

## C. Impact on Japanese Economy

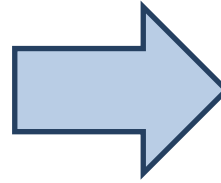
1. Reconstruction and Recovery
2. Estimated Economic Damage of the Tohoku-Pacific Ocean Earthquake and Plan for Reconstruction
3. Electricity and Energy Policy
4. Steps in Policy Measures for Reconstruction

# 1.Reconstruction and Recovery (infrastructure)

Infrastructure such as roads, railroads, seaports, airports and utilities such as electric power, gas and water have been rapidly and steadily recovering their function.

March 13

1 month later



April 13



KYODO NEWS



KYODO NEWS

Sendai airport

Sendai airport

# 1. Reconstruction and Recovery (infrastructure)

## Railroad



1 week later



Sendai Station

## Port



1 month later



Sendai-Shiogama Port

## Road



3 weeks later



Miyagi prefectural road, Route 240

# 1. Reconstruction and Recovery (Return to usual life)

Ishinomaki City, Miyagi



Ministry of Defense



Ministry of Defense

Sendai Station



JR



## 2. Economic Outlook and Estimation

~Estimated economic damage is limited~

### Damaged Stocks in Disaster Areas (4% of the total stock)

\*estimated by the Cabinet Office of Japan

**16.9 trillion Yen**  
**(US\$204 billion)**

**(Reference) Japan's GDP : 500 trillion Yen (US\$5.9 trillion)**

### Extent of the affected areas

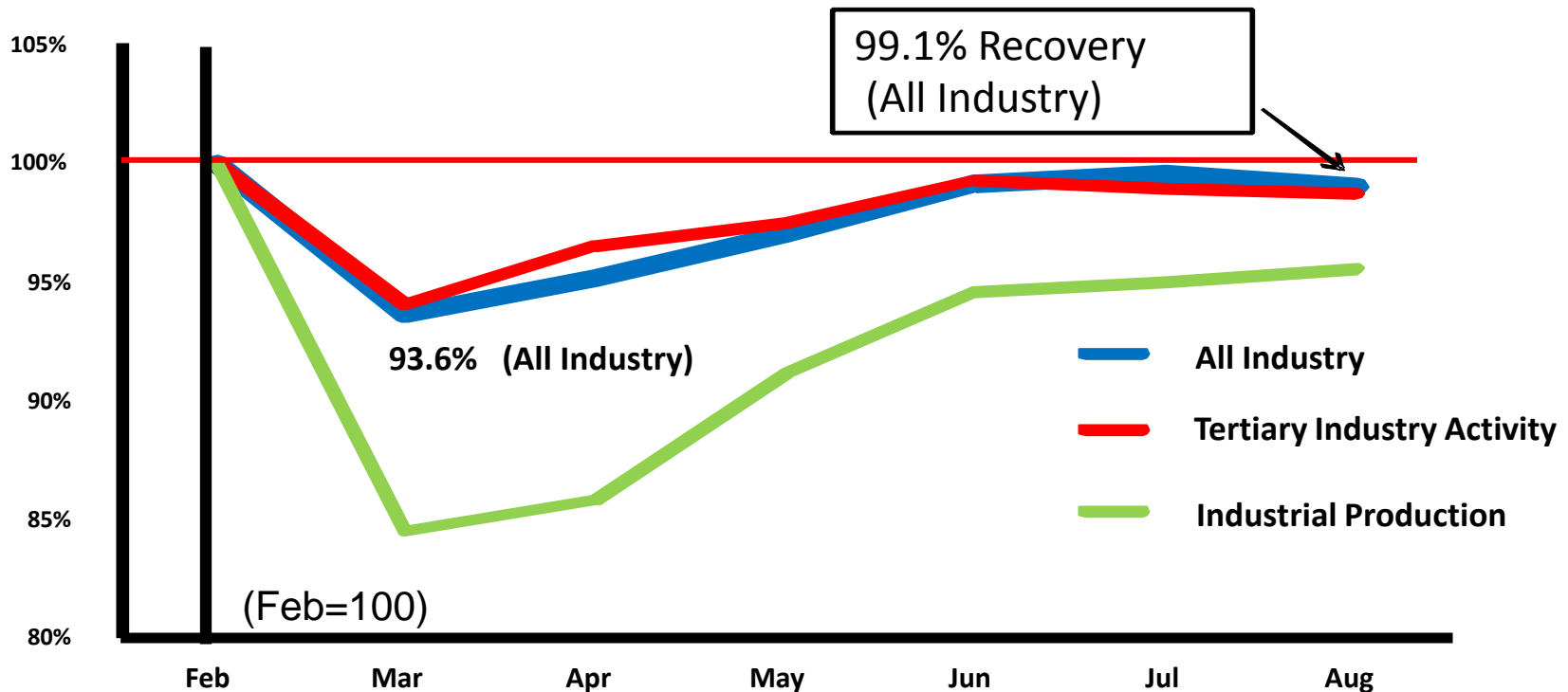
\*estimated by METI (Census of Manufactures)

Adverse impact to Japanese economy is limited  
(The affected area accounts for 2.5% of the Japanese economy in terms of industrial production).

# Economic Activities' Rapid Recovery

Although the real GDP contracted during the 2<sup>nd</sup> quarter by 0.5% (annualized 2.1%), Japan's economic activity has almost recovered from the Earthquake by summer.

## Indices of All Industry Activity (seasonally adjusted)



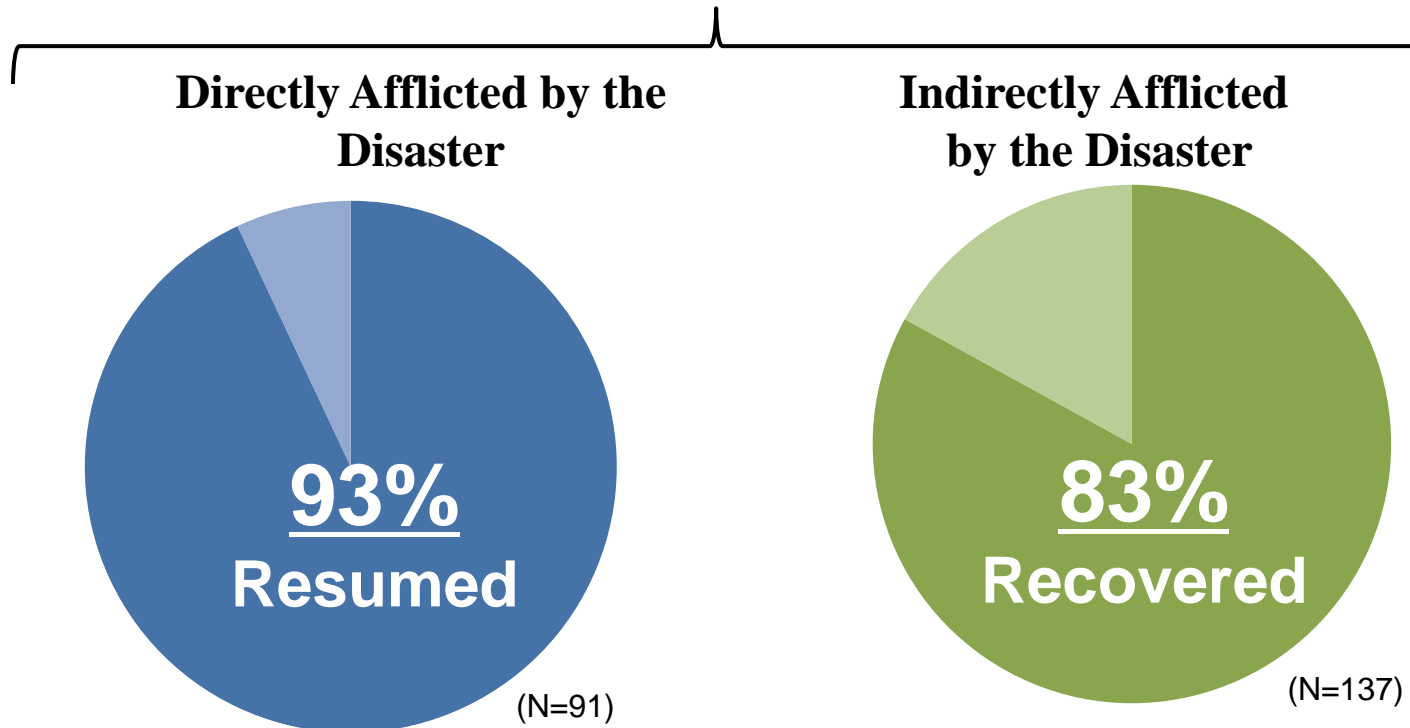
Industrial production reached 95.6% of the pre-disaster level and tertiary industry activity (services) reached 98.8% by August.

# Restoration of Production Bases in the Affected Areas

~ Manufacturing activities & supply chains have been recovering ~

- Most of the manufacturing bases that had been afflicted by the earthquake and the tsunami have already recovered their production level.  
(93% of those directly afflicted; 83% of those indirectly afflicted by the disaster)

## Production Level of Manufacturing Bases

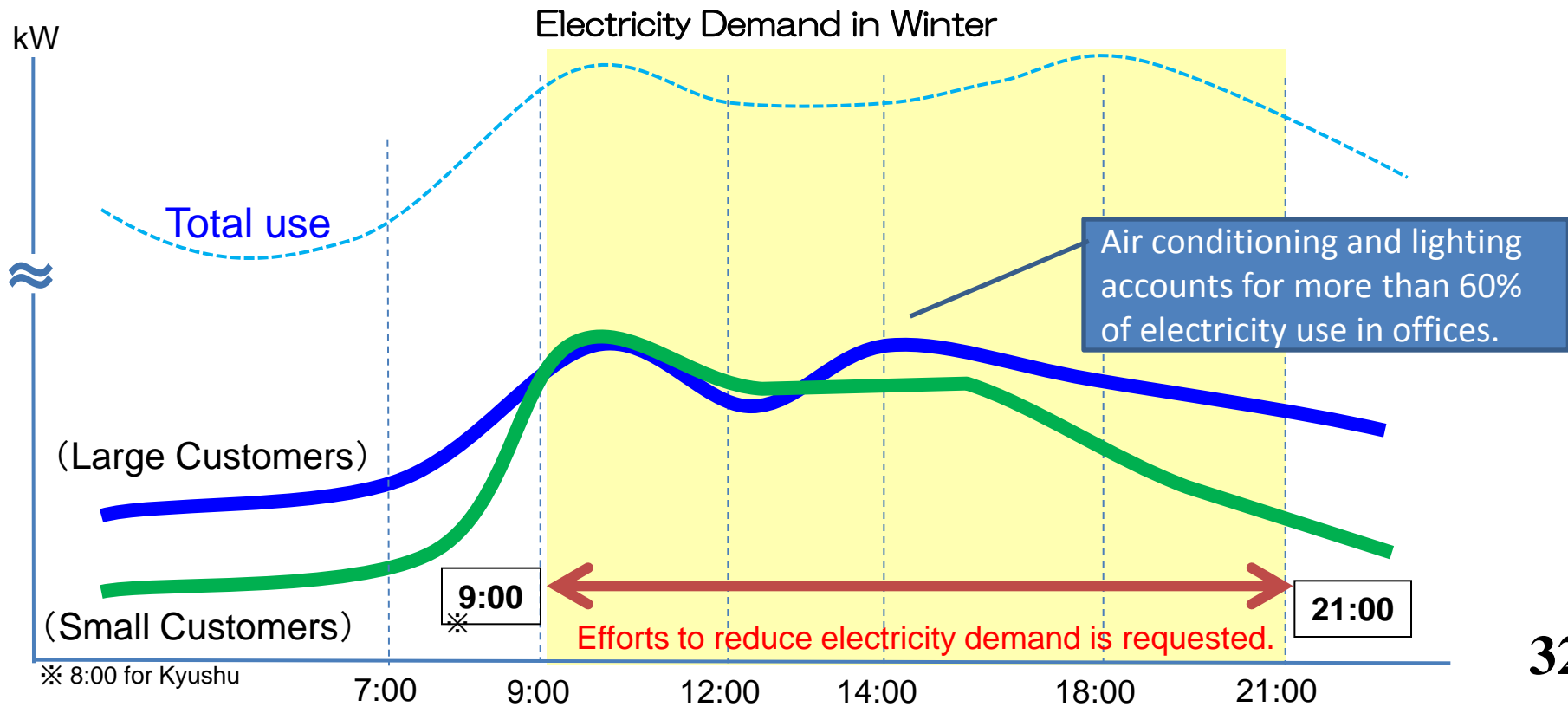


# 3. Electricity and Energy Policy

## Electricity Supply and Demand This Winter

- The restriction on electricity use under Article 27 of the Electricity Business Act will not be invoked this winter.
- The supply-demand balance will not be as tight as that of the summer 2011 even if the suspended NPS will not be restarted.

Efforts to reduce electricity consumption will be requested to the extent that they do not interfere with people's lives and economic activities, during **9:00(※) - 21:00** from **December 1<sup>st</sup> to March 30<sup>th</sup>**. (※)8:00 for Kyushu  
※Electricity saving target will be set within Kansai/Kyushu EPCO area. (Kansai:10% and Kyushu: 5% reduction, respectively.)





### 3. Electricity and Energy Policy

#### Energy Policy -Four Pillars of Power Generation-

~Renewable energy and energy efficiency  
set as new pillars of energy policy~

**1. The Safety of Nuclear Energy**

**2. The Environmental Challenge of Fossil Fuels**

#### **New Pillars**

**3. The Practical Use of Renewable Energy**

**4. The Potential of Energy Efficiency**

# 4. Steps in Policy Measures for Reconstruction



## 1<sup>st</sup> Supplementary Budget (May 2)

Rescue Efforts	0.5 tril.yen
Disposal of Debris	0.4 tril.yen
Public Transportation etc	1.2 tril.yen
School Buiding etc	0.4 tril.yen
Lending Facilities	0.6 tril.yen
Fiscal transfers to LGUs	0.1 tril.yen
Others	0.8 tril.yen
<b>Total</b>	<b>4.0 tril.yen</b>

**The Basic Law for Reconstruction**  
Passed by the Diet (June 20)

**The Reconstruction Design Council**  
Adopted its report of plan on June 25, and submitted to the Prime Minister

**2<sup>nd</sup> Supplementary Budget**  
Passed by the Diet (July 25)

**3<sup>rd</sup> Supplementary Budget**  
Passed by the Diet (November 21)

**Reconstruction Agency Established .**  
(February 10th)

**Great East Japan Earthquake (March 11)**

