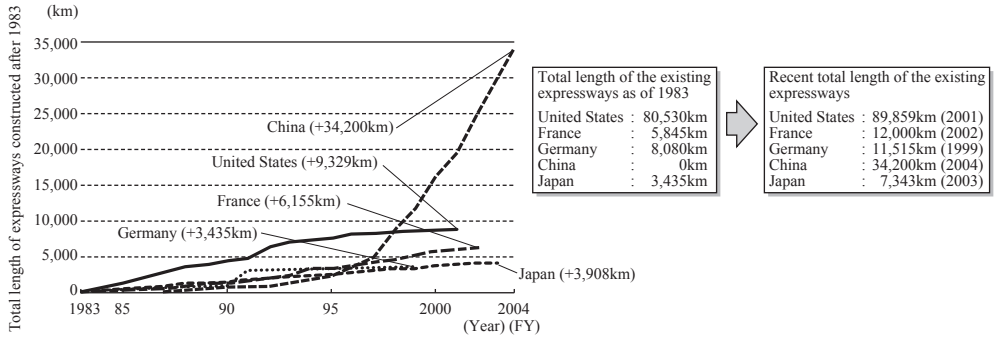
Chapter 5: Toward More Competitive Economy and Society

[Developing wide-based transport networks]

○Developing highways

Japan is lagging behind the U.S. and European countries in terms of highway development. The country needs to develop, among others, high-standard highways as part of ongoing efforts for efficient and effective of national land.

＜International comparison of expressway development＞



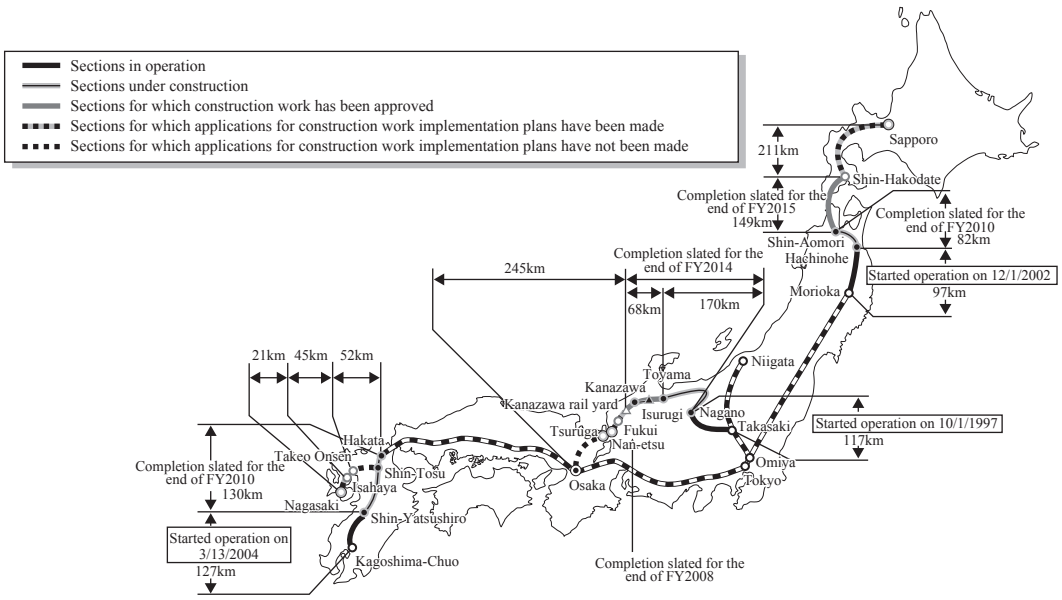
Notes: 1. Japan: Data are at the end of the fiscal year.
China, France, United States and Germany: Data are at the end of the year.
2. In Japan, total length of expressways signifies that of national expressways.

Source: France, United States and Germany: IRF
China: Website of Ministry of Communications of the People's Republic of China, China communications yearbook and data presented by Ministry of Land, Infrastructure and Transport.
Japan: Ministry of Land, Infrastructure and Transport.

○Improving the trunk railway network

The development of the trunk railway network in Japan is almost completed as a network. Yet there is room for further development in service quality, including operating speed and convenience, and railway facilities.

＜New Shinkansen lines in the works＞



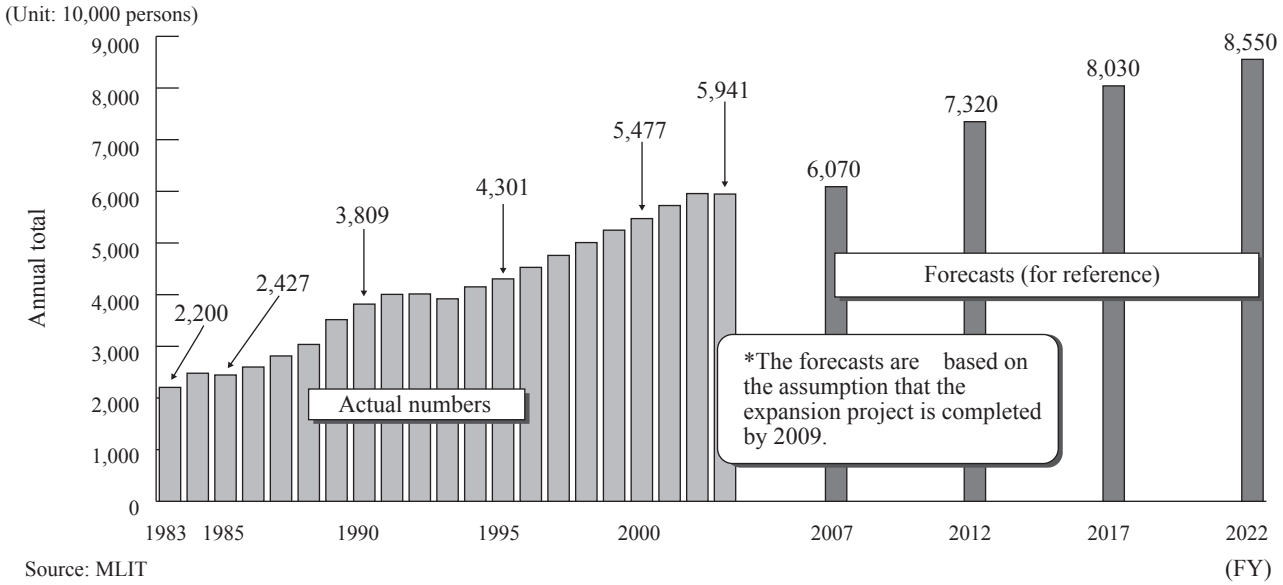
Note: The completion schedule is based on an agreement between the government and the ruling parties in December 2004.

As part of its efforts to make such improvement, MLIT has been committed to the construction of new Shinkansen lines based on the agreement within the government and ruling parties. Moreover, MLIT promotes speedups of conventional trunk railways and the technological development of a superconducting magnetically levitated train and Gauge Changing Train.

○Improving the domestic airline network

Haneda Airport is now operated to full capacity, and expanding its capacity is an urgent issue. MLIT promotes the project to expand the airport. Also, MLIT is working to enhance civil aviation services by utilizing existing airport infrastructure effectively and to maintain and expand the regional airline network.

＜Number of domestic airline passengers at Haneda Airport and forecasts＞



Source: MLIT

○Improving the domestic maritime transport network

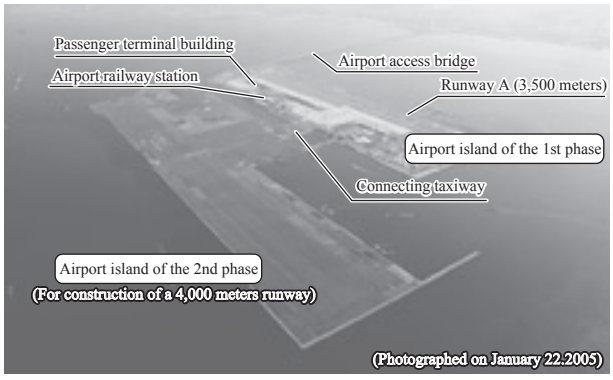
MLIT is working to improve the domestic maritime transport network for better efficiency and put Techno Super Liners into service.

［Developing the international transport network］

The level of development of major metropolitan international airports in Japan has not been sufficient enough to accommodate the requests from the airlines to increase the number of flights or to start new flights. This may deteriorate the international competitiveness of the airports.

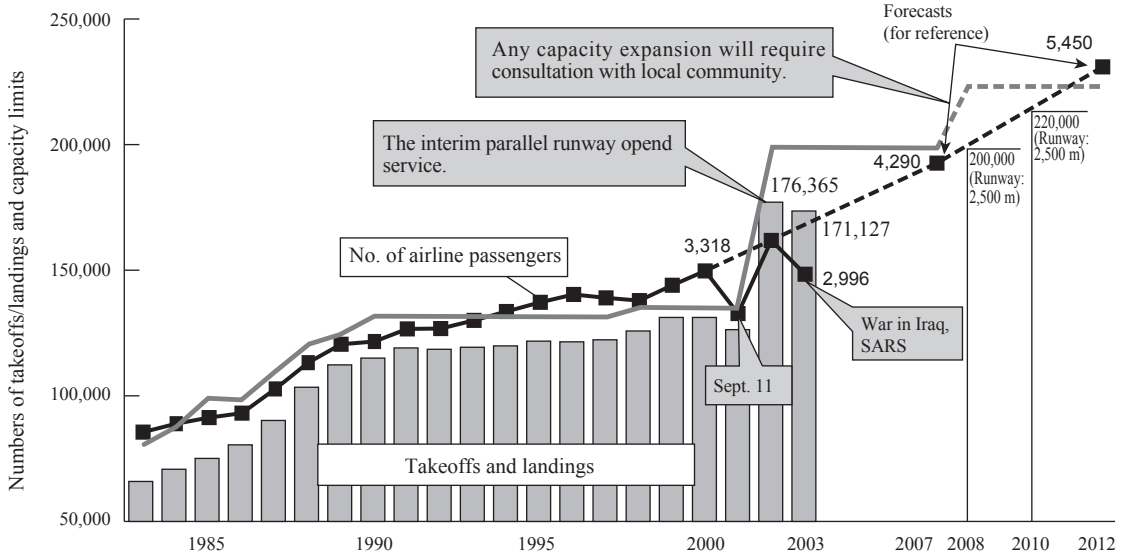
MLIT has been taking a number of measures to remedy this situation, including: developing Narita Airport: internationalizing Haneda Airport: the promotion of the second phase construction at Kansai International Airport: and the construction of Chubu Centrair International Airport. In addition, the ministry has been vigorously holding consultations to conclude inter alia new air service agreements. All these efforts are part of the ministry's initiative to develop the international air transport network. MLIT is also working to improve international sea transport.

＜Current Status of the second phase construction at Kansai International Airport＞



＜Number of takeoffs/landings and passengers at Narita Airport＞

○ The capacity-the number of takeoffs/landings-was increased by 50 percent from 135,000 to 200,000 per year after the interim parallel runway opened in 2002.
○ It is forecast that the annual total of takeoffs/landings will reach 200,000 by 2008 and the capacity limit of 220,000 by 2010.



[Improving coordination among transport modes]

◯Developing multi-modal transport systems

To boost the international competitiveness of Japanese industry, MLIT is working to improve coordination among airports, ports, train stations, etc. on one hand and high-standard highways, roads that connect them, and access railways on the other, as well as enhancing the function of these facilities. The ministry is aiming to ensure that door-to-door service, which is in growing demand, will be delivered at reasonable costs and in an environment-friendly means. MLIT is also developing the National Integrated Transport Analysis System (NITAS) designed to analyze and assess the impact of transport system development quantitatively.

◯Improving transport access to airports

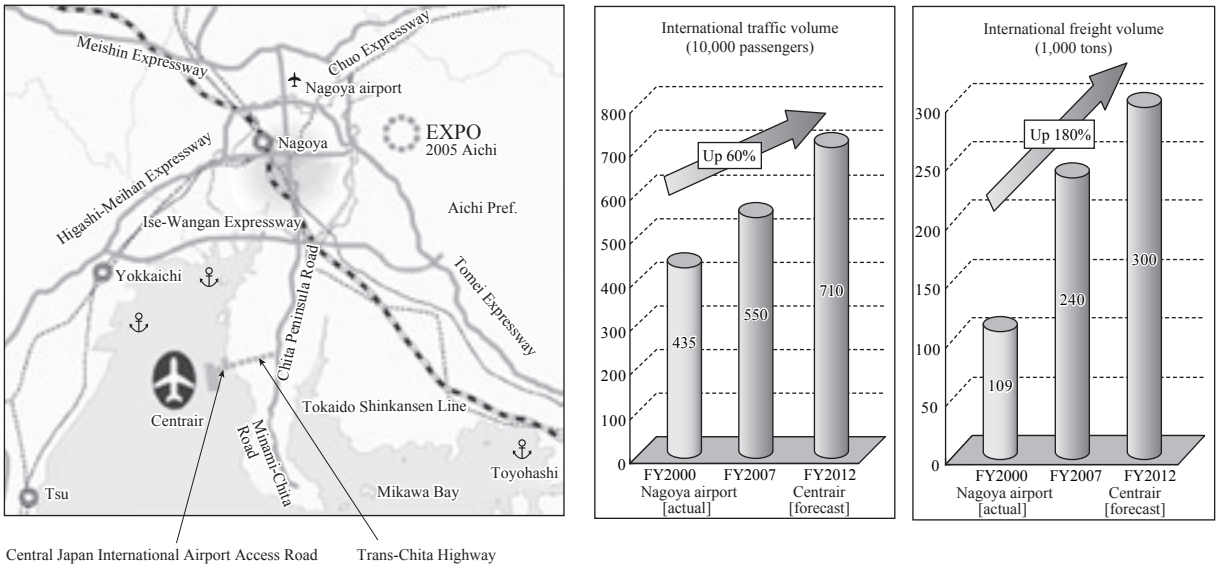
MLIT aims to shorten the time required to go from central Tokyo to Narita Airport by train to less than 40 minutes by supporting the initiative of Narita Rapid Rail Access. The ministry is also working to improve road access to the airport.

In addition, MLIT is working to further access to Haneda Airport and ensure easy access to Chubu Centrair International Airport using railways, roads and maritime transportation.

＜Development of assess roads to Chubu Centrair International Airport＞

Central Japan International Airport Access Road and Trans-Chita Highway were developed in time for the opening of the Chubu Centrair International Airport (Centrair) in February 2005.

Air traffic demand at Centrair is expected to rise sharply. For example, it is projected that the volume of international freight to be handled at Centrair in FY 2012 will be 2.8 times as much as that handled at Nagoya airport in FY 2000. The international traffic functions of Nagoya airport were relocated to Centrair when it opened. An increase in air traffic demand will result in greater traffic demand on roads around Centrair. Therefore, the development of access roads will be a great benefit for the international competitiveness of Centrair.



Source: Aichi Ken Doro Kosha [Aichi prefectural highway corporation]

[Developing a globally competitive physical distribution market]

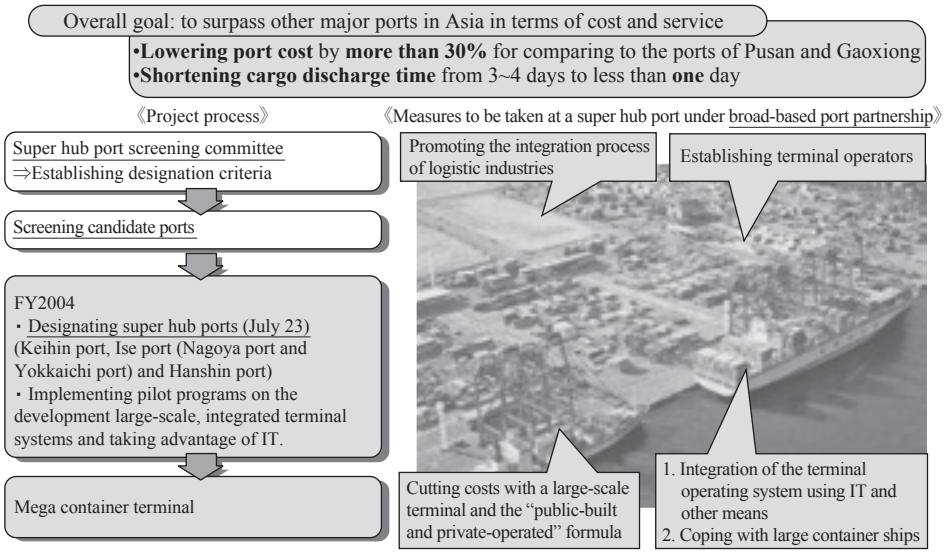
○Measures to strengthen international physical distribution functions

MLIT aims to develop a "marine highway network", which is designed to meet the seemingly contradictory objectives-safety and efficiency of ship navigation. To this end, the ministry is taking a number of steps, including: developing international key shipping courses; achieving "nonstop" inside the bay; developing gate way ports and subsidiary gate way ports; and promoting the 24-hour operation of ports.

The ministry is also forging ahead with the "super-hub port" project in Keihin port, Ise Bay and Hanshin port. This project aims to surpass other major ports in Asia in terms of cost and service.

＜Promoting the super hub port project＞

Super-hub port project



○Measures to develop a highly-advanced physical distribution system that ensures overall efficiency

MLIT has been promoting wider use of IT in the physical distribution sector. Specifically, the ministry is considering the XMLized EDI (Electronic Data Interchange) in the physical sector to the national standard and supporting the application of ITS or GIS to physical distribution.

In interregional distribution, MLIT pursues more efficient physical distribution using intermodal transportation and other means. To this end, the ministry is providing support in developing ports, train stations, and other distribution hubs, in boosting the efficiency of cargo transport on key routs, and in developing access roads which connect distribution hubs to expressways. In addition to providing such support, MLIT is taking numerous measures for urban physical distribution. Among them are: the elimination of highway-railroad grade crossings by building overpasses or underpasses to ease congestion; facilitation of consolidated distribution.

Furthermore, MLIT is promoting the development of a next-generation maritime transport system that takes advantage of IT and the advancement of medium and small sized distribution companies into new types of distribution as 3PL (3rd Party Logistics).

[Revitalizing industry]

○Measures to revitalize the transport industry

Amid the deregulation process in the transport industry, railway operators are taking steps to improve their service, including the introduction of IC card tickets. Efforts are also being made toward the complete privatization of JR companies.

MLIT now requires driving staff at substitute driver service providers to carry type II driver's license as part of its efforts to optimize the industry. This requirement is provided for in the revised Road Traffic Law.

To vitalize the domestic shipping industry, MLIT promotes competition in the industry under the recently-amended Coastal Shipping Business Law.

MLIT also encourages competition in the airline industry as well. To provide a level playing field, the ministry implements preferential allocation of takeoff and landing slots for new entrants in the industry.

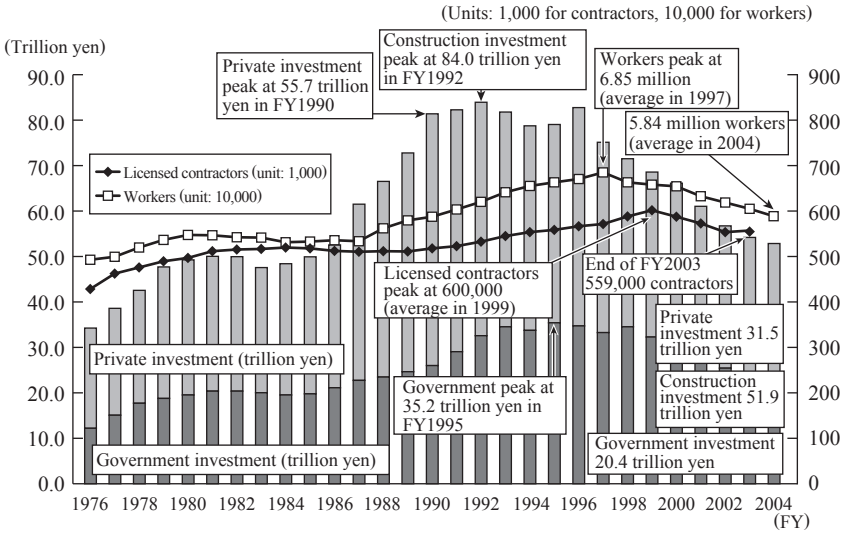
○Stimulating the real estate market

MLIT's measures to stimulate the real estate market include: improving conditions for the land market, providing adequate real estate information, promoting the securitization of real estate further, and exploiting the land and housing taxation framework.

○Rejuvenating the construction industry

The ministry's efforts to rejuvenate the construction industry include: promoting the management innovations of medium and small sized construction industry; promoting the establishment of social safety nets; regulating company evaluation in public works projects; expelling bad or disqualified contractors from the market; implementation measures against dumping order intake ; improving labor standards in the industry; solidifying management base for subcontractor and construction-related industries; and raising the levels of construction skills.

＜Trend in construction investment (nominal term) and the number of licensed contractors and workers＞



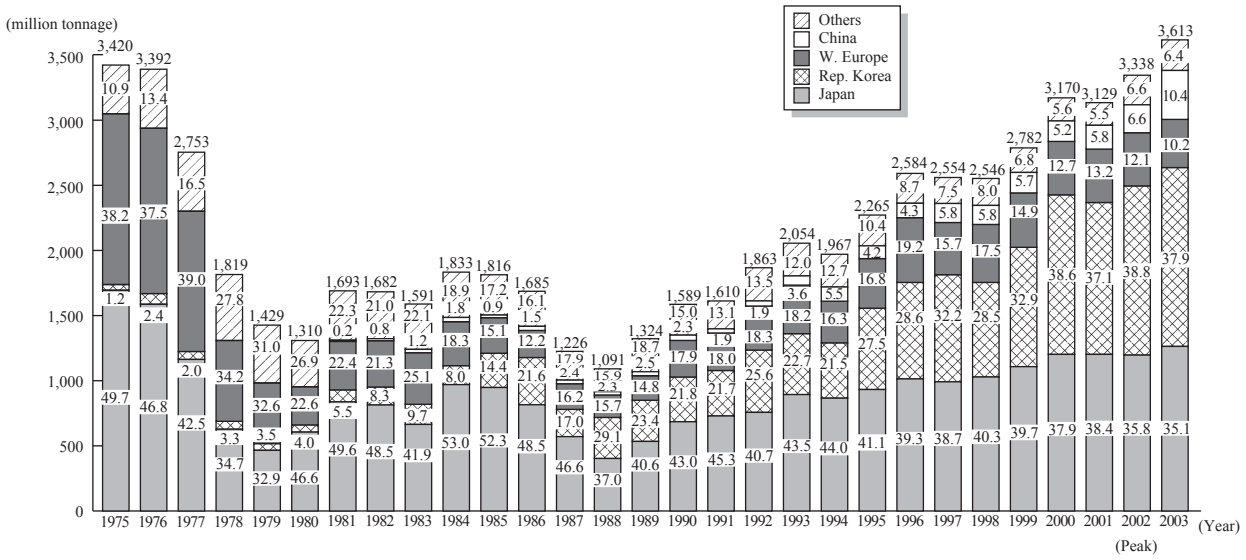
Notes: 1. The figures for construction investment are estimates for FY2002 and FY2003 and a forecast for FY2004.
2. The number of licensed contractors represents the figure at the end of each fiscal year (the end of March of the following year).
3. The number of workers represents the annual average.

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

○Shipbuilding and ship machinery industries

MLIT is taking measures to improve the international competitiveness of both the shipbuilding and ship machinery industries and reorganize the industrial base of the latter. Furthermore, MLIT is supporting small- and medium-sized shipbuilders and ship machinery manufacturers in solidifying their management bases. The ministry is also promoting the development and practical application of maritime industrial technologies highlighted by Non-Ballast Water Ship and Mega-Floats.

＜Trend in shipbuilding tonnage in the world＞



Notes: 1. Completion basis. Only vessels of a gross tonnage of 100 or more are covered.
2. The figures in each bar represent the share.
Source: Compiled from data from Lloyd's

○Measures for seafarers

MLIT works to secure and train excellent seafarers, promote employment and improve the working environment in the industry.