

# **Special Zones for Structural Reform**

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# Regulatory reform is a priority component of Koizumi structural reform



## 1. Basic Concepts of Koizumi Cabinet

- Leave to the private sector that which can be done by the private sector
- Leave to local governments that which can be done by local governments

## 2. Main components of regulatory reform at present

### The opening of government-driven markets to the private sector

- The opening of services provided by the public sector itself or markets with strong public involvement to the private sector will result in the improvement of services as well as the creation of new business opportunities
- Examination for introducing “market testing” as a method to promote the opening of public services to the private sector (selection of “model projects” during 2004)

### Special Zones for Structural Reform

- Altered the concept that “regulations should be enforced uniformly throughout Japan” and introduced the Special Zones concept - geographically limited areas where certain regulations can be eased or lifted
- By showing successful examples of the Special Zones, regulatory exemptions will be expanded nationwide, and we can stimulate the Japanese economy as a whole

## Achievements of Special Zones for Structural Reform

**386 Special Zones have been approved throughout Japan (every prefecture)  
(2003.4~2004.9)**

**Regulatory exemptions for Special Zones have been achieved in such fields as education, agriculture, and medical treatment, where conventional reform approaches have faced difficulties.**

**(example)**

- **Establishment of diverse curriculum not based on the Course of Study**
- **Entry of other business corporations into the agricultural sector than Agricultural Production Corporations**
- **Entry of business corporations into the medical services sector on the premise that such services will be restricted to medical treatments not covered by public medical insurance**

## Special Zone for Education



Special Zone of Ota for  
education in English

Ota City  
(Gunma Prefecture)

**Allowing flexible curriculum not based on the uniform criteria set by Ministry of Education**

The city of Ota and the private sector together will establish **a school integrating three all levels**, elementary through high school. **Classes are conducted entirely in English** with the exception of national language class.



**Fostering internationally minded people  
with broader perspectives**

:according to the plan

## Special Zone for Agriculture



**Special Zone of  
Shodoshima Uchinomi  
for Olive Production**

**Uchinomi town  
(Kagawa Prefecture)**

**Allowing farm management by a  
stock company**

A business corporation cultivates and processes olives **integrally** which would create a new business and step up an effective use of idle farmland



- Use about 6 hectare idle farmland by 2008
- Cultivation, processing, and tourism represent 400 million yen

## Special Zone for Agriculture



Special Zone for Japanese  
Hometown Revitalization

Tono City  
(Iwate Prefecture)

- Flexible application of the Fire Service Law to guesthouses run by farmers
- Deregulation of requirements to manufacture unrefined sake, “*doburoku*”

Encourage community-based new businesses and promote regional revitalization



- Tourists to Tono city increased by 50% year-on-year (actual result)
- Set up 20 farm guesthouses (by 2007 fiscal year)

## Special Zone for Industrial Renovation



Special Zones for Industrial Renovation  
Utilizing Technology Concentration

Mie Prefecture, Yokkaichi city,  
Yokkaichi Harbor Administration Union

**Deregulation related to safety requirements  
in plants**

By reinvesting in the existing petrochemical complexes under the regulatory exception, high value-added industries responding to the new era are clustered around the area.



- Amount of capital investment in 5 years: about 70 billion yen
- A 40-billion yen increase in output (by 2007)
- Job creation: about 300 (by 2007)

## Special Zone for International Logistics



**Special Zone of Kitakyushu  
for International Logistics**

**Kitakyushu City**  
(Fukuoka Prefecture)

**-Implementation of the round-the-clock  
customs clearance operation**

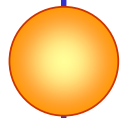
**-Reduction in the extraordinary agency -  
opening fees**

“Hibikinada” opens 24hrs/day so that it would  
connect North America/Europe and North East  
Asia as a Hub port.

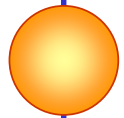
- The number of enterprises entering this area (cumulative sum)  
: 28 (2007) → 35 (2012)
- Economic effect per year : about 240 billion yen (2007) → 410 billion yen (2012)
- Job creation : about 5,600 (2007) → 10,800 (2012)



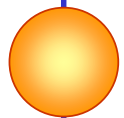
## Priority issues



**Further P.R. of the Special Zones system among the private sector in particular**



**Identify obstacles to Special Zones, and solve them**



**Expand regulatory exemptions for Special Zones nationwide based on evaluations**