

Opening Remarks of Mr. Yoshinori SUEMATSU, State Secretary for Reconstruction, on the occasion of Seminar on Promotion of Foreign Direct Investment in the Area Damaged by the Great East Japan Earthquakes at the JETRO IBSC Hall on 23rd March 2012

[Introduction]

- Thank you very much for coming to the seminar.
- My name is Yoshinori Suematsu, a member of the Parliament, working for the Reconstruction Agency as State Secretary for Reconstruction.
- I am happy to make my opening remarks and talk about the current status, policies and measures for reconstruction taken by the Government in response to the Great East Japan Earthquake, especially incentive measures on promotion of direct investment in the damaged areas.
- Taking this occasion, I would like to renew our gratitude to your support and assistance shown and made in the aftermath of the disaster. Your support encouraged our people, especially in the disaster areas in East Japan.

[Main Part]

At the outset of my remark, I would like to touch upon progress made for reconstruction. I like to underline that tremendous progress has been made already during the past twelve months

- Basic utilities such as water and electricity supply were restored soon after the disaster in all areas except those washed away by the tsunami and the Fukushima evacuation zone;
- Ninety-six per cent (96%) of scattered debris caused by the tsunami has been cleared from residential areas;
- Measures have been taken to restore infrastructure protecting against high tides and tsunami, such as sea walls and water breakers;
- Economic and social infrastructure like traffic routes and railways have been restored, helping to accelerate reconstruction efforts and allow those living in affected areas to return to normal life;
- When it comes to the severe accident of Fukushima Daiichi Nuclear Power

Station, you surely know that the nuclear reactors had been well treated and achieved cold shutdown condition at the end of last year. Thus we can assure you no more spread of radioactive substance from the plant.

We recognize, however, that much work remains to be done and are working to implement an effective blueprint for reconstruction

- Unlike in the case of past natural disasters inside and out of our country, we are not seeking to simply rebuild the affected region as it was in the past. We need a blueprint for reconstruction of more resilient towns and villages, to avoid possible damage in future disasters.
- A number of key steps have been taken already:
 - A total budget of eighteen trillion yen (JP¥18trillion) - it corresponds to two hundred twenty billion US dollars (US\$220billion) - has been allocated in three supplementary budgets;
 - Legislation was passed at previous Diet sessions last autumn, including reconstruction grants, and a framework of special zones for reconstruction;
 - The Reconstruction Agency has recently been established last month to act as the ‘control tower’ for overall reconstruction efforts at a national level. The Agency responds to the requests from the afflicted municipalities and serves as a ‘one-stop shop’ for coordinating reconstruction efforts. Thus the agency will streamline and accelerate reconstruction efforts.

These measures laid out the tools for reconstruction. These measures, special zone framework in particular, are expected to stimulate investment from both within Japan and from overseas by, for example:

- Reducing corporate tax to zero per cent for the first five years
- Providing subsidies for private companies newly investing in the disaster areas with creation of employment
- Accelerating needed land-use restructuring to help create communities that are more resilient to natural disasters.

- The central government has already approved six plans for special zones for reconstruction submitted by local governments. The process of developing special zones for reconstruction and providing grants for afflicted municipalities is now well underway.
- Please look at our handout on page two to five (pp2-5). You can find general description on framework of special zone and grant for reconstruction as well as the list of special zones already approved by the Government.

The reconstruction is an open process, and we welcome direct investment and support from outside the disaster areas, including from foreign companies and organizations

- As first outlined by the advisory panel, the Reconstruction Design Council, and the government's own basic guidelines for reconstruction, we sincerely welcome foreign investment in damaged areas.
- To ensure we create the right conditions to support this, we fully commit to maintaining transparency and to implementing reconstruction projects in an open manner.
- This seminar is one of our efforts to explain to potential investors the mechanisms of the special zones for reconstruction and the unique benefits of each region. We will invite five prefecture offices in the disaster areas, after the presentation of the Government, to give you their presentation on their policies and measures to promote investment as well as their strong points.
- Please look at our handout on page six (pp.6). The Reconstruction Agency will establish a new special service in cooperation with Japanese private sector: Keidanren (Federation of Economic Organizations), Nissho (Japan Chamber of Commerce and Industry) and Keizai Doyukai (Japan Committee for Economic Development). The new service will start on 1st April and serve as a contact point to promote collaboration with private sector in the process of reconstruction, of course including foreign private companies and organizations. We welcome offers of secondment from foreign private sector to our new service, both in Tokyo headquarters and regional offices.
- JETRO also offers some service for foreign companies which have a plan to come to the disaster regions. You can find detailed information of the services on page seven (pp7) in our handout.

- **We have already seen foreign companies starting to invest in the affected regions.** For example:
 - Amazon has established a new call center for Japanese customers in Sendai;
 - while IKEA also opened a new store in the same city;
 - Many others have expressed interest and some have started to contact us, including for example in renewable energy initiatives that are planned in the region like a Canadian solar energy company according to the news article I read last month.
- **We hope to see more examples to come.**
- From the government's part, nineteen trillion yen (JP¥19trillion) - equivalent to two hundred thirty billion US dollars (US\$230billion) - has been committed in investment in the disaster area over the next five years. This huge money will naturally stimulate economic demand in afflicted regions and, I am convinced, together with the policy framework put in place, it will help provide incentives for direct investment by the private sector, including foreign companies.

[Closing]

Although challenges remain, a clear framework for reconstruction is now in place and we are accelerating our efforts

- By introducing the measures I have just outlined, I am strongly convinced that we will be able to tackle and overcome the challenges faced in this unprecedented reconstruction process.
- We are absolutely committed to rebuilding in a manner that meets the future needs of the affected regions, reviving local economies in cooperation with our international partners, and to sharing lessons learnt with the world.
- Thank you for your kind attention.

(End)