

## Chapter 4: MLIT Policies that Accommodate New Relationship with East Asia

Business activity goes global and so does regional development. As it stands, Japan, which will suffer a declining population in no distant future, should take advantage of the vitality of East Asia—a center of rapid economic growth—for its economic activity and regional development. MLIT, for its part, should take various measures to ensure that both Japan and the rest of East Asia will prosper.

### [Policies that accommodate deepening relationships with East Asia]

#### ○Infrastructure that accommodates increasing flows of people and goods

Further deepening interdependence and intensifying competition with the rest of East Asia make it all the more important for Japan to facilitate the flows of people and goods and maintain its status as a major center of the traffic network in East Asia. Other important tasks for Japan include establishing international relationships that suit the characteristics of the regions within the country and developing domestic and international transport networks that meet the needs of such relationships.

Of special importance is the development of an integrated transport network that connect many parts of Japan with many parts of the rest of East Asia. To that end, three steps should be taken: (i) developing major metropolitan airports and hub ports that serve as gateways to the world; (ii) increasing the air traffic capacity; and (iii) improving access to the transport network in Japan with a focus on more convenient transfers.

It is important to ensure flawless physical distribution in East Asia, including Japan, as a whole. To that end, it is necessary to reduce distribution costs and lead time by streamlining relevant procedures and using them more efficiently.

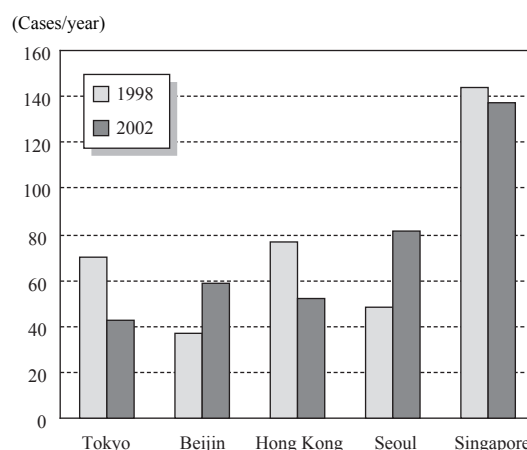
#### ○Developing attractive and competitive regions and cities

To survive international competition, regions in Japan are required to take advantage of their ingenuity and characteristics for the benefit of regional development in the context of East Asia. The central government, for its part, needs to develop key domestic and international transport networks and other types of infrastructure. Support by the central government should enhance the autonomy and discretion of these regions.

The formation of regional blocks is thought of as an effective response to the geographical expansion of socioeconomic activity and an rapidly aging society with a declining birthrate. So various steps should be taken, including: developing a transport network that supports partnerships; creating frameworks for partnership by the stakeholders; and promoting public-private partnerships in developing internationally-competitive tourist resorts and in other fields.

There are concerns that the competitiveness of major cities in Japan is declining in East Asia. A number of steps should be taken to ensure that these cities continue to serve as centers for international activities. Among such steps are: improving networks that connect international airports and ports; and developing ring roads and urban railways .

### <Trend in the number of international conventions>



Note: An international convention is defined as "a convention organized or supported by the headquarters of an international organization," or "a convention organized by a domestic organization or a branch of an international organization that lasts three or more days and is attended by 300 or more participants with 40% or more of them being foreign nationals from more than four foreign countries."

Source: Compiled from JNTO, *Convention Statistics*.

○Creating an environment friendly to foreigners as well

It is necessary to practice policies based on the concept of universal design. This concept encompasses language barriers. MLIT continues to support an environment where overseas visitors can travel alone by, for example, providing signposts in major languages.

○Promoting the “Japan Brand”

East Asia is a promising market in terms of increasing the number of overseas visitors to Japan. An increase of such visitors has a favorable impact on the economy, especially on the regional economy and development. This is why MLIT needs to promote the “Japan Brand” to the world by supporting efforts to make the country’s region more attractive and staging the Visit Japan Campaign. Special attention should be given to the improvement of physical and non-physical arrangements to welcome tourists from the rest of East Asia. Specific measures to that end include improving accomodation and other tourist facilities and training human resoruces in tourism-related industries.

○Improving business environments for the transport, construction and tourism industries

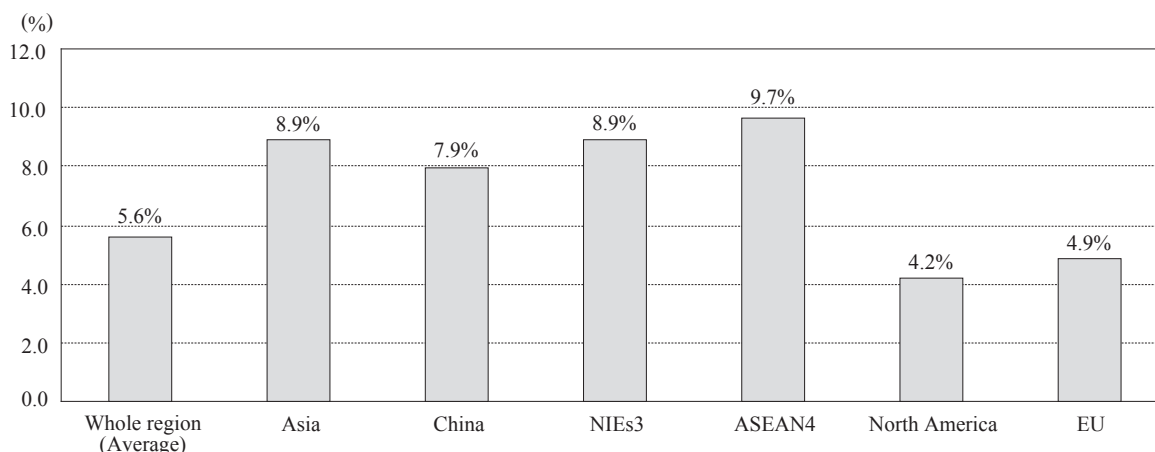
Efforts directed at the growing East Asian markets in the transport, construction and tourism industries will contribute to the development of the region. It is necessary to improve business environments and expand business opportunities. Specific measures to that end include negotiations toward EPAs/FTAs and the development of a framework for public-private partnerships.

**[International cooperation and partnership toward the development of East Asia]**

○Developing transport networks

Uninterrupted flows of people and goods in East Asia constitute a crucial condition for the future development of the region. They are also an important condition for the activities of Japanese businesses there. These observations point to the need for MLIT to provide assistance in: the development of ports and airports that form part of international transport networks; the development of key roads and railways; infrastructure development projects with implications for a number of countries, including Mekong subregion development; system development for international physical distribution; and standardization of technologies related to transport.

◁ International comparison in the proportion of physical distribution costs ▷



Notes: 1. (Proportion of physical distribution costs) = (Packing and transportation costs) / (Sales and general administrative costs) × 100

2. Sales and general administrative costs: Costs incurred for sales and general administration.

Packing and transportation costs: Packing material costs, packing costs and/or transportation costs for Costs incurred for mining products, manufactured goods and other products.

Source: Compiled from Ministry of Economy, Trade and Industry, *32nd Survey of Overseas Business Activities*.