and inconsistencies in regulation on personal information protection, such as the difference in treatment between the government, local governments and the private sector.

<Items to be Implemented>

To promote the use of "pseudonymously processed information," which will be newly established in the amended Act on the Protection of Personal Information (Act No. 57 of 2003), enforcement of the amended law shall be prepared for by organizing the differences from anonymized information and examples of their uses, informing businesses, etc., and promoting measures associated with the use of data. Moreover, regarding the personal information protection system of local governments, based on the arrangement of practical issues related to the way of discipline including the unification of ordinances by law at round-table conferences with local governments, etc., and in full coordination with the local side, the personal information protection system of the private sector, administrative organs, independent administrative agencies, etc., shall be aligned and kept in step with the laws and regulations on personal information protection. In doing so, from the perspective of comprehensive and integrated promotion of personal information protection, the roles of the state regarding the handling of personal information by local governments should also be reviewed as necessary while taking into consideration international trends in harmonization of systems.

(4) Holding general meetings of shareholders while preventing the spread of COVID-19

[Implemented]

<Basic Stance>

As the 'new normal' triggered by the spread of COVID-19 requires people to avoid unnecessary visits to the office and the "3Cs" and reduce contact with others, there have been calls pointing out the delays in accounting and auditing in preparation for the annual general meeting of shareholders which is popularly scheduled in June.

In a statement⁴ released on April 15, the Liaison Conference on Responses to Corporate Financial Statements and Audits Based on the Impact of COVID-19 announced that, in addition to postponement, it was also possible to carry out the resolution of dividends, the election of officers, etc., and the approval of settlement of accounts on a different date by the "following meeting" method. These efforts are meaningful as they prevent the spread of COVID-19 and reduce the burden on companies.

However, if the "following meeting" method is adopted, the terms of office of executives (directors, accounting advisors and auditors whose terms of office end at the end of the annual general meeting of shareholders) and accounting auditors may be extended to the end of the "following meeting" (e.g., September). And in order for an officer, etc., to resign, it would be necessary to attach a notice of resignation stamped on the application for registration or make it identifiable from the minutes of the general meeting of shareholders attached to the application for registration that the officer, etc., has expressed his or her intention to resign in June, for

⁴"Response to Corporate Accounts and Audits and General Meetings of Shareholders in Light of the Impact of the Novel Coronavirus infection"

example, when the general meeting of shareholders was initially scheduled. As it is likely to take a considerable amount of time between the initial shareholders' meeting and the "following meeting" due to the impact of the COVID-19 pandemic and to avoid unnecessary confusion in corporate management, the term of office of directors and officers who are up for re-election at the time of the initially scheduled shareholders' meeting shall be deemed to have expired at the time of the initially scheduled date, and registration of re-election should be accepted.

On the other hand, as a further measure to prevent the spread of infection and to expand options for companies, the system of deemed provision of shareholder meeting materials through online disclosure may be considered. Article 437 of the Companies Act (Act No. 86 of 2005) states that when an annual general meeting of shareholders is convened, financial statements and other materials for the general meeting of shareholders must be provided to the shareholders with the notice of the meeting, but some of the materials for the general meeting of shareholders may be deemed as provided to shareholders by publishing on a website until 3 months have elapsed from the time the notice of the meeting is issued (Article 133, Paragraph 4 of the Ordinance on Accounting of Companies (Ordinance of the Ministry of Justice No. 13, 2006), etc.), known as the so-called "system of deemed provision through online disclosure". Although materials pertaining to the general meeting of shareholders are extensive and the contents of materials must be determined at a fairly early stage in consideration of the preparation time such as for printing if they are provided in writing, the system of deemed provision by online disclosure allows for preparation of materials until immediately before they need to be distributed.

Nonetheless, the system of deemed provision by online disclosure is not applicable for important matters and matters that are thought to be of particular interest to shareholders. For example, the system does not apply to profit and loss statements and parts of business reports among financial statements (non-consolidated financial statements). Amid a situation in which accounting and auditing were at a standstill, the system should be expanded for the abovementioned documents to also apply because it will help avoid office work by multiple persons in order to meet the deadline and contribute to the prevention of the spread of COVID-19 and reduce burdens for companies and audit-related personnel.

In addition to the postponement of the general meeting of shareholders and holding of "following meetings" which have already been proposed as a measure addressing the spread of COVID-19, additional options shall be offered or combined, if necessary, for companies to overcome this crisis.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

- a The Ministry of Justice shall indicate that, when holding a general meeting of shareholders in the form of a "following meeting" for the purpose of preventing the spread of COVID-19, through a resolution of the initially scheduled general meeting of shareholders, the term of office of officers, etc., in the period of re-election will expire at the time of the initially scheduled date, and by the method of electing the successor, it is possible to re-elect the officers, etc., at the time of the initially scheduled date for the general meeting of shareholders and to make a registration of the re-election to that effect, and shall make efforts to thoroughly provide information to relevant parties on this end.
- b The Ministry of Justice shall expand the scope of application for the system of deemed provision through online disclosure and include balance sheets, profit and loss statement, etc., in an effort to prevent the spread of COVID-19 and shall make efforts to thoroughly provide information to relevant parties on this end.

(5) Review of regulations on documentations, seals and face-to-face requirements

[a,g: Implemented,

b: To be implemented as soon as possible in FY2020,

c: To begin examination in FY2020 and be concluded swiftly,

- d,f: To be implemented in the first half of FY2020,
- e: Promptly submit bills at the latest opportunity for revision of the Act]

<Basic Stance>

With the spread of COVID-19 as a turning point, the “new normal” requires reduction of unnecessary commutes to the office and contact with others. It is necessary to prevent situations in which employees are forced to come to the office merely to exchange documents or to affix seals.

In procedures between private business operators, there are concerns about the effects of the abolition of seals and the substitution of seals by other means. The movement of private business operators toward the abolition and substitution of seals should be promoted by showing the Cabinet Office, ministries and agencies’ views on these concerns from regulatory reform and the ministries and agencies in charge of each industry.

A variety of electromagnetic means, including e-mail, can be considered as an alternative to stamping, but the use of electronic signatures is also an effective means. Currently, various types of services have been developed and are used for electronic signatures and authentication services. However, the handling of these services under the Act on Electronic Signatures and Certification Business(Act No. 102 of 2000; hereinafter referred to as the “Electronic Signature Act”) is unclear. From the viewpoint of responding to the COVID-19 crisis and utilizing digital technology, it is necessary to promptly present the handling of electronic authentication services using cloud technology under the Electronic Signature Act, and to review them with a view to drastic system revisions in the future.

Furthermore, with regard to procedures between private businesses, there are many opinions calling for the use of electronic documents, the elimination of the unnecessary affixing seals, and the review of face-to-face regulations, particularly in the fields of real estate, finance, and the Companies Act. In these fields, necessary emergency measures must be taken, problems must be identified, and procedures must be reviewed as soon as possible.

In addition, it is necessary to promptly take emergency measures to review regulations on documentations, seals and face-to-face requirements as measures against infectious diseases, and to continue efforts to improve corporate productivity and to prepare for emergencies, while taking into consideration the impact of these measures on society.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

- a The Cabinet Office, the Ministry of Justice and the Ministry of Economy, Trade and Industry shall present the meaning of the provisions of the Civil Basic Act concerning seals, and their approaches to responding to the concerns voiced in the event seals are abolished, in order to promote efforts by private sector businesses to abolish seals in their commercial transactions, etc., which have been established as a business practice in Japan.
- b The Ministry of Internal Affairs and Communications, the Ministry of Justice, and the Ministry of Economy, Trade and Industry shall acknowledge that for electronic documents created by a service user, a service that guarantees the authenticity of the document and its subsequent inalterability by encrypting the document with the service provider's own signature key, etc., may be technically and functionally guaranteed to be performed mechanically without the provider's judgment based on the users intention and with respect to such services, their interpretations of “the person who has taken such measures” as in Article 2 (1)(i) of the Electronic Signature Act that requires the entirety of the information attached to an electronic document subject to such services shall be considered a single measure. The interpretation that users of such services can be assessed as having taken such measures in this case should be clarified in Q&As or other means, and made widely known.
- c The Ministry of Internal Affairs and Communications, the Ministry of Justice, and the Ministry

of Economy, Trade, and Industry shall clarify the concept of Article 3 of the Electronic Signature Law, which provides for the presumed effect of signatures and seals in civil proceedings, with regard to the fact that services, etc., in which a service provider signs an electronic signature in response to instructions from users, may also be applicable if certain requirements are met.

- d With regard to the explanation of important matters related to real estate transactions using IT technology, the MLIT is conducting full-scale operations for lease transactions and social experiments for transactions involving corporations and individuals. With regard to the responsibilities of participating businesses in the implementation reports and questionnaires for social experiments, the Ministry shall endeavor to reduce the burden and improve the environment.
- e The MLIT is conducting a social experiment on the use of electronic documents such as explanatory documents on important matters in real estate leasing transactions. In consideration to achieve this end, MLIT shall take measures to revise relevant provisions of the Real Estate Brokerage Act for the issuance of explanatory documents on important matters in real estate transactions by electromagnetic means. For the full-scale operation of electronic documents, it shall actively utilize methods that have been assessed to a certain extent based on comprehensive evaluation, taking into account the features of online transactions such as ease of explanations through e-mail in advance, which are set apart from face-to-face transactions.
- f The Financial Services Agency shall establish opportunities to review various financial-related procedures at financial institutions, such as account opening and closing, loan applications, etc., in cooperation with the financial industry, followed by reviewing industry-wide practices to further eliminate the need for written documentations, seals and face-to-face requirements as well as promote digitization.
- g The Ministry of Justice shall make known the interpretation of "Measures in Lieu of Signature or Name and Seal" (Article 369, paragraph 4 of the Companies Act, Article 225, paragraph 1, item 6 and paragraph 2 of the Regulation for Enforcement of the Companies Act (Ordinance of the Ministry of Justice No. 12 of 2006), which includes services in which an electronic contracting service provider performs electronic signatures at the direction of the user.

2. Employment and Human Resources Development

While the Council for Promotion of Regulatory Reform has been working on deregulation of remote education as an emergency measure against infectious diseases, the Employment and Human Resources Development Working Group has been working on individual themes based on the initial policies from the viewpoints of “development of an environment for fostering human resources for innovation” to support future generations and “employment support for various work styles and various worker types tailored to individual life stages.”

In order to nurture the human resources who will support the future, it is important to provide an education that meets the needs of each individual, i.e., a learning environment that is optimized for each individual’s understanding and interests, as well as a system that allows specialists in various fields and people with a wide range of experience to participate in the field of education. In addition, it is becoming increasingly important for Japan’s sustainable economic growth to encourage diverse workers to participate in the labor market and to support various ways of working in accordance with the diversification of lifestyles and other factors.

From the above viewpoint, the items of regulatory reform to be worked on in the future were compiled as follows:

(1) Development of an environment for fostering human resources for innovation

[a,c,d,e: To be implemented in FY2020,

b: To begin examination in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

The Implementation Plan for Regulatory Reform (June 21, 2019) calls for the development of an environment in which all children and students can receive the world’s most advanced and high-quality education backed by the latest technology. As of March 2018, PCs were installed at a rate of only one device (including tablets) per 5.6 elementary, junior high, and high school students nationwide on average, but the supplementary budget for FY2019 and FY2020 was to allocate “one PC for one student.” Based on the belief that measures should be taken to ensure educational opportunities for children and students in the event that the spread of COVID-19 prolonged business closures and interferes with the implementation of educational programs, the Council for Promotion of Regulatory Reform issued a written opinion titled “Utilization of Online Technology Following the Increase of COVID-19 Infections” (April 7, 2020), which called for the establishment of a learning environment using ICT even when businesses continue to close.

The Council for Regulatory Reform had previously reported on the promotion of remote learning (First Report on the Promotion of Regulatory Reform (May 23, 2019), the Fourth Report (November 19, 2018), and the Fifth Report (June 6, 2019)), but the percentage of local governments implementing simultaneous and interactive online education was merely 5% (Ministry of Education, Culture, Sports, Science and Technology, April 21, 2020, on the status of measures taken by public schools in relation to the temporary closure of schools following the spread of COVID-19). In light of the fact that many students are unable to commute to school due to prolonged business closures, and that similar problems may occur in the future, it is necessary to improve the learning environment as soon as possible.

Furthermore, in order to develop human resources who will lead innovations in the future, it is necessary to further promote this vision and to improve individually optimized learning environments customizable to the interest and comprehension levels of each student. Policy decisions must be based on solid evidence to determine what kind of learning environment is desirable, and how it should be taught and evaluated for children with diverse levels of understanding and interests, such as those who are outstanding in science but are not good at social studies. It is also necessary to allow students to learn according to their interest and understanding, not their grade level. A foundation shall be established for the systematic

development of human resources for innovation in order for Japan to lead the world in all realms in the future through developing an individually optimized learning environment in which no student is left behind.

In addition, in order to develop an environment for individually optimized learning, it is necessary to consider the perspective of allowing external human resources with diverse expertise to participate in school education. In order to create an environment in which busy teachers can concentrate on their work as much as possible, a system should be put in place that allows specialists in various fields and people with a rich experience to participate in the field of education.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

- a In order to ensure that no student is left behind and that everyone can receive a full education while respecting diversity, a guideline allowing learning that crosses grade levels according to the level of understanding and interests of students shall be compiled and publicized. Prior to this, a conclusion on the specific direction of the policy shall be reached to attain “development of an optimized learning environment in which no student is left behind” while also taking into account the discussions of the Central Council on Education.
- b Based on data, a conclusion shall be reached to develop a system to examine and identify what kind of learning is effective in a way that can be rolled out to schools across the country. In addition, a conclusion shall be reached on how it will be desirable to guide and recognize students who are outstanding in certain realms, such as students who are outstanding in science but not good at social studies, and conduct studies to determine ideal ways of providing guidance and evaluating their studies.
- c In light of the fact that discussions are currently underway on ideal ways of mutual evaluation and third party evaluation by schools, etc., with regard to the “handling of attendance records in the case of consultation and guidance at ‘free schools’, etc.,” which are currently at the discretion of the principal, it shall be made known that active use of such evaluation method is also encouraged. In addition, with regard to non-attendance at school, investigations into the causes of non-attendance and countermeasures shall be carried out based on analysis conducted on the causes of non-attendance to date, and the “Guide to the Establishment of Special Schools for Students Not Attending School”.
- d With a view to developing the ability to live in Japan as well as internationally together with the goal of providing diverse education for all, including children returning from abroad and international students, the expansion of local governments’ efforts shall be encouraged and education on Japanese shall be promoted to facilitate the entrance and transfer of children returning from abroad and international students to public high schools in Japan. Notable initiatives shall also be publicized.
- e In order to have experts in various fields and personnel with a wide range of experience (researchers with doctorates, athletes, etc.) become more deeply involved in school education and allow their participation from the middle of the school year, an environment shall be developed through reviewing the criteria for granting special teaching licenses and promoting the use of special part-time instructors so that external personnel can actively participate in school education.

- (2) Promoting the development of various recurrent courses at universities and other institutions [To begin examination in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

The recent development of technological innovations such as AI, which has been referred to as the fourth industrial revolution, has dramatically increased productivity, and the way we

work and the skills we need to acquire are likely to change drastically from what was previously considered the norm. In response to these changes, it is becoming increasingly important to develop an environment for recurrent education that provides high-quality education throughout a person's life and to acquire useful skills and knowledge even after completing school education.

Therefore, while the development of educational programs shall be promoted in response to the needs of students, companies, and the career-change market, it is of great significance to enhance and promote the utilization of recurrent education programs that meet various needs, mainly in universities and other institutions with foresightedness and knowledge. In light of the fact that working adults in Japan have not yet made use of such programs at universities, it is urgent to develop a support system for the management of recurrent courses, including the development and dissemination of practical courses at universities, etc., in cooperation with the relevant ministries and agencies.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

Further measures shall be implemented to promote the development of recurrent courses at universities and other institutions that meet the diverse needs and goals of society, including the needs of companies, and conduct research on sustainable management models for recurrent courses, including evaluations by companies, as well as research on how to disseminate these nationwide, for example, by compiling case studies and developing guidelines. Necessary measures shall also be implemented to comprehensively push forward recurrent education in cooperation with the relevant ministries and agencies by developing a learning infrastructure for promoting recurrent education.

(3) Improving the environment for consultation on employment-like working styles (freelance, etc.)

With the development of digital technology, there has been an increase in the number of forms of employment in which individuals receive requests for work online and deliver their services. With regard to these so-called freelance and other employment-like work styles, the “Working Style Reform Action Plan” (decided by the Working Style Reform Council on March 28, 2017) states that, “the actual conditions of employment-like working styles in general (outsourcing, self-employment, etc.) will be gradually assessed from FY2017 onwards to determine the extent to which they exist, and the nature of protection, etc., for employment-like work, including the necessity of legal protection, will be examined in the medium to long term by an advisory panel of experts.” Since then, the issue has been actively discussed, including by the Study Group on Points of View Concerning Employment-Like Working Styles of the MHLW, and studies on how these working styles shall be protected have been underway.

Among these discussions, there are some aspects in which the landscape for these working styles has not been sufficiently developed. For example, the methods of resolving disputes are not sufficient and made known as compared with workers employed by companies, and it is rather difficult to understand whether or not they are subject to the protection of labor standards-related laws and regulations. Amid the expansion of diverse and flexible working styles, it is necessary to develop an environment in which workers can work with peace of mind and satisfaction.

A. Enhancement and publicity of consultation services

[To be implemented in FY2020]

<Basic Stance>

With regard to employment-like working methods, consultation service options are limited in the event of a conflict, and there are many calls requesting further development of such services. At present, the Subcontractors' Fair Trade Promotion Center of the Small and Medium Enterprise

Agency provides consultation on contractual disputes for sole proprietors, and the General Labor Consultation Corner of prefectural labor bureaus offers consultation on individual labor-related disputes for those who apply under the Labor Standards Law. There is a strong need to increase the one-stop services tailored to extensive types of issues, including harassment and contract disputes with clients, and to make such services known to the public.

Therefore, the following measures should be taken.

<Items to be Implemented>

The Ministry of Health, Labour and Welfare, in cooperation with relevant ministries and agencies, shall develop and disseminate one-stop consultation services for individuals with so-called employment-like working styles, including freelancers, in order to expand consultation support availability in the event problems such as harassment and contract disputes with clients occur.

B. Dissemination of standards for determining worker category applicable to laws and regulations related to labor standards

[To be implemented in FY2020]

<Basic Stance>

Whether or not a worker falls under the category of a “worker” to which labor standards-related laws and regulations such as the Labor Standards Act (Act No. 49 of 1947) are applied is interpreted and applied in accordance with the actual conditions of employment. However, with the diversification of the actual employment situation, it is difficult to understand the criteria and the determination method for so-called freelancers and others who work under employment-like conditions. Specifically, the Labor Standards Act was interpreted in accordance with the report of a study group at the Ministry of Health, Labour and Welfare (Labor Standards Law Study Group Report, 1985), and based on this report, it was determined that the freedom to accept or reject requests for work, direction and supervision in the performance of work, binding nature of the work place and hours, substitutability, compensatory nature of remuneration, entrepreneurial nature of the business, and exclusivity shall be comprehensively considered to determine worker status. However, because it is difficult for the parties concerned to immediately determine their own way of working based on this criterion, a criterion that is more straightforward in determining the applicability of labor standards-related laws and regulations should be made known to the public.

By clarifying the concept of worker status in this way, those who work in a manner similar to employment shall be provided appropriate protection according to their employment situation.

Based on the above concept, the following measures should be taken.

<Items to be Implemented>

Regardless of the form of the contract, given the Labor Standards Act and other labor standards-related laws and regulations apply to those determined to have worker characteristics, the MHLW, through the Labor Standards Inspection Office, etc., shall make the criteria for determining worker characteristics known to the public in an easy-to-understand manner, and shall take steps to correct any problems if found.

(4) Promoting the acceptance of international human resources through matching with companies and offering employment support for international students

A. Support for the matching of foreign human resources with host companies and the development of tests and application procedures related to specified skills, etc.

[a: To begin examination in FY2020 and be implemented in FY2021,

b: To be implemented in FY2020, c: To be implemented in 2020]

<Basic Stance>

In April 2019, the Immigration Control and Refugee Recognition Act (Cabinet Order No. 319 of 1951) was revised to create a new status of residence, workers with a “particular skill.” In addition, in order to facilitate the procedures for accepting foreign nationals, part of the application process for residence status was made online in July last year, and in March this year, the procedures and status of residence applicable were expanded. Going forward, it will be necessary to develop measures for the acceptance of foreign human resources and the coexistence of foreign nationals from a medium- to long-term perspective as well.

On the other hand, the maximum number of foreign nationals expected to be accepted in the 5 years since the start of the Particular Skills Program (the maximum number of foreign nationals to be accepted) was about 340,000, but as of the end of FY2019, the number of foreign nationals to be accepted was only about 4,000. It is considered that the information on job offers in Japanese companies that international workers, including those with particular skills, can obtain is scarce, and that regional SMEs are considered to lack sufficient knowledge and know-how on how to accept international human resources and on employment management. As a result, the employment of international workers may not grow, and concerns such as labor shortages of regional SMEs may remain unresolved.

In addition, when a foreigner wants to work with a status of residence of “particular skills,” it is necessary to ensure the smooth implementation of testing required for the particular skills status. In the “Basic Policy on the Operation of the System for Status of Residence of Particular Skills” (Cabinet Decision on December 25, 2018), the Act for Partial Revision of the Immigration Control and Refugee Recognition Act and the Act for Establishment of the Ministry of Justice (Act No. 102 of 2018) was enacted to establish the basic policy and sectoral policies for the operation of the system for status of residence for particular skills. The issue is scheduled to be examined for two years after the implementation of the Act, and if found necessary, be reviewed for amendment. While recognizing that the relationship between the particular skills training system and the technical training system will be the subject of discussion in the future, for example, the following measures shall be taken to build a system for readily accepting foreign workers, taking into account the status of implementation of tests and procedures, in addition to assisting with the matching of international workers with host companies and promoting the sustainable development of regional SMEs.

<Items to be Implemented>

- a From the perspective of supporting the employment of foreign nationals, particularly to regional SMEs, MHLW shall consider implementing the “Model Project for Accepting and Retaining Local Foreign Nationals” based on the Act on Comprehensive Promotion of Labor Policies and Stabilization of Employment and Enhancement of Working Life for Workers (Act No. 132 of 1966), etc., and publicizing the results and findings to local governments, etc., on a regular basis, such as semi-annually, and take necessary measures.
- b In order to promote the acceptance of foreign nationals with particular skills, the Ministry of Justice, in cooperation with relevant ministries and agencies, shall consider expanding the number of countries applicable for the examination and the number of examinations conducted abroad as well as in regional cities in Japan, and publicize the results of the examinations as needed per sector. In addition, it shall promote the implementation of the Japanese Language Proficiency Test in consideration of the implementation status of the skills tests and demands for these workers, and publicize information on the examinations as needed. Measures shall also be considered to provide information on the examinations domestically and internationally in an easy-to-understand and prompt manner, and take necessary measures.
- c. The Ministry of Justice shall continue to consider expanding the scope of the procedures for applying for residence online, and take measures such as revising the notification addressed to the local immigration offices as necessary.

B. Employment support for international students seeking employment in Japan

[a: To be implemented in FY2020,

- b: To be examined and concluded in FY2020. To be implemented in FY2021,
c: To be implemented in 2020]

<Basic Stance>

International students are valuable human resources who have acquired a high degree of expertise and contribute to improving Japan's competitiveness by working for Japanese companies. The “Strategy for the Revitalization of Japan 2016” (decided by the Cabinet on June 2, 2016) aimed to increase the employment rate of international students in Japan to 50%, but the rate remained at around 30% in FY2018.

Under these circumstances, the MHLW has been implementing the Training Project to Support Foreign Workers' Employment and Retention in Japan as a commissioned project, and in 2019, the MHLW established the Course in Support of Foreign Students' Retention in Japan for foreign students who have already obtained a job offer, with the aim of promoting the stable employment and retention of foreign students in domestic companies. However, further employment support is needed from the viewpoint of securing human resources that will contribute to the improvement of Japan's competitiveness.

In addition, when international students graduate from universities, etc., in Japan and seek employment from Japanese companies, they can stay in Japan for a certain period under the status of residence of “specified activities,” but information on the procedures for obtaining this status of residence shall be provided in more detail so that it does not interfere with their employment.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

- a MHLW shall consider and reach a conclusion on measures to support international students' job-seeking activities in Japan, such as by expanding the scope of the “Training Program to Support the Employment and Settlement of Foreign Nationals, which is implemented based on the Act on the Comprehensive Promotion of Labor Policies and the Stabilization of Employment and the Enhancement of Working Life for Foreign Nationals (Act No. 132 of 1966) for international students currently not eligible for the program.
- b With regard to the Foreign Student Settlement Support Course of the Foreign Employment and Settlement Support Training Program, measures for improving the system, such as reviewing the contents of lectures, shall be continuously examined, with measures taken as necessary, after grasping the turnover rates of these students, among other data.
- c. In accordance with the “Comprehensive Measures for the Acceptance and Coexistence of Foreign Human Resources (Revised)” (decided on December 20, 2019), the Ministry of Justice shall take necessary measures to ensure that companies as well as educational institutions to which international students are enrolled are fully informed of the handling of the status of residence (“specified activities”) of students who have been informally hired and to graduate in fall, etc., permitted to engage in the activities listed in the right-hand column of Appended Table 1 (5) of the Immigration Control and Refugee Recognition Act (Cabinet Order No. 319 of 1951) until they join the company.

- (5) Employment support for high school students
 - A. Identifying the selection status of the employment mediation system of local governments
[To be implemented in FY2020]

<Basic Stance>

The recruitment selection process for high school graduates is implemented in accordance with the circumstances of each prefecture after the date of selection has been agreed on in a nationally uniform manner.

There have been some opinions that the system of employment intermediation by schools,

known as the "one-person, one-company system," which is still in widespread use today, may be limiting the autonomy of high school graduates to the extent that it tries to guarantee employment opportunities for high school students. In January 2019, the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Ministry of Health, Labour and Welfare (MHLW) formed a working team to examine the ideal way of employment practices for high school graduates, and the results were compiled in February 2020.

In the report, the results of a questionnaire survey of high school graduates showed that approximately 30% of the respondents replied they "prefer to be able to apply to more than two companies at the same time." It is considered appropriate for each prefectural government to choose according to the local conditions of each region with regard to the nature of the "one-person, one-company" system and the nature of the job placement arrangement between schools and private employment agencies, and it is expected that each region will be required to consider the nature of these arrangements again and, if necessary, review the existing arrangements.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

In the "Report of the Working Team of the Conference on the Employment Problems of Senior High Schools", two options were reiterated as the "general plan" in responding to this issue: The "one-person, one-company system" and "employment matching between schools and private-sector employment agencies". Based on the results of the report, high school employment review councils in each prefecture shall analyze labor market trends and the causes of early separation from employment, while respecting the independence of students, and to review the "one-person, one-company" system in accordance with local conditions. The MHLW and MEXT should fully inform prefectures of the purpose of this proposal, and then monitor the situation at the level of each prefecture.

B. Further use of internships in high schools

[a,c: To begin examination in FY2020 and be implemented in 2021,
b:To be implemented in FY2020]

<Basic Stance>

In order for students to choose careers and companies in line with their own wishes, it is important to review the framework of the one company system for each student and to promote career education to raise students' vocational awareness. In particular, in the field of career education, internships at high schools provide opportunities for students to think about their vocational aptitude and future designs, and they can be expected to have high educational effects, such as encouraging students to develop their own vocational selection abilities and vocational awareness.

At the same time, it is important to provide sufficient corporate information in an easy-to-understand manner to meet the needs of students. Currently, high school graduates' employment information managed by Hello Work can be viewed by teachers and students on the system at high schools, but the data cannot be retrieved by users and searched according to working conditions, for example, making it difficult for teachers and students to use it easily.

In addition, the turnover rate of high school graduates within 3 years after employment is about 40%, which is higher than that of university graduates (about 30%). Therefore, it is also important to provide further support for re-employment after leaving a job.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

a The MEXT shall make a survey on the implementation of internships at high schools and take necessary measures based on the results so that high school students will be able to acquire

the ability to independently select their own career and occupation.

- b In order to further support the retention of employed high school students and the re-employment of high school students who have left their jobs at an early stage, the MHLW shall announce the fact that they can continue to receive support from Hello Work even after employment, and take necessary measures to promote the implementation of individual consultation support services such as career consulting and seminars.
- c In order to contribute to the selection of employment places for high school students, the MHLW shall modify the system for high school graduates' hiring information that is managed by Hello Work and viewed by high schools so that teachers and students can search and extract data related to job openings for high school graduate in accordance with their desired conditions, etc., at their high schools.

(6) Utilization of the committee for measures for elimination of wait listed children for childcare

A. Utilization of the committee for measures for elimination of wait listed children

[To be implemented in FY2020]

<Basic Stance>

As Japan enters a society with a declining population due to a declining birthrate and an increasing number of double-income households, it is an urgent issue for the country to develop an environment in which everyone with children can continue to work with peace of mind. Eliminating the number of wait listed children would enable double-income households to continue working, curb the decline in the working population, and lead to an increase in income and consumption.

However, the problem of waiting lists for children still exists, mainly in urban areas, and in order to solve the problem, based on the Second Report on Regulatory Reform (November 29, 2017), local governments have established committees for measures for elimination of wait listed children for childcare in order to take measures for children waiting for admission to the waiting list on a wide scale, mainly in prefectures, from 2018.

In March 2020, the MHLW conducted interviews on the status of measures against children on waiting lists in the Second Report. The Council confirmed that the committee is currently established in 20 prefectures and is being utilized as a useful system, such as providing financial support for the development of childcare centers. Although the number of children on waiting lists nationwide decreased by about 3,000 from April 2018 (as of April 2019), the number of children on waiting lists nationwide remains at about 17,000. The MHLW recognizes that further efforts are needed to eliminate the number of children on waiting lists.

In light of the current situation and the past achievements of the committee, it is important to understand its efforts toward achieving KPIs, including the number of nursery schools, the number of nursery teachers, and the activities of local government officials responsible for extensive-area cooperation, which is one of its main objectives. Furthermore, it is important to further promote efforts to reduce wait listed children by making local governments aware of approaches found to be effective. The significance of wide-area cooperation is particularly significant in the case of sick children's care, where demand can fluctuate greatly.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

- a The KPIs of the committee for measures for elimination of wait listed children of each local government shall be confirmed as being linked to reduction of children on waiting lists, and their progress shall be followed up on an ongoing basis. In addition, measures that are considered to be particularly effective under such a system shall be arranged, with the results made public and announced to local governments.
- b A survey shall be conducted on the actual conditions and activities of the persons in charge of

wide-area cooperation of local governments, and the results of the survey and examples of efforts shall be informed to local governments.

- c With regard to the rules and mechanisms for sick child care in extended areas, the state of efforts by local governments shall be identified, with demonstrative examples of sick child care made known to local governments.

B. Rationalization of administrative procedures for babysitters, expansion of training opportunities, etc.

[a,d: Implemented, b: To be implemented in 2020,

c,e,f: To begin examination in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

The Child Welfare Act (Act No. 164 of 1947) provides for the submission of notification of the establishment of non-licensed childcare facilities, periodic reports on the status of the operation of the facilities, and the publication of information concerning all non-licensed childcare facilities (including non-licensed home-visit-type childcare business operators (babysitters)) in order to ensure and improve the quality of non-licensed childcare facilities.

On the other hand, in the case of the notification form for the establishment of non-licensed childcare facilities, it is difficult to understand, and in some cases local governments cannot accept electronic applications. Therefore, it is necessary to clarify the method of entry and to make applications online in order to improve the rationality of the procedure. In addition, the discount coupons for babysitter dispatch businesses should be digitized and the procedure should be simplified.

Furthermore, in order to ensure and improve the quality of childcare, since October 2019, it has become mandatory for childcare workers who are not qualified as nursery teachers or nurses to take a certain level of training with regard to non-licensed in-home childcare providers (babysitters). In order to further ensure and improve the quality of childcare, it is necessary to examine and clarify certain requirements in cases where prefectural governors allow training to be conducted by private providers from the viewpoint of expanding training opportunities. At the same time, consideration should be made to enable online training.

Based on the above basic principles, the following measures shall be taken.

<Items to be Implemented>

a Instructions on filling out the notification form for the establishment of non-licensed childcare facilities shall be clarified, and made known to local governments after revising the "Implementation of Guidance and Supervision for Non-Licensed Childcare Facilities" (Notification by the Director-General of the Child and Family Bureau, Ministry of Health, Labour and Welfare, Equal Employment, 2001).

b To inform local governments that an on-line application for a notification of the establishment of a non-nursery facility is possible.

c A system shall be established to enable the digital issuance and use of discount coupons for babysitting services.

d The Implementation Guidelines for Babysitter Dispatching Business shall be revised to enable on-line application in the application procedures of business operators, etc., concerning the use of discount coupons for babysitter dispatching business, and to eliminate the need to submit stubs for reporting to the implementing organizations.

e In order to ensure and improve the quality of in-home childcare services that are not provided under the Approved Program, necessary measures shall be taken while conducting a review of the training requirements approved by the prefectural governor with regard to the training provided by private businesses that provide meaningful training.

f With regard to training for in-home visitation-type childcare services that are not authorized,

online training shall be considered and necessary measures be taken as necessary.

(7) Consideration of establishing rules to encourage male employees to take childcare leave

- [a: To begin examination in FY2020 and be implemented as soon as a conclusion is drawn,
b,c: To be implemented in 2020]

<Basic Stance>

The government aims to raise the percentage of male employees taking childcare leave to 30% by 2025. However, the percentage of male employees taking childcare leave currently stands at only 6%. To overcome this situation, it is necessary to create a society in which it is easy for male employees to take childcare leave by encouraging changes in social awareness and corporate culture.

From this point of view, it is considered to be certain significance for each company to disclose and visualize the rate of male employees taking childcare leave. It is also necessary to clarify the rules for taking childcare leave, which are not widely understood by some.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

- a Measures to promote the publication of the rate of male employees taking childcare leave, etc., among “childcare support companies” based on the Act on Measures to Support the Development of the Next Generation (Act No. 120 of 2003) shall be reviewed to reach a conclusion.
- b Measures shall be taken to raise awareness on the fact that when a worker requests to take childcare leave, even if it is one month before the start of the desired leave, the leave can be taken from the desired date at the employer’s discretion.
- c With regard to the number of changes in the content of the application for childcare leave, the first change may be made at the request of the worker. However, it shall be clarified that in the second and subsequent changes, the employer and the worker may agree to change the scheduled start date, and measures shall be taken to thoroughly inform the employer and the worker.

(8) Consideration of dispatching nurses to welfare and nursing facilities on a day-to-day basis

[To begin examination in 2020. To be concluded and implemented promptly.]

<Basic Stance>

The Act for Securing the Proper Operation of Worker Dispatching Undertakings and the Protection of Dispatched Workers (Act No. 88 of 1985) allows for the carrying out of a worker dispatching undertaking for work carried out by nurses in welfare and nursing care facilities, but Article 35-4 of the same Act prohibits day labor dispatching as a general rule.

Under these circumstances, some nurses on the way out of the workforce are requesting to work in a daily employment system to accommodate their diversified lifestyles and so on. The Fifth Report on Promotion of Regulatory Reform (June 2019) states that "a survey on the actual situation of nurses, providers of welfare and nursing care facilities and other businesses involved in the dispatching business shall be conducted on the needs of welfare and nursing care facilities, etc., regarding daily employment dispatching of nurses and the problems in employment management of nurses working as dispatched workers, etc.".

In response to this, in April 2020, the MHLW conducted interviews on the results of the survey and the status of public disclosure. It was confirmed and reported that there was a certain need for day labor dispatching.

The MHLW should take the following measures based on the results of the survey.

<Items to be Implemented>

The MHLW shall discuss the dispatching of nurses to welfare and nursing care facilities on a day-to-day basis starting from 2020 based on the results of the FY2019 survey. The Labor Policy Council shall then discuss the matter and swiftly reach a conclusion. Necessary measures shall be taken based on the results.

- (9) Publicizing employment rules (indefinite conversion rule)

[To be implemented in FY2020]

<Basic Stance>

In April 2013, under the amendment of the Labor Contract Act (Act No. 128 of 2007), the so-called "rule of indefinite conversion" was enacted, under which a labor contract of unlimited duration can be converted into a labor contract of indefinite duration (labor contract of indefinite duration) upon application by a worker when a fixed-term labor contract is repeatedly renewed for a total of five years or more. A route to stable employment has been institutionalized for the company. Since April 1, 2018, five years after it was enacted, applications from workers for indefinite conversion have been at full scale.

However, a survey of fixed-term contract workers conducted in FY2019 found that a majority did not know details on the indefinite conversion rules of their rights concerning indefinite conversion. It is therefore necessary to make the system more widely known to workers.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

Based on the results of the survey conducted in FY2019 on the application of the rule of indefinite conversion, the MHLW shall review ways in which the companies employing workers whose fixed-term contracts are renewed for more than five years shall notify the workers of the rule of indefinite conversion set forth in the Labor Contract Act and take the necessary measures to make the system known to the workers.

- (10) Promotion of electronic applications for notification of agreements on overtime and holiday work
[a: To be examined and concluded in 2020, b: To be implemented in FY2020]

<Basic Stance>

According to the Labor Standards Act (Act No. 49 of 1947), agreements on overtime and holiday work must be concluded for each workplace and submitted to the Labor Standards Inspection Office in the area where the workplace is managed. However, a company with multiple workplaces may submit these agreements, along with a list of notified workplaces, to the Labor Standards Inspection Office that has jurisdiction over the head office, if the content of the agreement is the same for the head office (workplaces with head office functions) and each workplace. The electronic application system allows for the electronic filing of these reports. The electronic application system allows for a single form and a list of workplaces to be used, thereby reducing the burden on the employer. Similarly, the head office can make a batch submission of rules of employment through the electronic application system.

However, the rate of electronic applications stood at only about 2% as of 2019, with insufficient publicity to users blamed by some. Therefore, it is necessary to further promote electronic applications by improving the system to further improve the convenience of users and to disseminate the information to companies, etc., while arranging discussions on the principle

of documentation and stamping concerning such procedures.

The items shown below shall be implemented along the basic stance described above.

<Items to be Implemented>

- a With regard to electronic applications for notification of agreements on overtime work and holiday work and notification of work regulations, the NPA shall examine the actual conditions of their use, and in order to improve the utilization rate of electronic applications, consider effective measures, including system improvement and dissemination to companies, and draw a conclusion.
- b Measures shall be taken with regard to the conclusion obtained in a. When revising the system, care should be taken to allow for future enhancements to the system.

(11) Matters that were primarily followed up

- A. Compilation of a schedule to provide the world's most advanced high-quality education utilizing the latest technologies

Following interviews from the MEXT on the compilation of a timetable for the realization of the world's most advanced, high-quality education using the latest technology, it was confirmed that the timetable to “attain most advanced high education as soon as possible (within five years)” decided in the Regulatory Reform Implementation Plan (Cabinet decision in June 2019) was indeed compiled. However, the environment for learning using ICT should be established swiftly so that learning can continue with peace of mind even amid the COVID-19 pandemic in which business closures are ordered. Follow-up shall be continued.

- B. Status of ICT environment development at schools

Following interviews from the MEXT, it was confirmed that the status of schools' efforts to improve the ICT environment was positioned in the schedule mentioned in (A) above and confirmed that the expenses were recorded for the realization for the realization of one PC (including tablets) per student in the supplementary budget for FY2019 and FY2020 were included.

In the “On the Use of Online Technology in Addressing the Spread of COVID-19 Infections” (April 7, 2020), the Council stated that, in addition to improving the ICT environment in schools, the requirements for remote learning shall be reviewed, with limits on the number of credits earned in remote learning relaxed, together with developing online curriculums and establishing a system for teaching online. It also proposed the mapping out of copyright requirements for online learning. As an extraordinary measure to prepare for a situation in which the COVID-19 pandemic causes prolonged business suspensions and interferes with the progression of educational curriculums, this proposal called for measures to secure educational opportunities for children and students by supporting their learning at home. The Council will follow up on issues by verifying how online learning and other education utilizing digital technology was available through school education, as well as on the effects and challenges encountered, in order to attain quality education using the latest technology and develop an individually optimized learning environment.

- C. Review on employment of high school students and strengthening of support

The Council held interviews from MEXT and MHLW to confirm that the Working Team of Senior High School Employment Issues Review Council comprising the ministries have been reviewing on styles of and strengthening of support for employment of high school students and

compiled a report. The Council will continue to review the measures taken by the two ministries based on this report. (See “(5) Employment support for high school students”)

D. Survey and publication of needs for day-to-day dispatching of nurses in welfare and nursing facilities

The Council held interviews with the MHLW regarding the implementation status and results of the survey on the needs for day-to-day dispatching of nurses in welfare and nursing care facilities, and confirmed that there are certain needs for the dispatching. The Council will continue to review the measures taken by the MHLW based on the results of the survey. (See “(8) Consideration of dispatching nurses to welfare and nursing facilities on a day-to-day basis”)

3. Sectors for Investment, etc.

With innovations such as information and communications, etc., new values, services, and businesses that are outside of the preconceived notions have been created one after another, making the introduction of digital technologies, etc., also essential in individual sectors. This trend has been accelerated in pursuing measures to prevent the spread of novel coronavirus infection, and is not limited to specific sectors.

Under such circumstances, in order for Japan, where a society with a decreasing population exists, to sustain growth and flexibly respond to changes in any situations, it is essential to review the rules that have traditionally been considered ordinary in a prompt and uninterrupted manner. Furthermore, it is necessary to implement the new values and services created by innovations and businesses that newly become necessary due to changes in economy and society, etc., into actions to make the systems more flexible and optimized, rather than forcibly adjusting them within the conventional systems. With this in mind, we must support innovations in board sectors, including financial technology, mobility, broadcasting/communications, and startups, etc., and review regulations and practices so as to lead to a good balance between protection of the weak and securing of convenience and business opportunities to achieve social implementation in a speedy manner.

From these viewpoints, regulatory reform items to be addressed in the future are summarized below.

(1) Improvement of customer convenience by financial technology

A. Clarification of regulations on receiving agent services requiring registration of funds transfer service

[To be examined, concluded and implemented in FY2020]

<Basic Stance>

At present, business operators providing receiving agent services are basically excluded from the subjects of regulations under the Payment Services Act, allowing the creation of various business models such as payment of utility bills at convenience stores and escrow services on EC sites.

Meanwhile, bill-splitting apps that actually provide money transfer services between users under the guise of “receiving agent service”, etc., have also emerged, and thus the Payment Services Act revised in June this year (Act No. 59 of 2009; hereinafter referred to as the “Revised Payment Services Act”) clearly indicates the direction of requiring the business operators providing these services to register its funds transfer service.

However, from the point of view of not to hinder the creation of new businesses in the future, imposing excessive regulation on receiving agent services is not considered appropriate, and business models for which registration is required need to be clarified.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

While innovations are advancing, there may be a case where new services are provided in the form of receiving agent service in the future through business operators’ ingenious efforts. Therefore, limit the scope of receiving agent services that are subject to regulations to those in which the receiving party is an individual and simple funds transfer such as bill-splitting apps is implemented, and take measures so as not to hinder the creation of new businesses while assessing the existing ecosystems such as escrow services.

B. Measures for treatment of funds that funds transfer service providers received from users

[To be examined, concluded and implemented in FY2020]

<Basic Stance>

Services provided by funds transfer service providers contribute significantly to the recent promotion of cashless payment, and are widely used in many types of payment, including payment at convenience stores and restaurants and cross-border money transfer. In many cases, they are used in a form in which a certain amount of funds are put in the funds transfer service accounts in advance to be used for transferring money several times.

In this situation, large amounts of money are sometimes retained in the funds transfer service accounts, and therefore, from the point of view of user protection, the Revised Payment Services Act establishes measures to disable funds transfer service providers to hold funds that are deemed unlikely to be used for transferring money. However, when transferring money to multiple persons, for instance, there may be a case where the amount exceeding the maximum amount of a single transfer is temporarily put in the account. In consideration of such cases, from the point of view of establishing an easy-to-use mechanism for the users by the development of flexible business models of funds transfer service providers, imposing excessive regulation is not considered appropriate, and instead it is necessary that the regulation takes into account actual business conditions.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

For the treatment of funds that funds transfer service providers receive from users based on Article 51 of the Revised Payment Services Act, take measures to enable flexible treatment according to funds transfer service providers' business models with consideration given to the actual use conditions and attention paid not to impair the convenience of users.

C. Flexible regulations on the range of products offered by financial services intermediaries

[To be examined in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

The current regulations on intermediaries are divided into those for each bank, security, and insurance function, and the Act on Provision of Financial Services (Act No. 101 of 2000; old title of the Act: Act on Sales, etc., of Financial Instruments) revised in June this year has provisions to establish a new business category of financial services intermediaries, which can act as an agent to offer products/services in a cross-sectional manner, to provide various products/services to customers on a one-stop basis.

As for products/services that financial services intermediaries can offer, some argue that there is not much need for intermediaries for products/services involving a complex product design, but the users' needs and level of understanding on products/services vary, and therefore, it is necessary to allow intermediaries of a wide variety of products/services so as not to excessively limit users' options.

In this case, however, it is necessary to take into account the viewpoints of customer protection with attention also paid to inappropriate solicitation and false explanations, etc.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

For the range of bank, security, and insurance financial services/products that financial services intermediaries can offer, consider, from the point of view of promoting innovations and users' convenience, etc., while protecting customers, to make it flexible enough not to obstruct entry into financial service intermediary business with excessive restrictions by making reference to

the contracts (specified deposit, etc., contracts/specified insurance contracts) that are considered to have strong investment characteristics under the Banking Act/Insurance Business Act and the scope of duties of class-2 sales representatives in financial product transactions, etc., and then take measures to achieve it.

D. Level of security deposits that financial services intermediaries are required to deposit

[To be examined in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

The current regulation on intermediaries are divided into those for bank, security, and insurance, and have not necessarily been optimized for intermediaries intending to act as an agent to offer products/services in a cross-sectional manner.

On the other hand, financial services intermediary is a new business category created with the entry of such intermediaries in mind, and is expected to develop into a promising business model with many business operators newly entering and improving customer convenience through friendly competition.

Therefore, while giving consideration to the viewpoints of customer protection and taking into account the viewpoints of promoting innovations through the entry of business operators and improving customer convenience, it is necessary not to make depositing of security deposits an excessive barrier to entry.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

In order to realize a system in which entry of new business operators is not obstructed and diverse services are created, consider limiting the amount of security deposits to be deposited by financial services intermediaries to the minimum required, and then take measures to achieve it.

E. Performance specifications and risk-based approach in examinations by credit card operators

[To be examined in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

Under the conventional installment sale legislation, from the viewpoint of consumer protection, regulations based on strictly obligating the use of designated credit information institutions and rigid examination methods such as investigation of estimated payable amount are imposed in credit examinations, and flexible examination methods are not accepted.

The Installment Sales Act (Act No. 159 of 1961) revised in June this year will enable, based on the ideas of risk-based approach and performance specifications, the introduction of small amount deferred installment payment regulations and application of advanced examination methods.

Meanwhile, improvement efforts for the advancement of examination methods and more efficient operations need to continue to be made.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

With regard to installment sale legislation, in order to improve customer convenience, steadily implement the systems in line with the development of technological innovations based on the ideas of risk-based approach and performance specifications, and conduct reviews as required

regarding the advancement of examination methods and more efficient operations. In doing so, develop a system to collect necessary information, including the status of business operators' operations, etc., to ensure that the reviews will lead to further system improvements.

(2) Environmental development for the implementation of autonomous driving

A. Utilization of systems to facilitate public road testing of autonomous driving, etc.

[To begin examination in 2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

In Japan, in response to persistent labor shortage in the logistics sector and aging of society and from the viewpoints of improving productivity in logistics and securing means of transportation for the elderly, etc., creation of an autonomous-driving society is expected to not only advance the automotive industry, but also promote economic growth.

In order to promptly respond to the advancement and implementation of autonomous driving technologies, the “Guidelines for Public Road Demonstration Tests of Autonomous Driving Systems” (hereinafter referred to as the “Guidelines” in this section) (May 2016) and “Standards for Permission to Use Roads for Public Road Demonstration Tests of Autonomous Driving” (hereinafter referred to as the “Permission Standards”) (September 2019) have been formulated for use in conducting demonstration tests to drive vehicles using autonomous driving systems. In addition, in order to facilitate the development and practical application of safe autonomous driving vehicles, the standard relaxation certification system for demonstration tests of autonomous driving was established in February 2017 to enable partial relaxation of the safety standards on road vehicles.

The Permission Standards are to be formulated by the police to achieve the objective of facilitating public road demonstration tests with due consideration to safety of traffic participants, and operated by the chief of police who is familiar with local circumstances according to individual specific applications. It was pointed out by business operators, etc., wishing to conduct public road demonstration tests, however, that the Permission Standards have been a de facto standard to be followed when obtaining permission for demonstration tests and lack flexibility. In addition, for the standard relaxation certification system, there are opinions that the procedure is cumbersome and information on which matters a certification can be obtained for when applying is lacking. Therefore, for the development and implementation of autonomous driving technologies, it is essential to enable these systems, etc., to steadily perform their functions.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

- a. Make public and known through appropriate means that the purpose of “6. Requirements for autonomous driving systems related to test drivers” of the Guidelines is to require test drivers to perform necessary operations in cases that cannot be dealt with by the system (cases of emergency, failure, and system reaching the functional limits) based on the premise that the autonomous driving system of the experimental vehicle is in the development stage and cannot be ensured to comply with relevant laws and regulations, including the Road Traffic Act, etc.
- b. Make known “2. Permission period” of the Guidelines so as to make the procedure smoother by allowing those applying for a demonstration test again at the same location, etc., to submit copies of the previous application documents for matters that can be verified by previous demonstration tests, etc. In addition, clearly state and make known that the permission period exceeding six months may be allowed if the test for the commercialization of driverless autonomous driving transportation services and the contents subject to permission are clear.
- c. In order to contribute to the promotion of research/development and demonstration tests of diverse autonomous driving vehicles, make public that the actual cases of vehicles certified by utilizing the standard relaxation certification system for demonstration tests of autonomous

driving with consideration given to the rights of certified business operators, etc., to facilitate the development of efforts.

B. Consideration of new driver's license to cope with the advancement of autonomous driving technologies

[To be examined continuously and be implemented as soon as a conclusion is drawn]

<Basic Stance>

Responding to passenger/freight transportation businesses in which continued labor shortage has been a pressing issue is a social urgent need. The Road Traffic Act (Act No. 105 of 1960) was recently revised to introduce a system to grant a conditional license that limits the vehicles covered to safety driving support vehicles, etc., by application. At present, the system assumes vehicles equipped with the currently prevailing advanced safety technologies such as collision damage reduction brakes, etc., and is to provide elderly drivers with driving anxiety with an option to continue to drive by limiting them to safer vehicles only. In consideration of future development of technologies and their prevalence, the system needs to be constantly reviewed, including making additions to vehicles subject to limited license, etc.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

Continue to conduct research on automobiles, services, and ideal licensing scheme appropriate for them, taking into consideration the trends in the development of autonomous driving technologies, and, after the introduction of the limited licensing system for safety driving support vehicles, etc., scheduled for 2022, if safety support functions enabling the omission of specific operations such as stopping and observing traffic lights when driving automobiles are put into practical use, consider adding them to the vehicles subject to limited licensing based on the provisions of the Road Traffic Act recently revised with consideration given to their status.

(3) Micro mobility that meets diverse transportation needs

[a: To be implemented new projects in FY2020.

To be implemented as soon as a conclusion is drawn,

b: To begin examination in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

With changes in economic and social environments and technological innovations, new means of transportation (micro mobility) are beginning to emerge. For instance, while so-called electric kickboards are being used overseas, social understanding and agreement have not been developed for their use and therefore the use is not increasing in Japan.

Micro mobility such as so-called electric kickboards, etc., may contribute to securing new means of transportation for rapidly increasing inbound travelers, avoiding traffic jams, and resolving environmental issues, including global warming, etc. Therefore, immediate consideration is needed, taking into consideration their ideal use overseas and social understanding in Japan, while paying attention to make the regulations reasonable for users and other traffic entities by giving consideration to their safety and comparing with other mobilities such as ordinary bicycles and motorized bicycles, etc., to analyze their risks.

Based on the above basic ideas, the following measures should be taken.

a. Implement new projects to verify the driving locations and the vehicle safety standards for so-called electric kickboards, which are currently categorized as "motorized bicycles", as new means of transportation that bear the future transportation in consideration of demonstration

tests based on the regulatory sandbox system implemented in FY2019 and international trends, etc., with attention paid to sufficiently ensuring the safety and comfort of various traffic entities, including pedestrians.

Furthermore, consider the need for system revisions with regard to the requirements for drivers, measures to ensure safety, and ideal traffic rules, including vehicle classification, etc., taking into consideration the results of the new projects. In particular, draw the conclusions on special measures such as the requirements for drivers based on the Act on National Strategic Special Zones (Act No. 107 of 2013), etc., by around the first half of 2021.

- b. In addition to the verification/measures described in a. above, for the overall micro mobility as new means of transportation that will be the future transportation, in consideration of users' needs while sufficiently ensuring the safety and comfort of various traffic entities, including pedestrians, consider the driving locations and the vehicle safety standards as well as the requirements for drivers, measures to ensure safety, and ideal traffic rules, including vehicle classification, etc., including the need for system revisions.

(4) Improvement of convenience of taxis

[a: To be examined, concluded and implemented in 2020,

- b: To begin examination in FY2020 and be implemented as soon as a conclusion is drawn,

c: To be implemented in FY2020]

<Basic Stance>

While the decreasing population, declining birthrate, and aging are progressing, maintaining/securing the means of public transportation has been an important issue. In addition, with the advancement of digital technologies, increased introduction/use of taxi booking apps, etc., has created the situation allowing the promotion of various efforts to improve user convenience. In consideration of such circumstances, it is important that taxi operators who play an important role as a regional public transportation flexibly respond to issues that each region has, and developing a system to enable users to enjoy high quality services in a sustainable manner, etc., is considered essential.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

- a. In order to secure the means of regional transportation in a sustainable manner, the Ministry of Land, Infrastructure, Transport and Tourism shall promote measures for developing an environment to enable more users to enjoy high-quality taxi services by making efforts in making out-of-business-district transportation more flexible, etc., and steadily implement the paid passenger transportation system in personal-use automobiles in regions where supplying public transportation is difficult in cooperation with transportation operators through environmental development to facilitate smoother consultation between relevant parties in regions wanting to introduce the system, etc., to improve its effectiveness.
- b. The Ministry of Land, Infrastructure, Transport and Tourism shall steadily implement systems that contribute to the improvement of convenience of taxis, including pre-fixed fares and variable pickup fees, etc. In addition, in order to realize new fare services that improve user convenience, including making the systems of pre-fixed fares, etc., more flexible by closely and accurately understanding the actual driving conditions, and obtaining the demand/matching data of taxis and users under various conditions, including area, day of the week, time slot, and weather, etc., and utilizing booking apps through using such data, the Ministry of Land, Infrastructure, Transport and Tourism shall, with consideration also given to cooperation between taxi operators and introduction of variable free systems, promote to ensure that the taxi transportation data that app operators have is reduced to the advancement of taxi services, and consider and implement policies to further accelerate the voluntary effects of business operators.

c. Considering that the Act on Special Measures concerning Rationalization and Development of Vehicle Transportation Businesses Serving General Passengers in Specified Regions and Quasi-Specified Regions (Act No 64 of 2009, Act on Special Measures concerning Taxis) has the objective to promote the rationalization of taxi service operations, and thereby contribute to ensuring the safety of transportation and convenience of users, the Ministry of Land, Infrastructure, Transport and Tourism shall, while promoting the efforts of taxi operations to understand the data that is necessary for the rationalization and development of the service in a timely manner, promote the development of an environment in which the government can digitally collect and understand information to ensure that the objective will be achieved. In addition, the Ministry of Land, Infrastructure, Transport and Tourism shall steadily implement the system to enable business operators to work on new services that improve user convenience, etc., themselves in a sound and sustainable manner.

(5) Radio/communication system reform

A. Radio system reform

[a: To be implemented in FY2020 and onwards when newly allotting a frequency,
b,c: To be implemented in FY2020]

<Basic Stance>

In the second report on regulatory reform promotion (November 29, 2017), in order to respond to the advancement/expansion of the radio usage needs due to increased use of IoT and 5G, etc., visualization of the frequency usage status, introduction of a quota system that takes into consideration the economic value of the frequency, returning and sharing the frequency as a response for securing bandwidth, and creation of shared public safety LTE, etc., are requested as efforts to contribute to further effective use of radio, which is a limited rare resource shared by all the people in this country.

Last year, the Act on Partial Revision of the Radio Act was established to include the introduction of a quota system that takes into consideration the economic value of the frequency, etc., but the allotment of the “estimated amount of the economic value of the frequency” is to be provided in the public notification. If the allotment and prioritization in the overall estimation depend on that standard, price competition can be practically meaningless.

In addition, creation of shared public safety LTE that contributes to the establishment of a dynamic frequency sharing system that enables flexible frequency sharing in terms of geography and time between different wireless systems and promotion of effective frequency use in the public sector is being promoted as a mechanism to share frequencies in a timely manner. Considering dramatic expansion of radio usage needs, however, speedier measures are needed for the realization.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

- a. For the allotment procedure that takes into account the economic value of the frequency, take measures so as to make the “estimated amount of the economic value of the frequency (amount of the specific base station establishment fee)” to be the prioritized estimation item in allotment to enable appropriate examination of effective radio use through ingenious efforts from the viewpoint of gaining profits when newly allotting a frequency for a specific base station.
- b. For the public safety LTE that can be used jointly by relevant ministries and agencies, including the police, fire and ambulance, land and transport, defense, and disaster prevention, etc., steadily conducted demonstration tests for early realization with consideration given to the functional requirements to be fulfilled and the results of study on rapid expansion of communication areas at the time of emergency disaster, etc.
- c. Take measures to put into practical use a dynamic frequency sharing system that enables

flexible frequency sharing in terms of geography and time between different wireless systems.

B. Communication system reform

[To be examined continuously and be concluded swiftly. To be implemented in FY2021]

<Basic Stance>

Due to the spread of novel coronavirus infection, telework efforts of enterprises have been facilitated, and the utilization of ICT, etc., and the need for remote services, including remote education associated with temporary closure of schools, etc., have been increasing, thereby increasing the importance of broadband as a core infrastructure. In the meantime, while broadband development is progressing, there have been regional disparities in the development status. The optical fiber coverage rate of households reached 98.8% as of the end of March 2019, but the development has been delayed in remote islands and regions with many mountainous areas, etc., making the elimination of the undeveloped regions an issue. In addition, in disadvantaged regions such as rural areas in which the entry of private business operators is unlikely to occur, broadband development and operation have been carried out at the cost of local governments, etc., but it is pointed out that significant financial burdens have been imposed on local governments, etc., thus requiring the establishment of a model in which private business operators bear the role of providing the service in a sustainable manner.

Discussions on universal broadband services commenced at the Ministry of Internal Affairs and Communications in April 2020, and system development is an urgent need to make broadband services available throughout the country.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

In order to retain the trend of conducting economic activities remotely, including telework, etc., and secure opportunities for people to receive high-quality education universally in the digital age, etc., accelerate discussions toward universal broadband services, and, as soon as the results are obtained, take necessary measures promptly to ensure that broadband is established as a core communication means in Japan and broadband access is available in a reasonable manner throughout the country.

(6) Regulatory reform on broadcasting

A. Promotion of internet distribution by broadcasters

[To be implemented in FY2020]

<Basic Stance>

Technological innovations and further integration of communications and broadcasting are important factors in shaping future broadcasting businesses. Video distribution via communications is dramatically expanding, and significant reform associated with increased use of 5G is expected. Under such circumstances, distribution of video content is crossing national borders and cutting across conventional business areas such as communications, broadcasting, and content, thus facing the age of international competition. While international competition will increase in the future, considering the fact that broadcasters have played a core role in video content in Japan and are expected to play an important role in the development of video content further in the future, it is necessary to provide necessary political support for broadcasters to enter into the growing sector of broadcasting and communication integration.

NHK is obligated, under the Broadcasting Act (Act No. 132 of 1950), to “transmit domestic basic broadcasts through broadcasting good-quality, rich programs, which can be received throughout the whole of Japan”, and is allowed to conduct Internet utilization business in addition to domestic basic broadcasts. For the Internet utilization business, the revision of the Broadcasting Act in 2019 enabled NHK to constant simultaneous distribution on the Internet,

which officially commenced in April 2020. In the Standards for Implementing Internet Utilization Business (hereinafter referred to as the “Implementation Standards”) of NHK, however, simultaneous distribution on the Internet, it is positioned as a “broadcast supplement” aiming to “supplement broadcasts to improve the effectiveness/availability or broadly return these broadcast programs, etc., which are properties shared by the people, to the people”, and it is stipulated that “broadcast programs designed for local regions are provided exclusively to the target regions for the broadcast programs to the extent reasonably possible in terms of technology and cost”. However, from the viewpoint of user convenience, limiting the distribution areas to the target regions for broadcasts (hereinafter referred to as “regional regulation”) means bringing the idea of the target regions for broadcasts to be designated when approving broadcasters based on the Broadcasting Act into the world of Internet distribution, and is therefore considered inappropriate. Of broadcast programs designed for local regions, only those designed for Kanto regions are currently broadcast nationwide. From the viewpoint of user convenience, however, it is inappropriate to invest to implement regional regulation. Instead, it is desirable to actively broadcast various programs designed for local regions nationwide. While discussions toward the introduction of regional regulation in simultaneous distribution on the Internet from a technical and cost perspective will take place at NHK in the future, the Council has an extremely high level of interest in the outcome of regional regulation and to which attention needs to continue to be paid.

Although cost and technical issues exist in the implementation of simultaneous distribution on the Internet by private broadcasters, demonstration tests by private broadcasters, including Tokyo-based private key stations, are ongoing. For instance, on the private official TV portal site “TVer”, five Tokyo-based private broadcasters jointly conducted a demonstration test in January 2020 to distribute news programs, etc., in parallel at about the same time period on a weekday evening. Note that in this demonstration test, regional regulation was not applied. Implementation of simultaneous distribution on the Internet by private broadcasters depends to a large extent on business decisions of each operator, but expanding the business model in the direction not to impose regional regulation deserves recognition for not eliminating the user convenience and opportunities for nationwide development of broadcast programs of local stations.

In addition, in the situation of facing an imminent crisis in economic and social conditions due to the spread of novel coronavirus infection, the role expected to be assumed by the public broadcaster NHK is significant. “NHK for School” provided to children during the temporary closure of schools can be highly valued as an effort to respond to social requests, and is expected to become more convenient for the public, including making it viewable at locations without communications environments such as Wi-Fi, etc., by adding a download function and enabling the materials to be more easily utilized, etc. In addition, in anticipation of the post-coronavirus social conditions, regardless of communications environments at home, the need for enhancement of school broadcast programs on E television, etc., is increasing to secure educational opportunities for children, etc. Furthermore, as an effort necessary for economic recovery after the spread of novel coronavirus infection is contained, actively releasing video materials that contribute to tourism promotion is expected.

Considering that NHK’s broadcast programs are created by using subscription fees paid by the public, they are expected not just to be limited to education and tourism, but to be broadly used effectively. As of the end of FY2018, 1,004,000 broadcast program videos and 7,991,000 news videos are stored in the archives information system, of which only approximately 23,000 broadcast program and news videos are released on the Internet on the Archives Portal, and only approximately 7,000 broadcast program videos are distributed on the Internet on the NHK On Demand. Some broadcast program and news videos are viewable at NHK institutions, including one in Kawaguchi City, Saitama Prefecture. The selection criteria for broadcast programs to be

distributed on the Internet are not clearly defined, as the Implementation Standards merely stipulates that “providing broadly to the public is meaningful in terms of public interest”. The Internet distribution should be accelerated by clarifying the selection criteria with highly transparent indicators, etc.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

- a. For simultaneous distribution on the Internet, etc., by NHK, considering the importance of distribution of regional information, prompt NHK to actively distribute broadcast programs designed for local regions by executing the plans for providing broadcast programs designed for local regions, etc., under the current nationwide distribution framework.
- b. For the video assets owned by NHK, prompt NHK to clarify and disclose the number of broadcast programs to be distributed for free and for a charge and the criteria and ideas for selecting them, and make efforts to enhance broadcast programs to be distributed for free.
- c. As a response to novel coronavirus infection, prompt NHK to implement efforts to provide its video assets according to the needs such as adding the download function to “NHK for school” for the video assets for which new copyright clearance is not required by NHK, etc., and actively enhance video materials that contribute to the economic recovery in tourism, etc.

B. Reinforcement of management base of local stations and ideal cooperation by NHK

[a: To be implemented in FY2020,

b,c: To begin examination in FY2020 and be concluded swiftly.]

<Basic Stance>

While the decreasing population in local regions and diversification of media due to the increased use of the Internet are progressing, reinforcement of the management base of local stations is an urgent issue to enable them to continue to play the role of providing local information.

According to the Research Institute of The Japan Commercial Broadcasters Association, the operating revenue of local stations in 2025 is expected to decrease to 88% of that of 2018. Based on the recent economic situation, there is a great need for private broadcasters to take measures to expand revenue outside the broadcasting business and streamline business operations by making the existing broadcasting operations more efficient, etc. As an effort contributing to the expansion of revenue outside the broadcasting business, some local stations distribute broadcast programs produced by themselves on the Internet, but cost and technical issues exist in establishing the distribution infrastructure. In contrast, NHK is obligated under the Broadcasting Act to make efforts to collaborate/cooperate with private broadcasters in implementing Internet utilization business, including simultaneous distribution on the Internet, and therefore, NHK is required to cooperate with local stations to enable them to establish the Internet distribution infrastructure and play the role of supporting the entire broadcasting industry to enter the Internet.

Additionally, from the viewpoint of improving the profitability of local stations, it is also important to open the door for new advertising models. For instance, in Korea, while watching drama on TV, people can purchase articles that the actors/actresses appearing are wearing on the TV screen. Information utilization to link the viewing information with advertisement and product/service provision should also be promoted in Japan.

In addition, the current certified broadcasting holding company system enabled a capital alliance of local stations, etc., but more flexible ideal regulations should be considered to increase business management options that local stations can take, including collaboration based on not only conventional vertical alliances with key stations, but also horizontal alliances between local stations regardless of the prefectures of residence, etc.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

- a. From the viewpoint of supporting the entire broadcasting industry to enter the Internet, understand the demand of private local stations, including that for Internet distribution infrastructure, and prompt NHK to provide necessary cooperation to make the entry of private local stations into the Internet smoother.
- b. Understand specific demands from relevant parties, and, for ideal management base of local stations, broadly consider regulatory/system reform to increase management freedom of broadcasters, including the handling of capital.
- c. Understand specific demands from relevant parties, and consider necessary measures to further promote the sharing of existing equipment for broadcasting operations to strengthen efforts to facilitate profitability improvement and cost reduction of local stations.

C. System development for smooth distribution of broadcast content on the Internet

- [a: As regards 1 and 3, to summarize specific demands by the end of August 2020, to be examined and concluded by the end of October 2020, to design systems and prepare the outline of draft legislation by the end of December 2020 and to endeavor to enact bills for the Act during the ordinary Diet session in 2021. As regards 2, to clarify whether it is necessary or not again during 2021 after implementing 1 and 3 on a priority basis.,
- b: To be implemented in FY2020,
 - c: To be investigated, examined and concluded in FY2020. To be implemented in FY2021.,
 - d: To be examined and concluded in FY2020]

<Basic Stance>

Promotion of the content industry not only contributes to growth strategies in Japan, but also can be an extremely effective means for Japan to continue to maintain its presence and influence in the world by utilizing attractive contents as soft power. In particular, the broadcasting industry remains an important content provider, and urgent issues such as environmental development based on the receipt and payment of appropriate prices for high-quality content production, diversification of viewing environments, and strengthening of Internet distribution to respond to globalization, etc., should be addressed by the government as an important policy. As a basis for this, it is essential to improve operations and review how the copyright system, which has been an issue in distributing broadcast programs on the Internet, should be.

However, in the “Regulatory Reform Implementation Plan” decided by the Cabinet in June 2018, it is stipulated that “reviews on how the copyright system should be carried out in FY2019”, but the fact that no specific measures have been taken is regrettable. In the live broadcasting of news/information programs implemented by five Tokyo-based private key stations implemented in January 2020, already the replacement of images/sounds (so-called “covering with a lid”) occurred in 14% of the entire broadcast programs due to an inability to clear copyright. Also, in NHK Plus (simultaneous broadcasting and missed program distribution service), which will be fully implemented in April 2020, the “lid” occurred approximately 7% in General and approximately 36% in E television (April 2020). Reviewing the systems to adjust to the entry of broadcast programs into the Internet is an urgent issue.

With regard to copyrights in the distribution of broadcast programs on the Internet, under the current copyright system, according to broadcasters, for borrowed materials (photographs, etc.) whose use is permitted for broadcasting, for instance, whether permission has been granted for simultaneous distribution, etc., needs to be verified individually even in cases where their use in

simultaneous distribution, etc., is not clearly excluded in contracts, thus making copyright clearance a significant burden. In addition, neighboring rights clearance is also a significant burden as permission, which is not necessary for broadcasting, needs to be obtained from recording performers and recording producers, and permission needs to be newly obtained from video performers separately from broadcasting. Under the current copyright system, the rights-limiting provisions include those that allow certain content to be broadcast but not to be distributed on the Internet such as simultaneous distribution of Diet deliberations, etc. From the point of view of users, at least, simultaneous distribution of broadcast programs on the Internet is the service in which the same information can be obtained when viewing on broadcasting and when viewing on the Internet, and therefore it should be treated the same as broadcasting under the Copyright Act (Act No. 48 of 1970) and the system revision is deemed necessary to resolve the issue of “covering with a lid”. Furthermore, simultaneous distribution of broadcast programs on the Internet in this case should include so-called chasing playback and missed program distribution for a specific period as similar services.

Additionally, the existence of outsiders that do not belong to collective management organizations makes the use of copyrighted materials difficult as the cost for searching is significant. For the extended collective license system introduced in the UK and Northern Europe, issues with consideration have been identified in the Agency for Cultural Affairs document “Consideration of the Extended Collective License System” dated July 2017, and it is further stated in the “Regulatory Reform Implementation Plan” dated June 2018 that “necessary reviews shall be conducted ... for an ideal copyright system for broadcasting, for example, the extended collective license system, etc.”. It is considered necessary to resolve the issue of outsiders by introducing the extended collective license system as there was no objection from rights holders organizations⁵ and broadcasters interviewed by the Council for Promotion of Regulatory Reform.

In addition, the compulsory license system is established under the Copyright Act for cases where there is an unknown rights holder who cannot be contacted or where no agreement is reached by consultations for the use in broadcasting, but for the former case, it has been used only a very few times by private broadcasters, and for the latter case, there has been no use since the system was established in 1970. It is considered to be due to the fact that broadcasters are not able to utilize the system in the actual program production because of procedural complications, including the delay in computerization, etc., and the issue of time constraint requiring over a month from the occurrence of the case to the commencement of use, etc. Therefore, it is considered necessary to conduct fundamental reviews of the system, including revision of laws and regulations, with consideration given to the needs of broadcasters such as: for compulsory license concerning unknown rights holders, full computerization of the procedure, fundamental review of the requirement of “considerable effort” involving posting on daily newspapers/designated websites, etc., and exemption of advance payment of compensation/collateral deposits by private broadcasters for which notification of the amount takes nearly two weeks; and for compulsory license in cases where no agreement is reached by consultations, full-scale computerization, including simultaneous distribution on the Internet/chasing playback/missed program distribution (hereinafter referred to as “simultaneous distribution, etc.”) in the scope, and application of the system to neighboring rights where it is currently applied only to copyrights.

It should be noted that the Agency for Cultural Affairs presented the “rights-limiting provisions with compensation”, and it is indicated that, for the “rights of outsiders” (performing/recording), treatment similar to the right to request compensation is to be given also to simultaneous distribution, etc., just like to broadcasting. At present, however, the Council deems it insufficient

⁵ Interviews were conducted with the Audiovisual Rights Management Association, Geidankyo, and Recording Industry Association of Japan.

as it cannot treat simultaneous distribution, etc., and broadcasting the same nor be an alternative to the introduction of the extended collective license system because the details of the system have not been clarified, the scope is limited to the outsiders that are performers/recorders pertaining to the simultaneous distribution, etc., and broadcasters' opinion includes that consideration on both copyrights and neighboring rights is necessary to fundamentally resolve the issue of "covering with a lid".

Other than the above, in the actual operations of rights clearance, issues exist toward strengthening of distribution on the Internet as local stations lack know-how on contracts for distribution on the Internet in some cases. Therefore, for rights clearance operations of local stations, it is necessary, after identifying the actual conditions, to eliminate the barriers to the entry into distribution on the Internet by, for example, establishing the consultation contact point and providing appropriate support such as human resource support, etc.

In addition, in recent years, webcasting services other than simultaneous distribution on the Internet are expanding. These services distribute programs only on the Internet without using broadcasting waves, but must obtain permission just like other Internet distribution services, and, because collective management of the rights is not progressing, require a significant cost for the rights clearance. From the point of view of users, other webcasting services broadly distribute the contents all at once just like broadcasting, and therefore, measures to make rights clearance smoother should also be considered together.

System development for making these rights clearances smoother is expected to advance the entry of broadcast content into the Internet dramatically and allow the content industry to grow significantly. Steadily sharing the fruits of growth gained through smoother rights clearance is important for establishing the win-win relationship between broadcasters and rights holders. The government needs to facilitate discussions between broadcasters and rights holders to ensure that prices are appropriately distributed to rights holders. This is deemed to facilitate active content production and its use, and also contribute to the advancement of culture and art.

Toward the system development for smooth distribution of broadcast contents on the Internet, the following measures should be taken.

In doing so, when considering simultaneous distribution of broadcasts on the Internet, etc., the extended collective license system, etc., the compulsory license system for orphan works (cases where rights holders are unknown), and the compulsory license system for cases where no agreement is reached by consultations, sufficient consideration should be given to the consistency with international treaties, relationship with the broadcasting industry (definition of broadcasting under the Broadcasting Act, etc.), clarification of the scope of simultaneous distribution of broadcasts on the Internet, etc. (simultaneous distribution, chasing playback, missed program distribution), the actual situations of "covering with a lid" and investigation of its cause (including hearing opinions of rights holders), respecting rights holders' rights after implementing reform, and past discussions at the Council/Agency for Cultural Affairs.

<Items to be Implemented>

- a. For the three points of 1. simultaneous distribution of broadcasts on the Internet, etc., 2. the extended collective license system, etc., and 3. the compulsory license system for orphan works and the compulsory license system for cases where no agreement is reached by consultations, the Ministry of Internal Affairs and Communications shall summarize specific demands based on the issues of the broadcasting industry, including local stations, and their causes. For the draft summary by the Ministry of Internal Affairs and Communications, the Ministry of Internal Affairs and Communications and the Agency for Cultural Affairs jointly hear opinions from rights holders, including outsiders, and other relevant parties, etc., and

then consider the above 1., 2., and 3. to obtain conclusions. For each conclusion, the Agency for Cultural Affairs shall obtain consent from rights holders and other relevant parties, etc., again, and then consider legislation on copyrights, etc., design systems in sequence in order of priority, and prepare the outline of draft legislation. In particular, treating simultaneous distribution of broadcasts on the Internet, etc., and broadcasting the same under the Copyright Act shall be discussed carefully.

- b. From the viewpoint of facilitating contracts that lead to a win-win relationship between broadcasters and rights holders, in anticipation of distribution on the Internet, take necessary measures to establish a place for discussion between broadcasters and rights holders to enable discussions on appropriate royalties that broadcasters pay to rights holders.
- c. In order to facilitate distribution on the Internet by local stations, the Ministry of Internal Affairs and Communications shall conduct investigations/discussions on what type of support is needed, and then, based on the results, take necessary support measures, including, for example, establishment of a consultation contact point and human resource support, etc.
- d. With regard to ideal rights clearance in webcasting other than simultaneous distribution on the Internet, the Ministry of Internal Affairs and Communications shall summarize issues/demands in rights clearance of webcasting operators, and the Agency for Cultural Affairs shall, taking into account its status, make efforts in making rights clearance smoother by promoting collective management.

D. Appropriate transactions in broadcast content production

[To be implemented in FY2020]

<Basic Stance>

The issue of unjust acts in broadcast content production due to superior bargaining position has been considered problematic several times in the past, and measures have been taken, including the embellishment of the Guidelines on the Promotion of Appropriate Transactions in Broadcast Content Production (hereinafter referred to as the “Guidelines” in this section) by the Ministry of Internal Affairs and Communications, etc. In 2019, the Guidelines were revised to emphasize the importance of and recommend the delivery of written documents, determination of transaction prices, and advance consultation on the ownership of copyrights, etc., and it was informed to relevant parties. However, the Guidelines merely list appropriate/inappropriate cases, and it is necessary to strengthen the rules and their enforcement, including considering legal actions, to totally eliminate inappropriate transaction practices.

<Items to be Implemented>

After examining the status of compliance with the Guidelines on the Promotion of Appropriate Transactions in Broadcast Content Production, revise the Guidelines, taking into account consideration on the formulation of transaction rules and strengthening of their enforcement, including improvement of the transparency of transactions and legal actions that contribute to further promotion of appropriate transactions, etc., and take necessary measures such as enhancing templates by categorizing the ownership of copyrights held by and prices paid to production companies for each contract type of information-based product creation contract (complete production consignment-type programs, other broadcasting materials) and service contract, etc.

E. Ideal universal broadcasting services

[a: To be implemented in FY2020,

b: To begin examination in FY2020 and be concluded promptly]

<Basic Stance>

The Broadcasting Act obligates NHK to make broadcast programs to be able to be “received throughout the whole of Japan” on broadcasting waves and private basic broadcasters to “endeavor to ensure that the basic broadcasting may be received far and wide in the target regions for broadcasts”, and these services are provided as so-called universal services.

At present, technical discussions on advanced terrestrial broadcasting methods, including terrestrial 4K broadcasting, are taking place at the Ministry of Internal Affairs and Communications, but no specific direction is given at this point in time. There are opinions that since substantial bandwidth will be required for high-definition broadcasting, such as 4K, on terrestrial waves in the first place, it is difficult to achieve only with the current broadcasting bandwidth. In any case, advanced terrestrial waves, including terrestrial 4K broadcasting, are expected to require significant capital investments.

Meanwhile, in the communications sector, discussions are taking place to expand the scope of universal services from subscribed fixed-line telephones, etc., to broadband. In the future when broadband is provided as a universal service and simultaneous distribution on the Internet is received throughout the country via broadband, for advanced terrestrial waves, including terrestrial 4K broadcasting, it is likely that transmission can be made not only on a broadcasting network, but also on broadband. For this reason, it is necessary to verify whether services need to be provided to all the people on broadcasting waves. Equipment for universal broadcasting services and its maintenance require an enormous cost. In addition, for NHK, a national burden such as subscription fees, etc., exists. While the entry of broadcasting services into the Internet is advancing and barriers due to different transmission channels are disappearing, in order to promote advanced services, including 4K broadcasting, etc., before establishing a nationwide network based on broadcasting waves separately and in parallel with universal broadband services, the costs and benefits must be weighed thoroughly and explained to the people with due consideration to the above-mentioned relationship with a national burden and broadcasters’ business environments and investment capabilities.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

- a. For advanced terrestrial broadcasting methods, including terrestrial 4K broadcasting, clarify the schedule for future technical discussions.
 - b. Conduct reviews, including weighing the costs and benefits when replacing a broadcasting network with broadband, taking into account the consideration of the future universal broadband services.
- (7) Environmental development to promote start-up
- A. Requirements for private placement with professional investors

[To begin survey in FY2020. To be examined and concluded in FY2021]

<Basic Stance>

It is said that, In Japan, there are a million or more individuals with risk assets of 100 million yen. However, they do not have access to unlisted stocks, etc., except through some systems.

In addition, although private placement with qualified institutional investors and private placement with specified investors exist as private placement systems for so-called professional investors with relaxed disclosure regulation, there are opinions that their utilization for unlisted stocks, etc., is quite limited.

Although sufficient attention needs to be paid to special fraud, etc., from the viewpoint of investor protection, it is necessary to review private placement systems and disclosure regulations to enable efficient system utilization that matches the growth phase of each company from the viewpoint of expanding options for investment products according to companies’

diverse financial arrangements and people's risk characteristics.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

Conduct reviews to make disclosure regulations applied to private placement of securities more flexible, for example, by designating investors who can appropriately carry out asset management and risk management by themselves as professional investors, using the definitions of investors subject to specially permitted services and specified investors as a reference, and take necessary measures to make access to private placement transactions easier.

B. Review of relevant regulations on maximum amount for stock-type crowdfunding

[To be examined and concluded in FY2020-2021,

To be implemented as soon as a conclusion is drawn]

<Basic Stance>

At present, for stock-type crowdfunding, which can be handled by type-I small amount electronic public offering service providers whose registration requirements, etc., are more relaxed than those for securities companies, it is stipulated that the total of the amount that can be raised through it and the amount of other funds raised within the past year must be less than 100 million yen, and the investment amount no more than 500,000 yen per investor.

Although the amount of funds raised by using stock-type crowdfunding has been increasing every year, there are opinions that further increased use is unlikely because of the above-mentioned system requirements.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

In order to make the means for fund raising by unlisted companies smoother and more diverse, with the understanding that the convenience of issuing operators need to be improved and with attention also paid to the viewpoint of investor protection, conduct reviews on the requirements on the amount such as the system maximum amount of crowdfunding that can be handled by type-I small amount electronic public offering service providers, etc. (including requirements on the total amount with other funds raised), and, as soon as the results are obtained, take measures as required.

C. Review of distribution market for unlisted stocks, etc.

[To be examined in FY2020-2021 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

At present, stock exchanges in Japan include new markets (Mothers and JASDAQ, etc.) in which venture companies can access capital funding very easily compared to other major companies and markets for professionals (TOKYO PRO Market) with no numerical criteria on aggregate market values and profits, which limit participants to professionals, but instead relax disclosure obligations of issuers. Solicitation for investment in unlisted stocks by securities companies is prohibited in principle by the rules of the Japan Securities Dealers Association. As exceptions, however, JASDAQ, which is currently operated by the Japan Securities Dealers Association, and the Green Sheet stock system existed. However, the former was transferred to the stock exchange in 2004, and the latter, which lost its significance due to the emergence of new markets, was abolished in 2018 with some of its functions being succeeded by the shareholder community system.

In contrast, in the US, while the listing requirements of stock exchanges increasingly becoming tighter than that in Japan, transactions in markets for unlisted stocks, etc., are active both in public offering and distribution markets, and many unicorn companies are emerging, etc., thus

indicating the difference in fund-raising environments between Japan and overseas.

In order to enable start-up companies to grow substantially also in Japan in the future, it is necessary to develop an environment in which funds can be raised according to each stage of a company's growth by making reference to overseas systems.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

Conduct reviews on ideal transaction of unlisted stocks, including the shareholder community system and proprietary trading system, etc., including reviewing the restrictions on solicitation for unlisted stocks, after summarizing issues by making reference to the status of each market, including markets other than exchanges in the US, etc., and, as soon as the results are obtained, take measures as required.

(8) Smoother restoration of aged or disaster-stricken unit ownership buildings

[a: To be examined in FY2020 and be implemented as soon as a conclusion is drawn,

b: To begin examination in FY2020 and be concluded as soon as possible.

To be implemented as soon as a conclusion is drawn,

c: To begin examination in FY2020 and be concluded as soon as possible.

To be implemented as soon as a conclusion is drawn]

<Basic Stance>

The number of condominium stocks nationwide is approximately 6.55 million (as of the end of 2018), of which condominiums of more than 40 years of age will increase approximately 2.4 times in 10 years from approximately 0.81 million at present to approximately 1.98 million and approximately 4.5 times in 20 years to approximately 3.67 million, thus indicating that aged condominiums are expected to rapidly increase. However, the number of condominiums actually reconstructed was 244, or approximately 19,200 houses (as of April 2019), and therefore, restoration of aged condominiums is far from progressing smoothly.

The Act on Facilitation of Reconstruction of Condominiums (Act No. 78 of 2002) was recently revised to expand the scope of condominium premise sales business and the scope of application of special relaxation of the floor area ratio and establish the premise division system for housing complexes, etc. However, specific standards for certifying the necessity of demolition to be covered by the system are to be specified by public notification, etc., in the future, and it is therefore necessary, in formulating the standards, to make them clear and appropriate to enable smooth reconstruction of aged condominiums.

As for the requirements for the resolution to reconstruct unit ownership buildings under the Act on Building Unit Ownership, etc. (Act No. 69 of 1962), there are cases where consensus building is difficult, and the need for its revision has been considered in the past at the Council for Promotion of Regulatory Reform, but to date the level of the requirements for resolution has not been revised. While protecting the ownership of those objecting to reconstruction is important, considering that aged condominiums is expected to further increase rapidly in the future and consensus building is likely to become more difficult due to diversification/aging of unit owners or unit owners being unknown or not being able to be located as a result of inheritance, etc., it is necessary to consider ideal consensus building for the present day. In addition, the fact that consensus building for reconstruction in cases where unit ownership buildings are damaged by disasters is expected to be more difficult, and that resolution must be made within one year from the designation by the Cabinet Order in the case of partially large-scale loss, etc., can be an obstacle to smooth recovery from disasters. With a recent increase in water-related disasters due to climate change and increased urgency regarding the future occurrence of a Nankai megathrust earthquake, it is necessary to consider ideal consensus building under the Act on Special Measures concerning Reconstruction of Condominiums

Destroyed by Disaster (Act No. 43 of 1995).

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

- a. With the recent revision of the Act on Facilitation of Reconstruction of Condominiums, make specific standards for certifying the necessity of demolition to be covered appropriate to enable smooth reconstruction of aged condominiums.
- b. Taking into account that aged condominiums will further increase in the future, ownership will become more complex as a result of inheritance, unit owners will become more diversified/aged, etc., consider ideal resolution to reconstruct after establishing the place for discussion among relevant ministries and agencies, mainly the Ministry of Justice and the Ministry of Land, Infrastructure, Transport and Tourism, and a broad range of relevant parties, including law practitioners, researchers, city planning experts, and business operators, etc., including the policies such as excluding those who do not participate in the meetings for the resolution to reconstruct (those who do not indicate their intentions) from the denominator based on certain requirements/procedures (e.g., the owner is unknown, etc.), relaxing the requirement of supporting votes from at least four-fifths necessary for the resolution to reconstruct, changing the said requirement from mandatory to optional, etc., with the policy effects obtained by the revision and the impacts on condominium management in mind and with due consideration to the importance of the impacts of the resolution to reconstruct on unit owners.
- c. In addition to the above, taking into consideration that large-scale disasters are expected to occur in the future, consider measures to smoothly proceed with reconstruction of unit ownership buildings damaged by disasters, including the relaxation of the requirement of supporting votes from at least four-fifths necessary for the resolution to reconstruct or demolish unit ownership buildings damaged by disasters, etc., and extension of the period for the resolution of sale of the premises of unit ownership buildings with partially large-scale loss, etc.

- (9) Review of hydrogen filling station-related regulations

[To begin examination in FY2020]

<Basic Stance>

Japan aims to reduce greenhouse gas by 80% by 2050 to achieve a “carbon-free society”, and since hydrogen is a technology with extremely high potential, efforts to expand its use are promoted through the unified effort of the government and private sector.

Widespread use of fuel-cell vehicles and hydrogen filling stations that supply hydrogen fuel to fuel-cell vehicles that are key to the expanded use of hydrogen has been promoted. However, they use high-pressure hydrogen, and therefore regulations aimed at disaster prevention are in place based on the High-Pressure Gas Safety Act (Act No. 204 of 1951) under the jurisdiction of the Ministry of Economy, Trade and Industry.

As of the end of FY2019, 117 hydrogen filling stations have already been established in Japan. From the viewpoint of regulatory review toward further widespread use and independent business, it is also necessary to improve the user convenience by reducing the maintenance cost of hydrogen filling stations and shortening the closing period to repair equipment, etc., through measures such as technical verification, etc., on the premise of ensuring safety, taking into account overseas knowledge and status of regulations and trends of international standardization.

Based on above basic ideas, the following should be considered.

<Items to be Implemented>

- a. Consider revising the upper limit of normal pressure (currently 82 MPa) within the range of design pressure to the extent possible, with increasing the pressure of pressure accumulators, etc., in mind and taking into account technical verification of safety by business operators, and obtain conclusions.
- b. For walls to be established at the property boundaries as an alternative measure for cases where it is not possible to secure predefined distance from the property boundaries of hydrogen filling stations, consider revising the method for setting the wall height according to the conditions of adjacent properties and revision of wall structures when the distance between high-pressure gas facilities and adjacent properties exceeds the predefined distance while ensuring safety of pedestrians and buildings, and obtain conclusions.
- c. For filling containers (curdles/trailers) of hydrogen filling stations, conduct reviews on ideal management and treatment, including revision of the upper limit specified by technical standards (currently 40°C), and obtain conclusions.
- d. Conduct reviews on rationalization of a series of procedures for cases where spare parts used as substitutes at the time of failure/repair of hydrogen filling station equipment, in particular for re-installment of repaired equipment and repeated use of spare parts based on the premise to take safety control measures, in cooperation with business operators, and obtain conclusions.

(10) Matters for which intensive follow-ups are conducted

A. Radio system reform

For the visualization of allotment status in the public sector, review of investigation of broadcasting wave usage status, and relaxation of regulations on bringing radio equipment that has not received technical regulations conformity certification into Japan, the Council interviewed the Ministry of Internal Affairs and Communications and confirmed that discussions in line with the Regulatory Reform Implementation Plan (decided by the Cabinet in June 2018) are being made. Attention will continue to be paid on the implementation status in the future.

B. Regulatory reform on broadcasting

For measures to utilize the terrestrial broadcasting site of The Open University of Japan and V-High bandwidth, the Council interviewed the Ministry of Internal Affairs and Communications, compiled measures to utilize them, and confirmed that the revised draft Radio Act, which includes allotment to V-High bandwidth that takes into account the economic value of the frequency, has been submitted to the current Diet session. Attention will continue to be paid on the enforcement status of the revised Radio Act and responses to the allotment of frequencies for broadcasting.

4. Medical care and long-term care sector

It has been quite a long time since Japan entered into a super aging society. Before “2025” when all people of the so-called baby boomer generation become the late-stage elderly and “2040” when all children of the baby-boom generation become the elderly and the elderly population reaches a peak, new measures not bound by the conventional framework are needed to maintain and ensure the continued functioning of the world-acclaimed medical system in Japan.

Based on the above-mentioned understanding of the issues, the Working Group on Medical and Long-Term Care set “1) establishment of the bases for sustainable social security systems” and “2) creation of health promotion/high-quality medical services” as the major pillars, identified main issues, and held intensive discussions on them. For 1), from the viewpoint of ensuring sustainable medical/long-term care systems, “task shifting of medical care and long-term care professionals” and “improvement of productivity in long-term care services” were addressed, and for 2), from the viewpoint of facilitating individual people to be responsible for their own health and implement self-medication, “expansion of the options for Over-The-Counter Drugs (switch OTC)” was addressed. In addition, follow-ups have been made for “promotion of data utilization in the medical care sector, etc.” and “promotion of increased use of online medical care” previously addressed by the Council for Promotion of Regulatory Reform and “review on Social Insurance Medical Fee Payment Fund”, etc. Furthermore, as issues related to 1) and 2) above, discussions were also made on “ICT utilization”, and this will continue to be discussed as a medium- to long-term issue.

Based on these, regulatory reform items in the medical care and long-term care sector are summarized below.

Meanwhile, the Working Group considers, in the medical care and long-term care sector, not only regulations stipulated in laws and ordinances, etc., but also medical care and long-term care fees, facility standards, voluntary regulations and work practices of local governments and medical professionals, etc., are substantive regulations, and discussions have been made from the perspective that these treatments significantly affect the provision of medical care and long-term care services. In making discussions on each issue in the future, it is necessary to promote reform of the entire system at the Central Social Insurance Medical Council, etc., including how evidence should be collected/utilized, etc., not only from the viewpoint of medical providers, etc., but also for ensuring the treatment of fees so as to enable the provision of services that match the needs of the public/entire society.

(1) Task shifting of medical care and long-term care-related occupations

A. Efforts to further utilize expertise of nurses

[a,b: To be implemented in FY2020

(verify/consider items of “a”: To be examined on an ongoing basis in FY2020 and onwards),

c: To be examined and concluded in FY2020. To be implemented in FY2021,

d,e: To be examined and concluded in FY2020,

f: To be examined on an ongoing basis in FY2020 and onwards,

g: To begin examination in FY2020. To be concluded and implemented in FY2021,

h: To be concluded and implemented in FY2021]

<Basic Stance>

In Japan where the aging of society is progressing and medical demand is expected to further increase, taking measures to steadily provide high-quality medical services is an urgent task. In particular, taking into account that the upper limit regulation on the hours of overtime work is applied to doctors in FY2024, it is necessary to create an environment in which medical professionals can fully utilize their abilities and expertise.

The “training system for nurses pertaining to specified medical acts” is a system implemented in 2015, in the course of promoting home medical care, etc., toward 2025, with the aim of training nurses who can perform certain medical assisting tasks without waiting for a doctor’s decision. At the initial stage of the implementation of the said system, despite having the goal of 100,000 trainees completing the training by 2025, as of March 2019, the number of those who have

completed the training is only 1,685, and therefore achieving the initial goal seems extremely difficult. Under such circumstances, in addition to reviewing the content and hours of training, development of a training package covering five areas in which conduct training collectively is considered to contribute to the utilization at medical sites has been promoted with the goal of 10,000 trainees completing the said training by FY2024. It should not be limited to these measures, however, and further measures in anticipation of an increase in medical demand, in particular demand for home medical care, in the future need to be taken promptly.

Based on the above basic ideas, the following measures should be taken.

<Items to be Implemented>

- a. With regard to the “training system for nurses pertaining to specified medical acts”, toward achieving the goal of “10,000 trainees completing the package training by FY2024”, from the viewpoint of promoting participation in the training by nurses engaged in five areas covered by the package training and nurses who are likely to engage in the said areas in the future, present specific promotion measures, including making the system well known. In addition to the above, in the areas in which a shortage of doctors is likely to occur, in order to facilitate further utilization of nurses who have completed the said training, continue to verify/consider the existence of the areas, other than the said five areas, that are suitable for packaging and the appropriateness of the current goal of the number of trainees completing the package training.
- b. For medical professionals such as doctors and hospital operators, present successful examples on how specifically trainees who have completed the training of the “training system for nurses pertaining to specified medical acts” (hereinafter referred to as “trainees who have completed the specified medical act training”) are utilized, etc., and continue to make the system well known.
- c. Verify in depth the backgrounds/causes of slower growth in the number of trainees who have completed the specified medical act training and regional disparities in the number of trainees who have completed the specified medical act training employed, and take effective measures.
- d. In analyzing the above-mentioned causes, thoroughly analyze the slower growth in the number of trainees who have completed the specified medical act training in the area of home medical care in particular, and consider mechanisms specialized in the area of home medical care toward resolving issues specific to the said area.
- e. Consider measures to increase designated research institutions through simplification of application forms for becoming designated research institutions, etc.
- f. Continue to consider revising the content of the training, including drastically increasing the weight of “clinical inference”, etc., from the viewpoint of placing emphasis on developing total abilities from assessment of situation to manipulation in various events that may occur, taking into consideration the situation after revising the content of the training in April 2019.
- g. In order to sufficiently expand the use of this training system, further implement promotion measures, including evaluation in terms of the medical fee of the placement of trainees who have completed the specified medical act training, etc.
- h. Taking into consideration that acquisition/improvement of skills in line with the advancement of medical care is necessary even after completing the specified medical act training, conduct reviews on measures to support efforts of trainees who have completed the specified medical act training to study, including reviews on cases performed at sites of activities of trainees who have completed the specified medical act training, and revision of procedures, etc.

B. Utilization of Emergency Life-Saving Technicians

- [a: To be examined and concluded in FY2020.
To be implemented as soon as a conclusion is drawn,
b: To begin examination in FY2021]

<Basic Stance>

With the numbers of emergency dispatches and patient transportation growing year by year, emergency medical institutions' burden is increasing. Therefore, it is necessary to take measures

for reducing the burden on those institutions as soon as possible by resolving labor shortages and other difficulties.

Emergency life-saving technicians are supposed to perform emergency medical treatment under the instructions of doctors. However, under the Emergency Life-Saving Technician's Act (Act No. 36 of 1991), places of their activities are limited to the points before the injured or ill person arrives at a hospital or clinic. They are not permitted to perform emergency medical treatment inside medical institutions. If emergency life-saving technicians could perform emergency medical treatment without such a restriction by making full use of their expertise, it would help reduce emergency medical institutions' burden. It is also considered desirable from the viewpoint of enhancing the existing emergency medical care system.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

- a A bill to revise the Emergency Life-Saving Technician's Act shall be submitted to the Diet so that emergency life-saving technicians can perform emergency medical treatment even inside medical institutions. At the same time, specific places of their activities shall be defined.
- b By considering the progress made after expanding such places based on "a," the ideal form of a necessary medical control system shall be studied. Then, further expanding the places of their activities and expanding and improving their specified activities shall be studied on an ongoing basis.

C. Smooth Implementation of Medical Practice by Nursing Staff at Fee-Based Nursing Homes for the Elderly

[a: To be implemented in FY2020,

b: To begin examination in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

Because of the rapidly aging society, the demand for fee-based nursing homes for the elderly is increasing faster than ever. Under such circumstances, residents themselves want to choose where they want to live and will live the life of their own choice while their physical and mental state is changing. To make it happen, they should be able to receive a certain level of necessary medical services at fee-based nursing homes for the elderly and other facilities. In 2012, "Concerning Enhancement of Guidance on Fee-Based Nursing Homes for the Elderly" (Notice on May 17, 2012, by Director, Division of the Support for the Elderly, Health and Welfare Bureau for the Elderly, Ministry of Health, Labour and Welfare, hereinafter referred to as "Notice of 2012") was issued. In the notice, it said, "Nursing staff can perform a certain level of medical practice under the direction of doctors even at fee-based nursing homes for the elderly." It also said, "From the viewpoint of providing medical and nursing care services seamlessly, even fee-based nursing homes for the elderly are expected to play the role of supporting the life of the elderly who need medical care." Full-time nursing staff members are placed at fee-based nursing homes for the elderly designated as Daily Life Long-Term Care for a Person Admitted to a Specified Facility under the Long-Term Care Insurance Act (Act No. 123 of 1997) (hereinafter referred to as "Nursing Homes with Long-Term Care"). In this case, extra nursing-care fee points are allotted to services such as night-time nursing-care shifts. However, the nursing staff is not performing medical practice at a satisfactory level at Nursing Homes with Long-Term Care. It has been pointed out that this situation limits the occupancy of the elderly with medical needs, doctors must come to nursing homes to do the job, and there are cases of unnecessary emergency patient transportation. The background for this problem includes the risks and the locus of responsibility associated with implementing medical practice in the absence of a doctor and the difficulty in getting the chance to learn nursing skills. Given the recent serious shortage of nursing staff, rather than strengthening the placement of nursing staff, we should solve the above problems and create an environment in which existing nursing staff can perform the medical practice required in Nursing Homes with Long-Term Care comfortably and smoothly.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

- a Thorough instructions shall be given again to fee-based nursing homes for the elderly on the descriptions in the Notice of 2012, "4. Nursing Staff's Medical Practice at Fee-Based Nursing Homes for the Elderly."
- b After obtaining accurate information about the medical practice at Nursing Homes with Long-Term Care, appropriate measures shall be studied to enable the nursing staff to perform medical treatment smoothly and comfortably. For example, those studies shall include the presence or absence of any issues with nursing care fees in implementing medical practice, the organized way of thinking about what doctor's instructions should be like, and the necessity of training nursing staff belonging to such nursing homes.

D. Smooth Implementation of Care Acts by Care Staff in the Field of Nursing Care

[To begin examination in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

In the field of nursing care, it is not certain whether acts such as adjusting the position of an oxygen mask and urine disposal from a bag of the catheter retained in the bladder fall under medical practice. For this reason, it has been pointed out that care staff often hesitate to do those acts. In 2005, "Concerning the Interpretation of Article 17 of the Medical Practitioners Act, Article 17 of the Dentist Act, and Article 31 of the Act on Public Health Nurses, Midwives and Nurses (Notice)" (Notice on July 26, 2005, by Director-General, Health Policy Bureau, Ministry of Health, Labour and Welfare, hereinafter referred to as "Notice of 2005") was issued. In the notice, the acts that did not fall under medical practice were organized, such as blood pressure measurement and delivering eyedrops. However, 15 years have passed since the notice was issued. The acts not listed in the notice need to be reviewed in terms of their appropriateness. The interpretation of the acts that do not fall under medical practice should be modified so that care staff can perform those acts comfortably and smoothly.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

Of the acts not listed in the Notice of 2005, those acts considered to be performed often in the field of nursing care shall be reviewed to make sure they are not medical practices. Thorough instructions shall then be given to parties concerned to the effect that care staff can now perform these acts. For care staff to perform these acts comfortably, the process in which the care-receiver, his/her family members, care staff, nursing staff, attending doctor, and others will agree in advance on the nursing care system shall be defined.

(2) Improving the Productivity of Nursing-Care Services

A. Reducing the Burden of Responsibility to the Government and Indirect Operations on Nursing Care Providers

[a,b: To be implemented in FY2020,

c,f: To begin examination in FY2020 and be implemented as soon as a conclusion is drawn,

d: To be examined and concluded in FY2020,

e: To be examined and concluded in FY2020, To be implemented as soon as a conclusion is drawn]

<Basic Stance>

The shortage of care workers who support the elderly is expected to become approximately 380,000 in 2025. In order to provide necessary nursing-care services in the future while ensuring the quality of such services, initiatives for the digital government should be promoted. With the help of online paperless operations and other tools, an environment in which the limited number of nursing-care resources can concentrate on care-receivers should be created by slashing the administrative burden of preparing and storing the documents needed to submit to the

government and other companies. However, while the existing government policy⁶ calls for halving the number of documents such as forms that the government needs to receive, the sense of burden in the field of nursing care remains unaddressed.

Specifically, regarding the forms that the government wants to receive and the records of implementing care plans that the field of nursing care needs to prepare, each local government calls for the preparation and submission of different forms and attached documents based on local rules. The documents exchanged between local governments and nursing-care providers and between different nursing-care providers are paper-based, with electrification having made little progress. In preparing statistical survey documents, the profile information of nursing-care providers is requested each time such a survey is conducted. It has been pointed out that these practices are creating an administrative burden on the nursing-care provider side.

In an ordinance of the Ministry of Health, Labour and Welfare⁷ pursuant to the Electronic Document Law,⁸ documents that are approved for preservation in electromagnetic records are specified, but they are not clearly defined. Also, while the retention periods for records of services are set at two years, the interpretation of the initial dates is not clearly indicated. For this reason, nursing-care providers tend to preserve their documents for an extended period. It has been pointed out that the complexity of document management and the securing of storage space are creating an administrative burden on the nursing-care provider side.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

- a The status of nursing-care providers' sense of burden and the causes associated with documents that they independently prepare, such as documents to be submitted to the government and care plans, shall be understood first. Then, initiatives that contribute to improving productivity shall be continued to halve the number of documents by explicitly showing the goals, measures, and schedules for simplification, standardization, ICT utilization, and others, while considering the impact on users at the same time. Also, thorough instructions shall be given to local governments on the measures to be taken.
- b The standard forms specified by the government shall be reviewed to reduce the burden created by local rules on the nursing-care provider side. At the same time, guidelines for documents to be submitted to the government shall be developed so that local governments will no longer ask for excessive statements independently.
- c To encourage the use of ICT, the government shall set up places for discussions with nursing-care providers and their vendors and standardize nursing-care data items. An environment shall then be created to enable convenient nationwide electronic application and notification systems and data collaboration between different nursing-care providers.
- d Regarding existing care plans that care-receivers sign and seal to indicate their consent, reducing the workload of care managers shall be studied while ensuring the originality, including the possible use of alternative means such as electronic signatures.
- e When asking nursing-care providers to prepare their statistical survey data, asking for the same information, such as the profiles of service providers, over and over again shall be eliminated with the help of the information disclosure system. At the same time, such documents shall be simplified as much as possible.
- f The retention periods for documents and records of services provided that can be stored electromagnetically shall be defined clearly, and thorough instructions on such definitions

⁶ Promoting Dynamic Engagement of All Citizens (approved in a Cabinet meeting in June 2016)

⁷ The Ordinance on Utilization of Telecommunications Technology in Document Preservation, etc. Conducted by Private Business Operators, etc. Pursuant to the Provisions of Laws and Regulations under the Supervision of the Ministry of Health, Labour and Welfare (Ordinance of the Ministry of Health, Labour and Welfare No. 44 of 2005)

⁸ A collective term for "the Act on Utilization of Telecommunications Technology in Document Preservation, etc. Conducted by Private Business Operators, etc. (Act No. 149 of 2004)" and "the Act to Adjust Related Acts to Coordinate with the Coming into Effect of the Act on Utilization of Telecommunications Technology in Document Preservation, etc. Conducted by Private Business Operators, etc. (Act No. 150 of 2004)"

shall be provided to concerned parties.

B. Promoting the Introduction of ICT, Robots, AI, and Other Tools

[a,c,d: To be implemented in FY2020,b: To be examined and concluded in FY2020]

<Basic Stance>

As it is becoming more challenging to secure care workers, the introduction of ICT, robots, AI, and other tools draws attention as techniques to complement the work assumed to be done by humans. Some nursing-care providers already began efforts to make effective use of such new techniques. However, the latest technologies have not been reflected in rules related to the implementation and billing of nursing-care services and administrative operations. It has not yet been clarified whether using such techniques can replace conventional methods such as face-to-face meetings and patrols. Besides, these tools have not been used outside the bounds of demonstration experiments individually conducted in various parts of the country and initiatives of some advanced nursing-care providers. These techniques fall well short of full-scale dissemination to all nursing-care providers because products that comply with standard specifications have not yet been produced or supplied, and due to the absence of nursing-care fees commensurate with benefits obtained from improved efficiencies.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

- a Thorough instructions shall be given to concerned parties on the improved efficiency of regular patrols with the help of watching support equipment provided with sensors and external communication functions as a method of confirming the safety of care-receivers. And the improved efficiency of human operations with the help of ICT, robots, AI, and other tools shall be proactively acknowledged in facility standards. Furthermore, the verification of benefits shall be conducted at nursing-care facilities with and without introducing new technologies. Based on such verification results, appropriate nursing-care fees and other factors shall be evaluated.
- b Concerning care managers' monitoring visits and service staff meetings, reducing such operations' burden shall be studied, including the use of ICT such as teleconferences and business chats.
- c For the widespread use of ICT, ICT introduction support projects compliant with standard specifications shall continue to be promoted.
- d For the efficient, widespread use of ICT, robots, AI, and other tools, a model using effective technologies such as highly effective ICT, robots, and AI shall be built.

C. Promoting Scientific Nursing Care Using Nursing Care Outcome Assessment

[To be implemented in FY2020]

<Basic Stance>

It is essential to ensure the provision and use of nursing care services and the efficient management of the nursing-care insurance system that supports such services. Doing so would absolutely require a scheme for providing services by which the outcome of preventing and improving care-requiring conditions can be maximized by the provision of and involvement in such services. The system to collect information about the elderly's care, health status, and events (hereinafter referred to as "CHASE database") started full-scale operations in FY2020. It is a system that contributes significantly to the realization of nursing care whose benefits such as self-reliance support are scientifically proved. Each nursing-care provider shall appraise and improve its services based on appropriate evaluation indicators by utilizing a wide range of data collected and accumulated. It is also critical to introduce the structure assessment and process assessment that appraise future nursing-care fees commensurate with the time and effort spent and the system involved. Besides, it is essential to review fee-based outcome assessment depending on the effect of self-reliance support for the elderly.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

- a Concerning the system to collect CHASE database, the building of a database shall continue to be pursued to enable the study of outcome-based nursing-care fees and the improvement of their services by standardizing input data formats and outcome indicators and through interannual analysis and comparison among nursing-care providers using collected data.
- b By connecting the National Database of Health Insurance Claims and Specific Health Checkups⁹ (hereinafter referred to as "NDB") and the Long-Term Care Insurance Comprehensive Database (hereinafter referred to as "Long-Term Care DB")¹⁰, the database of Monitoring & Evaluation for Outpatient and Home-Visit Rehabilitation Service Providers¹¹ (VISIT database), and the CHASE database, interannual analysis and comparisons between nursing-care providers shall be further enhanced so that patients and care-receivers can receive sustainable, appropriate medical and nursing care.

D. Large-Scale and Efficient Management to Streamline Nursing Care Business

[To be implemented before the enforcement of the Act]

<Basic Stance>

Business collaboration and cooperation are effective means to ensure the stable management of nursing-care providers. In some regions, there are cases where multiple companies are working together successfully in joint equipment purchases and recruitment and development of human resources. The Act for Partial Amendments to the Social Welfare Act, etc. for the Realization of a Community-Based Society (Act No. 52 of 2020) passed an ordinary diet session this year. The social welfare collaboration promoting corporation system under the Act is expected to generate extensive utilization as a new option for such cooperation and collaboration. It has been pointed out that it is not easy for participating corporations that have been operating business independently to make shared decisions needed for business cooperation smoothly under the principle rule of one voting right per employee. It is hoped that the new system will be enforced smoothly to promote broad cooperation among participating corporations, including the utilization of the system.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

The social welfare collaboration promoting corporation system shall be smoothly enforced so that it will be utilized proactively and effectively when nursing-care providers cooperate, including putting together ideas about other provisions of the articles of incorporation on the voting rights.

- (3) More Choices for OTC Drugs (Switch OTC)
 - A. Promoting System to Accelerate Switch OTC

[To be implemented in FY2020]

<Basic Stance>

The supply of OTC drugs¹² available without seeking medical advice at hospitals is a departure from medical care dependent solely on medical institutions, encouraging the practice of self-medication, by which an individual selects and uses drugs to treat the disease and symptoms he/she recognizes. At the same time, this approach is a principal pillar of winning global drug market shares by activating the development and sales of OTC drugs. Various

⁹ A nationally owned anonymous database consisting of the data of health insurance claims and the data on specified health checkups and specified health guidance for those over 40 years old

¹⁰ A nationally owned anonymous database consisting of the data of long-term care insurance claims and the data on certification of needed long-term care

¹¹ Information about rehabilitation plans collected from outpatient and home-visit rehabilitation service providers

¹² OTC (over the counter) drugs: Drugs that can be purchased at pharmacies, drugstores, and the like without a prescription. These drugs are classified as OTC drugs or drugs requiring guidance under the Act on Pharmaceuticals and Medical Devices.

mechanisms for the market share expansions have been introduced in line with multiple regulatory reform implementation plans.

Concerning promoting conversion to OTC drugs, the "Evaluation Review Committee Related to Conversion from Ethical Drugs to Drugs Requiring Guidance or OTC Drugs" (hereinafter referred to as "Evaluation Review Committee") was established in April 2016 as a new scheme following the Japan Revitalization Strategy (Revised 2014) and the Implementation Plan for Regulatory Reform in June 2015. Furthermore, concerning promoting conversion to test drugs, the "General Principles for the Introduction of Test Drugs" (hereinafter referred to as "General Principles") were revised in December 2014 based on the Implementation Plan for Regulatory Reform in June 2014.

However, initiatives for switch OTC under these new mechanisms are pursued exclusively by a department of the Ministry of Health, Labour and Welfare responsible for evaluating drugs. This is why it has been pointed out that these initiatives are not fully implemented from the viewpoints of not only OTC drugs' safety and efficacy but also the promotion of self-medication and the vitalization of the pharmaceutical industry. Although the self-medication tax deduction system¹³ was introduced in 2017, the cumulative number of applicants is only 26,000, not having contributed significantly to the promotion of self-medication through the utilization of OTC drugs.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

The Ministry of Health, Labour and Welfare shall consider building a cross-departmental system within the Ministry. The system is designed to study measures for promoting self-medication, including initiatives for switch OTC not only from the viewpoints of OTC drugs' safety and efficacy but also from broader perspectives such as the maintenance and promotion of people's health and the revitalization of the pharmaceutical industry.

The system above shall study measures to promote switch OTC also from an economic viewpoint. Specifically, disease areas where switch OTC has made little progress shall be identified by listening to industry groups' views. Based on the above measures, goals for promoting switch OTC shall be studied and set up through cooperation between the public and private sectors, with the progress monitored using KPIs. If things do not move as expected, the causes (bottlenecks) and countermeasures shall be examined and managed through the PDCA cycle.

B. Promoting Conversion to OTC Drugs

[To be implemented in FY2020]

<Basic Stance>

Toward the promotion of conversion to OTC drugs, the Evaluation Review Committee was established to reflect views of diverse entities such as consumers and improve the predictability of development potential separately from existing approval reviews based on applications from individual holders of marketing authorization.

However, as the majority of the Evaluation Review Committee members are doctors, their arguments tend to focus more on risks when switch OTC takes place. And intended benefits from the viewpoint of promoting self-medication, such as the necessity and convenience on the people's side, do not seem to be considered.

The drugs that the Committee has approved so far are all generics of existing OTC drugs, and OTC switches have made little progress in new fields with novel potency and efficacy. Japan has not approved the drugs converted to OTC in many overseas countries, such as proton pump inhibitors (PPIs) and emergency contraception.

In such situations, the Council considers the following issues shall be addressed.

¹³ As a special case of medical expenses deduction, individuals who are making efforts to maintain and promote health and prevent diseases are given deductions from income within a certain amount for their expenses for switch OTC drugs.

For the manufacture and sale of OTC drugs, pharmaceutical companies as holders of marketing authorization should apply to the Minister of Health, Labour and Welfare for approval under the provisions of the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Act No. 145 of 1960, hereinafter referred to as "the Act on Pharmaceuticals and Medical Devices). Decisions should then be made after discussions at the Pharmaceutical Affairs and Food Sanitation Council. In the case of switch OTC, however, pharmaceutical companies are asked to submit a request to the Evaluation Review Committee in advance. For this reason, it is considered difficult to apply directly to the Minister of Health, Labour and Welfare until obtaining a clear view from the Evaluation Review Committee. This means the Evaluation Review Committee plays the role of deciding on switch OTC, with some pointing out duplicated reviews by the Committee and the Pharmaceutical Affairs and Food Sanitation Council. Also, despite the absence of an explicit provision, building a consensus by a unanimous accord was made nearly mandatory over discussions relating to the management of the Committee.

Besides, even when the Committee approves a switch OTC drug and gives the green light to its manufacture and sale, the drug may be subjected to various conditions not applied to other OTC drugs. It is one of the factors that hinder the development and promotion of switch OTC drugs.

Consequently, only two of the drug substances the Committee approved for switch OTC conversion since its establishment in 2016 have passed the final OTC approval process to date. But these two had been in the approval process even before the establishment of the Committee. To make matters worse, the number of approval requests from consumers and pharmaceutical companies decreases, and the original purpose of promoting self-medication has not been fulfilled.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

a The following actions shall be taken based on the measures studied in A. to contribute to the original purpose of the Evaluation Review Committee, such as further promoting self-medication, reflecting views of diverse entities such as consumers, and improving pharmaceutical companies' predictability.

- It should be clarified that the role of the Evaluation Review Committee is to summarize issues and discussion points in implementing the switch OTC of proposed drug substances and present its views to the Pharmaceutical Affairs and Food Sanitation Council. The committee's role is not to decide whether or not the switch OTC should be approved.
- In order to reflect views of diverse entities such as consumers and deliberate not only risks but also necessities, the composition of the committee members should be reviewed and balanced by adding consumer representatives, for example.
- Other aspects should also be discussed, studied, and materialized, including required conditions when implementing switch OTC, disease areas where the implementation of switch OTC is considered possible, the state of patients (consumers), and the roles of pharmacies and pharmacists.
- The Evaluation Review Committee's way of building a consensus by a unanimous accord should be reviewed. The committee should have a mechanism to list those different views and present them to the Pharmaceutical Affairs and Food Sanitation Council if it is difficult to boil down diverse opinions such as pros and cons.

b It should be clarified that pharmaceutical companies can apply directly to the Minister of Health, Labour and Welfare for approval of manufacture and sale under the provisions of the Act on Pharmaceuticals and Medical Devices, separately from the Evaluation Review Committee.

c Switch OTC drugs should be limited to essential ones by clarifying the concept of setting

conditions of sale, such as preparing a self-check sheet to be filled in upon approving the manufacture and sale of switch OTC drugs and implementing fact-finding marketing surveys.

C. Promoting Conversion to OTC Test Drugs

[To begin examination in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

Concerning the promotion of conversion to OTC test drugs, the conversion procedures were described in the revised General Principles in 2014. But the procedures say the non-invasive collection of specimens is appropriate in collecting specimens. It has been pointed out that this instruction is inconsistent with the self-collection of blood using a puncture device permitted in the specimen measurement rooms business¹⁴ and similar service businesses¹⁵. Besides, conversion to OTC test drugs continues to be limited to those whose test results are qualitative or semi-quantitative. Consequently, even after the General Principles were revised, only one type of ovulation predictor has been approved as a switch OTC test drug.

Studies on conversion to switch OTC test drugs are based on the precondition that the pharmaceutical industry should prepare an industry-wide draft guideline. Therefore, it is unclear whether the application for approval by individual pharmaceutical companies will be handled according to the provisions of the relevant Act.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

a Based on the measures studied in A., and considering recent technological advances, the types of test drugs for which the implementation of switch OTC test drugs is deemed to be possible, the corresponding state of patients (consumers), and the roles of pharmacies and pharmacists should also be discussed, studied, and substantiated. For test drugs in the areas where self-management is expected, appropriate measures should be studied depending on the inspection item to recommend the users seek medical advice at medical institutions after use. Another revision of the General Principles should be considered within a fixed period, including the possibility of OTC conversion for less invasive test drugs, quantitative test drugs, and blood-specimen-based test drugs.

b In implementing conversion to OTC test drugs, it should be clarified how to handle the application for approval from individual pharmaceutical companies directly to the Minister of Health, Labour and Welfare according to the provisions of the Act on Pharmaceuticals and Medical Devices, separately from proposals in line with the industry-wide draft guideline.

(4) Promoting Data Utilization in the Medical Field

[a: To be implemented in FY2020,

b,c,d: To begin examination in FY2020 and be implemented as soon as a conclusion is drawn,
e,f: To be implemented one after another in FY2020 and onwards]

<Basic Stance>

Big data in the medical field, such as health insurance claims compiled as a database by public institutions, is a treasure house for resources. The utilization of such big data by diverse entities, including private-sector companies, would facilitate the understanding of accurate medical care conditions and could lead to the innovation of high-quality medical and nursing care services, such as the development of new drugs and the improvement of safety measures for drugs in areas with high patient needs. With the passage in May 2019 of the "Act for Partial Amendments to the Health Insurance Act Aimed for the Appropriate and Effective Operation of the Medical Insurance System" (Act No. 9 of 2019), interlinked analyses across the databases (DBs) for NDB and Long-Term Care DB were made possible in October 2020. Simultaneously, such data will

¹⁴ The user gets his/her self-collected specimen inspected and measured at a pharmacy or the like, receiving the inspection results immediately after.

¹⁵ The user sends his/her specimen self-collected at home or the like to an inspection center (clinical laboratory) for inspection and measurement, receiving the inspection results a few days later.

be provided to the private sector to use for public interest purposes.

The development of rules for terms of use for the above DBs that should be stipulated by ministry ordinances is being studied following requirements under the Statistics Act (Act No. 53 of 2007). However, the provision of such data to the private sector must meet demanding requirements such as security control measures. This is why it has been pointed out that diverse entities such as private companies do not seem to be encouraged to utilize these data. Furthermore, the range of interlocked analyses needs to be expanded to four DBs¹⁶ other than those mentioned above (hereinafter referred to as "4DBs") to create a wide range of innovations through the utilization of big data.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

- a Ministry ordinances stipulate the public requirements that third-party entities such as private companies shall meet when using these databases. The possibilities of developing various services should be explored, such as the private-sector-led development of new drugs in areas with high patient needs and the further improvement of safety measures for drug use. Judgment criteria for the technical feasibility should also be described in ministry ordinances. At the same time, the utilization of these databases by diverse entities should be promoted on an ongoing basis by following the PDCA cycle and disclosing the track record of providing such databases to third-party entities.
- b A cloud-based data analysis platform should be developed so that even small venture companies can utilize these databases without being overburdened and in a safe environment. Expanding the on-site research centers and enhancing the consulting function of the research center should be studied. Additionally, database utilization standards should be reviewed on an ongoing basis, including taking safety control measures stipulated in ministry ordinances, following the PDCA cycle based on database utilization status, and keeping up with technological progress.
- c For promoting database utilization for diverse entities and purposes, it should be studied to disclose sample data of connected NDB and Long-Term Care DB. Such data should be disclosed if there is no problem with doing so from the viewpoint of protecting information like attributes of medical institutions. When a third party wants to use available name identification data and individual data of a medical institution, such data should be provided if the data will be used for a legitimate purpose and if there is no problem from the standpoint of information protection.
- d For promoting data utilization in information sharing between medical and nursing care facilities, research and development in the medical and nursing care fields, and policies on optimizing resource allocation, practical studies should be pursued toward connecting NDB and Nursing Care DB to 4DBs. At the same time, an appropriate mechanism should be built to improve name identification and connection accuracy in such connected databases using insurance identification numbers and other information.
- e Originally, NDB was a database compiled to facilitate the Medical Expenses Optimization Plan. In the future, the further utilization of NDB should be explored toward medical expenses optimization, such as making evidence-based indicators.
- f Furthermore, database development and utilization should be pursued strategically, contributing to the realization of high-quality medical care, including genomic medicine.

(5) Reviewing the Social Insurance Medical Fee Payment Fund

[a,e,f: To be implemented in FY2020,

¹⁶ MID-NET (an anonymous database including electronic medical records and health insurance claims); DPCDB (an anonymous database based on the diagnosis procedure combination payment system); Cancer Registration DB (an anonymous database including cancer patients and treatment); Intractable Diseases and Specific Chronic Pediatric Diseases DB (an anonymous database including patients with designated intractable diseases and children with specific chronic pediatric diseases)

- b,c: To be created an interim report in FY2020 and be implemented in the first half of FY2021,
d: To be implemented on an ongoing basis in FY2022 and onwards]

<Basic Stance>

Concerning the Social Insurance Medical Fee Payment Fund (hereinafter referred to as "Payment Fund"), its operations and organizations have been reviewed drastically based on multiple regulatory reform implementation plans and others, including the clarification and unification of examination criteria through ICT utilization. The short-term initiatives include (1) start of operation of a new examination and payment system (scheduled for September 2021) and (2) consolidation of operations and organizations at the existing branch office established in each prefecture (scheduled for FY2022 or later). This Council has been following up on the progress of these initiatives.

These initiatives are progressing as exemplified by the formulation of the "Roadmap for Examination Affairs Consolidation Plan" and the "Future Initiatives for Reforming Examination and Payment Institutions" at the end of FY2019. In order to ensure the implementation of these initiatives in the future, the following issues should be addressed, and this Council should continue to follow up on the initiatives.

- 1) Concerning the new system mentioned above, measures and procedures for achieving the goal of "about 90% of health insurance claims checkups done by computers" have not necessarily been laid out. Details of the AI-assisted filing function of health insurance claims and the automated reporting function, in particular, should be defined before the new system starts operations.
- 2) Concerning the consolidation of operations and organizations at the branch offices, it is not necessarily clear whether the plan released at the end of FY2019 was made based on the maximum possible improvements in examination affairs expected in the future.
- 3) Concerning the ideal form of efficient examination and payment functions, practical studies toward shared systems should be done with the All-Japan Federation of National Health Insurance Organizations and others based on the Payment Fund's accomplishments ahead of time. However, it remains unknown what kind of vision those organizations chart.

With the basic stance stated above, the Council proposes that the following measures be taken.

<Items to be Implemented>

a Toward the new system's introduction scheduled for September 2021, the system development should be thoroughly managed by paying sufficient attention, particularly to the quality control of progress management, design, development, and operation. Also, specific progress, measures, and procedures concerning the following 1) through 6) should be described. At the same time, the Payment Fund should secure the necessary ICT human resources and invite participation from related institutions to ensure steady implementation and successful accomplishments.

- 1) Design and practical use of auto filing functions to achieve the goal of "90% of the checkups done by computers"
- 2) Transfer of each branch office's computer check rules to the headquarters or abolition of these rules
- 3) Review of the format of health insurance claims to that suited for computer checkups (an expanded multiple-choice system in the note column)
- 4) Hierarchical fees
- 5) Disclosure of computer checkup rules in formats that can be uploaded easily to the systems of medical institutions
- 6) A mechanism that allows prior computer checkups at medical institutions

b The AI-assisted auto filing function of health insurance claims in the new system should be provided with a feedback function. The auto filing function should be improved by letting it learn the examination results of new health insurance claims at regular intervals. At the same time, specific details of functions and learning mechanisms shall be defined.

c Concerning the automated reporting function, differences in examination results should be visualized exhaustively in each process of claim checkup inspection and examination committees at an examination and payment institution. And specific details of reporting should be defined to

be able to understand what caused the differences.

- d Concerning the plan to consolidate the existing places where office staff check up health insurance claims into ten or so examination affairs centers, the branch offices of such examination affairs centers will be set up for a period of about ten years. The abolition of those branch offices should be considered based on the progress of operational efficiencies, including the verification of benefits and functional enhancement after the new system has started operations, the results of the examination after the consolidation, relooking at the operation of examination committees through ICT utilization, and so on. At the same time, the operations and systems should be reviewed on an ongoing basis without regarding this consolidation plan as a final goal.
- e Concerning assistance to the examination committees conducted through office staff and operations such as health insurance claim checkups, the flow of such operations should be materialized under the new organization, which will start in FY2022. The mechanism of claim examination affairs at home should also be studied by ensuring office staff's claim examination and examination committee members' claim examination are conducted efficiently and securely.
- f Concerning the ideal form of examination and payment function including the All-Japan Federation of National Health Insurance Organizations, the Ministry of Health, Labour and Welfare, the Payment Fund, and the All-Japan Federation of National Health Insurance Organizations should share their information regularly and define the unification of examination criteria and specific steps for realizing the consistent and efficient operation of the examination and payment system toward the renewal of the National Health Insurance System scheduled for 2024.

(6) The Matters Followed Up in a Focused Manner

The Medical Care and Long-term Care Working Group selected the following themes from among past implementation plans for regulatory reform as the matters to be followed up in a focused manner this fiscal year, holding a series of intensive discussions: "A. Promoting Data Utilization in the Medical Field," "B. Promoting the Spread of Online Medical Care," "C. Reviewing the Social Insurance Medical Fee Payment Fund," and "D. Simplifying Various Procedures Related to Research and Development by the Japan Agency for Medical Research and Development."

A. Promoting Data Utilization in the Medical Field

Mainly opening big data related to health, medical care, and nursing care to the public sector and approaches to personal health records (PHR) were followed up to confirm the progress as committed in the Implementation Plan for Regulatory Reform. The promotion of data utilization, such as creating high-quality medical services, shall be followed up on an ongoing basis.

B. Promoting the Spread of Online Medical Care

Concerning online medical care, some relaxing of requirements and expanded target diseases were implemented in the revision of medical service fees in FY2020 according to the Implementation Plan for Regulatory Reform, indicating a certain level of recognition on medical service fees. Progress in the next revision of medical service fees will be followed up continually toward further expansion of online medical care from a patients' perspective.

Concerning online medication guidance, the "Act for Partial Amendments to the Act on Securing Quality, Efficacy and Safety of Products including Pharmaceuticals and Medical Devices" (Act No. 63 of 2019), which allows the implementation of online medication guidance, was enacted in November 2019. It is confirmed that the Act will come into force in September 2020, and this Council will continue following up on how the Act will be enforced.

Concerning electronic prescriptions, the "Guideline for the Operation of Electronic Prescriptions" was revised to review the operation requiring a certificate to exchange paper prescriptions with electronic prescriptions. This Council will continue following up on the status

of operation based on the revised guideline.

In the "Concerning the Utilization of Online Technology When the Number of Patients with the Novel Coronavirus Infection Increases" (April 7, 2020), this Council proposed the introduction of a mechanism that enables online/telephone guidance for medical care and medication as a temporary response until the novel coronavirus infections subside. This mechanism does not limit target diseases and is applied to patients, including those with no medical examination records. This Council also proposed not to treat these patients with different medical service fees compared with face-to-face medical care.

Online-based medical care and medication guidance is a very effective means in that it ensures opportunities for patients who find it difficult to receive medical care for various reasons. Such guidance is also useful because it contributes to the efficient provision of medical services when local medical resources are limited. This mechanism introduced amid the spreading novel coronavirus infections should be verified every three months unless otherwise specified from the viewpoint of ensuring usefulness, effectiveness, and medical safety. Based on the results of such verification, this Council will continue following up on the expansion of online medical care and medication guidance.

C. Reviewing the Social Insurance Medical Fee Payment Fund

Mainly initiatives for the consolidation of health insurance claim checkups and the "elimination of irrational differences between branch offices" in computer checkup rules were followed up to confirm the progress as committed in the Implementation Plan for Regulatory Reform. This Council will continue following up on the operation of the new examination and payment system starting on time (scheduled for September 2021) and the steady consolidation of operations and organizations at the existing branch offices (FY2022 or later).

D. Simplifying Various Procedures Related to Research and Development by the Japan Agency for Medical Research and Development

Mainly initiatives for the across-the-board transition to online data entry using unified application forms and by revamping and improving the Cross-Ministerial Research and Development Management System (e-Rad) were followed to confirm the progress as committed in the Implementation Plan for Regulatory Reform. This Council will continue following up on the progress so that effective measures will be taken to simplify various procedures related to research and development.

5. Agriculture, Forestry, and Fisheries Sectors

The environment surrounding agriculture in Japan is becoming increasingly challenging due to aging farmers and lack of agricultural manpower. It is crucial to transform agriculture into a growth industry by increasing farmers' income through productivity improvements and higher added value, including the utilization of smart technologies. Amid increasing interest in food security, the importance of transforming agriculture into a growth industry and strengthening competitiveness is growing more than ever. In strengthening the competitiveness of agriculture, it is essential to promote forays into overseas markets without staying in the domestic market by increasing farmers' international competitiveness, given the enforcement of the TPP-11 and the Japan-EU Economic Partnership Agreement (EPA).

Today, approximately one million farmers, or 70% of 1.4 million core agricultural workers, are aged 65 or older. And many of them are expected to disappear from farming in ten to 20 years. Given the situation, an appropriate environment shall be created in which farmers will demonstrate creativeness by making the most advanced technologies such as drones, autonomous tractors, and ICT.

Furthermore, the number of new farmers aged 49 or younger has decreased for the third consecutive year after peaking at 23,000 in 2015, declining to 20,000 recently. For maintaining the survival of agriculture, there is an urgent need to develop an environment in which diverse farmers can demonstrate creativeness and expand their business. Doing this would require improving the transparency of systems and accelerating the digitization of various procedures. For this reason, it is also essential from the viewpoint of evidence-based policymaking (EBPM) to verify and review existing systems continuously.

Concerning the fisheries industry, while global demand for fisheries products continues to grow, Japan's fisheries output and the number of fishery operators are declining due to decreasing fishery resources and other reasons. In these circumstances, the Fisheries Act (Act No. 267 of 1949) was drastically amended in December 2018 for the first time in about 70 years to transform the fisheries industry into a growth industry under appropriate resources management.

Realizing the fisheries reform would require that the amended Fisheries Act, which will come into force in FY2020, be operated appropriately in line with its intent.

Toward transforming the fisheries industry into a growth industry, fisheries products and fishery production materials must be appropriately traded, and the income of fishery operators should be increased.

Furthermore, a catch certification system, the starting point for fisheries products' traceability, should be established as an effective system for appropriate resources management. At the same time, measures against fish diseases should be taken expeditiously to improve the productivity of the aquaculture industry and transform the fisheries industry as a growth industry.

From the viewpoints above, listed below are the items of regulatory reform to be tackled.

(1) Challenges in Promoting the Entry of Young People into the Agricultural Industry

[a,b,d,e: To be implemented in FY2020,

c: To be implemented in the first half of FY2020]

<Basic Stance>

The number of core agricultural workers decreased from 1.75 million in 2015 to 1.4 million in 2019. While the number of farmers aged 65 or older is 979,000 (70%), the number of farmers aged 49 or younger is only 148,000 (11%). Furthermore, the number of new farmers aged 49 or younger has decreased for the third consecutive year after peaking at 23,000 in 2015, declining to 20,000 in recent years. Failure to increase the number of new farmers, particularly young people, would jeopardize not only our efforts to transform agriculture into a growth industry but also the survival of agriculture in this country.

Some people say that when they try to rent cropland to start a new farming business, cropland in poor conditions is offered in many cases. The Minister of Agriculture, Forestry and Fisheries said in the House of Councilors Committee on Agriculture, Forestry and Fisheries at the 198th session of the Diet on May 14, 2019, "We, the Ministry of Agriculture, Forestry and Fisheries, issued a notice last October to further smoothen the process of offering cropland to new farmers. In the notice, we instructed farmland banks to secure cropland in advance by constantly

collecting information from relevant organizations such as the New Farming Consultation Center and based on trainees' intention." The system of mainly the Cropland Intermediary Management Institution supporting new farmers in securing cropland is not satisfactory. In line with the target of achieving business farmers having 80% share of the total cropland area, measures to secure cropland for new farmers who would be most likely to support future local agriculture should be explored.

The lower limit to cropland area prescribed in Article 3, paragraph (2), item (v) of the Agricultural Land Act (Act No. 229 of 1952) is 50a, excluding Hokkaido. As it is not easy for new farmers, including young people, to acquire and maintain cropland larger than the lower limit, a reduction in the limit is anticipated from the standpoint of promoting new farmers. Given this background, 67% of the agricultural committees stipulate a different lower limit under Article 17 of the Regulation for the Enforcement of the Agricultural Land Act (Ministry of Agriculture and Forestry Ordinance No. 79 of 1952). Further reductions in the lower limit to cropland area should be required from the viewpoint of promoting the acquisition of cropland by young new farmers. On the other hand, there is a case where the land is positioned in the plan for use and integration of agricultural land according to the Agricultural Management Framework Reinforcement Act (Act No. 65 of 1980). In that case, cropland acquisition is possible without being subject to the requirement for the lower limit to cropland area. The utilization of such a particular case, depending on each municipality's situation, is expected from the viewpoint of promoting new farmers. The inability to check the lower limit to cropland area of each region across-the-board makes it challenging to utilize such information as basic data when studying the feasibility of entering the agriculture sector.

The Japan Finance Corporation judges the feasibility of plans for young people entering the agriculture sector when examining loans for them. According to the Basic Outline on Funds Related to Agriculture Business Improvement, such judgment should be made based on, "The plan for business improvement should be appropriate and feasible judging from the managerial competence of farmers and their performance in training programs." However, some people say when those who have taken courses at a private training institution apply for loans, their request may sometimes be turned down, or they seem to be treated differently from those who have taken courses at an agricultural college.

At the agricultural management consultation office set up in each prefecture, a support team consisting of experts such as certified tax accountants and SME consultants backed by agricultural organizations and commerce and industry organizations provides close-following support in business improvement depending on details of consultation from certified farmers and certified new farmers. However, some people point out that because such support teams do not always have human resources with knowledge of agricultural management and who are capable of managing experts, such a support service may sometimes not be very effective.

Also, statistics on the retention of new farmers have not been developed appropriately, and the effects of various existing support measures have not been fully verified.

This policy should be drastically reviewed to increase the number of new farmers, including young people, and ensure the sustainability of agriculture by positioning the support for new farmers as a pillar of the Ministry of Agriculture, Forestry and Fisheries' policies.

<Items to be Implemented>

- a Municipalities, the Cropland Intermediary Management Institution, agriculture committees, and other entities shall cooperate depending on the region's situation, identify those who should be supported in acquiring cropland from among new farmers aged 49 or younger, and offer them necessary cropland preferentially. By taking active measures to help new young farmers acquire cropland and verifying their accomplishments, the number of new farmers shall be increased further.
- b Concerning the requirement for the lower limit to cropland area, the limit shall be reduced further to increase the number of new young farmers depending on each municipality's situation and utilizing the Agricultural Management Framework Reinforcement Act. At the same time, a mechanism that summarizes the status of the lower limit to cropland area in each

municipality shall be developed for publication so that would-be new farmers can easily understand the situation.

- c Private training institutions and agricultural colleges should not be treated differently in examining loans for young people entering the agriculture sector. The requirement shall be stipulated in the Basic Outline on Funds Related to Agriculture Business Improvement. Thorough instructions on this matter shall be given to concerned parties such as training organizations, farmers, and local governments.
- d Each prefecture shall be encouraged to proactively place human resources familiar with actual conditions involved with agricultural business, such as farmers, in support teams at agricultural management consultation offices.
- e The status of the retention of new farmers shall be surveyed and publicized each year by prefecture utilizing the Program for Investment in Human Resources for Next-Generation Agriculture and the Agriculture Employment Program. The effect of the new farmer support system shall be verified. At the same time, a method to understand the status of the retention of all new farmers shall be studied and established.

(2) Smooth Fund-raising in Line with the Growth Stages of Farmers

[To be examined and concluded in FY2020]

<Basic Stance>

Due to the decreasing number of farmers, even the survival of agriculture is jeopardized. In order to attract motivated young people and invite diverse players into the agricultural sector, it is essential to create an environment in which farmers can raise necessary funds smoothly in line with their growth stages and pursue farm management while developing a vision for the future.

Fund-raising is available in many ways, such as loans and investment, with loans most popular today. On the other hand, concerning investment, requirements for a corporation qualified to own cropland are prescribed in Article 2, paragraph (3) of the Agricultural Land Act. In the Act, public companies under the Companies Act (Act No. 86 of 2005) of publicly traded companies are not permitted to own cropland (corporate form requirements). There are restrictions on corporations qualified to own cropland, such as the requirement that farmers must hold a majority of the total voting rights (voting rights requirements).

However, under these capital regulations, young people must overcome many hurdles. Let's take an example: young people who invested the majority of funds in starting a business in the agricultural sector are now trying to raise funds via stock issuance for equipment investment in the business expansion stage. In this case, they must virtually cover most of the necessary funds to meet the voting rights requirements. Some people say the hurdle of fund-raising for business expansion is very high. Other people say the restricted transfer of shares due to the corporate form requirements would make it challenging to come up with flexible exit strategies, such as IPOs and M&As, or to attract investment from other than individual farmers. When some restriction is put on the corporation upon startup, and if the corporation has blended into the area over a certain period, some people want it permitted for a corporation with a track record in the agricultural sector to hold the majority of the voting rights. Furthermore, these regulations seem to reduce investment incentives to investors who consider investing in the agricultural sector than in other industries, making farmers' fund-raising difficult.

It is possible to issue non-voting stocks even under the existing capital regulations. When there are many agricultural corporations with low profitability, investors eager to contribute to agriculture's growth want to subjectively get involved in management in return for the risks they are taking. For this reason, the issuance of non-voting stocks may not satisfy the needs of investors. In the first place, how to raise funds is something management should determine depending on its need. If management wants to transform agriculture into a growth industry, it should proactively attract human resources and capital into agriculture, improving productivity through equipment investment.

After verifying the existing systems, including the Agricultural Land Act, appropriate measures should be studied not to hinder motivated young people who are starting up agricultural ventures and farmers taking on business expansion from flexibly choosing the means for raising funds.

<Items to be Implemented>

Young people starting a business in the agricultural sector should be able to develop a vision for the future. And agricultural corporations should develop their farming management through smooth fund-raising. Following the verification of the existing systems, and based on the farming area's situation and the needs of funders and young people receiving training to work in the agricultural sector, further studies shall be pursued. A conclusion shall be drawn by the end of this fiscal year.

- (3) A review of the regulations that affect the construction of agricultural facilities
[a: To be examined in FY2020 and be concluded in the first half of 2021.
To be implemented in FY2021,
b-f: To be implemented in FY2021]

<Basic Stance>

As the growth of corporate management and diversification of agricultural management progress, there is a need to create an environment in which farmers, including those employed by agricultural corporations, can perform their work easily. There is a growing need to allow them to set up agricultural facilities more flexibly.

Currently, based on Article 29, item 1 of the Regulations for the Enforcement of the Cropland Act, when trying to convert agricultural land of less than 2 ares (2 a) to be used as agricultural facilities, no permission is required. Although the amount of cultivated land per farmer has doubled from 1.0 ha in 1960 to 2.1 ha in 2015, this special provision has not been reviewed since 1970. In a survey conducted by the Ministry of Agriculture, Forestry and Fisheries (MAFF) based on the regulatory reform plan of June 2019, 876 farmers (49%) stated that they did not know about this special provision. Of the 1,839 farmers surveyed, 556 said that plots of land measuring under 2 ares are too small.

The "Details on the enforcement of the Cropland Act" (December 11, 2009, a joint notice from the MAFF Director General and the Rural Development Bureau Director General) stipulates that if agricultural facilities are "indispensable for agricultural production activities" and they are less than 2 ares in size, permission is not needed to convert cropland to land for them, but permission is required for facilities which process and sell agricultural and livestock products. However, for example, if a strawberry farmer offers a service allowing customers to come directly to the field to pick up strawberries or processed food or liquor, then in addition to providing parking lots, some facilities for processing, sales, etc., are required. For farmers who are involved in the sixth industry or farm restaurants, not only do they need to prepare facilities for producing agricultural and livestock products, but they also need to develop facilities for processing and sales. In this survey, 40% (737) of the farmers stated that facilities for processing and selling agricultural and livestock products should be "regarded" as special cases.

Some people say that it is difficult for land renters to obtain consent from landowners for constructing agricultural facilities and developing them smoothly. From the viewpoint of promoting the effective use of cropland, the government should take measures to facilitate building a consensus between landowners and renters for the smooth development of such facilities.

Furthermore, to promote the sixth industry, in addition to the cropland conversion system, the taxation and city planning systems may become issues when developing agricultural, processing and sales facilities, especially in areas performing urban agriculture. Some people say that it is difficult to understand the necessary procedures and to get counseling from government help desks when working in the sixth industry.

In addition, in the same survey, 625 farmers stated that there are variations in the enforcement of these agricultural facilities, depending on the areas or local governments. A total of 633 local

governments say that farmers think there is too much attached documentation. It is necessary to eliminate variations in the enforcement and interpretation of the regulations, and also to tell local governments and Agricultural Committee in charge not to require unnecessary documentation.

<Items to be Implemented>

- a. In addition to the review that the MAFF conducted for the long-term use of land based on the Basic Plan for Food, Agriculture and Rural Areas (decided by the Cabinet on March 31, 2020), the MAFF needs to consider the idea of expanding the land size (currently less than 2 ares) of agricultural facilities that farmers can set up without needing permission for converting the land, as well as the expanded usage to agricultural and livestock product processing and sales facilities, and we need to take the necessary measures for doing so.
Regarding the above measures, the MAFF needs to clarify the purpose of the facilities, i.e., processing and sales for farming and sixth industrialization. The MAFF have to carefully ensure that using these facilities for any purpose other than their intended purposes and problems for the surrounding farmland will not cause, and if necessary, measures should be taken.
- b. The MAFF should organize issues based on the actual conditions made under the agreements between farmland owners and renters, while also considering differences in types of agricultural management, and the MAFF should consider measures to facilitate discussions between owners and renters to help reach a consensus.
- c. The MAFF should organize information, including points to be noted when setting up agricultural, processing and sales facilities and when converting agricultural land to such facilities, tax systems and city planning systems, the necessary procedures when working in the sixth industry, and the MAFF also need to offer government help desks. The MAFF will prepare a manual to inform farmers of these things.
- d. When publicizing information on the review and manual as stated in items a) and c), in order to ensure that the ability of farmers to understand does not vary from region to region, the MAFF have to widely provide such information through agricultural groups, in addition to local public bodies, so that farmers can access it.
- e. With regard to variations in the enforcement of the law for which we have received opinions and complaints from farmers, the MAFF have to specifically investigate the current situations and examine countermeasures.
- f. Regarding the attached documents that are required to be submitted at the time of application as specified in Article 30 of the Regulations for the Enforcement of the Cropland Act, after investigating the actual situations in conjunction with e), we have to review and identify unnecessary documents and make sure that the unnecessary documents are no longer required, and then we need to notify local governments and Agricultural Committee of that.

(4) Promotion of smart agriculture

- A. Promote the spread of self-driving tractors

[To be implemented in FY2020]

<Basic Stance>

Plowing is a common task for all types of agriculture, and for that purpose, tractors are the most common agricultural machines at agricultural sites. They have a large impact in improving the overall productivity of agriculture. In recent years, the Strategic Innovation Promotion Program (SIP) has been working on automatic driving, so that self-driving tractors can move between fields by way of remote monitoring. They plan to establish this technology in 2020. However, it is not clear when these products will go on the market, and a system has not been developed for this plan.

The MAFF has published the "Safety Guidelines for Automatic Driving Agricultural Machinery" to provide guidelines for ensuring the safety of automatic driving tractors. However, there are no guidelines regarding remote monitoring through ICT when they are automatically

operated in fields, so monitoring through visual observation is required; thus, the labor-saving effect is limited.

Furthermore, when farm roads correspond to roads that are also used for general traffic (public roads), tractors that do not satisfy the safety standards for automatic operation cannot be automatically driven even between adjacent farm fields located a short distance from each other. Thus, the "Measures regarding transportation of vehicles on agricultural roads (February 19, 2019, issued by the MAFF, Rural Development Bureau, Regional Infrastructure Department, Community Infrastructure Division Manager)" and the "Measures regarding vehicle traffic on agricultural roads" (Notification dated February 19, 2019 of Director, Traffic Management and Control Division, Traffic Bureau, National Police Agency) were issued. The measures taken by farm road administrators and prefectural public safety commissions, etc., were shown so that self-driving tractors could run on farm roads that are not used for general traffic. However, it is not clear to farmers regarding what kind of application they need to file and what kind of traffic prohibition or restriction measures need to be taken for their farm roads.

Based on these points, the following measures should be taken.

<Items to be Implemented>

- a. The MAFF should revise the "Safety Guidelines for Automated Driving of Agricultural Machines", and regarding the automatic operation of agricultural machines such as tractors in fields, the MAFF should clarify the safety management measures that farmers and agricultural machine manufacturers should follow in order to realize their automatic operation through remote monitoring.
- b. The MAFF, in cooperation with the National Police Agency, will consider the necessary measures needed on agricultural roads for the automatic operation of tractors between fields. Upon reviewing this, the usefulness of measures and the characteristics of farm roads, including their traffic volume, should be fully considered and we should reduce the burden on farmers and promote the spread of automatic operating agricultural machines. We have to consider creating simple measures for traffic restrictions so that farmers can understand them easily.
- c. The MAFF, together with b), should review the application procedures that farmers file with farm road administrators for the automatic operation of tractors between fields, and reflect such content in the "Safety Guidelines for Automatic Driving Agricultural Machinery".

B. The promotion of the use of small agricultural robots

[a: To be implemented in FY2020,

b: To begin verification tests and examination in FY2020.

To be concluded in FY2021 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

There are growing expectations among farmers for small agricultural robots as being relatively inexpensive auxiliary machines that can reduce the burden that harvesting, transporting, and spraying pesticides has on aging farmers, and agricultural venture businesses plan to launch these robots on the market soon. However, there are no guidelines for small agricultural robots, and it is not clear what safety measures are required inside and outside fields, which is an obstacle to their commercialization for manufacturers.

In addition, small agricultural robots equipped with the ability to automatically move should not be classified as either wheeled walking aids nor light road vehicles under the Road Traffic Act (Act No. 105 of 1960) and the Road Transport Vehicle Act (Act No. 185 of 1951). Even if they correspond to motor vehicles or motorized bicycles, they cannot operate on roads (public roads) used for general traffic because they cannot meet the safety standards. Therefore, at present, when agricultural ventures try to utilize small agricultural robots on sites, they have no

choice but to transport them from field to field using cargo trucks. Some people have pointed out that this would impose a heavy burden on farmers.

Based on these points, the following measures should be taken.

<Items to be Implemented>

- a. Regarding small agricultural robots moving or working inside and outside fields (excluding public roads, but including agricultural roads that are not used for general traffic), the MAFF, in cooperation with the National Police Agency and MLIT will review the safety assurance measures that farmers and agricultural machinery manufacturers should take, and publish them as a guideline.
- b. The MAFF will carry out verification tests on small agricultural robots that operate on roads and are monitored and operated in close proximity, in cooperation with the National Police Agency and MLIT. Based on the results of the verification tests, the National Police Agency and MLIT, in cooperation with the MAFF, will review the measures necessary for small agricultural robots that are monitored and operated in close proximity to operate on public roads.

C. Utilization of agricultural data

[a,d: To be implemented in FY2020,

b: To be examined and concluded in FY2020 To be implemented in FY2021,

c: To be implemented in FY2022]

<Basic Stance>

A large amount of agricultural data, such as positional data and meteorological observations (temperature, humidity, atmospheric pressure, etc.), aerial images, work records, etc., are produced by measuring instruments installed on drones, tractors, combine harvesters, paddy fields, greenhouses, etc. By using this agricultural data, farmers can efficiently plan and manage work such as cultivation, pesticide spraying, and harvesting for each of their fields. In addition, there are many new business operators who have strengths in processing specific types of data, such as data for sensors, AI, and big data analysis. The expectations farmers have for new services provided by combining their own agricultural data with technology, such as crop growth analysis and pest analysis, are also growing.

The MAFF also supports these initiatives through "Smart Agriculture Promotion Projects", "Grants for Supporting Production group and Business farmers", etc. In addition, it published the "Data Contract Guidelines in the Agricultural Sector" (December 2018 The MAFF)", and in its Article 3 (Authorization to use initial data, etc.), it stipulates that "The data recipient should submit the originally planned data, etc., to the data provider except under special circumstances such as cases in which usage of the data is out of the range of their authorization;" thus, this is an attempt to promote farmers to use their own data.

However, this guideline is not fully utilized, and existing businesses, such as agricultural machinery manufacturers, store the agricultural data provided by farmers in-house and utilize it for their own services. The data is not actively utilized, especially in cases that transcend the boundaries of each system. For this reason, farmers have no choice but to manage the agricultural data they acquire, such as field geography and work history, by using multiple tractor manufacturers, which means using each manufacturer's management system separately, causing great inconvenience.

Also, when providing the obtained agricultural data to a third party, consent from the data provider is required. Thus, even when public institutions intend to use such information for public purposes in certain cases, including in cases of damage caused by birds and animals, disasters, first aid, searches for wanderers, collapses on farm roads, etc., they need consent from the data provider each time, so it is difficult to utilize such agricultural data.

Based on these points, the following measures should be taken.

<Items to be Implemented>

- a. The MAFF should clearly state in their public application guidelines, etc., that the following provision should be included in contracts corresponding to the "Contract Guidelines on Utilization of AI and Data in Agricultural Sector": "when supporting the introduction of tractors, agricultural robots, drones, IoT equipment, etc., in the form of subsidies (not only subsidies, etc., that have been stipulated in the Act on Regulation of Execution of Budget Pertaining to Subsidies, etc. (Act No. 179 of 1955), other grants and consignment fees are also included), the data stored by the system service provider should be provided to farmers if they want it. In addition, the MAFF should give advice to independent prefectural entities, and they should state that it is desirable to impose the same requirements.
- b. The MAFF should encourage agricultural machine manufacturers to develop a mechanism (open API) so that when farmers use agricultural machines such as tractors and combine harvesters and acquire data from them, including positional information and work records, the farmers can use the data with software made by other manufacturers.
- c. Starting from FY2022FY2022, for subsidies for the introduction of agricultural machines such as tractors and combine harvesters, the MAFF will set up requirements in which farmers can use data such as location and work records using software made by manufacturers other than the machine's manufacturer. In addition, the MAFF should give advice to independent prefectural entities, and they should state that it is desirable to impose the same requirements.
- d. Regarding incidents which are regarded as highly public and need cooperation from public institutions, such as damage caused by birds and animals, disasters, first aid, searches for wanderers, collapses on farm roads, etc., and in cases when it is necessary to protect human life, body or property, the MAFF will issue a notice clarifying that agricultural machinery manufacturers can provide the relevant authorities with the data provided by farmers if they obtain the comprehensive consent from the farmers in advance.

D. Revision of regulations concerning the location of crop-cultivating facilities

[To be implemented in the first half of FY2020]

<Basic Stance>

Crop-cultivating facilities (so-called "plant factories") are smart farms that grow crops under highly controlled environments, including controlling the light and temperature. They are expected to greatly contribute to increased crop values, as well as improve agricultural productivity. However, when applying the usage regulations of Article 48 of the Building Standards Law (Act No. 201 of 1950), such facilities are considered to be "factories". Since it is common that the equipment necessary for growing agricultural products and for performing quality control, including equipment such as air conditioning and irrigation equipment, is considered to be "motors"; facilities containing such equipment are consequently categorized as "factories using motors", which prevents the building of such facilities in residential or commercial areas.

In the regulatory reform plan of June 2019, MLIT urged the Japan Building Administration Council to consider concepts for granting permission regarding usage restrictions on crop-cultivating facilities as well as the concept of treating them as factories, and based on that conclusion, it was decided to issue technical advice. In November 2019, the Japan Conference of Building Administration's review results report said: "There are not many new agricultural production facilities that have been certified and approved for building construction, so first it is necessary to understand the actual situation of the impact that construction has on the surrounding area", and "If it is difficult to make quantitative judgments and it is necessary to make individual judgments considering the influence to the surrounding area, then it is necessary

to deal with these problems by giving them special permits", and it was then concluded that "clarification of the criteria is desirable in order to smoothly facilitate procedures".

The air conditioning equipment used in crop-cultivating facilities is the same as the equipment used in offices, and the irrigation equipment is the same as the pumps that are used for the circulation of saltwater fish tanks in general houses, so based on the usage regulations, it is inappropriate for crop-cultivating facilities to be treated as "factories using motors". In order to promote the construction of crop-cultivating facilities, it is necessary to change the interpretation of general crop-cultivating facilities, which are currently regarded the same as "factories using motors" in terms of the applied regulations.

<Items to be Implemented>

MLIT will investigate specific examples of air-conditioning and irrigation equipment that are commonly used in crop-cultivating facilities, and then they will identify the type of facilities that actually use the same "motors" that "factories using motors" do. After clarifying the criteria and clarifying that general crop-cultivating facilities do not fall under "factories using motors", and it will issue technical advice to the Designated Administrative Agencies, etc., regarding that.

(5) Steadily pushing ahead with agricultural cooperative reforms

- [a: To be examined and concluded in FY2020. To be implemented in FY2021,
- b,c: To be examined and concluded about 5 years after the enforcement of the Amendment Act to the Agricultural Co-operatives Act (April 2021).
To be implemented if necessary]

<Basic Stance>

As for the agricultural cooperative reforms, since the Regulatory Reform Implementation Plan of June, 2014 mentioned "Reassessing Agricultural Cooperatives" and the Regulatory Reform Implementation Plan of June, 2015 mentioned "reliably carrying out agricultural cooperative reforms", certain progress has been seen due to self-reform efforts by cooperatives encouraged during the "agricultural cooperative reform intensive promotion period" until the end of May, 2019.

However, there are still issues to be solved and self-reforms need to continue.

First, in order to raise agricultural income, material prices should be further reduced, and it is necessary to take measures so that farmers can negotiate prices to maintain reasonable prices and sustain production.

Next, with long-term low interest rates, it is necessary to take measures to review the credit business of individual cooperatives, and convert them into agents under a general Agricultural Cooperative to secure the sound sustainability of credit businesses. In addition, Norinchukin Bank invested 7.9 trillion yen, which equals 12% of all market assets under management, in loan-backed securities (CLO), and this is thought to bring more risk to financial institutions than expected because of the outbreak of COVID-19. At the end of FY2018, domestic agricultural loans totaled only 2.5624 trillion yen; Norinchukin Bank (548.1 billion yen), Shinren (806.0 billion yen), and Japan Agricultural Cooperative (1.2083 trillion yen). That only accounts for 5.3% of the total loan balance of the three institutions, so it is necessary to build a mechanism to provide funds from JA Bank Group to farmers.

Furthermore, according to a survey on the usage of business to union members (announced in September 2019), in the credit business in 2018, 47% of the amount loaned was for associate members, 18% was for non-members, and only 35% was for full-members. It is necessary to consider how to reflect the intent of associate members to management.

In addition, regarding the Agricultural Committees, the Act on the Agricultural Commission, etc. (Act No. 88 of 1951) was revised in 2015, and this clarified the optimization of the use of agricultural land (accumulation and concentration for business farmers, prevention and elimination of abandoned cultivated land, promotion of new entrants) as the most urgent issue in operations. The way that agricultural committee members were selected changed, and the

Agricultural Committee Members for promotion of optimized farmland usage was newly established. In order to clarify how much the activities performed by the Agricultural Committee contributed to the optimization of agricultural land use, the disclosure of detailed performance data was required. Based on the disclosed data, necessary measures will need to be examined so that the Agricultural Committee can fulfill its function to produce better results.

<Items to be Implemented>

- a. The MAFF should review the financing system for strengthening the financing in domestic agriculture by taking advantage of Norinchukin Bank, etc., while facilitating smooth financing in accordance with the growth stage that farmers are at.
 - b. Considering the progress of their self-reforms up until now, we will continue to facilitate their initiatives. Based on Article 51, Paragraph 2 of the Supplementary Provisions for the Amendment Act to the Agricultural Co-operatives Act (Act No. 63 of 2015), we should review Agricultural Cooperatives and Agricultural Committees and take measures, as necessary.
 - c. Based on Article 51, Paragraph 3 of the Supplementary Provisions for the Amendment Act to the Agricultural Co-operatives Act, the MAFF will review measures to reflect the intent of associate members for the management of self-reforms to Agricultural Cooperatives, and take measures if necessary.
- (6) Review of agricultural product inspection standards
- A. Overhaul and review of agricultural product inspection standards
[To begin examination in FY2020 and be concluded in the first half of FY2021.
To be implemented as soon as a conclusion is drawn]

<Basic Stance>

In the Agricultural Products Inspection Act (Act No. 144 of 1951), an agricultural product inspection system was established, which aimed to promote fair and smooth transactions of agricultural products and improve their quality, and to contribute to the improvement of farmers' finances and the fair promotion of agricultural product consumption. Regarding rice, the agricultural product inspection standard based on the Agricultural Product Inspection Act stipulated the methods of inspection and the standards for rice varieties, production areas, production years, and quality grades. The methods were established under the Food Management System, and even after the Food Management Law (Act No. 40 of 1942) was abolished, based on the Law for Stabilization of Supply-Demand and Price of Staple Food (Act No. 113 of 1994), national inspections for orderly marketed rice were obligatory. Due to the diversification of distribution systems and food, the inspection body was changed from the Food Agency to private agencies based on registered inspection institution systems, and inspections became voluntary now.

According to the agricultural product inspection standards established under the Food Management Law, grades such as "grade-one", "grade-two" and "grade-three" are used to estimate the yields of brown rice based on poor growth, disease, crushing, etc. These grading levels do not rely on actual feelings such as the taste and texture reported from consumers, restaurants, and food companies, and therefore they do not satisfy the quality requirements; thus, they do not help add value to rice.

It is expected that rice consumption will continue to decline due to the declining population and aging of Japanese society. Expanding rice exports overseas is an urgent issue in order to increase the income of Japanese farmers and maintain Japanese farmlands and agricultural areas.

Based on this situation, in order to contribute to increasing the income of farmers by placing additional value to satisfy the needs of consumers, restaurants and food companies in terms of taste, and to promote Japanese rice overseas, private stakeholders, including consumers, restaurants, and food companies should take initiatives to formulate new standards based on JAS (Japan Agricultural Standards), which should be compliant with international standards and should help create additional value. Actively working on this to create an international standard will be required.

Regarding the current agricultural product inspection system, the methods of inspection were revised in November 2019 for the first time in 18 years. Although grain discriminators were partially introduced and improved sampling methods were introduced when products were directly packaged by dry preparation storage facilities, etc., we were not fully able to respond to changes in the social environment such as technological innovation and consumer needs. A survey result stated that 26.8% of producers spend more than 200 yen per 60 kilograms on inspection costs. Including labor costs related to transportation for inspection, it is not an effective initiative to help reduce costs. It is necessary to revise the agricultural product inspection standards in consideration of the following issues:

- 1) Some people claim that there is a misunderstanding because the grades that indicate the yields of polished rice seem to be related to its taste, etc., due to the use of the wording "inspection" of agricultural products. Under such circumstances, production is mainly focused on grade-one rice, but some people think that in terms of production costs, it is not worth producing grade-one rice because of the small consumer pricing difference between grade-one rice and grade-two rice.
- 2) Regarding the sampling method for the sample rice used for inspection, 18 of 100 rice bags or 1/10,000 of the weight of the directly packed rice at dry preparation storage facilities, etc., are subject to investigation. If there are no problems for a certain period of time, it might be possible to apply rationally flexible measures by incorporating internationally adopted methods, such as reducing the number of times the rice is sampled or the amount of rice that gets sampled.
- 3) The evaluations of head rate, kernel character, moisture content, damaged kernels, colored kernels, mistakenly mixed other grains, and foreign matter were made based on visual inspections and the subjective views of checkers in accordance with the "Inspection Implementation Manual for Domestic Agricultural Products" in the "Basic Guidelines for Agricultural Product Inspection". The evaluations should be performed in an objective and labor-saving manner by introducing image recognition technology, etc.
- 4) The rice bags that are not subject to sampling are not uniformly excluded. The inspections are performed while considering the total weight including bags that contain the rice; thus, for every 30kg of bagged rice there is about 270g of extra weight from the bags, and for every 1t flexible container there is about an extra 7 to 9kg of weight added (so called "Yomasu"). Basing the inspections on this assumption is irrational and wasteful.
- 5) A variety of types of rice, such as high-yielding rice or rice optimized for specific dishes has been developed and cultivated experimentally; however, farmers cannot label product brands on their packaging except for those brands that are specified by the prefecture the rice was grown in, in accordance with the agricultural product inspection standards. For example, "Nikomaru" is a multi-harvest rice variety from warm regions, and it spoils slower even in warm environments. So as global warming progresses, there is a strong demand from farmers who wish to cultivate it. However, in prefectures such as Tokushima, where the variety is not registered, the labeling of Nikomaru is not permitted even if the rice undergoes inspection. In addition, it takes a long time, about two years, to register varieties in each prefecture, which places a heavy burden on farmers.
- 6) The methods for packaging rice are excessively specific and include the material the rice is packaged in, such as hemp or resin, the volume (quantity) of rice put in each bag, the shape of the bag, the amount of mesh contained in the hemp bag, and the method used for folding the mouth of the bag. For farmers, the cost of purchasing branded rice bags is a burden.

Based on these points, the following measures should be taken.

<Items to be Implemented>

Agricultural product inspection standards should be reviewed according to each distribution route and consumer needs corresponding to diversified rice distribution patterns, with the aim of

leading to increasing farmers' income. For this reason, the current agricultural product inspection standards should be reviewed from the following four viewpoints:

- 1) Farmer's ingenuity should be better reflected
- 2) Farmers should have a wide range of options (including voluntary inspections)
- 3) The current agricultural product inspection standards should be reviewed to create a more rational, low-burden, and low-cost inspection system that contributes to increasing the income of farmers
- 4) New standards that contribute to increasing the income of farmers should be established

The specific method used for reviewing is as follows:

a. Performing a comprehensive review and optimization of agricultural product inspection standards and commercial practices

In order to rationalize and apply science standards to the agricultural product inspection standards and to optimize commercial practices, we should comprehensively review the agricultural product inspection standards and commercial practices, including the following points.

(Note that the inspection of agricultural products is voluntary, and it is possible to voluntarily determine conformity to the agricultural product inspection standards using a mechanical method and by conducting transactions without undergoing inspection from the registered inspection organization.)

Based on such a comprehensive review, we will draw conclusions about the standards and commercial practices that can be supported by current technology. At the same time, the MAFF will promote the use of grain discriminators as well as the development of better machines with higher accuracy.

- i) The MAFF should review the grade classifications and their wording, such as grade-one or grade-two.
- ii) Through the rationalization of inspection methods and sampling methods, the MAFF should reduce the burden on both producers and inspectors, and also reduce inspection costs.
- iii) The MAFF need to develop objective standards for evaluations of items which is evaluated now by visual checks and other (subjective) checks which rely on human senses, and we need to promptly change to mechanical measurements that can be performed even using current technological equipment such as grain discriminators, moisture meters, scales, and image analysis.
(After that, technological progress should be actively utilized).
- iv) The MAFF need to review the inspection system, which is based on total weight and includes so-called "Yomasu".
- v) The MAFF need to review the procedures for brand setting, such as the "descriptions in brand variety and producing districts", that is performed at each prefecture, and we have to speed up and simplify procedures, including nationwide "brand" setting.
- vi) Weighing, packing, and packaging standards should be simplified.
- vii) The MAFF should promote technological development aimed at the prevalence of scientific tests including ones that use grain discriminators, and we should further improve their accuracy.

b. The establishment of new JAS standards

In order to contribute to the development of export markets by strengthening the international competitiveness of rice, and to the improvement of farmers' income through the creation of additional value, the private sector should take initiatives to establish the JAS standards that incorporate the needs of consumers while focusing on safety and taste. The MAFF should actively support the establishment of these standards.

c. The structure and process of review meetings

Regarding the above-mentioned comprehensive review and optimization of agricultural product inspection standards and business practices, and the establishment of new JAS standards, they should proceed with them at review meetings which consist of farmers, distributors, restaurant owners, food industry leaders, and experts and practitioners of international standards, and they should aim to reach decisions in about one year. Upon having these discussions, they should focus on increasing the future value of farming so that farmers find it rewarding while fully considering the demands of the farmers on site. They should take advantage of the knowledge of the most advanced international standards to take initiatives in the international marketplace.

B. Reviewing subsidies and food labeling systems that require the inspection of agricultural products

[To be implemented in FY2020]

<Basic Stance>

The cardinal way to perform quality assurance is to have producers carry out voluntary inspections and product quality assurance under their own responsibility. By providing quality assurance to consumers, the producers can show their credibility by themselves, which helps add value to their products and leads to increasing their income. However, if their rice does not receive a certificate of agricultural product inspection by the registered inspection agency, based on food labeling standards(Cabinet Office Ordinance No. 10 /2015) in accordance with the Food Labeling Act, then farmers cannot display even the most basic quality information for consumers regarding their polished rice's origin, variety, and year of packaging. According to food labeling standards, out of all products, rice is the only product which is not allowed to have labeling attached to it without having a public inspection first.

In addition, payment to mitigate impact of reduced income for rice and upland field crops (the Narashi Grant) and direct payment for the utilization of paddy fields are vital subsidy systems, which account for a large proportion of the farmers' agricultural income. The "Income management and stabilization measure guidelines (Agriculture, Forestry and Fisheries Deputy Secretariat Notification of April 1, 2011, 22nd Management No. 7133)" requires the inspection of agricultural products to get these subsidies upon filing the application for the grant, so this results in rice producers actually being forced to undergo agricultural product inspections.

Based on these points, the following measures should be taken.

<Items to be Implemented>

In order to allow farmers to have options other than inspections based on the agricultural product inspection method, regarding the following matters, in addition to the inspection of agricultural products, confirmation by other quality inspections should be admitted for transactions, including wholesale transactions.

- a. Subsidies that require the confirmation of a certain quantity and quality of rice, such as Narashi grants and rice paddy grants

Instead of performing agricultural product inspections, any method which can confirm the amount of rice should be accepted for receiving the grants.

- b. Food labeling such as listing the area of production, rice varieties, and year of production

According to the food labeling standards, in addition to the area of production which is required to be labeled for both inspected rice and uninspected rice, arbitrarily displaying certain factual information such as the contained rice varieties, production years, producers, and listing the parties that performed inspections and quality confirmations should be permitted. (Example: Quality confirmation: JA ○ ○ (Registered inspection agency name), Quality confirmation ○ ○ Rice (Farmer's name)). Agricultural products that have already been inspected can display statements such as "Certified by Agricultural Product Inspectors", and even if the products do not undergo agricultural product inspections, an indication for that should not be required.

In addition, in order to prevent the distribution of rice from an unknown origin from being circulated, and to prevent losing the trust of consumers, necessary measures, including methods for keeping records of inspection and transactions should be covered by food labeling standards and their operations.

They will conclude the discussion of the above issues with consideration for the opinions of

the Consumer Commission.

(7) Review of regulations on livestock barns

[a: To be implemented in the first half of 2021, b: To be implemented in 2022, c: To be implemented in 2020]

<Basic Stance>

As the TPP11 and Japan-Europe EPA have come into effect, the domestic livestock industry needs to expand into international markets, thus, it urgently needs to enhance its international competitiveness.

The livestock barns (ranches, milking facilities, compost depots) used in the current livestock industry must meet the building standards based on the Building Standards Act. Due to these building standards, building costs are likely to go up; thus, further relaxation will be necessary to allow the livestock industry to grow.

For buildings containing a total area of more than 500 m² of wooden structures and 200 m² of non-wooden structures, the Building Standards Act requires the building to undergo a confirmation procedure. To simplify this procedure, some measures should be taken; for example, the area threshold should be larger, and notifications should be submitted by architects.

In addition, based on technological advances such as labor-saving machines such as milking robots and automatic feeding machines, under the appropriate safety measures that apply to using livestock barns, it is necessary to reduce management costs such as livestock building construction costs and personnel costs through streamlining the management for feeding, etc.

In the regulatory reform plan of June 2019, it was decided to look into a special law that excludes livestock barns from the application of the Building Standards Act. In addition, a "Review Committee for the New Standards for Livestock Buildings" was set up, and their "Interim Report" was compiled in May 2020.

Furthermore, regarding the facilities of livestock barns, including fire extinguishing equipment, based on the regulations of the Fire Service Act (Act No. 186 of 1948) and based on Article 32 of the Enforcement Order of the Fire Service Act (Government Ordinance No. 37 of 1961), a fire chief or fire station chief must determine if special provisions should be applied or not to the fire-fighting equipment at the facility, depending on the on-site situation (the position of the livestock house, the structure and the state of the equipment). Sometimes special provisions are applied to livestock barns in certain areas, but the same provisions might not be applied to livestock barns in similar situations in other areas. So, some people claim that the costs associated with livestock housing cannot be foreseen. Regarding the handling of fire-fighting equipment located in livestock barns, necessary measures should be taken from the viewpoint of cost reduction to strengthen the international competitiveness of the livestock industry.

Upon discussing new laws, we have to consider the following case: if livestock barns are constructed under the new system and certified by local governments, but afterwards they do not meet usage standards. In such a case, measures should be taken to prevent livestock barns from affecting the surrounding areas in terms of safety. It is necessary to consider appropriate support so that local governments with low financial power do not have to carry the burden of the new system.

<Items to be Implemented>

a. Regarding the special laws which exclude livestock barns, etc., that aim to construct livestock industries away from urban areas from the application of the Building Standards Act, in order to realize the agendas in the "Interim Report" of May 2020, including the following items stated in the "Review Committee for the New Standards for Livestock Buildings" that was established based on the regulatory reform plan of June 2019, the MAFF, in cooperation with MLIT will organize the required law drafts.

- The new standards should secure a certain level of safety while combining standards with both tangible and intangible aspects. As a special provision of the Building Standards Act, measures should be taken in which business operators can choose if they want to utilize the new system or not when they plan to build, expand, or renovate a facility.

- The affected buildings will be flat livestock barns, compost houses, and milking facilities that are designed by an architect and constructed in areas other than urbanized and restricted areas.
 - As procedures, the government should confirm construction suitability in terms of the tangible and intangible aspects of its usage plans and the design of the livestock facility indicated by the business operators. The procedures for confirming the tangible standards should be simplified. For materials that are not JIS, we should consider using them based on strength tests, etc.
- In addition, the following points should be noted when establishing the new bill.
- We should calculate the amount of reductions in management costs, including construction costs for livestock barns and personnel costs, which are regarded as a standard intangible aspect, and then ensure that the bill will enhance the international competitiveness of the livestock industry.
 - We should fully consider the opinions of farmers.
 - We should consider measures such as providing appropriate support to local governments if livestock barns constructed under the new system no longer meet the usage standards.
- b. In parallel with the development of the bill, regarding the specific contents with standards in terms of the tangible and intangible aspects included in the bill, we will review the contents of the "interim report" in order to realize them, including the following items, and then make the final decisions.
- Business operators that selected to use the new system can select a standard from the following A or B.
 - Standard A is a combination of standards with intangible aspects for safety (simple standards such as regulations of the density of living quarters) and standards with tangible aspects in accordance with the current standards. It should ensure the same level of safety as the current standards.
 - Standard B is a combination of standards with intangible aspects for safety (for example, regulation of the density of living quarters, which fully considers a reduction of working time in livestock facilities by improving work efficiency, etc.) and new standards with tangible aspects that are more relaxed than the current standards. They ensure the minimum safety required for livestock facilities.
- In addition, when considering the specific contents related to intangible and tangible aspects, we should pay attention to the "items to be discussed", which are described in the "interim report".
- c. With the cooperation of MIC, regardless of whether or not the new standards are included in the bill described in a), the MAFF should investigate the actual conditions of regulations in each region based on the Fire Service Law, and based on that, it should examine whether or not it is necessary to revise the regulations in order to strengthen the international competitiveness of the livestock industry.

(8) Operation of systems under the Amended Fisheries Act

A. Resource management

- [a: To be implemented sequentially in FY2020 and onwards,
b: To be implemented in FY2020]

<Basic Stance>

In December 2018, the "Act Amending and Revising Part of the Fisheries Act and Other Relevant Laws and Regulations" (Act No. 95 of 2018) was enacted, and The Amended Fisheries Act (hereinafter referred to as the "Act" in this section), which has the following four pillars, is scheduled to come into effect in FY2020: i) the introduction of a new resource management system, ii) a review of the fishery permit system, iii) a review of the sea surface utilization system, and iv) the obligatory reporting of fishing catches. While Japan's fishery production is on the decline despite increasing global demand for seafood products, the Fishery Act was revised for the first time in about 70 years. This is just the start of reforms aimed at the appropriate management of fishery resources and the growth of the fishery industry. In order to realize these reforms, it is necessary to show a concrete and clear operation system so that the gist of the revised act can be thoroughly reflected on actual sites.

The Amended Fisheries Act sets resource management targets based on resource assessments

through scientific findings, and its management is based on a system of restricting fishery products (an output control method). It aims to establish a new resource management system in order to realize stable fisheries by maintaining and increasing resources.

Specifically, as a new resource management cycle, we should accurately figure out the amount of resources needed using resource assessments that have undergone a resource survey, we should set resource management targets and create fishing scenarios, then establish a mechanism to regulate total allowable catches (TAC) and individual quotas (IQ), which will help establish a mechanism to regulate output.

While consideration should be given to the domestic resource situation, only some fish species have been subjected to resource evaluations. We have to establish such a resource management cycle systematically at an early stage and expand the target fish species subjected to the above-mentioned output regulations in order to maintain and restore fishery resources to a sustainable level. The Regulatory Reform Plan (decided by the Cabinet in June 2019) stipulates that we should establish "a roadmap that defines the schedule for the resource recovery of each fish species, and specific measures for that. In addition, all fish species that are below the target management standard values should be targeted within the formulation of this roadmap". We have to set management targets and create fishing scenarios for all fish species that are below the target management standard values; furthermore, we also have to show specific measures and schedules, such as the introduction of output regulations, in the roadmap.

Based on the above-mentioned concepts, the following measures should be taken.

<Items to be Implemented>

- a. In addition to setting management targets and creating fishing scenarios, the following specific measures should be included in the roadmap for resource recovery.
 - How to distribute catchable fish amounts between those that will be under management by the Ministry and those under the management of prefectures
 - How to distribute the catchable amount between prefectures
 - Timing the introduction of individual quotas (IQ)
 - How to coordinate among the related parties (prefectures and fishermen)
- b. In order to clarify the future roadmap formulation process for each fish species (fish resources to be considered preferentially, current TAC fish species, current non-TAC fish species, internationally controlled species, etc.) and for each necessary process (performance of resource surveys, performance of resource assessments, publishing plans for resource management targets, etc.), we have to clarify the timing of the start and completion of these processes.

B. Licensed fisheries

[a,b: Implemented, c: To be implemented in FY2020]

<Basic Stance>

Regarding the system for licensed fisheries, the Amended Fisheries Act promotes giving new permissions from time to time. With the hope that people who obtained permits can fulfill their responsibilities to improve productivity, we have to review the system so that it helps contribute to the increase of fishing productivity.

For determining the eligibility of a permit or a permit for starting business as a licensed fishery, in the Amended Fisheries Act, the criteria was based on their productivity (Article 41, Paragraph 1, Item 6 of the Act). If there are more applications than the officially announced number of vessels, it will be decided to by "considering the productivity of the applicant" (Article 42, Paragraph 5 of the Act). All of these productivity criteria must be transparent and clear. For example, we can determine the eligibility of existing fishermen by referring to their past production performance, but new fishermen have no past production record. Thus, it is necessary

to establish detailed standards that consider the fact that the amount of fish caught and the income gained from fishing varies greatly depending on the type of fishery and the type of fish they catch as a licensed fishery.

Based on the above-mentioned concepts, the following measures should be taken.

<Items to be Implemented>

- a. Regarding the criteria of "persons falling under Article 41, Paragraph 1, Item 6 of the Act", in showing the criteria of eligibility for productivity, we should not only list the "circumstances that fishermen do not have responsibility for" for each type of fishery, but also clarify the criteria in determining their productivity based on each type of fishery and type of fish species.
- b. In addition, if an application is made by an experienced fisherman who operates more than one type of fishery, it should be noted that productivity will be judged for each type of fishery and not for the productivity of the entire management entity.
- c. When providing a new permit for a fisherman or an entrepreneur, new entrants and existing fishermen should be judged through fair productivity standards. If there is an application for more ships than the officially announced number of ships provided for in Article 42, Paragraph 5 of the Act, we should clarify the policy for standards on productivity when determining the permission for a person or when approving the start of business "in consideration of the productivity of the applicant".

C. Application of fishery rights

[a: Implemented, b: To be implemented in FY2020]

<Basic Stance>

Regarding the sea areas utilization system, the Amended Fisheries Act will make the process of formulating fishing field plans on sea areas transparent, and abolish legal priority when determining who grants fishery rights. It aims to review the system to facilitate smooth operation and allow for expansions and new entries in order to contribute to the development of aquaculture and coastal fisheries.

1) "The appropriateness and effectiveness of the use of a fishing field"

Among fishing-right-based fisheries, including aquaculture, their production volume is gradually decreasing, as is the case with the overall fishing production volume. In order to support the sustainability of fishing-right-based fisheries, the Amended Fisheries Act designates that fishery rights holders should utilize their fishing field "appropriately and effectively". By providing information, including the latest fishing fields maps, etc., we should create an environment so that people who have high motivation and abilities have the opportunity to newly enter fishing-right-based fisheries, which requires gaining fishing rights, and the existing fishermen can also improve their productivity.

As a requirement for the fishing field plans on sea areas, fishery rights should be utilized "appropriately and effectively". (Article 63, Paragraph 1, Item 2 of the Act). If there are multiple license applications for a certain fishery right, and if a person has the expired fishery rights for a fishing field and has used it "appropriately and effectively", then the license should be provided to that person (Article 73, Paragraph 2, item 1 of the Act).

Unlike licensed fisheries, the Amended Fishery Act does not specifically mention "productivity" as a criterion for determining the eligibility of a fishery rights holder; however, it is needless to say that they have to improve productivity by systematically carrying out fishery production based on certain targets so that we can say it is "appropriately and effectively" organized.

The "Guidelines regarding the sea areas utilization system etc. (draft)", which was intended to undergo public comment from March 13, 2020 to April 11, 2020, states that "In cases that guidance or recommendation has not been given by the prefectural governor

based on Article 91 of the Act, or the usage has improved after receiving guidance or recommendation, it is considered to be utilized 'appropriately and effectively'".

However, for the proper interpretation of the Amended Fishery Act, it should be noted that even if the prefectural governor does not give any guidance or recommendation based on Article 91 of the Act, it will not automatically mean that it is "appropriate and effective".

According to the "Guidelines regarding the sea areas utilization system, etc. (draft)", "if no guidance or recommendation is made", the system should be regarded as "appropriately and effectively' utilized"; however, before we put the provision into effect, we have to establish a mechanism in which guidance or a recommendation should always be given unless the usage is considered "appropriate and effective".

If we can assume that a fishing field is used "appropriately and effectively" as long as there is no guidance or recommendation from the prefectural governor, it will be essential to build a system in which reports of the status of resource management are submitted every year so that we can confirm the current status. The judgment should be made fairly based on accurate information, and it is important that reports are made accurately.

In addition, in order to ensure that the fishing field is being used "appropriately and effectively" on the site and that the system is operated properly, it is necessary to establish highly transparent rules, make them into manuals, and show them to the prefectures. Systems should be established which do not excessively rely on the discretion of the people in charge, but rather which allows them to perform appropriate operations without delays.

2) Setting district fishing rights as collective fishery rights

The Amended Fishery Act states that "when it is recognized that setting district fishing rights as collective fishery rights is more conducive to the development of fishery productivity on the fishing fields related to district fishing rights, then the fishery rights should be established as collective fishery rights" (Article 63, Paragraph 1, Item 4). However, it should be limited to cases in which it is objectively recognized that it is necessary to set the rights of demarcated fisheries as collective fishery rights. Excluding the following cases listed in the "Guidelines regarding the sea areas utilization system, etc. (Draft)", 1) When individual licenses are given to a large number of union members, which leads to the fragmentation of fishing grounds or the fixed use of fishing grounds and this impedes the development of fishery productivity, 2) When multiple areas with fishing rights are set in duplicate and they can be well coordinated so that they allow for multiple users for the areas being used on the water's surface, then setting the area to collective fishery rights should be limited to cases where it is specifically expected to contribute to the development of the regional economy.

3) Maintenance fees collected from fishery cooperative members, such as for maintenance and coastal fishing grounds management

The amendment of this Act clarified that fishery cooperatives or federations of fishermen's cooperatives (hereinafter referred to as "fishery cooperatives") that have collective fishery rights should play a public role such as managing coastal fishing fields to help increase the income of fishermen, and when collecting maintenance fees from members as an expense necessary for managing the fishery rights, it is not desirable to aim at the profits of the fishery cooperative. In calculating the maintenance fees, a reasonable amount should be set.

The coastal fishing fields management organization is an organization designated by prefectures, such as fishery cooperatives, for the conservation of each set coastal fishing field based on the fishing fields plan for sea areas (Article 109, Paragraph 1 of the Act). The coastal fishing fields management regulations established by the coastal fishing fields management organization must be approved by the prefectural governor (Article 111,

Paragraph 1 of the Act). Therefore, prefectures need to confirm the adequacy of the conservation activities performed by coastal fishing fields management organization, as well as the balance of payments.

4) Other statements

Eliminating organized crime groups is an important issue that is required not only in fisheries but in all areas. The prefectural governor's appointment of the Sea-Area Fisheries Adjustment Committees Commissioners, the creation of fishing field plans on sea areas, the establishment of fishery rights and licensing must be carried out fairly and transparently, without the involvement of organized crime groups. Prefectures should also cooperate with relevant administrative agencies such as the police and the coastguard in order to prevent and control poaching.

<Items to be Implemented>

- a. The matters listed on the attached sheet should be incorporated into the "Guidelines regarding the sea areas utilization system, etc. (draft)" that underwent public comment from March 13, 2020 to April 11, 2020.
- b. The indicators and examples of vouchers that should be noted as the basis for judging each item of the "Check Sheets for Guidance or Recommendation under the Provisions of Article 91 of the Fishery Act" attached to the "Guidelines regarding the sea areas utilization system, etc. (draft)" will be notified to the prefectures separately from the "Guidelines regarding the sea areas utilization system, etc".

D. Establish a system to electronically process fishery operators' catch reports and prefecture-level administrative procedures

[a: Development of a catch reporting system begin in FY2020.

Established a catch collection system with a target of 200 markets in FY2021.

To be implemented in FY2022.

Development of a system for procedures such as fishing permits by the prefectural governor begin in FY2020.

To be implemented in FY2022.

b-d: To be implemented in FY2020]

<Basic Stance>

Under the amended Fisheries Act, it is mandatory for fishery operators engaging in prefectural governor-approved and fishing-right-based as well as minister-approved fisheries to submit catch reports, in order to gather fishery catch information, aggregate sufficient catch data to help with advanced resource management.

Catch reports are the starting point of scientific resource assessment and vital for any resource management process. The amended Fisheries Act has extended mandatory catch reports from the existing TAC-covered fish species and minister-approved fisheries to prefectural governor-approved fisheries and fishing-right-based fisheries. This has made it possible to gather comprehensive fishery catch information. As the fishery workforce declines, there is demand for reducing work hours by increasing productivity. In this context, in order to submit timely catch reports to affect resource management, it is necessary to establish programs and systems that make the most of ICT to let fishery operators assume responsibility in submitting their catch reports. For this purpose, and also to reduce administrative costs, it is necessary to build programs and systems for electronically processing prefecture-level fishery operation approvals and other steps using national-standard formats.

Based on these fundamental ideas, the following actions should be taken.

<Items to be Implemented>

a As for the catch reports in Articles 26 (report of catch amount within catch allocation management zone), 30 (report of catch amount outside catch allocation management zone), 52 (report on status of resource management for minister-approved fisheries), 52 covering 58 (report on status of resource management for prefectural governor-approved fisheries), and 90 (report on status of resource management by fishery rights holder) of the Act, in case forms are to be defined, they should have standardized formats in order to build a system that will allow prefecture- and national-level reporting data from fishery operators to be centrally collected and managed by the national government. The Ministry of Agriculture, Forestry and Fisheries will also build a system for electronically processing the governors' approval of fishery operations under Article 57 of the Act, using standardized data formats.

When using these systems, fishery operators need to be given full knowledge of reporting methods and any other aspect of their actual usage.

b It must be made clear that, for the above reports, each fishery operator will remain accountable for reports they submit, even when they delegate that task to their fisheries cooperatives.

c For the reports in Article 52 that will also cover those in Article 58, specific information should be forwarded from prefectures to the central government, so the latter can centrally grasp their contents.

d All fishery operators will be asked to document and retain the contents of the above reports.

Contents that should be included in the “Guidelines regarding the sea areas utilization system etc. (draft)”

1. “ The appropriateness and effectiveness of the use of a fishing field
 - (1) Fishery rights holders will evaluate their operations based on business plans including yields and other data, or any other document relevant to their activities, engaging in their fishery production activities in a planned manner.
 - (2) An example of usage that is not “appropriate or effective” is when an operator is not expected to improve after a guidance or recommendation. Other examples should include when an operator, even though it is engaged in “appropriate and effective” usage at the point of decision, is expected to slip back to its pre-improvement status, and also when an operator, even though it had been judged to be engaged in “appropriate and effective” usage, has slipped back to its pre-improvement status.
 - (3) A mechanism to ensure that a guidance or recommendation is offered whenever fishing fields are not used in an “appropriate and effective” manner should be created. For that purpose, prefectures, when evaluating fishing fields’ “appropriate and effective” utilization, shall receive annual reports from fishery rights holders for resource management status and other matters, and based on those reports, shall consider whether guidance as required by Article 91 of the Act is necessary. Prefectures, when fishery licenses are requested, will ask the requestors for reports on the status of resource management that need to be updated after their last reports were submitted, pertaining to relevant matters (such as their business plans, business reports, sales slips, fishing field improvement plans, and records for fisheries medicine usage).
 - (4) A mechanism to ensure that a guidance or recommendation is offered whenever fishing fields are not used in an “appropriate and effective” manner should be created. For that purpose, together with check sheets used as a basis for guidance and recommendation under the provisions of Article 91 of the Fisheries Act, other check sheets to help subjectively decide whether each matter described in the following Sections a) to c) meet the “appropriate and effective” usage standards in Article 63 Paragraph 1 Section 2 and Article 73 Paragraph 2 Section 1 will be designed and offered to prefectures. The following descriptions should be clearly stated in the explanations on how these check sheets should be leveraged.
 - When using the check sheets covering Article 63 Paragraph 1 Section 2 and Article 73 Paragraph 2 Section 1 of the Act, the basic rule is to decide the operator’s usage is “appropriate and effective” when all criteria are met. At the same time, when using the check sheet covering Article 91 of the Act and certain criteria are not met, the basic rule is to offer guidance as per Article 91 of the Act to improve the situation.
 - When, one or more question has been left blank after these checks, but it has been decided that the usage is “appropriate and effective” or has “no issue,” the reason for the judgement must always be entered in the field for describing why.
 - There needs to be a field for specifying the evidence that was checked (such as resource management status reports, business plans, business reports, sales slips, fishing field improvement plans, and usage reports for fisheries medicines), as well as for describing investigations and interviews conducted, to decide whether check sheet criteria were met.
 - In the check sheet covering Article 91 of the Act, not only are individual questions required,

but also fields for “guidance status” (together with date and description of the guidance, improvement status, assessment and its reasons, and any other relevant information) and “recommendation status” (together with date and description of the recommendation, improvement status, assessment and its reasons) are required to track guidance and recommendation history.

- a) Reports on resource management status and other matters
 - After the fishery license has been issued, the operator has submitted its reports resource management status and other matters as per Article 90 Paragraph 1 of the Act every year.
 - The operator has submitted reports on the status of resource management that need to be updated after its last report was submitted, pertaining to relevant matters (as per Article 73 Paragraph 2 Section 1 of the Act). (When the contents of a report must be clarified or a report was not submitted by its due date, corrective actions must be taken through guidance or any other measure. When the situation remains uncorrected, then the fishery rights holder shall be ordered to submit its report, including the requisite records, as per Article 176 of the Act.)
 - The operator understands the status of resource management after its last report was submitted (Article 63 Paragraph 1 Section 2 of the Act). (Since prefectures are expected to understand and confirm how fishing fields are used on a daily basis, they must also confirm, when establishing fishing field plans on sea areas, how the fishery rights holders have managed their resource after their last reports on resource management status. When this status has not been understood or confirmed, then prefectures must order the fishery rights holders to submit their reports and take any other actions to understand and confirm the situation as per Article 176 of the Act.
- b) Criteria for judging appropriateness, in reference to Article 91 Paragraph 1 Section 1 of the Act
 - Legal and regulatory requirements for fisheries are met
 - Is “qualified for license” as per Article 72 of the Act
 - Fishery equipment is used and set appropriately, and medicines are used appropriately
 - There is no dispute over fishing fields, or is trying to solve any existing dispute over fishing fields in good faith
 - Initiatives under fishing field improvement plans are being implemented (for district fishing rights operations)
 - Has not used explosives or any other dangerous equipment that is not expected to be used in ordinary fishery operations.
 - Has not created too many situations wherein the fishing field environment has been damaged because of over-crowded fish farming, excessive supply of fish meal, or any other cause.
 - Has not leaked hazardous or toxic material that has an impact on the fishing fields environment
 - In case extensive damage is feared, then appropriate measures have been taken to control fishery diseases
- c) Criteria for judging effectiveness, in reference to Article 91 Paragraph 1 Section 2 of the Act
 - Substantial portion of the period in which fishery operations or farming are possible has been used (The “period in which fishery operations or farming are possible” means the time left of the normal operation or farming schedule outside the periods that were not used because of reasonable factors. The “substantial portion” is around two-thirds of the

entire period.)

- Either the farming density is on the same level as adjacent fishing fields, or the farming situation can be reasonably explained (for district fishing rights operations)
- The entire fishing fields are used. (As for the situation of fishing fields, there may be cases in which the operation has to be temporarily suspended for various reasons, such as having to wait for the resource to recover, improving the fishing field environment by letting the water circulate with an outside environment and through other methods, as well as repairing fishery vessels, keeping fishery gear in order, key workers cannot work for the time being because of illness or injuries, or is temporarily un-operational because of typhoons, red tides, or other natural disasters. In these cases, the reason for not being operational must be confirmed and documented.)
- Has been evaluating their operations based on business plans including yields and other data, or any other document relevant to their activities, engaging in their fishery production activities in a planned manner, so that the fishing fields can be used sustainably.

(5) For improving the level of resource assessment and resource management, it is vital that accurate “reports on resource management situation and other factors” are made in a timely manner. As such, whenever reports from fishery-rights holders on their resource management status and other matters have any unclarity or are past their due dates, prefectures must correct them through guidance or other measures. When no corrections are made, then the fishery rights holders must be ordered to submit their report, including their records, as per Article 176 of the Act.

(6) Prefectures shall ask fishery rights holders to document and retain their catch and sales data that form the basis of their reports. Examples may include documents and shipping data recording fishery catches and their sales figures may be asked to be retained. In order to support appropriate collection of data, members of fisheries cooperatives exercising their rights should strive to retain their own data as a fundamental source describing how they have exercised their rights.

(7) Prefectures shall receive reports from fishery rights holders on how demarcated areas for collective fishery rights are used, how members of fisheries cooperatives are exercising their rights, and on their license fees. The information therein shall be managed appropriately.

2. When district fishing rights are set for collective fishery rights

(1) The Example 3) in the Guideline, described as one of the cases wherein setting district fishing rights for collective fishery rights can be accepted as “the best vehicle for developing fishery production capabilities,” should be replaced with the following description: “When multiple fishery operators are involved in a sales scheme, or when transferring techniques and knowledge to new operators and workers about to join aquafarming and when independent experts with enough expertise in business management and other non-technical fields can be involved to create specific action plans that clearly support the development of each local economy.”

(2) It should be clearly stated that, when an application is made with the intention of blocking a person wishing to acquire individual fishery rights, the relevant fisheries cooperative is unlikely to be approved as “the best vehicle for developing fishery production capabilities.”

3. Collecting license fees from fisheries cooperative members, managing coastal fishing fields

(1) When fisheries cooperatives and other organizations collect license fees from their members,

the amount must consist only of the cost necessary for managing their collective fishery rights. When these organizations are collecting money other than for the purpose of managing fishery rights, prefectures must offer guidance so that only the money approved under the Fishery Cooperatives Act (Act 242 of 1948) will be collected appropriately.

- (2) Prefectures will not approve rules for exercising fishery rights when license fees are considerably and unreasonably high compared to adjacent areas, especially for farm fishing.
- (3) Prefectures will receive reports from coastal fishing fields management organizations on their conservation programs and actions taken at least once every year. When receiving these reports, prefectures shall confirm those conservation programs and actions taken, ask for adjustments when necessary, and offer other guidance. At the same time, prefectures shall monitor those conservation programs' finances, confirm their evidence, and offer guidance required to ensure appropriate actions for conservation. When coastal fishing fields management organizations do not submit reports on their actions based on conservation programs by due dates, prefectures must correct them through guidance and other methods, and order them to submit their reports as per Article 176 of the Act.
- (4) Examples of the money collected by coastal fishing fields management organizations from beneficiaries for the purpose of conservation actions that need to be stated may include 1) costs for monitoring red tides, such as sampling and analyzing seawater, 2) costs for removing flotsam and jetsam, such as wages and disposal fees, and 3) costs for conserving tideland, such as wages as well as equipment and material costs.

4. Others

- (1) When creating fishing field plans on sea areas, and also within procedures for fishery rights licensing, it must be clearly mentioned that unlawful intervention by anti-social forces and any other organizations related to them must be refused, and also that disputes within interested parties during the process must be resolved.
- (2) With respect to promoting comprehensive use of water areas as well as conserving and improving habitable environments for aquatic flora and fauna, prefectures must enforce fishery laws and ordinances against poachers and other violators, in collaboration with relevant authorities.

- (9) Overhaul on the distribution of marine products and fishery production materials
[a-d: To be implemented in 2020, e: To be implemented in FY2020,
f: To be implemented in 2021, g: Implemented, h: To be implemented in 2020]

<Basic Stance>

Within distribution channels for marine products and fishery production materials, some distributors who do not have any role to play in this business have been known to intervene in these channels, ask for protection money, and threaten to terminate other business transactions when refused. There are also reports of fishmeal wholesalers and other dealers of fishery farming materials refusing to do business with those wishing to start fish farming business. These behaviors may not only violate the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947; hereinafter referred to as the “Antitrust Act”), but also unlawfully obstruct the improvement of fishery operators’ incomes and new entries to fishery business. As such, the government must investigate the actual situation, categorize these unlawful behaviors, and publish “guidelines for ensuring proper trades” to prevent these inappropriate business transactions.

In order to raise the income level of fishery operators, unlawful pressure from distributors leading to unfair evaluation of marine products must be avoided; the net revenue of the fishery operators will otherwise be reduced. Together with publishing the “guidelines for ensuring proper trades,” business models with sales channels that do not excessively depend on distributors must be made widely available. This is particularly important for fishery farming business, since the majority of the cost is fish meal. Stable business models for fishery farming businesses that will free them from over-dependence on fish meal wholesalers by direct contracts with consumers need to be established.

<Items to be Implemented>

- a As a way of comprehensively researching how marine products and fishery production materials are actually distributed, survey fishery operators and marine product manufacturers as well as wholesalers (consignees), intermediate wholesalers (brokers), trading houses, and other distributors. For marine products in particular, natural and farmed catches will be surveyed separately since the ways they are distributed are different.
- b The above survey is aimed at identifying the role of wholesalers local to production sites have in distribution of farming materials.
- c When, as a result of the survey, practices that may potentially violate the Antitrust Act shall be corrected in collaboration with the Fair Trade Commission.
- d In order to prevent inappropriate business transactions, organize a discussion group inviting experts from legal and other fields as well as fishery operators, with the purpose of creating separate “guidelines for ensuring proper trades” for fishery farming businesses involved in marine catches and their manufactured products or in seedlings and fishmeal transactions. These “guidelines for ensuring proper trades” will cover the inappropriate cases revealed by the above survey as well as other inappropriate examples raised by, for example, the Agro-Forestry and Fishery Working Groups of the Council for Promotion of Regulatory Reform, such as “collection of unreasonable broker fees and handling charges by parties not actually involved in the distribution process,” “unreasonable refusal by fishmeal wholesalers or other fishery farming material sellers to do business with those wishing to start fishery farming,” “fishery farmers banned by fishmeal wholesalers from buying fishmeal from other dealers (not controlled by the same fishmeal wholesalers),” and “fishery farmers banned by fishmeal wholesalers from selling farmed fish to other dealers (not controlled by the same fishmeal wholesalers).” These “guidelines for ensuring proper trades” will also be updated from time to time.

- e As for fish nets, fishing vessels, and other fishery production materials, reduction of their prices should be facilitated through research and comparisons against fishery production materials and their distribution structures outside Japan. At the same time, in order to avoid inappropriate cases of “fixed prices due to collective fishery equipment purchases made through fishery cooperatives” raised by, for example, the Agro-Forestry and Fishery Working Groups of the Council for Promotion of Regulatory Reform, the actual situation will continue to be studied before actions based on the Fishery Cooperatives Act and other measures can be taken.
- f In order to ensure that the “guidelines for ensuring proper trades” are fully understood, briefing sessions for fishery operators, marine product manufacturers, distributors, and other interested parties in prefectures with relevant transactions shall be organized within one year since the document is made public.
- g Clarify that the following business model for outsourced fishery farm production based on requests from consumers is compatible with the Fishery Act and send notification documents to prefectures.
- Fishery cooperative A has a license for certain collective fishery rights. Fishery farmer B (a member of A), operating within those rights, signs an outsourcing contract with C (incorporated business, not a member of A). Under this contract, B will farm fish owned by C for a specified period in pools owned by B. (All the fish meal B needs for the farming will be provided by C. C will also give farming instructions to B to the extent that is covered by the contract. C will compensate B by paying B each month the amount specified in the contract.)
 - Fishery cooperative D has a license for certain collective fishery rights. Fishery farmer E (a member of D), operating within those rights, signs an outsourcing contract with F (incorporated business, not a member of D). Under this contract, E will produce farmed fish of a certain quality specified by F. F will also give farming instructions to E to the extent that is covered by the contract. The contract obliges F to buy the farmed fish at the unit price specified in the contract, provided that the quality of the farmed fish is at or above the level specified by the contract. F does not have to buy the farmed fish if the quality did not reach the specified level.
- h The guidelines in d. above will state that trading houses operating in production areas will promote and support the business model for outsourced fishery farm production based on requests from consumers.

(10) Establishment of a Catch Certificate Scheme

- [a: To be implemented on an ongoing basis in the first half of FY2021 and onwards (Clarification of the roadmap and schedules for the fish species designation: To be implemented in the first half of FY2021.),
 b: To be implemented in FY2020, c,d: To be implemented in the first half of FY2021]

<Basic Stance>

As the global demand for marine products rise, Japan needs to turn its fishery business into a growing industry. To that end, together with adding more value to domestic marine products, actions to ban illegal, unreported, or unregulated (IUU) fishery operations inside and outside Japan need to be taken quickly to align with the global momentum for sustainable usage of marine resources. Against this background, the Regulatory Reform Implementation Plan of June 2019 has stated that “Necessary actions shall be introduced in order for the establishment of some Catch Certificate Scheme on which the traceability of imported marine products will be based.”

During discussions at MAFF program design meetings (“MAFF meeting” hereinafter), the designated aquatic flora and fauna species that need to be certified in Japan the most were considered to be sea cucumber and abalone, since they are threatened by poachers in Japan. However, if only the sea cucumber and abalone were the target of the proposed certification

program, without new species added in the near future, the target of the catch certification program, the first step in establishing marine product traceability, will not be met. From resource management perspectives, all species should be made traceable. Together with these designated aquatic flora and fauna, marine products that are exported (designated export aquatic flora and fauna) or imported (designated import aquatic flora and fauna) must both have the actual situation of how they are illegally or excessively captured shown by data, which, in turn, should be the basis for clarifying the requirements for species to be designated. All species except for ones that are unlikely to be captured illegally or excessively should be covered by this program.

In order to ensure the effectiveness of this program, products must be tracked efficiently to identify the source of any issue such as false identification. The MAFF meeting has discussed electronic methods for catch certificates, saving records of transaction between operators, and communicating catch certificate numbers, so that when an issue arises transaction records can be tracked to identify its source. This approach will require an environment that allows a wide range of electronic methods for recording and communicating to be used.

The organization for registration and certification responsible for issuing the catch certificates will be entities that can fulfill certain requirements such as institutional structure, knowledge, skills, and basic accounting capabilities. For example, fishery cooperatives, which are expected to become registration and certification organizations to efficiently run this program, should still be subject to evaluation to determine if they actually fulfill these requirements, in order to ensure the trustworthiness of this program. It is also not appropriate to give any registration and certification organization a permanent status after it has fulfilled these requirements. This program must be made trustworthy by clarifying how these organizations for registration and certification are determined to have fulfilled these requirements, and by building a follow-up monitoring system.

For the designated import of aquatic flora and fauna, discussions are now in place over how to confirm each catch certificate issued by the country of the fishing vessel's registration when the products enter Japan. But the MAFF meeting has yet to determine the actions Japan should take when the trustworthiness of a certificate has been lost through forgery and other causes. In case of the EU, such incidents will trigger a yellow (warning) or a red (suspension of trade) card to be sent by the EU to the country of the fishing vessel's registration that lacks credibility. In this way the EU ensures the authenticity of each certificate. Japan should learn from these examples outside the country when devising its specific approach to ensure certificates' authenticity.

Based on these fundamental ideas, the following actions should be taken.

<Items to be Implemented>

- a For any marine product that is either distributed inside Japan (designated aquatic flora and fauna), exported (designated export aquatic flora and fauna), or imported (designated import aquatic flora and fauna), how they are actually caught illegally or excessively should be understood through data. This data should be the basis for clarifying the criteria for choosing the fish species covered by this program. The list of species threatened by illegal or excessive captures will be gradually extended. The roadmap and schedules for the designation will have to be clarified.
- b Clarify a specific approach for electronically retaining catch certificates and transaction records as well as communicating catch certificate numbers easily and appropriately. Also clarify its introduction schedule.
- c Clarify specific and transparent criteria for determining whether an organization for registration and certification that will issue catch certificates fulfills these requirements: "fulfills certain requirements, such as organizational structure, knowledge, skill, and accounting foundations." A follow-up system to monitor how each organization continues to satisfy these requirements

should also be built.

d For the designated import of aquatic flora and fauna, clarify specific actions for ensuring that each catch certificate issued by the country of the fishing vessel's registration can be authenticated when the products enter Japan.

(11) Effort to accelerate measures against fish disease

[a: To be implemented in FY2020,

b: To be implemented on an ongoing basis in FY2020 and onwards,

c: To be examined and concluded in FY2020. To be implemented in FY2021,

d: To be implemented on an ongoing basis in FY2020 and onwards,

e: To begin examination in FY2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

Demand for marine products outside Japan is expected to keep rising. In this context, Japan needs to increase the productivity of its fishery farming operations in order to be more competitive in this market. One important way of addressing this issue is to prevent farmed fish diseases. Since diseases can spread more rapidly in fishery farming environments than land-based livestock, whenever there is an outbreak of fish disease, it is important to administer medicine and take other actions as soon as possible to stop the disease from spreading.

When responding to fish diseases, fisheries medicines must be administered according to the standards (hereinafter "usage standards") set by the current Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Act No. 145, 1960, hereinafter "the Medical Product Safety Law"). There have been a number of issues because information on fish disease control has not been shared. For example, even when the best approach for fish of a certain size or with a specific symptom seems to be immersing them in medicinal solution, this is not possible because that medicine must be administered orally under the current usage standards. In another example, there are medicines known to have different effects and residual properties between juvenile and adult fish, but nevertheless have the same usage standards for them. These examples clearly demonstrated that these usage standards must be reviewed. It should also be said that, for contagious diseases that spread quickly and have a large impact – for example, yellowtails affected by Infection with *Lactococcus garvieae* serotype – mandatory vaccination as in Norway and other remedies instead of voluntary vaccinations and post-outbreak actions should be considered.

Although veterinarians can administer fish medicines outside the current usage standards (this is called extra-standard usage) after a diagnosis of a new disease, there are just a handful of veterinarians – around 20 across Japan – who are experts in fish diseases. In addition to this small number which is obviously too small to address fish disease control demands, these veterinarians are concentrated in specific areas, making it difficult for the entire system to respond rapidly.

In this context, in order to promote the growth of the fishery farming industry, human resources and networks that can satisfy fish disease control requirements must be secured. At the same time, initiatives for introducing stronger and accelerated fish disease control programs by reviewing the existing usage standards, with the basic premise of keeping farmed fish safe to eat, will be indispensable.

<Items to be Implemented>

a In order to accelerate fish disease control actions with extra-standard usage, the list of veterinarians who are fish experts (hereinafter "veterinarians list"), created as part of the Regulatory Reform Implementation Plan of June 2019 will have to be leveraged. In particular, for prefectures that do not have enough or any veterinarian who can diagnose fish diseases, a system for communicating quickly with veterinarians when an urgent intervention by a veterinarian (including on-line diagnosis) is required, or for taking any other necessary actions

- to let veterinarians diagnose fish quickly, should be built as soon as possible.
- b The veterinarians list will be continuously updated and be made longer.
 - c With regards to the usage standards, a different amount of medicines used for adult and juvenile fish, as well as the method of immersing in solution as well as oral administration of medicines, will be added as required after surveying fishery farmers' needs and discussions at the conference for advancing measures against fish disease.
 - d The usage standards will be reviewed every year by confirming fishery farmers' needs.
 - e With regards to contagious diseases and other outbreaks that have a large impact on the fish population, mandatory vaccination and other measures will be considered by the conference for advancing measures against fish disease, while learning from programs in Norway and other countries.

6. Digital government

(1) Twenty-percent reduction of administrative procedure costs and other topics

(Background)

During the May 2017 meeting of the Council for Promotion of Regulatory Reform, with Prime Minister Abe's attendance, nine focus areas based on the idea of "business-friendly regulatory reform, simplified administrative procedures, and integrated approach to IT introduction" were chosen, and it was decided to achieve "at least 20-percent reduction of administrative procedure costs (in terms of business operators' work hours)" by, in principle, March 2020. At the same time, three principles for reducing administrative procedure costs were set. They are 1) thorough digitalization of administrative procedures (Digital First), 2) the principle of requiring the same information only once (Once Only), and 3) standardization of document styles and forms.

Each government ministry had set up its own basic plan based on this decision, then used the plan to reduce the total administrative cost worth almost 320,000,000 hours by 20 percent or more by March 2020.

The Digital Government Work Group created within the Council for Promotion of Regulatory Reform in November 2019 interviewed government ministry members to examine the progress of each organization to ensure the goal of reducing business operators' administrative procedure cost by 20 percent or more was achieved by March 2020.

(Results of "20-percent reduction of administrative procedure costs")

According to the reports from each ministry on the administrative procedure cost reduction, the procedures with the reduction target date of March 2020 in each focus area had their costs lowered by 20 percent or more, over-achieving the 20 percent goal. As for national and local taxes that had quantitative goals set for electronic declaration usage, this electronic tax declaration has been made mandatory for large enterprises through revision of law, which has been followed up by building an environment for smooth enforcement of the new mandatory procedure, while small and medium-sized enterprises are being encouraged to use the same system and have been subject to other initiatives, thereby clearing these goals.

(Description of "20-percent reduction of administrative procedure costs")

Various initiatives for 20-percent reduction of administrative procedure costs have taken place, including those for reducing administrative procedure costs with digitalization and other approaches, with parallel initiatives and checks by the Council for Promotion of Regulatory Reform in place.

Looking back at ministry-level initiatives, in the case of online procedures, improving online procedure usages had a large impact on administrative procedure cost reduction, since this shift reduced not only the time taken for visiting and returning from government offices and other tasks, but also saved the time needed to fill out application forms and for other tasks through automatic data copying, data entry assistance, and other systematic supports. While each ministry had projects in place to build environments addressing procedural challenges (such as BPR for extending Once Only, among other things), improve system usability, as well as achieve many other targets, improvements in online usage differed greatly due to the different natures of applications and other documents and also of procedures. There were other methods, such as introduction of mail procedures, making editable formats publicly available, and introduction of pre-printed documents that had a large impact on the administrative procedure cost reduction. In summary, the initiative for 20-percent reduction of administrative procedure costs was a great success. On the other hand, post-factum evaluation for some initiatives was made difficult because this assessment was based on "hours" that were measured in simple ways.

(Follow-up actions required)

While the initiatives for “20-percent reduction of administrative procedure costs” and other cost saving projects had, in principle, a scope of three years ending in March 2020, some are still in progress with different target dates, March 2022 for example. With Covid-19 crisis responses are becoming more urgent than ever, reduction of administrative procedure costs and further digitalization are expected to be driven even more. The proposals in Sections A to E described below, as well as projects not concluded by March 2020, must be implemented steadily and as soon as possible.

A. Commercial registration

[a: To be implemented in FY2021 at the latest,

b: To be concluded in 2020 and implemented as soon as possible.

About API, to be implemented in FY 2020 at the latest]

<Basic Stance>

As commercial registration procedure is considered a burden by business operators, its administrative procedure cost must be reduced quickly. The target date for the 20-percent reduction of administrative procedure costs in this area has been set at March 2022 because of the time required to build information systems. Nevertheless, the Ministry of Justice must achieve the reduction target as soon as possible by accelerating the project and any other means.

When reducing the administrative procedure costs of commercial registration, the focus should be on lowering the high correction rate for in-person applications (the correction rate for in-person application in 2018 was around 30 percent) and on raising the low on-line usage (less than one percent in 2018).

With regards to the correction rate, the performance of past and existing initiatives should be examined so that underperforming tasks can be replaced by different approaches. As for the online usage of in-person applications, the current target of 25 percent or higher should be cleared quickly by building an online application system that people without expertise can use easily.

<Items to be Implemented>

a Business operators’ administrative procedure costs for commercial registration should be reduced by 20 percent or more from the amount measured in 2018 as soon as possible.

b Build an online application system that is easy to use by offering web-based APIs, introducing ID-and-password authentications, and any other methods for enhancing usability.

B. Bidding and contract procedures for government projects

[a: To be implemented in 2020,

b: About the certification of registered information, to be implemented in FY 2021,

About the tax payment certificate, to be implemented in FY 2022 at the latest,

About the number of financial documents, to begin examination in FY 2020
and to be concluded as soon as possible,

c: To be examined in FY 2020 and implemented in FY 2022 at the latest]

<Basic Stance>

Bidding and contract procedures for government projects, while not a focus area, were subject of many simplification requests from small and medium-sized enterprises. The urgent proposal by the four leading Japanese business organizations submitted on April 30, 2020 (hereinafter “urgent proposal”) asked for digitalization and simplification of these bidding and contract procedures. As well as implementing the initiatives for 20-percent reduction of administrative procedure costs with the target date of December 2020 steadily and as soon as possible, back-office collaboration, advanced digitalization, and any other project that can help reduce administrative costs further should be implemented as much as and as soon as possible.

<Items to be Implemented>

a Reduce administrative procedure costs for government project bidding and contracts by 20 percent or more as soon as possible.

- b Of mandatory documents attached to an application for bidding qualification sent through the integrated procurement information system, the certification of registered information (copy) and tax payment certificate (copy) shall be eliminated through back-office collaboration and other approaches. Discussions toward reducing the number of financial documents will take place between relevant authorities, followed by requisite actions.
- c Application for business management assessment will be made online in the near future. During this transition, further reduction of administrative procedure costs should be achieved by thoroughly applying BPR, simplifying application documents, complete implementation of Once Only, and any other relevant methods.

C. Burden reduction in issuing certificates of employment for nursery center admission

- [a: To be implemented in the first half of FY2020,
- b: To Create a roadmap in 2020 and be implemented during FY2021,
- c: To be implemented on an ongoing basis in FY2020 and onwards]

<Basic Stance>

The certificate of employment for nursery center admission varies in format according to the local municipality and needs to be prepared with a seal affixed to each copy, which takes its toll on business operators. Relevant ministries created a standard format set in August 2017 as well as another version for large cities in August 2019 and has been encouraging the local municipalities to use them. This initiative can be considered to have been successful to a certain extent.

Still, preparing this employment certificate remains a burden for business operators. The urgent proposals have also asked strongly for removing seals, format standardization, and digitalization of this document. The efforts for clearly understanding the actual usage of the standard formats already available and strongly encouraging the local municipalities to use them will be maintained. At the same time, an end-to-end digitalization drive targeting all the procedural steps, including the abolition of seals, must be further promoted.

Based on these fundamental ideas, the following actions should be taken.

<Items to be Implemented>

- a In order to stop the Covid-19 contagion, send messages not prone to misunderstanding to local municipalities describing that, based on the general direction for government initiatives, including the abolishment of document seals, the seals on employment certificates should also be removed.
- b Create a roadmap for a completely digitalized process that can be implemented by FY 2022, and take necessary measures.
- c Taking the completely digitalized process as a prerequisite, survey the usage of standardized formats in local municipalities (including cases where original formats can be submitted as well as standardized ones) to further promote their acceptance.

D. Simplification of procedures for sole proprietors during business succession

- [a: To be implemented in 2020, b: To be implemented in FY 2021 at the latest]

<Basic Stance>

As the population of sole proprietors grows older making the issue of business succession at an early phase urgent, requisite reviews of business succession procedures for sole proprietors have taken place to let permits and licenses be transferred to their successors after simple notifications as in cases of inheritance. As for food services and another 33 businesses covered by the Food Sanitation Act (Act 233 of 1947) as well as barbers and beauty shops, cleaning shops, hotels, and other businesses (comprising around one-third of all the sole proprietors), the direction has been set to simplify their succession procedures, including the reduction of attached

documents. Still, in order to simplify these succession procedures to the same level as in case of inheritance, further action should be taken.

<Items to be Implemented>

- a Regarding the succession of business by sole proprietors of food services and another 33 businesses covered by the Food Sanitation Act as well as barbers and beauty shops, cleaning shops, and hotels, its procedures will be simplified in order to lessen the burden on these business operators, by revising ministerial ordinances and other rules to simplify and reduce application documents, and also by urging local municipalities to abolish inspections and assessments of business facilities when no changes are made to their structures and equipment, lower administration fees, and to take other measures.
- b Regarding the procedures for business succession described above that sole proprietors must complete, a bill for further simplifying them shall be submitted to the Diet to realize the same level of simplicity as in cases of inheritance.

E. Improvement of document styles and forms in local municipalities

- [a: To be implemented as soon as possible after FY2020,
- b: To be implemented in FY 2021, c: To be implemented in FY 2020,
- d: To be implemented in a sequential manner in FY2020 onwards]

<Basic Stance>

Since the differences between the document styles and forms used by each local municipality have been greatly burdening businesses operating over multiple areas, there have been initiatives to improve the situation with document styles and forms in local municipalities based on the Regulatory Reform Implementation Plan (Cabinet meeting decision of June 15, 2019).

Standard forms have been created and local municipalities have been encouraged to make improvements. For easing the burden on business operators, it is important to have the local municipalities actually accept and use those standard forms. From this perspective, what is more important than unilaterally creating uniform, standardized formats and asking the local municipalities to use them, is to have a clear understanding of how these standardized forms are being used by the local municipalities, then encourage them to think of better ways for using those standardized forms so they can be developed into documents that are welcomed by themselves and the business operators, while also engaging them through actions based on the actual situation.

It is also important that these initiatives are aligned with the overall movement towards total on-line transformation, including a national project to build an integrated platform required for shifting to on-line processes.

<Items to be Implemented>

- a Regarding the application for preliminary screening of prospective bidders, ideas from local municipalities and business operators will be heard for designing standardized forms, based on the version created in FY 2019. At the same time, the local municipalities will be encouraged to incorporate them into electronic application systems as much as their actual situations allow.
- b Regarding the application for issuance of a certificate for tax payment (to be attached to the application for preliminary screening of prospective bidders), a standardized version of this form that can be accepted by all local municipalities will be developed.
- c Each ministry in charge of relevant regulations will survey the actual situation of local municipalities on, among other things, the usage of standardized forms, customization of those forms, and other ways those forms are being used, and also, when the local municipalities have their original forms, how the standardized forms are being accepted. The result of this survey

should be the basis for further efforts toward having the standard forms accepted.

d Work towards totally moving application processes on-line and promoting the acceptance of this new approach, while understanding the actual situation of local municipalities.

(2) New initiatives

The Covid-19 crisis has exposed the vulnerability in Japan's in-person and paper-based method for managing administrative processes. Insufficient digitalization has also led to crowds forming in government offices, while subsidy and grant payments were sometimes delayed. Mandatory seals on documents plus in-person and paper-based administrative processes have been obstacles for remote working and other approaches.

At the same time, Japan's economy and society have significantly changed after the Covid-19 crisis. Demand for digitalization of administrative services have entered a new stage.

As described below, digitalization of administrative procedures is an approach that has a great impact on administrative procedure cost reduction, efficient administration, advanced administrative services based on full data utilization, and other improvements. As the entire society is moving towards digitalization, it is not an overstatement to say that the central and local governments are responsible for digitalizing administrative procedures. Initiative towards fully implementing the three principles laid out by the Act on Promoting Administration Leveraging Information and Communication Technology (Act 151 of 2012), which are 1) Digital First (each process and service can be completed by digitalized access), 2) Once-Only (the same information does not have to be submitted twice), and 3) Connected and One-Stop (several processes and services, including private services, can be delivered by applying for all of them at once), must be accelerated in parallel with addressing the digital divide issue.

In order to address the urgent Covid-19 challenges and build a digital government as soon as possible, initiatives required for shifting all administrative procedures on-line should be implemented quickly. The Council for Promotion of Regulatory Reform will work together with the IT Strategic Headquarters, the Headquarters for Administrative Reform, and other relevant organizations to immediately review document-based regulations, sealing practices, and in-person regulations to promote remote workstyles in the midst of the Covid-19 crisis, and also advance initiatives toward building a digital government.

(Effects that Should Be Realized through Digitalization)

[Reduction in administrative procedures cost]

For enterprises and business operators that support the industries of Japan while being exposed to international competition, operating costs that would primarily be unnecessary should never balloon compared with those in other countries, on account of administrative procedures based on face-to-face interaction and paper documents. Additionally, the number of citizens who find it difficult to visit government offices during their opening hours to receive administrative services and submit documents to take administrative procedures is increasing due to an increase in single-person households, among other reasons.

Ensuring online applications and the once-only principle will enable citizens, business operators, and other entities to submit applications and other notifications with minimal operator input at their convenience, without visiting the relevant government office counters in person, as a result of which the administrative procedures cost will substantially fall. Applicants can improve their productivity and life quality by allocating their reduced time to other activities. Thus, we should end processes based on face-to-face interaction and paper documents which would give rise to tremendous administrative procedural costs. To this end, administrative procedural costs can be further reduced through digitalization of all processes before and after those procedures (end-to-end digitalization), not only some particular procedures.

[Making administrative management more efficient and making administrative services more sophisticated]

While there are an increasing number of administrative issues to be dealt with by the national and local governments in the wake of changes in demographic structure and globalization, administrative management under harsh financial circumstances is required, and digitalization is vital to allocate limited administrative resources and provide necessary administrative services.

Digitalization will enable prompt and smooth provision of necessary administrative services to citizens, business operators, and other entities, while making administrative management more efficient. In addition, if digitalized data can be utilized while securing interoperability, it will make it possible to provide detailed administrative services that respond to the actual circumstances of citizens, business operators, and other entities, and to make government policies more sophisticated.

For instance, the practices of physicians sending notifications of the occurrence of the novel coronavirus infections manually written by them by facsimile and employees of administrative organs putting them together not only imposed a substantial workload on the persons concerned who should have dealing with emergency responses, but also made it difficult for them to provide citizens and other entities with information quickly. Digitalization put into practice urgently has substantially reduced the workload of the persons concerned, and has made it possible for those concerned to share information instantly and utilize such information to discuss effective countermeasures.

[Construction of a government that will demonstrate resilience in case of emergency]

Under the ongoing coronavirus crisis, people who require urgent support were forced to prepare a number of paper documents and stand in a line in front of crowded government office counters to receive support. Thus, people have come to realize how vulnerable the administrative management style in Japan based on old-fashioned face-to-face interaction and paper documents is in emergency situations.

The realization of digital government is not only necessary to respond to the most recent issue of overcoming the ongoing situation, but also is vital for the national and local governments to demonstrate resilient abilities to respond to emergencies in the future in this country that is prone to various natural disasters, including typhoons and earthquakes.

[Impact on society as a whole]

The realization of digital government will make it possible to urge Japanese society as a whole to be digitalized. Administrative management based on face-to-face interaction and paper documents can be considered to have affected the selection of locations of offices and other establishments, and the realization of digital government would function as a driving force to relax the concentrations of populations and industries in metropolitan areas and help Japan to transform to a multipolar and decentralized land that is resistant to disasters.

- A. Fundamental revisions of regulations based on paper documents, use of seals, and face-to-face interaction in administrative procedures

[As emergency reactions, to be implemented as soon as is practicable,
As systematic reactions, to be implemented in 2020,
About the items that are difficult to be implemented during 2020,
to be implemented as soon as possible in 2021 and onwards]

<Basic Stance>

From the standpoint of preventing infections with the novel coronavirus disease and stopping the coronavirus crisis, it is a pressing issue to promote teleworking. No one should allow a situation to arise in which he or she is prevented from teleworking just because he or she needs to go to an office for the purpose of putting seals on documents to be submitted to the competent administrative organs or needs to visit the government office counter.

The Council for Promotion of Regulatory Reform, in response to the urgent requests from the four major economic organizations (hereinafter referred to as the “Urgent Requests”), presented the approaches for revisions to the ministries and asked those ministries to take urgent reactions and systematic actions.

These urgent reactions will be consistently required to be expanded and continued with until the novel coronavirus infection comes to an end, and systematic revisions will be required to be moved forward with in the order of priority predesignated. To this end, all laws, ordinances, and customs requiring paper documents, use of seals and face-to-face interaction in administrative procedures should wholly be reconsidered, as follows:

- For the processes based on paper documents, simplification of forms and reduction of attachments for smoother use of online submission, as well as making them available online (including submission via electronic mails and online submission through an easily accessible application portal) will be encouraged.
- For the processes based on the use of seals, the need for the use of seals in administrative and other procedures requiring the use of seals will be verified and the use of seals will finally be abolished, except in cases where the use of seals is really necessary. Even if it is decided that the use of seals continues to be acceptable, alternative electronic means will be made clear.
- For the processes based on face-to-face interaction, online interaction utilizing digital technologies will be considered.

In addition, these efforts should be directed for development of an environment to realize digital government, and the ministries will be required to promote their initiatives for realization of user-oriented digital government as soon as is practicable, not simply revising the existing laws, ordinances, and customs.

<Items to be Implemented>

As emergency reactions, the ministries will identify, out of their competent administrative procedures, those that require citizens, business operators, and other entities to prepare and otherwise submit paper documents under the laws, ordinances, or customs, those that require them to affix their seals, and those that require them to complete the procedures based on face-to-face interaction (hereinafter referred to as the “Procedures under Review”), take necessary measures in order of high to low priority in accordance with the criteria presented by the Council for Promotion of Regulatory Reform, and communicate those measures to the public.

As permanent systematic reactions, the ministries will consider, as necessary, not only the procedures for which each of them has taken emergency reactions, but also all Procedures under Review, in principle, in light of the criteria presented by the Council for Promotion of Regulatory Reform, amend the relevant laws, ordinances, and other public notifications, and make those procedures available online, all within the year. The ministries will cooperate with the IT Strategic Headquarters, which will conduct inventory inspections into administrative and other procedures, to arrange the status of their reactions to be disclosed by the end of this fiscal year. In this connection, necessary efforts will be made for items that are difficult to respond to within the year after clarifying the relevant revision policy.

In addition, the ministries and incorporated administrative agencies will review their accounting, personnel affairs, and other internal procedures in terms of paper documents, use of seals, and face-to-face interaction, and the Secretariat of the Council for Promotion of Regulatory Reform will follow up results of such review within the year.

B. Drastic increase of the online usage rates in individual sectors

[To set up the goals, formulate the plans in FY 2020 and take necessary actions as soon as is practicable]

<Basic Stance>

Efforts have been made to make the administrative procedures available online. Each of the online usage rates is, as a matter of fact, at most below 20% or nil (i.e., not made available online)

even in the procedures processing over 100,000 applications a year, although it is high in certain procedures such as import/export-related procedures and applications for registration of intellectual property rights.

From the standpoint of moving forward with the above-mentioned efforts, efforts should be made for higher priority procedures strongly requested by business operators by setting up the goals to drastically increase the online usage rates based on actual situations of their respective procedures.

<Items to be Implemented>

The ministries should, as soon as is practicable, set up the goals to drastically increase the online usage rates for higher priority procedures strongly requested by business operators, among their competent administrative procedures, based on actual situations of their respective procedures. In that connection, their efforts will target the project as a whole to which the relevant procedures pertain, including the processes before and after the relevant procedures, not the relevant procedures alone, to secure end-to-end digitalization.

In making such efforts, each ministry will, in addition to designating the target online usage rates, analyze issues in increasing the online usage rates and clarify efforts necessary to be made, establish interim indicators for resolution of issues as key performance indicators (KPIs), and check the progress of those efforts on a periodical basis by itself. In reviewing those efforts, each ministry will establish a plan-do-check-act (PDCA) cycle. To this end, each ministry will, in principle, provide an opportunity to have that cycle checked by third parties from the viewpoint of users. Each ministry will also take measures to increase the target online usage rates and otherwise shorten the target periods based on the progress of those efforts, evolution of digital technologies, and other changes in society.

The Council for Promotion of Regulatory Reform will request the ministries to select higher-priority procedures and set up higher-level goals based on the current online usage rates, check details of efforts and other KPIs of each of the ministries, and request the ministries to try to eliminate any factors that would prevent digitalization.

C. Development of an environment to drastically increase the online usage rates

[To begin examination in FY 2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

In order to drastically increase the online usage rates in individual sectors, it is essential to proceed with development of an environment for the use of digital technologies, in addition to building an information system and making it available online.

In parallel, the ministries should proceed with development of a necessary digital environment and its infrastructures, while clarifying the order of priority from the standpoint of realizing a digital government promptly.

Development of an environment includes reviews of the procedures for which the online usage rates should be increased by getting back to the purports for which the system was established, reviews of operational processes, and development of shared bases for making those procedures available online.

<Items to be Implemented>

The ministries will be required to make necessary efforts based on actual situations of various procedures for which online usage rates will be drastically increased, and should at least consider the necessities for the following efforts and take necessary measures:

- 1) To review the relevant regulations by getting back to the purports for which the system was established from the standpoint of improving the administrative services through the eyes of users, on the premise that the latest digital and other technologies will be utilized;

- 2) To review the ways of conducting operations on the premise that the latest digital and other technologies will be utilized (full-scale business process reengineering (BPR));
- 3) To standardize the interfaces for online applications, including procedures, application items and forms;
- 4) To abolish submission of documents of which information has already been published by citizens, business operators, and other entities or can be otherwise grasped by the administrative organs; and
- 5) To adopt shared certification (identity verification) and data linkage, such as cross-ministerial adoption of gBizID for which corporation numbers are used.

D. Digitalization of local governments

[To begin examination in FY 2020 and be implemented as soon as a conclusion is drawn]

<Basic Stance>

Procedures to be received by local governments, of which online availability is behind those of the national government and other offices, are a huge burden especially to the business operators doing business across regions, as the handling of application items, forms and attachments varies depending on local governments. From the perspective of provision of prompt and accurate administrative services to citizens, it is necessary to review the current situation in which the underlying systems are separately developed by local governments. Had the national government developed a unified platform, those local governments could have more accurately responded to the cases in which they are required to provide administrative services expeditiously in the recent coronavirus crisis.

In realizing a digital government as required by citizens, business operators, and other entities, it is an important challenge to make the procedures of local governments available online. Thus, local governments should work with the IT Strategic Headquarters to make efforts to eliminate bottlenecks in making the procedures of local governments available online.

In order to make procedures of local governments available online, it is vital for the local governments to proceed with digitalization by themselves. In parallel with the above-mentioned efforts, the Ministry of Internal Affairs and Communications is working with the IT Strategic Headquarters and other organs to promote digitalization of local governments and proceed with the projects for diffusion of the local government cloud in which multiple local public entities join, among other projects. The Ministry of Internal Affairs and Communications will also encourage local governments to standardize their operating processes and information systems, and the relevant ministries will work together to consider proceeding with the national government-led standardization of information systems, with an eye on legal and regulatory measures.

Given the situation involving the novel coronavirus infection, it is clear today that digitalization of administrative services throughout the national and local governments is a challenge facing Japan as a whole, and there is an increasing need for the national and local governments to work together to move forward with their efforts, and the Council for Promotion of Regulatory Reform will cooperate and work with the efforts of the related bodies and organizations to promote digitalization of local governments.

<Items to be Implemented>

The competent ministries in charge of the laws and ordinances to which the procedures of local governments with business operators and other entities pertain should work with the IT Strategic Headquarters, the Ministry of Internal Affairs and Communications, and other organs that are promoting digitalization and other activities of local governments to consider unified development by the national government of a platform to fundamentally put forward measures to help local governments to make their procedures with business operators available online by

setting up standards for input and other data and otherwise maintaining information systems based on the nature of the procedures and structures of applicants, among other factors.

In moving forward with unified development of the platform, the statutory competent ministries in charge of the procedures of local governments with business operators and other entities should review ideal ways of processing operations, on the premise of the latest digital technologies and based on opinions of business operators and other entities, getting back to the purports for which those systems were established, not mechanically transforming the existing systems and their operations into online processing.

At the same time, the statutory competent ministries should promote their efforts to standardize interfaces between local governments and business operators, including application items, formats, and forms, on the premise that a unified platform will be developed. In such case, if standardization is not in progress as envisioned, those ministries should cope with formulation of certain legally binding interface standards. To this end, those ministries should also refer to the approaches presented by the Local Government System Research Council on the roles to be played by the national government with respect to digitalization of local administration.

The Council for Promotion of Regulatory Reform will urge the statutory competent ministries to conduct examinations into the sectors to which the procedures requested by business operators and other entities pertain, and request those ministries to revise the existing systems that might interfere with digitalization, and operations of those systems and otherwise standardize interfaces that are now in operation by each of them separately. To this end, those ministries will work and cooperate with the related bodies and organizations to move forward with their efforts from the perspective of comprehensively promoting digitalization of local governments, including fostering of IT personnel.

The Council for Promotion of Regulatory Reform

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