

## Chapter 5. Enhancing Global Competitiveness

### [ Activating the economy ]

As structural reform progresses in Japan, and to conquer deflation, we are promoting Special Zones for Structural Reform in conjunction with setting policies to revitalize production, perfect safety nets for employment and small and medium companies, activate the real estate market, promote housing lending, and pursue Urban Renaissance by encouraging private investment and spending.

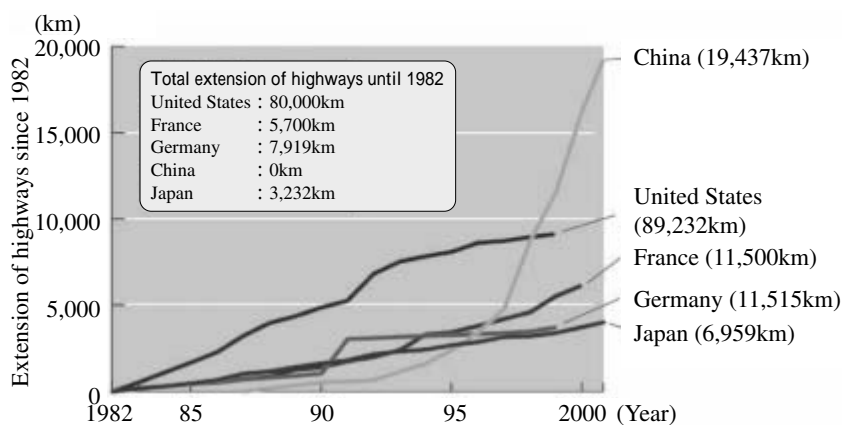
### [ Construction of extended transportation networks ]

#### Building trunk roads

Japan's level of trunk road completion lags behind that of the U. S. and Europe; it is vital to continue the construction of high standard trunk roads for efficient and effective utilization of Japan's land.

Furthermore, in light of reforms in public works, it will be necessary to study effectiveness, needs and methods in regard to continued future construction.

#### 112. (International comparison of trunk road completion levels)



Note: Japan, China 2001  
France 2000  
U.S., Germany 1999

#### Expansion of trunk railroad network

The trunk railroad network is basically nearly complete, but it is difficult to say that it is sufficient in terms of high-speed services or railroad facilities. Therefore, we are proceeding steadily with construction of additions to the Shinkansen; The December 2002 opening of the Tohoku Shinkansen Morioka-Hachinohe section has produced a major reduction in riding time. Moreover, by establishing a reserve fund system for extensive renovation, making trains faster on ordinary trunk lines and doing R&D on such technologies as the linear motorcar, we are continuing to build the trunk railroad network over a wide area.

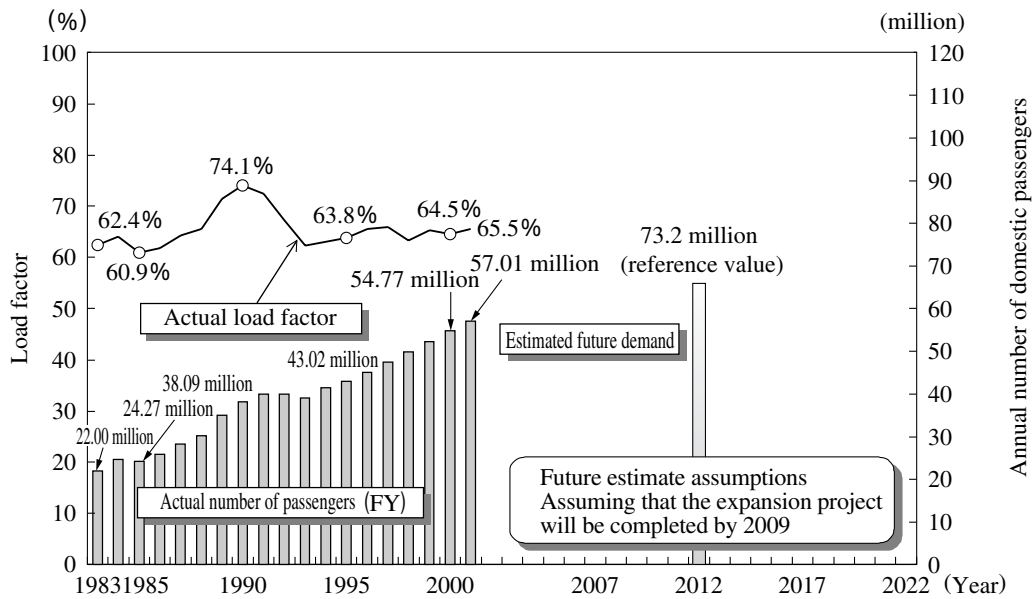
**113. (First Departure Ceremony for the Tohoku Shinkansen “ Hayate ”)**



**Improving domestic air network**

The number of domestic passengers using Haneda Airport is steadily increasing, and there are fears that Haneda already has no capacity. Therefore, we are treating construction at Haneda and other major urban area airports that form the hub of our air network as a highest priority task.

**114. Domestic passenger numbers at Haneda Airport and future estimates**



**[ International transportation network construction ]**

**International airport network construction**

The level of international hub airports in major metropolitan areas is insufficient, and they cannot meet demands for increased service or new operators; this cannot help but injure international competition. Therefore, we are strengthening capacity at international hub airports in major metropolitan areas:

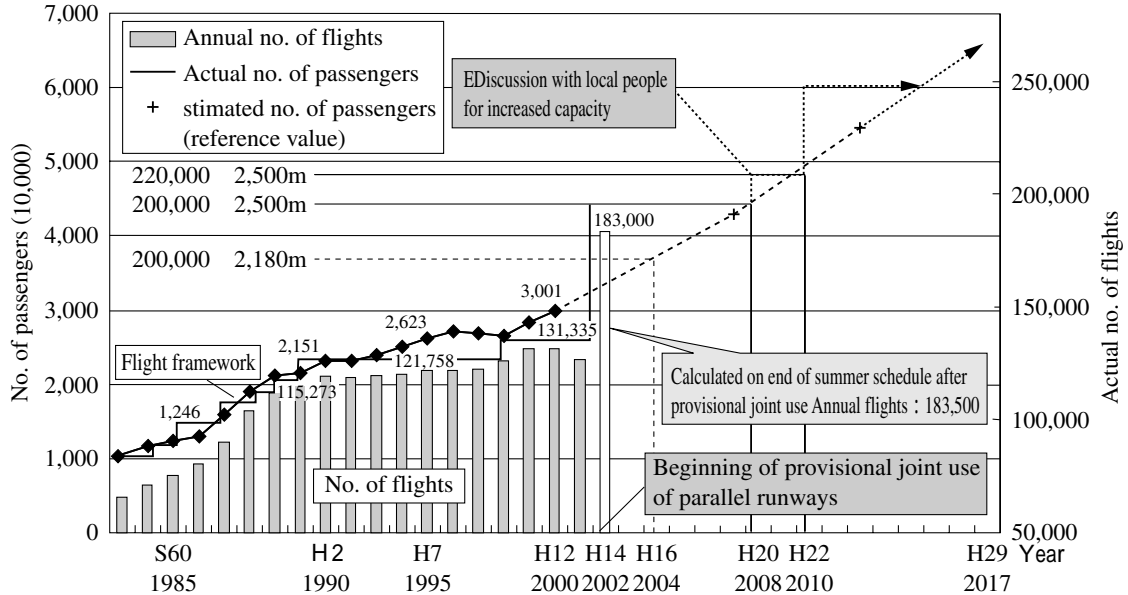
1. Narita Airport construction;
2. Increasing night and early morning charter flights from Haneda Airport;
3. Pressing for 2nd stage construction at Kansai International Airport; and
4. Construction of Chubu International Airport.

In addition, we are vigorously conducting air negotiations with other countries for new air agreements and revisions.

**115. (Actual and estimated number of passenger at Narita Airport)**

2002 completion of interim parallel runway increases flight framework from 135,000 to 200,000 (×1.5)

Reaching estimated flights of 200,000 by about 2008 and 220,000 by about 2010 will require efforts to increase airport capacity



Source: MLIT

**[ Strengthening of Transportation Connections ]**

Establishment of a multi-modal Transport System

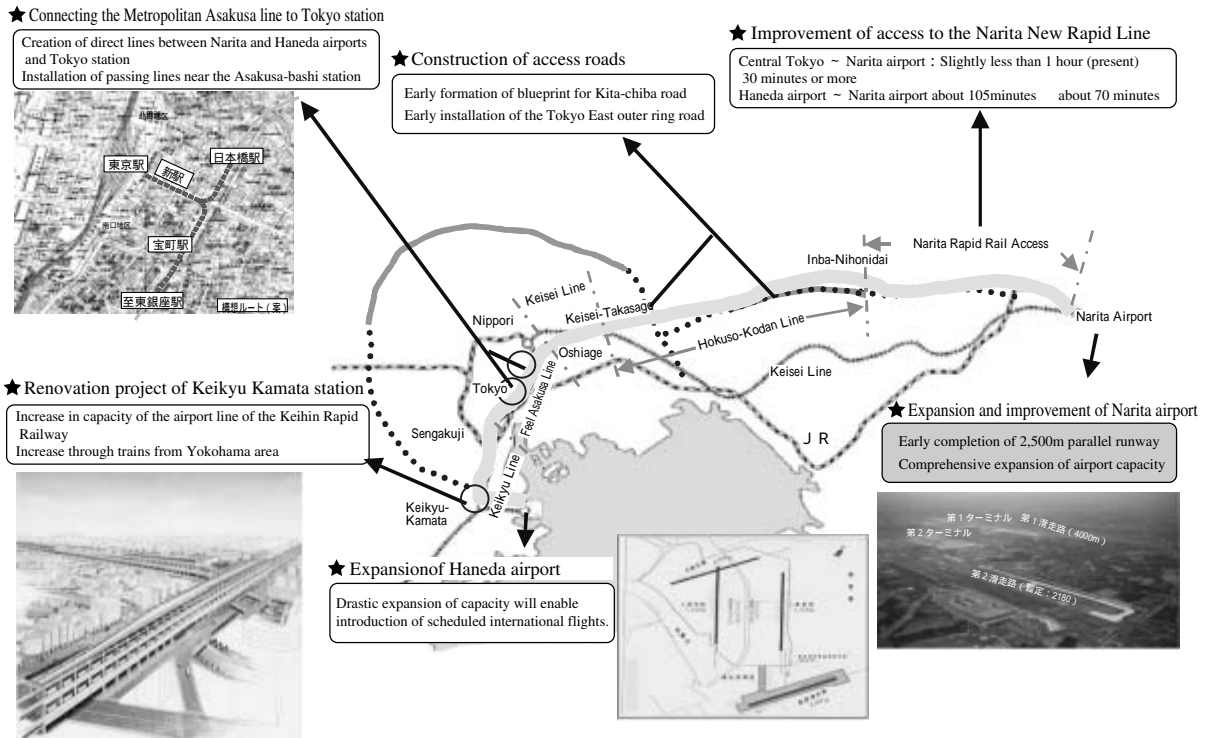
We are aiming to offer environmentally friendly, cost effective “ door to door service, ” in response to user demand, through functional improvements and focused linkage among hubs such as airports, ports, railways and trunk roads and the roads that connect to them.

Improved access to airports

In addition to bringing the access time to Narita Airport from the city center down to the 30-minute level through the construction of a high-speed railroad, we also aim to improve high-speed accessibility by transport to Narita Airport.

We also plan further improvements to Haneda Airport access and guarantees of access to Chubu International Airport, etc.

## 116. (Expansion of airport capacity in the Tokyo area)



## [ Building an internationally competitive distribution market ]

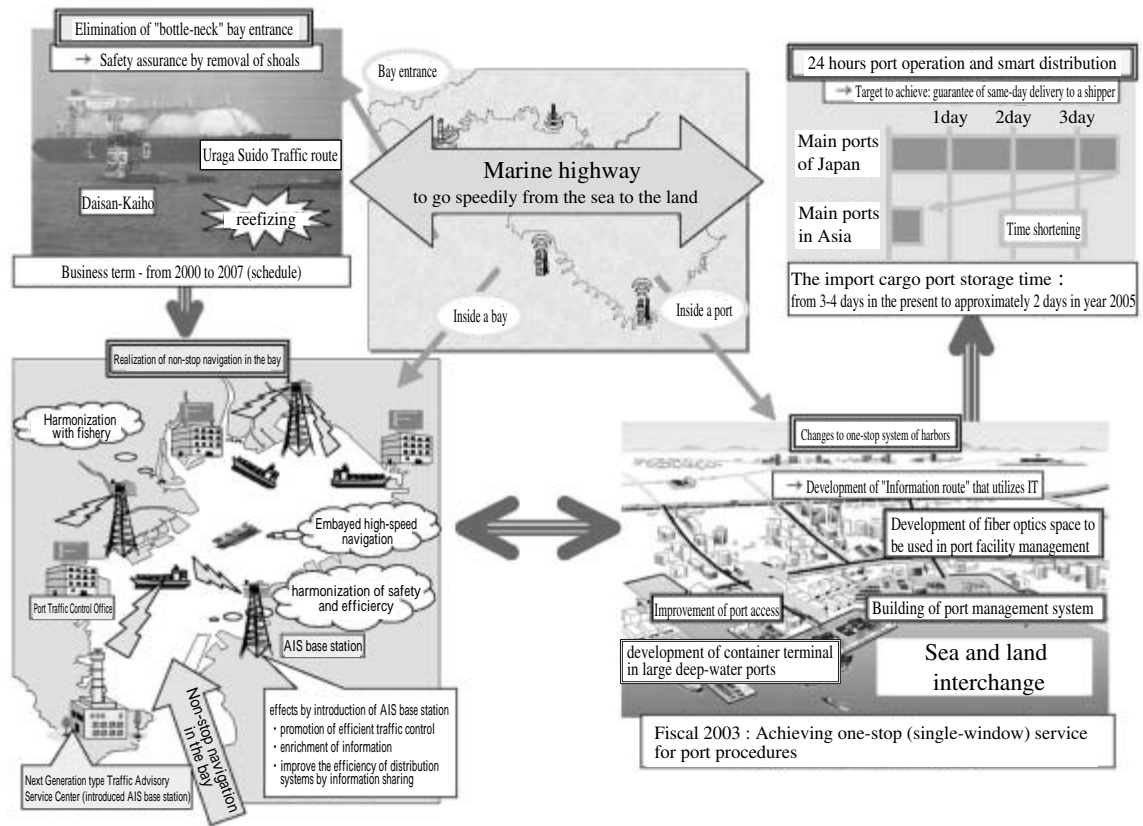
Plan to strengthen functions of international distribution points

In order to build a marine highway network that is both safe and efficient, we are:

1. Preparing international shipping lanes;
2. Realizing non-stop port entry;
3. Constructing core harbors;
4. Achieving one-stop (single-window) service for port procedures; and
5. Keeping ports open for full services 24 hours per day.

Also, we are trying to nurture Super-Hub Container Ports through government-private cooperation to realize costs and services comparable to other major Asian ports.

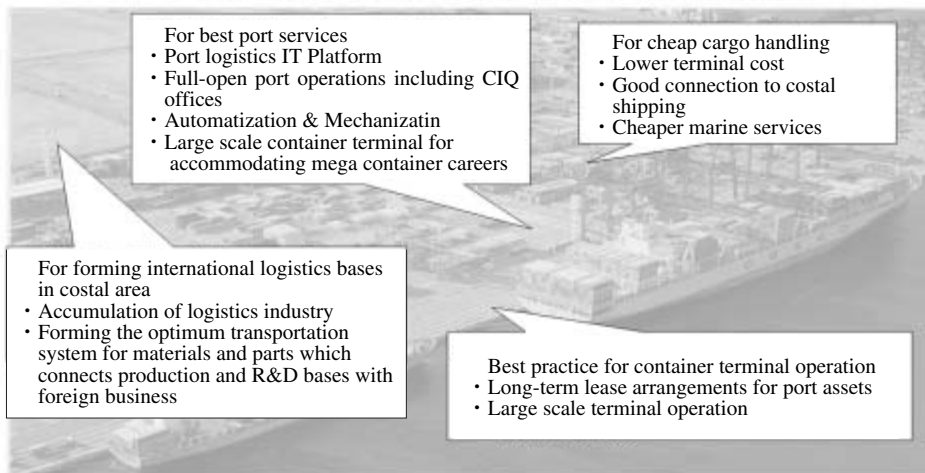
117. (Constructing a highway network)



Creating Super-hab Container Port

Target: Challenging container mega-hubs of Asia

- Lower port cost by more than 30% for competing to the ports of Busan and Kaohsiung
- Shortening cargo discharge time from 3 ~ 4 days to less than one day



Plans for constructing a high quality and efficient distribution system

We are promoting activity in the field of distribution, such as the diffusion of JTRN, the domestic standard for EDI (electronic distribution information) needed for e-trading in distribution, ITS technology and GIS (geographical information system).

Also, aiming for greater efficiency in intermodal transport, in addition to making interregional distribution more efficient through construction of domestic trade terminals, railroad freight terminals and access roads, we are proceeding with plans on the software side in intracity distribution, such as reducing congestion at bottlenecks through trunk road construction, strengthening facilities for promoting cooperative delivery operations and testing TDM.

**[ Reviving and activating the industry ]**

Strategies for activating the transport industry

We are making studies in the RR industry of the possibilities of mutual use of IC cards for fare payment to improve convenience.

In regard to policies to promote competition in the domestic airline area, we are improving user convenience through the participation of new airline companies, by offering preferential flight slots at Haneda Airport and equalizing use conditions at airport facilities.

We are also planning such concrete policies as complete privatization of JR, regulating the alternative driver business and "Next-generation Domestic Sea Transport Vision."

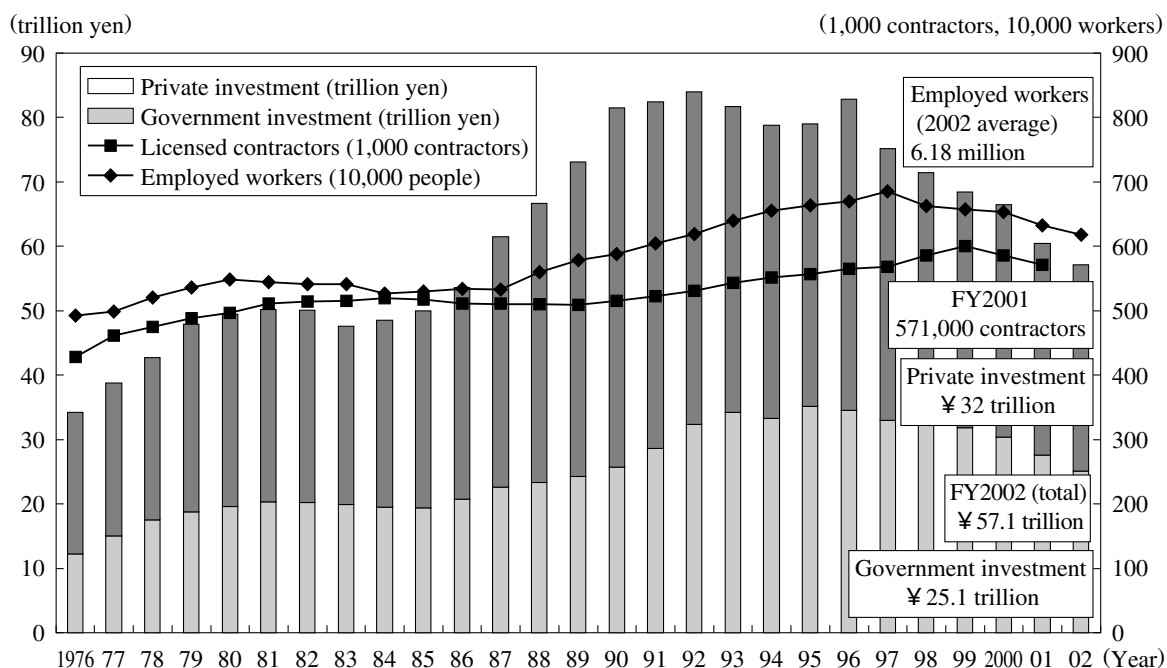
Activating the real estate market

In order to activate the real estate market, we are promoting the establishment of a market environment through such measures as securitization of real estate, better information on real estate transactions, insuring proper real estate management and fair enforcement of land and building transaction laws.

Reviving the construction industry

To revive the construction industry, we are aggressively pursuing promoting the establishment of safety nets, evaluation of firms in public works, elimination of poor quality and substandard businesses, study of the introduction of CM systems, measures for construction workers and strengthening the management base for specialized and construction related businesses.

**118. (Changes of construction investment (nominal value), the number of licensed contractors and employed workers in the construction industry)**



Note 1: Investment totals for 2000, 2001 expected. 2002 total prospective.

Note 2: The number of licensed contractors value as of end of fiscal year (March of following year)

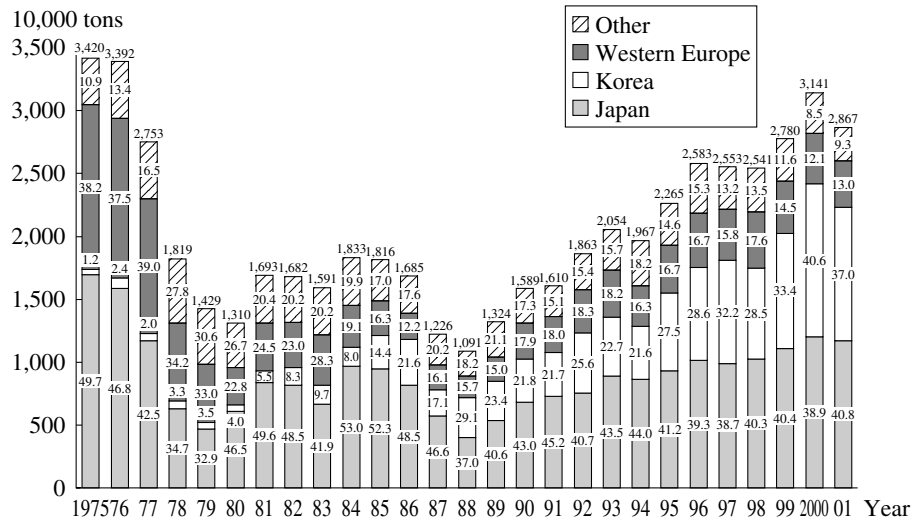
Note 3: The number of employed workers total is average.

Sources: MLIT "Estimate of Construction Investment", "Licensed Contractor Survey", MPHPT "Labour Force Survey"

Measures to deal with shipbuilding issues

In order to strengthen and maintain Japan's shipbuilding industry, we are devising an integrated strategy and promoting use of support systems to effect smooth realignment of the industry. Furthermore, we are promoting R&D on such maritime technology as the Mega-Float.

119. Changes in the world shipbuilding industry



Note 1: Completion base.

Note 2: Values inside bar graph represent distribution ratio.

Source: Compiled from Lloyd's source (for ships over 100 Tons)