Small Businesses’ Resilience after the Great East Japan Earthquake

-- From the perspective of support toward small- and medium-sized companies by the local municipalities --

Emiko OKUYAMA  Mayor  Sendai City
1. Effects of the Great East Japan Earthquake on the local economy and businesses within Sendai city
Outline of Sendai City

- Economic and administrative center of the Tohoku region
- Population: 1,058,939 persons (as of April 2013)
Effects of the disaster on businesses in Sendai City

Businesses located within the city (About 48,000)

Of these, 99% are Small- and medium-sized companies

◎ Businesses within the City immediately after the disaster ◎
(From Sendai City’s immediate survey conducted in July 2011)

Experienced suspension of business… 51.5%

▼ Downturn after the earthquake
  - Quantity of orders
  - Number of clients
  - Cash flow
  - Quantity of production and sales

▼ Necessary immediate support
  - Reduction of taxes, etc.
  - Funds
  - Construction of buildings/ installation of machines
  - Salary for employees
Employment numbers and unemployment rate after the earthquake

(According to “Labor Force Survey” by the Ministry of Internal Affairs and Communications)

Effects of the disaster on the local economy

Employed

Unemployed

Severe repercussions for disaster victims in rebuilding their livelihood

Moving Forward As One
SENDAI
2. Measures to support the restoration and reconstruction of local small- and medium-sized companies
Sendai City Measures to Support local businesses

© Provisions and support provided to businesses in accordance to the level of damage

Businesses • Employees

Employment decrease
Sales down
Equipment loss
Funds downturn

Urgent job creation
Attract enterprises
Supporting development of new sales channels
Subsidy for same-site restoration of manufacturing facilities
Financial support
Sendai City Measures to Support local businesses

Urgent job creation program (city level)

▼ Direct employment by Sendai City
  ・Issuing disaster victim certificates
  ・Assisting refuge areas, etc.

▼ Employment through consignment to private businesses
  ・Safety watch at temporary housing, etc.
  ・Employment support service, etc.

Employment adjustment subsidy (national level)

Subsidy of 2/3 of the salary for businesses that were driven to keep employees away from work due to business contraction

Urgent push to maintain employment

Created jobs 2,700 jobs (FY2011)
Sendai City Measures to Support local businesses

Support development of new sales channels (city level)

Develop new sales channels to replace lost ones

+ Coordinate with companies outside of the area

Furthermore

Numbers for businesses matching assistance (results of 2012)

1,745 cases

Recovery in sales from new sales channels. New efforts toward coordination between small- and medium-sized companies.
Sendai City Measures to Support local businesses

Subsidy for same-site restoration of manufacturing facilities (city level)

◎ City designated business 29 cases Subsidy about 975 million yen
(up to October, 2012)

Group subsidy system (national level)

◎ Issuance results within Sendai City 50 groups 531 businesses
(up to March 2013)

Issuance amount about 28.9 billion yen

Increase employment of disaster victims by increasing recovery speed of production facilities
Sendai City Measures to Support local businesses

Financial support (city level)

◎ Financing system related to the Great East Japan Earthquake (results from 2011)
  ▼ Financed amount: about 30 billion yen
    (about 68% of the city financing system overall)
◎ Assistance in interest rates etc. for persons using the city’s financing system (results from 2011)
  ▼ Financed amount: about 500 million yen

Purchasing double loans (national level)

▼ Support from the nation’s purchasing company (results up to March 2013)
  205 cases
  (in Miyagi prefecture)

Support for the early restoration and business recovery of small- and medium-sized companies within the city
Current economic situation of Sendai City

About 60% of the companies showed recovery in sales
(from urgent city survey on December 2012)

Jobs-to-applicants ratio
(within Sendai administrative area)

- Lowest time: 0.49
  (May 2011)
- Current: 1.43
  (February 2013)

Ministry of Health, Labour and Welfare from the general job placement situation (employment services statistics)

Remaining problems:
- Harmful rumors
- Mismatched employment
- Decrease of tourists
- Reclamation of agricultural land
The problems that local small- and medium-sized companies have been facing after the Great East Japan Earthquake span a wide range of issues, such as: providing employment for its staff; reduction in sales; loss of production equipment; and downturn of funds.

In order to resolve these issues, Sendai City has been involved in the following: loan of funds to local small- and medium-sized companies; support for raising money by supplying interest rates and guarantee commissions to affected small- and medium-sized companies; efforts to maintain and create jobs; and support for the development of new sales channels.

For the future, in addition to the above provisions, we need to provide support for disaster preparation.