

Preface

Japan has become a society with a rapidly graying population, and the productive-age population to support industries continues to decline. Also, Japan faces increasingly severe fiscal restrictions and global competition.

On the other hand, it is possible to achieve sustainable economic growth if we increase productivity by reducing waste in society even with continued declines in the labor force that has supported the economy up until now.

Based on this perspective, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) will position 2016 as the “Starting Year of Productivity Revolution” and work on the revolution of productivity with all-out efforts in order to realize economic growth through improved productivity in every aspect of society in the face of a declining population [Note 1](#).

With the background and awareness of the issues mentioned above, Part I of the FY 2015 MLIT White Paper “Developments in Land, Infrastructure and Transport Administration that Underpin Japan’s Economic Growth—Strategic infrastructure management that brings about productivity revolution—” explains and discusses the MLIT policies that support Japan’s economic growth from infrastructure-related approaches [Note 3](#) by focusing on strategic infrastructure development with high stock effects [Note 2](#) to increase society’s base productivity and examine the future direction.

Specifically, Chapter 1: Relationships between Japanese Economy and Land, Infrastructure and Transport Administration looks at population declines, economic and fiscal conditions, and other challenges faced by Japan, and then examines the effects of infrastructure development on economic growth from historical viewpoints by reviewing the history of infrastructure development, the transition of infrastructure investment, and the effect from accumulated infrastructure stock in the early modern era, especially in the Edo period and the post-war economic growth period.

Chapter 2: Strategic Infrastructure Management That Brings About a Revolution in Productivity explains the efforts aimed at maximization of stock effects. Examples include the following: productivity improvement (e.g., maximizing the existing facilities with “smart investment, smart use” attempts, “visualizing” the stock effect) presupposing the securement of safety and reassurance, case examples of public-private partnership efforts to create new private sector demand and efficient development and operation of infrastructures, and clarification of the relationships between corporate activities and infrastructure and what is expected of both the infrastructure developer and the user sides to maximize stock effects, and finally, productivity improvement by conducting opinion surveys (questionnaires) on private business operators that are users of infrastructures.

Chapter 3: Cultivating and Expanding New Markets, Securing Leaders, and Adopting New Technologies explains, in light of tapping overseas growth fields, case examples of efforts for overseas expansion of infrastructure systems and attracting inbound foreign tourists by leveraging infrastructures, as well as forward-looking initiatives that contribute to securing bearers of the construction industry that support infrastructure development and productivity improvement in infrastructure development sites such as i-Construction.

Note 1 Specifically, the MLIT Productivity Revolution Headquarters was established within the MLIT, and the Headquarters will work on productivity improvement in three areas: (i) “Society’s Base”, (ii) “By industry”, and (iii) “Future oriented” investments and new technologies, and specific projects will be released in sequence as they mature.

Note 2 Stock effect: “Stock effect of infrastructure is the effect that can be gained as infrastructure developed functions right after construction and continuously for a medium-to-long term, and such effects include effect of improving safety in case of disasters and effect of life quality improvement, such as; improved living conditions; and production expansion effect, such as increased efficiency and productivity by reduction of travel time.” (Chapter I, Section 2.2 (1) (i) of Priority Plan for Infrastructure Development (decision by Cabinet Office in September 2015))

Note 3 Definition of infrastructures: In this White Paper, unless otherwise specifically noted, infrastructure means in a broad sense physical social capital under jurisdiction of the MLIT (e.g., roads, railway, ports and harbors, levees, dams, sewerage systems, parks) and public transportation services provided in association with transport related physical social capital. Generally, physical facilities of roads and sewerage systems are assumed as the infrastructure. For example, the Kojien dictionary (6th edition) explains infrastructure as “facilities that serve as foundation of industries and social life. This includes social capital that includes roads, railways, ports and harbors and dams, as well as life-related social capital such as schools, hospitals, parks and social welfare facilities.”

The series of earthquakes that hit mainly Kumamoto and Oita after the night of April 14, 2016, caused enormous damage. This White Paper reports on responses to the 2016 Kumamoto earthquake (as of mid-May 2016) as a supplemental section.

In Part II, the progress made in FY 2015 by sections of the MLIT administration will be reported for each policy issue.