**Economic Countermeasures:** 

A Three-stage Rocket

Total scale: 75 trillion yen

24 December 2008 Office of the Prime Minister

# Fiscal 2009 budget & reform of the tax system

(Budget estimate formulated on 24 December 08; to be submitted to the Diet in second half of January 09)

Emergency measures to defend people's daily lives **37 trillion yen** 

# Second fiscal 2008 supplementary budget

(Budget estimate formulated on 20 December 08; to be submitted to the Diet 5 January 09)

Measures to counter difficulties in people's daily lives

27 trillion yen

# First fiscal 2008 supplementary budget

(Budget passed on 16 October 08; currently under implementation)

Comprehensive emergency measures to bring about peace of mind 11.5 trillion yen

# Supporting the Lives of the People

1 Countermeasures to support employment

#### Housing assistance and basic support for workers out of work

- Subsidies to be provided to business owners who continue to provide accommodation without charge to workers out of work (40,000 to 60,000 yen per person per month for up to 6 months)
- Accepting new residents at employment-promotion housing facilities (roughly 13,000 housing units)

to 1 million yen per person)



#### Subsidies to business owners who extend regular employment contracts to temporary staff and similar workers

- Financial incentives to be provided to business owners who extend regular employment contracts to temporary staff, students whose tentative employment offers have been cancelled and "freeters" who are relatively older (500 thousand



#### Establishment of a fund for the creation of new jobs

- A 400 billion yen fund will be established for use by local authorities

# 2 Fixed-sum stipend

12,000 yen provided per person; persons 65 and above as well as 18 and below will instead receive 20,000 yen

E.g. A 4-person household with 2 primary school-aged children would receive 64,000 yen

### 3 Assistance to provide peace of mind at childbirth

# Provision of free maternity check-

Increase the number of free maternity check-ups from 5 to 14

#### Increases in the amount of the one-off childbirth and child-rearing allowance

Increase the amount by 30,000 yen in January 2009 to a total of 380,000 yen; increase further in October 2009 to 420,000

### 4 Tax reductions

#### Tax reductions on mortgages

Increase tax breaks to a maximum of 6 million ven, the highest level ever (Also applicable when people use their own financial resources to build or modify their homes)

#### Tax reductions on cars

Significant tax reductions on eco-friendly cars (automobile weight and automobile acquisition taxes)

E.g. Automobile weight and automobile acquisition taxes for a 2-million yen car weighing 1.3 tons:

Standard car: 146,700 yen Hybrid and other eco-friendly cars: 0 yen



# **Key Points concerning the Budget Allocation for Promoting Major Policies**

(333 billion yen)

Imparting peace of mind to citizens of today and seeking a bright future to our children

**Defending people's daily lives** 

### **Social Security**

- \*Countermeasures to address:
- Shortage of medical doctors; deficiencies in emergency medical care

# 30.4 billion yen

 Increase assistance to hospitals providing emergency care; expand the area served by helicopters used for medical emergencies

- Intractable diseases7.6 billion yen
- Research into causes and treatments of intractable diseases

Pandemic influenza6.9 billion yen

# Peace of Mind among the Public

- Reinforce governmental administration in the area of consumer welfare
- 3.3 billion yen
- Establish a Consumer Services Agency

# **The Latent Potential of Local**

#### **Areas**

Raising the food self-sufficiency ratio

# 63 billion yen

- -(1) Increase the planting of wheat, soybeans, animal feed crops, etc. in rice paddies
- (2) Resolve the issue of arable land no longer under cultivation

countermeasures

# Supporting the Economy Using a "Three-stage Rocket"

Total scale of countermeasures: 75 trillion ven

Second fiscal 2008 Fiscal 2009 budget First fiscal 2008 (-To be submitted to the Diet supplementary budget supplementary budget in second half of January 09) To be submitted to the Diet 5 -Passed 16 October 08 and tax reforms in fiscal 2009 January 09 Reduction of medical expenses to be Fixed-sum stipend 2 trillion ven Application of employment insurance borne by the elderly to non-regular workers Creation of iob opportunities in the 250 billion ven 170 billion ven **Assistance** regions by municipalities Reduction of employment insurance 400 billion ven (in the form of a premiums towards fund) 640 billion ven people's Provision of free maternity check-Increase in the amount of the one-off daily lives childbirth and child-rearing allowance 80 billion yen Tax breaks applicable to housing 340 billion ven Housing assistance and basic Tax breaks on eco-friendly cars 210 support for workers out of work billion ven **Assistance**  Emergency credit guarantee & lending Emergency credit limit Tax breaks to promote investment in 6 trillion yen limits energy-saving facilities, etc. to small and Emergency lending limit of Expanded to 30 trillion yen in total 190 billion yen government-affiliated financial medium Equity participation in financial Reductions in tax rates on small and institutions institutions medium enterprises enterprises 3 trillion yen 10 trillion yen added to existing limit 240 billion yen ⇒ 9 trillion yen in total Increase in amount of national tax Subsidies to revitalise local areas Emergency disaster prevention, Efforts to disaster recovery, etc. 600 billion ven revenues allocated to local governments 440 billion yen for creation of employment, etc. 1 trillion revive local Subsidies to create the foundations for Substantial reductions on highway areas tolls revived local areas 500 billion ven 11.5 trillion yen 27 trillion ven 37 trillion yen "Emergency measures to defend people's daily "Comprehensive emergency measures "Measures to counter difficulties in people's daily lives" to bring about peace of mind" lives" \*Amounts indicate scale of the