

JX (Japan Transformation) Policy Proposal
- JANE's Vision for Japan's Future -

July 10th, 2023

1. Foreword

On July 3rd, Japan Association of New Economy (JANE) held an event to promote JX (Japan Transformation) (Ref.1), inviting business and political leaders to discuss our vision for the future of Japan. Using the discussions held at this event as a reference, we have compiled our message in the form of the “JX (Japan Transformation) Policy Proposal - JANE's Vision for Japan's Future -”.

2. Message 1: What Japan needs to become an innovation powerhouse that attracts people, knowledge, and capital

- (1) Recognize that innovations exist in Japan, and proactively publicize those innovations around the world with confidence. Japanese companies should actively expand its services overseas.
- (2) Foster a culture of tolerance for failure. Strengthen support for start-ups (mobilize all available policies, including tax, budget, and regulatory reforms).
- (3) Ensure diversity in society (shift from a Japanese-only mentality, expand participation of women, LGBTQ, etc.).
 - Build political, governmental, and private initiatives. Set clear goals, such as fostering female Nobel Prize winners.
 - Review the tax systems, including lowering income tax rate, in order to attract human resources around the world.
 - Have head-on discussions on immigration policy.
 - Promote the mobility of human resources between the public and the private sectors and between the private sectors.
- (4) Recognize and respect the autonomy of the private sector, and strategically consider the areas and affairs in which government should or should not be involved.
- (5) Clarify the Japanese government's commitment to promote DX (Digital Transformation) and the use of AI as well as to develop and utilize digital infrastructure (ex. “My Number” (Individual Number) System, Base Registry, Data distribution infrastructure, etc.) without backtracking, while paying

close attention to various issues and resolutely proceedings. In addition, the government should promote open wireless network (ex. simplification of identification procedures).

(6) DX and AI should be given special treatment and require strategic government support including financial supports, regulatory reforms, etc.

(7) Recruit, develop and retain human resources to promote next-generation innovation. For the time being, utilize human resources overseas, especially in the fields of science, digital, and AI. Development of domestic human resources will follow. In order to secure such human resources, the Japanese Government should reconsider what kind of education, both in terms of quality and quantity, is necessary.

(8) Learn from the examples of foreign countries such as France where the social environment has rapidly changed in a direction that encourages innovation.

3. Message 2: AI and Web3 Strategies that Japan Should Take to Keep Up with World-Changing Data Technology

(1) Policy formations in the future should be based on a thorough understanding of changes in technology.

- We are entering an era of “Automation 3.0”, in which “automation” itself can be “automated”.
- AI and Web 3 will interact with each other to bring capitalism to a new stage.
- The ability to grasp and analyze a wide range of information in real time will change decision-making mechanisms and processes.

(2) AI and Web3 technologies have a high affinity for the global development of Japan's added value (pop culture, traditional culture, food, tourism experiences, etc.), and Japan should use them as a springboard for the counter-offensive.

(3) Learn from the use of Web3 in local governments in Taiwan, and Japan should proactively incorporate it into its own policies and operations.

(4) The Japanese government, recognizing the challenges facing AI, should contribute to international rulemaking on AI-related regulations by communicating to the world through the activities of the G7 AI Hiroshima Process the rules that will enable humans to make the best use of AI.

(5) Other than inward-looking discussions, both the Japan's public and the private sectors should build strategies (including fundraising and securing human resources) with an awareness of the global market.

(6) In order to respond to the new technological revolution that will occur in the future, Japan needs not only to replace the rules, but also to change the architecture. Various policies, including fiscal support, tax reform, and regulatory reform, should be mobilized, rather than relying on existing policy systems and processes.

4. Message 3: What is needed to make GX a growth strategy for Japan

- (1) Review the government's portfolio of GX (Green Transformation) support measures from an emphasis on legacy to support for EVs, etc. Japan should introduce significant support measures to increase the predictability of investment, given that companies and human resources, including GX Venture, are beginning to concentrate in the US. Existing issues, such as the principle of single-year budgets and budget caps relative to the previous year, should continue to be considered.
- (2) A public-private initiative should be considered to take advantage of the establishment of Carbon Credit Market on the Tokyo Stock Exchange in October 2023.
- (3) Experts in this field from the private sector should be actively promoted as members of the “GX Promotion Organization,” which is scheduled to be established in FY2024 and will be responsible for providing debt guarantees to promote GX investment. GX investment should be promoted mainly by private-sector personnels.

(Reference 1) What is JX? :

JX web page (only in Japanese): <https://nest.jane.or.jp/jxportal/>

Related Policy Proposal (December 28th, 2022)

<https://jane.or.jp/en/proposal/pressrelease/18599.html>

(Reference 2) JANE’s Carbon Neutral Vision (June 22th, 2023)

<https://jane.or.jp/en/proposal/pressrelease/19417.html>