

# ECONOMIC MEASURES TO OVERCOME COVID-19 AND PIONEER A NEW ERA

NOVEMBER 19, 2021

On November 19, the Japanese government determined new economic measures amounting to a project with a scale of 78.9 trillion yen, accompanied by a fiscal expenditure of 55.7 trillion yen.

Japan's national economy, having suffered damage due to the COVID-19 epidemic, remains beset by numerous difficulties. The number of new infections is on the wane, however, and restrictions on the activities of Japanese people are gradually being eased.

The government will turn this situation into an opportunity and use the momentum of the new measures to restart socioeconomic activity at a near-normal level, as quickly and as early as possible, while still in the COVID-19 era. A "New Form of Capitalism" will be launched to achieve a virtuous cycle of growth and distribution, thereby setting the economy on a self-sustaining growth trajectory.

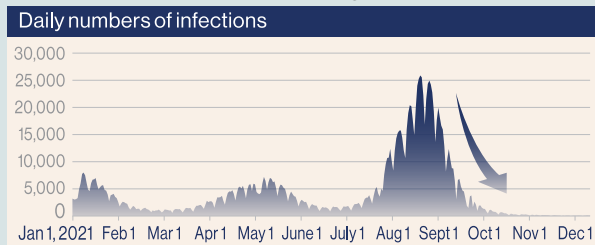
In order not to lose any of the momentum that Japan has gained so far, the government will adopt all feasible means of risk management to deal with a possible resurgence of COVID-19. In addition, the government will pay close attention to the downside risks that a new wave of infections or a disturbance in supply chains would pose, thus preventing the bottom from falling out of the economy.

The four pillars of the new economic strategy and their economic effects are as follows:

\* \* \* \* \*

## I Prevention of the spread of new coronavirus infections

In view of the suppressed infection rate due to the increase in vaccinations, the government will reinforce the medical care system, promote further vaccinations, and ensure the procurement of therapeutic drugs. In conjunction with these efforts, the government will disburse cash benefits, in proportion to the scale of operations, to business owners who have suffered a significant impact. Financial aid will also be offered to people in dire circumstances.




**22.1**  
trillion yen

## II Resumption of socioeconomic activities in a "Live with Coronavirus" environment and preparation for the next crisis

Vaccines and testing packages will be used to monitor and control the risk of infection spread. To stimulate the resumption of socioeconomic activity, the government will endeavor to boost demand in business sectors that have suffered significant losses due to COVID-19. The government will promote the domestic development of vaccines and therapeutic drugs in preparation for the possible appearance of new variants and/or new infectious diseases. Japan will also contribute to international efforts to end the worldwide spread of COVID-19.



**9.2**  
trillion yen

## III Launching a "New Form of Capitalism" to carve out a future society



**19.8**  
trillion yen

By growing the economy and distributing the fruits of that growth, Japan will achieve a widespread increase in national income, leading to further economic growth. In order to realize this virtuous cycle of growth and distribution, the government will promote a growth strategy for a post-COVID society by making bold investments toward three primary pillars: the realization of a "science and technology nation," the launch of a "Vision for a Digital Garden City Nation," and the attainment of economic security. The government will also implement a distribution strategy that strongly supports the strengthening of distribution in the private sector, as well as bolstering the distributive functions in the public sector.

Regarding the growth strategy, the realization of a "science and technology nation" will include the establishment of a 10-trillion-yen university fund, investment in clean energy, and thorough support for start-ups. The "Vision for a Digital Garden City Nation" will involve the development of digital infrastructure, the promotion of online administrative procedures, the encouragement of local regions to become the originators of change, the revitalization of agriculture, forestry and fishery industries, along with that of the tourist industry, and assistance to small and medium-sized enterprises to enable them to refurbish themselves and improve productivity. Furthermore, a fundamental reinforcement of economic security will provide the nation with autonomy, competitiveness, and indispensability, and ensure that Japan achieves an autonomous economic structure.

The distribution strategy calls for a strong investment in people, thereby bringing security and growth. The measures that the government will undertake include support for pay increases, investment in human capital and work-style reform, increased distribution to non-regular employees, a review of the state of public prices, and support for children and their caregivers. These measures will build a society that leaves no one behind and will strengthen distribution to workers as well as to those who have not benefited from economic growth in the past.

## IV Ensuring safety and peace of mind through measures to prevent and reduce disasters and to enhance national resilience



**4.6**  
trillion yen

Measures to prevent and reduce disasters and to enhance national resilience will be taken against storm and flood damage, which has become increasingly catastrophic and frequent due to the effects of climate change, as well as against large-scale earthquakes and tsunamis.

Every effort will be poured into the restoration and reconstruction necessitated by the Great East Japan Earthquake of March 2011 and other natural disasters, including the torrential rains of summer 2021. Furthermore, as the security environment surrounding Japan is becoming increasingly severe, the country will resolutely defend its territory, territorial waters, and airspace, as well as the lives and assets of the Japanese people.

### Economic effect of the new measures

The smooth and steady application of these measures will strengthen the economy, offset the downside risks, deal effectively with the threat posed by COVID-19, stimulate private-sector demand, and place the economy on a self-sustaining growth trajectory led by that demand.

New expenditures related to the above measures are estimated to support and boost real GDP by approximately 5.6%.



**GDP**  
**5.6%**  
boost