Expressways in Japan

1. Planning & Development of Expressways in Japan

- Strong Government Commitment in Planning Stage
- 2. Funding for Expressway Development in Japan
 - Toll Road & Highway Public Corporations
 - Government Supports
 - Privatization of Highway Public Corporations in 2005
- 3. Korea and China Cases
 - Toll Road Scheme under BTO&PPP
- 4. Highway Design Standard
- 5. Operation & Maintenance
- 6. Technologies

Procedures of Planning and Developing Expressways (Prior to the Privatization in 2005)



*Since the Privatization in 2005, an Expressway Company has been supposed to commence an expressway project after the Minister of MLIT approves a Plan of Business Activities submitted by the Company.

Current Arterial High-standard Highway Network Plan

The Current Arterial High-standard Highway Network Plan was formulated in 1987, where a total of 14,000km of arterial high-standard highway network was to be constructed including 2,480km of access-controlled national highways.

Arterial high-standard highway network planned originally in 1966 and added in 1987



Arterial High-standard Highway Functions and Objectives

Functions of Arterial High-standard Highway (6 requirements)

- (1) Connecting major regional cities effectively
- (2) Connecting regions circularly neighboring metropolitan areas
- (3) Connecting major airports/seaports to Arterial High-standard Highways
- (4) Ensuring the national minimum standards of express traffic service

Reaching any town/rural area in the nation within an hour and contributing to reducing disparities in access to expressways

- (5) Improving the reliability of the expressway system in the event of a disaster by providing alternative routes
- (6) Facilitating traffic in the areas that constantly experience heavy traffic congestion in existing Arterial High-standard Highways

Note: The 1987 Road Council Report on "road requirements for arterial high-standard highway"

Arterial High-standard Highway Network 14,000km

- ① Expressway network accessible from any town/rural area in the nation within an hour
- ② A 30-miniute travel time to most of the major air/sea ports
- ③ Connecting to cities with populations of 100,000

National Expressway Network Development



Arterial High-standard Highway Network Development: Targets and Achievement

-We achieved some progress toward completing the network that is accessible from any town/rural area in the nation within about 1 hour and accessible to major airports/ports within about 30 minutes.

	Target of Arterial High-standard Highway	Network Plan	End of FY1987*	Current (Apr. 2011)	Achievement rate	
	Length of Arterial High-standard Highway in s	4,387km	9,855km	14,000km		
		(31%)	(70%)	(100%)		
	Accessible from any city/rural area in the	Pop coverage	82%	95%	98%	
	nation within about 1 hour	Area coverage	49%	77%	94%	
	Accessible to major airports/ports** within about the second seco	out 30 min	79/171	117/163	165/171	
			(46%)	(72%)	(96%)	
<areas acco<="" td=""><td>essible to Arterial High-standard Highway Netw</td><td>vork within 1 ho</td><td>* Fiscal Year in Japa ends Mar 31.</td><td>an ** Airports that accommo Ports considered sigr</td><td>date jet airplanes ificant (based on the plan) excludi</td><td>ng isolated islands</td></areas>	essible to Arterial High-standard Highway Netw	vork within 1 ho	* Fiscal Year in Japa ends Mar 31.	an ** Airports that accommo Ports considered sigr	date jet airplanes ificant (based on the plan) excludi	ng isolated islands
	<1988>	<current (apr<="" td=""><td>r 2011):</td><td><pre>Future></pre></td><td></td><td>C#</td></current>	r 2011):	<pre>Future></pre>		C#
	4,387km	9,855ki	m ja ja	About 14,000	km	
	Area 49%	Area coverage	77%	Area coverage 94	1%	
		Population		Population coverage 98	20/	
	Population 82%	coverage	95%	coverage 90	570 · · · · · · · · · · · · · · · · · · ·	
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International Comparison of Service Levels of High-standard Highway

Japanese Arterial High-standard Highway Network still has weak points on missing links and heavily congested urban area.

Travel speed between cities (Mobility between Cities) :

the shortest distance divided by the shortest journey time

The shortest distance represents the shortest distance of the route between cities.
The shortest isourney time represents the least isourney time of the

The shortest journey time represents the least journey time of the route between cities



88km/h France 90km/h Germany 72km/h UK 60km/h Korea (Source: MLIT)

International Comparison of Ring Road Development of Capital Regions

-The ring road system in the Tokyo Metropolitan Area is 47% completed. The area suffers from delay in progress of access controlled ring road. Major cities in other countries have multi-laned ring roads.



City	Planned length	Opened length	Complete rate	Note
Tokyo	525km	245km	47%	As of Apr 30, 2010
Beijing	433km	433km	100%	Completed on Sep 12, 2009
Seoul	168km	168km	100%	Completed on Dec 28, 2007
Paris	313km	267km	85%	As of Jul, 2009
Washington, D.C.	103km	103km	100%	Completed in 1998
London	188km	188km	100%	Completed in 1986
Berlin	223km	217km	97%	As of Jan, 2009









(Source: MLIT)

Introduction of Toll Road System in Japan

In response to a rapid increase in traffic demand after World War II, immediate road

developments needed financial resources to add to the general revenue; namely:

Dedicated Fund for Road Development (source: gasoline tax etc.)

② Toll Road System

1 9 5 2, the Law Concerning Special Measures for Highway Construction was enacted
 → A toll road system was introduced targeting public roads designated by the Road Law.

(Project proponent : National, prefectural or municipal government as a road administrator)



To expand the current toll road system as a measure of immediate development of roads across the country, an organization like the JHPC needs to be established so that private funds will be widely introduced and comprehensive and efficient operation will be carried out. (Road Council's recommendation, 1955)

1 9 5 6, Full-fledged revision of the Law Concerning Special Measures for Highway Construction

Act on Japan Highway Public Corporation was enacted.

- 1 9 5 9, Act on the Metropolitan Expressway Public Corporation was enacted.
- 1 9 6 2, Act on the Hanshin Expressway Public Corporation was enacted.
- 1970, Act on the Honsyu-Shikoku Bridge Authority was enacted.

Composition of the Government Related Road Projects (General Road and Toll Road)

>30-40% of the central government related road investment have been done as toll road projects.



(Source: MLIT)

Toll and Toll-free Roads in Current Arterial High-standard Highway Network

As of April 6th, 2012, 10,021km of arterial high-standard highways are in service, 87% are tolled and only 13% are toll-free although considerable toll free arterial high-standard highways will be open in marginal areas.
 Expressway development in Japan has relied heavily on a toll road system.



Entity in Charge of Toll Road Development - Japanese system was efficient to develop nation-wide network -

Form of Entity Countries where Practiced	Advantages	Disadvantages
Government Agency Indonesia, Malaysia, Philippines, Thailand, and United States	Facilitation of planning for network expansion.	Competing demands for government funds and difficulty in providing incentives to improve cost effectiveness and operational efficiency.
Public Corporation Japan, Indonesia, Thailand, France, and the Philippines*	<u>Greater effectiveness</u> relative to private companies <u>in pursuing goals set by the</u> <u>government</u> , and their <u>ease of accepting cross</u> <u>subsidies among routes in a network</u> .	Lack of incentives for cost reduction, and tendency to be less efficient than their private counterparts. Due to tight governmental control, less effective in responding to market conditions, which change over time and differ across regions.
Private Concessions Argentina, Brazil, Chile, Colombia, France, Hungary, Mexico, Spain, Hong Kong SAR (China), and the United States, among others	Often favored over Government agencies because of their efficiency and market responsiveness.	Network development can be more difficult compared with public agencies. Private firms may not be able to assume all the risks associated with toll road development, which entails a long-term and large-scale investment.
Private-Public Partnership (PPP) Approach Hungary, Colombia, China, Indonesia, and Philippines	Brings additional resources to the project and complete it in a shorter time. Increases the efficiency in construction and project operation, through market discipline, assuring that the project is completed on schedule and within the budget.	responsibilities between the public and private

* Strictly speaking both SEMCAs in France and PNCC in the Philippines are "semi-public" bodies, but with a majority of shares held by the public sector.

D Redemption Principle

- Full cost must be recovered by users charges.
- To cope with difficulty in keeping this principle on unprofitable routes, extension of redemption periods, pooling system and cost reduction efforts have been adopted.

Cross Subsidies ("pooling" system) for Network Expansion

- Toll revenues of profitable routes are used to cross-subsidize unprofitable routes.
- This system has been effectively worked to expand expressway network.

□ Strengths and Weaknesses of Public Corporation

• Effective to develop nation-wide network, Government tight control

D Strong Government Support

- Treasury Investment and Loan (utilizing postal savings & pension reserves),
- Government Equity Capital & Interest-free Loans,
- Subsidies for Interest Payment,
- Hybrid of Toll Road Projects and General Road Projects

Cross Subsidies ("pooling" system)

- **Recommendation of Road Council, 1972**
- 1) Expressways should be <u>an arterial traffic network, connected to each other across</u> <u>the country</u>. Each link is not necessarily considered independent. Therefore, the toll rates should remain consistent and integrated.
- 2) Under the circumstance with development costs being affected largely by fluctuation of land prices and construction costs, cost differentiation due to project start time should be avoided. In addition, debt repayment should be carried out smoothly.
 - ⇒Shifting from individual profitability system to pool system seems effective.



Change in Debt Repayment Period and Toll Rate (Tolled Expressways)

				1						
Rate revision	Oct. 1972	Apr. 1975	Aug. 1979	Jun. 1982	Oct. 1985	Jun. 1989	Apr. 1995	Apr. 1999	Dec. 2001	Oct. 2005
Main reason for rate revision	Introduction of pool system	-Addition of n segments -Increase in c cost		-hike in prices -Low traffic demand		new road seg construction	-		Reorganization and rationalization plan for special public corporations	Privatization
Subject Road Length	3,895km	4,816km	5,415km	5,415km	5,777km	6,410km	7,887km	9,006km	9,342km	9,342km
Minimum rate for passenger car	8.0 JPY/km	13.0 JPY/km (100 JPY)	16.6 JPY/km (100 JPY)	19.6 JPY/km (100 JPY)	21.7 JPY/km (100 JPY)	23.0 JPY/km (150 JPY)		24.6 JPY/kn (150 JPY)		24.6 JPY/km (150 JPY) Fixed
Repayment period			About 3 Fixe	30 years ed			40 years (Jun 1992 ~)	45 years (Jan 1999 ~)	Up to 50 years or shorter	45 years (up until 2050 Fixed

Finance of High-standard Arterial Highway System

- Utilizing National and Local Governments Funds -



Government Support – Interest Subsidies and Equity -

The Government provides JHPC with subsidies for interest payments and equity capital to minimize risks associated with interest rate fluctuations.
 The support needed to keep the interest payments at a certain level has been funded through a combination of direct subsidies and equity capital.

Interest Payment - Interest Subsidies

Real Funding Cost

Debt + Equity Capital

Fiscal Year	Other Expressways (%)	Rib-like Expressways (%)
19656-72	6.0	-
1983-93	6.5	3.0
1994	5.3	3.0
1995	5.2	3.0
1996	4.9	3.0
1997	4.7	3.0
1998	4.3	3.0
1999-2000	3.0	3.0
2001	3.0	2.9

Planned Funding Cost

✓ The Government provided JHPC with Interest subsidies and equity capital in every fiscal year until 2001 so that a real funding cost was equaled to a planned funding cost. The total of interest subsidies amounts to 1.68 trillion JPY.

✓ The Expressway Holding Agency received capital in the amount of 50.82 billion yen from the national and local governments of the Metropolitan Expressway and Hanshin Expressway, and lent 33.91 billion yen to the Metropolitan Expressway Co., Ltd, and 16.92 billion yen to Hanshin Expressway Co., Ltd., in interest free loans.

Cost Reduction of Expressway Construction - Example of stage construction -



Concept of stage construction of earthworks

Organizational Chart: Post Privatization

Objectives of Privatization

-Keep up with the repayment of 40 trillion JPY

-Construct necessary roads promptly with the least national burden, while supporting individual initiatives of the expressway companies.

- Provide various and flexible toll rate settings and services taking advantage of being a private company.



Business Scheme

-Expressway Companies are responsible for constructing new roads funded by debt and loans before transferring expressway assets and debts to the Agency. -The Agency is responsible for completing the repayment of debts with the revenue of lease fees in 45 years.



Repayment Plan of the Debts of Expressway Development Costs



Consequences of the Privatization in 2005

MLIT direct construction of national expressways, under which national and local governments funds are allocated to be toll free, has been implemented since 2005 to develop not financially viable, but economically viable routes.

≻As of now, the Privatization system works relatively well, so construction of new routes and repayment of debts proceed steadily.

The Agency and the Companies can secure low cost funds because of their higher credit ratings, stable toll revenues and steady interest bearing debt repayment.

Changes in debt balance in FY 2011

(JapanExpresswayHoldingandDebtRepaymentAgency)

(Unit: 100 million yen)

	FY 2011	(Reference) FY 2010
Debt balance at start of the period A	306,799	312,870
Debt accepted B	4,807	5,625
Debt repaid C	34,104	4,903
Fund raised D	25,637	29,105
Increase in book value from the amortization of the discount on bonds payable E	105	102
Debt balance at end of the period A+B-C+D+E	303,244	306,799

From October 1st, 2005 to the end of FY 2000. the average fund-raising cost of interest-bearing debt was 1.50%.

(Source: The Japan Expressway Holding and Debt Repayment Agency)

Budget Plan of 3 NEXCO Combined



(3 NEXCO companies have not raised fund by FILP bond or FLIP agency Bond since FY2010.)

Case of Korea

1. The 4th Comprehensive National Territorial Plans (2000-2022)

(Guidelines for Expressways)

- (1) Develop balanced national land and gradually develop a national expressway system consisting of 7 north-south expressways and 9 east-west expressways.
- (2) Alleviate the bottleneck spots on national highways by saving freight costs and minimizing inconvenience.

Total length of Expressways : about 1,900km (1997) \rightarrow about 6,000km (2020)

2. The 2nd Road Development Basic Plan (2011)



- < Development Goals >
- Early development of national arterial roads that enables access from anywhere in the country to expressway within 30 minutes
- Development of the congested road segments, operation of facilities in an effective manner and better transport system in urban areas.
- Development of safe roads with coordination between human and environment

• Improvement of service for road users usen including better utilization of cutting-edge technology and information technology.

Expressway (in service as of end of 2002) Expressway (to be opened by 2020) National Arterial High-standard Highway

Reference: MLIT prepared based on "ROAD in KOREA 2002") (Website of Korean Ministry of Transport)

3. Project Scheme through Private Finance Initiative in Korea

- In 1994 the Government enacted the PPP Act to accelerate infrastructure development by overcoming government budget constraint and slow bureaucratic decision-making.
- BTO toll road projects along with unsolicited bidding (private sector proposal initiative) actively started in expressway development 2000 – 2006 because government supports such as MRG were substantial.



Reference: a document prepared by Korea Development Institute

(Source: Nomura Research Institute, "PPP/PFI Scheme and Infra-fund in Korea," January 2011)

Case of Korea - MRG as Government Support -

Revenue

Source: Nomura Research Institute, "PPP/PFI Scheme and Infra-fund in Korea," January 2011

Revision of MRG Policy

	1999 Amendment	2003 Amendment	2006 Amendment
Period of	Whole project period	15 years	10 years (Government
coverage			approved projects only)
Revenue	90% - 80% of	Ratio to expected revenue	Ratio to expected revenue
Guaranteed	expected revenue	# First 5 years: 90%	# First 5 years: 75%
Line		# Next 5years: 80%	# Last 5years: 65%
		# Last 5 years: 70%	
Minimum Line	None	50% of expected revenue	50% of expected revenue

Source: Nomura Research Institute, "PPP/PFI Scheme and Infra-fund in Korea," January 2011

Minimum Revenue Guarantee
 (MRG) is said to be a key government
 facility to support PPP.

➢ Governments undertake a certain portion of demand risk such as the difference between expected and actual toll revenue.

However, there was criticism to PPP such as "SPCs undertake financially unviable projects since they are supported by excessive MRG."

➤To cope with the criticism, the PPP Act, amended in 2003, introduced the "Minimum Line," which would define minimum revenue to be fulfilled to get MRG.

➢ Furthermore, MRG has been applied to only limited projects since 2007 due to PPP Act amendment in 2006.

Mechanism of Minimum Revenue Guarantee (MRG)

Case of China

- 1. National Trunk Highway System (NTHS) Plan
- To connect prefectural center cities with a population of 0.2 million or more in the next 30 years.
- To develop 7 radial roads, 9 north-south roads and 18 east-west roads centering around the capital city.
- Total length will be about 85,000km, of which 68,000km is arterial roads and 17,000km will consist of 5 local ring roads.



- 2. Utilizing PPP and Toll Road
- The government of China has adopted a toll-based network and used debt as a key financing vehicle.
- While management and finance of most of the expressway network remains in the public sector, China has adopted a unique form of PPP for a limited projects.
- Provincial governments first build a toll expressway. After it is completed and most construction & traffic risks have matured, an expressway company is set up. Then the government sells the company's shares, on which shareholders earn dividends.



(Source: MLIT)

Note: Prepared based on Cesar Queiroz and Henry Kerali, "A Review of Institutional Arrangements for Road Asset Management: Lessons for the Developing World," The World Bank Transport Papers, April 2010

Technical Standard -Road Structure Ordinance -

- Basic highway design and engineering standards in Japan including those of expressway are prescribed as government ordinance, ministerial ordinance or ministerial circular by the Government and MLIT.
- The Japan Road Association (JRA) and other relating association also prepare detailed highway design and engineering guides and handbooks.
- Each Expressway Company also prepares design manuals for itself, complying with government standards.
- The most basic standard, the "Road Structure Ordinance" is a government ordinance based on Articles 30 of the Road Law.



Operation & Management

Traffic Control

- *Monitoring traffic conditions
- *Processing and providing traffic information
- *Instructing patrol staff and other relevant teams *Monitoring and controlling facilities



Traffic Operation

- *Conducting routine patrols
- *Collecting traffic information

*Regulating traffic, responding to accidents and handling other on-site activities



Toll Collection

- *Ensuring to open toll gate for traffic volume
- *Responding to accidents, disasters and illegal tollgate pass-throughs
- *Rectifying equipment problems and other issues





Road Operation & Maintenance

*Inspecting pavement, bridges, tunnels, slopes,

facilities and buildings *Cleaning, planting, cutting and trimming greenery *Performing accident recovery work, removing snow *Maintaining pavement, bridges, tunnels, slopes, facilities and buildings



O&M -Traffic Control -



O&M - Emergency Work of Traffic Patroller -



O & M -Removing Fallen Objects and Obstacles-



Two members of the traffic patrol will remove the obstacles on the expressways.



You realize how big they are.

You are liable for the objects and obstacles on the expressways if you drop them.



One member waves a flag, and another picks them up.



They may cause a serious accident.

O & M - The Cycle of Planning-Inspection-diagnosis-repair -

[Inspection flow-chart]





Close-range visual search for cracking



An inspection vehicle carries out non-destructive testing MLIT & Expressway Companies together with JICA are extending Technical Cooperation for Expressway O&M in Developing Countries (ex. Vietnam, Sri Lanka & India)



Field training on lane closure in emergency case (Sri Lanka)

Source: EOM&M Division, Road Development Authority, Sri Lanka, "Manual for Expressway Traffic operation & Management," January 2012



Actual lane closure in emergency case by staff of Road Development Authority, Sri Lanka

(Photo: JICA Sri Lanka Office)

Technologies - Bridge Construction -

In accordance with the various settings, such as bridges between precipitous mountains or a viaduct in urban areas, bridges are constructed economically and appropriately.



Technologies - State of Art Tunneling -

Construction of Hida Tunnel with Tunnel Boring Machine (TBM)



Construction at Urban Area 2

Expanded

Tunnel

s/Exit

The merging/diverging sections of entrance/exit were constructed by "Shield Tunnel

Expansion Methods" at deep underground without open-cut from surface of the ground.

Shield Tunnel Expansion Method

ield Tunnel

in road

Length10.7km :
2nd longest in Japan ,
8th longest in the worldDiameter12.84mExcavation speedMaximum 15m/day

•Construction at Urban Area 1



(Source: MLIT, JEXWAY and 6 Expressway Companies "Expressway Construction-2, Tunnel," PIARC Mexico 2011)

Technologies - Pavement -

Multifunctional asphalt pavement has a lot of small holes compared to conventional asphalt pavement that enables better permeability and noise-absorption effects, which ultimately enhances safety at high speeds. Additionally, the quality of pavement is accurately controlled.



Technologies - Maintenance of Cable Suspension Bridge -

Rust Prevention Technology 1

- Preventing corrosion of cables -

•A dry air injection system was developed. The system prevents corrosion of main cable suspension bridge by supplying dry air into the sealed cable.

•Good results have been already given for existing suspension bridges as well as newly built ones



Rust Prevention Technology 2

- Protecting undersea structures from rust

•Electrodepositing technology was developed to protect undersea steel structures against corrosion and keep durability.

•Small electric current is flowed through the seawater to deposit ions in the seawater to deposit of the undersea structure, thus protecting it against corrosion.



Technologies - Structure Maintenance -

Example of system constructed to enhance efficiency of inspection and management operations

Ubiquitous road maintenance information collection system

A ubiquitous environment that uses RFID and sensors mounted on road infrastructure is being built to enable access "anytime, anywhere" to information necessary for road inspections and maintenance. The objectives are to enhance efficiency of inspection and management operations, and speed up customer services. This technology uses HDVs and infrared cameras to conduct noncontact, nondestructive tests of bridge conditions from a remote location.



Conceptual view of road slope maintenance support system



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Technologies - Traffic Safety Facilities -

Example



Warning signs indicating the line's end have been operating in the Okazaki area of the Tomei Expressway since 2009 using traffic counters, sign boards and blue lights.



< Congestion warning system >

Source: Hideki TAKAHASHI "Traffic Engineering and Traffic Management & ITS in NEXCO central," NEXCO central

Technologies - Emergency Work for Rehabilitation -

Restoration work to damaged road section after large-scale disasters

Example of restoration work after the Great East Japan Earthquake of Mar. 11, 2011

Just after earthquake occurred





Re-open to traffic (6days after the quake)



《Emergency transport route》

Emergency squad and goods were transported using the expressway the day following the disaster.



《Logistic support》 Provide rest areas along the expressway near the damaged areas for Self-Defense Forces and Fire Services as a restoration work base.



Technologies - Detecting by Camera Image Processing -

Detecting emergent events, traffic situations (amount, speed and congestion etc.) by using camera image processing



Emergent events : "Stopping," "low-speed," "evacuating-run," "run on shoulder," "fallen object"

- < Results of field tests (provisional) >
- Detection of the car action, such as "evacuating-run," "run on shoulder," etc. is good at night and day
- · Detection of falling objects is difficult

Technologies - Electronic Toll Collection (ETC) System -

ETC-equipped vehicles



*a segment that experiences more than 30 congestions or 5 congestions with congested length of 2km or more in a year

Technologies - ETC and Smart IC -

Smart IC is simplified inter change only usable ETC car.



Source: Hideki TAKAHASHI "Traffic Engineering and Traffic Management & ITS in NEXCO central," NEXCO central

Technologies - Application of Japanese ETC Technology in Singapore -

ERP(Electronic Road Pricing)System The World-first Automated Road Pricing System

Distinctive Features

High Speed Multi-lane Free-flow
Payment by Prepaid IC card in On-board Unit
Dual mode IC card (contact and contactless)
High Communication Reliability(99.999%)
Charge amount depending on vehicle class including motorcycles

■Violation vehicle can be automatically identified by number plate recognition system

■High utilization Ratio of On-board Unit (99. 9%)

EPS(Electronic Parking System)

Distinctive Features

- Using ERP Technology
- Deduct Parking Fee Thorough DSRC communication



In Operation at about 90 Places In Singapore

Source: Mitsubishi Heavy Industries



In Operation at about 1,400 Places In Singapore

Source: Mitsubishi Heavy Industries

Thank you for your attention.

Oonaruto Bridge built in 1985, L=1,629m