

[Competition between Japan and East Asian countries/regions]

Economic growth in East Asian countries/regions has not only deepened their interdependence with Japan but also competition between the two at all levels—among nations, regions, cities and businesses.

Under these circumstances, it is said that Japan’s competitiveness is decreasing in relation to East Asian countries/regions. For example, IMD’s *World Competitiveness Yearbook 2004* ranks some East Asian countries above Japan.

<IMD’s world competitiveness ranking in 2004>		
	Total rank	Basic infrastructure section rank
Singapore	2	3
Hong Kong	6	58
Taiwan	12	36
Malaysia	16	35
Japan	23	14
China	24	16
Thailand	29	41
Rep.Korea	35	33
Philippines	52	60
Indonesia	58	57

Notes: Ranking in the basic infrastructure section has been made based on the following survey and statistical items.

Survey items: urbanization, air transportation quality, physical distribution infrastructure, water-borne traffic infrastructure, infrastructure management and maintenance, and energy infrastructure.

Statistical items: the cultivated acreage, population (market) size, population density, road network, railway network, the number of air passengers, energy output, (GDP) – (energy consumption), energy consumption (/GDP), energy trade, and electricity charges for businesses.

Source: Compiled from IMD, *World Competitiveness Yearbook 2004*.

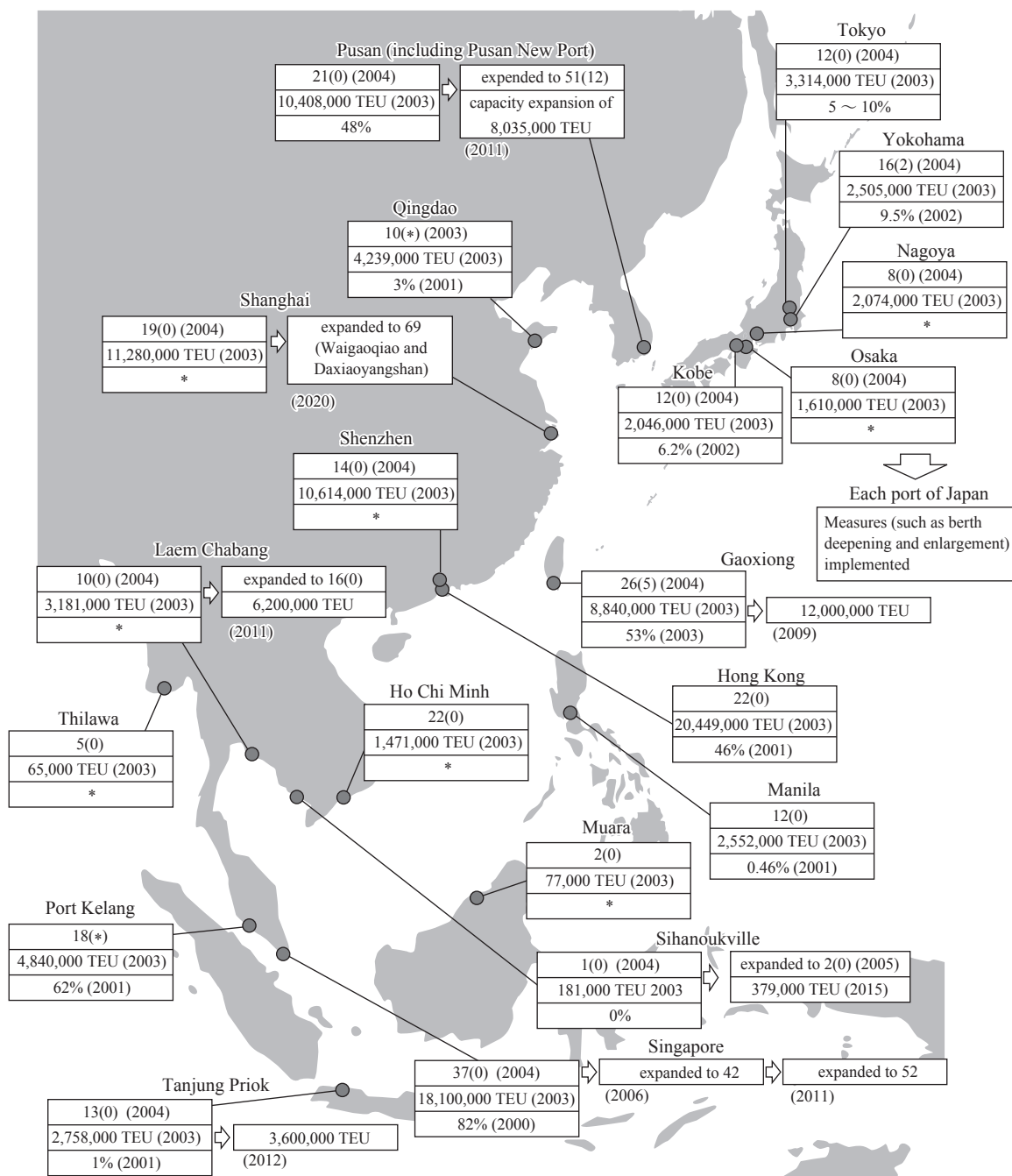
○Ports and airports in Japan and East Asian countries/regions

East Asian countries/regions are increasingly developing ports and airports, prompted by the growing flows of people and goods, the development of transportation means, and the shift toward large-capacity ships. As a result, the capacities of ports and airports in East Asian countries/regions have been increased. Some of these ports and airports have already surpassed or in the process of surpassing those in Japan in terms of the volume of cargos or passengers handled.

A number of trends point to a decline in the international status of Japanese ports. For example, increasing portions of the containers exported from or imported to Japan are transshipped at major ports in East Asian countries/regions. In addition, the number of major ocean liners that call at Japanese ports is decreasing. Some airports in East Asian countries/regions are ranked above some Japanese airports in terms of passenger traffic.

Amid progress in the international division of labor, Japan needs to maintain its competitive edge. To this end, Japan should strive to maintain and improve its collective capacity in all of its forms, including its software side.

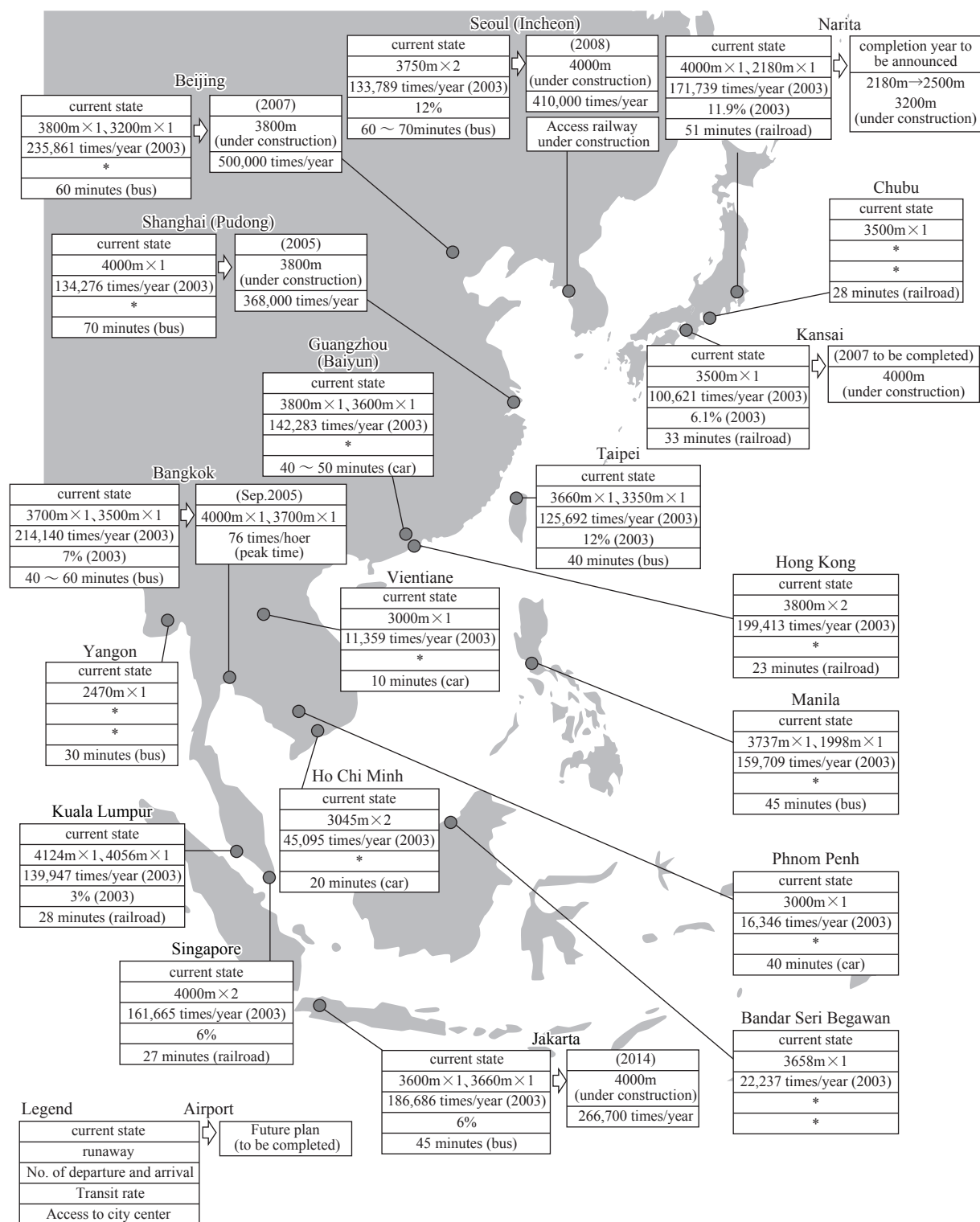
< Current state of and future plans for major ports in East Asian countries/regions >



Legend	Port
current state	⇒ Future plan (to be completed)
No. of berths (16m water depth or more)	
Handled containers	
Transship rate	

- Notes: 1. The ports in East Asian countries/regions were among the top 20 in the world ranking and/or the country's No. 1 port in terms of the annual amount of containers handled. The ports in Japan were the country's top 5 ports, some of which are not among the world top 20 ports.
2. The standards for berth depend on the country/region, precluding direct comparisons. The number of berths at a Japanese port is the number of berths for exclusive use for containers with a water depth of 12 meters or more. The details of the berths in East Asian countries/regions, including their water depths, are not available.
3. The number in parentheses after the number of berths indicates berths with a water depth of 16 meters or more included in the total.
4. The figures with no survey year specified are based on Informa UK Ltd., *Containerisation International Yearbook 2005*.
5. The transshipping rate represents the percentage of containers from aboard that are transhipped at the port for transport to other countries.
- Source: Compiled from Informa UK Ltd., *Containerisation International Yearbook 2005*, MLIT surveys, and other data.

< Current state of and future plans for major airports in East Asian countries/regions >



Notes: 1. "No. of runways" and "access to city center" are data as of February 2005 for Japanese airports and 2004 for those in East Asian countries/regions.

2. The chart represents airports that were among the top 80 in the world ranking and/or the country's No. 1 airport in 2003 in terms of the annual volume of passenger traffic, except for Japanese airports, which were the country's major international airports.

3. (Transit rate) = (No. of transit passengers) / (No. of passengers entering the country + No. of passengers leaving the country + No. of transit passengers)

Source: Compiled from ACI, 2003 Worldwide Airport Traffic Report, MLIT surveys, and other data.

< Ranking of major ports in East Asian countries/regions in term of the amount of containers handled (2003) >

World rank	2002 rank	Port	Country/region	2003 cargo volume (thousand TEU)	2002 cargo volume (thousand TEU)	Year-on-year
1	1	Hong Kong	Hong Kong	20,449	19,144	106.8
2	2	Singapore	Singapore	18,100	16,800	107.7
3	4	Shanghai	China	11,280	8,610	131.0
4	6	Shenzhen	China	10,614	7,614	139.4
5	3	Pusan	Rep.Korea	10,408	9,453	110.1
6	5	Gaoxiang	Taiwan	8,840	8,493	104.1
12	11	Port Kelang	Malaysia	4,840	4,533	106.8
14	15	Qingdao	China	4,239	3,410	124.3
16	21	Tanjung Pelapas	Malaysia	3,487	2,660	131.1
17	19	Tokyo	Japan	3,314	2,712	122.2
19	22	Lame Chabang	Thailand	3,181	2,657	119.7
21	24	Tianjin	China	3,015	2,410	125.1
22	32	Ningbo	China	2,772	1,860	149.0
23	27	Guangzhou	China	2,762	2,180	126.7
24	20	Tanjung Priok	Indonesia	2,758	2,680	102.9
25	23	Manila	Philippines	2,552	2,462	103.7
27	25	Yokohama	Japan	2,505	2,365	105.9
29	35	Xiamen	China	2,331	1,750	133.2

Source: Compiled from Informa UK Ltd., *Containerisation International Yearbook 2005*.

< Ranking of major airports in East Asian countries/regions (2003) >

(International cargo volume) (Unit: tons)				(World passengers) (Unit: person)			
World rank	Airport	Country/region	Cargo volume	World rank	Airport	Country/region	Passengers
1	Hong Kong	Hong Kong	2,642,975	5	Hong Kong	Hong Kong	26,753,510
2	Narita	Japan	2,088,514	7	Singapore	Singapore	23,142,687
3	Seoul (Incheon)	Rep.Korea	1,813,976	8	Narita	Japan	22,433,091
5	Singapore	Singapore	1,611,406	9	Bangkok	Thailand	21,252,347
7	Taipei	Taiwan	1,487,800	10	Seoul (Incheon)	Rep.Korea	19,387,113
14	Shanghai (Pudong)	China	929,018	26	Taipei	Taiwan	13,602,439
15	Bangkok	Thailand	900,347				
18	Kansai	Japan	716,873				
21	Kuala Lumpur	Malaysia	535,866				
29	Manila	Philippines	255,249				

Source: Compiled from ACI, *2003 Worldwide Airport Traffic Report*

< Top 10 air carriers in East Asian countries/regions (2003) >

World rank	Airlines	country/region	Fare-paying passenger km (million people kilometer)
4	Singapore Airlines	Singapore	63,816
7	Japan Airlines	Japan	56,549
11	Cathay Pacific	Hong Kong	42,727
12	Thai Airways International	Thailand	41,731
15	Korean Air	Rep.Korea	35,574
18	Malaysia Airlines	Malaysia	32,320
22	China Airlines	Taiwan	23,436
27	EVA Air	Taiwan	17,848
29	All Nippon Air	Japan	16,203
34	Air China	China	13,815

Source: Compiled from IATA, *World Air Transport Statistics 2004*

○Transport-related industries in Japan and East Asian countries/regions

A look at transport-related industries shows that businesses in shipbuilding, shipping and airline industries in East Asian countries/regions are increasing their competitiveness. Some of these businesses are ranked higher than Japanese counterparts.

Under these circumstances, both lower barriers to entry abroad and less-costly structures and better institutional arrangements in Japan are necessary for Japanese businesses in these industries to maintain their competitiveness.

○Tourism in Japan in relation to East Asian countries/regions

Japan lags behind East Asian countries/regions in terms of the number of overseas visitors, although overseas visitors to Japan are on the rise. To attract more visitors from overseas, Japan needs to make its tourist attraction more attractive and effectively promote them abroad.

< Ranking of East Asian countries/regions in terms of overseas visitors >

	2002		1995	
	Rank	foreign passengers	Rank	foreign passengers
Hong Kong	1	16,566,382	1	10,199,994
China	2	13,439,497	6	5,886,716
Malaysia	3	13,292,010	3	7,468,749
Macao	4	11,530,841	2	7,752,495
Thailand	5	10,872,976	5	6,951,566
Singapore	6	7,567,039	4	7,136,538
Rep.Korea	7	5,347,469	8	3,753,197
Japan	8	5,238,963	9	3,345,274
Indonesia	9	5,033,400	7	4,324,229
Taiwan	10	2,977,692	10	2,331,934
Vietnam	11	2,627,988	12	1,351,296
Philippines	12	1,932,677	11	1,760,063
Laos	13	735,662	13	346,460
Cambodia	14	522,980	14	219,680
Myanmar	15	217,212	15	117,000

Notes: 1. This ranking is limited only to East Asian countries/regions.

2. "East Asian countries/regions" here include Macao.

Source: Compiled from WTO, *Yearbook of Tourism Statistics 2004* and *Tourism Market Trends 2003*.

[Japan and concerns affecting East Asian countries/regions]

Concerns accompanying economic growth in East Asian countries/regions may affect Japan, because these countries/regions may failed to fully function as a production base and market for Japan due to these concerns. In particular, environmental problems there may have a direct impact on Japan because of geographical proximity.

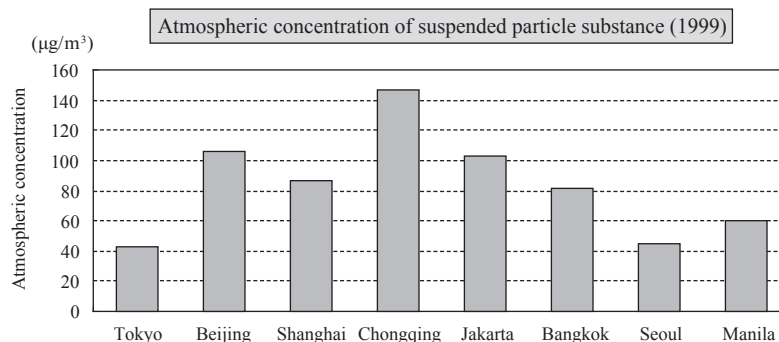
○Deteriorating environmental and energy problems

Emissions of carbon dioxide (CO₂)—a major factor for global warming—from East Asian countries/regions are increasing. Major cities in China and other East Asian countries/regions have a problem of air pollution.

As economic activity expand, energy consumption is also on the rise in East Asian countries/regions. The percentage of energy consumption in these countries/regions to the world total, which have continued to increase driving by economic growth of China and others, is expected to outnumber the percentage for EU or NAFTA.

Growing energy consumption has led to an increasing number of ships carrying natural resources. It is thus important to secure stable transport of natural resources by, for example, ensuring navigation safety through strategic straits.

< Air pollution in East Asian countries/regions >



Source: Compiled from World Bank, *2004 World Development Indicator*.