

Opening the doors to Society 5.0

—A policy proposal to the Digital Extraordinary
Administrative Advisory Committee —

(excerpt)¹

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Keidanren

一般社団法人 **日本経済団体連合会**

¹ This is an excerpt from the original report (in Japanese). The complete version in Japanese can be accessible from <https://www.keidanren.or.jp/policy/2022/032.html>

I . Introduction

Japan has been increasingly lagging behind in digital transformation (DX)². Given the sense of urgency and frustration among the government and business community, the Digital Extraordinary Administrative Advisory Committee (“Advisory Committee” hereinafter) was launched.

The mission of the Advisory Committee is to fundamentally transform the structure of the entire Japanese economic society and complete its transformation on a digital basis during the coming three years, which have been designated a period of intensive reform. Today’s Japan cannot afford to repeat the two decades-plus of failed ambitions to become the world’s leading IT nation. It is evident that Japan cannot make up for lost time by implementing individual regulatory and institutional reforms one at a time. The period of intensive reform is the final and greatest opportunity for Japan to shift to a world-leading digital society, namely Society 5.0.

Keidanren will fully collaborate with the Advisory Committee. As a part of such efforts, in addition to the various activities that it has promoted to realise Society 5.0, Keidanren has compiled issues that the Advisory Committee should address, based on a “Questionnaire Survey toward a Digital Society” (“Questionnaire” hereinafter) with targeting its entire membership. It calls for the building of a foundation for a Japan-Original DX³ to realise Society 5.0, which Keidanren has promoted in many of its communications.

Keidanren calls on the Advisory Committee and other relevant parties, including the government, to include this proposal in the collective review plan and to make dedicated efforts for its realisation.

II . Basic approach

In 2025, after the three-year period of intensive reform designated by the Advisory Committee, we must live in a society where everyone is confident that “we have entered a new era where we can feel the advent of Society 5.0.” The vision of Society 5.0, which leaves no one behind, will have taken root in the daily lives of Japanese citizens and will be communicated to the world at the 2025 World Exposition (Expo 2025 Osaka, Kansai, Japan) and other fora.

² For example, in the IMD World Digital Competitiveness Ranking, Japan’s ranking has dropped across three consecutive years: 23rd(2019) => 27th(2020) => 28th(2021)

³ Refer to: Keidanren [“Society 5.0 — Co-creating the future —”](#) (November 2018)
Keidanren [“Digital Transformation — Opening Up the Future through Co-creation of Values —”](#) (May 2020)

Most importantly, we must realise a society that creates new values for diverse people through the full use of digital data. We must go beyond mere digitalisation and improved convenience and continuously create new industries, technologies and services harnessing digital technology. Digital technologies must support “human” activity and truly enrich “human” life.

The Advisory Committee must be an architect that draws a detailed and effective roadmap with a view to such a future society. The ultimate goal is to achieve a society where: 1) all administrative procedures can be completed digitally; 2) the necessary digital institutions and infrastructure have been installed; and 3) a framework is in place that can always accommodate the emergence of new technologies. The Government must foster public understanding for and trust in the advantages of using digital data, including Individual Number (“My Number”) data, by introducing cutting-edge information security and offering an in-depth explanation to the general public.

We will provide below the basic ideas that should be particularly considered during the period of intensive reform from the viewpoint of letting the five digital principles permeate every part of society and every corner of Japan, and thus building the foundation of Society 5.0.

STEP 1 : Comprehensive review of existing regulations and a package of digital technology-related law amendments (Initial phase)

The overriding imperative is to transform the outdated regulations that do not benefit to Society 5.0 and implement Business Process Re-engineering (BPR) from a user’s perspective, thus truly achieving “end-to-end digital execution,” where there is no single paper intervention whatsoever in the process of national and local administrative procedures as well as private transactions. Based on past experiences, it is predictable that we will encounter, during the transformation process, persistence and full resistance among relevant government agencies and other interested parties who wish to maintain the status quo. If we cannot overcome such resistance without compromise, the current reform will repeat the mistake made by past reforms and end in failure. This is precisely why the perseverance and determination of the Advisory Committee is put to the test in the coming law amendment process based on the collective review plan.

Firmly rooted in the three principles⁴ stipulated in the Act on Adjusting Laws Related to Forming a Digital Society (Digital First Act), the Advisory Committee needs to address the comprehensive revision of laws and the amendment of Cabinet and ministerial orders with strong determination and speed. In particular, given that even with the enactment of the digital reform laws in September 2021, seals continued to be required in practice, effective law enforcement that does not end up as a call for action but drives change is required.

We should strictly dismiss legal frameworks and regulations that are inconsistent with the five principles⁵ of digitalisation, which serve as the common guidelines for digital reforms, regulatory reforms, and administrative reforms. If we are to retain them, it should be “limited to circumstances where it has been proved that digitalisation cannot serve as an alternative measure and that it would undermine the legislative purpose.” Given the announcement of digital “principles,” the Government shall be held accountable for exceptions where digitalisation is not possible. From the viewpoint of ensuring transparency, as well, it is essential that we have in place a framework that holds supervising ministries and agencies accountable with a burden of proof.

Furthermore, the final challenge of end-to-end digital execution remains at the local government level⁶. While it is inarguable that the aims of local autonomy should be respected, practices still seen at the local government level, including regulations demanding paper-based documentation, affixing seals and in-person meetings, as well as additional local regulations that cover a wider scope than national regulations impose unnecessary and excessive burden upon citizens and users. Therefore, the efficiency and productivity of the entire economic society are undermined. The achievement of Society 5.0 will stumble if the national government does not take a step beyond providing technical advice and enforce strong measures upon local governments.

The Digital Agency should increasingly accelerate its efforts to promote the integration and standardisation of the basic operation system of local

⁴ The three principles are: Digital First (Individual procedures and services are completed electronically); Once Only (Once submitted, the same information will not be requested a second time.); and Inter-connected One Stop (One stop services are available for multiple procedures and service, including those of the private sector).

⁵ The five Digital Principles adopted at the second meeting of the Advisory Committee (22 December 2021): End to End Digital Execution and Automation; Agile Governance; Public-Private Partnership; Interoperability; and Infrastructure-sharing.

⁶ According to Keidanren’s questionnaire survey results, significant gaps are seen among different local governments even after the Cabinet Office published the “Manual for Reconsidering the Custom of Affixing Seals on Documents in Local Governments.”

governments and at the same time promptly introduce operational software that are designed to comply with the standardised specifications.

In the case private sector practices are hindering advancements in DX, Keidanren is determined to work closely with business organisations to strongly encourage the promotion of DX.

STEP 2 : Developing new institutions and infrastructure

(Transition period)

Next, speedy measures must be taken to address cases where digitalisation cannot be completed or put into practice due to the underdevelopment of institutions and infrastructure. Considering Japan's delay in the commercial introduction of self-driving vehicles and unmanned deliveries, we should urgently develop institutional frameworks, such as safety standards for cutting-edge technologies, including unmanned construction and management and biometric authentication, and at the same time initiate the shift to outcome-focused regulations.

Furthermore, from the perspective of creating new values, there is an urgent call for arranging the settings for compiling and disclosing data not only by government but also in areas such as healthcare, education, infrastructure, and environment that has yet to be digitalised or disclosed.

In this regard, the My Number system holds the key to individual-oriented data linkages. "Specific personal information" should be abolished to develop an institutional framework that links and effectively utilises diverse data, including those of healthcare, education, taxes, and social security. Another important issue is to identify and re-organise the infinite number of unevenly distributed databases in the possession of different public and private sector parties. The Digital Agency should draw a comprehensive plan of administrative procedures and data linkages across the private sector, as well as the national and local governments, and at the same time review the data types and formats that cannot be accommodated and reconsider the jargon. It is also important to allocate user-friendly public service IDs that are valid in all administrative services across all levels of government, including the national and local governments.

STEP 3 : Building a digital technology-oriented framework (Building the foundations for Society 5.0)

With technological advancements being made every day, in order to prevent the regulatory and institutional reforms achieved under Steps 1 and 2 above from becoming anachronistic, the government needs to embed a scheme that can allow government to autonomously keep pace with developments in society.

First, all ministries must share an understanding of the limits of imposing regulations beforehand in an ever-changing era and transform their mindset to one that assumes the utilisation of digital and cutting-edge technologies. The penetration of human resource development and evidence-based policy making (EBPM) will be critical issues.

At the same time, whether or not Japanese society can break away from perfectionism and infallibility and foster a culture that can accept errors will determine the success of regulatory and institutional reforms. With a view to the emergence and deployment of future cutting-edge technologies, it is critical to fundamentally shift the existing legal framework to outcome-focused regulations and allow a flexible administrative governance that can promptly accommodate new technologies and services to function. This corresponds directly with Digital Principle 2: Agile Governance. With reference to regulations regarding self-driving technologies and platformers, authorisation standards and safety and security regulations should be shifted to outcome-focused regulations and performance-based standards.

Furthermore, a framework to preliminarily review the laws and regulations to be enacted or amended in the future is needed to be sure that they remain consistent with the Digital Principles. The discussions on the establishment of a Digital Legislation Bureau and the use of digital technologies in legislative administration (the introduction of legal technology) currently ongoing in the government should be concluded at an early time to build a digitalisation-oriented framework by 2025.

While the Advisory Committee has been set up as an ad hoc organisation under the Prime Minister, with a view to the fact that all norms become anachronisms at some point, an organisation to comprehensively and continuously monitor regulatory and institutional reform is indispensable. The Advisory Committee should explicitly present the future framework for promoting DX in Japan.

Beyond the intensive reform period

With more than twenty years of catching up to do, the three-year reform led by the Advisory Committee is only a milestone for opening the doors to Society 5.0. We call on the Advisory Committee to make sure not to leave any tasks unaddressed during the intensive reform period by verifying and announcing progress and results through a highly transparent PDCA cycle, and thoroughly implement user-oriented reform.

Beyond the intensive reform period, not only will the formulation of a legal framework for actions in virtual space be inevitable, but the time will also come when the pilot implementation of laws and regulations and policy choices based on such pilots can be virtually executed. It will be a constant challenge to accommodate new global technological developments such as refined AI predictions and genome analysis. We should not stop moving forward even after the intensive reform period.