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.

1 month later

March 13 → April 13

Sendai airport

KYODO NEWS

Sendai airport

KYODO NEWS
1. Reconstruction and Recovery

(infrastructure)

**Railroad**

Sendai Station

1 week later

**Port**

Sendai-Shiogama Port

1 month later

**Road**

Miyagi prefectural road, Route 240

3 weeks later

East Japan Railway, Miyagi Prefectural Government
1. Reconstruction and Recovery
(Return to usual life)

Ishinomaki City, Miyagi

Sendai Station

Ministry of Defense

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 2nd quarter by 0.5% (annualized 2.1%), Japan’s economic activity has almost recovered from the Earthquake by summer.

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

Source: Research and Statistics Department, METI
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

Directly Afflicted by the Disaster

- 93% Resumed (N=91)

Indirectly Afflicted by the Disaster

- 83% Recovered (N=137)

Source: Ministry of Economy, Trade and Industry
Electricity Demand in Winter

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 1st to March 30th. (※)8:00 for Kyushu
※Electricity saving target will be set within Kansai/Kyushu EPCO area. (Kansai:10% and Kyushu: 5% reduction, respectively.)

Electricity Demand in Winter

Air conditioning and lighting accounts for more than 60% of electricity use in offices.

Efforts to reduce electricity demand is requested.
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

1st Supplementary Budget (May 2)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Rescue Efforts</td>
<td>0.5 tril.yen</td>
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<tr>
<td>Disposal of Debris</td>
<td>0.4 tril.yen</td>
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<tr>
<td>Public Transportation etc</td>
<td>1.2 tril.yen</td>
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<tr>
<td>School Building etc</td>
<td>0.4 tril.yen</td>
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<tr>
<td>Lending Facilities</td>
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<td>Fiscal transfers to LGUs</td>
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<tr>
<td>Others</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>4.0 tril.yen</strong></td>
</tr>
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</table>

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

2nd Supplementary Budget Passed by the Diet (July 25)

3rd Supplementary Budget Passed by the Diet (November 21)

Reconstruction Agency Established (February 10th)

Great East Japan Earthquake (March 11)