The Great East Japan Earthquake that struck on March 11, 2011 caused significant damage not only in the Tohoku region, the area most immediately affected, but also to the Japanese economy, notably the auto industry, through a breakdown in supply chains. Moreover, in the wake of the accidents at the Fukushima Daiichi Nuclear Power Plant, a number of nuclear power plants suspended their operations, resulting in a serious shortage of electricity. Consequently, last summer, the government decided to impose energy restrictions on major users of industrial electricity. It also called on smaller electricity users and individual households to cut voluntarily their power consumption by 15%.

Work on restoration and reconstruction has been underway since the disaster, but the economic reconstruction of the affected areas still has a long way to go. Moreover, issues related to the Japanese overall economy remain unaddressed, such as how to develop systems of production that can take advantage of industrial agglomeration, yet remain resilient against disasters, or how to overcome restrictions on electricity supply, which are expected to be in place for some years. To develop appropriate policies to address these issues, it is important to understand accurately the realities of the disaster-stricken areas and the Japanese economy, and conduct extensive theoretical and empirical analyses.

RIETI was researching the economic impact of natural disasters even before the March earthquake, and immediately following the disaster, it has been actively proposing a range of policies. It has also been undertaking research contributing to reconstruction efforts, taking the perspectives of industrial concentration, regional productivity, and energy supply and demand, among a range of other viewpoints. In this latest special feature, we will introduce some of the initiatives that RIETI has been pursuing.