LESSONS FROM GREAT EAST JAPAN EARTHQUAKE

In Japan, lessons from the GEJE and other earthquakes have led to a refinement of disaster definitions, as well as numerical standards for triggering force majeure provisions, which were reflected within the PPP project for the reconstruction of the Sendai Airport.

Emergency Preparedness and Response: Issues identified during the GEJE, such as improving mutual support systems among residents, governments, and organizations; verifying disaster management plans; and improving disaster response capabilities of government agencies have been integrated within annual disaster simulation drills. Additionally, GEJE memorial events are held in Japan annually to memorialize victims and keep disaster preparedness in the public consciousness.

Business Continuity Planning and Management: After the GEJE, studies found that firms that had BCPs in place had reduced impacts on their financial soundness compared to firms that did not. This led to the update and refinement of BCPs across Japan. National policies in Japan promote the development of BCPs, including the 2013 Basic Act for National Resilience, was developed after the GEJE and emphasizes resilience as a shared goal across multiple sectors.

Financial Protection of Critical Infrastructure: GEJE illustrated the importance of clearly defining post-disaster financial roles and responsibilities among public and private actors in order to restore critical infrastructure rapidly. Japan Railway Construction, Transport and Technology Agency (JRRT) uses insurance to reduce the contingent liabilities of critical infrastructure, easing impacts on government budgets in the event of a megadisaster. Advance agreements between the government, infrastructure owners and operators, and insurance companies clearly outline how financial responsibilities will be shared in the event of a disaster.

Financial Protection for Businesses: After the GEJE, 90% of bankruptcies linked to the disaster were due to indirect impacts such as supply chain disruptions. This means that industries located elsewhere are also vulnerable: a study found that six years after GEJE, a greater proportion of bankruptcy declarations were located in Tokyo than Tohoku. After the GEJE, the Bank of Japan (BoJ) and local banks leveraged pre-arranged agreements to maintain liquidity, opening the first weekend after the disaster to help minimize economic disruptions. These strategies highlight the important role of finance in considering economic needs before a disaster strikes and having systems in place to act quickly to limit both economic and infrastructure service impacts of disasters.