

# **Act on Formation and Development of Regional Industrial Clusters through Promotion of Establishment of New Business Facilities, etc.**

(Act No. 40 of May 11, 2007)

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## **Chapter I General Provisions**

(Purpose)

Article 1 The purpose of this Act is, in consideration of the significance of the role played by industrial clusters in developing local economies, to strengthen the foundation of the self-sustaining growth of local economies by taking necessary measures to effectively assist independent and planned efforts being made by local public entities for the formation and development of regional industrial clusters through promotion of the establishment of new business facilities, etc., and thereby contribute to the sound development of the national economy.

(Basic Principle)

Article 2 Considering that industrial clusters will enable efficient and creative business activities through promoting an efficient division of work among business operators, sharing information that may contribute to business innovation, and promoting closer coordination in research and development and will thereby re-energize local economies and contribute to the improvement of the productivity of the entirety of the Japanese economy, the formation and development of regional industrial clusters shall be carried out under close collaboration among local public entities, based on trends in the establishment of new business facilities, in view of taking measures intensively and effectively for industries that conform to the natural, economic and social characteristics of respective regions and can become the core of industrial

clusters therein.

(Definitions)

- Article 3 (1) The term "industrial clusters" as used in this Act means clusters of business operators where the same type of business or other businesses closely related thereto are conducted by a considerable number of persons coordinated organically within a region that constitutes a coherent whole in terms of natural, economic and social conditions.
- (2) The term "establishment of new business facilities" as used in this Act means that a business operator newly establishes or extends factories or workplaces for his/her business (including changing the usage of existing factories or workplaces).
- (3) The term "business innovation" as used in this Act means that a business operator tries to enhance the productivity of his/her business by taking the following measures:
- (i) development and production of new commodities or the development and provision of new services that will considerably change the composition of commodities related to production or the composition of services related to provision;
  - (ii) introduction of a new commodity production method or a new service provision method that will significantly promote efficiency of commodity production or service provision;
  - (iii) use of new raw materials, parts or half-finished parts that will considerably reduce the commodity production costs;
  - (iv) improvement in the capacity of facilities that will significantly promote efficiency of commodity production or service provision; and
  - (v) extension of facilities that will significantly increase commodity production or service provision.
- (4) The term "formation of industrial clusters" as used in this Act means the formulation of industrial clusters through the establishment of new business facilities or business innovation within a region that constitutes a coherent whole in terms of natural, economic and social conditions, centering on business operators who conduct said establishment of new business facilities or business innovation.
- (5) The term "development of industrial clusters" as used in this Act means the strengthening of the functions of industrial clusters and the advancing of the business structure of said industrial clusters through the establishment of new business facilities or business innovation in a region where said industrial clusters exist.
- (6) The term "small and medium-sized business operators" as used in this Act means persons falling under any of the following items:

- (i) a company whose amount of capital or the total amount of contributions in which is not more than three hundred million yen or a company or an individual that hires not more than three hundred full-time workers, whose principal business falls under the category of the manufacturing industry, construction industry, transport industry or other industries (excluding industries listed in the following item to item (iv) and industries specified by a Cabinet Order set forth in item (v));
- (ii) a company whose amount of capital or the total amount of contributions in which is not more than one hundred million yen or a company or an individual that hires not more than one hundred full-time workers, whose principal business falls under the category of the wholesale industry (excluding industries specified by a Cabinet Order set forth in item (v));
- (iii) a company whose amount of capital or the total amount of contributions in which is not more than fifty million yen or a company or an individual that hires not more than one hundred full-time workers, whose principal business falls under the category of the services industry (excluding industries specified by a Cabinet Order set forth in item (v));
- (iv) a company whose amount of capital or the total amount of contributions in which is not more than fifty million yen or a company or an individual that hires not more than fifty full-time workers, whose principal business falls under the category of the retail industry (excluding industries specified by a Cabinet Order set forth in the following item);
- (v) a company whose amount of capital or the total amount of contributions in which is not more than the amount specified by a Cabinet Order for each industry or a company or an individual that hires full-time workers of not more than the number specified by a Cabinet Order for each industry, whose principal business falls under the category of the industries specified by the Cabinet Order;
- (vi) a business union;
- (vii) a cooperative union; and
- (viii) a business cooperative, small business cooperative, commercial association, federation of cooperatives and other cooperatives and federations thereof established under special acts, which are specified by a Cabinet Order.

(Basic Policy)

- Article 4 (1) The competent ministers shall formulate a basic policy for promoting the formation and development of regional industrial clusters (hereinafter referred to as the "formation, etc. of industrial clusters") (hereinafter such policy shall be referred to as the "basic policy").
- (2) The basic policy shall provide for the following matters:

- (i) matters concerning the significance and objectives of the formation, etc. of industrial clusters;
  - (ii) matters concerning the designation of a zone for intensively promoting the establishment of new business facilities and business innovation (hereinafter referred to as a "cluster zone") within a region that constitutes a coherent whole in terms of natural, economic and social conditions;
  - (iii) matters concerning the designation of industries for which the establishment of new business facilities and business innovation are to be promoted intensively in a cluster zone (hereinafter referred to as "cluster industries");
  - (iv) basic matters concerning the development of factories or workplaces, factory sites or business sites, research and development facilities or training facilities or any other business facilities (including the utilization of existing facilities), the fostering of human resources having advanced knowledge or skills, and the development of other business environments which will facilitate the establishment of new business facilities and business innovation;
  - (v) matters concerning wide-area mutual coordination between local public entities, and basic matters concerning coordination between persons closely concerned with the formation, etc. of industrial clusters and a local public entity;
  - (vi) matters concerning the development of a comprehensive support system necessary for promoting the establishment of new business facilities and business innovation in a cluster zone;
  - (vii) matters to be considered when promoting the formation, etc. of industrial clusters, including environmental conservation;
  - (viii) other important matters concerning promotion of the formation, etc. of industrial clusters; and
  - (ix) matters that will serve as guidelines concerning the establishment of new business facilities and business innovation for the cluster industries in a cluster zone.
- (3) The competent ministers shall revise the basic policy as needed as a result of changes in economic conditions or other circumstances.
- (4) The competent ministers shall, when intending to formulate or revise the basic policy, consult with the heads of the relevant administrative organs in advance.
- (5) The competent ministers shall, when having formulated or revised the basic policy, publicize it without delay.

**Chapter II Measures for Formation, etc. of Regional Industrial Clusters**  
**Section 1 Consent, etc. for a Basic Plan**

(Basic Plan)

Article 5 (1) One municipality or two or more municipalities that contain a region that constitutes a coherent whole in terms of natural, economic and social conditions (including special wards; hereinafter simply referred to as "municipalities") and prefectures that contain said municipalities (hereinafter simply referred to as "prefectures") may jointly prepare a basic plan concerning the formation or development of industrial clusters (hereinafter referred to as the "basic plan"), based on the basic policy, through consultation at the Council for Regional Industrial Development organized pursuant to the provision of Article 7 and may consult with the competent ministers for their consent as specified by Ordinances of the competent ministries.

(2) The basic plan shall provide for the following matters:

- (i) objectives concerning the formation or development of industrial clusters;
- (ii) a zone to be designated as a cluster zone;
- (iii) when designating a zone within a cluster zone, where the establishment of new business facilities, in particular, shall be promoted intensively, said zone;
- (iv) when implementing special measures under the Factory Location Act (Act No. 24 of 1959) as prescribed in Article 10, to that effect and expected results of said special measures on the formation or development of industrial clusters;
- (v) industries to be designated as cluster industries;
- (vi) objectives for the establishment of new business facilities and business innovation from a business operator who falls under the category of the industries set forth in the preceding item in a cluster zone (hereinafter referred to as "designated cluster industries");
- (vii) a person who conducts a business for the development of factories or workplaces, factory sites or business sites, research and development facilities or training facilities or any other business facilities (including utilization of existing facilities), the fostering of human resources having advanced knowledge or skills, and the development of other business environments which will facilitate the establishment of new business facilities and business innovation, and the contents of said business;
- (viii) matters concerning coordination between persons closely concerned with the formation, etc. of industrial clusters and municipalities and prefectures;
- (ix) matters concerning the development of a system for the swift processing of procedures for the establishment of new business facilities and business innovation by municipalities and prefectures;
- (x) matters to be taken into consideration when promoting the formation or development of industrial clusters, including environmental conservation;

- (xi) where the development of facilities set forth in item (vii) (limited to factories or workplaces, factory sites or business sites to be used therefor, or research and development facilities or training facilities) in a zone prescribed in item (iii) is carried out on land that is used as agricultural land or the like (meaning agricultural land or the like prescribed in Article 3 of the Act on Establishment of Agricultural Promotion Areas (Act No. 58 of 1969); hereinafter the same shall apply in this item), matters concerning adjustment of the utilization of lands for using said land for purposes other than as agricultural land or the like;
  - (xii) other important matters concerning promotion of the formation or development of industrial clusters; and
  - (xiii) a period for the plan.
- (3) The basic plan shall harmonize with the basic policy concerning National Spatial Strategies and other plans for regional promotion under the provisions of acts, national or prefectural plans and city plans concerning facilities such as roads, rivers, railways, ports, and airports, and municipal city plans set forth in Article 18-2 of the City Planning Act (Act No. 100 of 1968), and comply with the basic concept set forth in Article 2, paragraph (4) of the Local Autonomy Act (Act No. 67 of 1947).
- (4) The basic plan shall clarify and provide for the share of roles of municipalities and prefectures so that the formation or development of industrial clusters should be promoted effectively and efficiently.
- (5) The competent ministers shall give their consent when they find that the basic plan falls under all of the following items:
- (i) the basic plan conforms with the basic policy;
  - (ii) it is found that the implementation of said basic plan will contribute considerably in realizing the formation or development of industrial clusters in a cluster zone;
  - (iii) the basic plan is expected to be implemented smoothly and reliably; and
  - (iv) where special measures under the Factory Location Act as prescribed in Article 10 have been established, the implementation of said special measures is expected to have a considerable effect on the formation or development of industrial clusters.
- (6) When the competent ministers intend to give their consent for the basic plan as prescribed in the preceding paragraph, they shall consult with the heads of the relevant administrative organs.
- (7) When municipalities and prefectures have obtained consent for the basic plan as prescribed in paragraph (5), they shall publicize it without delay.

(Revision of a Basic Plan)

Article 6 (1) When municipalities and prefectures intend to revise the basic plan

for which they have obtained consent as prescribed in paragraph (5) of the preceding Article, they shall jointly consult with the competent ministers for their consent as specified by Ordinances of the competent ministries through consultation at the Council for Regional Industrial Development organized pursuant to the provision of the following Article; provided, however, that this shall not apply to minor revisions specified by Ordinances of the competent ministries.

- (2) When municipalities and prefectures have made minor revisions specified by Ordinances of the competent ministries set forth in the proviso to the preceding paragraph, they shall notify to that effect to the competent ministers, without delay, as specified by Ordinances of the competent ministries.
- (3) The provisions of paragraph (5) to paragraph (7) of the preceding Article shall apply mutatis mutandis to the consent set forth in paragraph (1).

(Council for Regional Industrial Development)

Article 7 (1) Municipalities and prefectures may, for the purpose of consulting on the basic plan they are going to prepare, basic plan for which they have obtained consent as prescribed in Article 5, paragraph (5) (when revision under paragraph (1) or paragraph (2) of the preceding Article has been made, basic plan after the revision; hereinafter referred to as the "agreed basic plan"), matters necessary for the implementation thereof, and other necessary matters for the formation or development of industrial clusters, establish rules through consultation and organize the Council for Regional Industrial Development (hereinafter referred to as the "Council") jointly with persons who have conducted or are expected to conduct a business for the development of business environments prescribed in Article 5, paragraph (2), item (vii).

- (2) Municipalities and prefectures that organize the Council as prescribed in the preceding paragraph may add any of the following persons who shall not jointly organize the Council under the provision of the same paragraph, as a member of the Council:
  - (i) the Chamber of Commerce or the Chamber of Commerce and Industry covering a district including a zone designated as a cluster zone;
  - (ii) universities and other research institutes located in or near a zone designated as a cluster zone;
  - (iii) in addition to what are listed in the preceding two items, persons who are supposed to be closely concerned with the smooth and effective implementation of an agreed basic plan; and
  - (iv) persons who have expert knowledge and experience concerning promotion of the establishment of new business facilities or business innovation.
- (3) When municipalities and prefectures intend to organize the Council as prescribed in paragraph (1), they shall publicize to that effect for the period

specified by Ordinances of the competent ministries as specified by Ordinances of the competent ministries.

- (4) Where it has been publicized that the Council is to be organized as prescribed in the preceding paragraph, a person listed in any of the items of paragraph (2) who is not supposed to be added as a member of the Council may request the municipalities and prefectures that intend to organize the Council to add him/her as a member of the Council during the period specified by Ordinances of the competent ministries set forth in the preceding paragraph.
- (5) The Council may, when it is found to be necessary, request the heads of the relevant administrative organs to provide materials, express opinions, give explanations, or provide other cooperation.
- (6) In addition to what are prescribed in the preceding paragraphs, matters necessary for the operation of the Council shall be provided for by the rules.

(Information Provision, etc. by the State)

Article 8 (1) The State shall endeavor to collect, compile, analyze, and provide information concerning trends of the establishment of new business facilities, for the purpose of contributing to the preparation of the basic plan by municipalities and prefectures.

(2) The State shall provide municipalities and prefectures pertaining to the agreed basic plan with advice necessary for the smooth and reliable implementation of said agreed basic plan.

## **Section 2 Measures at an Agreed Cluster Zone**

(Businesses for Promoting Establishment of New Business Facilities by the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN)

Article 9 (1) In order to promote the establishment of new business facilities and business innovation by a business operator who conducts a business that falls under the category of the designated cluster industries pertaining to a cluster zone provided for in the agreed basic plan (hereinafter referred to as an "agreed cluster zone") in said agreed cluster zone (hereinafter such business shall be referred to as a "specified business" and such business operator shall be referred to as a "specified business operator"), the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (hereinafter referred to as the "Organization") shall conduct businesses for the development, leasing and other management and transfer of factories (limited to those used for a specified business; hereinafter the same shall apply in this Article), workplaces (limited to those used for a specified business; hereinafter the same shall apply in this Article), or facilities to be used for the convenience of the users of said



factories or workplaces.

- (2) In addition to the businesses set forth in the preceding paragraph, the Organization may conduct the following businesses, as entrusted, within the scope of not causing any hindrance to the performance of the businesses set forth in Article 15, paragraph (1) of the Act on the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (Act No. 147 of 2002):
- (i) development of factories or workplaces in an agreed cluster zone, and leasing and other management and transfer of said factories or workplaces;
  - (ii) development of facilities for public use that shall be developed along with factories and workplaces to be developed by the Organization as prescribed in the preceding paragraph, and facilities to be used for the convenience of the users of said factories or workplaces, and leasing and other management and transfer of said facilities; and
  - (iii) technical assistance related to the businesses set forth in the preceding two items.

(Special Measures of the Factory Location Act)

- Article 10 (1) Municipalities having a zone prescribed in Article 5, paragraph (2), item (iii) that is designated in the agreed basic plan (limited to one that provides for matters listed in Article 5, paragraph (2), item (iv)) (hereinafter such zone shall be referred to as the "agreed zone for intensively promoting the establishment of new business facilities") may establish applicable rules, in lieu of rules that have been publicized as prescribed in Article 4, paragraph (1) of the Factory Location Act or rules that have been established as prescribed in Article 4-2, paragraph (1) of the same Act, in Municipal Ordinances, within the scope of the standards set forth in the following paragraph, with regard to matters concerning the ratio against the total site area of factories or workplaces pertaining to manufacturing industries, etc. (meaning manufacturing industries, etc. prescribed in Article 2, paragraph (3) of the same Act; hereinafter the same shall apply in this Article) of respective areas of green spaces (meaning green spaces prescribed in Article 4, paragraph (1), item (i) of the same Act; hereinafter the same shall apply in this Article) and environmental facilities (meaning environmental facilities prescribed in Article 4, paragraph (1), item (i) of the same Act; hereinafter the same shall apply in this Article) therein (hereinafter such matters shall be referred to as "green space-area ratios etc." in this Article) in the agreed zone for intensively promoting the establishment of new business facilities.
- (2) The Minister of Economy, Trade and Industry and the ministers who have jurisdiction over manufacturing industries, etc. shall consult with the heads of the relevant administrative organs, listen to the opinions of the Industrial Structure Council, and publicize the standards for green space-area ratios, etc.

for each district of the agreed zone for intensively promoting the establishment of new business facilities, based on the necessity of the intensive establishment of new business facilities at the agreed zone for intensively promoting the establishment of new business facilities and in accordance with the degree of need for developing green spaces and environmental facilities.

- (3) While a Municipal Ordinance that establishes rules as prescribed in paragraph (1) (hereinafter referred to as a "Municipal Ordinance on Green Space-Area Ratios, etc.") is in force, affairs that are specified as being under the authority of prefectural governors under the Factory Location Act and which pertain to the agreed zone for intensively promoting the establishment of new business facilities related to said Municipal Ordinance on Green Space-Area Ratios, etc. shall be carried out by the head of a municipality having said agreed zone for intensively promoting the establishment of new business facilities.
- (4) Where the head of a municipality carries out affairs as prescribed in the preceding paragraph, part of the provisions of the Factory Location Act and the provision of Article 3, paragraph (1) of the Supplementary Provisions of the Act for Partial Revision of the Act on Investigation of Factory Location, etc. (Act No. 108 of 1973) concerning prefectural governors shall apply to said head of the municipality, as the provision concerning heads of municipalities. In this case, the term "in the case where local rules have been established as prescribed in Article 4-2, paragraph (1), said local rules" in Article 9, paragraph (2), item (i) of the Factory Location Act shall be deemed to be replaced with "in the case where rules have been established as prescribed in Article 10, paragraph (1) of the Act on Formation and Development of Regional Industrial Clusters through Promotion of Establishment of New Business Facilities, etc., said rules."

Article 11 (1) Municipalities that have established a Municipal Ordinance on Green Space-Area Ratios, etc. may, when an agreed zone for intensively promoting the establishment of new business facilities related to said Municipal Ordinance on Green Space-Area Ratios, etc. has been abolished (including partial abolishment; hereinafter the same shall apply in this Article and the following Article), establish the necessary transitional measures, with regard to a specified factory prescribed in Article 6, paragraph (1) of the Factory Location Act (hereinafter simply referred to as a "specified factory") to which the Municipal Ordinance on Green Space-Area Ratios, etc. was applied prior to said abolition in a zone which has ceased to be an agreed zone for intensively promoting the establishment of new business facilities as a result of said abolition, in their Municipal Ordinances, within the scope defined as being reasonably necessary following said abolition.

- (2) While a Municipal Ordinance that establishes transitional measures as

prescribed in the preceding paragraph is in force, affairs that are specified as being under the authority of prefectural governors under the Factory Location Act and which pertain to the specified factory set forth in the same paragraph shall be carried out by the head of the municipality having the agreed zone for intensively promoting the establishment of new business facilities pertaining to the said Municipal Ordinance.

- (3) Where the head of a municipality carries out affairs as prescribed in the preceding paragraph, the provision of paragraph (4) of the preceding Article shall apply *mutatis mutandis*. In this case, the term "in the case where rules have been established as prescribed in Article 10, paragraph (1), said rules" in the same paragraph shall be deemed to be replaced with "in the case where a Municipal Ordinance has been established as prescribed in Article 11, paragraph (1), said Municipal Ordinance."

Article 12 (1) With regard to a notification made to prefectural governors prior to the enforcement of a Municipal Ordinance on Green Space-Area Ratios, etc., under Article 6, paragraph (1), Article 7, paragraph (1), or Article 8, paragraph (1) of the Factory Location Act, or Article 3, paragraph (1) of the Supplementary Provisions of the Act for Partial Revision of the Act on Investigation of Factory Location, etc., for which any disposition of a recommendation, an order to change matters related to a recommendation, or reduction of a period to restrict implementation has not been rendered as on the date of the enforcement of a Municipal Ordinance on Green Space-Area Ratios, etc., the provisions then in force shall remain applicable to such recommendation, order to change matters related to a recommendation, or reduction of a period to restrict implementation.

- (2) Where the provisions then in force remain applicable as prescribed in the preceding paragraph, with regard to the application of penal provisions to acts committed after the enforcement of a Municipal Ordinance on Green Space-Area Ratios, etc., the provisions then in force shall remain applicable.

- (3) Where a Municipal Ordinance on Green Space-Area Ratios, etc. has been repealed or has become invalid, an agreed zone for intensively promoting the establishment of new business facilities has been abolished, or a Municipal Ordinance that establishes transitional measures as prescribed in paragraph (1) of the preceding Article (hereinafter referred to as the "Municipal Ordinance on Transitional Measures" in this paragraph) has been repealed or has become invalid, and as a result, a specified factory has ceased to be subject to the rules established by said Municipal Ordinance on Green Space-Area Ratios, etc. (when a Municipal Ordinance on Transitional Measures has been established, said Municipal Ordinance on Transitional Measures), with regard to such specified factory, a notification which was made, under Article 6,

paragraph (1), Article 7, paragraph (1), or Article 8, paragraph (1) of the Factory Location Act, or Article 3, paragraph (1) of the Supplementary Provisions of the Act for Partial Revision of the Act on Investigation of Factory Location, etc., to the head of a municipality who is specified to carry out affairs pertaining to the agreed zone for intensively promoting the establishment of new business facilities related to said Municipal Ordinance on Green Space - Area Ratios, etc. or affairs pertaining to a specified factory set forth in paragraph (1) of the preceding Article related to said Municipal Ordinance on Transitional Measures (excluding the head of a designated city set forth in Article 252-19, paragraph (1) of the Local Autonomy Act), prior to the date of repeal or invalidity of said Municipal Ordinance on Green Space - Area Ratios, etc., the date of the abolition of said agreed zone for intensively promoting the establishment of new business facilities, and the date of repeal or invalidity of said Municipal Ordinance on Transitional Measures, respectively, shall be deemed to have been made to the prefectural governor pertaining to the agreed zone for intensively promoting the establishment of new business facilities related to said Municipal Ordinance on Green Space - Area Ratios, etc., after the respective date of repeal, abolition, or invalidity (hereinafter referred to as the "specified date" in this Article); provided, however, that with regard to said notification, for which any disposition of a recommendation, an order to change matters related to a recommendation, or reduction of a period to restrict implementation has not been rendered as on the specified date, the provisions then in force shall remain applicable to such recommendation, order to change matters related to a recommendation, or reduction of a period to restrict implementation.

- (4) Where the provisions then in force remain applicable as prescribed in the proviso to the preceding paragraph, with regard to the application of penal provisions to acts committed after the specified date, the provisions then in force shall remain applicable.

(Consideration to Disposition under the Agricultural Land Act, etc.)

Article 13 When the heads of national government administrative organs or prefectural governors have been asked to grant permission or make other dispositions under the provisions of the Agricultural Land Act (Act No. 229 of 1952) and other Acts, for the purpose of providing land within an agreed zone for intensively promoting the establishment of new business facilities to be used for facilities set forth in Article 5, paragraph (2), item (vii) (limited to factories or workplaces, factory sites or business sites to be used therefor, research and development facilities or training facilities) that are provided for in the agreed basic plan, they shall give appropriate consideration so that said disposition should be implemented promptly, in order to contribute to the

smooth establishment of new business facilities in said agreed zone for intensively promoting the establishment of new business facilities.

**Section 3 Measures pertaining to an Approved Plan for Establishing New Business Facilities, etc.**

(Approval for a Plan for Establishing New Business Facilities)

- Article 14 (1) A specified business operator who intends to establish new business facilities in an agreed cluster zone may prepare a plan concerning said establishment of new business facilities (hereinafter referred to as a "plan for establishing new business facilities") and apply for the approval from the prefectural governor who has jurisdiction over said agreed cluster zone.
- (2) A plan for establishing new business facilities shall contain the following matters:
- (i) details about and the time of the establishment of new business facilities;
  - (ii) matters concerning the establishment of facilities or equipment for the specified business and other measures for establishing new business facilities; and
  - (iii) the amount of funds necessary for establishing new business facilities and the procurement method thereof.
- (3) When prefectural governors find that the plan for establishing new business facilities conforms with the basic policy (limited to matters prescribed in Article 4, paragraph (2), item (ix)) and the agreed basic plan, they shall grant approval.
- (4) When prefectural governors have granted approval as prescribed in the preceding paragraph, they shall notify the heads of the relevant municipalities to that effect, without delay.

(Changes to a Plan for Establishing New Business Facilities, etc.)

- Article 15 (1) A business operator who has obtained approval as set forth in paragraph (3) of the preceding Article (hereinafter referred to an "approved business operator establishing new business facilities") shall, when he/she intends to change the plan for establishing new business facilities pertaining to said approval, obtain approval from the prefectural governor who has granted the original approval.
- (2) When prefectural governors find that an approved business operator establishing new business facilities has not taken measures for establishing new business facilities in accordance with the plan for establishing new business facilities pertaining to the approval set forth in paragraph (3) of the preceding Article (when approval has been granted for changes under the preceding paragraph, in accordance with the plan after the changes;

hereinafter such plan shall be referred to as the "approved plan for establishing new business facilities"), they may revoke the approval.

(3) The provisions of paragraph (3) and paragraph (4) of the preceding Article shall apply mutatis mutandis to the approval set forth in paragraph (1).

(Approval for a Plan for Making Business Innovation)

Article 16 (1) A specified business operator who intends to make a business innovation in an agreed cluster zone may prepare a plan concerning said business innovation (hereinafter referred to as a "plan for making a business innovation") and apply for approval from the prefectural governor who has jurisdiction over said agreed cluster zone.

(2) A plan for making a business innovation shall contain the following matters:

(i) objectives of the business innovation;

(ii) details about and the time of the business innovation;

(iii) matters concerning research and development and the establishment of facilities concerning the business innovation and other measures for making the business innovation; and

(iv) the amount of funds necessary for making a business innovation and the procurement method thereof.

(3) When prefectural governors find that the plan for making a business innovation conforms with the basic policy (limited to matters prescribed in Article 4, paragraph (2), item (ix)) and the agreed basic plan, they shall grant approval.

(4) When prefectural governors have granted approval as prescribed in the preceding paragraph, they shall notify the heads of the relevant municipalities to that effect, without delay.

(Changes to a Plan for Making a Business Innovation)

Article 17 (1) A business operator who has obtained approval as set forth in paragraph (3) of the preceding Article (hereinafter referred to an "approved business operator making a business innovation") shall, when he/she intends to change the plan for making a business innovation pertaining to said approval, obtain the approval from the prefectural governor who has granted the original approval.

(2) When prefectural governors find that an approved business operator making a business innovation has not taken measures for making a business innovation in accordance with the plan for making a business innovation pertaining to the approval set forth in paragraph (3) of the preceding Article (when approval has been granted for changes under the preceding paragraph, in accordance with the plan after the changes; hereinafter such plan shall be referred to as the "approved plan for making a business innovation"), they may

revoke the approval.

(3) The provisions of paragraph (3) and paragraph (4) of the preceding Article shall apply mutatis mutandis to the approval set forth in paragraph (1).

(Special Provisions of the Small and Medium-sized Enterprise Credit Insurance Act)

Article 18 (1) With regard to the application of the provisions of the Small and Medium-sized Enterprise Credit Insurance Act (Act No. 264 of 1950) listed in the left-hand column of the following table, to insurance relationships of general insurance prescribed in Article 3, paragraph (1) of the same Act (hereinafter referred to as "general insurance"), unsecured insurance prescribed in Article 3-2, paragraph (1) of the same Act (hereinafter referred to as "unsecured insurance"), or special petty insurance prescribed in Article 3-3, paragraph (1) of the same Act (hereinafter referred to as "special petty insurance"), which pertain to a small and medium-sized business operator who has received a guarantee related to regional industrial clusters (meaning a guarantee of obligation prescribed in Article 3, paragraph (1), Article 3-2, paragraph (1), or Article 3-3, paragraph (1) of the same Act which is related to the funds necessary for an approved business operator establishing new business facilities to take measures for establishing new business facilities in accordance with the approved plan for establishing new business facilities or the funds necessary for an approved business operator making a business innovation to take measures for making a business innovation in accordance with the approved plan for making a business innovation; the same shall apply hereinafter), the terms listed in the middle column of the following table in these provisions shall be deemed to be replaced with the terms listed in the right-hand column of the same table.

Article 3, paragraph (1)	the total insurance value	each of the total insurance value of insurance relationships pertaining to a guarantee related to regional industrial clusters prescribed in Article 18, paragraph (1) of the Act on Formation and Development of Regional Industrial Clusters through Promotion of Establishment of New Business Facilities, etc. (hereinafter referred to as a "guarantee related to regional industrial clusters") and the total insurance value of other insurance relationships
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Article 3-2, paragraph (1) and Article 3-3, paragraph (1)	the total insurance value	each of the total insurance value of insurance relationships pertaining to a guarantee related to regional industrial clusters and the total insurance value of other insurance relationships
Article 3-2, paragraph (3)	out of the amount of said borrowings	out of the respective amount of said borrowings for each of a guarantee related to regional industrial clusters and other guarantees
	said debtor	said debtor for each of a guarantee related to regional industrial clusters and other guarantees
Article 3-3, paragraph (2)	said secured	said secured for each of a guarantee related to regional industrial clusters and other guarantees
	said debtor	said debtor for each of a guarantee related to regional industrial clusters and other guarantees

- (2) With regard to the application of the provisions of Article 3, paragraph (2) and Article 5 of the Small and Medium-sized Enterprise Credit Insurance Act to insurance relationships of general insurance that pertain to a guarantee related to regional industrial clusters, the term "70 percent" in Article 3, paragraph (2) of the same Act and the term "70 percent (80 percent in the case of unsecured insurance, special petty insurance, current assets insurance, pollution prevention insurance, energy conservation insurance, overseas investment-related insurance, new business development insurance, business reconstruction insurance, and specific corporate bond insurance)" in Article 5 of the same Act shall be deemed to be replaced with "80 percent."
- (3) The amount of insurance premiums of insurance relationships of general insurance, unsecured insurance, or special petty insurance that pertain to a guarantee related to regional industrial clusters shall be the amount obtained by multiplying the insurance amount by the rate specified by a Cabinet Order within two percent per annum, notwithstanding the provision of Article 4 of the Small and Medium-sized Enterprise Credit Insurance Act.

(Special Provisions of the Act on Equipment Installation Support for Small Enterprises)

Article 18-2 With regard to loans related to an equipment fund lending business prescribed in Article 2, paragraph (5) of the Act on Equipment Installation Support for Small Enterprises (Act No. 115 of 1956) which is conducted by a lending institution prescribed in Article 2, paragraph (4) of the same Act (hereinafter referred to as a "lending institution" in this Article) by receiving



loans pertaining to a business to lend equipment installation funds to small enterprises prescribed in Article 3, paragraph (1) of the same Act (hereinafter such lending business shall be referred to as an "equipment fund lending business" in this Article) and which pertains to facilities equipped or licenses for programs (meaning licenses for programs prescribed in Article 2, paragraph (7) of the same Act) acquired by a small enterprise, etc. prescribed in Article 2, paragraph (1) of the same Act, in accordance with the approved plan for establishing new business facilities or making a business innovation, the amount of loans related to an equipment fund lending business that can be lent to one borrower shall be within two-thirds of the amount that a lending institution finds to be necessary, per facility or license for one program, notwithstanding the provision of Article 4, paragraph (2) of the same Act.

(Special Provisions of the Food-Marketing Structure Improvement Promotion Act)

Article 18-3 (1) The Organization of the Food-Marketing Structure Improvement designated under Article 11, paragraph (1) of the Food-Marketing Structure Improvement Promotion Act (Act No. 59 of 1991) may carry out the following businesses, in addition to businesses listed in the items of Article 12 of the same Act:

- (i) to guarantee obligations related to the borrowing of the funds necessary for measures for establishing new business facilities or making a business innovation, which are taken by a person who conducts a foodstuffs manufacturing, processing, or sales business (meaning foodstuffs prescribed in Article 2, paragraph (1) of the Food-Marketing Structure Improvement Promotion Act) (hereinafter such person shall be referred to as a "food manufacturer, etc." in this paragraph) in accordance with the approved plan for establishing new business facilities or making a business innovation;
- (ii) to participate in measures for establishing new business facilities or making a business innovation, which are taken by a food manufacturer, etc. in accordance with the approved plan for establishing new business facilities or making a business innovation, by way of bearing part of the costs required for the implementation of said measures;
- (iii) to improve facilities in accordance with the approved plan for establishing new business facilities or making a business innovation, as entrusted by a food manufacturer, etc. who is to take measures for establishing new business facilities or making a business innovation in accordance with said approved plan;
- (iv) to help raise the necessary funds for a food manufacturer, etc. who is to take measures for establishing new business facilities or making a business innovation in accordance with the approved plan for establishing new

- business facilities or making a business innovation; and
- (v) to carry out businesses accompanying those listed in the preceding items.
- (2) Where the Organization of the Food-Marketing Structure Improvement carries out businesses as prescribed in the preceding paragraph, with regard to the application of the provisions of the Food-Marketing Structure Improvement Promotion Act listed in the left-hand column of the following table, the terms listed in the middle column of the following table in these provisions shall be deemed to be replaced with the terms listed in the right-hand column of the same table.

Article 13, paragraph (1)	business listed in item (i) of the preceding Article	business listed in item (i) of the preceding Article and the business listed in Article 18-3, paragraph (1), item (i) of the Act on Formation and Development of Regional Industrial Clusters through Promotion of Establishment of New Business Facilities, etc. (hereinafter referred to as the "Regional Industrial Clusters Formation Act")
Article 14, paragraph (1)	business listed in Article 12, item (i)	business listed in Article 12, item (i) and the business listed in Article 18-3, paragraph (1), item (i) of the Regional Industrial Clusters Formation Act
Article 18, paragraph (1), Article 19, and Article 20, paragraph (1), item (i)	business listed in the items of Article 12	business listed in the items of Article 12 and the business listed in the items of Article 18-3, paragraph (1) of the Regional Industrial Clusters Formation Act
Article 20, paragraph (1), item (iii)	this Chapter	this Chapter or the Regional Industrial Clusters Formation Act

(Special Provisions for Taxation)

Article 19 Pursuant to the Act on Special Measures Concerning Taxation (Act No. 26 of 1957), special provisions for taxation shall be applied to machines, equipment, buildings and equipment attached thereto which have been newly acquired, manufactured or constructed by an approved business operator establishing new business facilities who has established a new business facilities in accordance with the approved plan for establishing new business facilities and who has established, in an agreed cluster zone, new facilities or equipment to be used for designated cluster industries falling under those listed as follows:

- (i) an industry which is under severe competitive conditions domestically and internationally and is specified by a Cabinet Order as an industry that will

promote, in particular, the formation, etc. of regional industrial clusters as a result of establishing new business facilities related thereto; and  
(ii) an industry which contributes to the formation, etc. of regional industrial clusters as a result of establishing new business facilities related thereto and is specified by a Cabinet Order as an industry that is closely related to the agriculture, forestry and fisheries industries.

(Measures Accompanying Tax Exemption or Unequal Taxation of Local Taxes)

Article 20 Where a local public entity specified by an Ordinance of the Ministry of Internal Affairs and Communications has, pursuant to the provision of Article 6 of the Local Tax Act (Act No. 226 of 1950), exempted a business operator who has established facilities for a specified business specified by an Ordinance of the Ministry of Internal Affairs and Communications in an agreed cluster zone, in accordance with the approved plan for establishing new business facilities (limited to a business operator who conducts a business in designated cluster industries specified by an Ordinance of the Ministry of Internal Affairs and Communications) from paying real property acquisition tax for acquiring houses to be used for said facilities or the site thereof or fixed asset taxes for houses or structures to be used for said facilities or the site thereof, or has imposed unequal taxation related to such local taxes, and when these measures are found to fall under cases specified by an Ordinance of the Ministry of Internal Affairs and Communications, the base amount of income of said local public entity for each fiscal year under Article 14 of the Local Allocation Tax Act (Act No. 211 of 1950) shall be the amount obtained by deducting the partial amount of income decreases of said local public entity for said each fiscal year (for decreases due to those measures concerning fixed asset tax, limited to decreases for three years after the first fiscal year in which said measures were taken), calculated as specified by an Ordinance of the Ministry of Internal Affairs and Communications, from the original base amount of income under the same Article of said local public entity for each said fiscal year (where those measures are taken on or after the date specified by an Ordinance of the Ministry of Internal Affairs and Communications, for the fiscal year following each said fiscal year in which each of the income decreases occurred), notwithstanding the provision of the same Article.

(Securing of Funds)

Article 21 The State and a local public entity shall endeavor to secure the funds necessary for an approved business operator establishing new business facilities or making a business innovation to take measures for establishing new business facilities or making a business innovation in accordance with the approved plan for establishing new business facilities or making a business

innovation.

(Guidance and Advice)

Article 22 The State and a local public entity shall provide the necessary guidance and advice for an approved business operator establishing new business facilities or making a business innovation so that he/she can take the appropriate measures for establishing new business facilities or making a business innovation related to the approved plan for establishing new business facilities or making a business innovation.

(Collection of Reports)

Article 23 Prefectural governors may ask an approved business operator establishing new business facilities or making a business innovation to make a report on how he/she has been implementing the approved plan for establishing new business facilities or making a business innovation.

### **Chapter III Miscellaneous Provisions**

(Organic Coordination with Measures concerning Infrastructure Improvement for Wide-area Regional Development)

Article 24 The State shall endeavor to take the measures necessary for the formation, etc. of industrial clusters and measures concerning infrastructure improvement for wide-area regional development through the traffic of people and distribution of goods, in an effective manner, while seeking organic coordination between them.

(Organic Coordination with Measures for Improving Regional Employment Structure)

Article 25 The State shall endeavor to take the measures necessary for the formation, etc. of industrial clusters and measures for improving the regional employment structure, in an effective manner, while seeking organic coordination between them.

(Facilitation of Coordination and Cooperation with Universities, etc.)

Article 26 (1) The competent ministers and the Minister of Education, Culture, Sports, Science and Technology shall, when finding it necessary for promoting the establishment of new business facilities and business innovation in an agreed cluster zone, endeavor to facilitate coordination and cooperation for research and development and the fostering of human resources between municipalities and prefectures, and universities, technical colleges, and Inter-University Research Institutes (hereinafter referred to as "universities, etc." in

this paragraph) and between specified business operators and universities, etc. In this case, consideration shall always be given to the characteristics of education and research carried out at universities, etc.

- (2) The competent ministers and the Minister of Education, Culture, Sports, Science and Technology shall endeavor to actively put forward measures for promoting the learning of knowledge and skills to be newly required as a result of the establishment of new business facilities and business innovation by a specified business operator in an agreed cluster zone.

(Cooperation of Relevant Administrative Organs)

Article 27 The competent ministers, the heads of the relevant administrative organs, and the heads of the relevant local public entities shall coordinate mutually and provide cooperation for the disposition of and other measures concerning the establishment of new business facilities, with a view to promoting the smooth implementation of the agreed basic plan.

(Competent Ministries and Ordinances of Competent Ministries)

Article 28 (1) The competent ministries for Article 4, paragraph (1) and paragraph (3) to paragraph (5) shall be the Minister of Economy, Trade and Industry, the Minister of Internal Affairs and Communications, the Minister of Finance, the Minister of Health, Labour and Welfare, the Minister of Agriculture, Forestry and Fisheries, and the Minister of Land, Infrastructure, Transport and Tourism.

- (2) The competent ministries for Article 5, paragraph (1), paragraph (5) and paragraph (6), and Article 6, paragraph (1) and paragraph (2) shall be the Minister of Economy, Trade and Industry and the ministers who have jurisdiction over businesses in designated cluster industries provided for in the basic plan (where the basic plan provides for the matters listed in Article 5, paragraph (2), item (xi), the Minister of Economy, Trade and Industry, the Minister of Agriculture, Forestry and Fisheries, and the ministers who have jurisdiction over businesses in designated cluster industries provided for in the basic plan).

- (3) The competent ministers for the preceding two Articles shall be the Minister of Economy, Trade and Industry and the ministers who have jurisdiction over specified businesses.

- (4) Ordinances of the competent ministries for Article 5, paragraph (1), Article 6, paragraph (1) and paragraph (2), and Article 7, paragraph (3) shall be orders issued by the ministries prescribed in paragraph (1).

(Penal Provisions)

Article 29 (1) A person who has failed to make a report as prescribed in Article

23 or who has made a false report shall be punished by a fine of not more than three hundred thousand yen.

- (2) When the representative of a juridical person or an agent, employee or any other worker of a juridical person or an individual has committed a violation set forth in the preceding paragraph, with regard to the business of said juridical person or individual, not only the offender shall be punished but also said juridical person or individual shall be sentenced to the punishment set forth in the same paragraph, respectively.

### **Supplementary Provisions, Extract**

(Effective Date)

Article 1 This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding three months from the date of promulgation.

(Review)

Article 2 The government shall review the status of the enforcement of this Act within ten years from the enforcement of this Act, and take any necessary measures based on the results.

(Special Provisions of the Organization for Small and Medium-sized Enterprises and Regional Innovation Act)

Article 3 (1) The Organization may, until the date specified by a Cabinet Order set forth in Article 5, paragraph (1) of the Supplementary Provisions of the Organization for Small and Medium-sized Enterprises and Regional Innovation Act, conduct businesses for the management and transfer of factory sites, industrial business facility sites or business sites which it manages as prescribed in Article 5, paragraph (1), item (i) to item (iii) and Article 5, paragraph (2) of the same Act, so as to provide these sites for a business to be conducted by a local public entity or a person who conducts a business for the development of business environments as prescribed in Article 5, paragraph (2), item (vii) in accordance with the agreed basic plan or for a specified business to be conducted in an agreed cluster zone by a specified business operator.

- (2) Where the Organization intends to conduct businesses set forth in the preceding paragraph, and when said factory sites pertain to the entrustment under Article 5, paragraph (2) of the Supplementary Provisions of the Organization for Small and Medium-sized Enterprises and Regional Innovation Act, the Organization shall obtain the consent of the entruster in advance.

Article 4 The Organization may, for the time being, engage in the business of

managing and transferring factories or workplaces or factory sites or business sites which it develops or manages as prescribed in Article 8-2, paragraph (1) of the Supplementary Provisions of the Organization for Small and Medium-sized Enterprises and Regional Innovation Act, so as to provide these sites for a business to be conducted in an agreed cluster zone by a local public entity or a person who conducts a business for the development of business environments as prescribed in Article 5, paragraph (2), item (vii) in accordance with the agreed basic plan or for a specified business to be conducted in an agreed cluster zone by a specified business operator.

(Repeal of the Act on Temporary Measures for Activation of Specific Regional Industrial Agglomerations)

Article 5 The Act on Temporary Measures for Activation of Specific Regional Industrial Agglomerations (Act No. 28 of 1997) shall be repealed.

(Transitional Measures concerning Application for Approval for an Innovation Plan)

Article 6 (1) With regard to approval from prefectural governors for an innovation plan set forth in Article 7, paragraph (1) of the Act on Temporary Measures for Activation of Specific Regional Industrial Agglomerations prior to the repeal under the preceding Article (hereinafter referred to as the "Former Act"), for which an application for approval had been filed as prescribed in the same paragraph prior to the enforcement of this Act and a disposition as to whether to grant approval or not had not been rendered at the time of the enforcement of this Act, the provisions then in force shall remain applicable.

(2) An innovation plan set forth in Article 7, paragraph (1) of the Former Act which has obtained approval pursuant to the provisions then in force as prescribed in the preceding paragraph shall be deemed to be an approved innovation plan set forth in Article 8, paragraph (2) of the Former Act (hereinafter referred to as a "formerly approved innovation plan"), with regard to the application of the provision of Article 8, paragraph (1) of the Supplementary Provisions.

(3) A person who implements an innovation plan set forth in the preceding paragraph and who is a small and medium-sized business operator prescribed in Article 2, paragraph (5) of the Former Act shall be deemed to be an approved small and medium-sized business operator making an innovation, etc. set forth in Article 15, paragraph (1) of the Former Act (hereinafter referred to as a "formerly approved small and medium-sized business operator making an innovation, etc."), with regard to the application of the provisions of Article 8, paragraph (2) and paragraph (3) of the Supplementary Provisions.

(4) A person who implements an innovation plan set forth in paragraph (2) shall

be deemed to be an approved specified business operator set forth in Article 8, paragraph (1) of the Former Act (hereinafter referred to as a "formerly approved specified business operator"), with regard to the application of the provision of Article 8, paragraph (5) of the Supplementary Provisions.

(Transitional Measures concerning Application for Approval for an Innovation Facilitation Plan)

Article 7 (1) With regard to the approval from prefectural governors for an innovation facilitation plan set forth in Article 9, paragraph (1) of the Former Act, for which an application for approval had been filed as prescribed in the same paragraph prior to the enforcement of this Act and a disposition as to whether to grant approval or not had not been rendered at the time of the enforcement of this Act, the provisions then in force shall remain applicable.

(2) An innovation facilitation plan set forth in Article 9, paragraph (1) of the Former Act which has obtained approval pursuant to the provisions then in force as prescribed in the preceding paragraph shall be deemed to be an approved innovation facilitation plan set forth in Article 10, paragraph (2) of the Former Act (hereinafter referred to as a "formerly approved innovation facilitation plan"), with regard to the application of the provisions of paragraph (1) and paragraph (4) of the following Article.

(3) A person who implements an innovation facilitation plan set forth in the preceding paragraph shall be deemed to be an approved commercial association, etc. for facilitating the innovation, etc. set forth in Article 10, paragraph (1) of the Former Act (hereinafter referred to as a "formerly approved commercial association, etc. for facilitating innovation, etc."), with regard to the application of the provisions of paragraph (3) and paragraph (5) of the following Article.

(Transitional Measures for Persons who Obtained Approval for an Innovation Plan and Innovation Facilitation Plan)

Article 8 (1) With regard to approval for changes to a formerly approved innovation plan and formerly approved innovation facilitation plan and the revocation thereof, the provisions then in force shall remain applicable.

(2) With regard to the special provisions of the Small and Medium Business Investment & Consultation Corporation Act (Act No. 101 of 1963) prescribed in Article 15 of the Former Act that relate to formerly approved small and medium-sized business operators making an innovation, etc., the provisions then in force shall remain applicable.

(3) With regard to special provisions of the Small and Medium-sized Enterprise Credit Insurance Act prescribed in Article 16 of the Former Act for a guarantee related to industrial clusters for fundamental technology prescribed in



paragraph (1) of the same Article that relate to formerly approved small and medium-sized business operators making an innovation, etc. and formerly approved commercial associations, etc. for facilitating innovation, etc., the provisions then in force shall remain applicable.

(4) With regard to special provisions of the Act on Organization of Small Enterprises (Act No. 185 of 1957) prescribed in Article 18 of the Former Act for businesses pertaining to use of the outcome of research and development provided for in a formerly approved innovation facilitation plan, the provisions then in force shall remain applicable.

(5) With regard to the collection of reports prescribed in Article 33 of the Former Act that relate to formerly approved specified business operators and formerly approved commercial associations, etc. for facilitating innovation, etc., the provisions then in force shall remain applicable.

(Transitional Measures for a Business to Promote Innovation of Specified Fundamental Technology Conducted by the Organization for Small and Medium-sized Enterprises and Regional Innovation)

Article 9 (1) With regard to the factories, workplaces, or facilities prescribed in Article 11, paragraph (1), item (i) of the Former Act which the Organization develops or manages, or factory sites, business sites, or facilities prescribed in item (ii) of the same paragraph which the Organization prepares, develops or manages, as prescribed in the same paragraph, at the time of the enforcement of this Act, the provision of the same paragraph shall remain in force for the time being.

(2) With regard to the facilities prescribed in Article 11, paragraph (2) of the Former Act (limited to the part pertaining to item (ii)) which the Organization develops or manages as prescribed in the same paragraph at the time of the enforcement of this Act, the provision of the same paragraph shall remain in force for the time being.

(Transitional Measures for Application for Approval for a New Business Start-up Plan)

Article 10 (1) With regard to the approval from prefectural governors for a new business start-up plan set forth in Article 23, paragraph (1) of the Former Act, for which an application for approval had been filed as prescribed in the same paragraph prior to the enforcement of this Act and a disposition as to whether to grant approval or not had not been rendered at the time of the enforcement of this Act, the provisions then in force shall remain applicable.

(2) A new business start-up plan set forth in Article 23, paragraph (1) of the Former Act which has obtained approval pursuant to the provisions then in force as prescribed in the preceding paragraph shall be deemed to be an

approved new business start-up plan set forth in Article 24, paragraph (2) of the Former Act (hereinafter referred to as a "formerly approved new business start-up plan"), with regard to the application of the provision of Article 12, paragraph (1) of the Supplementary Provisions.

- (3) A person who implements a new business start-up plan set forth in the preceding paragraph shall be deemed to be an approved small and medium-sized business operator starting up a new business set forth in Article 24, paragraph (1) of the Former Act (hereinafter referred to as a "formerly approved small and medium-sized business operator starting up a new business"), with regard to the application of the provisions of Article 12, paragraph (2), paragraph (3) and paragraph (5) of the Supplementary Provisions.

(Transitional Measures for Application for Approval for a New Business Start-up Facilitation Plan)

Article 11 (1) With regard to the approval from prefectural governors for a new business start-up facilitation plan set forth in Article 25, paragraph (1) of the Former Act, for which an application for approval had been filed as prescribed in the same paragraph prior to the enforcement of this Act and a disposition as to whether to grant approval or not had not been rendered at the time of the enforcement of this Act, the provisions then in force shall remain applicable.

- (2) A new business start-up facilitation plan set forth in Article 25, paragraph (1) of the Former Act which has obtained approval pursuant to the provisions then in force as prescribed in the preceding paragraph shall be deemed to be an approved new business start-up facilitation plan set forth in Article 26, paragraph (2) of the Former Act (hereinafter referred to as a "formerly approved new business start-up facilitation plan"), with regard to the application of the provisions of paragraph (1) and paragraph (4) of the following Article.

- (3) A person who implements a new business start-up facilitation plan set forth in the preceding paragraph shall be deemed to be an approved commercial association, etc. for facilitating a new business start-up set forth in Article 26, paragraph (1) of the Former Act (hereinafter referred to as a "formerly approved commercial association, etc. for facilitating a new business start-up"), with regard to the application of the provisions of paragraph (3) and paragraph (5) of the following Article.

(Transitional Measures for Persons who Obtained Approval for a New Business Start-up Plan and New Business Start-up Facilitation Plan)

Article 12 (1) With regard to approval for changes to a formerly approved new business start-up plan and a formerly approved new business start-up

facilitation plan and the revocation thereof, the provisions then in force shall remain applicable.

- (2) With regard to the special provisions of the Small and Medium Business Investment & Consultation Corporation Act prescribed in Article 15 of the Former Act, which is applied mutatis mutandis by replacing the terms under Article 27 of the Former Act, that relate to formerly approved small and medium-sized business operators starting up a new business, the provisions then in force shall remain applicable.
- (3) With regard to special provisions of the Small and Medium-sized Enterprise Credit Insurance Act prescribed in Article 16 of the Former Act for a guarantee related to small and medium-sized enterprise clusters prescribed in paragraph (1) of the same Article, which is applied mutatis mutandis by replacing the terms under Article 27 of the Former Act, that relate to formerly approved small and medium-sized business operators starting up a new business and formerly approved commercial associations, etc. for facilitating a new business start-up, the provisions then in force shall remain applicable.
- (4) With regard to special provisions of the Act on Organization of Small Enterprises prescribed in Article 18 of the Former Act, which is applied mutatis mutandis by replacing the terms under Article 27 of the Former Act, for businesses pertaining to the use of the outcome of research and development provided for in a formerly approved new business start-up facilitation plan, the provisions then in force shall remain applicable.
- (5) With regard to the collection of reports prescribed in Article 33 of the Former Act that relate to formerly approved small and medium-sized business operators starting up a new business and formerly approved commercial associations, etc. for facilitating a new business start-up, the provisions then in force shall remain applicable.

(Transitional Measures for the Application of Penal Provisions)

Article 13 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act and acts committed after the enforcement of this Act in cases where the provisions then in force shall remain applicable pursuant to the provisions of the Supplementary Provisions of this Act, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 14 In addition to what is prescribed in the Supplementary Provisions, other transitional measures necessary for the enforcement of this Act shall be specified by a Cabinet Order.

(Special Provisions of the Organization for Small and Medium-sized

Enterprises and Regional Innovation Act)

- Article 15 (1) The Organization may, for the time being, conduct businesses for the management and transfer of factories, workplaces, or factory sites, business sites, or facilities which it prepares, develops or manages as prescribed in Article 8-4, paragraph (1), of the Supplementary Provisions of the Organization for Small and Medium-sized Enterprises and Regional Innovation Act, so as to provide these sites or facilities for a business to be conducted by a local public entity or a person who conducts a business for the development of business environments as prescribed in Article 5, paragraph (2), item (vii) in accordance with the agreed basic plan or for a specified business to be conducted in an agreed cluster zone by a specified business operator.
- (2) Where the Organization intends to conduct businesses as set forth in the preceding paragraph, and when said facilities are developed or managed as entrusted under Article 11, paragraph (2) of the Former Act (limited to the part pertaining to item (ii)), the Organization shall obtain the consent of the entruster in advance.

**Supplementary Provisions (Act No. 70 of June 1, 2007), Extract**

(Effective Date)

- Article 1 This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding three months from the date of promulgation; provided, however, that the provisions listed in the following items shall come into effect as from the date prescribed in the respective items:
- (i) omitted;
  - (ii) the provision of Article 11 of the Supplementary Provisions: either of the date of promulgation of the Act on Formation and Development of Regional Industrial Clusters through Promotion of Establishment of New Business Facilities, etc. (Act No. 40 of 2007) or the date of the enforcement of this Act, which comes later.

**Supplementary Provisions (Act No. 37 of May 23, 2008)**

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding three months from the date of promulgation.