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CONFERENCE
— 9-13 DEC '96 —
SINGAPORE

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December 12, 1996

Request for
Investment to Projects in Japan including an on-going Project
that will be Part of Global Transport/Communication
Infrastructure, and

Proposal for
Feasibility Study on the Means to Motivate Investment and to
Facilitate Efficiency of Investment

by

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and

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1. Japan is much behind other countries as far as linking its airports and ports and harbors with international hub networks. However, considering the dynamic investments, and transport and distribution of materials and people now taking place in Asia, Japan still has some potential. In order to develop this potential, leaders of major port service companies in Asia entrusted me as a project producer in Japan with the work to persuade the Japanese parties (government and private sector) to join the international network of transport hub business.
2. We disclosed our intention to sell a company's land of several dozen hectares (in Kobe) to Asian investors, and to develop it as an international hub service business center by Asian investors alone, or by forming joint ventures. The center will be a place into which port operation expertise from Singapore and other countries/regions will be transferred. The businesses will range from education, bank, hotel, amusement, restaurant, shopping center and employees' welfare services. At present a private-sector consortium is being formed for this purpose.
3. There are problems on the side of Japan. The local governments are responsible to manage ports and harbors. They are obliged to take measures to reduce the current high cost for transport, and to improve efficiency of port & harbor operations. Their efforts, however, are far from

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being satisfactory. In order to be competitive in the Asian market, inefficiency of government services for the use of governmental lands should be avoided.

Therefore, I would request WTO member countries to study about how the private sectors can involve themselves in port and harbor operations in Japan, and how investment from Asian countries which have much advanced expertise in hub operations can be made in ports/harbors and airports in Japan as part of the field of global transport/communication infrastructure

INFORMAL ACTION PROPOSAL

- 1) Cheung Kong Holdings/Hutchison Whampoa that is taking leadership in port and harbor operations in East Asia have an intention to invest in port and harbor operations in Japan. From this business group, we are requested to find a suitable project, including the privatization of port and harbor operations to which they can invest.

The Port of Singapore Authority is looking for a possibility of making investment in Japan under the advice of Mr. Mah Bow Tan, Minister of Communications.

I propose that two WTO proposals to the local governments and supervising ministries of the Japanese government be made on the following:

- A. A feasibility study on deregulation and the liberation of foreign investment to ports and harbors in Japan with an aim of the privatization of operations, and
 - B. Based on the feasibility study, on the liberation of foreign and private investment in Japanese ports/harbors and airports.
- 2) In parallel to the above, I would like to propose that the development and operation of international hub service business centers in Japan by leading investors from Asian be studied. These hub service business centers may lead Japan to get out of the present economic recession and to enhance its capabilities in international hub network. It will help create new demands for using the ports/harbors and airports both in passenger and cargo transport to and from the world. In order to realize this, Japan should offer incentives and appeals to attract foreign investment.

I propose the above informal proposals as a project producer acting as Secretary General of Social Capital and Investment Research Group that considers the problem of future social capital and makes proposals to the government. As a project producer, I am involved in the project development on the overseas Chinese network in Asia.

Comments and Appeal
by
Prof. Hajime Karatsu

(Contributed from Washington D.C. where he is staying
for a consultation meeting by the U. S. Administration
on the World Trade Organization)

<Introduction>

Deregulation and administrative reform and restructuring are the current topics of the Japanese government. Enthusiasm for these challenges is felt, as they are considered to revitalize the economy. Instead of minor revision, there should be drastic, energetic and forcible reforms of the existing laws and systems.

<Situation Analysis>

Industrial infrastructure in Japan, particularly ports & harbors and airports, are equipped with high quality facilities made by great amounts of public investment. However, the rates of operation of these facilities are remarkably lower than those of Singapore, Hong Kong and other major ports and airports. As a result, the operation costs of these facilities are extremely high, while they remain less active.

<Appeal to Prime Minister Hashimoto>

In order to make full use of these facilities, the Japanese government should review and revise all the relevant regulations immediately. I, therefore, appeal to the Prime Minister of Japan that feasibility studies for this purpose be initiated as an action program by relevant local governments and concerned ministries jointly with Singapore, Honk Kong and so on which are far advanced in the operation of international hub ports. In such feasibility studies, the private sector should be involved.