

Support measures for Chisso Corporation from 2000

(June 9, 1999
Minamata disease-related cabinet ministers agreement)

The current support measures for Chisso Corporation (hereafter referred to as Chisso), were decided from a medium- to long-term perspective, and considering the company's financial condition; the government presents to those concerned a proposal of the following drastic measures.

1. By the end of 1999, Chisso will formulate the 'Chisso Rejuvenation Plan'. Thanks to self-imposed radical downsizing and appropriate cooperation from related financial institutions, Chisso will be able to ensure an ordinary profit of over 4 billion yen per annum. With this in mind, in order to support Chisso in preferential payment of compensation to patients using its working profit without recourse to prefectural patient bonds, the national government will abolish the prefectural patient bond system from the year 2000. In addition, presupposing that the agreements in paragraph 2 below are complied with, the following measures will be taken with regard to past public debt.

(1) Each fiscal year, after Chisso has made patient compensation payments from its working profit, Kumamoto Prefecture will grant an appropriate extension on repayment of prefectural loans.

(2) In order that the repayment of prefectural bonds is not interrupted in the event of the above measures being taken, the national government will provide adequate subsidies from general finance (80%) and local finance (20%). In addition, as a local finance measure, Kumamoto Prefecture will issue special prefectural bonds, whose proceeds will come from local tax allocation. Special prefectural bonds will be funded by government finance. Future repayments of Chisso's deferred loans will be allocated to general and local finance at the above-mentioned ratio.

(3) Kumamoto Prefecture will request the Minamata Disease Issues Settlement Aid Foundation to exempt Chisso from repaying 85% of the lump-sum loan provided by the national treasury.

In this case, the national government will not require Kumamoto Prefecture to repay the aforementioned loan to the national treasury.

2. We insist upon the following measures with regard to related non-government parties. It is essential to gain the public's understanding, as their taxes will be used in the implementation of these drastic measures.

(1) Independent effort by Chisso; securement of repayment resources; clarification of shareholders' responsibilities.

(2) In-depth assistance measures for related financial institutions regarding past finances for financial support.

(3) Assistance from the community.

3. Other:

(1) In the event that the above financial assistance measures for Chisso do not suffice, and that it becomes difficult to secure the funds required to repay local bonds, the national government will take appropriate measures as decided by cabinet council.

(2) In the event that, despite these drastic support measures, patient compensation payments are hindered in any way, the appropriate government ministry will discuss and decide upon suitable measures.

(3) In the event that Chisso's profits are affected by sudden economic change, the appropriate parties will negotiate a safety net, and suitable actions to improve Chisso's earnings, whilst preventing moral hazard.