

Current Status and Path Toward Reconstruction

March 2013



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Reconstruction Agency

1. Immediate Impact of the 3.11 Disaster



Earthquake Magnitude: 9.0

Casualties:

Deceased : over 15,800

Unaccounted for: over 3,200

Injured: over 6,000

Evacuees:

Over 321,000 as of December 2012

1. Economic Damage:

16.9 trillion yen (approx. 177.7 billion dollars)

Buildings etc.

(housing, offices, factories, machinery etc.)

approximately **10.4 trillion yen** .
(109.4 billion dollars)

Lifeline utilities

(water service, gas, electricity, communication and broadcasting facilities)

approximately **1.3 trillion yen**
(13.7 billion dollars)

Social infrastructure

(river, road, ports & harbors, drainage, and airport etc.)

approximately **2.2 trillion yen**
(23.1 billion dollars)

Others

(including facilities for agriculture, forestry and fisheries)

approximately **3.0 trillion yen**
(39.4 billion dollars)

Japan's **swift response** to the disaster contributed to minimizing the damages



(Courtesy of JR East)

- Quake-resistant construction and technology
- Enhanced safety and early-warning systems on transportation
- Disaster education and preparedness

1 Swift Recovery of Infrastructure

BEFORE



AFTER



(six days later...)

BEFORE



AFTER



(approximately a month later...)

TIMEFRAME

- 10 years for the reconstruction period, with the first 5 years being the intensive reconstruction period for swift recovery

MEASURE TO BE IMPLEMENTED:

- for recovery and reconstruction of the disaster-afflicted areas and restoration of livelihood of people affected by the disaster
- for areas closely connected with those afflicted by the disaster to be taken in coordination with the aforementioned measure
- Nationwide disaster prevention and reduction that require urgent action

BUDGET SCALE (roughly estimated, both for national and local governments)

- Not less than 23 trillion in the next 10 years (19 trillion in the first 5 years*)

SUPPORT FOR RECONSTRUCTION

- Establish a system of “Special Zones for Reconstruction”
- Establish easy-to-use grants for the conduct of reconstruction projects planned by local governments
- Collaboration with the private sector for reconstruction

* As a result of the review of the financial framework for the five-year period (intensive reconstruction period), the figure was **increased to 25 trillion** yen in January 2013.

1. Substantial Budget For Reconstruction

FY2011 First Supplementary Budget (May 2011)

⇒ ¥4.01 trillion (42.2 billion dollars)

FY2011 Second Supplementary Budget (July 2011)

⇒ ¥1.91 trillion (20.1 billion dollars)

FY2011 Third Supplementary Budget (November 2011)

⇒ ¥9.24 trillion (97.2 billion dollars)

FY 2012 Regular Budget (April 2012)

⇒ ¥3.78 trillion (39.7 billion dollars)

FY 2012 First Supplementary Budget (Awaiting approval by Diet)

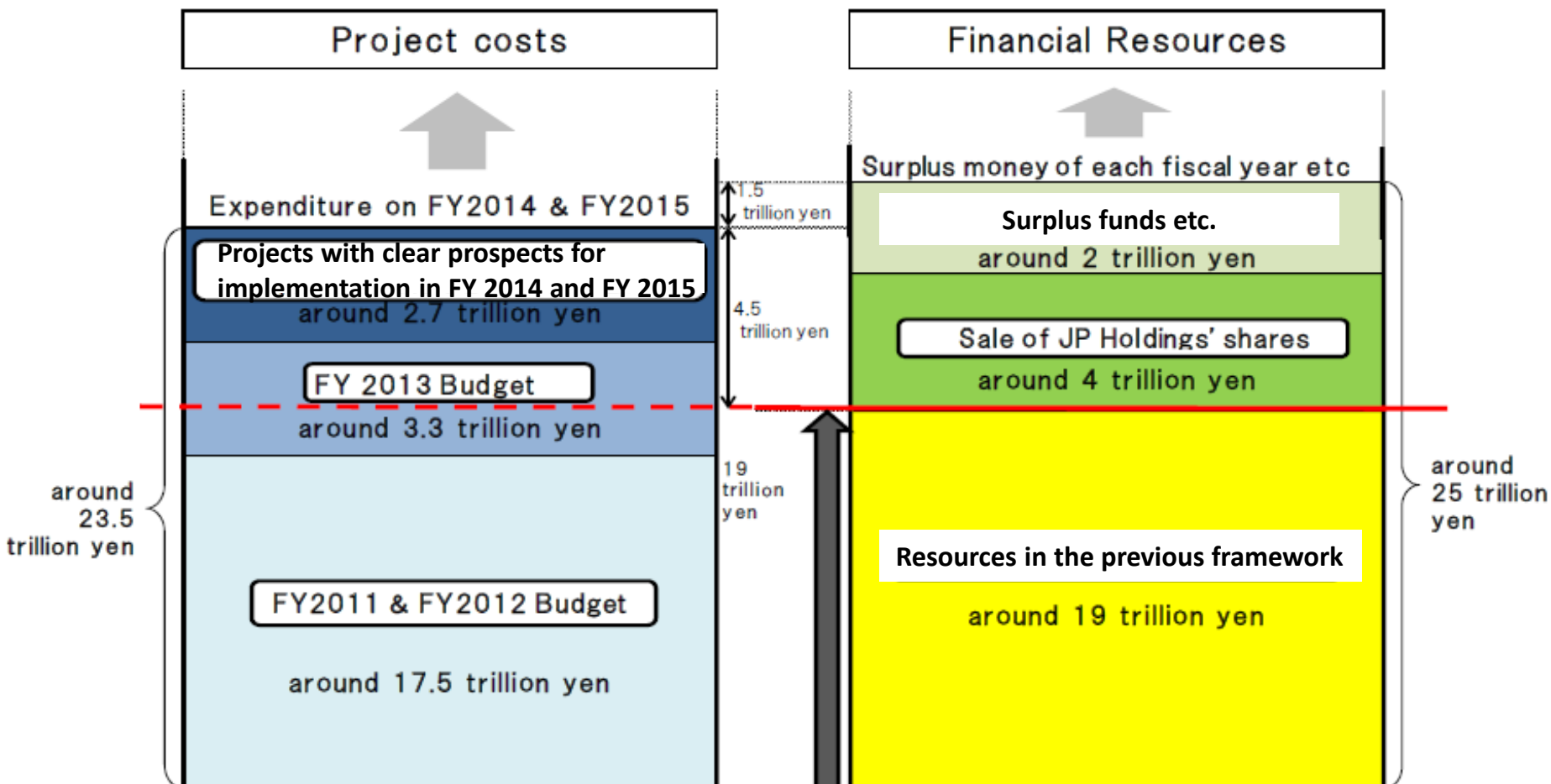
⇒ ¥3.79 trillion (39.9 billion dollars)

FY 2013 Regular Budget (Awaiting approval by Diet)

⇒ ¥4.38 trillion (46.1 billion dollars)

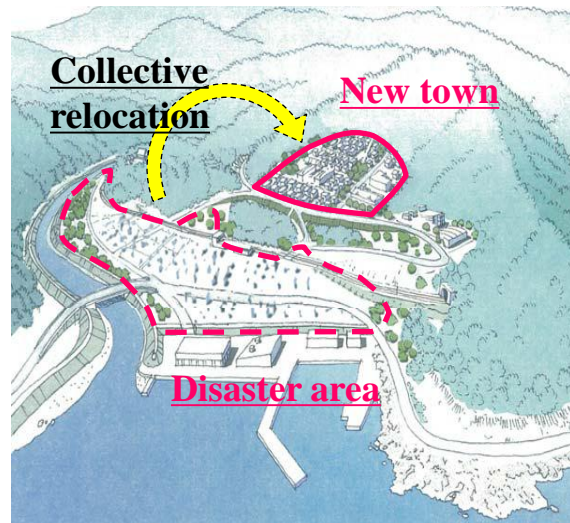
1. Review of the Budgetary Framework for Reconstruction

As a result of a review of the budgetary framework for the intensive reconstruction period ending in FY 2015, the framework has seen an increase of approximately 6 trillion yen, including the FY 2013 budget, thereby enabling to fund the projects outside the previous framework of 19 trillion. This new framework is expected to provide a sense of financial security to those in the areas affected by the disaster.



2. Town Rebuilding Efforts Underway

Collective household relocation



24 municipalities

245 districts

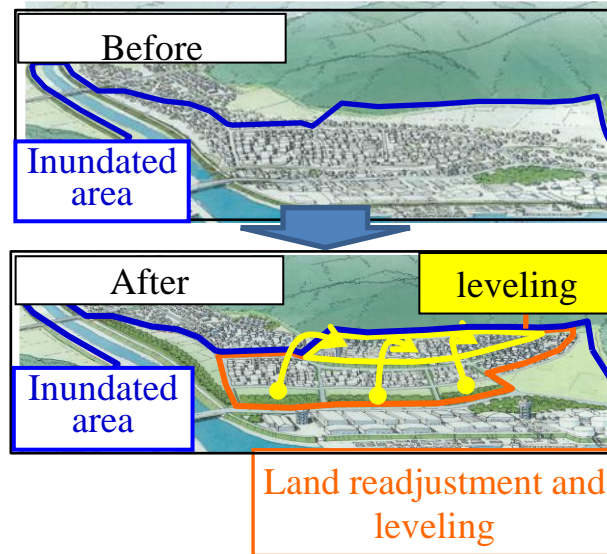
3 municipalities

3 districts

Chuetsu Earthquake
(project term: 2 years)

Great East Japan
Earthquake

Land readjustment



Unprecedented scale of devastation results in a massive amount of projects

20 municipalities

5 municipalities

58 districts

20 districts

Great Hanshin-Awaji
Earthquake (average
project term: 8 years)

Great East Japan
Earthquake

Public housing development

[Soma City, Fukushima Prefecture]
Construction: Feb. 2012 to Aug. 2012
Structure: Wooden flat compound for 12 houses



26,000
houses

Over
20,000
houses

Great Hanshin-Awaji
Earthquake (project
term: 6 years)

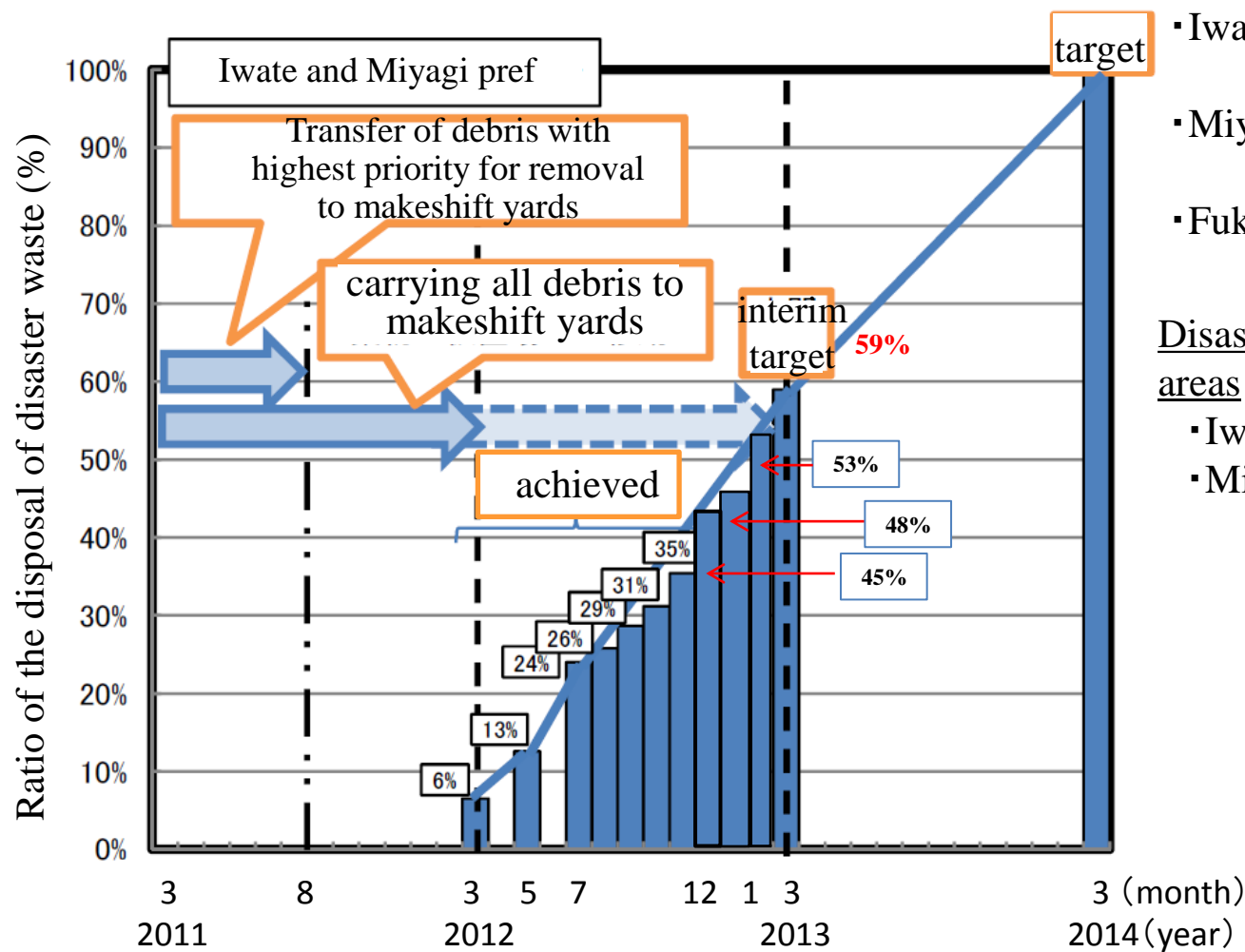
Great East Japan
Earthquake

3. Current Status of Reconstruction of Public Infrastructure, Agriculture and Fisheries

| Items | Progress | Current status | Items | Progress | Current status |
|---|----------------------------|---|--|----------------------------|---|
| Public housing development <small>*as of Jan. 2013</small> | <div><div></div></div> 37% | Land secured For 7,779 / 20,952 houses (excluding Fukushima Pref.) | Agricultural lands <small>*as of Jan. 2013</small> | <div><div></div></div> 38% | 8,190 / 21,480 ha of farming areas restored, with 63% having a clear prospects of resuming operation |
| Collective household relocation <small>*as of Jan. 2013</small> | <div><div></div></div> 92% | Consent of the Minister for Land, Infrastructure and Transport secured for 205 / 224 districts | Fishing ports <small>*as of Nov. 2012</small> | <div><div></div></div> 35% | 111 / 319 fishing ports resumed operation |
| Land readjustment <small>*as of Jan. 2013</small> | <div><div></div></div> 61% | Urban planning decisions made for 35 / 57 districts | Aquaculture facilities <small>*as of Dec. 2012</small> | <div><div></div></div> 77% | Clear prospects of resuming business for 51,568 / 67,121 aquaculture facilities |
| Hospitals <small>*as of Nov. 2012</small> | <div><div></div></div> 90% | 166 / 184 hospitals resumed service | Fish catches <small>*as of Dec. 2012</small> | <div><div></div></div> 69% | Fish catches: 69% on a weight basis (80% on a value basis) compared with the same period prior to the disaster |
| Schools <small>*as of Nov. 2012</small> | <div><div></div></div> 81% | 1,876 / 2,325 schools resumed classes | Fish processing facilities <small>*as of Sep. 2012</small> | <div><div></div></div> 69% | 567 / 820 facilities resumed fish processing |

4. Debris Removal Underway

Current status of wastes removal generated by the disaster



Makeshift incinerators

- Iwate pref. 2 incinerators (capacity: 195 tons/day)
- Miyagi pref. 29 incinerators (capacity: 4,495 tons/day)
- Fukushima pref. 3 incinerators (capacity: 570 tons/day)

Disaster wastes for disposal in wider areas

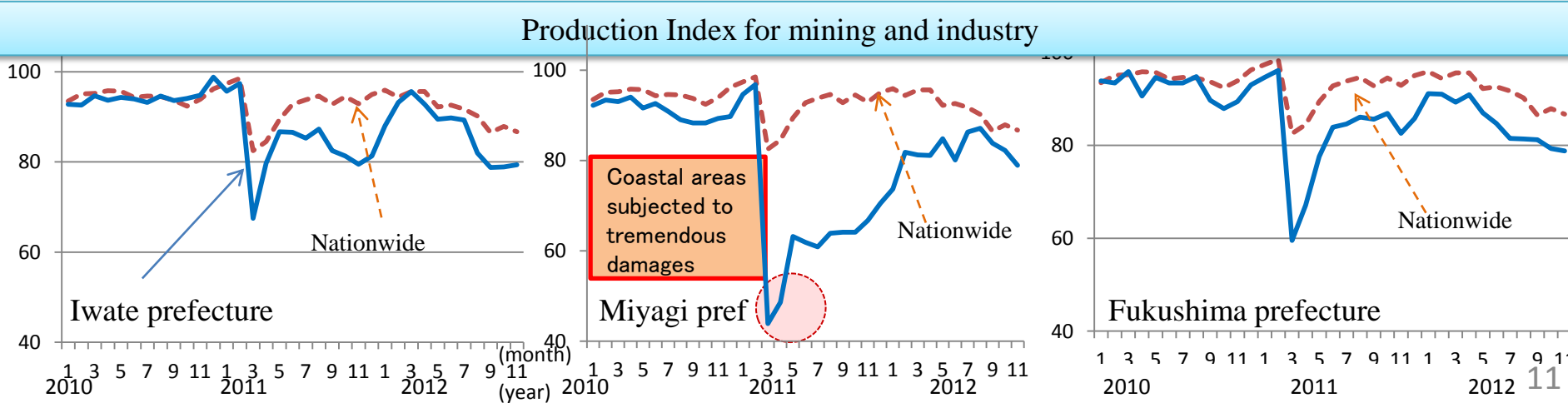
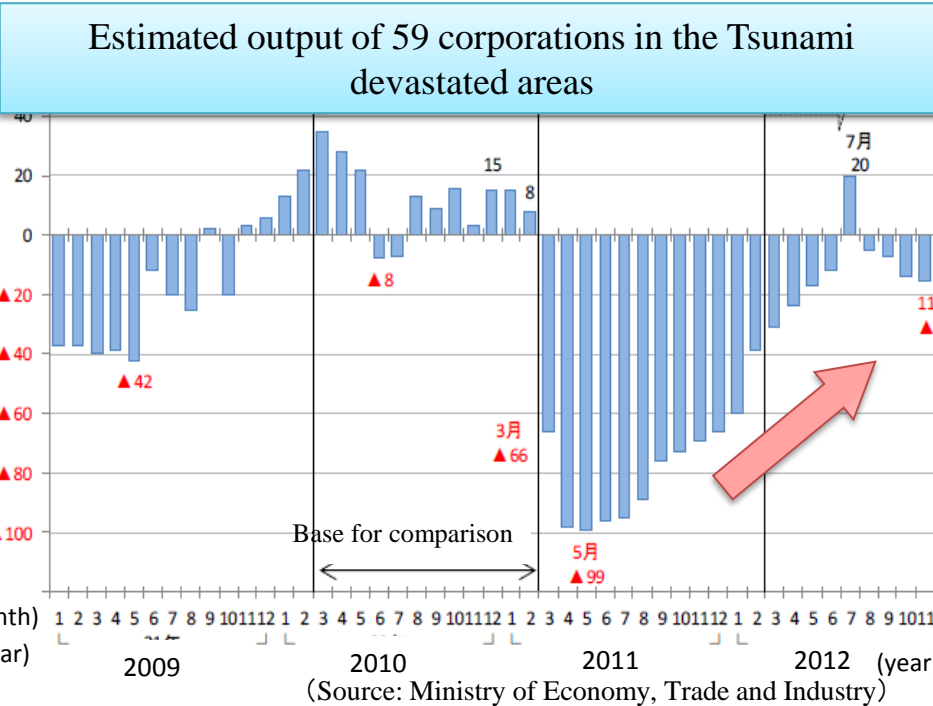
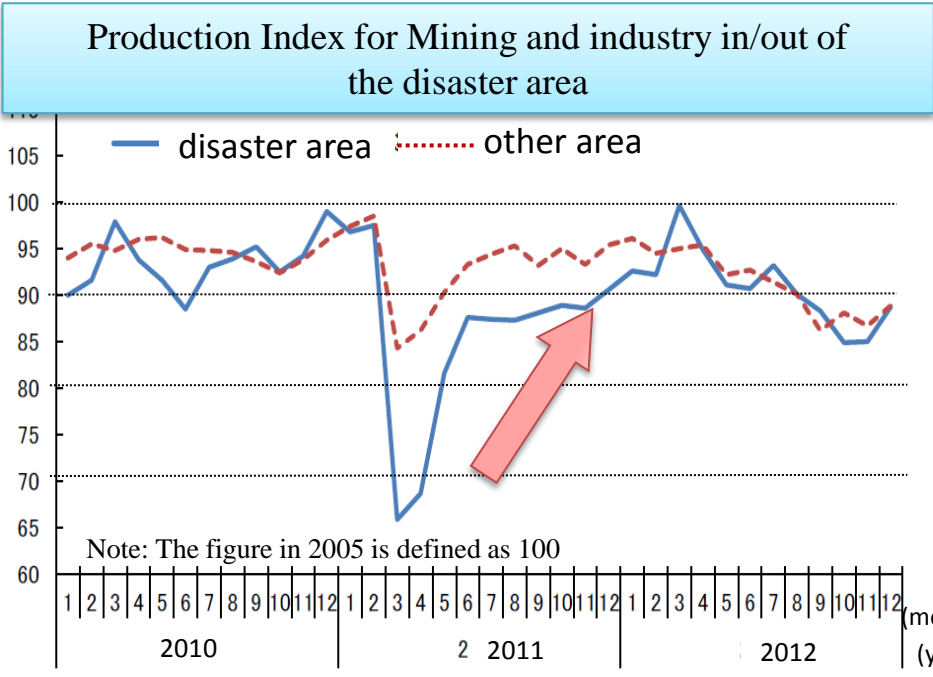
- Iwate pref.: 450,000 tons
- Miyagi pref.: 910,000 tons



(makeshift incinerators at Sendai City)

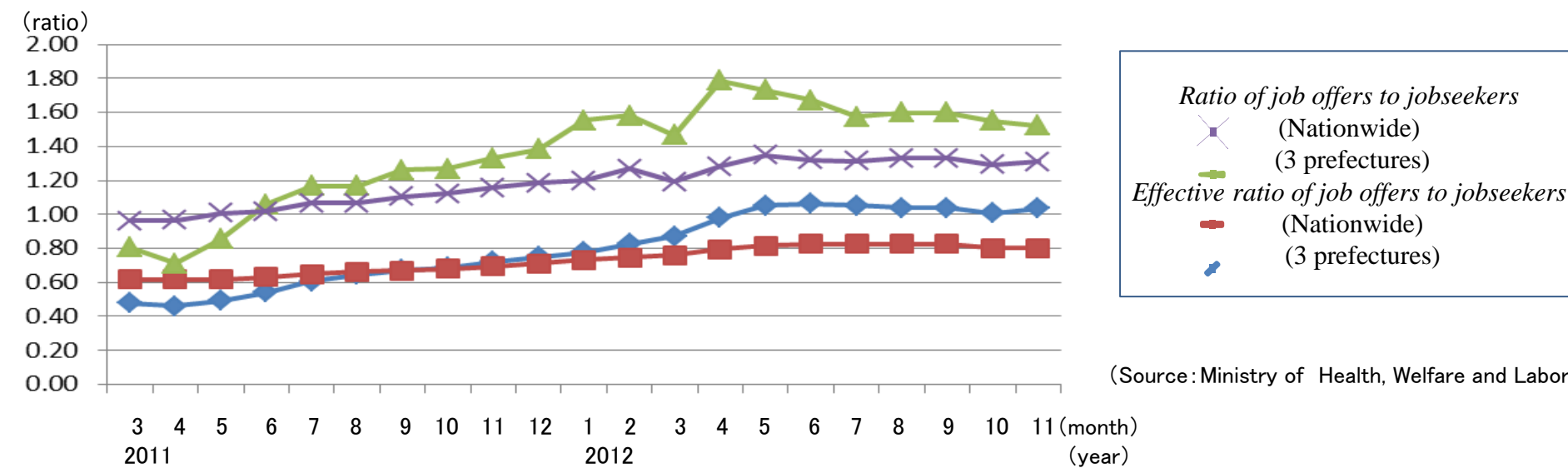
5. Current status of reconstruction in mining and industry

○ Indicators for mining and industry have recovered to pre-disaster levels. However, full-scale reconstruction in the tsunami-devastated areas remains a challenge.

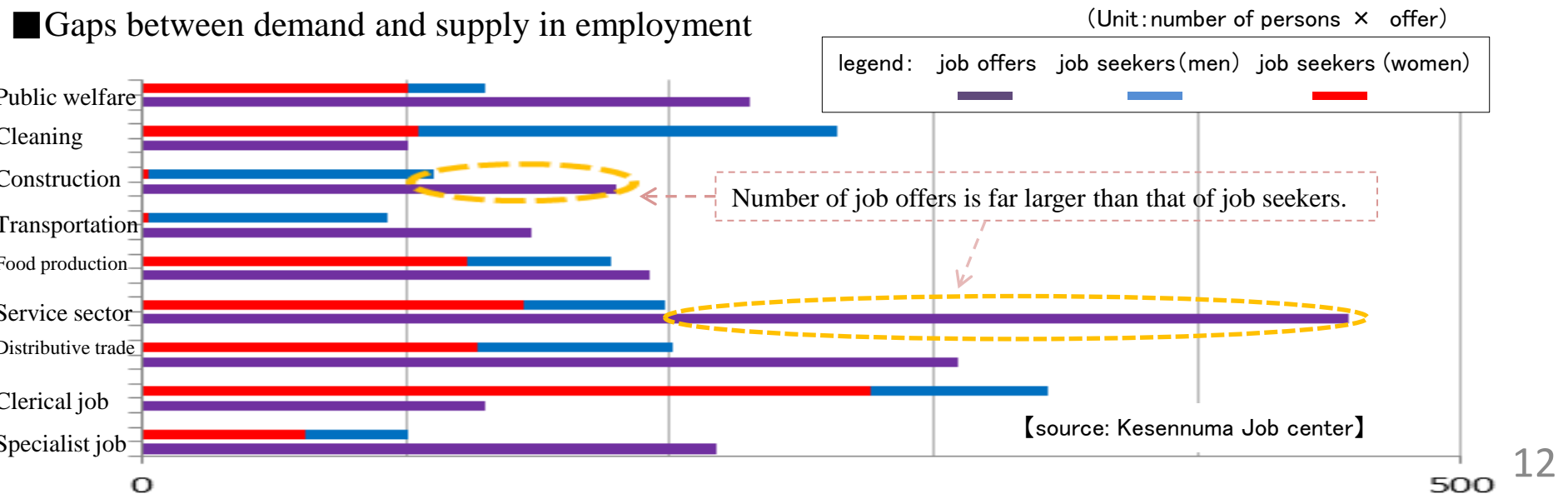


6. Employment Situation

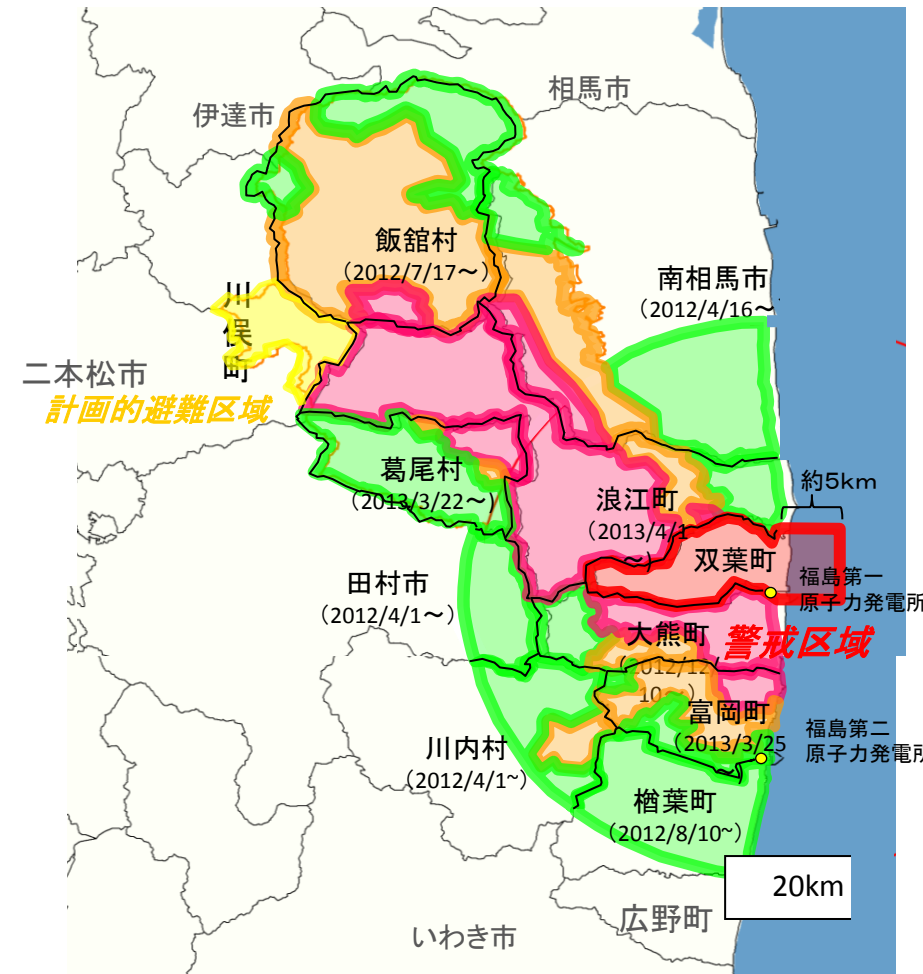
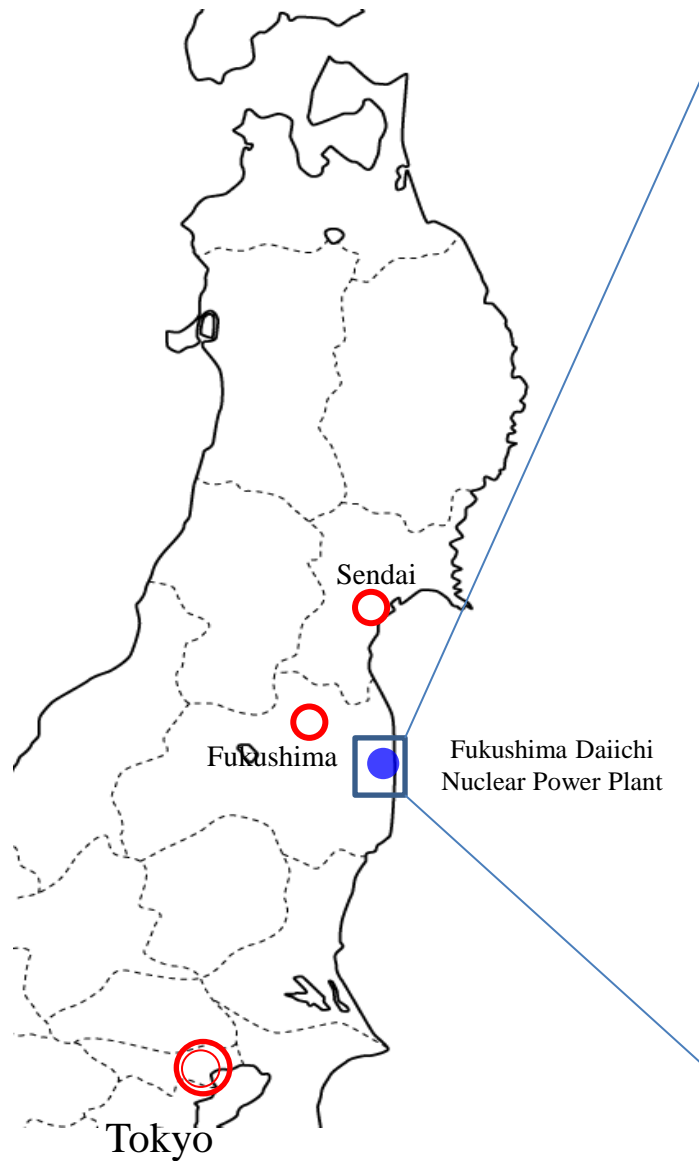
Trends in employment



Gaps between demand and supply in employment



7. Current situation in Fukushima (1) (Location)



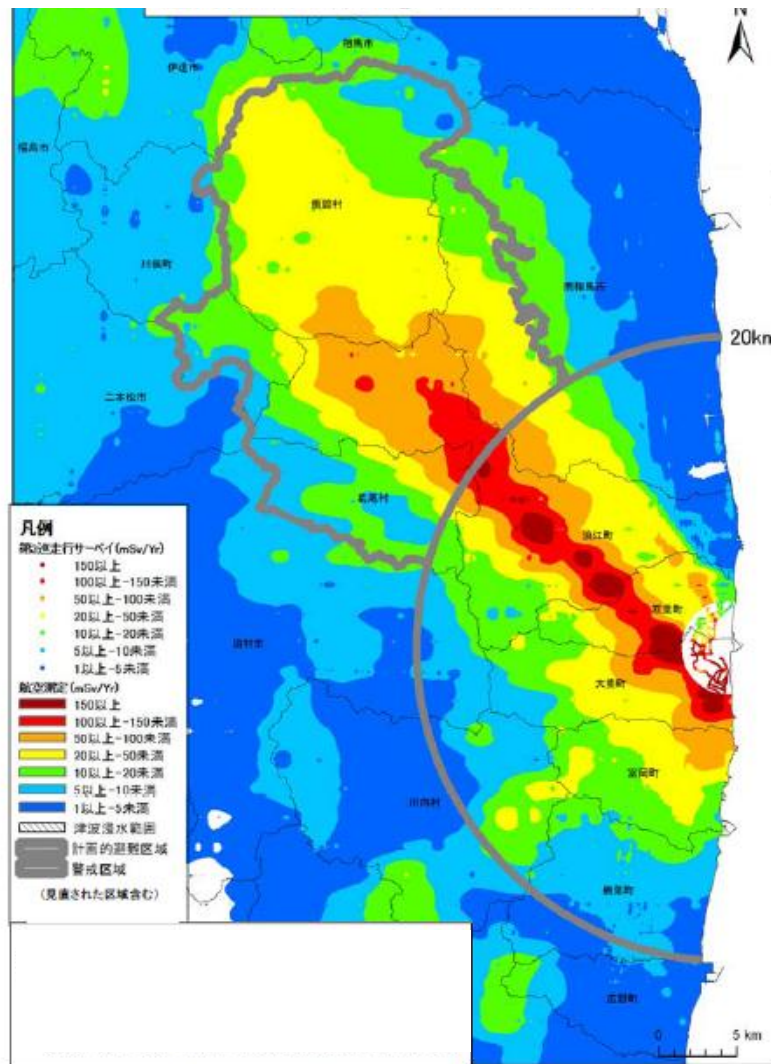
7. Current Situation in Fukushima(2) (Estimated Radiation Level)



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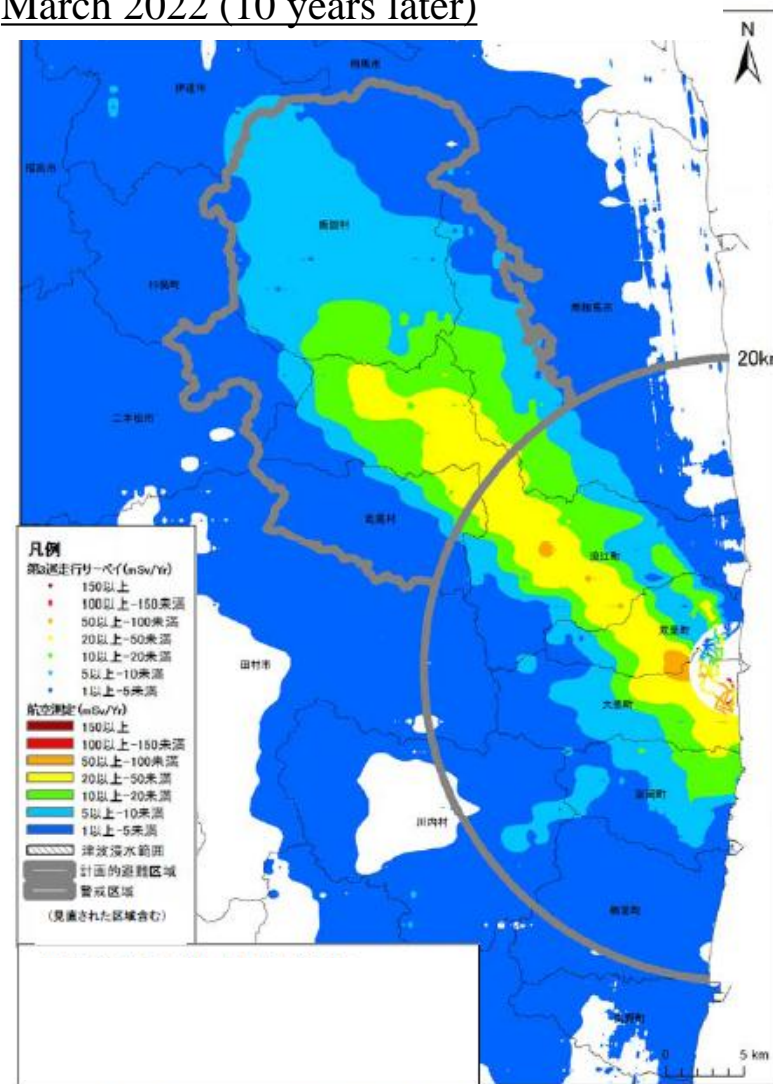
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Current radiation level measured in the air:
March 2012*



(11月の航空機モニタリング結果を基に予測)

Estimated radiation level in the air:
March 2022 (10 years later)



(11月の航空機モニタリング結果を基に予測)

* These two figures show the estimated radiation level on the basis of data collected by air monitoring in November 2011.

*Effects of decontamination not considered

7. Current Situation in Fukushima(3) (Evacuees from Restricted Areas)

(as of March 7, 2013)

Evacuees in Fukushima Approx. 154,000 persons in total

(1) Inside Fukushima Approx. 97,000 persons

(2) Outside Fukushima Approx. 57,000 persons

Other areas such as Yamagata Prefecture have also evacuees.

Evacuees from Evacuation Order Area

Approx. 107,000 persons in total

《 Areas with no restrictions on new business or entry 》

Evacuation order ready to be lifted Approx. 33,000 persons

《 Areas with restrictions still in place 》

Deliberate Evacuation Area Approx. 1,000 persons

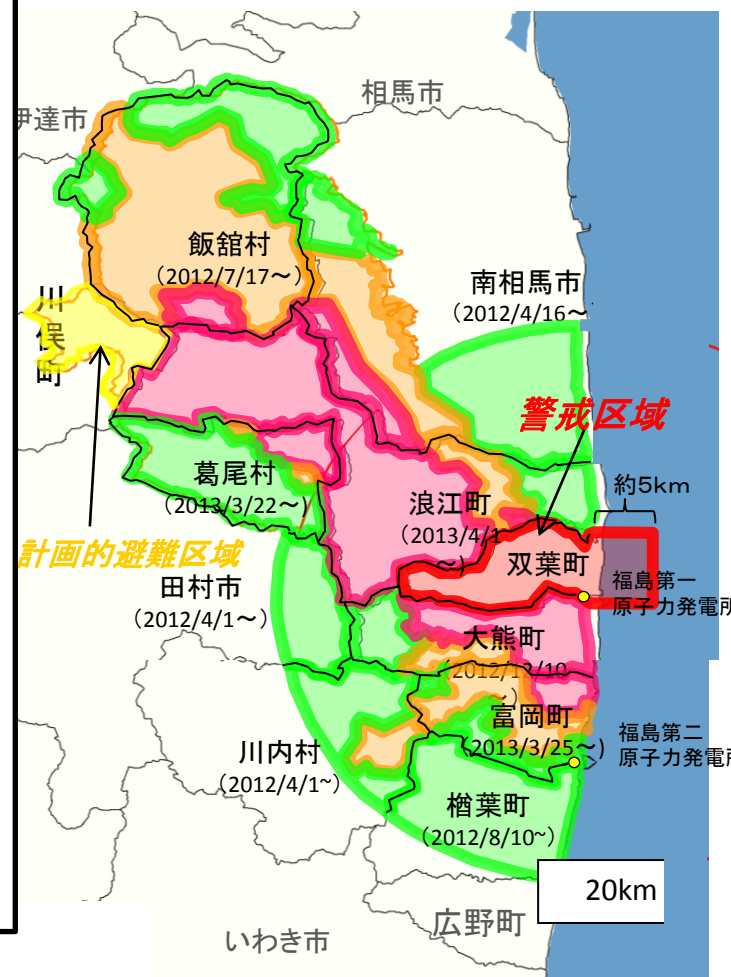
Residents are not allowed to live in Approx. 24,000 persons

Long-term evacuation inevitable Approx. 19,000 persons

Restricted Area Approx. 7,000 persons

It is to be noted that the **status of the aforementioned evacuation order area is expected to be downgraded to the one with fewer or no restrictions, thereby enabling new businesses to be operated.**

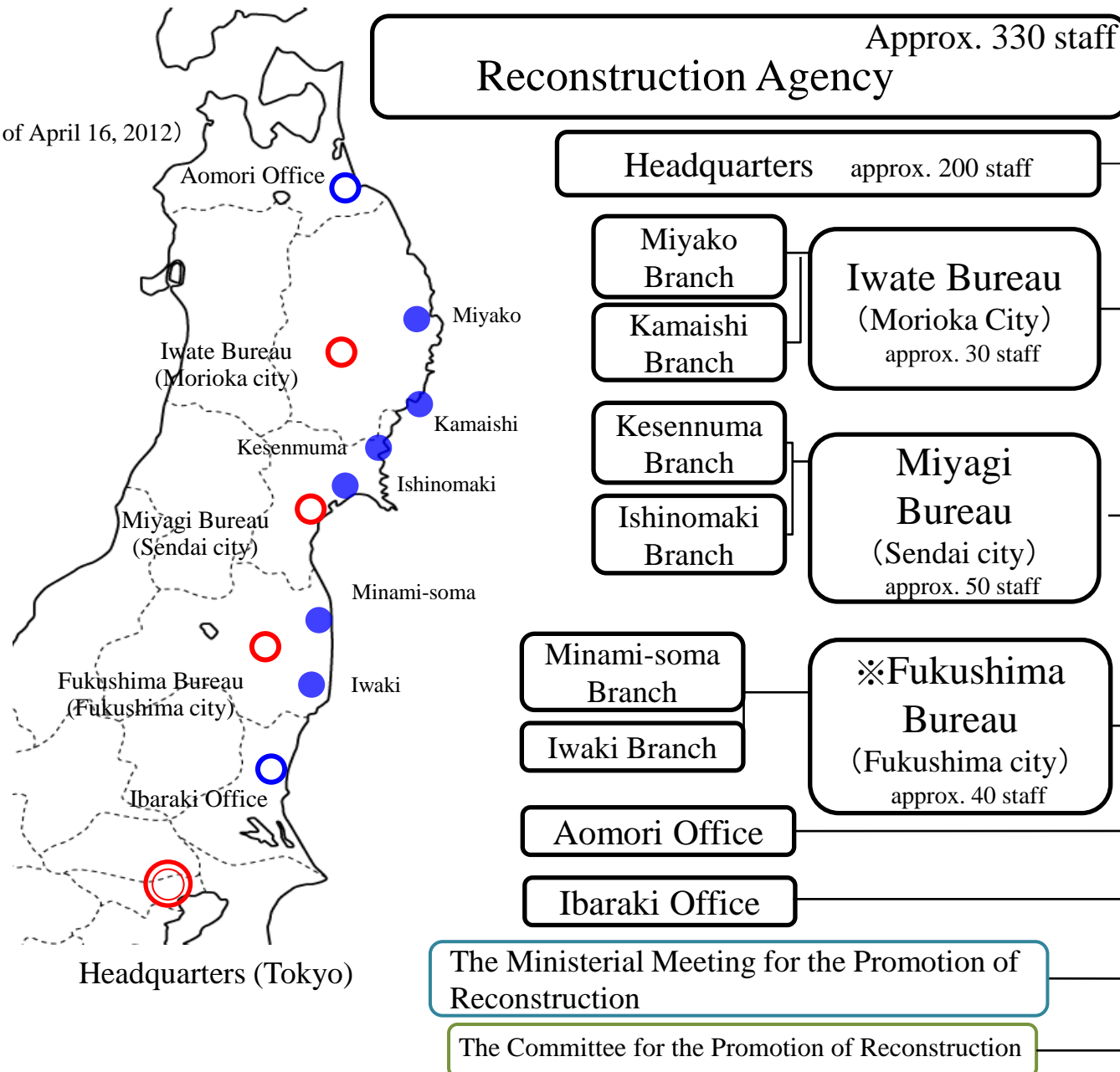
Review of zoning for all the municipalities except Futaba-Machi and Kawamata-Machi is due to be completed by April 2013.



- Area where estimated radiation level is less than 20 mSv/y
- Area where continued evacuation is required in the interests of minimized radiation exposure on the grounds that estimated annual radiation may exceed 20 mSv/y
- Area with the current radiation exceeding 50 mSv/y, thus it is anticipated that estimated annual radiation five years later may exceed 20 mSv/y.

8. Reconstruction Agency and its regional bureaus

(As of April 16, 2012)



※Note:
As part of the initiatives for accelerating reconstruction efforts, *Fukushima Headquarters for Reconstruction and Revitalization* has been established in February 2013, bringing together the Fukushima Reconstruction Bureau, the Fukushima Office for Environmental Restoration and local Nuclear Emergency Response Headquarters

9. Grants for Reconstruction

Objectives: To support town rebuilding undertaken on the basis of the reconstruction plans formulated by local governments afflicted by the disaster, and accelerate reconstruction.

Features: The grants for reconstruction of areas severely damaged by the disaster are intended to enable their swift and flexible implementation by choosing from among the diverse projects those necessary for reconstruction.

All expenses will be borne by the central government (additional national subsidy and local allocation tax).

Budget Scale: **Total of 2.89 trillion yen on a project basis, with 734 billion yen requested for FY 2013**

Core Projects

Variety of infrastructure projects* needed for reconstruction of the afflicted municipalities are consolidated into a single package “Core Projects” (*40 subsidy projects by 5 ministries).

Road development project

School facilities development project

Agricultural area development project

Land readjustment project

Earthquake-resistant hospitals development project

Fishery village development project

Collective relocation project for disaster prevention

Installation of eco-friendly purification tank

:

Associated Projects

Projects proposed by municipalities to be implemented in connection with the Core Projects.

Maximum budget scale: up to 35% of the funds allocated for the Core Projects

■ 1st Distribution (March 2, 2012)

Approximately 305 billion yen (project basis), allocated to 59 municipalities in 7 prefectures

■ 2nd Distribution (May 25, 2012)

Approximately 316 billion yen (project basis), allocated to 71 municipalities in 8 prefectures

■ 3rd Distribution (August 24, 2012)

Approximately 181 billion yen (project basis), allocated to 56 municipalities in 9 prefectures

■ 4th Distribution (November 30, 2012)

Approximately 715 billion yen (project basis), allocated to 72 municipalities in 7 prefectures

■ 5th Distribution (March 8, 2013)

Approximately 254 billion yen (project basis), allocated to 72 municipalities in 8 prefectures

10. Outline of the Special Zones for Reconstruction

A package of special measures are available relevant to regulations/procedures, taxation, financial and fiscal assistance as well as land use restructuring. The special measures are effected by the approval of the Plans for Special Zones for Reconstruction developed by local governments in the areas disrupted by the disaster.

Special measures

Regulations and Procedures

- Reduced requirements to be eligible for public housings
- Special measures in agricultural land conversion for development of facilities for food/forestry/fishery processing and sales

Tax breaks

- Special depreciation / Tax credit
- Tax credit equivalent to 10 % of the combined amount of salaries and other payments for employees from severely damaged areas
- Exemption from corporate tax for 5 fiscal yeas for new enterprises and so forth

Financial and fiscal assistance

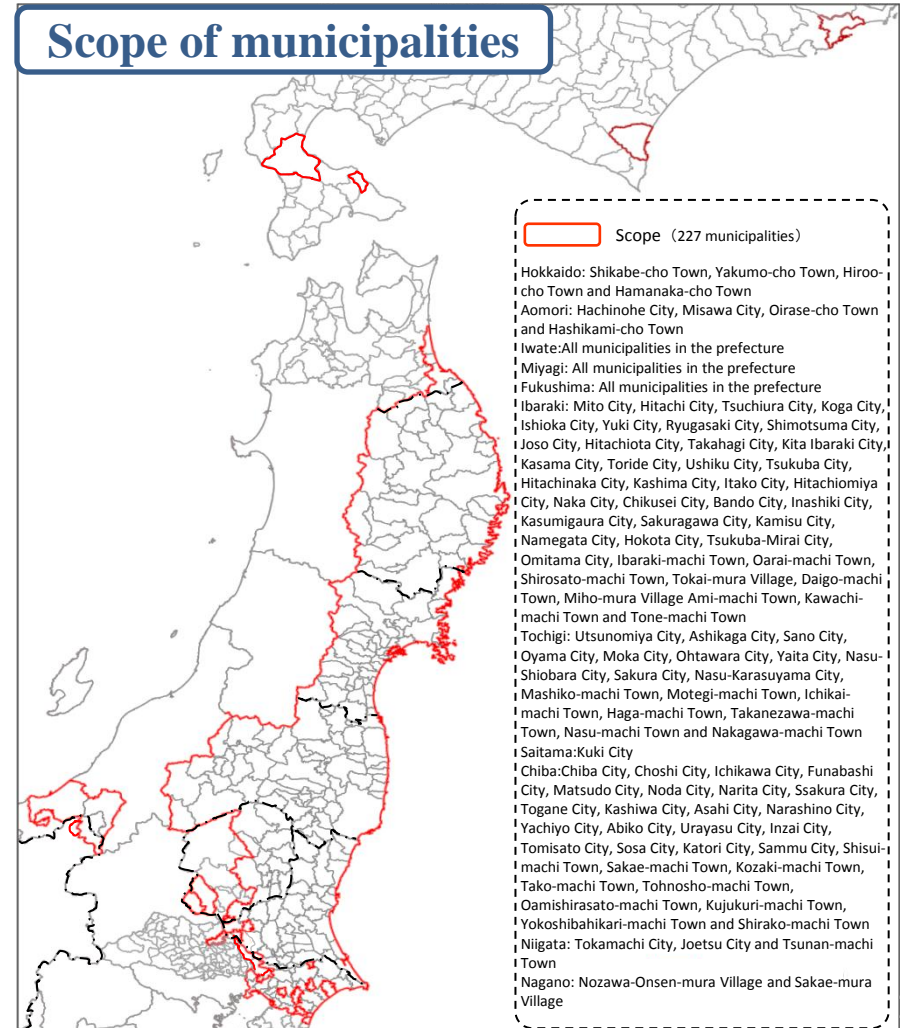
- Grants for Reconstruction (Funding for reconstruction projects)
- Interest Rate Compensation for reconstruction projects

Land Use Restructuring

- Special arrangements for land use restructuring beyond existing land use frameworks (urban area, farming area, forests, etc.)
- Relaxed requirements for floor area ratio for buildings construction aimed at evacuation from tsunami

Special measures may be added to the aforementioned ones as a result of the consultations between the Central and Local Governments

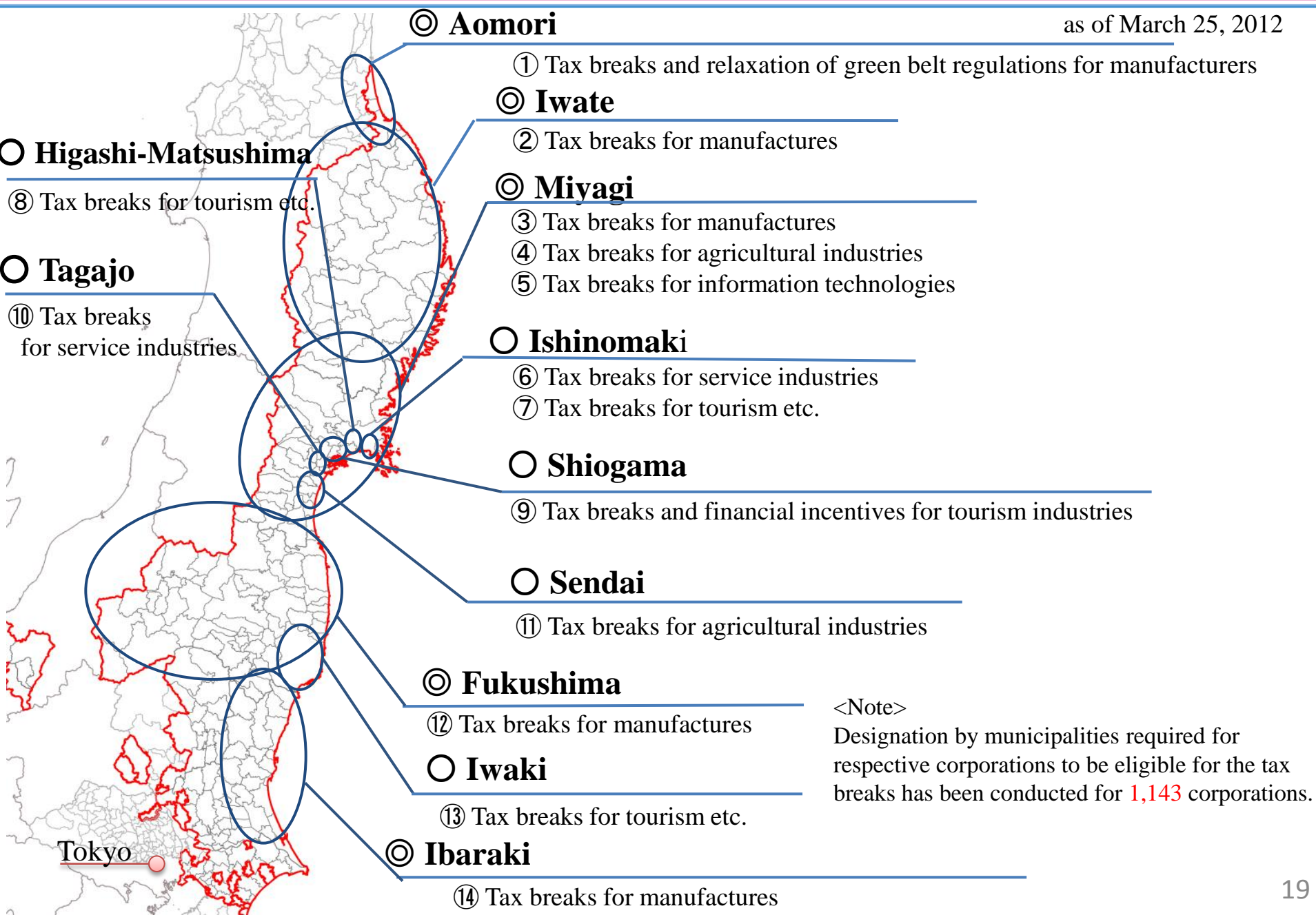
Scope of municipalities



10. Approved Plans on Tax Breaks for Special Zones for Reconstruction

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Reconstruction Agency

as of March 25, 2012



10. Tax Breaks ①

(1) Tax breaks to assist in creating employment in severely damaged areas

(i) Special Depreciation / Tax Credit

| Special depreciation | ~March 2014 | ~March 2016 |
|--------------------------|------------------------|-------------|
| Machines / installations | Immediate depreciation | 50% |
| Buildings and structures | 25% | |

Selected option applied

| Tax credit | ~March 2014 | ~March 2016 |
|--------------------------|-------------|-------------|
| Machines / installations | 15% | |
| Buildings and structures | 8% | |

(ii) Special Corporate Tax Credit

Designated corporations are eligible for a tax credit equivalent to 10% of the combined amount of salaries and other payments for employees from severely damaged areas.

(iii) Taxation to Promote Establishment of New Business Facilities

New corporations are eligible to include in deductible expenses reserve funds for reinvestment (to a maximum of their revenues for a designated five-year period)



Corporations are eligible for immediate depreciation if they reinvest, etc. (to a maximum of their balance of reserves for reinvestment, etc.)

* Designated corporations located in the Reconstruction Industrial Cluster Areas are allowed to choose either (i), (ii) or (iii).

10. Tax Breaks ②

(1) Tax breaks to assist in creating employment in severely damaged areas

(iv) Tax breaks for R&D

Corporations are eligible for immediate depreciation if they acquire assets for research and development activities.



Corporations are eligible for tax credit equivalent to 12% (normally 8 – 10%) of the expense for immediate depreciation of assets for research and development activities.

(2) Exemption from local tax or application of non-uniform tax rates

Designated corporations seeking the tax breaks in (1) are also eligible for local tax exemptions or reduced local tax rates for corporate enterprise tax, real estate acquisition tax and fixed asset tax in accordance with the provisions of the relevant ordinances of the local government concerned, if the corporations acquire machines, buildings or other property in these zones.

* The tax breaks in (1) and (2) apply to designated corporations located in the Reconstruction Industrial Cluster Areas.

Note: Example of making best use of the aforementioned tax breaks:

The tax breaks shown above are flexible enough to allow corporations to make best use of them by picking out the items which they consider most suited to their specific investment plan from the menu of tax breaks. It is noted that, for instance, the clock starts on 11 March 2011 for immediate depreciation, which is valid until March 2014, whereas the clock for the so called five-year corporation tax exemption does NOT start ticking until they have been designated by the municipality in which they are located, thereby allowing the corporations to make use of the tax breaks in the following manner:

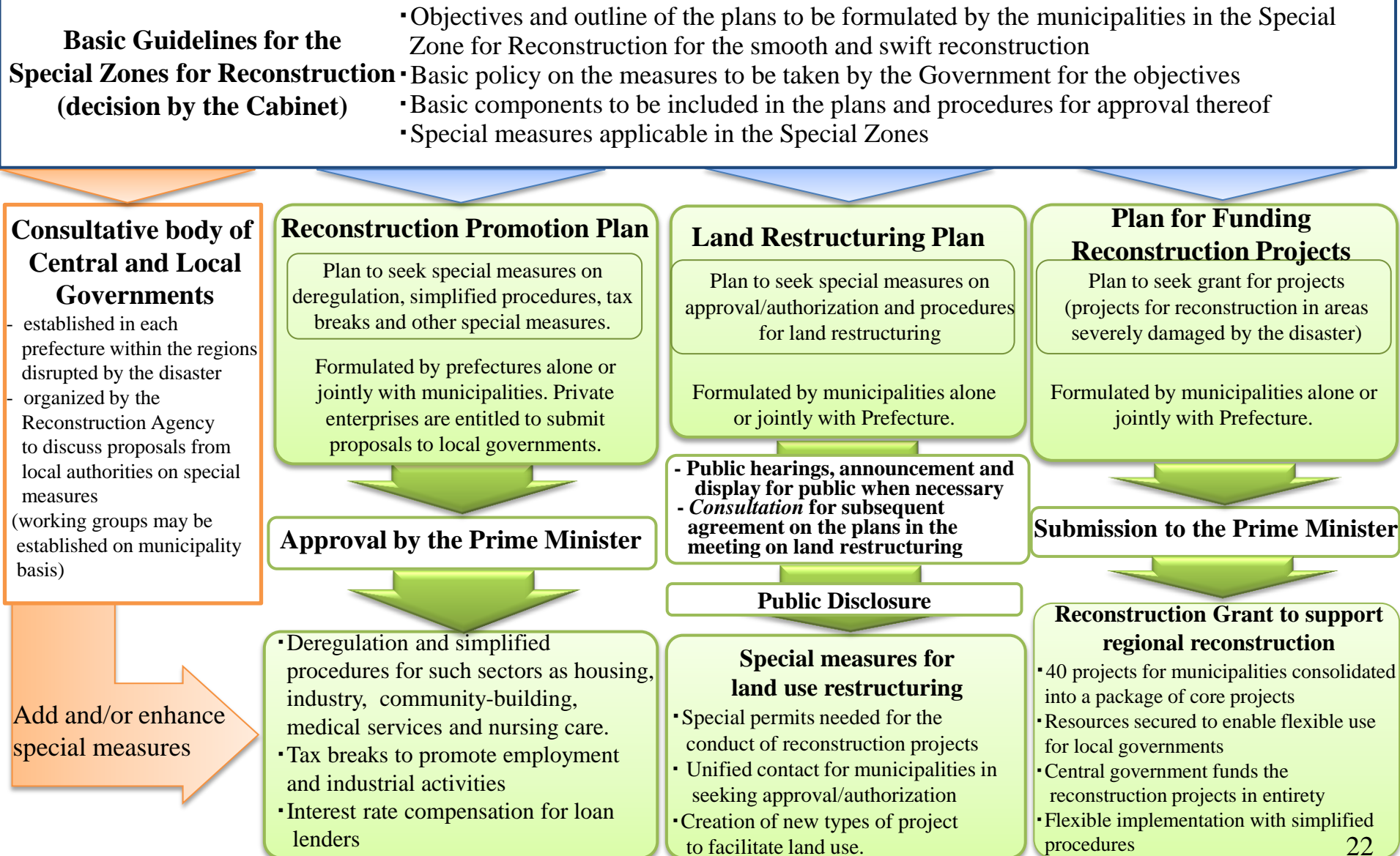
Immediate depreciation for the first year;

Special corporate tax credit for the second year; and

Taxation to promote establishment of new business facilities (five-year corporation tax exemption) for the third year

10. Framework of the Law for Special Zone for Reconstruction

Municipalities sustaining such amount of damages as provided in Article 3 of the Public Finance Act are eligible to develop a Plan for the Special Zone for Reconstruction to be submitted in pursuit of the special measures package.



10. Relaxed Requirements for Public Housings

Construction of public housings on a massive scale, to be conducted in harmonization with the town-building plan, requires a huge amount of time, hence there is a pressing need to provide for special arrangements, particularly for the areas devastated by Tsunami, which ensures the smooth supply of public housings as per the specific situations facing the areas.

1. Extended application of relaxed requirements to be eligible for public housings

Existing requirements

Relaxed requirements for those to be eligible for public housings applicable in the aftermath of disasters are in effect for **three years** only under the existing special measures. The requirements include relaxed restrictions on income and the number of relatives to live with.

[Article 21 in Special Act for Reconstruction of Devastated Towns]

Special measures ①

The relaxed requirements are in effect until the construction of public housings has been completed as per the approved Plan for Reconstruction (10 years at the longest)

【Those eligible】

- ① Those who used to dwell in the residences lost or severely damaged by the disaster
- ② Those required to be relocated as a consequence of urban planning projects

2. Relaxed requirements for the restrictions to sell or provide the housings to dwellers

Existing requirements

- Municipalities are allowed to provide the housings for free to dwellers after one fourth of the statutory service life passed under special circumstances. (7.5 year for wooden housings, 11.25 year for semi-fire resistant housings)
- Municipalities are required to spend the fund gained from the aforementioned sales to develop, repair or improve other public housings or facilities to be shared among dwellers.

Special measures ②

- Municipalities are allowed to relax the restriction on the duration from one fourth to one sixth of the statutory service life.

Special measures ③

- Municipalities are allowed to allocate the fund to projects in line with the regional housing development plan

10. Relaxed Requirements for Facilitating Factory Construction

Municipalities are empowered to apply local regulations, in stead of relevant national regulations provided by the Act on Factory Construction and Act for Promoting Enterprise Construction, to a ratio of green belts and environmental facilities to a factory site following the procedure shown below:

- Municipalities develop a Plan for Promoting Reconstruction incorporating the projects leading to creation of the Industrial Clusters for Reconstruction; and
- The municipalities had the aforementioned plan approved by Prime Minister

Outline

Municipalities

Develop a Plan for Promoting Reconstruction incorporating projects leading to creation of the Industrial Clusters for Reconstruction

Application

Prime Minister

Approval

Municipalities are empowered to apply local regulations to the ratio of green belts and environmental facilities to the factory site as per the specific situations facing them.

They are also provided with authorities falling under jurisdiction of prefectural governments such as making recommendations to enterprises.

★Local regulaion has higher priority than national regulations★

Existing national regulations on the ratio of trees and environmental facilities to the site

< National regulations provided by the Act for Factory Construction >

Environmental facilities (green belts inclusive) should be more than 25 %, with the green belts constituting more than 20 % of the facilities.

< Local regulations empowered by the Act on Factory Construction >

Environmental facilities (green belts inclusive): 10% to 35 %,
Green spaces: 5% to 30 %

< Local regulations empowered by the Act for Promoting Enterprise Construction >

Environmental facilities (green belts inclusive): 1% to 25%
Green spaces: 1% to 20 %



10. Extended Duration of Emergency Temporary Buildings

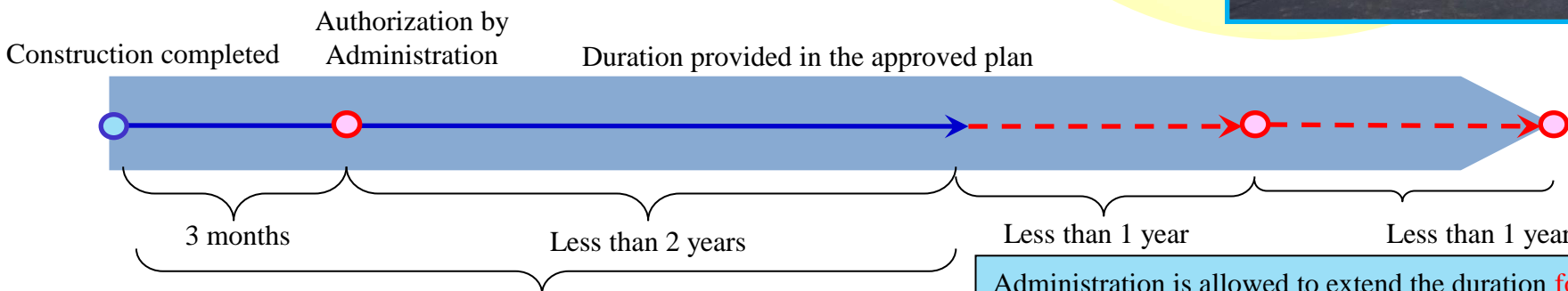
Special measures are provided for the areas devastated by the disaster whereby emergency temporary buildings such as shops, factories, social welfare facilities and school buildings are allowed to be left in place for the period exceeding the statutory limit, which is expected to contribute to reconstruction of local infrastructures.

Existing requirements

Temporary buildings are NOT allowed to be left in place for more than 2 years and three months, which are constructed for public use in event of disasters.

Special measures

Temporary buildings are allowed to last for the period not exceeding those provided in the Plan for Promoting Reconstruction, which provides location, use and duration, as long as the plan is deemed appropriate by Administration on grounds of fire prevention and hygiene.



2 years and three months at the longest under the existing scheme

Administration is allowed to extend the duration **for less than a year every time the extension takes place**, with a total of the extension not exceeding the period provided in the approved plan.

10. Relaxed Zoning Restrictions

Special measures are provided for the areas devastated by the disaster that provides for relaxation of zoning restrictions, whereby promoting a flexible and swift construction in the Industrial Clusters for Reconstruction.

Existing scheme

<Permission is granted when the following conditions are met>

- ◆ The proposed construction does not contradict the purpose of the designated zone
- ◆ The proposed construction is unavoidable in light of public interests
(Article 48 of Construction Standards Act)

Special measures

<Permission is granted when the following conditions are met>

- ◆ The proposed construction does not contradict the purpose of the designated zone
- ◆ No choice is available other than the proposed construction in the public interests
- ◆ **The plan is deemed as in compliance with the basic policy provided in the Plan for Promoting Reconstruction**

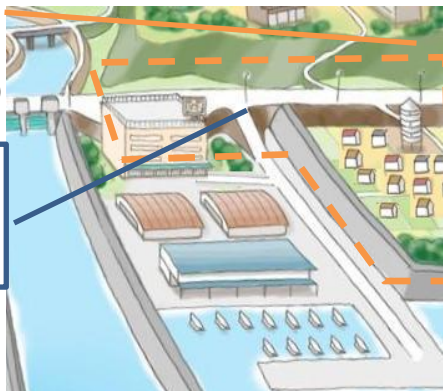
Anticipated Examples

In a commercial zone within the areas disrupted by the disaster, authorization is provided to construction of marine products processing facilities alongside restaurants or shops handling marine products, thereby various marine facilities such as manufacturers and sales of marine products are concentrated in the zones.

Commercial zone

(Construction of large factories are not permitted)

Construction of marine product processing facilities is authorized under the special measure.



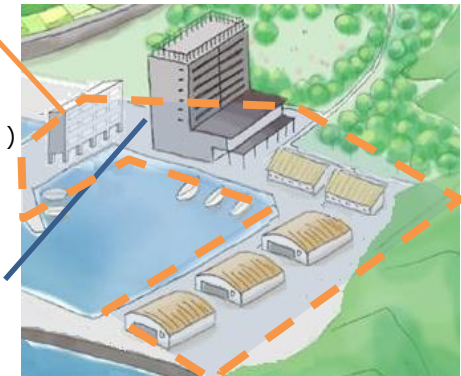
Definitive criteria for the permission is intended for swift application of the special measures

In an exclusive industrial zone, authorization is provided to construction of shops and medium-high story buildings alongside damaged factories for repairing or manufacturing automobiles or their associated parts, thereby securing the residences for employees and developing clusters of industries relevant to automobiles.

Exclusive industrial zone

(Construction of shops and medium-high story buildings are not permitted)

Authorization is provided to construction of shops and medium-high story buildings in the exclusive industrial zone where embankment has been constructed.



10. Table of contents for special measures for land restructuring

- List of projects to be covered by the Plan for Land Restructuring (p.17)
- Outline of the relaxed criteria for granting permits for developments (p.18)
- Outline of special measures for granting permits for conversion of agricultural lands (p.19)
- New procedure for multiple authorizations or permits processed by a single authority (p.20)
- Comprehensive project for redevelopment of residential and agricultural lands whereby conducting land readjustment and agricultural lands conversion altogether (p.21)
- New Scheme for Community Rebuilding as a base for reconstruction from Tsunami(p.22)
- Enhanced Collective Household Relocation Project (p.23)
- Special measures for the smooth conduct of land restructuring (p.24)
- Example of making use of Plan for Land Restructuring (p.25)

10. Overview of Special measures for Land Restructuring

Objective: To assist swift land restructuring needed for the disaster-afflicted municipalities to undertake reconstruction efforts as per their specific situation

Special arrangements for authorization and simplified process

Current situation

- ① Authorization or permits needed for the conduct of reconstruction projects is unlikely to be granted for urban development in restricted areas or conversion of agricultural lands.
- ② Authorizations or permits from multiple competent authorities are required for urban development in restricted areas or conversion of agricultural lands

Special measures

- ◆ Authorization or permits needed for the conduct of reconstruction projects is granted to urban development in restricted areas or conversion of agricultural lands.
- ◆ Multiple procedures for authorizations or permits are processed by a single authority.
- ◆ Procedures for decisions or revisions of Urban Development Plan or Agricultural Utilization Plans are processed by a single competent authority.

New Business Scheme

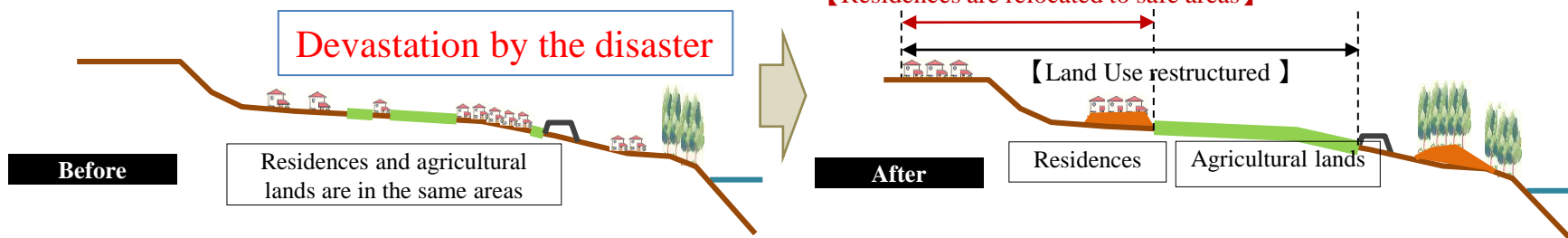
Current situation

- ③ The situation where residents and agricultural lands are mixed in the same area requires a totally new methodology

Expected situation under the new scheme

- ◆ Residences and agricultural lands are relocated in separate zones for eventual development.
- ◆ Land Readjustment Projects are permitted in restricted zones.
- ◆ Medical facilities as well as residences are scope of subsidies in the conduct of the Collective Household Relocation Projects

Example of Land Restructuring



10. List of projects to be covered by the Plan for Land Restructuring

- ◆ Plan for Land Restructuring is to assist building town/community devastated by the disaster
- ◆ The projects needed for their reconstruction efforts are to be listed in the plan.
- ◆ To be developed by respective municipalities or jointly with prefecture

〔Items to be included in the plan 〕

- Policy on land use (Blueprint for land restructuring in the planned areas)
- Development projects needed for reconstruction of the devastated areas

〔Projects to be included in the plan〕

- Comprehensive project for redevelopment of residential and agricultural lands altogether
- Land Readjustment Project
- Land Improvement Projects
- Community Rebuilding Project as a base for reconstruction from Tsunami
- Collective Household Relocation Project
- Residential Area Improvement Project
- Fishery Port Area development Project
- Project for recovery and prevention from liquefaction
- Project for recovery and prevention from land sliding and so forth

【 Status of each project】

・・・ New (p.21)

・・・ Enhanced

・・・ Enhanced

・・・ New (p.22)

・・・ Enhanced (p.23)

・・・ Enhanced

【Special measures applicable】

- Relaxed criteria of permits, and the arrangement whereby multiple authorizations are processed by a single authority(p. 18 to 20)
- Special measures on land restructuring for the smooth conduct of reconstruction(p. 24)
- Special measures on procedure for Environmental Assessment
- Special measures whereby tasking the Urban Renaissance Agency (UR) to assist the conduct of the reconstruction projects in the plan

10. Outline of Relaxed Criteria for Granting Permits for Development

Criteria for granting permits for **development** in restricted areas have been **significantly relaxed** for the smooth and swift reconstruction in such areas as those devastated by Tsunami

| | Existing criteria/procedure | New criteria/procedure |
|-----------|--|---|
| Procedure | <ul style="list-style-type: none"> Permits needed to be sought from the prefectural government | <ul style="list-style-type: none"> Consultation at the meetings attended by relevant competent authorities and subsequent public disclosure is required, whereby removing the need for application to the authorities |
| Permits | <ul style="list-style-type: none"> Permits for developments are limited to such facilities as residences for farmers and shops for daily goods | <ul style="list-style-type: none"> Development for new residences even in the restricted areas are permitted |
| Criteria | <p>Compliance with the following criteria is required for permits/authorizations to be granted.</p> <p>① Technical criteria</p> <p>Technical criteria for ensuring safety of residences such as those for improvement of underground, cliff protection and connection with sewerage systems</p> <p>② Criteria on building facilities</p> <p>Criteria on building facilities for preventing excessive urbanization. Such facilities are eligible as residences for farmers and shops for daily commodities sales.</p> | <ul style="list-style-type: none"> Special permits/authorization are granted, on a case by case basis, to the projects deemed vital for reconstruction in light of the following technical criteria. ① Technical criteria Technical criteria for ensuring safety of residences such as those for improvement of underground, cliff protection and connection with sewerage systems |

10. Outline of Special Measures for Granting Permits for Conversion of Agricultural Lands

Procedure and criteria for conversion of agricultural land have been **significantly relaxed** for the smooth and swift reconstruction in the areas devastated by Tsunami

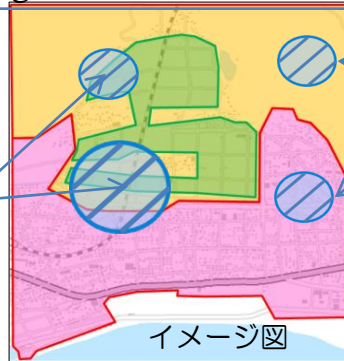
| | Existing criteria/procedure | New criteria/procedure |
|-----------|--|---|
| Procedure | <ul style="list-style-type: none"> Permits must be sought from the prefectural government as a competent authority. | <ul style="list-style-type: none"> Consultation at the meetings attended by relevant competent authorities and subsequent disclosure is required, whereby removing the need for application to the authorities |
| Permits | <ul style="list-style-type: none"> Permits for agricultural lands of category 1 and those in the agricultural areas are NOT in principle granted | <ul style="list-style-type: none"> Permits for agricultural lands of category 1 and those in the agricultural areas are granted |
| Criteria | <ul style="list-style-type: none"> Compliance with the following criteria is examined <u>on a land by land basis</u> <div> <ul style="list-style-type: none"> ① Availability of alternative lands ② Feasibility of the proposed conversion ③ Anticipated effect on the surrounding agricultural lands </div> | <ul style="list-style-type: none"> Compliance with the following criteria is examined in light of <u>the blueprint of the land use</u>, instead of the land-by-land-basis approach. <div> <ul style="list-style-type: none"> ① Vital for reconstruction and appropriate ② Adverse effect on the sound agriculture promotion is not likely </div> |

10. New Procedure for Multiple Authorizations or Permits Processed by a Single Authority

Current Situation

Authorizations or permits from multiple competent authorities are required for urban development in restricted areas or conversion of agricultural lands

Permits for development are required by City Planning Act.
Permits for conversion of agricultural lands as well as development in agricultural areas are also required.



Permits are required for development by City Planning Act

Areas for urban development(designated based on City Planning Act)

Areas where urban development is restricted(designated based on City Planning Act)

Agricultural Area (designated based on Agricultural Area Promotion Act)

Project area

Special Measures

Multiple procedures for authorizations or permits are processed by a single authority

Permits required for the conduct of the projects

- Permits by City Planning Act
- Permits for Agricultural Land Conversion
- Permits for development in agricultural areas
- Permits for development in protected forest areas
- Permits for development under the Nature and Park Protection Act

Consultation at the Meeting

Meeting for Land Restructuring



Processed by a single authority

Statutory permits required for the projects are replaced by consultation on the plan outlining the projects at the Meeting for Land Restructuring and subsequent public disclosure thereof.

In addition to the aforementioned special permits, the following procedures are processed by a single authority.

- Procedures for decisions and revisions on the City Plans and Agricultural Land Utilization Plans and so forth
- Procedures for Developing Project Plans
(Land Improvement Plans, Collective Household Relocation Plan, Project Plan for Residential Area Improvement, Development Plan for Major Fishery Ports and so on)

10. Comprehensive project for redevelopment of residential and agricultural lands

Redevelopment of residential and agricultural lands altogether

Current situation

- Areas where lands for residents and agriculture are mixed have been devastated.
- Relocation of residences to inland areas is not feasible under the current Land Readjustment Project scheme which requires the damaged lands be restored at their original locations

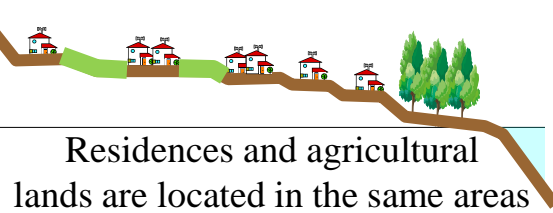
Special measures

- Land Readjustment Project and Agricultural Infrastructure Development Project are conducted altogether(e.g. desalination, construction of agricultural water drainage facilities)
- Relocating residents altogether in safe areas on request from residents

Budget has been secured for various projects such as City Restoration Project and Land Readjustment .

《Envisaged outcome of the project》

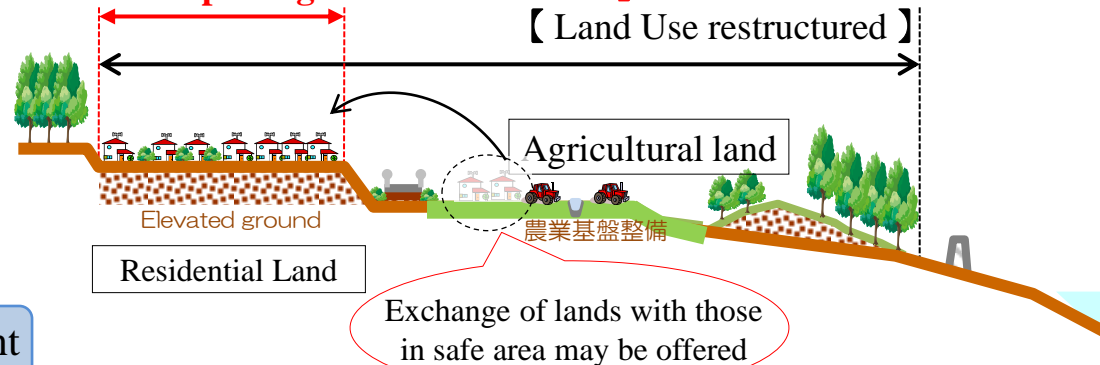
【Before】



【Residences are put together in a safe area】

【After】

【 Land Use restructured 】



Relaxed requirements for Land Readjustment

Current situation

Land Readjustment Project is not allowed in Restricted Areas

Restricted Areas
subjected to devastation

Special measures

Land Readjustment Project is allowed in Restricted Areas.

Budget has been secured for Land Readjustment Project and other projects

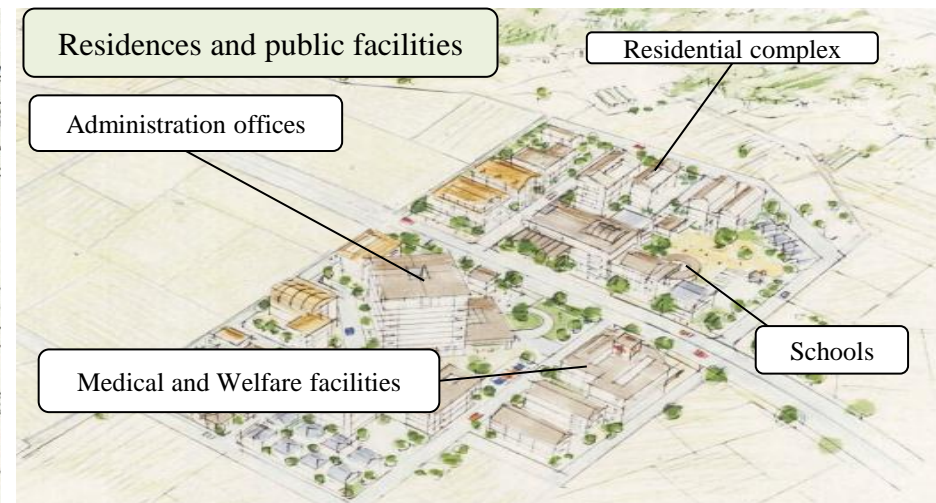
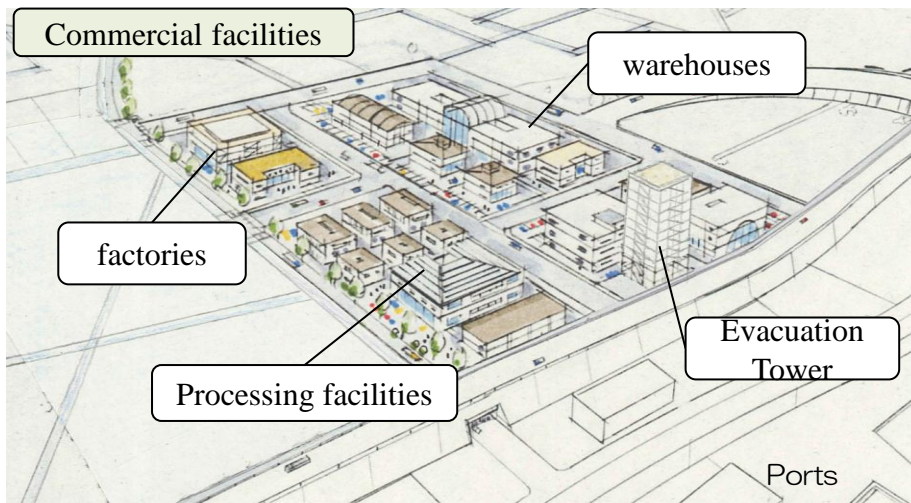
10. New Scheme for Community Rebuilding as a base for reconstruction from Tsunami

Current situation

Residences, commercial facilities and public buildings such as schools, medical & welfare facilities and government buildings have been devastated, thus general functions as a town have been tremendously damaged

Special measures

The new scheme enables the unprecedented approach that residences, commercial facilities and public buildings are purchased and subsequently developed altogether based on the city plans to be decided.



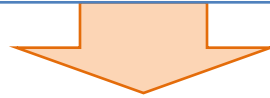
<Role of each entity in this scheme>

- Public entities — Land acquisition, land development and construction of public facilities such as roads
- Private entities — Infrastructure development on the lands provided by, or borrowed from, public entities

10. Enhanced Collective Household Relocation Project

Background

- This project is intended to assist the collective relocation of households from the areas deemed inappropriate for dwelling within the areas that were damaged by the massive disaster.
- Tsunami brought about devastations to some towns in such a wide range that they have almost ceased to function as towns.
- The disaster-afflicted municipalities have almost developed reconstruction plans, requiring households to be relocated to safe areas.



Special Measures

Measures to assist relocation by enabling construction of facilities for a variety of uses

- ① Subsidy is provided to the expenses exceeding the market prices incurred by land acquisition and construction of residences for those intent on relocating.
- ② Subsidy is provided to the expenses for land acquisition and construction for facilities of public nature such as hospitals to be constructed in connection with the new residences.

Stipulated in
Special Zone for
Reconstruction Act

Enhanced financial assistance to the municipalities

- Increased capping on subsidies per household (※)
- Capping on subsidies is no longer applicable to the disaster-afflicted municipalities, as opposed to other municipalities to which the 16.55 million yen limit apply (subsidy rate 3/4)

Assistance for the smooth conduct of projects

- Minimum number of households eligible for the subsidy have been reduced from 10 to 5.
- Relaxed requirements for land acquisition by municipalities in the areas from which households to be relocated, thus purchase of other lands than residences are no longer mandatory

※ For land acquisition and construction of residences, subsidy may be increased depending on the situations facing municipalities. Capping on subsidies for the interests of the borrowed funds has been raised from 4.06 millions to 7.08 million yen, although the construction costs for those relocated remains outside the scope.

10. Special Measures for the Smooth Conduct of Land Restructuring

Current situation

- Many lands left without their boundaries clearly identified.
- Many remain unaccounted for or have evacuated to unknown locations.

boundaries not clearly identified



may lead to a bottleneck to reconstruction efforts

Challenges

Need to identify boundaries

cadastral survey

The survey has been completed for 90 % of areas inundated by Tsunami, whereas only 30% have been surveyed in such coastal cities as Sendai and Miyako City.

- ◆ should be conducted by local governments

Applicant for identifying boundary

difficult in a case where owners cannot be identified

- ◆ Limited to owners

Measurement and survey for the conduct of projects

Entry into the land or excavation is required.

- ◆ Consent by owners or occupants should be sought

Special measures

National Government is empowered to conduct cadastral survey on their behalf

Application by those who conduct reconstruction projects is accepted

Entry into the land, subject to authorization by municipalities, is permitted

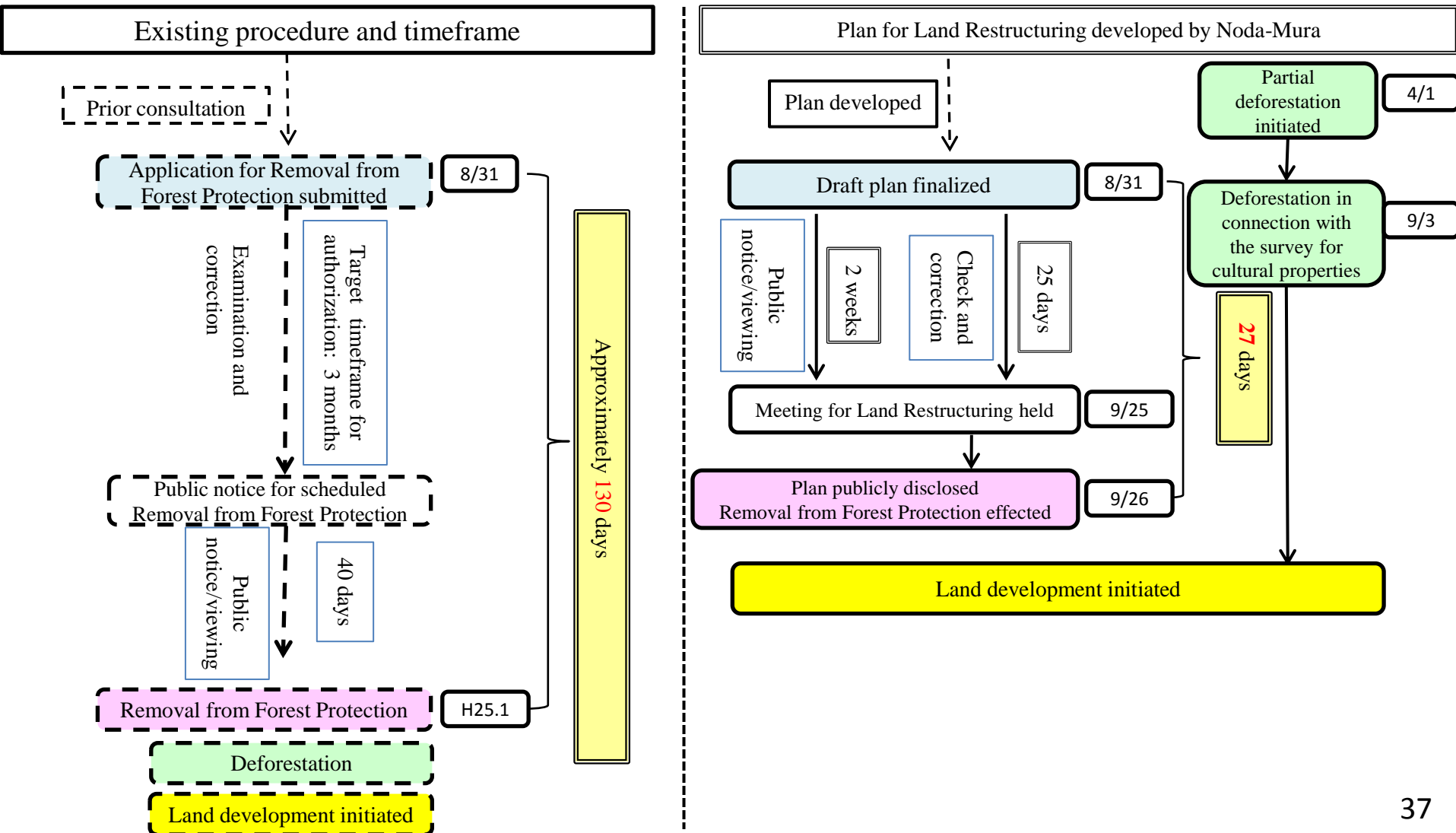
Expected Effect

- Clear identification of land boundary boosts land acquisition
- The situation where land owners are unaccounted for does not hinder the necessary measurement and survey.

Contribute to smooth conduct of reconstruction projects

10. Example of making use of Plan for Land Restructuring

- Plan for Land Restructuring developed has reduced the time to complete the procedure needed for Removal from Forest Protection by 3/4 (from 130 days to 27 days)
- Deforestation needed for the project has been undertaken prior to other statutory procedure, thus the timeframe to undertake the survey for cultural properties and the project have been significantly carried forward.



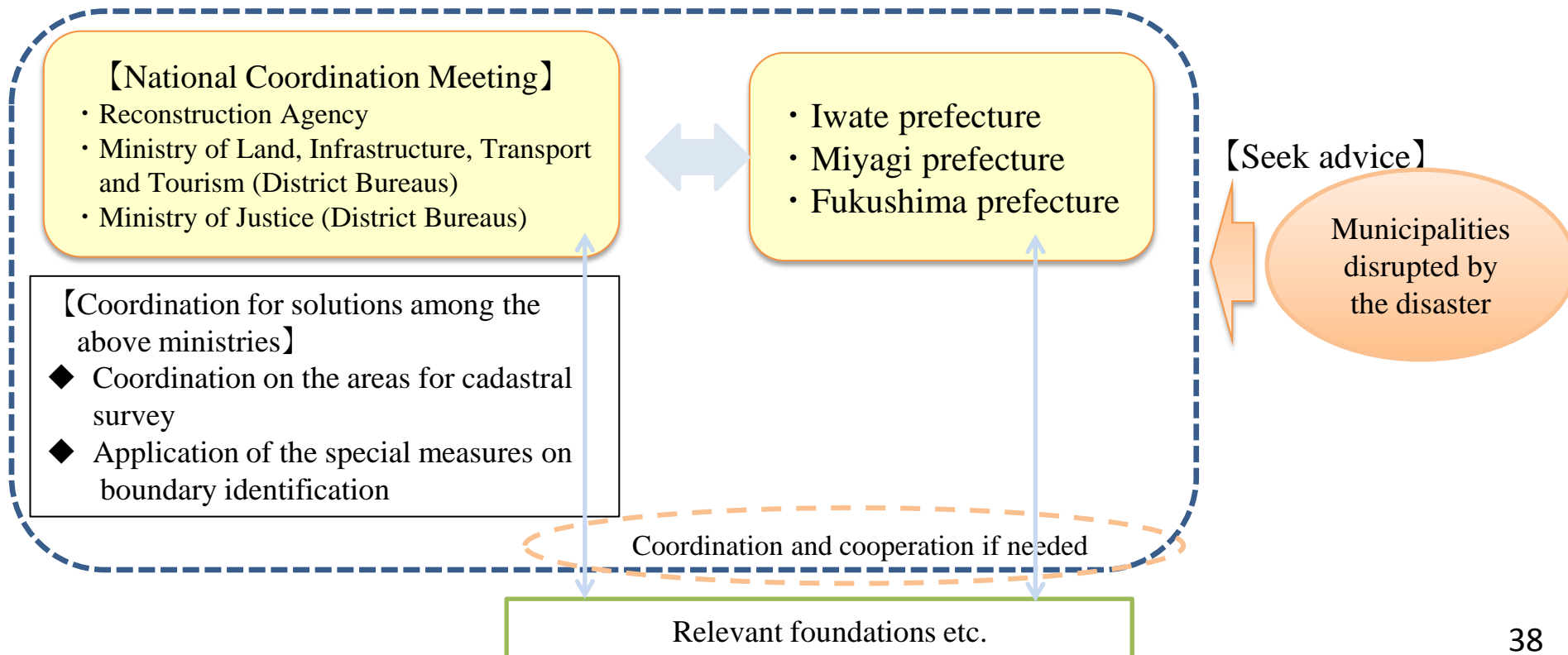
Framework of Coordination among relevant ministries to address the challenges emanating from unidentified land boundaries

<Background>

- Reconstruction efforts are anticipated to bring to light the challenges emanating from the unidentified land boundaries as a matter for urgent action.
- The challenges involve wide range of ministries and require complex approaches, and the number of opportunities for seeking advices or possible solutions on them are envisaged to be on the steady increase.

<Enhanced coordination among relevant authorities>

- As part of efforts to hammer out definitive solutions to ensure preparedness for the foreseen challenges, a national framework has been established for enhanced co-ordination among ministries concerned, while listening to such specific challenges facing municipalities disrupted by the disaster.



APPENDICES

Special Zones for Reconstruction (More details)

Features

- A variety of special measures are provided such as tax breaks, funding for development projects and financing as well as deregulation and simplified procedure in the Special Zone for Reconstruction
- Mechanism to support local governments' reconstruction efforts in an integrated manner

Special Measures

Regulations and Procedures

(Housing)

- Reduced requirements to be eligible for public housings

(Industry)

- Special permits for agricultural land conversion in the development of such facilities as those for food/forestry/fishery processing and sales
- Relaxed requirements for licensing to facilitate business for manufacturing/sales of medical equipment and so forth
- Special permits for development in exclusive zones

Land Use Restructuring

- Special arrangements for land use restructuring beyond existing land use frameworks (urban area, farming area, forests, etc.)
- Relaxed requirements for floor area ratio for buildings construction aimed at evacuation from tsunami

Tax breaks

- Taxation to promote investment, employment and research and development for industrial clusters in the regions disrupted by the disaster
- Compensation for consequential decreased tax revenue of local governments
- Taxation to promote investment on high quality housings to let
- Income tax credit for investments to enterprises contributing to regional recovery

Grants for reconstruction projects

- Funding in entirety for projects for reconstruction conducted by municipalities in the afflicted area
- Interest rate compensation for loan lenders in the Special Zone for Reconstruction

Special measures may be added to the aforementioned ones as a result of the consultations between the Central and Local Governments

Framework of the System of Special Zones for Reconstruction

Local Governments in the areas disrupted by the quake eligible to formulate and submit Plans for Special Zone for Reconstruction in pursuit of the following special measures;

- special measures for deregulation, simplified procedures, tax breaks
- special measures for land use restructuring
- funding for local governments

Proposals from the private sector



Consultation between the Central and Local Governments

- 1) Deregulation and simplified procedure
- 2) Tax breaks
- 3) Funding in entirety for reconstruction projects by local governments

Examples of reconstruction plan and projects in the regions disrupted by the disaster

Community-building through land use restructuring intended for secured housing and employment

Integrated measures for development of residential areas through relocation of those areas and farming areas, transfer of residential zones to higher ground, restoration of agriculture /forestry/fishery projects, etc.

Regional development by introduction of renewable energy

Promotion of mega-solar, wind-power system, industrial clusters related to wind-power, small-scale hydraulic power, effective use of wooden debris, "smart-community", etc.

Development of medical industrial clusters

Development of centers for medical and pharmaceutical industry, establishment of core research centers of medical, pharmaceutical, clinical sectors, swift process in clinical licensing, development of advanced medical institutions

Tax breaks ①

as of February 22, 2013

| | Region | Approval (Revision) | Areas covered | Summary | Outline of the special measures |
|---|--------|---|---|--|---|
| 1 | Aomori | 2 nd Mar | 4 coastal municipalities in Aomori Prefecture | Tax breaks and relaxation of green belt regulations for manufacturers | <ul style="list-style-type: none"> ● Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Green innovation, life science, electronics, environment and renewable energy, food-related, information service and retailing industry 【Municipalities covered】 Hachinohe City, Misawa City, Oirase Town, Hashikami Town ● Relaxed requirements for the proportion of green areas in constructing factories 【Municipalities covered】 Hachinohe City, Oirase Town, Hashikami Town |
| 2 | Iwate | 30 th Mar (28 th Aug) | Iwate Prefecture | Tax breaks for manufacturers, Deregulation of production & sale of medical devices | <ul style="list-style-type: none"> ● Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Electrical industry, medical & healthcare industry, automobile industry, timber industry, tourism, food industry and marine industry ● Relaxed requirements for the experience required of managers in medical device manufacture and sales 【Areas covered】 Entire prefecture |
| 3 | Miyagi | 9 th Feb (25 th May) (14 th Dec) | Miyagi Prefecture | Tax breaks for major manufacturing industries | <ul style="list-style-type: none"> ● Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Manufacturing industries (automobile, electric, food-related, timber, medical & healthcare, renewable energy, aerospace and marine industry) 【Areas covered】 Entire prefecture |
| 4 | | 12 th Jun | Miyagi Prefecture and 11 municipalities | Tax breaks for IT-related industries | <ul style="list-style-type: none"> ● Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Information technology (software industry, internet services, call centers, BPO offices, data centers, design development industry and digital content industry) 【Municipalities covered】 10 coastal municipalities and 7 adjacent municipalities |
| 5 | | 28 th Sep | Miyagi Prefecture and 11 municipalities | Tax breaks for agriculture-related industries | <ul style="list-style-type: none"> ● Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Agriculture and related industries 【Areas covered】 11 coastal cities |
| 6 | | 23 rd Mar | Ishinomaki City | Tax breaks for commerce-related industries | <ul style="list-style-type: none"> ● Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Commerce, tourism industry, medical & healthcare industry and ICT industry 【Areas covered】 City center |

Tax breaks ②

as of February 22, 2013

| | Region | Approval (Revision) | Areas covered | Summary | Outline of the special measures |
|----|-----------|--|---|--|---|
| 7 | Miyagi | 27 th July (28 th Sep) | Ishinomaki City | Tax breaks for industries relevant to tourism and commerce | ●Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Tourism, commerce, industry relevant to renewable energy or recycling 【Areas covered】 Areas in the Oshika Peninsula |
| 8 | | 14 th Dec | Higashi-Matsushima City | Tax breaks for tourism and commerce | ●Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Tourism, commerce, industry relevant to renewable energy etc. 【Areas covered】 Coastal areas |
| 9 | | 23 rd Mar | Shiogama City | Tax breaks for tourism Financial incentives for tourism and marine industries | ●Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Marine transport services, food retailing, accommodation services, etc. ●Financial incentives (Compensation for the interest rate of loans) 【Target project】 New aquarium and marine industrial plants |
| 10 | | 14 th Dec | Tagajo City | Tax breaks for tourism, medical & healthcare and industry | ●Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Tourism, medical & healthcare and food industry 【Areas covered】 Areas around the Tagajo station |
| 11 | | 2 nd Mar | Sendai City | Tax breaks for agriculture-related industries | ●Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Agricultural industry, renewable energy industry, R&D industry 【Areas covered】 Coastal areas |
| 12 | Fukushima | 20 th Apr | Fukushima Prefecture | Tax breaks for manufacturers | ●Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Automobile, electric, medical & healthcare and renewable energy industry etc. |
| 13 | | 13 th Nov | Iwaki City | Tax breaks for industries relevant to tourism and commerce | ●Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Tourism and commerce |
| 14 | Ibaragi | 9 th March | 13 coastal municipalities in Ibaraki Prefecture | Tax breaks for industries relevant to new energy and other sectors | ●Tax breaks (corporation tax, real estate acquisition tax, etc.) 【Scope】 Next-generation industries and the automobile industry, as well as sectors relevant to construction, electricity, machinery, food, fishery, logging, transport, tourism and commerce etc. 【Municipalities covered】 13 municipalities |



Deregulation ①

as of February 22, 2013

| | Region | Approval (Revision) | Areas covered | Summary | Outline of the special measures |
|---|--------|------------------------|-------------------|--|--|
| 1 | Iwate | 9 th Feb | Iwate Prefecture | Relaxation of medical regulations for improving medical & elderly care & welfare | <ul style="list-style-type: none"> ● Relaxation of medical regulations for improving medical care, elderly care and welfare <ul style="list-style-type: none"> ▪ Relaxed requirements for medical staff arrangements in hospitals 【Areas covered】 Entire prefecture ▪ Relaxation of the regulations for the management of medical welfare staff providing in-home services ▪ Relaxation of the regulations for the management of welfare staff at intensive care homes for the elderly ▪ Relaxation of the regulations for the management of welfare staff at long-term healthcare facilities ▪ Relaxation of the requirements for buildings and facilities for pharmacies 【Municipalities covered】 12 coastal municipalities |
| 2 | | 3 rd Aug | Kamaishi City | Relaxation of zoning restrictions | <ul style="list-style-type: none"> ● Relaxed requirements for zoning thereby enabling construction of commercial facilities in exclusive industrial zones 【Areas covered】 Minato district |
| 3 | Miyagi | 10 th Apr | Miyagi Prefecture | Relaxation of medical regulations for improving medical & elderly care & welfare Deregulation of production & sale of medical devices | <ul style="list-style-type: none"> ● Relaxation of medical regulations for improving medical care, elderly care and welfare <ul style="list-style-type: none"> ▪ Relaxed requirements for medical staff arrangements in hospitals 【Areas covered】 Entire prefecture ▪ Relaxation of the regulations for the management of medical welfare staff providing in-home services ▪ Relaxation of the regulations for the management of welfare staff at intensive care homes for the elderly ▪ Relaxation of the regulations for the management of welfare staff at long-term healthcare facilities 【Areas covered】 15 coastal municipalities ● Deregulation of the production and sale of medical devices 【Areas covered】 Entire prefecture |
| 4 | | 23 rd Mar | Ishinomaki City | Relaxation of the Agricultural Land Act | <ul style="list-style-type: none"> ● Relaxation of Agricultural Land Act requirements concerning construction of “country elevator” storage facilities |

Deregulation ②

as of February 22, 2013

| | Region | Approval (Revision) | Areas covered | Summary | Outline of the special measures |
|---|-----------|----------------------|----------------------|--|--|
| 5 | Miyagi | 28 th Sep | Shichigahama City | Relaxation of zoning restrictions | ●Relaxed requirements for zoning thereby enabling construction of larger offices in the areas where they are not currently permitted 【Areas covered】 Ekiraku district |
| 6 | | 6 th Nov | Onagawa-cho | Relaxation of zoning restrictions | ●Relaxed requirements for zoning thereby enabling construction of buildings in the areas where they are not currently permitted 【Areas covered】 Washinokami and Konorihama districts |
| 7 | Fukushima | 16 th Mar | Fukushima Prefecture | Deregulation of production & sale of medical devices | ●Relaxed requirements for the experience required of managers in medical device manufacture and sales 【Areas covered】 Entire prefecture |
| 8 | | 20 th Apr | Fukushima Prefecture | Relaxation of medical regulations for improving medical & elderly care & welfare | ●Relaxation of medical regulations for improving medical care, elderly care and welfare ・Relaxed requirements for medical staff arrangements in hospitals ・Relaxed application of the regulations for the management of medical welfare staff providing in-home services ・Relaxed application of the regulations for the management of welfare staff at intensive care homes for the elderly ・Relaxed application of the regulations for the management of welfare staff at long-term healthcare facilities 【Areas covered】 Entire prefecture |

Deregulation ③

as of February 22, 2013

| | Region | Approval (Revision) | Areas covered | Summary | Outline of the special measures |
|----|------------|------------------------|----------------------|--|--|
| 9 | Fuku-shima | 3 rd August | Fukushima Prefecture | Relaxation of the Defined Contribution Pension Act | ●Relaxed requirements for defined contribution pensions to facilitate opting out of the pension scheme prior to the statutory deadline. |
| 10 | | 27 th July | Minami-Soma City | Deregulation of temporary building | ●Relaxed requirements for the duration for which temporary buildings can be left in place |
| 11 | Ibaragi | 30 th Oct | Ibaraki Prefecture | Relaxation of the Defined Contribution Pension Act | ●Relaxed requirements for defined contribution pensions to facilitate opting out of the pension scheme prior to the deadline. |
| 12 | | 29 th Jan | Ibaraki Prefecture | Deregulation of temporary building | ●Relaxed requirements for the duration, for which temporary buildings can be left in place, applied to temporary city office buildings |
| 13 | Tochigi | 6 th Nov | Takanezawa-cho | Deregulation of temporary building | ●Relaxed requirements for the duration, for which temporary buildings can be left in place, applied to temporary elementary school buildings |
| 14 | Chiba | 22 nd Feb | Asahi City | Relaxation of public housings Act | ●Relaxed requirements for those in need of residences due to the disaster to be eligible for the public housings |



Compensation for interest rate on loans ①

as of February 22, 2013

| | Region | Approval (Revision) | Areas covered | Summary | Outline of the special measures |
|---|--------|------------------------|--------------------|---|--|
| 1 | Aomori | 26 th June | Misawa City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build frozen food plants |
| 2 | | 12 th Oct | Hachinohe City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build freezing/refrigerating facilities |
| 3 | Iwate | 22 nd Feb | Ohtsuchi-Chō | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build facilities for quarrying |
| 4 | | 22 nd Feb | Miyako City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build facilities for quarrying |
| 5 | Miyagi | 23 rd Mar | Shiogama City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to construct a new aquarium, marine industrial plants |
| 6 | | 1 st Feb | Ishinomaki City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a factory for manufacturing electronic devices and their associated parts |



Compensation for interest rate on loans ②

as of February 22, 2013

| | Region | Approval (Revision) | Areas covered | Summary | Outline of the special measures |
|----|-----------|------------------------|--------------------|--|--|
| 7 | Fukushima | 22 nd Feb | Shiroishi-Cho | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a new computerized distribution center |
| 8 | | 22 nd Feb | Sendai City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a new distribution center |
| 9 | | 22 nd Feb | Taiwa-Cho | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a new distribution center |
| 10 | | 20 th Apr | Aizuwakamatsu City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build manufacturing facilities |
| 11 | | 13 th Nov | Minami-Soma City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build corrugated cardboard manufacturing facilities |
| 12 | | 21 st Dec | Bandai-Cho | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a factory for manufacturing camera lens |
| 13 | | 1 st Feb | Iwaki City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build the factory for manufacturing plastics |



Compensation for interest rate on loans ③

as of February 22, 2013

| | Region | Approval (Revision) | Areas covered | Summary | Outline of the special measures |
|----|-----------|------------------------|--------------------|---|--|
| 14 | Fukushima | 1 st Feb | Iwaki City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build freezing/refrigerating facilities |
| 15 | | 1 st Feb | Tamura City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build facilities for manufacturing engine components |
| 16 | | 1 st Feb | Kawamata City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build facilities for manufacturing engine parts |
| 17 | | 1 st Feb | Kagamiishi City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build facilities for manufacturing medical supplies |
| 18 | | 1 st Feb | Miharuma Town | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a factory for manufacturing rubber products |
| 19 | | 22 nd Feb | Shimogo-Machi | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a factory for behavior recognition sensors. |



Compensation for interest rate on loans ④

as of February 22, 2013

| | Region | Approval (Revision) | Areas covered | Summary | Outline of the special measures |
|----|---------|------------------------|---------------------|---|--|
| 20 | Ibaragi | 1 st Feb | Hitachi City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a LNG base |
| 21 | | 1 st Feb | Hitachinaka City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a production line for manufacturing construction machinery |
| 22 | | 22 nd Feb | Hitachi City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a hospital capable of conducting emergency and advanced medical treatment |
| 23 | | 22 nd Feb | Shimotsuma City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a factory for exhaust gas cleaning systems for automobiles |
| 24 | | 22 nd Feb | Kashima City | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a power plant for shared use to be built in the Kashima coastal industrial zone |
| 25 | | 22 nd Feb | Ami-Machi | Financial incentives (Compensation for interest rate on loans) | ● Compensation for the interest rate on loans to be provided to the enterprise for its plan to build a factory for milk products |



Establishment of a New Service for Collaboration with Private Sector

1. Organization

- New organization for collaboration with private-sector for reconstruction established on 1st Apr 2012, “Unit for Collaboration with Private Sector for Reconstruction”.
- The staff members of the new unit comprise ; Japan Business Federation, Japan Association of Corporate Executives, Japan Chamber of Commerce and Industry.
- New units in each Regional Bureaus of Reconstruction Agency established.
→ 20 officers in total (10 in Tokyo headquarters, 10 in regional bureaus)

2. Mission

- Provide technical support for collaboration with private sector in the afflicted municipalities;
- Hold committees charged with each reconstruction project and provide necessary support to relevant governments;
- Hold seminars and exhibitions to promote collaboration with private sector;
- Compile and release a list of FAQ and best practices of collaboration for reconstruction with private sector in afflicted municipalities.

All information useful in reconstruction efforts pertinent to the Special Zone for Reconstruction is posted on the following webpages.

[English webpages]

Current Status and Path Toward Reconstruction

http://www.reconstruction.go.jp/english/20130308_CurrentStatus_PathToward_FINAL.pdf

Outline of the Special Zones for Reconstruction (focused on tax breaks)

http://www.reconstruction.go.jp/english/topics/2012/09/120919_2.html

Outline of the Special Zones for Reconstruction

http://www.reconstruction.go.jp/english/topics/20120921_outline_special_zone.pdf

Framework of the Law for Special Zone for Reconstruction

http://www.reconstruction.go.jp/english/topics/20120921_framework_special_zone.pdf

[Japanese webpages]

< Special Zones for Reconstruction >

➤ Details of the Special Zones for Reconstruction

※Comprehensive document detailing a wide range of issues such as deregulation and tax breaks

<http://www.reconstruction.go.jp/topics/hukkoutokkuseidosetumeishiryō.pdf>

➤ Exhaustive list of approved plans for special zones for reconstruction

http://www.reconstruction.go.jp/topics/20121012_suishin.pdf



<Grants for Reconstruction>

- Outline of each Core Project (40 consolidated projects to be conducted by municipalities)

<http://www.reconstruction.go.jp/topics/120405gaiyou.pdf>

- First distribution (including a list of funded projects for each municipality)

<http://www.reconstruction.go.jp/topics/000571.html>

- Second distribution (including a list of funded projects for each municipality)

<http://www.reconstruction.go.jp/topics/000884.html>

- Third distribution (including a list of funded projects for each municipality)

<http://www.reconstruction.go.jp/topics/001197.html>

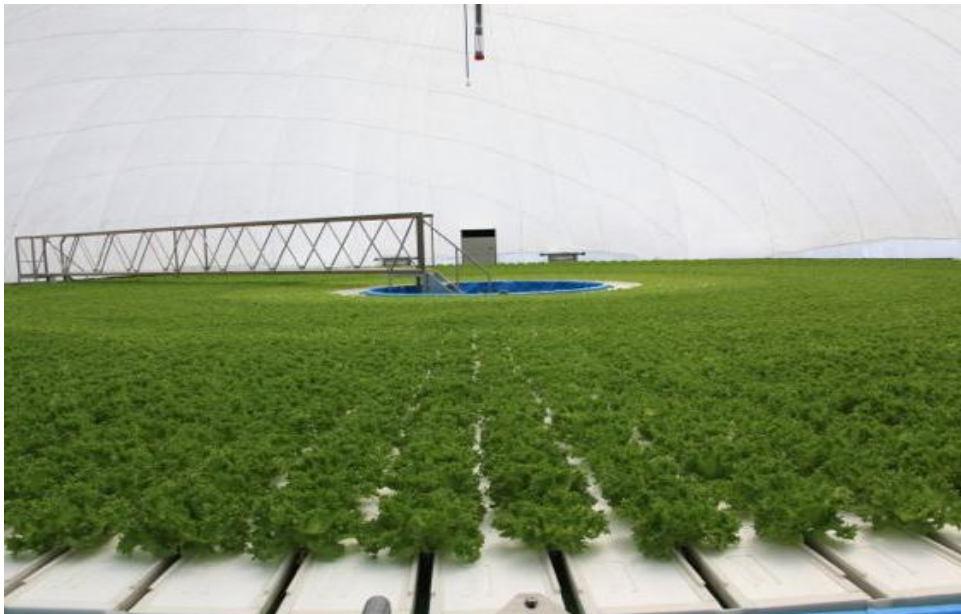
- Fourth distribution (including a list of funded projects for each municipality)

http://www.reconstruction.go.jp/topics/241130_1.html

- Fifth distribution (including a list of funded projects for each municipality)

<http://www.reconstruction.go.jp/topics/2538.html>

Plant Factory

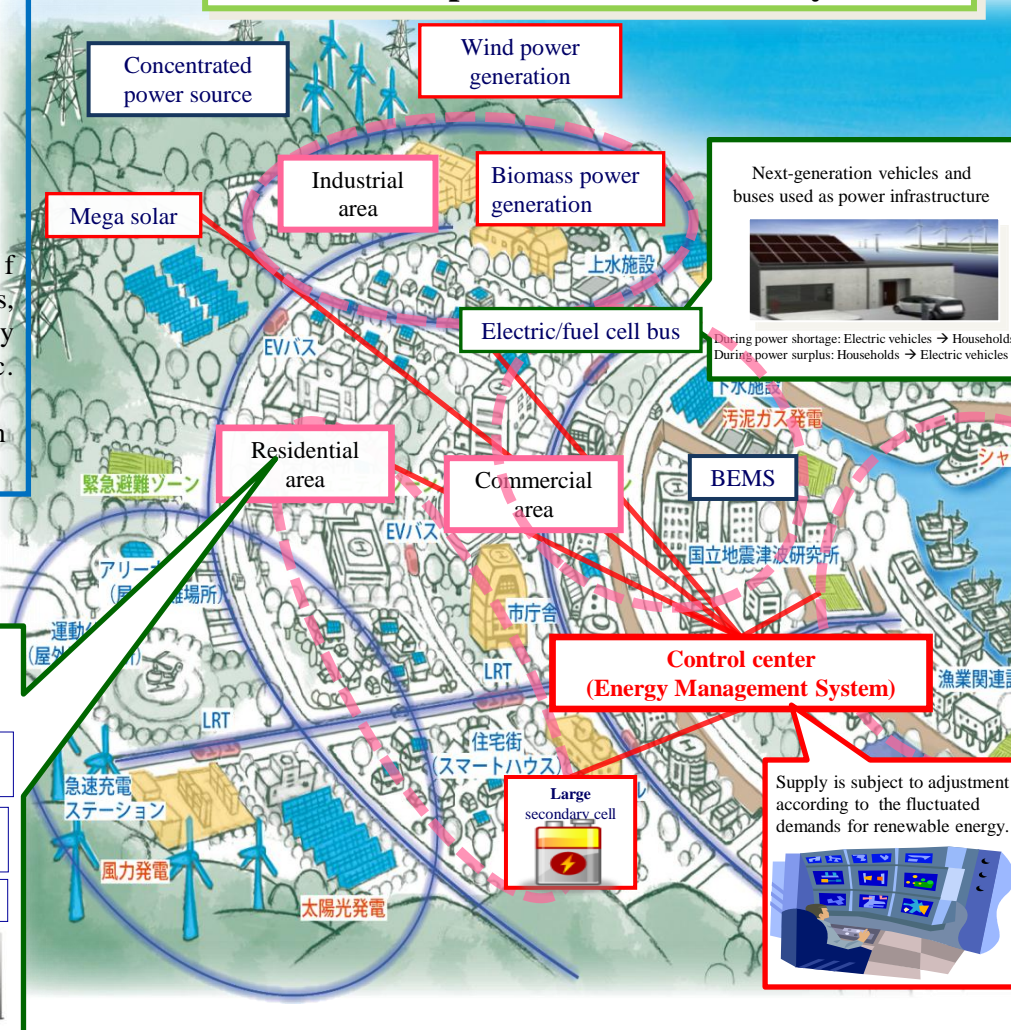


- As part of reconstruction efforts, smart communities are being planned that make use of renewable energy in the three prefectures devastated by the disaster (Iwate, Miyagi and Fukushima prefectures)
(Third supplementary budget for FY2011: 8.06 billion yen)

Anticipated Schedule

- Develop a master plan
(From April 2013)
- Select target projects
based on the master plan
(this winter)
- Introduction of
renewable energy facilities,
secondary cells, energy
management system etc.
(By end of FY2015, when
the intensive reconstruction
period ends)

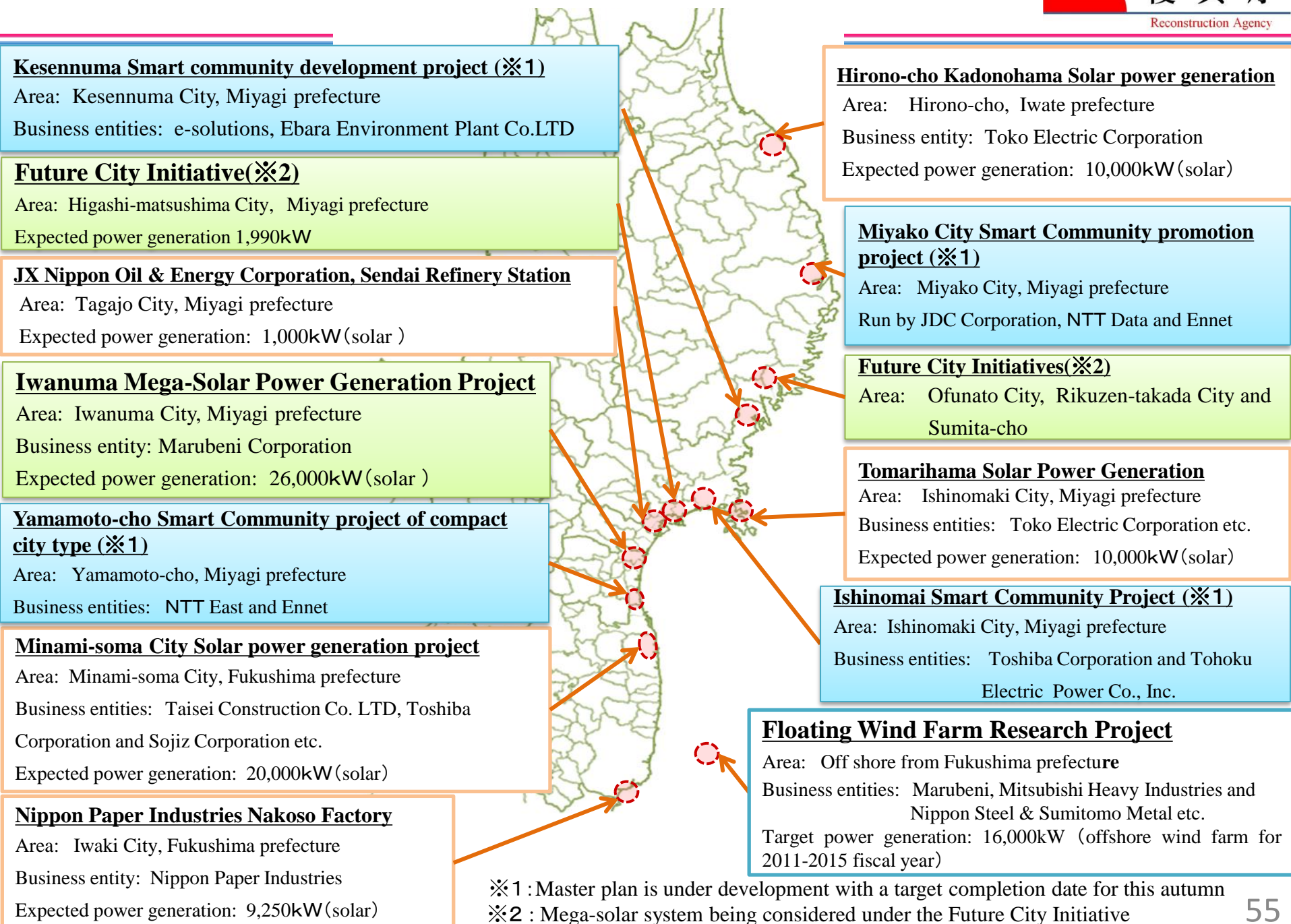
Concept of Smart Community



Major corporations and project managers for the Tohoku Smart Community Project

| Area | Major enterprises | Project manager |
|--------------------|--|--------------------------|
| Miyako City | NTT Data, Ennet | JDC Corporation |
| Kitakami City | NTT Facilities | Kitakami Office Plaza |
| Kesennuma City | Ebara Environmental Plant | E-solutions |
| Ishinomaki City | Toshiba, Tohoku-Electric Power Co., Inc. | Toshiba |
| Ohira Village | Toyota Motor Corporation, Central Motor | Toyota Motor Corporation |
| Yamamoto Town | Ennet | NTT East |
| Aizuwakamatsu City | Fujitsu, Tohoku-Electric Power Co., Inc. | Fujitsu |
| Kamaishi City | - | - |

New businesses for renewable energy



New projects in Fukushima to be conducted in collaboration between Industry, Academy and Government

① Fukushima Medical Center for Appliance Development and Safety Evaluation 【Kohriyama City】

Budget 13.4 billion yen

- Expected to function as a base to undertake the following :
- development of medical appliances and safety measures;
- providing assistance for entrepreneurs

Scheduled to be fully operational in FY 2015

② Fukushima International Center for Global Health and Science 【Fukushima City】

Budget 43.2 billion yen

Expected to function as a base to undertake the following :

- Early detection of health scare by radiation, state-of-the-art treatment, development of pharmaceuticals

Scheduled to be fully operational in FY 2015

③ Center for Fukushima Environmental Innovation (Tentatively named) 【Miharu Town】・【Minamisoma City】

Budget 8 billion yen + 11.3 billion yen

Expected to function as a base to undertake the following aimed at recovery from the damage by the radioactive materials and eventual creation of the new environment:

- Radiological monitoring, technology development for decontamination, human resource development and information dissemination

④ Floating Wind Farm Research Project 【Off-shore from Fukushima prefecture】

Budget 12.3 billion yen

(9.5 billion requested for FY 2013 budget)
project underway until 2015

⑤ Center of Excellence for Research and Development of for Renewable Energy 【Kohriyama City】

Budget 10.1 billion yen (+2.2 billion yen being requested for FY 2013 budget)

- Expected as a base to conduct research on cutting edge technologies such as solar panel

Scheduled to be in operational in FY 2013

