

**Instructions of the Prime Minister**  
**(Regarding the Formulation of the Third Supplementary Budget)**

First Cabinet Meeting  
September 2, 2011  
[Provisional Translation]

The top priority of Japan is to advance the recovery and reconstruction from the Great East Japan Earthquake. At the same time, bearing in mind the heightening concern among the people and companies over Japan's future prospects stemming from the yen's sharp appreciation over recent weeks, it is also incumbent upon Japan to examine its response to the yen's appreciation, while taking into account such factors as future market trends.

To this end, first, the ministers of each ministry are asked to compile the requests for the FY2011 third supplementary budget based on the Basic Guidelines for Reconstruction in response to the Great East Japan Earthquake decided at the Reconstruction Headquarters in response to the Great East Japan Earthquake on July 29, 2011, while taking into account the following items:

- Requests shall be made in line with the Basic Guidelines with priority given to items which truly contribute to the reconstruction.
- In this process, in order to take all possible measures to cope with the effects of the nuclear accident, necessary measures shall be examined bearing in mind, for example, the Basic Principles on Emergency Decontamination Works decided at the Nuclear Emergency Response Headquarters on August 26, 2011.
- Bearing also in mind the Concept and Matters for Consideration Concerning a Comprehensive Response to Yen Appreciation compiled at the meeting of the Council on the State of the Economy on August 29, 2011, the requests shall also take into account those items which contribute to addressing such issues as the hollowing out of industry caused by the recent sharp appreciation of the yen.
- Based on the above, the requests shall be submitted to the Minister of Finance by Friday, September 9, 2011.

Regarding financial resources, the Minister of Finance shall take the lead in quickly establishing a policy for securing financial resources through expenditure cuts and non-tax revenues. In addition, the Tax Commission shall carry out discussions on

several options pertaining to specific tax items and the size of the taxes for each fiscal year, among other matters.

Once the expenditures for the third supplementary budget and fiscal resources needed for the reconstruction are both identified, this will be reported to the Reconstruction Headquarters in response to the Great East Japan Earthquake, and discussions and coordination will take place with the ruling and opposition parties. To this end, each minister is asked to quickly proceed with the considerations.