

Great East Japan Earthquake

Resilience of Society and Determination to Rebuild

Remarks at the Council on Foreign Relations in New York
April 14, 2011

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 Governor of the Bank of Japan

Chart 1

The earthquake's magnitude is the largest on record in Japan.

		Magnitude
Great East Japan Earthquake	March 11, 2011	9.0
Kobe Earthquake	January 17, 1995	7.3
Great Kanto Earthquake	September 1, 1923	7.9
Indian Ocean Earthquake	December 26, 2004	9.1
Chile Earthquake	February 27, 2010	8.8
Northridge Earthquake (Los Angeles Earthquake)	January 17, 1994	6.7

In 2010, Japan's economy performed best among the G-7 economies in terms of both growth rate and unemployment rate.

%

	Japan	United States	Germany	France	United Kingdom	Italy	Canada
Real GDP growth rate	3.9	2.9	3.6	1.5	1.3	1.2	3.1
Unemployment rate	5.1	9.6	7.7	9.8	7.9	8.4	8.0

Notes: 1. Figures are the calendar 2010 averages.
 2. Figures for real GDP growth rate are changes on a year-on-year basis.

The four prefectures most affected by the earthquake and tsunami account for 6.2 percent of Japan's GDP.

share, %

	Ibaraki Prefecture	Miyagi Prefecture	Fukushima Prefecture	Iwate Prefecture	Total
Nominal GDP	2.2	1.6	1.5	0.9	6.2
Land size	1.6	1.8	3.6	4.0	11.1

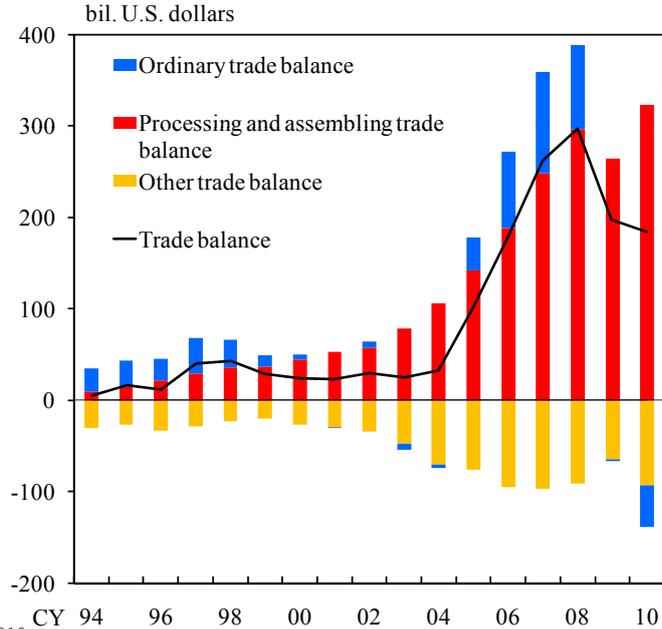
Notes: 1. Figures for nominal GDP are as of fiscal 2007.
 2. Land size refers to land area as a percentage of Japan's overall size.
 Sources: Ministry of Internal Affairs and Communications, "Statistical Handbook of Japan 2010"; Cabinet Office, "Kenmin Keizai Keisan Nenpo (Annual Report on Prefectural Accounts)".

The impact through supply chains could spread internationally.

China's Exports and Imports

Exports		Imports	
		share, %	
United States	18.0	Japan	12.7
Hong Kong	13.8	South Korea	9.9
Japan	7.7	Taiwan	8.3
South Korea	4.4	United States	7.3
Germany	4.3	Germany	5.3

China's Trade Balance



Notes: 1. Figures for export and import share are those for calendar 2010.

2. Ordinary trade balance represents the balance between import goods for the domestic market and export goods manufactured using domestically produced material. Processing and assembling trade balance represents the balance between import goods for processing and the subsequent re-exports and export goods manufactured using such import goods.

Source: CEIC Data Company.

Tokyo Electric Power Company's supply capacity has declined due to damage to its power plants.

Frequency	Regional electric power companies	Supply capacity of power plants (including the capacity of facilities closed for inspection)		(b)/(a) (%)
		Before the earthquake (a) (mil. kW)	After the earthquake (b) (mil. kW)	
50Hz	Hokkaido	7.4	7.4	100
	Tohoku	17.0	11.4	67
	Tokyo	65.0	50.1	77
60Hz	Chubu	32.6	32.6	100
	Hokuriku	8.0	8.0	100
	Kansai	34.3	34.3	100
	Chugoku	12.0	12.0	100
	Shikoku	6.7	6.7	100
	Kyushu	20.0	20.0	100
	Total	203.0	182.5	90

Note: Figures for supply capacity after the earthquake are as of end-March.

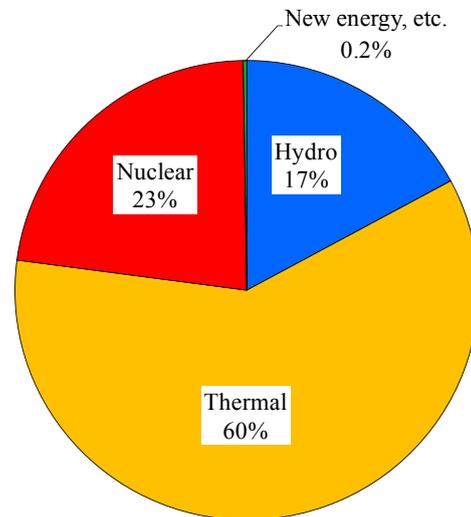
Sources: The Federation of Electric Power Companies of Japan; regional electric power companies.

Electricity could run short in the summer in Tokyo Electric Power Company's service area.

Outlook for Future Electricity Demand and Supply under TEPCO Service Area
[as of April 8]

Pre-quake supply capacity	52 million kW
Supply capacity right after the earthquake	31 million kW
Estimated supply capacity in the coming summer	About 46.5 million kW
Estimated peak demand in the coming summer	About 55 million kW

Electricity Generating Capacity by Energy Source



Notes: 1. Pre-quake supply capacity is the maximum capacity excluding the capacity of facilities closed for inspection.

2. Data for electricity generating capacity by energy source is for the period of April 2009-March 2010.

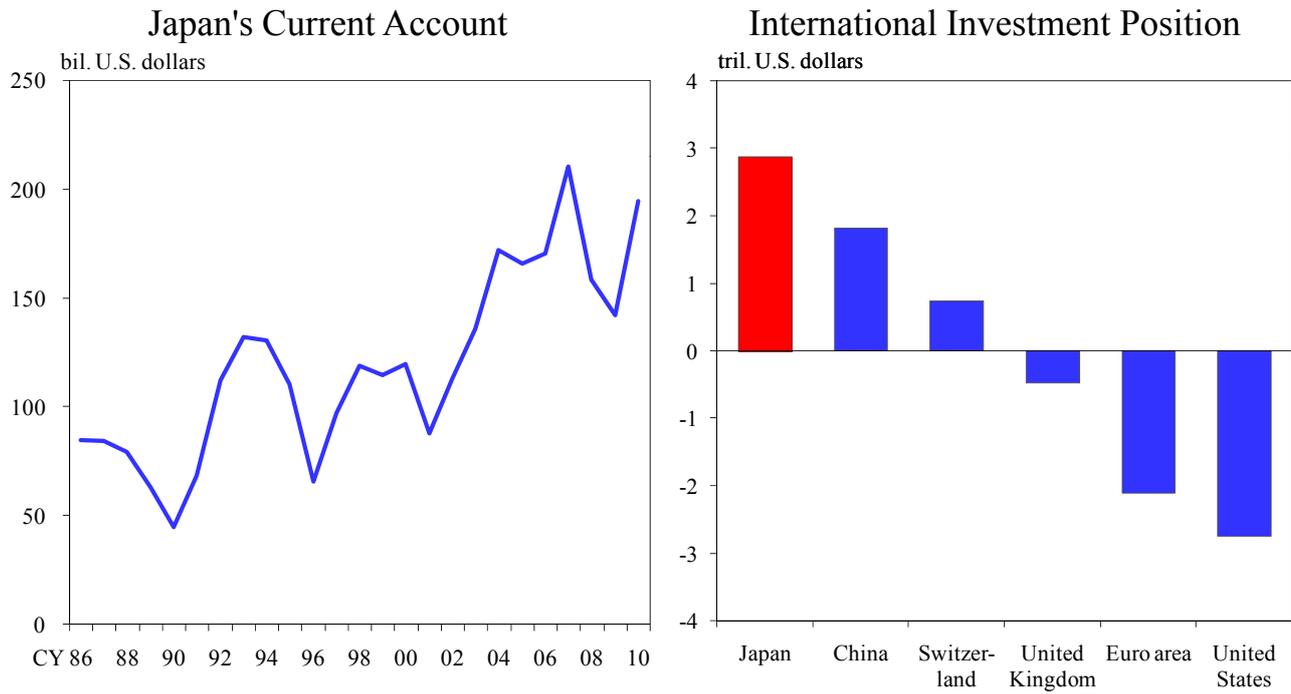
Sources: Tokyo Electric Power Company (TEPCO); The Federation of Electric Power Companies of Japan.

The amount of damage to capital stock is estimated to be 3 to 5 percent of nominal GDP.

	Amount of damage to capital stock	Ratio of amount of damage	
		Ratio to nominal GDP	Ratio to total capital stock
Great East Japan Earthquake (2011)*	16-25 trillion yen	3-5%	1.4-2.2%
* Figures do not include the effects of the nuclear accident.			
Great Kanto Earthquake (1923)	4.6 billion yen	29%	9%
World War II (1941-45)	64.3 billion yen	86%	25%
Kobe Earthquake (1995)	9.9 trillion yen	2%	0.9%

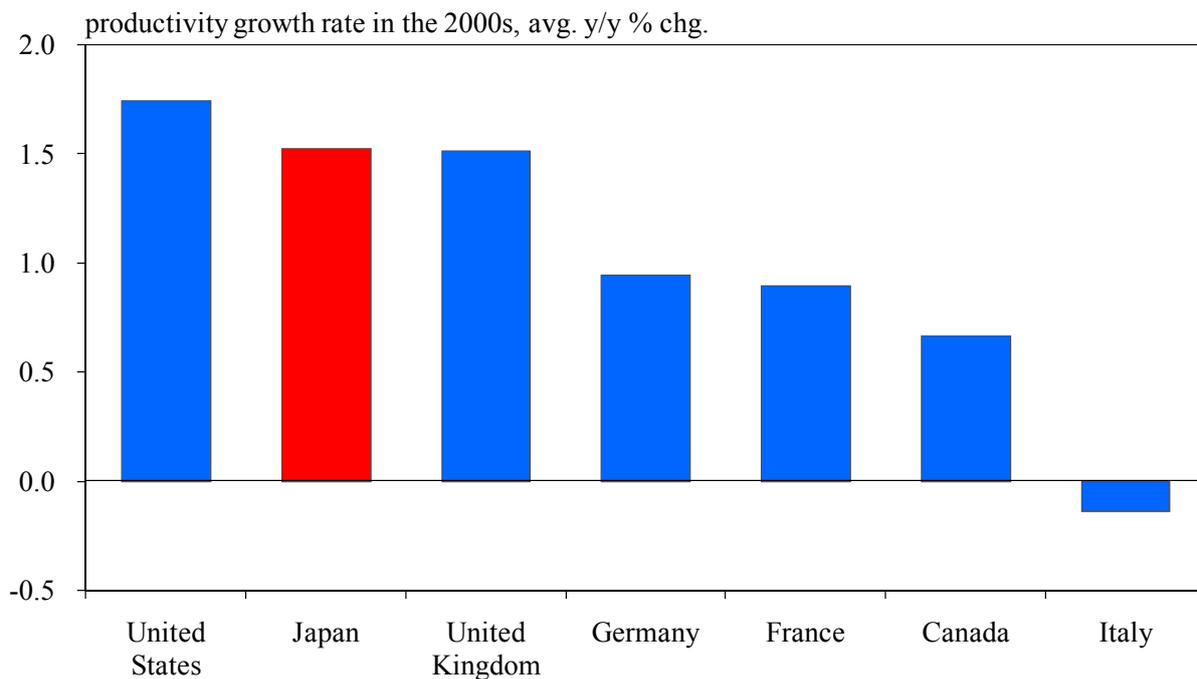
Sources: Cabinet Office; Hyogo Prefecture; Bank of Japan, etc.

With its continuing current account surplus, Japan is the biggest creditor nation in the world.



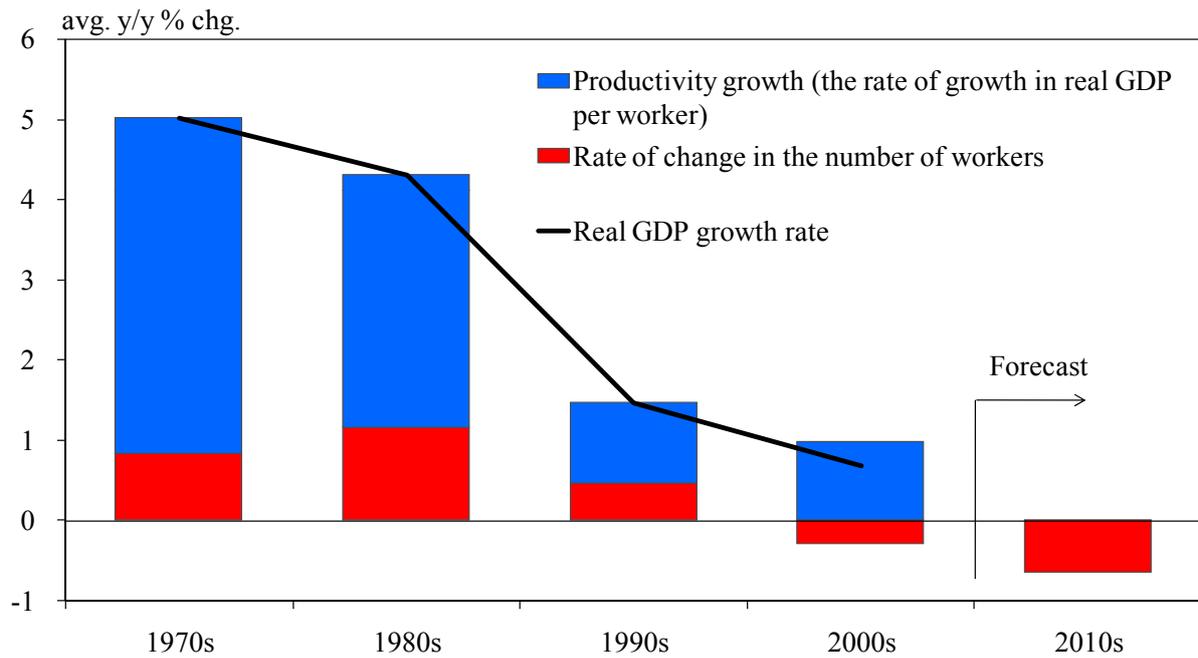
Note: Data for international investment positions are as of end-2009.
 Sources: Ministry of Finance, "Balance of Payments," "International Investment Position of Japan"; national statistical offices.

Japan's productivity growth rate in the 2000s is one of the highest among G-7 countries.



Notes: 1. Productivity growth is defined as the rate of growth in real GDP per worker.
 2. Data are calendar 2000-2008 averages to exclude the effects of the financial crisis after the failure of Lehman Brothers.
 Source: OECD.

The decline in working-age population is a major challenge for Japan's economy.



Notes: 1. Data are on a fiscal-year basis.

2. The rate of change in the number of workers in the 2010s is calculated using the projected future population (medium variant) and the projected labor force participation rate (assuming that the labor force participation rate in each age/sex group remains the same as that in 2009).

Sources: Cabinet Office, National Accounts; Ministry of Internal Affairs and Communications, Labour Force Survey; National Institute of Population and Social Security Research, Population Projections for Japan: 2006-2050.