

**Status of Recovery and Current Problems in
Three Disaster-hit Prefectures – What the Data Tells Us
- Indexes for Recovery and Reconstruction following the Great East Japan
Earthquake (March 2012 Update) -**

Executive Summary

A year has now passed since the devastating Great East Japan Earthquake. On this occasion, NIRA has once again revised its Indexes for Recovery and Reconstruction following the Great East Japan Earthquake, which were formulated to provide an overall picture of the status of recovery and reconstruction in the affected areas. In addition to offering a detailed analysis of the current status of the three affected prefectures using these indexes, this report makes proposals in relation to data collection and analysis as a means of enhancing crisis management systems for emergencies.

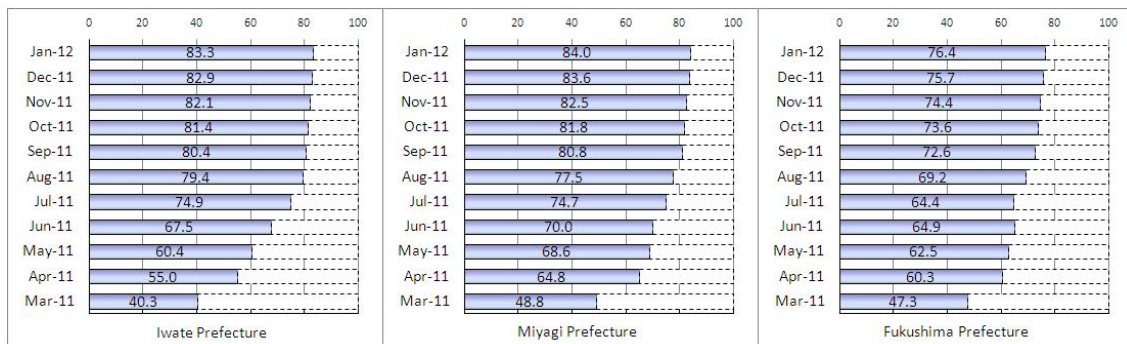
**Chapter 1 The Status of the Three Affected Prefectures as shown by the
Indexes for Recovery and Reconstruction**

Taking the region struck by the tsunami following the Great East Japan Earthquake (37 cities, towns and villages / Three prefectures) as their focus, NIRA's Indexes for Recovery and Reconstruction following the Great East Japan Earthquake synthesize a number of indicators which show trends in the status of recovery and reconstruction. The indexes for recovery and reconstruction are made up of two different indexes: An index expressing the status of recovery of basic infrastructure, providing a comprehensive overview of the status of recovery of infrastructure supporting daily life in the affected region, and an index expressing the status of activity, providing an understanding of the status of production, consumption, distribution, and other essential activities over time. In both cases, figures for the period immediately prior to the earthquake and tsunami are considered as 100.

Looking at the index expressing the status of recovery of basic infrastructure in the three prefectures, we find that that the improvement in figures lost pace from August-September onwards. Figures for Fukushima Prefecture have remained at a lower level than those for Iwate and Miyagi Prefectures as a result of the effects of the nuclear

accident. It will be essential to make further progress in the clearing of debris and the provision of insurance payments in order to ensure that there are no impediments to efforts by victims of the disaster to reconstruct their own lives. Figures for indexes such as removal of debris, recovery of railroads, and provision of loans, which are given impetus by the implementation of recovery plans and the formulation of land use plans, remain at a low level.

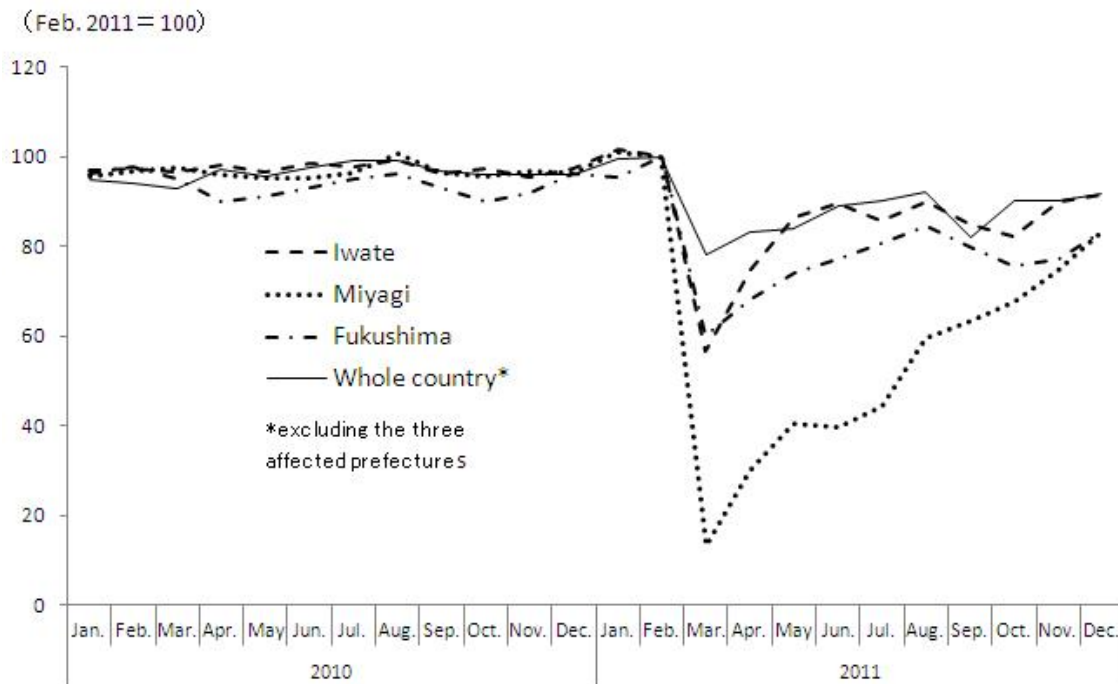
Figure 1 Trends in index expressing status of recovery of basic infrastructure
(Period immediately before earthquake = 100)



*Figure 1-1 in report.

The index expressing the status of activity in the three prefectures shows that while improvement has been continuous for Miyagi Prefecture, since last fall the course of progress has fluctuated in Iwate Prefecture and Fukushima Prefecture. Consumption has returned to pre-earthquake levels, but there has been insufficient recovery in production. Production in the mining and manufacturing industries has not recovered to pre-earthquake levels, and recovery in the fisheries catch is also slow. In addition, the fact that there is no worsening in figures for the number of company bankruptcies and the number of job seekers can be pointed to as a policy effect. When systemic measures are no longer applied, there is a strong possibility that there will be a worsening in these figures.

Figure 2 Trends in index expressing status of activity



*Figure 1-3 in report.

The index expressing recovery of basic infrastructure by city, town and village demonstrates an overall stagnation against the situation indicated by the previous update. The level of recovery of cities, towns and villages is affected by the level of recovery of railroads, the rate of removal of debris and the rate of disposal of debris.

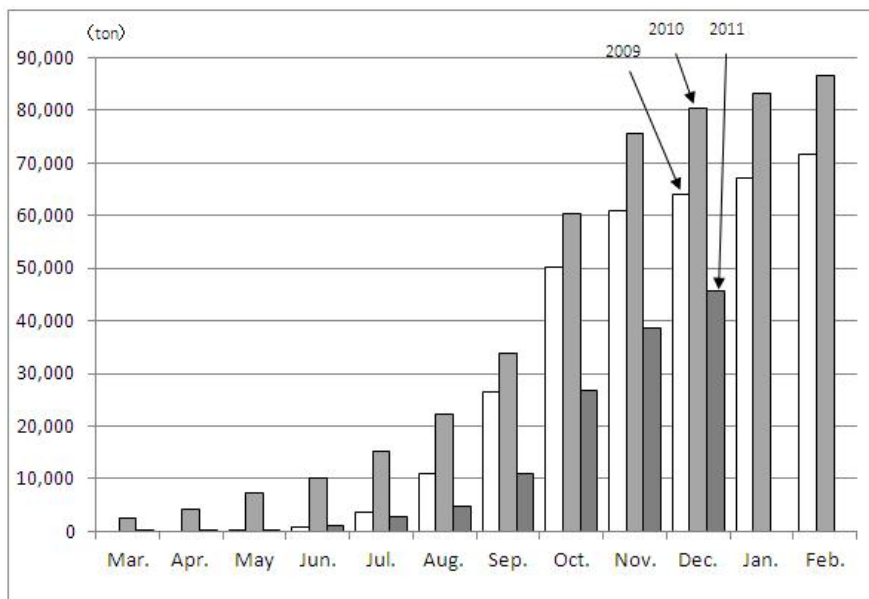
Looking at the 10 municipalities in which the level of recovery is highest, we find that they can be classified into: 1) Cities, towns and villages in which overall progress towards recovery is steady (Rifu and Matsushima in Miyagi Prefecture); 2) Cities, towns and villages in which overall progress towards recovery is steady, but in which progress in disposal of debris is poor in comparison to other indicators (Sendai, Natori, Shiogama and Iwanuma in Miyagi Prefecture, and Iwaizumi and Miyako in Iwate Prefecture); and 3) Cities, towns and villages in which progress towards recovery is steady, but in which the level of recovery of railroads and the level of disposal-of debris is poor in comparison to other indicators (Hirono and Kuji in Iwate Prefecture). It is clear that the recovery of railroads and the disposal of debris represent important factors even in cities, towns and villages in which recovery is making progress overall.

Chapter 2 Status of Recovery and Problems by Prefecture

Iwate Prefecture

- The pace of recovery of basic infrastructure has slowed. No recovery bubble is apparent, and the employment situation in coastal areas is severe.
- Index of industrial production is down by around 10% against pre-earthquake figures, while the fishing industry is still on its way towards recovery. Some businesses have chosen to close due to damage to fishing harbors and the problem of finding successors.
- In future, it will be important, while maintaining a focus on increasing the number of job seekers, to offer extensive support to small- and medium-sized enterprises to enable them to revitalize their activities. At the same time, it will also be important to provide personnel support for administrative positions to enable the steady implementation of reconstruction plans.

Figure 3 Iwate Prefecture fisheries catch on the path to recovery

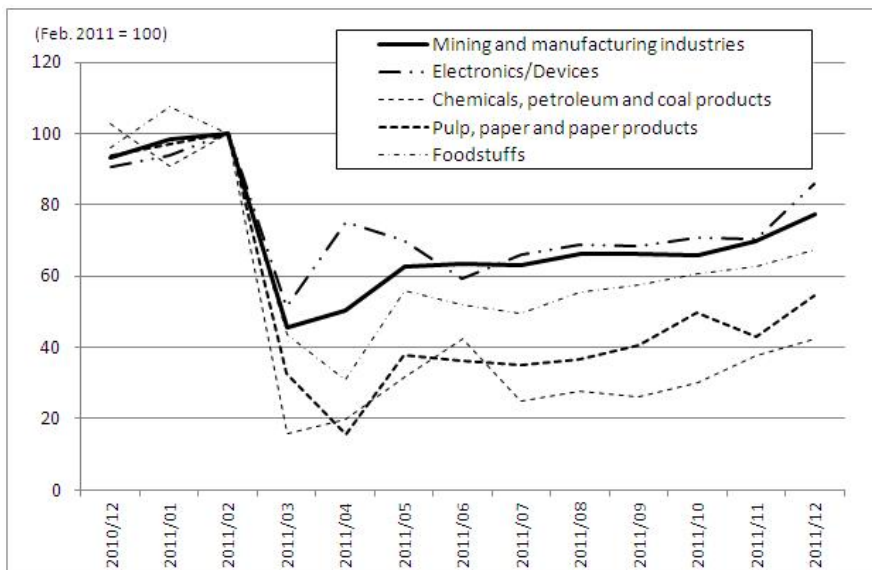


* Figure 2-4 in report.

Miyagi Prefecture

- Demand for reconstruction is increasing rapidly, centering on public works projects. The employment situation is also improving.
- The recovery of supply chains in coastal areas is still ongoing. The speed of recovery in the agricultural, forestry and fisheries industries is also slow.
- It will be essential to implement policy measures with a priority on those which will stimulate the recovery of production among private enterprise and help to ensure employment in the region. It will also be important to respond to a shortage of administrative personnel.

Figure 4 Slow recovery in production in the mining and manufacturing industries in Miyagi Prefecture

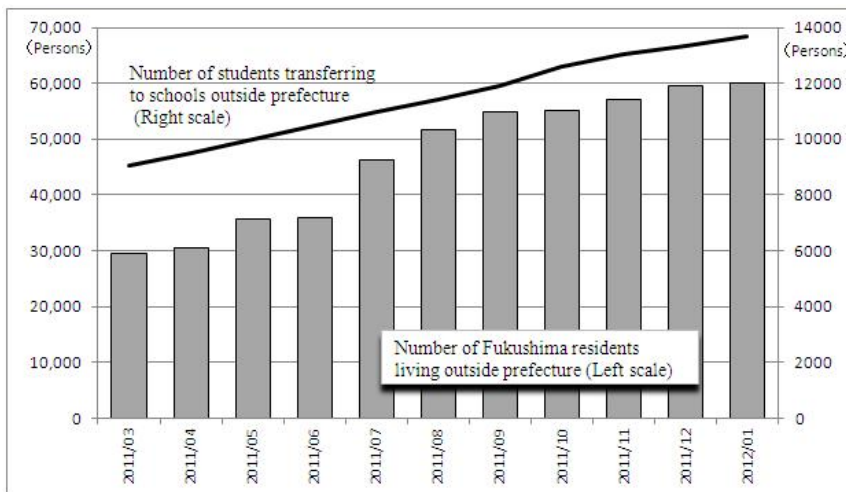


*Figure 2-6 in report.

Fukushima Prefecture

- In addition to the damage caused by the earthquake and tsunami, the nuclear accident has had a powerful impact, and the pace of recovery of basic infrastructure is slow.
- Public works projects are driving recovery and consumption and employment have achieved a firm footing, but growth is weak, and factors causing concern for the future remain.
- The agricultural, forestry and fisheries industries and the tourism industry have suffered devastating effects. In addition to efforts to contain the nuclear accident, initiatives to promote the entry of new companies into the prefecture will be important.

Figure 5 Increase in number of young people from Fukushima Prefecture living outside prefecture



*Figure 2-7 in report.

Chapter 3 Towards Reconstruction and Recovery Policy based on Statistical and Other Data

To ensure the efficiency and effectiveness of policy for the promotion of recovery from a disaster, it will be essential to position statistical and other data as the cornerstone of policy formulation. Because Japan's present statistical system is not able to respond to the situation following a major disaster, special rules should be established in advance. For example, a nationwide system might be established by means of which local municipalities share information by providing statistical data to the central government in the event of a disaster, or active use might be made of work-related statistics. In addition to its collection, the necessity for interpretation and evaluation of this statistical and other data should be emphasized.

NIRA Report

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The Japanese version of the full report: <http://www.nira.or.jp/pdf/1106report.pdf>

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