

Japan disaster: who will pay?

Monday 13 June 2011, by [Jiji Press](#), [Nikkei](#) (Date first published: 25 June 2011).

Japan Panel Urges Govt to Mull Tax Hike for Reconstruction

Tokyo, June 25 (Jiji Press)—A Japanese advisory panel on Saturday urged the government to consider a special tax hike to finance reconstruction projects after the March 11 earthquake and tsunami.

In its much-awaited report submitted to Prime Minister Naoto Kan, the Reconstruction Design Council also asked the government to reconstruct tsunami-devastated areas bearing in mind how to reduce the impact of deadly waves, instead of trying to block the waves entirely.

To revitalize the economies of the hardest-hit Tohoku region, Japan should introduce special zones where drastic tax breaks and deregulatory steps can be taken, and promote renewable energy businesses, said the council, chaired by Makoto Iokibe, president of the National Defense Academy of Japan.

On the financial front, the council said the government should consider raising any of major taxes, making an indirect reference to the need for a hike in any of the consumption, income and corporate taxes.

The March disaster, which has left nearly 23,000 dead or missing, is estimated to have caused 16.9 trillion yen in damage in total to private property such as homes and social infrastructure including roads, according to recent government data.

Jiji Press, June 25, 2011

<http://jen.jiji.com/jc/eng?g=eco&k=2011062500224>

Japan Enacts Postdisaster Reconstruction Law

Tokyo, June 20 (Jiji Press)—Japan's parliament enacted basic legislation for postdisaster reconstruction on Monday, 102 days after the massive earthquake and tsunami devastated northeastern Japan on March 11.

The House of Councillors, the upper chamber of parliament, approved the legislation by a majority vote with support from the ruling Democratic Party of Japan and such opposition parties as the Liberal Democratic Party and New Komeito after it was passed by the House of Representatives, or the Lower House, on June 10.

Because of wrangling in a divided parliament, the enactment of the basic law for postdisaster reconstruction took much longer than only about one month parliament spent to pass a similar law after the powerful quake hit Kobe, western Japan, on Jan. 17, 1995.

Monday's opening of the Upper House's plenary session was delayed because opposition parties criticized that Foreign Minister Takeaki Matsumoto and Defense Minister Toshimi Kitazawa overlooked parliament by leaving the country for talks in the United States without seeking approval at the opposition-controlled Upper House.

The new law calls for the establishment of a postdisaster reconstruction task force that designs and coordinates measures to rebuild the areas hit by the March disaster.

Jiji Press, June 20, 2011

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

Quake Panel Calls For Tax Hike, Bond Issuance

TOKYO (Nikkei)—A government panel charged with crafting earthquake reconstruction plans said Saturday a tax hike will be key to funding the rebuilding drive.

The Reconstruction Design Council calls for a tax hike for funding the rebuilding drive.

The Reconstruction Design Council, chaired by Makoto Iokibe, president of the National Defense Academy of Japan, will include the call for a tax increase in its primary proposal, to be compiled by the end of this month.

The panel will also urge the government to issue reconstruction bonds for a limited period and redeem them by increasing consumption, income and corporate taxes.

After the council submits the proposal, the government will scrutinize reconstruction costs and discuss with the Tax Commission which taxes should be raised, as well as by how much and for how long.

Bills to enable the bond issuances and tax increases will be formulated in August, together with the second supplementary budget for fiscal 2011, which will include reconstruction plans. The budget is expected to be worth about 10-15 trillion yen.

One problem facing the plan is that many in the government and the ruling Democratic Party of Japan oppose the idea of raising taxes to finance reconstruction. Details of the reconstruction bonds and tax hikes are certain to become a focal point of discussions between the

ruling and opposition parties after Prime Minister Naoto Kan steps down, though whether the parties can iron out their differences and find common ground remains to be seen.

Nikkei, June 11, 2011

<http://e.nikkei.com/e/fr/tnks/Nni20110611D11JFF04.htm>

Reconstruction Body Does Not Rule Out Tax Hikes

TOKYO (Nikkei)—Members of the Reconstruction Design Council on Saturday agreed that raising taxes may be necessary to fund the huge fiscal outlays needed to help rebuild quake-hit areas.

Such spending includes funds needed to cover special government bonds that may be issued for reconstruction operations.

At a news conference after the meeting, Makoto Iokibe, head of the council, said, “We do not rule out any means (of covering reconstruction expenses),” suggesting the government panel will explore various types of tax increases, including those for income, consumption and corporate taxes.

The council will compile its first recommendations around the end of June. The government will then begin working on its second supplementary budget for the current fiscal year, which is estimated to be worth 10-15 trillion yen.

Nikkei, May 22, 2011

<http://e.nikkei.com/e/fr/tnks/Nni20110521D21JFF04.htm>
