

Reconstruction Efforts from FY 2021

July 17, 2020

Decision by Reconstruction Promotion Council

1. Basic Concept

It has been nine years and four months since the Great East Japan Earthquake, with this year marking the final year of the Reconstruction and Revitalization Period.

While the process of reconstruction is now in its final stages, with the reconstruction of housing and cities in areas affected by the earthquake and tsunami largely completed and the revitalization of industries and livelihoods well underway, there will still be some projects that require a certain amount of support in the future, including mental health care for affected people and other forms of support.

With the exception of Restricted Area, evacuation orders have been lifted in all areas affected by the nuclear disaster. Evacuation orders have also been lifted in some areas where return is difficult. However, even as reconstruction and revitalization efforts have started to shift into high gear, a medium- to long-term response is needed with the national government at the helm.

The national government formulated the "Basic Guidelines for Reconstruction in Response to the Great East Japan Earthquake After the 'Reconstruction and Revitalization Period'"¹ (hereinafter referred to as "Basic Guidelines") based on the current state of reconstruction in order to take appropriate action after the Reconstruction and Revitalization Period, and submitted a bill to the Diet extending the period of establishment for the Reconstruction Agency. On June 5, 2020, the government enacted the "Act Partially Amending the Act for Establishment of the Reconstruction Agency, etc."² (hereinafter referred to as the "Amending Act").

In addition to pushing forward with initiatives in FY 2020, the final year of the Reconstruction and Revitalization Period, it is necessary to take action to solidify them based on the Basic Guidelines and Amending Act ~~in order to smoothly~~ and steadily implement reconstruction efforts from FY 2021.

¹ Cabinet decision on December 20, 2019

² Act No. 46 of 2020

Therefore, the national government has stipulated the reconstruction period from FY 2021, the main actions to be taken for that period, measures associated with the revision to the Act, project scale and financial resources as follows.

2. Reconstruction Period

The “Basic Guidelines for Reconstruction in Response to the Great East Japan Earthquake”³ defines the reconstruction period as a 10-year period extending to FY 2020. However, it will be necessary to take action according to the status of reconstruction even after FY 2021.

Under the Basic Guidelines, over the five years from FY 2021, the national government specifically aims to ensure that reconstruction projects in areas affected by the earthquake and tsunami will serve their intended functions by engaging in projects that will require a certain level of support in the future, including mental health care for affected people and other forms of support. Communities will also be regenerated through the use of government-wide measures, such as those for regional revitalization, to create sustainable and vibrant communities.

In areas affected by the nuclear disaster, towards full-scale reconstruction and revitalization over these ten years, in light of the actual conditions and special characteristics of each region, the government will continue to promote actions, such as improving the living environment, promoting the Fukushima Innovation Coast Framework, reconstructing businesses and the agricultural, forestry and fishery industries, dispelling harmful rumors, in addition to common matters shared with areas affected by the earthquake and tsunami. The government will also strengthen measures that lead to regional revitalization by encouraging new vitality, such as promoting internal migration, and building an international educational and research base. These actions shall be reviewed in five years.

Based on the above concept, the government has proposed that the reconstruction period be set at 15 years, including the five years from FY 2021 to FY 2025. The five-year period from FY 2021 will be designated as the “Second Reconstruction and Revitalization Period”, as it will be a period of time that will continue to carry forward the philosophy of the “First Reconstruction and Revitalization Period” (from FY 2016 to FY 2020), which was to “achieve

³ Decision by the Reconstruction Headquarters in Response to the Great East Japan Earthquake on July 29, 2011

reconstruction that would allow affected areas to become self-reliant and could serve as a regional revitalization model”, and further promote actions to achieve this goal.

3. Future Actions

In line with the Basic Guidelines, the national government will steadily promote recovery and revitalization projects from FY 2021 and address the following issues to consider in relation to measures based on the Amending Act.

The spread of the novel coronavirus (COVID-19) is also having an impact on some recovery and reconstruction projects and local economies in areas affected by the Great East Japan Earthquake. The government works to ascertain the impact of the outbreak, implements projects that take into account measures to prevent the spread of infectious diseases and responds flexibly to changes in project content, in order to ensure that the reconstruction process is not impeded. Ministries and agencies will also promote initiatives to prevent the spread of the disease by using the supplemental budget for FY 2020 and collaborate each other and expend all possible means to maintain employment, continue to implement projects, and restore economic activities with the involvement of the public and private sector.

(1) Initiatives in areas affected by the earthquake and tsunami

In light of the Basic Guidelines, the national government and local governments in disaster-affected areas will cooperate during the Second Reconstruction and Revitalization Period and expend efforts in implementing remaining projects, such as mental health care for affected people and other forms of support, with the aim of ensuring that reconstruction projects serve their intended functions. The national government will also promote actions to revitalize communities and create sustainable and vibrant local societies through the use of regional revitalization measures.

(a) Location and setup of reconstruction bureaus

From the perspective of having reconstruction bureaus function more effectively in line with the progress of reconstruction, based on the Basic Guidelines and Amending Act, Iwate Reconstruction Bureau and Miyagi Reconstruction Bureau will be relocated to the coastal area and branch offices will be established in Morioka and Sendai, respectively, in order to

shift the focus of the organizations to areas where reconstruction issues, such as support for affected people and the revitalization of industry and livelihoods, are concentrated.

Specific locations will be determined by government ordinance sometime this summer, taking into account the opinions of local governments in affected areas with consideration of perspectives on future reconstruction requests, transportation access and coordination with local prefectural authorities.

(b) Act on Special Zones for Reconstruction in Response to the Great East Japan Earthquake

Target areas for special regulations after Reconstruction and Revitalization Period will be stipulated in government ordinance sometime this summer, in order to prioritize these areas while taking into account the status of reconstruction and prospects for projects.

In addition, a government ordinance will stipulate sometime this summer that support shall be prioritized for industrial reconstruction in coastal areas where reconstruction has been slower than in inland areas for areas under the tax system of Special Zones for Reconstruction based on indicators related to the progress of reconstruction, such as comparisons of populations before the earthquake, as well as requests from local governments in affected areas.

In addition, revisions will also be made to the Basic Guidelines for Special Zones for Reconstruction based on the Act on Special Zones for Reconstruction in Response to the Great East Japan Earthquake.

(c) Strengthening collaboration with regional revitalization

In disaster-affected areas which have been “advanced areas in challenges” facing medium- to long-term challenges common to all regions in Japan, such as declining populations and hollowing out of industries, it is important to comprehensively utilize government-wide policies, including measures for regional revitalization, while maximizing the use of infrastructure foundations that have been strengthened by recovery and reconstruction projects, and the connections and expertise developed with various stakeholders throughout the reconstruction period.

Therefore, the government will steadily promote various initiatives contained in the second phase of the Comprehensive Strategy for Overcoming Population Decline and Vitalizing the Local Economy in Japan and will also enhance and strengthen collaboration between reconstruction

efforts and measures for regional revitalization, in order to further leverage these measures in disaster-affected areas.

(2) Initiatives in areas affected by the nuclear disaster

There is a need for medium- to long-term responses for reconstruction and revitalization in areas affected by the nuclear disaster. Based on the Basic Guidelines and Amending Act, the national government will continue to take the lead and work towards full-scale reconstruction and revitalization in the Second Reconstruction and Revitalization Period as well, in addition to common matters shared with areas affected by the earthquake and tsunami.

(a) Promoting internal migration, etc.

In the more than nine years that have passed since the Great East Japan Earthquake, affected areas are facing worsening challenges, such as declining and aging populations, as well as the hollowing out of industries. In areas affected by the nuclear disaster in particular, although residents are gradually returning home, there is a higher proportion of senior citizens with little progress seen in the return of young people and generations of those raising children. In addition, in areas where it has taken time for evacuation orders to be lifted, 50% to 60% of residents have indicated that they have no plans to return. In light of the situation and residents' intentions, it will be difficult to achieve reconstruction and revitalization in the areas simply by encouraging residents to return. For this reason, it will be necessary to promote measures to increase the resident population and revitalize cities and towns, and to promote efforts to encourage new vitality that will support the reconstruction and revitalization of Fukushima, in order to help secure an administrative and financial base for local governments.

For this reason, the Act on Special Measures for the Reconstruction and Revitalization of Fukushima⁴ (hereinafter referred to as the "Fukushima Special Measures Act") has been amended to expand the scope of the current subsidy on improving the environment to help residents return home to also include improvements to the environment to encourage returning and internal migration. Projects have also been added that contribute to promoting the internal migration and settlement of new

⁴ Act No. 25 in 2012

residents, including increasing visiting and related populations and creating appealing workplaces. The national government is promoting studies towards the specific implementation of drastic measures in order to encourage new vitality while maximizing the region's appeal and ingenuity while taking into account the opinions of local governments on measures to more effectively promote internal migration, support the increase in visiting and related populations and attract businesses from overseas, foreign-owned companies and agricultural cooperatives.

(b) International educational and research base

In light of issues, such as inadequacies in cooperation among facilities and systems to develop human resources, it is necessary to put the Fukushima Innovation Coast Framework into practice by promoting the reconstruction and revitalization of the Hamadori area of Fukushima (increase the resident population, etc.), creating new and attractive industries through cross-disciplinary research and industry-academic-government collaboration, developing sustainable human resources, and promoting the cluster of research on the reconstruction of Fukushima and dissemination to the world.

Towards this end, in June of this year, the Expert Meeting on International Education and Research Bases in Fukushima Hamadori Area finalized a summary on the development of a government-led international education and research base that will decompartmentalize the organization and bring together human resources from Japan and overseas who serve as a command post from the perspective of industry-academic-government collaboration and the development of human resources. Specifically, recommendations were submitted to the Reconstruction Agency, including (i) the specification of research fields to include "fields related to the creation of new industries (robotics, agriculture, forestry and fishery industries, and energy)" and "fields related to the nuclear accident responses and environmental recovery (decommissioning and decommissioning technology applications, radiation safety and health, risk communication)", (ii) the preference that the organization be a comprehensive national research and development agency covering a variety of research and industrial fields with the purpose of recovering from the nuclear disaster, although the government would need to further discuss appropriate format, and (iii) the education of graduate students through a collaborative graduate school system, for example, in partnership with a number of universities, and to engage in the

seamless development of human resources, including local elementary, junior high and high school students.

In the future, the Reconstruction Agency will take a lead in collaborating with related ministries, such as the Ministry of Education, Culture, Sports, Science and Technology (MEXT), Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Economy, Trade and Industry (METI), and the Ministry of the Environment, and will listen to the ideas of related local governments, industries, and educational and research institutions, and examine ways to link and share roles between the international educational and research base and existing bases. The government will also study the international educational and research base, including the living environment and urban development, to submit a definite plan by the end of the year.⁵

(c) Accelerating the resumption of farming

In the 12 municipalities⁶ affected by the nuclear disaster, farming has resumed in less than 30% of areas as there have been issues in securing people who can lead the process of resuming farming, while the period for suspending farming operations has been prolonged. In these areas, it is necessary to develop large-scale, strong labor-productive agricultural management practices and recruit new leaders.

For this reason, special provisions have been established in accordance with the revisions to the Fukushima Special Measures Act to promote measures for the concentrated use of farmland, including the entry of parties from outside in addition to local leaders, as well as the diversion of farmland in order to promote the development of the sixth industry facilities.

With the use of these special provisions, the government will move forward with considering specific measures to accelerate the resumption of farming, including support for recruiting leaders and support for the concentrated use of farmland and the improvement of labor productivity.

⁵ Government considerations shall take into account the social responsibility of the country in promoting nuclear energy policies and the perspective of streamlining and promoting the efficiency of the administration.

⁶ Tamura City, Minamisoma City, Kawamata Town, Hirono Town, Naraha Town, Tomioka Town, Kawauchi Village, Okuma Town, Futaba Town, Namie Town, Katsurao Village, Iitate Village

(d) Tax measures

With the aim of revising the tax system in FY 2021, the national government will consider special tax measures related to the acceleration of activities under the Fukushima Innovation Coast Framework to promote self-sufficient and sustainable industrial development in the Fukushima Hamadori area and other locations in response to persistent reputational damage in the agriculture, forestry, fishery and tourism industries.

(e) Other measures

Revisions will be made to the Basic Guidelines for the Reconstruction and Revitalization of Fukushima based on the Fukushima Special Measures Act.

4. Project scale and financial resources

The government will facilitate the implementation and acceleration of measures and projects for the recovery and reconstruction of disaster-affected areas during the Second Reconstruction and Revitalization Period from FY 2021 to FY 2025.

The scale and financial resources for recovery and reconstruction projects over a 15-year period from FY 2011 to FY 2025, including the Second Reconstruction and Revitalization Period, are below.

(1) Project scale

Based on the current status of the execution of the reconstruction budget to date,⁷ the total figure for recovery and reconstruction costs over the 10-year period from FY 2011 to FY 2020 is estimated at approximately JPY 31.3 trillion.⁸

Recovery and reconstruction project costs during the Second Reconstruction and Revitalization Period are currently estimated at about JPY 1.6 trillion.⁸

Therefore, the total scale of recovery and reconstruction projects over a 15-year period from FY 2011 to FY 2025, including the Second Reconstruction and Revitalization Period, is estimated at about JPY 32.9

⁷ Figures for FY2011 to FY 2018 are based on the settlement of accounts, the estimated settlement of accounts for FY2019, and the budget for FY2020.

⁸ Total public expenditure by the national and local governments. Figures do not include expenses that should be born by business operators in accordance with the Act on Compensation for Nuclear Damage (Act No. 147 of 1961) and the Act on Nuclear Damage Compensation and Decommissioning Facilitation Corporation (Act No. 94 of 2011), etc.

trillion.⁸

(2) Financial resources

Based on the records of the special income tax for reconstruction and non-tax income, the total figure for financial resources is about JPY 32.9 trillion yen in relation to the JPY 32 trillion yen originally earmarked for recovery and reconstruction projects over a 10-year period from FY 2011 to FY 2020. This is expected to be commensurate with the project scale.

The government will effectively and properly promote reconstruction by appropriately managing the scale of projects in each fiscal year during the Second Reconstruction and Revitalization Period and by ensuring that the budget is highly accurate.

The project scale and financial resources shall be reviewed as needed, since it will be necessary to respond in detail to new challenges and the various needs that will arise as the country progresses through the reconstruction stages in areas affected by the nuclear disaster.