

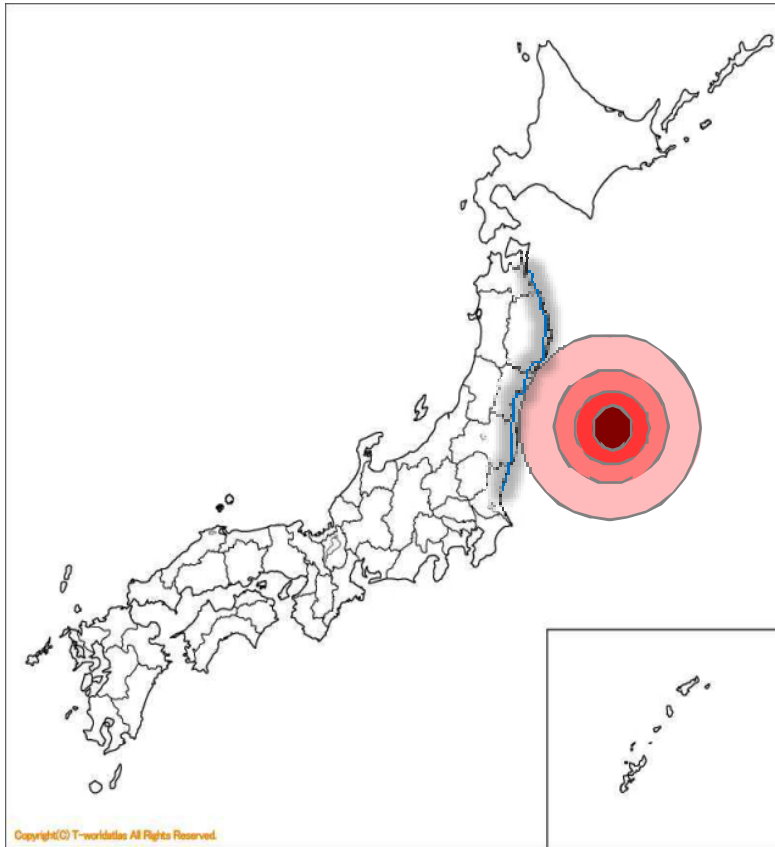
Road to recovery

Recovery Road to Recovery

GOVERNMENT OF JAPAN
March 2012

Unprecedented challenge for Japan

The Great East Japan Earthquake



Earthquakes

Main shock

- Magnitude : 9.0 (Mar. 11th 2011)

Aftershocks

- Magnitude 7 or greater : 6 times
- Magnitude 6 or greater : 97 times
- Magnitude 5 or greater : 594 times
(As of Feb 28th 2012)

Casualties

- **Dead : over 15,800**
- **Missing: over 3,200**
- **Injured: over 6,000** (As of Feb 21st 2012)

International Cooperation was tremendous



US Navy/US Pacific Command
(Operation Tomodachi)



Ministry of Defence

Source: Ministry of Economy, Trade and Industry

Tremendous support from the international community

Assistance offered from

- 163 countries and regions
 - 43 international organizations
- (As of October 21st 2011)

Rescue teams were dispatched from 29 countries, regions and international organizations

(As of October 21st 2011)

Nearly All Evacuees Resettled One Year Later

1. Approximately 580 people live in evacuation centers (community hall, school, etc.) in 2 Prefectures.
(Decreased more than 40,000 people compared to the first survey on June 2, 2011)
2. Approximately 325,000 people live in houses and other residential facilities
3. Total number of evacuees nationwide is 343,000
4. Evacuated people are currently living in more than 1,200 municipalities located in 47 Prefectures.

(Number of people)*1	<i>June 2, 2011</i>		<i>Feb 9, 2012</i>
Evacuation center	41,143	▶	584
Hotel and other similar facilities	28,014	▶	97
Others (Houses of relatives, friends, etc)	32,483	▶	16,901
Houses*2 (Temporary housings, public housings, hospitals, etc.)	22,954*3	▶	324,927

*1: The above figures show the sum of evacuees as of February 9, 2012, with the cooperation of relevant local governments.

*2: Houses for Miyagi and Fukushima Prefecture does not include hospitals.

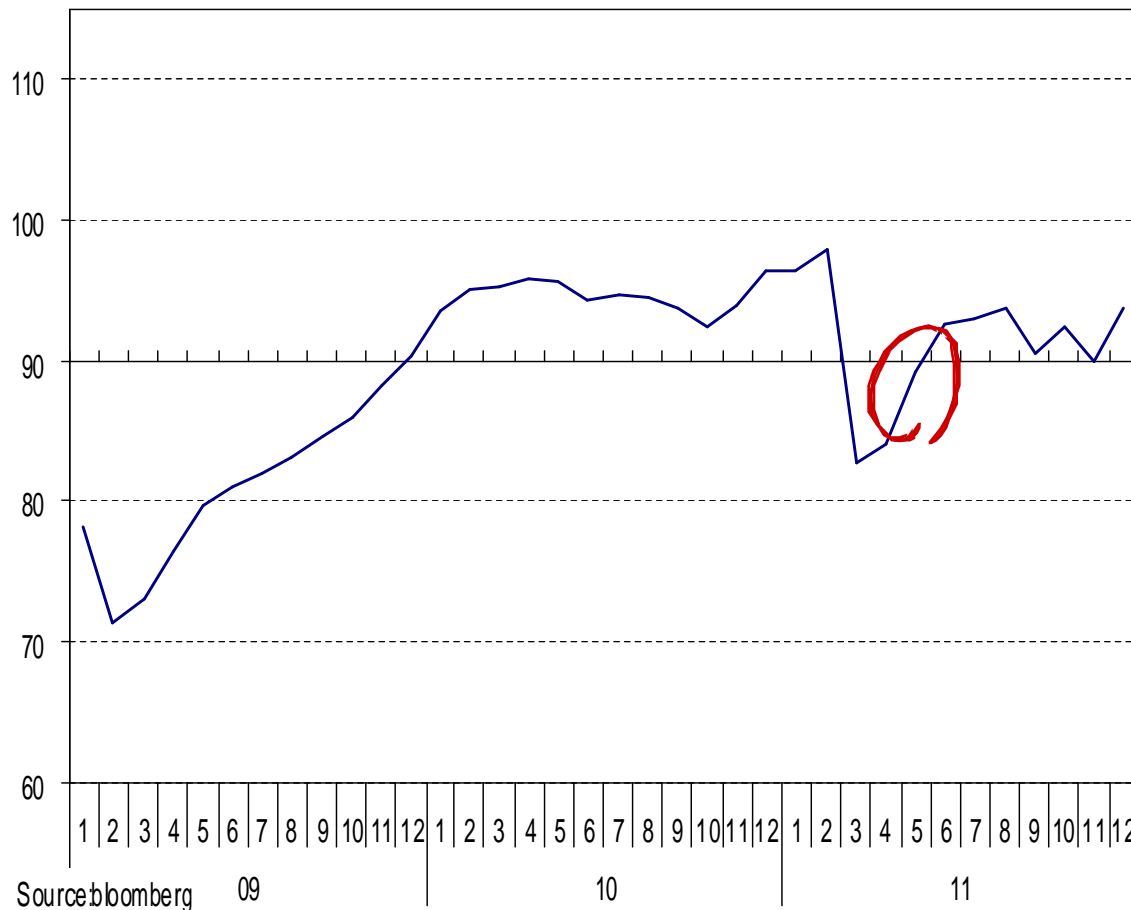
*3: The figure does not include evacuees in Miyagi, Fukushima and Iwate Prefectures.

Source: Reconstruction Agency

Supply Chain Recovered with Remarkable Speed

Production Index of mining and manufacturing industry

(Index, Y2005=100)



Month-over-month growth rate of mining and manufacturing industry production was 5.7% in May 2011

- the largest ever since recorded

Orders for machinery (Month-over-Month)

- 2011 November 14.7%
- 2011 December -7.2%

Real GDP Growth (an annual rate)

- 2011 3Q 7.0%
- 2011 4Q -2.3%

Reconstruction Guidelines developed in July and Being implemented

“Basic Guidelines for Reconstruction in response to the Great East Japan Earthquake” was decided by the Reconstruction Headquarters in response to the Great East Japan Earthquake on July 29, 2011. The Guidelines constitute a blueprint for the Government and other actors to tackle numerous challenges in the reconstruction process.

BASIC CONCEPT

- Main administrative actors are municipalities.
- The central government will present guidelines for reconstruction and provide support on finance, human resources, know-how and other aspects.
- Reinforce bonds (kizuna) with the international community; “reconstruction open to the world”

TIMEFRAME

- 10 years for the reconstruction period (the first 5 years for the “concentrated reconstruction period”)

RESPONSE ACTIONS TO BE IMPLEMENTED

- Measures for the recovery and reconstruction of the disaster-afflicted areas and for the restoration of lives of affected people
- Measures to be taken in areas closely connected with disaster-afflicted areas;
- Measures for nationwide disaster prevention and reduction.

BUDGET SCALE (estimation, national and local governments)

- ¥23 trillion in the next 10 years (¥19 trillion in the first 5 years)

SUPPORT FOR RECONSTRUCTION

- Create “system of Special Zone for Reconstruction”
- Establish “easy-to-use” grant for implementation of reconstruction plans formulated by local governments
- Work towards reconstruction with the vitality of private sector

POLICIES AND MEASURES

Building Disaster Resilient Regions

- Build regions which respond to challenges of aging society and population decline and mobilize measures on the concept of “disaster reduction”
- Realize swift reorganization of land use

Revival of Local Economic Activities

- Mobilize public and private funds for affected business enterprises, reduce corporate effective tax rate
- Assure quick recovery of logistic infrastructure, promote the use of renewable energy and improve energy efficiency
- Promote foreign investment to Japan and acceptance of foreign nationals with skill and knowledge.

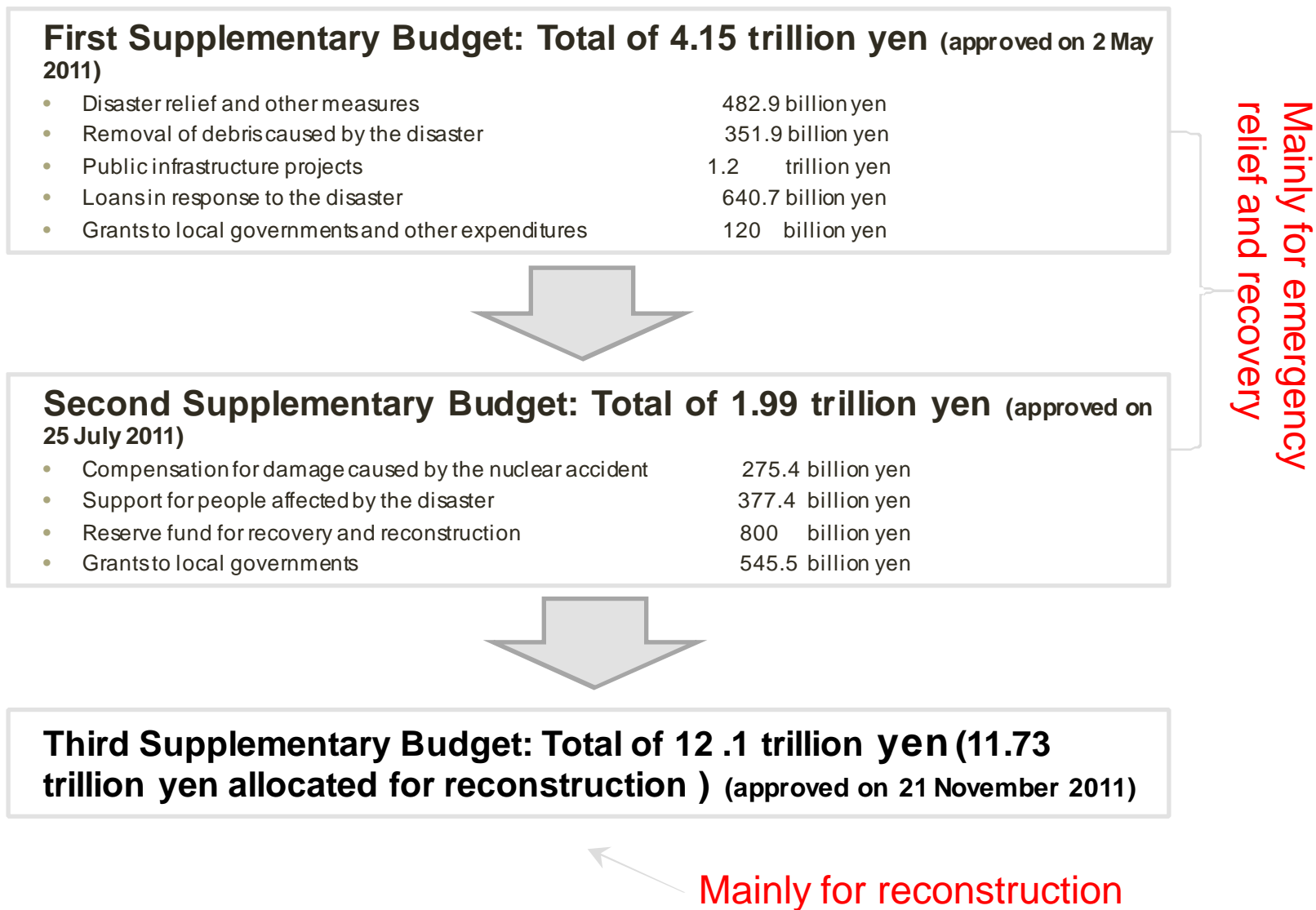
Nation-building incorporating lessons from the Earthquake

- Promote international cooperation to share lessons learnt as global knowledge asset
- Verify measures to be taken in case of future earthquakes and strengthen response capacity to disasters
- Conduct in-depth study on the Great Earthquake including international joint study to contribute to disaster prevention

Reconstruction from Nuclear Accident

- Implement emergency, recovery and reconstruction measures and solve the nuclear accident as soon as possible.
- Monitor and provide information on radiation dose and develop system to assist inspection to assure food safety.

Budget Allocations Approved



Reconstruction Funds Allocated

Outline of the FY2011 Third Supplementary Budget

11.73 trillion yen allocated for reconstruction

➤ Disaster relief	94.1 billion yen
➤ Removal of debris caused by the disaster	386 billion yen
➤ Additional public infrastructure projects	1.4 trillion yen
➤ Loans in response to the disaster	671.6 billion yen
➤ Grants to local governments	1.6 trillion yen
➤ Grants in response to the disaster	1.5 trillion yen
➤ Reconstruction from nuclear accident	355.8 billion yen
➤ Nation-wide disaster prevention	575.2 billion yen
➤ Other expenditures related to the disaster	2.4 trillion yen
✓ Subsidy to locate enterprises/industries in Japan	
✓ Employment measures	
✓ Restoration and reconstruction of fishery, agriculture and forestry	
✓ Project of creating “eco-towns”	
✓ Measures to support small and medium sized enterprises	
✓ Reconstruction open to the world (youth exchange, international cooperation, etc.)	
✓ Development of disaster resilient information network	

See the detail: www.mof.go.jp/english/budget/budget/fy2011/11sb03.pdf

Reconstruction Agency Established

Established on Feb. 10, 2012 a new governmental agency, named “Reconstruction Agency”, under the Cabinet, with a view to promoting and coordinating all the policies and measures for reconstruction in an integrated manner.

Mandate

- Planning and coordination of the national policies and measures for reconstruction
- Supporting the efforts of afflicted local governments for reconstruction and serving as “one-stop” vis-à-vis the local authorities

Organization

- The Head of the agency: Prime minister
- Regional bureaus to be established in the three prefectures: Iwate, Miyagi and Fukushima

Period of Existence

- Ten years (FY2011-2020)

Special Zones for Reconstruction Established

Special arrangements for deregulation and reduced procedures as well as support in terms of tax, budget and finance in the Special Zones for Reconstruction

Special Measures and Arrangements

- Regulations and Procedures
- Land Use Restructuring
- Tax Incentive System
- Finance

Examples of reconstruction plan and projects

- Town-building for secured housing and employment by land use restructuring
- Regional development by promoting the introduction of renewable energy
- Development of medical industry base

As of February 9, initial applications in Miyagi and Iwate Prefectures approved

New Growth Strategy Updated for Reconstruction

Objectives

- Drive recovery and reconstruction from the Earthquake and control the nuclear incident
- Achieve both economic growth and fiscal health
- Implement the New Growth Strategy and revive Japan's large middle class, thereby ensuring the sustainability of the economy and society overall

Three Key Points

Pioneering examples of Japan's rebirth through the reconstruction

- Swiftly implement the New Growth Strategy in the affected areas, based on the concept of reconstruction open to the world. Special zones for reconstruction and private funds are key tools, leading to the development of new industries.

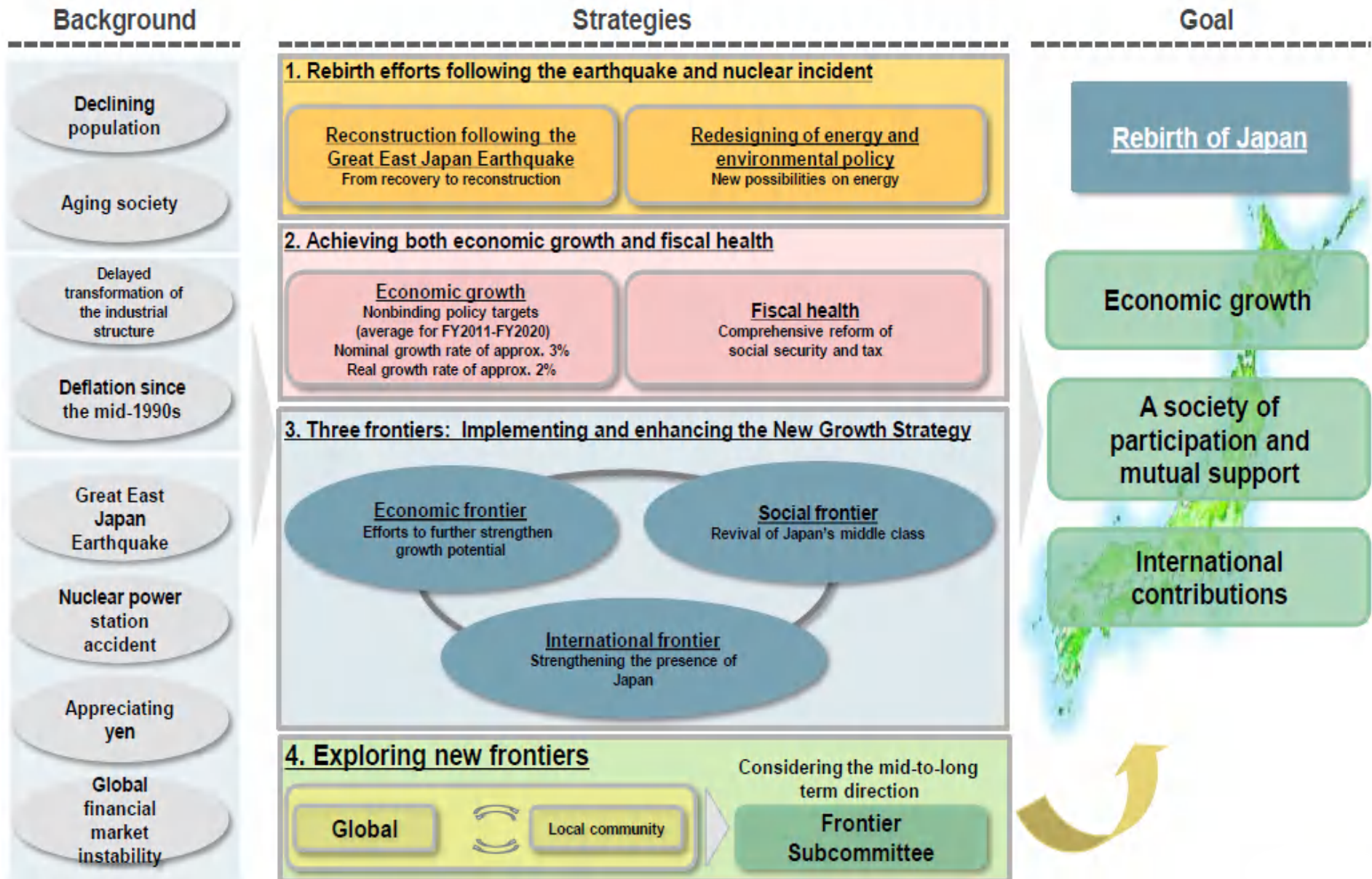
Realizing growth by exploring new frontiers

- Identify new opportunities in various areas, including the exploration of the oceans and space, the development of new ideas to advance the economy, society, science and technology, education and human resource development, international relations and the public sector.

Presenting models as an advanced problem-solving nation

- Demonstrate a new growth model to the world and make a contribution by being a leader in solving pressing issues on the global agenda, including those related to disaster risk reduction, aging society, the declining birth rate, and environmental problems.

Overview of the Strategy for Rebirth of Japan



Innovative Strategy for Energy and the Environment

- In response to the accident of the Fukushima Daiichi Nuclear Power Station, a comprehensive review of Japan's energy and environment policy was launched by the Energy and Environment Council. Its "Innovative Strategy for Energy and the Environment" is expected to be released this summer.
- Interim Compilation toward Formulation of Innovative Strategy for Energy and the Environment (July 29, 2011)
- Basic Guideline toward Presentation of Alternatives regarding the Strategy for Energy and the Environment (December 21, 2011)
- Presentation of Alternatives regarding the Strategy for Energy and the Environment (Next spring)
- (Nation-wide discussion on desirable energy mix, etc.)
- Finalization of the Innovative Strategy for Energy and the Environment (Next summer)
 - ✓ Green Growth Strategy
 - ✓ Basic Energy Plan
 - ✓ Nuclear Energy Policy Outline
 - ✓ Global Warming Countermeasures