

March 6, 2012
Kansai Economic Federation

The 4th Proposal for Recovery from the Great East Japan
Earthquake

**Recovery of Tohoku and Continued Support
Efforts Made by Kansai
(Summary)**

I. Introduction

About one year has passed since the Great East Japan Earthquake hit the Tohoku region. During this period, the Japanese government has taken a variety of actions including fiscal measures, establishment of Special Zones for Reconstruction, and the Reconstruction Agency. In spite of these efforts, reconstruction and recovery in the disaster-stricken areas has still only partly been completed. In fact, numerous unsolved problems are actually piling up and new challenges are being generated. To steadily proceed with reconstruction and recovery, additional measures should be taken to solve such problems to meet the needs of the afflicted areas.

Meanwhile, it is necessary to aim at creative recovery that will lead to a new type of economic growth in Japan, not merely reconstruction to return the afflicted areas to their original state, and thereby build a disaster-resistant country based on the experiences of the Great East Japan Earthquake.

On the basis of the results of interviews and experiences of the Great Hanshin-Awaji Earthquake, we at Kansai Economic Federation propose measures to be taken to recover the disaster-stricken areas as early as possible in a creative way and apply lessons learned from the disasters, as well as present our own efforts.

II. Proposals for Tohoku Region's Recovery

1. Recovery system

[Proposal] It is necessary to review the authority structure so that the Reconstruction Agency can function effectively.

To promptly push forward the recovery, it is necessary to review the authority structure so that the Reconstruction Agency can function effectively in an integrated manner. To this end, it is essential to utilize the right of recommendation and grant the Reconstruction Agency the right to execute recovery measures.

2. Recovery of and complementing administrative functions in municipal governments in afflicted areas

[Proposal] It is essential to provide necessary support to promote the dispatch of personnel from both the public and private sectors.

There is a strong concern about a possible future shortage of personnel, in particular, staff with professional experience and knowledge in the municipal governments of afflicted areas. To address this problem, the Japanese government should provide necessary support by encouraging the dispatch of public and private sector personnel including local government staff from non-disaster-afflicted areas.

3. Special Zones for Reconstruction

[Proposal] It is necessary to further clarify the scope of Special Zones for Reconstruction and recognize the requirements for such zones

It is necessary to take prompt action in easing regulations and providing preferential treatment by sufficiently incorporating the opinions of residents of afflicted areas and allowing them to take advantage of the Special Zones for Reconstruction. Accordingly, it is necessary to further clarify the scope of Special Zones for Reconstruction and recognition requirements for such zones.

4. Effective use of private funds and know-how (PFI-PPP)

[Proposal] It is necessary to strengthen PFI-PPP (Private Finance Initiative and Public Private Partnerships) in recovery

It is necessary to strengthen public-private collaboration in the recovery of disaster-stricken areas by utilizing PFI and PPP. The Japanese government should improve procedures to make it much easier for both the public and private sectors, and provide support in terms of finance and taxation.

5. Industrial and employment measures

(1) Agriculture

[Proposal] It is necessary to allow companies newly entering the agricultural field to acquire ownership of farmland.

To effectively use limited farmland and make agriculture in disaster-stricken areas even more competitive, it is necessary to allow companies newly entering the agricultural field to acquire ownership of farmland. At least the requirements for agricultural production corporations to enter the agricultural field should be eased.

[Proposal] It is necessary to ease regulations concerning establishment of agriculture-related facilities.

Requirements for permission for conversion of agricultural lands should be eased to make it possible to convert such lands to what is called sixth industry-related facilities and factories. Regulations for the establishment of factories should be eased.

(2) Fisheries industry

[Proposal] Transitional collaborations should be led to be continued efforts.

Transitional collaborations for reconstruction which are currently in place should be led to be continued efforts by providing initial investment and operational funds.

(3) Tourism

[Proposal] A long-term and large scale destination-specific campaign should be implemented with concerted efforts made by the national government, local governments and travel agents

To revitalize the tourism industry, the national and local governments and travel agents should jointly implement a long term and large scale destination-specific campaign.

(4) Employment

[Proposal] Requirements for employment period (three months or longer) of newly employed supervisor engineers should be relaxed.

Regarding construction works in disaster-stricken areas for reconstruction from the Great East Japan Earthquake, the requirements for the employment period of newly employed supervisor engineers under the Construction Industry Act and via administrative directions should be relaxed to less than three months.

(5) Disaster waste

[Proposal] Disaster waste disposal should be promoted

Aiming to reconstruct and recover disaster-stricken areas from the Great East Japan Earthquake as early as possible, it is a pressing issue to dispose of disaster waste promptly and properly. The national government and local governments throughout Japan should collaborate to promote wide-area disposal of disaster wastes.

III. Building disaster-resistant nation based on the lessons learned from the experience of the Great East Japan Earthquake

1. Creation of regulations to enable better emergency response to a large-scale disaster situations and clarification of operational guidelines

Although prompt establishment of governance for reconstruction and recovery of disaster-stricken areas was indispensable, it was 11 months after the disaster that the Reconstruction Agency was inaugurated. According to the results of interviews with the residents of

disaster-stricken areas, some people indicated that although a governmental system was formed in the reconstruction and recovery phases, there were problems in terms of promptness and functions of such system due to problems generated from vertically divided functions between ministries and agencies.

Meanwhile, from the legal point of view, our country does not have any laws to define an emergency situation. Under the Disaster Countermeasures Basic Act, responses to disasters are controlled and orders are issued not by the national government alone, but by a bottom-up system where orders are issued first by municipalities, prefectures, and finally the national government (under the principle of subsidiarity). To comply with current disaster regulations, it is regarded that in principle a local government is responsible for protection of its residents' lives, bodies, and property. When it is impossible for a problem to be handled by a municipality, a prefecture will undertake it, and if a prefecture cannot do so, then the national government responds to it in accordance with the principle of subsidiarity.

Moreover, the Act contains few regulations in the phase of reconstruction and recovery from a disaster. Its purpose is only to restore the area to its original form, and is lacking in terms of the recovery phase. Based on the experience of the Great East Japan Earthquake, institution-building that enables recovery which is more than just "recover to the original form" is an issue to be addressed.

In addition, in assigning roles to the national and local governments, institution-building that clearly distinguishes between emergency situations and non-emergency situations is necessary. Meanwhile, review of the principle of subsidiarity in an emergency is also essential.

Furthermore, it is also important to clarify the guidelines on flexible operation of laws and regulations in case of an emergency during normal situations. For example, creation of regulations and guidelines in time of emergency, such as immediate release of gasoline in storage, etc., is indispensable for the general public as well as in developing business continuity plans that specify disaster responses.

2. Building a backup system of capital functions

The last great earthquake exposed the great risk of the over-concentration of capital functions in the Tokyo metropolitan area. Moreover, as it has been indicated that there is an increasing probability of an epicentral earthquake hitting the Tokyo metropolitan area, building a backup system of capital functions has become an urgent issue. With this situation in mind, the national government should urgently address initiatives to build a robust, safe and large disaster-resistant country. For the time being, discussions should be held to improve the security of Japan as a whole, by having the Kansai region assume a backup role for capital functions.

To this end, it is necessary to create a legal system concerning BCPs as an overall policy of the national government, and maintaining capital functions when a large-scale disaster hits the Tokyo metropolitan area. During these procedures, Kansai should be clearly designated as a backup area for capital functions.

IV. Continued support provided by Kansai

—“Acting as a bridge between Tohoku and Kansai for recovery” project—

1. System to provide continued support

- Countermeasures Headquarters for Recovery from the Great East Japan Earthquake (Director: Mr. Tanabe, Managing Director & Secretary General) was established inside the Kansai Economic Federation as an information platform to act as a bridge between Tohoku and Kansai. By doing so, continued support will be provided for Tohoku’s recovery.

2. Continue to grasp the current situation and special needs of disaster-stricken areas by fixed-point observation and information dissemination

- To grasp the reconstruction situation and special needs of residents of disaster-stricken areas by sending volunteer buses, personnel, etc. and via fixed-point observation, disseminate information both inside and outside the Kansai Economic Federation, and thereby ensure that our member companies continue be aware of the situation in disaster-stricken areas.
- To examine concrete support for recovery that companies and economic organizations can provide by holding a symposium on support for recovery from the Great East Japan Earthquake.
- To send volunteers to disaster-stricken areas with the purpose of improved awareness of disaster preparedness, farming experience, etc.
- Fixed-point observation of disaster-stricken areas by personnel dispatched to such areas

3. Collaboration of universities and administrative bodies with West Japan Economic Council and Tohoku Economic Federation

(1) Periodical conferences with West Japan Economic Council

(2) Proposals and specific activities conducted in collaboration with universities in the Tohoku region

- Kansai Economic Federation's endowed chairs will be established at universities in the Tohoku region and will provide lectures on entrepreneurship by CEOs of Kansai Economic Federation member companies

4. Promotion of industrial development, business matching and employment support

(1) Examination of a project contributing to industrial development and employment creation

(2) Promotion of business matching

- To continue to collaborate with the Tohoku region in terms of embedded system industries

(3) Promotion of employment support

- To build an effective business matching system to further support the employment of disaster victims

5. Continue and promote “Visit Tohoku, Buy Tohoku Products” project

- To collaborate with tourism promotion organizations in Tohoku and disseminate sightseeing information to member companies

V. Conclusion

On the occasion of the disaster, we face numerous challenges such as the rapidly aging population, and the necessity of transforming the agriculture and fisheries industries as if we are experiencing the future state of Japan, although the situations differ among the prefectures in the disaster-stricken areas.

The Great East Japan Earthquake caused catastrophic damage to industries in coastal areas of the Tohoku region which are symbolized by the agriculture and fisheries industries. As a result, the impact of the disaster, as well as the damage it caused, prompted the transformation of the industrial structure in disaster-stricken areas, which ordinarily would have been developed gradually through the medium to long term.

The Great East Japan Earthquake was absolutely devastating for residents in the disaster-stricken areas. However, successful achievement of creative recovery from the disaster may become a new growth model for Japan.

Kansai will request the national government to take necessary political action as well as continue to carry out support activities.