

(Tentative translation)

Keidanren Policy for Fiscal 2020
Overcoming COVID-19 and Generating New Growth

June 2, 2020

Keidanren

The novel coronavirus (COVID-19) pandemic is sweeping the world, striking an unprecedented blow to the global economy. Japan's economy, which has enjoyed stable growth under a free and open international order, has also come to a crucial turning point.

The top priority is to win the battle against COVID-19. Keidanren will take the lead in heeding requests from government and other quarters, call on our member companies to do the same, and fulfill our social mission to protect people's lives and livelihoods. We will pool the strengths of all our committees, including the Council on COVID-19, to urge the government and the ruling coalition to swiftly take measures needed to overcome the crisis, while simultaneously devoting every effort to maintaining supply chains and employment.

This experience has highlighted vulnerabilities in Japan's economic and social systems. Japanese companies urgently need to accelerate digitalization in various fields. In the aim of realizing Society 5.0 through digital transformation (DX), we must accomplish major social and economic reforms at a single stroke and link these reforms to achievement of United Nations Sustainable Development Goals. This will open a path to building a resilient economy and society, including emergency responsiveness.

It is essential to contain the pandemic, and moreover to strengthen international collaboration in resolving this global challenge. The government and the public and private sectors need to work energetically together to generate knowledge with a view to asserting a stronger voice for Japan in the international community.

At the same time, we must be prepared to live with COVID-19 for a long period, which will require agile and flexible responses to arising circumstances.

The post-COVID-19 world will be very different to today. The situation calls for new ideas and bold policies, and Keidanren has positioned the points set out below as its priorities. We will act with speed and resolve while communicating the views of the business community both domestically and internationally.

1. Responding to the Spread of COVID-19 Infections

Companies continue to take the initiative in reducing opportunities for contact through measures such as teleworking, and firstly devote every effort to quickly controlling the spread of infection. Keidanren asks member companies to supply medical goods and equipment and cooperate in their manufacture. We also make fund-raising appeals and bolsters ties with overseas business organizations. Until the pandemic is over, Keidanren will prioritize the maintenance of employment and business continuity, closely monitor the effects of the government's emergency economic measures, and call for additional support and regulatory easing as required in the areas of taxation and fiscal policy. In addressing these matters, we will maintain close ties with the government and other relevant bodies in Japan and abroad, and the Keidanren Council on COVID-19 will play a central role in domestic and international information-sharing and disseminating the views of the business community.

2. Building a Resilient Economy and Society

(1) Utilization of digital technology to reinforce growth strategy

Keidanren will promote thorough regulatory reform, digitalization, and sharing of digitalized data in fields including healthcare, education, public administration, finance, and industry, and build economic and social resilience.

Keidanren will simultaneously strive to restore the economy, which has deteriorated sharply due to the effects of COVID-19, by accelerating investment in DX. Over the medium to long term, we will aim to utilize digital infrastructure as a basis for resolving a range of social issues through DX and propose a happier, more human-centric society, in other words, set out a concrete vision for Society 5.0.

Keidanren will deepen discussion of DX to reform industrial structures and organizations in ways that will contribute to achievement of the above aims, and implement a cross-sector project to this end. We will prioritize initiatives relating to governance innovation and global rule-making. Keidanren will also support businesses to attract stable medium- to long-term funding, promote start-ups, and reinforce cooperation with them.

(2) Promotion of energy and environmental policies aimed at decarbonized society

Looking ahead to a decarbonized society, Keidanren will seek to create an environment that encourages investment in facilities and R&D, and focus on digitalization in the aim of constructing advanced and resilient electricity and energy systems. As part of this process, Keidanren will urge acceleration of efforts to develop next-generation electricity grids, expansion of renewable energy into major power source, restart of nuclear power stations once safety is assured, and research and development for next-generation nuclear power technologies.

Keidanren will energetically promote Challenge Zero and similar industry-driven initiatives.

(3) Work style reform and human resource development

As well as establishing teleworking to enable a diverse range of people to actively exercise their creativity in the digital era, Keidanren will aim to implement deeper work style reforms contributing to enhanced worker engagement, including deployment and expansion of systems for discretionary working hours and flex-time, and remuneration systems focused on employees' jobs, performance and abilities.

Keidanren will steadily implement the 10-point action plan agreed in the report of the Industry-Academia Council on the Future of Recruitment and University Education, and through industry-academia cooperation promote human resource development to support the realization of Society 5.0, which will be more important than ever in the post-COVID-19 era.

(4) Revitalization of regional economies

To bolster socioeconomic resilience, Keidanren will promote ties with regional business organizations and local public bodies, and collaborate with them to boost regional competitiveness. At the same time, we will work to rectify excessive concentration of core functions in Tokyo and other major cities to ensure that the nation's core functionality is not lost when large-scale natural disasters, pandemics, or other unforeseen events strike. To this end, Keidanren will urge the transfer of authority and revenue sources to local public bodies and decentralization reforms achieved through cooperation between municipalities. Keidanren will also try to encourage production, distribution, and consumption that utilizes local resources through open innovation with

local enterprises, start-ups, and research institutes, as well as enhanced cooperation with local governments and operators in key industries such as agriculture and tourism.

3. Restoring a Free and Open International Economic Order

Restoration of a free and open international economic order is essential to global economic development. We need to face up to the accelerating wave of digitalization, and aim for realization of new international rules, including those ensuring free flow of data. Japan must show leadership in resolving these issues. In addition to working closely with the Japanese government and other countries' business organizations, Keidanren will actively engage in private-sector diplomacy through forums including the B7, the B20, Business at OECD, and the World Economic Forum.

Taking account of economic security at the same time, Keidanren will work to create an environment that helps to maintain and diversify supply chains and bolster their resilience. Keidanren will also support the establishment and improvement of medical systems and public health environments abroad, especially in developing countries.
