

Act on Special Measures for Productivity Improvement

(Act No. 25 of May 23, 2018)

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Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to maintain and strengthen the international competitiveness of Japanese industries, amid the dramatic changes in the industrial structure and conditions for international competition due to the rapid progress in technological innovation in recent years in the field of information technology, in view of the fact that there is a risk of significant deterioration of the international competitiveness of Japanese industries unless measures are quickly taken to achieve productivity improvement of Japanese industries in a short period by carrying out, in an intensive and integrated manner, initiatives for productivity improvement in a short period through innovative business activities such as promoting the testing of new technology, etc. and promoting innovative use of data for industrial activities, and thereby contributing to the enhancement of the lives of the people and the sound development of the national economy.

(Definitions)

Article 2 (1) The term "innovative business activity" as used in this Act means a business activity which belongs to a business field for which Japan's

international competitiveness should be quickly strengthened, and which is conducted by using a technology or technique that is innovative in the business field.

- (2) The term "testing of new technology, etc." as used in this Act means what falls under both of the following items:
- (i) the study is to be conducted testing on the possibility of implementing new technology, etc. (meaning a technology or technique to be used in an innovative business activity, which is strikingly novel in that field of business to which the innovative business activity belongs to, which also has a possibility of creating high added value utilizing the innovative business activity; the same applies hereinafter) into practical use, which is conducted by specifying the implementation period and the scope of persons who participate in the testing (if there is any person whose rights and interests are likely to be harmed by the testing, including such person; hereinafter referred to as "participants, etc."), obtaining the consent of the participants, etc., and taking any other measures necessary for appropriately implementing the testing; and
 - (ii) in the case of analyzing regulations on new technology, etc. upon implementing the new technology, etc. into practical use, the study covers analysis of issues including ideal regulations to be adopted for implementing the new technology, etc. into practical use and examination of the analysis results.
- (3) The term "special measures on regulations" as used in this Act means measures concerning special provisions of an Act separately provided for by law with respect to regulations prescribed by law, or measures concerning special provisions of a Cabinet Order or an order of the competent ministry (hereinafter referred to as "Cabinet Order, etc." in this paragraph) separately provided for by Cabinet Order, etc. with respect to regulations prescribed by Cabinet Order, etc., which apply to the testing of new technology, etc. implemented in accordance with the approved plan for the testing of new technology, etc. prescribed in Article 13, paragraph (2).
- (4) The term "innovative use of data for industrial activities" as used in this Act means an innovative business activity which collects information (excluding information that is likely to damage national security, hinder the maintenance of public order, or be an obstacle to the protection of public safety; hereinafter referred to as "data") contained in electronic or magnetic records (meaning records created in electronic form, magnetic form, or any other form that cannot be perceived by the human senses) by using an innovative technology or technique, and uses such information in industrial activities.

(Basic Principles)

Article 3 In view of the fact that, amid the dramatic changes in the industrial structure and conditions for international competition due to the rapid progress in technological innovation in recent years in the field of information technology, there is a risk of significant deterioration of the international competitiveness of Japanese industries unless measures are quickly taken to achieve productivity improvement of Japanese industries in a short period, the productivity improvement through innovative business activities must be carried out in principle through enterprises' voluntary and proactive efforts made to improve productivity in a short period through innovative business activities such as the testing of new technology, etc., innovative use of data for industrial activities, and research and development and securing of human resources that contribute to innovative business activities, while promptly and appropriately promoting management reforms, with the State developing necessary business environments by means such as implementing support measures for enterprises and reviewing regulations, intensively within the plan implementation period (meaning the plan implementation period prescribed in Article 8, paragraph (1); the same applies in the following Article), for achieving productivity improvement in a short period.

(Responsibilities of the State)

Article 4 (1) The State is responsible for promoting initiatives for productivity improvement in a short period through innovative business activities in an intensive and integrated manner within the plan implementation period and to implement them promptly and without fail, pursuant to the basic principles prescribed in the preceding Article.

(2) In promoting initiatives for productivity improvement in a short period through innovative business activities, the State is to develop necessary business environments by means such as implementing support measures for enterprises and reviewing regulations intensively within the plan implementation period, in order for enterprises make voluntary and proactive efforts to improve productivity in a short period through innovative business activities, such as the testing of new technology, etc., innovative use of data for industrial activities, and research and development and securing of human resources that contribute to innovative business activities.

(Responsibilities of Enterprises)

Article 5 Each enterprise must, pursuant to the basic principles prescribed in Article 3, endeavor to make voluntary and proactive efforts to improve productivity in a short period through innovative business activities, such as the testing of new technology, etc., innovative use of data for industrial activities, research and development and securing of human resources that

contribute to innovative business activities, while promptly and appropriately promoting management reforms in light of the environments surrounding its business, such as the supply and demand trends of goods or services or the state of competition among enterprises in the relevant field of business to which the enterprise belongs.

Chapter II Promotion of Innovative Business Activities

Section 1 Innovative Business Activity Action Plan

(Innovative Business Activity Action Plan)

Article 6 (1) The government is to prepare an action plan concerning innovative business activities (hereinafter referred to as the "innovative business activity action plan") in order to drive initiatives for promoting innovative business activities, such as the testing of new technology, etc. and innovative use of data for industrial activities, (referred to as "initiatives related to innovative business activities" in the following paragraph) in an intensive and integrated manner and implement them promptly and without fail.

(2) The innovative business activity action plan is to specify the following:

(i) the plan implementation period;

(ii) the fundamental policy on initiatives related to innovative business activities;

(iii) the following particulars on each initiative for promoting testing of new technology, etc.:

(a) the goal and contents of the initiative;

(b) the implementation period of the initiative; and

(c) the responsible minister;

(iv) the following particulars on each initiative for promoting innovative use of data for industrial activities:

(a) the goal and contents of the initiative;

(b) the implementation period of the initiative; and

(c) the responsible minister;

(v) the following particulars on each initiative to be implemented in a prioritized manner with respect to initiatives related to innovative business activities other than the initiatives prescribed in the preceding two items:

(a) the goal and contents of the initiative;

(b) the implementation period of the initiative; and

(c) the responsible minister; and

(vi) other necessary particulars for promoting initiatives related to innovative business activities in an intensive and integrated manner and implementing them promptly and without fail.

(3) The "responsible minister" referred to in item (iii), (c), item (iv), (c), and item

(v), (c) of the preceding paragraph means the competent minister referred to in the Cabinet Act (Act No. 5 of 1947) who takes charge of and manages affairs pertaining to the initiatives prescribed in items (iii) through (v) of the same paragraph that are specified in the innovative business activity action plan (hereinafter collectively referred to as "priority initiatives" in this Article and the following Article).

- (4) The Prime Minister is to prepare a draft of the innovative business activity action plan and seek a cabinet decision.
- (5) The government is to make public the innovative business activity action plan it has prepared.
- (6) At least once every fiscal year in or after FY2018, the government is to compile the progress and the state of implementation of the priority initiatives, evaluate the progress and the effect of implementation of the priority initiatives, review the innovative business activity action plan in consideration of the results of the evaluation and fluctuations in the state of the economy, and revise the action plan if the government finds it to be necessary.
- (7) The provisions of paragraphs (4) and (5) apply mutatis mutandis to the revision of the innovative business activity action plan.
- (8) When the government has conducted an evaluation under paragraph (6), it is to make public the progress and the state of implementation of the priority initiatives and the results of the evaluation referred to in the same paragraph.
- (9) The government must prepare a report on the progress and the state of implementation of the priority initiatives and the results of the evaluation referred to in paragraph (6) every fiscal year and submit it to the Diet.

(Responsibilities of the Responsible Minister)

Article 7 The responsible minister (meaning the responsible minister prescribed in paragraph (3) of the preceding Article) is to implement the priority initiatives within the implementation period.

Section 2 Promotion of the Testing of New Technology

(Fundamental Policy Concerning Implementation of the Testing of New Technology)

Article 8 (1) The government is to establish the fundamental policy for comprehensively and effectively promoting the testing of new technology, etc. within the plan implementation period (meaning the plan implementation period set forth in Article 6, paragraph (2), item (i); the same applies hereinafter) (such policy is hereinafter referred to as the "basic policy" in this Article and Article 11, paragraph (4), item (i)).

(2) The basic policy is to specify the following particulars:

- (i) particulars concerning the significance of the testing of new technology, etc.;
 - (ii) the fundamental policy concerning initiatives to be implemented by the government for promoting the testing of new technology, etc.;
 - (iii) basic particulars concerning the approval for plans for the testing of new technology, etc. prescribed in Article 11, paragraph (1); and
 - (iv) other important particulars concerning the testing of new technology, etc.
- (3) The Prime Minister is to prepare a draft of the basic policy and seek a cabinet decision.
- (4) The government must make the basic policy public without delay when a cabinet decision is made under the preceding paragraph.
- (5) The government is to revise the basic policy if a need arises due to changes in the situation such as fluctuations in the state of the economy.
- (6) The provisions of paragraphs (3) and (4) apply mutatis mutandis to the revision of the basic policy under the preceding paragraph.

(Request for New Special Measures on Regulations Pertaining to the Testing of New Technology)

- Article 9 (1) A person who intends to implement the testing of new technology, etc. by receiving the application of new special measures on regulations may request the competent minister to prepare the new special measures on regulations, pursuant to the provisions of order of the competent ministry.
- (2) When the competent minister receives a request under the preceding paragraph and finds it necessary and appropriate to take new special measures on regulations based on the request, the minister is to notify without delay the requester of that fact and the contents of the new special measures on regulations to be taken, and make the contents of the new special measures on regulations to be taken public.
- (3) When the competent minister has received a request under paragraph (1) and finds it unnecessary or inappropriate to take new special measures on regulations based on the request, the minister is to notify without delay the requester of that fact and the reason therefor.
- (4) When the competent minister determines whether or not to take new special measures on regulations for the testing of new technology, etc. relating to a request under paragraph (1), the minister is to hear the opinion of the Innovative Business Activities Evaluation Committee (meaning the Innovative Business Activities Evaluation Committee prescribed in Article 31; hereinafter the same applies in this Section and the following Section).

(Confirmation Regarding Interpretation and Application)

- Article 10 (1) A person who intends to implement the testing of new technology, etc. may ask for confirmation from the competent minister regarding the

interpretation of provisions concerning the new technology, etc. (meaning provisions of Acts and orders (including public notices; the same applies hereinafter) based on Acts that contain regulations on the new technology, etc. pertaining to the testing of new technology, etc.; the same applies hereinafter) pertaining to the testing of new technology, etc. to be implemented and the applicability of the provisions concerning new technology, etc. to the testing of new technology, etc., pursuant to the provisions of order of the competent ministry.

(2) When the competent minister has been asked for the confirmation under the preceding paragraph, the minister is to respond to the requester without delay.

(Approval for Plans for the Testing of New Technology)

Article 11 (1) A person who intends to implement testing of new technology, etc. may prepare a plan for testing of new technology, etc. to be implemented (hereinafter referred to as a "plan for testing of new technology, etc."), and submit it to the competent minister to seek approval therefor, pursuant to the provisions of order of the competent ministry.

(2) When two or more persons intend to jointly implement the testing of new technology, etc., the two or more persons may jointly prepare a plan for the testing of new technology, etc. to seek the approval referred to in the preceding paragraph.

(3) A plan for the testing of new technology, etc. must contain the following:

(i) the goal of the testing of new technology, etc.;

(ii) the following contents of the testing of new technology, etc.:

(a) the contents of the new technology, etc. and the innovative business activity;

(b) the contents and the implementation method of the testing prescribed in Article 2, paragraph (2), item (i); and

(c) the contents and the implementation method of the analysis prescribed in Article 2, paragraph (2), item (ii);

(iii) the implementation period and the place of implementation of the testing of new technology, etc.;

(iv) the specific scope of participants, etc. and the method of obtaining the consent of the participants, etc.;

(v) the amount and the procurement method of funds necessary for implementation of the testing of new technology, etc.

(vi) the provisions concerning new technology, etc. pertaining to the regulations prescribed in Article 2, paragraph (2), item (ii);

(vii) if intending to receive the application of the special measures on regulations provided for by Cabinet Order or order of the competent ministry under Article 15, the contents of the special measures on regulations; and

- (viii) other necessary particulars concerning implementation of the testing of new technology, etc.
- (4) If the competent minister receives the application for approval referred to in paragraph (1) and finds that the plan for the testing of new technology, etc. conforms to all of the following items, the minister is to approve the plan; in this case, the competent minister is to hear the opinion of the Innovative Business Activities Evaluation Committee:
- (i) the plan for the testing of new technology, etc. is appropriate in light of the innovative business activity action plan and the basic policy;
 - (ii) the testing of new technology, etc. to which the plan for the relevant testing of new technology, etc. pertains (including the obtainment of the consent prescribed in item (iv) of the preceding paragraph) is expected to be implemented smoothly and reliably; and
 - (iii) the contents of the plan for the testing of new technology, etc. are not in violation of this Act, orders based on this Act, or the provisions concerning new technology, etc. set forth in item (vi) of the preceding paragraph.
- (5) If the competent minister grants the approval referred to in paragraph (1), the minister is to make public the contents of the plan for the testing of new technology, etc., to which the approval pertains, pursuant to the provisions of order of the competent ministry.
- (6) If the competent minister does not grant the approval referred to in paragraph (1), the minister is to promptly notify the applicant of that fact and the reason therefor.

(Issuance of an Approval Certificate)

- Article 12 (1) If the competent minister grants the approval referred to in paragraph (1) of the preceding Article, the minister is to promptly issue an approval certificate to the person who obtains the approval referred to in the same paragraph (hereinafter referred to as the "approved implementer of the testing of new technology, etc."), pursuant to the provisions of order of the competent ministry.
- (2) The approval certificate referred to in the preceding paragraph must contain the following:
- (i) the date of the approval;
 - (ii) the name and address of the approved implementer of the testing of new technology, etc., and if the implementer is a corporation, the name of its representative person;
 - (iii) the contents and the implementation period of the plan for the testing of new technology, etc. to which the approval pertains; and
 - (iv) the fact that the plan for the testing of new technology, etc. to which the approval pertains conforms to all of the items of paragraph (4) of the

preceding Article.

- (3) When an approved implementer of the testing of new technology, etc. seeks the consent of the participants, etc., the implementer must present the approval certificate referred to in paragraph (1).
- (4) When an approved implementer of the testing of new technology, etc. obtains the consent prescribed in paragraph (3), item (iv) of the preceding Article, the implementer must report that fact to the competent minister.

(Changes to a Plan for the Testing of New Technology)

- Article 13 (1) When an approved implementer of the testing of new technology, etc. intends to make changes to the plan for the testing of new technology, etc. to which the approval pertains, the implementer must submit the approval certificate pertaining to the approval and seek the approval of the competent minister, pursuant to the provisions of order of the competent ministry.
- (2) If the competent minister finds that an approved implementer of the testing of new technology, etc. is not implementing the testing of new technology, etc. in accordance with the plan for the testing of new technology, etc. to which the approval pertains (if an approval has been granted for changes under the preceding paragraph, the plan after the change; hereinafter referred to as the "approved plan for testing of new technology, etc."), the minister may rescind the approval.
 - (3) If the competent minister finds that an approved plan for the testing of new technology, etc. no longer conforms to any one of the items of Article 11, paragraph (4), the minister may direct the approved implementer of the testing of new technology, etc. to make changes to the approved plan for the testing of new technology, etc. or may rescind the approval. In this case, the competent minister is to hear the opinion of the Innovative Business Activities Evaluation Committee.
 - (4) When the competent minister rescinds the approval referred to in Article 11, paragraph (1) pursuant to the preceding two paragraphs, the minister is to notify the approved implementer of the testing of new technology, etc. of that fact and make it public
 - (5) If the approval referred to in Article 11, paragraph (1) has been rescinded, the approved implementer of the testing of new technology, etc. must promptly return the approval certificate to the competent minister.
 - (6) The provisions of Article 11, paragraphs (4) through (6) and the preceding Article apply mutatis mutandis to the approval referred to in paragraph (1).

(Provision of Information)

Article 14 During the time when an approved implementer of the testing of new technology, etc. implements testing of new technology, etc., the competent

minister is to provide necessary information and advice to the approved implementer of the testing of new technology, etc. as needed.

(Special Measures on Regulations Prescribed by Cabinet Order or Ministerial Order)

Article 15 Special measures on regulations apply to the testing of new technology, etc. implemented by an approved implementer of the testing of new technology, etc. in accordance with an approved plan for the testing of new technology, etc. in accordance with an approved plan for the testing of new technology, etc., pursuant to the provisions of Cabinet Order with respect to the testing of new technology, etc. pertaining to regulations prescribed by Cabinet Order and pursuant to the provisions of order of the competent ministry with respect to the testing of new technology, etc. pertaining to regulations prescribed by order of the competent ministry.

(Special Provisions of the Small and Medium-sized Enterprise Credit Insurance Act)

Article 16 (1) With respect to the application of the provisions of the Small and Medium-sized Enterprise Credit Insurance Act (Act No. 264 of 1950) set forth in the left-hand column of the following table pertaining to the insurance relationships of ordinary insurance prescribed in Article 3, paragraph (1) of the same Act (hereinafter referred to as "ordinary insurance"), unsecured insurance prescribed in Article 3-2, paragraph (1) of the same Act (hereinafter referred to as "unsecured insurance"), or special small business insurance prescribed in Article 3-3, paragraph (1) of the same Act (hereinafter referred to as "special small business insurance") that pertain to small and medium-sized enterprises that have received a guarantee related to the testing of new technology, etc. (meaning a guarantee of obligations as prescribed in Article 3, paragraph (1), Article 3-2, paragraph (1) or Article 3-3, paragraph (1) of the same Act that pertains to the funds necessary for the testing of new technology, etc. implemented in accordance with the approved plan for the testing of new technology, etc.; hereinafter the same applies in this Article), the phrases set forth in the middle column of the same table that are used in these provisions are deemed to be replaced with the phrases set forth in the right-hand column of the same table.

Article 3, paragraph (1)	the total insurance value	the total insurance value of the insurance relationships pertaining to the guarantee related to the testing of new technology, etc. prescribed in Article 16, paragraph (1) of the Act on Special Measures for Productivity Improvement (Act No. 25 of 2018) (hereinafter referred to as the "guarantee related to the testing of new technology, etc.") and the total insurance value of other insurance relationships, respectively,
Article 3-2, paragraph (1) and Article 3-3, paragraph (1)	the total insurance value	the total insurance value of the insurance relationships pertaining to the guarantee related to the testing of new technology, etc. and the total insurance value of other insurance relationships, respectively,
Article 3-2, paragraph (3) and Article 3-3, paragraph (2)	out of the amount of the borrowings	out of the amount of the borrowings for the guarantee related to the testing of new technology, etc. and other guarantees, respectively,
	the debtor	the debtor for the guarantee related to the testing of new technology, etc. and other guarantees, respectively,

(2) With respect to the application of the provisions of Article 3, paragraph (2) and Article 5 of the Small and Medium-sized Enterprise Credit Insurance Act to the insurance relationships of ordinary insurance that pertain to a guarantee related to testing of new technology, etc., the phrase "seventy percent" in Article 3, paragraph (2) of the same Act and the phrase "seventy percent (or eighty percent for unsecured insurance, special small business insurance, current assets insurance, pollution prevention insurance, energy conservation insurance, overseas investment-related insurance, new business development insurance, corporate rehabilitation insurance, and specific corporate bond insurance)" in Article 5 of the same Act are deemed to be replaced with "eighty percent."

(3) The amount of insurance premiums relating to the insurance relationships of ordinary insurance, unsecured insurance, or special small business insurance

that pertain to a guarantee related to the testing of new technology, etc. is to be the amount obtained by multiplying the insurance amount by a rate specified by Cabinet Order that falls within two percent per annum, notwithstanding the provisions of Article 4 of the Small and Medium-Sized Enterprise Credit Insurance Act.

(Special Provisions of the Small and Medium-sized Enterprise Investment Business Corporation Act)

Article 17 (1) Small and medium-sized enterprise investment business corporations may undertake the following business, beyond the business set forth in the items of Article 5, paragraph (1) of the Small and Medium-sized Enterprise Investment Business Corporation Act (Act No. 101 of 1963):

(i) subscription for shares issued by a small and medium-sized enterprise at the time of the establishment of a stock company with an amount of stated capital exceeding 300,000,000 yen for the purpose of implementing the testing of new technology, etc. in accordance with an approved plan for the testing of new technology, etc., and the holding of shares pertaining to the subscription; and

(ii) subscription for shares, share options (excluding those attached to bonds with share options) or bonds with share options, etc. (meaning the bonds with share options, etc. prescribed in Article 5, paragraph (1), item (ii) of the Small and Medium-sized Enterprise Investment Business Corporation Act; hereinafter the same applies in this item and the following paragraph) issued by a stock company with an amount of stated capital exceeding 300,000,000 yen from among small and medium-sized enterprises for the purpose of procuring funds necessary for implementing the testing of new technology, etc. in accordance with an approved plan for the testing of new technology, etc., and the holding of shares, share options (including shares issued or transferred through their exercise), or bonds with share options, etc.

(including shares issued or transferred through the exercise of share options attached to bonds with share options, etc.) to which the subscription pertains.

(2) The subscription for shares and holding of shares pertaining to the subscription under item (i) of the preceding paragraph and the subscription for shares, share options (excluding those attached to bonds with share options), or bonds with share options, etc. and the holding of shares, share options (including shares issued or transferred through their exercise) and bonds with share options, etc. (including shares issued or transferred through the exercise of share options attached to bonds with share options, etc.) pertaining to the subscription under item (ii) of the same paragraph are deemed to be the businesses referred to in Article 5, paragraph (1), items (i) and (ii) of the Small and Medium-sized Enterprise Investment Business Corporation Act,

respectively, with respect to the application of the provisions of the same Act.

(Business Operations to Facilitate the Testing of New Technology Undertaken by the Organization for Small & Medium Enterprises and Regional Innovation, Japan, Incorporated Administrative Agency)

Article 18 For the purpose of facilitating the testing of new technology, etc., the Organization for Small & Medium Enterprises and Regional Innovation, Japan, Independent Administrative Agency (referred to as the "Organization for Small & Medium Enterprises and Regional Innovation" in Articles 25 and 49) is to undertake business operations to guarantee bonds (excluding short term corporate bonds as prescribed in Article 66, item (i) of the Act on Book-Entry Transfer of Corporate Bonds and Shares (Act No. 75 of 2001); the same applies in Article 25) issued by approved implementers of the testing of new technology, etc. in order to raise funds necessary for implementing the testing of new technology, etc. in accordance with the approved plans for the testing of new technology, etc., and obligations pertaining to the borrowing of the funds.

(Review of Special Measures on Regulations)

Article 19 Based on the report referred to in Article 50, paragraph (1), the competent minister (limited to the minister with jurisdiction over Acts and orders based on the Acts that contain new special measures on regulations relating to a request under the provisions of Article 9, paragraph (1)) is to review the special measures on regulations to which the report pertains or otherwise take necessary measures when the minister find it necessary to do so.

(Promotion of Regulatory Reform)

Article 20 The competent minister (limited to the minister with jurisdiction over Acts and orders based on the Acts that contain new special measures on regulations relating to a request under the provisions of Article 9, paragraph (1), the provisions concerning new technology, etc. relating to a request under Article 10, paragraph (1), or the provisions concerning new technology, etc. referred to in Article 11, paragraph (3), item (vi)) is to discuss ideal regulations on new technology, etc., in consideration of factors such as the state of the preparation and application of special measures on regulations, the state of regulations in foreign countries, and the advancement of technology, and is to take legal or other measures necessary for the removal or relaxation of regulations based on the results of the discussion.

Section 3 Promotion of Innovative Use of Data for Industrial Activities

(Guidelines for Innovative Use of Data for Industrial Activities)

Article 21 (1) The Minister of Internal Affairs and Communications and the Minister of Economy, Trade and Industry are to establish guidelines for the innovative use of data for industrial activities to be implemented within the plan implementation period (hereinafter referred to as the "guidelines for innovative use of data for industrial activities" in this Article and paragraph (4), item (i) of the following Article) based on the purport of the Basic Act on the Advancement of Public and Private Sector Data Utilization (Act No. 103 of 2016).

(2) The guidelines for innovative use of data for industrial activities are to specify the following:

- (i) the methods of innovative use of data for industrial activities, methods of security control of data, and other particulars concerning innovative use of data for industrial activities; and
- (ii) particulars concerning fields in which the specified innovative use of data for industrial activities prescribed in Article 26, paragraph (1) are to be implemented intensively.

(3) The Minister of Internal Affairs and Communications and the Minister of Economy, Trade and Industry are to make changes to the guidelines for innovative use of data for industrial activities when any need arises due to changes in the situation such as fluctuations in the state of the economy.

(4) When the Minister of Internal Affairs and Communications and the Minister of Economy, Trade and Industry intend to establish the guidelines for innovative use of data for industrial activities or make changes thereto, they are to consult with the head of the relevant administrative organ (if the administrative organ is an organ based on a council system, to consult with the administrative organ; the same applies hereinafter) in advance.

(5) When the Minister of Internal Affairs and Communications and the Minister of Economy, Trade and Industry have established the guidelines for innovative use of data for industrial activities or have made changes thereto, the ministers are to make public without delay, the established or changed guidelines for innovative use of data for industrial activities.

(Approval for Plans for Innovative Use of Data for Industrial Activities)

Article 22 (1) An enterprise that intends to implement innovative use of data for industrial activities may prepare a plan for the innovative use of data for industrial activities that it intends to start (hereinafter referred to as a "plan for innovative use of data for industrial activities"), and submit it to the competent minister to seek approval therefor, pursuant to the provisions of order of the competent ministry.

(2) When two or more enterprises intend to jointly implement innovative use of data for industrial activities, the two or more enterprises may jointly prepare a

plan for innovative use of data for industrial activities to seek approval therefor as referred to in the preceding paragraph.

- (3) The plan for innovative use of data for industrial activities must specify the following:
 - (i) the goal of the innovative use of data for industrial activities;
 - (ii) the contents of the innovative use of data for industrial activities and implementation period;
 - (iii) the amount of funds necessary for innovative use of data for industrial activities and how to raise it; and
 - (iv) other necessary particulars concerning implementation of innovative use of data for industrial activities.
- (4) If the competent minister receives the application for approval referred to in paragraph (1) and finds the plan for innovative use of data for industrial activities to conform to all of the following items, the competent minister is to approve the plan; in this case, if the competent minister finds it to be necessary, the minister is to hear the opinion of the Innovative Business Activities Evaluation Committee:
 - (i) the plan for innovative use of data for industrial activities is appropriate in light of the innovative business activity action plan and the guidelines for innovative use of data for industrial activities; and
 - (ii) the innovative use of data for industrial activities under the plan for innovative use of data for industrial activities is expected to be implemented smoothly and reliably.
- (5) If the competent minister finds it to be necessary in granting the approval referred to in paragraph (1), the minister may carry out a document-based or on-site investigation as to whether the plan for innovative use of data for industrial activities to which the application pertains conforms to all of the items in the preceding paragraph.
- (6) When the competent minister intends to grant the approval referred to in paragraph (1), and the data used under the plan for innovative use of data for industrial activities to which the application pertains includes personal information (meaning the personal information prescribed in Article 2, paragraph (1) of the Act on the Protection of Personal Information (Act No. 57 of 2003)), if the minister finds that the case falls under a case specified by Cabinet Order as a case where it is particularly necessary in consideration of the circumstances such as the nature, use, and management method of the data, the competent minister is to send a copy of the written application to which the approval pertains to the Personal Information Protection Commission and consult with the Personal Information Protection Commission in advance.
- (7) Upon having the consultation prescribed in the preceding paragraph, the

competent minister and the Personal Information Protection Commission are to maintain a close liaison with each other so as to carry out necessary procedures promptly and appropriately, in consideration of the necessity of promoting use of data.

- (8) If the competent minister grants the approval referred to in paragraph (1), the minister is to make public the outline of the plan for innovative use of data for industrial activities to which the approval pertains, pursuant to the provisions of order of the competent ministry.

(Changes to Plans for Innovative Use of Data for Industrial Activities)

Article 23 (1) When an enterprise that has obtained the approval referred to in paragraph (1) of the preceding Article (hereinafter referred to as an "approved enterprise implementing innovative use of data for industrial activities") intends to make changes to the plan for innovative use of data for industrial activities to which the approval pertains, the enterprise must seek the approval of the competent minister, pursuant to the provisions of order of the competent ministry.

- (2) If the competent minister finds that an approved enterprise implementing innovative use of data for industrial activities is not implementing innovative use of data for industrial activities in accordance with the plan for innovative use of data for industrial activities to which the approval pertains (when an approval has been granted for changes under the preceding paragraph, the plan after the change; hereinafter referred to as the "approved plan for innovative use of data for industrial activities"), the minister may rescind the approval.

- (3) If the competent minister finds that an approved plan for innovative use of data for industrial activities no longer conforms to any one of the items of paragraph (4) of the preceding Article, the minister may direct the approved enterprise implementing innovative use of data for industrial activities to make changes to the approved plan for innovative use of data for industrial activities or may rescind the approval. In this case, the competent minister may hear the opinion of the Innovative Business Activities Evaluation Committee if the minister finds it to be necessary.

- (4) When the competent minister has rescinded the approval referred to in paragraph (1) of the preceding Article pursuant to the provisions of the preceding two paragraphs, the minister is to make that fact public.

- (5) The provisions of paragraphs (4) through (8) of the preceding Article apply mutatis mutandis to the approval referred to in paragraph (1).

(Special Provisions of the Small and Medium-sized Enterprise Credit Insurance Act)

Article 24 (1) Regarding the insurance relationships of ordinary insurance, unsecured insurance, or special small business insurance that pertain to a small and medium-sized enterprise which has received a guarantee related to innovative use of data for industrial activities (meaning a guarantee of obligations as prescribed in Article 3, paragraph (1), Article 3-2, paragraph (1), or Article 3-3, paragraph (1) of the Small and Medium-sized Enterprise Credit Insurance Act that pertains to funds necessary for innovative use of data for industrial activities to be implemented in accordance with an approved plan for innovative use of data for industrial activities; hereinafter the same applies in this Article), with respect to the application of the provisions of the same Act set forth in the left-hand column of the following table, the phrases set forth in the middle column of the same table that are used in these provisions are deemed to be replaced with the phrases set forth in the right-hand column of the same table.

Article 3, paragraph (1)	the total insurance value	the total insurance value of the insurance relationships pertaining to the guarantee related to innovative use of data for industrial activities prescribed in Article 24, paragraph (1) of the Act on Special Measures for Productivity Improvement (Act No. 25 of 2018) (hereinafter referred to as the "guarantee related to innovative use of data for industrial activities") and the total insurance value of other insurance relationships, respectively,
Article 3-2, paragraph (1) and Article 3-3, paragraph (1)	the total insurance value	the total insurance value of the insurance relationships pertaining to the guarantee related to innovative use of data for industrial activities and the total insurance value of other insurance relationships, respectively,
Article 3-2, paragraph (3) and Article 3-3, paragraph (2)	out of the amount of the borrowings	out of the amount of the borrowings for the guarantee related to innovative use of data for industrial activities and other guarantees, respectively,

	the debtor	the debtor for the guarantee related to innovative use of data for industrial activities and other guarantees, respectively,
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- (2) With respect to the application of the provisions of Article 3, paragraph (2) and Article 5 of the Small and Medium-sized Enterprise Credit Insurance Act pertaining to the insurance relationships of ordinary insurance that pertain to a guarantee related to innovative use of data for industrial activities, the phrase "70 percent" in Article 3, paragraph (2) of the same Act and the phrase "70 percent (or 80 percent for unsecured insurance, special small business insurance, current assets insurance, pollution prevention insurance, energy conservation insurance, overseas investment-related insurance, new business development insurance, corporate rehabilitation insurance, and specific corporate bond insurance)" are deemed to be replaced with "80 percent."
- (3) The amount of insurance premiums relating to the insurance relationships of ordinary insurance, unsecured insurance, or special small business insurance that pertain to a guarantee related to innovative use of data for industrial activities is to be the amount obtained by multiplying the insurance amount by a rate specified by Cabinet Order that falls within two percent per annum, notwithstanding the provisions of Article 4 of the Small and Medium-Sized Enterprise Credit Insurance Act.

(Business Operations to Facilitate Innovative Use of Data for Industrial Activities Undertaken by the Organization for Small & Medium Enterprises and Regional Innovation)

Article 25 For the purpose of facilitating innovative use of data for industrial activities, the Organization for Small & Medium Enterprises and Regional Innovation is to undertake business operations to guarantee bonds issued by approved enterprises implementing innovative use of data for industrial activities in order to raise funds necessary for the implementation of innovative use of data for industrial activities in accordance with approved plans for innovative use of data for industrial activities, and obligations pertaining to the borrowing of the funds.

(Request to National Government Organs for Provision of Data)

Article 26 (1) In the case where an approved enterprise implementing innovative use of data for industrial activities intends to carry out innovative use of data for industrial activities which is implemented in accordance with an approved plan for innovative use of data for industrial activities and which collects and

organizes data and provides it to other enterprises (hereinafter referred to as "specified innovative use of data for industrial activities" in this paragraph and item (i) of the following paragraph), and the enterprise has received confirmation from the competent minister to the effect that the enterprise conforms with the standards for security control of data established by the Minister of Internal Affairs and Communications and the Minister of Economy, Trade and Industry (referred to as an "enterprise implementing specified innovative use of data for industrial activities" in Article 28, paragraph (3), if the enterprise needs data held by a national government organ or a public organization, etc. (the incorporated administrative agency prescribed in Article 2, paragraph (1) of the Act on General Rules for Incorporated Administrative Agencies (Act No. 103 of 1999) or any other person equivalent thereto specified by Cabinet Order; hereinafter the same applies in this Article and the following Article) in order to implement specified innovative use of data for industrial activities effectively and efficiently, the enterprise may request the competent minister to provide the data, pursuant to the provisions of order of the competent ministry.

- (2) When the competent minister has received a request under the preceding paragraph, if the minister holds the requested data and finds that the request falls under all of the grounds set forth in the following items, the minister is to provide the data to the requester without delay:
 - (i) collection of the data is indispensable for implementing specified innovative use of data for industrial activities effectively and efficiently;
 - (ii) provision of the data does not violate and is not likely to violate other laws and regulations; and
 - (iii) provision of the data is not likely to harm the public interest or hinder implementation of the affairs or business under the minister's jurisdiction.
- (3) When the competent minister has received a request under paragraph (1) and, in the case prescribed in the preceding paragraph, finds that the request does not fall under any one of the grounds set forth in the items of the same paragraph, the minister is to notify without delay the requester of the fact and the reason that data will not be provided in response to the request.
- (4) When the competent minister has received a request under paragraph (1), if a public organization, etc. under the minister's jurisdiction, the head of another relevant administrative organ, or a public organization, etc. under the jurisdiction of the head of another relevant administrative organ holds the requested data, and the minister finds that the request falls under the grounds set forth in paragraph (2), item (i), the minister is to ask without delay the public organization, etc. under the minister's jurisdiction or the head of the relevant other administrative organ (including the head of the relevant other administrative organ in the case that a public organization, etc. under the

head's jurisdiction holds the data; the same applies in the following paragraph and paragraphs (8) and (9)) that holds the data to provide the data, and is to notify the requester of that fact.

- (5) When the competent minister has received a request under paragraph (1) and, in the case prescribed in the preceding paragraph, finds that the request does not fall under the grounds set forth in paragraph (2), item (i), the minister is to notify without delay the requester of the fact and the reason that the minister will not ask the public organization, etc. under the minister's jurisdiction or ask the head of another relevant administrative organ that holds the requested data to provide the data.
- (6) When the head of a relevant administrative organ has been asked for data under paragraph (4), if the head holds the requested data that has been asked for and finds that the request falls under all of the grounds set forth in the items of paragraph (2), the head is to provide the requested data to the requester and notify the competent minister of that fact without delay.
- (7) When the head of a relevant administrative organ has been asked for data under paragraph (4), if the head finds, in the case prescribed in the preceding paragraph, that the request for the data that has been asked for does not fall under any one of the grounds set forth in the items of paragraph (2), the head is to notify without delay the competent minister of the fact and the reason that data will not be provided in response to the request.
- (8) When the head of a relevant administrative organ has been asked for data under paragraph (4), if a public organization, etc. under the head's jurisdiction holds the requested data that has been asked for, and the head finds that the request falls under the grounds set forth in paragraph (2), item (i), the head is to ask the public organization, etc. without delay under the head's jurisdiction that holds the data to provide the data, and notify the competent minister of that fact.
- (9) When the head of a relevant administrative organ has been asked for data under paragraph (4), if the head finds, in the case prescribed in the preceding paragraph, that the request for the data that has been asked for does not fall under the grounds set forth in paragraph (2), item (i), the head is to notify the competent minister without delay of the fact and reason that the head will not ask the public organization, etc. referred to in the preceding paragraph for data in response to being asked to do so.
- (10) When a public organization, etc. has been asked for data under paragraph (4) or (8) and finds that the request for the data that has been asked for falls under all of the grounds set forth in the items of paragraph (2), the public organization, etc. is to provide the requested data to the requester and notify the competent minister or the head of a relevant administrative organ who has jurisdiction over the public organization, etc. of that fact without delay.

- (11) When the head of a relevant administrative organ has received notice under the preceding paragraph, the head is to notify the competent minister of that fact.
- (12) When a public organization, etc. has been asked for data under paragraph (4) or (8) and finds that the request for the data that has been asked for does not fall under any one of the grounds set forth in the items of paragraph (2), the public organization, etc. is to notify the competent minister or the head of a relevant administrative organ who has jurisdiction over the public organization, etc. without delay of that fact and the reason therefor.
- (13) When the head of a relevant administrative organ has received notice under the preceding paragraph, the head is to notify the competent minister of that fact.
- (14) When the competent minister has received notice under paragraphs (7) through (9), paragraph (12), or the preceding paragraph, the minister is to notify without delay the person who filed the request under paragraph (1) to which the notice the minister has received pertains of the contents of the notice the minister has received.
- (15) When a national government organ or a public organization, etc. has received a request under paragraph (1), it is to endeavor to provide data actively according to the purport of the Basic Act on the Advancement of Public and Private Sector Data Utilization.

(Fees)

- Article 27 (1) A person who receives provision of data pursuant to paragraph (2) or (6) of the preceding Article must pay a fee of an amount specified within the limits of actual costs by Cabinet Order, pursuant to the provisions of Cabinet Order.
- (2) If the competent minister providing data pursuant to paragraph (2) of the preceding Article or the head of a relevant administrative organ providing data pursuant to paragraph (6) of the same Article finds it to be appropriate to provide the data for use by the general public through a certain disclosure method, the minister may grant a reduction of or exemption from the fee referred to in preceding paragraph, pursuant to the provisions of Cabinet Order.
 - (3) A person who receives provision of data under paragraph (10) of the preceding Article must pay a fee for the provision, as provided for by the public organization, etc.
 - (4) The amount of the fee referred to in the preceding paragraph is to be specified by the public organization, etc. within the limits of actual costs, in consideration of the amount of the fee referred to in paragraph (1).
 - (5) If the public organization, etc. providing data pursuant to paragraph (10) of

the preceding Article finds it to be appropriate to provide the data for use by the general public through a certain disclosure method, the public organization, etc. may grant a reduction of, or exemption from the fee referred to in paragraph (3), as provided for by the public organization, etc.

(Business Operations Undertaken by the Information-technology Promotion Agency)

- Article 28 (1) In response to a request from an approved enterprise implementing innovative use of data for industrial activities, the Information-technology Promotion Agency, Japan, Incorporated Administrative Agency (referred to as the "Information-technology Promotion Agency" in the following paragraph) is to undertake business operations to provide information concerning the security control of data in implementing the innovative use of data for industrial activities and to provide other necessary cooperation.
- (2) The competent minister may delegate the investigation referred to in Article 22, paragraph (5) (including as applied mutatis mutandis pursuant to Article 23, paragraph (5)) and the investigation necessary for the confirmation referred to in Article 26, paragraph (1) to the Information-technology Promotion Agency or a corporation specified by Cabinet Order as one that has sufficient technical competence and expert knowledge and experience concerning measures for the security control of data and that is capable of implementing the investigation reliably (referred to as the "Information-technology Promotion Agency, etc." in the following paragraph, paragraph (4), and Article 30, paragraph (1)).
- (3) If a serious incident occurs in relation to the security of data in an enterprise implementing specified innovative use of data for industrial activities, and the competent minister finds it to be necessary, the competent minister may delegate an investigation into the cause of the incident to the Information-technology Promotion Agency, etc.
- (4) When the Information-technology Promotion Agency, etc. has conducted the investigation referred to in the preceding two paragraphs, it must notify without delay the competent minister of the investigation results, pursuant to the provisions of Cabinet Order.
- (5) An officer or employee of a corporation that has been delegated an investigation pursuant to paragraph (2) or (3) or a person who had been in such position must not divulge or misappropriate any secret that the person came to know with regard to the delegated affairs, without a just cause.
- (6) An officer or employee of a corporation that has been delegated an investigation pursuant to paragraph (2) or (3) who engages in the delegated investigation is deemed to be personnel engaged in public service pursuant to laws and regulations, with regard to application of penal provisions such as the

Penal Code (Act No. 45 of 1907).

(Special Provisions on Taxation)

Article 29 Pursuant to the provisions of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957), special provisions on taxation apply to machines, devices, tools, and equipment, and software which have been acquired or manufactured by an approved enterprise implementing innovative use of data for industrial activities that implements innovative use of data for industrial activities which is to be implemented in accordance with an approved plan for innovative use of data for industrial activities (limited to use for which confirmation has been received from the competent minister to the effect that it conforms with the standards established by the competent minister as use that particularly contributes to productivity improvement), to be used for the innovative use of data for industrial activities.

(Report and Inspection)

Article 30 (1) To the extent necessary for enforcement of this Act, the competent minister may have the Information-technology Promotion Agency, etc. report on the operations prescribed in Article 28, paragraphs (2) and (3), or have the ministry's officials enter the office of the Information-technology Promotion Agency, etc. and inspect books, documents, or any other articles or ask questions to persons concerned.

(2) An official conducting an on-site inspection pursuant to the provisions of the preceding paragraph must carry an identification card and present it to persons concerned.

(3) The authority to conduct an on-site inspection under the provisions of paragraph (1) must not be construed as being approved for the purpose of a criminal investigation.

Section 4 Innovative Business Activity Evaluation Committee

(Innovative Business Activity Evaluation Committee)

Article 31 The Innovative Business Activities Evaluation Committee (hereinafter referred to as the "committee") is to be established in the Cabinet Office in order to carry out the following:

- (i) evaluation of the effects of new special measures on regulations pertaining to the testing of new technology, etc. on the overall economy;
- (ii) evaluation of the effects of a plan for the testing of new technology, etc. on the overall economy;
- (iii) evaluation of the effects of a plan for innovative use of data for industrial activities on the overall economy; and

(iv) matters specified by Cabinet Order such as an investigation necessary for making the evaluation set forth in the preceding three items.

(Affairs under Jurisdiction)

Article 32 (1) The committee is to process matters that have been placed under its authority pursuant to the provisions of this Act.

(2) The committee may make necessary recommendations to the competent minister through the Prime Minister with regard to the matters placed under its authority pursuant to the provisions of the preceding paragraph.

(3) When the committee has made recommendations under the preceding paragraph, it must make public the contents of the recommendations without delay.

(4) The competent minister must notify the committee of measures the minister has taken based on the recommendations under paragraph (2).

(Committee Members)

Article 33 Members of the committee are appointed by the Prime Minister from among persons with distinguished insight into the trends of social and economic situations and innovative business activities in and outside Japan.

(Collection of Reports)

Article 34 The committee may request the competent minister or a person that has submitted a plan for testing of new technology, etc. or a plan for innovative use of data for industrial activities to submit reports or materials, to the extent necessary for performing the affairs under its jurisdiction.

(Delegation to Cabinet Order)

Article 35 Beyond what is provided for in this Act, Cabinet Order prescribes necessary matters concerning the committee.

Chapter III Promotion of Installation of Cutting-edge Equipment

(Installation Promotion Guidelines)

Article 36 (1) The Minister of Economy, Trade and Industry is to establish guidelines for promoting installation of cutting-edge equipment, etc. (meaning facilities, equipment, apparatus, devices, or programs (meaning the programs prescribed in Article 2, paragraph (2) of the Act on Facilitation of Information Processing (Act No. 90 of 1970)) which use cutting-edge technology such as technology that enables higher data processing throughput as compared to the conventional throughput, and which are specified by Order of the Ministry of Economy, Trade and Industry as those whose prompt installation is

indispensable for productivity improvement of small and medium-sized enterprises; the same applies hereinafter) in small and medium-sized enterprises (meaning the small and medium-sized enterprises prescribed in Article 2, paragraph (1) of the Act for Strengthening the Management of SMEs, etc. (Act No. 18 of 1999); the same applies hereinafter) (the guidelines are hereinafter referred to as the "installation promotion guidelines").

- (2) The installation promotion guidelines are to specify the following:
 - (i) particulars concerning the setting-up of goals for promotion of installation of cutting-edge equipment, etc.;
 - (ii) basic particulars concerning promotion of installation of cutting-edge equipment, etc.; and
 - (iii) other particulars to be taken into consideration in promoting installation of cutting-edge equipment, etc.
- (3) The Minister of Economy, Trade and Industry is to make changes to the installation promotion guidelines when any need arises due to changes in the situation such as fluctuations in the state of the economy.
- (4) When the Minister of Economy, Trade and Industry intends to establish the installation promotion guidelines or make changes thereto, the minister is to consult with the head of the relevant administrative organ in advance.
- (5) When the Minister of Economy, Trade and Industry has established the installation promotion guidelines or has made changes thereto, the minister is to make public without delay, the established or changed installation promotion guidelines.

(Basic Plan to Promote Installation)

Article 37 (1) A municipality (including a special ward; the same applies hereinafter) may prepare a basic plan for promotion of the installation of cutting-edge equipment, etc. (hereinafter referred to as a "basic plan to promote installation") based on the installation promotion guidelines, and consult with and seek the consent of the Minister of Economy, Trade and Industry pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

- (2) The basic plan to promote installation is to specify the following:
 - (i) goals for promotion of installation of cutting-edge equipment, etc.;
 - (ii) the type of cutting-edge equipment, etc.;
 - (iii) particulars concerning the contents of promotion of installation of cutting-edge equipment, etc.
 - (iv) the period for the plan; and
 - (v) particulars to be taken into consideration in promoting installation of cutting-edge equipment, etc.
- (3) If the basic plan to promote installation falls under all of the following items,

the Minister of Economy, Trade and Industry is to give a consent thereto:

- (i) the basic plan to promote installation conforms to the installation promotion guidelines;
 - (ii) the installation of cutting-edge equipment, etc. under the basic plan to promote installation is expected to be implemented smoothly and reliably; and
 - (iii) the implementation of the basic plan to promote installation contributes to productivity improvement of enterprises located in the municipality.
- (4) When a basic plan to promote installation has received the consent referred to in the preceding paragraph, the municipality must make the plan public without delay.

(Changes to a Basic Plan for Installation Promotion)

- Article 38 (1) When a municipality intends to make changes to a basic plan to promote installation which has received the consent referred to in paragraph (3) of the preceding Article, the municipality must consult with and obtain the consent of the Minister of Economy, Trade and Industry pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.
- (2) If the Minister of Economy, Trade and Industry finds that a municipality is not promoting installation of cutting-edge equipment, etc. in accordance with the basic plan to promote installation that has received the consent referred to in paragraph (3) of the preceding Article (if a consent has been given for changes under the preceding paragraph, the plan after the change; hereinafter referred to as a "consented basic plan to promote installation"), the minister may rescind the consent.
- (3) If the Minister of Economy, Trade and Industry finds that a consented basic plan to promote installation no longer falls under any one of the items of paragraph (3) of the preceding Article, the minister may direct the municipality that has prepared the consented basic plan to promote installation to make changes to the consented basic plan to promote installation or may rescind the consent.
- (4) When the Minister of Economy, Trade and Industry has rescinded the consent referred to in paragraph (3) of the preceding Article pursuant to the provisions of the preceding two paragraphs, the minister is to make that fact public.
- (5) The provisions of paragraphs (3) and (4) of the preceding Article apply mutatis mutandis to the changes to a basic plan to promote installation referred to in paragraph (1).

(Provision of Information to Municipalities)

- Article 39 (1) In order to contribute to the preparation of a basic plan to promote installation and achievement of a consented basic plan to promote installation

by a municipality, the State is to endeavor to collect, organize, analyze, and provide information on the local economic trends and necessary information for the municipality to promote installation of cutting-edge equipment, etc., and to provide means for enabling collection, organization, and analysis of those information.

- (2) The State is to give necessary advice to a municipality to which a consented basic plan to promote installation pertains concerning the smooth and reliable implementation of the consented basic plan to promote installation.

(Approval for Installation Plans for Cutting-edge Equipment)

Article 40 (1) A small and medium-sized enterprise that intends to implement installation of cutting-edge equipment, etc. based on a consented basic plan to promote installation (hereinafter referred to as "installation of cutting-edge equipment, etc.") may prepare a plan for the installation of cutting-edge equipment, etc. to be implemented (hereinafter referred to as an "installation plan for cutting-edge equipment, etc." in this Article and the following Article), and submit it to the specified municipality (meaning a municipality that has prepared a consented basic plan to promote installation; the same applies hereinafter) that has jurisdiction over the location of the cutting-edge equipment, etc. to be installed to seek approval therefor, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

- (2) When two or more small and medium-sized enterprises intend to jointly implement installation of cutting-edge equipment, etc., the two or more small and medium-sized enterprises may jointly prepare an installation plan for cutting-edge equipment, etc. to seek the approval referred to in the preceding paragraph.

- (3) An installation plan for cutting-edge equipment, etc. must contain the following:

- (i) the type and installation period of cutting-edge equipment, etc.;
- (ii) the contents of the installation of cutting-edge equipment, etc.; and
- (iii) the amount of funds necessary for implementing installation of cutting-edge equipment, etc. and how to raise it.

- (4) When a specified municipality has received an application for the approval referred to in paragraph (1) and finds the installation plan for cutting-edge equipment, etc. to conform to both of the following items, the municipality is to approve the plan:

- (i) the installation plan for cutting-edge equipment, etc. conforms to the installation promotion guidelines and the consented basic plan to promote installation of the specified municipality; and
- (ii) the installation of cutting-edge equipment, etc. under the installation plan for cutting-edge equipment, etc. is expected to be implemented smoothly and

reliably.

- (5) If a specified municipality has granted the approval referred to in paragraph (1), the municipality is to notify the Minister of Economy, Trade and Industry of that fact without delay.

(Changes to Installation Plans for Cutting-edge Equipment)

Article 41 (1) When a small and medium-sized enterprise that has obtained the approval referred to in paragraph (1) of the preceding Article (hereinafter referred to as an "approved enterprise installing cutting-edge equipment, etc.") intends to make changes to the installation plan for cutting-edge equipment, etc. to which the approval pertains, the enterprise must seek the approval of the specified municipality that has granted the approval, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

- (2) If a specified municipality finds that an approved enterprise installing cutting-edge equipment, etc. is not implementing installation of cutting-edge equipment, etc. in accordance with the installation plan for cutting-edge equipment, etc. to which the approval pertains (when an approval has been granted for changes under the preceding paragraph, the plan after the change; hereinafter referred to as the "approved installation plan for cutting-edge equipment, etc."), the municipality may rescind the approval.
- (3) If a specified municipality finds that an approved installation plan for cutting-edge equipment, etc. no longer conforms to either of the items of paragraph (4) of the preceding Article, the municipality may rescind the approval.
- (4) When a specified municipality has rescinded the approval referred to in paragraph (1) of the preceding Article pursuant to the provisions of the preceding two paragraphs, the municipality is to notify the Minister of Economy, Trade and Industry of that fact.
- (5) The provisions of paragraphs (4) and (5) of the preceding Article apply mutatis mutandis to the approval referred to in paragraph (1).

(Special Provisions of the Small and Medium-sized Enterprise Credit Insurance Act)

Article 42 (1) Regarding the insurance relationships of ordinary insurance, unsecured insurance, or special small business insurance that pertain to a small and medium-sized enterprise which has received a guarantee related to installation of cutting-edge equipment, etc. (meaning a guarantee of obligations as prescribed in Article 3, paragraph (1), Article 3-2, paragraph (1), or Article 3-3, paragraph (1) of the Small and Medium-sized Enterprise Credit Insurance Act that pertains to funds necessary for installation of cutting-edge equipment, etc. to be implemented in accordance with an approved installation

plan for cutting-edge equipment, etc.; hereinafter the same applies in this Article), with respect to the application of the provisions of the same Act set forth in the left-hand column of the following table, the phrases set forth in the middle column of the same table that are used in these provisions are deemed to be replaced with the phrases set forth in the right-hand column of the same table.

Article 3, paragraph (1)	the total insurance value	the total insurance value of the insurance relationships pertaining to the guarantee related to installation of cutting-edge equipment, etc. prescribed in Article 42, paragraph (1) of the Act on Special Measures for Productivity Improvement (Act No. 25 of 2018) (hereinafter referred to as the "guarantee related to installation of cutting-edge equipment, etc.") and the total insurance value of other insurance relationships, respectively,
Article 3-2, paragraph (1) and Article 3-3, paragraph (1)	the total insurance value	the total insurance value of the insurance relationships pertaining to the guarantee related to installation of cutting-edge equipment, etc. and the total insurance value of other insurance relationships, respectively,
Article 3-2, paragraph (3) and Article 3-3, paragraph (2)	out of the amount of the borrowings	out of the amount of the borrowings for the guarantee related to installation of cutting-edge equipment, etc. and other guarantees, respectively,
	the debtor	the debtor for the guarantee related to installation of cutting-edge equipment, etc. and other guarantees, respectively,

(2) With respect to the application of the provisions of Article 3, paragraph (2) and Article 5 of the Small and Medium-sized Enterprise Credit Insurance Act pertaining to the insurance relationships of ordinary insurance that pertain to a guarantee related to installation of cutting-edge equipment, etc., the phrase "70 percent" in Article 3, paragraph (2) of the same Act and the phrase "70 percent (or 80 percent for unsecured insurance, special small business insurance, current assets insurance, pollution prevention insurance, energy

conservation insurance, overseas investment-related insurance, new business development insurance, corporate rehabilitation insurance, and specific corporate bond insurance)" in Article 5 of the same Act are deemed to be replaced with "80 percent."

- (3) The amount of insurance premiums relating to the insurance relationships of ordinary insurance, unsecured insurance, or special small business insurance that pertain to a guarantee related to installation of cutting-edge equipment, etc. is to be the amount obtained by multiplying the insurance amount by a rate specified by Cabinet Order that falls within two percent per annum, notwithstanding the provisions of Article 4 of the Small and Medium-Sized Enterprise Credit Insurance Act.

Chapter IV Miscellaneous Provisions

(Securing of Funds)

Article 43 The State is to endeavor to secure necessary funds for an approved implementer of the testing of new technology, etc., approved enterprise implementing innovative use of data for industrial activities, or approved enterprise installing cutting-edge equipment, etc. to smoothly implement an approved plan for the testing of new technology, etc., approved plan for innovative use of data for industrial activities, or approved installation plan for cutting-edge equipment, etc. in a short period.

(Measures for Promoting Management Reforms)

Article 44 In order to ensure that enterprises make flexible and accurate business judgments for making active efforts to improve productivity in a short period through innovative business activities, the State is to endeavor to take necessary measures for promoting management reforms of enterprises, such as building a framework for effectively securing transparency and objectivity in enterprises' decision-making process, intensively within the plan implementation period.

(Development of Business Environment for Promoting Research and Development)

Article 45 In order to promote innovative business activities, the State is to endeavor to develop business environments necessary for promoting research and development and smoothly implementing the results thereof into practice, intensively within the plan implementation period.

(Initiatives for Facilitating the Securing of Human Resources)

Article 46 Given that human resources with diverse and advanced abilities and

experience are important actors of innovative business activities in Japanese industries, the State is to endeavor to implement necessary initiatives intensively within the plan implementation period for facilitating enterprises to secure human resources, while closely coordinating and cooperating with universities, colleges of technology, inter-university research institutes, and enterprises.

(Development of Social Capital That Contributes to Promotion of Innovative Business Activities)

Article 47 The State is to endeavor to ensure that social capital, such as telecommunication systems that contribute to promotion of innovative business activities, including innovative use of data for industrial activities, is developed intensively within the plan implementation period.

(Consideration to Investments in Efforts Toward Sustainable Development of the Economy and Society)

Article 48 The State is to give consideration so that investments in efforts toward sustainable development of the economy and society, such as environmental conservation and rational use of energy, which contribute to promotion of innovative business activities are encouraged within the plan implementation period.

(Comprehensive Promotion of Initiatives Targeting Small and Medium-sized Enterprises)

Article 49 Since productivity improvement of small and medium-sized enterprise is indispensable for improving the productivity of Japanese industries, the State, local governments, and the Organization for Small & Medium Enterprises and Regional Innovation are to endeavor to comprehensively promote provision of necessary advice, training, or information concerning methods of management or technology as well as other necessary initiatives for small and medium-sized enterprises that intend to implement the testing of new technology, etc., innovative business activity such as innovative use of data for industrial activities, or installation of cutting-edge equipment, etc.

(Collection of Reports)

Article 50 (1) The competent minister may request reports from approved implementers of the testing of new technology, etc. or approved enterprises implementing innovative use of data for industrial activities with respect to the implementation state of an approved plan for the testing of new technology, etc. or approved plan for innovative use of data for industrial activities.

(2) The Minister of Economy, Trade and Industry may request reports from

specified municipalities with respect to the implementation state of a consented basic plan to promote installation.

- (3) The mayor of a specified municipality may request reports from approved enterprises installing cutting-edge equipment, etc. with respect to the implementation state of an approved installation plan for cutting-edge equipment, etc.

(Development of a Cooperative Framework Among Relevant Administrative Organs)

Article 51 When the relevant administrative organs of the State promote initiatives for promoting innovative business activities, they are to make necessary cooperation with each other in order to achieve coordination with related initiatives, such as initiatives for strengthening the competitiveness of Japanese industries, initiatives for revising regulations, initiatives for promoting smooth distribution of information, and initiatives for comprehensively and effectively promoting regional revitalization.

(Competent Ministers)

Article 52 (1) The competent ministers under this Act are the heads of administrative organs (if the administrative organ is an organ based on a council system, the administrative organ; hereinafter the same applies in this paragraph) specified in the following items for the respective categories of the matters set forth in those items:

- (i) matters concerning a request under Article 9, paragraph (1): the head of the administrative organ with jurisdiction over the business pertaining to the innovative business activity in which the new technology, etc. relating to the request is to be used, and the head of the administrative organ with jurisdiction over Acts and orders based on the Acts that contain new special measures on regulations relating to the request;
- (ii) matters concerning a request under Article 10, paragraph (1): the head of the administrative organ with jurisdiction over Acts and orders based on the Acts that contain provisions concerning new technology, etc. relating to the request;
- (iii) matters concerning a plan for the testing of new technology, etc.: the head of the administrative organ with jurisdiction over the business pertaining to innovative business activity described in the plan for the testing of new technology, etc., and the head of the administrative organ with jurisdiction over Acts and orders based on the Acts that contain the provisions concerning new technology, etc. described in the plan for the testing of new technology, etc.; and
- (iv) matters concerning a plan for innovative use of data for industrial

activities: the Minister of Internal Affairs and Communications, the Minister of Economy, Trade and Industry, and the head of the administrative organ with jurisdiction over the business pertaining to the plan for innovative use of data for industrial activities.

- (2) An order of the competent ministry under this Act is an order issued by the competent minister.
- (3) Notwithstanding the provisions of the preceding paragraph, the order of the competent ministry referred to in Article 2, paragraph (3), Article 11, paragraph (3), item (vii), and Article 15 is a Cabinet Secretariat Order (including a public notice), Cabinet Office Order (including a public notice), or Ministerial Order (including a public notice) of the Cabinet Secretariat, Cabinet Office, or the ministry with jurisdiction over Acts and orders based on Acts (excluding Rules of the National Personnel Authority, Rules of the Fair Trade Commission, Rules of the National Public Safety Commission, Rules of the Personal Information Protection Commission, Rules of the Environmental Disputes Coordination Commission, Rules of the Public Security Examination Commission, Rules of the Central Labor Relations Commission, Rules of the Japan Transport Safety Board, and Rules of the Nuclear Regulation Authority) that provide for regulations; provided, however, that with respect to regulations under the jurisdiction of the National Personnel Authority, the Fair Trade Commission, the National Public Safety Commission, the Personal Information Protection Commission, the Environmental Disputes Coordination Commission, the Public Security Examination Commission, the Central Labor Relations Commission, the Japan Transport Safety Board, or the Nuclear Regulation Authority, the order of the competent ministry is Rules of the National Personnel Authority, Rules of the Fair Trade Commission, Rules of the National Public Safety Commission, Rules of the Personal Information Protection Commission, Rules of the Environmental Disputes Coordination Commission, Rules of the Public Security Examination Commission, Rules of the Central Labor Relations Commission, Rules of the Japan Transport Safety Board, or Rules of the Nuclear Regulation Authority, respectively.

(Delegation of Authority)

Article 53 The authority of the Minister of Economy, Trade and Industry and the competent minister under this Act may be delegated to the head of a local branch or department, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry with respect to the authority of the Minister of Economy, Trade and Industry, and pursuant to the provisions of order of the competent ministry with respect to the authority of the competent minister.

Chapter V Penal Provisions

Article 54 A person who has violated the provisions of Article 28, paragraph (5) is punished by imprisonment for not more than one year or a fine of not more than 500,000 yen.

Article 55 If falling under any of the following items, the person who has committed the violation is punished by a fine of not more than 300,000 yen:
(i) if a person has failed to make a report under the provisions of Article 30, paragraph (1), or has made a false report, or has refused, obstructed or evaded an inspection under the provisions of the same paragraph; or
(ii) if a person has failed to make a report under the provisions of Article 50, paragraph (1) or (3), or has made a false report.

Article 56 If the representative of a corporation or an agent, employee, or any other worker of a corporation or an individual has committed the violation referred to in the preceding Article in connection with the business of the corporation or individual, in addition to the offender being subject to punishment, the corporation or individual is subject to the punishment referred to in the same Article.

Supplementary Provisions

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order within a period not exceeding three months from the date of promulgation; provided, however, that the provisions of Article 3 of the Supplementary Provisions come into effect as of the date of promulgation.

(Repeal of This Act)

Article 2 This Act is to be repealed within three years from the date on which this Act comes into effect.

(Preparation Before This Act Comes into Effect)

Article 3 Actions necessary for the appointment of members of the committee under the provisions of Article 33 may be carried out even prior to the date on which this Act comes into effect, in accordance with the provisions of the same Article.

(Partial Amendment of the Act on Facilitation of Information Processing)

Article 4 The Act on Facilitation of Information Processing is partially amended as follows.

In Article 43, paragraph (1), item (xi) is changed to item (xii), item (x) is changed to item (xi), and the following item is added after item (ix):

- (x) conducting the business operations prescribed in Article 28, paragraphs (1) through (4) of the Act on Special Measures for Productivity Improvement (Act No. 25 of 2018);

(Partial Amendment of the Act for Establishment of the Cabinet Office)

Article 5 The Act for Establishment of the Cabinet Office (Act No. 89 of 1999) is partially amended as follows:

In Article 2, paragraph (3) of the Supplementary Provisions, the phrase "the Cabinet Office takes charge of the affairs set forth in the right-hand column of the following table during the periods set forth respectively in the left-hand column of the same table" is revised to "the Cabinet Office takes charge of the affairs prescribed in Article 32, paragraph (1) of the Act on Special Measures for Productivity Improvement (Act No. 25 of 2018) while the same Act remains effective," and the table in the same paragraph is deleted.

In Article 4, paragraph (2) of the Supplementary Provisions, the term "Act on Promotion of Decentralization Reform" is revised to "Act on Special Measures for Productivity Improvement" and the term "decentralization reform promotion committee" is revised to "Innovative Business Activities Evaluation Committee."

(Partial Amendment of the Act on the Organization for Small & Medium Enterprises and Regional Innovation, Japan, Independent Administrative Agency)

Article 6 The Act on the Organization for Small & Medium Enterprises and Regional Innovation, Japan, Independent Administrative Agency (Act No. 147 of 2002) is partially amended as follows.

In Article 15, paragraph (1), item (xxiv) is changed to item (xxv), items (xvii) through (xxiii) are each moved down by one item, and the following item is added after item (xvi):

- (xvii) guaranteeing obligations under Articles 18 and 25 of the Act on Special Measures for Productivity Improvement (Act No. 25 of 2018);

In Article 17, paragraph (1), item (iii), the phrase ", items (xv) and (xvi)" is revised to ", and items (xv) through (xvii)," and in paragraph (2) of the same Article, the phrase "Article 15, paragraph (1), items (xvii) and (xviii)" is revised to "Article 15, paragraph (1), items (xviii) and (xix)," and the phrase "paragraph (1), item (xxiii) of the same Article" is revised to "paragraph (1), item (xxiv) of the same Article."

In Article 18, paragraph (1), item (i), the phrase "Article 15, paragraph (1), items (xix) through (xxii)" is revised to "Article 15, paragraph (1), items (xx)

through (xxiii)," and the phrase "item (xxiii) of the same paragraph" is revised to "item (xxiv) of the same paragraph"; in item (ii) of the same paragraph, the phrase "excluding those set forth in the preceding item), and" is revised to "excluding those set forth in the preceding item)," the phrase ", and the operations set forth in item (xvii) of the same paragraph" is added after "the operations set forth in item (xvi) of the same paragraph," and the phrase "item (xxiii) of the same paragraph" is revised to "item (xxiv) of the same paragraph"; in item (iii) of the same paragraph, the phrase "Article 15, paragraph (1), item (xxiii)" is revised to "Article 15, paragraph (1), item (xxiv)"; in item (iv) of the same paragraph, the phrase "Article 15, paragraph (1), item (xvii)" is revised to "Article 15, paragraph (1), item (xviii)," and the phrase "item (xxiii) of the same paragraph" is revised to "item (xxiv) of the same paragraph"; and in item (v) of the same paragraph, the phrase "Article 15, paragraph (1), item (xviii)" is revised to "Article 15, paragraph (1), item (xix)" and the phrase "item (xxiii) of the same paragraph" is revised to "item (xxiv) of the same paragraph."

In Article 21, paragraph (1), the phrase ", items (xv) and (xvi)" is revised to ", and items (xv) through (xvii)."

In Article 22, paragraph (1), the phrase "Article 15, paragraph (1), item (xviii)" is revised to "Article 15, paragraph (1), item (xix)".

In the row of Article 18, paragraph (1), item (i) in the table in Article 14 of the Supplementary Provisions, the phrase "Article 15, paragraph (1), items (xix) through (xxii)" is revised to "Article 15, paragraph (1), items (xx) through (xxiii)," and in the row of Article 22, paragraph (1) in the same table, the term "item (xviii)" is revised to "item (xix)."

(Partial Amendment of the Act for Establishment of the Reconstruction Agency)

Article 7 The Act for Establishment of the Reconstruction Agency (Act No. 125 of 2011) is partially amended as follows.

The following is added to the table in Article 3, paragraph (1) of the Supplementary Provisions.

Act on Special Measures for Productivity Improvement (Act No. 25 of 2018)	Article 52, paragraph (3)	the Cabinet Office or	the Cabinet Office, the Reconstruction Agency, or
		or Ministerial Order	, Order of the Reconstruction Agency (including a public notice), or Ministerial Order

(Transitional Measures Concerning Application of Penal Provisions)

Article 8 (1) Prior laws continue to govern the applicability of penal provisions to an act committed before this Act comes into effect.

Reason

In order to respond to changes in the industrial structure and conditions for international competition due to the rapid progress in technological innovation in recent years in the field of information technology, and to achieve productivity improvement of Japanese industries in a short period, it is necessary to take measures including carrying out, in an intensive and integrated manner, initiatives for productivity improvement through innovative business activities, such as promoting the testing of new technology, etc., within a period specified by a plan. This is the reason for submitting this bill to the Diet.