

Urgent Appeal Regarding Reconstruction and Support Following the Tohoku-Pacific Ocean Earthquake

Support and recovery following the recent unprecedented catastrophe are expected to have ramifications beyond the difficulties and other issues faced by the localities directly affected. The Japanese economy and society as a whole must take the situation very seriously and direct all its strength toward post-disaster support and recovery. We strongly believe that this hardship must be overcome through mutual cooperation as a long-term nationwide movement.

Kankeiren reiterates its resolve to extend maximum support and cooperation not only toward immediate reconstruction and relief efforts but also toward medium to long-term full-scale recovery, in partnership with the Tohoku Economic Federation, Union of Kansai Governments and other relevant public and private bodies. At the same time, we urge the government to meet the following requests regarding immediate reconstruction and relief measures:

1. Swift adoption and implementation of the supplementary budget

Government measures pertaining to post-disaster support and recovery require implementation that is timely and appropriate to each phase. For the present, early adoption and implementation of the first supplementary budget for fiscal 2011 are necessary to restore daily living and economic infrastructure in stricken areas as quickly as possible. We think it important that the first supplementary budget take the following items into consideration:

- (1) Support for early restoration of lifelines, including electricity, gas, water and communications
- (2) Early construction of temporary housing
- (3) Support for early recovery of medical, educational and welfare facilities
- (4) Early restoration of transportation and logistics infrastructure, including roads, railways, seaports and airports

(5) Support for maintaining employment in afflicted areas, for example through accelerated application of employment adjustment subsidies

(6) Reinforcement of financial assistance for businesses in afflicted areas (issuance of emergency loans, etc.)

As for sources for the first supplementary budget, we feel the government needs to secure a total amount in the order of five trillion yen, by tapping economic-crisis and regional-revitalization reserves and also by freezing, in the light of the present emergency, expenditures pledged in the Manifesto (child allowance, individual-household income compensation program for farmers, trial of the toll-free expressway, etc.).

2. Swift implementation of countermeasures against negative effects on the nation's economic activities

The earthquake is affecting economic activities nationwide, as manifested in the drastic fall in stock prices, sharp rise of the yen, rise in gas prices, electricity supply shortages and the shortage of certain commodities as well as in other production and distribution functions. Unless the entire country stabilizes its production and supply capabilities and finance, the support needed for reconstructing and rebuilding afflicted areas may be disrupted. As such, we urge the government to swiftly consider and implement measures including those listed below, to counter negative influences on nationwide economic activities.

The government should also promptly establish a regime for powerfully propelling reconstruction planning, and present its roadmap without delay.

(1) Flexible application of pertinent laws

Corporations headquartered or located in afflicted areas should be able to continue necessary economic activities by applying relevant laws flexibly. Specifically, postponement of deadlines for formalities and reports under various corporate statutes (Companies Act, Financial Instruments and Exchange Act, etc.), and simplification of procedures for changing business hours under the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment are high-impact measures calling for swift action. Corporate combinations (e.g. mergers) sought from the point of view of maintaining the nation's production and supply capacity, or assisting corporations struggling as a result of the disaster should also be granted swift reviews in consideration of their purposes.

(2) Financial stabilization

Since the earthquake and tsunami disaster is expected to have repercussions for the entire nation, financial stabilization will be crucial to corporations directly involved in reconstruction and recovery as well as corporations in various regions that are supporting such efforts. We ask the government to take the necessary action, including decisive steps, against excessive appreciation of the yen in coordination with monetary authorities in other countries. For the sake of financial stability, including stability of the stock market, again we ask the government for the early adoption of a first supplementary budget that includes the issuance of emergency loans, and appeal to the Bank of Japan to implement additional monetary easing steps.

(3) Securing supplies of daily necessities for afflicted areas

At this moment, priority should go towards securing supplies of daily necessities for afflicted areas. The government must take the initiative to this end, not only by utilizing national emergency stockpiles but also urging the business community to increase supplies of daily necessities so as to remove public anxiety. This should prevent excessive consumer hoarding and help secure daily necessities for those afflicted.

(4) Continuation and reinforcement of essential economic activities

Instead of reducing normal economic activities in reaction to the earthquake and tsunami disaster, corporations in Kansai and western Japan need to actively support the Japanese economy by, for instance, expanding production and employment as much as possible so as to help afflicted areas. The government should request corporations to take such actions and at the same time secure distribution routes to eastern Japan as well as transportation fuel, and implement tax, fiscal and financial measures to support capital investment and employment growth.

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