

Guidelines for Application for the Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation

(Manufacturing business site location support project)

(Eighth offering of subsidy)

(Provisional translation)

While the deadline for the eighth offering of the subsidy is noon on Friday, August 24, in order to accommodate companies hoping to conduct business early, we will conduct an advance examination of applications submitted by noon on Friday, May 11, for those who wish it. Projects adopted through the advance examination will be announced in mid-July, all others will be announced in mid-October.

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

February 2018

Secretariat, Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation

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1. Program Objectives and Eligible Companies

(1) Program Objectives

This subsidy program aims to revitalize the regional economy in the areas inundated by the tsunami (in Aomori, Iwate, Miyagi and Ibaraki Prefectures) which experienced damage due to the Great East Japan Earthquake, and all areas in Fukushima prefecture (except evacuation zones), by supporting enterprises which seek to establish a new or additional factory etc. and as a result, creating new employment.

※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 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.

* Post-earthquake restoration projects are not eligible for subsidy.

I. Requirements for Subsidy Eligibility

Land and buildings	<p>New acquisitions of buildings (new establishment or extension of buildings, purchase of existing buildings) are required, and projects that do not involve the acquisition of the building shall be excluded from the subsidy.</p> <p>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 in the eligible areas for subsidy in Aomori, Iwate, Miyagi, Fukushima and Ibaraki Prefectures. However, approval may be granted for investment plans that do not involve the acquisition of land depending on the current circumstances of relevant prefectures, including the progress in restoration and recovery from the tsunami-inflicted damage and the impact of the nuclear power plant accident.</p>																
Areas eligible for subsidy	<p>Areas in Aomori, Iwate, Miyagi, Fukushima and Ibaraki Prefectures which fit the following descriptions</p> <p>【Areas eligible for subsidy】</p> <table border="1" data-bbox="438 1406 1420 1859"> <thead> <tr> <th data-bbox="438 1406 651 1496"></th> <th data-bbox="651 1406 810 1496">Area number</th> <th data-bbox="810 1406 1420 1496">Areas eligible for subsidy (Except (i))</th> </tr> </thead> <tbody> <tr> <td data-bbox="438 1496 651 1724">Areas recovering from the nuclear power plant accident</td> <td data-bbox="651 1496 810 1724">(i) 【Not included】</td> <td data-bbox="810 1496 1420 1724">Former evacuation zones, Areas to which evacuation orders are ready to be lifted, Areas in which the residents are not permitted to live (*1)</td> </tr> <tr> <td data-bbox="438 1724 651 1859"></td> <td data-bbox="651 1724 810 1859">(iii)</td> <td data-bbox="810 1724 1420 1859">Entire Fukushima Prefecture (excluding (i) and (ii))</td> </tr> <tr> <td data-bbox="438 1859 651 1993">Areas inundated by the tsunami</td> <td data-bbox="651 1859 810 1993">(ii)</td> <td data-bbox="810 1859 1420 1993">Municipalities suffering from the tsunami (*2)</td> </tr> <tr> <td data-bbox="438 1993 651 2123"></td> <td data-bbox="651 1993 810 2123">(iv)</td> <td data-bbox="810 1993 1420 2123">Municipalities in a specific zone suffering from the tsunami (excluding (ii))</td> </tr> </tbody> </table> <p>*1 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. This subsidy program shall not apply to these areas.</p> <p>*2 “Municipalities suffering from the tsunami” refer to those which have received notices to the effect that the provision of reconstruction funds for the following</p>			Area number	Areas eligible for subsidy (Except (i))	Areas recovering from the nuclear power plant accident	(i) 【Not included】	Former evacuation zones, Areas to which evacuation orders are ready to be lifted, Areas in which the residents are not permitted to live (*1)		(iii)	Entire Fukushima Prefecture (excluding (i) and (ii))	Areas inundated by the tsunami	(ii)	Municipalities suffering from the tsunami (*2)		(iv)	Municipalities in a specific zone suffering from the tsunami (excluding (ii))
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five area development programs may be decided.

- Program to strengthen the disaster management function of fishing villages
- Program to develop areas that constitute the foundation of recovery from tsunami damage
- Urban redevelopment program
- Land re-zoning program
- Program to promote collective relocation to enhance disaster management

【Areas eligible for subsidies (by prefecture)】 (*3)

Prefecture	Area number	Areas eligible for subsidy
Aomori	(iv)	Misawa City, Oirase Town, Hachinohe City and Hashikami Town
Iwate	(ii)	Hirono Town, Kuji City, Noda Village, Fudai Village, Tanohata Village, Iwaizumi Town, Miyako City, Yamada Town, Otsuchi Town, Kamaishi City, Ofunato City and Rikuzentakata City
Miyagi	(ii)	Kesenuma City, Minamisanriku Town, Ishinomaki City, Onagawa Town, Higashimatsushima City, Matsushima Town, Rifu Town, Shiogama City, Shichigahama Town, Tagajo City, Sendai City (limited to Miyagino Ward, Wakabayashi Ward and Taihaku Ward), Natori City, Iwanuma City, Watari Town and Yamamoto Town
Fukushima	(i) 【Not included】	Parts of Kawamoto Town, parts of Tamura City, Iidate City, Katsurao Village, Kawauchi Village, parts of Minamisoma City, Namie Town, Futaba Town, Okuma Town, Tomioka Town, Naraha Town and Hirono Town
	(i)	Shinchi Town, Soma City, Minamisoma Town (excluding the areas designated as (i), and Iwaki City
	(ii)	Entire Fukushima Prefecture excluding the areas designated as (i) and (ii)
Ibaraki	(ii)	Kitaibaraki City
	(iv)	Takahagi City, Hitachi City, Tokai Village, Hitachinaka City, Mito City, Oarai Town, Hokota City, Kashima City and Kamisu City

*3 Regarding municipalities for which there are two or more area numbers, please contact the relevant prefecture.

Facilities eligible for subsidy	<p>Eligible facilities are the following types of facilities located in areas in Aomori, Iwate, Miyagi, Fukushima and Ibaraki Prefectures which are eligible for subsidy.</p> <ol style="list-style-type: none"> 1. Factories Facilities used for manufacturing industries as classified under the Japan Standard Industry Classification (Ministry of Internal Affairs and Communications Notice No. 405 of 2013) 2. Distribution facilities Warehouses, distribution centers, business facilities for simple distribution-related processing (hereinafter referred to as “distribution-related processing facilities”) constructed by persons engaging 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 engaging in manufacturing and retail industries for their own use which are not attached to factories or stores 3. Experiment and research facilities 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 4. Call Centers or data center facilities 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. 5. Facilities based on recovery promotion plans (*) as specified by the Act on Great East Japan Earthquake Special Recovery Area (Act No. 122 of 2011) which are approved by the governors of the prefectures where they are located and by a relevant fund-establishing corporation. <p>* As for recovery promotion plans, please consult the division in charge of business establishment of the prefecture where the facility is planned to be established. (Please refer to “Contacts” on Page 44 of Japanese version).</p>
Eligibility requirement for the provision of subsidy	<p>The eligibility requirement for the provision of subsidy 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.</p> <p>Workers newly employed locally are regular employees who are employed by subsidized companies after the date of the decision on the provision of subsidy, 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 the prefectures where said factories or facilities are located at the time when the</p>

	<p>subsidized projects are completed.</p> <p>It should be noted that workers newly employed locally, who are confirmed by the certificate of residence, include workers who have relocated to the prefectures where new factories are located in order to work there as regular employees.</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>¥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	¥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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Investment plan	Eligible projects are those for which investment plans were not publicly announced before January 29, 2013 (the day on which the cabinet decision on the draft budget for fiscal 2013 was made).																										

II. Conditions for disqualification from the subsidy

Meeting the following criteria will disqualify projects
<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 the decision to provide a subsidy, 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> <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</p>

(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 9 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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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 New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation	(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, in the areas specified in (ii), 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

Areas eligible for subsidy	Area number	Category		Subsidy rate (upper limit)	Subsidy rate (lower limit)
Areas recovering from the nuclear power plant accident	(i) 【Not included】	Former evacuation zone, Areas to which evacuation orders are ready to be lifted, Areas in which the residents are not permitted to live	Large companies		
			Small/medium-sized companies		
	(iii)	Entire Fukushima Prefecture (excluding (i), (ii))	Large companies	1/4	1/8
			Small/medium-sized companies	1/3	1/8
Areas inundated by the tsunami	(ii)	Municipalities suffering from the tsunami	Large companies	1/3	1/8
			Small/medium-sized companies	1/2	1/6
	(iv)	Municipalities in a specific zone suffering from the tsunami (Excluding (ii))	Large companies	1/5	1/10
			Small/medium-sized companies	1/4	1/10

(Note) 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 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 eighth 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 Regional Design Office 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 Regional Design Office. Upon the receipt of such reports, the Secretariat or Regional Design Office 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.

6. Submission of Application Documents

(1) Acceptance period

From February 23 (Friday), 2018, until noon on August 24 (Friday) (Applications must arrive no later than the deadline.)

While the deadline for the eighth offering of the subsidy is noon on Friday, August 24, in order to accommodate companies hoping to conduct business early, we will conduct an advance examination of applications submitted by noon on Friday, May 11, 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 the new business establishment division of the prefecture where they seek to establish new business facilities (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

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 the 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 the prefecture, it is highly recommended that you consult with the 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 44 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 “Included herein are application documents related to the Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation” 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).

<Secretariat of the Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation>

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 New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation)

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

Phone: 03-6826-8611; 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: tsunami-ritti@mizuho-ir.co.jp

Website: <http://www.mizuho-ir.co.jp/topics/tsunami-ritti/06/index.html>

<New business establishment divisions of prefectures where new facilities are planned to be established> **【Items to be submitted】** One copy of application documents

Aomori Prefecture	Commerce and Industry Policy Division, Aomori Prefectural Government 1-1-1 Nagashima, Aomori City, Aomori Prefecture 030-8570 Phone: 017-734-9366 Fax: 017-734-8106
Iwate Prefecture	Corporate Development Promotion Division, Iwate Prefectural Government 10-1 Uchimaru, Morioka City, Iwate Prefecture 020-8570 Phone: 019-629-5562 Fax: 019-629-5569
Miyagi Prefecture	Industrial Relocation Policy Division, Miyagi Prefectural Government 3-8-1 Hon-cho, Aoba Ward, Sendai City, Miyagi Prefecture 980-8570 Phone: 022-211-2732 Fax: 022-211-2739
Fukushima Prefecture	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
Ibaraki Prefecture	Industrial Promotion Section, Ibaraki Prefectural Government 978-6 Kasahara-cho, Mito City, Ibaraki Prefecture 310-8555 Phone: 029-301-2036 Fax: 029-301-2039

(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/tsunami-ritti/08/02.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 New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation	<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.
New business establishment divisions of prefectures where new facilities are planned to be established	<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.

List of Documents to Be Submitted

	Document Name	Format
Documents to be submitted	<input type="checkbox"/> Application form for the Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation	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"/> Future potential of the project	Attachment 2
	<input type="checkbox"/> Employment creation effect	Attachment 3
	<input type="checkbox"/> Importance for the regional economy	Attachment 4
	<input type="checkbox"/> Contributions to the recovering area	Attachment 5

<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	Format 3
<input type="checkbox"/>	overview of directors	Attachment

(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 31-32 of the Japanese version of these Guidelines.

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 to smoothly carry out the project

C. System for implementing the subsidized project

Whether the applicant has a sufficient system 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

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

(iii) Opinion papers submitted by the governors of the prefectures where applicants plan to establish new business facilities

In the examination of applications, opinion papers submitted by the governors of the prefectures where applicants plan to establish new business facilities will be taken into consideration.

(Note 1) As the basic matters are essential items, fill in all of the items marked “essential.”

(Note 2) 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	February 23 (Friday), 2018
Deadline for advance examination	Noon on May 11 (Friday), 2018
Advance examination of applications	From May 14, 2019 (Monday) until early July 2018
Advance selection of successful applicants and acceptance of subsidy application	From early July, 2018
Decision on the provision of subsidy from advance selection	From early August, 2018
Deadline for eighth offering	Noon on August 24 (Friday), 2018
Examination of applicants	From August 27 (Monday) to mid-October, 2018
Selection of successful applicants and acceptance of subsidy applications	From mid-October, 2018
Decision on the provision of subsidy*	From mid-November 30, 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 (February 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 February 23 (Friday), 2018, until noon on August 24 (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 40-42 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 44 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 “Included herein are application documents concerning the advance start of a project related to the Subsidy Program for New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation” 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 New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation>

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 New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation)

5th Floor, KDX Nihombashi 313 Building, 3-13-5 Nihonbashi, Chuo-ku, Tokyo

Phone: 03-6826-8611; 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: tsunami-ritti@mizuho-ir.co.jp

Website: <http://www.mizuho-ir.co.jp/topics/tsunami-ritti/08/index.html>

<New business establishment divisions of prefectures where new facilities are planned to be established> **【Items to be submitted】** One copy of application documents

Aomori Prefecture	Commerce and Industry Policy Division, Aomori Prefectural Government 1-1-1 Nagashima, Aomori City, Aomori Prefecture 030-8570 Phone: 017-734-9366 Fax: 017-734-8106
Iwate Prefecture	Corporate Development Promotion Division, Iwate Prefectural Government 10-1 Uchimaru, Morioka City, Iwate Prefecture 020-8570 Phone: 019-629-5562 Fax: 019-629-5569
Miyagi Prefecture	Industrial Relocation Policy Division, Miyagi Prefectural Government 3-8-1 Hon-cho, Aoba Ward, Sendai City, Miyagi Prefecture 980-8570 Phone: 022-211-2732 Fax: 022-211-2739
Fukushima Prefecture	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
Ibaraki Prefecture	Industrial Promotion Section, Ibaraki Prefectural Government 978-6 Kasahara-cho, Mito City, Ibaraki Prefecture 310-8555 Phone: 029-301-2036 Fax: 029-301-2039

(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/tsunami-ritti/08/02.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 New Business Establishment in the Areas Recovering from Tsunami and Nuclear Disaster towards Employment Creation	<ul style="list-style-type: none"> ▪ <u>One original</u>: Printed on single side, A4 size ▪ <u>Three copies</u>: Printed on both sides ▪ <u>One set in electronic form</u>: 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.
New business establishment divisions of prefectures where new facilities are planned to be established	<ul style="list-style-type: none"> ▪ <u>One copy</u>: 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.