

FROM RECOVERY, TO REVITALIZATION

The Reconstruction Agency of Japan

July 2012

The 3.11 Disaster



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Immediate Impact of the 3.11 Disaster



Earthquake Magnitude: 9.0

Casualties:

Dead : over 15,800

Missing: over 3,200

Injured: over 6,000

Evacuees:

Over 342,000



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Economic Damage: 16.9 trillion yen (approx. 211.3 billion dollars)

Buildings, etc.
(housing, offices, factories, machinery,
etc.)

approx. **10.4 trillion yen .**
(130 billion dollars)

Lifeline utilities
(water service, gas, electricity,
communication and broadcasting facilities)

approx. **1.3 trillion yen**
(16.3 billion dollars)

Social infrastructure
(river, road, harbors, drainage, and
airport, etc)

approx. **2.2 trillion yen**
(27.5 billion dollars)

Others
(including agriculture, forestry and
fisheries)

approx. **3.0 trillion yen**
(37.5 billion dollars)

Damage Reduction

Japan's **rapid response** to the disaster helped minimize damage



(Photo courtesy of JR East)

- Quake-resistant construction and technology
- Enhanced safety and early-warning systems on transportation
- Disaster education and preparedness



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Japan is now addressing **long-standing challenges through...**



Cultivating
domestic
demand

**Enhancing
innovation**

Drawing on
**international
opportunities**

Japan's Incredible Progress



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Infrastructure and Transport Network Restoration

- National highways took a mere **six days** to repair
- Rail services resumed full operational capability **within a month**

BEFORE



AFTER



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Infrastructure and Transport Network Restoration

- Sendai Airport was reconstructed with additional help from US forces. It resumed partial operations by **April 2011.**

BEFORE



AFTER



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Supply Chain Restoration and Development

2011



2012



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Infrastructure and Transport Network Restoration

- Over 96% of scattered debris caused by the tsunami has now been cleared from residential areas.

BEFORE



AFTER

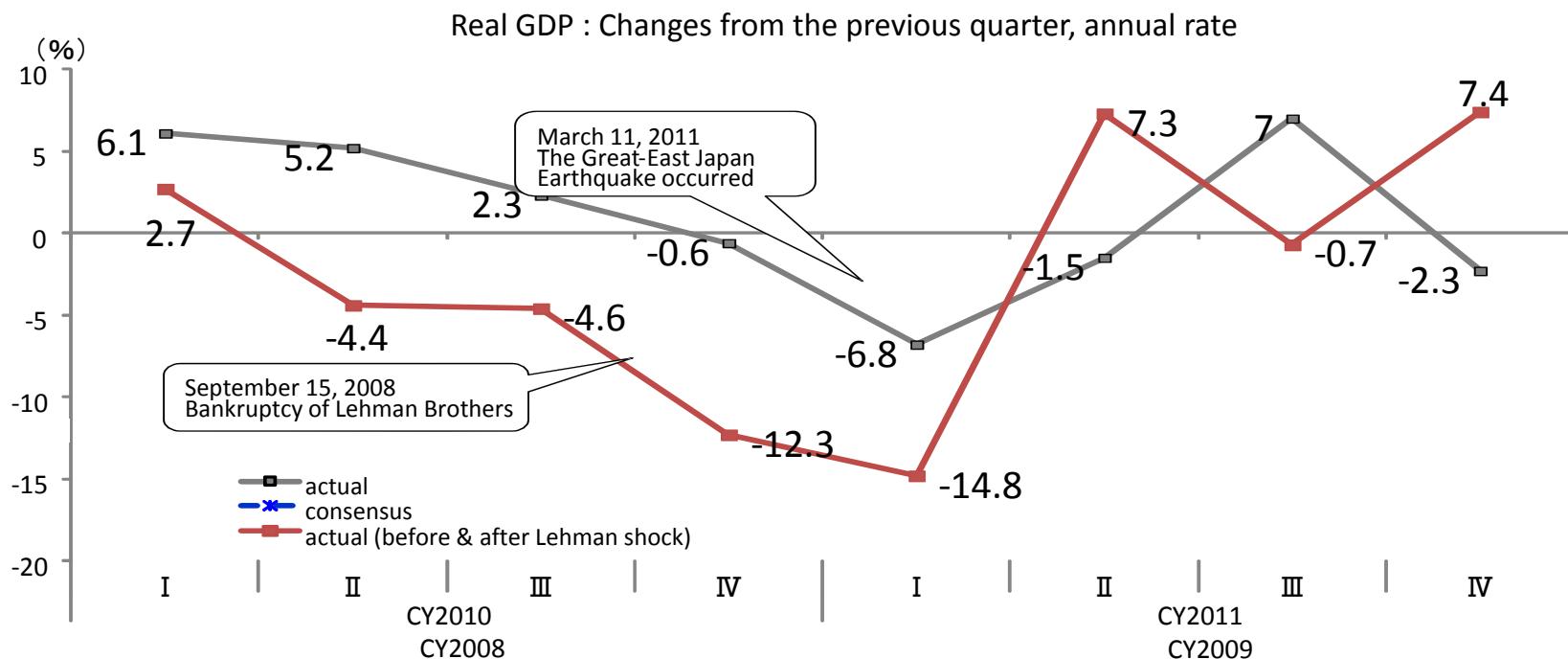


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Economic Recovery

- Japan's economy has made a **significant** recovery to pre-earthquake levels and continues to be stable



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Reconstruction Agency Established

The Reconstruction Agency is the control tower for all reconstruction efforts nationally.



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 shop” for local authorities



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Outlining a framework for redevelopment

TIMEFRAME

- 10 years for the reconstruction period (with concentrated rapid reconstruction during the first five years)

MEASURES TO BE IMPLEMENTED, INCLUDING:

- Recovery and reconstruction of the disaster-impacted areas and for the restoration of lives of affected people
- Efforts in areas closely connected with disaster-impacted areas
- 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 “Special Reconstruction Zones”
- Establish easy-to-use grants for implementation of reconstruction plans, formulated by local governments
- Work towards reconstruction with the private sector

Substantial budgetary commitment to revitalization

First Supplementary Budget(2 May 2011): 4.15 trillion yen (= 51.9 billion dollar)

- | | |
|--|---|
| • Disaster relief and other measures | 482.9 billion yen(= 6 billion dollar) |
| • Removal of debris caused by the disaster | 351.9 billion yen(= 4.4 billion dollar) |
| • Public infrastructure projects | 1.2 trillion yen(= 15 billion dollar) |
| • Loans in response to the disaster | 640.7 billion yen(= 8 billion dollar) |
| • Grants to local governments and other expenditures | 120 billion yen(= 1.5 billion dollar) |

Second Supplementary Budget(25 July 2011): 1.99 trillion yen (= 24.9 billion dollar)

- | | |
|--|---|
| • Compensation for damage caused by the nuclear accident | 275.4 billion yen(= 3.4 billion dollar) |
| • Support for people affected by the disaster | 377.4 billion yen(= 4.7 billion dollar) |
| • Reserve fund for recovery and reconstruction | 800 billion yen(= 10 billion dollar) |
| • Grants to local governments | 545.5 billion yen(= 6.8 billion dollar) |

Third Supplementary Budget(21 November 2011): 12 .1 trillion yen (= 151.3 billion dollar)

- | | |
|--------------------------|--|
| • Reconstruction Support | 11.73 trillion yen(= 146.6 billion dollar) |
|--------------------------|--|

FY 2012 Budget(5th April 2012): 90.3 trillion yen(=1.1 trillion dollar)

- | | |
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| • Reconstruction Support | 3.25trillion yen(=40.6 billion dollar) |
|--------------------------|--|

The Open Reconstruction

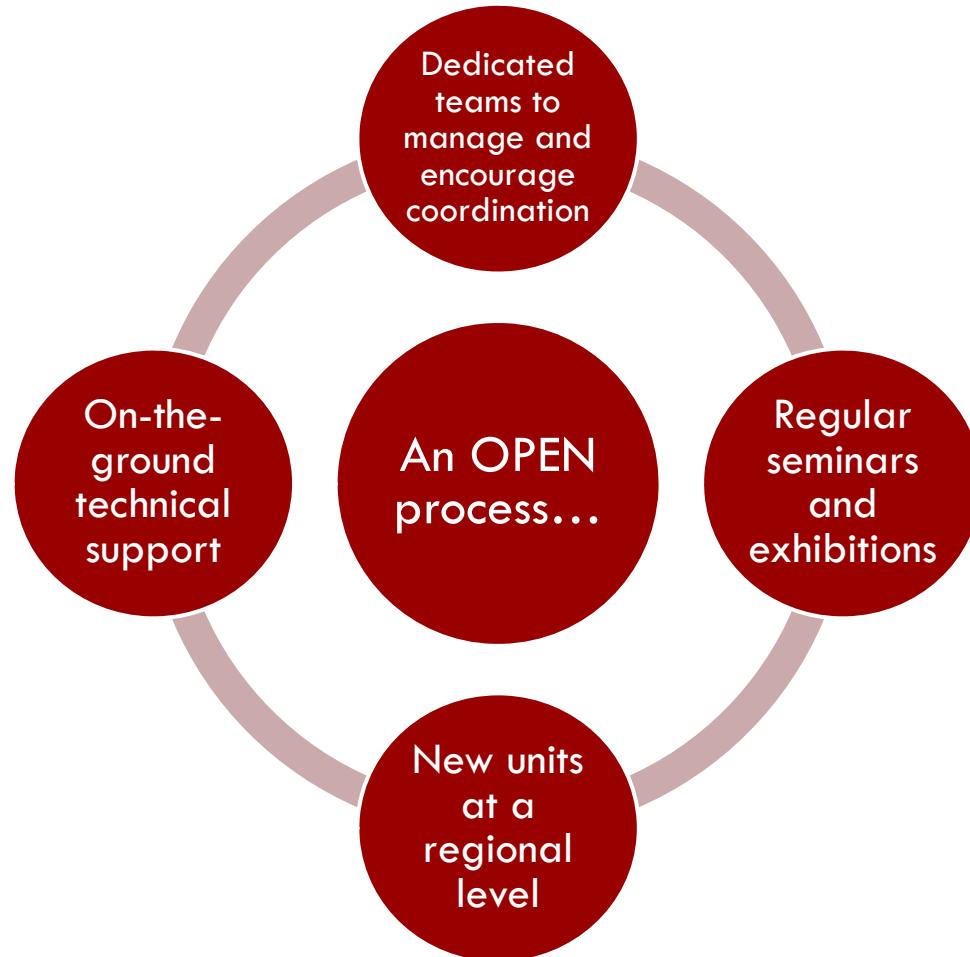


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Enhancing private sector involvement:



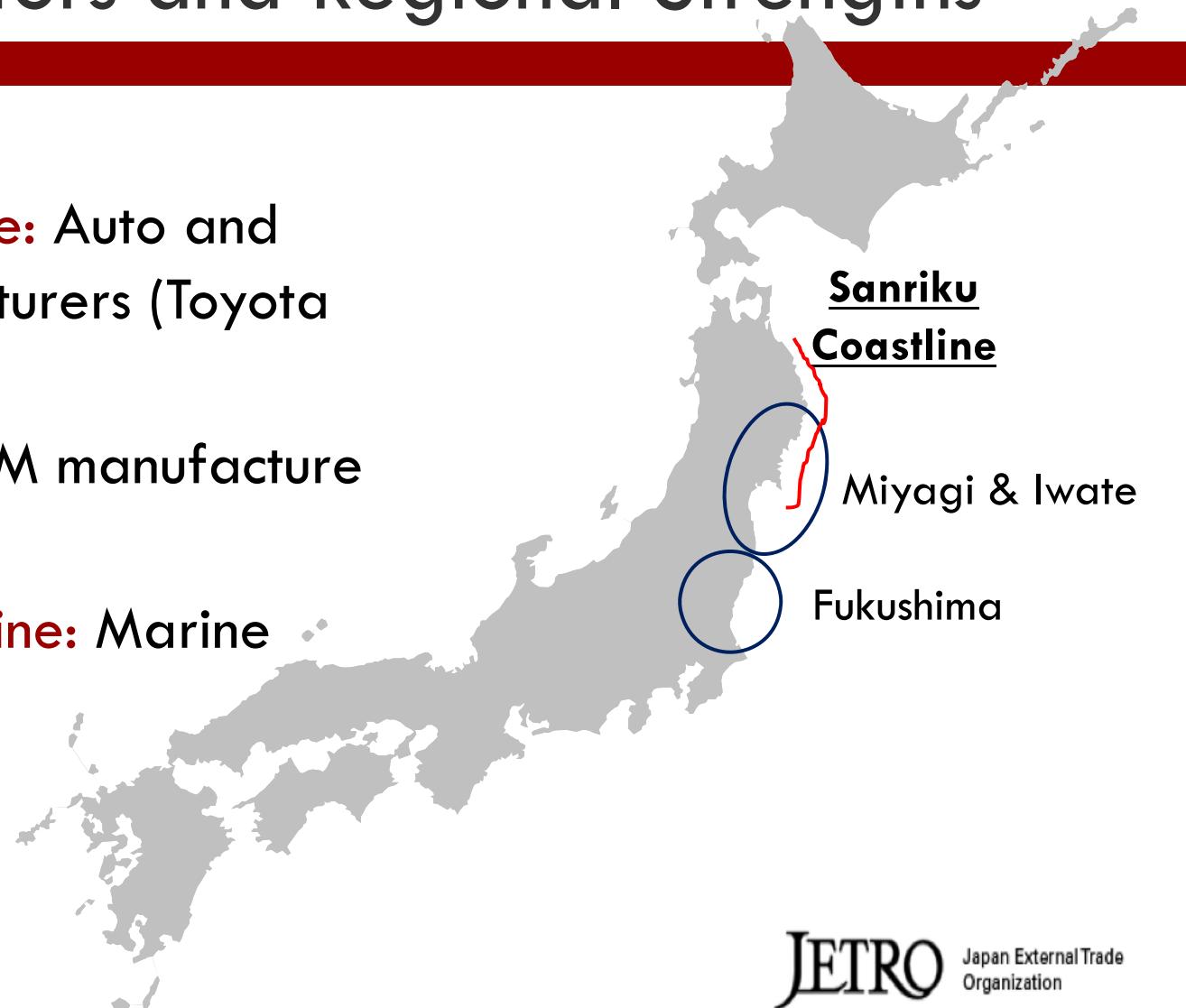
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Tohoku:

Key Sectors and Regional Strengths

- Miyagi & Iwate: Auto and parts manufacturers (Toyota etc.)
- Fukushima: OEM manufacture and shipment
- Sanriku Coastline: Marine products



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Tohoku: Foreign investment already started

- **Amazon.com:** Established a new communications centre in Sendai
- **Ikea:** Recently opened a new store in Tohoku
- **Toys R Us:** Opened new stores in the region
- **GE:** New branch office in Sendai



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Tohoku: Renewable Energy & ‘Mega’ Solar

- **Mega solar projects:** 30 large-scale mega solar plants by 2020
- **Feed in tariff:** From July, 2012 power companies required to buy renewable energy
- **Development ease:** Agriculture Ministry currently planning legislative changes to fast-track projects on unused land



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Tohoku: Smart Communities & Future Cities

- Smart Communities:
Renewable energy,
Biomass etc.
- Reduced dependence on
conventional energy
- Electric-vehicle (EV) systems
- Energy Management
Systems (EMS)



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Key Developments



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New Strategy for Revitalization 2012

The 2012 Strategy For Revitalization outlines mid-to-long term targets for 2015-2020. Highlights include:

- ▣ Creating \$1.2 trillion of new market value and 4.24 million new jobs through key sectors such as green/clean tech, life sciences and other related industries.
- ▣ Promoting economic partnerships with overseas economies through trade agreements.
- ▣ Ending deflation and targeting an annual growth rate of 3% on average through fiscal 2020.
- ▣ Strengthening SMEs, promoting ICT, and further developing the financial sector.



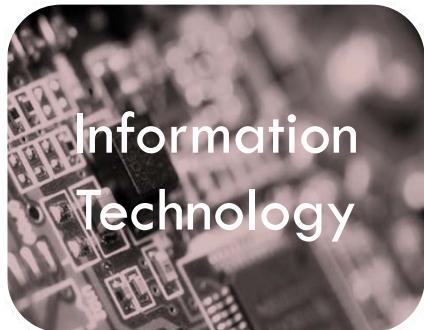
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Key drivers of growth



Clean Energy



Information
Technology



Tourism



Clean tech



Healthcare
and life
sciences



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Investment Opportunities in Japan

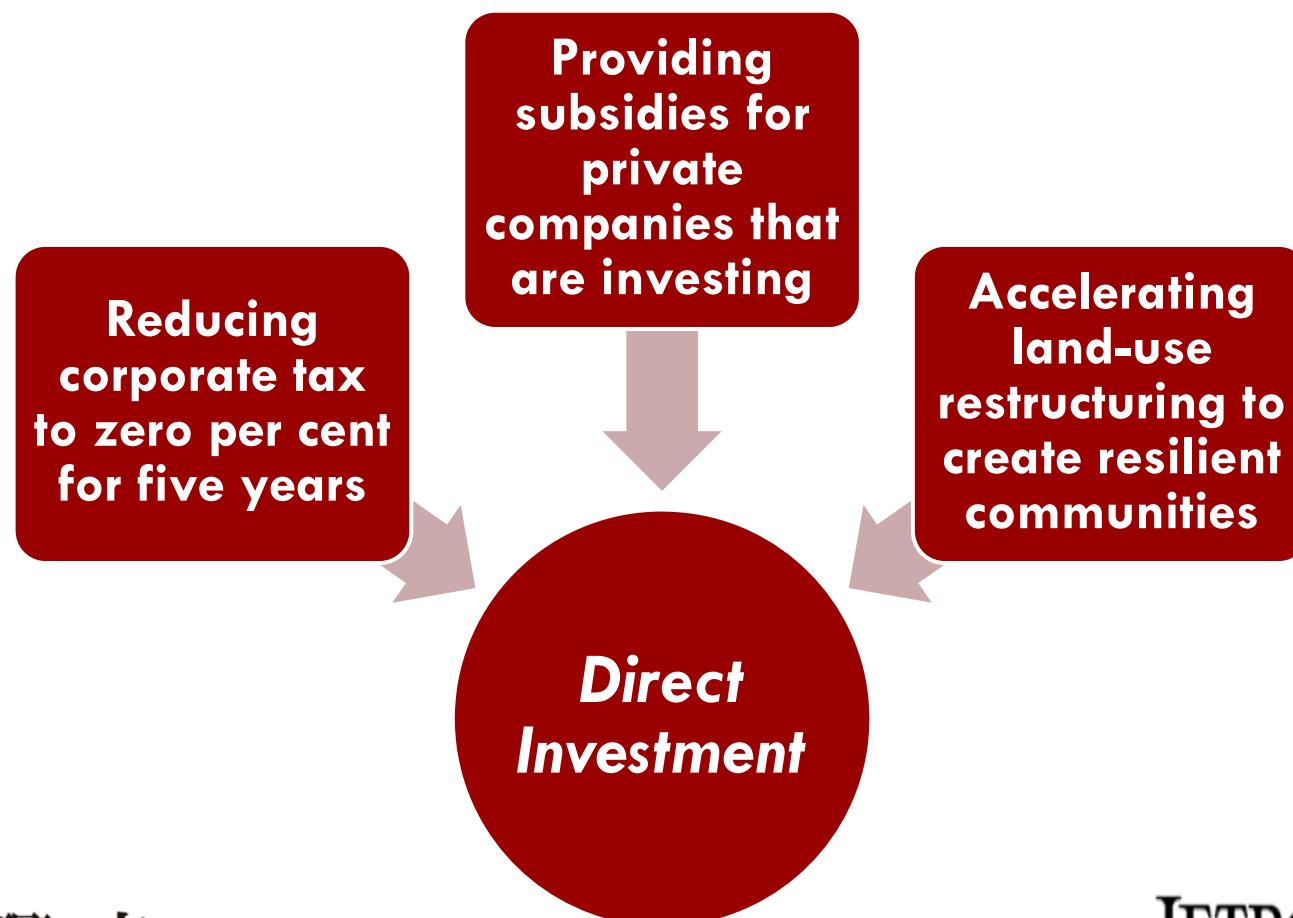
- **Innovation Hub:** Japan has great potential to become a regional hub and a R&D center in Asia
- **Bridge Nation:** Japan plays an important role in connecting Asia with the rest of the world
- **Large growth potential:** huge market with the world's third largest economy



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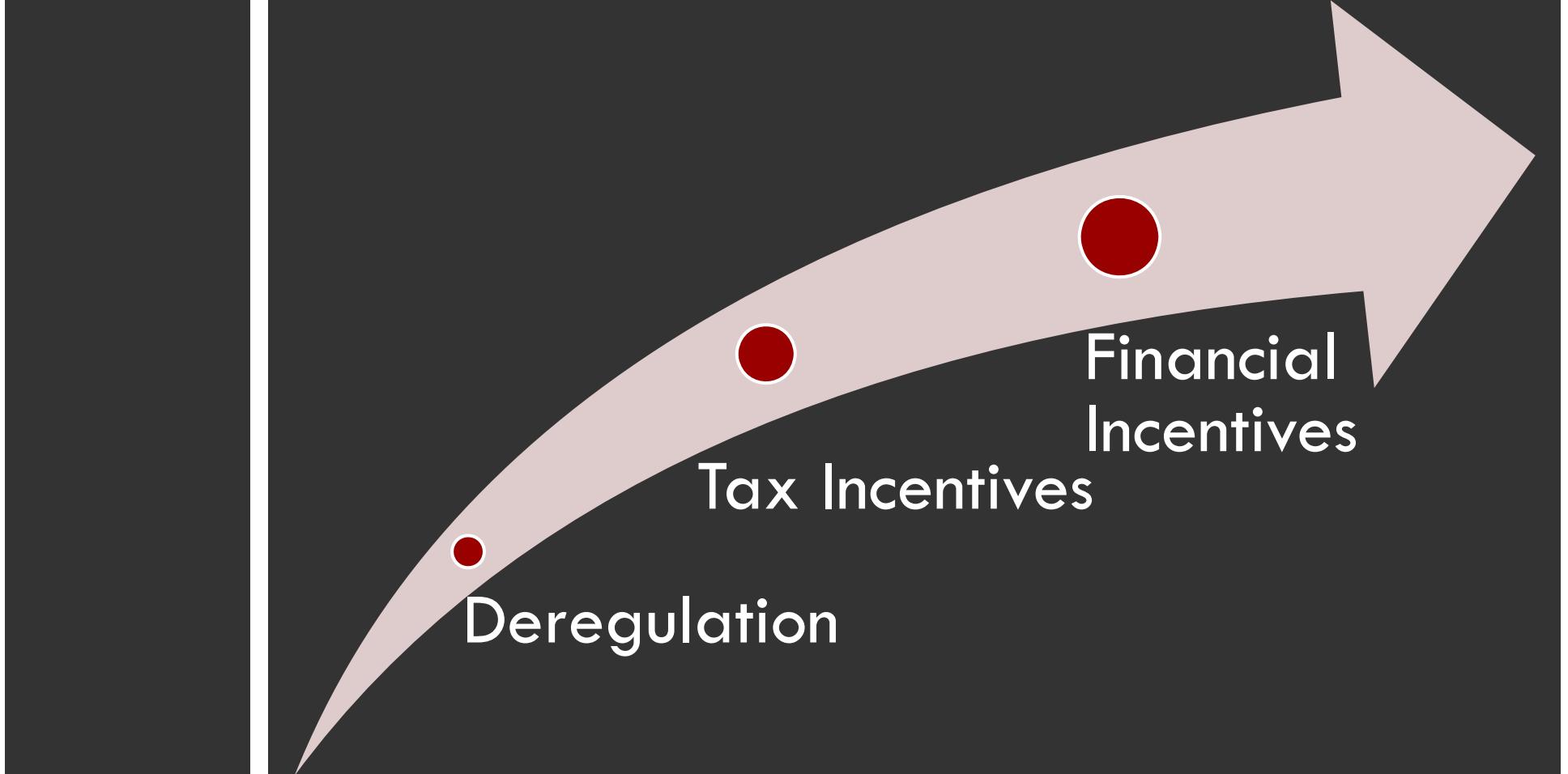
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Stimulating Direct Investment



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**Special Reconstruction Zones will
further simplify the process:**

Grants for reconstruction:

- **Objective:** Accelerate reconstruction projects at the municipal level
- **Commitment:** A total of 23.8 billion US dollars
- **Core targets:**
 - Roads
 - Schools
 - Hospitals
 - Agricultural land
 - Fisheries
 - Land management
 - Water management
 - Resettlement



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Conclusion



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This is what we believe:

Revitalizing disaster hit areas will play a leading role
in the emergence of a **dynamic new Japan**

Reconstruction efforts and **revitalization** of the
broader Japanese economy are closely linked

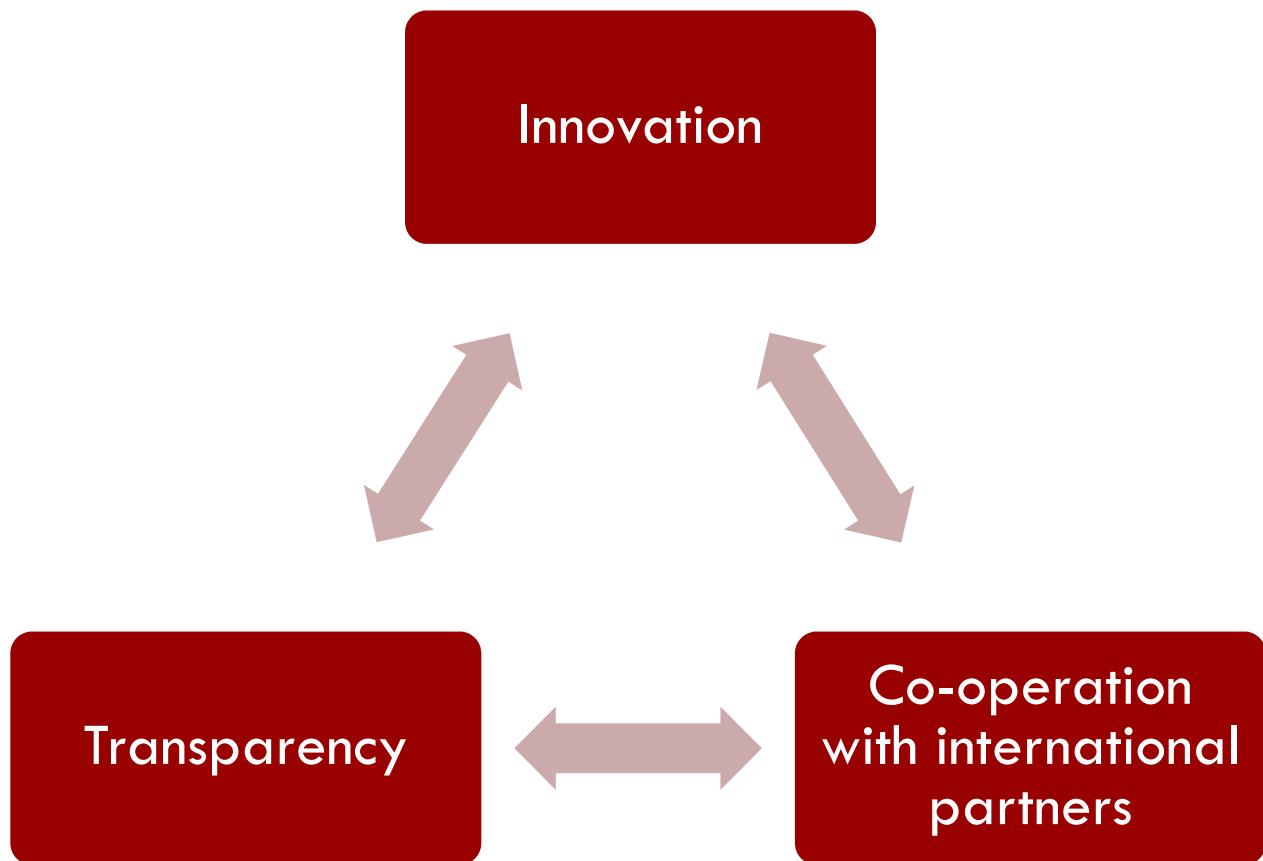


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These are our commitments:



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JETRO's role:

- JETRO, the Japan External Trade Organization, is Japan's international consultation service and is co-operating on the reconstruction investment initiative.
- Visit: www.jetro.go.jp/en/



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