

Japanese “National Strategic Special Zones”

The National Strategic Special Zones (NSSZs) are an initiative set up by the Abe’s government to establish brand-new economic zones with business-friendly conditions by means of promoting bold deregulations. This initiative is one of key policies of the “Japan Revitalisation Strategy” aiming at enhancing international competitiveness of Japan by breaking traditional “bedrock regulations”. This initiative was first authorized at the 2013 Diet and followed by appointment of six specific zones; “Tokyo area”, “Kansai area”, “Niigata city”, “Yabu city”, “Fukuoka city” and “Okinawa prefecture” in May 2014.

Point 1

The government promoting the daring deregulations

Expectations on their unprecedented speed and effective implementation

- There are similar special zones currently underway such as the “Structural Reform Special Zones” established in 2003 by the Koizumi’s government and the “Comprehensive Special Zones” in 2011 by the Democratic party’s administration, respectively. However, these traditional special zones did not perform as they had been originally expected.
- But the new NSSZs are different. While the conventional special zones were mostly initiated by limited deregulations on private-sector’s requests, the brand-new “NSSZs” are strategically led by the Prime Minister and implemented through close discussion with relevant local governments and the private sectors. This new framework and implementation process is the key to enable unprecedented speed and producing bigger effects than before.

Point 2

Six Zones approved including Tokyo and Kansai areas

Start to drill bedrock regulations on agriculture and medical fields

- Under the Abe’s government, six zones have been approved as the “NSSZ” aiming at promoting bold deregulations which are suitable for the each special zone. On October 1, the council of the Tokyo area NSSZ was held, and a plan of essential deregulations for Tokyo to become a real global business hub through attracting foreign enterprises and relaxing existing floor-area-ratio regulations was presented.
- The Kansai area NSSZ will promote deregulations mainly in the medical field such as more effective use of iPS cells (induced pluripotent stem cells) than before. Deregulations planned in the other zones are; “Agricultural reforms” in Niigata city and Yabu city, “Employment reform” to support business foundation in Fukuoka city, and “Promoting Tourism” in Okinawa prefecture for more development as an international tourist city. In addition, the government has a plan of implementing some of the effective deregulations in the nation-wide territory going forward.

Expectations for the “NSSZs” to push up the growth capability of Japanese economy in mid-to-long term

■ A Reform bill to be submitted to the Diet this autumn for additional deregulations

Additional deregulations are expected to come into force as the reform bill is scheduled to be submitted to the current extraordinary session of the National Diet. In the reform bill, further deregulations are proposed for discussion on areas such as improvement and globalisation of business environments, privatisation of public infrastructures, reform of social security system and formulation of a master plan for revitalising Japan’s regional economies.

■ Expectation on strong leadership of Prime Minister Abe

Almost two years have passed since the Abe’s government was formed, however, people are yet to be convinced of the effect of Abenomics that much as the Japanese economy is still stagnant. While deregulations do not have a power of generating immediate effect on the economy compared to a monetary easing or public investment policy, they are deemed to be effective in improving growth potential of the economy for a mid-to-long term. Let’s keep an eye on how Prime Minister Abe will continue to show his strong leadership on this policy.

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