

Guidelines for Application to the Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas

(A project supporting the location of business sites for the manufacturing and service sectors)

(Third offering of subsidy)

(Provisional Translation)

While the deadline for the eighth offering of the subsidy is noon on Friday, September 14, in order to accommodate companies hoping to conduct business early, we will conduct an advance examination of applications submitted by noon on Friday, June 1, for those who wish it. Projects adopted through the advance examination will be announced in early August, all others will be announced in mid-November.

Please know that those who re-apply with the same project that was previously rejected will not have their applications considered by the judges.

March 2018

Secretariat, Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas

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1. Program Objectives and Eligible Companies

(1) Program Objectives

This subsidy program aims to support companies that establish or expand factories to secure a “work place” and to promote industrial accumulation in areas of Fukushima Prefecture which had previously been under evacuation orders. The program is also intended to support commercial recovery to promote the return of residents and the establishment of industries.

※Creation of subsidies for the location of businesses for creating employment for supporting the self-reliance and return of disaster victims which will be announced later shall apply.

(2) Eligible Companies

Companies or individuals* which meet the requirements specified in both I and II below and which can take on the responsibility for managing land, buildings and equipment after the completion of subsidized projects.

※Individuals are those who are members of a specific chain of business as stipulated in article 11 of the Small and Medium-Sized Retail Promotion Act (Act No. 101 of 1973) and those who do not possess the properties subject to subsidization. Also they are only those who have received approval pursuant to article 143 (blue) of income tax (Act No. 33 of 1965).

I. Requirements for Subsidy Eligibility

Land , buildings, facilities	From the perspective of enhancing the effectiveness of regional industrial reconstruction based on the establishment of new business facilities, it is desirable that applicant companies acquire land and buildings in the areas eligible for subsidy in Fukushima Prefecture. In particular, projects which do not involve the acquisition of buildings are <u>not eligible for subsidy</u> regarding 5-7 under “Facilities eligible for subsidy”. However, regarding 1-4, 8, 9 under “Facilities eligible for subsidy”, approval may be granted for investment plans that do not involve the acquisition of land or buildings depending on the current circumstances, including progress in restoration and recovery from the tsunami-inflicted damage and the impact of the nuclear power plant accident.
Areas eligible for subsidy	<p>Areas under evacuation order (*) in Fukushima Prefecture (hereinafter referred to as “Areas eligible for subsidy”) which fit the following descriptions. (Please follow this regulation in the case of 7 under ‘Facilities and equipment eligible for subsidy’</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Parts of Tamura City, parts of Minami Soma City, parts of Kawamata Town, Hirono Town, Naraha Town, Tomioka Town, Kawamura Village, Ookuma Town, Futaba Town, Namie Town, Katsurao Village, and Iidate Village</p> </div> <p>* Areas designated as such under Article 20, Paragraph 2 of the Act on Special Measures Concerning Nuclear Emergency Preparedness (Act No. 156 of 1999) and Areas to which the designation has been lifted.</p>

<p>Facilities and equipment eligible for subsidy</p>	<p>The following types of facilities and equipment are eligible for subsidy.</p> <ol style="list-style-type: none"> 1. Factories <p>Facilities used for manufacturing industries as classified under the Japan Standard Industry Classification (Ministry of Internal Affairs and Communications Notice No. 405 of 2013)</p> 2. Distribution facilities <p>Warehouses, distribution centers, business facilities for simple distribution-related processing (hereinafter referred to as “distribution-related processing facilities”) constructed by persons engaged in road freight transport, ocean-going transport, coastwise transport, air transport, ordinary warehousing, port transport, freight forwarding and wholesale trade for their own use, and warehouses, distribution centers and distribution-related processing facilities constructed by persons engaged in the manufacturing and retail industries for their own use which are not attached to factories or stores</p> 3. Experiment and research facilities <p>Facilities where persons engaging in manufacturing industries as classified under the Japan Standard Industry Classification conduct experiments and research using advanced technologies adapted to ongoing technological innovation for the development of industrial products, and research institutes for natural sciences as classified under the Japan Standard Industry Classification</p> 4. Call Centers or data center facilities <p>As for call centers, facilities which are used for call center business listed in the Japan Standard Industry Classification. As for data centers, facilities which are used for data centers among information services industries and Internet-related services listed in the Japan Standard Industry Classification.</p> 5. Stores <p>Facilities for wholesale and retail sales; dining, takeout, delivery and food services; laundry, barber, beauty and bath, and other living-related services listed in the Japan Standard Industrial classification (Act on Control and Improvement of Amusement Business [Act No. 122 of the 1948] Hereinafter referred to as "Customs sales law". Except for facilities provided in article 2.)</p> 6. Accommodation facilities <p>Out of the facilities provided for the lodging industry listed in Japan Standard Industrial classification (excluding facilities provided for in Article 2 of the Customs Business Law), the plan for the promotion of restoration and municipalities as stipulated in Article 6 of The Special Area Act on Reconstruction of the Great East Japan Earthquake (Act No. 122 of 2011) (hereinafter referred to as "Reconstruction Plan") (form) is attached to the application form in accordance with the "Municipality Reconstruction Plan Confirmation Form”. Those facilities which the Third Committee (a collegiate organization comprised of highly specialized experts who are established by the Secretariat for examination and adoption of auxiliary projects) is expected to continue operating for more than 10 years are also eligible.</p> 7. Company housing <p>Five or more housing units attached to the facilities listed in 1 to 6 above</p>
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	<p>(including facilities already present, hereinafter referred to as "factories") The housing units must be located in the municipality where the factories are located (If the plant is located in the evacuation area, if land cannot be acquired, or if there are other unavoidable circumstances, the housing units may be located in the auxiliary area outside the municipality where the factories are located).</p> <p>However, in the cases stipulated in the parentheses above, when the Third Committee finds it necessary to achieve the purpose prescribed in 1.(1), the housing units may be located in the following areas outside the auxiliary area.</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Iwaki City, Souma City, Tamura City, Minamisouma City, Kawamata Town, and Shinchu Town</p> </div> <p>8. Mechanical equipment Machinery and equipment for the business of facilities listed in 1-4 above</p> <p>9. Facilities based on the certificated reconstruction promotion plan, facilities particularly recognized by the Governor of Fukushima Prefecture and facilities approved by the corporation establishing the fund.</p>
<p>Eligibility requirement for the provision of subsidy</p>	<p>The eligibility requirement for subsidy provision is the number of workers newly employed locally corresponding to the amount of fixed investment assets (land may be excluded; the same shall apply hereinafter in the table) as specified in the table below. However, the minimum amount of fixed investment assets is 50 million yen as for the auxiliary facilities and equipment (excluding 5, 6, 7 and 9).</p> <p>Workers newly employed locally are regular employees who are employed by subsidized companies after the date of <u>the decision on the provision of subsidy</u>, on the condition that they work at factories and other facilities to be established, and who, through a copy of a certificate of residence or a certificate of items entered in the certificate of residence as prescribed in Article 12, Paragraph 1 of the Resident's Basic Register Act (Act No. 81 of 1967), are recognized to reside and work in Fukushima Prefecture where said factories and facilities are located at the time when the subsidized projects are completed.</p> <p>It should be noted that workers newly employed locally include workers who have relocated to the prefecture from the areas outside of the 15 municipalities in Hamadori region in Fukushima Prefecture (Iwaki City, Soma City, Tamura City, Minami Soma City, Kawamata Town, Hirono Town, Naraha Town, Tomioka Town, Kawauchi Village, Okuma Town, Futaba Town, Namie Town, Katsurao Village, Shinchu Town, Shinchu Town and Iidate Village) to the 15 municipalities in Hamadori region, workers who have relocated to areas eligible for subsidy from the 15 municipalities in Hamadori region, and workers who have relocated from outside of Fukushima Prefecture to Fukushima Prefecture. Residents (who had resident status in the subsidy area during the time of the Great East Japan earthquake) shall not be asked to relocate their residence, if they are permanent employees who have moved to the area of employment from outside the auxiliary area.</p> <p>Regarding company housing mentioned in 7 above, workers include those newly employed at the attached factory and the maintenance workers at the company housing.</p>

	<p>【Eligibility requirement for the provision of subsidy】</p> <table border="1"> <thead> <tr> <th>Amount of fixed investment assets (*)</th> <th>Number of workers newly employed locally</th> </tr> </thead> <tbody> <tr> <td>¥30 million or higher</td> <td>Two or more workers</td> </tr> <tr> <td>¥50 million or higher</td> <td>Three or more workers</td> </tr> <tr> <td>¥100 million or higher</td> <td>Five or more workers</td> </tr> <tr> <td>¥1 billion or higher</td> <td>10 or more workers</td> </tr> <tr> <td>¥2 billion or higher</td> <td>20 or more workers</td> </tr> <tr> <td>¥3 billion or higher</td> <td>30 or more workers</td> </tr> <tr> <td>¥4 billion or higher</td> <td>40 or more workers</td> </tr> <tr> <td>¥5 billion or higher</td> <td>50 or more workers</td> </tr> <tr> <td>¥6 billion or higher</td> <td>60 or more workers</td> </tr> <tr> <td>¥7 billion or higher</td> <td>70 or more workers</td> </tr> <tr> <td>¥8 billion or higher</td> <td>80 or more workers</td> </tr> <tr> <td>¥9 billion or higher</td> <td>90 or more workers</td> </tr> <tr> <td>¥10 billion or higher</td> <td>100 or more workers</td> </tr> </tbody> </table> <p>* The amount of fixed investment assets should in principle be treated as a cost eligible for subsidy under this subsidy program.</p>	Amount of fixed investment assets (*)	Number of workers newly employed locally	¥30 million or higher	Two or more workers	¥50 million or higher	Three or more workers	¥100 million or higher	Five or more workers	¥1 billion or higher	10 or more workers	¥2 billion or higher	20 or more workers	¥3 billion or higher	30 or more workers	¥4 billion or higher	40 or more workers	¥5 billion or higher	50 or more workers	¥6 billion or higher	60 or more workers	¥7 billion or higher	70 or more workers	¥8 billion or higher	80 or more workers	¥9 billion or higher	90 or more workers	¥10 billion or higher	100 or more workers
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Tenant maintenance requirements	<p>Regarding 7 of "Facilities and equipment eligible for subsidy" above, 60% of the total housing units must be occupied by permanent employees employed at the factories located in the subsidy area on average for three years after the completion of the subsidy project.</p> <p>* If the case does not meet this requirement, the subsidy plus additional arrearage charges must be returned.</p>																												
Investment plan	<p>Eligible projects are those for which investment plans were not publicly announced before March 29, 2016 (the day on which the cabinet decision on the draft budget for fiscal 2016 was made).</p>																												

II. Projects should not meet either of the following criteria for non-provision of subsidy

Criteria for non-provision of subsidy
<p>1. Companies will be disqualified as subsidiary recipients in any of the cases below, or when the Secretariat deems companies have conducted themselves in a manner inappropriate as the recipient of the grants taking into consideration the manner of their actions, whether there was executive-level involvement, the duration of the violation and its social impact.</p> <p>A. Cases in which it is considered the company has, by deception or other dishonest means, received a subsidy as defined by article 2, paragraph 1 of the pertaining law, or an indirect subsidy as defined by article 2, paragraph 4 of the pertaining law, or a grant for private operators provided by the head of a ministry or agency pursuant to Enforcement Order article 4, paragraph 2, item (4), or other fraudulent means.</p> <p>B. Cases in which it is considered that the company has used subsidies for other applications.</p> <p>C. In carrying out subsidy projects, the company violates the contents of <u>the decision to provide a subsidy</u>, etc., or the conditions attached thereto, or any other laws or policies of the head of relevant ministry or agency (excluding the cases listed in B).</p>

- D. Cases in which the sole proprietor of the company, an executive qualified to represent the company, a person presiding over operations of a branch office, or any other equivalent person (hereinafter referred to as an "executive officer") has been arrested, or charged with no arrest, for suspicion of bribing a public official.
 - E. Cases in which there is a violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of April 14, 1947) in the case of violation of article 3 or article 8, paragraph 1 (1) (excluding the case set forth in F).
 - F. An executive officer is apprehended or charged with no arrest on the allegation of bid-rigging.
 - G. An executive officer is apprehended or charged with no arrest on the allegation of obstruction of business such as auctions.
 - H. The company conducts an act listed in article 2, paragraph 1, item (1) or item (13) of the Unfair Competition Prevention Act (Act No. 47 of 1993).
 - I. The company commits misconduct or dishonest conduct with regard to business other than those listed in the preceding items.
 - J. An executive officer of the company is charged pursuant to a provision which can result in a prison sentence or heavier punishment, or a fine pursuant to the provisions of the Penal Code (Act No. 45 of 1907) for activities other than those listed in the preceding items.
2. Companies which fit either of the following descriptions
- A. Companies whose owners include persons equivalent to crime syndicate members (as defined under Article 2, item 6 of the Act on Prevention of Unjust Acts by Organized Crime Group Members [Act No. 77 of 1992; hereinafter referred to as the "Anti-Organized Crime Group Act"]; the same shall apply hereinafter) and persons who are under the control of crime syndicate members (hereinafter referred to as "crime syndicate members, etc."). Companies in which executives, persons who supervise business operations or persons in similar positions (hereinafter referred to as "executives, etc.") include crime syndicate members, etc.
 - B. Companies which employ or may employ crime syndicate members, etc. to do jobs
 - C. Companies in which crime syndicate members, etc. control business activities
 - D. Companies in which crime syndicate members are virtually involved in business management
 - E. Companies in which executives, etc. use the intimidating power of crime syndicates (as defined under Article 2, item 2 of the Anti-Organized Crime Group Act; the same shall apply hereinafter) or crime syndicate members in order to promote their own or third-party persons' illegal interests or to cause damage to third parties
 - F. Companies in which executives, etc. cooperate or are involved in maintaining and operating crime syndicates through means such as providing funds and making favorable arrangements
 - G. Companies in which executives, etc. or persons who are virtually involved in management have socially dubious relationships with crime syndicates or crime syndicate members, etc.
 - H. Companies which knowingly make use of companies specified in A. to D. above in an inappropriate manner

(Regarding Joint Application)

In principle, each applicant company should file an application on its own. However, in cases where a project cannot be undertaken by a single company (e.g., the cases described below), two or more companies may jointly file an application.

(Examples)

- Cases where such functions as capital investment, production planning, production and distribution are dispersed over different companies (e.g. cases where the production or distribution function is entrusted to a subsidiary)
- Cases where a leasing company is used (see below)

Please be reminded that in the case of a joint application, an additional application form should be filled and submitted.

(Cases where a leasing company is used)

In cases where a leasing company is used for the acquisition of equipment, the company which installs the equipment and the leasing company should file a joint application. In principle, one company can use only one leasing company (Note). However, while the equipment, machinery and appliances purchased by the leasing company are eligible for subsidy, such expenses as commissions and insurance premiums that constitute the leasing fee are not eligible. Applicants should present documents which can prove that an amount equivalent to the amount of subsidy is deducted from the leasing fee (indicate what the amounts of the components of the leasing fee, including the basic fee, financing cost [the basis of the fund-raising interest rate], commissions, insurance premiums, taxes, etc. will be if subsidy is provided and if it is not provided). The contract should be based on the premise that the contract period last longer than or equal to the depreciation period of the facilities installed (the maximum in multiple cases). Installment payment contracts are not included among leasing contracts. When a leasing company is used for the acquisition of land and buildings, the cost is not eligible for subsidy.

(Note) In some cases, a joint leasing arrangement may be approved on the condition that the company conducting installation undertakes all procedures, including the application for subsidy, as the representative applicant and that the representative applicant assumes any responsibility to return the subsidy. Please consult with the Secretariat in advance.

(Concept on the subsidy rate in the case of a joint application)

The subsidy rates specified on Page 8 of the Japanese version of these Guidelines apply as follows in the case of a joint application:

Nature of joint application	Subsidy rate to be applied
Joint application by two large companies	The rate for large companies
Joint application by a small/medium-sized company and a large company	The rate for large companies
Joint application by a small/medium-sized company and a large leasing company	The rate for small/medium-sized companies
Joint application by two small/medium-sized companies	The rate for small/medium-sized companies

Criteria for defining small and medium-sized enterprises and large enterprises:

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(In the case of renting a facility acquired by subsidized program to another)

In principle, facilities are eligible for assistance when companies acquire by themselves and use them for their own business. However, if companies meet the following requirements, parts which are rented out can also be subject to the subsidy for 5 "stores" or 6 "accommodation facilities".

- (1) Facilities that the subsidy will apply to (hereinafter referred to as "applicant stores") and facilities that the subsidy will not apply to are clearly classified.
- (2) The company (hereinafter referred to as the "core business") acquires application stores on its own prescribed for the purposes of the 5 "stores" or 6 "accommodation facilities" (hereinafter referred to as "core business operator").
- (3) At least half of the space of the applicant store must be run by the core business operator for the purpose of the core business.
- (4) For the space not stipulated in condition (3) regarding applicant stores, leasing is acceptable as long as it benefits the core business carried out by the core business operator and meets either of the following conditions.
 - ① The lease is to a business owner other than the core business operator.
 - ② The core business operator utilizes the space in a field other than the core business.

2. Subsidy Rate and Subsidized Costs

(1) Subsidized costs and upper limit on the subsidy amount

Subsidy name	Projects eligible for subsidy		
	Category of eligible costs	Contents	Upper limit on the subsidy amount
Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas	(1) Land acquisition cost (2) Land development cost (3) Building acquisition cost (4) Equipment cost (*)	The amount of fixed investment assets (total of the acquisition prices of fixed assets as specified under Article 341 of the Local Tax Act which are used for the subsidized project [excluding the national and local consumption taxes]) and the cost of related construction work. However, when it is difficult to distinguish fixed investment assets used for the project from other assets, an appropriate pro rata rate shall be applied. The full amount of assets concerning installment payment, the ownership of which is transferred, shall be included in the amount of fixed investment assets.	The upper limit shall be ¥3 billion in principle. However, the upper limit shall be ¥5 billion for projects which are particularly highly valued by a third-party committee.

* The cost of the subsidy shall be deemed as a truly necessary and appropriate expense for performing business.

* The equipment cost refers to costs necessary for the purchase and installation of new and additional equipment, machinery and appliances at facilities eligible for subsidy. The cost of auxiliary equipment that cannot be detached from buildings shall be included in the acquisition cost of the buildings.

* Costs that fit either of the following descriptions shall be not eligible for subsidy.

- Costs of land, buildings and equipment for which orders are placed, which are purchased, or for which contracts are concluded before the date of the decision on the provision of subsidy
- Personnel costs incurred by applicant companies
- Cost of removing and transferring existing buildings and equipment
- Office-related costs, including the rental fee, guarantee fee, deposits, brokerage commission and utility expenses
- Phone bills and communications costs, including Internet usage fees
- Product and other coupons
- Costs of stationery and other office supply goods, magazine and newspaper subscription fees, and group membership fees
- Food bills and entertainment expenses
- Automobile purchase, repair and inspection costs
- Fees paid to certified tax accountants and certified public accountants for the preparation of tax returns and earnings reports and lawyers' fees related to lawsuits
- Bank account transfer fees
- Tax payments (including consumption tax) and various insurance fees
- Interest on loans and late payment charges
- Leasing fees related to leasing of machinery and appliances between joint applicants and the cost of outsourcing processing
- Purchase cost of general-use goods which can be used for non-intended uses (e.g. personal computers and printers)
- Purchase cost of used goods for which it is not clear whether used market pricing is appropriate
- Equipment, appliances and furniture which are not fixed or installed and which can be used in other places
- Other costs which are deemed to be unfit to be covered by public funds in light of social norms

Please note that the costs indicated as eligible for subsidy in an application will not necessarily be the same as the final amount of subsidy if, after examining the contents of the application for the provision of subsidy, a conclusion is made that the costs shall not be eligible for subsidy.

(2) Subsidy Rate

Category		Subsidy rate (upper limit)	Subsidy rate (lower limit)
Former evacuation zone (where evacuation orders were lifted within a year), areas to which evacuation orders are ready to be lifted, areas in which the residents are not permitted to live, Certified Specific Reconstruction and Recovery Base Area	Large companies	2/3	1/2
	Small/medium-sized companies	3/4	2/3
Former evacuation zone (excluding above)	Large companies	1/2	2/5
	Small/medium-sized companies	2/3	1/2

- (Note 1) 1. (2) The subsidy rate of the company housing, as specified in “Facilities and equipment eligible for subsidy” 7, shall be applied to the subsidy rate of the area in which the attached factory is located.
- (Note 2) A specific reconstruction and rehabilitation base zone described in the Specified Reconstruction and Recovery Base Area Reconstruction and Rehabilitation Plan that was certified under Article 17-2, Paragraph 6 of the Act on Special Measures for the Reconstruction and Revitalization of Fukushima (No. 25 law 2012) and area prescribed in Article 18, Paragraph 2, Item 2 of the Act to promote new business establishment.
- (Note 3) The subsidy rate shall be determined by examination within the parameters of the upper and lower limits above. Please consider business size and other factors adequately when making business plans, since the project may qualify only for a lower limit subsidy rate depending on the results of examination.

3. Project Implementation Period

An applicant selected as a grantee as a result of the examination must submit documents to receive a grant. The deadline for submission of documents to receive a grant is March 29, 2019. It is required that work activities related to subsidized projects, including the placement of orders concerning the acquisition of land and buildings, start immediately after the decision on the provision of subsidy, and that the project be completed by the end of March 2021 (the time at which construction is completed, with the number of new local employees listed on the application form maintained, and all expenses are paid—the same applies hereinafter).
 The above-mentioned period shall apply only to third offering of the Subsidy and shall not apply to the subsidy program implemented in the past.

4. Requirements for Subsidized Companies

Please be reminded that when using the subsidy program, subsidized companies must comply not only with the matters specified below but also with laws and regulations concerning appropriate implementation of subsidy-related budgets.

- (i) When subsidized companies seek to change the proportional allocation of the costs of subsidized projects or the projects’ contents, or when they seek to suspend or abolish the projects, they must obtain prior approval.
- (ii) When subsidized companies are required to submit an interim report on the progress in subsidized

projects, they must immediately do so.

- (iii) When subsidized companies have completed subsidized projects, they must submit a report on the results by the day following 30 days from completion.
- (iv) Subsidized companies must manage with due care assets acquired through subsidized projects and assets whose usefulness increased as a result of the projects and must strive to make effective use of them in accordance with the objective of the provision of subsidy. They must appropriately manage said acquired assets based on an “acquired asset management registry” during the period of restriction on the disposal of assets specified separately.
- (v) Subsidized companies are not allowed to dispose of (use, transfer, lease or put up as collateral in ways that contravene the objective of the provision of subsidy) said acquired assets during a period specified separately. However, when it has become necessary to dispose of said acquired assets due to the occurrence of an unforeseen compelling situation, disposal may be conducted if prior approval is obtained. In that case, the subsidized companies must fully or partially repay the subsidy.
- (vi) Subsidized companies must prepare evidence documents that clarify balance-sheet facts regarding subsidized projects and store them for 10 years from the end of the national fiscal year during which the projects are completed.
- (vii) Subsidized companies must report to the Regional Design Office, which is a fund-establishing corporation in charge of this subsidy program, on the employment situation related to subsidized projects within 90 days from the end of each fiscal year for five years from the end of the fiscal year during which the projects are completed (hereinafter referred to as the “reporting period”). However, they may be required to report even after the end of the reporting period if the Secretariat deems it necessary.
- (viii) Subsidized companies may be asked to cooperate in surveys related to, and announce results of, subsidized projects.

5. Other Information

- (i) The amount of subsidy (or subsidy rate) requested in an application filed at this time will not necessarily be the same as the finalized amount of subsidy. Following a decision to adopt a project, the Secretariat will notify the successful applicant of the finalized amount of subsidy through a written notice after rigorously examining the contents of the application for the provision of subsidy submitted by the applicant in accordance with the relevant rules.
- (ii) In principle, subsidy will be provided after the subsidy amount is fixed upon the submission of a report on the results of the subsidized project following its completion.

When deemed to be necessary as a special case, subsidy may be partially provided before completion in light of the progress of the project, occurrence of costs (payment) and the requirement for the provision of subsidy after the implementation of necessary procedures.

- (iii) Subsidized costs at this time are those related to subsidized projects for which orders are placed after the day on which the provision of subsidy is decided and costs which occur before said day are not eligible in principle.
- (iv) Please be reminded that applicants are not permitted to simultaneously file applications for this program and other subsidy programs operated by the government (including government-affiliated special corporations) (they are not permitted to file an application for other subsidy programs after filing an application for this subsidy program, either).

If you have inquiries concerning simultaneous application for and use of other subsidy programs, please consult with the Secretariat or the Ministry of Economy, Trade and Industry's relevant division in advance.

- (v) When a subsidized company concludes a sales/purchase, subcontracting or other contract in order to implement the subsidized project, the contract should be subject to ordinary competitive bidding. However, if it is difficult or inappropriate to subject the contract to ordinary competitive bidding for reasons related to the management of the subsidized project, selective bidding or a discretionary contract may be permitted.
- (vi) When a subsidized company suspends the operation of or closes the subsidized factory (excluding cases where it is deemed that there are compelling reasons, such as that the operation of the factory cannot be continued due to a disaster and that the company has failed due to the deterioration of business performance) within 10 years from the start of operation, they must report to the Secretariat or Fukushima Industry Advancement Center (hereinafter "the Center"). Upon the receipt of such reports, the Secretariat or the Center may require the subsidized companies to fully or partially return the subsidy.
- (vii) This subsidy program will not require the payment of profits to the government.
- (viii) The company must not conduct any unfair acts such as dismissal of employment or initiating a voluntary early retirement system to achieve new local employment requirements.
- (ix) It is not considered to be appropriate in general societal terms to acquire land and buildings for subsidized projects that are owned by executive officers and people involved with the subsidized enterprise.
- (x) Failure to comply with the third form, the "Pledge documents for eliminating organized crime groups," may result in measures being taken such as cancellation of the company's adoption into the program or cancellation of the decision to provide a grant, even after adoption.

6. Submission of Application Documents

(1) Acceptance period

From March 23 (Friday), 2018, until noon on September 14 (Friday) (Applications must arrive no later than the deadline.)

While the deadline for the eighth offering of the subsidy is noon on Friday, September 14, in order to accommodate companies hoping to conduct business early, we will conduct an advance examination of applications submitted by noon on Friday, June 1, for those who wish it.

Please know that those who re-apply with the same project that was previously rejected will not have their applications considered by the judges.

(2) Means of submission

Applicants should prepare application documents in accordance with the application format specified in the attached sheet and mail four sets, including one original and three copies, to the Secretariat during the above acceptance period. At the same time, they should submit one copy via mail to Fukushima prefecture (the mail must arrive no later than the deadline of the acceptance period).

In some cases, mail delivery may be delayed, so it is recommended that applicants take care to send their application documents well in advance of the deadline of the acceptance period.

(3) Prior Consultations and Contacts

It is recommended that applicants consult in advance with Fukushima Prefecture or the Tohoku Bureau of Economy, Trade and Industry. The Secretariat handles inquiries related to the preparation of application documents. For contact information concerning the Secretariat, Fukushima Prefecture, and the Tohoku Bureau of Economy, Trade and Industry, please refer to “Contacts” on Page 44 of the Japanese version of these Guidelines. As inquiries are expected to be concentrated in the period immediately before the deadline of the acceptance period, applicants should make prior consultations at an early time.

If applicants have inquiries concerning subsidy, they should consult with the Secretariat or the relevant divisions of the Tohoku Bureau of Economy, Trade and Industry.

The Secretariat handles inquiries related to the preparation of application documents. We stress that projects must be made in consideration of their effect on local job creation and the importance of local economies, and with the intention to contribute to the reconstruction of the disaster-affected areas. It is imperative to understand and cooperate with Fukushima prefecture and municipalities where the project is located. Since the review of adoption for the projects is conducted in light of the opinions submitted by the governor of Fukushima prefecture, it is highly recommended that you consult with Fukushima prefecture in advance to obtain their understanding and cooperation. Prior consultation can also be made at the Bureau of Economy, Trade and Industry.

For contact information concerning the Secretariat, the relevant divisions of the regional Bureaus of Economy, Trade and Industry that have jurisdiction over the prefectures where applicants plan to establish new business facilities, and divisions responsible for supporting the establishment of business of the relevant prefectures, please refer to “Contacts” on Page 47 of the Japanese version of these Guidelines. Please know that if you wish to consult in advance, making a reservation by phone before the consultation date is advised in order to avoid waiting. As it is expected to be crowded just before the deadline, please understand that we may not be able to meet your request.

(4) Addressee of Mail Containing Application Documents

Application documents should be submitted via mail as follows. Please write in red ink “Related to the Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas” on the face of the envelope. Please be reminded that the documents should **not** be addressed to the Ministry of Economy, Trade and Industry.

As there are some points to be checked by the Secretariat, be sure to place a phone call thereto before submitting your application documents (at the time when the documents have been prepared).

< Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas >

Items to be submitted: Original and three copies of the application documents and one set in electronic form

Mizuho Information & Research Institute, Social Policy Consulting Division

(In charge of the Secretariat of the Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas)

5th floor, KDX Nihombashi Building 313, 3-13-5, Nihombashi, Chuo-ku, Tokyo 103-0027

Phone: 03-6826-8600; Fax: 03-6826-5060

* Inquiries acceptable by phone from 10 a.m. to 12 noon and 1 p.m. to 5 p.m. (closed on Saturdays,

Sundays, national holidays)

Email: jiritsu-seizo@mizuho-ir.co.jp

Website: <http://www.mizuho-ir.co.jp/topics/jiritsu/seizo02/index.html>

<Fukushima> **【Items to be submitted】** One copy of application documents

Business Set-up Group of Commercial, Industry and Labor Department, Fukushima Prefectural Government

10th floor, West Building, 2-16 Sugitsuma-cho, Fukushima City, Fukushima Prefecture 960-8670

Phone: 024-521-8523 Fax: 024-521-7935

(Note 1) Application documents will not be accepted via fax, email or hand delivery. Please be reminded that when documents are incomplete or inadequate, they will not be examined.

(Note 2) Application documents that arrive later than the deadline of the acceptance period will not be accepted. In some cases, mail delivery may be delayed so it is recommended that applicants send their application documents well in advance of the deadline of the acceptance period.

(Note 3) When sending application documents by mail, please do so through a method that enables the confirmation of delivery records (e.g., simple registered post and parcel delivery)

(Note 4) When a single company files two or more applications, each set of application documents should be sent individually (one application per one mail).

(5) Usage of the Internet

Be sure to refer to the guidelines for filing applications and relevant reference materials that are posted on the following website. Application forms can be downloaded from the website.

<http://www.mizuho-ir.co.jp/topics/jiritsu/seizo02/02.html> (Secretariat)

(6) Documents to be Submitted

- (i) When submitting application documents, be sure to comply with the application format specified by the guideline for filing applications. Please use A4-size sheets of paper as application documents (fill-in spaces in the format may be enlarged or reduced as necessary).
- (ii) The addressees of mail containing documents specified in the “List of Documents to Be Submitted” and the number of original and copies to be submitted are as shown below:

Addressees	Number of original and copies to be submitted
Secretariat of the Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas	<ul style="list-style-type: none">▪ One original: Printed on single side, A4 size▪ Three copies: Printed on both sides▪ One set in electronic form: CD-R (DVD-R is also acceptable; the same shall apply hereinafter) containing the documents specified in “Procedures for Making A Set of Documents” on Page 39 of the Japanese version of these Guidelines.
Business Set-up Group of Commercial, Industry and Labor Department, Fukushima Prefectural Government	<ul style="list-style-type: none">▪ One copy: Printed on both sides

* Be sure to indicate the serial page number at the bottom center of each page of the submitted

documents.

* Be sure to indicate the applicant company’s name on the surface of the CD-R.

(iii) Examination of applications may be conducted on the basis of hearings as necessary in addition to written documents.

During the examination period, applicants may be required to submit additional documents to supply supplementary explanations.

(iv) Please be aware that the documents specified in the “List of Documents to Be submitted” and any additional documents submitted will not be returned

List of Documents to Be Submitted

	Document Name	Format
Documents to be submitted	<input type="checkbox"/> Application form for Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas	Format 1
	<input type="checkbox"/> Explanation of the outline of the subsidized project	Format 2
	<input type="checkbox"/> Matters related to investment	Attachment 1
	<input type="checkbox"/> Possibility of the realization of the project	Attachment 2
	<input type="checkbox"/> Future potential of the project	Attachment 3
	<input type="checkbox"/> Employment creation effect	Attachment 4
	<input type="checkbox"/> Importance for the regional economy	Attachment 5
	<input type="checkbox"/> Contributions to the recovering area	Attachment6
	<input type="checkbox"/> Municipal Reconstruction Plan Confirmation Form	Attachment7
	<input type="checkbox"/> Attachment to the plan for implementation of the subsidized project (format 2-1)	No format
	<input type="checkbox"/> Supplementary materials for format 2	No format
	<input type="checkbox"/> pledge documents for eliminating organized crime groups	
	<input type="checkbox"/> overview of directors	

(Note 1) In the case of a joint application, each applicant should prepare 2-4 of Format 2, Attachment 1 and supplementary documents, and the prepared documents should be sent as a single set.

(Note 2) As there are other necessary documents in addition to the above, please carefully check the “Check Sheet for Documents to be Submitted” on Pages 37-38 of the Japanese version of these Guidelines.

(Note 3) Attachment 7 “Municipal Reconstruction Plan Confirmation Form” is required for 6 “Accommodation facilities” at 1.(2) “Facilities and equipment eligible for subsidy”

7. Examination of Applications and Notice of the Results

(1) Major points of examination of applications

Applications will be examined by a third-party committee which will be established at the Secretariat.

(i) Examination of basic matters (essential items)

A. Requirements for eligibility for subsidy

Whether the project meets the objectives of the subsidy program and the requirements specified

in “1.(2) Eligible Companies”

B. Appropriateness as a subsidized company

Whether the applicant has sufficient financial resources and business foundation as well as the knowledge to smoothly carry out the project

C. System for implementing the subsidized project

Whether the applicant has a sufficient system and channels to smoothly carry out the subsidized project

(ii) Examination of the specifics of the project (bonus items)

A. Necessity of support

Preference is given to the establishment of new business facilities in areas (municipalities) where the degree of the damage is significant and reconstruction is lagging.

B. Maturity of investment plan

Whether the establishment of a new business facility is viable

C. Future potential of the project (*)

Whether the project has future potential

D. Employment creation effect (*)

Whether the project will steadily create more jobs in the long term

E. Importance for the regional economy (*)

Whether the project will have favorable effects on the invigoration of the regional economy and on further industrial integration by facilitating the return of residents to the municipalities concerned.

F. Contributions to the recovering area (*)

Whether the project will be effective in achieving recovery from the Great East Japan Earthquake in the recovering areas

* Additional points common to A to F: For 5 “Stores” and 6 “Accommodation facilities” out of “Facilities and equipment eligible for subsidy”, we will check if there is existing facilities (including projects for the past public offering) and review from the viewpoint of the appropriateness of investment scale (whether it is over-investment) based on the assumed customer and the method of attracting customers.

(iii) Opinion paper submitted by the Governor of Fukushima Prefecture

In the examination of applications, opinion paper submitted by the Governor of Fukushima Prefecture will be taken into consideration.

* As the basic matters are essential items, fill in all of the items marked “essential.”

* Examination items regarding the specifics of projects are examined for the awarding of bonus points. The items which are marked with * are indicated as “for bonus points” in the format. Applicants may or may not fill in these items at their discretion.

(2) Notice of Selection

After deciding whether or not to adopt an application, the Secretariat will immediately notify the applicant of the result by mail.

Successful applicants should implement procedures necessary for the provision of subsidy as required by the Secretariat.

(3) Schedule from application to examination

Start of acceptance period	March 23 (Friday), 2018
Deadline for advance examination	Noon on June 1 (Friday), 2018
Advance examination of applications	From June 1, 2018 (Monday) until early August 2018
Advance selection of successful applicants and acceptance of subsidy application	From early August, 2018
Decision on the provision of subsidy from advance selection	From early September, 2018
Deadline for third offering	Noon on September 14 (Friday), 2018
Examination of applicants	From September 17 (Monday) to mid-November, 2018
Selection of successful applicants and acceptance of subsidy applications	From mid-November, 2018
Decision on the provision of subsidy*	From mid-December, 2018
Deadline for subsidy application	March 29 (Friday), 2019

* After the decision on the provision of subsidy, the project may be started (the contract may be concluded and the order may be placed).

(4) Others

Under this subsidy program, submitted application documents will be treated with strict care and the contents of applications will not be disclosed without the consent of applicants from the perspective of safeguarding business secrets. However, in response to inquiries and requests from other subsidy-providing organizations, the names of applicants and projects and the project outline may be revealed to the inquiring organizations for specified purposes if the inquiries and requests are deemed to be appropriate.

Moreover, the names of successful applicant companies, the location of project implementation, examples of large and small/medium-sized companies and the specifics of projects may be disclosed as the results of the examination. In addition, the amount of subsidy provided is scheduled to be disclosed after the completion of each subsidized project in principle.

8. Regarding Notice of Selection of Advance Start of Projects

Under this system, in principle, the commencement of business (orders, purchases, contracts, hiring of new local employers) is to be made after the decision is made to subsidize. Grants will, in principle not be provided to a project if business commenced before the decision to subsidize has been made.

The Ministry of Economy, Trade and Industry will strive to achieve early recovery from the Great East Japan Earthquake in areas particularly afflicted by the earthquake and tsunami and areas severely affected by the nuclear power plant accident through emergency support measures. Therefore, if the Secretariat approves the advance start of a project after the start of the acceptance of applications for this subsidy program (March 23, 2019), costs necessary for projects for which orders are placed, purchases are made, or contracts are concluded between the date of the approval and the date of the decision on the provision of subsidy may be eligible for subsidy as a special case in certain situations, on the condition that the application is later examined under the same conditions with other applications and the provision of subsidy is decided. The situation in question is when the applicant could incur such huge losses that the company might lose the opportunity to establish a new business facility as a result

of finding it difficult to secure a business facility site which has few substitutes; losing the ability to meet orders from customers; or being put at a great disadvantage in competition with rival companies because of failure to place an order, conduct purchase, or conclude a contract before the provision of subsidy is decided regarding the necessity of pre-commencement in the period of construction, etc. that have reasonable grounds when judged to be truly unavoidable.

However, the expenses are limited to those allowed as supplementary expenses. It should be noted that approval of advance start of the project will not automatically lead to the approval of the provision of subsidy. Please also be reminded that costs related to projects started before approval will not be regarded as eligible for subsidy for whatever reason.

(1) Acceptance period

From March 23 (Friday), 2018, until noon on September 14 (Friday), 2018 (Applications must arrive no later than the deadline.)

(2) Means of submission

Applicants should prepare application documents for the provision of subsidy and application documents for advance start of the project (Note) in accordance with the formats specified in the attachment (Pages 43-45 of the Japanese version of these Guidelines) and send them to the Secretariat via mail during the acceptance period. When sending application documents by mail, applicants should do so through a method that enables the confirmation of delivery records (e.g., simple registered post and parcel delivery).

Please clearly indicate on the front of the envelope that the contents are application documents related to advance start of a project. Please be reminded that unless there is such an indication, the application may not be examined.

In some cases, mail delivery may be delayed, so it is recommended that applicants take care to send their application documents well in advance of the deadline of the acceptance period.

(Note) Application documents necessary for approval of advance start of projects are as follows:

- (i) Explanations of situations such as that the applicant could incur such huge losses that it might lose the opportunity to establish a new business facility as a result of finding it difficult to secure a business facility site which has few substitutes; losing the ability to meet orders from customers; or being put at a great disadvantage in competition with rival companies because of failure to place an order, conduct purchase or conclude a contract before the provision of subsidy is decided (Format of application for approval of advance start of a project)
- (ii) A future production plan for the subsidized project
- (iii) A construction plan for the subsidized project

Application documents related to the approval of advance start of the project and those related to the provision of subsidy should be submitted together. Please be reminded that after submitting the application documents, you will not be allowed to revise them or submit additional documents.

(3) Prior Consultations and Contacts

It is recommended that applicants who intend to apply for approval for advance start of the project

consult with the Secretariat in advance about the necessity of advance start of the project. As inquiries are expected to be concentrated in the period immediately before the deadline of the acceptance period, applicants should make prior consultations at an early time.

If applicants have inquiries concerning application documents necessary for the provision of subsidy under this subsidy program, they should consult with the Secretariat. For contact information concerning the Secretariat and other relevant organizations, they should refer to “Contacts” on Page 47 of the Japanese version of these Guidelines.

(4) Addressee of Mail Containing Application Documents

Application documents should be submitted via mail as follows. Please write in red ink “Related to the advance start of the Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas” on the face of the envelope. Please be reminded that the documents should **not** be addressed to the Ministry of Economy, Trade and Industry.

<Secretariat of the Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas >
Items to be submitted: Original and three copies of the application documents and one set in electronic form
Mizuho Information & Research Institute, Social Policy Consulting Division
(In charge of the Secretariat of the Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas)
5th floor, KDX Nihombashi Building 313, 3-13-5, Nihombashi, Chuo-ku, Tokyo 103-0027
Phone: 03-6826-8600; Fax: 03-6826-5060
* Inquiries acceptable by phone from 10 a.m. to 12 noon and 1 p.m. to 5 p.m. (closed on Saturdays, Sundays, national holidays)
Email: jiritsu-seizo@mizuho-ir.co.jp
Website: <http://www.mizuho-ir.co.jp/topics/jiritsu/seizo02/index.html>

<Fukushima Prefecture> **【Items to be submitted】** One copy of application documents
Business Set-up Group of Commercial, Industry and Labor Department, Fukushima Prefectural Government
2-16 Sugitsuma-cho, Fukushima City, Fukushima Prefecture 960-8670
Phone: 024-521-8523 Fax: 024-521-7935

(Note 1) Application documents will not be accepted via fax, email or hand delivery. Please be reminded that when documents are incomplete or inadequate, they will not be examined.

(Note 2) Application documents that arrive later than the deadline of the acceptance period will not be accepted. In some cases, mail delivery may be delayed, so it is recommended that applicants send their application documents well in advance of the deadline of the acceptance period.

(Note 3) If using postal delivery, please be sure to use delivery-certified mail, simplified registered mail, or another method enabling confirmation of delivery.

(Note 4) Application documents related to approval of advance start of a project should be mailed together with application documents related to approval of the provision of subsidy.

(5) Usage of the Internet

Be sure to refer to the guidelines for filing applications through this public offering and relevant reference materials that are posted on the following website. Application forms can be downloaded from the website.

<http://www.mizuho-ir.co.jp/topics/jiritsu/seizo02/02.html> (Secretariat)

(6) Documents to be Submitted

- (i) When submitting application documents, be sure to comply with the application form specified by the Guidelines for Application for the Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation (Sixth Offering of Subsidy). Please use A4-size sheets of paper as application documents (fill-in spaces in the format may be enlarged or reduced as necessary).
- (ii) The addressees of mails containing application forms necessary for the examination of an application for advance start of a project and the number of original and copies to be submitted are as shown below. These forms should be submitted together with application documents related to the provision of subsidy under this subsidy program (see Page 11).

Addressees	Number of original and copies to be submitted
Secretariat of the Subsidy Program for Industrial Location and Job Creation to Support Independence and a Return to Recovering Areas	<ul style="list-style-type: none">• One original: Printed on single side, A4 size• Three copies: Printed on both sides• One set in electronic form: CD-R (DVD-R is also acceptable; the same shall apply hereinafter) containing the documents specified in “Procedures for Making A Set of Documents” on Page 39 of the Japanese version of these Guidelines.
Business Set-up Group of Commercial, Industry and Labor Department, Fukushima Prefectural Government	<ul style="list-style-type: none">• One copy: Printed on both sides

* Be sure to indicate the serial page number at the bottom center of each page of the submitted documents.

* Be sure to indicate the applying company’s name on the surface of the CD-R.

- (iii) Examination of applications may be conducted on the basis of hearings as necessary in addition to written documents.

During the examination period, applicants may be required to submit additional documents to supply supplementary explanations.

- (iv) Please be aware that the documents specified in the “List of Documents to Be submitted” and any additional documents submitted will not be returned.

(7) Notice of Selection of Advance Start of Projects

After deciding whether or not to approve advance start of a project, the Secretariat will immediately notify the applicant of the result. Successful applicants should implement procedures necessary for the provision of subsidy as required by the Secretariat.

(Note 1) Please be reminded that even when advance start of a project is approved, subsidy will not be provided if the application for subsidy is not adopted as a result of examination.

(Note 2) Please be reminded that when advance start of a project is not approved, costs related to facilities, equipment, etc. for which orders are placed, purchases are made and contracts are concluded before the date of the decision on the provision of subsidy will not be eligible for subsidy.

(8) Others

Submitted application documents will be treated with strict care and the contents of applications will not be disclosed without the consent of applicants from the perspective of safeguarding business secrets. However, in response to inquiries and requests from other subsidy-providing organizations, the names of applicants and projects and the project outline may be revealed to the inquiring organizations for specified purposes if the inquiries and requests are deemed to be appropriate.

The Secretariat may disclose the results of the examination of applicants, including the names of the selected companies, project sites, sizes of the companies (large or SME) and the outlines of the projects. After the completion of the subsidy project, the amount of subsidy shall be disclosed, in principle.