

Japan: Job crisis ongoing for quake victims. Individuals face benefit cuts, industry hampered by rebuilding delays, bureaucracy

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With unemployment benefit payments for some people in areas hit by the Great East Japan Earthquake beginning to end this month and only temporary jobs available, the unemployment crisis in the Tohoku region is worsening.

The reconstruction of companies affected by the March 11 earthquake and tsunami is necessary to create more jobs, but slow progress to repair damage to coastal areas is thwarting such reconstruction efforts as municipal governments have yet to decide on their land-use plans.

Fisheries and associated industries were particularly hard hit, with the number of job seekers wanting to become full-time employees outstripping the number of open positions.

“Kesenuma will collapse if we don’t do something now,” said Nobuyuki Onodera, an administrative manager at Kesenuma Hotei, a fishery processing industrial complex in the city of Kesenuma, Miyagi Prefecture.

The company used to enjoy a 40 percent share of the domestic retort-packed shark fin soup market, but its seven plants and other facilities were damaged by tsunami.

Although two of the seven facilities have reopened, the company could only hire about 60 out of its original 187 employees.

According to the Kesenuma Chamber of Commerce and Industry, 70 percent of its 1,433 members were hit by the March 11 calamity. Fewer than 10 processing firms have resumed business, a fraction of those in existence before the disaster. About 40 firms decided to cease operations.

The municipal government’s inability to present a concrete land-use plan is a contributing factor to the closures.

The Kesenuma city government is studying how to rebuild land that collapsed in the quake, but an official in charge of the project said it has not been decided when the work will start, and even then, the work will take at least one or two years to complete. It is also possible businesses will be obliged to move their facilities to a different location due to future land rezoning.

“We thought about rebuilding the land ourselves, but it costs too much,” Onodera said.

However, a major trading company is planning to help build a marine product processing complex. Kenshi Usui, president of the Kesenuma chamber, said he hopes the private sector will help with efforts to rebuild the coastline and subsequently improve the district's employment situation.

In the city of Ishinomaki, Miyagi Prefecture, 185 out of 223 fishery companies around Ishinomaki Port were hit by the disaster, and most have been unable to resume operations.

Land there, which sunk up to 1.5 meters in coastal areas, has to be rebuilt to allow the firms to restart operations, but the timing to do so remains uncertain. Some companies have already moved out of the city.

A city government official said the revitalization of marine companies is the best way to improve local employment, but because of the approval needed from land owners, it will take time for such rebuilding to begin.

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Difficult decisions

About 70 percent of about 1,400 fishery processing and other businesses in stricken Ofunato City, Iwate Prefecture, have managed to restart operations. But the Ofunato Chamber of Commerce and Industry said most were obliged to do so, even though some areas were still flooded, as the firms had to pay debts and could not wait for reconstruction measures to be implemented.

The firms have not only been unable to return to the financial and operational status they enjoyed before March 11, but are now also worried whether they will be eligible for municipal financial assistance if they are ordered to relocate. This also helps explain why many of the jobs available are temporary as opposed to full-time.

Tsutomu Nakai, director of the Rikuzen-Takata Chamber of Commerce and Industry, also said while it was necessary to invite companies from outside the city to set up and help boost the local economy, employment cannot be ensured until the use of city land is decided and land conditions are improved.

"Subsidies are also necessary to help businesses resume operations," Nakai said.

Aiming to secure long-time employment, the Health, Labor and Welfare Ministry and Iwate, Miyagi and Fukushima prefectures earmarked 151 billion yen for employment measures in the third supplementary budget for fiscal 2011.

One such measure includes a prefectural government subsidy of 2.25 million yen per new hire available to companies if they employ people in the disaster-stricken area for a period of three years.

Other subsidies are available when a prefectural or municipal government outsources human resource operations to private companies for firms to employ young, female or disabled persons for up to three years.

"People in disaster-stricken areas are worried about the lack of stable employment or are unable to see prospects in terms of local rehabilitation," Kansai University Prof. Shingo Nagamatsu said.

"Once unemployment benefit payments end, they may leave the local areas en masse to look for work. The administration should present its vision for rehabilitation as soon as possible," Nagamatsu said.

Regarding the national government's efforts to create long-term employment in the Tohoku region, Nagamatsu said progress will not be made unless people can find worthwhile work.

"It is always necessary to try to reflect the opinions of local job seekers and people working helping them to find work," he said.

Keiichi Nakane and Hiroki Ikeda - *Yomiuri Shimbun* Staff Writers, January 17, 2012

<http://www.yomiuri.co.jp/dy/national/T120116005333.htm>

Doubling of the consumption tax: Gov't OKs draft plan for tax, welfare reform

TOKYO (Kyodo) — The government approved Friday a draft plan for Japan's tax and social security reform, including doubling the country's politically sensitive consumption tax rate in two stages to 10 percent by 2015, although Prime Minister Yoshihiko Noda faces a difficult task of implementing the reform down the road.

The government and Democratic Party of Japan, headed by Noda, are expected to agree on the draft plan next week before presenting it to opposition parties. Noda aims to submit relevant bills to the Diet by the end of March.

The DPJ decided Thursday on the planned sales tax hike — from the current 5 percent to 8 percent in April 2014 and to 10 percent in October 2015 — after intense discussions, with Noda overriding differences in opinion within the ruling party.

The plan included a clause stipulating that the tax increase will be allowed only when economic situation improves, although it did not give any numerical goal.

Kyodo Press, December 30, 2011

<http://mdn.mainichi.jp/mdnnews/national/archive/news/2011/12/30/20111230p2g00m0dm110000c.html>

Grim job situation continues in Tohoku

The number of people receiving unemployment allowances in three Tohoku prefectures increased 60 percent in October from a year earlier, reflecting the grim job market caused by the March 11 disaster.

Job creation is likely to become an even more pressing issue from January, when government unemployment benefits begin to expire, observers said.

Figures from the Health, Labor and Welfare Ministry show there were 49,848 people in Iwate, Miyagi and Fukushima prefectures receiving unemployment benefits in October, a 59.7 percent increase compared to the same month of last year.

The jump is attributed to the number of businesses that shut down after the Great East Japan Earthquake and the subsequent tsunami and crisis at the Fukushima No. 1 nuclear power plant, the observers said.

Unemployment benefits are usually limited to 90 days but due to exceptional circumstances, they have been extended to a maximum of 210 days for people affected by the March 11 disaster.

As of Monday, the death toll from the March 11 disaster stood at 15,841 with another 3,490 people unaccounted for, the National Police Agency said. About 330,000 people were still displaced, it added.

Yomiuri Shimbun, Dec. 13, 2011

<http://www.yomiuri.co.jp/dy/national/T111212004444.htm>

TEPCO announces 17% rise in electricity charges for companies

TOKYO (Kyodo) — Tokyo Electric Power Co. said Tuesday it will seek an average 17 percent increase in electricity charges for corporate users to finance part of the fuel costs stemming from boosting thermal power generation in the wake of the crisis at its Fukushima Daiichi nuclear power plant.

The electricity rate hikes, which take effect April 1, will affect around 240,000 contracts for 50 kilowatts or more, and boost revenue for the company known as TEPCO by 400 billion yen annually.

With all of TEPCO's nuclear reactors expected to be shut down by March for regular checks or other reasons, TEPCO President Toshio Nishizawa said, "If the current situation continues, we think our business conditions would deteriorate further, and at a not too distant date, fuel procurement and stable supply of electricity may be affected."

"We will continue to do our best to streamline (our operations), but we have to ask for (electricity rate) hikes," Nishizawa told a press conference.

It is the first time since April 1980, after the 1979 oil shock that sent oil prices soaring, for TEPCO to raise electricity rates.

The latest decision will lift electricity charges by 2.61 yen per kilowatt hour for customers with contracts for less than 2,000 kilowatts, and by 2.58 yen per kwh for customers with contracts for 2,000 kw or more.

The figures were calculated on the assumption that operation of all seven reactors at the Kashiwazaki-Kariwa plant in Niigata Prefecture remains suspended in fiscal 2012, apparently because restarting reactors in the country is not easy amid public concern over their safety following the nuclear crisis.

The atomic power plant is the only one owned by TEPCO that has not been affected by the March 11 earthquake and tsunami, which also triggered the world's worst nuclear crisis since the 1986 Chernobyl disaster.

The costs for scrapping the four crippled reactors at the Fukushima Daiichi plant have not been

included in the rate hikes, TEPCO said.

According to the utility, fuel costs for the fiscal year ending March are expected to increase by about 830 billion yen from the previous year.

TEPCO said in December that it also hopes to raise household electricity bills, but doing so requires government approval, and Economy, Trade and Industry Minister Yukio Edano, whose permission is required, has warned the utility should not easily resort to such a measure.

Sources close to the matter have said that TEPCO is considering raising household electricity rates by 10 percent for a certain period from the fall.

The plan is expected to be included in a special business plan for TEPCO, which is to be crafted in March by TEPCO and a state-backed entity providing financial assistance to the utility.

Nishizawa said Tuesday that the company plans to ask for rate hikes for households "as soon as possible," based on the special business plan and discussions by an industry ministry panel on reviewing the existing electricity pricing system.

Kyodo Press, January 17, 2012

<http://mdn.mainichi.jp/mdnnews/national/archive/news/2012/01/17/20120117p2g00m0dm160000c.html>

TEPCO to raise electricity bills for firms, eyes hikes for households

TOKYO (Kyodo) — Tokyo Electric Power Co. said Thursday it will raise electricity charges for corporate users from next April and will swiftly seek government approval for household electricity bill hikes to cope with growing fuel costs stemming from boosting thermal power generation in the wake of the nuclear crisis at its Fukushima Daiichi power plant.

Facing the apparent need to strengthen its financial standing through injection of public funds, sources close to the matter said that Tokyo Electric and a state-backed entity providing financial assistance to the utility have started considering changing some board members, such as Chairman Tsunehisa Katsumata and President Toshio Nishizawa, as a precondition to receive the funds.

Fuel costs for fiscal 2011 are expected to increase by about 830 billion yen from the previous year, according to the company known as TEPCO. By raising electricity rates for corporate users, the company is likely to secure some several hundreds of billions of yen.

TEPCO does not need to seek government approval for raising electricity charges for customers whose contracts are for 50 kilowatts or more, such as office buildings and factories. But when it comes to households, the permission from the economy, trade and industry minister is required.

TEPCO is working to streamline its operations, but it is not certain whether permission would be granted amid harsh public sentiment toward the company, given the radiation-leaking disaster that occurred at its plant in northeastern Japan.

Other sources have said TEPCO is considering temporarily raising household electricity charges by 10 percent possibly from the fall of 2012.

So far, the government has decided to provide TEPCO with a total of 891 billion yen in financial assistance from the state-backed entity, the Nuclear Damage Liability Facilitation Fund. But that money is to be used only to pay compensation for the damage caused by the Fukushima nuclear disaster, while the utility is believed to need massive additional funds to scrap crippled nuclear reactors there.

Kyodo Press, December 22, 2011

<http://mdn.mainichi.jp/mdnnews/national/archive/news/2011/12/22/20111222p2g00m0dm073000c.html>

Most Schools in Disaster-Hit Areas Back in Original Buildings

Tokyo, Dec. 12 (Jiji Press)—More than 90 pct of schools in three northeastern Japan prefectures hardest hit by the March earthquake and tsunami have resumed teaching in their original school buildings, a government survey showed Monday.

Of the total 2,278 schools in the prefectures of Iwate, Miyagi and Fukushima, 2,116, or 92.9 pct, had regular teaching hours at their original buildings by October, the Ministry of Education, Culture, Sports, Science and Technology said.

Of those that have not returned to their original buildings, 106 schools are teaching in places such as neighboring schools or other facilities while 41 schools are using temporary school buildings set up after the March 11 disaster.

A total of 15 schools in Fukushima Prefecture are closed due to the crisis at Tokyo Electric Power Co.'s nuclear power plant.

On outdoor activities for students, 405 schools, or 17.8 pct, answered that they do not allow them or set some restrictions. A total of 368 such schools are in Fukushima Prefecture.

Jiji Press, December 12, 2011

<http://jen.jiji.com/jc/eng?g=eco&k=2011121200637>
